



Workforce of Tomorrow Task Force

Final Report

AUGUST, 2009



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EXECUTIVE SUMMARY

Like many federal agencies, the Internal Revenue Service (“Service” or “IRS”) faces significant challenges – and opportunities – related to its current workforce. A substantial portion of current employees will achieve retirement eligibility in the next 10 years, making both hiring to replace skilled personnel and developing people to take responsibility high priorities. At the same time, the work that is required of the Service is growing and becoming increasingly complex, making skill development and efficient resource deployment critical. In order to accomplish its mission today, and lay the foundation for a successful organization for years to come, the Service must focus on effectively managing its workforce.

In the summer of 2008, Commissioner Doug Shulman announced that the workforce would be a top priority for his leadership of the Service. In July 2008, the Workforce of Tomorrow Task Force was launched with a goal of making the Service the best place to work in government and ensuring that five years from now the Service has the leadership and workforce ready for the next 15 years.

The Workforce of Tomorrow Task Force represented a creative and groundbreaking way to address the organizational issues faced by a federal agency. The Task Force was assembled to engage a broad spectrum of employees and critical stakeholders in identifying and understanding essential workforce issues and designing innovative, workable solutions. Task Force members represented every operating division in the Service, including front-line employees as well as participants from leadership development and executive readiness programs.

The Task Force worked closely with the Human Capital Office, which provided subject matter expertise and is taking responsibility for implementation of a majority of the recommendations. There was also close collaboration with the National Treasury Employees Union (NTEU) leadership, which offered important insights in working sessions and in some cases helped to enable more rapid rollout of important initiatives by offering expedited bargaining.

Cross-functional teams within the Task Force spent eight months conducting research, developing solutions and pilot testing recommendations to produce a roadmap of initiatives to address the Service’s greatest workforce challenges. The Task Force developed 58 recommendations in six focus areas to address the Workforce of Tomorrow goals. Focus areas included:

- 1. Planning a dynamic people strategy.** Create a sustainable and flexible workforce planning strategy that is responsive to external taxpayer and labor market trends and to the evolving plans and initiatives of the Service in a way that informs senior leaders’ key decision-making. The Service now has detailed attrition models and hiring needs for over 500 cities across the country and has the structure to plan for future workforce evolution.

2. **Attracting the best.** Create an organization-wide recruiting strategy that supports and balances all division needs, includes consistent corporate messages and enables local ownership and execution
3. **Streamlining hiring.** Redesign the hiring process to reduce the time necessary to hire by 50 percent, making it more efficient and responsive to both candidates and managers, and improving the quality and fit of new hires for all positions
4. **Enhancing the role of managers.** Reset the expectations of and for managers to make the role more attractive and to reinforce a culture of leadership at the Service
5. **Growing future leaders.** Enhance leadership development at all levels to ensure that the best leaders are identified, developed and placed in the right positions throughout their careers
6. **Valuing and retaining our people.** Create a culture in which every employee is valued and empowered to contribute to their own success and the success of the organization. The Service is revamping its Career Management Resource Center website to provide employees an avenue to identify career path goals, educational opportunities and necessary competencies for particular occupations.

The Service has already implemented several of these recommendations, including:

- Centralizing recruiting activities and developing consistent messaging for recruits at various stages in their careers – from recent college graduates to mid-career professionals.
- Leveraging a Web-based platform to allow applicants to submit one application for multiple similar vacancies, rather than the old system of separate applications for each position.
- Strengthening relationships with universities whose graduates possess important skill sets for critical IRS occupations (for example, accounting and finance). The Service targeted 100 universities and assigned executive-level managers to build close relationships with university administrators to actively participate in recruiting activities.
- Tracking candidates end-to-end – from first touch, such as at a college job fair, to performance on the job.
- Enhancing our hiring process to greatly increase efficiency and effectiveness (for example, we consolidated 122 job announcements for similar positions into 6 cross-functional announcements, which in turn has allowed the IRS to perform the same volume of ranking candidates with 60 percent fewer ranking panel members).
- Streamlining the fingerprinting and clearance process, allowing new successful applicants to schedule their fingerprinting at a time and location most convenient for them.

- Redesigning the “on-boarding” process for new hires, moving from a one-day orientation to a 12-month strategic, corporate experience allowing candidates to obtain greater exposure to the organization as a whole and broaden their career development.

These initiatives were just in time to greatly benefit the agency’s hiring efforts, which began with Congressional enactment of the FY2009 budget in March 2009.

Other key initiatives in the implementation process that will greatly enhance the workforce experience include:

- Reducing managerial burden through a set of multiple initiatives (for example streamlining the number of system passwords, enhancing training for management assistants, creating a new Managers’ Resource Center and streamlining various administrative tasks).
- Revamping managerial training, including readiness programs, new manager training and continuing education.
- Improving the leadership development program through better integration and multiple enhancements (for example, improving the Leadership Succession Review system and establishing consistent participation standards, piloting Geographic Leadership Councils to better identify and mentor emerging leaders, and streamlining the Leadership Competency Model from 21 to four competencies).
- Designing multiple initiatives to improve employee engagement, recognition, career development and a sense of community (for example, a modernized intranet, formal value statements, equipment enhancements, community event pilots and a recognition tool kit to aid managers in easily recognizing accomplishments).

Because Task Force members were drawn from across the Service, participants have been able to act as change agents and communicate the Task Force recommendations back to their divisions and local work areas after their participation. Implementation will be tracked according to a set of agreed upon milestones. In addition, the recommendations of the Workforce of Tomorrow presented in this report lay the foundation for ongoing improvements.

In order to keep the momentum going, the Commissioner plans to convene an Annual Workforce Summit to ensure continued focus on workforce issues, evaluate progress and involve more emerging leaders in future solutions.

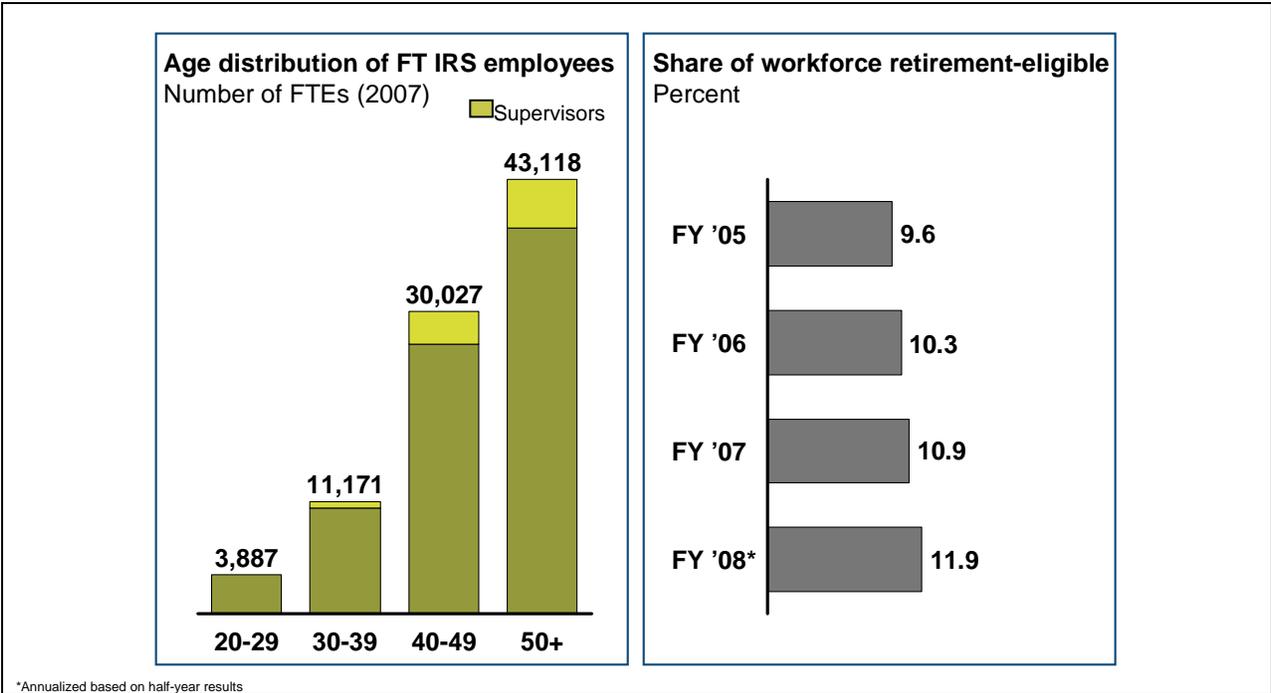
BACKGROUND

The Mission of the United States Internal Revenue Service (IRS) is to, “Provide America’s taxpayers top quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.” The IRS Strategic Plan for 2009-2013 lays out two goals to accomplish that mission: first, to improve taxpayer service to make voluntary compliance easier; and second, to enforce the law to ensure everyone meets their obligation to pay taxes. In order to accomplish these two important goals, the Strategic Plan emphasizes the importance of “investing for high performance” in its strategic foundations – including people and technology. The IRS must ensure that its current employees are equipped and engaged to tackle these ambitious objectives, and that the Service is developing the right workforce for the future to continue to effectively carry out these goals.

Given current internal and external trends, the IRS has a unique opportunity to shape its workforce and invest in its development for the future. Like many federal agencies, the Service will likely see a spike in retirements in the next ten years as the baby boomers among its ranks reach the age of retirement eligibility. Roughly half of current full-time employees are over 50 years old and could retire in the next decade. Almost 12 percent of current employees are already retirement-eligible (Figure 1). This trend will affect the manager population particularly acutely. As examples, in 2009, more than 16 percent of senior managers could leave the Service. And by 2010, more than 65 percent of the current Senior Executive Service (SES) will be eligible to retire.

Figure 1

Summary IRS workforce statistics



At the same time that experienced professionals within the Service prepare to depart, the Service's external environment is changing significantly. International tax issues are increasing, as United States companies more than tripled their foreign profits from 1994 to 2004. The types of businesses operating within the U.S. borders have also changed, with S-Corporations and Partnerships each outpacing the growth in C-Corporations by more than 5 to 1 over the past 10 years. In addition, the IRS has predicted that 43 million Americans will have business income by 2015 (up from 38 million in 2007). All of these trends point to the need for an increasingly sophisticated and flexible workforce that can respond and adapt to meet the needs of its taxpayers.

Filling the spots vacated by senior members of the Service's workforce with the right talent to meet these emerging needs presents some challenges. The Service must be able to understand its workforce requirements and make strategic, forward-looking decisions about resource additions and deployment to meet its highest-priority workload needs, within the constraints of the annual federal government budgeting process. The Service's talent must be developed and given the opportunity to take up the mantle of leadership. However, given existing rates of promotion to manager, there are not enough potential managers currently in the pipeline to repopulate all manager positions. Historically, it has taken an average of 16-20 years working in the Service before the first promotion to a front-line manager position.

Filling open positions from outside the organization will require coordinated and highly effective approaches to recruiting, hiring, and on-boarding that appeal to a new generation of potential employees. In the recent past, the Service's recruiting efforts have been disaggregated across the organization and largely driven by individual business units' priorities. The hiring process is complex and lengthy – according to recent hires, it often takes a minimum of three months to complete the process, depending on the position. Expectations and objectives of potential candidates have also shifted substantially over the past several decades. Recent research indicates that “Generation Y” members are twice as likely to identify personal aspirations for their work like “interesting work content” and “development opportunities” as they are to identify “high income” as a primary reason for selecting employment. Striking the right notes with this population will be critical to attracting a high-quality entry-level workforce.

Despite these challenges, the importance of the organization's mission and objectives – and the opportunity to develop an engaged, excited, and highly professional workforce to meet these objectives – create an undeniable imperative for IRS leadership to focus on its workforce. The goals of the Strategic Plan and the Workforce of Tomorrow Task Force are therefore to make the IRS the best place to work in government and to ensure that five years from now, the IRS has the leadership and workforce ready for the next fifteen years.

WORKFORCE OF TOMORROW TASK FORCE STRUCTURE AND OBJECTIVES

As a first step toward making the IRS the best place to work in government, the Commissioner convened the Workforce of Tomorrow Task Force in September 2008. To bring a variety of perspectives, the Task Force was made up of employees from across the Service. More than 60 full-time Task Force members came from all Business Operating Divisions (BODs) and Functional Operating Divisions (FODs) and from 36 posts of duty in 17 different states. The Task Force members were selected in part due to their strong leadership potential, and represented a variety of tenures along the leadership development continuum, including front line employees in the Front Line Manager Readiness Program (FLRP), managers in the Senior Manager Readiness Program (SMRP) and Executive Readiness (XR) Program participants and executives.

The Task Force was formed with the following objectives in mind:

- Raise the profile of people management as one of the Commissioner's top priorities
- Engage line management leaders – IRS's everyday people leaders – in developing better workforce solutions and practices
- Provide a vehicle with the authority and scope to quickly identify and act on the highest priority opportunities
- Provide the skills and a forum to experiment and solve the toughest people problems
- Embed solutions in the Human Capital Office (HCO) and business units as the Task Force works itself out of a job

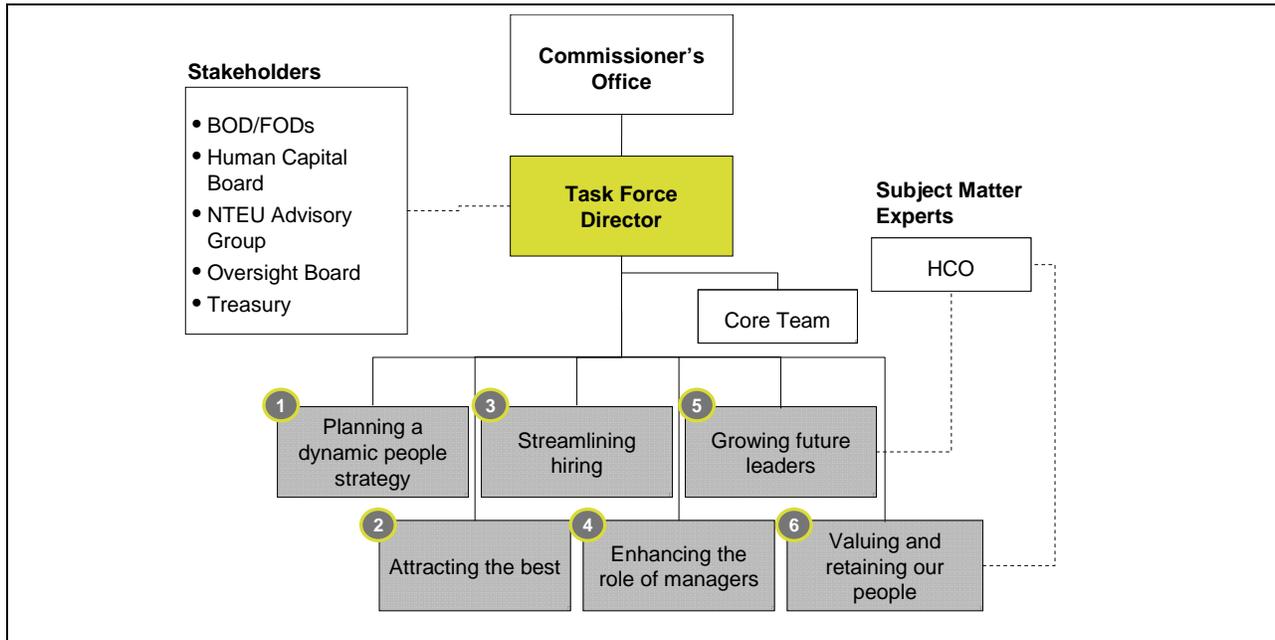
The Workforce of Tomorrow Task Force reported directly to the Office of the Commissioner and consisted of six teams, plus a Core Team responsible for program management (see Figure 2 below). Each of the six teams was aligned against a focus area and consisted of six to ten full-time members and either one team lead or two co-leads. Subject matter experts from HCO were included on each team. In addition, each team had at least one experienced executive mentor who provided guidance to the team throughout the project.

The Task Force also worked directly with a number of stakeholders in both conducting research and developing recommendations, including the BODs and FODs, the Human Capital Advisory Committee, National Treasury Employees Union (NTEU) Advisory Board, the IRS Oversight Board, and the Treasury Department. In particular, the Task Force maintained a close working relationship with NTEU throughout its work. Union chapter presidents assisted in conducting employee focus groups and attended Task Force workshops, participating in working sessions. The Task Force briefed the NTEU Advisory group on a regular basis to discuss emerging recommendations. Expedited bargaining was offered to facilitate implementation of some initiatives.

In all more than 65 briefings were presented to various groups throughout the project and dozens of communications were issued to keep the workforce informed on progress.

Figure 2

Structure of Workforce of Tomorrow Task Force



The teams were aligned against six focus areas to address the Workforce of Tomorrow goals, each with an objective as follows:

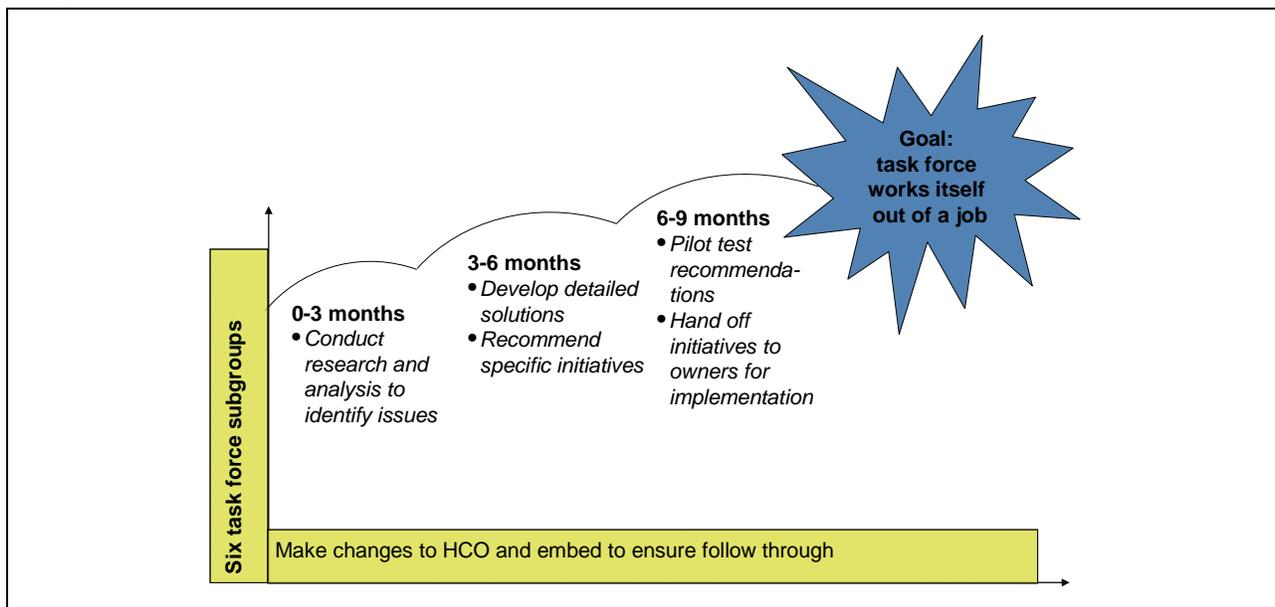
1. **Planning a dynamic people strategy.** Create a sustainable and flexible workforce planning strategy that is responsive to external taxpayer and labor market trends and to the evolving plans and initiatives of the Service in a way that informs senior leaders' key decision-making
2. **Attracting the best.** Create an organization-wide recruiting strategy that supports and balances all division needs, includes consistent corporate messages and enables local ownership and execution
3. **Streamlining hiring.** Redesign the hiring process to reduce the time necessary to hire by 50 percent, make it more efficient and responsive to both candidates and managers, and improve the quality and fit of new hires for all positions once they're in the applicant pool
4. **Enhancing the role of managers.** Reset the expectations of and for IRS managers to make the role more attractive and to reinforce a culture of leadership at the IRS

5. **Growing future leaders.** Enhance leadership development at all levels to ensure that the best leaders are identified, developed, and placed in the right positions throughout their careers
6. **Valuing and retaining our people.** Create a culture at the IRS in which every employee is valued and empowered to contribute to their own success and the success of the organization

From September 2008 to April 2009 each team worked to identify the major issues and areas for improvement in its focus area, designed initiatives to address those issues and piloted or transferred those initiatives to business owners for implementation (Figure 3).

Figure 3

High Level Task Force Timeline



The Task Force worked virtually as well as held face-to-face workshops and team meetings. At the workshops, team members shared information among focus areas, held cross-team working sessions, and heard from invited speakers.

The Task Force gathered and considered extensive input from employees and managers in order to identify issues and develop solutions. Input from IRS employees was gathered through a website, focus groups, and briefings with employee organizations. The Workforce of Tomorrow website was established shortly before the Task Force kickoff in order to both inform employees of Task Force activities and, perhaps more importantly, to gather input on the focus areas the Task Force was addressing. Throughout the project the website was publicized and collected almost 10,000 comments, ideas and recommendations from employees. These comments were provided to the relevant teams for consideration and analysis. And the series of

focus groups was conducted with more than 200 employees and managers in 19 locations.

As a part of the work of the Enhancing the Role of Managers team, a special effort was made to gather input from IRS managers. A number of the focus groups were held on manager issues in particular. In addition, a survey was given to managers to uncover issues of concern and gather information about time usage. Nearly 4,000 people, almost half of all managers, responded to the survey. The Task Force also met with both the Professional Managers Association (PMA) and the Federal Managers Association (FMA) on several occasions to brief them on progress and receive their input and feedback.

WORKFORCE OF TOMORROW TASK FORCE RECOMMENDATIONS

Each Workforce of Tomorrow Task Force team conducted research and analysis and developed a series of recommendations and initiatives for implementation in its focus area.

This section of the report details the research and recommendations as follows:

1. Planning a Dynamic People Strategy (pages 15-23)
2. Attracting the Best (pages 25-39)
3. Streamlining Hiring (pages 41-53)
4. Enhancing the Role of Managers (pages 55-67)
5. Growing Future Leaders (pages 69-78)
6. Valuing and Retaining our People (pages 79-90)

Focus Area 1

PLANNING A DYNAMIC PEOPLE STRATEGY

Understanding the workforce implications of the internal and external trends facing the IRS over the next 5-10 years will be a critical driver of effective strategic decision-making across the Service. Valid estimates of expected attrition and internal migration can help surface potential workforce gaps. Predictions of Service workload changes based on external trends like economic recovery and increased international tax filings highlight where workforce gaps could have the biggest impact on the Service's ability to fulfill its Mission. Clear insight into workforce planning issues like these will allow the Service to make informed workforce investment and deployment decisions.

Assessments of the Service's current workforce planning systems indicated the Service could enhance its ability to anticipate change or provide methods for addressing present and anticipated workforce issues.¹ More specifically, there was an opportunity to create:

- A consistent, agency-wide approach for accurately projecting future human resource needs
- A consistent, agency-wide process to improve current human resource projections and to communicate hiring changes that could affect future projections
- Clear and consistent measure(s) to assess the accuracy of separation projections

The Dynamic People Strategy team was formed to address the overarching need for an agency-wide workforce planning approach, projection methodology, and toolkit. The team's specific objective was to *create a sustainable and flexible workforce planning strategy that is responsive to external taxpayer and labor market trends and to the evolving plans and initiatives of the Service in a way that informs senior leaders' key decision-making*. Based on its research and analysis, the team has recommended that the Service develop a Servicewide Strategic Workforce Planning Tool to inform strategic decision-making and that this tool should be incorporated into the Service's existing strategic planning processes.

RESEARCH AND ANALYSIS CONDUCTED

The team pursued a two-pronged approach to conducting research and analysis. First, the team focused on assembling qualitative data in order to understand the organization's workforce planning priorities and specific opportunities for improvement. To do this, the team: (a) conducted a series of interviews of operating division leaders; (b) performed research on external workforce planning best practices across a variety of comparable sectors; and (c) assembled an inventory of current internal workforce planning tools and practices. Second, the team took a structured analytical approach to developing the Service-wide Strategic Workforce Planning Tool. Tier one of the tool

¹ TIGTA Report #200810026

development included developing the attrition model while tier two has the dual focus of developing migration and workload requirements models and then joining those models with the attrition model into a user-friendly graphical interface.

Qualitative research on workforce planning priorities and opportunities

Leadership Interviews

The team conducted interviews with the leadership of all operating units in order to understand key workforce planning needs and opportunities across the organization. The interviews yielded the following priorities:

- 1) Tracking skills and knowledge bases
 - a) *Workforce Planning*. To ensure the Service's ability to maintain consistency and quality of work over time in a changing environment, the IRS must be able to systematically assess which skill sets are leaving the Service and, therefore, which skill sets should be targeted in recruitment and development
 - b) *Workforce Deployment*. Understanding the types and locations of specialized skills across the organization should improve the IRS's ability to keep pace with the evolving complexity of work, for example by allocating people to team-based casework based on the skills required to complete a case
- 2) Enhancing workforce flexibility
 - a) *Resource Sharing*. A more detailed workforce planning capability could improve the Service's ability to facilitate workforce sharing across organizational boundaries
 - b) *Career path*. Workforce planning could also increase the level of flexibility in IRS career paths, which senior leaders across the Service recognize as a need
- 3) Analyzing impact of new policies and trends
 - a) *Legislative Change*. More dynamic workforce planning could enable the IRS to better understand the potential implications of legislative changes
 - b) *External Trends*. Similarly, the IRS should be able to identify significant external economic, social, and demographic trends and better understand their implications for the Service

External best practice collection

In addition to internal research, the team conducted research to uncover external best practices related to workforce planning. The team conducted interviews with representatives from public and private sector organizations in the U.S., England and Canada, including one state tax agency, one national tax agency and a number of high-performing, effective corporations.

Key findings included:

- 1) Organizations across all sectors are concerned about filling jobs with well trained, motivated, and flexible staff
- 2) Many organizations are using sophisticated analytical models to identify the kinds of jobs anticipated, the skills needed to do those jobs, and where the jobs will be located. One organization in particular demonstrated a best practice workforce planning model that it has developed for its internal use, combining top-down and bottom-up forecasting of workload and skills-based workforce needs to align future supply and demand
- 3) However, organizations are not just focusing on meeting their hiring targets in terms of numbers or specific skills. They are explicitly looking for employees that fit the organization's culture
- 4) Organizations are focusing on creating staff-friendly environments that help people do a better job. Management from these organizations believe that administratively flexible services should be offered whenever possible (e.g., flexiplace, day care, and easy-to-use human resource services) and will help attract and retain good people

Inventory of current internal practices

Internal interviews revealed that workforce attrition and/or planning models have been developed or are under development in several divisions. Some business units have existing planning models that vary in their degree of sophistication and long-term forecasting capability. However, there has not historically been a consistent attrition forecasting methodology in place across all business units. The team surveyed the relevant offices within each division and worked with subject matter experts who explained existing models and contributed knowledge to aid in development of a corporate strategic workforce planning tool. At least two business units have full statistical models to help them project future workforce and workload trends. Other business units rely upon historic averages to inform their planning efforts. Forecast times vary from monthly up to five years.

Structured analytical approach to tool development

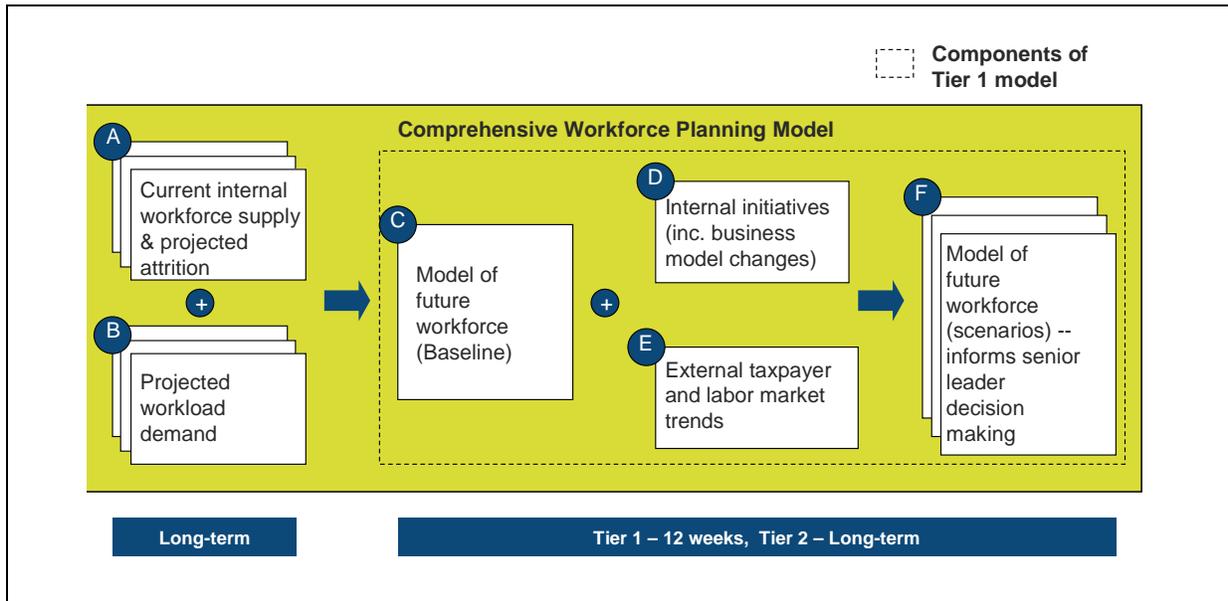
Framework for Service-wide Workforce Planning Tool development

The team designed an overarching Service-wide Workforce Planning Tool, divided into two tiers of development. Tier one was completed in December 2008 and tier two is designed to be completed in 12-18 months (See Figure 4 below). In the Service-wide Workforce Planning Tool, workforce and workload projections will be based on individual-level historical data and comprehensive regression modeling, and include dynamic functionality to examine the implications of a wide range of internal initiatives

and external trends, in order to provide the Service's leadership with the ability to view and analyze the workforce at all levels (by business unit, office, and role) given a variety of scenarios.

Figure 4

Framework for Dynamic People Strategy Model



Tier one model with baseline data

The tier one model consisted of an attrition model that enabled the team to test and validate the overarching approach to strategic workforce planning analytics. The model started with the current IRS workforce as a baseline (See Figure 5 below). Using assumptions about future attrition based on historical statistics, and productivity based upon projections of future tax return filings, the tier one model generated workforce scenarios. These scenarios identified high-level projected workforce gaps by role and geography (See Figure 6 below), and how much full time hiring the Service would need to accomplish through 2015 to maintain its current service and enforcement coverage rates (See Figure 7 below). These scenarios also identified what the impact on these coverage rates would be under different hiring scenarios. This model demonstrated the potential of a fully functional strategic workforce planning tool.

Figure 5

Snapshot of current IRS workforce trends

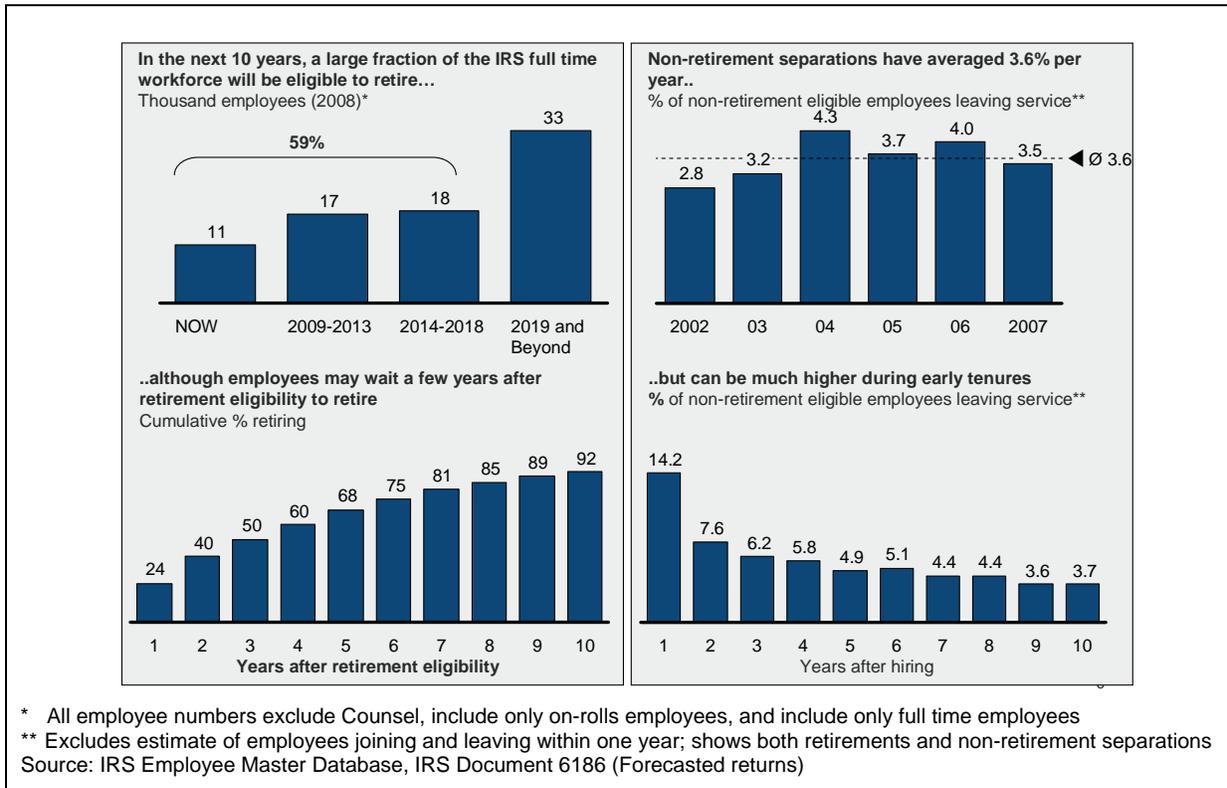


Figure 6

Tier One Model output – projected attrition of full-time employees

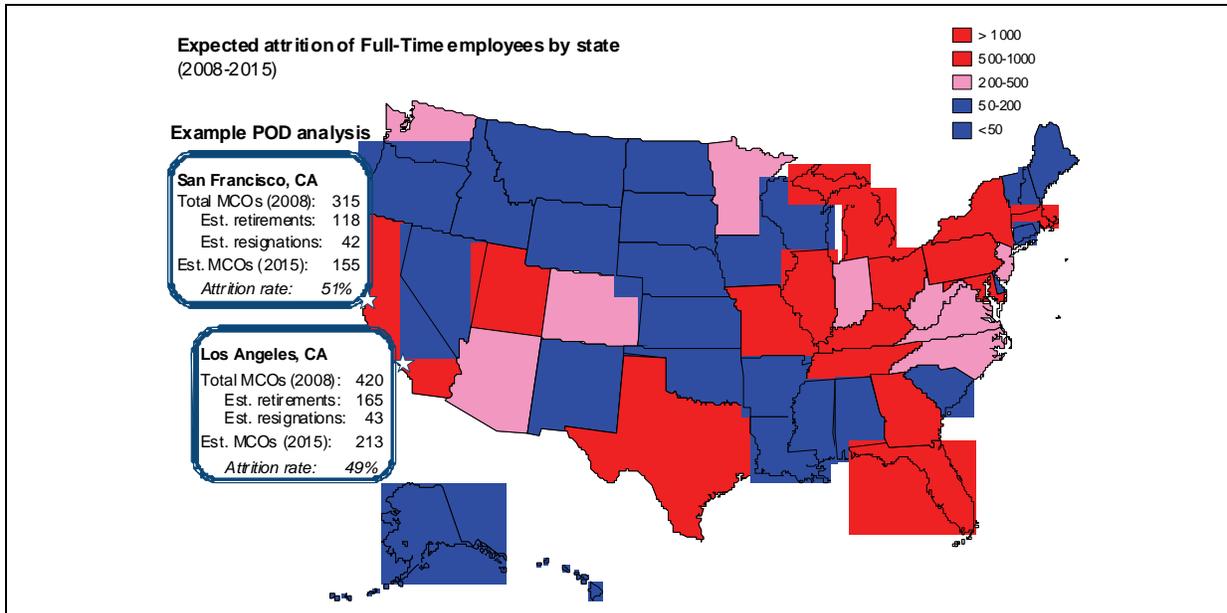
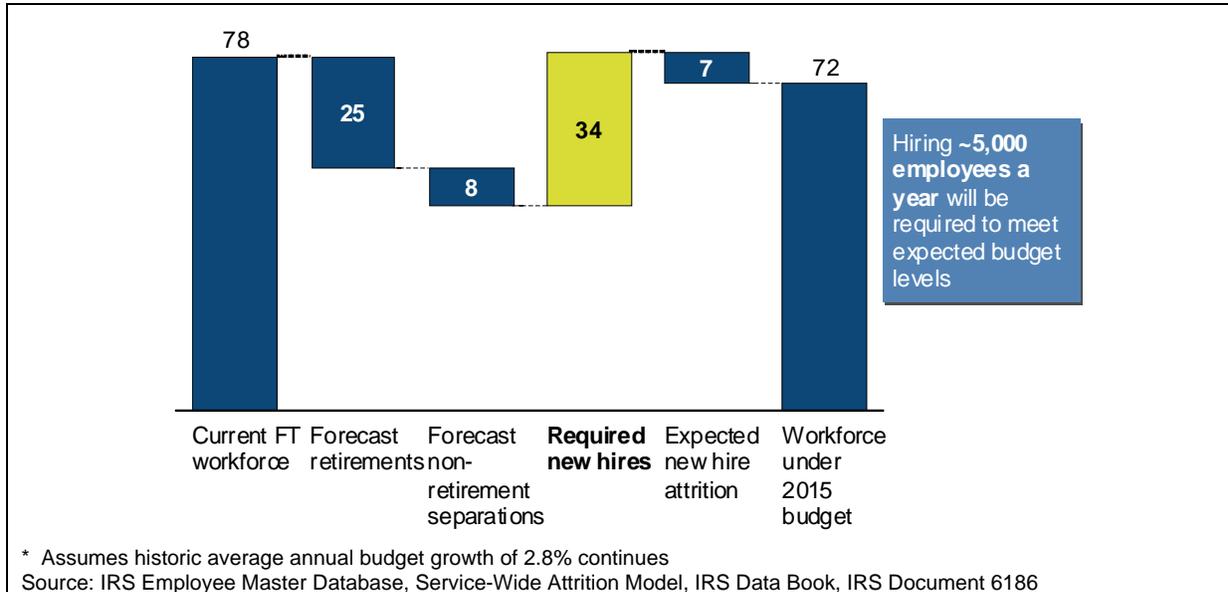


Figure 7

Tier one model output – full-time hiring needs through 2015



Tier two models and interface

Tier two adds statistically-based projections of workforce movement and workload to inform the scenarios of the tier one Service-wide attrition model. This model uses internal attributes of each employee (e.g., work schedule, retirement eligibility, service time, etc.) as well as the economic and demographic attributes of each employee’s work county (e.g., income by economic sector, median population age, etc.) to generate statistical probabilities of separating from the Service each year. Currently, the model can project the attrition of the current workforce each year through 2020.

In addition to the attrition model, the team is developing a Service-wide migration model that will project employee movement among the Service’s major business units. This model will use statistical techniques similar to those employed in the attrition model to determine employees’ likelihoods of migrating, but will also be informed by the amount of hiring the Service expects each year based upon known hiring plans or projected attrition from the attrition model.

The final model the team is creating a workload model that will create high-level projections of major categories of workload the Service performs (e.g., returns processed, examinations, collection activities, assisted taxpayer service, etc.).

Once the tier two models are complete and validated, the three major modeling components (attrition, migration, and workload requirements) will be combined into the Service-wide Workforce Planning Tool. The vision for this tool is a graphical, user-

friendly interface that would allow the Service to run various workforce and workload scenarios to determine the impact on future workforce needs by inputting workforce or workload levels to determine how the Service might strategically align itself under different scenarios. Mathematica has started work on researching various tools to integrate the separate model outputs into a graphical user interface. The expansion of these models would allow for a more detailed, granular analysis (i.e., workload would be at the exam class level).

Guiding principles of the Service-wide Workforce Planning Tool

A Strategic Service-wide Workforce Planning Tool must provide senior leadership data-driven projections of workforce supply and workload demand to inform strategic human capital decisions, including how to manage and deploy the workforce in pursuit of the Service's strategic goals. The tool will incorporate the outputs of three distinct projection models to create scenarios that leadership can consider, singly or in combination, to analyze the potential outcomes of internal and external trends and to inform decision-making.

In order to ensure validity and relevance, the Service-Wide Workforce Planning Tool should be centrally-coordinated ("top-down") for consistent methodology and informed by business units ("bottom-up") to incorporate specific business needs and observations. Once developed, the model should be housed in a centralized unit charged with maintaining model validity and producing model output. Regular processes should be developed and implemented that update the models and provide decision scenarios to senior leadership. The model would not replace tools currently used in the business units to make resource allocation decisions specific to the unique work plans of each division. As guiding principles, the model would:

- Impose no significant burden for senior leadership and front-line managers
- Create the capacity to make data-driven human capital decisions
- Provide senior leadership with long-term projections (3-5 years) of workforce supply and workload demand
- Facilitate a discussion about how to manage the workforce from a corporate perspective

The Service-wide Workforce Planning Tool will provide the following outputs and functionality:

- Workforce Research and Analysis ("Supply")
 - To inform workforce planning efforts at all levels of the Service, the model should account for current and projected workforce supply
 - The model would have the capacity to profile the current IRS workforce and forecast future workforce supply with data grouped by age, grade, position, retirement eligibility, etc.

- Tracking workforce supply will provide senior leadership the ability to assess internal trends and adapt policies accordingly
- Workload Research and Analysis (“Demand”)
 - To inform workforce planning efforts at all levels of the Service, the model should account for current and projected workloads as well as expected changes to productivity
 - The model would forecast workload for the business units’ major activities
 - Examples of major activities include Examination, Collection, Toll-Free assisted service, Taxpayer Assistance Center service, Submission Processing, Appeals, and Criminal Investigations
- Geographic Research and Analysis for Migration and Mobility
 - The Service has an expansive geographic presence domestically and internationally with well over 500 cities
 - To account for geography, the workforce (supply) model would assess workforce availability by geographic location, by business unit, and by job series
 - The workload (demand) model would assess potential workload growth by geographic location
 - Migration patterns of the workforce, which include movements among business units and movements from front-line ranks to management, would also be included in the model
- Competency Management
 - Best practices research indicated that effective workforce planning hinges on an organization’s ability to identify, manage, develop, and recruit for specific skills and competencies. According to one high-functioning organization, three capabilities influence an organization’s ability to adapt to change: 1) Ability to predict future skill requirements, 2) Ability to systematically identify and locate individuals with specific skills, and 3) Ability to collaborate across the enterprise²
 - The Human Capital Office has initiated development of a competency system which could potentially be integrated into the strategic Service-wide model

² IBM Global Business Services 2008, 2

RECOMMENDATIONS AND INITIATIVES

Qualitative research and the tier one model results indicate that over the next 10 years the IRS will face a number of significant workforce and workload trends that could lead to a decline in coverage and significantly increased need for new hires. Analysis suggests that to address these challenges the Service will, at a minimum, need to increase hiring efforts and continue to invest in productivity improvements. To better understand the impact of these trends, the team recommended the IRS invest in a Service-wide workforce planning capability. This includes both building a Strategic Service-wide Workforce Planning Tool and integrating workforce planning into existing planning processes.

Summary: The team recommended that the Service develop a dynamic Service-wide Workforce Planning Tool for projecting workforce levels and major work activities. The tool's output would be used by the Commissioner and senior leadership to get a single, clear, shared view of the Service's workforce and workload, and to make strategic decisions about the Service's future workforce needs by business unit, occupation, geography, and staff competencies. In order to ensure effective and relevant decision-making, the workforce planning tool must be incorporated into the Service's planning processes that inform priority-setting, including the five-year strategic planning process, annual workforce planning efforts, and ad-hoc resource allocation decision-making.

Focus Area 2

ATTRACTING THE BEST

The Service has a unique opportunity in the next 5-10 years to shape its workforce of the future by attracting the best talent for available positions. To seize this opportunity, the Service's recruiting approach must be both effective and efficient.

Assessment of the Service's existing recruiting efforts pointed to opportunities to coordinate and enhance the Service's recruiting program across the organization. Enhanced coordination could increase the chances of matching good candidates to jobs, enable the organization to maximize its scale and reach, and ensure that consistent, positive messages reach all potential candidates.

The Attracting the Best team was formed to investigate opportunities for improving the IRS recruiting approach. The team's specific objective was to *create an organization-wide recruiting strategy that supports and balances all division needs, includes consistent corporate messages and enables local participation and connections.*

The Attracting the Best team generated an integrated set of recruiting solutions. These included the development of a corporate recruiting strategy and the stand-up of a new, centralized recruiting office to ensure effective implementation of this strategy and other recruiting improvement initiatives.

RESEARCH AND ANALYSIS CONDUCTED

The team conducted research to understand the Service's existing recruiting approach and identify and prioritize opportunities for improvement. Specifically, the team conducted:

- A series of collaborative discussions with existing corporate recruiters
- Focus groups across multiple locations with a diverse set of stakeholders
- Interviews with new hires
- Analysis of historical and projected workforce data

In addition, once initial findings and recommendations were developed, the team conducted a series of tests to validate and refine the recruiting approach. Specifically, the team ran:

- Pilot recruiting events from October 2008 - December 2008 to research opportunities for improving tactics
- Additional recruiting events from January 2009 - March 2009 using the new approach to test the proposed strategy

The team's research and analysis resulted in the identification of five key opportunity areas. These areas included:

- 1) *Recruiting targets*: Which jobs should the agency actively recruit to fill, and what types of candidates should the agency pursue for these jobs?
- 2) *Sourcing*: Which talent sources provide the greatest number of quality candidates for the IRS's investment of time and recruiting resources?
- 3) *Messaging and marketing*: For each type of job candidate, what are the most compelling aspects of employment at the IRS? What is the best way to communicate these aspects?
- 4) *Deployment*: What are the most effective and efficient methods to share the right messages with the right sources?
- 5) *Overall coordination*: How should all of the Service's personnel work together to ensure a consistent approach to recruiting?

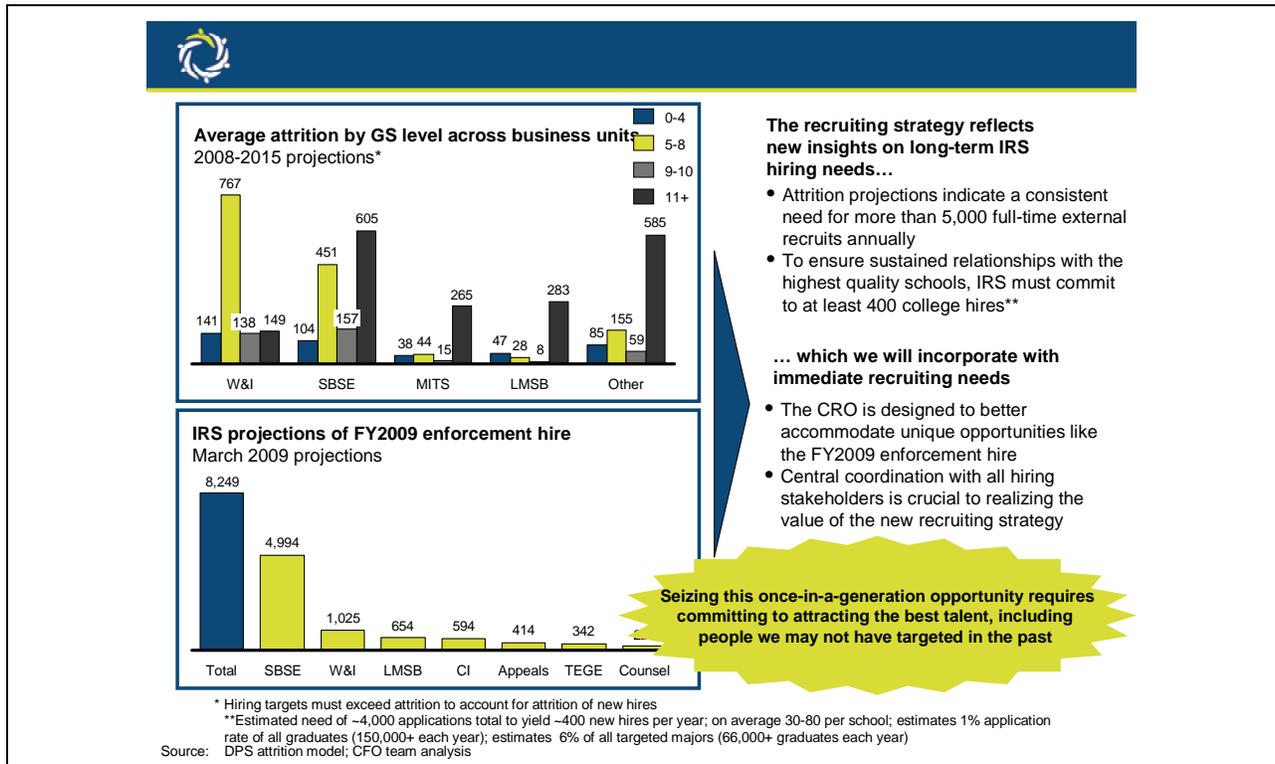
Key findings: Recruiting targets

To define useful recruiting targets for the IRS, the Attracting the Best team used specific measures to understand the appropriate scale for recruiting efforts and determine what, if any, additional focus would be helpful in the recruiting approach.

Current hiring targets, based on a combination of attrition projections and immediate hiring needs (including the enforcement hiring approved as part of the FY2009 budget), indicate that the Service's recruiting opportunity is significant. Analysis of historic performance suggests that the most consistent segment of these hiring targets will be for positions defined as Mission Critical Occupations (MCO), primarily roles associated with accounting/finance, science and technology, customer service and enforcement. More specifically, on average over the last five years, accounting and finance functions comprised a majority of mission critical hires, followed by customer service roles, enforcement, and science and technology. These averages help point to the areas where recruiting efforts will be most consistently required (See Figure 8 below).

Figure 8

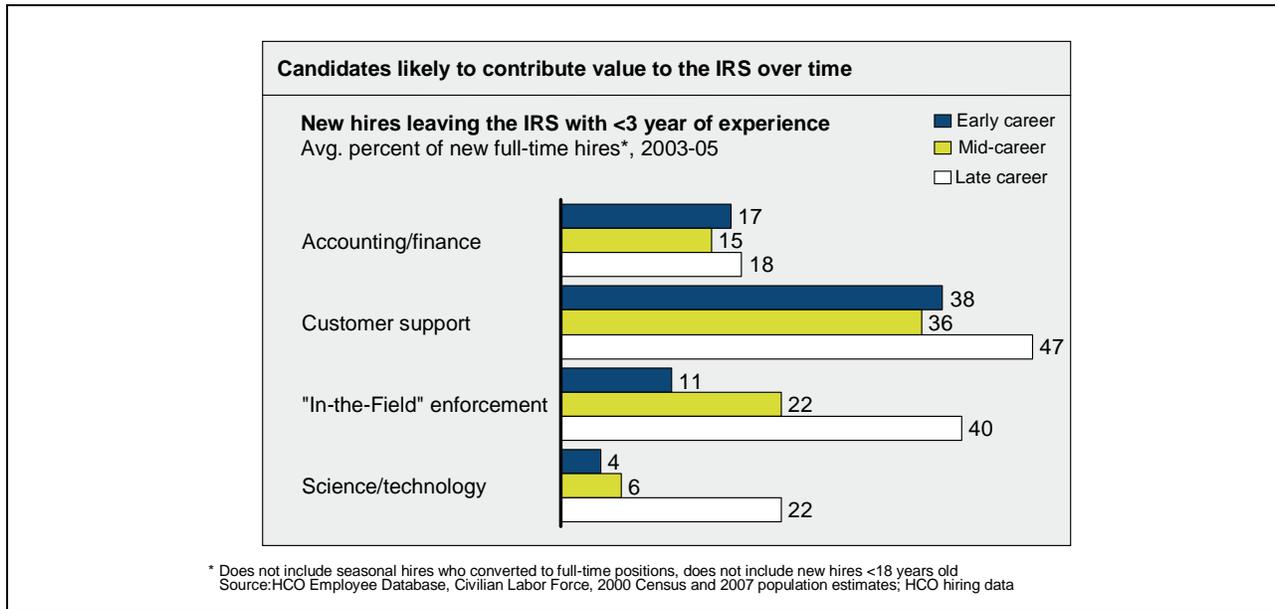
Hiring volume and potential recruiting scale



Additional research into attrition indicated that there is an opportunity to focus recruiting efforts on specific types of candidates for these positions. Comparing attrition rates between functional types showed that for all functions, it appears that attracting candidates early in their careers can lead to meaningful, long-term contributions to the Service (See Figure 9 below). Recruiting, therefore, should focus most predominately on sources, messages, marketing and deployment that appeals to earlier or mid-career candidates.

Figure 9

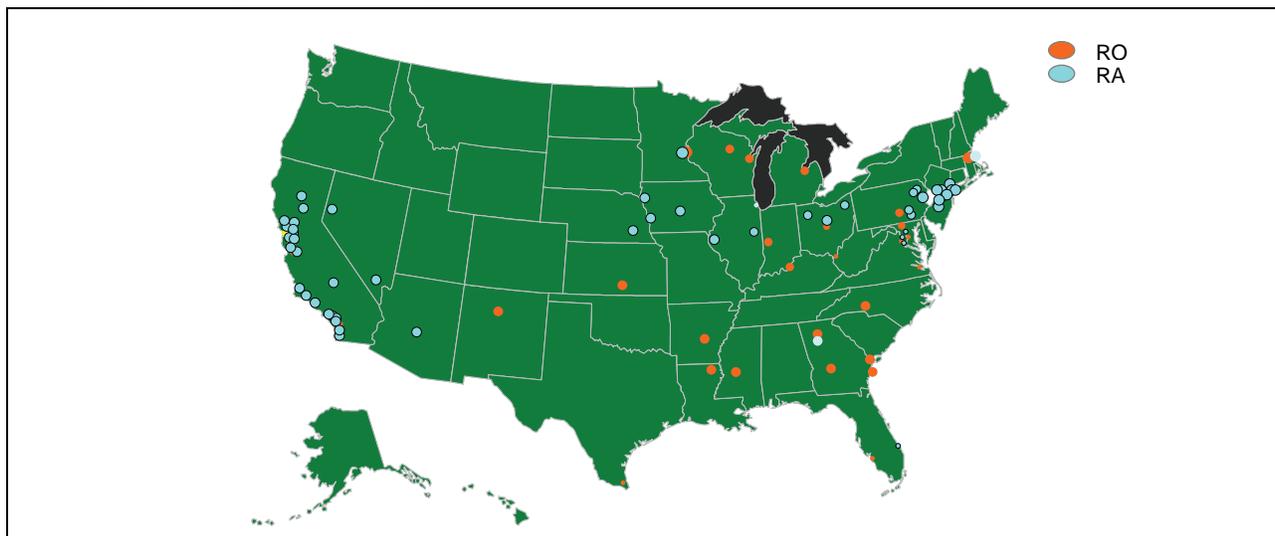
Historic likelihood of candidates to stay with the IRS over time



The team also focused on opportunities for recruiting for hard-to-fill Posts of Duty (POD): locations where the IRS traditionally faces the greatest difficulty meeting hiring targets (See Figure 10 below). For Revenue Agent (RA) positions, the hard-to-fill locations correlated highly to metropolitan statistical areas with high costs of living. Revenue Officer (RO) hard-to-fill locations, on the other hand, did not correlate to any tested predictor. These facts have implications for where to advertise which messages and how to deploy recruiting teams, targeting those areas with the greatest needs.

Figure 10

Geographically hard-to-fill positions



Key findings: Sourcing

Interviews with current recruiters and analysis of current recruiting sources revealed opportunities both to improve college recruiting efforts, where most in-person recruiting efforts have focused, and to create relationships with sources other than colleges.

In FY2008, IRS recruiters traveled to over 400 schools, making it difficult to build deep relationships with any given school. Interviews indicated that recruiters used a variety of criteria to select the colleges they visited (e.g., based on the proximity of a campus to an IRS office or because IRS employees had attended the schools themselves). According to research, best practice organizations prefer to recruit from colleges based on historic yield (the number of candidates hired over time from that specific source) or an institution's reputation for academic rigor and admissions selectiveness. Therefore the team identified an opportunity to improve through developing standard criteria for the identification of core recruiting schools.

In addition to colleges, the IRS is well-positioned to recruit from a number of other talent sources. Interviews with new employees identified professional associations and affinity groups as additional channels by which employees learn about the IRS. Additionally, best practice research indicated that top organizations find 20 percent of their new hires through employee referrals. And focus groups with IRS employees indicated strong support for a formalized referral process.

Key findings: Messaging and marketing

To determine the best messages for potential recruits, the Attracting the Best Team considered a wide range of data including competitor messages and best practices from recruiting experts. This data was then used to understand which benefits appealed to which potential job candidates, which in turn led to a gap analysis of all existing marketing materials.

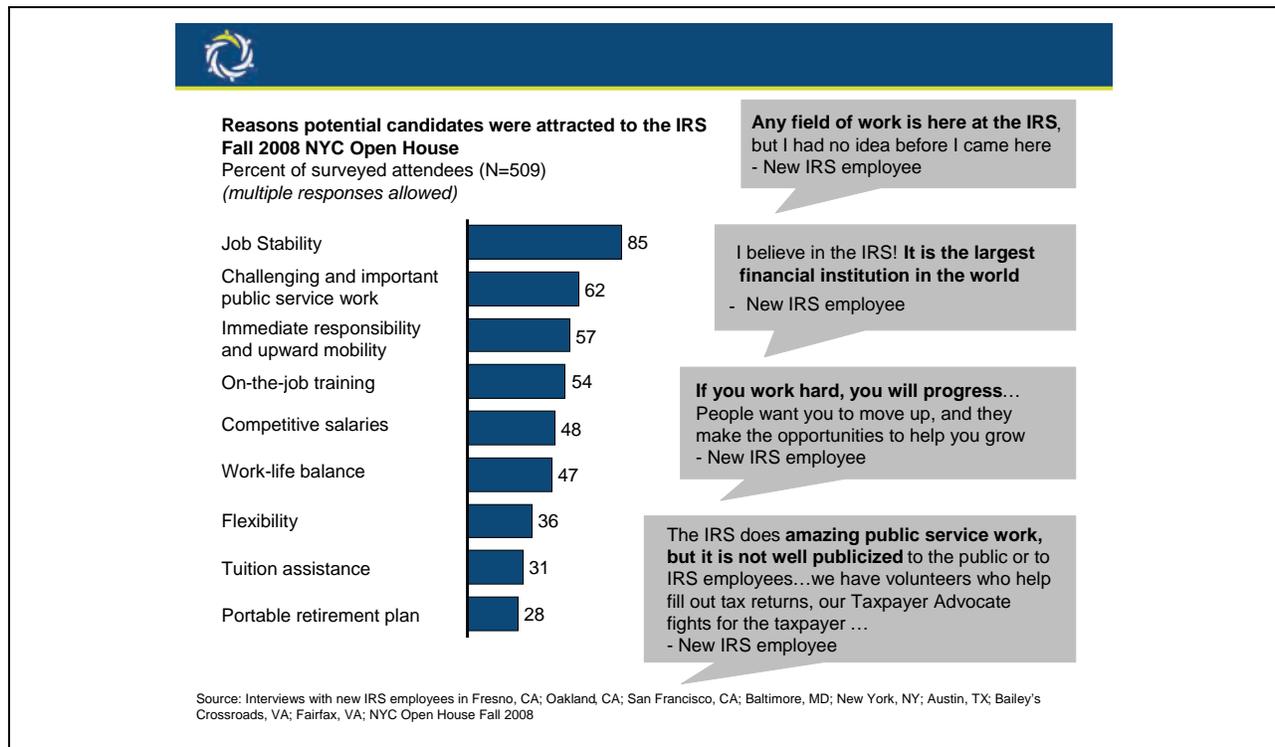
Ultimately, the team conducted focus groups and follow-up surveys with participants. The responses were divided by age group to test value propositions for three different target segments: early career, mid-career and late-career candidates. Specific findings related to messaging and marketing are detailed below:

Reasons to work for the IRS. The primary desirable attribute associated with the IRS identified by all segments was job stability (See Figure 11 below). Eighty-five percent of those surveyed at an IRS career fair in New York indicated that job stability contributed to their interest in an IRS position. Other important factors included the opportunity to engage in important public service work, responsibility and upward mobility, and excellent training. On the other hand, anecdotal information from focus group sources indicated that pay was generally not competitive with the pay from alternative opportunities.

All of the new hires interviewed had originally sought a federal government job rather than an IRS job in particular. However, they agreed that the IRS offers a professional work environment where people are valued and treated with respect and most of them hoped to spend the rest of their careers with the agency.

Figure 11

Results of interviews with potential candidates and new hires



Marketing materials. Review of existing recruiting materials revealed they were seen as too busy with technical information and job details, and lacking exciting depictions of work at the IRS. Job descriptions were perceived as “vague, bureaucratic, uninspiring and confusing.”

The team also analyzed branding and logos on materials. Focus group participants and Workforce of Tomorrow team members agreed that the overall branding campaign “*It all adds up,*” which has been in use since 2001, could be updated and enhanced to create a new distinctive image of the organization.

Media mix. Respondents were in favor of increasing IRS’s recruiting presence on job websites and online media, but were concerned that posting marketing messages on social networking sites could appear unprofessional.

Analysis of competitor online sites revealed that private sector accounting websites have strong online recruiting tools, as does the IRS’s jobs.irs.gov which is a good

platform from which to share recruiting messages. The primary drawback of jobs.irs.gov is that prospective candidates cannot apply directly through the IRS website but must apply through USAJOBS.gov which is harder to navigate and use than private sector websites.

Key findings: Deployment

There is a significant opportunity to enhance the way IRS recruitment efforts reach potential candidates. Analysis indicated that the majority of all new hires (87%) historically learned about opportunities through word-of-mouth, advertising (online and traditional), and other federal job searches rather than contact with a recruiter. An analysis of revenue agent, revenue office and tax compliance officer hires in FY2008 showed that less than a third hired ever had contact with a recruiter.

Recruiter contacts with candidates. Interviews with employees who had contact with a recruiter reported a range of experiences indicating an opportunity to standardize and improve these interactions.

Best practice research also suggested opportunities to expand the reach of the recruiting organization so that more candidates are touched by recruiting. Other organizations, including some of the IRS's recruiting competitors, use volunteers from their organizations to "swarm" recruiting events. A leading private sector accounting firm sent 60 accountants to a single college recruiting event to make personal connections with accounting majors. With a small number of full-time recruiters to attract talent from across the nation, the IRS could better leverage its 100,000 employee workforce to make similar connections.

Recruiter contacts with sources. In conversations with recruiting experts, the team learned that to deepen the agency's relationship with sources such as colleges, the agency could share more information about its high-level hiring expectations. Interviews with current IRS recruiters indicated that the IRS has had to make sudden shifts in recruiting priorities in the past due to mid-year changes to hiring plans. Building trust through clear expectation-setting and a better understanding of IRS hiring practices could help improve these relationships.

Recruiters also explained that the IRS too often loses recruits to other employers who make commitments in the fall or even during a student's junior year and suggested that greater use of internship programs could help them compete for this talent, by exposing students to opportunities earlier.

Test pilots. To test deployment models, the team conducted test pilots of different types of recruiting events. Approximately 1,000 people attended the first event, a job fair held at IRS offices in New York City, which yielded over 400 names in the candidate pipeline database. Based on the job fair pilot experience and feedback, the team created an "event-in-a-box" toolkit that standardizes materials for events with detailed checklists and templates. The team further refined its expectations for events at seven college job

fairs, a career expo for disabled candidates, and a job fair for current and former military personnel. These events confirmed the value of staffing events with IRS employee representatives who currently work in the types of positions for which the agency is recruiting.

Key findings: Coordination

The team found a lack of corporate perspective on hiring needs and recruiting efforts. By and large, business units and individual offices attempted to fill their own vacancies, without significant corporate support or over-arching coordination.

The recruiting needs for each operating division differ widely due to the functional structure of the divisions. For example, Wage and Investment (W&I) hires large numbers of customer service representatives, Small Business/Self-Employed (SB/SE) hires mostly early-tenure accountants, Large and Mid-Size Business (LMSB) predominately hires accountants with advanced experience, MITS hires technology experts and the Office of Chief Counsel hires lawyers. Currently, a recruiting cadre of recruiters resides in SB/SE and is intended to service all the other divisions of the IRS. Business unit representatives who are not in SB/SE raised concerns that their recruiting needs are underserved by this arrangement and that marketing materials do not always meet their needs. As a result, each of the business units conducts ad hoc recruiting efforts of varying scale and length to meet their individual needs.

Interviews with the recruiters in SB/SE also surfaced opportunities to improve recruiting efforts through stronger coordination. Recruiters explained that information about hiring needs was often outdated and that business units sometimes provided recruiters too little time to recruit for specific job vacancies. Better planning and communication could extend the recruiting lead time, which in turn should improve the quality of the applicants.

RECOMMENDATIONS AND INITIATIVES

The team's analysis of the IRS recruiting functions suggested a number of opportunities to improve the Service's ability to deliver high quality applicant pools in sufficient quantity to meet hiring needs. The team grouped its recommendations using the same structure used to organize the research and analysis.

1. Recruiting targets

<p><i>Summary:</i> To maximize the value of recruiting, the team recommended the IRS devote resources to the recruiting targets found to be most critical to the organization's mission or most difficult to fulfill.</p>

In order to maximize its impact, the team recommended the Service focus on recruiting for a subset of occupations that will fill its most critical hiring needs. Specifically, recruiting should focus on:

- Mission critical occupations
- Occupations for which potential applicants are likely to be in high demand
- Occupations located in hard-to-fill locations

To ensure sufficient coverage for IRS workload, the IRS should emphasize recruiting for mission critical occupations. Because the IRS faces competition for top talent, recruiting should also focus on positions requiring highly desirable skills (e.g., accounting occupations with positive education requirements, jobs requiring technology expertise, jobs requiring economics skills). To ensure that hiring managers have sufficient numbers of applicants for all vacancies, IRS recruiting should devote resources to those areas that have been designated hard-to-fill.

In addition to an occupation orientation, the Service should focus on candidates that are most likely to fill its specific hiring needs. These will include:

- Early-career candidates
- Mid-career candidates
- Candidates from diverse backgrounds
- Candidates who meet positive education requirements (accounting)
- Candidates who possess technological skills
- Candidates likely to work in hard-to-fill locations

Over time, the Service should continue to refine its understanding and approach to targeting the best candidates to fill its specific needs.

2. Sourcing

Summary: Given the recommended recruiting targets, the team recommended the recruiting function cultivate relationships with reliable talent sources. The team identified five distinct sources for special focus: colleges, professional associations, affinity groups, employee referrals, and carefully vetted media channels

College recruiting

Rather than share recruiting resources equally across more than 400 colleges and universities, the IRS should focus on fewer than 200 schools (“priority schools”), reserving the majority of resources for 90 “core schools” within that priority list. The team did not recommend severing existing relationships with schools that are not priority schools, but rather recommended finding cost-effective solutions for maintaining these relationships, such as online marketing and virtual recruiting.

The initial ranking process for determining the initial priority and core school lists was as follows: The team determined that the IRS should focus recruiting efforts on roughly 90 colleges in order to meet expected average annual college hiring needs. To meet unexpected demand for recruiting as well as to maintain successful existing relationships with colleges, the team determined that the IRS recruiting function should sustain a lower level of interaction with 100 additional colleges.

In order to identify these 190 schools, the team began with the pool of roughly 7,000 colleges accredited by reputable education bodies and used existing college ranking lists and surveys to identify 190 universities with the most highly regarded business, accounting, tax and technology programs, highly ranked Historically Black Colleges and Universities (HBCUs), and highly ranked schools with student bodies more than 10 percent Hispanic according to the Hispanic Association of Colleges and Universities. The team then filtered the list of 190 schools by the size of their business and IT programs to arrive at a list of 90 core schools.

The team recommended the Service revise the priority and core school lists annually based on historical and projected yield from those schools.

Professional associations

Professional associations represent large pools of highly qualified, experienced talent. The IRS currently collaborates with a variety of professional associations for various purposes and these existing relationships provide opportunities to share recruiting messages. To effectively allocate recruiting resources among these associations, the team prioritized the associations based on the similarity of each association's mission – and therefore likely cross-over of candidates – to that of the IRS. In addition to these associations, the team recommends IRS should also strengthen relationships with private and public sector partners as sources of referrals, and attempt to build relationships with public sector partners to share best practices for recruiting excellent talent to the government (See Figure 12 below).

Figure 12

Approach to professional associations

	Tier 1 organizations	Tier 2 organizations	Tier 3 & 4 organizations*	Tier 5 organizations
Description	High profile, nationwide coverage, usually requiring professional certification or designation	Professional organization with special interest areas, generally less stringent certification or designation	Accounting Firms (competitors) and software developers.	Other US Government Agencies
In-person activities	<ul style="list-style-type: none"> Executives in the BOD/FOD Create personal relationships at the national level Executive attendance requested at the annual or national conferences 	<ul style="list-style-type: none"> Delegated attendance at functions as needed Provide contact information to CRO for request of information or support from Tier 2 organizations 	<ul style="list-style-type: none"> The CRO should periodically check for industry changes: downsizing organization, layoffs, etc. Partner with organizations opportunistically (e.g., during layoffs) 	<ul style="list-style-type: none"> N/A
Advertising/ communication	<ul style="list-style-type: none"> Provide high level advertising in related publications, website and national newsletters Tailored e-mails to be distributed through Professional organization channels Post and link to career opportunities with targets toward early and mid career candidates 			<ul style="list-style-type: none"> These organizations receive information regarding government careers through USAJobs and will not receive targeted messaging from CRO

* Sorted based on size

Affinity groups

The IRS maintains liaisons through its Equal Employment Opportunity office with a number of important affinity groups. These groups bring together employees with similar interests and experiences, most of which are related to ethnicity or disability. Because these groups comprise a wealth of talent and have expressed an interest in helping recruit for IRS vacancies, they should be a pillar of the new recruiting relationship management strategy.

The Service should dedicate a recruitment coordinator to share recruiting messages and hiring news with affinity group liaisons who should in turn be encouraged to broadcast these opportunities to group memberships. When appropriate, coordinators should also recommend that affinity groups send representatives to specific events.

Employee referrals

IRS employees are a source of excellent candidates through referrals of their friends and family members. Because one of the team's goals was to create an "every IRS employee is a recruiter" approach within the Service, the team recommended a referral process which has since been developed. Along with online marketing and jobsites, employee referrals will be a major additional source of recruiting capacity, allowing the IRS to quickly reach out to large numbers of potential candidates in the event of lagging recruiting performance.

Carefully vetted media channels

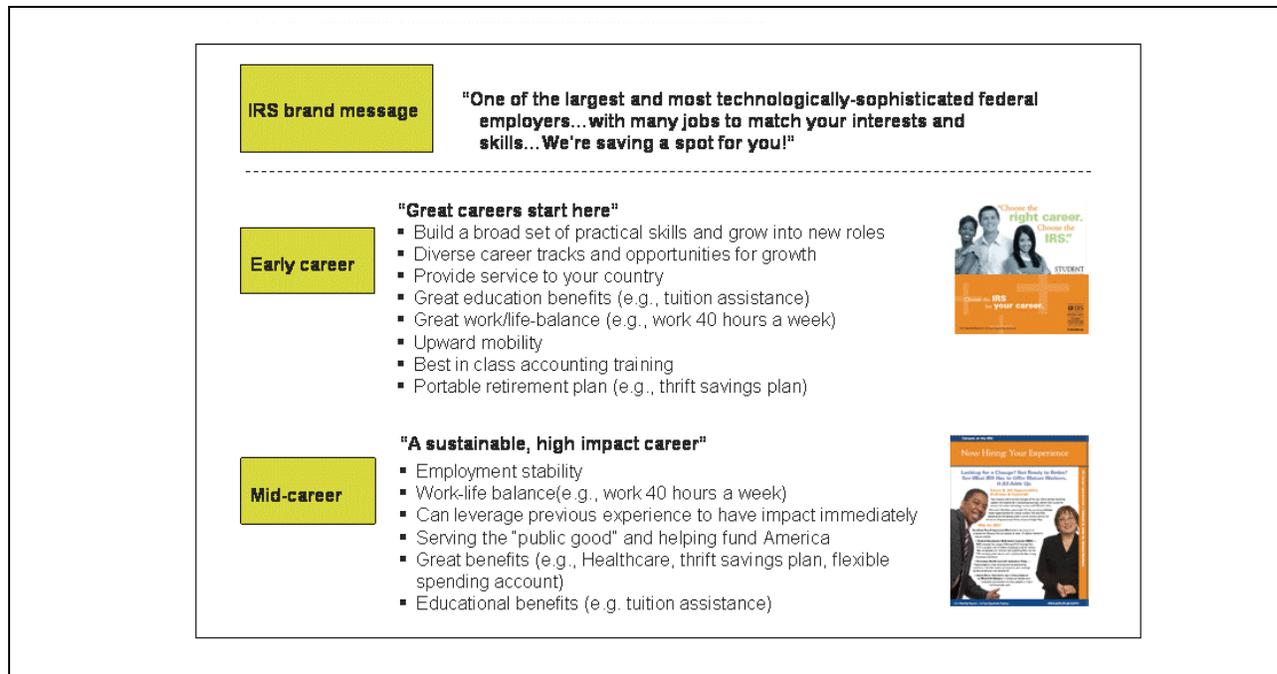
The team recommended the IRS maintain a robust advertising presence executed through a national media plan as well as through targeted placements to promote specific vacancies, hard-to-fill locations and upcoming recruiting events. The agency should review the national media plan annually.

3. Messaging and marketing

Summary: The team recommended promotion of the messages included in Figure 13 in all recruiting communications. The team also recommended the IRS commission a new brand campaign to develop entirely new marketing materials beginning in FY2009. In addition to marketing materials, the IRS should improve the attractiveness and clarity of posted job descriptions.

Figure 13

Value proposition by candidate segment



4. Deployment

Summary: To ensure a balanced, coordinated and consistent approach to reaching high-quality candidates across the organization, the team recommended that the Service's corporate recruiters be consolidated within the Human Capital Office and that business unit representatives be assigned to priority sources as the "face" of the IRS.

To ensure balanced, coordinated, and consistent deployment, the team recommended the Service:

- Create a centralized recruiting office to support an organization-wide recruiting strategy
- Assign an IRS executive to each top tier college to build a long-term relationship with their senior leaders
- Hold accountable those executives and recruiting coordinators who are assigned to sources for staffing recruiting events with IRS employees who represent the occupations (and tenure levels) for which the IRS is recruiting

As mentioned previously, in order to take advantage of the scale and existing talent within the Service, the team recommended that a core principle of the recruiting strategy be that every IRS employee can contribute to recruiting top talent to the IRS. The team developed two initiatives which rely on current IRS employees as recruiters: a referral program and business unit representatives participating in recruiting events.

The referral program will encourage employees to refer friends and family whom they believe will be well suited to IRS careers.

Business unit recruiting representation involves personnel throughout the organization attending recruiting events. Recruiting coordinators in the centralized recruiting office will collaborate with executives who have volunteered to manage recruiting for a given source. Executives will select employee volunteers to participate in recruiting activities who can effectively promote IRS careers. This leveraged recruiting model will expand the scale of recruiting efforts at valuable sources to help the agency compete for top talent.

5. Coordination

Summary: Overall findings led the team to recommend a coordinated, IRS-wide recruiting strategy, to be executed through the creation of a Centralized Recruiting Office (CRO) that will organize national recruitment efforts, maintain long-term source relationships and offer central support for local recruitment efforts.

The team recommended eight elements to ensure a coordinated IRS recruiting approach:

- Central accountability for recruiting

- Recruiting target setting and planning
- Pipeline management
- Clear performance management
- Consistent, up-to-date marketing and media
- Every IRS employee recruits
- Tight business unit coordination
- Strong, strategic relationship management with sources

The development of a Centralized Recruiting Office should facilitate the execution of all eight of these elements.

Creation of a Centralized Recruiting Office

The Attracting the Best team recommended the creation of a Centralized Recruiting Office to execute these initiatives and integrate a recruiting strategy across the agency. In March 2009, the organization was established and began reporting to the Human Capital Office.

This Centralized Recruiting Office features two departments:

Media and Analysis, managing messaging, IRS-wide recruitment planning, potential candidate tracking and performance management. Key responsibilities include:

- Coordinating IRS brand and recruiting messaging
- Producing and distributing all recruiting materials
- Managing a media plan
- Managing the employee referral program
- Setting annual strategic recruiting plans based on previous year's performance and environmental review. The plan should include an environmental review of the labor market for our target candidates, a backward-looking analysis of key performance metrics and a forward-looking summary of annual goals, work plan, calendar and budget
- Developing work planning processes with clear metrics and accountability, which will require two main elements
 - Coordinating with the business units, and potentially an HCO workforce planning function, to gather annual and mid-year hiring plans
 - Setting assumptions to convert hiring plans into recruiting targets for advertising plans and source outreach plans. These assumptions should be updated annually with the goal of using new and better data to set better, more precise targets
- Creating a central database to manage the pipeline of potential applicants. This pipeline should be supported by a central data server and updated with new candidate information as frequently as possible so that the pipeline of potential candidates is fresh and easily accessible. This pipeline should be used to gauge likely supply of talent. It could also serve as a means by which the IRS can

communicate with potential applicants. This database would not be used for qualifying candidates or providing preferential treatment to applicants

Relationship Management, managing outreach to top talent sources (select schools, professional associations, affinity groups), and coordination with business units' recruiting efforts. Key responsibilities include:

- Maintaining relationships with key talent sources
- Working with business units to deploy IRS representatives to recruiting events
- Building relationships with potential candidates and converting those relationships into job applications

Central support for local recruitment efforts

The recruiting office will also track and, in some cases, support recruiting duties that remain with individual operating divisions and business owners including non-mission critical occupation recruiting and seasonal recruiting at campuses. Support will include strategic guidance in developing recruiting targets, finding talent sources and creating targeted messages.

Focus Area 3

STREAMLINING HIRING

The hiring process is the critical engine through which the Service obtains the talent required for executing its core mission. It is often the first point at which a prospective candidate interacts directly with the IRS, forms an opinion about opportunities, and sets the tone for their future employment. These factors, along with the expectation that over the next 10 years the Service will need to significantly increase its hiring volume, make ensuring that the IRS has a hiring process that is efficient and garners top-quality talent critical to the overall success of the agency.

Assessment of existing IRS hiring practices indicates opportunities to simplify, streamline, and enhance the process. Today's processes are complex and lengthy, and are characterized by:

- Significant delays, waiting time and inefficient activities
- High candidate drop-out and frequent posting cancellations
- Unnecessary burden on employment offices, managers and candidates
- Paper application processes for internal candidates

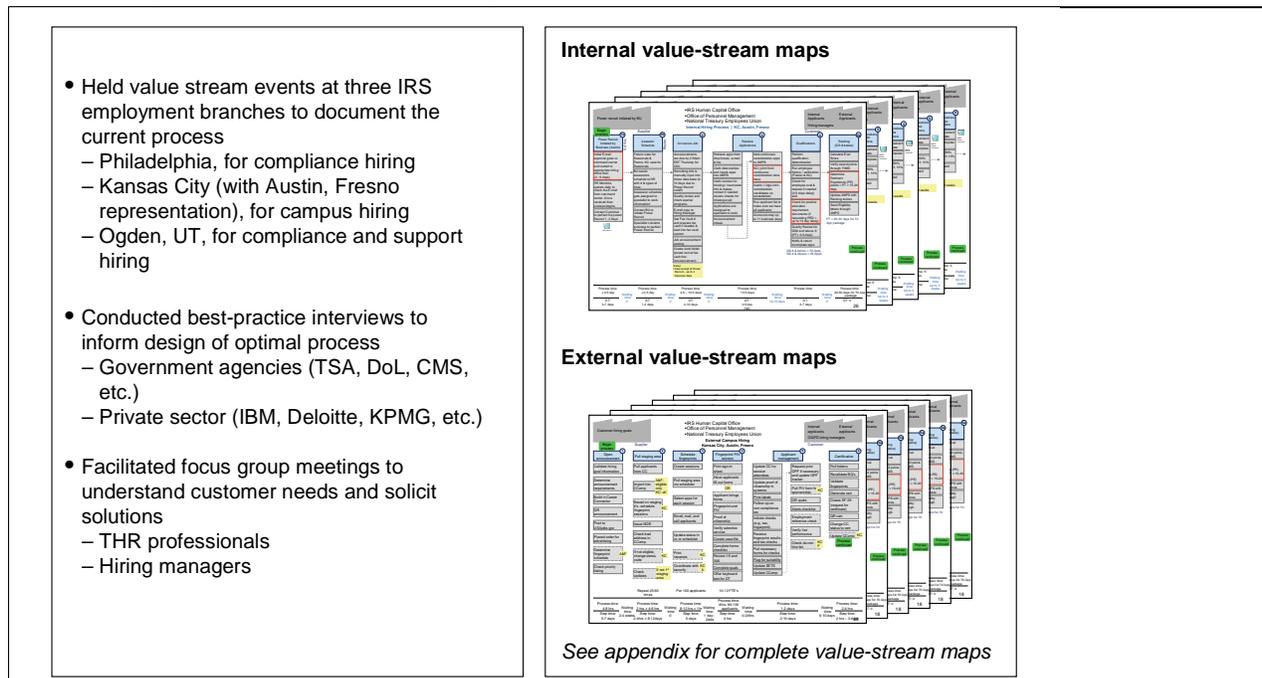
The Streamlining Hiring team was formed to address the need for an efficient, reliable hiring process that delivers strong candidates without creating unnecessary burden on current employees. Additionally, the team was asked in February 2009 to provide immediate opportunities for streamlining the wave hiring process in the short-term to help support the FY2009 enforcement hire. The team's specific objective was to *redesign the hiring process to reduce the time necessary to hire by 50 percent, make it more efficient and responsive to both candidates and managers, and improve the quality and fit of new hires for all positions*. Based on research and analysis, the team developed a vision for a significantly enhanced, five-step future state hiring process, as well as a series of short- and medium-term improvement opportunities.

RESEARCH AND ANALYSIS CONDUCTED

In order to identify opportunities for improvement in the IRS's current hiring system, the Streamlining Hiring team conducted extensive internal and external research (See Figure 14 below). The internal research focused on documenting existing processes, soliciting improvement ideas from current employees and understanding the needs of business unit customers. External research focused on identifying best practices and other processes from a variety of industries and corporations. As a result of this work, the team developed a clear set of recommendations.

Figure 14

Summary of research and analysis



Internal research

Value stream development

The Streamlining Hiring team worked with representatives from five IRS employment offices in order to document, detail, and identify improvement opportunities in the current hiring processes for compliance, campus and support hiring (See Figure 15 below). Specifically the team visited:

- Philadelphia employment office for compliance hiring
- Kansas City employment office (with representation from Austin and Fresno) for campus hiring
- Ogden employment office for compliance and support hiring

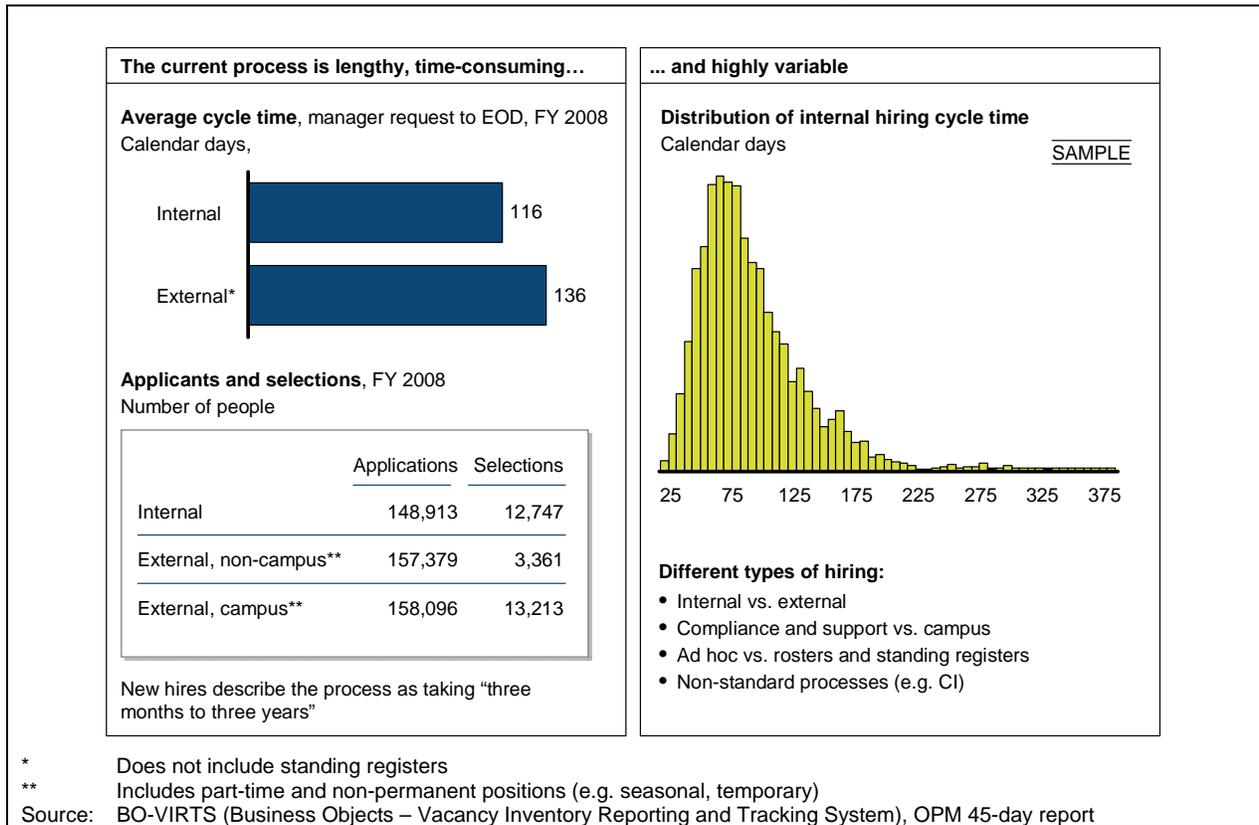
By documenting the current processes the team was able to identify several sources of inefficiency:

- 1) Over-processing
 - a) Current hiring processes are highly complex and require many steps to complete, some of which add little value to the final outcome
 - b) The manual ranking process for internal candidates is highly laborious and can constitute up to 25 percent of a given hire's cycle time
- 2) Waiting time

- a) For hiring processes that are reactive to individual hiring manager requests, significant time is spent announcing job vacancies and waiting for applications
 - b) Traditional mail, rather than electronic means, is used consistently for sending candidate documentation between offices and business units, causing significant processing delays
 - c) Business unit hiring managers are not held accountable for hiring timelines, which can result in significant delays throughout the process
- 3) Rework
- a) Many candidates apply repeatedly, resulting in repeated processing (e.g., all candidate qualifications are manually validated by each office regardless of past qualification status)

Figure 15

Summary of current state based on research and analysis



The team saw significant variability across the distinct types of hiring that the Service conducts, which differ by employment offices:

- Overall structure (ad hoc vs. wave)
- Job type (compliance vs. support vs. campus)
- Candidate source (internal vs. external)

Specific improvement opportunities vary by process. For example, the ad hoc process is highly complex. On average, this process takes 126 days to complete, in part because – unlike the wave hire process – it lacks a consistent structure and timeline to anticipate and proactively address expected hiring needs. The current internal process creates significant burden on employment office and business unit employees in part because it relies on manual processing, in contrast to the external process, which has automated many steps via the Career Connector technology platform.

Internal focus groups

The team conducted focus groups in Atlanta and Los Angeles with IRS managers, employees, union representatives and employment office staff. The objectives of the sessions were to:

- Envision the ideal hiring experience from the customer’s perspective
- Obtain diverse perspectives on potential hiring solutions and generate new, creative ideas about improvement opportunities
- Understand the most important elements of the hiring process for key stakeholders

Team members and union representatives worked together to conduct constructive group interview sessions which resulted in the following insights:

- 1) Candidate experience
 - a) There is an opportunity to improve the candidate experience significantly by simplifying the overall hiring process (e.g., applications, computer systems, background checks, fingerprinting)
 - b) Regardless of process changes, candidate experience would improve with more regular communication and expectation-setting for candidates. Many focus group participants reported long periods of no contact during their own hiring experience
- 2) Employee burden
 - a) The opportunity for technological solutions is significant – employee burden could be eliminated by leveraging automation
 - b) Managers generally would like to own the interview process but recognize the work it takes to do so and are comfortable with screening being done by others, if they feel like they can trust the screeners and the screening process
- 3) Candidate quality and fit
 - a) Managers often value candidates’ personal characteristics and people skills as much or more than technical skills
 - b) Mutual fit could be improved and early attrition reduced if candidates better understood the job that they were taking on before they joined the IRS

- c) Managers want the ability to do more long-term planning for hiring, and feel they could be more confident of their hiring decisions if they had more lead-time and perspective on their overall hiring needs

Team problem-solving and opportunity identification

In order to build on and complement this internal research, the team used its broad knowledge base – including significant Human Capital Office and business unit experience as well as Lean/Six Sigma expertise – to conduct in-depth problem-solving sessions and detailed analyses to identify further improvement opportunities.

In addition, the team analyzed existing hiring data to validate timeframes for the various steps in the hiring process.

External Research

The Streamlining Hiring team met with several organizations from the public and private sectors to gather information about best practices in human resources and help shape the design of the future-state IRS process. Key findings included:

- 1) *Using competency based human resource processes* can ensure linkages from hiring to training to performance and allow for better assessments of applicants based on a clear understanding of the elements required to be successful in the position. Developing and using structured, competency based interviews can help ensure effective selections. It is important, however, to identify the critical competencies to be measured in the hiring process, as it is difficult to assess them all
- 2) *A fully automated process* can significantly reduce the time to hire. Applications, assessments, and even selection can all be automated. The key is to fully utilize the capabilities of the automated system, rather than make it conform to an existing paper process
- 3) *Standard timeframes* and agreement from all parties involved in hiring on how long their steps of the process will take ensures alignment. All parties can then measure and report on their results and hold each other mutually accountable

RECOMMENDATIONS AND INITIATIVES

Research indicated that there are opportunities to improve the current hiring process in the following areas:

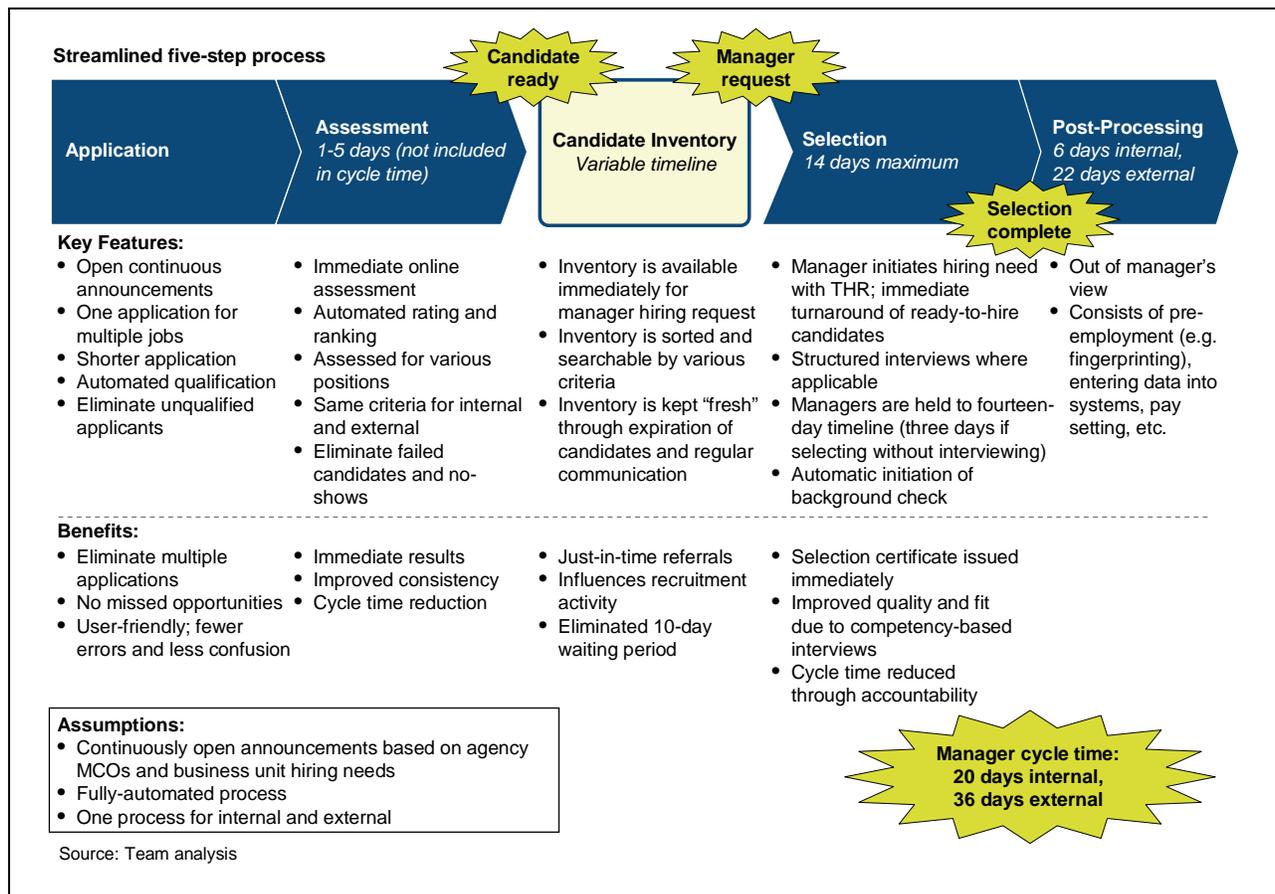
- Time to hire from both the candidate and manager perspective
- Employment office, manager and employee burden
- Candidate quality and fit
- Overall candidate experience

To address these opportunities, the Streamlining Hiring team developed a vision for a future-state IRS hiring process (See Figure 16 below) that:

- Proactively meets hiring needs by providing a ready-to-hire, high-quality candidate inventory that employment offices and managers will use to quickly fill hiring requests
- Is consistent across business units, employment offices, internal and external candidates and job series
- Requires only five steps from start to finish
- Leverages automation to minimize burden
- Provides consistent, clear candidate communication at multiple points

Figure 16

Vision for future-state hiring process



To achieve this future-state vision, the team recommended implementation of three categories of improvement initiatives:

- 1) **Short-term changes** – Quick wins that could be rolled out immediately to improve the FY2009 enforcement hire, as well as enhance the overall hiring process's effectiveness
- 2) **Medium-term opportunities** – Improvement initiatives that would noticeably impact the hiring process but would not be in place in time for the FY2009 enforcement hire due to the substantial work required for execution
- 3) **Long-term opportunities** – Large-scale changes that would fundamentally transform the IRS's overall hiring process but would require significant time and effort to implement

1. Short-term changes

Summary: The team categorized the short-term improvement opportunities they had identified into two sets of short-term changes – those that will immediately help the FY2009 enforcement hire and those that are applicable to the overall IRS hiring process. Both of these opportunity areas are aligned with the future-state vision of hiring.

Immediate improvements to support FY2009 enforcement hire

To facilitate the FY2009 enforcement hire, the team developed five core initiatives that will reduce employment office burden and improve the quality and fit of candidates.

Build continuous flow of candidates into inventory. Post internal wave hire announcements as rosters with no cut-off dates or as a series of ad hocs and develop a proactive process to regularly monitor hiring pipeline. Create a systematic communication mechanism between employment offices and centralized recruiting building on existing links to ensure that recruiting activities can be focused in the highest impact areas and to enable employment offices to develop a robust inventory of highly qualified candidates for both the FY2009 and future wave hires.

Standardize practices across employment offices/business units. Eliminate variation in processes between employees and employment offices in several key areas:

- Barcode fax – Reinforce mandated employment office and candidate use of the Career Connector barcode fax coversheet to reduce employment office time required for manually attaching documents and the number of misplaced candidate documents
- Qualification – Reinforce mandate that employment office employees pull internal candidate history and only qualify those candidates who have never been qualified for the position in order to reduce employment office re-work. Additionally, the team recommended the Human Capital Office gather the various qualification training materials currently used by employment offices to identify

sources of variation and best practices and develop one agency-wide set of qualification guidelines

- Ranking – Recommend use of automated management ranking tool and storage of results in a central repository to ensure that candidates are only ranked once for a particular position

Consolidate activities. Assign dedicated resources to specific hiring activities in order to streamline work, reduce employment office burden and improve candidates' experience with the hiring process. Specific opportunities are:

- Clerical work – Hire temporary employees to assist with clerical tasks
- Career Connector reports – Dedicate systems personnel to pull, filter, format and deliver reports
- Interview scheduling – Utilize a phone bank or Career Connector self-scheduler to schedule interviews
- Employment offers – Dedicate resources with availability and expertise to make candidate job offers

Leverage technology. Improve and leverage full technology capabilities to reduce employment office burden in the following ways:

- Response time – Adjust Career Connector firewall filters to improve system responsiveness and reduce employment office downtime
- Work folders – Construct position work folders electronically and remove unnecessary attachments
- E-fax – Leverage e-fax technology to eliminate fax machine overload from internal applications

Improve assessment process. Streamline the candidate assessment process in order to reduce the number of handoffs, as well as improve the overall candidate experience. Specific recommendations are:

- Vendor contract – Approve assessment budget annually/quarterly and negotiate expanded open period for exam
- Candidate invitation – Re-write invitation emails to encourage applicants to take test earlier and minimize the likelihood that the messages resemble junk mail and accidentally overlooked
- Report generation – Enable single employment office unit to create reports and schedule assessments

Other short-term improvements to support overall hiring process

The team recommended implementation of a series of short-term initiatives that will positively impact both the FY2009 enforcement hire, as well as the IRS's overall hiring process. These improvement opportunities include:

Initiative	Description	Impact
1. Rewrite applicant communication scripts	Remove IRS jargon and make applicant emails feel more personal	Improved candidate experience and response rates
2. Give THR employees global access to ePerformance	Enable THR to pull IRS employee evaluations themselves instead of having to wait for managers to send	Reduced internal cycle time by six days on average
3. Reduce multiple applications submitted internally	Standardize THR policy to request single application for multi-grade job announcements	Decreased burden on internal applicants and THR
4. Automate and centralize Federal Career Intern Program (FCIP)	Use Career Connector to automate the processing of FCIP applications	Reduced THR burden and centralized applicant pool that BODs can share
5. Develop a standard lead time for THR to give to BODs to prepare for ranking	Require THR to establish ranking timelines in advance	Enable BODs to meet 14 day ranking deadline
6. Standardize time allotment for ranking and selection to 14 days each	Require BODs to meet a 14-day ranking and deadline	Reduced cycle time: 22 days for internal; 14 days for external
7. Streamline Personnel Action Request (PAR) flow	Send PAR to THR directly	Reduced internal cycle time of 2 days
8. Next-day posting of jobs on COL	Remove Thursday deadline and enable THR to post positions immediately to the COL	Reduced internal cycle time by six days on average
9. Make web-based Career-Connector Companion (CComp)	Make Career Connector available online	Decreased THR burden
10. Standardize effective dates of promotion within THR community	Improved perception of cycle time	Standardize interpretation of effective date setting to set dates within two weeks of PAR

2. Medium-term opportunities

Summary: The team identified several medium-term initiatives that will improve the overall IRS hiring process but will not be completed in time for the FY2009 enforcement hire as they require substantial time and effort to execute. These include improvements to the application, streamlined documentation, optimizing PowerRecruit forms, managing candidate communications, and fully implementing Career Connector.

Improve application

Streamline the application to remove unnecessary questions and government jargon, as well as make it more user-friendly for candidates. Doing so will improve the overall candidate experience, decrease the number of candidates who start but choose not to finish the application and decrease the number of applicants who incorrectly self-qualify as a result of misunderstanding the job requirements.

Streamline candidate documentation

Adjust documentation requirements to include only those that are absolutely necessary and then clarify these requirements on the application and subsequent candidate emails. By removing the current confusion associated with these requirements, the IRS will increase the number of candidates who send their documents on time and decrease the time employment offices spend tracking down missing forms.

Ensure managers initiate recruit requests only when confirmed ready to hire

Require managers to identify an interview panel and date on the recruit request form, in addition to providing all relevant position requirements and budget approval. This should reduce the overall process's cycle time and, as the number of cancelled hiring requests drops, should also reduce employment office burden.

Create efficient way to manage candidate communication

Send candidates automated emails at multiple points throughout the hiring process to notify them of their application's status and provide additional content to help with timely decisions about job offers and confirm candidate interest in working for the IRS. By improving the quality and quantity of candidate communication, candidates will develop a more positive impression of the IRS. In addition, employment offices will be able to spend less time answering basic candidate questions.

Fully implement Career Connector

Utilize Career Connector for both internal and external hires and enhance the program's automation capabilities to automatically:

- Qualify candidates based on basic job criteria
- Send assessment exam invitations to qualified candidates
- Rank all candidates and place them into the relevant inventory pools
- Generate reports about progress against hiring targets

Career Connector is the Department of Treasury's online job application system. By leveraging Career Connector to its fullest extent, employment office and business unit burden will be greatly reduced and cycle time will improve substantially. In addition, candidates will be evaluated in a more consistent manner.

3. Long-term opportunities

Summary: In addition to the immediate improvement opportunities, transforming the Service's existing variable and complex hiring processes into a single, simple, streamlined process will require time and investment of additional resources.

Although implementing the short and medium-term opportunities will significantly improve the IRS's hiring processes, in order to fundamentally transform the hiring process and effect lasting change, the Service will need to invest in the following long-term initiatives.

Apply for multiple jobs with one application

Allow applicants to apply for multiple similar jobs (e.g., requiring the same skills or clustered by type of work) with a single application. Clustering jobs with similar skill requirements into higher-level categories (e.g., finance and accounting, administrative) should make managing these applications more flexible and reduce the number of multiple applications. Importantly, the application and assessment processes must adequately screen applicants according to these clusters.

Build and manage a candidate inventory pool

Build a robust inventory of qualified, ready-to-hire candidates and develop a process for managing this candidate pool. This will enable the IRS to fill hiring requests more quickly, have ongoing announcements for high quality candidates to apply for, and greatly reduce the business unit and employment office burden created by the hiring process.

Developing and managing this candidate inventory requires:

- Definition of the inventory's job categories
- Targets for the number of candidates to keep in each category within inventory, based on expected hiring needs
- A sound process for monitoring inventory levels against targets and increasing or decreasing inventory levels based on actual supply and demand

To define the job categorization, the Service should determine the appropriate way to cluster jobs according to the job series, business unit, grade level, and post of duty dimensions. Each job cluster should include a group of jobs that require similar candidate skills and those locations where a group of candidates would be willing to work. Based on these clusters, the Service must then determine which jobs should be posted as open/continuous (and kept in inventory) and which ones should be posted ad hoc. Although some jobs should remain ad hoc due to the low volume of open positions, as many jobs as possible should be posted as open/continuous because this is the foundational element required for building a robust inventory pool. By leveraging the Dynamic People Strategy team's workforce planning model, business units will be able to better predict their annual hiring plans and thereby determine those positions that have enough volume to warrant an open/continuous posting.

Inventory targets should be set to ensure that there are enough candidates in the inventory pool to fill hiring requests with high-quality candidates in a timely fashion and

to ensure that candidates do not spend an excessive amount of time waiting in the inventory pool. To determine the targets, the Service should understand for each job category:

- Expected inventory outflow (including expected hiring demand as well as the rate at which candidates are expected to voluntarily opt-out of the process)
- Expected inventory inflow (including applicant supply, with some consideration for the lead time required for activating recruiting activities, and the expected applicant volume that those recruiting activities will create)
- Variability, or the likelihood for deviation from these expectations
- “Customer service” targets for how quickly the candidate inventory should be able to fulfill any given potential hiring request
- Candidate experience, or the maximum number of average days candidates should spend in inventory

After setting targets, inventory levels should be systematically monitored and results should be shared in order to quickly determine when the inventory has reached critical levels and action is required. A formal process should be established to quickly adjust inventory pools that have reached critical levels. For example, when inventory levels are low, the personnel responsible for inventory management must be able to leverage the collaborative relationship between the employment offices and the recruiting office to increase recruiting activities and in-flow into inventory; and when inventory levels are high, those recruiting activities could be focused elsewhere.

Develop performance management system

In order to ensure that the improvements implemented to the hiring process are institutionalized, and that there is an opportunity to continuously improve the process, a strong hiring performance management system should be constructed. This performance management system should include (1) clear metrics that are measurable, actionable, relevant, and timely; (2) relevant performance targets that enable goal setting based on past performance and future aspirations; (3) efficient performance tracking, with standardized data collection and easy-to-use tools; (4) regular performance discussions to refine approaches based on actual outcomes; and (5) clear owners at each level of the organization.

Specific metrics might include:

- Volume: Number of candidates at each stage of process
- Time to hire: Hiring cycle time from manager perspective (hiring request to accepted offer) and candidate perspective (application to accepted offer)
- Quality and fit: Candidate yield, first year attrition rate, average cutoff for inventory
- Burden: Working hours per application and per hire, total overtime hours per application
- Candidate experience: Candidate satisfaction (collected by survey)

Full implementation of this performance management system would require investment in technology systems that are seamlessly linked and enable automation. For example, the recruiting database, Career Connector and current employee databases must be able to easily communicate with each other and share data, so that candidates can be tracked throughout the entire process.

Educate and train

Develop and deploy employee training to communicate new ways of working required for achieving the future state vision. This training should include:

- Managers: Train managers to deliver against new expectations and to coach direct reports how to effectively navigate the new process
- Employment offices: Train staffs how to execute new processes and how to collaborate with other stakeholders
- Applicants: Educate employee applicants about the differences of the process and how they can set themselves up for success

In addition, IRS leadership should continue to communicate to the organization as the hiring process evolves. The communication plan should take into account key stakeholders and their level of involvement, with specific messages tailored for each stakeholder to address the changes in the hiring process and overall expectations.

Focus Area 4

ENHANCING THE ROLE OF MANAGERS

Productive and engaged managers are critical to the success of an organization because of the influence they have over day to day operations and the satisfaction of their employees.

Given the extraordinary opportunity faced by the IRS with regard to its workforce, and its managers in particular, the Enhancing the Role of Managers team sought to help the IRS re-position the manager role as a leader who effectively drives business results while excelling at people development. The Enhancing the Role of Managers team's specific objective was to *reset the expectations of and for IRS managers to make the role more attractive and to reinforce a culture of leadership at the IRS*. The team made a series of recommendations to reduce managerial burden, enhance the managerial role, and ensure continuous improvement.

RESEARCH AND ANALYSIS CONDUCTED

To determine what improvements to make to manager positions, the team wanted to more fully understand the current management role. First, the team wanted to understand the distinction between how managers spent their time and how they wanted to spend their time. Secondly, the team wanted to understand what barriers prevented managers from achieving their ideal time allocation and what changes could enable managers to devote additional time to people development.

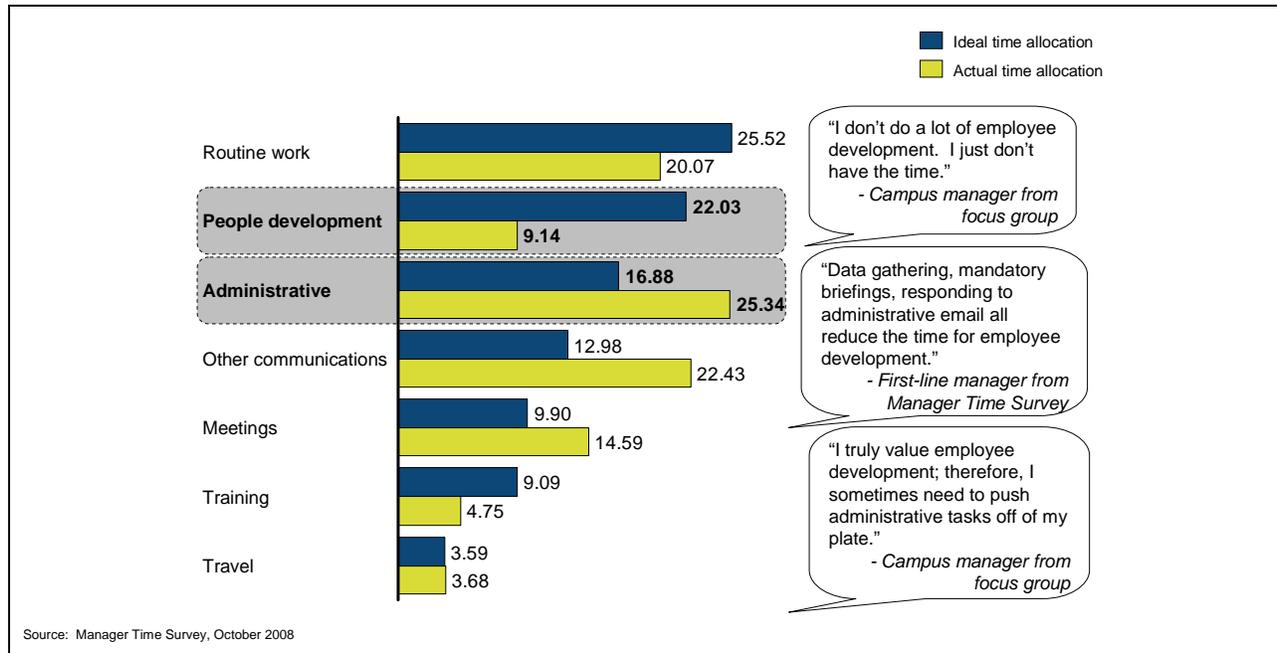
Manager Time Survey

To understand the distinction between how managers currently spend their time and how they would ideally spend their time, the team conducted a Manager Time Survey. In October 2008, the team sent a Time Survey to all IRS managers and executives and received nearly 4,000 responses, representing approximately 50 percent of the population. Respondents indicated that they want to spend more time on people development and less time on administrative activities (See Figure 17 below). The time survey helped the team identify administrative activities that could be eliminated, reduced, or delegated, such as mandatory briefings, ad-hoc reports, and Single Entry Time Reporting (SETR).

Figure 17

Managers want to spend more time on developing employees and less on administrative tasks

Percent of working time

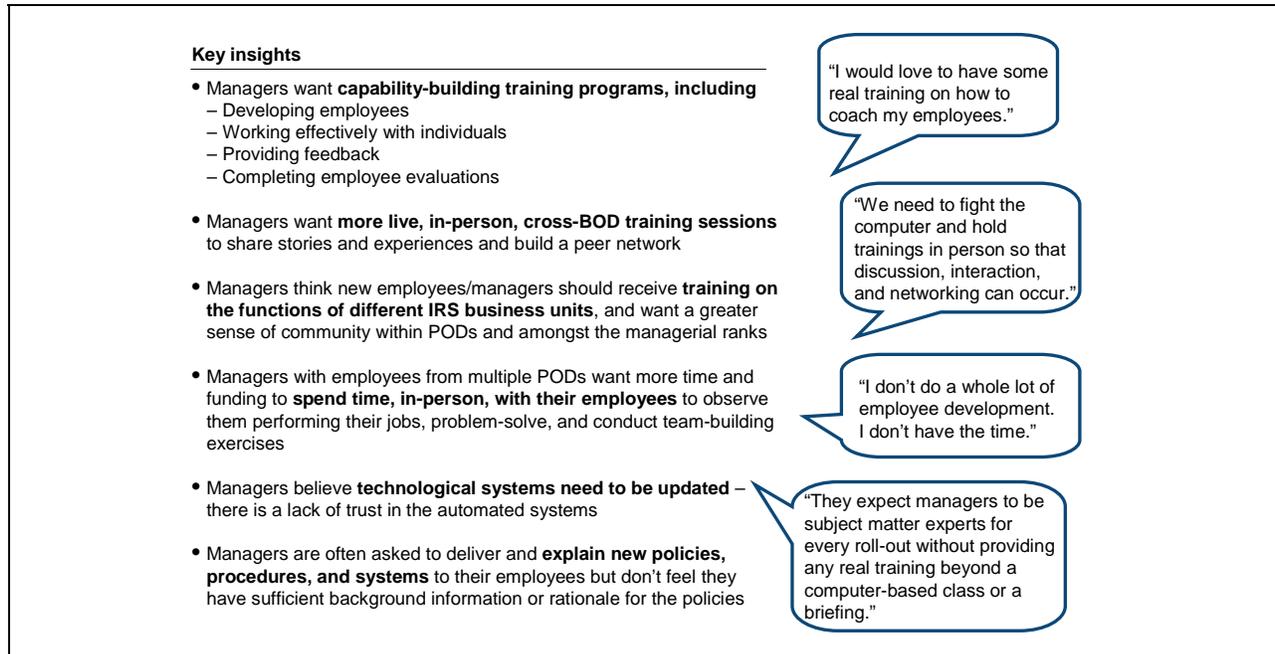


Manager Focus Groups

After analyzing the results of the Manager Time Survey, the team wanted to fully understand what constraints prevented managers from achieving their ideal time allocation and devoting more time to people development. The team conducted manager focus groups in Atlanta, GA; Los Angeles, CA; and Philadelphia, PA (See Figure 18 below).

Figure 18

Key takeaways from manager focus groups



The team identified several barriers that prevented managers from spending more time on people development. First, managers did not feel that they received adequate training on how to develop their employees, provide feedback, and complete performance evaluations. They wanted more in-person training programs. Second, managers felt they were not able to spend enough time working side-by-side with their employees. This issue was particularly relevant to managers who supervised employees in multiple locations. Third, managers expressed an excessive amount of administrative burden from duties such as ad-hoc reports; 7114 meetings; explaining new programs and systems to their employees; and dealing with system password issues.

RECOMMENDATIONS AND INITIATIVES

The team developed a number of initiatives designed to improve the value proposition for managers, reduce the amount of time spent on administrative activities, and enable new managers to succeed through improved training programs. The team's initiatives fall into three broad recommendations:

1. Improve the manager value proposition to attract and retain highly-qualified individuals to the managerial role
2. Reduce the amount of time managers spend on administrative activities so that they can devote more time to people development

3. Redesign the front-line manager training program to enable new managers to develop the skills they need to succeed in the management role

The team also recommended the creation of two new functions to provide additional support to managers, implement additional opportunities to reduce managerial burden, and continually improve the attractiveness of the managerial role:

1. Create a Managers' Resource Center to provide information, guidance, and support to managers via a dedicated hotline and an interactive website
2. Create a Managerial Champion to investigate additional areas of burden reduction and continually work for improvements to the management position

1. Improve the Managerial Value Proposition to Improve the Attractiveness of the Managerial Role

Summary: The team developed initiatives to improve the managerial value proposition so that the IRS can better attract and retain high-performing managers. These value proposition improvements included establishing manager expectations and improving managerial recognition.

Expectations for Managers

To help clarify the managerial role, the team developed a set of expectations for managers (See Figure 19 below). These expectations align with four new leadership competencies (discussed later) developed by the Growing Future Leaders team and provide managers with a simple and memorable set of expectations for how to succeed as an IRS manager. The team envisions a wide variety of uses for these expectations, such as distributing them to potential new managers during the Front Line Readiness Program (FLRP), providing them to existing managers to help them understand their role in the organization, and publicizing them to emphasize the organization's focus on people development, coaching and mentorship.

Figure 19

Expectations for managers are aligned with four new leadership competencies discussed later in this report

<u>Competency</u>	<u>Manager expectations</u>
Personal leadership	<ul style="list-style-type: none"> • Live the values • Be visible • Be a listener • Be a learner
Leading others	<ul style="list-style-type: none"> • Provide clear direction and ensure accountability • Recognize good performance • Provide candid feedback • Enable success (provide autonomy, remove barriers, allow risk taking) • Inspire others to higher aspirations
Business results	<ul style="list-style-type: none"> • Focus on the right outcomes • Set aspirational goals and objectives • Meet attainable expectations
Leading improvement	<ul style="list-style-type: none"> • Improve continuously and share best practices • Foster "One IRS" awareness

Improved Recognition for Managers

A number of employee recognition initiatives were proposed by the Task Force. One by this team was a recommendation for a Commissioner Award for Manager Recognition, or "Leader of the Year," program for front-line managers. This program would demonstrate the organization's commitment to people development by recognizing managers who excel at recognizing employees, providing mentorship, and creating development opportunities for their employees.

2. Reduce the time managers spend on administrative activities

Summary: The team developed a number of initiatives to reduce managerial burden including decreasing the number of passwords, streamlining mandatory briefings, reducing burden of the Embedded Quality process, communicating options for SETR, and improving administrative support training.

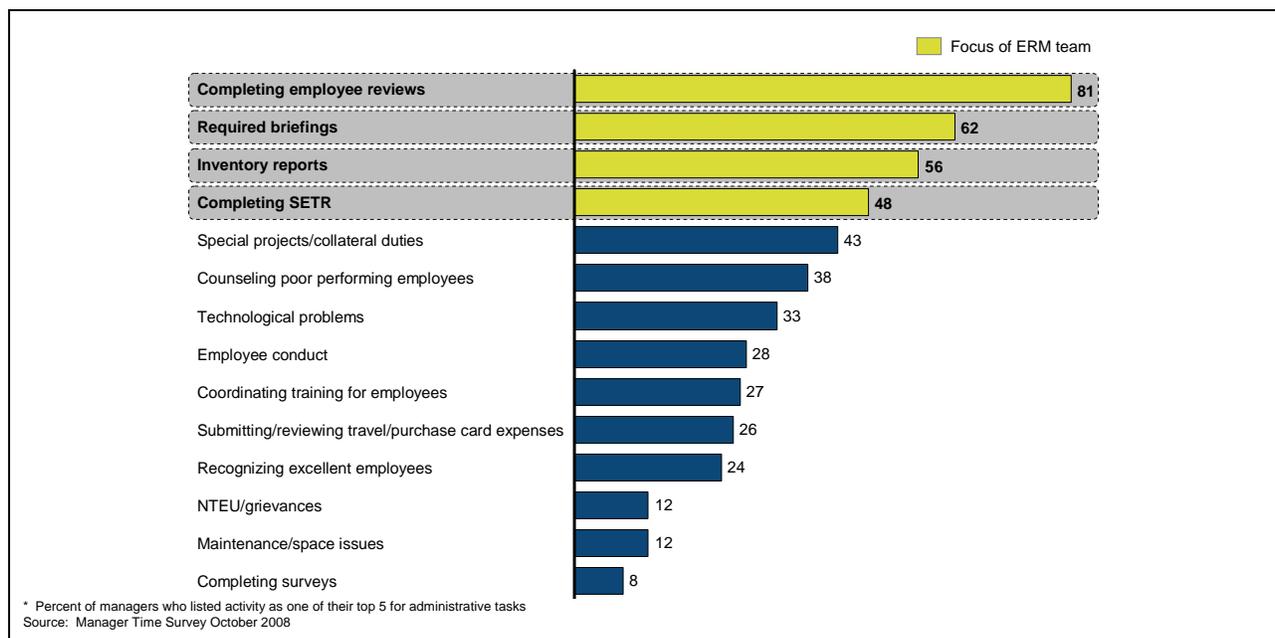
In the team's Manager Time Survey, managers expressed that they wished to spend less time on administrative tasks. To identify those activities that managers found burdensome, the team analyzed the Manager Time Survey results to determine what specific administrative activities consumed a significant amount of managers' time (See

Figure 20 below). In addition, the team conducted multiple manager focus groups; listened to the concerns of the Professional Managers Association (PMA), the Federal Managers Association (FMA), and various Manager Advisory Groups (MAGs) and Manager Advisory Councils (MACs); and reviewed previous IRS studies of managerial burden. Initiatives developed to reduce managerial burden include password reduction, streamlining mandatory briefings, reducing burden of the Embedded Quality process, communicating options on SETR, and improving secretarial training.

Figure 20

Managers report certain administrative activities require more time

Percent of managers*



Reduce the number of passwords

The team heard from managers that they and their employees have too many passwords to maintain. Most employees and managers have a minimum of 20 different passwords that they must maintain to access various internal systems. These passwords often have different character requirements and expire at different times, making it difficult to remember all of the passwords.

To address this issue, the team recommended that the Service develop a strategy to streamline the number of passwords.

Streamline mandatory briefings

Managers stated that annual mandatory briefings (i.e. ethics, safety, sexual harassment, privacy) can be burdensome and often provide little value to themselves or to their employees. While the topics are extremely important, managers said that the briefings are too long and include repetitive information and legal jargon, leading many employees to just click through the briefing to complete it rather than reading the briefing and absorbing the information. Additionally, managers receive multiple notifications that their employees have not completed the briefings even though the due date has not passed. Furthermore, managers are required to manually track and report on their employees' progress in completing the briefings.

The team partnered with a Lean/Six Sigma expert to investigate the mandatory briefings process and developed recommendations for streamlining the delivery and completion of the briefings. The team presented its recommendations to HCO, which formed a sub-team to reform the mandatory briefings process. The team coordinated with this sub-team and developed recommendations, including only covering topics that legally require a mandatory briefing, reducing the length of briefings, exploring "opt out" or "test out" options, and reinstating the annual review to proactively remove briefings that are no longer required.

Reduce Burden of the Embedded Quality (EQ) process

Many managers were concerned that the Embedded Quality Review System (EQRS) is time consuming and cumbersome. The reviews are scored using a list of criteria (called attributes) to indicate correct and incorrect actions taken by employees when working a case or a call. The number of possible attributes for each business unit that uses the system ranges from 1 to 116 with an average of 73. The team determined that the large number of criteria makes it difficult for managers to maintain an understanding of each one and makes the reviews lengthy and time consuming.

Findings by the team were forwarded to the Deputy Commissioner for Services & Enforcement for review as part of an ongoing EQ burden reduction analysis. Specifically a recommendation was made to conduct an analysis of the number of criteria with an objective of reducing them to the crucial few that would still capture valuable error trends while reducing burden on managers.

Communicate Options for Single Entry Time Reporting (SETR)

Some managers indicated that SETR, the Service's timekeeping system, can be burdensome. To reduce the burden on managers, the team recommended:

- A communications strategy to clarify:
 - The minimum timekeeping requirements to prevent managers from engaging in unnecessary processes
 - The option for any employee with computer access to voluntarily enter their own time in the timekeeping system

Improve Secretarial Training

Managers told the team that competent, highly-skilled secretaries help reduce burden because the managers are able to delegate more administrative responsibilities. However, managers who have secretaries reported that not all secretaries have received training in areas that would allow them to effectively help with managers' administrative responsibilities. Furthermore, managers stated that they would like to receive clear guidelines on the responsibilities of administrative assistants and which activities can be appropriately delegated to them.

Currently, each business unit is responsible for providing training to its administrative assistants. The team recommended that both managers and secretaries could benefit from a consistent, centrally delivered secretarial training program to provide basic administrative skills and clarify secretaries' responsibilities.

3. Improve Manager Training Programs to Enable Managers to Spend More Time on People Development

Summary: The team partnered with the Human Capital Office to implement improvements to the front-line manager training program. In addition, the team developed initiatives to improve front-line manager training, including creating a shadow manager program, providing a Managers' Virtual Toolbox, creating a training instructor cadre, and providing additional training on coaching.

While the team learned from the Manager Time Survey that managers wish to spend less time on administrative activities and more time on people development, managers in focus groups said that simply eliminating managerial burden would not be sufficient to ensure managers devote time to people development. The team identified several opportunities to improve the current front-line manager training programs:

- Provide instruction on how to effectively coach and mentor employees
- Increase the involvement of senior managers in the front-line manager readiness program
- Deliver the training programs earlier in a manager's tenure
- Inspire participants to pursue a lifetime of learning throughout their careers
- Include instruction on both leadership skills and everyday managerial duties

Collaboration with training redesign team

The team partnered with a Human Capital Office team redesigning training to implement several improvements to the front-line manager training program, including:

- Developing new content modules for the front-line manager training programs (e.g., coaching, performance management, time management) to make the training courses more relevant and to better enable new managers to succeed

- Revising the Welcome Letter that is sent to readiness program participants and to their managers to explicitly define roles and responsibilities
- Creating a mini-readiness program for those managers who did not have the opportunity to formally participate in the readiness program so that they will have the necessary background to participate in subsequent front-line manager training programs
- Reducing costs by streamlining content and eliminating redundancies
- Expanding and expediting the delivery of the front-line manager training programs with the aspiration that all emerging leaders attend the readiness program prior to becoming a manager and attend the new manager class within the first year of their first manager position
- Creating a development guide to capture expectations and feedback between the new manager and their supervisor

The HCO team incorporated these suggestions into its redesigned front-line manager training program (See Figure 21 below).

Figure 21

Summary of updates to front-line manager training programs

Training program	New or existing	Improvements
Frontline Readiness Program (FLRP)	Existing	<ul style="list-style-type: none"> • Reducing classroom component from 4 weeks to 2 weeks to streamline content and reduce costs • Including courses on transactional skills (e.g., coaching, performance management, time management) to adequately prepare participants for management • Incorporating a shadow manager program so participants can gain hands-on experience before their first detail
New Manager Orientation	New	<ul style="list-style-type: none"> • Providing new managers with a consistent, accurate guide and a set of online resources to help them immediately succeed as new managers • Establishing a formalized support structure for new managers
Fundamental Manager Skills	New	<ul style="list-style-type: none"> • Providing a 1 week training programs for new managers to attend within their first 45 days • Including advanced instruction on administrative systems and role-playing exercises to examine common managerial situations
Frontline Manager Course (FLMC)	Existing	<ul style="list-style-type: none"> • Reducing classroom time to 1 week and supplementing content on transformational skills with modules on performance management, coaching, and time management • Eliminating redundancy between content in FLRP and FLMC to make both courses necessary for all managers
Leading Teams	Existing	<ul style="list-style-type: none"> • Will be addressed by Phase 2 of the Re-design Team
Advanced FLMC	New	<ul style="list-style-type: none"> • Will be addressed by Phase 2 of the Re-design Team

In addition to these six recommendations, the Enhancing the Role of Managers team developed several other formal initiatives to improve the front-line manager training program. These initiatives include creating a shadow manager program, providing a

Managers' Virtual Toolbox, creating a training instructor cadre, and providing additional training on coaching.

Creation of a shadow manager program

Comments from frontline managers in a Leadership Training Needs Assessment Survey conducted by the Human Capital Office indicated that managers would like more hands-on training when they are first learning to be a manager. To address that need, the team recommended that readiness program participants complete a shadow assignment with an experienced manager prior to completing a detail as a manager. The participants will spend at least 10 working days observing and practicing administrative tasks associated with a management position.

Providing a Managers' Virtual Toolbox

New managers indicated that they often find it difficult to locate high-quality resources needed to do their jobs. The team recommended creating a Managers' Virtual Toolbox to provide new managers with an organized collection of job aids, quick starts, and guides to enable new managers to effectively perform their jobs. The Managers' Virtual Toolbox will be included on either the HCO Web Site or the Managers' Resource Center website (discussed later).

Instructor Cadre for Training Programs

After meeting with personnel responsible for the Front Line Manager Course (FLMC), the team determined that a full-time instructor cadre would eliminate problems with securing and scheduling instructors, reduce instructor preparation time, and improve the consistency and quality of the training programs. In addition to teaching this course, these instructors could also teach other new manager courses.

Training on Coaching

The team also recognized the importance of providing training to existing managers as well as new managers. Therefore, the team recommended creating a new training course for existing managers on developing skills in coaching, providing feedback, and addressing employee performance. This course should be delivered in a cross-functional setting at local offices in several short sessions to allow managers time to incorporate coaching activities into their day-to-day activities.

4. Create a Managers' Resource Center to Provide Information, Guidance, and Support

Summary: The team recommended creation of a Managers' Resource Center (MRC) to provide information, support and a community for managers. The MRC would consist of a fully staffed office dedicated to meeting the needs of managers, as well as an interactive website and a call center hotline.

Managers told the team that they wanted a centralized source of information and a formal support mechanism where they could get answers for their questions about management. They also want to be a part of a cross-organizational community of managers. The team recommended the creation of a Managers' Resource Center (See Figure 22 below). The center would consist of a fully staffed office dedicated to meeting the needs of managers. This office would provide managers with targeted information and advice and help to create a real and virtual community of managers. In addition, it would serve managers through two channels:

- An interactive website for managers containing news articles, links to useful websites, answers to frequently asked questions, and blogs, chat rooms and other features to foster a virtual community
- A call center or hotline, which would be a component of the existing Employee Resource Center, would be staffed by individuals with managerial experience or special training to assist managers

The new website and hotline would help managers with a variety of questions and concerns, including:

- Career paths
- Selection of training classes
- Professional development
- Cultivating informal mentorship relationships
- Recognizing employees
- Improving personal effectiveness

The center would enable the creation of a community of managers by fostering in-person and online networking and by providing news articles and other out-bound communications highlighting relevant information for managers. Additionally, the center would collect data on the number of manager requests on various issues and could share this data with manager groups and the newly appointed Managerial Champion to increase awareness of issues and concerns of managers.

Manager Time Survey on an annual basis to evaluate the amount of time that managers are devoting to administrative activities as well as any changes in managerial satisfaction. The team recommended initial responsibilities for the Managerial Champion include establishing policy for reducing ad hoc report requests and coordinating processes for roll-out of new initiatives to ensure minimal managerial burden. Engagement with business unit management advisory groups, the Professional Managers Association and the Federal Managers Association will also be an integral part of the role.

Focus Area 5

GROWING FUTURE LEADERS

Leadership development is essential to the health of an organization. Highly effective organizations have leadership development systems, tools and processes designed to assess supply and demand for leaders, enable career paths, select and develop leaders and match individuals to opportunities.

Assessment of the Service's existing leadership systems, tools, and processes reveals that a strong foundation is already in place; however there is an opportunity to better coordinate efforts across the Service, leading to more consistent application of talent management tools and processes and more effective use of data for Service-wide decision-making. Standardizing leadership development efforts will also enable cross-organizational development and succession decision making.

The Growing Future Leaders team was formed to address the Service's need for a standardized and robust leadership development strategy and approach. The team's specific objective was to *enhance leadership development at all levels to ensure that the best leaders are identified, developed, and placed in the right positions throughout their careers*. The team recommended a number of initiatives designed to improve the Service-wide identification and development of leaders.

RESEARCH AND ANALYSIS CONDUCTED

In order to assess the current state of leadership development programs at the Service, the team conducted internal and external best practice research, interviews, and analyses of several processes and tools. In particular, the team focused on the Service's Leadership Succession Review (LSR) and career progression processes.

Leadership Succession Review

The IRS's Leadership Succession Review system is used to assess and measure leadership skills and capabilities. The team consulted several prior and current analyses of the process, in addition to conducting its own analysis, and identified several areas for enhancement:

- 1) Leadership identification and assessment – Clarify leadership competencies and create an integrated process linking leadership identification, assessment, development and placement
- 2) Technology – Align technological capabilities to more accurately capture actionable data
- 3) Enterprise coordination – Support organization-wide decisions through coordinated execution of centralized support, training, analysis, and communication activities
- 4) LSR process – Create a process that delivers meaningful results while not generating unnecessary burden
- 5) Measures – Define and capture data that helps support decision-making

- 6) Leadership development – Link assessment with development to continuously improve bench strength
- 7) Communication – Develop and communicate clear process goals, objectives, and details to promote compliance, accuracy, and quality of results

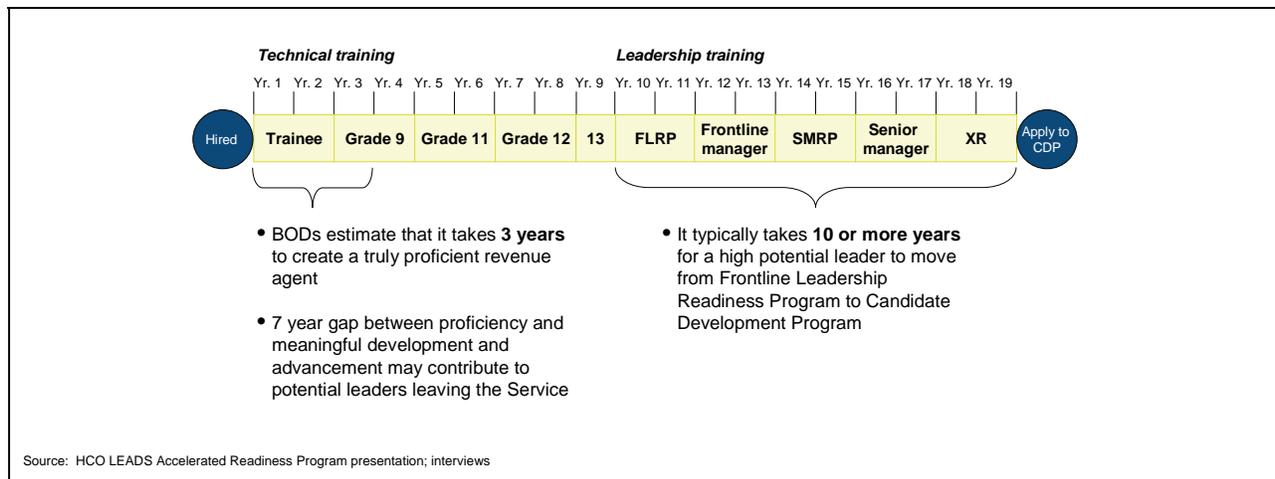
Options for career advancement and development

The team researched managerial career paths, including time to advancement and cross-division moves.

Using analysis completed by the Human Capital Office, the team mapped the typical career path for a frontline employee at the IRS (See Figure 23 below). On average, it took frontline employees approximately 10 years to move from the trainee level into the Frontline Manager Readiness Program (FLRP). An additional 10 years were required to move to the Candidate Development Program (CDP), which is the entry point into the Senior Executive Service (SES). For highly talented individuals interested in advancing, typical career paths at the IRS may involve lengthy delays before advancement.

Figure 23

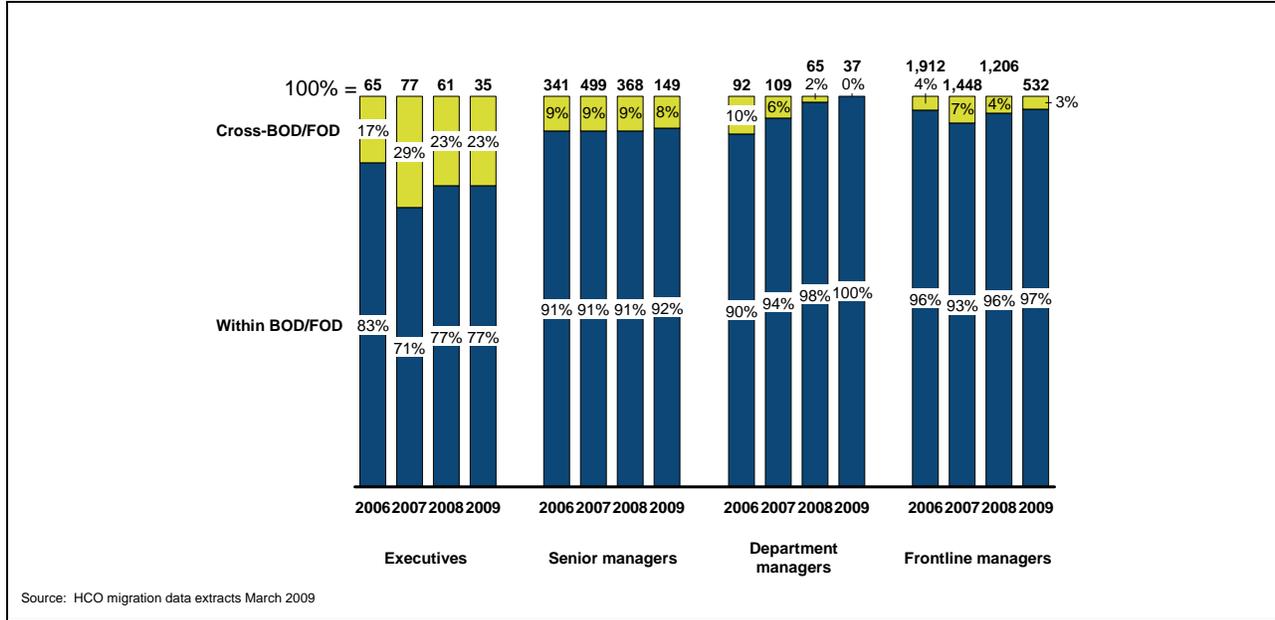
Typical career paths involve lengthy delays before advancement for qualified candidates



Research indicated that migration across divisions was limited, particularly below the executive level. Using historical migration data, the team analyzed trends in managerial migrations within and across divisions over a three and a half year period – FY2006 through the first half of FY2009 (See Figure 24 below). With minimal cross-functional opportunities below the executive level, aspiring leaders may not have access to the varied experiences that help build a broad organizational perspective.

Figure 24

Cross-division migrations are limited below the executive level
Percent of migrations



RECOMMENDATIONS AND INITIATIVES

The team identified four components of effective leadership development programs:

1. Assessing the supply of and the demand for leaders
2. Defining and enabling career paths
3. Developing and selecting leaders
4. Matching leaders to opportunities

The team’s recommendations and initiatives designed to enhance leadership development programs across the Service are presented below according to this framework.

1. Assessing the Supply of and Demand for Leaders

Summary: The team recommended several initiatives designed to assess the supply of and demand for leaders. These include moving to four streamlined leadership competencies and implementing enhancements to the succession planning process.

Talent supply and demand assessments consist of tools and processes used by an organization to measure the leadership capabilities of its employees and leadership

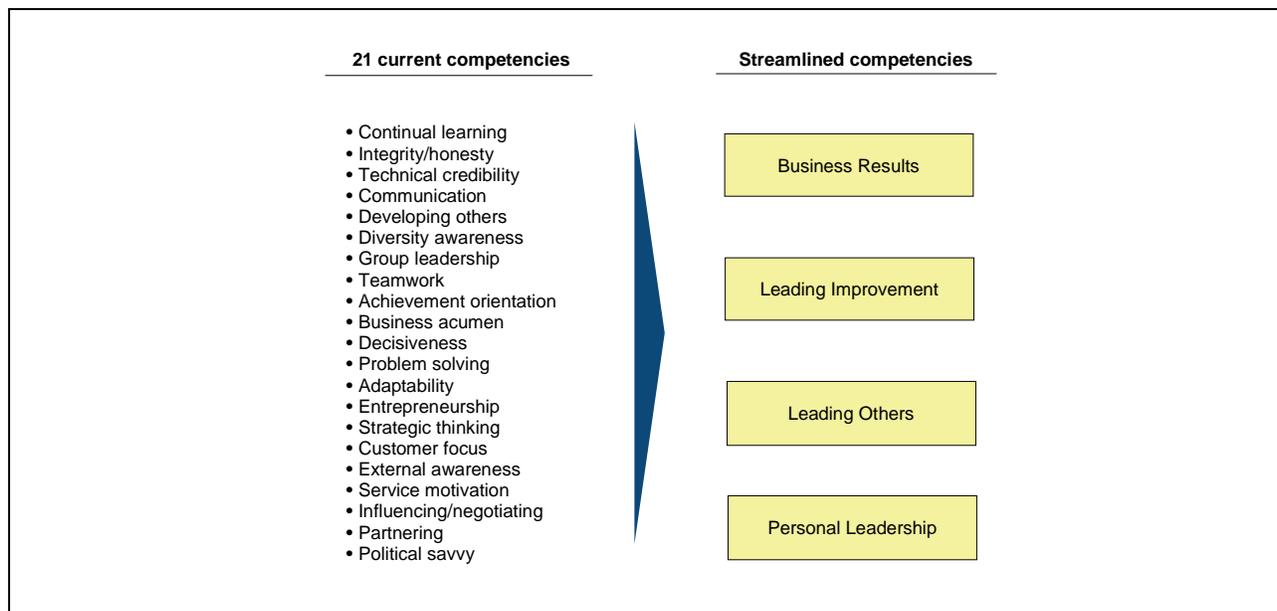
needs of the organization. High-performing organizations recognize the strategic importance of robust talent assessment programs. As a first step toward this goal, the team recommended streamlining the IRS leadership competencies and implementing multiple enhancements to the Leadership Succession Review program.

Streamlined Leadership Competencies

The IRS has the opportunity to develop a more manageable and easier to use leadership competency model, reducing burden associated with the current model, which relies on 21 competencies. The team proposed a streamlined competency model using four leadership competencies as a foundation (See Figure 25 below). Each competency would be assigned a definition along with varying sets of expectations based on current management level and observable leadership performance. All managers, regardless of level, would be required to demonstrate ability across all leadership competencies, with differing sets of expected behaviors for each competency based upon current management level. Competencies with clear definitions would help promote a consistent understanding and application of the competencies across the Service.

Figure 25

Streamlining the leadership model to four competencies



Leadership Succession Review

Equally critical are the systems and tools used to measure leadership potential. The IRS currently uses a Leadership Succession Review process to measure managerial

leadership potential across the 21 leadership competencies. The system is currently used only for developmental purposes. To ensure effective and consistent use, the team proposed three enhancements: standardizing and clarifying policy, enhancing technical and functional capabilities, and linking the system more directly to career development opportunities.

Standardize and clarify policy

To support consistency, the team recommended the following Leadership Succession Review policy changes:

- Process should be completed annually by all business units, with flexible start times and synchronized completion dates based on size and workload variances
- Second level review should be mandatory across all business units to ensure that the data when used for ranking and selection is supported by an additional layer of validation and consistency checks
- Compliance should be encouraged through the existing requirement that all managers, plus additional targeted individuals, must complete the demographics page, at a minimum, to capture a Service-wide view of the talent pool
- Process should support ad-hoc, out-of-cycle assessments for readiness program selections

Enhance technical and process capabilities

It is critical to maintain data accuracy so that consistent conclusions can be drawn from the data across the Service. It is also important for the system to minimize burden and interpretation issues, which can lead to inaccurate data. To that end, the team has identified several opportunities for improvement, including a process for prioritizing issues and enhancement requests and a suite of technical and functional enhancements.

Link system directly to development opportunities

In addition to assessing leadership potential, the Service should take additional steps to create a linkage between leadership assessments and leadership development opportunities. A Service-wide approach to targeting and providing developmental opportunities for those with an interest in advancing would help the IRS effectively deliver the right development to those with specific, identified needs. The team proposes much closer integration between the Leadership Succession Review system and the Human Capital Office's Automated Career Learning Plan (CLP) project. Specifically, this would be achieved by:

- Establishing an automated system to catalog available/applicable developmental opportunities such as shadowing assignments, mentoring, details, etc. so a systematic matching of supply and demand can occur

- Compiling history of development completed by each participant for tracking and progress
- Utilizing the career learning plan system as the primary method to compile a Service-wide view of the demand for details, coaching, mentoring activities, etc
- Linking developmental opportunities to specific leadership competencies to better support the targeting of development opportunities to meet specific needs

2. Defining and Enabling Career Paths

Summary: In the area of career paths, the team recommended mapping career paths to encourage cross-division migration.

Career paths encompass the range of functional, technical, and managerial roles available to employees of an organization over the course of a career. Career paths can promote specialization or breadth and variety of experience. In general, career paths should be structured in a way that allows an organization to meet its goals by consistently providing its employees with new, challenging career options.

Career Path Mapping

To promote cross-organizational managerial career paths, the team developed the following recommendations:

- Develop a standardized process for mapping career path requirements across the IRS to help uncover cross-functional opportunities for talented candidates and include management career paths within the Career Management Resource Center
- Make career paths more flexible, explicitly indicating cross-functional opportunities based upon technical skills and leadership experience for some of the Service's most common positions, such as revenue agent, revenue officer, tax compliance officer, and information technology specialist
- Develop and launch communications that make employees more aware of their opportunities for career advancement and development within the Service

3. Developing and Selecting Leaders

Summary: The team recommended a number of initiatives in the area of development and selection of leaders. These include a new performance commitment, a development strategy (with components on coaching, mentoring, and peer and practical learning), and an accelerated readiness program.

Candidate development and selection encompasses the approach, programs, tools, and activities used to choose and groom emerging leaders for opportunities. Organizations with a development-focus make investments into development activities an organizational priority.

Manager Commitment

To embed leadership development within the Service's culture, the IRS should forge a commitment from its leaders to develop direct reports and colleagues. The team proposed a formal performance commitment for developing future leaders be included for all executives and senior managers for FY2009:

- *I will identify qualified candidates for management and executive development by:*
 - *Conducting a comprehensive developmental discussion with each direct report, which includes developing a career learning plan;*
 - *Fostering opportunities for increased learning and career advancement activities;*
 - *Participating in recruiting, hiring, coaching and/or training activities*
 - *Collaborating within the IRS to improve opportunities for importing/exporting talent*

This responsibility supports the core values of the Service and promotes behavior that will contribute to agency success by actively engaging leaders in development activities. Rollout to all managers is proposed for FY2010.

Developmental Strategy

Developmental support structures such as coaching, mentoring, peer groups, and practical learning opportunities provide a complement to the Service's existing, formal training programs already in place. While the formal training programs provide a means to teach leadership skills to the Service's future generation of leaders, more informal approaches to development ensure applicability on a day-to-day basis. The team proposed a strategy built around a series of recommendations targeting less formal development activities. In many cases, recommendations involved rolling out internal best practices across the Service.

Professional coaching

The team proposed an expansion of current professional coaching efforts through the development of an internal coaching cadre at the IRS. Through the internal coaching cadre, full-time IRS employees who are also professionally trained coaches would provide coaching services for the executive readiness program, new executives or senior managers, participants in accelerated readiness programs and other emerging leaders. They could provide coaching on a periodic, sign-up basis. The Service would continue to use external coaches but shift these efforts specifically towards participants in the Candidate Development Program and high-performing executives. Research suggests that external coaches are best utilized at the top of an organization where political neutrality, objectivity and maximum confidentiality are crucial for a successful coaching relationship.

Mentoring

The team recommended that a more robust mentoring program be created to support leadership development at all levels and to encourage the notion that being a mentor is equated with a level of honor and prestige within the Service. The team proposed the following:

- Support the plan to redesign the mentoring program for the executive candidate development program
- Use the executive readiness mentoring model and apply it to other readiness programs
- Develop a small, specialized cadre of mentors for targeted populations such as new external hires at the senior manager or executive level and other emerging leaders
- Offer “speed mentoring” in geographic areas through various readiness programs to facilitate networking and foster longer term mentoring relationships
- Revitalize the Mentoring Connection website to provide a database of mentors for managers on an informal, ad hoc basis

Peer support and practical learning opportunities

To support a more effective and consistent approach to peer support, learning, and developmental activities, the team proposed the following:

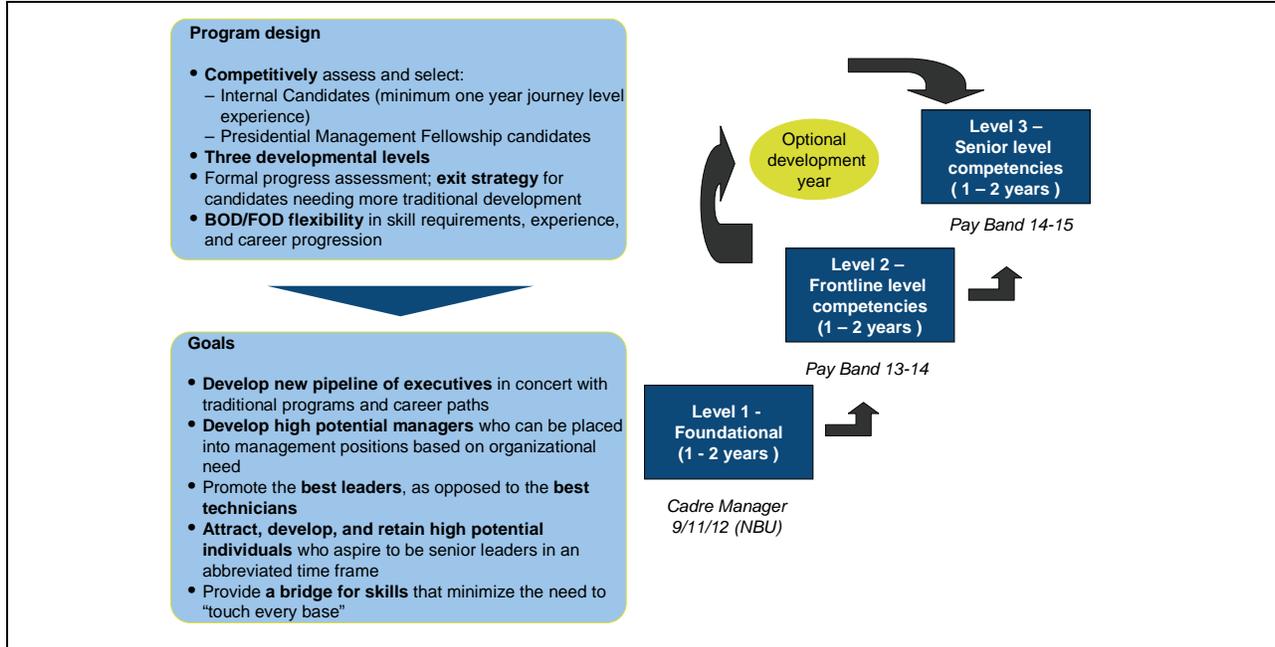
- Create an IRS Developmental Opportunities Bulletin Board intranet website to announce opportunities such as details and temporary promotion assignments for all business units
- Include emphasis on peer support and practical learning in Geographic Leadership Councils (discussed later)

Accelerated Readiness Program

The team recommended an accelerated readiness, or fast track, development program (See Figure 26 below). The program is designed to take highly talented frontline employees and external applicants and rapidly train and advance them through several management levels with the express intent of advancing into the executive development programs. Development would be targeted and customized to take advantage of participant strengths and aggressively develop skill gaps. The program would be selective, with internal and external candidates selected through a competitive screening process. Using benchmarks from private and public sector organizations, the team envisions a program targeting no more than approximately 2-3 percent of the Service’s talent pool.

Figure 26

Accelerated readiness program will enable identification and development of high potential leaders



4. Matching Leaders to Opportunities

Summary: The team recommended that Geographic Leadership Councils be established to encourage cross-division exposure and leadership development events within a geographic area.

Talent matching covers the processes and tools used to determine and execute placements. Talent matching activities should align with an organization’s goals by providing aspiring leaders with the right development and empowering current leaders to meet organizational challenges. As a first step toward this goal, the team recommended the creation of Geographic Leadership Councils.

Geographic Leadership Councils

To address the Service’s need for additional cross-organizational opportunities, the team developed the concept of Geographic Leadership Councils. Cross-division Geographic Leadership Councils would drive efforts to foster a sense of IRS community, as well as serve as a cross-organizational executive group which identifies, engages and develops the next generation of IRS leadership. The objectives of the Geographic Leadership Councils are to:

- Identify emerging talent from all levels of the Service and from each business unit within a defined geographic area
- Enhance talent development opportunities including cross-divisional opportunities, in a geographic area
- Role-model cultural expectations including a “One IRS” approach to leadership development

Initial pilots of Geographic Leadership Councils will involve events with current and former participants in executive and senior manager readiness programs. Emerging leaders will take part in leadership development events and will interact with senior executives from headquarters and the local geographic area. Executive participation in both the leadership events and the Valuing and Retaining People team’s community pilot events (discussed later) will be coordinated by local leaders to the extent possible.

Focus Area 6

VALUING AND RETAINING OUR PEOPLE

A primary driver of an organization's success is its people. Highly successful organizations place a premium on employee engagement and satisfaction and foster career development and a sense of community among their employees. Federal agencies with fully engaged employees have better business results, use fewer sick leave days, and retain employees longer than agencies with less engaged employees.³ Engaged talent are more likely to stay with their organization, be an advocate of the organization, and contribute to its success.⁴

The IRS is investing in its people by striving to become the best place to work in government. Increasing employee engagement and making sure employees feel valued are critical to achieving the goal of becoming the best place to work in government.

The Valuing and Retaining Our People team's specific objective was to *create a culture at the IRS in which every employee is valued and empowered to contribute to their own success and the success of the organization*. The team developed a series of recommendations in five focus areas to make employees feel valued and want to stay at the IRS. The focus areas were recognition; community; career development; tools and resources; and empowerment, ownership and flexibility.

RESEARCH AND ANALYSIS CONDUCTED

To increase understanding of individual preferences for being valued by an organization and drivers of employee engagement, the following research was conducted:

- Benchmarking IRS employee engagement results against other federal agencies in the Office of Personal Management's Federal Human Capital Survey, Best Places To Work in Federal Government Survey (2007)
- Analyzing the IRS Employee Engagement Survey results for 2007 and 2008
- Conducting focus groups
- Reviewing comments submitted to the Workforce of Tomorrow website
- Gathering internal and external best practices

To understand how the IRS compares to other federal agencies, the team looked to the Best Places to Work in Federal Government Survey (2007) and found that the IRS earns average ratings in employee satisfaction. The IRS had the largest gap compared to the best in class agencies in the areas of training and development, work life balance, and family friendly culture and benefits (See Figure 27 below).

³ The Power of Federal Employee Engagement, U.S. Merit Systems Protection Board.

⁴ Id.

Figure 27

Office of Personnel Management’s Federal Human Capital Survey, Best Places to Work in Government, 2007

Category	Score*	Best in class	IRS gap
Employee skills/mission match	76.9	89.9	13.0
Strategic management	56.7	71.9	15.2
Teamwork	74.0	90.4	16.4
Effective leadership	50.7	71.0	20.3
Training and development	61.3	86.9	25.6
Work/life balance	63.6	87.5	23.9
Support for diversity	58.7	78.9	20.2
Pay and benefits	64.7	82.2	17.5
Family friendly culture and benefits	44.1	66.7	22.6
Performance based rewards and advancement	49.0	64.0	15.0

* Score is a percentage of relevant employees who graded themselves as at least 'Satisfied'
Source: www.bestplacetowork.org

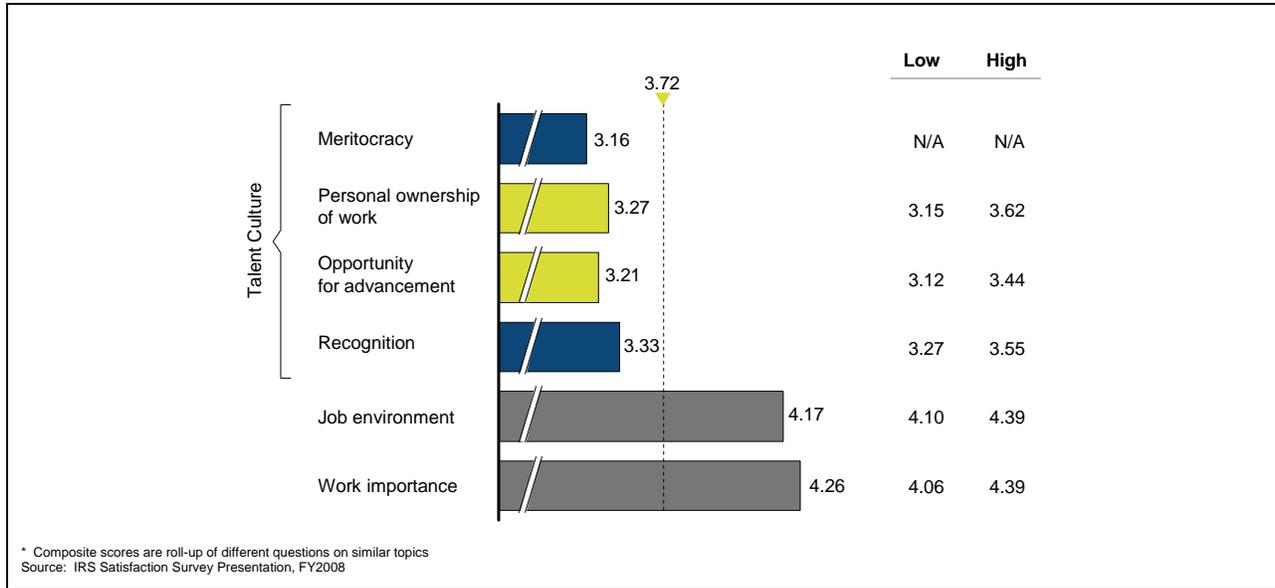
Review of the IRS Employee Engagement Survey results for 2007 and 2008 revealed information consistent with the OPM survey. Employees desire to:

- Own their work
- Be valued on merit
- Have increased opportunities for career advancement
- Receive recognition for innovation and a job well done

On a very positive note, in the areas of job environment and work importance, IRS employees reported above average scores (See Figure 28 below).

Figure 28

Employee survey results show opportunities in ownership, career development and recognition



The richest data came from employee focus groups and analysis of website comments.

In focus groups with over 100 employees in Atlanta, GA; Los Angeles, CA; and Philadelphia, PA; the team gathered multiple insights into the current IRS culture:

- Managers play a critical role - Employees see managers as having almost complete power over whether their job is enjoyable. They want managers to demonstrate fairness, openness, and to clearly communicate expectations.
- Verbal recognition is what employees want most from managers - Employees want prompt and genuine verbal recognition. Many employees believe that verbal recognition matters more than other types of recognition.
- Workload and time constraints make day-to-day life challenging - Employees feel there are often many required steps in a work process. They desire greater empowerment to make choices about which steps will have the most impact.
- High level of dedication is nearly universally present - Almost all employees feel a high level of commitment to the mission of the IRS and a desire to serve taxpayers. Ninety percent felt they understood how their day-to-day work contributed to the mission.

When asked what a valued employee looks like, focus group feedback illustrated that IRS employees have a clear vision of a valued employee. This includes:

- Being respected as a member of the team

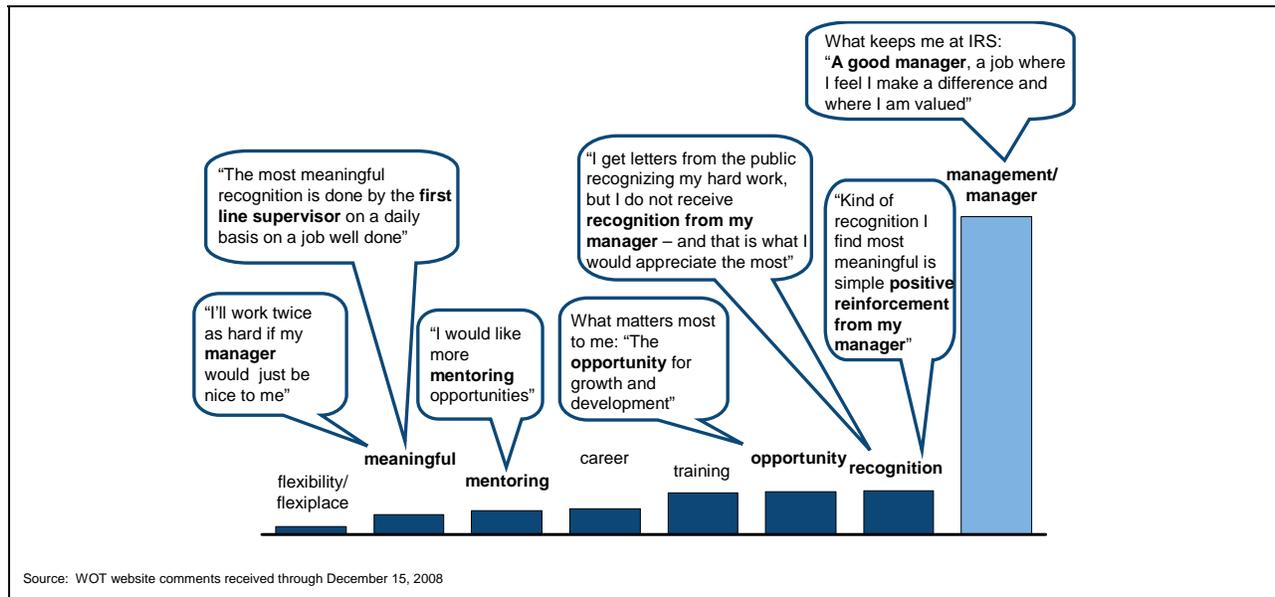
- Being given recognition
- Having increasing opportunities
- Experiencing fairness in the office
- Enjoying other benefits

The team analyzed almost 10,000 web site comments to identify the most frequently referenced words or word clusters. The team found the words used most frequently were “manager”, “recognition”, “opportunity” and “training”. “Manager” or “management” was by far the most often cited indicating the importance of managers to employee job satisfaction (See Figure 29 below).

Figure 29

Employees think their manager is the most important element of their job satisfaction

Relative frequency of word clusters in WOT website comments from employees



In addition, the team conducted research on successful internal and external programs. The research was used to identify potential solutions to affect employee engagement. For example, the Small Business/Self-Employed Division’s Bravo Awards are considered a best internal practice and have been modified for roll out Service-wide.

RECOMMENDATIONS AND INITIATIVES

To drive culture change, the team recommended a set of initiatives organized around five key focus areas. The five focus areas are:

1. Recognition - Acknowledging outstanding performance & contribution

2. Community - Facilitating “social capital” so the whole IRS works well together
3. Career Development - Helping employees plan and build their future at the IRS
4. Tools and Resources - Providing what’s necessary to do the job
5. Empowerment, Ownership, and Flexibility - Supporting the role employees play in solving problems and giving them the flexibility to determine where, when and how work is completed

Each focus area is addressed in turn below, laying out the vision, the recommended initiatives and their minimum design requirements.

1. Recognition

Summary: Two categories of initiatives were designed to improve recognition: Acknowledging Performance, which seeks to ensure that an employee’s achievements are recognized, includes a Manager’s Recognition Toolkit and Electronic Recognition Cards. Honoring Milestones, which acknowledges employees for their service, includes Annual Acknowledgement of Service Computation Date and Retirement Recognition Enhancements.

An important part of valuing people is to promote a culture where managers recognize and appreciate their employee’s contributions and achievements. The Service recognizes employee contributions in both formal and informal ways, with both monetary and non-monetary rewards. However, practices vary widely across operating divisions and many managers have not been provided with accessible tools to help them recognize their employees.

Successful, effective recognition is timely and specific to the achievement and meaningful and fair. Five questions were used to evaluate recognition initiatives:

- How timely is the recognition?
- How specific is it to the achievement?
- Does the magnitude of it match the achievement?
- Is it meaningful to the recipient?
- How fair and transparent is the process?

Two categories of initiatives were designed to improve recognition: Acknowledging Performance, which seeks to ensure that an employee’s specific achievements are recognized, and Honoring Milestones, which acknowledges employees for their service.

Acknowledging Performance

Manager’s Recognition Tool Kit

A tool kit was recommended to provide a centralized location with flexible options for recognizing employees. The team’s recommended design requirements included:

- Communication plan to managers about the importance and the business case for recognition
- Web-based delivery through the Managers' Resource Center
- Content of recognition tools:
 - Orientation guide on the use of the kit
 - 59-minute post cards
 - Printable certificates offering various looks and topics
 - Guidelines for manager awards
- Information about service-wide awards/recognition opportunities by managers
- Process for maintaining, updating and marketing the tool kit
- A process for measuring success and use

Electronic Recognition

The team recommended development and promotion of a web site for celebrating and sharing individual and team successes, as well as the ability to send electronic cards to employees to recognize achievements. The design requirements are:

- Application that allows all employees to participate
- Marketing and instructions about the web site
- Process for maintaining and updating the web site
- Process for monitoring to see if there are any successes that should be highlighted as especially powerful

Honoring Milestones

Annual Acknowledgement of Service Computation Date

The team recommended an automated and simple gesture of appreciation for each year of service and dedication to the mission of the IRS. The design requirements would be:

- Design an automated card
- Develop procedures for distribution of the card
- Develop a process for measuring success and use
- Develop a process for maintaining, updating the tool

Retirement Recognition Enhancements

The team recommended enhancements to recognition of employee retirement. Specifically, the team recommended including the Commissioner's signature on retirement certificates and new ways to mark retirement, such as the presentation of a U.S. flag.

2. Community

Summary: To enhance a sense of community for Service employees, the team recommended a Comprehensive On-Boarding Process and Service-wide Community Events.

Employees generally feel more committed and motivated when they are connected to others throughout the organization. In order to create a sense of community, the team recommended initiatives to provide employees with feelings of membership, influence, integration and a sense of shared emotional connection that will motivate them to contribute fully and remain with the IRS.

Comprehensive On-Boarding Process

The on-boarding process seeks to foster a sense of community with new hires by embracing and connecting them with the organization from the moment they accept a position. The on-boarding process is a 12-month long commitment to new employees. The process begins after the individual formally accepts the position and ends 1 year from that date. The milestones of the process are Pre-Start, First Day - Orientation, First Week, 90 Days and 1 year. Design requirements are:

- Pre-first day
 - Pre-employment information available on an external website
 - Security clearance process begins
 - Assignment of single HR point-of-contact
 - Contact from immediate manager
 - Assignment of Ambassador (an experienced peer)
 - On-boarding checklist
 - Space assignment
- First day
 - Orientation
 - Tools (e.g. computer/telephone), systems access, facility/building access
 - Mission and values of the IRS
 - Personal interaction with supervisor
 - Contact with Ambassador (in person, if possible)
- After First Day
 - Periodic contact with Ambassador
 - Function-specific training (including standard operating procedures)
 - Conduct performance dialogue with manager and follow up
 - Obtain feedback from new hire and Ambassador
 - Introduction and development of career development plan

Service-wide Community Events

To facilitate a stronger connection and sense of belonging, the team recommended a minimum of two service-wide community events held annually in locations across the

country. One event could be a National IRS Day of Recognition, coinciding with national public service week, with the second held at another appropriate time during the year. The design requirements for these events are:

- At least two events per year of a variety of types
- Face-to-face and cross-functional
- Administrative leave for the length of the event (for attendees only)
- Executive or management support in removing logistical barriers and building momentum
- Oversight and administration by Agency-Wide Shared Services (Senior Commissioner Representatives)
- Marketing and communication plan to encourage participation
- Union participation and involvement
- Documentation (photos, newsletter stories) and successes celebrated publicly
- Feedback obtained through evaluations/surveys of attendees

3. Career Development

Summary: In order to enhance career development for all employees, the team recommended initiatives to improve the Career Management Resource Center website.

Focus group interview results showed that all employees desire professional assistance with career development planning. To be successful, the Service should provide comprehensive career development information that is designed to meet the needs of employees at all levels.

Career Management Resource Center

The Career Management Resource Center (CMRC) website is an existing tool that employees may opt to use to determine skill gaps, educational opportunities, career paths, and job vacancies. Enhancement recommendations include:

- Add career paths to managerial and executive positions
- Update and expand job descriptions and requirements
- Updated FAQs
- Include technical and leadership competencies
- Create process to ensure information is refreshed and up-to-date
- Communicate site with caveat that it is a resource to give employees information, not a guarantee of a future job

4. Tools and Resources

Summary: The team recommended initiatives designed to improve tools and resources for employees, including improved marketing of the Employee Assistance Program, establishment of an Adaptive Technology One-Stop Website, and Technology Enhancements.

Employees are most successful when they have all the tools and resources to perform the job. Providing employees with resources helps contribute to a sense of connection, promote productivity, and maintain a healthy work-life balance.

Marketing the Employee Assistance Program

The team recommended the Service enhance the marketing of the employee assistance program, emphasizing work-life services. The Human Capital Office should coordinate with Agency-Wide Shared Services to establish a higher profile web presence for work-life referral services and increase distribution of the existing services description brochure. The design requirements are:

- The program should be publicized more and information should be readily available and easily located
- Stories about people who successfully used the employee assistance program should be publicized
- Re-brand the program to more accurately describe the broad range of services available

Adaptive Technology One-Stop Website

The team recommended the Service establish a one-stop webpage for employees with disabilities needing assistance with adaptive technologies. The webpage would be located in a prominent location and include such things as frequently asked questions, tips, solutions to common problems, and links to all available adaptive technology related services. The webpage would not substitute for a Help Desk ticket but merely serve as an additional tool for employees. The design requirements are:

- Frequently asked questions about adaptive technology
- Map of the process for requesting adaptive technology
- Links to all of IRS's adaptive technology services, processes, and resources
- An interactive mechanism to share solutions
- Resource for managers concerning reasonable accommodation

Technology enhancements

The team recommended two categories of technology enhancements: Consistent Equipment Profiles and a Modernized Intranet.

Consistent Equipment Profiles

Employees in similar jobs have been historically assigned different equipment depending on their division or geographic location. Standard profiles should be established by occupation. This will improve fairness for all employees as well as efficiency in providing equipment to new hires.

Modernized Intranet

The IRS intranet is currently an assortment of business unit websites. It reflects the traditional outdated paper-based culture of the IRS. Minimal publishing and writing standards and dispersed ownership have left employees with duplicative and disjointed content.

The Service needs one intranet that adapts to our workforce, responds to our business needs and integrates the latest technology including: consistent information architecture, a content management system, easy access to and easily developed self-service applications, collaboration capability, single or reduced passwords and an optimized search engine. Because knowledge resides in our people, not our documents, our Web workplace needs an efficient knowledge management solution that captures the collective knowledge and expertise of our most valued asset.

The team recommended a new office responsible for building and managing a modernized IRS intranet. An office where all of the human and technical resources — server administrators; hardware and software IT specialists; security; content strategists, content developers, writers and content managers; and usability, information architecture, design and search engine optimization experts — are focused on a common purpose.

5. Empowerment, Ownership, and Flexibility

<p><i>Summary:</i> To enhance employees' sense of empowerment, ownership and flexibility, the team recommended Formalized Service-wide IRS Values, Expanded Flexiplace and Alternative Work Schedules, and a Teamwork Model Pilot.</p>
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Employees are more likely to feel valued and take ownership of their work when they are empowered to make meaningful decisions and offered alternate approaches as to where, when and how work is performed. In addition, communicating the values of an organization can increase ownership and empowerment. Organizations that provide

such an environment are generally better positioned to successfully compete for the personnel with the talent, knowledge and skills needed to accomplish the mission of the organization.

Formalized Service-wide IRS Values

While there is an impressively high level of dedication among IRS employees and broad understanding of the agency's values, the team identified a need to formally define and communicate a set of Service-wide values which should help empower employees with a sense of common purpose. The official IRS Values are:

- **Honesty and integrity**
 - We uphold the public trust in all that we do; we are honest and forthright in all of our internal and external dealings
- **Respect**
 - We treat each colleague, employee and taxpayer with dignity and respect
- **Continuous improvement**
 - We seek to perform the best that we can today, while embracing change, so that we can perform even better in the future
- **Inclusion**
 - We embrace diversity of background, experience and perspective
- **Openness and collaboration**
 - We share information and collaborate, recognizing that we are a team
- **Personal accountability**
 - We take responsibility for our actions and decisions and learn and grow from our achievements and mistakes

Expanded Flexiplace and Alternative Work Schedules

Employees have strongly communicated a desire for increased flexibilities. Recommendations to expand opportunities for employees and managers to participate in work schedule and workplace flexibility include:

- Process for evaluating whether specific work is appropriate for workplace flexibility
- Published guidelines specific to the occupation/and the work being done that are consistent across the service
- Consistent administration and more transparency into the administration of flexible work arrangements for managers

Collaborative Teamwork Model

Collaborative teams provide shared ownership of work, participation in decision making by employees, and a working environment in which skills can be shared. This enables employees to bring the best knowledge to solve problems leading to a better answer and more innovative solutions. The design requirements for piloting a collaborative teamwork model are:

- Shared processing of the work
- Accountability to peer team members and manager
- Group contains people of different skills
- Diversity of experience (grade level) and knowledge
- Range of complexity in work assigned to the team

INITIATIVE IMPLEMENTATION

Each Workforce of Tomorrow Task Force team's recommendations and initiatives have been passed to the appropriate operating function within the Service for implementation. The Human Capital Office is responsible for implementation of the majority of the recommendations. In addition to the HCO employees who served as subject matter experts on the Task Force, several Task Force members are now embedded in HCO to provide continuity and implementation support.

The Special Projects Office within HCO will oversee implementation of the Workforce of Tomorrow initiatives. Individual initiative implementation will be tracked according to a set of agreed upon milestones using an electronic tracking system. There will be periodic briefings to the Commissioner and Senior Executive Team on Workforce of Tomorrow implementation status.

The recommendations of the Workforce of Tomorrow presented in this report lay the foundation for improvement. In order to keep the momentum going, the Commissioner plans to convene an Annual Workforce Summit to ensure continued focus on workforce issues. IRS executives, readiness program participants and other emerging leaders will be invited to the summit to evaluate progress, identify future areas for improvement and develop additional solutions to make the Service the best place to work in government.

LIST OF ABBREVIATIONS

AWSS – Agency-Wide Shared Services
BOD – Business Operating Division
CC – Career Connector
CDP – Candidate Development Program
CLP – Career Learning Plan
CMRC – Career Management Resource Center
CRO – Centralized Recruiting Organization
DCOS – Deputy Commissioner Operations Support
DCSE – Deputy Commissioner Services & Enforcement
EAP – Employee Assistance Program
EOD – Enter on Date
EQ – Embedded Quality
EQRS – Embedded Quality Review System
ERC – Employee Resource Center
ETA – Electronic Tax Administration
FISMA – Federal Information Security Management Act
FLMC – Front Line Manager Course
FLRP – Front Line Manager Readiness Program
FMA – Federal Managers Association
FOD – Functional Operating Division
HBCU – Historically Black College or University
HCO – Human Capital Office
IRS – Internal Revenue Service
LEADS – Leadership Education And Delivery Services
LMSB – Large and Mid-Size Business
LSR – Leadership Succession Review
MAC – Manager Advisory Council
MAG – Manger Advisory Group
MCO – Mission Critical Occupation
MITS – Modernization and Information Technology Systems
MRC – Managers’ Resource Center
NTEU – National Treasury Employees Union
OLSP – Office of Leadership Succession Planning
OPERA – Office of Program Evaluation & Risk Analysis
PMA – Professional Managers Association
POD – Post of Duty
RA – Revenue Agent
RO – Revenue Officer
SES – Senior Executive Service
SETR – Single Entry Time Reporting
TCO – Tax Compliance Officer
TEGE – Tax Exempt and Government Entities
THR – Talent, Hiring and Recruitment
TIMIS - Treasury Integrated Management Information System
SBSE – Small Business Self Employed
W&I – Wage and Investment
XR – Executive Readiness Program

