Breakthrough Performance at IRS Appeals

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Discussion Agenda

• **Overview and Background**…context for change
• **The Improvements**…what we accomplished
• **The Opportunity**…what we faced at the beginning
• **The Process** we used to achieve breakthrough…fast, roughly right, focused
• **The Ongoing work** to institutionalize our new way of doing business…staying close, targeted involvement in the process, publicizing results, assessing and reinforcing behaviors, recognizing accomplishments, institutionalizing processes, communicating…..communicating….communicating
Background

- Appeals History
- Changes in Work and Customer Base
- Impact of Restructuring Act on Appeals
  - IRS customer organizations
  - Emphasis on Service
  - Relationships with Stakeholders
  - Relationships with Taxpayers and Representatives
What We Learned About Trying to Stay the Same

- Assumptions that old systems and processes would work when customers and stakeholders were undergoing major changes did not hold up.
- Expectation that because ‘we’ were not changing the customers and stakeholders would retain the traditional systems and processes to deal with us proved to be wrong.
- Operating independently (and traditionally) from the changing organizations because we did not change isolated us from the mainstream.
- Adding resources and technology did not help in the face of dramatic workload increases driven by the policy shift.
Our Performance at the Start

• Business Results
  – Cycle Time                     279 days
  – Hours Per Case                16.86 hours
  – Dispositions/FTE              37 cases
• Employee Satisfaction          39%
• Customer Satisfaction          44%
Our Breakthrough Improvements

• Business Results
  – Cycle Time 6%
  – Hours Per Case 25%
  – Dispositions/FTE 49%

• Employee Satisfaction 36%

• Customer Satisfaction 20%
Our Timeline

- 06/02  • David Robison Reports as Chief, Appeals
- 11/02  • Karen Ammons Reports as Deputy Chief
- 01/03  • Tommy DeWeese Reports as Director, Strategy & Finance
- 02/03  • New Organizational Model Implemented
- 08/03  • Mary Tapley Reports as Director, Field Operations – West
-                • Phil Mahler Selected as Director, Technical Services
Our Timeline

- 08/03  Philadelphia Experience
- 09/03  Teams Formed and Ideas Developed
- 03/04  Team Develops CPE Messages
- 06/04  First Transformational Leadership Class
          Pilot CPE Class
          CPE Completed
- 07/04  Local Plans Completed
- 09/04  Local Bargaining Begins
- 10/04  Full Implementation Begins
Discussion

• Q and A about Appeals
• Q and A about the “Results”
What Confronted Us at the Start

“The Commissioner's Charge”

The Challenges and Opportunities the Policy Shift Presented
Major Challenges

- Changing workload dynamics
- Mismatched skills and workload
- Geographic inflexibility and Organizational Structure
- “Change Fatigue”
- Entrenched processes and practices rooted in old assumptions
- Highly decentralized work structure and processes
- Mission and Operational concepts out of sync with the new environment and demands
- Low Employee and Customer Satisfaction Scores
Major Opportunities

• Access to Campus/Mass Processing Expertise
• New Top Leadership Team
• Pockets of Performing Processes
• New Employees and Managers brought on board with additional workload
• Experienced workforce
• Commissioner's Office Interest in Improvement
Phase 1- Reshaping the Organization to Fit the New Policy

- Re-defining relationships and ensuring organizational credibility
- Aligning Mission and Vision
- Identifying and recruiting a leadership team
- Assessing the talent and workforce
- Clear definition of success using performance targets
- Organizational changes that support success
- Setting the stage to involve everyone in the effort
Discussion

This was ‘setting the table’- what questions do you have about:

• What Dave and Karen did?

• The challenges you see in doing this in your setting or organization?
Phase 2- Engaging Employees at All Levels in the Transformation

“The Philadelphia Story”

Creating a common theme, vocabulary and business process that engaged the ‘right’ people within Appeals
Using “Breakthrough Performance Strategy” to Reach Performance Targets

• Focused on the key performance targets and identified pockets of ‘new’ performance
• United the executives around the key targets and developed an aggressive schedule…Identified, understood and planned around risks
• Engaged a core team of ‘high potentials’ to work the process and lead the effort
• Moved fast and in new ways to implement dramatic improvement
• Involved customers/stakeholders in key work-streams by identifying common (measurable) interest in performance
• Executives (at all levels) stayed focused and involved and “listened”
• Refined and improved the strategies by involving more people in the process of building and implementing
Discussion

This phase was about engagement of people at all levels the transformation effort..it starts with the right executives and key leaders who ‘get it’ and builds credibility through ideas and processes from the people within the organization. This process creates the ‘buzz’ and credibility around the new business models.

Three concepts for discussion:

• Power of ideas from within the business
• Power of engagement by leaders all the way through the effort
• Putting the effort into the hands of key leaders
Phase 3- “Cementing In” the New Business Model

“The Landsdowne Chronicles”

Creating new relationships with managers and employees by engaging them in the process and modeling new leadership behaviors
Ongoing ‘Breakthrough’ to Transform Appeals

- Delivering high quality employee CPE to implement the breakthrough strategies
- Involving all managers and all executives in the process through a series of ‘breakthrough’ sessions that replaced ‘all manager’ meetings
- Inventing rewards and recognition unique to the effort
- Using the breakthrough sessions to develop up close relationships with leaders and gain a sense of their commitment
- Used participation in the process to help with succession planning
- Asking all managers who participate in the meetings to provide feedback about barriers to success, communication needs, and employee engagement suggestions
- Identifying second and third generation breakthrough projects and teams to involve more leaders in the “new business model”.
Discussion
This phase was about involving a wider cross section of leaders in the change process, getting feedback on what would help success, building a common framework of working on improvement, and getting up close and personal with the effort.

This was a choice made by the Appeals leadership-

• Why discard old leadership assemblies and networking?
• What was the value of investing significant executive time in multiple sessions on essentially the same topics and problems?
Phase 4- From Today Onward

How will Appeals live up to the reputation it’s earned? What are our plans for ongoing breakthrough?
Lessons learned and Ongoing Steps to Sustain Results

- Learned the power of focusing on key business improvements to manage the “political” pressures in a policy change environment
- Learned how the basics, a fast pace, and managing the early risks can build organizational credibility
- Learned that a leadership focus and direct personal involvement can have a great payback
- Learned that communication and trust are key success factors
Lessons Learned and Ongoing Steps to Sustain Results

• Next steps- engaging key customers in breakthroughs where we both have a measurable stake.
• Next steps- engaging employees and their representatives in the process to bring it to every level
• Next steps- visible changes and leadership succession based on commitment to the effort and ongoing reward and recognition for active participants
• Next steps- continued use of technology to improve communications with the organization
• Next steps- repeat the cycle, ask for even greater improvement now that we have shown ourselves what we can do
Elements of The Breakthrough Process

- People …we involved our best
- Processes…we picked the worst
- Performance…we found it from within
- Leadership…we expected what we modeled
- Expectations…we set the bar high
- Accountability…we measured it all
- Communications…we were relentless
Final Questions
Summary Process Overview

• Communicate the reasons for change, gain trust and credibility
• Communicate “urgency” and “think big” from the beginning
• Frame the change with a clear vision
• Get senior leadership on the ‘same page’ and build a strategy
• Identify risks to be managed and set an assertive timeframe
• Set clear goals and accountability
• Look within for what is ‘working’ and focus on the critical few
• Hand pick your ‘first responders’
• Challenge your best with ‘big goals’
• Let your best turn goals into ideas and breakthroughs
• Create momentum by involving everyone in the same process
• Support the new performance culture with rewards and recognition
Thank You

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• To IRS Appeals managers and employees for making this a story we could tell
• To you, the audience, for your interest and questions