



Performance Management Update

Barbara W. Colchao

Performance Management and
Incentive Awards Division



New Developments in Performance Management

- Setting the Stage
- Competencies and Performance
- Balanced Measures
- In the Spotlight
- Recent OPM Studies
- Reminders
- Updates



Setting the Stage

- Looking at the concept of “strategic rewards”
 - It’s not just money any more
 - Employees want to feel valued and that they make a difference
 - Need to balance work/life issues
 - Desire for career development
 - Making options available -- one size does not fit all

- Performance management processes help provide the tools managers need



Competencies and Performance

The yin and yang of getting the job done

- The performance “formula”
 - Performance = Capacity \times Commitment
- Performance is the accomplishment of work assignments or responsibilities
- Capacity is the ability to do something
- Commitment is the willingness and promise to do something



What are the dimensions of performance?

➤ Level of proficiency

- Entry level
- Developmental level
- Journey level
- Master level

➤ Level of accomplishment

- Marginal
- Fully Successful
- Outstanding

➤ Level of aggregation

- Individual
- Team or group
- Organization



Capacity—the ability to do something

➤ Capacity = Competencies x Resources x Opportunity

- Competencies are sets of measurable skills, knowledge, behaviors, and personal attributes critical to successful performance
- Resources are the physical tools and environment needed to do the job
- Opportunity is giving the employee the chance to do it



Commitment—the willingness and promise to do something

➤ Employee agreement to complete assigned work at a specific standard of

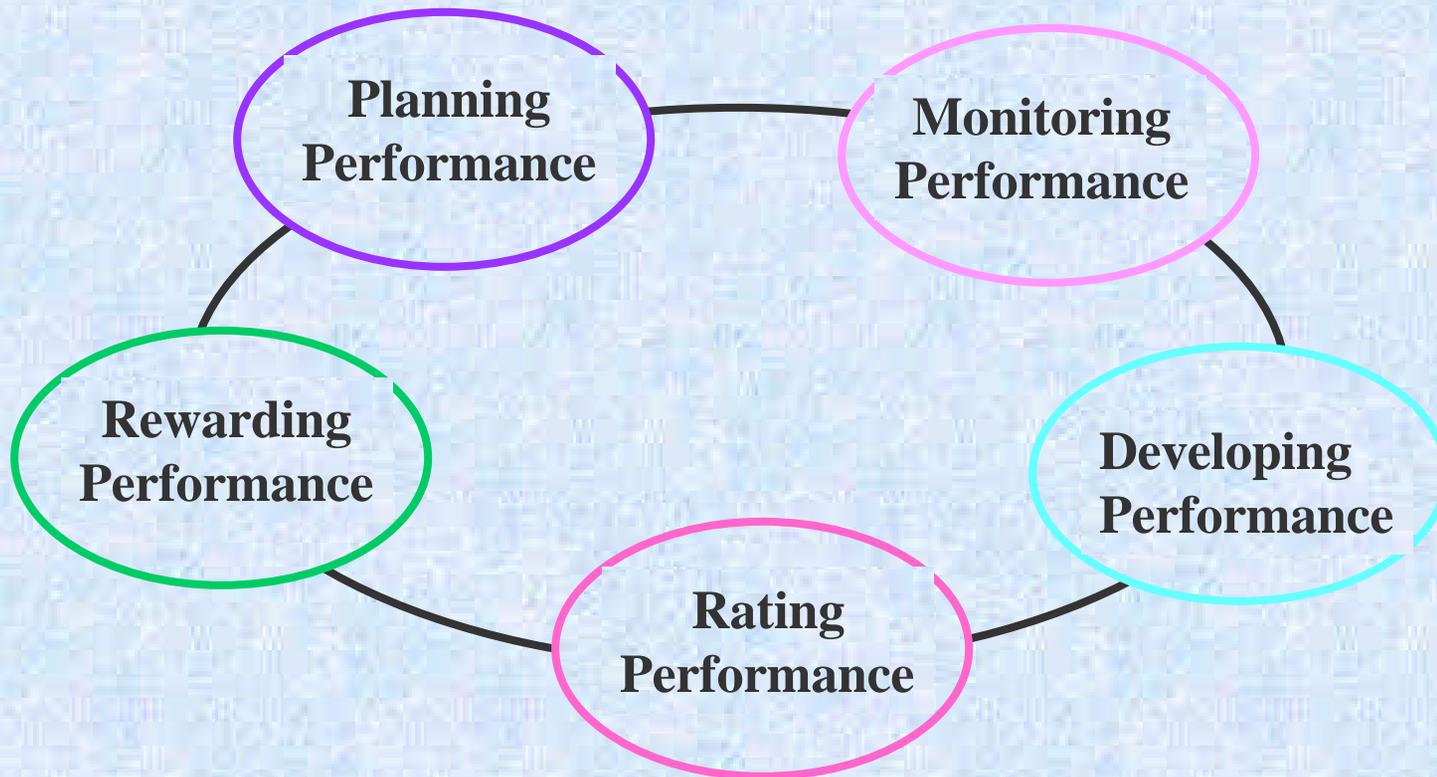
- Quality
- Quantity
- Timeliness
- Cost-effectiveness

➤ Means of gaining commitment include:

- Setting clear goals
- Using credible measures
- Involvement
- Open communication
- Climate where employees feel valued
- Recognizing and rewarding employees



Linking the Formula to Performance Management



Performance Management

What do we really manage?

➤ Employees

- Performance — what they do and how well they do it
- Discretionary effort
- Level of commitment

➤ Supervisors

- Antecedents — setting the stage
 - Planning
 - Monitoring
 - Developing
- Consequences
 - Monitoring
 - Rating
 - Rewarding



Performance Management Processes

➤ Capacity

- **Planning** for competencies, resources, and opportunities
- **Monitoring** to provide feedback on competencies
- **Developing** competencies and work processes

➤ Commitment

- **Planning** by setting goals
- **Monitoring** by feedback and performance measurement
- **Rating** that reflects results and a form of feedback and recognition
- **Rewarding** good performance



Balanced Measures

- Started with Kaplan and Norton in the Harvard Business Review in 1993
- Redirect from single focus on finances to multiple perspectives
 - Financial
 - Customer
 - Internal business process
 - Learning and growth
- Research shows direct link between employee satisfaction and the “bottom line”

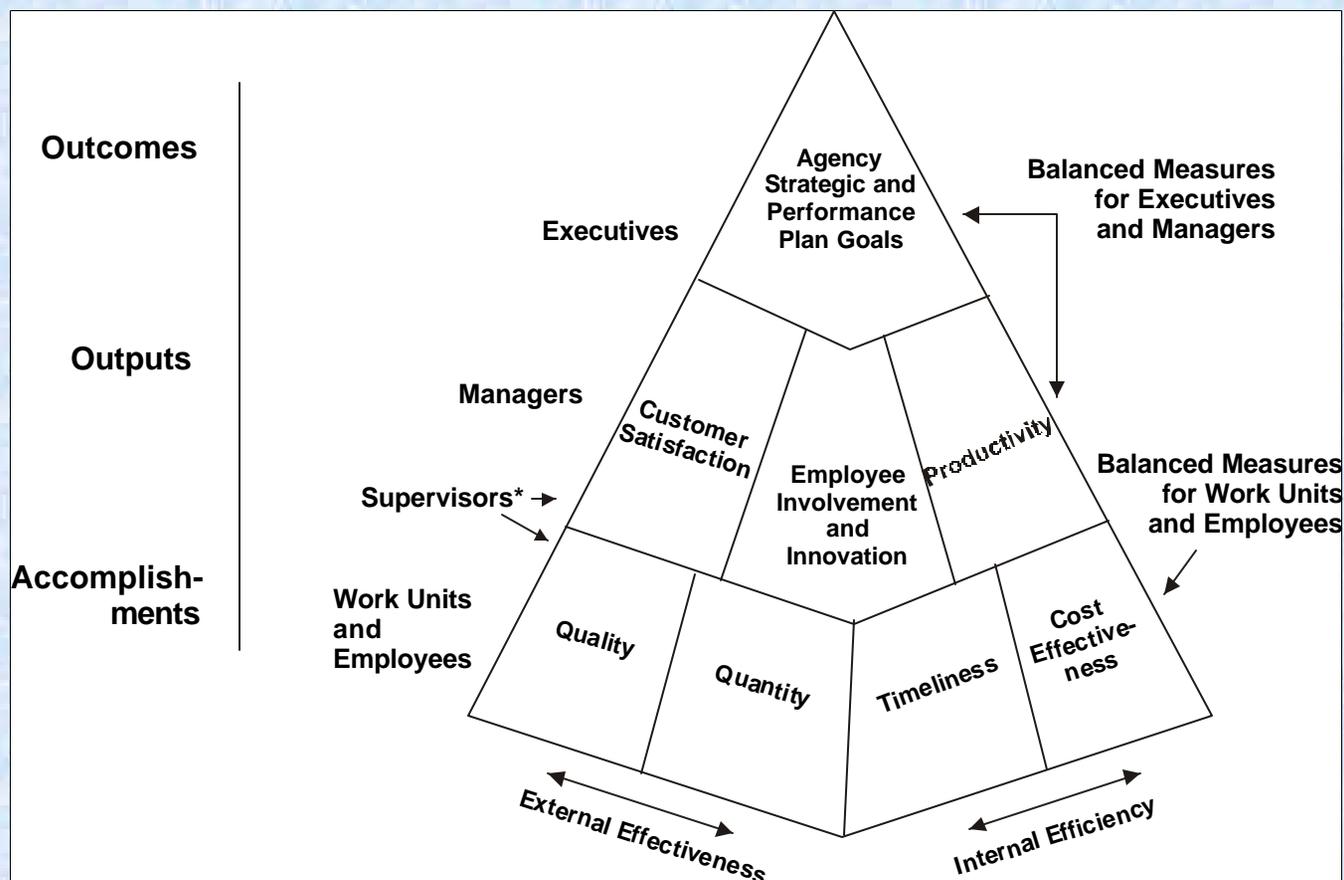


Government Approach

- Vice-President Gore's National Partnership for Reinventing Government promotes using balanced measures
- Three perspectives identified
 - **Agency** mission and goals
 - **Customer** needs and satisfaction
 - **Employee** involvement, development, and satisfaction with working conditions



A Performance-Measurement Pyramid

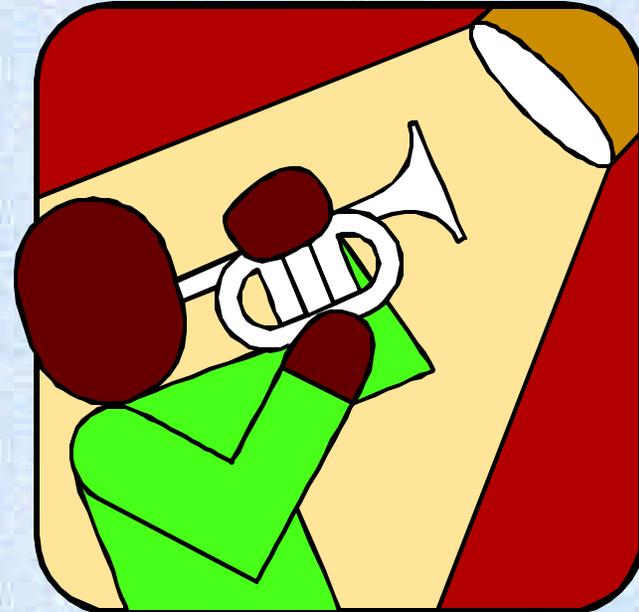


In the Spotlight

➤ The President's Management Council (PMC) Report and Workplace Goals

➤ The OPM Director's PILLAR Award

(Performance, Incentives, and Leadership Linked to Achieve Results)



PMC Report

- Focus on Performance
- Three basic themes
 - Expect Excellence
 - Establish Accountability
 - Take Timely Action
- Agency innovation and resources
- Available online at www.opm.gov

**INTERAGENCY WORK GROUP
ON PERFORMANCE MANAGEMENT**

**REPORT TO THE
PRESIDENT'S MANAGEMENT COUNCIL
ON MANAGING PERFORMANCE
IN THE GOVERNMENT**

February 2000



PMC Workforce Improvement Goals

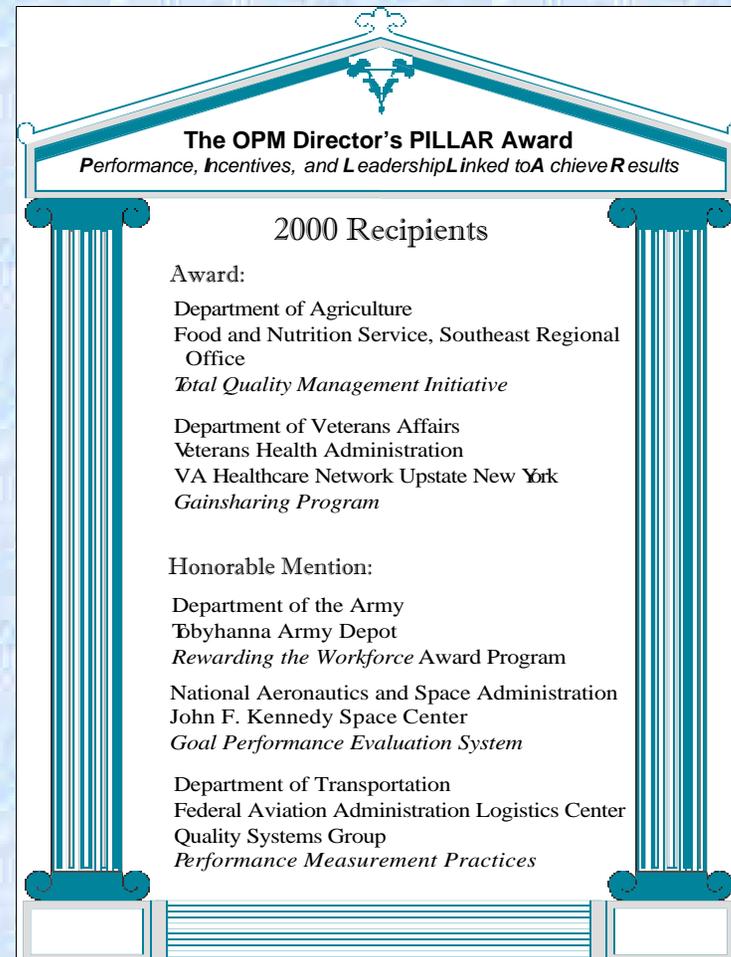
- Communicate expectations
 - Departmental commitment
 - Refining and linking reward programs
 - Partnership
 - Workforce analysis
- Establish accountability
 - Executive performance agreements
 - SES performance agreements
 - Effectively dealing with underperformers
 - Adopting a hiring and retention action plan
- Take timely action
 - Base internal bonuses on balanced measures
 - Base Presidential ranks on high GPRA performance
 - Include score improvement commitment in GPRA 2001 plans
 - Working for passage of CS legislation



OPM Director's PILLAR Award

Performance, Incentives, and Leadership Linked to Achieve Results

- Recognizes an effective performance management program, practice, or process
- Presented for the first time at this year's conference
- 35 nominations
- 5 recipients
 - 2 Awards
 - 3 Honorable Mention



Strategic Compensation Conference 2000

U.S. Office of Personnel Management

Recent OPM Studies

- Awards Study Follow-up Report
- Review of Pass-Fail Appraisal Programs
- Supervisors in the Federal Government: A Wake-up Call



Incentive Awards

The Changing Face of Performance Recognition

- Follow up to 1998 *Report of a Special Study on Incentive Awards*
- Same 15 agencies from the earlier study
- Focus on progress of awards program redesign efforts



Findings

- Agencies looking at program redesign
- Many delinking from appraisals
- Automated information growing
- Timely recognition a common goal
- Regulatory flexibility helps
- Accountability (self-evaluation) still weak



Special Study on Pass-Fail

- Final report being written
- Six volunteer agencies participated
 - Department of Education
 - Fish and Wildlife Service (USDA)
 - General Services Administration
 - Health Care Finance Administration (HHS)
 - National Agricultural Statistics Service (USDA)
 - National Oceanic and Atmospheric Administration (Commerce)



Final Results Still Out

➤ Study Goals

- Determine how effective the systems are
- Identify the characteristics of an effective system
- Examine the impact on other HR programs

➤ Good response rate: 34% - 67%

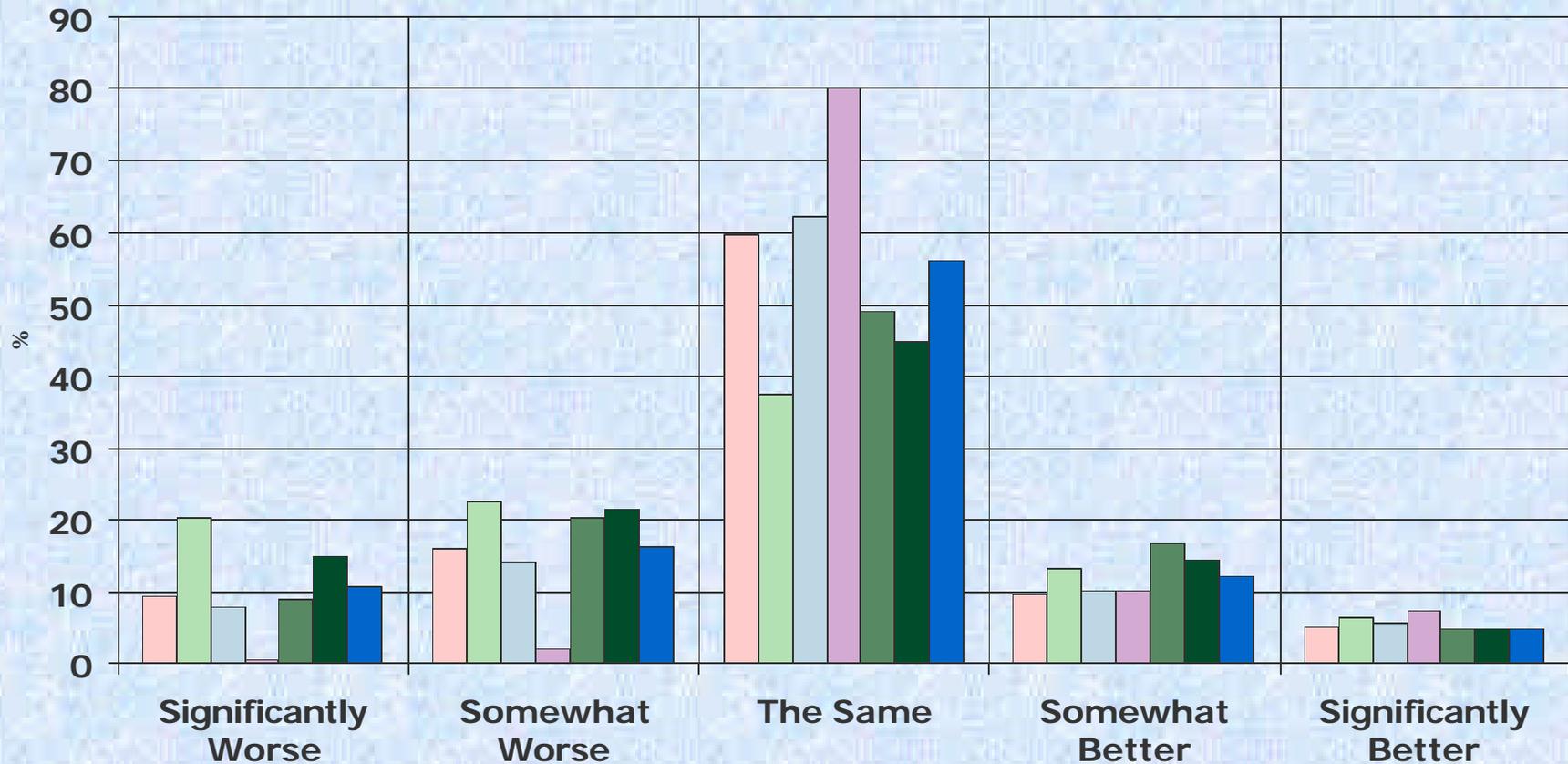


Survey Questions

- My performance standards accurately measure my performance.
- There appear to be more opportunities for awards since the institution of the pass/fail system.
- Since the inception of pass/fail, communication with my supervisor has increased.
- Since the inception of pass/fail, the manner in which I perform my job is:
 - The pass/fail system encourages supervisors and employees to focus more on performance and developmental opportunities.
 - The feedback from the performance appraisal process has been valuable in helping me improve or maintain my performance.
 - The feedback I receive is useful in identifying the training I need to improve my performance.



Agency Survey Responses



Early Impressions

- No magic bullet
- Any program is only as good as its users
- Good managers make the difference
- Revamping rewards can be challenging



Supervisors in the Federal Government: A Wake-up Call

- Special Study conducted by OPM's Office of Merit Systems Oversight & Effectiveness
- Draft Report out for comment May 2000
- Information gathered from
 - Agency headquarters HR staff surveys
 - USDA grad school course student surveys
 - First-line supervisor and second-level manager surveys
 - Corporate Leadership Council studies review



Identification and Selection

- Leadership potential is critical
- Most supervisors selected based on technical expertise
- People skills often neglected in selection rating process
- Some agencies starting to include leadership competencies in selection procedures



Training and Development

- Most agencies have training policies in place but vary widely on requirements
- Communication of policies often weak
- Training focusing on leadership competencies via standardized courses
- Supervisors feel need for more tailored training, specially in softer, people skills
- Funding for training causes concerns
- Few agencies using distance learning technologies and PC-based training



Evaluating Performance

- Leadership competencies are not primary measures
- Evaluations focus on technical work or employee complaints
- Little informal feedback and rarely addresses leadership competencies
- Probationary period not well used
- Few agencies have special awards to recognize good supervisory skills



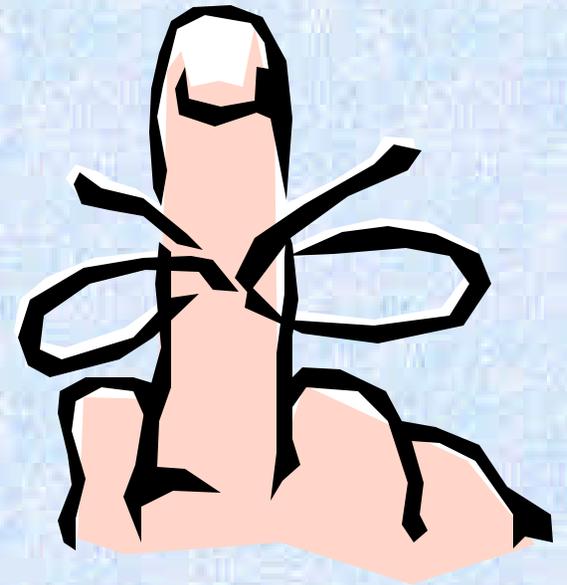
Conclusions

- Things have not changed
- There is reason for concern
- Leadership competencies must be emphasized
- Supervisors are dissatisfied



Reminders

- Presidential Election Period Award Restrictions
- New Awards Nature of Action Codes (NOACs) in Effect October 2000



Presidential Election Period Award Restrictions

- June 1, 2000 to January 20, 2001
- No cash awards, bonuses, or time-off awards to
 - Non-career Senior Executive Service
 - Schedule C in confidential or policy-determining positions
- No cash *at any time* to Executive Schedule employees appointed by the President with the advice and consent of the Senate



New Awards Nature of Action Codes

- Effective October 1, 2000
- General divisions
 - Cash or time off
 - Individual or group achievement
- Special categories
 - Suggestions and inventions (individual/group)
 - Foreign language
 - Travel savings incentive



Updates

- Latest Statistics
- Performance Management Clearinghouse



Cash Awards Data

Spending as a Percent of Total Salaries



➤ Other Awards include Special Act or Service, Suggestion, Gainsharing, and other Awards

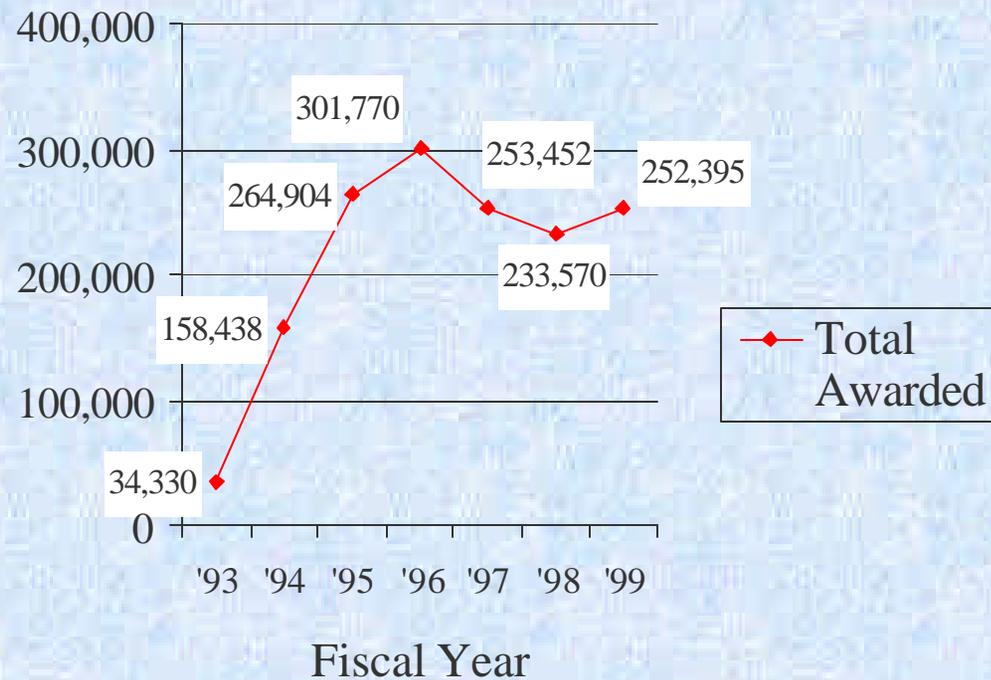
➤ Source: *Workforce Compensation and Performance Service, Incentive Awards Program databases, and Annual Reports. FY1999 data compiled from the Central Personnel Data File.*



Time Off Awards Data

- Source: *Workforce Compensation and Performance Service, Incentive Awards Program databases, and Annual Reports. For 1999, awards data compiled from the Central Personnel Data File.*

Number of Time Off Awards Granted



Employee Ratings of Record Reported to CPDF for FY97-99

Pattern	FY 97	FY 98	FY 99
A	7,684	119,067	124,455
B	3,670	7,482	15,733
C	24	2,228	2,418
D	1	2,175	33,456
E	223	2,357	3,592
F	50	68	92
G	12	7	184
H	768,508	753,513	671,718



Employee Rating Distribution GS 1-12 (Pattern A) - FY97-99

Level	FY 97	FY 98	FY 99
1	.3	.1	.05
2	.1	0	0
3	99.3	94.2	99.45
4	.1	2.3	.21
5	.2	3.4	.29

As of October 1, 1999, edits are in place that will not permit levels to be reported unless they are correctly associated with their pattern



Performance Management Clearinghouse

- Undergoing final clearance process
- Web-based information source
- Seeking programs, practices, or processes in performance management, including awards
- Requires point of contact and HQ clearance
- Looking for initial entries
- Lessons learned are welcome

