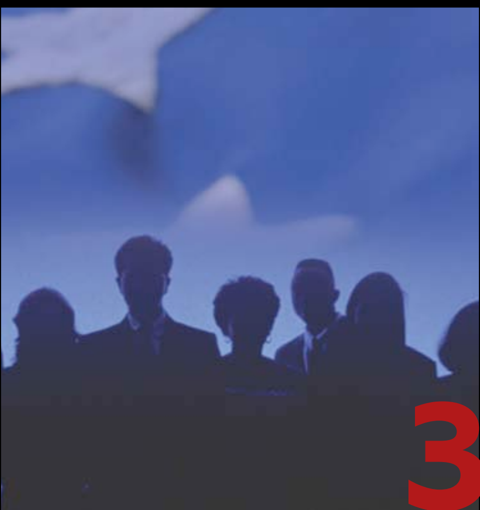
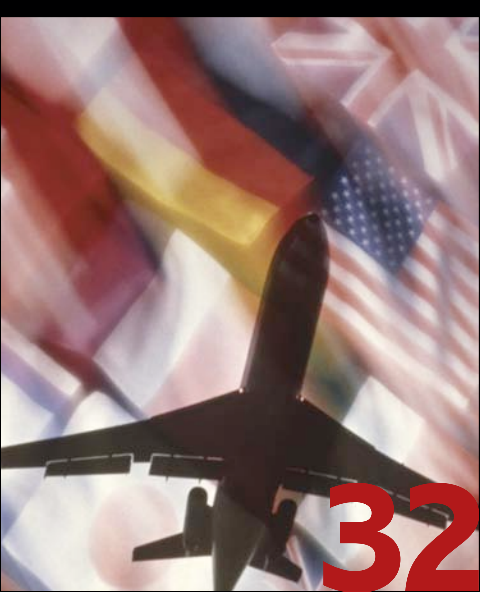
The Federal Manager





COVER

FEATURE

DEPARTMENTS

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Federal Management: A Golden Gate to a Career of Service

FMA National President Darryl Perkinson

San Francisco, the city at the edge of the Golden Gate, was a perfect location for the leaders of our Association to meet for FMA's 16th annual Mid-Year Conference. The majesty and beauty of this great American city provided a perfect backdrop for the elements of change and the discussion of our Association's future in serving our membership.

The keynote speaker for our meeting in San Francisco was Mr. Peter Spencer – Regional Commissioner of San Francisco Region IX of the Social Security Administration. I appreciate Spencer showing his support for our conference by sending several employees to our training day. Mr. Spencer laid out a clear framework of the challenges we face every day in our work environment – recruitment, retention, and inadequate budgets. This message set the stage for our delegates to discuss the impact these challenges have on our daily environment.

I wish to thank the members of FMA Zone 7, and in particular Chapters 167 and 307, for the hospitality shown to those in attendance. The elegance of the Intercontinental Mark Hopkins Hotel was an ideal location for the delegates to receive the excellent training organized by our National Vice President Jim Mahlmann. The National and General Executive Boards worked in the days before the conference to discuss FMA's 2008 budget and establish plans to continue our movement forward in the areas of recruitment and retention. I want to personally thank the members of the NEB and GEB for the support they give me throughout the year. Discussions were held, and will continue at the upcoming Zone Conferences, on the elements of change that will be taken to better serve our members.

Change was a major theme of my briefing and our response to change will remain key to our moving forward. As we prepare to push our issues ahead this fall, we must be open to change in order to achieve the best results for our membership. As we prepare our issues to take to Capitol Hill, FMA will continue to utilize its strength of non-partisan advocacy to deliver our message. It is evident that the 2008 election will be dynamic and emotionally charged. It will take hard work and persistence on the part of our leadership at the National and Conference levels to maintain an even and consistent message regarding the issues that impact our members and agencies every day.

It was a pleasure to introduce our new Director of Public Relations and Marketing, Todd Wells. Todd presented to the GEB, and then to the conference delegates, an overview of his work done for FMA. The delegates were briefed on the upcoming national recruitment effort we will be launching with Federal News Radio. The process for following-up with potential new members was covered. An extensive discussion of the FMA Web site, and efforts to make it more accessible to members and potential members, gave Todd insight into a variety of ideas our members have for its use. Todd also discussed his examination of member services, and he is seeking feedback from all members on potential services we can offer to our membership.

The Conference ran in its usual smooth fashion due to the hard work and professionalism of Jessica Klement and Marissa Rivera of the National Office. The tremendous effort they make in preparing the materials and information for the delegates is top notch. Again, TEAM FMA stood out as efficient and well-run as the conference came to a conclusion.

As we move into the fall, I extend to you an invitation to bring your concerns forward to the FMA leaders of your Zone, Conference, or the National level. Together, we can exponentially increase our success if we utilize the power behind TEAM FMA. I look forward to working with each of you at our upcoming Zone conferences to discuss how FMA can become more powerful and better serve its members and members-to-be. ■

FMA Magazine Staff

Publisher
Darryl A. Perkinson

Editor
Todd V. Wells

Assistant Editor
Jessica Klement

Contributors
Karl Gruss
Marissa Rivera

Editorial Board
Patricia A. Spade
John C. Priolo
Sherman G. Williams

Advertising Manager
Todd V. Wells

Circulation Coordinator
Marissa Rivera

Graphic Design and Production
digit design and InTech Group

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The Federal Manager
1641 Prince Street
Alexandria, VA 22314-2818
Tel: (703) 683-8700 • Fax: (703) 683-8707
E-mail: info@fedmanagers.org
Web address: www.fedmanagers.org

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All materials submitted to *The Federal Manager* should pertain to public service managers. Copy should be double-spaced, no longer than 10 pages. Color photographs, 35 mm color slides, charts, or other illustrations should be included if possible. Text should be submitted on compact disc, labeled with type of software and name of file. Also include a biography of the author.

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The Federal Manager
1641 Prince Street
Alexandria, VA 22314-2818
Telephone: (703) 683-8700 • Fax: (703) 683-8707
E-mail: info@fedmanagers.org

Internal Revenue Service

Providing America's Taxpayers Top-Quality Service

Q & A with IRS Acting Commissioner Linda Stiff

On July 27, 2007, the Internal Revenue Service (IRS) announced the promotion of Linda Stiff to the position of Deputy Commissioner for Services and Enforcement, and in that capacity, she will serve as IRS Acting Commissioner. In her first interview since assuming this position, the Federal Managers Association (FMA) posed the following questions. FMA thanks Acting Commissioner Stiff for graciously taking the time to respond during this transition, and wishes her success in her new position.

Q. Thank you for finding time to speak to the Federal Managers Association.

As a career federal employee of 27 years, I appreciate the chance to talk with you. I am critically aware of the importance of the Federal Managers Association and the role your members play in government. This is the first interview I've done since the announcement I would become the IRS Deputy Commissioner for Services and Enforcement and Acting IRS Commissioner and I'm pleased it is with such a distinguished organization for which I have so much respect.

Q. In your view, what is the IRS mission?

The official IRS mission statement really says it well. "Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all."

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This statement really captures the focus of the IRS's 104,000 employees and managers.

Q. What do you view as the greatest opportunity IRS has today? What are the biggest challenges?

The best leaders are constantly on the lookout for opportunities to improve their organization's effectiveness and efficiency. I can think of several, but if I must pick one, I would say it's the opportunity to affect taxpayer's attitudes about paying their taxes.

The IRS Oversight Board conducts an annual "Taxpayer Attitude Survey." In the latest results released in February, 94 percent of respondents completely or mostly agreed that it is every American's civic duty to pay their fair share of taxes.

Our greatest opportunity is to build on this. Ideally, taxpayers should feel good about paying their taxes and be disturbed if they know of someone who isn't, since tax dollars are used to provide goods and services that benefit the general public and meet broad societal needs.

With IRS managers and employees constantly striving to fairly administer our tax system and provide assistance to the taxpaying public, I know we can make progress in this area.

As for challenges, being able to rapidly respond to ever evolving tax administration issues such as tax law changes, critical information technology enhancements, emerging areas of noncompliance and the impact of the global economy are all issues that require the collective talents of IRS leaders, employees and stakeholders to address. Speaking of stakeholders, at the IRS we are fortunate to have an extensive number of stakeholders who are interested in our actions and provide us with excellent feedback. We welcome these varying perspectives, but the varying interests can also be challenging to balance. In the end, I truly feel the wide range of ideas and opinions ultimately leads to more effective tax administration.

Q. Former IRS Commissioner Charles Rossotti pledged to turn the IRS into an organization that consistently provides first-rate customer service. Do you believe his vision has been realized? How would you define customer service for the IRS?

First-rate customer service is providing the appropriate information and assistance to a taxpayer when he needs it to help him meet his tax obligations in the least burdensome manner possible. IRS has made significant strides over the past 10 years in the area of customer service. Taxpayers have more options for reaching us and it's easier than ever to do so. Electronic alternatives have significantly increased. On our Web site, you can do everything from check the status of your refund to set up an installment agreement. You can also file and pay electronically, get an employer identification number, calculate your withholding and watch an online small business workshop. I'm really proud of what our employees and managers have done to accomplish this.

All this said, our vision of world-class service involves ongoing assessments of changing needs and making enhancements and improvements as needed. We are very proud of a recently completed five-year plan for taxpayer service known as the "Taxpayer Assistance Blueprint." The plan provides a comprehensive portfolio of future service improvement recommendations and research studies, as well as setting forth a sound strategy to ensure taxpayer service remains a key consideration in IRS budget and strategic planning processes.

Q. It is has now been almost a decade since IRS began the process to reorganize and reinvent itself. How do you think it's going?

In October 2000, the IRS undertook its first extensive reorganization in almost fifty years. The goal was to make our agency more responsive to the needs of our customers while maintaining the integrity of the tax system and ensuring the most productive use of resources.

We remain confident of our customer based structure. Yet, like our continual assessment of taxpayer service needs, we also assess our organizational alignments on an ongoing basis for improvement opportunities.

For example, our Small Business/Self-Employed Division (SB/SE) continues to focus on the same customer base, but we determined in FY05 that we could improve accountability and oversight by realigning its compliance organization along functional lines. The changes only took place at mid-level manager and above, with no significant impact on front-line employees. But the change helped focus SB/SE leadership on specific enforcement aspects -- examination, collection, specialty taxes and campus compliance programs.

Q. IRS leaders have spoken a number of times about how it is not possible to audit our way out of the "tax gap." What is the tax gap? Why do you believe IRS cannot eliminate the tax gap through compliance activity and how can the tax gap best be addressed?

The tax gap is the difference between what taxpayers should pay and what they actually pay on a timely basis. For tax year 2001, the gap equaled approximately $345 billion. Late payments plus our enforcement efforts recovered $55 billion, leaving a net tax gap of $290 billion. Of the $55 billion recovered through late payments and enforcement efforts, $17.2 billion was from examinations.

As for audit coverage rates, they have increased the past six years, but even so for FY06 were about 1 percent overall for individuals (with significantly higher rates for higher income returns), and less than 1 percent overall for businesses (again with significantly higher rates for higher income returns). So even if we doubled or tripled our examination efforts, it wouldn't significantly impact the tax gap.

We must continue improving enforcement efforts, but it will take a combination of that plus other actions to have a significant impact including: continuing improvements in technology; gathering more information through research, enhancing taxpayer service; reforming and simplifying tax laws; coordinating with partners and stakeholders; and, reducing opportunities for evasion through legislation and increased published guidance.

Top-Quality Service

Q. IRS statistics show great improvements in compliance results. These improvements have been achieved even though there has been a reduction in the number of employees in traditional compliance positions. Can you explain the reasons behind IRS' compliance improvement, the impact of the reduction in compliance personnel and what is being done to reverse this personnel trend?

It has taken the collective support of multiple IRS functions to accomplish the improved compliance results. Across the board from Human Resources to Budget, Learning and Education to Compliance, our leadership has banded together to manage and work more effectively with our limited resources. Efforts that have helped include reengineering old processes, centralizing processes, improving workload selection techniques, increasing managerial involvement in cases, and reducing agency overhead in some internal support functions.

While our enforcement staffing decreased several years in a row, it has been increasing since FY04. Recruitment, hiring, and training remain a priority.

It is also important to note that we have not sacrificed service at the expense of increasing compliance. We have continued to show improvements in customer service, as discussed earlier and expanded outreach and education during the same time we've increased our compliance efforts.

Q. IRS has been at the forefront of the compensation revolution in the Federal Government. IRS was one of the first agencies to have its managers placed in a pay-for-performance payband system and removed from the General Schedule. How do you think paybanding has worked for IRS?

IRS is still working through various stages of paybanding implementation and during implementation the range of reaction from our managers has varied. But as we continue to work through various issues, it is our belief that pay for performance options, such as paybanding, will assist us in recruiting, retaining and rewarding high performing managers.

Q. FMA members appreciate the strong support you have shown for FMA participation in IRS decision-making. What do you view as the appropriate role of management associations in IRS? How can FMA best support IRS Leadership?

Tax administration would be impossible without good managers, and it's vitally important for the views of managers to be heard, not just in the IRS but beyond. FMA helps move this important process forward. As an IRS leader, I appreciate FMA's open communication regarding what we are doing well and of course your input on the areas we can improve upon is very helpful. I know I and other IRS leaders truly welcome the dialog.

Q. What final thoughts would you like to share with FMA members?

I would like for FMA members to know that the IRS senior leadership team and I value and appreciate the dedication and sacrifice it takes to be a federal manager. There's no doubt it's a challenging and demanding job. We are lucky to have smart, experienced managers in the IRS.

Like many other federal agencies we're seeing increased attrition as many people reach retirement eligibility, which is why it is critical for managers to develop leadership and management potential in their employees. Not only is it a good career move that can be personally and financially rewarding, but developing our next generation of leaders is critical for effective tax administration.

And as I said earlier, FMA is one of the IRS' most respected stakeholders. We look forward to a continued partnership with you and ongoing dialogue as we work together to administer the greatest tax system in the world.

What's New in Leadership Development at IRS

Leadership Development at the IRS is keeping pace with evolving trends by focusing on experiential learning, coaching and succession planning. All three of these approaches to development are grounded in the theories and research of some of the foremost thinkers on leadership, including the following authors' books: *From Good to Great* by Jim Collins; *The Next Level* by Scott Eblin; and, *The Leadership Pipeline* by Ram Charan.

Experiential Learning

An important trend in leadership development is putting people directly into challenging jobs in which they learn by doing. Developmental assignments are a key component of the Readiness Programs, in which people not only get a chance to understand what it takes to handle a job at the next level, but also to demonstrate their ability to lead successfully. The IRS is also revising its Candidate Development Program so that new executives are placed into a challenging developmental assignment early in the program. In addition, the candidates work with their Mentors using an "Action Learning Cycle," to enhance their learning while on the job.

Coaching

Experiential Learning could be hit or miss without someone to help make sense of what is happening in the new job assignment. That's where coaching comes in. Coaches and Mentors help people to digest their experiences, to reflect on how they influence events and people surrounding them, and to plan strategies to handle situations more effectively. Through its leadership development programs, the IRS has been training managers at all levels to act as Coaches and Mentors. The training takes a two-pronged approach. Managers are given feedback on their performance by instructors who act as coaches. They are also given opportunities to practice coaching, using a clearly articulated model to guide them.

Succession Planning

Planning for the future is critical to sustaining success. As a substantial portion of the current workforce ages and retires, capable new leaders need to be identified and trained to take over the reins. One way the IRS looks to the future is through a series of Readiness Programs, which prepare potential employees for management positions. There are four programs in place.

1. The Front Line Readiness Program for employees seeking entry to management for the first time.

2. The Department Manager Readiness Program for front line Campus managers seeking to move to the next Campus leadership level.

3. The Senior Manager Readiness Program for managers seeking to lead large organizations.

4. The Executive Readiness Program for highly successful senior managers who aspire to lead the entire enterprise.

Another means of ensuring an orderly succession is a process just getting under way at the IRS – the Leadership Succession Review – in which managers meet with each employee to determine the person's interest in and suitability for leadership positions at all levels of the IRS. A key outcome of these discussions is finding ways for capable employees to develop their skills and knowledge through training and developmental assignments. This program, which is rolling out now throughout the organization, has begun with senior managers and will soon include employees at all levels.

Leadership Succession Review

Like the rest of government, the IRS is losing leaders to retirement and attrition at a high rate. In five years, about half of our leaders will be eligible to retire. While some have referred to the approaching phenomenon as a "retirement wave," Office of Personnel Management Director Linda Springer calls it a "retirement tsunami." To address it now, the IRS is implementing Leadership Succession Review (LSR).

Leadership Succession Review is a consistent, structured process that all IRS managers and executives will use to ensure skilled and ample bench strength in the talent pipeline. The program was piloted within several divisions, and is now being implemented across the agency.

Benefits

The Leadership Succession Review process will give leaders:

- A clear line of sight into their leadership pipeline. It lets them know where they have abundant talent to select from and where there are gaps. An automated system will make this easy.

- A complete understanding of their bench strength by position, geography, and level of readiness.

- An understanding of organizational leadership competency gaps.

- A broader view of talent beyond their immediate stovepipe.

- An ability to make strategic recruitment and training decisions. It helps identify where development is needed so those aspiring to lead can build the right skills and be ready when the opportunity presents itself.

While the program will help the IRS plan for future leadership vacancies, the information gathered will not be used for performance evaluation. All employees will still have to go through the competitive process to be selected for any management position.

Actions

For the LSR to be successful, IRS managers at all levels need to:

• **Complete the LSR.** The LSR has several steps or phases. It is not just a paper drill -- far from it. Managers will need to make careful considerations to complete assessments of leadership competencies on each of their subordinate managers. Then they can have meaningful conversations about leadership potential with leaders reporting to them or to whom they report. Such efforts will take time.

• **Recognize leadership competencies in subordinates.** The IRS has identified a number of "leadership competencies" -- attributes leaders must exhibit. Managers will need to learn more about these competencies, recognizing how they appear in subordinates and where they need further development.

• **Be the eyes and ears in identifying talent.** Managers know their subordinates better than anyone, so they recognize talent and potential. Managers will be on the lookout for the talent in their organization, remembering that talent comes in all forms.

• **Help candidates reach their full potential.** Use what they know about their managers and the IRS leadership competencies to help talented individuals build on their strengths through a variety of development options.

• **Develop yourself to keep your leadership edge**. As managers learn more about the potential of others, they will need to be mindful of their own needs. They will have an opportunity to assess themselves on the 21 leadership competencies, discuss them with their managers, and map out a plan for their own continued development.

The Leadership Succession Review process provides an opportunity for all managers to become actively involved with their development while offering the IRS a standardized, repeatable process to identify potential leaders at all management levels. By formalizing the process, IRS can better prepare for business continuity at the leadership level and address the organizational needs in a timely, efficient manner. The LSR process occurs in four stages.

• **Stage 1 – Data Gathering** specifically places emphasis on the individual. Individual managers are assessed (by themselves and their managers) on the 21 IRS Leadership Competencies. Then, the supervising manager places each individual direct-report manager onto an LSR Matrix.

• **Stage 2 – Conduct Talent Review Discussions** shifts the focus to the organization. Executives and Senior Managers lead meetings to discuss possible successors for their direct-report managers' positions. The meeting provides a talent review of individuals and their readiness to fill leadership positions in the future. The talent review includes sharing strengths and highlighting areas for development in the context of the Leadership Competencies. Recommendations for leveraging and developing these competencies can also be discussed during the Stage 2 meeting.

• **Stage 3 – Roll up LSR Information to Senior Leaders** remains focused on the organization. Executives meet with their direct-report Executives to discuss rolled-up information from Stage 2 meetings. The focus is to provide aggregate data and trends observed within the various organizational units.

• **Stage 4 – Provide Individual Feedback and Development Ideas** shifts the focus back to the individual. Each individual has a candid one-on-one conversation with his/her manager. In this conversation, the manager provides feedback regarding the data gathered in Stage 1 and the discussions held in Stages 2 and 3. The purpose is to inform the individual regarding suggested leadership development for potential future leadership opportunities. The feedback should serve as a foundation from which to build Career Learning Plans (CLP's) for all managers.

IRS has been working diligently in the area of leadership development in order to keep up with the rapidly changing workplace and to ensure that the future of America's tax collection agency is secure.

	Purpose	Participants	Activities
Stage 1	Gather Data	Frontline Managers Department Managers Senior Managers Executives	1) Validate the current organizational structure. 2) Complete the Assessment of Leadership Competencies. 3) Create an LSR Matrix.
Stage 2	Conduct Talent Review Discussions	Department Managers Senior Managers Executives	1) Create a Consolidated LSR Matrix. 2) Complete the Note-Taking Tool. 3) Create a T-chart of organizational strengths and areas for development.
Stage 3	Roll Up LSR Information to Senior Leaders	Executives	1) Discuss Senior Managers' readiness to become Executives. 2) Complete the "Stage 3 Discussion Document." 3) Make revisions to the Consolidated LSR Matrices.
Stage 4	Provide Individual Feedback and Development Ideas	Frontline Managers Department Managers Senior Managers Executives	1) Review and discuss self-assessment ratings and managerial ratings. 2) Discuss readiness to backfill specific leadership positions. 3) Identify approaches to address development. 4) Develop a CLP for individual development.