

June 20, 2001

**AGREEMENT BETWEEN  
THE STATE OF IOWA  
AND  
THE PUBLIC STRATEGIES GROUP**

**TO PROVIDE CONSULTING SERVICES FOR THE STATE OF IOWA'S  
ORGANIZATIONAL REVIEW PROCESS**

This agreement is entered into between the State of Iowa and The Public Strategies Group (PSG). Subject to the terms and conditions of this Agreement including any addenda, the State of Iowa agrees to contract with PSG for the delivery of consulting services.

**Services**

PSG will provide services as described in the attached technical and cost proposal (attachment A). These services will begin June 20, 2001 and proceed until December 20, 2001.

**Payment**

The State of Iowa agrees to pay PSG up to \$150,000 for services and, in addition, up to \$25,000 for reasonable and customary travel expenses (including hotel, economy class airfare when available or coach, ground transportation and meals) for the support of the organizational review as described in attachment A. Payment for services will be made to PSG by the State of Iowa in six monthly installments of \$25,000. Services invoices shall be sent to the State of Iowa by PSG on the first of each of the six months of this contract beginning July 1, 2001. Expenses will also be invoiced to the State of Iowa on the first of each of the six months of this contract beginning July 1, 2001, and original receipts shall accompany the invoices.

**Performance guarantee**


If, at any time, for any reason, the project co-chairs for the State of Iowa's Organizational Review, Cynthia Eisenhower and Dr. Steve Gleason are not satisfied with the results PSG produces, PSG should be so notified in writing. If the parties cannot ameliorate the problem, PSG does not expect to be paid.

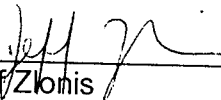
**General**

This agreement may not be transferred at any time. Changes to this agreement will be signed by both parties and appended to this agreement. Either party may terminate this agreement with 30 days notice and the State of Iowa would only be liable to pay for services rendered to that point. This agreement will be governed by and construed under the laws of the State of Iowa.

For State of Iowa

For The Public Strategies Group,

  
Cynthia Eisenhauer  
Date 6-18-01

  
Jeff Zlonis  
Date 6/27/01

## ATTACHMENT A

# Technical and Cost Proposal to support the Iowa Organizational Review

### Background

Under the leadership of the Governor, Iowa state government is undertaking an organizational review. The purpose of this review is to develop a strategy for how state government will deliver services that delight Iowa's citizens at a budget of \$190 million less than currently projected for 2002-2003. The Governor has assigned teams of his directors to develop this strategy.

This proposal describes how The Public Strategies Group (PSG) can add the most value to the organizational review that Iowa's state government is undertaking.

### Assumptions

Cynthia Eisenhauer and Dr. Steve Gleason will guide the process.

The organizational review is a six month process which will conclude at the end of the calendar year.

The process will entail work to be done by 7 teams: Accountable Government, Education, Environment, Finance, Healthy Iowans, New Economy, Safe Communities

Each team will be given a spending target and outcome or output goals. They will be challenged to figure out how to best use the budget to achieve the goals.

The work of teams will be roughly divided into three parts:

- Blue sky thinking – compiling a very broad and aggressive list of possibilities
- Narrowing – choosing those that have the most promise
- Concluding – fashioning a proposal

At the conclusion of each part the teams will present their work to a Guidance Team (The Governor or Lt. Governor, Cynthia, Steve and others) for feedback, guidance and additional challenge.

The Accountable Government and Finance Teams should get much of their work done within 60 days in order to inform and influence the work of the other teams. Their recommended changes in administrative systems such as budget or personnel, for example, would change the ground rules assumed by other teams. Those teams need the opportunity to factor these recommendations into their thinking and into their financial calculations.

### **PSG Approach**

**Make David Osborne a coach to the Guidance Team**, particularly the leaders, Cynthia Eisenhauer and Dr. Steve Gleason. David would meet on-site one day a month and be generally available by phone and e-mail. He would help them start the process well and resolve key issues as they arose, and he would be available for advice as needed.

**Provoke each of the work teams at the outset.** PSG consultants would meet with the work team leaders and others as necessary to get itself up to date and then prepare a set of "opportunities" for each team to consider. The list would NOT be definitive – rather it will be intended to provoke the thinking of the teams about alternatives that could be pursued to meet their challenge. It would be designed to help them get out of the box – to think about options they might not have imagined.

**Get in deep with the Accountable Government and Finance Teams.** PSG would focus its consulting on the two teams that have the greatest impact on the other teams. PSG would meet with these teams regularly and help them think through changes they could make in state systems (procurement, accounting/budgeting, human resources, information) and other reforms (enterprise management, for example) that could create substantial savings, service improvements or both. Much of this work needs to be done within the first 60 days.

**Challenge the teams at their Tollgates.** Each team would be expected to make a presentation to the Guidance Team at the end of each part of its work. These "Tollgate" sessions would be intended to give the teams direct feedback to their "work in progress" that would help assure a successful outcome at the end of the six months. They would be about 1/2 day for each team and be repeated three times. PSG team members would actively participate, along with the Guidance Team, to assure that each work team completes its Tollgates both encouraged and challenged. PSG would also assist the Guidance Team following each Tollgate to initiate needed follow up activities.

**Participate in the final assembly and presentation.** Following the last of the Tollgates, PSG would advise the Guidance Team as it assembles the final package and presents it. David Osborne and other PSG consultants would be available to advise about the overall package, its presentation, communications strategy, implementation strategy, and related matters.

### **Responsibility**

PSG will assign an account manager responsible for coordinating efforts with the guidance team. Iowa staff will be responsible for all logistics associated with meetings. Iowa staff will actually make any decisions and produce all communication and reports regarding those decisions.