

VI. IMPROVED MANAGEMENT OF THE UNION

1.1 It is a fact of life that the ITU will continue to be faced with serious resource constraints, both financial and human. It will be an imposing challenge to accomplish more. To do this will require the infusion of new management practices adapted to the particular mission and chemistry of the ITU.

1.2 The ITU, with its record of achievement and the quality and dedication of its staff, can be a model of dynamic management within the UN system. Without this commitment to rethinking and renewal, the ITU and its staff are unlikely to be in a position to meet the task ahead.

1.3 The Nice Plenipotentiary Conference authorized the ITU to retain consultants to assist the H.L.C. in its work. At our recommendation, the ITU engaged the consultant firm of Booz, Allen and Hamilton (BAH) to study the ITU's financial and personnel management and information management systems and identify actions which could be taken in those areas to improve the Union's organizational effectiveness, productivity and efficiency. The contract was awarded on a competitive basis following an open-bidding process.

1.4 The consultants began the study by working with the H.L.C., ITU elected officials and staff to assess the management challenges facing the ITU in the present rapidly-evolving telecommunication environment. The study found a number of significant shortcomings in current ITU management practices, which hinder its ability to respond effectively to the needs of its "customers". These include problems with timeliness of work in many areas, lack of flexibility and transparency in resource management, difficulty for staff in keeping current professionally, serious staff morale problems, and the need for improved internal communications and a more collegial working spirit across the organization.

1.5 In formulating recommendations for management improvements which would enable the ITU to meet the needs of its constituencies more effectively, BAH advocates three fundamental management directions, **which we endorse:**

- (i) a more delegated, flexible management approach empowering managers and staff to show greater initiative;**
- (ii) an emphasis on measuring results obtained and providing incentives to achieve further improvements;**
- (iii) the use of advanced management methods and information technology to achieve effective monitoring of delegated work.**

1.6 While BAH found no large-scale "quick fix" for the Union's management problems, a number of smaller-scale actions were identified which address operational problems, and which cumulatively will result in notable improvements. The consultants made a total of 40 formal recommendations on financial and personnel management and information systems. We concentrated our attention on those recommendations deemed most important in terms of their potential impact on ITU management, or most complex to implement. The Executive Summary of the BAH Report is at Annex II.

1.7 The major findings in each of the three areas of the BAH study, and our recommendations to the Council on the key measures designed to address the shortcomings they identified, are summarized in the following paragraphs. (The number in parentheses after a recommendation is the number by which it is identified in the BAH report.)

2. Financial management

2.1 BAH found the current financial management system effective in ensuring budgetary control and accountability at moderate cost. The system does not, however, provide effective mechanisms for setting programme and budget priorities, give managers full responsibility and accountability for resources to promote cost-conscious decisions, or provide transparent cost information by activity either to managers or to Administrations. To address these shortcomings, the consultants advocate:

- (i) more decentralized decision-making coupled with clear allocation of costs to activities and accountability;
- (ii) mechanisms to foster more cost effectiveness;
- (iii) related changes in financial reporting.

2.2 **Our first major recommendation in this regard is to change the budgetary format and procedures to increase transparency and the accountability of Sector and General Secretariat department managers for costs, promote prioritization of activities, and provide more flexibility to readjust priorities in response to changes in the telecommunication environment during a budget cycle. In support of this, recommendations include:**

- REC 70 **2.2.1 decentralized preparation and submission by Director of a cost-based Sector budget which complies with budget guidelines issued by the Secretary-General.** The Secretary-General (through the Finance Department) will consolidate and refine the budgets for each Sector into an overall Union budget in consultation with the Coordination Committee. The Secretary-General retains the ultimate authority for the Union's financial management. Publications-related income and expenditures, which are subject to fluctuation, should remain in a supplemental budget (FM1).
- REC 71 **2.2.2 a two-year budget cycle and an outline four-year strategic budget (FM2).**
- REC 72 **2.2.3 flexibility for each Bureau and the General Secretariat to reallocate funds within its budget, and responsibility to control expenditure, except that funds budgeted for non-personnel expenditures could not be reprogrammed for personnel expenditures (FM3).**
- REC 73 **2.2.4 increased authority for the Secretary-General to reallocate funds between Sectors, up to a 3% maximum.** H.L.C. members disagreed on the desirability of a further recommendation by the consultants that the ITU establish a non-specific contingency fund for the Secretary-General's use (FM3).
- REC 74 **2.2.5 changes in financial control, accounting and reporting procedures (FM 4,7,8,9) to make them consistent with the above recommendations and to provide clearer reporting on expenditures.**

2.3 Further recommendations are as follows:

REC 75 2.3.1 **establish a "transfer pricing" policy for common services, under which common services would be funded by Bureaus on a contractor/client basis with Bureaus deciding whether to use the Common Services Department or outside vendors, within certain limits.** The objective is to increase transparency in accounting for common services and promote cost-conscious decision-making. Implementation would be phased-in gradually to take into account existing resources, including staff (FM5).

REC 76 2.3.2 **establish a separate consolidated publications sales and marketing unit, with a more commercial marketing approach, to promote increased information dissemination and revenue.** The Head of such a unit should be experienced in marketing and sales. Once the ITU acquires experience with a separate unit, consideration could be given to further recommendations of the consultants to establish a differential pricing policy and to return a portion of additional net profits from sales to the units originating the publications (FM6).

3. Personnel management

3.1 While the consultants found the ITU staff motivated to carry out the mission of the ITU, they also noted serious staff morale problems. Dissatisfaction with compensation and benefits, while widespread, was only one of a number of factors contributing to poor morale. Others include: insufficient control by the ITU of "fit" between characteristics of staff recruited and job requirements; limited training and career advancement opportunities; inadequate channels of communication and consultation between staff and supervisors and between organizational units; a largely ineffective performance appraisal system; and an overly hierarchical structure with excessively narrow spans of supervisory control.

3.2 The consultants concluded, and we agree, that major changes in management style will be necessary to address these problems effectively and create a more motivated, productive and efficient staff. In looking at recommendations for changes, it was necessary for us to keep in mind UN Common System constraints.

3.3 We recommend the adoption, in some cases in a modified form, of a number of key programmes which BAH has proposed in the area of personnel recruitment and management, as follows.

REC 77 3.3.1 **Establish a reformed personnel appraisal system which encourages appraisers to be constructive but also to confront problems realistically (PM2).** The goal is to make the ITU appraisal system effective in differentiating among various levels of performance, which the consultants did not find to be the case with the present system. An effective, fair appraisal system is a prerequisite for accurately evaluating and monitoring performance in meeting management objectives and for introduction of any system of performance awards, keeping in mind that developing such a system in an international organization composed of staff with diverse cultural backgrounds is a complicated task. It was agreed that any new system must be characterized by uniformity in application, quality control in its operation, and clearly understood criteria for rating performance. Bearing all relevant concerns in mind, **we recommend that development of a new appraisal system take place under the direction of the Secretary-General, with close coordination between all involved.**

- REC 78 3.3.2 **Introduce the TEAM process into the ITU (PM6).** As used by the consultants, TEAM is an acronym for an approach which groups together in co-operative work programmes all staff involved in a particular transaction. (A transaction is defined as a series of activities which begins with a request for goods or services from the ITU and ends with their delivery.) The goal is to foster management-staff co-operation across organizational and hierarchical lines to enhance operational efficiency.
- REC 79 3.3.3 **We recommend that the Secretary-General implement pilot TEAM projects, which would prove instructive in determining the manner and extent to which TEAMS should be introduced into the ITU as a whole.**
- REC 80 3.3.4 **Establish a performance incentive programme, based on achievement of demonstrable gains in productivity, cost reduction and/or quality (PM7).** BAH linked performance incentives to the TEAM process. However, it is our view that the question of performance incentives, whether monetary or non-monetary, should not be strictly linked to TEAMS, but should also allow awards to individuals not associated with a TEAM. **We**
- REC 81 **recommend that the ITU begin by establishing a non-monetary awards programme to recognize high achievers, either individually or as members of a TEAM.** A system of one-time, non-pensionable cash bonuses could be considered for introduction subsequently. In the H.L.C.'s view and in accordance with recommendations of the International Civil Service Commission (ICSC), however, a fair and effective personnel appraisal system must be in place and working well before any bonus programme is introduced; otherwise, such a programme could damage staff morale instead of improving it.
- REC 82 3.3.5 **For new recruitment, consider conversion of some positions to "managed renewable term" (MRT) contracts with a proposed term of five years and renewal tied to maintenance of a specified standard of performance (PM3).** We recognize that this recommendation poses some difficulties, including the question of its compatibility with the UN Common System, the determination of objective standards for renewal of contracts, and staff concern about greater career uncertainty. While recognizing these difficulties, we believe that MRTs could yield important benefits for effective management of personnel in the ITU, as the consultants found that currently "de facto" tenure of staff regardless of performance impedes career mobility and has an adverse impact on the ITU's efficiency. **However, a proper balance should be maintained between permanent, MRT and regular fixed-term positions.** We consider MRTs particularly appropriate for those long-term positions in which it is essential, in a rapidly changing environment, that staff maintain state-of-the-art expertise*. It would be necessary for the Secretary-General to ensure, however, that any MRT plan considered for implementation is compatible with the UN Common System.
- REC 83 3.3.6 **Delegate authority to the Bureau Directors and General Secretariat Department Heads to reassign staff/rearrange posts within an overall financial constraint, with review by the Personnel Department of any proposed reclassifications to ensure that sound position classification management principles are observed, e.g. reclassifications should not substitute for promotions (PM4).** This change would permit managers to optimize use of staff by giving them the flexibility to shift resources as needed, while providing safeguards to ensure that total personnel costs do not increase.

* (Positions which fill a short-term rather than a continuing need would continue to be regular fixed-term.)

REC 84 **3.3.7 Permit wider advertising of vacancies, beginning with notifications to Administrations to ensure global coverage, supplemented by advertising in appropriate publications at the Secretary-General's discretion and considering cost constraints. With the understanding that, in making selections, the Secretary-General should consider, in addition to position qualifications, such factors as geographic distribution and gender. Also permit direct application to the ITU, on the understanding that the Secretary-General should, in such cases normally consult with Administrations of the nationals involved before making a final selection (PM16).** These changes would provide the ITU with a greater choice of qualified candidates and bring the ITU's recruitment procedures more into line with those of most other UN agencies. At the same time, the interest of developing countries in preventing "brain drain" would be addressed and Administrations would retain a role in the selection process.

REC 85 **3.3.8 Conduct credentials checks and personal or telephone interviews with short-listed candidates for professional positions (PM1).** These procedures would assist the ITU in evaluating candidates' qualifications for a particular position and help avoid costly recruitment mistakes arising from incomplete or inaccurate information about a candidate's suitability.

REC 86 **3.3.9 Include the relevant Department head and direct supervisor of candidates on the Professional Appointment and Promotion Board (PM5).** This will include in the selection process those who will work most closely with the recruits.

REC 87 **3.3.10 Establish a Code of Practice to foster more effective manager/staff communication, including regular staff meetings, and train managers in communications skills (PM9).** This recommendation is designed to institutionalize a consultative management approach and improve internal communications.

REC 88 **3.3.11 Enhance professional and technical training for ITU staff, to improve productivity and quality of performance and help staff maintain up-to-date technical expertise in a rapidly changing environment. (PM10)**

3.4 The consultants made five additional lower-priority recommendations, which we consider desirable although not as significant as those discussed in the above paragraphs. These are:

- (i) Make job descriptions more goal-oriented. The objective is to make job descriptions more responsibility- and result-oriented rather than a detailed description of tasks, and hence to increase flexibility in utilization of personnel (PM12).
- (ii) Simplify procedures for processing routine communications. The goal is to eliminate over complex procedures for routing correspondence (e.g. unnecessary multiple signature levels for routine communications) to reduce unproductive time (PM14).
- (iii) Establish explicit written managerial objectives, so that elected officials and staff clearly understand the goals of the organization (PM15).
- (iv) Institute an annual or biennial employee opinion survey (PM13). This would provide management with helpful information about staff concerns and a mechanism to help resolve them. However, questions would need to be carefully formulated to avoid soliciting input on a particular issue unless the ITU is both willing and able to address concerns employees may have on the subject. Otherwise, the survey could be counterproductive.
- (v) Establish an outplacement service for fixed-term and MRT contract holders, if this service can be accommodated by cost savings elsewhere (PM11)

3.5 Since the consultants had not commented on the lack of women occupying ITU professional and higher category positions, we requested information on this matter. The Secretary-General advised us that women occupy the following positions: 1 D1 (19 men), 2 P5 (57 men), 13 P4 (81 men), 12 P3 (43 men), 14 P2 (16 men). This means that there are just 42 women professionals compared to 216 men. **We call upon Administrations to encourage more women to apply and to put forward more women candidates if feasible, and the Secretary-General to take practical steps to increase the number of women in professional positions.**

3.6 Salaries

3.6.1 We note the consultant's finding that the UN Common System salary levels for professional staff are not competitive with those of the private sector. If the ITU is to maintain its pre-eminent role in international telecommunications, it must be in a position to retain and attract highly specialized and competent staff. We further note that the erosion in the purchasing power of professional staff salaries, especially since 1985, and the overlap of remuneration between the General Service and Professional and higher categories of staff, is having a detrimental effect on staff productivity and morale. **We commend the Secretary-General on his initiative to seek a common approach to these issues from European-based UN Specialized Agencies and within the UN Administrative Committee on Coordination (ACC). We request the Council to closely monitor this situation and to assist the Secretary-General in finding a permanent solution to these problems within the Common System.**

3.7 Pensions

3.7.1 We believe that continuing uncertainties over their local currency pension purchasing power has been one of the major concerns of the ITU staff, and that the failure to date to find a long-term solution to the problem has been one of the major contributing factors to the low level of their morale. All H.L.C. Members consider that measures should be taken to deal with this problem as a matter of urgency.

3.7.2 We endorse the view of the UN General Assembly (Resolution No. 45/242) that the UN Joint Staff Pension Board (UNJSPB) should give priority to the development of a long-term approach to the determination of the initial local currency pensions which takes account of the need to safeguard the financial health of the Fund and, at the same time, responds to the problems caused by the declining value of initial pensions in certain countries resulting from currency exchange rate fluctuations.

3.7.3 However, we note that the UNGA has not yet adopted long-term safeguards to protect the purchasing power of initial pensions for those retiring in a number of strong currency countries, as referred to in Resolution No. 43 of the Nice Plenipotentiary Conference. The UNJSPB is scheduled to decide in July 1991 on what it will recommend to the 46th UNGA. The 45th UNGA invited "the governing bodies of the other member organizations of the Fund to refrain from seeking to establish for their staff, whether by provisions in their staff regulations or by other means, additional pension entitlements, as such action would be detrimental to the Common System under which all staff should receive equal treatment, irrespective of their employing organization".

3.7.4 We note that, aside from the UPU (which is not a member of the UNJSPB), no UN organization has taken any independent action to protect their staff against the risk of devaluation of pension benefits. As a result of provisions which mainly predate their membership in the Fund, a limited number of staff of three of the Geneva-based agencies, however, currently benefit from higher pensions than those available to ITU staff members.

3.7.5 We recall that Nice Resolution No. 43 instructs the Administrative Council to "take, at its session in 1991, appropriate action to secure for ITU staff retiring in any country of the world, pension benefits comparable to those prevailing at the base of the System (New York)" and "to envisage the implementation of any scheme protecting the purchasing power of pensions which is found to be compatible with the Common System". We also noted that BAH recommended that the Council at its 1991 session should approve implementation of a Pension Protection Purchasing Power Insurance Plan (PPPIP) effective from 1 April 1992 if, by that date, the UNGA had not implemented system-wide measures to provide comparable protection.

3.7.6 Many members of the H.L.C. believe that, in the absence of a system-wide solution to the problem, the ITU would be justified in providing separate and adequate protection for their staff through the implementation of the PPPIP which, as an insurance rather than supplementary pension scheme, would not in their (and the ITU Legal Adviser's) view be incompatible with the ITU's obligations to the UN Common System. Other members of the H.L.C. are of the firm opinion, supported by the UNJSPB, that any independent action by the ITU would be inconsistent with their membership of the Common System.

REC 89 3.7.7 The majority of H.L.C. members, therefore, recommends that the Administrative Council, at its May 1991 session, approve the PPPIP scheme for ITU staff members entitled to pension benefits after 31 March 1992, unless the UNGA implements appropriate safeguards prior to that date. The PPPIP should remain in effect until comparable protection is provided by the UN Joint Staff Pension Fund (UNJSPF).

3.7.8 Those who do not share the foregoing view consider that action now by the Administrative Council would be interpreted as a challenge to the UNJSPB and prejudice the likelihood that it will rule in favour of the ITU.

3.7.9 All H.L.C. members, however, join strongly in recommending that Member States, through their representatives to the UN in New York, make known their support for a just settlement of the pension issue. Members should inform the Secretary-General of the actions they take in this regard.

4. Information systems

4.1 The consultants found that the ITU's level of expenditure on information systems and telecommunications (approximately 14% of the overall budget) is in line with that of information-intensive commercial firms. They also concluded that, although the ITU has a large pool of skilled and well-trained systems development staff, this talent is not utilized as effectively as possible because of an over-fragmented organization of information systems activities. In addition, inadequate training for staff in such areas as use of personal computers was found to hamper optimum utilization of existing systems. Deficiencies were noted in the Union's own internal telecommunications, including lack of voice mail and automated call accounting and inadequate fax capability.

REC 90 4.2 Believing that the ITU should be the leader within the UN system in the effective use of information technology to facilitate internal and external communications, we recommend the adoption of the consultant's proposal to implement a formal information systems planning process (IS8). This includes formation of a consolidated Information Services Department under a Director who serves as the ITU's "Chief Information Officer", and an Information Technology Steering Committee composed of members from each Bureau and the major General Secretariat departments. This Committee should prepare proposals for the Secretary-General and the Coordination Committee on information systems technology and control/monitor information technology functional activities. The objectives of this reorganization are to focus high-level attention on information technology strategy and objectives, and to better coordinate ITU activities in this area.

REC 91 4.3 **BAH also developed a list of eight priority applications for systems development based on user surveys, and a number of other priority technical recommendations on information systems. We endorse these proposals in principle, recognizing that costs are a factor to be considered in any implementation schedule and that some refinements or adjustments to the consultant's proposals may be necessary or desirable.**

These recommendations are:

- (i) Focus applications development on the eight top priority applications and a "bridge" initiative (see No. 3 below) detailed in the BAH report. (IS1)
- (ii) Increase staff resources and external contract funding for development of the eight priority applications, with the goal of completing this development within 24 months (IS2). We note that, practically speaking, this timetable may not be possible because of the level of resources which the Computer Department estimates would be required.
- (iii) Implement software "bridge" to facilitate data access and connectivity/interchange among applications systems. Use "bridges" to implement an Executive Information System. (IS3)
- (iv) Complete the planned transfer of certain applications from Siemens mainframes to distributed network resources, then terminate the lease on one mainframe. (IS4)
- (v) Continue systems development on three platforms: IDMS Windows, SQL Server-Windows and SAP-Windows for financial applications. (IS5)
- (vi) Add automated call accounting and voice mail capability to PABX. (IS6)
- (vii) Recruit a specialist for internal telecommunications. (IS7)
- (viii) Implement a structured systems engineering environment and provide appropriate training for Information Systems (IS) staff. (IS9)

4.4 BAH made six additional, lower-priority recommendations, which we also endorse in principle:

- (i) Complete the ongoing deployment of personal computers. (IS10)
- (ii) Intensify the user training programme to the extent practicable from a cost standpoint so that staff can take maximum advantage of existing automated systems. (IS11)
- (iii) Evaluate the use of PC-based barcode scanning system for document tracking/management. (IS12)
- (iv) Postpone expansion of current PABX capacity. (IS13)
- (v) Consolidate IT management under a Chief Information Officer, with two major departments: Information Resources and Systems Development (except IFRB applications programming staff, who would remain in the IFRB Secretariat at least until completion of Space Notification System). (IS14)
- (vi) Expand IS training for specialist staff. (IS15)

5. **Other recommendations**

5.1 As discussed in more detail in Chapter IV, we recommend establishment in the General Secretariat of a Strategic Policy and Planning and Operations Analysis Unit. The Unit would assist the Secretary-General and the Coordination Committee, by, *inter alia*, identifying changing trends in the environment and their implications for the ITU, preparing strategic planning studies, and helping to determine priorities for use of scarce resources.

5.2 On the Operations Analysis side, the new Unit would help to identify and implement opportunities for operational improvements and monitor resulting cost savings or other benefits. We strongly believe that greater focus on and coordination of strategic policy planning and operations analysis is necessary if the ITU is to respond effectively to the challenges of the changing environment.

6. Implementation and associated costs

6.1 In the limited time available to us, we were able to make a significant beginning in analysing the financial effect of all our Recommendations.

6.2 For the Recommendations on finance, personnel and information systems, flowing from the BAH report, we had estimates both from BAH and from the Coordination Committee. As of 15 April 1991, the Coordination Committee summarized its own estimates and those of BAH as follows:

<u>Million Swiss francs</u>			
BAH		ITU	
ONE TIME	YEARLY	ONE TIME	YEARLY
6.9	1.9	11.5/12.3	3.7/3.9

6.3 In general BAH and the Coordination Committee's figures are different for two reasons:

- i) BAH are more optimistic about likely offsetting savings, particularly from productivity improvement. Thus, they forecast a more favourable net financial effect of the Recommendations. Over a four-year period, all expenditures would be offset by productivity gains, resulting in reductions of posts.
- ii) the Coordination Committee believe that the Nice Plenipotentiary budget ceilings already require significant productivity savings, the source of which had not been fully identified, so that any savings resulting from our Recommendations will, therefore, be required largely to meet this existing commitment. (BAH was aware of the productivity increases required to meet the Nice budget ceilings and took them into account in making their estimates.) Thus, the Coordination Committee forecast a less favourable effect on the existing budget forecasts.

6.4 The main impact on the ITU's finances will depend on how the agreed Recommendations are phased in. At this stage, we offer two main comments.

6.5 First, BAH justifies their estimates on the basis of their extensive experience in introducing similar changes in other organizations. We consider that the Coordination Committee may have underestimated the benefits from some measures, e.g., they do not foresee as wide or early introduction of the TEAM process as might be possible. We must also consider the cumulative effect of the whole range of changes, within a changed organization culture, which more fully encourages delegation, initiative and co-operation and in which the staff can more fully realize their potential, with fair conditions of services, within a well managed organization. We also foresee savings from some of our other Recommendations - from conversion to a part-time Board and from shorter conferences - as well as possible increased income, e.g., from publications.

6.6 Second, and in the light of this, we consider that a phased implementation of our proposals can be achieved with little or no increase in the budget projections. Some limited rephasing of expenditure may be needed. However, we believe that this could be confined to a one-time expenditure designed to improve the ITU's information systems.

VII. IMPLEMENTING OUR RECOMMENDATIONS

1. We have agreed that the ITU must now adapt in many ways, if it is to maintain its leading role.
2. It follows that it is now vital that the ITU should not lose momentum in deciding what action to take on this report and in then implementing it. Any delay will weaken the ITU's position. Uncertainty over the nature and timing of action will adversely affect morale and efficiency in Members' activities and among ITU staff. It will cast doubt on the ITU's credibility and commitment to change.
- REC 92 3. We, therefore, **recommend** that the Council at its 1991 session should take action on the basis of our report and give a strong impetus to its implementation. Some recommendations can be implemented by the Secretary-General, by the Coordination Committee, or by decision of the Council. We recommend that early decisions and actions be taken on these. Others will require decisions by the Plenipotentiary Conference. The Nice Plenipotentiary Conference envisaged that the Council might call an additional Plenipotentiary Conference, under Nice Resolutions No. 2, No. 55, paragraph 8 and No. 1, paragraph 1.3.
- REC 93 4. An ordinary Plenipotentiary Conference is to be held in the autumn of 1994 in Kyoto (Japan). Having regard to the Union's schedule of activities and the need for preparation, we **recommend** the holding of the additional Plenipotentiary Conference in the last quarter of 1992 or early in 1993.
5. The entry into force of the Nice Constitution and Convention is subject to the deposit with the Secretary-General of 55 instruments of ratification; only six instruments of ratification have been deposited by 26 April 1991. We, therefore, consider that the Constitution and Convention of Nice are unlikely to come into force before the additional conference.
- REC 94 6. Taking into account the foregoing considerations and since it is legally possible to amend a treaty before its entry into force, **we recommend** that the Council, at its 46th session, decide to consult, in application of No. 271 of the Nairobi Convention, the Members of the Union on:
 - a) the holding of an additional Plenipotentiary Conference (as recommended in paragraph 4 above); and
 - b) the provisional application of the provisions of Article 48 of the Nice Constitution, in case the Nice instruments have not entered into force before the date of that additional Plenipotentiary Conference.
- REC 95 7. By the same token, we have scrutinized the provisions governing the amendment of the instruments of the Union, which may be too restrictive and liable to hinder the Union in its efforts to adapt rapidly to the changing telecommunication environment. **We recommend** that these provisions should accordingly be reviewed.
- REC 96 8. Finally, to ensure effective preparations for the additional conference, we **recommend** that the Council set up immediately a small Drafting Group to elaborate draft texts for amendments to the Nice instruments on the basis of our recommendations, and send them to Members for appropriate action.

ANNEX 1

LIST OF THE MEMBERS
OF THE HIGH LEVEL COMMITTEE

Algeria	Mr. Abdelkrim BOUSSAÏD	Vice-Chairman	
Germany	Mr. Heinrich VENHAUS		
Saudi Arabia	Mr. Sami S. AL-BASHEER		
Australia	Mr. George E. HAMS		
Brazil	Mr. Savio PINHEIRO		Member since July 1990
Brazil	Mr. Arthur C. de Araujo ITUASSU		Attended the first session only
Canada	Mr. Gabriel I. WARREN	Chairman	
China	Prof. WANG Zhanning		Member since January 1991
China	Mr. LIU Zhongen		Attended the first & second sessions
Colombia	Mr. Sergio REGÜEROS Swonkin		
Denmark	Mr. Poul HANSEN		Attended the first 4 sessions
Denmark	Mr. Ib LØNBERG		Member since April 1991
United States	Amb. Gerald B. HELMAN		
France	Mr. Michel TOUTAN		
India	Mr. Devendra N. NANDA		Member since May 1990
India	Dr. M.K. RAO		Attended the first session only
Indonesia	Mr. Jonathan L. PARAPAK		
Japan	Mr. Yoshitaka KURIHARA		Member since August 1990
Japan	Mr. Nobukazu MORISHIMA		Attended the first & second sessions
Mali	Mr. Mamadou BA		
Morocco	Mr. Abderrazak BERRADA		
United Kingdom	Mr. Mike MORRIS		
Senegal	Mr. Leon C. CISS		
U.S.S.R.	Mr. Petr S. KURAKOV		
Yugoslavia	Prof. Ilija STOJANOVIC		
Zimbabwe	Mr. Mazwi F. DANDATO		

ANNEX 2

**HLC CONSULTANT STUDY BOOZ, ALLEN & HAMILTON (BA&H)
FINAL REPORT
(extracts)**

- 1 - Executive summary
- 2 - Recommendations and implementation steps

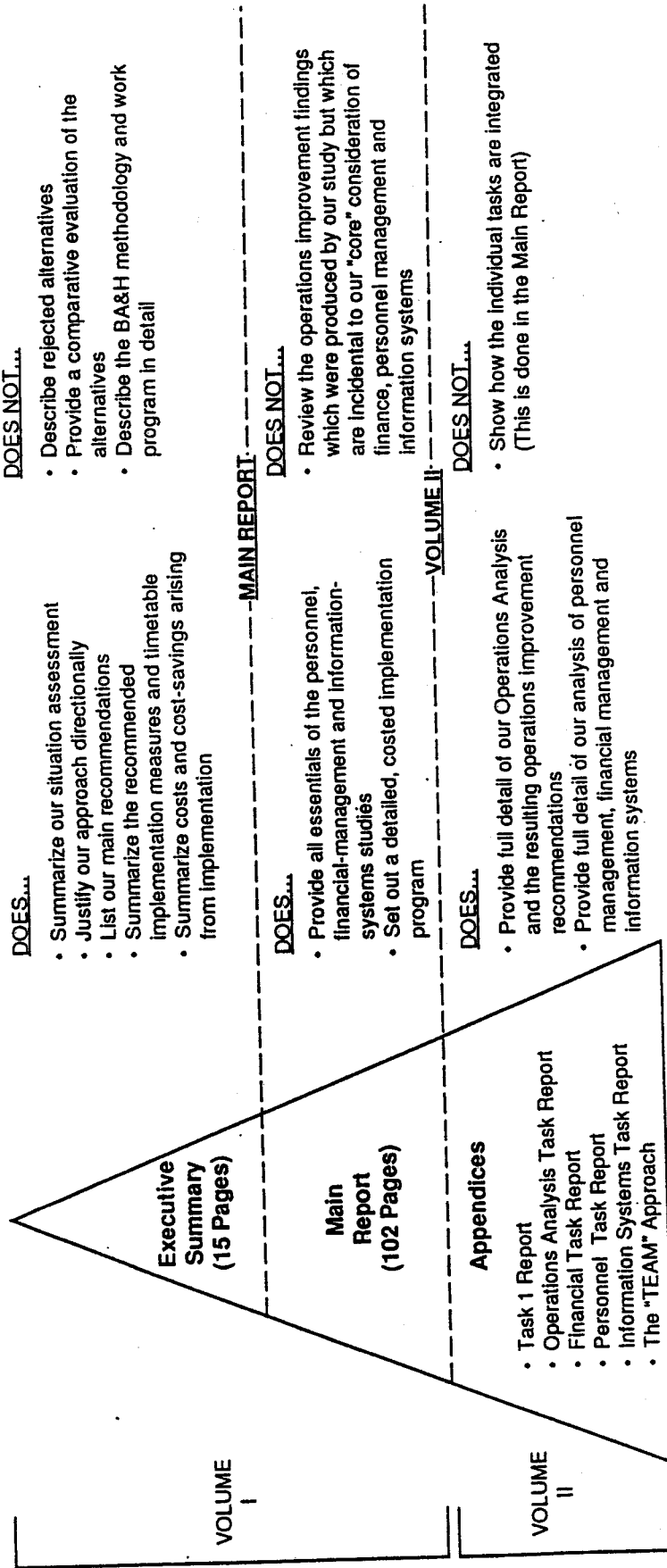
Executive Summary...

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? • 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

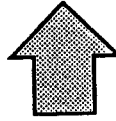
Directions...

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

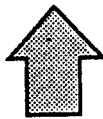
FINANCIAL MANAGEMENT RECOMMENDATIONS (SHORT FORM)
<p>EM1 Decentralize financial management to individual Organs and General Secretariat (GS) Departments. They should prepare their own budgets, with consolidation to overall Union budget by the Secretary General in consultation with Coordination Committee</p> <p>EM2 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>EM3 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>EM4 Track and report expenditure against Organ and Department budgets in a manner consistent with Recommendations FM1 and FM2</p> <p>EM5 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>EM6 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>EM7 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)...

<p>BRIEF DISCUSSION OF THE PILOT "TEAM" PROJECT</p>
<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 conferences, 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)

<p>PERSONNEL MANAGEMENT RECOMMENDATIONS (SHORT FORM)</p>
<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>PM7 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 three 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 Staff Implications (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

Recommendations...Information Systems (Continued)...
INFORMATION SYSTEMS RECOMMENDATIONS...

INFORMATION SYSTEMS RECOMMENDATIONS (SHORT FORM) (continued)
<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...

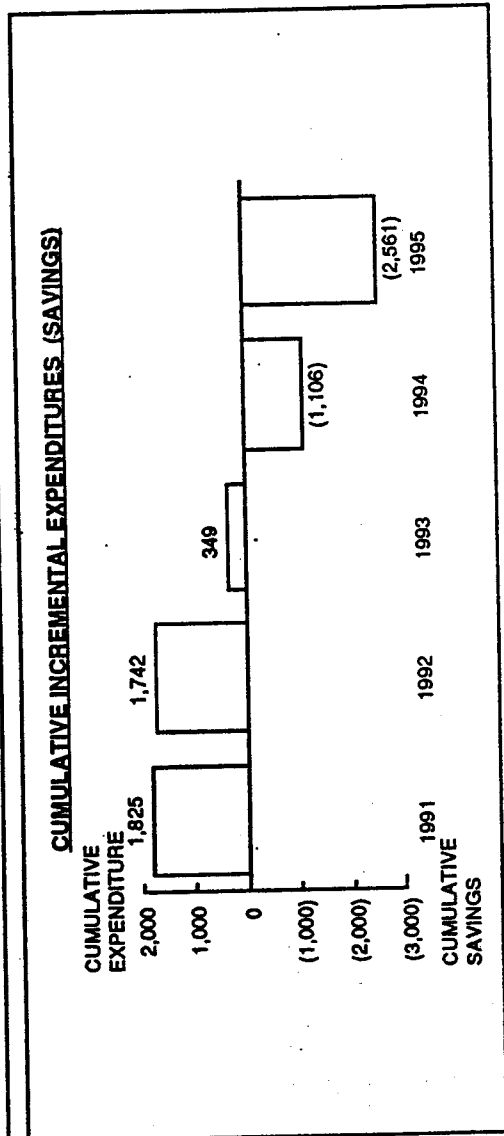
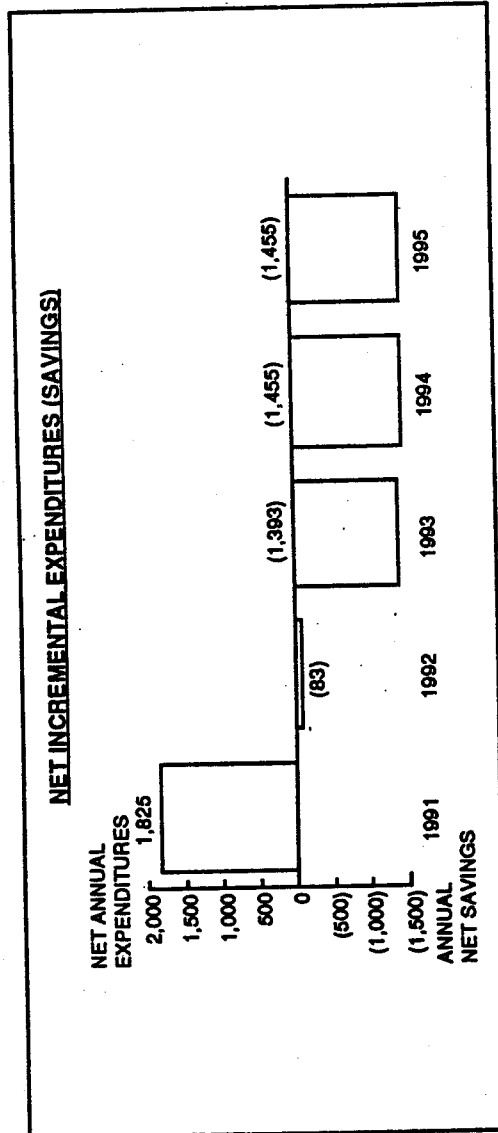
IN ADDITION TO THE RECOMMENDATIONS ON FINANCE, PERSONNEL AND INFORMATION SYSTEMS, WE HAVE THREE ADDITIONAL RECOMMENDATIONS WHICH ARE ESSENTIAL TO ENABLE THE SUCCESSFUL IMPLEMENTATION OF THE RECOMMENDATIONS IN FINANCE, PERSONNEL AND INFORMATION SYSTEMS

<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 PLENIPOETENTIARY 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 $(Dn / (E_{1991} + \dots + E_n))$, where D_n 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 PPPIP

- **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

IMPLICATIONS FOR BOOZ-ALLEN 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"

- 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.

V. RECOMMENDATIONS AND IMPLEMENTATION STEPS

Recommendations...Approval Authority...

A NUMBER OF OUR RECOMMENDATIONS REQUIRE POLICY DECISIONS BY MEMBERS OF THE ITU AT THE PLENIPOETARY CONFERENCE OR ADMINISTRATIVE COUNCIL LEVEL. SEVERAL ARE WITHIN THE AUTHORITY OF THE SECRETARY GENERAL

RECOMMENDATIONS	TYPES AND LEVEL OF STRUCTURAL POLICY DECISIONS/APPROVING AUTHORITY REQUIRED		
	Plenipotentiary Conference	Administrative Council	Secretary General
Financial Management EM1 Decentralize financial management	—	<ul style="list-style-type: none"> Delegation of increased financial responsibility to Secretary General and elected officials Approval for separate budgets for Organ and GS Department 	—
EM2 Adopt a two-year budget cycle and a four-year strategic budget	<ul style="list-style-type: none"> Approval for two-year budget and four-year strategic budget 	—	—
EM3 Allow each Organ and GS Department flexibility to reallocate funds	<ul style="list-style-type: none"> Full flexibility proposed requires approval by Tokyo Plenipotentiary 	<ul style="list-style-type: none"> Administrative Council can approve limited flexibility consistent with prevailing Plenipotentiary conference decisions 	—
EM4 Track and report expenditures against Organ and Development budgets	—	—	<ul style="list-style-type: none"> Within the authority of the Secretary General
EM5 Fund Common Services through the budgets of the user Organs and GS Departments on a client-contract basis	—	—	<ul style="list-style-type: none"> Within the authority of the Secretary General

Recommendations...Approval Authority...
A NUMBER OF OUR RECOMMENDATIONS REQUIRE POLICY DECISIONS...

RECOMMENDATIONS	TYPES AND LEVEL OF STRUCTURAL POLICY DECISIONS/APPROVING AUTHORITY REQUIRED		
	Plenipotentiary Conference	Administrative Council	Secretary General
Financial Management EM6 Reorganize Sales function and create new sales and marketing unit	—	<ul style="list-style-type: none"> Approval for creation of a separate sales and marketing unit Approval for revenue or profit sharing by Organs; linked to approval of new budgetary process (Rec. FM1) and abolition of Supplementary Publications Budget 	
EM7 Modify financial control procedures	<ul style="list-style-type: none"> Approval of two-year budget cycle 	<ul style="list-style-type: none"> Approval of separate organ budget 	<ul style="list-style-type: none"> Most decisions within authority of Secretary General once principle has been approved by Plenipotentiary or Administrative Council
EM8 Revise accounting practices and procedures to support new budgeting and control methods, and provide better cost information	<ul style="list-style-type: none"> Approval of new accounting categories, practices and procedures 	<ul style="list-style-type: none"> Approval of separate organ budget; interest in approval of provisional use of new budget categories subject to subsequent confirmation by Plenipotentiary Conference 	<ul style="list-style-type: none"> Most decisions within authority of Secretary General once principle has been approved by Plenipotentiary or Administrative Council
EM9 Provide insightful financial reporting on expenditure against each Organ and GS Department budget for better budget control and management decisions	—	<ul style="list-style-type: none"> Approval of separate organ budget 	<ul style="list-style-type: none"> Most decisions within authority of Secretary General once principle has been approved by Plenipotentiary or Administrative Council

Recommendations...Approval Authority...

TYPES AND LEVEL OF STRUCTURAL POLICY DECISIONS/APPROVING AUTHORITY REQUIRED			
RECOMMENDATIONS	Plenipotentiary Conference	Administrative Council	Secretary General
<p>Personnel</p> <p>PM1 Check credentials and conduct telephone interviews</p> <p>PM2 Reactivate the appraisal process</p> <p>PM3 Institute Managed Renewable Term (MRT) contracts</p> <p>PM4 Empower managers to optimize allocation of staff resources</p> <p>PM5 Delegate more authority to managers</p> <p>PM6 Establish TEAM pilot project</p> <p>PM7 Establish bonus program based on TEAM process</p> <p>PM8 Approve Pension Purchasing Power Protection Insurance Program (PPPIP)</p>	<ul style="list-style-type: none"> Use of Managed Renewable Term contracts to replace permanent posts upon vacancy—contracts renewable after 5 years based on satisfactory performance (for permanent program) Empower managers to optimize staff resources and allocate posts to activities as needed 	<ul style="list-style-type: none"> Use of Managed Renewable Term contracts to replace permanent posts upon vacancy—contracts renewable after 5 years based on satisfactory performance (for initial program) Delegate greater authority for appointment and promotion to operating managers for levels below P5 Institute bonus program for all employees based on achievement of TEAM measures Approve PPPIP to retain qualified, experienced staff and continue to attract talented individuals 	<ul style="list-style-type: none"> Credentials of short listed candidates will be checked and telephone interviews (conference calls) conducted Reactivate appraisal process through a system of ratings and rankings based on ITU overall goals and TEAM measures of success defined at the individual level Establish a pilot project in translation/terminology/ CCI editor/typing cross-organizational team

Recommendations...Approval Authority...

RECOMMENDATIONS	TYPES AND LEVEL OF STRUCTURAL POLICY DECISIONS/APPROVING AUTHORITY REQUIRED		
	Plenipotentiary Conference	Administrative Council	Secretary General
<p>Personnel</p> <p>PM9 Establish explicit communication networks</p> <p>PM10 Establish explicit written managerial objectives</p> <p>PM11 Establish outplacement service for fixed-term and managed renewable term contract holders</p> <p>PM12 Generalize job descriptions</p> <p>PM13 Institute annual employee opinion survey</p> <p>PM14 Simplify communications in routine procedures</p> <p>PM15 Enhance professional and technical training</p> <p>PM16 Advertise posts more widely</p>	<ul style="list-style-type: none"> Develop explicitly written managerial objectives for senior management tied to ITU overall objectives 	<ul style="list-style-type: none"> Enhanced communication through monthly staff meetings, cross organizational interactions, and non-hierarchical "skip level" meetings Institute outplacement service for contract holders with fixed term and managed renewable term contracts to help staff to transition out of ITU Job descriptions widened to encompass general responsibilities rather than tasks Annual employee opinion/perception/motivation survey with feedback mechanism through Coordination Committee Identify barriers to communications in routine procedures and reroute communications in a simpler, more timely fashion Enhanced training in technical and managerial/professional skills funded through operational savings and leveraging in-house training resourced Posts will be more widely advertised and vacancy notices will be more widely distributed 	

Recommendations...Approval Authority...

WE HAVE ANALYZED WHERE DECISION-MAKING AUTHORITY LIES FOR ADOPTION OF EACH OF OUR RECOMMENDATIONS

RECOMMENDATIONS	TYPES AND LEVEL OF STRUCTURAL POLICY DECISIONS/APPROVING AUTHORITY REQUIRED		
	Plenipotentiary Conference	Administrative Council	Secretary General
<p>Information Systems</p> <p><u>IS1</u> Focus systems development efforts on eight high priority projects</p> <p><u>IS2</u> Increase staff resources and external contract funding for the eight priority applications</p> <p><u>IS3</u> Implement a set of software "bridges"</p> <p><u>IS4</u> Complete the transfer of applications from the Siemens mainframes; terminate lease on one mainframe processor</p> <p><u>IS5</u> Continue to perform systems development on IDMS-Windows and SQL Server-Windows, with SAP-windows for financial applications. Minimize use of other development platforms</p> <p><u>IS6</u> Add automated outbound dialing, call accounting, and voice mail capabilities to the PBX</p> <p><u>IS7</u> Hire a telecommunications planning specialist and a short-term PC training expert</p>	<p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p>	<p>—</p> <p>• Requiring Administrative Council approval for transfer of funds between budget categories and years</p> <p>—</p> <p>—</p> <p>—</p> <p>—</p> <p>• Approval for new posts</p>	<p>• Approved by the Secretary General, and enforced by the Information Technology Steering Committee</p> <p>• SG and Coordination Committee should approve budgeting proposed to Administrative Council</p> <p>• Within the authority of Secretary General</p> <p>• Within the authority of Secretary General</p> <p>• Within authority of SG</p> <p>• Within authority of SG</p> <p>—</p>

