



## All Things Financial Management

### Episode 13: Engaging the Organization in Effective Performance Management with Dr. Richard Beck and Mr. John O'Brien

**INTRO:** Welcome to “All Things Financial Management,” an ASMC podcast sponsored by Guidehouse, where we discuss all things under the auspices of the Comptrollers’ Office and address top-of-mind issues in the Financial Management community.

**Tom Rhoads:** My name is Tom Rhoads. I'm a Partner with Guidehouse, where I work with clients across the DoD and other government agencies to transform and optimize their financial management functions. I will be your host for today's Podcast.

For those of you who may be new to this podcast series, let me take just a moment to provide some background on the American Society of Military Comptrollers. The American Society of Military Comptrollers, or ASMC, is the non-profit educational and professional organization for individuals – military, civilian, corporate, or retired -- involved or interested in the field of defense financial management. ASMC promotes the education and training of its members and supports the development and advancement of the profession of defense financial management. The Society provides membership; education and professional development; and certification programs to keep members and the overall financial management community abreast of current issues and encourages the exchange of information, techniques, and approaches.

**Tom Rhoads:** Dr. Beck and Mr. O'Brien, thanks for joining us today. We're very excited to have you as, guests on the ASMC All Things Financial Management. And usually, we start this by having our guests tell their story, share a little bit about, about you. And so maybe Dr. Beck, if we start with you, would you take us a moment, tell your story for our audience?

**Richard Beck:** Well yeah, sure, Tom. And, and again, I appreciate you all having us on the, on the podcast so that we can basically talk about the book and, and what it holds and what it has in it. As far as me personally I started my career originally, actually in science. I have a Bachelor of Science in biology, did some marine science work, and got interested in seeing what, what does government do with policy? What do they do in policy and programs with the science and, and how does that translate?

And so, I switched over to a government career, was lucky enough to come to NASA through the presidential management intern program and had various analyst manager jobs. The last job I had, I was helping NASA put its budget submission together to, to the White House and to Congress. And then I switched over to the Department of the Interior, where I was the director of planning and performance management for 14 years. I spent 23 years at NASA. So, most of the time, I've been able to do planning and performance and budgeting and help these agencies in their management pursuits.

**Tom Rhoads:** Thank you. Thank you for sharing that, Dr. Beck. And, Mr. O'Brien, would you take a minute and maybe introduce yourself and, and share a little bit about your story, and we'd also love to hear how you met Dr. Beck and how the two of you decided to jointly write your book which is called *Engaging the Organization in Effective Performance Management: Translating Vision into Results*.

**John O'Brien:** Sure, Tom, I'd be happy to. I'm a career Air Force member 30 years. I, started out on the enlisted ranks. And after six years, got commissioned. And I primarily spent most of my career in what we would call administration. The Air Force has different names for that, information management, information resource management, et cetera. We all know how the government likes to come up with convoluted names, but it was basically just core admin at its best. But that gave me a unique perspective, cause I was always one of those functional people, those people who were down in the grassroots of any organization, a squadron level, a group level, a wing level, that was just trying to do their job very, very well, but could, could see the need for better leadership if I may, better communication across, across the organization, as well as up and down the chain.

I had my share of working in organizations that didn't function as well as we would've liked. I also had my share of smooth-running places too, just like we all do. And I guess I could probably say that over that period of time, I observed, I learned, I just took a lot in, and I just realized that if I was ever in a position, where I could make a change, I would like to. That came about near the twilight of my career when I was given an opportunity to be a faculty member at the National Defense University where I'm working in a place called the College of Information and Cyberspace. I'm not a heavy computer guy. I'm certainly not a cyber expert, but I'm teaching more in the department of public management governance, IT governance type of thing, where I was able to do some research, do some writing on things like, good strategic planning and performance management.

In my job as a teacher, I had, I was always on the lookout for good solid guest speakers. You know, when the students just listen to you yak on and on and on, they get a little bored. So, you always try and bring in new people, new faces, new ideas. And we're always on the hunt for good guest speakers. I was at a conference, I believe it was probably an ASPA conference, but I'm not sure. And, Dr. Beck, Rich, was a guest speaker there. And I was very impressed by what he said. So, I did what I frequently do with those things. I just hunted him down and I just chased after him and gave him my business card and asked him if he would be a guest speaker. He agreed to do that. And to be honest with you, he's never looked back. He keeps coming to most of all of... if not all of my classes. He brings a unique perspective. While we're teaching the academic side of things, if you will, the doctoral side, Rich brings the pragmatic and the real practical approach to it. And the students love his presentations.

**Tom Rhoads:** That's fantastic. So, I, I was wondering now that he's attending regular, is he a student or a professor? (laughs) Maybe both. But, thanks for that. And, full disclosure, I did get an e-copy of your book and I read it, and I think it's wonderful. And I really like the way that you've organized the information by highlighting key concepts, summarizing key points and providing real examples and tools that the readers can use. And I think it really provides the reader with the means to effectively implement your ideas. In your book, you discuss three guiding principles that are the foundation for performance management processes. Can you share a little bit of that with us?

Richard Beck:

Sure. You know, the three principles, the first one was, was born out of my PhD research. I was looking to find what are the key elements that help increase or improve collaboration? What, what helps technical experts work with each other and be innovative? And, and one of the things I found was is that we... John and I referred to it as facilitating involvement. You look for opportunities, particularly as a leader or a senior manager, you look for opportunities where you can get, individuals involved in discussing things directly with each other. And, and for example, the first principle being facilitating involvement, it's sometimes government agencies, they may decide to give the performance measures to their different organized units. And rather than the leadership or the, the, the upper part of the organization, giving those performance measures to the different organizations who are actually being measured, well, why not ask them what performance measures they think are useful and have them provide them back to leadership.

And, and this way, you're starting to create this involvement where they're a part of the answer, not just basically being driven by it. The second principle is exercising active rather than passive management. And, and I think we... when we see all the requirements that we have, and we know GPRA, the Government Performance and Results Act is loaded with them, when you're doing those requirements, the question becomes, well, after I do this report or I collect this information, well, what decisions does it affect? And if you're exercising active rather than passive management, what you're doing is you're, you're asking, well, what is the information or which information which measure shall we say, actually, lead to a particular decision or can create an action that, that moves the organization forward?

So that's the second principle. Third principle is realizing where less can be more. And, and this is something that we capture with a key concept where we say, you should, you should apply the level of detail that corresponds to the level of management. So, if you're talking to the leaders of the organization, their perspective is across all the programs and the projects. They're looking to see how all the elements in the organization fit together in achieving the goals that they would like the agency or, or when I was at the department of the interior of the department, what they're trying to achieve. So, sometimes they don't necessarily need to go through all the details. If you can find the right key pieces of information that gives them a perspective on how things are going across the board, you can spend maybe less time with them.

There's less specific details, you're giving them the information that's most relevant to, to their position. So sometimes realizing where less can be more, that's our third principle. And, and that helps you make the information that you have useful to the, the decision makers. So, so those are our three guiding principles that we discuss throughout the book and we show how it relates to the various tools like you mentioned.

**Tom Rhoads:** I really like the way in your key concept with, principle number one, how, how this facilitation or involvement across organizations is one of the most effective motivators for members of the workforce. And I think all members of the workforce have a desire to contribute and what a, what a way to have, to have them do that and to support, the performance management framework that they're trying to establish. You know, our audience is primarily financial managers within the Department of Defense (DoD). Do you have any specific insights or guidance for financial managers within DoD?

**John O'Brien:** I really do. One of the things that I learned over the 15 years I've been teaching this is the, the critical difference between the two types of questions that I like to refer, the what questions and the how questions. And what I simply mean by that is when students are faced with a problem, they frequently want to jump ahead to the solution, especially active-duty military. We're trained to jump at that solution and solve that problem immediately and report back to our senior leadership. And they're frequently jumping to what we would call the how, how you would achieve something. How you would, approach that without really understanding what it is you're trying to achieve, the what questions. Now, Rich can further expand upon this, but what we're basically talking about as we go into the book is know the difference between broader strategic goals and strategic objectives and strategic initiatives.

Don't tell me that you want to create a training program for 150 of your young airmen and get them trained in X, Y, Z. I don't need to know that specifically. I want to ask you, "Why are you doing that? What is it that, what is it that that's going to bring?" That's the difference, take that step back. I constantly, constantly have to, mitigate, uh, questions with my students, correct them by jumping too far ahead. So, the advice I would certainly give to any, any government order, particularly in the area of the budget and the financial managers is as you're reading reports, understand the difference between a what question and a how question.

**Richard Beck:** The, the other thing I'd like to add Tom, the financial community has a significant responsibility to ensure the financial accountability of an organization. And that is a, that's a huge task. And there's much activities that are involved with financial statements and verifying financial statements and making sure that their transactions are financially responsible and such. But along with that too, the financial community, they also have information and hopefully, they don't think I'm doing this too simplistically, but they have the information on what the money has been spent, what money has been spent, what it's been spent on. And, and that becomes an important information piece from making decisions as you go forward. As you'll see in the book, or you saw in the book, John and I talk about using trends of performance and funding, and putting them, relating them to each other.

And when you start to relay trends in performance and funding, it starts to give a perspective that budgeteers can use to see what's been working, what's been effective, how much have you been spending? and financial managers, they have that information. And if they can provide that information to, to, to the, to the budget folks, if they provide that information to decision makers, uh, decision makers are in a better, better position to be able to, to understand, okay, what have we been doing? How has it been working? And not just in objective terms, not so much in, in qualitative terms of, oh, you know, somebody says, "Oh, everything's been going good." You know, it's like, well, if I can start to see what, what it's been costing me and what kind of performance I'm getting for that funding, that leads you to those decisions.

And, that feeds into some of the tools that we've described in the book. So, financial managers have that information. They just need to be able to make that information, put in a term that's useful for, for the audience, useful for the decision making. Like I said before with realizing where less can be more, are you able to put the key pieces of information that actually give , a leader or a manager a perspective on how things are going, and then be able to use that, to turn that around and put that into your, into your budget planning.

**Tom Rhoads:** Thank you for sharing that. Another question that I had, um, in reading chapter seven of your book, you discuss agency priority goals. How do these fit into this broader strategic goals and objectives that you discuss in chapter three? And are they tracked and reported separately in their performance report, or are they a subset of the strategic goals and objectives?

**Richard Beck:** I guess, Tom, you could, you could kind of consider them, sort of a subset. I mean, they are goals that are included in the agency strategic plan. It is something that the organization is looking forward to doing. Agency priority goals, help put an extra emphasis on certain goals. And those goals usually are those that a new administration may be coming in and they want a new initiative, and they wanna make sure that the organization is focused on it. There may be an area that requires a corrective action. So, at interior, let's say at Interior, what would happen is we had a new, Secretary of the Interior. He mentioned that he had five key goals or interests in what he wanted the Department of the Interior to pursue.

And then, I was able to take those priorities and I went to the Assistant Secretaries and the Bureau Heads who were involved in each of them and asked them, "Is there some aspect of, shall we say, reconnecting with the Indian community, or in furthering the use of renewable energy? Is there some particular aspect that we could focus on and make that something that it, it typifies, what kind of progress we're making in that pursuit?" And then those agency priority goals, they started to receive the attention of the deputy secretary and, an Assistant Secretary and a Bureau Head and the individual who was most responsible for making that program happen. And then those would be tracked on a quarterly basis in a meeting where we would get the players together. The Deputy Secretaries who I got a chance to work with on this, they rolled up their sleeves and they said, "Well, this is great. This is giving me visibility into what's going on in the organization without burdening me with a lot of extra detail, and I can get a sense of what's happening."

And then it brought the technical experts and the leadership together to discuss how things are going. They had these key indicators that would help them understand that. And then they could say, "Well, what's the probability that you'll think you'll be successful? And, and we could get those things before the problems would happen." So, that's kind of a sense of the agency priority goals. They're built into the plan, but they did get extra attention to make sure that there's this added emphasis being put onto these, these, these key areas that the leadership wanted to make sure happened.

**Tom Rhoads:** Thank you. I had one last question about the book specifically. A number of our readers are financial managers, and they're familiar with the Statement of Net Cost, where, where we aggregate cost by major program. And would you envision that cost being accumulated by major programs might align to strategic goals of the organization, which would provide cost data, that decision makers could use to measure themselves against those goals?

**Richard Beck:** Oh, yeah. That's something that definitely can be done. And I like the way when you said, I think you said program area. And sometimes what would happen is, decision makers, you know, leadership, senior managers, they can get bogged down if you start to do too many things program by program, by program, by program. And, and I know that financial managers need to make sure that the money that's being spent on a program aligns with that program. But for a senior leader for a senior manager and such, they need to get a sense of what's happening across the board. So, to be able to

identify or to, group, let's say costs by program area, and say that this program area, and this is something we did at NASA. Instead of talking to senior leadership initially about each individual program, we would have the cost associated with a major pursuit, such as solar system exploration sun earth interactions, earth science, things along those lines.

And that leader then can get a sense of how things are going in those particular areas, but then drill down to where something needs additional attention. So, they definitely can be put with a program area. The scatter plot that John and I have been working on is about relating funding with performance. Well, when you put the two of those, together on this scatter plot, you can start to see what's happening in various program areas across the organization, all on one exhibit. And we're putting the funding, in terms of cost and then future planned, expenditures on that, on that chart. And so, senior leaders can see what's going on, whether the performance and the funding are both increasing, whether maybe the performance is increasing when the cost associated with it are going down, which would be a good thing.

That means you're getting more for less. But, particularly on this scatter plot, there's a section that identifies where you're looking to see the performance is decreasing in the future while the costs are going up. And obviously, this draws everyone's attention to those areas, hopefully not in a bad way, but in a good, constructive way where they want to understand what's happening here. Is there something that we need to do? And particularly for leadership, they may need to consider, well, do I need to add additional funding? Do I need to have a different strategy here? Things along those lines. And, and by using these tools, especially like, you said, cost by program area, instead of doing in a sense of an inventory program by program by program, if you can do this more from that perspective, then you can start to prioritize where leaders need to pay their attention, and now the information's more useful for them. And then they're going to want to do more of that. They're going to want to be involved more in those kind of discussions.

**Tom Rhoads:** Seems like, that lines up nicely with your, foundational principle number three, realize where less can be more, that the information can be packaged in a way that, executive leaders can have the information, as well as those that are tactical, who need more detailed information and, and to manage the organization from both the executive level and the tactical level. Thank you so much. Really enjoy talking to you about your book. And for our readers, I'll just mention the title again one more time. It's *Engaging the Organization in Effective Performance Management: Translating Vision into Results*, and I highly recommend it to all of our readers. Before, we wrap up today, one last question for each of you. Knowing what you know now in your career, if you were to provide some advice to a new careerist, what advice would that be?

**John O'Brien:** You go ahead first, Rich.

**Richard Beck:** I think the idea is that you have to realize that for, for new careerists, you, you know, first of all, it's, it's good that you're coming to work, for the federal government. You're using your skills for the good of the organization. And the thing to always think about is, you have those skills. I mean, this is what organizations are about. We specialize units within an organization to bring certain skills forward and to develop those skills. And if you can use those skills to help influence decision making by connecting with the decision makers, understand what information it is that they need and doing your

best to bring that information, not necessarily the whole wad of everything, but if you can, you have a responsibility to make that information or bring the information that's useful for their perspective. And, and I think that once you realize that you have that ability and you understand what that perspective is and you can bring that information, you're basically gonna help make their lives, well, I don't know if easier is the right word, but, you know, relatively speaking, you're gonna help facilitate their decision making and you're gonna help improve the organization. So, I would, I would, I would say to any new careerist, please, you know, look for those opportunities and, and exercise that skill.

**Tom Rhoads:** Thank you. Mr. O'Brien, did you have some thoughts?

**John O'Brien:** Yes. I would just wrap up by saying the advice I would give to any new careerist is know your business. Know where it is you work, know what the business of that organization is. The Department of Defense Financial Management Strategy for FY22, which I've been reading as part of another class I'm teaching has an actual quote that says, "Be bold in business as we are in battle". You have to understand where you fit into the broader picture. But in order to do that, you have to begin by knowing what you are doing. What is your functional area? What is your business? Where does that fit into the broader scheme? And then as you go on and on as your career progresses, as your rank increases, that circle expands, and you will begin to expand horizontally, breadth, across the whole organization, across the larger organizations, as well as vertically, top down and bottom up.

Again, this ties back to my earlier comment. As you do that, never lose sight of the business, but make sure you understand the difference between those broad goals, those how questions, those what questions, and the specific actions that your, your business areas do, those initiatives. You've got to be able to tie that all together. You've got to be able to link that together. The folks that I have experienced who have run into problems with planning, they just don't seem to get things off the ground. People are confused. The organization is not tracking very well are people who seem to have lost that. So never lose sight of your core business, never lose sight of where it fits into the entire organization. Thank you.

**Tom Rhoads:** Thank you, Mr. O'Brien and Dr. Beck. It's, it's clear in having met you and having, had this chance to talk to you on this podcast that you have a great working relationship. And, and I think that that translates very nicely into your book. And want to thank you for your time. I know you're super busy and appreciate you taking time for the ASMC, All Things Financial Management podcast today.

**John O'Brien:** Thank you.

**Richard Beck:** Thanks again for having us, Tom.