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Testimony

Government Printing Office:

General Management Review

Statement of
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Before the
Joint Committee on Printing

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Mr. Chairman and Members of the Joint Committee:

We are pleased to be here today to discuss our management review of the Government Printing Office. My statement will focus on (1) the need to define what the role of GPO should be in providing printing services to the government in the future and (2) certain operational problems at GPO that can be addressed in the short term. Correcting the operational problems should be done regardless of the outcome of any future role discussions.

GPO was created to lower the cost of congressional printing, and opened for business on the day of Abraham Lincoln's inauguration in March 1861. Gradually increasing in size, sophistication, and responsibility, GPO became the government's printer in 1919. Legislation generally requires that all federal government printing and binding work be done by GPO.

An organization's environment shapes its operation. The environment of private sector printing today is characterized by rapidly changing technology driven by computer and other equipment advances. But, a powerful environmental factor at GPO is the legal authority to control most federal printing. This monopoly-like authority has insulated GPO from market forces, and has manifested itself in high costs and limited responsiveness to customer needs.

In-house Production Costly

The cost of doing work in the GPO plant has been generally double the cost of procuring it. Some of the factors contributing to the high production costs are operational in nature and can be addressed in the short term. One is the scheduling of weekend overtime.

For the last 3 fiscal years, GPO has scheduled a significant amount of work on weekends. The principal rationale given by GPO managers is the need to finish high priority Congressional work coming in at the end of the week and due out the following Monday. However, our analysis of scheduling, production, and delivery data for 1989, showed that only about 17 percent of congressional priority jobs were scheduled for Monday delivery and about a third of them were received during the prior four days suggesting the need for weekend work. Also, idle time existed during the regular Monday to Friday workweek.

To illustrate, GPO reported that in fiscal year 1989 its major machines were idle an average of 53 percent of the time they were scheduled to operate in press and bindery--where documents are printed, bound, and packaged. Yet, the press and the bindery worked 50 of 52 weekends in 1989. Weekend overtime charges in the press and bindery were about $5 million, 10 percent of their personnel compensation. While there may be a need for some

overtime work, it also appears there are opportunities to reduce the reliance on it.

Another factor contributing to high production costs is paper waste and spoilage. During 1989, 28 percent of the total paper used by GPO was wasted or spoiled, costing GPO about $7 million. GPO's level of waste is at least twice the levels set by industry standards. While some waste and spoilage is due to bad paper and the need for press changes, GPO managers say it is also due to operator mistakes. Lowering paper waste should be a priority for GPO.

Equipment age also affects production efficiency. Our analysis of 85 pieces of critical GPO production equipment showed that 47 pieces were at least 15 years old and 7 pieces were over 30 years old. To date, the Joint Committee and Congress has been cautious in approving major equipment acquisitions because GPO's future direction has not been clear.

Because of the absence of competitive forces, GPO needs strong internal systems to promote efficiency and quality, but current systems are weak. Efficiency goals, often based on GPO's own historical experience, are generally not being met, and were in some cases lower than private standards. Also, there is no system to proactively identify and implement quality

improvements, relying instead on post-production inspections to identify printing and binding errors.

Better Information Needed For
Procured Printing Process

GPO's procurement operation is faced with a number of management problems that affect its ability to serve its customers. GPO allows too many poor performing contractors to continue to win contracts. For example, 6 contractors who were responsible for 1,753 orders from July to September 1989 delivered late on 488 or 28 percent of them. Nevertheless, GPO awarded additional jobs to 5 of the 6 in the next six months. Only 3 out of 23 agency representatives that we surveyed were more than moderately satisfied that GPO was effectively sanctioning poor performing contractors.

GPO faces significant hurdles in trying to identify and avoid using poor performing contractors because (1) it does not validate critical data showing whether contractors delivered work on time and (2) important quality of performance information necessary to operate a sound contracting system is not readily available. Even when such information is available, no guidance exists on how to best use it.

Customer Service Could Be More

Responsive to Customers

To be successful in a competitive environment, an organization must respond effectively to customer needs. GPO's environment seems to provide few incentives for such responsiveness. For example, many of the major agency and congressional customers that we contacted cited problems with the extent of information GPO puts on their bills, and provides on the status of their jobs. Customers also expressed concern about how GPO resolved their complaints concerning the quality and timeliness of their work. Currently, GPO does not know the extent of the customer dissatisfaction because the records used to count complaints included only about half of the 2,700 complaints we were able to identify for 1989. Better efforts are needed by GPO to regularly solicit customer feedback on its performance.

More Effective Accountability

Strategies Needed

In GPO's environment, managerial accountability is also important because there are no market forces promoting efficiency. Yet, our analysis of the performance plans for several top managers found that only a few contained elements that could be used to measure performance. For example, only 1 of 7 managers with responsibilities for production or procurement operations had a

performance plan element linked to those responsibilities. Also, the plan for only 1 of 8 managers who had dealings with customers included some aspect of customer service as a performance element. In addition, a potentially valuable management tool--GPO's Executive Information System--lacked useful information and response time was slow.

Define GPO's Future Role

Taken together, changing technology, operational inefficiencies, aging plant and equipment as well as challenges to its control over government printing suggest that now may be a good time to address the future role of GPO. An important step has been taken by the new Public Printer--the articulation of three preliminary goals. They are to (1) maintain and improve client satisfaction; (2) modernize GPO operations; and (3) determine GPO's future role. The basic step needed next is for the Joint Committee to take the lead in bringing together the Public Printer, relevant congressional committees and executive branch agencies, and the GPO unions to address fundamental issues related to GPO's future. Critical questions to be addressed include:

-- Should GPO's control over printing be maintained?

-- Should GPO become primarily a contracting operation?

-- Should GPO charge competitive prices to customers?

-- What are the implications of new technology on GPO, and
on its customers?

Answering these and other questions will help determine what
lines of business GPO should pursue in the future.

Once the strategic decisions about GPO's future role have been
made, GPO will need to be organized, staffed, and equipped to
carry out that role. GPO's strategic planning process could be
used as a forum to assess the future role as well as identify
strategies to implement it.

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Mr. Chairman, that concludes my prepared statement, I would be
pleased to answer any questions you and other members of the
Joint Committee may have.