ATTACHMENT 1: PLAN DEVELOPMENT FROM 1989 - 1996

Strategic Business Plan Development — 1989 through 1993

The IRS considered the process it used to prepare its business plans as a subset of its overall strategic management process. The development of Strategic Business Plans employed a five-phase cycle (Figure 1). Phase One began in late summer, when an ad hoc group of executives met to develop a straw proposal for the strategic-annual operating plan. In Phase Two, IRS senior executives, including regional commissioners, reviewed and revised the straw proposal at an executive planning conference. Held off-site in November and facilitated by external consultants, these sessions served as a forum for exchanging ideas on important issues as well as a formal effort to set objectives, strategies, and the coming year’s actions (based on the straw proposal). Once a strategic direction was defined, staff further developed draft plans for review, with varying levels of senior executive participation.

In Phase Three, staff incorporated comments from the conference into the straw proposal, creating a “draft plan”. In January, the draft plan was issued for comment to headquarters, regional commissioners, and external stakeholders. In Phase Four, staff revised the draft plan based on the Phase Three review, and in June, submitted the revised draft plan to the IRS’s Executive Committee (its top executives) for approval and decisions. Phase Five involved the formal distribution of the “final” plan in August or September. All draft versions of the Strategic Business Plan were distributed to the field offices for review purposes.
The Strategic Business Plan provided the basis for regional and service center annual operating plans. These one-year operating plans focused on the field offices’ contributions to the Strategic Business Plan actions. However, they also could include other areas which the regional commissioner or service center director wished to emphasize. Regions drafted their annual plans in the spring, submitted the draft plans to headquarters for review during the summer, revised them based on headquarters’ review, and then formally submitted them in early fall. The plans were discussed and finalized in the late fall.

**Business Master Plan Development — 1994 through 1996**

In response to a Congressional deadline to produce more comprehensive plans for Tax Systems Modernization, the IRS decided to speed up introduction of its Business Master Plan. It assigned development of the plan to a task force of senior staff that was chaired by the IRS Assistant Commissioner (Collection). Due to the Business Master Plan’s accelerated development process, the plan was issued in May, four months early. Because of the shorter time frame, the field offices performed minimal review of the first draft Business Master Plan. However, the field offices were able to develop annual operating plans based on the final version of the document.

IRS management and staff described development of the first Business Master Plan as “intense”. To avoid repeating the compressed, pressured development process used to produce the Business Master Plan, the IRS created two ongoing committees: an Executive Planning Group and a Staff Working Group. The first committee was chaired by the National Director, Strategic Planning Division and included executives or managers from the major headquarters organizational area, a field executive, and a National Treasury Employee’s Union representative. The Executive Planning Group was charged with overseeing development of the Business Master Plan and recommending changes to the strategic management process. The Staff Working Group supported and did the hands-on work for the Executive Planning Group. This group included staff from each headquarters area represented on the Executive Planning Group and a National Treasury Employee’s Union representative, but it did not have a field representative.

**SUMMARY OF ONGOING ELEMENTS OF IRS BUSINESS PLANS**

**Agency’s Mission and Business Vision**

The IRS’s mission has remained constant for several years. It reads:

> The purpose of the IRS is to collect the proper amount of tax revenue at the least cost; serve the public by continually improving the quality of our products and services; and perform in a manner warranting the highest degree of public confidence in our integrity, efficiency and fairness.

The IRS management and staff follow the mission closely, and its strategic plans revolve around it. In the early 1990s, the IRS articulated a business vision of how the future tax system would
operate and what changes would need to be made to today’s operations to achieve the vision. The IRS’ business vision contains several guiding principles to help us meet the needs of the future:

- Provide taxpayers with alternative means of filing and paying their taxes;
- Process the remaining paper tax returns and other documents more efficiently;
- Build and maintain a robust infrastructure;
- Improve and accelerate identification of compliance issues; and
- Give front-line employees immediate access to complete information and modern tools to do their jobs.

Strategic Objectives

Over the years, the number and content of IRS’s strategic objectives has varied. However, since 1993, it has had three objectives which are aimed at achieving the mission and are supported by quantifiable goals.

The first objective focuses on improving compliance with the tax laws. The IRS believes this objective requires that it maintain the highest standards of integrity. The FY 2001 performance goal for this objective aims to collect at least 90% of the total tax dollars due, through increased voluntary compliance and enforcement.

The second objective strives to better serve the customer. To do so, the IRS aims to reduce the burden taxpayers experience fulfilling their tax responsibilities, from record keeping to final account settlement; increase customer satisfaction with IRS products and services; and resolve 95% of taxpayer inquiries after only one contact.

The third objective is to improve productivity. The IRS wants to reduce overall paper processing and handling by increasing the number of returns filed on media other than paper; receiving all remittances electronically or by third-party processors; and reducing IRS- and taxpayer-initiated paper correspondence.