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# MAKING DHS MORE EFFICIENT: INDUSTRY RECOMMENDATIONS TO IMPROVE HOMELAND SECURITY

U.S. HOUSE OF REPRESENTATIVES, COMMITTEE ON HOMELAND SECURITY, SUBCOMMITTEE  
ON OVERSIGHT AND MANAGEMENT EFFICIENCY

ONE HUNDRED FOURTEENTH CONGRESS, FIRST SESSION

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**OPENING STATEMENT**

September 18, 2015

**MEDIA CONTACTS**

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**Statement of Subcommittee Chairman Scott Perry (R-PA)  
Oversight and Management Efficiency Subcommittee  
House Homeland Security Committee**

*Subcommittee Hearing: "Making DHS More Efficient: Industry Recommendations to Improve Homeland Security"*

Remarks as Prepared

Today's hearing provides us with an important opportunity to examine how the Department of Homeland Security (DHS) can improve its management using proven, private sector best practices. In the early years after the creation of DHS, Department officials understandably were focused on preventing another major attack on the homeland; however, from the outset, DHS faced significant challenges, including consolidating 22 preexisting component agencies, reporting to a multitude of Congressional committees, and working diligently to strike the balance between national security and protecting privacy and civil liberties. Furthermore, a longstanding failure to adhere to strong management practices led to high profile failures, such as wasting a billion dollars on the failed Secure Border Initiative Network (SBI-Net) and mothballed "puffer machines" that eventually were pulled from airports. Such mismanagement eroded public confidence in DHS and continues to hinder it today.

DHS components, including Customs and Border Protection (CBP), Transportation Security Administration (TSA), Coast Guard, Federal Emergency Management Agency (FEMA) and others, continue to revert to their practices used prior to joining DHS and often seek to fly under the radar of headquarters oversight. More than 10 years after its creation, DHS continues to face conflicting cultures and processes. In addition, senior DHS officials often fail to hold components accountable and lack the information necessary to make sound decisions.

Secretary Johnson has refocused DHS efforts to improve management practices and increase interagency coordination; his "Unity of Effort" initiative creates new processes to ensure that everyone's driving towards common goals and objectives. For example, DHS's new Joint Requirements Council seeks to ensure that components leverage common technologies and platforms. Previous stovepipes led to components buying different technologies to meet very similar requirements; examples include CBP and Coast Guard air and marine assets and component tactical radio systems. Because these efforts are so recent, we're unclear as to whether the new processes will transform how DHS manages its programs or simply add another layer to an already massive bureaucracy.

Private sector companies respect the value of using sound management practices. Commercial firms often must deal with mergers, acquisitions and restructuring. Having started and managed a small

business in Pennsylvania, I understand the importance of sound planning combined with strong, capable leadership and accountability. For example, before undertaking a major project, commercial firms must have a sound business case to ensure the project is viable. A sound business case is critical to mitigating risk and ensures that managers have sufficient knowledge as the project moves forward.

Because the private sector is focused on getting a return on its investment, commercial firms would be much more cautious about risking projects with cost overruns and schedule delays. In contrast, DHS all too often has ignored risks and moved forward with unachievable programs leading to wasted taxpayer dollars and late, costly and unimpressive results. DHS has much to learn from private sector best practices.

The private sector also routinely analyzes its overhead to streamline and maximize efficiencies. DHS, however, struggles to streamline its information technology programs, modernize its financial systems, and consolidate its real property inventory, which result in a significant inability to cut waste. For example, two Inspector General reports from last month found that DHS has done a poor job of tracking costs related to its warehouse inventory and conference spending. According to the IG, CBP could put \$1 million to better use if it improved warehouse management; this might not seem like much to Washington bureaucrats, but my constituents in Pennsylvania would much prefer that money spent towards securing the border.

DHS must learn from the proven techniques and practices of successful commercial firms. Federal bureaucrats need to remember that the American people are their shareholders; their tax dollars must be safeguarded, not wasted. As the Nation faces significant homeland security threats and our national debt continues to climb, we can afford no more mismanagement. I look forward to the testimony and recommendations from our witnesses to improve the management of DHS.

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STATEMENT OF

**MARC A. PEARL  
PRESIDENT AND CEO  
HOMELAND SECURITY & DEFENSE BUSINESS COUNCIL**

BEFORE THE

**U.S. HOUSE OF REPRESENTATIVES  
COMMITTEE ON HOMELAND SECURITY**

**Subcommittee on Oversight and Management Efficiency**

*“Making DHS More Efficient: Industry Recommendations to Improve Homeland Security”*

Friday, September 18, 2015

311 Cannon House Office Building

Chairman Perry, Ranking Member Watson Coleman, and distinguished Members of the Oversight Subcommittee, I am Marc Pearl, and serve as the President and CEO of the Homeland Security & Defense Business Council (Council), a non-partisan, non-profit industry organization, comprised of the leading large, mid-tier, and small companies who provide the homeland security and homeland defense technology, product, and service solutions to the Department of Homeland Security (DHS) and other government and commercial markets. Our members make up a huge portion of the Homeland Security Industrial Base, and I thank you on their behalf for giving us the opportunity to appear before you today to provide our organization's collective perspectives on the issue of creating greater efficiencies at DHS.

The private sector has provided our government and commercial market with homeland security and homeland defense specialized services, technological innovation, and strategic thinking for decades – long before the tragic events of September 11, 2001. However, in the wake of what occurred just 14 years ago last Friday, it became poignantly obvious to the administration and Congress that we needed to establish better processes and an effective organization to anticipate, prevent, respond to and/or mitigate any terrorist act or nature's potential for destruction. And since the formal creation of DHS in 2003, industry has worked to support the Department in tackling the many diverse threats facing our homeland.

Shortly after the formation of DHS, the Council was established for the purpose of building strong relationships between government and industry so that we could work together on the many process issues and acquisition reform questions through open dialogues between the senior executives in industry and their counterparts at the Department. Additionally, we have sought to establish forums to engage in 'safe' conversations and roundtables between subject matter experts in both the public and private sectors to address the challenges and obstacles that get in the way of efficiencies and mission success. Our programs and initiatives foster those relationships and facilitate an exchange of information that inform both sectors on how policy and process might be better implemented and communicated, as well as help address mission challenges, and improve the management and organization of DHS. Our mission is to bring both sides together in informal conversation to gain a greater understanding of one another's perspectives and processes to identify ways to improve the way we do business together.

It is generally recognized that DHS needs more consistent Department-wide processes and procedures to improve internal operations and become a more efficiently run organization. DHS also needs measures that support industry-government dialogues that help ensure the government can effectively procure mission critical product and service solutions.

For that reason, the Council is encouraged by Secretary Johnson's 2014 *Strengthening Departmental Unity of Effort* that reestablished the Joint Requirement Council (JRC), established a set of regional Joint Task Forces, and created the Secretary's Leadership Council and Deputy's Management Action Group. These, along with other initiatives, aim (and I quote the Deputy Under Secretary of Management) "to better integrate the Department's people, organizational structures, and operational capability" that will in turn, create more efficiencies and enable mission success. Supporting the unity efforts, Secretary Johnson announced earlier this month, a new measure to unify the Department's

research and development, creating Integrated Product Teams (IPTs) that will be charged with coordinating and prioritizing research and development across the Department in a number of areas, such as aviation security, biological threats, counterterrorism, border security, cybersecurity and disaster resilience.

The Council and its members are invested in the Department's success and its ability to create a more efficient and unified organization. Our overall mission is to work with you in the Congress and the Department's leaders to encourage ongoing discussions and work towards the implementation of programs and processes that will bridge the gap between policy aspirations and program operations. We must all work together to ensure that the Secretary's *Unity of Effort* becomes more than the logo of his tenure, only to be replaced by the logo of the next Secretary. We want it to become a foundational legacy of real change, real consistencies, real reform and real efficiencies.

While the aspirational policies of the Secretary's *Unity of Effort* are critical steps in the right direction, we believe internal and external challenges still exist that significantly impact the goal of achieving a more efficient and unified Department. Much progress has been made, but there is still a lot of work to do.

The Council's testimony today will focus on a few key challenges that we believe, if continued to be addressed, will help the Department move closer to a unified vision. Allow me to provide a few observations on some of these critical internal and external areas that impact the efficiencies at DHS.

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### **The Need to Reduce Duplication of Common Mission Services**

While progress has been made, there is still a significant need to reduce duplication among the components' common mission services and align financial management systems, for example. DHS' multiple financial management systems make it difficult to look across individual budgets to see the larger picture on where dollars are being spent and produces an inability to capture where cost savings could be made.

Additionally, little has been done to consolidate and provide common mission services across the enterprise, though the JRC, we are told, is looking into this area. CBP, ICE, and USCIS, for example, experience challenges around the collection, coordination and use of immigration data. There isn't one centralized system that provides an individual's complete immigration history. An operator at one component must query multiple systems, and, as a result, we have a process that is time consuming, costly, and frustrating to the on-ground official, from both an IT architecture and business process point of view.

In contrast, DHS's Office of Biometric Identify Management (OBIM) exemplifies that the Department can, in fact, create a mission-oriented service for the entire enterprise. OBIM processes approximately 320,000 biometric identification transactions per day, providing services and information to federal, state, and local governments. They provide the technology for collecting and storing biometric data, analyze, update the watch list, and ensure the integrity of the data for and with numerous agencies, including CBP, DOJ, DOS, FEMA, ICE, TSA, USCG, and USCIS.

We suggest that DHS look more vigorously at other opportunities for consolidating systems that could service enterprise-wide mission areas, which could create cost savings and reduce duplicative efforts.

### **Lack of Security Reciprocity**

The entry on duty clearance process at DHS has been problematic, duplicative, expensive, time consuming, and frustrating. DHS components do not recognize a background investigation performed by another component. This has created a barrier to entry for many contractors and is particularly unnerving for those who do business with other national security, critical infrastructure, law enforcement and financial services agencies, where they don't have to jump through as many multiple internal agency security clearance hoops as at DHS. When DHS is hiring a contractor to work on a project, this process causes unnecessary and critical delays as to when a contractor can begin work, thereby moving schedules, significantly delaying the start of a project, and wasting taxpayer money.

It is our understanding that almost 75% of the vetting requirements are already shared across components regardless of the program; so establishing a common vetting security clearance program is an area where the Department and the private sector could find the mutual benefits of streamlining.

### **The Need to Invest in the DHS Workforce**

While we all recognize the importance of and ongoing focus on all things related to cyber and IT, the underlying critical component of any technology and/or product is a well-trained and highly motivated workforce that embodies the core capabilities necessary to accomplish the mission. Quality training is always a good investment whether in the public or the private sector; for it will inevitably lead to a more successful outcome.

The DHS workforce is responsible for executing multiple missions including cyber analysis, responding to disasters, and safeguarding our ports of entry. With the variety of mission responsibility and skills needed to perform, the Department must continue to invest in its workforce by examining incentives for greater accountability and creating robust training programs.

After working with and getting to know numerous government employees over my three-plus decades in DC, I would proffer that many – particularly those who have and continue to work at DHS over the past dozen years – tend to join the civil service for altruistic reasons and are motivated to serve the public and protect our nation. At the very least, leadership can continue to remind their colleagues how important and critical their mission services are to our nation, and, as a result, they will feel more job satisfaction and pride in their work. The communicating of appreciation is something that is regularly done at the most successful corporations, even amidst the frustration of one's daily tasks.

DHS should also look at finding innovative incentives that support career progression. One suggestion – something that is also done in the private sector – would be to create



special teams. Industry puts their best and brightest on important projects – cross-department – and government could do the same. DHS could consider a pilot program with a major acquisition filling a special team based on merit. Being part of the special team becomes a reward and an incentive to want to be a part of the agency’s top projects.

Other incentives include career progression and proper workforce training. Employees want to feel like they have an opportunity for growth within their current job and the continued ability to refine their skill-set and grow as a professional. And as part of this, DHS should continue to adopt more robust and multi-disciplinary workforce-training programs to help employees master the skills they need. On the program management and acquisition side, this must include training on how to work with industry.

A quality employee understands all aspects of the business and is encouraged, at various points in his/her career, to acquire a better understanding and knowledge of such things as the budget process, mission needs and planning, as well as how those things are addressed in other divisions.

Though it took many years even after the passage of Goldwater-Nichols, DoD found the CO–COMMS approach – requiring flag officers to take on cross and joint commands – to be a tremendous incentive for morale and successful leadership. Perhaps DHS should be encouraged to look at joint environment requirements for those moving up the ladder. This would not only be a huge culture change, but also could break down cultural silos and help to operationalize the Secretary’s *Unity of Effort*.

We were encouraged by and wish to point out that DHS’ *FY2014–2018 Strategic Plan* outlined a goal to find support systems for training, exercising, and evaluating capabilities that cross-components to ensure the readiness of frontline operators and first responders. They also describe their goal to strengthen the cyber ecosystem which includes implementing human capital strategies that will help develop a skilled cybersecurity professional. To achieve this, they plan to develop a Department-wide human capital strategy, including enhanced federal training programs. The Council supports these efforts and believes DHS should continue to find critical skill-sets needed across the Department and find areas where cross-component training can be utilized.

### **The Need for Better Connections Between the Program & Contracting Offices**

The Secretary’s *Unity of Effort* approach aims to improve coordination between HQ and its components and directorates, but challenges still exist within components. There needs to be a better set of processes that encourage consistent and ongoing connections between the component program and contracting offices. Our members have observed that the contracting offices have assumed the dominant role in some cases, but both must be in sync and engaged together to ensure that the right procurement strategy is in place so that the government can ensure they are receiving the best proposals from their industry partners. A consistent, unified decision-making process across the Department is reliant on strong connections within the components and across components.

Some of the components, we have been told by many of our members, have taken the proper steps towards communication and coordination of effort. For example, USCIS has

worked hard to coordinate its CIO's vision throughout the programs and contracting shops, thereby leading to consistent messaging to industry from both of the offices, and creating more levels of certainty for the contractors.

Additionally, ICE's Homeland Security Investigations division has demonstrated excellent integration and collaboration between the contracting officers and the mission owners, thereby leading to successful mission requirements in a timely manner and within budget.

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### **Improving Engagement with Industry**

Beyond the challenges within DHS, the Council believes improvements can still be made in how the Department engages with industry. Effective engagement with industry has been and continues to be a priority area of interest for the Council and our members. In 2014, at the urging of the Under Secretary of Management, we developed a "*Framework for Government-Industry Engagement Through the Planning and Execution of the Acquisition Process.*" Through this effort, our member companies have worked closely with the DHS directorates and components to identify critical points of communication, information sharing, engagement, and/or dialogue, as well as the challenges and barriers to communication, that can and should occur throughout the different stages of the acquisition lifecycle and process.

It is critical that government and industry work together to establish and maintain open and transparent two-way forums for communication in advance of and throughout the acquisition process. Early, frequent, and constructive communication between the government and industry is the foundation to the planning and execution of a successful acquisition. Acquisitions begin at the point when agency needs are established. Early engagement with industry is a critical aspect of strategic planning, describing agency needs, developing an overall acquisition strategy, and identifying the terms, conditions, and practices appropriate for what is being acquired. It improves market research, which results in a greater understanding of the possible products, services, and technologies that exist to support the government's needs, as well as the costs, benefits, and limitations of different procurement approaches. It allows the government to define their requirements clearly within the market environment, and develop realistic expectations regarding risk, cost, schedule, and performance management. When requirements are well defined, industry can write quality proposals and deliver solutions that address gaps in a timely and cost effective manner.

For industry, the substance, frequency, and timing of communication with government is vital to determining how to allocate limited resources and make informed, risk-based investment decisions. Because the costs associated with getting to know a prospective government client, understanding their requirements, developing a technical solution, selecting a team, and preparing a proposal are so high, industry makes decisions on which opportunities to pursue long before a solicitation is released. Bid decisions are often made based upon the nature, detail, and specificity of information that is available in advance of the opportunity. The more time and information that is provided, the more that industry is likely to invest in and think through different ways to meet the government's needs.

When communication is absent, vague, infrequent, or untimely, it increases the risk that industry will choose not to participate in a solicitation or that it will not understand the government's requirements. Communication problems that occur early in the process (e.g. not having well defined requirements) increase the likelihood of contract delays, cost overruns, duplication of effort, and outcomes that fail to meet the government's expectations and mission needs.

Industry relies on information from the government on their future needs so that they have time to align their financial and personnel resources towards meeting those needs. This allows early R&D and ensures that needed solutions can be provided in a timely manner. The more specific the Department's directorates and components can be, the more industry will engage, which will produce better solutions and overall mission success.

It is important to point out that throughout the last few years the Department has taken many steps to improve industry engagement and better, more transparent and open communication. Plans similar to TSA's *Transportation Security Strategic Capability Investment Plan* are helpful and we hope to see more documents published from other components that communicate the agency's vision and plans for potential investments.

In addition to the small group discussions we have held with DHS arising out of the *Framework*, industry has enjoyed the opportunity to participate in a variety of forums such as mock debriefing exercises with industry and government representatives. And all of the industry groups are currently working in coordination with DHS' Office of the Chief Procurement Officer to plan a *Reverse Industry Day* later this fall, which is part of its *Acquisition Innovations in Motion (AIiM)* series of industry engagement and acquisition initiatives. This will be the first DHS-wide event held from the viewpoint of the contractors informing government program and contracting officials about the process industry goes through to respond to a government solicitation. The Council looks forward to the event and believes that creating a better understanding between the two parties will help create greater efficiencies in the acquisition process.

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Mr. Chairman, and Members of this Subcommittee, in closing I cannot attempt to briefly outline the need to address the efficiencies of DHS without addressing the **Role and Responsibility of Congress** in that equation.

I'm quite sure you are aware that the duplication in congressional jurisdiction over DHS across numerous committees and subcommittees creates its own inefficiencies. I point this out, not because this Oversight Subcommittee will be able to change that equation, but simply to provide an additional observation to outside factors impacting agency efficiencies.

Additionally, while DHS still has much work to do to improve its processes and procedures that will and must lead to a more efficient organization, an unpredictable budget cycle has significantly impacted its ability to achieve efficiencies in many areas. A stable, predictable budget environment is critical to any government or any company's ability to achieve its mission, and this is particularly true to an agency as vital, large, and

complex as the Department of Homeland Security. Its mission areas require long term planning, as well as substantial and timely investments in specialized technologies, products, and services. And industry cannot, likewise, strategize, invest, research and develop solutions when the needed programs spit-and-start or experience delays simply because long-range planning is impossible to do.

The execution of DHS operations results from a continuous cycle of planning, programming, and budgeting activities. When you do not know your budget, you cannot plan for the future, start new programs, or hire and train staff. Budget uncertainties make strategic planning, long term investment planning, and acquisition planning extremely difficult. Industry relies on these activities to determine how to invest its resources and R&D dollars so that it can develop the specialized capabilities that DHS needs. Delays in the acquisition process create inefficient business practices, waste taxpayer money, and prevent DHS from effectively procuring and delivering critical supplies and services to employees in the field.

We understand hard decisions surrounding the budget must be made in today's fiscal environment. Regardless of the amount of funding the Department receives, it needs a stabilized budget planning cycle, and the Council encourages Congress to recognize that delayed funding harms the very efficiencies you are trying to encourage.

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Thank you for providing the Homeland Security & Defense Business Council with the opportunity to present some observations on this vital topic. We look forward to continuing our close working relationship as a trusted advisor to you and your staff, as well working with the Department and its officials on the common areas of mutual concern.



**Business Executives  
for National Security**

**Testimony of Harry Totonis**

Member of Business Executives for National Security

Before the United States House of Representatives  
Committee on Homeland Security  
Subcommittee on Oversight and Management Efficiency

September 18, 2015

Chairman Perry, Ranking Member Coleman, Members of the Committee, my name is Harry Totonis. I am honored to be here as a private citizen and a member of Business Executives for National Security (BENS). I plan to address what actions the Department of Homeland Security can undertake to improve management effectiveness and efficiency. I will speak from my own knowledge and experience having worked in several industries, including healthcare, financial services, technology and management consulting. My perspectives will reflect how the private sector approaches similar challenges.

I am also a member of Business Executives for National Security, a non-partisan organization of business executives concerned about national security. Although reflective of BENS' perspectives on what the private sector can contribute to better managing our national security organizations, the views I express are my own.

I would also like to recognize and congratulate the many accomplishments that the Department of Homeland Security (DHS) has achieved since its inception 12 years ago across many areas including, overall integration, acquisition management, information technology management, financial management and human capital management. I would also like to note that I applaud Secretary Johnson's initiative to improve departmental cohesiveness and effectiveness as outlined in his April 2014 memo, "Strengthening Departmental Unity of Effort."

While significant progress has been achieved, opportunities appear to exist for continued improvement. Here I am referencing the annual report issued on February 23, 2015 and titled *Major Management and Performance Challenges Facing the Department of Homeland Security, OIG-15-09*. One area highlighted for improvement was in Operations and Management Integration.

As requested, my statement discusses actions that DHS can pursue to strengthen and better integrate its operations management functions. As noted earlier my recommendations are based on my experiences both as a Senior Managing Partner at Booz-Allen & Hamilton and senior executive and CEO for private sector companies. As a consultant I had the opportunity to help large corporations address similar challenges. As a corporate executive and CEO I had the opportunity to implement what I had previously recommended.

The challenge that DHS faces is common among private sector companies. Based on my experience there are five key elements that need to be implemented to achieve effective management:

1. The appropriate leadership with the right set of experiences, values and commitment must be place. Based on what I read it appears that DHS satisfies this requirement.
2. The organization's mission and objectives must be clearly defined. Moreover, there must be alignment across the organization that spans from the Board of Directors and Executive Management across mid-level managers and down to all employees. In my experience, I have always strived for every employee to know our company's mission and objectives and to know where we stood relative to achieving them. Getting this right allows not only better results but significantly improved employee morale. I am not certain where DHS stands on in this area, but what I have read suggest that employee morale is a challenge. As a result I would presume that more work is required here.
3. The organization must have an optimal organization structure given the nature of its activities. I will come back with more comments on this topic in a moment.
4. The organization must deploy systems to measure its performance. Moreover, these systems must be as real-time as possible. Again based on what I have read, this appears to be a challenge area for DHS.
5. Finally the organization's rewards system must be aligned with the mission and objectives.

All of the above need to be in place in order for an integrated management function to work well. The benefits from getting this right are both significant and many. Efficiency and effectiveness improves significantly. Redundancy is reduced. Scarce resources are deployed in priority areas. Scale economies are achieved. Challenges are quickly identified and addressed. Executive management spends less time debating, creating plans or responding to remedial actions as a result of audits. Instead they have more time to execute. Finally, I have found that the organization's employee morale significantly improves as a result of empowerment, involvement and better understanding on how they can contribute to achieving the organization's mission and objectives. With high employee morale along with the other above items an organization achieves on-going improvement capability that "feeds upon itself".

As I outlined earlier, I would like to repeat myself and note that the most progress in organizational and Management efficiency is achieved when all of the five above conditions are aligned with each other and implemented. For example, if the systems are not in place to measure performance (number 4) it is hard to execute on the number 2 and number 5 objectives.

I would like to return to my list of 5 items and further clarify the need for an optimal organization structure. Broadly there are three type of organizational structures:

- A fully integrated organization
- A fully decentralized organization
- An organization with decentralized line activities supported by a strong shared services function or organization

Given that DHS includes 22 diverse agencies—The U.S. Customs Service, Immigration and Naturalization Service, Transportation Security Administration, FEMA, U.S. Coast Guard, U.S. Secret Service, Energy Security and Assurance Program, and many others – a decentralized organization with a strong shared services function is most likely the appropriate organization structure. That implies that each agency should operate fairly autonomously with DHS providing leadership, direction and create value through a Shared Services Organization.

If a company creates a common product with similar processes and customers, then a push to consolidate into one similar entity would be a productive approach. If, however, different companies are creating different products through different processes for different customers, a push to consolidate may be counterproductive. Instead, these companies should be able to retain their unique capabilities and identities, but share common services to drive productivity and effectiveness.

A Shared Services Organization for DHS would include only the activities that are common or shared among the different agencies and are important to effectiveness and efficiency of the overall organization. For an organization as diverse as DHS, they would typically include the following functions:

- Strategic Planning, Mission Definition and Policy setting
- Management Development and Promotion
- Reward setting and compensation
- Goals, Objectives and Budgeting
- Reporting Systems
- Process Improvement and Innovation
- Finance and Accounting
- Purchasing
- Real Property Management, which would strengthen efficiency and reduce costs through reduced administrative overhead.

I underscore typically include because a Shared Services function should include responsibilities that only improve overall effectiveness and efficiency of the entire entity while avoiding creating degradation of service, operating frustrations and increased bureaucracy within the agencies. Given the diverse nature of DHS in suggesting the above functions I tended to focus on leadership, policy, direction setting and measurement functions as opposed to day-to-day operating functions. The two exceptions may be Purchasing and Process Improvement and Innovation.

Successful Shared Services organization include a process improvement team that works with all the agencies on important and focused areas. For example, General Electric and other corporations created six sigma teams that worked with all the GE businesses to achieve operations improvement. To ensure success this team needs to have teeth relative to implementing their findings, funding, and it cannot be optional for an agency to implementing their findings.

Finally given the diversity that exists within DHS, I need to note that based on my experience, attempting to centralize additional functions, beyond what is described above, it only has the potential of increasing costs, degrading service and adversely impacting morale.

I recognize, as other members of BENS have previously testified before this committee, that the management improvement plate is bigger and the opportunities far broader to set the Department on the path to greater effectiveness and efficiency. Certainly 12 years-worth of data should be sufficient to give a basic sense of where the frictions and the dependencies lie.

In appearing before you today my intent is to present a private sector perspective that will, hopefully, assist the committee in becoming a better Board of Directors for DHS. I am confident that with the help of this committee the Department can, in the face a certain resource restraints in the coming years, commit to operational changes in its overhead and infrastructure functions that can put it in the company of the best managed organizations—public or private—in the nation.

Thank you for the invitation to testify. I am prepared to answer any questions you might have.



Testimony before the House Committee on Homeland Security's  
Subcommittee on Oversight and Management Efficiency  
Hearing  
"Making DHS More Efficient: Industry Recommendations to Improve Homeland  
Security"  
September 18, 2015

Submitted by Elaine C Duke  
Elaine Duke & Associates, LLC

Chairman Perry, Ranking Member Watson Coleman, and members of the Subcommittee. Thank you for allowing me to testify today. Efficiency is a great goal, one that is never completely accomplished, yet one that can have great impact on mission delivery as incremental steps are made. As DHS matures in its business and mission, it is important that it continues to examine critical areas for continued efficiency.

I served our country as a civil servant for 28 years, including the final eight at Transportation Security Administration and Department of Homeland Security headquarters, retiring as the Under Secretary for Management. As a civil servant, I understood the importance of continued efficiency to deliver the mission effectively and execute our fiduciary responsibility with taxpayer dollars. As a retired federal employee, I continue supporting DHS in its efforts to be a more efficient Department. DHS is taking initiative to improve its efficiency, and I will highlight in my testimony the some of those areas that I believe most critical.

Acquisition is a major area to address in DHS' effort to continue becoming more efficient. In acquisition, actions to increase efficiency in the Department of Homeland Security (DHS) often result in parallel efficiencies in industry. This allows industry to propose the best mission solutions at the best price. Some areas that DHS can continue to improve on include better communications overall, but specifically in the following areas:

1. Socioeconomic Strategy. DHS and its support industry could benefit from a planned strategy to meet its small business goals. A well planned strategy will ensure that the right contracts are set aside for small business participation, helping small businesses obtain contracts that will benefit them more in their growth, rather than just managing a subcontractor team. Planning will also help businesses prepare for upcoming new requirements and recompetitions. Early, clear communication about the strategy will help small businesses target their very scarce proposal resources toward opportunities with the highest win probability. And those same early, clear communications will help large businesses make decisions and avoid investments in preparing for acquisitions that will be set aside for small business.

2. **Market Research.** DHS can enhance improve acquisition efficiency by conducting more market research earlier in the acquisition process. When industry knows what requirements may be coming in the future, and knows what the DHS mission priorities are, industry can best allocate its investment dollars to build capabilities to meet DHS needs. Better investment reduces both technology and performance risk, and drives down contract cost and shortens schedule.
3. **Published Acquisition Schedules.** DHS should more routinely publish schedules with dates for acquisition programs and contracts, and update those schedules regularly. Usually synopsis notices and draft or final request for proposals are posted in Federal Business Opportunities. When industry sees those dates, it begins assembling and mobilizing proposal teams. It also begins hiring key personnel. Often those dates slip and aren't updated. That forces industry to make decisions about holding teams, or dismissing them. That increases overhead, which in turn increases the labor rate government pays for its services. Better communications will provide critical information for industry to act efficiently in supporting DHS.
4. **Good Source Selection.** Requests for proposals and quotations must be clear and accurate in both the requirements and the source selection plan. The solicitation document must clearly state what the requirement is, especially in a fixed price contract. Without that, there is increased risk on the contractor, and industry must reflect that risk in higher prices. That is especially true on fixed price contracts. Additionally, the solicitation document must clearly state how the proposal will be evaluated and rate according to the stated criteria. When the proposal states that technical is much more important than price, and that innovation is desired, industry will design its proposal around that criteria. Yet often award is to the lowest price offer due to budget and other concerns. If that is the case, the solicitation should align with the strategy and accurately inform industry so it can accurately structure its proposal. And that results in the best price and efficient performance of the contract requirements.

Effective and efficient mission delivery requires a good DHS workforce. A critical area for continued efficiency is workforce management. This includes recruitment, hiring and retention. DHS would benefit from focused efforts improve the DHS workforce and therefore improve mission efficiency. Some initiatives to drive efficiency include:

1. Make better use special personnel flexibilities for recruiting, hiring, and retaining critical talent, including members of the acquisition, intelligence, and cyber workforce. DHS has the authority to establish 'Excepted Service' for certain components, and this help them more efficiently compete for and retain critical employees. This is especially true in competing for talent with DOD and the intelligence community, as well as private industry.
2. Institute DHS Civilian Joint Duty assignments. This will help build a DHS senior workforce that will drive an integrated mission and improve DHS efficiency. This concept was approved by Secretary Johnson in June, and implementing it quickly would be very beneficial to the workforce and result in joint mission efficiencies.
3. Prepare the workforce for Presidential Transition. This will position DHS to efficiently delivery mission as the country and Department transition to a new Administration. Key steps that DHS can take now include succession planning and operational exercises.

4. Develop a Workplace Plan. Elements of the plan should include:
  - a. Specific action and milestone for dealing with the lingering employee morale issue
  - b. Workforce measures and analytics for key areas such as morale, staffing levels, performance management
  - c. DHS Workforce of the Future modeling
  - d. Talent Management Strategy, including: recruiting, staffing, developing, performance management and retaining talent

Along with workforce management, DHS must also address its security clearance, suitability and onboarding processes for both its own and contractor employees. The long lead times, duplicity between the clearance and suitability processes, and lack of reciprocity between DHS components is very costly both in terms of time and cost of investigations. Additionally, it delays the time that employees can report to work, further degrading the efficiency of offices waiting for key staff and contractor support.

Another area where DHS can continue to improve its efficiencies is through Secretary Johnson's Unity of Effort, especially the Joint Requirements Council. This is important for several reasons. First, the Senior Leadership Council (SLC) and Deputies Management Action Group (DMAG) are setting the tone for the Department. That tone is one that respects each operating component's individual mission areas, but also drives integration and joint focus on the DHS mission set. Second, the need to continue to make "back office" functions more efficient is an imperative. DHS cannot sustain an expensive support structure and effectively meet its current mission obligations. It must continue to reduce overhead in key areas such as duplicative information technology systems, facilities and related support services, and acquisition, operation, and sustainment of key DHS mission assets and systems.

Thank you for the opportunity to testify. I look forward to your questions.