INTERNATIONAL TRADE ADMINISTRATION

ITA Management Should Address Significant Challenges Related to Its Recent Consolidation

FINAL REPORT NO. OIG-15-021-I

MARCH 25, 2015

U.S. Department of Commerce
Office of Inspector General
Office of Audit and Evaluation

FOR PUBLIC RELEASE

UNITED STATES DEPARTMENT OF COMMERCE
Office of Inspector General
Washington, D.C. 20230

March 25, 2015

MEMORANDUM FOR: Stefan M. Selig
Under Secretary for International Trade

FROM: Carol N. Rice
Assistant Inspector General for Economic and Statistical Program Assessment

SUBJECT: *ITA Management Should Address Significant Challenges Related to Its Recent Consolidation*—Final Report No. OIG-021-I

Attached please find our final report on OIG's audit of ITA's consolidation. We conducted this evaluation in response to a requirement in Senate Report 113-78 for the Departments of Commerce and Justice and Science, and Related Agencies Appropriations Bill for FY 2014. Our objectives were to

- identify management and leadership challenges that might hinder the consolidation effort,
- evaluate whether resource changes as a result of the consolidation are aligned with ITA's strategic priorities and sufficient for providing services to ITA's customers, and
- assess the status of ITA consolidation.

We found that progress in attaining ITA's consolidation goals is lagging, primarily because ITA's management did not execute an effective organizational change management plan. Efforts to achieve operational goals related to the consolidation—such as revising work processes and aligning workforces—remain ongoing and are largely uncoordinated. The consolidation was also hindered by leadership changes in the period leading up to and just after the October 17, 2013, administrative reorganization. As a result, and as we found out through our employee survey, ITA's employees were unclear about their new roles and responsibilities, and had concerns about increased levels of management. We also identified employee dissatisfaction with communication and feedback as a common theme. Finally, we confirmed that ITA saved $8 million as a result of the consolidation. However, because not all of the claimed savings came from reductions in management and overheard costs, resource allocations at ITA headquarters may not be optimal.

We recommend that the Under Secretary for International Trade

1. develop a comprehensive project plan to manage remaining consolidation activities and monitor progress until completion,
2. prioritize the development of revised performance plans and training for employees who were affected by the consolidation,

3. develop an employee engagement plan that solicits and incorporates employee feedback and communicate the changes to ITA staff, and
4. conduct a workforce analysis of headquarters programs to determine the appropriate level of resources.

In response to our draft report, the bureau agreed with all four recommendations. Where appropriate, we modified this final report based on the technical comments we received from your agency. Your formal response is included as appendix D. The final report will be posted on the OIG's website pursuant to section 8M of the Inspector General Act of 1978, as amended.

In accordance with Departmental Administrative Order 213-5, please submit to us within 60 calendar days of the date of this memorandum an action plan that responds to the recommendations in this report.

We appreciate the cooperation and courtesies extended to us by your staff during this evaluation. If you have any questions or concerns about this report, please contact me at (202) 482-6020 or Eleazar Velazquez, Supervisory Program Analyst and project manager, at (202) 482-0744.

Attachment

cc: Kenneth E. Hyatt, Deputy Under Secretary for International Trade
Paul Piquado, Assistant Secretary for Enforcement and Compliance
Arun M. Kumar, Director General of the U.S. and Foreign Commercial Service and Assistant Secretary for Global Markets
Marcus D. Jadotte, Assistant Secretary for Industry and Analysis
Justin Guz, ITA Audit Liaison

Report In Brief

MARCH 25, 2015

Background

The International Trade Administration (ITA) was created in 1980 and works to strengthen the competitiveness of U.S. industry, promote trade and investment, and ensure fair trade through the enforcement of U.S. trade laws and agreements.

In early 2011, as part of a strategic review, ITA management began discussions to reorganize the agency to better achieve its mission. A reorganization plan was proposed that would consolidate ITA's four major operating units into three. In November 2012, the Department submitted a reprogramming request to Congress to implement this plan, and it was approved in spring 2013. An administrative reorganization of ITA subsequently took place on October 17, 2013.

Why We Did This Review

We conducted this review in response to a requirement in a fiscal year (FY) 2014 Senate Appropriations Committee's Report. Our objectives were to (1) identify management and leadership challenges that might hinder the consolidation effort, (2) evaluate whether resource changes as a result of the consolidation are aligned with ITA's strategic priorities and sufficient for providing services to ITA's customers, and (3) assess the status of ITA's consolidation.

We reviewed ITA documentation related to consolidation planning; interviewed ITA staff; and conducted an online survey of ITA employees 6 months after the administrative reorganization took place, in order to gauge their opinions about this change.

INTERNATIONAL TRADE ADMINISTRATION

ITA Management Should Address Significant Challenges Related to Its Recent Consolidation

OIG-15-021-I

WHAT WE FOUND

One year into its consolidation, ITA's efforts to achieve operational goals related to its consolidation remain ongoing and are largely uncoordinated, and concerns involving new roles and responsibilities and employee engagement remain.

Planning for the consolidation did not follow best practices for organizational change management, thus delaying operational improvements:

- Leadership changes in the period leading up to and just after the October 17, 2013, administrative reorganization hindered effective governance over the consolidation.
- Incomplete operational planning has led to some employees being unclear about their roles and responsibilities.
- The rationale for moving the Trade Promotion Programs group to ITA's Industry and Analysis unit was unclear, limiting its effectiveness.
- ITA staff reported increased levels of management as a result of the consolidation.
- ITA recognizes consolidation challenges, but is slow to resolve them.

ITA's approach to employee engagement resulted in dissatisfaction with communication and feedback.

Respondents to OIG's survey noted increased collaboration as a result of the consolidation.

In addition, we found that while ITA realized $8 million in consolidation savings, nearly one-half of that was from the elimination of program-specific, rather than overhead, positions:

- All of the eliminated positions came from the two former operating units claiming insufficient resources prior to consolidation.
- ITA did not execute its Office of Strategic Planning's plan for potential cost savings.
- High-growth emerging markets have gained resources since the consolidation.

WHAT WE RECOMMEND

We recommend that the Under Secretary for International Trade:

1. develop a comprehensive project plan to manage remaining consolidation activities and monitor progress until completion,
2. prioritize the development of revised performance plans and training for employees who were affected by the consolidation,
3. develop an employee engagement plan that solicits and incorporates employee feedback and communicate the changes to ITA staff, and
4. conduct a workforce analysis of headquarters programs to determine the appropriate level of resources.

Contents

COVER: Detail of fisheries pediment,
U.S. Department of Commerce headquarters,
by sculptor James Earle Fraser, 1934

Acronyms and Abbreviations

AD	antidumping
CS	Commercial Service
CVD	countervailing duty
EMEA	Europe, the Middle East, and Africa region
FSO	Foreign Service Officer
FTE	full-time employee
FY	fiscal year
GAO	Government Accountability Office
ITA	International Trade Administration
LES	locally engaged staff
MAC	Market Access and Compliance
NEI	National Export Initiative
OIG	Office of Inspector General
OSP	Office of Strategic Planning
OMB	Office of Management and Budget
TP-USFCS	Trade Promotion and U.S. and Foreign Commercial Service
TPP	Trade Promotions Programs
TPCC	Trade Promotion Coordinating Committee
TDY	temporary duty
USEAC	U.S. Export Assistance Center
USFCS	U.S. and Foreign Commercial Service

Introduction

The International Trade Administration (ITA) was created in 1980 and works to strengthen the competitiveness of U.S. industry, promote trade and investment, and ensure fair trade through the enforcement of U.S. trade laws and agreements. Through fiscal year (FY) 2013, the bureau was organized into four business units and Executive Direction and Administration (see figure 1).

Figure 1. Organization of the International Trade Administration Prior to Its Consolidation in FY 2014

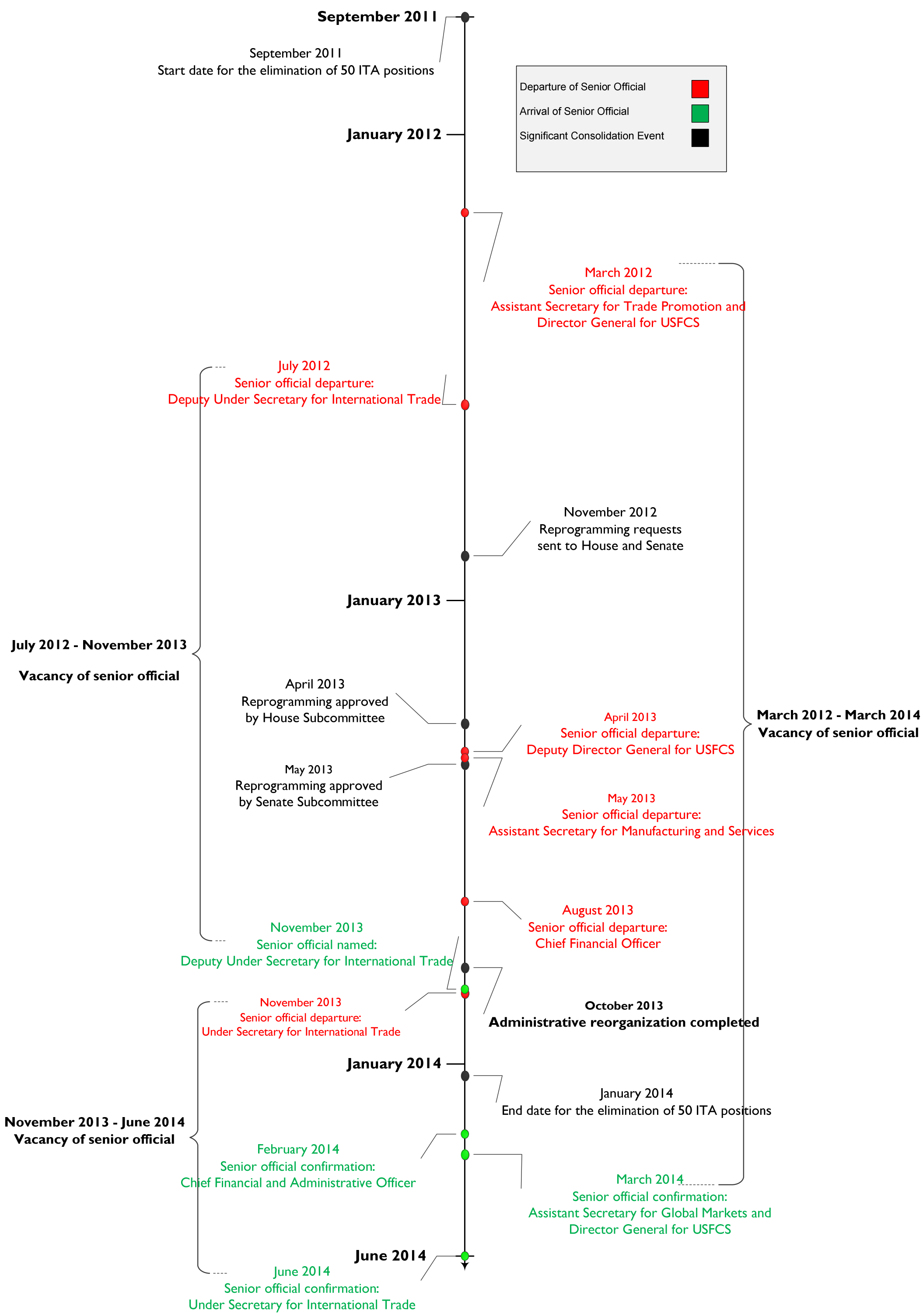
- **Trade Promotion and U.S. and Foreign Commercial Service** promoted U.S. exports, particularly by small and medium-sized companies, and protected U.S. business interests abroad.
- **Market Access and Compliance** advanced U.S. commercial interests by helping U.S. firms and workers resolve market barriers and have an equal opportunity to compete.
- **Manufacturing and Services** advanced the international competitiveness of U.S. industries by leveraging its in-depth sector and analytical expertise to develop and execute trade policy and promotion strategies.
- **Import Administration** enforced U.S. trade laws and trade agreements negotiated to address trade-distorting practices.
- **Executive Direction and Administration** managed ITA resources and provided executive leadership and policy guidance.

Source: International Trade Administration

Beginning in early 2011 as part of a strategic review, ITA management began discussions to reorganize the agency to better achieve its mission (see figure 2 for a timeline of consolidation milestones from February 2011 through September 2015). Starting in February 2012, it began formulating a proposal to streamline the bureau's operations and realize cost savings that would be redirected to priority programs. In November 2012, the Department submitted a reprogramming request to Congress to consolidate its business units from four to three, citing the following five objectives it hoped to accomplish:

1. better serve its customers through a strategic realignment of expertise by region and industry and an enhanced focus on trade enforcement and compliance;
2. help American organizations compete more effectively internationally, through both trade promotion of U.S. exports and robust trade enforcement;
3. reduce redundancies and operating costs and redirect those savings to execute priority programs;
4. create a flexible organization structure; and
5. improve ITA employees' connection with ITA's mission.

Figure 2. ITA Consolidation Timeline and Changes in ITA Senior Leadership, September 2011–June 2014



Source: OIG analysis of ITA information

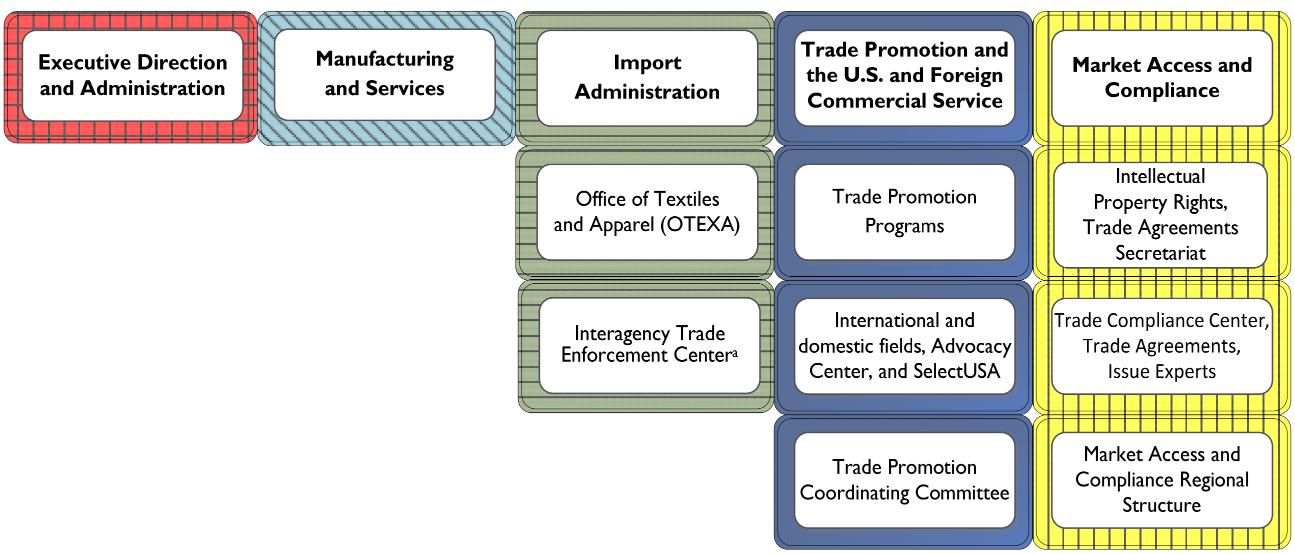
Having obtained Congressional approval in spring 2013 for this change, ITA effected an administrative reorganization on October 17, 2013.[1] The new organizational structure comprises three business units—Global Markets, Industry and Analysis, and Enforcement and Compliance—and Executive Direction and Administration (hereinafter, "ITA components"). For FY 2014, ITA was appropriated $461 million and had 1,998 employees at the start of the fiscal year.

At a high level, ITA's administrative reorganization resulted in the following broad changes:

- It combined ITA's export promotion, export policy, commercial advocacy, and investment activities under the new Global Markets unit, drawing personnel mainly from the former Market Access and Compliance (MAC) and Trade Promotion–U.S. and Foreign Commercial Service (TP-USFCS) units.
- It folded trade promotion and industry analysis functions into the new Industry and Analysis unit, drawing staff from all four former business units.
- It centralized trade enforcement activities under the new Enforcement and Compliance unit, staffed mainly with personnel from the former Import Administration unit.
- It moved the interagency Trade Promotion Coordinating Committee to Executive Direction and Administration.

Figures 3 and 4 below provide visual representations of the different ITA components before and after the reorganization.

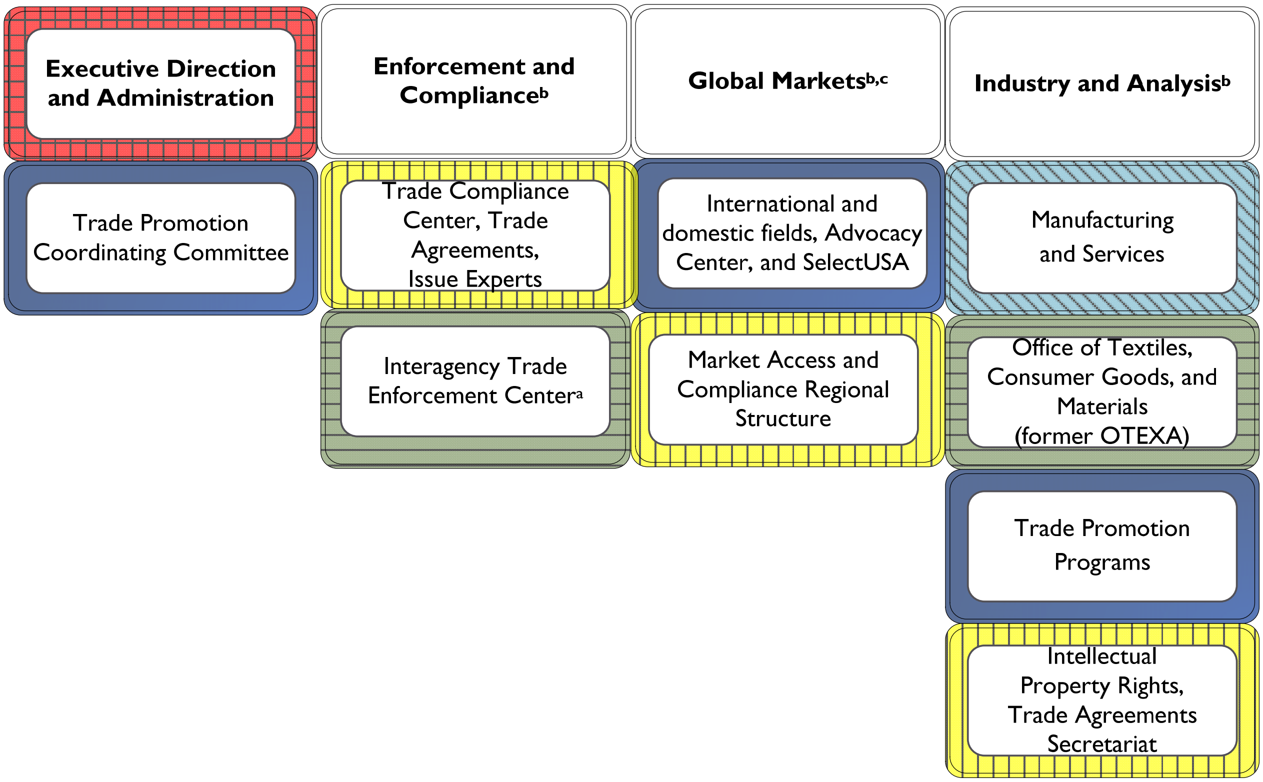
Figure 3. International Trade Administration Before the Administrative Reorganization



Source: OIG analysis of ITA organizational structure
[a] The Interagency Trade Enforcement Center does not maintain a formal or separate designation within ITA, but is presented under the former Import Administration due to the unit's liaison role with the Center.

[1] The effective date of the administrative reorganization was delayed from October 1, 2013, because of the federal government shutdown that took place October 1–16, 2013.

Figure 4. International Trade Administration After the Administrative Reorganization



Source: OIG analysis of ITA organizational structure

[a] The Interagency Trade Enforcement Center does not maintain a formal or separate designation within ITA, but is presented under the new Enforcement and Compliance unit due to the unit's liaison role with the center.

[b] Unit that did not exist before the consolidation.

[c] Includes the U.S. and Foreign Commercial Service.

By streamlining its operations, ITA aims to enhance its mission to assist U.S. companies with their export promotion needs, enforce U.S. trade laws, and increase foreign direct investment in the United States. Since 2010, ITA has been assigned a key role in supporting the Administration's National Export Initiative (NEI). Starting in 2014, ITA began to expand on those efforts by participating in a new trade strategy called NEI/NEXT. ITA's consolidation was an opportunity to improve the services it provides to its clients. However, to effectively do that, ITA must resolve several challenges that have arisen as a result of this significant effort.

Objectives, Findings, and Recommendations

We conducted this review in response to a requirement in an FY 2014 Senate Appropriations Committee's Report (see figure 5). Our objectives were to (1) identify management and leadership challenges that might hinder the consolidation effort, (2) evaluate whether resource changes as a result of the consolidation are aligned with ITA strategic priorities and sufficient for providing services to ITA customers, and (3) assess the status of ITA's consolidation (see appendix B for the status). We reviewed ITA documentation related to consolidation planning, interviewed ITA staff, and conducted an online survey of ITA staff six months after the administrative reorganization took place to gauge their opinions about this change. Unless otherwise noted, survey results presented in this report are based on responses from ITA employees (excluding locally engaged staff, or LES[2]) who said they were affected by the consolidation (609 of 954 respondents). A detailed survey methodology is presented in appendix C. Finally, we conducted 19 focus groups with a total of 62 employees. To partially fulfill the Senate's requirement, we issued an initial report on July 25, 2014, outlining our preliminary findings, which were based on our initial analysis of ITA survey results and fieldwork conducted through May 30, 2014.[3]

Figure 5. Senate Requirement to Assess ITA's Consolidation

"The OIG is directed to report on the progress, efficacy, and management of the consolidation of ITA's four business units into three with an initial report within 180 days of enactment of this act. The inspector general is requested to evaluate: management and leadership challenges related to the consolidation; relevant changes in staffing and funding levels in headquarters, domestic, and overseas offices; and expected increases or decreases in administrative and overhead costs. In preparing this initial report and any subsequent reports, the inspector general is also asked to consider feedback from affected staff and organizations, including Commercial Service officers, foreign and domestic ITA employees, the American Foreign Service Association, and the District Export Council."

Source: Senate Report 113-78, "Departments of Commerce and Justice, and Science and Related Agencies Appropriations Bill, 2014," p. 49

Although ITA's administrative reorganization took effect in October 2013, we found that progress in attaining the consolidation's goals is lagging, primarily because ITA management has not executed an effective organizational change management plan. Efforts to achieve operational goals related to the consolidation—such as revising work processes and aligning workforces—remain ongoing and are largely uncoordinated. The consolidation was also hindered by leadership changes in the period leading up to and just after the October 17, 2013, administrative reorganization. Finally, we confirmed that ITA saved $8 million as a result of the consolidation. However, because not all of the claimed savings came from reductions in management and overheard costs, resource allocations at ITA headquarters may not be optimal.

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[2] *Locally engaged staff* (LES) include foreign nationals and other local resident citizens (including U.S. citizens) who are classified as ITA employees but whose pay and benefits are processed by the Department of State.

[3] U.S. Department of Commerce Office of Inspector General, July 25, 2014. *Letter to Senators Mikulski and Shelby re: Status of International Trade Administration's Consolidation*, OIG-14-026-M. Washington, DC: Department of Commerce OIG.

I. ITA Continues to Align Work Processes One Year into the Consolidation

ITA needs to more fully realign its workforce and institutionalize its new work processes to achieve the consolidation's operational goals. ITA completed its administrative reorganization at the start of FY 2014, but the agency is not effectively using change management to complete its consolidation. Partly as a result, efforts to achieve operational goals related to the consolidation remain ongoing and are largely uncoordinated, and concerns involving new roles and responsibilities and employee engagement remain.

A. Planning for the consolidation did not follow best practices for organizational change management, thus delaying operational improvements

Based on our fieldwork, we found that ITA did not consistently or effectively follow organizational change management best practices to implement the agency's consolidation. In a 2003 report, the Government Accountability Office (GAO) identified key practices and implementation steps for successful organizational transformations (see figure 6). Additional literature, including one report specifically for public-sector organizations, espouses similar best practices, such as the need to develop and document objectives, establish ongoing commitment at the top, encourage stakeholder participation, and align the organization's workforce.[4] However, many ITA managers responsible for implementing the change stated that ITA did not develop a persuasive business case in favor of the proposed consolidation nor did it sufficiently define the consolidation's value to ITA's operations and clients. One senior manager also noted that new organizational charts were completed *before* detailed operational efficiencies had been identified that could have informed the new organizational design. Another manager commented that ITA leadership spent a considerable amount of time on deciding where the "boxes" would move, but not on what the employees in these "boxes" would actually do, nor on how the reorganized units would work differently.

Figure 6. Key Practices for Mergers and Organizational Transformations

- Ensure top leadership drives the transformation.
- Establish a coherent mission and integrated strategic goals to guide the transformation.
- Focus on a key set of principles and priorities at the outset of the transformation.
- Set implementation goals and a timeline to build momentum and show progress from day one.
- Dedicate an implementation team to manage the transformation process.
- Use the performance management system to define responsibility and assure accountability.
- Establish a communication strategy to create shared expectations and report related progress.
- Involve employees to obtain their ideas and gain their ownership for the transformation.
- Build a world-class organization.

Source: Government Accountability Office, July 2, 2003, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, GAO-03-669, Washington, DC: GAO, pp. 2–3

[4] For more information on these best practices, see, for example: Queensland Government, Public Service Commission, 2009, *Change Management Best Practices Guide* (Brisbane: Queensland Government) and Fernandez, Sergio and Rainey, Hal G. (2006) Managing Successful Organizational Change in the Public Sector. *Public Administration Review*, March/April 2006, 168-176.

As of September 2014, ITA's units and their constituent offices have not significantly altered how they operate, headquarters employees are unclear about their roles and responsibilities, layers of management have increased in Global Markets, and the move of Trade Promotion Programs (TPP) from the former TP-USFCS unit to Industry and Analysis has yet to enhance organizational goals, such as leveraging the expertise of industry analysts in the trade event process.

Consolidation planning activities during FY 2013 focused on completing ITA's administrative reorganization by the start of FY 2014. This was one part of the consolidation process. It encompassed such things as determining management structures and organizational rosters for the new units, amending department organization orders, revising accounting codes, and managing property transitions. However, another part of the consolidation process—detailed planning for operational changes for each new unit—started so late (in January 2013), or to such a limited extent, that significant modifications in business processes were not made by the consolidation's planned October 2013 implementation date. As a result, at the end of FY 2014, ITA was still developing work streams and business processes to achieve the consolidation's objectives.

According to senior ITA leadership, the first year after the administrative reorganization was always planned to be a transitional one, with the entire consolidation process estimated to take up to 36 months to complete. However, the lack of a comprehensive ITA-wide implementation plan or of a schedule for integrating combined business units and processes (in particular for Global Markets and Industry and Analysis) makes assessing the consolidation's progress difficult.

Preparations for the consolidation varied among ITA's former business units, depending on the extent of anticipated changes. Of the former units, TP-USFCS's Office of Strategic Planning (OSP) made the most significant preparations, owing to the extensive level of changes involved in creating the new Global Markets unit. OSP conducted several planning exercises to assist with implementation. These included:

- developing a proposed planning approach (February 2013);
- organizing a Global Markets Working Group, comprised of former MAC and TP-USFCS employees, to develop findings and recommendations for operating the new unit (a report was delivered in June 2013);
- conducting focus-group interviews with former MAC and TP-USFCS employees to identify ways to improve Global Markets' operations (March and June 2013);
- conducting an off-site meeting of former MAC and TP-USFCS senior leaders to identify and prioritize Global Markets' core activities, including confirming the unit's mission, vision, and value proposition (July 2013); and
- holding weekly planning meetings with senior former MAC and TP-USFCS leaders.

However, OSP's planning approach was never finalized, and only a few recommendations made by the former MAC and TP-USFCS employee focus groups were eventually adopted by future Global Markets leadership. In addition, according to participants in the Global Markets focus groups, ITA's planning efforts did not address future Global Markets' operations in sufficient detail to produce change.

Leadership changes hindered effective governance over the consolidation. Effective governance and sustained support for change by an agency's leadership is integral to the success of organizational transformation efforts, but ITA experienced several leadership changes in the period leading up to and just after the October 17, 2013, implementation date of its administrative reorganization. The incumbents in five key leadership positions—the Deputy Under Secretary for International Trade, the Assistant Secretary for the former Manufacturing and Services unit, the Assistant Secretary for TP-USFCS and Director General of the U.S. and Foreign Commercial Service as well as the Deputy Director General, and the Chief Financial and Administrative Officer—all resigned from federal service in the 14 months preceding the administrative reorganization. The Under Secretary for International Trade resigned less than one month after the reorganization took effect. The ITA Under Secretary's position was vacant for 7 months, while the position of Deputy Under Secretary was vacant for 16 months. Further, the position heading up the largest unit within ITA—now called the Assistant Secretary for Global Markets—was vacant for 2 years. As of December 2014, each position has since been filled. Although the ITA Management Council, composed of the senior leaders of each ITA business unit, was responsible for initial consolidation planning, now that the administrative reorganization has been implemented, each business unit is now expected to define its consolidation goals and develop its own operational plans, with limited guidance from bureau-wide management.[5] This has had the effect of reducing the focus on ITA-wide collaboration, mission, and goals.

Incomplete operational planning has led to some employees being unclear about their roles and responsibilities. ITA's consolidation affects employee roles in several ways and appears to have had its most significant impact on those working in Global Markets. For example, MAC country desk officers (who worked primarily on trade policy) and international trade specialists and USFCS commercial officers (who focused on export promotion) were combined into Global Markets and given supplemental duties. Managers absorbed new portfolios as employees changed offices, and several ITA teams moved from one unit to another (such as the TPP, which was moved from TP-USFCS to Industry and Analysis). Despite these changes, performance plans for affected employees—which, according to Departmental policy, should have been in place within 60 days of the start of a new appraisal period, in order to provide criteria for evaluating employee performance—were not modified prior to the consolidation.

Nor did affected employees receive sufficient training in their new responsibilities. In its May 2014 enterprise risk management document, ITA management recognized Global Markets' training gaps and the alignment of the unit's performance measures with its employee functions as high risks, noting, "If [Global Markets] does not evaluate and align employee skills and services provided with the revised mission, and develop training to remove gaps, then duplicative efforts or employees lacking in require[d] skills or services will not satisfy stakeholders."[6] ITA management is currently in the process of modifying its performance

[5] The current ITA Management Council is composed of the (1) Deputy Under Secretary, (2) Chief Financial and Administrative Officer, (3) Chief Information Officer, (4) Deputy Director General of the U.S. and Foreign Commercial Service and Global Markets, (5) Principal Deputy Assistant Secretary for Global Markets, (6) Principal Deputy Assistant Secretary for Industry and Analysis, and (7) Principal Deputy Assistant Secretary for Enforcement and Compliance.

[6] ITA, May 2014, "2014 Q2 Enterprise Risk Management of Mission Critical Areas," (PowerPoint presentation), p. 3.

measures, which would ultimately inform performance plans, and Global Markets' Office of Foreign Service Human Capital plans to complete a comprehensive training needs assessment for its employees by the end of FY 2015. However, not having these items in place prior to the administrative reorganization—or a full year after it—poses challenges for employees.

According to OIG's survey, 24 percent of ITA employees who responded to the survey felt their responsibilities changed as a result of the consolidation. Of those employees, only 48 percent understood the expectations related to their new responsibilities, 55 percent felt properly prepared, and 47 percent believed that they had sufficient training for their new roles. Additionally, in an open-ended survey response asking ITA employees to identify the greatest challenge to them personally as a result of the consolidation, 23 percent (139 of 609) of respondents specifically noted lack of clarity about roles, responsibilities, and performance measures. This was reflected in the focus group sessions that OIG conducted: overall, 10 of the 19 focus groups, including 8 of the 11 Global Markets focus groups, raised some type of concern about roles and responsibilities.

This uncertainty could lead to management challenges and inefficiencies. Participants in all of the regional Global Markets focus groups that OIG conducted expressed the belief that senior management wants former MAC country desk officers to take on additional export promotion responsibilities. However, these former MAC employees are still working under their previous performance plans, which emphasize trade policy—not export promotion—work, and they have not received export promotion training. The converse is true for former TP-USFCS employees: a Global Markets supervisor who previously focused on export promotion is now responsible for overseeing policy staff, despite having no relevant experience or training in that area. Without clearly defining how work should change as a result of the consolidation, ITA may be unable to capture the potential efficiency gains of reorganizing its business units.

The rationale for moving Trade Promotion Programs to Industry and Analysis was unclear, limiting its effectiveness. One the consolidation's most significant changes involved moving Trade Promotion Programs (TPP) from the former TP-USFCS unit to the new Industry and Analysis unit. TPP, through its three major programs—the International Buyer, Trade Missions, and Certified Trade Fairs programs—recruits and selects U.S. companies to participate in international trade events. To prepare for the move, the senior leadership of the former TP-USFCS and Manufacturing and Services units chartered working groups for TPP's major programs to make recommendations on how best to integrate them into Industry and Analysis, including what role industry analysts should have in planning for and executing TPP events. According to TPP managers, the recommendations have not been adopted because these efforts have been superseded by gap analyses to be performed for each TPP program. Therefore, the roles and responsibilities of industry analysts with respect to working with TPP programs have not been finalized.

According to ITA leadership, several operational changes in TPP were implemented after consolidation. They cited the following:

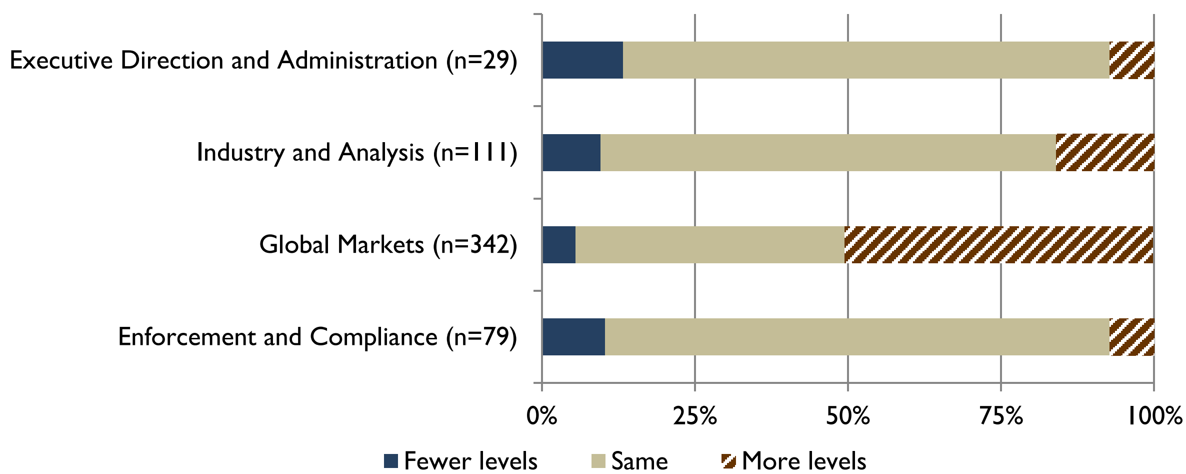
- The International Buyer Program now uses industry data to assess shows for program execution, with industry analysts providing economic analysis for the trade show organizer, identifying priority markets for recruitment of delegates, conducting webinar briefings for U.S. exhibitors, and providing market research to U.S. companies.

- Industry analysts are now part of trade-show action plans, which include pre-show counseling and outreach, onsite counseling, and post-show customer relationship management. According to ITA leadership, participation by industry analysts in these activities has doubled since the consolidation.

Several senior ITA focus group participants questioned the wisdom of moving TPP out of TP-USFCS, arguing that, because TPP employees collaborate most extensively with their former Global Markets colleagues in the domestic and international fields to carry out trade promotion events, the move does not makes programmatic sense. Furthermore, according to TPP managers, the move to Industry and Analysis has yet to achieve the results—such as leveraging the expertise of industry analysts in the trade event process—that had been projected for it. And while industry analysts have increased their participation in the selection process for TPP events, according to OIG focus group participants their participation is sporadic and the value added has been uneven.

ITA staff reported increased levels of management as a result of the consolidation. Based on interviews conducted by the Office of Strategic Planning prior to the consolidation, Global Markets employees were concerned that the consolidation would increase bureaucracy. One bullet point from the Office of Strategic Planning's presentation to ITA management noted that "staff do not want to see the consolidation add layers that would restrict their access to the [deputy assistant secretaries] or increase clearances/bureaucracy." According to our survey, a majority of Global Markets employees saw an increase in levels of management as a result of the consolidation (see figure 7). Similarly, 41 percent of Global Markets staff stated that it takes them more time to complete work assignments as a result of the consolidation (3 percent stated that it took them less time). Employee concerns regarding the increase in time required to complete work assignments centered on a more cumbersome concurrence process for clearing products.

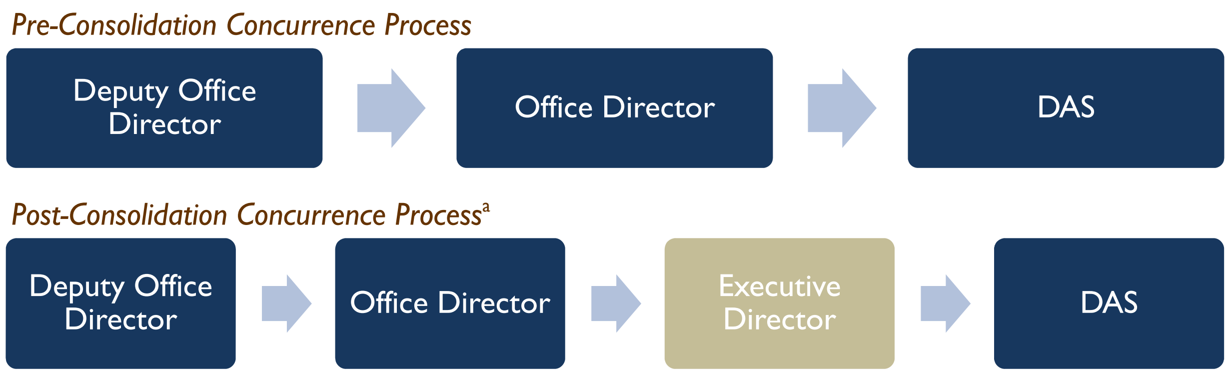
Figure 7. Employee Views on Increases in Layers of Management as a Result of ITA's Consolidation



Source: OIG survey of ITA employees

To verify whether layers of management increased as a result of the consolidation, we requested from ITA details of the pre- and post-consolidation reporting structures for all ITA employees in the four former and three current ITA business units. ITA provided us with the post-consolidation structures of the three current business units but could only provide the pre-consolidation reporting structure for the former Import Administration. As a result, ITA could not adequately demonstrate the extent of the changes involving layers of management, particularly for the former TP-USFCS and MAC business units and the current Global Markets unit. However, Global Markets focus groups noted that concurrence chains increased by one layer as a result of the consolidation (see figure 8). Additionally, whereas work in the Europe, the Middle East, and Africa (EMEA) region was cleared through three management layers prior to the consolidation, now it is cleared through five layers.

Figure 8. An Example of Pre- and Post-Consolidation Concurrence Processes in ITA's Global Markets Unit



Source: OIG, based on information provided by Global Markets employees
[a] In the EMEA region, an Executive Deputy Assistant Secretary, reporting to the Deputy Assistant Secretary, represents a fifth layer in the concurrence process. ITA has stated that this position will be eliminated in FY 2017.
DAS = Deputy Assistant Secretary

ITA recognizes consolidation challenges but is slow to resolve them. Although ITA management recognizes several of these consolidation-related issues, its efforts to resolve them are not scheduled to be completed until the end of FY 2015. The bureau's enterprise risk management plan for mission-critical areas for the second quarter of FY 2014 includes the following risks:

1. Global Markets competency gaps and training,
2. alignment of Global Markets performance metrics and employee functions,
3. Global Markets consolidation implementation and monitoring, and
4. maintaining stakeholder support for the integration of TPP into Industry and Analysis.

In addition, Global Markets, in its Global Meeting for employees that was held September 3–5, 2014, in Washington, DC, included three workshops on implementing the consolidation. However, according to the treatment plan for addressing its consolidation risks, the tasks for addressing Global Markets competency gaps and training needs are scheduled for completion at the end of FY 2015, and those addressing the integration of TPP into Industry and Analysis had not yet been implemented as of May 2014.[7]

B. *ITA's approach to employee engagement resulted in dissatisfaction with communication and feedback*

ITA senior management stated that one of the top priorities of the consolidation was to improve employee satisfaction. ITA's consolidation required employees to adjust to new managers, coworkers, and duties while continuing to produce high-quality work, such as providing export promotion services for U.S. businesses, formulating trade policy papers for both domestic organizations and foreign governments, and conducting anti-dumping investigations to protect U.S. industry. Employee engagement, as pointed out by the GAO in a 2003 study, is critical to successful change management (see figure 9).

Figure 9. GAO on Employees and Change Management

"At the center of any serious change management initiative are the people—people define the organization's culture, drive its performance, and embody its knowledge base. Experience shows that failure to adequately address—and often even consider—a wide variety of people and cultural issues is at the heart of unsuccessful mergers and transformations."

Source: Government Accountability Office, July 2, 2003, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, GAO-03-669, Washington, DC: GAO, p. 1

From our survey of ITA employees and our focus group interviews with ITA managers, we found that there is low employee engagement to the consolidation. When asked to provide their opinions about the consolidation, 60 percent of ITA employees who were affected by the consolidation gave a negative response, 10 percent provided a response that was both positive and negative (for example, that the consolidation was a good idea but poorly executed), and 30 percent responded positively. Additionally, when asked specifically to describe a benefit of the consolidation, only 50 percent of employees (even excluding responses marked "no comment" and those with blank responses) articulated a benefit of any kind. Further, of the 29 percent of ITA employees who were considering leaving ITA within the next year, 64 percent stated that the consolidation contributed to their decision to respond this way. This was echoed in the focus group sessions with managers, where 63 percent of participants noted problems with employee engagement as a result of the consolidation.

While the majority of affected employees expressed negative opinions about the consolidation, it does not appear to have resulted in a decline in overall employee satisfaction. ITA's results in the 2014 Employee Viewpoint Survey conducted by the Office of Personnel Management showed overall employee job satisfaction at 62 percent, unchanged from 2013 and 2012, but 10 percentage points below the Department of Commerce average. Further, Employee Viewpoint Survey results show that 45 percent of ITA employees are satisfied with their organization, a 4 percentage point decline from 2013 and below the Department of Commerce average of 65 percent satisfaction. Since the Employee Viewpoint Survey did not include questions about the

[7] ITA, May 2014, "2014 Q2 Enterprise Risk Management of Mission Critical Areas," (PowerPoint presentation), p. 3.

reorganization, employee attitudes about ITA overall may not be correlated with attitudes about the reorganization. However, as one manager stated, the consolidation is at a "delicate" point, where employee satisfaction could swing either way depending on how well senior management communicates, addresses employee feedback, and ensures that employee expectations are aligned with performance plans.

To provide employees with information about the consolidation before the administrative reorganization took effect, ITA sent 15 agency-wide emails between February 2012 and September 2013 that mentioned the consolidation, and held two all-hands conferences and two virtual town hall meetings. These staff communications covered how the organization would change structurally and enumerated potential benefits, including, for example, "reducing management oversight and administrative overhead while still supporting the National Export Initiative more efficiently and effectively."[8]

However, these efforts by ITA to promote employee engagement were not effective. Specifically, we found that these communications did not provide details about how work would change for ITA's employees, nor did they offer any specifics about how the new units would be expected to work together. Only 44 percent of survey respondents were satisfied with the quality of communication about the consolidation from senior management, compared with 42 percent who were not. Furthermore, of respondents who expressed an overall negative opinion of the consolidation, 23 percent specifically noted problems with communication and the use of employee feedback.

Before the consolidation, ITA management obtained employee feedback in various ways. In April 2012, ITA conducted an online initiative in which staff could post ideas on a message board on the ITA's intranet and have their colleagues vote on their ideas. A total of 464 employees signed up to participate, posting 67 ideas across two sessions. Then, in September 2012, ITA conducted a survey entitled "Strengthening ITA," which asked employees to select questions that could focus a structured discussion about how to improve the agency. Finally, in May and June 2013, the most comprehensive employee feedback effort was conducted by TP-USFCS's Office of Strategic Planning (OSP). The office interviewed 185 then–TP-USFCS and MAC employees (now both part of Global Markets) in small focus groups, consolidated their concerns, and delivered a presentation of their findings and recommendations to senior ITA management.[9]

A notable finding of the OSP survey was that, just months before the administrative reorganization, employees were still concerned that management would not act on their feedback. One bullet point from the OSP presentation noted that "[s]taff are concerned that their feedback will not be considered in the developing structure." OIG's survey results showed similar results regarding employee engagement, with 48 percent of employees saying that ITA management had been ineffective at acting on employee feedback (32 percent believe it to have been effective). In 12 of our 19 manager focus groups, concerns about communication and the

[8] "Preparing for ITA Consolidation on October 1st," email to ITA employees from Under Secretary of Commerce for International Trade Francisco Sánchez and Acting Deputy Under Secretary Kenneth E. Hyatt, September 13, 2013.

[9] ITA, Office of Strategic Planning, June 19, 2013, "Global Markets Consolidation Interviews, Findings, and Recommendations" (PowerPoint presentation).

incorporation of employee feedback into consolidation plans were also raised. Finally, several ITA employees who were directly part of the spring 2013 feedback efforts expressed dissatisfaction with the lack of management responsiveness to employee recommendations.

Although the recommendations made by OSP had yet to be implemented 6 months after the administrative reorganization, ITA is making progress. ITA leadership noted that it has acted on employee feedback in the past, including maintaining both civil service and Foreign Service leadership in Global Markets, elevating a senior commercial officer to a position above that of the Deputy Assistant Secretary for Global Markets, and keeping the Intellectual Property Rights group within Industry and Analysis. One of the GAO's nine key practices for mergers and organizational transformations is to "involve employees to obtain their ideas and gain their ownership for the transformation" (see figure 6). By initiating an effort to implement employee recommendations, ITA may be able to increase employee engagement.

C. ITA respondents noted increased collaboration as a result of the consolidation

According to our survey results, both within and among ITA's business units, collaboration increased overall as a result of the consolidation. For example, Global Markets country office directors (who include former MAC desk officers) and senior Foreign Service officers (referred to as senior commercial officers) now jointly organize Secretary-led trade missions. This helps to avoid potential confusion, resource shortages, and coordination problems. Additionally, Global Markets created a "super liaison" program, through which select employees undergo a four-week rotation. Participants are embedded into another unit within Global Markets, followed by regular participation in unit-specific and cross-cutting meetings. According to the position description, the super liaison would then serve as a conduit to the other members of his or her network or region for ideas gathered from both field offices and headquarters on contacts, questions, recommendations, venues of collaboration, and best practices. However, the program's results cannot be assessed yet, since the initiative was only recently started.

II. ITA Realized $8 Million in Consolidation Savings, but Nearly One-Half of That Was from the Elimination of Program-Specific Rather than Overhead Positions

In its consolidation proposal to Congress, ITA stated:

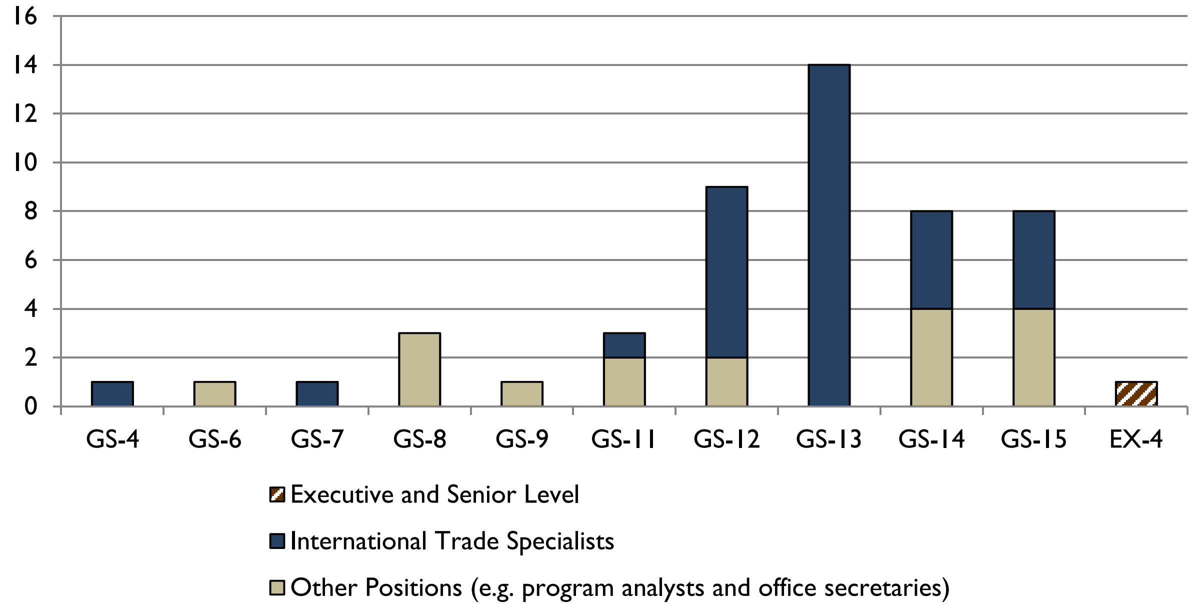
> [The] proposed consolidation will include the reduction of the number of ITA program units from four to three, reducing management oversight and administrative overhead while still supporting the Administration's priorities efficiently and effectively. The achievable savings equate to $8 million and 45 FTE [sic] that can be redirected to priority programs within ITA.[10]

By reviewing ITA and Departmental personnel documentation, OIG verified that ITA saved $8 million by eliminating 50 positions through attrition. The majority of these positions were relatively mid-grade-level ones that became vacant at ITA headquarters between September

[10] Department of Commerce Chief Financial Officer and Assistant Secretary for Administration, November 27, 2012, "Notification of Proposed Consolidation," attachment to letter to Senator Kay Bailey Hutchinson, p. 1.

2011 and January 2014.[11] Thirty-one positions were from the former MAC unit and 19 positions from the former TP-USFCS unit. Of these positions, one was an Assistant Secretary position. The remainder were international trade specialists (32 positions) and "other" job categories (17 positions), such as program analysts and office secretaries (see figure 10).

Figure 10. Position Titles and Grade Levels of the 50 Positions Eliminated at ITA from September 2011 Through January 2014



Source: OIG analysis of ITA documents

ITA Financial Policy Directive 2013-01, which reiterates Office of Management and Budget (OMB) Circular A-76, defines overhead costs as follows:

> Operations overhead—includes costs that are not 100 percent attributable to the activity . . . but are generally associated with the recurring management or support of the activity. General and administrative overhead—includes salaries, equipment, space, and other tasks related to headquarters management, accounting, personnel, legal support, data processing management, and similar common services performed external to the activity, but in support of the activity.[12]

Using the OMB Circular A-76 definition, we classified positions as either "program specific," "operations overhead," or "general and administrative overhead':

[11] The average grade level for all positions at ITA is GS-13. This was also the average grade level of the 50 eliminated positions.

[12] ITA Director of Accounting and Financial Systems, December 6, 2012, memorandum to ITA Program Managers and Resource Coordinators, "ITA Financial Policy Directive 2013-01."

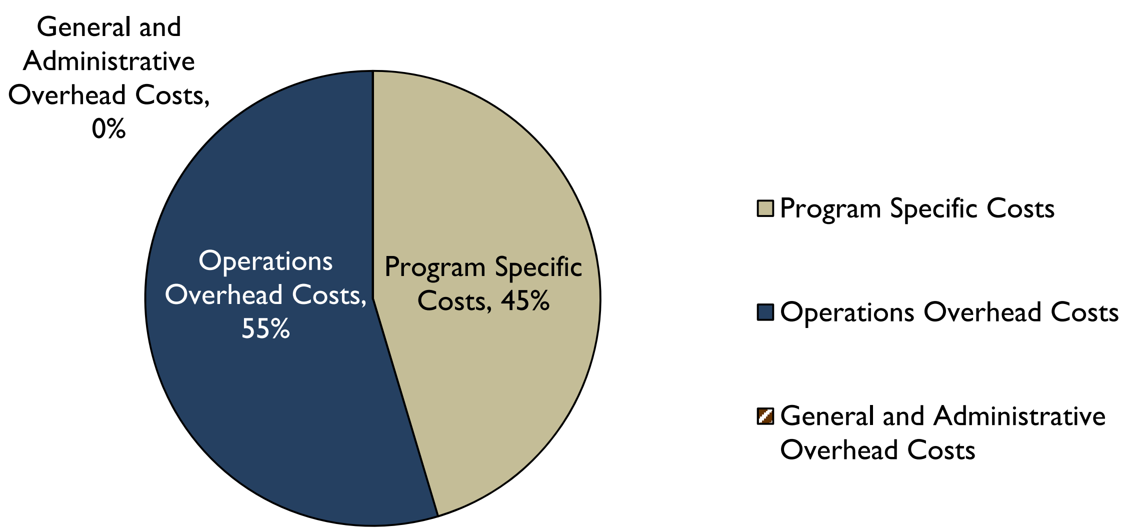
- *Program specific:* defined as a position from a specific office, such as a trade specialist in the former TP-USFCS unit's Office of Japan, or a TPP trade specialist. (26 positions eliminated; $3.63 million savings)

- *Operations overhead:* defined as a position from a former unit that managed or supported multiple offices, such as the former Assistant Secretary for Market Access and Compliance or a trade specialist working for the former Deputy Assistant Secretary for Europe. (24 positions eliminated; $4.37 million savings)

- *General and administrative overhead:* defined as a position that performed activities common to all ITA units but external to them (such as those within Executive Direction and Administration). (0 positions eliminated; no savings)

Our analysis of the savings claimed by ITA from the elimination of positions between 2011 and 2014 shows that none of them can be considered general and administrative overhead, while slightly more than half are operations overhead within the new Global Markets unit (see figure 11).

Figure 11. Classification of ITA's $8 Million in Consolidation Savings, by Type of Cost



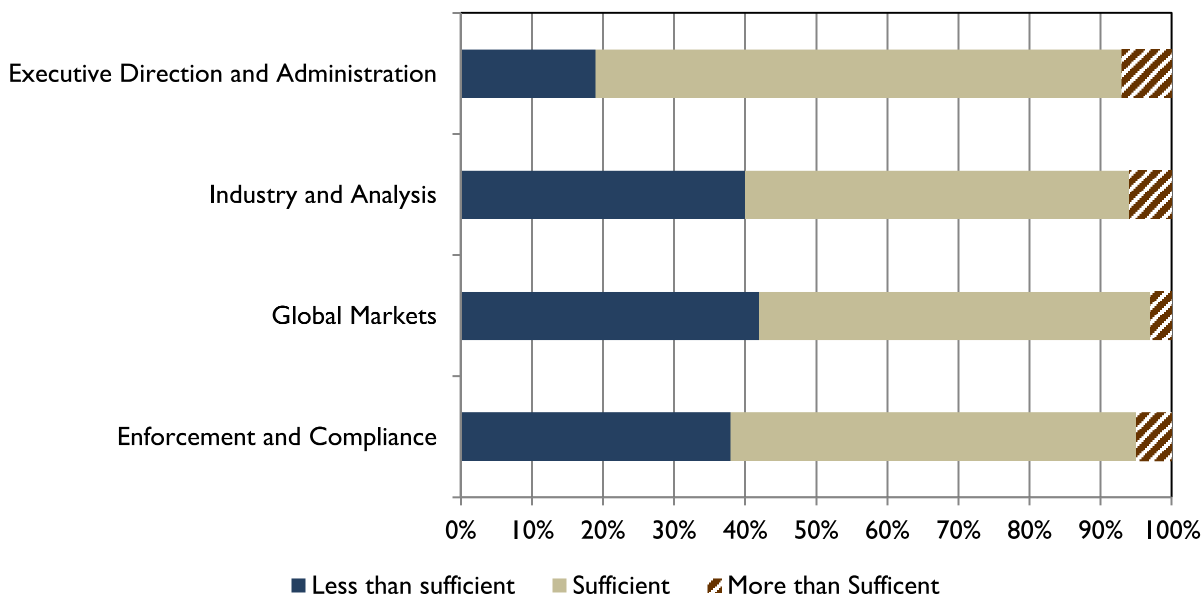
Source: OIG analysis of ITA documents

Thus, using OMB's (and ITA's) own definition, the $8 million savings was not completely derived from management oversight and administrative overhead costs, and the reduction in costs were made without any type of workforce analysis. The fact that 45 percent of the cost reduction derived from the program-specific area was surprising. In addition, ITA did not direct these savings to high-priority programs (such as expanding overseas markets), instead using the funds to maintain existing operations because the FY 2013 budget sequestration had reduced the agency's budget authority from $461 million to $438 million.

A. All of the eliminated positions came from the two former business units claiming insufficient resources prior to the consolidation

Our survey results showed that 42 percent of Global Markets staff said that, prior to the consolidation, resources in the former MAC and TP-USFCS units were less than sufficient. This result was higher than in any other ITA component (see figure 12), yet the former MAC and TP-USFCS units were the only ones from which positions were eliminated as part of the consolidation. Furthermore, we determined that most of the positions eliminated from these two units were non-managerial positions.

Figure 12. Staff Responses on the Sufficiency of ITA's Staffing Prior to the Consolidation



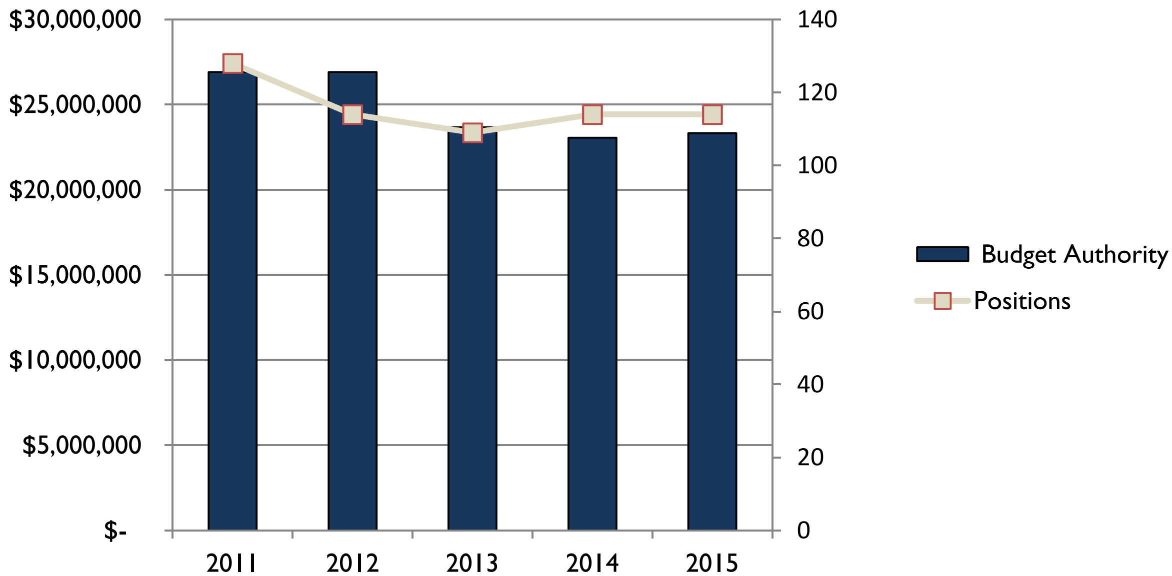
Source: OIG analysis of ITA employee survey

As shown in figure 12, the results of OIG's survey of ITA employees showed that, in contrast to ITA's other business units, the vast majority of Executive Direction and Administration respondents believed that staffing was sufficient before the consolidation. The Executive Direction and Administration component of ITA is considered to engage in mostly general and administrative overhead activities, such as budgeting, financial, and internal controls, program evaluation, and providing information technology resources.[13] Since these are common ITA activities performed external to the three business units, OIG considers Executive Direction and Administration to be general and administrative overhead. A reduction in management oversight and administrative overhead was communicated as a benefit of ITA's consolidation. However, based on our assessment of ITA's consolidation-related savings, we found that none were derived from Executive Direction and Administration. We note that over the last few

[13] In FY 2013, Executive Direction and Administration's costs were 56 percent personnel-related and 44 percent non–personnel-related.

years ITA has reduced costs in Executive Direction and Administration (see figure 13) in support of the Administration's deficit reduction goals. However, no assessment was performed to determine whether savings could be achieved in this unit after the consolidation, which is surprising since, post-consolidation, it supports one fewer business unit. ITA stated it did not perform an assessment since it never intended to achieve savings from Executive Direction and Administration. However, completing such an assessment could identify savings that could be redirected to high priority programs.

Figure 13: Summary of ITA's Executive Direction and Administration Resources, FYs 2011–2015



Source: President's Budget for FYs 2011–2015

B. ITA did not execute the Office of Strategic Planning's plan for potential cost savings

OSP, in its June 19, 2013, presentation entitled "Global Markets Consolidation Interviews," reported a staffing imbalance within the future Global Markets unit's headquarters and recommended that Global Markets management implement a resource allocation model for headquarters, similar to the models used in the past by TP-USFCS for allocating domestic and overseas resources. According to ITA's May 2014 enterprise risk management document, Global Markets is currently developing a workforce planning model for headquarters that is scheduled to be completed by March 31, 2015.[14] However, several ITA staff members stated that they were not aware of any research, analysis, or interviews conducted by Global Markets or other ITA management to determine where potential cost savings could be achieved. The only planning documentation related to the $8 million in savings claimed by ITA from staff reductions were the OSP documents we obtained from ITA. We found that:

[14] ITA, May 2014, "2014 Q2 Enterprise Risk Management of Mission Critical Areas" (PowerPoint presentation), p. 7.

- OSP's meeting notes show that, as of May 14, 2013, OSP could not identify all of the positions that made up the claimed $8 million in savings, even though Congress was provided a proposal in FY 2013 stating that the consolidation would allow ITA to achieve $8 million in savings.

- OSP identified 11 positions from three offices—two TP-USFCS offices (the Office of International Operations and the Global Knowledge Center) and the MAC Office of the Assistant Secretary—that could be eliminated. ITA derived savings by eliminating 5 positions consisting of staff vacancies or voluntary departures. The 6 remaining positions were deployed to other high-priority offices.

- Former MAC and TP-USFCS leadership both stated in the planning documentation reviewed by OIG that the entire amount of consolidation savings should not be derived completely from Global Markets, but instead be spread throughout ITA.

OIG also analyzed survey responses and conducted focus groups with some of the programs that lost positions as a result of the consolidation. We determined that, before the consolidation, these programs had vacancies that they were planning on filling. However, after the consolidation, they were not allowed to fill them. Based on our review of survey results and interviews with staff from four programs that lost resources, we found that their workload has stayed the same or has increased since the consolidation. For example, a senior staff member from one of the programs that lost resources as a result of the consolidation stated that staff has been reduced from five positions to two, but the workload has increased "sixfold." We also found that the 50 positions eliminated between 2011 and 2014 were eliminated without the benefit of a headquarters workforce planning model, which we believe is a tool that would help ITA evaluate the ideal structure of each unit.

C. High-growth emerging markets have gained resources since the consolidation

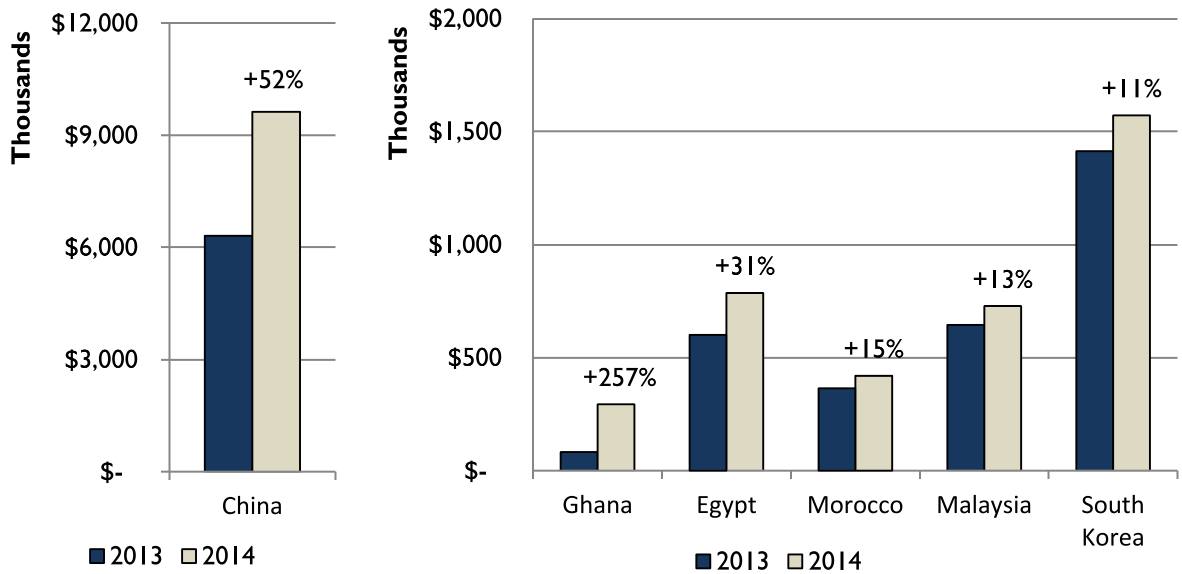
In its consolidation proposal to Congress, ITA stated that consolidation savings would be redirected toward priority programs. As noted earlier, ITA used the savings to maintain existing operations when the FY 2013 sequestration reduced its budget authority from $461 million to $438 million. However, in FY 2014, ITA received a $22 million increase in appropriations for export promotion and investment. We reviewed how this increase in funding impacted posts in several high-growth emerging markets that we identified.[15] We found that, overall, ITA increased the resources it devoted to high-growth emerging markets by 23 percent in FY 2014 over FY 2013. The largest percent increases were at ITA's posts in Ghana and China, by 257 percent and 52 percent, respectively (see figure 14).

As part of our analysis of resource allocation, we also compared significant resource changes since consolidation at all other overseas posts—not just the high-growth emerging market ones—against ITA's recommended resource allocation model. We found actual resource changes since the consolidation were driven by ITA's recommended resource allocation model,

[15] We requested from USFCS a list of high-growth emerging markets, but were informed the unit did not maintain such a list.

which is based on three factors: (1) an Overseas Resource Allocation Model, (2) Gap and Opportunity Analysis, and (3) Administration initiatives.

Figure 14. Increase in USFCS Resources at Six High-Growth Emerging Markets, FY 2013–2014



Source: OIG analysis of Commerce Business System data for USFCS post charges

Recommendations

We recommend that the Under Secretary for International Trade take the following actions:

1. Develop a comprehensive project plan to manage remaining consolidation activities and monitor progress until completion.
2. Prioritize the development of revised performance plans and training for employees who were affected by the consolidation.
3. Develop an employee engagement plan that solicits and incorporates employee feedback and communicate the changes to ITA staff.
4. Conduct a workforce analysis of headquarters programs to determine the appropriate level of resources.

Summary of Agency Response and OIG Comments

On March 10, 2015, OIG received ITA's comments on the draft report, which we include as appendix D of this final report. Based on ITA's review of the draft and subsequent discussions, we have made some suggested changes in the report. ITA concurred with all four recommendations in the report.

Throughout our review and in its response, ITA management expressed concerns about conducting an employee survey just six months after the administrative reorganization was completed, suggesting it was too soon to accurately assess how employees felt about the change. While we acknowledge this concern, we believe it was appropriate to conduct the survey when we did. As GAO noted in a 2003 report on organizational transformation: "Especially at the outset of the merger or transformation, obtaining employees' attitudes … can serve as a quick check of how employees are feeling about the large-scale changes that are occurring and the new organization as a whole."[16] Thus, while our survey results do not pronounce the reorganization's ultimate success or failure, they provide a useful opportunity for ITA management to learn about and respond to employee feedback as the bureau moves forward.

In addition, ITA suggested including LES respondents in the summary survey results cited throughout the draft report. We excluded LES from the summary results because this subgroup, overall, had a significantly lower response rate than all other subgroups, increasing the risk for nonresponse bias.[17] Given the low response rate, the risk that the opinions of the LES who did not respond systematically differed from those who did respond was relatively higher than for other groups of employees. As discussed in the draft report, this heightened risk of bias, in addition to the possible reasons for nonresponse (as noted in appendix B of this final report) factored into our decision to assess LES separately from the other ITA components. Therefore, we did not include LES responses into the results reported in the body of the final report. However, LES results are discussed in detail in appendix B and appendix C, the latter of which provides the number of responses to each closed-ended question for all ITA staff that were affected by the consolidation.

[16] General Accounting Office, July 2, 2003, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, GAO-03-669, Washington, DC: GAO, p. 15.
[17] See p. 34 for survey response rates among ITA employee subgroups.

Appendix A: Objectives, Scope, and Methodology

The objectives of this review were to (1) assess the status of ITA's consolidation, (2) evaluate whether resource changes as a result of the consolidation—including staffing, funding, and administrative/overhead costs—are aligned with ITA strategic priorities and sufficient for providing services to ITA customers and stakeholders, and (3) identify management and leadership challenges that might hinder the consolidation effort.

To accomplish our objectives we:

- Conducted a survey of ITA employees. The survey covered different aspects of the consolidation such as benefits and challenges, changes in resources, and the status of the consolidation. (See appendix C for the survey methodology and results.)
- Completed interviews with senior managers and leaders from each ITA business unit to gain an understanding of planned activities and desired outcomes of the consolidation. We requested interviews with the former Under Secretary and Deputy Under Secretary for International Trade to learn more about consolidation planning, but the former did not respond and the latter was unable to participate in our review. We also reached out repeatedly to the former and current chairmen of the National District Export Council to schedule an interview to obtain their views about consolidation. The current chair deferred to the former chair, who did not respond with a proposed date and time.
- Completed 19 focus group interviews ranging from 1 to 8 employees per interview (totaling 62 staff members) from various programs to identify current and planned activities to achieve operational outcomes of the consolidation and benefits and challenges associated with the ITA consolidation.
- Analyzed ITA's procedures used to plan and implement the consolidation and compared them to change management best practices identified though a literature review.
- Validated ITA's estimate of consolidation savings by obtaining source documentation for the 50 positions eliminated and assessed the reasonableness of the estimate. We further classified the positions eliminated as program specific, operations overhead, and general administrative overhead.
- Assessed whether ITA is able to support priorities efficiently and effectively after the elimination of the 50 positions.
- Analyzed resources directed toward high-growth emerging markets by comparing direct charges to a specific office in the Commerce Business System before and after the consolidation.
- Reviewed ITA's compliance with the Consolidated Appropriations Act, 2014 and the Department Organization Orders for the International Trade Administration.

Further, we gained an understanding of internal controls over the consolidation of ITA through interviews with ITA management and staff and through a review of documents covering planning, implementation, and monitoring of the consolidation. Based on this, we identified internal control weaknesses; specifically, implementation of the consolidation was not consistent with GAO and other organizations' change management best practices, and headquarters resource changes were made without a headquarters resource allocation model (see discussion in chapters I and II, respectively). We also gained an understanding of controls in place to comply with appropriations law and Department Organization Orders for the International Trade Administration and, based on our work, found no weaknesses. Finally, our work found no instances of fraud, illegal acts, or abuse. We relied on computer-generated data for high-level analysis and we compared the data with other available supporting documents to determine consistency and reasonableness. From these efforts, we believe the information we obtained is sufficiently reliable for this report.

We conducted this review from February through September 2014 and performed fieldwork in Washington, DC. The review was conducted under the authority of the Inspector General Act of 1978, as amended, and Department Organization Order 10-13, dated April 26, 2013. We conducted this review in accordance with the Quality Standards for Inspection and Evaluation (January 2012) issued by the Council of the Inspectors General on Integrity and Efficiency.

Appendix B: Consolidation Status by ITA Business Unit

This appendix outlines the status of ITA's three new business units and discusses the changes made as a result of the consolidation. In the discussion about Global Markets, we also provide survey results detailing differences of opinion between Locally Engaged Staff (LES) and Foreign Service Officers (FSOs) of the USFCS regarding the consolidation's impact. The only change to the Executive Direction and Administration unit was the addition of the Trade Promotion Coordinating Committee, which was moved from TP-USFCS.

Global Markets. According to a senior Global Markets official, the new unit's goal is to integrate export promotion, commercial diplomacy, and market access into one activity stream, creating a "one-stop shop" to more effectively and efficiently serve clients. Global Markets combines the regional offices of the former MAC unit; the USFCS regional offices and the foreign and domestic staffs; ITA's investment promotion activities under SelectUSA; and other export promotion programs, such as the Advocacy Center. As an integral part of Global Markets, TP-USFCS was reorganized into five regions: Asia; China; Europe, Middle East and Africa; the United States (officially, "Domestic Operations"); and Western Hemisphere.

We spoke with senior managers from each of Global Markets' five geographic regions and asked how they are operating differently after the consolidation. While most participants cited a general increase in collaboration between former MAC and TP-USFCS employees, they also stated that the lack of detailed plans for integrating the two units has left them continuing to operate in a "stove-piped" manner whereby managers and employees continue to function in their former roles, albeit now side-by-side. Pre-consolidation divisions, both cultural and operational, between the former units, as well as between headquarters and field staffs, still exist. Participants in OIG's focus groups particularly cited ongoing difficulties in combining export promotion and trade policy development work within one unit. Although some initiatives have been implemented (as discussed below), employees continue to perceive a lack of coordination in developing initiatives to implement changes. We found that operational practices varied among and within Global Markets' five regions. For example, some former MAC desk officers are being encouraged by their managers to engage in more export promotion activities, while others are focusing solely on trade policy work.

Despite these issues that may appear to impede Global Markets operations, there have been some benefits from the consolidation. As mentioned earlier, Global Markets country office directors (who include former MAC desk officers) and senior commercial officers now jointly organize Secretary-led trade missions to avoid potential confusion, resource shortages, and coordination problems. OIG focus group participants also stated that former MAC desk officers are receiving greater exposure to overseas Global Markets post operations through temporary overseas rotations to backfill FSOs who are on home leave. Ongoing Global Markets initiatives to implement the consolidation include:

- the Super Liaison Working Group;
- the national "Discover Global Markets" Business Forum series held at domestic locations;
- Global Markets' Centralized Temporary Duty (TDY) program, which includes both former MAC and TP-USFCS employees; and
- Global Markets' continuing participation in the ITA rotation program, which fosters collaboration among ITA business units.

Several Global Markets focus group participants identified former MAC and TP-USFCS employees' lack of reciprocal knowledge about each other's missions, roles, and responsibilities as an impediment to improved collaboration. To remedy that, Global Markets created the Super Liaison program, through which select employees undergo a four-week rotation. Participating employees are embedded into another unit within Global Markets, followed by regular participation in unit-specific and cross-cutting meetings. According to the position description, the super liaison would then serve as a conduit to the other members of his or her network or region for ideas gathered from both field offices and headquarters on contacts, questions, recommendations, venues of collaboration, and best practices. However, the program's results cannot be assessed yet, since the initiative was only recently started.

To promote ITA-wide collaboration, Global Markets emphasized the pre-existing "Discover Global Markets" Business Forum series. These trade events are hosted by U.S. Export Assistance Centers (USEACs) across the country. Industry attendees can learn about both country- and industry-specific export opportunities in the relevant region from senior commercial officers working there. This was cited by Global Markets managers as an example of enhanced collaboration across ITA offices, providing a one-stop shop for ITA's services. To support the effort, the Deputy Assistant Secretary for Domestic Operations made participation and support of "Discover Global Markets" a part of the performance plans for USEAC network directors and mid-level and supervisory trade specialists.

Global Markets' new Europe, the Middle East, and Africa region was cited by OIG survey respondents as being too large to be managed effectively. Combining the Middle East and Africa regions with the Europe region in part led to the creation of an executive director position for each regional office to assist the Deputy Assistant Secretary. Also, according to several Global Markets officials, because the Europe, the Middle East, and Africa region is very large (encompassing 43 countries in which USFCS has a presence), the Deputy Assistant Secretary is unable to cover all relevant meetings in the interagency process through which U.S. government policies and negotiating positions regarding international trade are formulated, implemented, and evaluated.

Finally, Global Markets has provided new guidance to its employees on how to collaborate with ITA's other two units—Enforcement and Compliance and Industry and Analysis—on commercial diplomacy cases. To coordinate more efficiently and provide timely assistance to ITA clients, Global Markets' country desk officers will act as coordinators, bringing together staff of the other two ITA units to the appropriate commercial diplomacy cases that Global Markets opens. Whenever a possible commercial diplomacy issue is identified, client-facing staff will contact the appropriate Global Markets country desk officers as early as possible, thereby ensuring that ITA has the right expertise to best serve its clients.

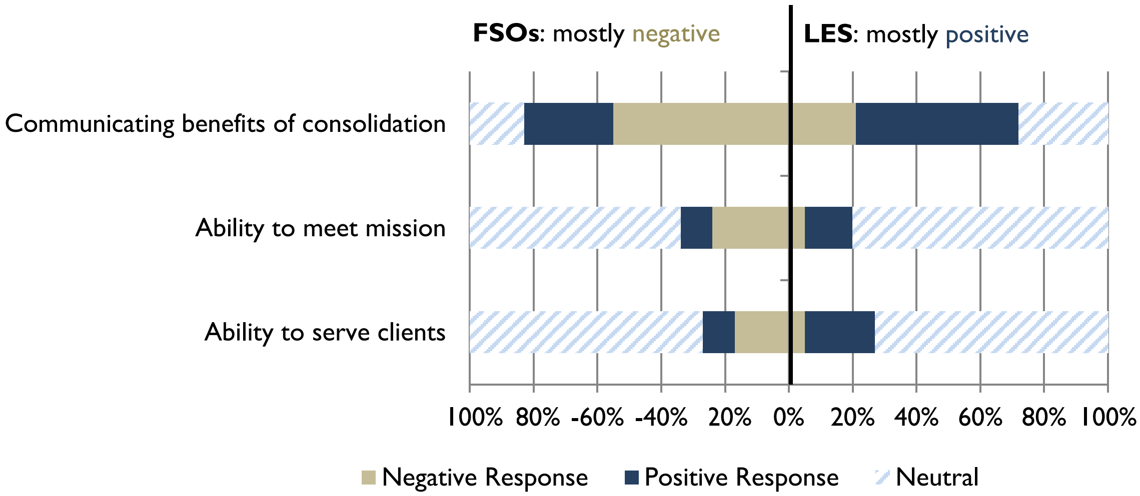
Global Markets—Overseas Staff Survey Results. As detailed in appendix C, we sent our survey to all ITA staff, including LES and FSOs who comprise ITA's overseas staff. However, only 38 percent (273 out of 712) of LES responded to our survey, compared with a 65 percent (163 out of 249) response rate for FSOs and a 72 percent (371 out of 513) response rate for domestic Global Markets employees. We are unsure as to the reason for the limited LES response. Low LES response rates could have been attributable to a perception by these employees that they were unaffected by the consolidation: only 44 percent of LES stated that they were affected by the consolidation, compared with 77 percent of FSOs. Alternatively, some LES might have encountered language barriers, since we only provided an English-language version of our survey. Regardless, given the low response rate, our results for LES may be subject to nonresponse bias, as we are unsure whether nonresponse was random or localized among a particular subset of LES.

Since only 38 percent of LES (273 of 712 respondents) responded to our survey, and just 44 percent of that 38 percent (108 of 246 respondents)[18] felt they were affected by the consolidation, the percentages in this section for LES are based on all LES responses, not just affected staff. Similarly, we include responses from all FSOs (that is, 163 of the 249 queried). The LES who responded had considerably more positive feelings about the consolidation than the FSOs or domestic staff. For example, compared to FSOs, LES were more satisfied with communication about the consolidation (see figure B.1).

In terms of operational outcomes, the majority of both LES and FSOs felt that the consolidation did not affect their ability to meet their mission and better serve ITA clients. However, of those who said that the consolidation had affected their work, the LES generally believed that the consolidation improved operations while FSOs felt that it made their work more difficult. Twenty-two percent of LES believe that they are better able to serve their clients as a result of the consolidation (5 percent feel less able), but only 10 percent of FSOs think that they are better able to serve their clients (17 percent feel less able). Similarly, just 5 percent of LES think that the consolidation made their immediate office less able to meet its mission, compared with 24 percent of FSOs (see figure B.1).

[18] This figure of 246 respondents is lower than the overall LES response rate because several LES failed to complete the entire survey.

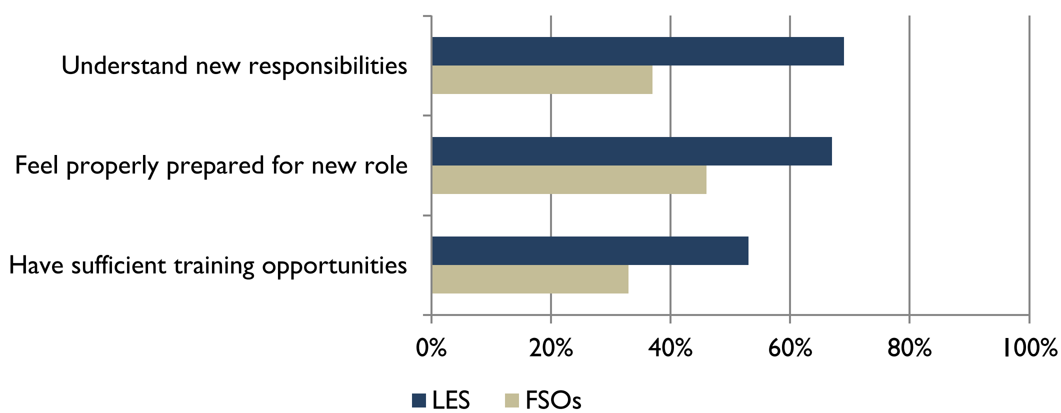
Figure B-1. Selected Survey Responses for FSOs and LES



Source: OIG survey of ITA employees

With respect to shifts in roles and responsibilities, only 15 percent of LES felt that their responsibilities changed as a result of the consolidation, compared with 32 percent of FSOs.[19] Of those LES who believe that their responsibilities changed, a majority believed they had a clear understanding of their new responsibilities, were properly prepared for the new roles, and had sufficient training opportunities to meet their new duties. FSO survey responses were not as positive about human capital changes (see figure B.2).

Figure B-2. Changes in Responsibilities as a Result of ITA's Consolidation



Source: OIG survey of ITA employees

Finally, both LES and FSOs agree that the consolidation increased their collaboration with other units. Thirty-one percent of LES and 30 percent of FSOs stated that the consolidation increased their collaboration with other units (just 2 percent of LES and 3 percent of FSOs disagreed).

Industry and Analysis. Housing the majority of ITA's industry, trade, and economic experts in one organization, the Industry and Analysis unit includes the former Manufacturing and

[19] Fourteen percent of FSOs and LES were unsure whether their responsibilities changed.

Services unit's economists and industry and trade issue experts, and has responsibility for the International Trade Advisory Committees. The consolidation returned the former Import Administration unit's Office of Textiles and Apparel to ITA's industry alignment structure, where it had been located prior to a previous ITA reorganization in 2004. Former MAC functions in the areas of trade negotiations and its Trade Agreements Secretariat were also added to Industry and Analysis. Finally, the Trade Promotion Programs, which manages trade missions, strategic partnerships, certified trade fairs, and the International Buyer Program, were all moved to Industry and Analysis from TP-USFCS.

OIG focus group participants from Industry and Analysis said placing the Office of Trade Negotiations and Analysis and the Office of Intellectual Property Rights within the same unit enables Industry and Analysis to provide greater analytical insight into intellectual property rights issues because industry expertise can be leveraged to address them. In addition, they said that all ITA work on standards is now consolidated within Industry and Analysis, thus eliminating the duplication that previously existed within the bureau.

Enforcement and Compliance. This unit comprises the former Import Administration unit's antidumping (AD) and countervailing duty (CVD) operations, AD/CVD Policy and Negotiations program, and the Foreign Trade Zones program. It also includes the former MAC unit's Trade Compliance Center and trade agreements and issue expertise, with respect to enforcement and compliance priorities. According to the Deputy Assistant Secretary for AD/CVD Operations, the number of offices under his direction was reduced from nine to seven as part of a reorganization of the former Import Administration unit that ran concurrent with the ITA-wide consolidation.

According to senior leadership, Enforcement and Compliance managers are still learning the roles of former MAC employees in the Trade Agreements Negotiations and Compliance group. Enforcement and Compliance is liaising with other ITA business units to maximize ITA's ability to efficiently deliver services to clients. Enforcement and Compliance is also learning more about the Trade Agreements Negotiations and Compliance group and how it can best support this unit in advocating for its clients and stakeholders. OIG focus group participants from this unit stated that the consolidation had no impact on AD/CVD operations; however, they all felt that Enforcement and Compliance was left out of the consolidation, its resource and staffing needs not considered, and that the consolidation was poorly communicated and not transparent.

Moving the Trade Agreements Negotiations and Compliance group out of MAC has streamlined both functions, making it easier to manage market access and market compliance workloads separately. However, moving it to the Enforcement and Compliance unit has made coordination with former MAC colleagues more difficult.

Appendix C: Survey Methodology and Results

As part of our review, we conducted an online survey of all ITA employees, including American citizens and locally engaged staff (LES) working in the United States and abroad. Although OIG conducted this survey only 6 months after the administrative reorganization the results provide a useful opportunity for ITA management to learn about and respond to employee feedback. We asked employees for their opinions about different aspects of the consolidation, such as:

- employee satisfaction with management communication and the use of employee feedback;
- changes to the organizational structure, career paths, level of resources, and intra-ITA collaboration;
- the status of the consolidation, and
- the greatest benefits and challenges of the consolidation.

Figure C-1. High-level Information about the OIG Survey of ITA Employees

When was it carried out?
April 23 through May 9, 2014

What was the universe?
ITA employees working in the United States and abroad

How many ITA employees received the survey?
2,080 employees

What were the response rates?

- All ITA staff: 60%
- ITA staff excluding LES: 71%
- Global Markets Headquarters: 72%
- Global Markets Domestic: 72%
- Global Markets Overseas excluding LES: 65%
- Global Markets LES: 38%
- Industry and Analysis: 75%
- Enforcement and Compliance: 70%
- Executive Direction and Administration: 70%

Source: OIG survey of ITA employees

We also obtained employee demographic information to compare results across employee groups, such as by business unit.

Our survey universe consisted of 2,080 employees. We based our initial list on ITA rosters from October 2013 and subsequently added employees not included in the original rosters and excluded employees who were on long-term leave (such as maternity leave and extended sick leave) or left the agency between the date of the compilation of the rosters and our survey.

Survey development. We created a survey to determine employee perceptions of the consolidation in areas related to management, communication, employee retention, collaboration, resources, organizational structure, and ITA's strategic direction. To develop the survey instrument, we interviewed staff across ITA's three business units (Global Markets, Industry and Analysis, and Enforcement and Compliance) and reviewed documentation related to the consolidation during the survey phase of the review to obtain an understanding of ITA operations and processes. As we gained greater insight into the ITA consolidation, we continued to refine the survey instrument by editing it for clarity and accuracy, reorganizing the order of the questions and answers, adjusting question types (such as multiple choice, matrix of choices, and matrix of drop-down menus), and altering categories. We then pretested the questionnaire internally, provided it to a small subsample of ITA employees for feedback, and made modifications accordingly. We sent a copy of the questionnaire to ITA management on April 1, 2014, to solicit feedback and technical comments, many of which we incorporated into our instrument. We emailed the survey to all ITA staff on April 23, 2014, and allowed responses through May 9, 2014, sending three reminder emails during that period.

We used skip logic to route respondents to different question paths based on various demographic characteristics (such as duty station, business unit, and supervisory status) and to ask relevant follow-up questions based on responses. As a result, employees answered between 25 and 30 questions. Answering all questions was mandatory, but submitting additional comments at the end of the survey was optional. To minimize response bias, we randomized or flipped the order of matrix questions and answer options as appropriate.

Survey limitations. Except for LES, the response rates across ITA components were relatively similar, ranging between 65 and 72 percent. LES had a lower response rate of 38 percent. Since response rates across the components without LES did not differ significantly, systematic nonresponse related to business unit is less likely. We weighted our results for nonresponse to restore the respondent distribution to the universe distribution. Using nonresponse-adjusted weights ensured that each ITA subcomponent was appropriately represented in our survey estimates. However, given their lower response rate, there is a higher risk of nonresponse bias for LES results. In other words, the risk that the opinions of those LES who did not respond systematically differ from those who did increases given the low response rate. This higher risk of bias factored into our decision to assess LES separately from the other ITA components. Because we asked respondents to identify their ITA component, we were able to calculate response rates by component with confidence.[20]

Survey results. For OIG's initial report to Congress about ITA's consolidation,[21] we focused on providing the results of a subset of ITA staff who said they were affected by the consolidation (64 percent of 954 respondents) and excluded the results for LES staff. For this final report, we provide in this appendix the responses to all closed-ended questions for all ITA staff (including LES) that were affected by the consolidation.[22] Most survey questions offered a "don't know" or "I don't know" response option, which we excluded from our analysis unless otherwise noted. To better interpret the results contained in the report, we sometimes combined categories (for example, "very satisfied" and "somewhat satisfied" are reported as "satisfied").

The survey questions and results are provided here, including a breakdown of all answer choices that were offered, not combined categories. These tables also include "don't know" and "I don't know" responses, which account for discrepancies between results referenced in the text of the report and those cited in the results displayed below. Questions were closed-ended unless otherwise noted.

[20] We received three anonymous responses, but included them in our universe after identifying their ITA component and office based on their answers.
[21] Inspector General Todd J. Zinser, July 25, 2014, letter to Senators Barbara A. Mikulski and Richard C. Shelby.
[22] When processing the results, we correctly classified 12 employees who had inaccurately identified their ITA component and deleted duplicate surveys received from individual respondents.

All of the results shown here are for ITA employees who stated that they were affected by the ITA consolidation. The numbers inside the tables represent percentages.

The tables below omit responses to Questions 1 through 6, which requested demographic information from respondents (thus allowing us to understand the survey population and assess differences across employee groups). It also omits tabulations of responses to Questions 11, 28, 29, and 30, which were all open-ended questions. (Responses to the first three of these were mandatory, while the last one was optional.) The omitted questions are:

Question 1: Please provide the following information: name and work email address.

Question 2: What is your grade level?

Question 3: Which of the following best describes your permanent duty station?

Question 4: Select which option best describes your job series.

Question 5: Select your current (i.e., post-consolidation) ITA component [*based on the answer, respondents were asked sub-questions to identify their office within their component*].

Question 6: How long have you been working for ITA? Include all time worked as a contractor, intern, or federal employee/LES.

Question 11: In a few words or a brief phrase, provide your opinion about the consolidation (limit: 140 characters).

Question 28: In a few words or a brief phrase, describe the consolidation's greatest benefit for you (limit: 140 characters).

Question 29: In a few words or a brief phrase, describe the consolidations greatest challenge for you (limit: 140 characters).

Question 30: Elaborate on any of the topics covered in this survey or any other aspect of the consolidation.

The results of the remaining questions are tabulated in the pages that follow.

Question 7: Are you considering leaving ITA within the next year?

Response Options	Enforcement and Compliance (n=81)	Global Markets, non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA, non-LES (n=609)	Total LES (n=109)
Yes	20	28	33	49	29	12
No	80	72	67	51	71	88

Question 8: (only if considering leaving ITA within the next year): To what extent did ITA's consolidation affect your decision to leave ITA, if at all?

Response Options	Enforcement and Compliance (n=16)	Global Markets, non-LES (n=105)	Industry and Analysis (n=39)	Executive Direction and Administration (n=17)	Total ITA, non-LES (n=177)	Total LES (n=14)
Not at all	63	29	31	71	36	64
Somewhat	31	37	38	24	36	29
Very much	6	34	31	6	28	7

Question 9: Are you a supervisor? [respondents were directed accordingly based on their answers]

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Yes	33	47	25	29	40	22
No	67	53	75	71	60	78

Question 10-a (supervisors only): How resistant or supportive are your employees of the changes associated with the consolidation?

Response Options	Enforcement and Compliance (n=27)	Global Markets non-LES (n=177)	Industry and Analysis (n=30)	Executive Direction and Administration (n=10)	Total ITA non-LES (n=244)	Total LES (n=25)
Very resistant	0	5	7	0	4	4
Somewhat resistant	4	13	10	0	11	8
Neither resistant nor supportive	44	40	30	40	39	16
Somewhat supportive	30	27	43	10	28	28
Very supportive	22	14	10	50	16	36
Don't know	0	2	0	0	2	8

Question 10-b (non-supervisors only): How resistant or supportive are your supervisors of the changes associated with the consolidation?

Response Options	Enforcement and Compliance (n=54)	Global Markets non-LES (n=198)	Industry and Analysis (n=88)	Executive Direction and Administration (n=25)	Total ITA non-LES (n=365)	Total LES (n=85)
Very resistant	0	4	6	0	4	4
Somewhat resistant	7	9	11	4	9	4
Neither resistant nor supportive	13	16	17	4	15	14
Somewhat supportive	19	17	18	4	16	16
Very supportive	52	40	36	80	44	53
Don't know	9	15	11	8	13	9

Question 12-a: How satisfied or dissatisfied are you with the following aspects of communication from your management regarding the consolidation: *QUALITY of communication*

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Very dissatisfied	5	22	29	9	21	6
Somewhat dissatisfied	19	22	24	14	22	15
Neither satisfied nor dissatisfied	14	15	13	11	14	13
Somewhat satisfied	23	21	17	23	21	31
Very satisfied	38	18	18	43	22	33
Don't know	1	1	0	0	1	3

Question 12-b: How satisfied or dissatisfied are you with the following aspects of communication from your management regarding the consolidation: *QUANTITY of communication*

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Very dissatisfied	4	15	22	11	15	6
Somewhat dissatisfied	16	23	24	6	21	17
Neither Satisfied nor dissatisfied	16	20	14	20	18	17
Somewhat satisfied	23	22	21	26	22	26
Very satisfied	40	19	19	37	23	31
Don't know	1	1	0	0	1	4

Question 12-c. How satisfied or dissatisfied are you with the following aspects of communication from your management regarding the consolidation: *TIMELINESS of communication*

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Very dissatisfied	5	18	26	14	18	3
Somewhat dissatisfied	15	22	21	9	20	19
Neither satisfied nor dissatisfied	16	19	16	14	18	16
Somewhat satisfied	23	23	19	23	22	26
Very satisfied	40	17	16	40	21	33
Don't know	1	1	1	0	1	4

Question 13-a: How effective or ineffective was your management in the following areas: *Communicating consolidation objectives*

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Very ineffective	10	21	24	6	19	5
Somewhat Ineffective	16	22	20	11	20	14
Neither effective nor Ineffective	10	14	15	11	13	14
Somewhat effective	33	24	26	31	26	30
Very effective	28	18	14	40	20	33
Don't know	2	1	1	0	1	5

Question 13-b: How effective or ineffective was your management in the following areas: *Communicating consolidation benefits*

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Very Ineffective	14	25	30	9	24	7
Somewhat ineffective	17	25	20	9	22	13
Neither effective nor Ineffective	10	15	16	17	15	22
Somewhat effective	32	20	20	20	22	23
Very effective	25	13	12	43	16	28
Don't know	2	2	2	3	2	7

Question 13-c: How effective or ineffective was your management in the following areas: *Providing opportunities for employee feedback about the consolidation*

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Very ineffective	14	21	31	11	21	9
Somewhat ineffective	14	15	14	6	14	17
Neither effective nor ineffective	16	20	14	11	18	16
Somewhat effective	25	23	26	26	24	24
Very effective	26	19	14	43	20	28
Don't know	6	2	1	3	2	6

Question 13-d: How effective or ineffective was your management in the following areas: *Acting on employee feedback related to the consolidation*

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Very Ineffective	19	28	37	14	28	6
Somewhat ineffective	10	17	16	3	15	10
Neither effective nor ineffective	16	18	16	23	18	27
Somewhat effective	21	15	12	20	15	24
Very effective	16	11	9	31	13	20
Don't know	19	11	9	9	11	13

Question 14: AS A RESULT OF the consolidation, I have _________ between me and my respective Deputy Assistant Secretary.

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
More levels of management	7	46	15	6	33	27
The same levels of management	80	40	69	66	53	37
Fewer levels of management	10	5	9	11	7	10
Don't know	2	9	6	17	8	27

Question 15: AS A RESULT OF the consolidation, it takes me _________ than before the consolidation.

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
More time to complete my work assignments	22	41	33	26	36	21
The same amount of time to complete my work assignments	65	46	58	51	51	62
Less time to complete my work assignments	7	3	5	14	5	9
Don't know	5	10	4	9	8	7

Question 18-a: Select whether or not the following areas changed AS A RESULT OF the consolidation: Your position description

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Changed	11	14	19	9	14	18
Did not change	85	77	75	83	78	71
Don't know	4	9	6	9	8	11

Question 18-b: Select whether or not the following areas changed AS A RESULT OF the consolidation: Your performance plan

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Changed	23	29	36	9	28	33
Did not change	73	58	57	83	61	53
Don't know	4	13	8	9	10	14

Question 19: Did your responsibilities change AS A RESULT OF the consolidation?

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Yes	30	35	47	17	36	30
No	69	53	46	77	55	53
Don't know	1	12	8	6	9	17

Question 20-a (only if responsibilities changed as a result of the consolidation): How much do you agree or disagree with the following statements related to your new responsibilities: I possess the appropriate skill set for my new responsibilities.

Response Options	Enforcement and Compliance (n=24)	Global Markets non-LES (n=133)	Industry and Analysis (n=55)	Executive Direction and Administration (n=6)	Total ITA non-LES (n=218)	Total LES (n=33)
Strongly disagree	0	5	7	0	5	3
Somewhat disagree	4	9	5	0	7	9
Neither agree nor disagree	13	16	9	0	13	9
Somewhat agree	17	24	20	33	22	24
Strongly agree	67	42	56	67	49	55
Don't know	0	4	2	0	3	0

Question 20-b (only if responsibilities changed as a result of the consolidation): How much do you agree or disagree with the following statements related to your new responsibilities: I feel properly prepared for my new responsibilities.

Response Options	Enforcement and Compliance (n=24)	Global Markets non-LES (n=133)	Industry and Analysis (n=55)	Executive Direction and Administration (n=6)	Total ITA non-LES (n=218)	Total LES (n=33)
Strongly disagree	4	15	13	0	13	3
Somewhat disagree	13	14	11	17	13	18
Neither agree nor disagree	8	23	16	0	19	12
Somewhat agree	21	29	27	17	28	30
Strongly agree	54	19	31	67	27	36
Don't know	0	0	2	0	0	0

Question 20-c (only if responsibilities changed as a result of the consolidation): How much do you agree or disagree with the following statements related to your new responsibilities: I have sufficient training opportunities to fulfill my new responsibilities.

Response Options	Enforcement and Compliance (n=24)	Global Markets non-LES (n=133)	Industry and Analysis (n=55)	Executive Direction and Administration (n=6)	Total ITA non-LES (n=218)	Total LES (n=33)
Strongly disagree	4	17	11	0	13	18
Somewhat disagree	13	22	9	17	17	18
Neither agree nor disagree	25	15	36	0	21	9
Somewhat agree	8	26	20	17	22	33
Strongly agree	46	18	22	67	23	21
Don't know	4	3	2	0	3	0

Question 20-d (only if responsibilities changed as a result of the consolidation): How much do you agree or disagree with the following statements related to your new responsibilities: I have a clear understanding of the expectations related to my new responsibilities.

Response Options	Enforcement and Compliance (n=24)	Global Markets non-LES (n=133)	Industry and Analysis (n=55)	Executive Direction and Administration (n=6)	Total ITA non-LES (n=218)	Total LES (n=33)
Strongly disagree	4	14	16	0	13	9
Somewhat disagree	17	31	18	17	26	6
Neither agree nor disagree	21	14	11	0	13	15
Somewhat agree	8	29	25	17	25	30
Strongly agree	50	14	29	67	23	39

Question 21-a: How have opportunities in the following areas changed AS A RESULT OF the consolidation, if at all: Promotions

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Decreased	16	24	30	9	23	7
Did not change	68	53	54	60	56	71
Increased	7	3	2	6	4	8
Don't know	9	20	14	26	18	14

Question 21-b: How have opportunities in the following areas changed AS A RESULT OF the consolidation, if at all: Opportunities to assume leadership roles

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Decreased	15	27	30	11	25	4
Did not change	65	45	47	51	48	62
Increased	14	11	14	14	12	20
Don't know	6	17	9	23	14	14

Question 21-c: How have opportunities in the following areas changed AS A RESULT OF the consolidation, if at all: Professional growth and development

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Decreased	10	17	19	9	16	6
Did not change	65	46	59	57	52	55
Increased	22	23	10	11	20	30
Don't know	2	14	11	23	12	9

Question 22: For you personally, which statement best describes the status of the consolidation?

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
The consolidation is incomplete for me.	11	42	26	11	33	30
The consolidation is complete for me, but it is incomplete for other areas that affect my daily duties.	19	28	22	40	26	31
The consolidation is complete for me.	70	30	52	49	40	39

Question 23-a: How have the following issues in your office changed AS A RESULT OF the consolidation, if at all: Duplication of effort within ITA

Response Options	Enforcement and Compliance (n=81)	Global Markets non LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non LES (n=609)	Total LES (n=109)
Less	16	13	11	43	14	18
Did not change	54	36	42	37	40	39
More	10	34	31	9	29	18
Don't know	20	18	15	11	17	24

Question 23-b: How have the following issues in your office changed AS A RESULT OF the consolidation, if at all: Unsuccessful/unnecessary programs

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Less	5	4	7	17	5	16
Did not change	72	47	49	49	51	41
More	5	26	19	9	21	17
Don't know	19	23	25	26	23	26

Question 23-c: How have the following issues in your office changed AS A RESULT OF the consolidation, if at all: HQ/External requests (i.e., "taskers")

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Less	0	5	8	14	5	6
Did not change	57	41	42	46	43	49
More	25	40	41	23	37	30
Don't know	19	15	9	17	14	16

Question 24: AS A RESULT OF the consolidation, do you think your immediate office is less able to meet its mission, equally able to meet its mission, or better able to meet its mission?

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Less able to meet its mission	16	30	35	6	28	12
Equally able to meet its mission	60	54	52	71	56	67
Better able to meet its mission	23	15	14	23	17	21

Question 25: AS A RESULT OF the consolidation, do you think you are less able to serve your clients, equally able to serve your clients, or better able to serve your clients?

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Less able to serve your clients	14	22	31	11	22	9
Equally able to serve your clients	57	57	53	49	56	52
Better able to serve your clients	23	15	10	26	16	24
In my position, I don't directly serve clients	6	6	6	14	7	15

Question 26-a: How would you assess the level of the following resources in your office (e.g., CS Mexico City, Office of Textiles): *Professional Staff - PRIOR to the consolidation*

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Less than sufficient	33	38	42	26	37	28
Sufficient	56	52	47	54	52	58
More than sufficient	5	3	7	9	4	9
Don't know	6	7	4	11	7	5

Question 26-b: How would you assess the level of the following resources in your office (e.g., CS Mexico City, Office of Textiles): Professional Staff - AFTER the consolidation

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Less than sufficient	36	43	53	26	43	27
Sufficient	51	45	34	54	44	55
More than sufficient	6	5	8	9	6	8
Don't know	7	8	5	11	8	9

Question 26-c: How would you assess the level of the following resources in your office (e.g., CS Mexico City, Office of Textiles): *Administrative Staff - PRIOR to the consolidation*

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Less than sufficient	37	47	43	23	43	26
Sufficient	54	46	50	60	49	65
More than sufficient	6	3	4	3	4	5
Don't know	2	4	3	14	4	4

Question 26-d: How would you assess the level of the following resources in your office (e.g., CS Mexico City, Office of Textiles): Administrative Staff - AFTER the consolidation

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Less than sufficient	37	52	44	26	47	28
Sufficient	49	39	43	60	43	62
More than sufficient	9	4	7	3	5	4
Don't know	5	5	6	11	5	6

Question 26-e: How would you assess the level of the following resources in your office (e.g., CS Mexico City, Office of Textiles): Space - PRIOR to the consolidation

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Less than sufficient	15	15	17	11	15	10
Sufficient	78	73	75	63	73	77
More than sufficient	2	6	7	6	6	5
Don't know	5	6	2	20	6	7

Question 26-f: How would you assess the level of the following resources in your office (e.g., CS Mexico City, Office of Textiles): Space - AFTER the consolidation

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Less than sufficient	15	25	21	6	22	14
Sufficient	77	65	64	66	66	68
More than sufficient	2	4	8	9	5	6
Don't know	6	6	7	20	7	12

Question 26-g: How would you assess the level of the following resources in your office (e.g., CS Mexico City, Office of Textiles): Travel Resources - PRIOR to the consolidation

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Less than sufficient	43	39	34	29	38	42
Sufficient	44	53	52	31	50	46
More than sufficient	2	2	4	0	2	4
Don't know	10	6	10	40	9	7

Question 26-h: How would you assess the level of the following resources in your office (e.g., CS Mexico City, Office of Textiles): *Travel Resources - AFTER the consolidation*

Response Options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Less than sufficient	38	28	33	29	30	31
Sufficient	44	56	50	34	52	48
More than sufficient	4	8	2	0	6	7
Don't know	14	8	15	37	12	13

Question 26-i: How would you assess the level of the following resources in your office (e.g., CS Mexico City, Office of Textiles): ***Training Opportunities - PRIOR to the consolidation***

Response options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Less than sufficient	32	43	31	26	38	66
Sufficient	60	48	61	57	53	27
More than sufficient	2	3	5	0	3	3
Don't know	5	5	3	17	5	4

Question 26-j: How would you assess the level of the following resources in your office (e.g., CS Mexico City, Office of Textiles): ***Training Opportunities - AFTER the consolidation***

Response options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Less than sufficient	21	28	31	23	27	41
Sufficient	62	51	55	54	53	41
More than sufficient	9	13	7	9	11	5
Don't know	9	9	7	14	9	12

Question 26-k: How would you assess the level of the following resources in your office (e.g., CS Mexico City, Office of Textiles): ***IT Infrastructure - PRIOR to the consolidation***

Response options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Less than sufficient	31	56	54	20	50	42
Sufficient	57	36	42	57	41	47
More than sufficient	0	1	2	6	1	4
Don't know	12	7	2	17	7	6

Question 26-l: How would you assess the level of the following resources in your office (e.g., CS Mexico City, Office of Textiles): ***IT Infrastructure - AFTER the consolidation***

Response options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Less than sufficient	30	57	57	29	52	39
Sufficient	49	33	38	51	37	48
More than sufficient	7	3	0	9	3	1
Don't know	14	7	5	11	8	12

Question 27-a: How did the following types of collaboration change AS A RESULT OF the consolidation, if at all: ***Collaboration WITHIN your business unit***

Response options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Decreased	1	8	11	9	8	8
Did not change	69	68	60	54	66	55
Increased	26	19	25	29	22	28
Don't know	4	5	3	9	5	8

Question 27-b: How did the following types of collaboration change AS A RESULT OF the consolidation, if at all: Collaboration BETWEEN your business unit and other business units

Response options	Enforcement and Compliance (n=81)	Global Markets non-LES (n=375)	Industry and Analysis (n=118)	Executive Direction and Administration (n=35)	Total ITA non-LES (n=609)	Total LES (n=109)
Decreased	10	11	24	9	13	4
Did not change	62	52	45	34	51	48
Increased	22	28	25	49	28	34
Don't know	6	9	6	9	8	14

Appendix D: Agency Response

UNITED STATES DEPARTMENT OF COMMERCE
The Deputy Under Secretary for
International Trade
Washington, D.C. 20230

MAR 10 2015

MEMORANDUM FOR: Carol N. Rice
Assistant Inspector General for Economic and Statistical Program Assessment

FROM: Ken Hyatt KH
Deputy Under Secretary for International Trade

SUBJECT: Response to Draft Report: *ITA Management Should Address Significant Challenges Related to Its Recent Consolidation*

The International Trade Administration (ITA) welcomes the Office of Inspector General (OIG) draft report, *ITA Management Should Address Significant Challenges Related to Its Recent Consolidation*. ITA greatly appreciates the thorough and thoughtful efforts of the OIG team, and the collaborative efforts of our offices in support of positive ITA program and performance outcomes.

As the OIG team learned over the course of this review, consolidation was challenging to ITA staff and the management team. Undertaking significant organizational change is a challenge for a public or private entity of any size, and this was no different for ITA. Making the effort more challenging was the fact that ITA had a transitioning leadership team, has a dispersed work force and a high profile mission within the Department that could not be disrupted. Reflecting back on the process as it unfolded, ITA could certainly have executed aspects of the process better. Looking forward, ITA has more work to do and will continue to make progress in the coming months.

ITA remains concerned that it is simply too early to fully and adequately gauge the success of consolidation implementation. The OIG review was initiated less than six months after consolidation implementation, and included a lengthy staff survey to ITA employees asking for their views on the effort's progress. As the report stated, ITA leadership estimated the entire consolidation process would to take up to 36 months.

ITA believes that survey results of locally-engaged staff (LES) should be included in any summary survey results cited throughout the entire report. LES are a critical and large group of employees providing direct client service, and the omission of the LES survey results would provide an incomplete representation of employees' perspectives of the consolidation.

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ITA concurs with each of the OIG recommendations. With respect to each recommendation:

1. *Develop a comprehensive project plan to manage remaining consolidation activities and monitor progress until completion.* ITA has had several ongoing consolidation implementation activities. These activities will be consolidated into a single plan and identified gaps, if any, will be addressed. Needed actions will be monitored and tracked to completion.

2. *Prioritize the development of revised performance plans and training for employees who were affected by the consolidation.* All performance plans needing revision will be completed by no later than the FY 2016 performance planning cycle, as well as any training needs assessments.

3. *Develop an employee engagement plan that solicits and incorporates feedback and communicate the changes to ITA staff.* ITA is working to strengthen employee engagement across-the-board, and has a two-year engagement improvement plan in place. ITA will ensure that as that plan is implemented, employees will have sufficient opportunities to provide feedback.

4. *Conduct a workforce analysis of headquarters programs to determine the appropriate level of resources.* ITA will assess headquarters workforce needs post-consolidation and determine if any reallocation of resources is needed.

ITA appreciates the opportunity to work with the OIG on these matters and looks forward to the final report.