Reports Management --- Objectives and Types of Analysis

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Mr. Usilaner has done us all a service by showing the background from which the present reports improvement project emerged. The President himself has given us a monetary goal, and we now need to indicate some of the ways open to us in meeting that goal based upon our previous Federal experiences.

Reports management programs generally have four objectives. Today we shall consider each of them briefly, for it is through implementing these objectives that results are obtained.

. Elimination of reports, or data, of marginal value.

. Consolidation and simplification of reporting systems.

. Use of most economical methods of reports preparation and processing.

. Determination of information or data requirements.

The implementing of these objectives is usually done, ~~as Mr. Usilaner~~ ~~has intimated,~~ through the use of management analysis. Management analysis is a generic term for a sizable number of specialized types of analysis, of which reports improvements tends to utilize four of the specialties most often:

. Cost analysis.

. User requirements analysis.

. Procedural analysis.

. Presentation analysis.

The four objectives, plus the four types of analysis, gives me eight things to discuss. Most successful speeches don't ask the listener to remember so much, but I'll take the risk.

The c   [Approved For Release 2006/11/13 : CIA-RDP75-00399R000100190009-8](approval stamp)
execut   in effectiveness it produces. This may come about in either
of two ways (1) the executive, in revolt, reads very little and misses
some things he should have read, or (2) the executive slips into reports
addiction and those reports that then can't be finished in the office
become homework.

Many management information practitioners insist that the coming of the
electronic computer now makes it possible for managers to finally get
all the information they need. This approach results in executives
being urged to indicate what additional kinds of information they would
like to have and they using the computer to generate it if it is
statistical.

Unfortunately what is needed more often is not additionally computed
information but a better formulation of what factors impact on agency
effectiveness and to what extent.

Ralph Cordiner, as president of the General Electric Company, once
said in this connection:

"It is an immense problem to organize and communicate the information
required to operate a large, decentralized organization.... This deep
communication problem is not solved by providing more volume of data
for all concerned, by faster accumulation and transmittal of conventional
data, by wider distribution of previously existing data, or by holding
more conferences. Indeed, the belief that such measures will meet the....
[management information] challenge is probably one of the great fallacies
in....managerial thinking.

"What is required, instead, is a far more penetrating and orderly study
of the [organization] in its entirety to discover what specific informa-
tion is needed at each particular position in view of the decisions to
be made there."

1.   Elimination of Reports, or Data, of Marginal Value

The first goal of reports improvement programs has long been the elimina-
tion of reports, or data, or marginal value. Many of you saw the press
reports of how President Nixon, a few weeks ago in New Orleans, personally
asked the Secretary of HEW to elimate a great deal of data from a report
required of school districts. This resulted from a school official showing
him a 26-page form to be filled in. This occured on a Friday, as I
recall it. By Monday noon a revised 6-page form was on the President's

Valuable as these results are and the Navy SCRAP drive of 1964 exceeded
them, they do not produce the enduring benefits they should and the
scope of the benefits are not as basic as they should be. Three
reasons have been given for this:

> • The approach is too much tied to the framework of existing
> reports and thereby becomes self-limiting.

> • The only criteria for eliminating whatever is eliminated comes
> down to personal preconception.

> • The approach is negative only; it does not often provide the
> time to make any studies on restructuring management information.

Many explanations have been advanced as to why reports clean-up compaigns
find so much clutter and duplication that can be challenged. We add
reports when programs change or program emphasis alter, but in the
process do not halt the total or partial flow of obsolete information.
Once reports take on a vested interest they get constant bureaucratic
support even though they may have a receding utility.

The most frequent complaint of State and local officials is that the
Federal grant machinery is hampered by too much work. It is not unusual
for applications for Federal assistance to be supported by hundreds and
even thousands of pages of documentation. Once an application is
approved, there often follows voluminous reporting covering every facet
of the project. A major goal of the FAR program being sponsored now by
OMB is to reduce this massive paperwork burden to more manageable
proportions.

The FAR effort is only the latest proof that reports and data elimination
can be accomplished if the groundwork is well layed. Consider these very
recent accomplishments.

> • HEW has completed its review of requirements for State plans
> for 22 of 39 formula grant programs. Generally they ranged
> from 100 to 2,000 pages each. They were found to have such
> limited usefulness that they have been replaced in the 22
> programs by a brief preprinted contract-like document of
> commitment of five to ten pages. This eliminates an average
> of 7,000 pages of documentation annually for each State.

> • HEW has reviewed initially 46 of its hundreds of required

information which eliminates nearly 800,000 pages of docu-
mentation annually. Submission of budget backup detail is
no longer required. This reduces the length of the local
budget submission by 50 to 60 percent.

In order to get the elimination decision out of the hands solely of
the report requiring official, the present campaign requires a certifi-
cation of need by a higher placed executive. This has real merit,
if the mechanism is used as intended. Most requiring officials
admit their partiality to their own reports is so overwhelming as to
make it doubly difficult to reduce data.

   2.   Consolidation, including Simplification in the Processing,
        of Reporting Systems

A few years back we took a look at the purchasing procedure of the Federal
Supply Service. To get a better visualization of the documentation
involved we flow charted the procedure in its totality. The resulting
flow chart took up three walls of a sizable room. All reports on the
charts were colored blue and, as I recall, there were 37 of them. They
were clearly interconnected and related. It would not have meant much
to challenge these reports on a one-by-one basis. Except as they were
handled as an interfacing cluster, or as a system if you please, any
substantial improvement would have been difficult indeed.

This tendency of systems to produce dovetailed and intertwined reports
is a characteristic of systems, one of the ways they integrate effort
and coordinate communications. This means that in any reports improve-
ment studies the inventories must peg the report to the appropriate
system when applicable. Then the system must be comprehended and
challenged as a system.

Much of the frustration of applicants for Federal assistance is attri-
buted to the long, indefinite period while the request is "being pro-
cessed" within a system of the Federal agency involved. During this
period, silence is too often broken only by requests for more information.
Each Federal agency is under instructions to do detailed charting of
each step in its grant approval process, including the time required for
each step, and to eliminate all unnecessary steps. This focus on process
charting has already cut processing time for more than 50 programs and
promises much more.

HEW streamlining actions in 20 project grant programs are

• Agriculture has taken actions in 12 programs that are expected to reduce processing time by as much as 50 percent. For example, processing of grants in the Emergency Conservation program will be reduced on the average from 42 to 14 days; the Rural Housing Individual Loan program from 35 to 21 days; and the Resource Conservation and Development program from 28 to 7 days.

In sequential flow, those steps that are shown to be reports preparation are often the steps producing the greatest delay. Much of the speed up is/to slashing out reports.

       3. Use of the Most Economical Methods of Reports Preparation and Transmittal

One of the commonly experienced features in reports improvement is the way the same sized offices performing the same kind of work (all personnel offices, all disbursing offices, all loan office, etc.) differ in their estimates as to how many manhours is being devoted to a report, or a reporting system.

Often, upon examination, these variant figures turn out to be unreliable and they turn out to be similar in quantity. Often, however, they turn out to be right, and one is confronted by the fact that different ways of preparing the report(s) are the cause for their sometimes large difference in costs.

We in NARS were recently interested in the costs reported to us on a records holdings report we require annually from all agencies. Three agencies, of about the same size, reported these figures: (a) $74,000; (b) $66,000; (c) $532,000. Upon further investigation it may turn out the first two figures were greatly undercomputed. It may, however, turn out that if the third agency used the reports preparation methodology of the other two it could drastically reduce the cost of preparing the report.

Likewise, recently, we found ourselves viewing a cluster of reports required from the public. Let the agency in this case be nameless. We were at once impressed by the poor quality of the data gathering forms which served as data input to a computer once keypunching had taken place. Very little redesign work could have reduced keypunching costs.

Even more noticeable was the potential for source data automation. The possibility of designing the forms for computer input through a scanning device should at once be explored, for it had the capability of a 40 man-year reduction.

- HEW has delegated significant project approval authority
from headquarters to the field in 11 programs, five of
which are fully decentralized: Head Start; Short Term
Training: Air Pollution Control Planning; Development of
Health Services; and, Migrant Health.

- HUD canvassed the department and its grantees for ideas to
promote greater decentralization. Of over 240 specific
decentralization proposals considered, over half have been
implemented to date. Significant delegations have occurred
in the Open Space Land, Water and Sewer, and Rental Housing
Mortgage Assistance programs.

- Labor has increased decentralization in five programs:
Concentrated Employment; Apprecticeship Outreach; Immigra-
tion Registration; Wage-Hour Program; and, Labor-Management
Administration.

At a recent meeting with some Civil Service Commission officials Ken
Mulligan reminded us that decentralization is not thoroughgoing.

4. Determination of Information or Data Requirements

This is the last, and most difficult, of the goals of a reports improve-
ment program. Where most such programs fall down, if they fail, is that
they are not able to muster the talent or the time to plan an overall
management information structure for the various organizational segments
separately and the organization as a whole. This is certainly under-
standable for very few organizations ever get around making a full-
fledged determination of its data needs, if for no other reason than
their ever changing nature.

Students of MIS are having a difficult time in describing what MIS is.
The Society for Management Information Systems, of which Herb Schwartz
at AEC is the new president, is doing yeoman work in isolating the criteria
that should guide an organization in MIS development. The past president
of SMIS, Bob Head, in addressing a group of us earlier this year high-
lighted the following:

- MIS focuses on the key factors and elements of performance
that constitute the mission of the organization.

- It provides the manager with planning information as far into the
future as possible.

In various American Management Association seminars the point is often made that MIS often neglects planning or tries to make control reports somehow include planning. AMA publication insist:

- Control reports should cover short periods of time and be timely so that if corrective action needs to be taken it can be taken promptly. Daily and weekly reports are common.

- Planning reports should cover long periods of time, often going well back into the past and looking ahead at least several years. Planning reports may be as frequent as quarterly, but are apt to be prepared less frequently.

If control reports are to cover what is "controllable," why is it that so many control reports contain so much information on uncontrollable factors? If control reports are to show variances from planned results, are the planned results in writing so that there is no doubt about the targets to be met? Until considerations of this kind dominate in the determinations of information to be reported, most MIS studies will fall short of their possible benefits to the organization.

II.

Having talked so far about the goals of a reports improvement project, may we next focus on four of the specialized kinds of management analysis so often utilized in challenging the value of reports. I do not mean to suggest these four are the only types of management analysis for reports improvement covers the spectrum. I do suggest full competence is using the four I shall enumerate today is crucial to best results.

1. Use of Cost Analysis

Costing a report or reporting system is often the most valuable service you can perform for management in reports evaluation. Once management knows the cost of a report, or reporting system, management often immediately knows (intuitively, no doubt) whether the information being produced is worth it.

My first introduction to reports management was a costing project. A Naval shipyard report being required by the Office of the Chief of Naval Operations was being questioned as to value. When we found the cost of the report was in excess of $800,000, the Navy Captain involved, after getting over his incredulity, agreed the information generated by his

Time to design and process the needed forms. This involves the analysis of what goes on the form and how to best arrange it. The design of the form is time consuming as a good design helps to determine for example, whether it will take thirty minutes or twelve minutes to fill in the required data.

Time to prepare the directive that establishes the report. A well conceived directive (a) pinpoints responsibility, (b) explains the work procedure, (c) instructs supervisors and employees, thus minimizing lost time when a new person is assigned the responsibility for the report preparation. Directives that are not written clearly and simply, are often difficult to interpret and apply and may result in failure to meet goals. To find the cost of reading a directive, determine the number of readers and their average grade level. Then determine the average time to read the directive. Multiply the two factors.

Time to set up procedures and train personnel at each reporting activity. Where possible, determine the time and cost of installing an existing similar system from available records. Project training costs, include the time of personnel away from their work stations. Validate the results by repeatedly observing actual time and costs.

Time to gather the information. Each report submission involves many types of work and related costs. The prime source for determining the time required in information gathering is from the various organizations that perform the work. This determination may be done on a sampling basis.

Time to maintain files supporting the report. Physical maintenance of the files include the time and costs of preparing guides and folder labels; average time to keep the files physically neat and useable. Average time for audit of the files and for the disposition of inactive records. The average time spent in searching and using the files include the time spent in the "charge-out" system.

Time to compute the figures and compile the report. This operation includes the time required to transcribe data from other records; calculation of quantities, ratios, and averages. Consider time spent in summarizing, refining, interpreting and restructuring information to fill out the report.

Time to type the report. Typing time costs vary with complexities of the report and the ability of the typist. Typing time and costs are increased when a report has to be retyped.

Time to review the final copy. Time and costs of reviewing a report before release varies greatly depending on the number of reviewers and their thoroughness in evaluating the report. Costs and time usually increase with the level of review.

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Time for readers to extract, analyze, recast, use, and file the information. Some reports require little attention at the receiving end, while others require a great deal of time. The more digging and analysis required, the higher the using costs and time. Agencies often print and distribute hundreds of copies of voluminous reports, ranging up to one hundred pages. Each person reading these reports spend some time.

Time used to process data through the computer and related equipment. Depending on the method of input used in converting data to machine language, the time required varies. The coding operation, for example, requires conversion of the source document by manually transcribing selected data, one character at a time onto a spread sheet. These data are then key punched and verified.

2. User Requirements Analysis

Richard Neuschel tells a to-the-point story of utilizing requirements analysis.

"The following series of questions suggests a way of probing deeply to get at the real worth of an existing report:

1. What specific decisions can be made or action can be taken on the basis of the information contained in this report? That is, if the results appearing in this report were significantly different from what was expected, what specific decisions would be called for or what action would be taken?

2. What is this report designed to *protect against?* That is, what could happen that this information is aimed at controlling? How likely is this to happen, and what would be the real consequences if it did happen?

"The ways in which this line of analysis can help to get rid of some "Sacred cows" is illustrated in the experience of a procedures analyst in a large indistrial organization who was engaged in a study of the company's purchasing department. In the course of his work the analyst raised a question about a weekly report which was sent to the director of purchasing and which showed -- for each of the six geographically dispersed purchasing departments reporting to him -- the value of purchase orders placed during the preceding month, broken down by fiteen major commodity classifications. In reply to the analyst's question, the executive said, "Why, this is one of my most important reports. It shows me the volume of activity in each of the purchasing units for which I am responsible."

"One important point to be recognized in this response is that the purchasing director did what is so commonly done in attempting to explain the purpose of a report. He did not, in fact, explain its purpose or end use at all. He simply redescribed the *contents* of the report. Or, stated another way, he said what the report told him, not what he did or could do with it.

"Persistent digging by the analyst showed that the only conceivable purpose of the report was to determine when the volume of activity in each purchasing unit had changed sufficiently to suggest the need for changing the manpower complement of that unit. But the existing report could not even serve this purpose well for the following reasons:

1. The manpower complement of a service unit like a purchasing department can ordinarily be adjusted only as longer-term changes take place in its work load. But the report under consideration contained no meaningful trend picture since it showed only the dollar value of purchases for the preceding month and the year to date.

2. The dollar information in the report was built up from vendors' invoices approved by these purchasing units for payment. Since, on many purchase orders, vendors' deliveries were made and invoices processed several weeks and often months after the purchase order was placed, the dollar figures in the report were not a good indicator of current work volume.

3. In addition, the dollar value of purchases is not the best measure of purchasing activity, since little more time is ordinarily required to purchase $500 worth of a given operating supply than to purchase $250 worth of that same item. For this reason, the *number of items* purchased -- by significant commodity class -- is a much better indicator of activity.

"In light of this third conclusion, the analyst was able to point out that the various purchasing units were already maintaining statistics on number of purchase requisitions processed, broken down by commodity class. As a result, he was finally able to secure discontinuance of the report in question and to substitute for it a simple long-term trend chart showing, to the director of purchasing, the fluctuations in volume of purchase requisitions placed by each unit under him." 1/

3. Use of Procedural Analysis

Most reports are forms. In 1947 the Bureau of the Budget provided all of us with a handbook on improving procedures through forms analysis. Just as forms analysis ordinarily leads to forms design, reports analysis lead to reports design. The type of analysis is procedural.

It is impossible to conceive of a procedure without paperwork, mostly forms and reports. To portray how this paperwork functions, flow charts of various types are deservedly popular. Many can be prepared rapidly. As this flow chart is being developed it is customary for the basic questions to be asked.

Nature. What is done? Ask about the process and the result.

Amount. Can a measure be found for each action? Beware of words like "often" or "frequently" which often conceal the fact that nobody knows.

1/ Richard Neuschel

Purpose. Why is the work done? What would happen if it were not done?
Look for compelling considerations.

Place. Where is the work done? Would a different location be an
advantage.

Time. When is the work done? What is the time cycle for the procedure?
Is this optimal? What steps could be eliminated? Could steps at the
later stages of the cycle be simplified by altering, or extending an
earlier step?

Means. How is the work done. This includes a portrayal of the movement,
equipment, and kinds of review.

To be sure, these are the time honored procedural analysis questions.
The fact that they are not new does not invalidate their reports manage-
ment utility. Probably such thorough-going analysis would only be
expended on the costly reports. In DOD a costly report might be those
in excess of $200,000. In Commerce it might be those in excess of
$50,000. In the Security and Exchange Commission it might be $15,000.

4. Presentation Analysis

Many reports are not used by all the persons that could profit from them
because they are hard to use. Computer-prepared statistical reports,
for example, often have coded headings rather than English language
headings. The user who can not remember what code 211 is has to grub
it out of the code directive, if he can find the directive, or call the
preparing organization on the telephone.

"Bed sheet" reports, filled with figures from top to bottom, from
side to side, on oversized paper discourage the user. Do you have "mine"
your way through to see that all regional offices are on target, with
the necessary supporting data, except on office, which it is the one
office not on target you are interested in? If someone had simply
circled in red the one offending figure, that would have strengthened the
report.

Indeed, presentation analysis is concerned with reports strengthening.
It asks questions such as:

Do we have too much detail?

Is the detail limited to that which can be controlled?

Are the reports expressed in the language of the user?

Are deviations from plan computed, or does the reader have to do his
own calculating?

Are figures footnoted or otherwise highlighted when they are unusual?

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Presentation analysis uses graphic methods whenever possible. In this way trends can be more easily seen, percentages more easily grasped, processes more easily understood, and matters that require further investigation spotlighted. A good many years ago the Navy issued a pamphlet on "The Presentation of Ideas" that should have received wider distribution. Indeed, it could be the theme for an entire reports improvement seminar.

Conclusion. President Nixon and OMB have given us a tremendous challenge. Actually all of us should be grateful for it. We have long advocated that too many reports have marginal value and too many reporting systems need a drastic overhaul. This is a great opportunity to show we were right and that any organization can gain from having its information gathering techniques put through the wringer.

In our discussion today on improving and strengthening our reporting apparatus, we meant to leave no inference that any structure of information or system of control can replace the need for judgement, vision, resourcefulness, skill in motivating men, and the energy and drive that we associate with true executives. There is testimony from these executives, however, that a successful reports program helps to bring their executive qualities into fuller play through their being better informed and focusing their attention on the factors that have a major bearing on getting results.

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Remarks:

For Your Information.

Attached is a draft copy of the Reports Management Speech by Mr. Alldredge with the changes and corrections we made. The reprint will be distributed after your talk.

You also have another handout titled "The Pile-Up of Paper" with a paragraph about Pres. Nixon's Reports Campaign on its back page. This will be with the notes the Conferees receive in the morning.

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