

May 2, 2002

MEMORANDUM TO CHAIRMAN PETER McPHERSON
SECRETARY OF ENERGY ADVISORY BOARD

FROM DR. WILLIAM BRINKMAN
CHAIR, LABORATORY OPERATIONS BOARD

SUBJECT: Transmittal of Laboratory Operations Board Working Group Letter Report on Need for and barriers to the adoption of the "DOE Best Practices Pilot"

The attached report was prepared by a Laboratory operations Board (LOB) external member Working Group in response to a request by Under Secretary of Energy, Science, and Environment. The report is submitted to you with the recommendation that it be forwarded to the Secretary of Energy along with this letter for his consideration. It is important that the recommendations of the report be considered as the Department undertakes reorganizations affecting the management of the laboratories.

Under Secretary Card asked that the LOB working group review a report prepared by the Lawrence Berkeley National Laboratory (LBNL) at his direction on management best practices. The LBNL study compared best practices at LBNL with two laboratories funded by other Federal agencies and identified six management practices that it hoped to adopt. The report proposed a pilot to initiate changes that will affect the laboratory's relationship to the Department of Energy. Under the plot, the LBNL would incorporate the best practices in its new management and operations contract.

The LOB external members reviewed the report by the working group during the meeting of the LOB on April 29. The members agree with the principles put forward by LBNL. It suggests, as is noted in the working group's report, that the issues should receive additional investigation and that processes and metrics must be identified prior to embodying these principles in a contract.

The most important point to be made in managing the streamlining effort is to establish metrics and benchmark practices before changes are made. In this way your metrics will serve as indicators of what benefits are being obtained.

At their recent meeting the external members were encouraged by the significant restructuring enterprise being undertaken by the Department. They view the best practices proposals in the LBNL report as an aid to what must be a sustained endeavor to simplify and rationalize management and operations in the relationship between the labs and the Department. They believe that it is important that these practices be incorporated into the plans for restructuring currently underway. Of particular note is the

need for consistent plans across the entire department. The LOB noted that the different organizations seem to be headed down different paths.

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