



## Performance Management Update

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- ▶ New Administration -- Where do we go from here?
- ▶ Focusing on results management -- Why results; why now?
- ▶ Balanced Measures -- What are we looking at?
- ▶ Stats and Facts -- What's been going on lately?





# *New Administration -- Where Do We Go From Here?*

- ▶ Early indicators from *A Blueprint for New Beginnings*
  - Citizen-Centered
  - Results-Oriented
  - Market-Based
- ▶ Reward achievement and encourage excellence
- ▶ Compete successfully for talent
- ▶ Incorporate successful private sector reforms
- ▶ Return pride to public service





## *Role for Strategic Rewards*

- ▶ Money matters, but it's not the only thing
- ▶ Exit interviews relate employees leave due to
  - Lack of recognition
  - Inequities in salary
  - Long-term sense of purpose/mission missing
  - Insufficient opportunities for growth
- ▶ Employees appear to be moving up the hierarchy of needs pyramid



# *Strategic Rewards*



## **Compensation**

- Base Salary
- Variable Pay
- Job Evaluation
- Performance Management
- Paid Time Off

## **Benefits**

- Health Care
- Retirement
- Savings
- Other Insurance

## **Development & Learning**

- Training
- Career Development
- Learning Experiences
- Succession Planning

## **Work Environment**

- Work/Life Balance
- Leadership
- Performance Support
- Organizational Climate





# *Why Results -- Why Now?*

- ▶ **Make Government Results-Oriented** (*Blueprint*)
  - Guide by performance, not process
  - Reward success and make it the standard
  - Actions that fail must be reformed or ended
- ▶ **Telecommuting**
- ▶ **Delayering**
- ▶ **Performance-Oriented Pay**





# *Telecommuting*

- New emphasis via DOT appropriations bill for FY 2001
- Supports participation of eligible employees “without diminished employee performance”
- Adds impetus to results-oriented management
- Supervisors need to focus on results by
  - Planning the work
  - Setting expectations
  - Monitoring performance
  - Recognizing performance





# Delaying

- ▶ Flatten the Federal Hierarchy (*Blueprint for New Beginnings*)
  - Shrink the distance between citizens and decision-makers
  - Redistribute employees to positions that interact with citizens
- ▶ Workforce Planning & Restructuring (*OMB Bulletin No. 01-07*)
  - Reduce no. of managers, organizational layers, & time for decisions
  - Increase span of control
  - Redirect to direct service delivery
- ▶ Process measures require more observation





## *Performance-Oriented Pay*

- ▶ Demonstration Projects and independent personnel authorities allow greater impact for performance on base pay adjustments
- ▶ Traditionally and intuitively base pay is determined on an individual basis
- ▶ More latitude requires ability to make distinctions among levels of performance
- ▶ Puts demands on performance measurement systems





# *Balanced Measures*

## *What Are We Looking At?*

- ▶ Results-orientation is not going away
  - Government Performance and Results Act
  - Chief Financial Officers Act
- ▶ Three key SES measures
  - Results
  - Customer satisfaction
  - Employee perspectives
- ▶ Measurement and accountability will continue to be key





# *What Gets Measured Gets Done*

- ▶ Work unit performance is key to measuring managerial/supervisory success
- ▶ Leadership competencies are critical
  - Championing human diversity
  - Supporting EEO
  - Demonstrating effective performance management
    - Communicating effectively
    - Creating a positive work environment
    - Providing resources and opportunities





# *OPM Study on Supervisors*

- ▶ *Supervisors in the Federal Government: A Wake-up Call*
- ▶ Special Study conducted by OPM's Office of Merit Systems Oversight & Effectiveness
- ▶ Released March 2001



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# *Identification and Selection*

- ▶ Leadership potential is critical **BUT**
  - 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
  - Vary widely on requirements
  - Communication of policies often weak
- ▶ Funding still causes concerns
- ▶ Focusing on leadership competencies via standardized courses
  - Supervisors feel need for more tailored training (specially in softer, people skills)
  - Few agencies use 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 it 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





# *OPM Study on Pass/Fail Appraisals*

- ▶ *Rating Pass/Fail: A Report on Two-Level Performance Rating Systems at Six Federal Agencies*
- ▶ Special Study conducted by OPM's Office of Merit Systems Oversight & Effectiveness
- ▶ Report in final clearance stages



# *Undertaking the Study*

## ▶ 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 asked better or worse under pass/fail





# *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



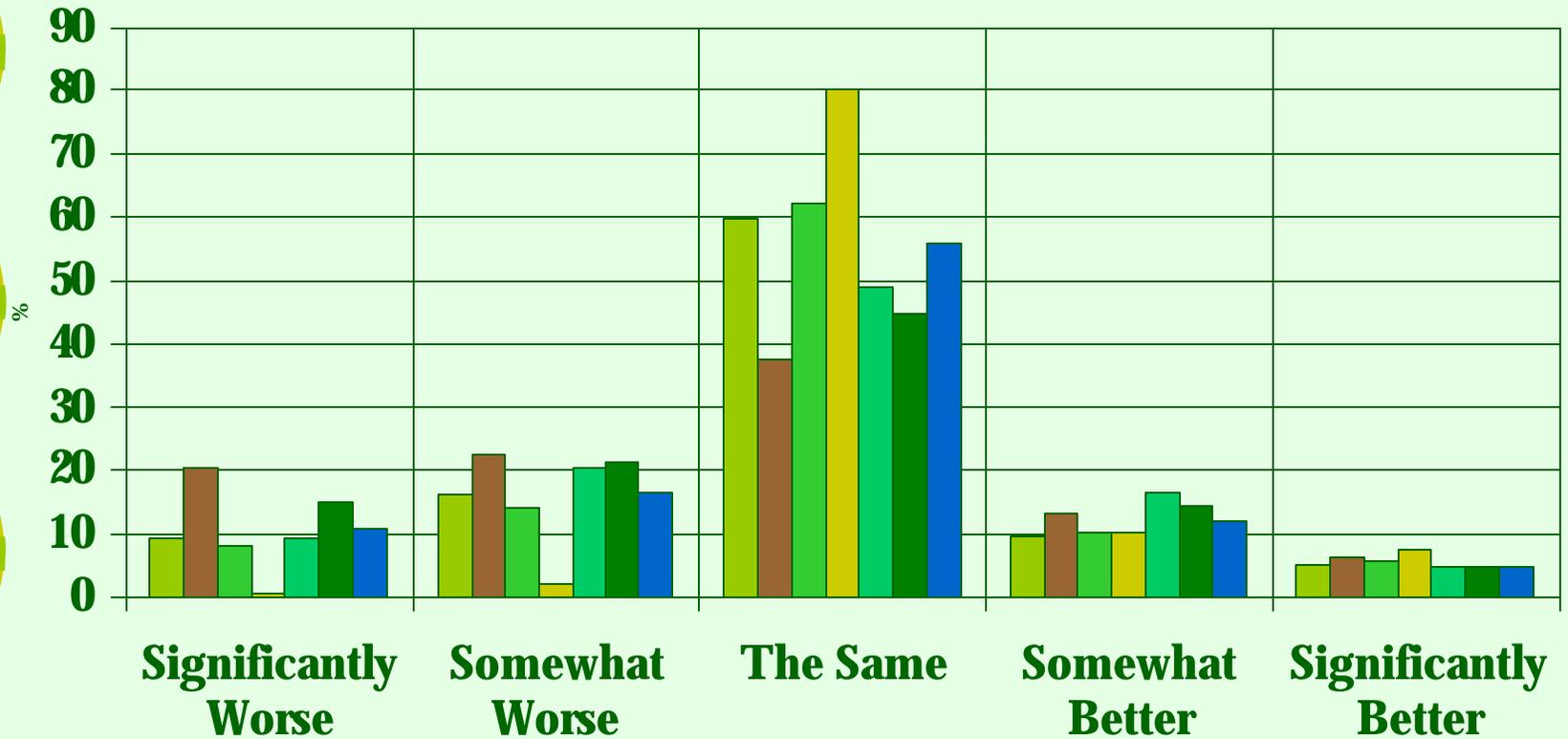


## *Survey Questions (continued)*

- 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



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## *Some Observations*

- ▶ Many variations of pass/fail
  - No two programs studies were exactly the same
  - More difficult to draw comparisons
- ▶ Employees want system to be “fair”
  - What is “fair”
  - Comparison of individual and organizational fairness





# *Findings*

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





# *Facts and Stats*

- ▶ Awards Trends
- ▶ Rating Pattern Distributions
- ▶ Referral Bonuses
- ▶ PILLAR Award Recipients

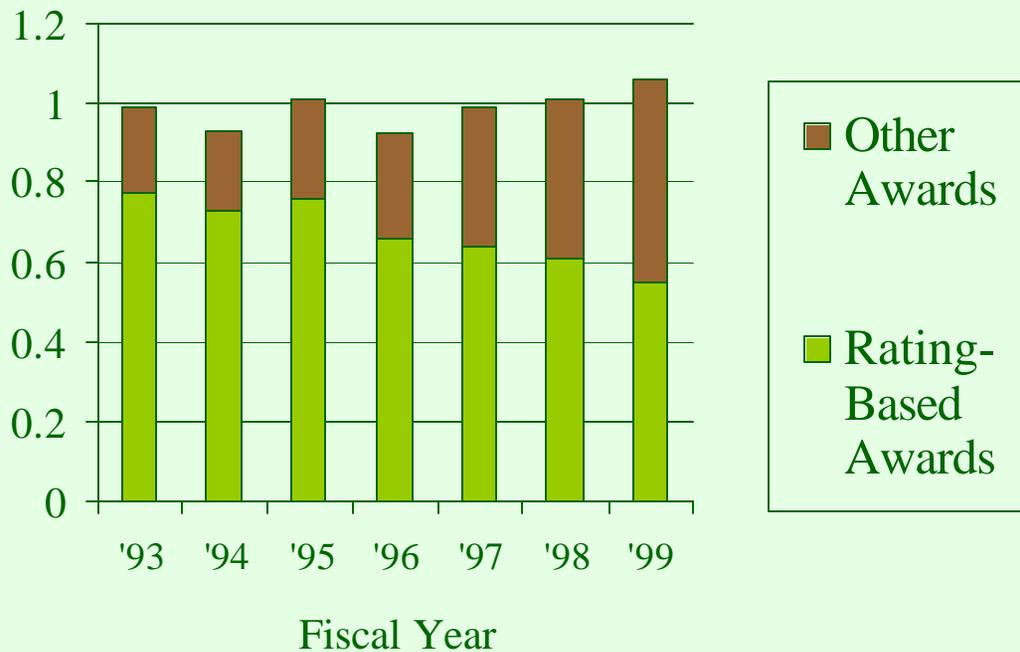


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# Cash Awards Data

## 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..*



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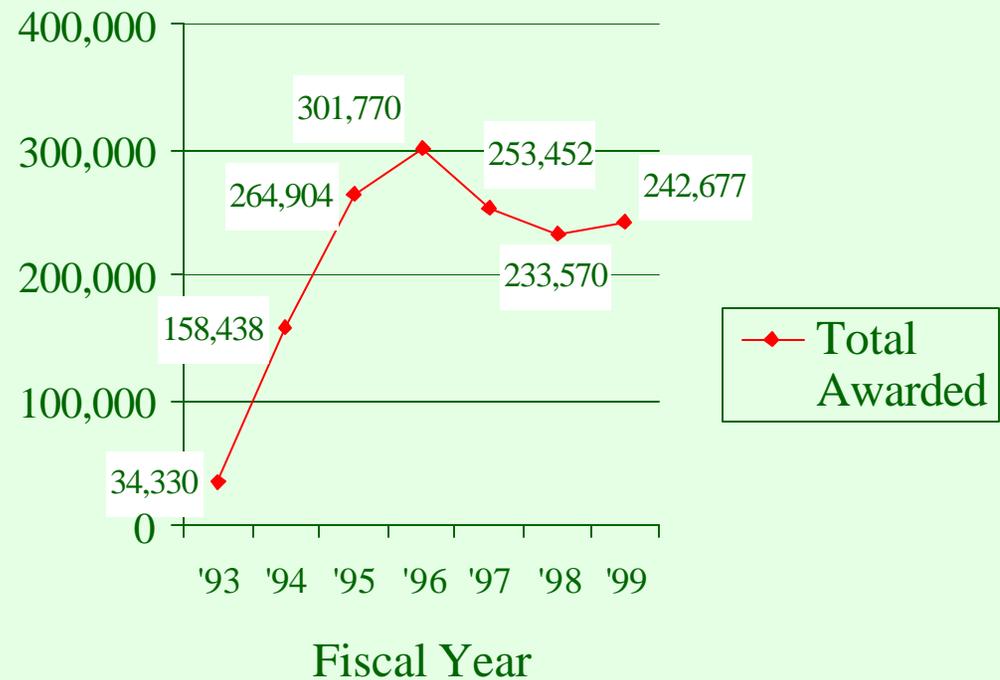
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# Time Off Awards Data



Source: *Workforce Compensation and Performance Service, Incentive Awards Program databases and Annual Reports..*

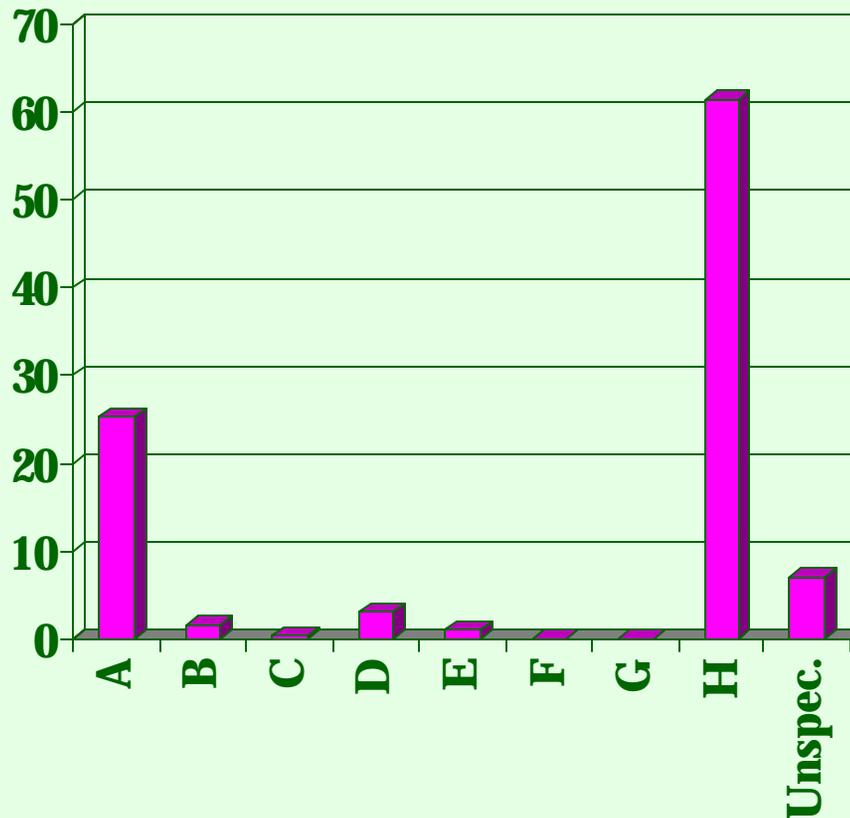
## Number of Time Off Awards Granted



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# Rating Pattern Distributions



**Governmentwide,  
non-SES**

Source: Central Personnel  
Data File status files for  
September 2000



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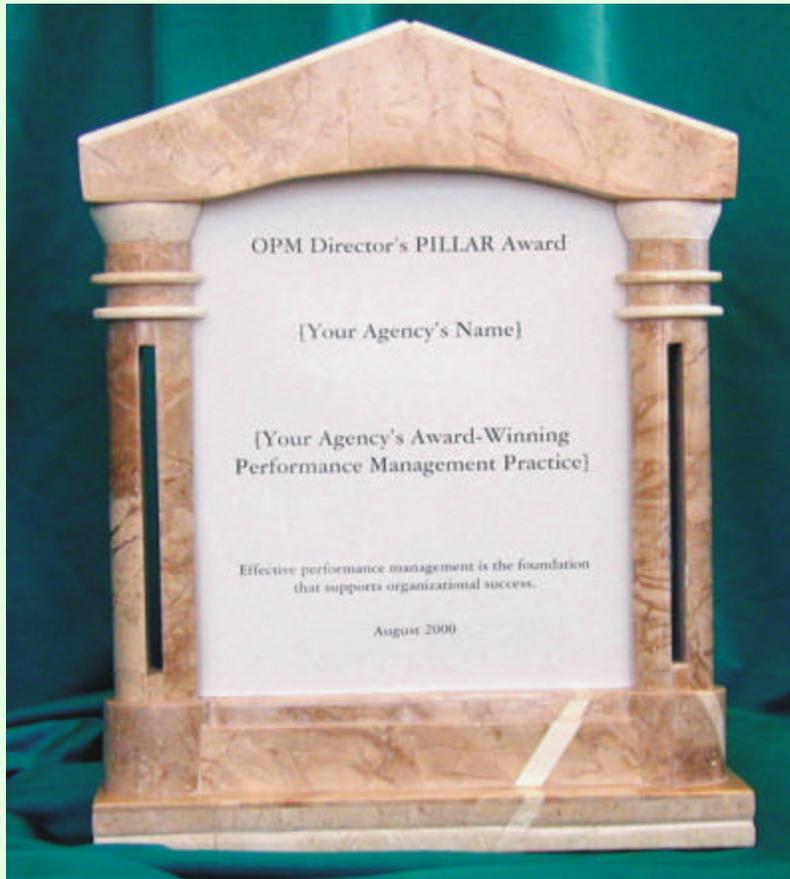
# *Referral Bonuses*

- ▶ Not a violation of 18 U.S.C. 211
- ▶ Additional guidance coming, but agencies will need to establish the specific criteria
  - Who can receive a referral bonus
  - What form the award should take
  - When the bonus is payable
  - Why it is being given (the conditions that have to be met to get one)
  - Where you keep track of the details
- ▶ New NOAC for cash, 848; use 846 for time off



# *PILLAR Award Recipients*

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



- ▶ Recognizes employee performance programs, policies, or practices
- ▶ 40 Nominations
- ▶ 2 Recipients
  - Los Angeles Regional Office, Veterans Benefits Administration, DVA
  - Division of Compliance Management, Office of Surface Mining, Interior



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