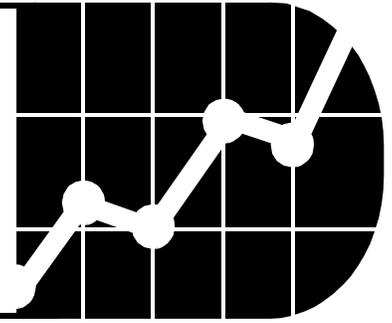


# Workforce Performance



Vol. 7 No. 3

February 2000

## President's Management Council Committed to Performance Management

Performance management is in the spotlight. For the first time in years, high-level Federal executives are devoting concerted effort to pursuing effective employee performance management throughout Government. This is a positive step because managing workforce performance effectively is critical to organizational success.

The President's Management Council, comprised of the Chief Operating Officers (e.g., deputy secretaries or agency heads) of cabinet and other key agencies, has accepted and adopted a "Report to the President's Management Council on Managing Performance in the Government." The report, developed by a work group of agency human resources directors, offers a framework to analyze employee performance management issues. It includes recommendations and concrete information on successful agency practices—providing practical assistance for achieving excellence throughout Government.

**Report Themes.** The report centers on three themes that focus on ways in which agencies can become more accountable, performance-based, and results-oriented. The first theme is *Expect Excellence*. Communicating expectations and creating a climate for excellence are critical to effective performance management. The report recommends that employee performance plans link to the goals of their respective offices, and formal and informal recognition link to desired performance outcomes.

The second theme is *Establish Accountability*. Agencies need to expect, develop, assess, and recognize

supervisory excellence in performance management. The report recommends that agencies make managing performance effectively a central factor in evaluating managerial and supervisory performance.

The third theme is *Take Timely Action*. Early intervention and upper-management support are critical to address and improve poor performance. The report recommends agencies make the modest investment to provide supervisors with more tools for at-the-desk, just-in-time help, such as the Office of Personnel Management's (OPM) interactive CD-ROM on resolving performance problems.

**Agency Innovations and Resources.** The report offers numerous examples of agency innovations and resources for improving performance management. Agencies such as the Departments of Education and Transportation and the Social Security Administration align managers' and employees' performance plans with organizational goals. The National Aeronautics and Space Administration creates this alignment using an automated assessment tool. Several agencies use multi-rater assessment techniques to bring their managers, supervisors, and team leaders richer information about their performance. In addition to agency practices, the report refers to several OPM products and services that can assist agencies to improve performance management programs and practices.

**To Obtain the Report.** You may download this report from OPM's web site at [www.opm.gov](http://www.opm.gov).



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# Balancing Measures: Best Practices in Performance Management

In its August 1999 report, *Balancing Measures: Best Practices in Performance Management*, the National Partnership for Reinventing Government (NPR) convincingly argues for using a balanced measures approach to managing organizational performance. Through lessons learned, best practices, and examples, the report presents overwhelming evidence that public as well as private sector organizations benefit from using a balanced set of measures. This report provides Federal managers with ideas and suggestions for improving organizational performance using balanced measures.

**Balanced Organizational Measures.** The report explains that balancing measures is a strategic management system for achieving long-term goals. Organizations using a “family of measures” to create this balance consider the perspectives of their customers, stakeholders, and employees while achieving a specific mission or result. Best practices for using balanced measures include:

- establishing a results-oriented set of measures that balances business goals, customer needs and satisfaction, and employee involvement, development, and satisfaction with working conditions;
- establishing accountability at all levels of the organization, through leading by example, cascading accountability, and keeping everyone informed;
- collecting, using and analyzing performance data, which includes providing feedback;
- connecting performance management efforts to the organization’s business plan and budget; and
- sharing the leadership role, which strengthens the continuity of the performance management process despite changes in top management.

**Using a Balanced Measures Approach Affects Employee Performance Management.** Many of the best practices of balancing organizational measures cited by NPR’s report significantly affect employee performance management methods and processes, including:

- **Cascading Accountability.** NPR describes organizations that use performance agreements

with agency heads, who then cascade those objectives to subordinate managers. These agencies then cascade accountability to each employee, using their performance plans to document goals and objectives. Achieving organizational goals is a team effort and everyone in the organization must be held responsible for their part of the work. (For more information about how to cascade organizational goals to employee performance plans, look at our publication *Measuring Employee Performance: Aligning Employee Performance Plans with Organizational Goals*, which you can download from our web pages at [www.opm.gov/perform/articles/1999/pdf10.htm](http://www.opm.gov/perform/articles/1999/pdf10.htm).)

- **Involving Employees.** Involving employees in the planning process makes them feel part of a team, creates buy-in, and improves communication. Where bargaining units exist, including unions in the planning process ensures that accountability is cascaded to every level of employee within the organization.
- **Keeping Employees Informed.** NPR reports that the organizations successfully using balanced measures make a concerted effort to ensure constant communication with employees about organizational performance. In addition to using the Internet on a regular basis, they rely on newsletters, emails, reports, staff meetings, and other tools and methods to communicate organizational performance data to employees.
- **Rewarding Employees.** When organizations hold employees accountable through established expectations, they **should** reward individuals who exceed those expectations. Ways of recognizing employees, in addition to granting cash awards, include: giving non-monetary recognition; granting time-off awards; reallocating discretionary funds to high performers for training and new equipment; and recognizing team performance.

**More Information.** You may download a copy of NPR’s report *Balancing Measures* from the NPR web site at [www.npr.gov/library/papers/bkgrd/balmeasure.html](http://www.npr.gov/library/papers/bkgrd/balmeasure.html).

# Award Restrictions During Presidential Election Periods

A Presidential election period is on the horizon. Questions often arise regarding whether awards can be given to political appointees during this period. Consequently, we offer our readers this reminder of certain legal and regulatory restrictions that apply during a Presidential election period.

**Presidential Election Period Restrictions.** Section 4508 of title 5, United States Code, prohibits Senior Executive Service employees who are not career appointees, and employees in confidential or policy-determining Schedule C positions, from receiving awards during a Presidential election period. The statute defines a Presidential election period as, “any period beginning on June 1 in a calendar year in which the popular election of the President occurs, and ending on January 20 following the date of such election.” The next time this restriction takes effect is during the period June 1, 2000 through January 20, 2001.

Questions often arise regarding whether this restriction would preclude an agency from granting honorary awards to these political appointees. The Office of Personnel Management (OPM) could find no evidence in the legislative history or any other related documentation that Congress intended to include nonmonetary awards, which are primarily honorary in nature. Therefore, in regard to this restriction, agencies may grant awards to political appointees as follows:

**Cash Awards.** The ban on awards that take the form of cash (e.g., performance awards, special act or service awards, and on-the-spot awards) is absolute for political appointees during a Presidential election period. Under no circumstances may a political appointee receive an award in the form of cash, including any honorarium or stipend that may be associated with an agency honorary award.

**Time-Off Awards.** Delivery of a time-off award is ultimately in the form of pay for time not worked. Thus, it is construed in *this* context as tantamount to a cash award. Consequently, the

ban on time-off awards is absolute. For the purposes of part 451.105(a) of title 5, Code of Federal Regulations, we must consider a time-off award as “received” when it is granted. Under no circumstances may a political appointee receive a time-off award during a Presidential election period.

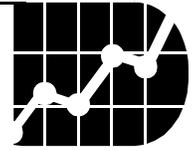
**Honorary Awards and Informal Recognition Awards.** Honorary awards and informal recognition awards may take a wide variety of forms with a wide variance in monetary value, both in terms of direct cost and the appearance of such value. OPM concluded that an agency may grant a political appointee an honorary or informal recognition award during a Presidential election period, provided that the form of the award avoids the appearance of replacing a bonus. Agencies must exercise good judgment in selecting honorific items. Such items should create the inherent impression of symbolic value (an honor bestowed) rather than monetary worth (cash value). For example, presenting a commemorative photograph or a certificate in a simple, inexpensive frame would be appropriate, but presenting an expensive crystal carafe would not be.

**Additional Award Restriction.** Another awards restriction applies to certain high-level political officials at *any time*. Section 4509 of title 5, United States Code, prohibits granting cash awards to employees appointed by the President with the advice and consent of the Senate, who are paid under or with reference to the Executive Schedule.

Awards administrators and others who may be involved in the awards process need to be aware of these award restrictions for political appointees—especially the restrictions during Presidential election periods. Awareness will help ensure adherence to the statute, which in turn will promote confidence in Federal awards programs.

**More Information.** For further information, you may contact your agency’s awards administrator or you may contact us.

# Clear Goals Lead to Success at GSA



We recently interviewed Bill Jenkins, Assistant Regional Administrator of the General Services Administration's (GSA) Public Buildings Service (PBS) Region 2, to get his views of the *Linking Budget to Performance* initiative (described on page 5 of this newsletter). Region 2 was the winner of the first annual PBS Performance Excellence Award, given to the region with the best overall regional performance based on the initiative's measures.

## **Q. How would you characterize the effect that the initiative has had on your region?**

**A.** I think that it has really gotten everybody focused on results and the performance that is necessary to achieve those results. Everybody is given a common set of performance results to shoot for that we all had a hand in developing, and people generally know what is expected of them in their job. This has been good for the organization and has had a great impact on our achievement.

## **Q. What were the key challenges your region faced in achieving the results it did?**

**A.** Number one was understanding the goals. What were these goals, what did they mean, and how could we score well in those particular areas? Once we understood the goals, people focused on achieving them and spent less time on other less important programs.

## **Q. Were employees financially rewarded for doing a good job and, if so, how was the award money distributed?**

**A.** Yes, in many cases around the country employees were well rewarded for their performance. Distribution of the monies in the Performance Excellence Pool varied from region to region. In the case of our region, we decided to grant an equal award amount to each employee, prorated for recent hires. We chose this approach to show that we were all part of the same team, that the team was the whole region, and that we were going to reward team members equally. Other regions did it differently. I think one region distributed award monies strictly as a percent of salary and another strictly based on managers' input. As an

example of an option for distributing awards, a region could decide to grant 50 percent of the money to employees as awards and put 50 percent back into the business. The region could then take the 50 percent for awards and decide that one third would go in equal amounts to each employee, one third would be granted at the discretion of the managers, and one third would be distributed based on peer input. This is just an example of how it could work.

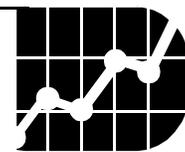
## **Q. Do you think similar initiatives could be successful at other Government agencies?**

**A.** Absolutely. But it takes a forward thinking organization to do this. Too many agencies in the executive branch would never dream of doing something like this. It's there for agencies to do, to use as a tool and as an incentive, but it has to be done with restraint—it can't just be a give-away program. We don't want this thing to become an entitlement program. We're trying to get people to realize that the real object of this is rewarding employees for improved performance.

## **Q. Any key lessons learned so far?**

First, competition is healthy, but it is not a be all and end all. It's healthy in that you have an established, quantifiable target that you are trying to achieve, which lets people know where they stand. People like to know how they are being measured and they like to receive feedback that they are doing a good job. While I think there was pride in trying to hit those targets, it also helped us improve our teamwork. In addition, the object was not to stress competition among regions, but to better ourselves. If you established a benchmark and a goal for your region, your goal was to beat that benchmark, not to outdo the other regions. And that's an important point. Our goal was to improve. We are more focused on competing against the private sector than against other regions.

Finally, if we really want to reward the high performers, we need to develop a better system to do so. I don't think we've gotten there yet as an organization. That's the result we are trying to get to in terms of rewarding employees.



# Measurement and Rewards Improve Performance at GSA

In 1998, the General Services Administration's (GSA) Public Buildings Service (PBS) implemented its *Linking Budget to Performance* initiative. The initiative allocates regional office budgets based in part on how well organizational performance targets are met. Under the initiative, PBS has seen its organizational and individual performance improve across a broad array of measures. According to PBS Commissioner Robert A. Peck, it has allowed PBS to more clearly focus on achieving superior performance that "thrills our customers, provides maximum return on investment to our taxpayers, and tells us how and where we need to improve."

**Background.** PBS provides work environments for over one million Federal employees and is the owner/operator of the largest real estate inventory in the U.S. It has approximately 7,000 employees divided among 11 regions. Following passage of the Government Performance and Results Act of 1993 (GPRA) and several years of declining revenues, PBS was under increasing pressure to improve its business operations. To meet this challenge, Commissioner Peck in 1997 established a team to "devise a means of allocating a portion of PBS's budget to regions that rewards success in meeting performance measures, establishing budget allocation levels, establishing performance targets, monitoring actual performance, and rewarding success." The team developed the *Linking Budget to Performance* initiative.

**Design.** The initiative is based upon nine performance measures considered fundamental to PBS's major program areas:

- customer satisfaction;
- construction costs within budget;
- construction within schedule;
- funds from operations;
- indirect costs as a percent of revenue;
- percent of non-revenue producing space;
- cleaning costs;
- maintenance costs; and
- lease costs.

Targets for the measures are based on either PBS's national goals, the average scores of the

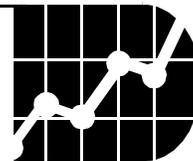
top five regional performers, or comparison to private sector costs. Each measure is assigned a weight that reflects the value added to PBS's performance by accomplishment of the targets. GSA distributes a portion of a Performance Excellence Pool to the regions for each national performance goal they exceed. Within certain parameters, each region has the discretion to spend its money as it deems best, and in most cases employees are financially rewarded for outstanding results.

**Results.** According to Tom Tolly with PBS's Business Performance Division, the initiative "has been successful beyond all reasonable expectations. It has increased efficiency, profitability, and effectiveness, and has everyone pretty much working off the same page." While each region has experienced varying levels of improvement in the different measures, the overall effect clearly has been positive. For example, 10 out of the 11 regions saw their customer satisfaction, indirect costs, cleaning costs, and lease costs scores improve during the first year. To complement this success, the best business practices of the three highest scoring regions for each measure are shared with the other regions so that they can be deployed throughout PBS. Bill Jenkins, Assistant Regional Administrator for PBS Region 2, believes that changes beyond improved scores have occurred. He notes: "Initially, a lot of employees probably viewed the initiative as a flavor of the month program, and cash incentives were not a big motivator. But this perception has probably changed 100 percent because management rewarded not only the business practices by giving money back to the regions, but also awarded money to employees for doing a good job. In addition, the initiative has really improved teamwork and camaraderie."

**More Information.** For more information, you may contact Tom Tolly at 202-501-4179, Bill Jenkins at 202-208-6530, or Johnson Payne at 202-219-0207.

For a special look at the *Linking Budget to Performance* initiative from an insider's perspective, turn to page 4 for an interview with Bill Jenkins.

# Items Worth Noting



## Upcoming Awards

**Warner W. Stockberger Achievement Award**—Sponsored by the International Personnel Management Association (IPMA) to recognize and honor a person in public and private life who has made an outstanding contribution toward the improvement of public personnel management at any level of government.

**IPMA Award for Excellence**—To recognize the overall quality, accomplishments, and contributions of an agency personnel program that exceeds the normal operations of a “good government” personnel program.

**IPMA Life Membership Award**—To recognize and honor persons who have rendered distinguished service in advancing or upholding the purposes of the IPMA.

**National Medal of Science**—To recognize outstanding contributions in the physical, biological, mathematical, engineering or social and behavioral sciences.

## Nominations Due Contact

May 8, 2000

Sarah Shiffert  
703-549-7100

May 8, 2000

Sarah Shiffert  
703-549-7100

May 8, 2000

Sarah Shiffert  
703-549-7100

May 31, 2000

Susan E. Fannoney  
703-306-1096

## SOELR Announces New Dates and Location

The Symposium on Employee and Labor Relations (SOELR) 2000 will be held on June 13-16, 2000, at the Westin Peachtree Plaza in Atlanta, GA. SOELR is a comprehensive annual conference sponsored by the U.S. Office of Personnel Management (OPM) and is devoted to recent developments and emerging issues in employee relations, labor relations, dispute resolution, performance management, and partnership.

One of SOELR's pre-conference workshops will be a popular performance management topic:

*Measuring Employee Performance: Aligning Employee Performance Plans with Organizational Goals.*

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