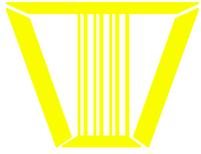


*SES Performance
Management*



SES Performance Management

- Reasons for change
- Key revisions
- Balanced measures
- Reaction/comments
- Related initiatives



Framework for Improving the SES

- Outline of ideas for addressing 21st century leadership challenges.
- Is the way we select, develop, and manage SESers producing leaders to meet these challenges?
- Discussions with senior executives, HR community, Senior Executives Association, and other stakeholders about change.
- Stakeholders agreed on several improvement strategies, including performance management.



Need for Systemic Change

- Current regulations discourage results-oriented performance management.
- Annual performance appraisal process and recertification focus on paperwork and procedures.
- Need to improve links between pay and performance.



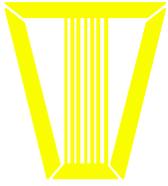
Need for Culture Change

- Systemic change won't fix everything.
- Culture change required -- for agency management and senior executives.
- Manage performance on ongoing basis.
- Improve communications about performance expectations.



Related Performance Initiatives

- Revised Presidential Rank Award criteria for 2001 to address balanced measures.
- Developed legislation:
 - raise aggregate pay
 - repeal recertification
 - provide annual leave enhancements



Survey Results

- NPR-OPM survey of Federal employees
 - 26% understood how good performance is defined in their organizations.
 - 28% said corrective actions are taken when employees don't meet standards.
- OPM survey of the SES
 - 48% said SES bonuses are merit-based.
 - 57% don't think poor performing execs are removed.



Leadership Commitment

- PMC interest in improving performance management governmentwide.
- PMC Task Force Report on Managing Performance: expect excellence, establish accountability; take action.
- Workforce Improvement Goals for PMC-member agencies.



Current Regulations

- Many current requirements are not based on statute.
- Regs were designed when “one size fits all” was the norm.
- Performance appraisal systems at all levels were parallel.



Proposed Regulations

- Pare requirements to statute.
- Recognize agency leader responsibility for communicating expectations.
- Reinforce link between performance management and strategic planning, with focus on results.
- Require agencies to use balanced measures when evaluating senior executive performance.



Key Changes

- Prescribe systemic framework that identifies key components -- agencies decide how to implement components.
- Broaden focus from annual appraisal to ongoing performance management.
- Modify rating level requirements.
- Modify minimum appraisal period.



Key Changes

- Require agencies to appraise senior executive performance, using measures that balance organizational results with customer and employee perspectives.
- Give agencies flexibility to decide how to implement balanced measures.



Comments on Proposals -- General

- General reaction positive.
- Most questions and comments are on balanced measures -- what does it mean?
How do agencies implement them?



Balanced Measures

- Public and private sector trend to measure individual and organizational performance using methods that balance the achievement of business/operational results with needs and views of customers, stakeholders, employees, and others.
- Influenced by Kaplan/Norton balanced scorecard.



Comments on Balanced Measures

- “Anxiety themes” --
 - Factoring in employee perspectives will be a popularity contest.
 - Executives often serve multiple customers, many with conflicting interests.
 - Using balanced measures will require investing in expensive surveys and sophisticated measurement tools.



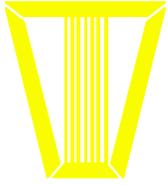
Next Steps

- Sharing information, best practices, and lessons learned.
- NPR-OPM 1-day forum in September.
- Tool kit under development.
- Continue conversations with senior executives



Timetable

- Proposed regulations published on June 21st -- comment deadline August 21st.
- Target for final regulations -- October 1st.
- Agencies use balanced measures in evaluation cycles that begin in 2001, e.g., July, October 2001.



OPM Contacts

- SES Management Center, Office of Executive Resources Management
 - 202-606-0530
 - E-mail: SESmgmt@opm.gov
 - Fax: 202-606-0557