

Why GAO Did This Study

GAO has previously reported on many areas that appear to be duplicative, overlapping, or fragmented and has suggested that agencies could increase their efficiency and effectiveness by consolidating their physical infrastructure, such as research facilities, or consolidating their management functions, such as information technology. Such consolidation, however, involves weighing costs as well as benefits and can be complex and challenging to implement.

Given the potential benefits and costs of consolidation, it is imperative that Congress and the executive branch have the information needed to help effectively evaluate consolidation proposals. In this report, GAO identifies key questions that agencies should consider when evaluating whether to consolidate physical infrastructure and management functions and illustrates the questions with agency consolidation examples. GAO reviewed the consolidation literature; selected seven consolidation initiatives at the federal level in various stages of completion and one recommended consolidation; reviewed documentation and interviewed agency officials with responsibility for the initiatives; and interviewed public-management and government-reform experts with consolidation experience. GAO provided the draft for review and comment to the five agencies with consolidation initiatives that were not covered by prior GAO work and made technical changes as appropriate. GAO does not make recommendations in this report.

View [GAO-12-542](#). For more information, contact J. Christopher Mihm at (202) 512-6806 or mihmj@gao.gov.

STREAMLINING GOVERNMENT

Questions to Consider When Evaluating Proposals to Consolidate Physical Infrastructure and Management Functions

What GAO Found

The following fundamental questions should be answered while considering a physical infrastructure or management function consolidation initiative.

Key Questions to Consider When Evaluating Consolidation Proposals

What are the goals of the consolidation? What opportunities will be addressed through the consolidation and what problems will be solved? What problems, if any, will be created?

What will be the likely costs and benefits of the consolidation? Are sufficiently reliable data available to support a business-case analysis or cost-benefit analysis?

How can the up-front costs associated with the consolidation be funded?

Who are the consolidation stakeholders, and how will they be affected? How have the stakeholders been involved in the decision, and how have their views been considered? On balance, do stakeholders understand the rationale for consolidation?

To what extent do plans show that change management practices will be used to implement the consolidation?

Source: GAO.

- The key to any consolidation initiative is the identification of and agreement on specific goals, with the consolidation goals being evaluated against a realistic expectation of how they can be achieved. Consolidation goals, for example, can be compromised and new problems introduced when an initiative is delayed or halted, with agencies running the risk of increased costs.
- The initiative needs to be based on a clearly presented business-case or cost-benefit analysis and grounded in accurate and reliable data, both of which can show stakeholders why a particular initiative is being considered and the range of alternatives considered.
- Physical infrastructure and management function consolidations often have up-front costs, such as paying for equipment and furniture moves and funding employee transfers, and agencies find it challenging to pay for these upfront costs.
- Since stakeholders often view consolidation as working against their own interests, it is critical that agencies identify who the relevant stakeholders are and develop a two-way communication strategy that both addresses their concerns and conveys the rationale for and overarching benefits associated with the consolidation.
- Finally, implementing a large-scale organizational transformation, such as a consolidation, requires the concentrated efforts of both leadership and employees to accomplish new organizational goals. Agencies should have an implementation plan for the consolidation that includes essential change management practices such as active, engaged leadership of executives at the highest possible levels; a dedicated implementation team that can be held accountable for change; and a strategy for capturing best practices, measuring progress toward the established goals of the consolidation, retaining key talent, and assessing and mitigating risk, among others.