



IX.

On Making the OCC a Great Workplace

In Pursuit of Excellence

The OCC supervises a diverse group of institutions, ranging from small community banks to the world's largest financial institutions. To provide the best workforce to supervise and administer the national banking system, the Comptroller and the Executive Committee have continued to emphasize the importance of maintaining a diverse, highly skilled, motivated, and well-placed workforce—its most valuable asset.

Yet the OCC and its workforce face the same demographic pressures that confront employers across the nation. The baby boom generation is reaching retirement age. Over the next five years, 32 percent of OCC's current workforce, 30 percent of its national bank examiners, and 50 percent of its managers will be eligible for retirement. The potential impact could be most pronounced in the Large Bank Supervision area, which has a particularly experienced, senior-level workforce.

Anticipating such retirements and recognizing the need to foster the development of the agency's future leadership team, the OCC has mounted a broad initiative to recruit, retain, and develop employees with the necessary skills and qualities—at the entry level as well as at the senior level.

These programs are having a positive effect. In its 2007 issue of *The Best Places To Work in the Federal Government*, the Partnership for Public Service ranked the OCC fourth overall out of 222 subcomponents of large federal agencies. In



the "best of class" rankings, the agency also tied for second in strategic management and fourth for pay and benefits. The rankings were based on the Partnership for Public Service's and the American University Institute for the Study of Public Policy Implementation's analysis of the Office of Personnel Management's (OPM) 2006 Federal Human Capital Survey of overall employee engagement and workplace environment, as well as 2003 demographic data.

This independent rating speaks well of the OCC's efforts to attract and retain staff. It promises even better results for the future as newer programs enable the organization to continue to attract "the best and the brightest."

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Recruitment and Retention

In executing its comprehensive strategy, the agency is recruiting both highly experienced and entry-level employees, and shifting internal expertise to where it is needed most. Highly experienced new employees with an interest in public service come from banks and elsewhere in the financial world. A large proportion of entry-level employees are recruited on college campuses and must meet rigorous hiring criteria.

After hiring employees, the agency focuses on training and retaining them. The OCC recently established a program for acclimating its industry hires by assigning an experienced advisor to work with each of them, teaching them about the culture and policies of the agency, providing regular feedback on performance, and then soliciting their comments on their initial experiences at the OCC.

Internal recruitment in FY 2007 concentrated on redeploying examiner expertise to the supervision policy group led by the Chief National Bank Examiner and to large banks in high-cost cities, particularly metropolitan New York City. To attract internal candidates, the OCC emphasized the importance of these assignments to career advancement and provided incentives, including relocation bonuses, mortgage subsidies, financial assistance for renters, and transitional cost-of-living reimbursements. A special package of compensation incentives was announced in April 2007 to recruit and retain OCC employees with the experience, skills, and talent necessary to meet the agency's critical mission needs in the greater New York metropolitan area. These were augmented and expanded in September 2007 to include Washington, D.C., and San Francisco.

The OCC also continued its nationwide program to recruit and train entry-level bank examiners. Building on the relationships nurtured in recent years with colleges across the nation, the agency was able to compete for the best talent and hired 151 entry-level examiners in FY 2007. This pool of examiners was distinctive not only for its high quality, but for its diversity. Since the inception of this hiring program in 2003, the agency has brought aboard about 580 entry-level examiners. Of these new examiners 52 percent are women and 35 percent are minorities.

The agency instituted an aggressive retention program to keep these new employees during their critical first five years, when many examiners decide whether or not to continue their careers with the OCC. The success of OCC's world-class examiner recruitment and training programs was recognized last year by *BusinessWeek* magazine, which rated

the OCC's workplace as one of the "50 best places to launch a career."

Finally, the agency has continued its strategic efforts to improve its ability to attract and retain staff with strong quantitative and analytical skills, particularly through external hiring. In FY 2007, the OCC received direct-hire authority from the Office of Personnel Management to hire quantitative modelers for the Risk Analysis Division. The Risk Analysis Division is a specialized group of economists and mathematicians who use statistical methods and models to analyze the risks affecting banks, and who evaluate the quantitative models used increasingly within banks for valuation and other business decisions. These modeling experts work on-site at national banks with OCC examiners to evaluate risk measurement systems and models.

Developing a Highly Skilled Workforce

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For an examiner out of college, a near-term goal is to pass the Uniform Commission Examination to become a National Bank Examiner, a title that carries enormous prestige at the OCC and throughout the financial industry. Once the examiner develops the basic skills, the emphasis often turns toward developing that examiner's expertise in key specialty areas. This skill development feeds the pipeline from community bank supervision to jobs in large bank supervision or in Headquarters.

OCC is committed to ensuring that its employees have the knowledge and skills necessary to meet its supervisory and organizational challenges. These educational needs are supported through internal courses (more than 200 sessions per year), inter-agency training, and externally provided courses. The agency's Committee on Bank Supervision, made up of three Senior Deputy Comptrollers, began implementation of a major project centered on eight key specialty skills: the new Specialty Skills Assessment Program. An Examiner Development Advisory Group has been established for each specialty area: asset management, bank information

technology, capital markets, compliance, commercial lending, retail lending, mortgage banking, and operational risk. These groups monitor how identified industry risks affect commissioned examiner development and assess examiner training and development offerings to determine gaps and recommend enhancements.

Effective leadership is also critical for the agency to successfully accomplish its mission. OCC implemented a comprehensive array of leadership development offerings that included executive coaching, classroom training, new managers' orientation, manager forums, and on-line reference tools. In addition, OCC initiated a project to develop an agency-wide leadership development competency framework. To ensure that the leadership development program is aligned with the needs of the agency, an advisory group—the Leadership Development Advisory Board—was formed, made up of leaders from each OCC department. In FY 2007, the LeaderTRACK management development program was implemented for experienced examiners, to help ensure that the bank supervision area, as Comptroller Dugan stated, “has a steady and deep pipeline of qualified employees to meet its future needs.”

Equal Opportunity and Workplace Fairness

In its continual search for workplace improvement, the OCC maintains a commitment to equal opportunity and workplace fairness. In FY 2007, this commitment took the following forms:

- Presenting a forum on dispute prevention and alternative dispute resolution at the OCC Manager's Conference.
- Establishing a field advisory position to ensure that OCC employees in the field have more localized access to alternative dispute resolution services.
- Providing a wide array of internal conflict management resources and dispute resolution options.
- Working with the National Treasury Employees Union to meet the agency's legal obligations, as well as to enhance workplace fairness.

- Investing in the certification of an internal cadre of instructors to deliver training designed to enhance the communication and conflict management skills of the workforce.
- Supporting diversity through the four active affinity groups—special-interest organizations of employees who meet to discuss workplace issues and communicate with agency leaders to improve operations, personnel management, and employee effectiveness.

Technology

The OCC is committed to providing its employees with the high-quality tools they need to achieve the agency's goals. OCC information technology specialists develop enterprise information strategies, policies, and standards; oversee information technology investments; and create a secure and efficient information management environment.

Among FY 2007's key technology projects was the WISDM document management system for large bank examinations. Bank examiners and their managers will use the new system to develop, store, search, and share examination documents.

The OCC is also engaged in overhauling its print-based process to produce mission-critical publications, such as bank examination handbooks. The new technology will improve the content delivery of agency information for bank examiners, other OCC employees, national banks, and the public.

Considerable resources are being devoted to bring the OCC's employee intranet, public Web site, and National BankNet, an OCC site exclusively for national bankers, to state-of-the-art status.

Information Technology Security and Emergency Preparedness

Ensuring the security of sensitive information entrusted to the custody of the OCC is critical to performing the agency's mission safely and effectively. In FY 2007 the Information Security Office within Information Technology Services developed and implemented a full certification and accreditation program. The program assessed the risk of OCC major applications and general support sys-

tems. The OCC also used guidance provided by the Treasury Department to update its “IT Security Policy Handbook.”

The OCC also developed a Plan of Actions and Milestones program to track all IT security-related remediations. The program is also used to track findings and recommendations provided by various IT security reviews conducted under the Treasury Department’s Office of the Chief Information Officer. The OCC also reduced considerably its inventory of major information systems.

The OCC’s emergency management program prepares the agency to respond to emergencies that disrupt normal operations. The program ensures that the necessary plans, resources, and training are in place to deal effectively with the full spectrum of emergencies the OCC could face in today’s threat environment. The OCC tested its Continuity of Operations Plan (COOP) during FY 2007 by participating in the Treasury-wide Forward Challenge ‘07 exercise, and updated its policies and procedures to include a comprehensive pandemic response plan.

Process Improvement

The OCC continually reviewed internal programs to improve their effectiveness and productivity. During the fiscal year, the agency:

- Reengineered its processes for new employees to facilitate and expedite processing and personnel security clearances.
- Reengineered its employee relocation process to reduce processing costs and simplify the process for employees.
- Implemented a “Quick Wins” program in the Office of Management that encourages participation by all staff in innovation and continuous improvement in operations. Program suggestions have resulted in more than \$200,000 in annual savings.

- Reengineered its pre-exit clearance when staff members leave the OCC to ensure protection of sensitive bank information and documents, ensure protection of OCC assets, and minimize other risks when an employee departs.

For some reengineering projects, the OCC uses the Lean Six Sigma methodology, also used by many of the larger banks OCC regulates, for analyzing its business processes to improve quality and efficiency. This approach improves those business processes, eliminates waste, reduces the burden of compliance with statutory and regulatory requirements, and delivers more value to customers. Since FY 2005, more than 45 of these projects have produced approximately \$3.3 million in annual savings and allowed the OCC to make more effective use of its employees.

Improving Enterprise-Wide Governance

After careful deliberation on how to better align OCC’s strategic planning, quality management, and business process improvement activities with its strategic objectives and legal governance responsibilities, the Comptroller established the Enterprise-wide Governance (EG) unit in 2007.

As the Comptroller’s governance support unit, EG links OCC’s enterprise-wide risk management priorities to its results-oriented strategic planning process. By doing so, strategic performance goals and accompanying risk management responsibilities can be formally evaluated, in an integrated way, on a regular basis.

The restructuring involved reviewing public sector governance standards and requirements, examining OCC’s corporate governance experiences over the last four decades, and benchmarking agency efforts to governance structures in other public and private sector institutions.

EG will assist the Comptroller and the Executive Committee by administering a set of governance support activities that assure:

- Strategic goals, objectives, and strategies are updated, and progress is being measured.
- Quality management programs for all major agency business processes are tested.
- OCC complies with applicable federal sector governance laws, regulations, and standards.

The EG unit also serves as liaison to the Treasury Office of the Inspector General, the Government Accountability Office, and the Office of Management and Budget.