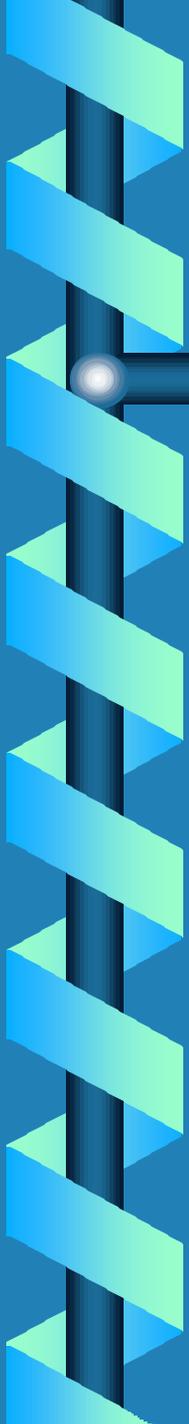


STRATEGIC COMPENSATION



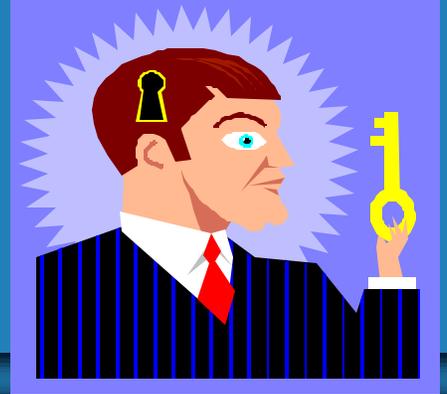


VHA Has Learned Two Key Lessons:

- What gets measured gets done!
AND
- What gets done, gets rewarded!

The clearer the linkage, the more powerful the impact.

KEY OUTCOMES



- Key Outcomes Identified As *Access - Cost - Quality - Satisfaction*

How Did VHA Do - **1995-2000?**

- Increased Number of veterans served by **32%**

KEY OUTCOMES

(CONTINUED)

- Increased Number of Community Based Outpatient Clinics by:

320%

- Reduced Cost Per Patient by:

24%

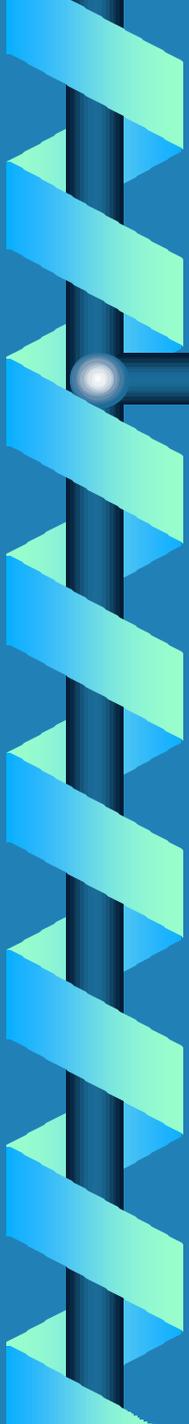
- Reduced Number of Staff by:

21%

KEY OUTCOMES



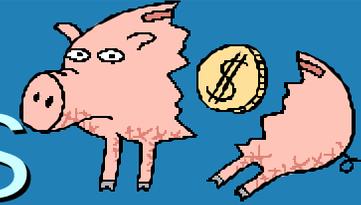
- Reduced Number of Supervisors by:
25%
- Closed **52%** of In-Patient Beds
- Attained JCAHO Score of 90
(*vs. 91 for Private Sector*)
- Attained Patient Satisfaction Score
of 82 (*vs. 68 for Private Sector*).



PERFORMANCE AWARDS

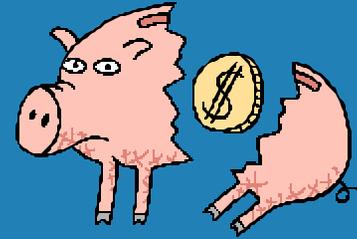
- VHA Identifies Specific Percentage of SES Payroll for SES Awards.
- This has ranged from **3%** in 1998 to **5%** in 1999 to **7%** in 2000.
- Statute Permits Up To **10%** for Awards.

PAYOUTS



<u>Lowest Award</u>	<u>Highest Award</u>	<u>Median Award</u>
1997 • \$7000	\$16,000	\$9500
1998 • \$6,800	\$16,000	\$9,500
1999 • \$6,000	\$20,000	\$12,000
2000 • \$9,000	\$24,000	\$15,000

PAYOUTS



Executives Also Eligible For:

- Executive Level Advancements
e.g., ES-1 - ES-2
- *Special Contribution Awards*, separate from these "Bonuses."

RANK AWARDS



- VHA Executives have been recognized with *Presidential Rank Awards* during this period:

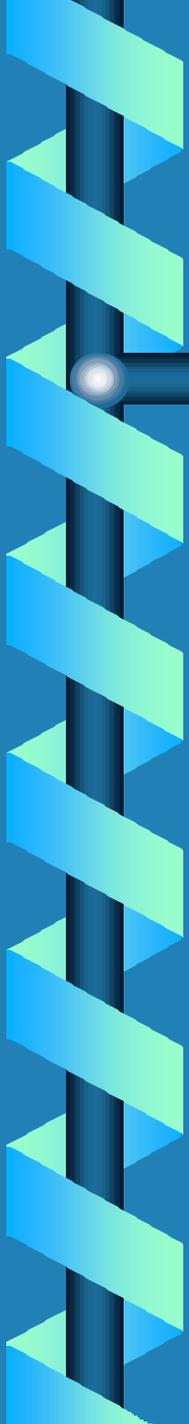
	<u>Meritorious</u>	<u>Distinguished</u>	<u>Total:</u>
1997	1	2	3
1998	4	2	6
1999	8	0	8
2000	11	1	12

PERFORMANCE STANDARDS



Comprised of

- Specific Measures
- Core Competencies



PERFORMANCE STANDARDS *(CONTINUED)*

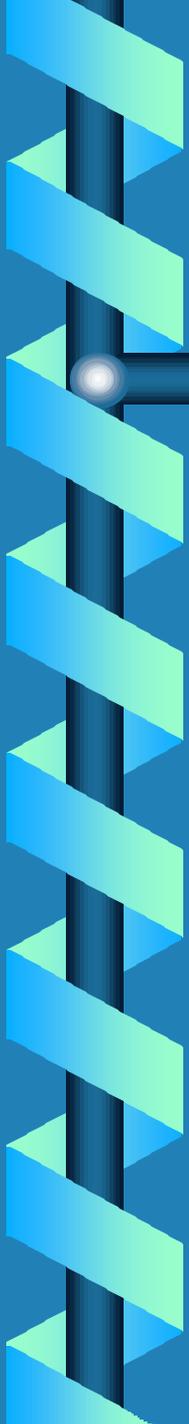
CORE COMPETENCIES ARE:

- Interpersonal Effectiveness
- Customer Service
- Systems Thinking
- Flexibility/Adaptability

CORE COMPETENCIES



- Creative Thinking
- Organizational Stewardship
- Personal Mastery
- Technical Competence



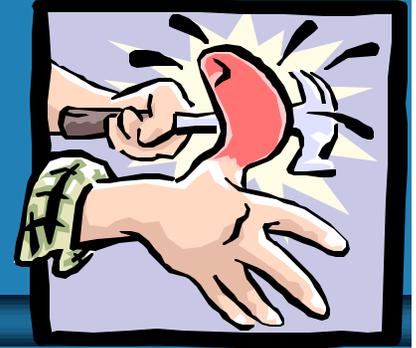
CORE COMPETENCIES

(CONTINUED)

SOME "HARD" EXPECTATIONS:

- Allocate budget to meet priorities.
- Operate Safety & Health Program which meets VA, JCAHO & OSHA Requirements.

CORE COMPETENCIES



MORE "HARD" EXPECTATIONS:

- Establishes & Achieves Minority and Small Business Contracting Goals.
- Reduce OWCP Lost Day Claims by X%.



CORE COMPETENCIES

(CONTINUED)

SOME "SOFT" EXPECTATIONS:

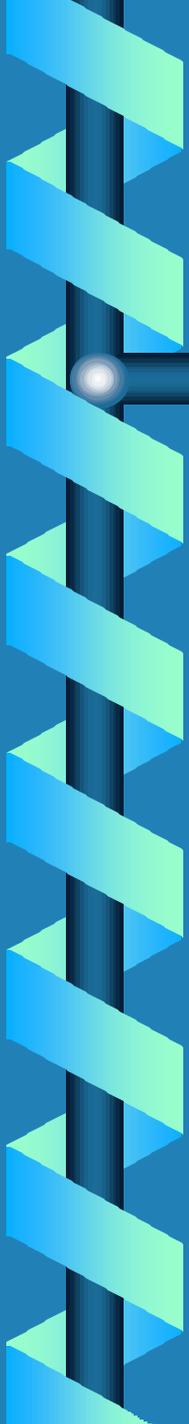
- Maintains Effective Communications & Partnerships with Stakeholders, e.g., media, veterans groups, medical school affiliates.

CORE COMPETENCIES



MORE "SOFT" EXPECTATIONS:

- Provides fair, disciplined, decisive leadership inspiring climate of productivity, effectiveness and high morale.



CORE COMPETENCIES

(CONTINUED)

MORE "SOFT" EXPECTATIONS:

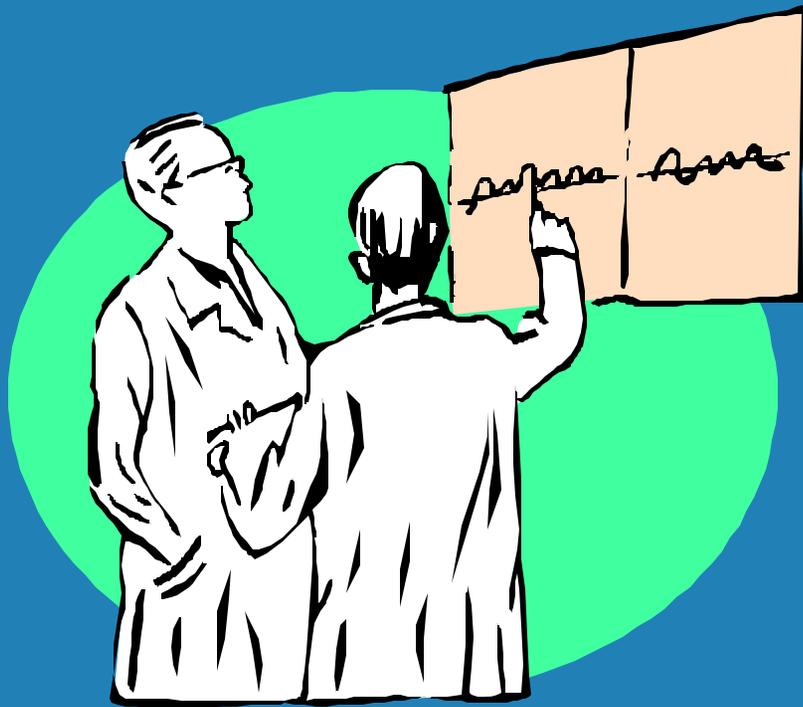
- Balances organizations needs & resources to effectively carry out the multiple missions of the organization.

EVALUATION PROCESS



- Utilize a "*Balanced Score Card Approach.*"
- Considers impact on employees and patients as well as achievements on measures.

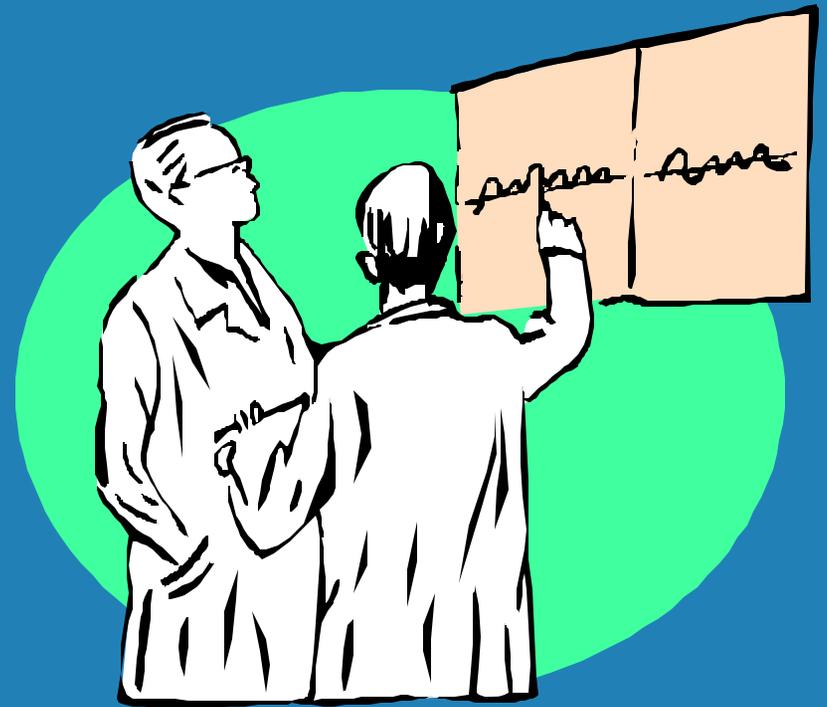
EVALUATION PROCESS



- Utilizes Performance on Objective, Quantifiable Measures as Initial Basis for Rating.

EVALUATION PROCESS

- Considers Other, Less Tangible Performance as "*Executive*" & "*Leader*", and combines them to determine final rating.



EVALUATION PROCESS

- Recognizes Deficiencies in Complexity of Assignment; one Network has decreased by **25%** since 1995; one has increased by **25%**.



EVALUATION PROCESS



- Assign Rating; determine award amount, recognize performance.
- Develop new measures!

QUESTIONS?

