

HLC CONSULTANT STUDY

FINAL REPORT

EXECUTIVE SUMMARY AND MAIN REPORT



INTERNATIONAL TELECOMMUNICATION UNION

Geneva, Switzerland

January 21, 1991

This report is confidential and intended solely for the use and information of the International Telecommunication Union.

BOOZ•ALLEN & HAMILTON INC.

TABLE OF CONTENTS

EXECUTIVE SUMMARY

I. INTRODUCTION AND REVIEW OF WORK PROGRAM/METHODOLOGY

II. FINDINGS AND PROPOSED SOLUTIONS TO CRITICAL ISSUES: FINANCIAL MANAGEMENT

III. FINDINGS AND PROPOSED SOLUTIONS TO CRITICAL ISSUES: PERSONNEL MANAGEMENT

IV. FINDINGS AND PROPOSED SOLUTIONS TO CRITICAL ISSUES: INFORMATION SYSTEMS MANAGEMENT

V. RECOMMENDATIONS AND IMPLEMENTATION STEPS

EXECUTIVE SUMMARY

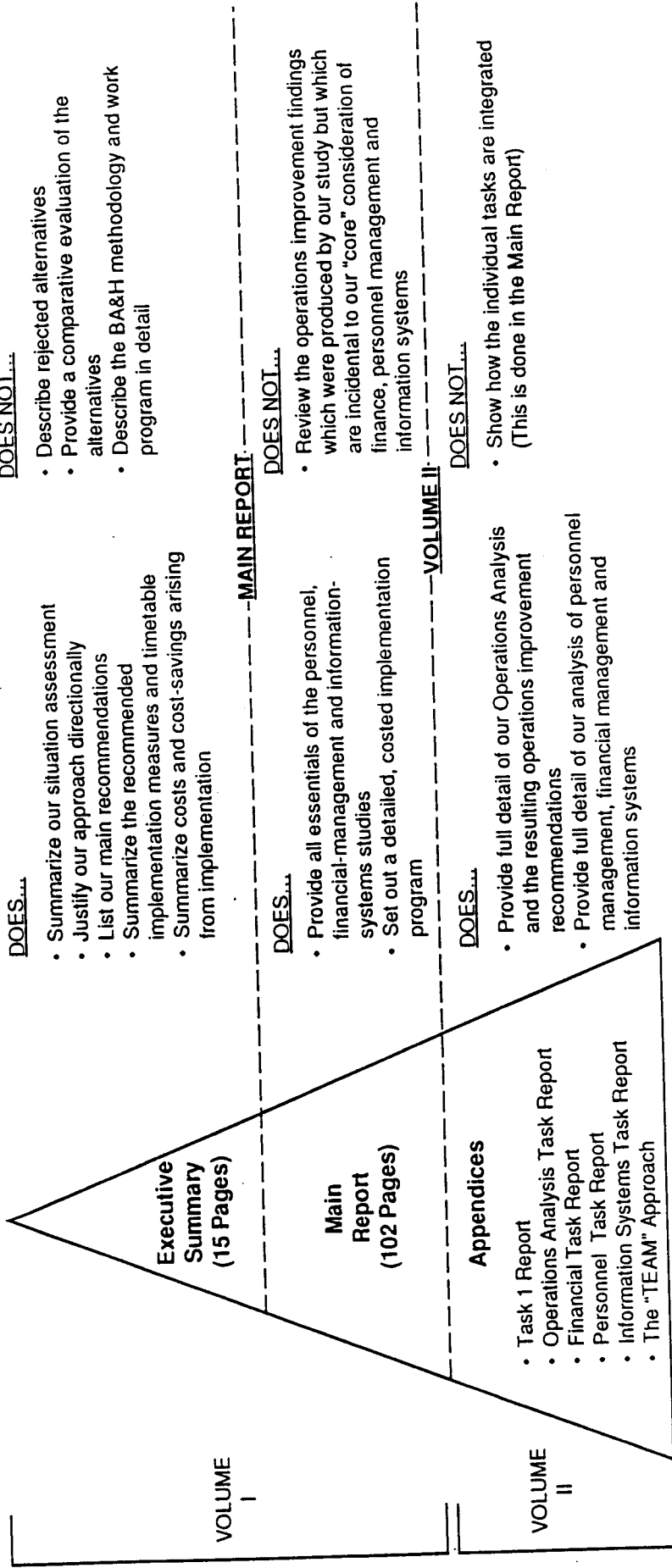
Executive Summary...

THE HIGH-LEVEL COMMITTEE (HLC) ENGAGED BOOZ-ALLEN & HAMILTON (BA&H) TO REVIEW THE MANAGEMENT OF THE ITU HEADQUARTERS AND FIELD OPERATIONS IN THE AREAS OF PERSONNEL, FINANCIAL MANAGEMENT AND INFORMATION SYSTEMS AND IDENTIFY WHAT CHANGES IN THESE AREAS WOULD ENABLE ORGANIZATIONAL EFFECTIVENESS, PRODUCTIVITY AND ECONOMY TO BE IMPROVED

- Our terms of reference focused on personnel management policies and practices; budgeting, financial reporting and financial control; and information systems
- Our terms of reference did not include consideration of the desirability of detailed (“micro”) organizational changes in the ITU headquarters or field operations; however, we do make recommendations in this field in cases where we could not respond adequately to the terms of reference without addressing questions of organization
- Our terms of reference did not include consideration of the merits of the large-scale (“macro”) organizational changes currently under consideration by the HLC
 - Our analysis took the existing structure as its starting point
 - However, we also assessed the implications of the “macro” organizational changes being considered by the HLC for personnel management, financial management and information systems management
 - We found that our recommendations can, if necessary, be adapted flexibly to the new “macro” organization structures currently under consideration by the HLC
- Since our recommendations can be adapted flexibly to the “macro” organizational alternatives being considered by the HLC, the management issues being considered by BA&H do not constrain the HLC’s consideration of these alternatives

Executive Summary...

THIS FINAL REPORT IS ORGANIZED INTO THREE PARTS: THE EXECUTIVE SUMMARY, THE MAIN REPORT AND THE APPENDICES



THE APPENDICES INCLUDE ENHANCED, UPDATED VERSIONS OF THE FIVE TASK REPORTS ISSUED DURING THE COURSE OF OUR WORK, REVISED IN LIGHT OF SUBSEQUENT ANALYSES AND OUR DIALOGUE WITH THE HLC, THE ELECTED OFFICIALS AND THE STAFF

Executive Summary...

THIS EXECUTIVE SUMMARY IS ORGANIZED INTO FOUR SECTIONS, EACH DESIGNED TO ANSWER A SINGLE FUNDAMENTAL QUESTION

QUESTION	SCOPE OF SECTION
What view of the management challenges facing the ITU underlies the Booz-Allen analysis and recommendations?	<ul style="list-style-type: none"> • Our assessment of what Administrations, RPOAs and SIOs are seeking from the ITU • Our review of the issues facing the ITU as perceived by other organizations and by the ITU staff • Our assessment of the operational results and shortcomings of the ITU Headquarters • The "vision of a successful future" for the ITU motivating the study
In what direction would implementation of the Booz-Allen recommendations take the ITU Headquarters and field operations?	<ul style="list-style-type: none"> • Review of key directional concepts embodied in the study
What are the principal Booz-Allen recommendations, and how is their outcome expected to differ from present-day practice?	<ul style="list-style-type: none"> • Brief statement of the 26 most important recommendations. (The full set of 39 recommendations is given in the Main Report)
What will be the cost/benefit implications of implementing the recommendations?	<ul style="list-style-type: none"> • Summary of estimated costs and offsetting cost savings

TWO FURTHER QUESTIONS CONCERNING THE JUSTIFICATION OF THE RECOMMENDATIONS AND THEIR PRACTICAL IMPLEMENTATION ARE ADDRESSED IN THE MAIN REPORT

QUESTION	SCOPE OF MAIN REPORT CHAPTERS
What methodology, analysis and data collection activities underlie the recommendations?	<ul style="list-style-type: none"> • Review of methodology • Review of interview program
What actions are required to implement the recommendations? <ul style="list-style-type: none"> • Decisions to be taken [with designation of appropriate decision maker(s) in each case] • Timing 	<ul style="list-style-type: none"> • Summary of implementation program • Decision agenda for the Secretary General, other elected officials, Administrative Council and Plenipotentiary Conference • Analysis of budgetary and headcount implications

The Management Challenges...

AT THE OUTSET OF THE STUDY BOOZ-ALLEN WORKED WITH THE HLC, THE SECRETARY GENERAL, THE OTHER ELECTED OFFICIALS AND THE STAFF TO ASSESS THE MANAGEMENT CHALLENGES NOW FACING THE ITU

<u>Administrations, RPOAs and SIOs (the "customers") are seeking...</u>	<u>...Yet the ITU Headquarters has significant operational and other shortcomings</u>	<u>...But there is a clear vision of the successful future</u>
<ul style="list-style-type: none">• Flexible, rapid response to "customer" needs• Service to an expanding "constituency" (many more RPOAs and SIOs)• Handling of workload expansion/more complex environment with no growth in real resources• Intensified/decentralized development activities• Effective, fast, economical, access to information/ information-exchange	<ul style="list-style-type: none">• Timeliness problems in many areas, e.g.,<ul style="list-style-type: none">- Publishing work products- Recruiting BDT experts- Meeting RR requirements for timely processing of frequency notifications• Management of people and funds is not flexible, or "transparent" to managers, Administrations, RPOAs and SIOs• Serious staff morale problems• Difficulty in "keeping current" professionally	<ul style="list-style-type: none">• Timely and consistently high-quality work products• Lean and nimble organization, focussed on "customer" needs• Leadership in identifying/addressing emerging issues• Continued gains in cost-effectiveness• Upwardly mobile, empowered, satisfied management and staff

...THIS ASSESSMENT, WHILE IT RANGES MORE WIDELY THAN THE SCOPE OF THE CONSULTANT'S DETAILED ANALYSIS, PROVIDED THE BACKGROUND UNDERSTANDING ESSENTIAL FOR THE ORIENTATION OF OUR WORK ON FINANCIAL MANAGEMENT, PERSONNEL MANAGEMENT AND INFORMATION SYSTEMS

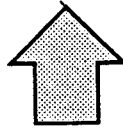
Directions...

ALL OF BOOZ-ALLEN'S DETAILED RECOMMENDATIONS REFLECT THREE FUNDAMENTAL DIRECTIONS: (1) A MORE DELEGATED, FLEXIBLE MANAGEMENT APPROACH "EMPOWERING" MANAGERS AND STAFF TO SHOW INITIATIVE; (2) AN EMPHASIS ON MEASURING RESULTS ACHIEVED AND PROVIDING INCENTIVES TO ACHIEVE IMPROVEMENTS; AND (3) THE USE OF ADVANCED MANAGEMENT METHODS AND INFORMATION TECHNOLOGY TO ACHIEVE THE EFFECTIVE MONITORING OF DELEGATED WORK THAT THIS APPROACH REQUIRES

- The overall effect of implementing our recommendations would be to bring about in the ITU the transition to a new concept of international public service

ITU's TRADITIONAL CONCEPT OF INTERNATIONAL PUBLIC SERVICE

- Strict in executing decisions of representative bodies
- Inflexible
- Little change over time
- Little emphasis on career development and mobility



A NEW CONCEPT OF INTERNATIONAL PUBLIC SERVICE

- Still strict in executing decisions of representative bodies
- Enterprising/fostering initiative
- Flexible
- Accountable for results and productivity
- Compensated for achieving "World Class" performance

- The Operations Analysis undertaken as part of our study shows that there are opportunities for numerous small improvements and cost savings at the ITU, with large cumulative impact, rather than a few big changes with large impact. Achieving major gains will therefore require pervasive behavioral changes at all levels throughout the staff
- The transformation we propose will yield large benefits to the Administrations, the participating RPOAs and SIOs, and to the staff in terms of efficiency and in terms of satisfaction and opportunities for advancement

Directions...

A KEY ELEMENT OF OUR WORK HAS BEEN THE APPLICATION OF THE "TEAM" APPROACH, WHICH BOOZ-ALLEN HAS FOUND EFFECTIVE IN OTHER ORGANIZATIONS FOR MOBILIZING MANAGEMENT AND STAFF AT ALL LEVELS TO FIND AND IMPLEMENT OPPORTUNITIES FOR CONTINUAL IMPROVEMENT OF OPERATIONAL EFFECTIVENESS

- The TEAM approach (Translate strategy, Enlist commitment, Activate behavioral change, Monitor and reinforce behavior) is designed to focus the entire staff on critical goals of the organization
- The TEAM approach groups together, into collaborative work programs all the staff involved in each of the distinct "transactions" (defined on the facing page) carried on by the organization
- The term "TEAM" is used to designate each of these groups of staff as well as the method itself
- Each TEAM develops its own work program and detailed working methods (assisted by an in-house Operations Analysis Unit, as described on p. ES-12) to:
 - Identify operations improvement opportunities
 - Develop specific improvement goals and ways of measuring the improvement
 - Obtain approval of management for the proposed improvements and goals
 - Implement the approved program
- The performance measures and goals developed by the TEAMS can and should be used as the basis of a performance-based incentive program

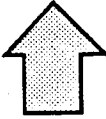
THE BASIS OF THE TEAM APPROACH IS THE CLASSIFICATION, ANALYSIS AND SUBSEQUENT IMPROVEMENT OF THE OPERATIONS ACTIVITIES COMPRISING A "TRANSACTION," BOOZ-ALLEN'S DEFINITION OF A "TRANSACTION" IS APPLICABLE TO VIRTUALLY ANY ORGANIZATIONAL CONTEXT.

- A "transaction" is a series of activities which begins with a request from outside the organization for goods or services, and concludes with their delivery. The complete transaction may include (e.g.) the reception or dispatch of information, the making and recording of decisions, or the shipment of products or equipment. It usually involves the movement of information and documents between multiple individuals with different roles in successfully completing the transaction
- Commercial examples of such "transactions" include:
 - The provision and subsequent administration of a bank loan in response to a prospective borrower's request
 - The ordering and installation/provisioning of a telephone exchange line
- ITU examples of transactions include:
 - The IFRB processing of a frequency assignment notice, including examination, registration and notification
 - Receiving and responding to a request for an expert technical assistance mission

A "TEAM" IS THE GROUP OF STAFF THAT COLLECTIVELY PERFORMS THE TRANSACTION

Recommendations...Financial Management...

OUR SEVEN PRINCIPAL FINANCE RECOMMENDATIONS EMPHASIZE DECENTRALIZED DECISION-MAKING COUPLED WITH ACCOUNTABILITY; THE FINANCIAL REPORTING NEEDED TO ENABLE SUCH DECISION-MAKING; AND MECHANISMS TO FOSTER INCREASED COST EFFECTIVENESS (E.G., A "CLIENT-CONTRACTOR" RELATIONSHIP BETWEEN THE COMMON SERVICES DEPARTMENT AND ITS USERS)



ASSESSMENT OF CURRENT SYSTEM
<ul style="list-style-type: none"> • Effective in financial control/accountability; ensures that budgetary ceilings are not exceeded • Ensures that budget requests are based on activity estimates • Has moderate costs, • Does not provide effective mechanism for setting programme and budget priorities • Does not give managers full responsibility for resources or orient them towards cost-conscious decisions • Does not provide "transparent" cost information by transaction/activity

FINANCIAL MANAGEMENT RECOMMENDATIONS (SHORT FORM)
<p>FM1 Decentralize financial management to individual Organs and General Secretariat (GS) Departments. They should prepare their own budgets, with consolidation to overall Union budget by the Secretary General in consultation with Coordination Committee</p> <p>FM2 Each budget should cover two years, with expenditure projections by quarter; an outline strategic budget projection covering four years should be updated annually</p> <p>FM3 Allow each Organ and GS Department flexibility to reallocate funds within its budget, and responsibility to control expenditure, subject to a restriction preventing funds budgeted for non-personnel expenditures being reallocated for personnel expenditures</p> <p>FM4 Track and report expenditure against Organ and Department budgets in a manner consistent with Recommendations FM1 and FM2</p> <p>FM5 Fund Common Services (CS) through the budgets of the user Organs and GS Departments on a client-contractor basis. Move to free choice by users between CS and outside vendors, subject to transition arrangements over a 4-year period</p> <p>FM6 Establish a publications sales, marketing and distribution unit in the GS, with a manager experienced in sales and distribution, and specific distribution and revenue goals. Transfer 50% of future gains in net revenue per publication as incremental discretionary resources to the Organs and GS Departments originating the publications. Continue to provide a back-up check to ensure that credits are available to cover all approved expenditures</p> <p>FM7 Modify financial control procedures: Organs and GS Departments should institute procedures to control their own expenditures, but Finance Department should continue to provide a backup check to ensure that credits are available to cover all approved expenditures</p>

THE FULL TEXT OF ALL THE RECOMMENDATIONS IS GIVEN IN CHAPTER V OF OUR MAIN REPORT

Recommendations... Personnel...

SIMILARLY, OUR TEN PRINCIPAL RECOMMENDATIONS FOR PERSONNEL MANAGEMENT FOCUS ON INCREASED DELEGATION AND ACCOUNTABILITY LINKED TO RESULTS-BASED INCENTIVES. AGAIN, THE RECOMMENDATIONS REFLECT OUR ASSESSMENT OF SHORTCOMINGS IN EXISTING PRACTICES

ASSESSMENT OF CURRENT SYSTEM
<ul style="list-style-type: none"> Recruitment practices do not reliably ensure sufficiently qualified and competent candidate is selected Career development opportunities and performance incentives are lacking Appraisal and accountability systems are ineffective P-grade compensation is non-competitive (and can only be improved by gradual steps) Morale problems are major



PERSONNEL MANAGEMENT RECOMMENDATIONS (SHORT FORM)
<p>PM1 Check credentials and conduct telephone interviews for short-listed job candidates</p> <p>PM2 Replace the present Personal Report system with a personnel appraisal system based on combined ratings and rankings. Appraisal should be constructive process including counseling on career development</p> <p>PM3 All new recruitment should be in the form of "Managed Renewable Term" (MRT) contracts (see definition in box at bottom left), except for strictly temporary requirements</p> <p>PM4 Delegate authority to Directors of Organs (Board in the case of IFRB) and heads of GS Departments to reassign staff and rearrange posts within an overall planning constraint on levels of staffing/staffing expense</p> <p>PM5 Reconstitute professional Appointment and Promotion Board to include Department Head and direct supervisor of potential appointees (continued)</p>

DEFINITION OF "MANAGED RENEWABLE TERM" (MRT) CONTRACT
<ul style="list-style-type: none"> A new form of employment contract in which the employee is engaged on a five-year fixed term contract with a commitment by the ITU to renew every five years if the employee rated is ranked in the upper 75% of his department/division (weighted average over five years) and/or is rated in the category of "good" or "excellent" against required skill standards (weighted average over five years) consistently over the five-year period (see discussion of reformed appraisal/personal report system in Chapter III, p. III-21)

Recommendations...Personnel Management (Continued)...

BRIEF DISCUSSION OF THE PILOT "TEAM" PROJECT
<p>APPLICATION OF THE "TEAM" PROCESS ON A PILOT BASIS IN THE AREA OF TRANSACTION AND DOCUMENT PRODUCTION FOR WORKING DOCUMENTS</p> <ul style="list-style-type: none"> • Transaction: Producing the essential working materials for administrative radio conferenced, CCI study groups/working parties, etc. • Process: TEAM representatives meet on a regular basis to investigate, develop and implement process improvements on a multi-level, cross-functional basis • Motivation: Pilot team is awarded non-monetary incentives to provide tangible motivation (see discussion of TEAM pilot in Chapter III, p. 17)

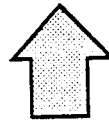
PERSONNEL MANAGEMENT RECOMMENDATIONS (SHORT FORM)
<p>PM6 Institute the TEAM process ("Translate strategy, Enlist commitment, Activate behavioral changes, Monitor and reinforce behavior") to enlist management and staff at all levels in enhancing operational efficiency. Establish a Pilot TEAM project dealing with the translation/document production transaction, mainly in the General Secretariat (see box at left). Following successful implementation of the action program initiated through the Pilot TEAM activity, extend the TEAM process throughout ITU headquarters.</p> <p>PMZ Establish a performance bonus program based on achievement of demonstrable gains in productivity/cost reduction/quality of services provided, in relation to goals set by management and staff collaboratively through the TEAM process. Bonuses would:</p> <ul style="list-style-type: none"> • Start in 1992 following completion of a Pilot TEAM project • Be payable based on verification by the Operations Analysis (OA) unit (see Recommendation OR3) that TEAM goals have been met • Comprise a fixed amount (a fixed percentage of salary) payable to all members of any TEAM that meets its goals annually. (An individual component may be added later) • Reflect the size of a bonus pool fixed annually by the Administrative Council on the recommendation of the SG, within the Plenipotentiary ceilings, and based on the TEAM productivity results to date and OA unit findings <p>PM8 Implement the Pension Purchasing Power Protection Insurance Plan (PPPIP)</p> <p>PM9 Establish a Code of Practice to foster effective communication between managers and staff, including a requirement for regular staff meetings, and provide managers with training in related communication skills</p> <p>PM10 Establish explicit written managerial objectives</p>

* The TEAM process is described in Chapter III of this report, and in detail in the Appendices 4 and 6. The related concept of "Transaction" - a linked sequence of operational activities forming a single entity to be enhanced through the TEAM process is also described on p. ES-6F, in Chapter III and these appendices.

Recommendations...Information Systems...

OUR INFORMATION-SYSTEMS RECOMMENDATIONS CONCERN APPLICATIONS DEVELOPMENT, AND HUMAN-RESOURCE AND ORGANIZATIONAL ISSUES, AS WELL AS TECHNICAL ISSUES CONCERNING HARDWARE AND SOFTWARE "PLATFORMS", THE RESOURCES USED TO SUPPORT APPLICATIONS

ASSESSMENT OF CURRENT SYSTEM
<ul style="list-style-type: none"> • Current and planned local infrastructure (processing, storage, on-site communications) is sufficient; mainframe capacity will soon exceed requirements as applications migrate to decentralized networked processors • Level of costs is in line with typical experience for an information intensive organization • Significant voice-telecommunications deficiencies • A staff with strong technical skills has been built, but is not utilized as effectively as it could be • User support and training is insufficient... • ...This, combined with frequent changes – some of them justified – in PC technology deployed, has deterred users • Information Systems organization is fragmented • Several key management/planning processes are missing or deficient • Existing applications implementation program meets most pressing needs except in the BDT and Personnel Department



INFORMATION SYSTEMS RECOMMENDATIONS (SHORT FORM)
<p>IS1 Focus applications development on the "top eight" priority applications and on building a set of "bridges" as specified in Recommendation IS3. Cease all other application development work for the eight years needed to complete these applications</p> <p>IS2 Increase staff resources and external contract funding for the development of the eight priority applications to ensure that all are completed within 24 months</p> <p>IS3 Implement a "bridge" capability to facilitate access to data and connectivity between applications. Use it to implement an Executive Information System (EIS) for the SG, elected officials and Administrative Council. Do not attempt to implement EIS until the "bridges" are completed</p> <p>IS4 Complete the transfer of certain applications from the Siemens mainframes to distributed network resources that is already planned. Upon completion of this process, expected before the end of 1991, terminate lease of one of the mainframes</p> <p>IS5 Continue to perform systems development on two primary platforms: IDMS-Windows and SQL Server-Windows. Refrain from using other platforms wherever possible. For the IRFB, continue development under IDMS with increased use of the SQL query language</p> <p style="text-align: right;">(continued)</p>

HIGH PRIORITY NEW SYSTEMS

APPLICATIONS	USER UNIT	IMPACT ON OPERATIONS	AREA OF FOCUS	Financial Personnel And IS Recommendations Affected (From "Top 25" Only)
Completion Of Space Notification System (IFRB); Information Exchange With Administrations	IFRB	●	<ul style="list-style-type: none"> • Operational processing • Information exchange 	IS1, IS4
BDT Integrated System For Project Management; Information Exchange With Field Offices	BDT	●	<ul style="list-style-type: none"> • Operational processing • Management control • Information exchange 	IS1
Integrated Human Resources Information System Including Payroll	Personnel, Finance	●	<ul style="list-style-type: none"> • Operational processing • Management control 	IS1, PM1-PM4, PM7
Budget, Expenditure Tracking, And Cost Analysis With Analytical And Reporting Tools	Finance, All Organs	●	<ul style="list-style-type: none"> • Operational processing • Management control 	FM1-FM4
Enhanced On-Line Translation Support Systems, Including Enhanced Technical Terminology Database	Common Services, CCITT, CCIR	◐	<ul style="list-style-type: none"> • Operational processing 	IS1
Document Exchange Project And Telecom Information Exchange Services (TIES)	All	◐	<ul style="list-style-type: none"> • Information exchange 	IS1
Telecommunications Statistical Indicators	External Relations, BDT	◐	<ul style="list-style-type: none"> • Operational processing • Information exchange 	IS1
Integrated Planning, Scheduling And Performance Reporting System For Document Production	Common Services, CCIR, CCITT	◐	<ul style="list-style-type: none"> • Management control 	IS1

LEGEND: Currently In Progress ● Very High Impact ◐ Strong Impact

• Numbers refer to recommendation numbers in Chapter V.

Recommendations...Information Systems (Continued)...

INFORMATION SYSTEMS RECOMMENDATIONS...

<p style="text-align: center;">INFORMATION SYSTEMS RECOMMENDATIONS (SHORT FORM)</p> <p>(continued)</p>
<p>IS6 Add automated outbound dialing and call accounting, and voice mail capability, to the PABX</p>
<p>IS7 Recruit specialist staff member for operational telecommunications</p>
<p>IS8 Adopt a formal IS planning process – create an Information Technology (I.T.) Steering Committee composed of members from each organ and the General Secretariat to plan and review information technology activities</p>
<p>IS9 Implement a structured systems engineering environment emphasizing current techniques, especially computer assisted software engineering and prototyping. Train appropriate IS staff on the use of the selected methodologies, tools, and techniques</p>

Recommendations...Other...

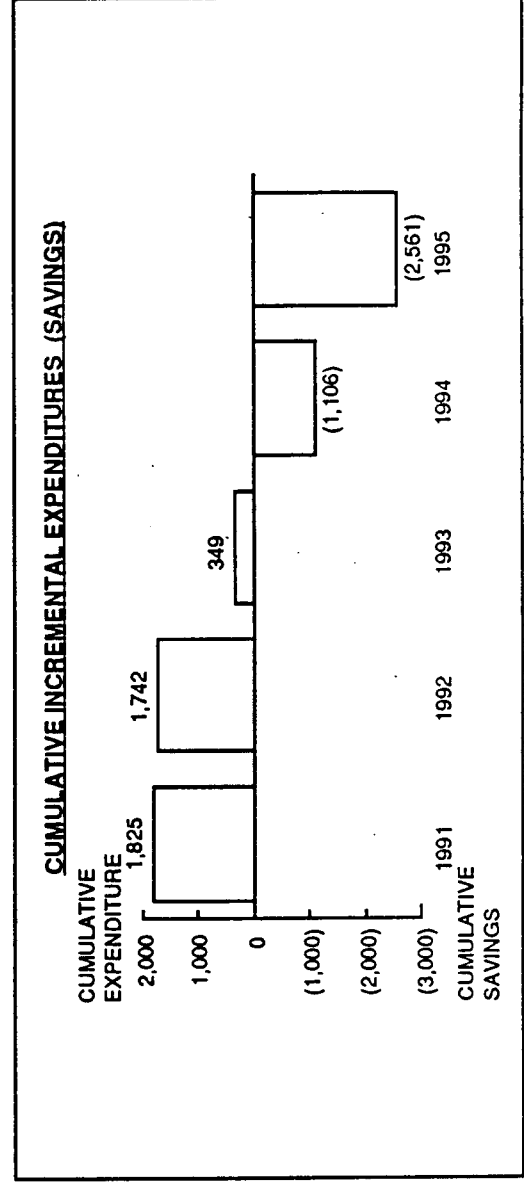
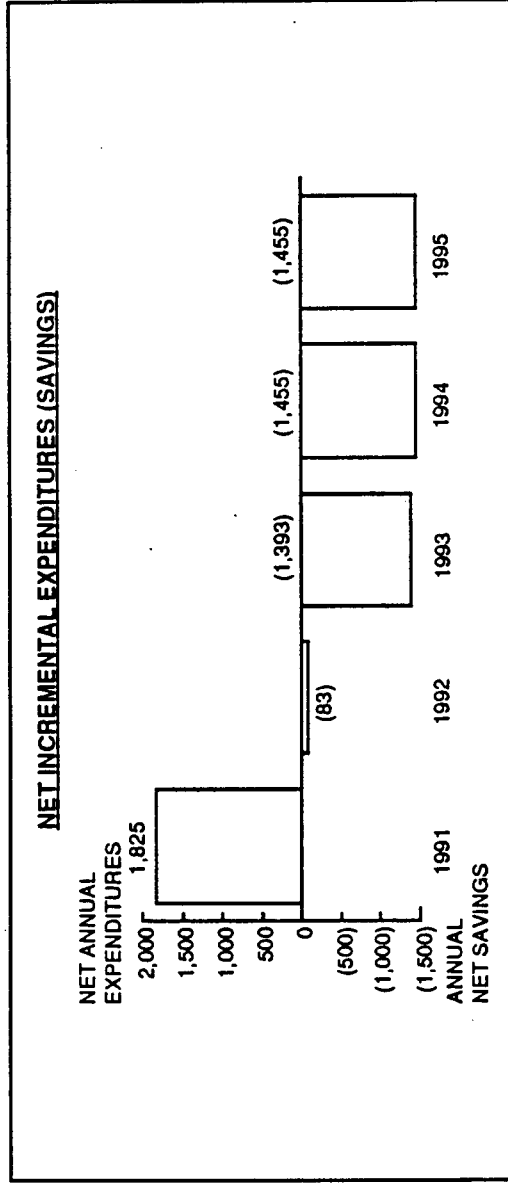
IN ADDITION TO THE RECOMMENDATIONS ON FINANCE, PERSONNEL AND INFORMATION SYSTEMS, WE HAVE THREE ADDITIONAL RECOMMENDATIONS WHICH ARE ESSENTIAL TO ENABLE THE SUCCESSFUL IMPLEMENTATION OF THE RECOMMENDATIONS IN FINANCE, PERSONNEL AND INFORMATION SYSTEMS

<u>OTHER RECOMMENDATIONS (SHORT FORM)</u>	
OR 1	While remaining within the expenditure ceilings set by the Plenipotentiary Conference taking one year with another, move funds from 1993 and 1994 to finance expenditures in 1991 required to implement recommendations that will enable cost reductions in each subsequent year
OR 2	Establish a Strategic Planning Unit (two professional posts) in the General Secretariat reporting directly to the SG, to assist the SG, the Coordination Committee and the Administrative Council by preparing strategic planning studies, papers and proposals for their consideration which can be used as the basis for the bonus program proposed in Recommendation PM7
OR 3	Establish an Operations Analysis Unit (two professional posts) to assist in identifying and implementing operational improvement opportunities through the TEAM process and providing objective, independent monitoring of the resulting cost savings or other improvements

OUR ANALYSIS OF THE COSTS AND COST SAVINGS RESULTING FROM OUR RECOMMENDATIONS, AND HENCE THE SHIFTS OF EXPENDITURES BETWEEN YEARS THAT WOULD RESULT FROM RECOMMENDATION OR1, IS SUMMARIZED ON THE NEXT PAGE

Cost And Cost Savings...

WE HAVE ANALYZED THE COST IMPLICATIONS OF OUR RECOMMENDATIONS. THIS ANALYSIS SHOWS THAT THE RECOMMENDATIONS CAN BE FUNDED WITHIN THE PLENIPO TENTIARY CEILINGS, WITH A MODEST TRANSFER OF FUNDS BETWEEN YEARS, WITH SUBSEQUENT COST SAVINGS THAT "PAY BACK" THE INITIAL EXPENDITURES WITHIN FOUR YEARS WHILE ALSO ACHIEVING IMPROVEMENTS IN ORGANIZATIONAL EFFECTIVENESS AND PRODUCING CONTINUED SAVINGS THEREAFTER. OVER THE PERIOD 1991-1995 THE NET COST SAVING IS ESTIMATED 2.6 MILLION SFrs



COST IMPLICATIONS
(Thousands Of Swiss Francs)

	1991	1992	1993	1994	1995
A. Incremental Expenditures	1,825	1,502	(192)	(130)	(130)
B. Minimum Estimate Of Savings	0	(1,585)	(1,585)	(1,585)	(1,585)
C. Net Incremental Expenditures (Savings)	1,825	(83)	(1,393)	(1,455)	(1,455)
D. Cumulative Incremental Expenditures (Savings)	1,825	1,742	349	(1,106)	(2,561)
E. Current Expenditure Ceilings	102,500*	103,300*	103,700*	104,300*	104,000**
F. Proposed Adjustment As Percent Of Ceiling (C/E)	+1.8%	(0.1%)	(1.3%)	(1.4%)	(1.4%)
G. Cumulative Adjustment As Percent Of Cumulative Ceiling From 1991***	+1.8%	+0.8%	+0.1%	(0.3%)	(0.5%)

* From Final Acts of the Nice Plenipotentiary Conference.

** BA&H assumption.

*** Defines as $(Dn/[E_{1991} + \dots + En])$, where Dn is the incremental expenditure or cost-saving in the year concerned, and the "Es" are the expenditure ceilings for each year.

Other Cost Implications...

SPECIAL FUNDING WILL BE NEEDED FROM THE MEMBER ADMINISTRATIONS FOR THE PENSION PURCHASING POWER PROTECTION INSURANCE PROGRAM (PPPIP), BUT WE BELIEVE THAT THIS SPECIAL FUNDING SHOULD BE CONSIDERED SEPARATELY FROM THE COST-BENEFITS IMPLICATIONS OF THE OTHER BOOZ-ALLEN RECOMMENDATIONS CONCERNING MANAGEMENT AND INFORMATION SYSTEMS

Costs of PPPPIP

- 850,000 SFr per year (350,000 SFr/year for current premiums and 500,000 SFr/year to fund past year's contribution shortfalls)

- 350,000 SFr per year plus a SFr 5.6 million lump sum payment

OR

Implications Of "Macro" Organization Changes...

BOOZ-ALLEN'S WORK TOOK AS ITS STARTING POINT THE EXISTING LARGE-SCALE ORGANIZATIONAL STRUCTURE OF THE ITU'S PERMANENT ORGANS. HOWEVER, WE HAVE REVIEWED THE POSSIBLE CHANGES IN THIS STRUCTURE AND THEIR IMPLICATIONS FOR OUR RECOMMENDATIONS

HLC SITUATION*

- "Agreement was reached in principle...to consolidate all ITU network standardization activities into a Standardization Organ"
- "The HLC recommended that...a new organ should be set up to deal with terrestrial and space radio communications (TASR) grouping the IFRB Secretariat activities and those activities of the CCIR not included in the Standardization Organ"
- "Agreement in principle was reached to recommend that the CTD be merged with the BDT"

IMPLICATIONS FOR BOOZ-ALLEN RECOMMENDATIONS

- Some implementation details of Recommendations FM1 and FM3 and priority information system No. 8 (integrated planning, scheduling and performance reporting for document production) would change. Otherwise no change: BA&H recommendations are fully applicable to the proposed new structure
- Some implementation details of Recommendations FM1 and FM3 would change. Otherwise no change: BA&H recommendations are fully applicable to the proposed new structure.
- Currently under consideration in a separate BA&H study. Not likely to require significant change in recommendations in present report concerning BDT

* From Progress Report, Third Session of the HLC, Doc. DT/16-E.