



**UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT**

**HUMAN RESOURCES
LINE OF BUSINESS**

**FEDERAL
CASE STUDIES**

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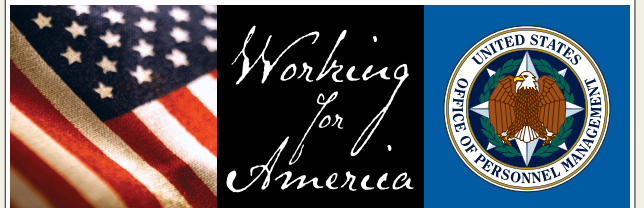


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1 Introduction

In May 2006, the Human Resources Line of Business published a report entitled *A collection of practices for Human Resources shared services and service delivery*. That report identified practices for Federal agency transformation to a shared services delivery model, providing both customer agencies and service providers a compilation of current, relevant shared services and service delivery practices along with sample benchmarks.

Although the report was well-received, some members of the Multi-Agency Executive Strategy Committee (MAESC), the HR LOB governing body that commissioned the report, commented about the lack of Federal or public sector-related content. This content was purposefully not included; the objective of that report was to look *outward*, not inward, looking to sources outside the government to identify practices that may resonate with government HR executives and could potentially be operationalized in the Federal government.

But that challenge was both valid and relevant because there are good things happening in government. This *Federal Case Studies*, an addendum to the first report, was thus commissioned by the MAESC to showcase Federal success stories.

The Federal Case Studies Work Group was formed to provide guidance to this initiative. The members of the work group appear below:

- John Allen, Department of Homeland Security
- Susan Barker, Department of Labor
- Ron Harris, Social Security Administration
- Diane Jenkins, Department of Justice
- Joseph Kennedy, Office of Personnel Management
- Julia Laws, Department of Interior
- Anne Martin, Department of Treasury
- Deborah Mason, Department of Transportation
- Martha Mitchell, Office of Personnel Management
- John Moreira, Department of Treasury
- Doug Townsend, Department of State
- Denise Yaag, Department of Commerce

“This report contains a collection of practices that may be useful to agencies as they transform to new HR delivery models, roles, structures and methods. Because the usefulness of each practice will vary by agency, descriptors such as ‘best’, ‘leading’, ‘emerging’, ‘commonly-accepted’, and ‘lagging’ are not being used. In this report, the practices are simply labeled ‘practices’.”

*HR Line of Business
A collection of practices for HR shared services and
service delivery*

The work group met in September 2007 to identify case studies and discuss agencies that may provide stories. The Office of Personnel Management also provided quantitative results data that supported our efforts to identify agencies for inclusion in this report.

A total of five agencies are showcased. The Social Security Administration and the U.S. Department of Agriculture appear in the case study *Improving Federal Hiring Processes*. This case study explains how these agencies have responded to the very real hiring challenges faced by the Federal Government. The Department of Defense (National Security Personnel System), the Department of Homeland Security, and the General Services Administration appear in the *Evaluating and Improving Performance Management Systems* case study. This case study describes the practices and systems that have been put into place to improve the employee appraisal process and lay the foundation for improved performance management at each agency.

2 Improving Federal Hiring Processes

Business Context

Identifying and hiring the right talent are key human capital priorities at Federal agencies in the U.S. government. The challenges are real: demographic shifts, new mission requirements, and a “war for talent” among government entities and between the public and private sectors are factors that are pushing Federal employers to adopt creative and effective hiring strategies. These employers are faced with a dwindling labor pool, a fundamental shift from an industry-driven economy to an information-driven one, increased employer competition, and a new generation of talent that is increasingly willing and able to test the proverbial “open market”. The ability to face these challenges and hire and retain the right talent will become increasingly mission critical for Federal agencies in the future.

The challenges in Federal recruitment are well documented. Frequently cited performance gaps include insufficient branding as an employer of choice and bureaucratic processes that discourage potential candidates. Research conducted by the Council for Excellence in Government indicates that “just one in six college-educated workers expresses significant interest in working for the Federal government, significantly lower than the level of interest found among those without a college degree. One of the main barriers in recruiting workers to Federal employment is lack of knowledge about opportunities. While 52 percent of non-Federal workers say they are well informed about private sector career opportunities, just 29 percent feel well-informed about Federal opportunities.”¹

One government Human Resource leader remarks, ‘Staff turnover is increasing largely driven by an aging workforce [retirements] and increasing skill scarcity in the market.’² A recent article submits Federal agencies are aiming to hire almost 200,000 workers by the end of 2009.³ This translates to 7.5 percent of today’s Federal workforce, compared to a projected 4.6 percent for total U.S. jobs over the same period, based on 2,706,604 total Federal Civilian employees as of May 2007 according to OPM’s Employment and Trends table.⁴ According to a 2008 IBM Global Human Capital Study finding, “40 percent of public agencies indicate that ‘attracting key employees is a significant challenge’.

OPM has collaborated with agencies to create tools and approaches to combat these challenges and meet aggressive hiring targets. The results of these collaborations include:

- Hiring toolkits and online tools
- The Career Patterns and Hiring Makeover initiatives

¹ Challenges in the Public Sector; Corporate Leadership Council

² IBM Global Business Services - *Unlocking the DNA of the Workforce*, The Global Human Capital Study 2008

³ <http://money.cnn.com/2007/07/26/news/economy/fed.jobs.fortune/index.htm>

⁴ <https://www.opm.gov/feddata/html/2007/january/table1.asp>

- Automated hiring solutions including the USAJOBS Web site
- Management Satisfaction Survey and Applicant Satisfaction Survey

OPM recently issued the following guidance to agencies when making recruitment process improvements:

1. Eliminate “self-wrapping” red tape
2. Use plain language in job announcements
3. Recruit veterans
4. Adopt an accelerated hiring model
5. Compete on campus
6. Offer incentives for talent
7. Utilize on-the-spot hiring authority
8. Leverage other new hiring flexibilities
9. Fully engage HR staff⁵

Agency accountability and transparency has increased with the introduction of OPM’s new hiring models and the incorporation of hiring metrics into the President’s Management Agenda (PMA) scorecard. Reducing hiring cycle time has become a staple operational human capital goal for the past few years. Agencies have invested substantial time and resources to ensure the primary unit of measure for hiring cycle times remain days – not months.

Several agency representatives stressed the importance of monitoring and tracking quality as well as efficiency and cost performance indicators. One agency leader states, “Government-wide conversations regarding recruitment are shifting from cycle time-centric to a qualitative and efficiency focus.” To that end, OPM not only monitors agency time-to-hire data, but collects management satisfaction data and applicant satisfaction data as well.

In the pages that follow, we examine the stories and lessons from two Federal agencies rising to meet these recruitment challenges. These two agencies were nominated as subjects for this case study based upon the Consolidated Recruitment Results. They are:

- Social Security Administration
- United States Department of Agriculture

⁵ OPM Hiring Flexibilities Symposium, 2004

Social Security Administration

The Social Security Administration (SSA) began as the Social Security Board (SSB), created when President Franklin Roosevelt inked his signature on the *Social Security Act* on August 14, 1935. In 1946, the SSB was renamed the Social Security Administration under *the President's Reorganization Plan of 1946*. SSA began its existence as an independent agency in 1935, became a sub-cabinet agency in 1939, and returned full-circle to independent status in 1995.

The Social Security Administration's mission is to advance the economic security of the nation's people through compassionate and vigilant leadership in shaping and managing America's Social Security programs. The Social Security Administration (SSA) is headed by a Commissioner and has a staff of approximately 62,000 employees. SSA's central office is in Baltimore, Maryland.

The 15 components that comprise the central office are organized along functional lines. The SSA field organization is decentralized to provide services at the local level and includes ten regional offices, six processing centers, and approximately 1,300 field offices.⁶

Context and Business Imperative

Like other agencies across the Federal government, SSA continually strives to recruit and retain a well-qualified workforce. Hiring demands have increased substantially since the late 1990's; building and sustaining a 21st century workforce across over 1,300 SSA locations distributed throughout the United States represents an enormous challenge. Over the past several years, SSA has made significant efforts to improve its approach to recruitment and hiring.

Applicant and management satisfaction surveys supplied by OPM provided another impetus for change at SSA. The survey results revealed applicants' frustration with the laborious Federal recruitment and hiring processes. In response, leadership at SSA made a commitment to address these negative perceptions.

The Solution

The mission of SSA's recruitment and hiring program is to find and attract highly qualified applicants of diverse backgrounds, creating a talented and skilled workforce capable of serving the American public in the 21st century. SSA strives to provide an applicant experience that encourages people to consider SSA as an employer of choice. SSA's recruitment solution is a blended one, combining user-friendly automated tools and human interaction.

⁶ <http://www.ssa.gov/>

The approach to creating SSA's program can be summed up in the following way: respect the human side of hiring services and leverage HR technology to support the process. SSA emphasized the need to make automated products such as USAJOBS and USA Staffing as user-friendly as possible in the job search and application process. They also built a recruitment site that provides valuable agency-specific information closely linked to the resume builder and job search engine of USAJOBS.

The decision to select an automated applicant assessment system (USA Staffing) was made after an extensive market research effort involving representatives from the staffing community throughout SSA. The selection team visited vendors' sites for product demonstrations and discussions in their effort to select a "best of breed" product. Following the selection, significant enhancements were made to the application, working closely with OPM to improve the quality of the product and to transition to the new Web-based version of USA Staffing. Having successfully implemented USA Staffing, SSA continues to utilize an operational governance structure that enables leadership to work closely with OPM's Automated Management Support Group and the Employment Information Workgroup to continually enhance and improve HR solutions.

To realize its recruitment and hiring mission, in 2002 SSA implemented its ten-point national recruitment strategy:

1. **National Marketing Plan and Campaign** – Developed new tabletop exhibits, posters, brochures, CD-ROM 'business cards', and other recruitment materials using one consistent message.
2. **Coordination of Nationwide Recruitment** – Created a new national recruitment coordinator position and identified recruitment leads for each region and major component. Each lead then supported efforts for its own recruitment cadre.
3. **On-Campus College Recruitment** – Promoted establishment of one-to-one relationships with career service professionals at colleges and universities to maintain year-round contacts and encourage participation at university job fairs.
4. **Internet Strategy** – Directed all potential candidates to <http://www.socialsecurity.gov/careers> to drive more traffic to SSA's recruitment site.
5. **Intranet Strategy** – Targeted existing employees by posting open positions on the intranet increasing the amount of employee referrals.
6. **Automation of Staffing and Recruiting** – Entered into an Interagency Agreement (IAA) with OPM to utilize USA Staffing Program.
7. **Work with OPM on Improvements to Hiring Process** – Participated consistently in cross-agency efforts to improve the hiring process spearheaded by OPM.
8. **Maximum Use of Available Flexibilities** – Continued to be a benchmark agency in using the Federal Career Intern Program (FCIP) to hire outstanding individuals in all occupational series.
9. **Maximum Use of Available Hiring Authorities** – Leveraged all hiring authorities afforded.

10. **Diversity** – Deployed recruitment strategies committed to attracting a workforce as diverse as the American public it serves.

SSA invested heavily in branding and marketing itself as a premier employer. “In April, 2002 SSA launched the centerpiece of the agency’s new recruitment Strategy, ‘Make a difference in people’s lives and your own!’”⁷ This message became the unified battle call for all personnel on the front lines of the war for talent. Following a phased rollout, it quickly became the staple for all recruitment materials. The message was also strategically placed on SSA’s Internet and Intranet sites.

*“ A key component to our hiring strategy was to develop and execute a formal marketing campaign targeting both active and passive job seekers - **Making a difference in people’s lives and your own!** ”*

Various internal communication media – such as SSA’s HR *Internal Communications* – are used to provide information about the initiatives. Other communication methods include HR conference calls and the SSA Recruitment and Office of Personnel Web sites. Support for these initiatives was readily garnered within the agency given the value-added nature of the services being offered. SSA also built an extensive library of information related to USAJOBS, USA Staffing, and other staffing-oriented guidance and policy in the QuickPlace knowledge management tool. This site is shared with a nationwide staffing community of more than 168 end users.

Measuring What Matters

SSA recognizes that an effective recruitment and hiring approach supports its overall strategic management of human capital and has been successful in achieving desired end-state results. The agency continuously tracks the results of its hiring in accordance with the Operational Goals for the Hiring Process contained in OPM’s Strategic and Operational Plan 2006 – 2010.

SSA frequently surveys internal management for satisfaction and captures time-to-hire data which it reports OPM. In addition to internal measurement vehicles, SSA also fully utilizes cross-agency survey instruments. These measurements include:

Federal Human Capital Survey. SSA analyzes data from Federal Human Capital Survey results and requires offices to develop plans to resolve issues raised. SSA was ranked seventh out of 30 large agencies recognized for being one of the best places to work in the Federal government. SSA was also recognized as one of the most improved agencies since the inception of the survey.⁸

OPM Time to Hire Data. OPM’s hiring model recommends a series of steps that describe the hiring process beginning with the closing of the vacancy announcement and ending with

⁷ SSA, National Recruitment Guide, May 2007

⁸ The Best Places to Work in the Federal Government – 2007 rankings, Partnership for Public Service

the offer event.⁹ As outlined in Figure 1, SSA’s ten-point recruitment strategy has helped yield cycle time mostly below the government average.

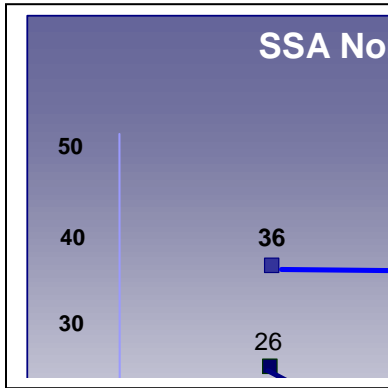


Figure 1: SSA Cycle Time¹⁰

* Only 10 hiring decisions made in 1QFY07

CHCO Management Satisfaction Survey. SSA captures data from the Management Satisfaction Survey which was developed by the CHCO Council. The survey is based upon criteria developed by the CHCO Council and is part of OPM’s broad effort to improve the Federal hiring process.¹¹ SSA’s MSS results may be attributed to the efforts described in this case study and appear in Figure 2 below.

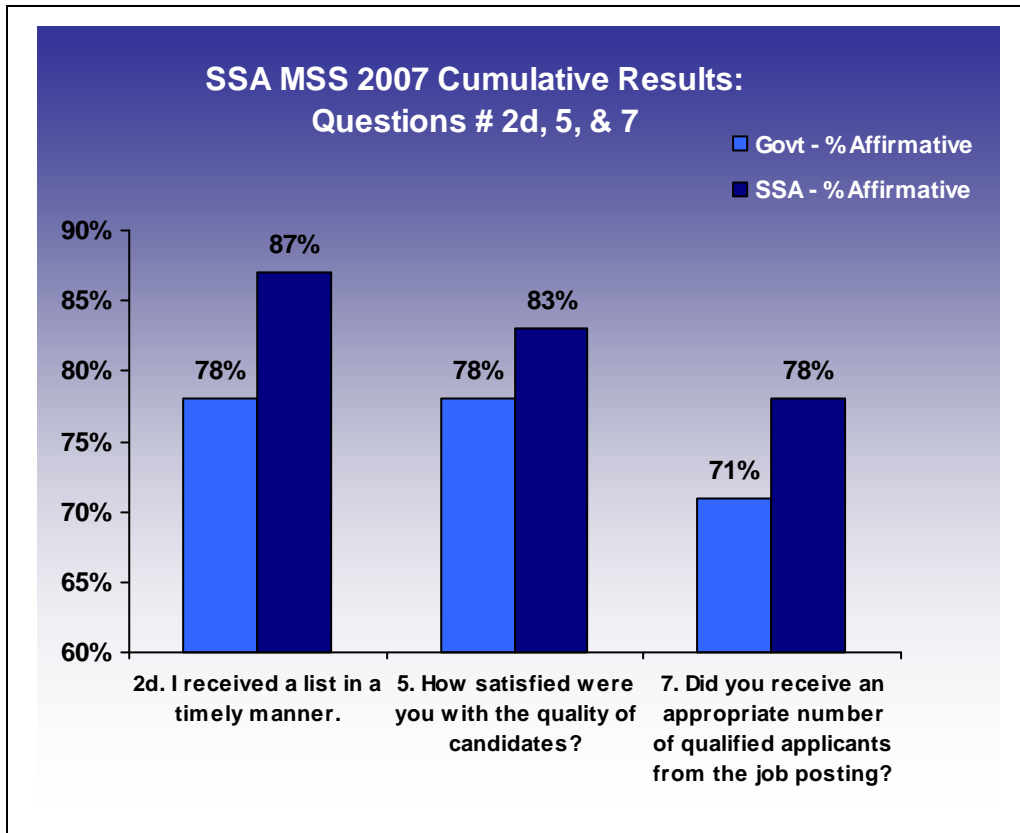


Figure 2: SSA Manager Satisfaction

As depicted in Figure 2, SSA surpasses the Government average across multiple performance dimensions. The synthesis of automation and face-to-face support has enabled SSA to meet

⁹ <http://www.opm.gov/news/opm-trains-agencies-on-45day-hiring-model,594.aspx>

¹⁰ Data provided by OPM; Results as of July 31, 2007

¹¹ http://www.chcoc.gov/transmittal_detail.cfm?id=747

operational service delivery goals and help meet the agency’s strategic human capital management objectives.

Applicant Satisfaction Survey. The CHCO Council implemented the Applicant Satisfaction Survey to survey applicants on their experience with the overall application and hiring process. Surveys have been embedded within the automated USAJOBS process and have also been administered via other OPM-managed survey processes.

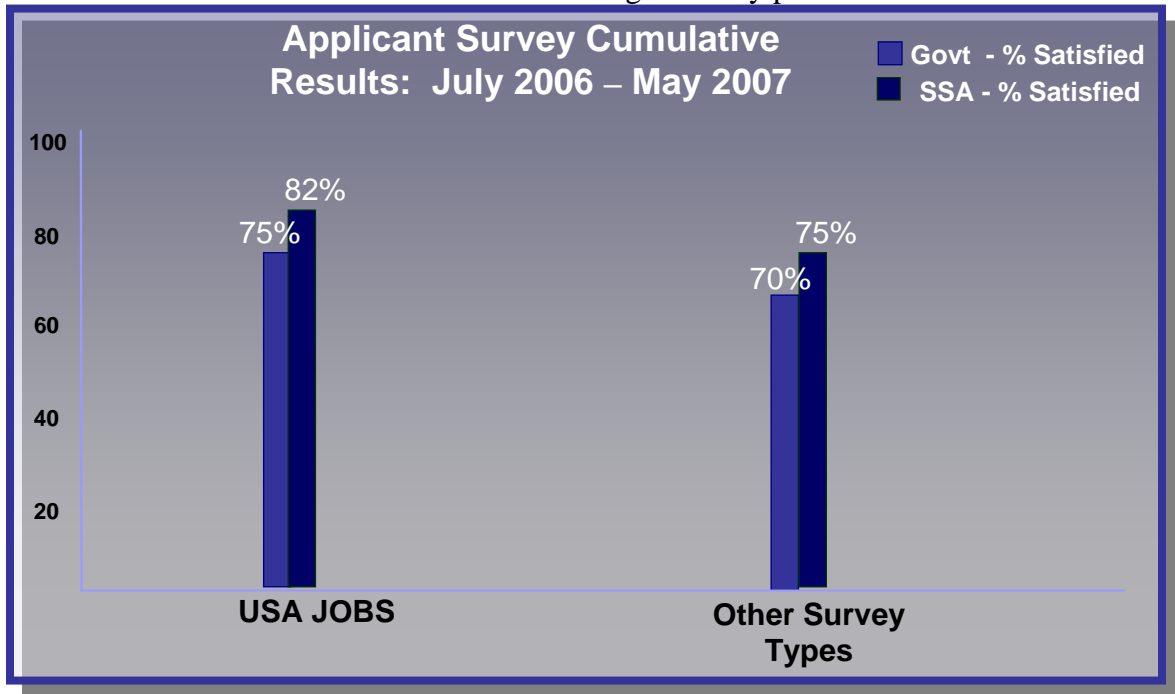


Figure 3: SSA Applicant Satisfaction

As depicted in Figure 3, the results of these surveys point to a statistically significant difference in applicant satisfaction with the SSA application and hiring process compared to the Government-wide average.

Lessons Learned

One important lesson learned that SSA emphasizes is never to lose the focus on individuals. Paying close attention to the needs and expectations of managers and applicants achieves clear, measurable, and positive results. Better customer service and overall service delivery is an essential value for SSA. That value is as powerful and effective in the management of human resources programs as it is in the administration of the world’s largest social insurance program. Other lessons learned include:

- Take a measured approach
- Gain consensus prior to roll out
- Develop a national recruitment campaign

- Be engaged with the product vendors to ensure the creation and improvement of high quality automated systems
- Provide an integrated application process
- Monitor applicant satisfaction and manager satisfaction
- Provide localized recruitment and staffing services
- Be aware of emerging technologies
- Implement a sound governance model

Next Steps

SSA's plans for recruitment and hiring are to offer the same high quality products and services that have been successful to date and to continue to scan both the Federal and commercial landscapes for new ideas to enhance current successes. A great deal of work must be done to integrate various applicant assessment systems, the job search and resume building Web site (USAJOBS), entrance on duty systems (EODS), the proposed Unique Employee Identifier (UEID) system, and other HR IT applications with the core personnel action processing and payroll systems managed by HR LOB Shared Service Centers.

SSA continues to track measures of success including time-to-hire and manager satisfaction data. Improvements in operational processes will be determined by need based on HR data and feedback.

United States Department of Agriculture

On May 15, 1862 President Abraham Lincoln established the independent Department of Agriculture to be headed by a Commissioner without cabinet status. Lincoln called it the “people’s department.” In the 1880s, varied special interest groups lobbied for Cabinet level representation. At the same time, business interests advocated for a Department of Commerce and Industry. In 1887, the House and Senate passed bills establishing the Cabinet level Department of Agriculture and Labor. Farm interests, however, objected to the addition of labor and the bill was killed in conference. Finally, on February 9, 1889, President Grover Cleveland signed a bill into law elevating the existing Department of Agriculture to Cabinet level.

With over 105,000 employees, the United States Department of Agriculture (USDA) assists farmers and food producers with the sale of crops and food on both domestic and international fronts. Many of the programs involving the distribution of food to Americans are run and operated under the USDA Food and Nutrition Service. The Department also provides nutrition education. USDA plays an important role in overseas aid programs by providing surplus foods to developing countries. This aid may be provided by USAID, directly to foreign governments, to international bodies such as the United Nations World Food Programme, or via approved non-profit organizations. The Agriculture Act of 1949, section 416 (b) and Agricultural Development and Trade Act of 1954 (also known as Public Law 480 or just PL 480) provides the legal basis for these activities.¹²

Context and Business Imperative

As outlined in its Strategic Plan for fiscal years 2005 through 2010, one of USDA’s critical management initiatives is to “use workforce planning and hiring flexibilities to recruit, retain, and reward employees while developing a high-performing and accountable workforce.”¹³

Prior to 2004, hiring cycle time exceeded 100 days from vacancy announcement to on-boarding.¹⁴ USDA was losing quality candidates because of the long hiring process. As a result, USDA HR personnel engaged operational leaders, managers, and supervisors to elevate to top priority the reduction of hiring time. Together, they committed to transforming the delivery of hiring and recruitment processes.

USDA hires thousands of employees per year for positions spanning over 300 occupational codes. Due to the agency’s complex mission and cyclical operational cycle, accurate workforce forecasting presents challenges. Recent national headlines have highlighted these challenges. The agency experienced significant surges in hiring demands at the Forest Service during the recent wildfires in California. The ability of USDA’s Forest Service to

¹² <http://en.wikipedia.org/wiki/USDA#History>

¹³ <http://www.ocfo.usda.gov/usdasp/pdf/sp05-09.pdf>

¹⁴ USDA Hiring Improvement Strategy July 2007 – June 2009

hire a large quantity of qualified firefighters in an aggressive time frame was literally a matter of life and death. Operating under conditions such as these, USDA aggressively seeks to improve the delivery of human capital management solutions. According to USDA's leadership, none of these solutions is more important than effectively recruiting, selecting, and on-boarding the right talent to meet USDA's mission.

The Solution

USDA performed a detailed competency analysis to identify 20 mission critical occupations. These occupations represent over 55% of all of USDA's annual hires and became the impetus for a new and improved workforce plan and recruitment strategy. A series of workshops were conducted to map these 20 mission critical occupations with USDA's six strategic goals:

1. Enhance international competitiveness of American agriculture
2. Enhance the competitiveness and sustainability of rural farm economics
3. Support increased economic opportunities and improved quality of life in rural America
4. Enhance protection and safety of the nation's agriculture and food supply
5. Improve the nation's health and nutrition
6. Protect and enhance the nation's natural resource base and environment

A key priority for senior leadership was to migrate from a rigid policy-driven recruitment process to a more strategic approach fully leveraging available hiring flexibilities. USDA selected mission critical occupations as the central driver for OPM's Career Patterns strategies. Career Patterns is an OPM-driven initiative to attract and select a broader range of potential employees to the Federal workforce. "Federal human capital managers will be able to shape their workforce planning efforts to build and operate in a broad range of employer-employee arrangements..."¹⁵

The Career Patterns strategies assist USDA agencies in 1) identifying appropriate applicant pools and candidates for specific positions; 2) building environments that would attract specific applicant pools; and 3) designing vacancy announcements to market USDA in a way that attracts its target audience. To effectively market the USDA to new candidate pools, the agency goes beyond the conventional approach of describing basic job duties and qualifications to candidates. The agency offers all available hiring, pay setting, and incentive flexibilities afforded it by OPM policy.

USDA has developed a marketing strategy and accompanying marketing materials to outline:

- The organization and mission and reason an applicant would want to work at the agency

¹⁵ Career Patterns – A 21st Century Approach to Attracting Talent; A Guide for Federal Agencies, OPM; June 2006

- The benefits of working for the agency (e.g., telework, amenities and services available at the work site, leave, transit subsidies)
- Job location and surrounding areas, listing Web sites that are available for an applicant that may be considering relocation¹⁶

Agency leadership attributes a great deal of the agency's recent improvements in attracting and acquiring talent to one simple factor – accountability. USDA senior leadership stresses the importance of identifying and hiring talent and refuses to place all of the obligation on Human Resources. At the agency, selecting officials are held equally accountable in the hiring process and contribute to shared ownership and reduced cycles. To ensure bottlenecks are identified and eliminated, USDA continuously performs agency-specific performance audits. Hiring metrics and audit results provide critical input into applicable HR personnel and hiring managers' performance evaluations. The result is a shared ownership of the process.

Beyond increased accountability, these audits also play a critical role in identifying opportunities for improvement. For example, USDA recently identified competency gaps in the area of performance management. "A task force was formed to develop a foundation on which to proceed systematically and efficiently to address skills gaps. This analysis and improvement plan will be monitored to ensure it continues to meet USDA's HR needs."¹⁷

The agency has made significant investments in technology to streamline and automate hiring processes. While USDA does not operate a single recruitment system for all of its agencies, it has automated recruitment and hiring processes from posting vacancies to extending offers. USDA has customized QuickHire to assess applicant responses based on a variety of position specific competencies. During this process, a staffing expert will generate the certification (CERT) based on these results and have the ability to override the process if qualifying documents do not support the answers to the question.

USDA continues to review and manage the lag time for notifying SES applicants not selected and exploring alternate means of managing relationships with them. USDA leadership believes that effective and consistent communication to those candidates not selected is important to maintaining a reputation as an "employer of choice". Equally important, a candidate not selected for one position may in fact be the right candidate for another position. Managing the relationship helps to preserve that individual as a potential candidate.

Measuring What Matters

USDA utilizes internal scorecards to provide continuous information to the Secretary of the Department on performance pertaining to key operational priorities, including recruitment. Similar to the PMA scorecard, USDA's internal operational scorecard utilizes the standard "traffic light" scoring system. Scorecard status is frequently communicated to the Secretary

¹⁶ USDA Hiring Improvement Strategy July 2007 – June 2009

¹⁷ USDA Hiring Improvement Strategy July 2007 – June 2009

as well as all agency employees. The purpose of the scorecard is two-fold: (1) improve strategic alignment and performance, and (2) identify performance gaps and celebrate success. When operational units achieve “green” scorecard assessments, performance rewards are allocated to those units. While specific set of rules regarding recognitions are currently documented, the visibility of the program and internal competition help incentivize high performance.

*“We operate under the mantra
‘What gets measured gets
done...if you don’t measure it, it
doesn’t get done”*

*Clifton Taylor
Special Assistant for Human Capital,
U.S. Department of Agriculture*

In addition to ongoing competency assessments, USDA uses the following measurement vehicles to assess recruitment and hiring performance:

CHCO Management Satisfaction Survey. “The Office of Personnel Management has released the CHCO Council's Management Satisfaction Survey (MSS). The survey is based upon criteria developed by the CHCO Council and is part of OPM’s broad effort to improve the Federal hiring process.”¹⁸ Below are the MSS results for USDA directly attributable to the solutions outlined in this case study: (1) flexibility, (2) efficiency, and (3) shared process owners.

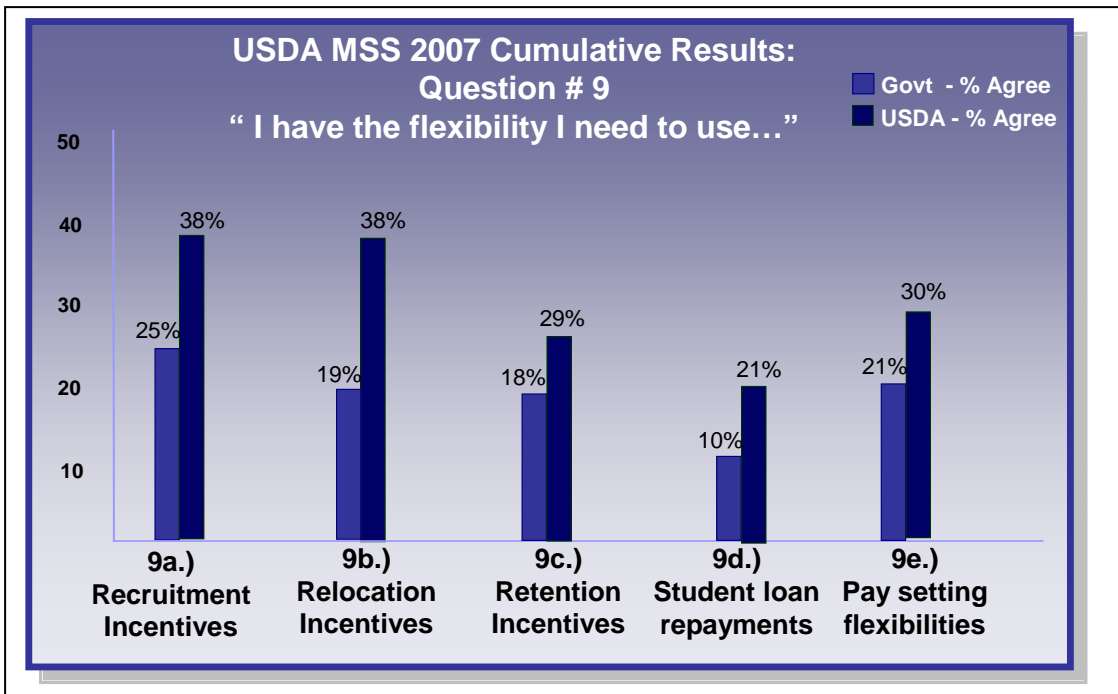


Figure 3: MSS Results – Hiring Flexibilities ¹⁹

¹⁸ http://www.chcoc.gov/transmittal_detail.cfm?id=747

¹⁹ Data provided by OPM; MSS Results as of July 31, 2007

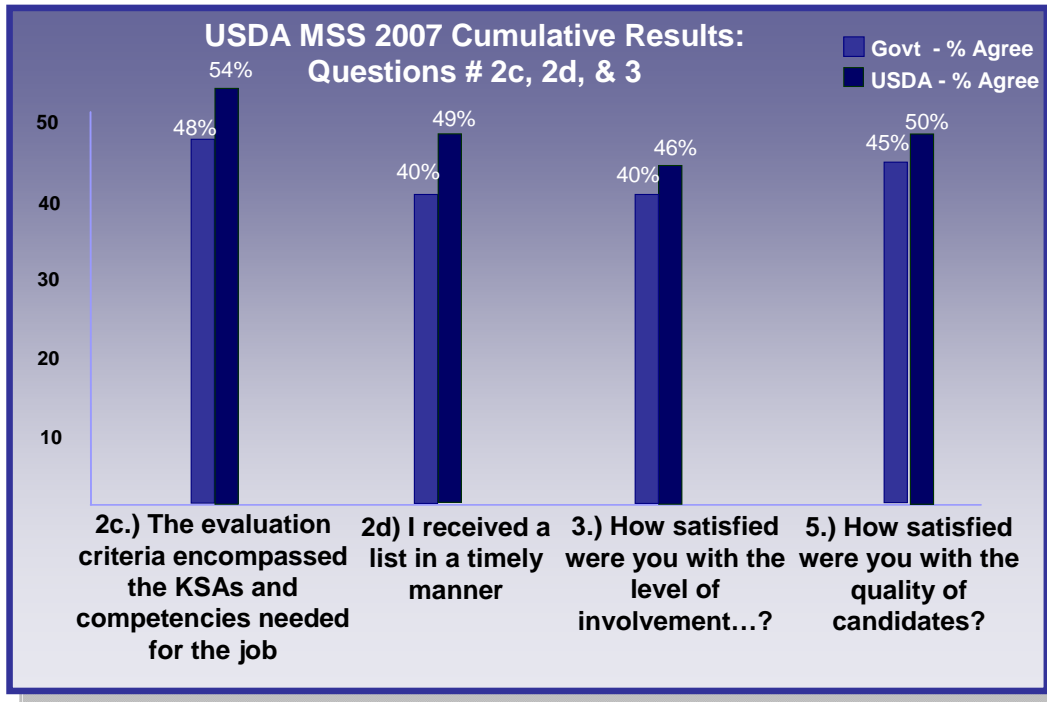


Figure 4: USDA MSS Results – Competencies, Timeliness, and Manager Involvement ²⁰

Federal Human Capital Survey. USDA analyzes data from Federal Human Capital Survey results and requires offices to develop plans to meet issues raised in the plan. USDA was ranked 17th out of 30 large agencies as one of the best places to work in the Federal government. ²¹

OPM Time to Hire Data. OPM’s hiring model focuses on a series of recommended steps from the date of vacancy announcement closing to the time an offer is made. The model is composed of steps in the screening and selection process agencies may follow in pursuit of new talent. ²²

²⁰ Data provided by OPM; MSS Results as of July 31, 2007

²¹ The Best Places to Work in the Federal Government – 2007 rankings, Partnership for Public Service

²² <http://www.opm.gov/news/opm-trains-agencies-on-45day-hiring-model,594.aspx>

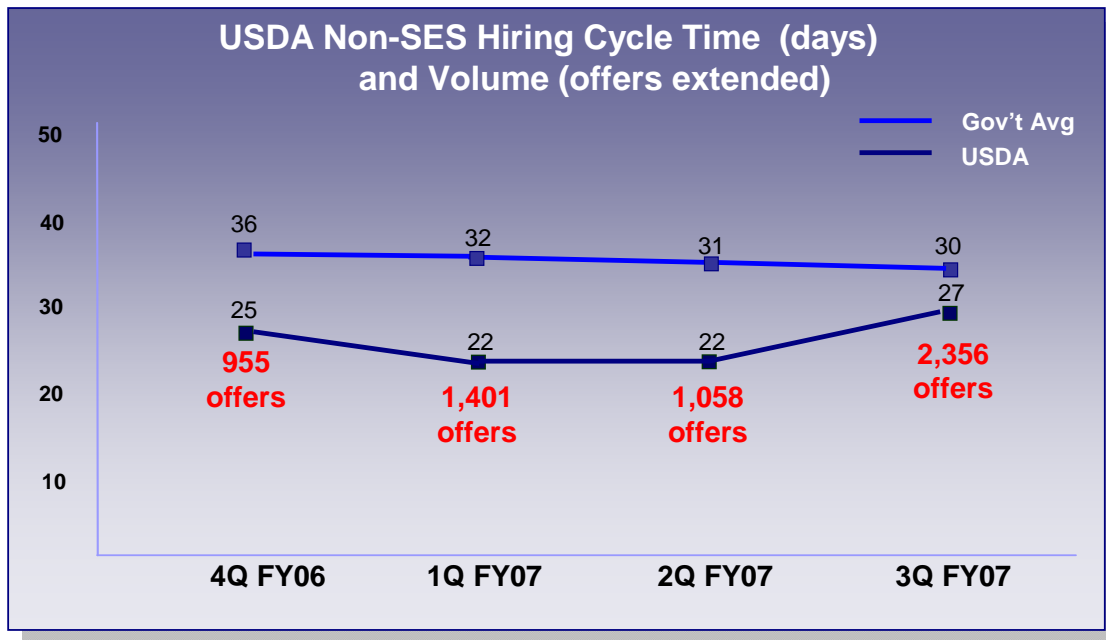


Figure 5: USDA Hiring Cycle Times and Volume of Offers ²³

Focus Group Sessions. USDA Human Resources professionals facilitate focus group sessions during on-site audits with applicants and hiring managers to gauge satisfaction with the hiring process.

Lessons Learned

As a result of these initiatives and this experience, USDA has learned a lot about effective hiring practices. The key lessons learned appear below.

1. Bring in key members of your executive leadership team early on.
2. Executive board needs to be held accountable every single quarter.
3. Leverage a scorecard at the operational department level rather than making it an HR initiative.
4. Leverage change management techniques to institutionalize changes into the agency's culture.
5. Commit the resources and infrastructure required to transform.

Next Steps

USDA's volume of extended offers is on par with the Federal government average. Federal agencies extended approximately 5,800 non-SES offers to candidates from the 4th quarter of

²³ Data provided by OPM; Results as of July 31, 2007

FY06 through the end of the 3rd quarter of FY07.²⁴ Comparatively, USDA extended approximately 5,770 non-SES offers for the same time period.²⁵ Given this volume, hiring quality candidates both quickly and efficiently is a key business imperative for USDA. Consistently notifying applicants within 30 days remains a priority. To this end, USDA will deploy an automated system to notify non-selected applicants via email.

USDA remains committed to integrating agency-specific solutions with the overarching HR LOB vision for “Governmentwide, modern, cost-effective, standardized, and interoperable HR solutions providing common, core functionality to support the strategic management of human capital and addressing duplicative HR systems and processes across the Federal Government.” USDA plans to work with internal organizations to continuously enhance its workforce plan. The revised plan will incorporate forecasted technology developments and the impact these developments have on individual job duties. As noted previously, USDA currently operates disparate systems to automate hiring solutions. Realizing benefits will be achieved through systems consolidation, USDA plans to sunset systems and operate one enterprise-wide suite of solutions in the near future.

²⁴ Data provided by OPM; Results as of July 31, 2007

²⁵ Data provided by OPM; Results as of July 31, 2007

Conclusion

Hiring practices have arguably been among the most scrutinized business practices in the Federal Government for the past several years. Since its inception, the President’s Management Agenda has emphasized the importance of a capable, trained, and motivated Federal workforce – impossible to have without effective talent acquisition practices. Recent trends supported by metrics (a few of which are captured in preceding cases) suggest Federal agencies are responding to the scrutiny. For the most part, hiring cycle times are on the decline while customer satisfaction is on the rise.

This improvement can be attributed to a number of factors:

- Senior agency sponsorship, up to the CHCO level
- OPM-driven initiatives and tools, such as Career Patterns
- Increased accountability through measurement
- Increased investment in automated solutions and resources
- Agency-specific initiatives including process re-engineering, branding strategies, and formalized process roles
- Customer-centric focus
- Frequent process evaluation and improvement identification

Federal agencies have made significant advances in reducing time to hire through operational efficiencies made possible by standardized processes and automated solutions. According to cycle time data provided by OPM, the average Federal agency hiring cycle time for non-SES employees was 32 days during the period July 2006 through June 2007.

The standardization and consolidation of Federal automated recruitment solutions is a working example of efficiencies and savings made possible through economies of scale. As a result of the Recruitment One Stop initiative, “more than 90 Federal agencies have integrated USAJOBS functionality into their Web sites to eliminate redundant investments.”²⁶

Throughout government, automated tools are resulting in an increased number of applicants. These tools help manage the corresponding high volume of applications, effectively assess candidates, and reduce cycle times.

At the same time, however, automation presents real challenges for Federal Human Capital leadership. According to the U.S. Merit Systems Protection Board (MSPB), “Automation greatly reduces human involvement in initial screening and sorting of applications. Although this can have the positive effect of reducing workload and the potential for errors in judgment and subtle or overt discrimination, it introduces the possibility that applicants’

²⁶ Identifying Talent through Technology Automated Hiring Systems in Federal Agencies; US Merit Systems Protection Board

misrepresentations will go undetected and uncorrected. Agencies must thus: (1) balance applicant burden and agency risk; (2) be vigilant about managing the large volume of applications; and (3) assure the integrity of the assessment and referral process.”²⁷ As always, policy requirements must temper innovation as CHCOs and their management teams consider how to leverage technology to transform the recruiting and hiring processes.

More important, improved recruiting and hiring processes must improve the *quality* of hires. The CHCO Management Satisfaction Survey addresses this subject and in the most recent survey, when asked how satisfied they are with the quality of applicants, approximately 78% of respondents report they are either satisfied or very satisfied.²⁸

The MSPB states, “Hiring decisions have long-term consequences for an organization’s productivity and performance. Quality – not speed – should be the primary measure of the success of hiring decisions and the underlying hiring process.”²⁹

Performance management practices continue to mature across the Federal government. Visibility to performance results of new employee populations over time provides visibility to the real *organizational impact* of recruiting and hiring practices, like never before.

²⁷ http://media.monster.com/a/govsol/pdf/CS_OPM.pdf

²⁸ U.S. Office of Personnel Management, Manager Satisfaction Survey Results. July 31, 2007

²⁹ Identifying Talent through Technology Automated Hiring Systems in Federal Agencies; U.S. Merit Systems Protection Board

3 Evaluating and Improving Performance Management Systems

Business Context

The President’s Management Agenda (PMA) was established in the summer of 2001 as an “aggressive strategy for improving the management of the Federal government, making it more citizen-centered, market-based, and results-oriented.”³⁰ Drawing from private sector business practices, it emphasizes accountability at multiple levels – enterprise, enterprise component, manager/supervisor, and individual employee. The approach is transparent: expected results are documented and performance against those expectations is tracked and reported. According to Clay Johnson, Deputy Director for Management at the Office of Management and Budget (OMB), transparency is beneficial because:

- Agency management is more accountable to its stakeholders, including its own employees and Congress.
- There is more constructive public and internal discussion about the what, when, who, and why of agency performance.
- Each well-performing agency has more opportunities to brag about its successes.
- Every agency is more committed to accomplishing its goals.
- Employee performance management is possible.³¹

According to the PMA, Federal “agencies will take a disciplined and focused approach to address ... substantial challenges and begin the steps necessary to become high-performing organizations in which:

- Hierarchical, ‘command and control’ bureaucracies will become flatter and more responsive.
- Emphasis on process will be replaced by a focus on results.
- Organizations burdened with overlapping functions, inefficiencies, and turf battles will function more harmoniously.
- Agencies will strengthen and make the most of the knowledge, skills, and abilities of their people; in order to meet the needs and expectations of their ultimate clients – the American people.³²

Recognizing that *organizations* perform because *people* perform, the PMA has identified the *Strategic Management of Human Capital* as one of five focus areas. This focus area provides

³⁰ http://www.whitehouse.gov/omb/budintegration/pma_index.html

³¹ <http://www.whitehouse.gov/results/agenda/transparentandpublic.html>

³² Executive Office of the President, Office of Management and Budget, *The President’s Management Agenda*, Fiscal Year 2002, page 7

a real opportunity to redefine the way human capital is managed throughout the Federal government.

Executing against the PMA will help establish a *performance culture*, in which “high performance will become a way of life that defines the culture of the federal service”.³³ The PMA states:

- The civil service will use clear and carefully aligned performance incentives for individual employees, for teams, and for its leadership. In turn, these incentives will be tied clearly to reaching their agency’s mission objectives.
- Accountability for results will be clear and meaningful, with positive rewards for success and real consequences for failure.³⁴

The President’s Management Council established standards for success for each of the focus areas; nine standards for success have been established for Strategic Management of Human Capital. These standards address a broad range of human capital results including human capital planning, organization structure, recruiting, hiring, succession, leadership development, and employee performance management systems. As initiative owner for the Strategic Management of Human Capital, the U.S. Office of Personnel Management (OPM) assesses agencies on their progress toward achieving these standards.

Two of the nine standards for success that OPM uses to assess progress specifically address employee performance management systems:

- Demonstrates that it has performance appraisal and awards systems for all SES and managers, and more than 70% of the workforce, that effectively: link to agency mission, goals, and outcomes; hold employees accountable for results appropriate for their level of responsibility; differentiate between various levels of performance (i.e., multiple performance levels with at least one summary rating above Fully Successful); and provide consequences.
- Implemented a performance pilot, providing evidence that at the pilot site clear expectations are communicated to employees; rating and awards data demonstrate that managers effectively planned, monitored, developed and appraised employee performance; and the pilot site is ready to link pay to the performance appraisal systems. In addition, the agency significantly increased the number of employees covered under the pilot systems; and achieved a score of 80 or above on Performance Appraisal Assessment Tool (PAAT) – on the original and expanded performance pilots.³⁵

Demonstrating its commitment to helping agencies succeed in the area of performance management systems, OPM has deployed a device to help agencies assess their effectiveness in the area of employee performance management: the Performance Appraisal Assessment

³³ *ibid*, page 16

³⁴ *ibid*, page 15

³⁵ <http://www.whitehouse.gov/results/agenda/standardsforsuccess08-2007.pdf>

Tool. “This tool can help agencies assess their appraisal programs' status. By completing the tool, agencies will be able to identify the strengths and weaknesses of their programs and provide the information they need to develop plans and strategies for making any improvements necessary.”³⁶ The current PAAT applies to performance management systems for employees under the General Schedule system.

The Introduction to the PAAT states that effective appraisal programs are fair, credible, and transparent by providing for the following:

- **Alignment.** Employee performance plans align with and support organizational goals.
- **Results-focus.** Employee performance plans hold employees accountable for achieving results appropriate to their level of responsibility.
- **Credible Measures.** Employee performance plans provide for balance, so that in addition to measuring expected results, the performance plans include appropriate measures, such as quality, quantity, timeliness, and/or cost-effectiveness, indicators of competencies, and customer perspective. In addition, for managers and supervisors, performance plans should also incorporate employee perspective.
- **Distinctions in Levels of Performance.** The appraisal program provides for multiple levels to appraise performance and rating officials use those levels to clearly describe distinctive levels of performance and appropriately rate employee performance.
- **Consequences.** The result of appraisal is used for recognizing top performers and addressing poor performance.
- **Employee Involvement.** Employees are involved in the design of the appraisal program and in the development of their performance plans.
- **Feedback and Dialogue.** The appraisal program establishes a performance feedback process that ensures a dialogue between supervisors, managers, and employees throughout the year.
- **Training.** The appraisal program requires that executives, managers, supervisors, and employees receive adequate training and retraining on the performance appraisal program. In addition, supervisors must have the competencies necessary for managing performance.
- **Organizational Assessment and Guidance.** The appraisal program requires that appropriate organizational performance assessments are made and communicated to rating officials, and that guidance is provided by the head of the agency or designee on how to incorporate organizational performance into the assessment process, especially regarding the appraisal of managerial and supervisory employees.
- **Oversight and Accountability.** The head of the agency or designee has oversight of the results of appraisals and awards, ensures that the program operates effectively and efficiently, and ensures that appraisals and awards are based on performance. In addition, managers and supervisors are held accountable for the performance management of their subordinates.³⁷

³⁶ U.S. Office of Personnel Management, Performance Appraisal Assessment Tool, page 2

³⁷ *ibid*, page 2

This tool supports agency self-assessment of their performance appraisal programs in these areas. Agencies complete the self-assessment and provide results to OPM. Self-assessments are repeated on a regular basis to determine progress. The standard for success is that agencies score 80 or higher on the PAAT. Two reporting cycles have occurred since the PAAT was deployed in 2006. PAAT results show that agencies, in the aggregate, are in fact showing improvement in the area of performance appraisal and award systems.

Federal agencies are also required to report on the effectiveness of their performance management systems for employees outside the General Schedule System: members of the Senior Executive Service (SES), employees in senior-level positions (SL), and employees in scientific or professional positions (ST). Agencies' performance management systems are evaluated on their effectiveness in making meaningful distinctions in performance ratings, pay adjustments, rates of pay, and awards.

Agencies receive certification when they can demonstrate that “performance plans appropriately provide for achieving measurable results, crediting measurable results as at least 60 percent of the summary rating.

“Senior employees’ performance expectations must derive from and clearly link to the agency’s mission, strategic goals, program and policy objectives, and / or annual performance plans and budget priorities. Performance expectations should:

1. “Reflect expected agency and / or organizational outcomes and outputs, performance targets or metrics, policy / program objectives, and / or milestones.
2. “Identify specific programmatic crosscutting, external, and partnership-oriented goals or objectives, as applicable.
3. “Be stated in terms of observable, measurable, and or demonstrable performance.”³⁸

A Performance Appraisal Assessment Tool for SES appraisal systems will be released by OPM for use by agencies in early calendar year 2008.

Based on overall (GS and senior employee) performance systems effectiveness results, the following three organizations were nominated as subjects for this case study:

- Department of Defense – National Security Personnel System
- Department of Homeland Security
- General Services Administration

Their stories appear on the pages that follow.

³⁸ United States Office of Personnel Management. Memorandum for Heads of Executive Departments and Agencies, Updated Guidance for Certification of Performance Appraisal Systems for Senior Executives. Linda M. Springer. October 9, 2007.

Department of Defense – National Security Personnel System

In May of 2001, President George W. Bush – in response to emerging, radically different global security issues and the resulting implications for new and radically different war fighting capability – described a new direction for the Department of Defense (DoD). This new direction, transformational in nature, involves a fundamental shift in both defense strategy and defense management at DoD.

“ ... a future force that is defined less by size and more by mobility and swiftness, one that is easier to deploy and sustain, one that relies more heavily on stealth, precision weaponry, and information technologies.”

President George W. Bush May 25, 2001

Subsequently, in November of 2003, President Bush signed legislation to carry out this strategy. The National Defense Authorization Act gave the Department of Defense the authority to create a new human resources management system – the National Security Personnel System (NSPS). NSPS establishes for the Department new approaches to:

- Pay rates, pay system, and pay administration
- Staffing
- Classification
- Performance management
- Labor relations
- Adverse actions
- Employee appeals

These changes are designed to ensure that the Department’s human resources management and labor relations systems align with the newly defined mission while continuing to adhere to merit system principles and protect the civil service rights of DoD civilian employees.

Context and Business Imperative

The 21st century DoD civilian workforce is “being asked to assume new and different responsibilities, take on more risk, and be more innovative, agile, and accountable than ever before.”³⁹ “To transform the way DoD achieves its mission, it must transform the way it leads and manages the people who develop, acquire, and maintain our Nation’s defense capability. Those responsible for defense

“Mission effectiveness is the business imperative!”

*Mary E. Lacey
NSPS Program Executive Officer*

³⁹ National Archives and Records Administration, Federal Register, 5 CFR Chapter XCIX and Part 9901, *Department of Defense Human Resources Management and Labor Relations Systems; Final Rule*, page 3

transformation – including DoD civilian employees – must anticipate the future and wherever possible help create it. The Department must seek to develop new capabilities to meet tomorrow’s threats as well as those of today.”⁴⁰

To enable and support this new role in this new performance culture, the National Security Personnel System establishes modern processes and approaches to human resources management for the DoD. This approach includes a new pay system based on broad bands, rather than the traditional Federal grade / step-based General Schedule system. It also includes a new, more robust approach to performance management.

The Solution

The NSPS performance management system is designed to ensure that the “performance and contributions of the workforce are recognized and rewarded more accurately and fully.”⁴¹ It suggests that performance management is an ongoing process and occurs in five phases.⁴²

“NSPS is designed to promote a performance culture in which the performance and contributions of the DoD civilian workforce are more fully recognized and rewarded.”

*The Federal Register
5 CFR Chapter XCIX and Part 9901*

Plan Phase. The supervisor develops a performance plan for the employee, with input from the employee. The plan describes *what* the performance expectations are for the performance period in terms of measurable objectives. The plan also describes *how* the employee will achieve these results in terms of contributing factors. To ensure that supervisors and employees have a shared understanding of expectations, the SMART framework is often used to define the job objectives.

SMART is a mnemonic that is frequently used to help in the establishment of suitable individual goals:

Specific – objectives should describe what the employee expects to accomplish.

Measurable – employees should have some way to demonstrate their accomplishments.

Achievable – an employee’s objectives should be within his or her control.

Realistic – objectives should be something obtainable.

Timely – objectives should identify realistic time frames.

Monitor Phase. During the performance period, the supervisor and employee work together to track performance against expectations. Ongoing communication helps to ensure there is a common understanding that the employee is doing the right things to meet expectations. A mandatory interim review takes place midway through the performance period. During this review, the supervisor and

⁴⁰ National Archives and Records Administration, Federal Register, 5 CFR Chapter XCIX and Part 9901, *Department of Defense Human Resources Management and Labor Relations Systems; Final Rule*, page 4

⁴¹ National Security Personnel System, Performance Management Overview Fact Sheet, October 2006

⁴² *ibid*

employee should agree on and document results to date and agree on any necessary adjustments.

Develop Phase. Over the course of the performance period, the supervisor and employee are expected to discuss professional and technical development opportunities for the employee. These opportunities may include training, mentoring, and coaching.

Rate Phase. Using predefined NSPS performance indicator guidelines for the employee's pay schedule and pay band, the supervisor rates employee performance on a scale of "1" (low) to "5" (high). The supervisor also makes a determination about how validated contributing factors influenced performance, using benchmarks at expected and enhanced levels for the type of job. This can result in an adjustment to a rating, potentially increasing it by 1 if the contributing factor had a positive impact or decreasing it by 1 if the contributing factor had a negative impact. The supervisor's rating and contributing factor determination are sent as recommendations to the employee's "pay pool" panel.

Reward Phase. In addition to recommending ratings, supervisors make pay recommendations to "pay pool" panels. Pay pool panels are groups of management officials that examine ratings and pay recommendations across a group of employees to ensure the same standards for evaluating performance are applied and that performance payouts are consistent with ratings. The pay pool panel managers make final rating and pay decisions and communicate these decisions back to the supervisor. Then, the supervisor meets with the employee to communicate performance rating and pay results.

Employees who receive a "3", "4", or "5" rating are eligible for a base salary increase, a bonus, or a combination of both. Employees who receive a "1" or "2" rating are not eligible for a performance-based payout. Employees who receive at least a "2" rating are eligible for any annual pay band and local market supplement adjustments, apart from the performance system.

DoD has developed a set of online tools to support this new performance management system. The Performance Appraisal Application supports the development of performance plans and the assignment of recommended ratings. It also provides an online means for facilitating regular communication among supervisors and employees, enabling them to:

- Exchange ideas about work performance
- Document areas of growth
- Share ideas before job objectives and work plans are finalized⁴³

The Initiative

The NSPS Program Executive Office (PEO) established a broad-based initiative to involve stakeholders in the design and development of NSPS. Numerous focus groups and town hall

⁴³ ibid

meetings took place in 2004. In fact, the PEO conducted over 100 focus groups with employees, supervisors, managers, union officials, and stakeholders outside the Department. Additionally, the PEO identified numerous other channels leveraging a multi-media strategy to gather and disseminate relevant, timely, and consistent information. A Web site was developed to serve as a primary, two-way communications tool for the DoD workforce, other stakeholders, and the general public. The Web site provided the capability for visitors to submit questions and comments. The PEO has responded to thousands these of questions and comments.

Working groups were formed to design various elements of the system. They were guided by seven overarching NSPS design principles:

1. Put mission first; support national security goals and strategic objectives.
2. Respect the individual; protect rights guaranteed by law.
3. Value talent, performance, leadership, and commitment to public service.
4. Be flexible, understandable, credible, and responsive.
5. Ensure accountability at all levels.
6. Balance Human Resources interoperability with unique mission requirements.
7. Be competitive and cost effective.

The scope of the design for the NSPS Human Resources Management System included:

- Compensation architecture
- Performance management
- Hiring
- Assignment
- Pay setting
- Workforce shaping
- Classification

One significant concern of the working groups was balance of the use of the newly authorized flexibility with fairness to employees. Ultimately, the performance management design team created a system that enables employees to understand their piece of the mission and helps them clearly define their role in the mission.

“Most people come to work every day wanting to do a good job.”

*MG Ross Thompson
Director, Program Analysis and Evaluation
U.S. Army*

The Department’s operating components, i.e., the Military Departments and Defense Agencies and Activities, are ultimately responsible for implementation. To develop, field, and operate NSPS, the DoD leadership purposefully adopted the “acquisition model,” in which headquarters buys and builds and the components implement and operate. This model is effective for DoD because people identify with it: 80% of civilian employees are in some capacity involved in the acquisition life cycle.

The implementation of NSPS is occurring in phases, or “spirals.” The spiral concept allows the Department to introduce the new system in successive waves, allowing the PEO to assess and adjust the system over time. The system currently pertains to the white collar workforce. For the most part, populations coming into NSPS are grouped by organization – to facilitate the change in organizational culture that will be essential to the success of NSPS and the improved organizational performance resulting from its implementation.⁴⁴ Implementation sequence has considered such things as components’ experience with pay for performance, operational tempo, and other complementary programs in place (e.g., lean six sigma).

Results

As of November 2007, Spiral One has been implemented, and Spiral Two has begun, resulting in 128,000 employees, supervisors, and managers under NSPS. The first Spiral One group of 11,000 personnel completed the first performance cycle using this new system in January 2007. Another 100,000 Spiral One personnel who converted to NSPS between October 2006 and April 2007 are just now completing their first performance cycle using the new system. Ultimately, 500,000 civilian employees of the Department of Defense may migrate to the new performance management system from numerous systems that currently exist across the Department of Defense.

In May 2007, the Office of Personnel Management published the results of an independent assessment of the NSPS alternative personnel system (APS), including the NSPS performance management system. OPM developed a formal assessment framework that involves qualitative data analysis to evaluate the effectiveness of the system. The results of this assessment will influence whether these systems will be authorized on a governmentwide scale.⁴⁵

OPM’s assessment framework provides a comprehensive methodology for evaluating agency preparedness for and progress on implementation of an APS. In the framework, there are five *preparedness* dimensions that measure effective planning and implementation of the APS:

- Leadership Commitment
- Open Communication
- Training
- Stakeholder Involvement
- Implementation Planning

⁴⁴ National Archives and Records Administration, Federal Register, 5 CFR Chapter XCIX and Part 9901, *Department of Defense Human Resources Management and Labor Relations Systems; Final Rule*, page 71

⁴⁵ U.S. Office of Personnel Management. *Creating a Foundation for the 21st Century Federal Workforce: An Assessment of the Implementation of the Department of Defense National Security Personnel System*. May, 2007.

There are five *progress* dimensions that measure the human capital impact of the APS:

- Mission Alignment
- Results-Oriented Performance Culture
- Workforce Quality
- Employee Perceptions
- Effective Implementation

Each dimension is comprised of a number of elements that are further defined by key indicators of success.

NSPS received strong ratings on all five preparedness dimensions, receiving a “demonstrated” score on *every element* underlying each of the five dimensions. NSPS also received strong ratings on the progress dimensions, receiving a “demonstrated” score on every element for which data was available.

Based on the NSPS assessment results, OPM offered the following recommendations:

- **Open Communication (Feedback).** Continue to engage employees as NSPS evolves and is implemented across the Department.
- **Training (Delivery).** Consider making some NSPS training courses mandatory throughout the Department.
- **Stakeholder Involvement (Inclusion).** Continued success in implementing NSPS is dependent on continued stakeholder involvement. Anticipate and plan for the risk of losing implementation momentum, given future senior leadership turnover.
- **Effective Implementation (Performance Management System Execution).** Consider leveraging Department-wide and / or component HRIS automated reporting capabilities to report on progress of performance planning and annual reviews.

According to NSPS program officials, the program is in its infancy and it is too early to measure success. However, the regulations that established the NSPS program do provide for formal program evaluation, requiring the Secretary of Defense to evaluate the regulations and their implementation. As program evaluations are planned, the Secretary will arrange to brief designated employee representatives on their design, and later to be briefed on their results of program evaluations. Employee representatives will then be given the opportunity to provide comment. Meanwhile DoD has been conducting annual attitude surveys to garner baseline and evolving opinions as the workforce spirals into and gains experience with NSPS.

Lessons Learned

Although it is early to reach any binding conclusions about the program, some preliminary views have been expressed below:

- Put structured processes in place to involve those who have a stake in an initiative. Involve work groups and define their role around *real* involvement.
- When engaging a work group: “do and disband”. Form the work group around a defined objective and outcome and release work group members when they have met their objective. If people know in the beginning what they are getting into and that they will be released, the project will get the best people. If they are allowed to continue to operate as a work group after their work is complete, they will do so ineffectively. They will likely search for another task or mission, one for which they are less qualified. Thus, the best minds for the task at hand are no longer active and they become less and less effective as a working group.
- You cannot over-communicate. With insufficient information, people jump to conclusions about the program.
- Make sure government owns its intellectual property and tools (e.g., training materials) and retain configuration control.
- Pay attention to improving performance plans, assessment and feedback methods, pay pool operations, support tools, and training. They generally are not perfect, or perfectly understood, the first time around. The NSPS performance management system is a fundamental change from previous DoD appraisal systems – in character and pay consequences. Direct experience and local, hands-on adjustments are crucial to ensure the system operates appropriately in an organization, so that employees understand and support the organization’s performance culture.
- Supervisors are key to a credible system and must be well informed and on board with the system. Employees rely on them. They must be able to set performance expectations that give an employee a reasonable chance for a high rating within the context of the pay pool. They give employees feedback during the cycle and provide the critical input and recommendations for pay pool panel deliberations. On behalf of the pay pool panel, they must be able to answer an employee’s questions and explain the rating.

Next Steps

In the immediate future, the focus of the NSPS program will be to continue spiral implementation throughout DoD. The plan is to keep the NSPS Human Resources Management system stable until it has been widely implemented and accepted; no major modifications or shifts are planned over the next couple of years.

Department of Homeland Security

The Department of Homeland Security (DHS) was established by President George W. Bush in response to the tragic events of September 11, 2001. The Homeland Security Act of 2002, signed November 25, 2002, established the Department and put forth the following mission: “To prevent terrorist attacks within the United States; reduce the vulnerability of the United States to terrorism; and minimize the damage, and assist in the recovery, from terrorist attacks that do occur within the United States.”⁴⁶

The legislation consolidated over 20 U.S. Executive Branch organizations related to homeland security into a single Cabinet-level agency. The Department represents a unification of our nation’s homeland security efforts, recognizing that one consolidated entity is in a better position to achieve this very important mission. The Department provides “the unifying core for the vast national network of organizations and institutions involved in efforts to secure our nation.”⁴⁷

Context and Business Imperative

The legislation that created the Department gave the Secretary of the Department of Homeland Security and the Director of the U.S. Office of Personnel Management the authority to develop an “Alternative Personnel System for its civilian workforce to provide mission-essential flexibility while preserving core civil service and merit system principles.”⁴⁸ This new system includes a performance management system.

As a newly created entity, DHS was in a position to consider a broad array of HR systems. A design team consisting of DHS managers and employees and employee representatives from OPM was assembled to survey and study state, local, and international HR systems to get a sense of the most innovative and effective designs. Fifty-two different options for a new HR system emerged from the team’s six months of research. Ultimately, personnel from DHS and OPM came together to create the regulations that specify the new DHS HR system.

The Solution

Cascading goals is an overarching practice that prevails over the DHS employee performance management system. Every employee must have goals that support one or more of the Secretary’s goals for the Department. Goals cascade down through organizational levels; the Human Capital Organizational Plan, for example, ties its tactical goals to these

⁴⁶ http://www.dhs.gov/xabout/laws/law_regulation_rule_0011.shtm

⁴⁷ <http://www.dhs.gov/xabout/strategicplan/>

⁴⁸ Office of Personnel Management. Creating a Foundation for the 21st Century Federal Workforce: An Assessment of the Implementation of the Department of Homeland Security Alternative Personnel System. 2007.

strategic goals. Cascading goals links higher level strategic goals with every goal across the organization.

While goals focus people on results, competencies focus people on achieving results. DHS has established five core competencies it requires all employees to demonstrate and two additional leadership competencies for managers. These core competencies were identified and defined using focus groups, surveys, and performance analyses. Separately, DHS has identified occupational competencies for 120 occupations; these occupational competencies are currently being used to assess the workforce. Each employee's performance rating is based on goals met (60%) and competencies displayed (40%).

At the beginning of the performance period, the manager develops (SMART) goals for each of his or her employees; he or she spends time with each employee to communicate these expectations. At the end of the performance period, the employee can initiate the evaluation process, providing his or her manager with a self-assessment to proactively influence the manager's assessment. The manager will react to the self-assessment; the manager and employee discuss the self-assessment; and they will reach common ground. The manager provides a rating using a four-level rating system and provides narrative comments to support the rating.

The DHS employee performance process has been automated via its new *eTool*. In addition to supporting plans and appraisals, eTool also supports ad hoc reporting. Rewards are managed using another tool.

The Initiative

The first appraisal cycle using the new system took place in Fall of 2005. It was piloted in the headquarters organization and then rolled out to the various DHS components. The pilot included use of eTool.

Department of Homeland Security Strategic Goals

Awareness – Identify and understand threats, assess vulnerabilities, determine potential impacts and disseminate timely information to our homeland security partners and the American public.

Prevention – Detect, deter and mitigate threats to our homeland.

Protection – Safeguard our people and their freedoms, critical infrastructure, property and the economy of our Nation from acts of terrorism, natural disasters, or other emergencies.

Response – Lead, manage and coordinate the national response to acts of terrorism, natural disasters, or other emergencies.

Recovery – Lead national, state, local and private sector efforts to restore services and rebuild communities after acts of terrorism, natural disasters, or other emergencies.

Service — Serve the public effectively by facilitating lawful trade, travel and immigration.

Organizational Excellence – Value our most important resource, our people. Create a culture that promotes a common identity, innovation, mutual respect, accountability and teamwork to achieve efficiencies, effectiveness, and operational synergies.

Department of Homeland Security Strategic Plan, 2004

The eTool was also piloted in the headquarters organization and is now being deployed to the DHS components. The implementation approach is not unlike many in government: development, testing and pilot are managed at headquarters while rollout is handed off to components. Implementation will be tailored to each component's needs and is expected to take about 18 months.

Program executives see training as one factor critical to the success of this program. Since much of the training at the components will be computer-based – and not live – program personnel plan to track training taken to ensure it has in fact taken place. Live training will also be made available to components, for a cost, if they do not want to rely entirely on the computer-based training.

Results

OPM reports that as of April 2007, 1,930 managers and supervisors were using the new performance management system for the 9,779 employees who report to them⁴⁹. Eventually, all 162,000 DHS employees in all 16 components will use the new system and supporting technology, thus consolidating the numerous performance management processes previously in place across more than 20 organizations with one single process supported by the single headquarters-owned eTool system – and supporting the evolution to a “*one DHS*” organizational culture.

- In May 2007, OPM published the results of an independent assessment of DHS' implementation of their new alternative personnel system, including the performance management system. OPM's assessment framework provides a comprehensive methodology for evaluating agency preparedness for and progress on implementation of an APS.

For the preparedness component (including the dimensions *leadership*, *open communication*, *training*, *stakeholder involvement*, and *implementation planning*), the DHS performance management system implementation was rated as progress “demonstrated”. For the progress component, DHS was rated as “demonstrated” in only one dimension – *mission alignment*. The dimension *effective implementation* was rated midway between “demonstrated” and “not demonstrated.” And the dimensions *results-oriented performance culture* and *workforce quality* were rated as “not demonstrated.” Based on these mixed results, OPM offered the following recommendations to DHS:

- **Leadership Commitment – Engagement.** Maintain high levels of senior leadership. Develop and implement a clear process for resolving emergent issues to improve stakeholder support.

⁴⁹ U.S. Office of Personnel Management. *Creating a Foundation for the 21st Century Federal Workforce: An Assessment of the Implementation of the Department of Homeland Security Alternative Personnel System*. May, 2007.

- **Leadership Commitment – Accountability.** Hold component-level leaders accountable for successful accomplishment of component-specific human capital goals.
- **Leadership Commitment – Resources.** Put a program management office in place with dedicated resources and make the program a corporate goal rather than an HR initiative, providing higher visibility and keeping senior leaders engaged, while sending a message about the importance of the effort.
- **Open Communication – Information Access.** Consider collecting and providing information on employee use of the intranet in order to better understand how extensively the information DHS provides is used.
- **Open Communication – Feedback.** Consider providing more specific evidence of the impact of employee feedback mechanisms on program design, development, and implementation.⁵⁰

In the future, DHS plans to put its own formal apparatus into place to measure and improve its employee performance management system. In the shorter term, employee surveys will contain performance management questions that will also qualitatively assess the program. Additionally, the agency plans to put a metric into place that measures the number of people getting trained, so it can gauge the effectiveness of both the training and the overall system.

“Many DHS employees see performance management as one more administrative task, so they will most likely ask, ‘What am I getting for this?’ The answer is that they are getting a more transparent system that fosters performance-related dialogue between supervisors and employees; ensures that employees are doing the right things and appraised on the right things; and ultimately creates a more productive workforce.”

*Bray Barnes
Performance Management Program Executive
Department of Homeland Security*

OPM’s Performance Appraisal Assessment

Tool (PAAT) will also be leveraged to understand progress over time. One feature of the PAAT is that it requires a correlation between individual ratings and organizational achievement. Once the system is in place and institutionalized, DHS plans to focus attention to achieving positive correlation between individual and organizational achievement.

Lessons Learned

As a result of this experience, DHS has learned some valuable lessons about performance management systems. Key lessons learned appear below:

- Apply sufficient resources to *manage change*. Traditionally, many resources are applied to systems development and training. Apply sufficient resources to change management as well.
- Keep the process as simple as possible. Initially, the DHS employee performance management process had 14 steps; it has been reduced to eight.

⁵⁰ *ibid*

- Do not rely purely on the PAAT rating cycle to rate and improve your approach to employee performance management. Know what the PAAT requires, get started early, and make it a continuous exercise of monitoring and improving.
- Put more emphasis on the results over competencies. The emphasis to 60% results / 40% competencies was changed from 50% / 50% to focus people on results first.
- Be flexible. Work with components and with employees to ensure that the system works for them – because one size does not fit all. DHS is complex with many components, missions, cultures, and legacies. The system must accommodate differences. Policy-makers need to be flexible as well; they want agencies to fit into the one size fits all box and this is not always possible.
- Be careful that employees do not confuse performance management systems with the tool that supports it. People had difficulties with the tool and complaints about the tool unfortunately became complaints about the performance program.
- Do not over-engineer the supporting tool. Initially, the DHS technology forced the business process on managers and employees. The tool should be an enabler, not an enforcer. Controls have since been relaxed.
- Continue to provide liaison support use of the tool. Give people sufficient time to use the eTool to develop their goal.

Next Steps

DHS is considering the following next steps:

- Focus on completing implementation. Ensure that everyone is trained, bring on the communities that have not yet come on board – e.g., SES personnel and the intelligence community – and move the Coast Guard onto the eight step process.
- Eventually, the end-to-end process will link assessments to the learning management system; competency gaps will be identified and teaching interventions will be identified to close the gaps. Competencies will also be used in the future to qualify candidates in the recruiting process.
- Begin to plan for a link between performance management and pay. Because the agency had to negotiate with the unions to implement performance, the new pay system has been put on hold. DHS' long-term goal is to link pay to performance.
- Begin 360° accountability.

General Services Administration

The U.S. General Services Administration (GSA) was established in 1949 to improve the administrative activities of the U.S. Federal government. Today, GSA provides acquisition and procurement services, supplies, products and communications for U.S. government offices, provides transportation and office space to Federal employees, and develops governmentwide cost-minimizing policies. Its stated mission is to "help Federal agencies better serve the public by offering, at best value, superior workplaces, expert solutions, acquisition services and management policies."

GSA is largely a non-appropriated agency; it receives most of its funding from its customer agencies in return for the services it delivers to those customers. Thus, GSA operates more like a business than most government agencies. The agency has to maintain a focus on providing the kind of quality service that produces a strong bottom line. Effective performance management is key.

"If you look at GSA from a business perspective, it rivals many large corporations in terms of size and diversity. GSA has more than 12,000 employees nationwide. We're a car rental agency, real property asset manager, construction company, childcare center operator, office supply store, travel agency, nationwide telecommunications provider, charge card agent, financial services provider, training institution, computer hardware and software dealer, citizen call center, policy think tank, and more. GSA's primary strategic challenges and goals are to streamline acquisition processes for these very diverse offerings."

Lurita Doan , Administrator
U.S. General Services Administration

Context and Business Imperative

GSA began to develop its new Associate Performance Plan and Appraisal System (APPAS) in early 2004. The three main drivers in play at the time were:

- A general governmentwide push – as a result of the PMA – for measurable results and for correlating individual performance to enterprise performance. Up until this time, there had been no real incentive to invest heavily in performance management. The PMA provided an incentive.
- The notion of “making meaningful distinctions”. The previous pass/fail system did not provide for this.
- Communication between managers, supervisors, and employees. Communication was insufficient and did not focus on performance.

There was support for this initiative from the very top of the agency. The GSA Administrator at the time had come from the private sector and had experience with robust performance management systems. He influenced GSA to become more measurement-driven and results-focused.

APPAS has been put into place to:

- Link individual performance with organizational performance,
- Provide meaningful distinctions between levels of performance,
- Strengthen collaboration and dialog between supervisors and their subordinates, and
- Strengthen the agency’s overall performance management process.

The first performance planning cycle using the new system began in October 2004. The first ratings using the new system were given in October 2005.

The Solution

APPAS covers all GSA employees including SES, non-SES, bargaining unit, and the Office of Inspector General. It emphasizes collaboration at all phases of the performance management cycle: planning, monitoring and developing, rating, and recognizing.

Planning. The rating period for most GSA employees is from October 1 to September 30. During the first 45 days of the rating period (October 1 through November 15), supervisors work with employees to develop performance plans for the year. Supervisors are in fact required to review their employees’ performance plans every year and make changes as appropriate to ensure individual plans continue to support organizational goals. Additionally, supervisors can modify plans over the course of the year.

Monitoring and developing. Although the performance cycle takes place on an annual basis, the system encourages continual feedback through training and communication between employees and their managers. One of the overall goals of the performance management system is to make employees continually think about their careers and career development. Employees who are not at the target grade in a career ladder progression are required to have Individual Development Plans (IDPs), and in fact many organizations within GSA require IDPs for all employees.

Rating. At the end of the rating period (September 30 for most GSA employees), the supervisor appraises his or her employees’ performance. The GSA system has five levels, where a “1” represents the lowest level of performance, a “3” represents an acceptable level of performance, and a “5” represents the highest level of performance. Employees receiving a “1” rating face consequences, including the issuance of Performance Improvement Plans (PIPs). Supervisors are required to work with each employee receiving a “2” rating to develop an action plan for improving his or her performance. Employees receiving “1” or “2” ratings are ineligible for certain award categories.

Since the majority of GSA’s work falls under building management and contracts, most GSA employees are assigned to fairly long-term projects. Thus, the minimum performance period is 120 days; an employee must be in a position at least 120 days to be evaluated in that position.

GSA, like all Federal agencies, is prohibited by law from forcing a distribution of employee performance ratings across rating levels. However, “reasonable expectations of distribution” is permissible. An agency-level Performance Review Board looks at all SES ratings and has the authority to recommend some calibration before submitting SES ratings for the Administrator’s final decision, looking for instances where a supervisor gives a “5” rating to someone doing work for which others get a “4” rating. Some GSA organizations do this for their non-SES employees as well. This is meant to calibrate results and ensure supervisors have the same understanding and are rating similarly – avoiding the phenomenon of the “easy supervisor”.

Recognizing. The GSA performance cycle includes recognition as an integral part of the cycle. There are four categories of monetary recognition:

1. Individual Performance Award. This award is tied to the employee’s rating of record. In the past, only employees who achieved level “4” and “5” were eligible for the monetary reward. This year, GSA extended eligibility to level “3” employees as well.
2. Organizational Performance Award. At the beginning of each fiscal year, GSA organizations select measures that they will use to evaluate their performance as an organization. Funding is allocated to these Organizational Performance Award programs and groups that meet or exceed their targets are granted awards commensurate with the performance achieved. GSA employees must receive at least a level “3” rating to receive an Organizational Performance Award..
3. Special Act Award. This award, which is used to motivate specific behavior, is given to an employee who goes outside his or her normal scope of activity and performance plan.
4. Peer Award. Some organizations set aside dollars, up to a maximum of \$99 per instance, for peer awards. Employees nominate their colleagues to receive a cash award under these programs.

The Initiative

Implementation of the new APPAS employee performance management system included two milestones. The first milestone involved developing and deploying the new system. On December 31, 2003 GSA signed the APPAS order. The agency used the remaining nine months under the pass / fail performance period – January through September – to develop the new system and provide training and tools. Employees received performance plans using the new system in October 2004 and appraisals were performed against those plans in October of 2005.

*The guiding principle for implementing GSA’s performance management system: “Get the **right tools** at the **right time** to the **right audience**.”*

GSA provided a two-day course to all managers and supervisors. The first half day covered the technicalities of the system. During the remaining day and a half managers and supervisors learned about writing expectations, differentiating between five levels of

performance, and giving feedback. Employees nationwide were required to attend mandatory half-day training sessions to learn about APPAS and their role in its success.

GSA also made extensive use of online resources. Program personnel put managers' guides online, put manager refresher course online, and developed and deployed an online course for new employee orientation.

Program personnel communicated extensively using a variety of media, including briefings provided by the Chief Human Capital Office to senior executives, emails from the Director of the Office of Human Capital Management, articles in various agency publications, regional communication plans, and HR conference calls with various stakeholder groups. Getting training and tools into place represented the first implementation milestone.

The second milestone involved automating the process. Although they wanted to automate from the beginning, there were time and resource constraints and thus the automated system was not deployed until the end of Fiscal Year 2005. First use of this Oracle-based system was for the 2005 appraisal and the 2006 performance plans. A contractor was hired to input all of the previous year's performance plans so that they could be used for the automated appraisal process. In April 2006, GSA added the awards functionality and the system now supports the end-to-end process. Having implemented some system enhancements, GSA currently has no further enhancements planned.

Results

GSA has realized the cost savings and efficiencies associated with having all of its 12,000 employees using the same performance management process. And since the process is supported by GSA's Comprehensive Human Resources System (CHRIS), the performance data is available to other HRIS modules.

As depicted in Figure 6, GSA PAAT scores showed a definite improvement for seven out of ten criteria from the first assessment to the second. And GSA's PAAT scores compare very favorably to the governmentwide average, particularly in the areas of alignment, results focus, and employee involvement.

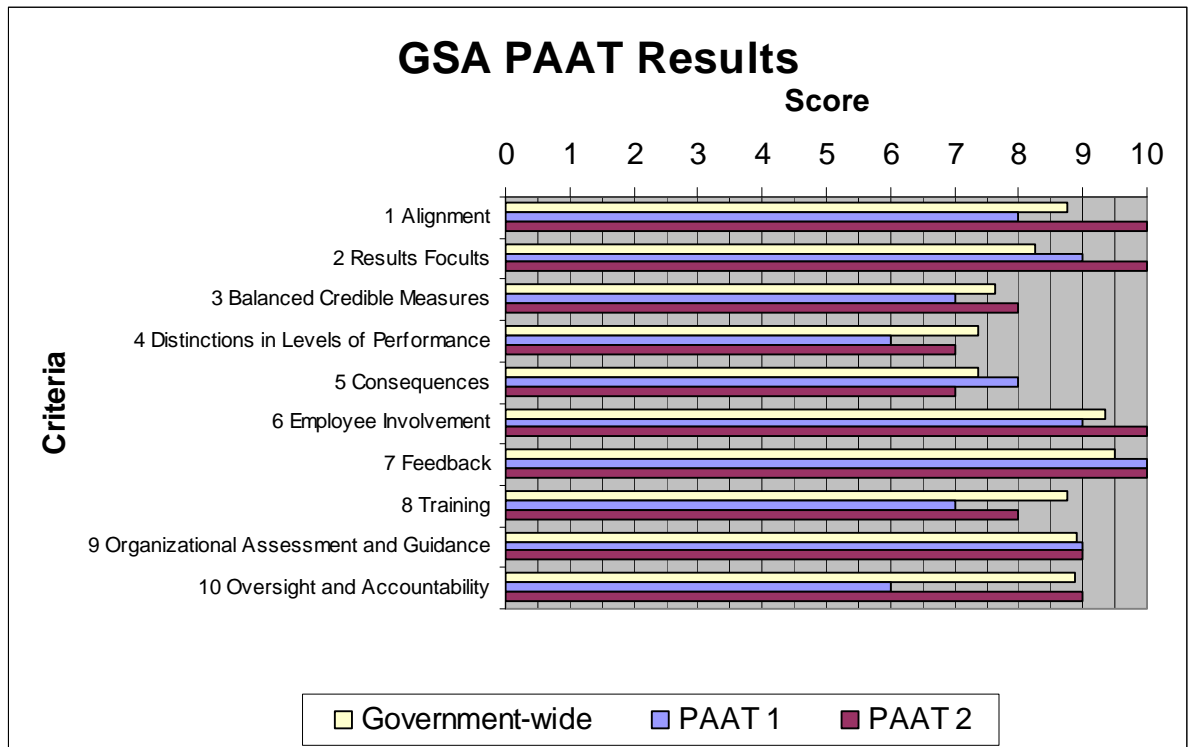


Figure 6: GSA PAAT Results

GSA has identified its own priorities for evaluating the success of its program:

- **Completion Rate.** One real advantage of automation is it provides the capability to track and enforce completion of appraisals. GSA's performance goal is 95% of performance appraisals completed and entered into the system by January 31. GSA also tracks completion rates for mid-year performance reviews.
- **Compliance.** At the agency level, GSA looks at differences in the ratings distributions by group to ensure adherence to merit system principles and it reviews data patterns to ensure policy compliance.
- **Quality.** The GSA regions do quality assurance reviews (QARs) of performance plans. The QARs, performed on random samples, examine performance plans to ensure they address key performance planning considerations, such as:
 - Are objectives Specific, Measurable, Achievable, Results-focused, and Timely?
 - Are supervisors accountable for human capital management?
 - Are plans results-oriented?
 At the national level, program personnel evaluate the overall health of the program. They examine, for example, whether they need more training and whether performance plans are sufficiently results-oriented.
- **Employee Satisfaction.** Number of grievances about performance is one very tangible measure of the success of the program. In the years since APPAS has been put into place, the number of performance-related grievances has decreased.

Lessons Learned

Since it undertook the APPAS initiative in early 2005, GSA has learned numerous lessons about performance management systems. Key lessons learned appear below.

On performance management:

- There is a connection between employee engagement and understanding the link between individual and organizational performance.
- The hard part for supervisors is setting expectations and engaging in meaningful dialog with subordinates.
- When provided with the necessary tools, including meaningful distinctions between levels of performance, supervisors will identify and deal with poor performers.
- An automated system is no substitute for face-to-face communication.

On implementation:

- First of all, get the basics right; then you can focus on real transformation. Emphasize to stakeholders – particularly executives – that performance management initiatives are long-term in nature. Until the new system is part of the culture, real results are not going to be achieved.
- Leave plenty of time for implementation. Federal agencies have to take into account many considerations – such as Governmentwide initiatives, changes in law, and cultural shifts – when considering the timeline for implementing performance management systems.
- Automate the process and do not reinvent the wheel. There is real intrinsic value to using a single system across a Federal agency. In fact, there is no need for every agency to build its own, different performance management system. The concept of shared services could effectively be leveraged in the area of performance management systems.
- There is no perfect performance management system. And since perfection is not possible, agencies should prepare to deal with negative reactions during implementation.
- Implementation may foster transformation. A successful implementation of a new performance system has the potential to change how employees perceive their performance and communicate with their managers.
- Get a dedicated performance management program manager – a person with a single program focus who can plan and direct the initiative and ensure results are being achieved.

Next Steps

GSA is considering the following near-term next steps:

- Strengthen the connection between organizational and individual performance. GSA invested a substantial period of time – three performance cycles – to institutionalize the new performance management system at the individual level. Now, the agency is planning to focus on the second, more significant and even more difficult dimension: tying individual performance to organizational performance. Individual performance plans already align individual and organizational expectations, so the next task is to examine any gaps between organizational and individual performance and determine how to fill those gaps. This work will build upon the agency’s existing strategic planning process, which includes multiple opportunities to use performance results to inform future goals.
- Build stronger relationships with stakeholders to reinforce the link between organizational and individual performance.
- Standardize critical performance planning elements for some mission-critical occupations. This will set the level of performance GSA needs to execute as an organization.
- Assess GSA’s awards program to ensure it is meeting customer needs and stated objectives, including more closely linking performance and recognition.

Conclusion

Evidence suggests that progress is being made toward improved performance management systems across the U.S. Federal government. Based on reported PAAT scores, OPM claims that “92% of agency performance pilots have improved their systems to an effective level. Agencies are being held accountable for designing and implementing effective performance management systems.”⁵¹

The results of a survey conducted among Chief Human Capital Officers appear to support this conclusion. Nearly all CHCOs surveyed reported positive results with regard to piloting new performance management systems and are in the process of expanding these systems to larger employee populations. They also reported, notably, that multi-level performance management systems are now more common than pass / fail systems.⁵²

Two issues have been raised concerning performance management systems reporting tools and techniques. First, concern has been expressed that the PMA scorecard has become an end in itself. Some agencies are more focused on the process of getting to green than on producing the real results that green is meant to signify.⁵³

Second, multiple sources informed us that PAAT scores improve over time not because practices are improving, but because self-assessment capabilities are improving. Respondents are getting smarter about self-assessing.

The real value of these devices may lie more in providing focus, over providing absolutes. Many CHCOs credit the PMA with focusing Federal agency executives on workforce issues. One CHCO in fact stated, “The PMA actually made things happen in the human capital area that would not have happened otherwise.”⁵⁴

“It is not surprising that Federal employees want their departments to be as effective as possible. They want to do a good job, but they need to know what a “good job” is, i.e., what is expected of them. They want and deserve to have information about how they fit in to the pursuit of their agency’s mission. They want their programs focused on the right outcomes and they want to maximize the results that their programs aim to achieve. They want to be productive, accountable, and challenged. They want to serve their country and also want to grow professionally.”

*Office of Management and Budget
The Federal Government is Results-Oriented
A Report to Federal Employees
August 2004*

⁵¹ http://www.whitehouse.gov/results/agenda/humancapital_year4.html

⁵² Partnership for Public Service with Grant Thornton, *Federal Human Capital: The Perfect Storm*. July 2007.

⁵³ *ibid*

⁵⁴ *ibid*

Similarly, although PAAT scores may be improving because of smarter self-assessors, the tool is undoubtedly sensitizing people to the elements of an effective performance management system – and consequently inspiring systems improvements.

Many believe that some form of performance-based pay will be commonplace across the Federal government in the future. “A clear majority of CHCOs think the General Schedule (GS) pay system is no longer adequate. More than half of the respondents agreed that a more performance-sensitive ... pay system should be a long-term goal.”⁵⁵

Clearly an important prerequisite to any performance-based pay system is a credible, multi-level performance management system that creates meaningful distinctions based on levels of relative performance. And movement toward these more sophisticated performance management systems represents an important milestone in the development of pay-for-performance capability.

The President’s Management Agenda has focused attention on key human capital issues, including employee performance management. In response, OPM has issued policies and guidance that support PMA goals and has provided tools and resources that help agencies put these policies and guidance into practice. Agencies have invested significant resources toward improving human capital effectiveness – transforming, consolidating, and standardizing processes and practices at the agency level and leveraging technology to do so.

A concept that goes all the way back to 2004 – when the original HR LOB Concept of Operations (CONOPS) was published – is *reusability achieved through standardization*. When business processes across multiple enterprises are standardized, the tools and technology that support those processes can be reused across multiple enterprises.

This case study highlights the process improvements and the standardization and consolidation that have occurred across the government in the area of performance management. Much of this has occurred, however, at the *agency* level. It would be interesting to consider the significant return on investment that could be achieved if the same standardization and consolidation were achieved across the government.

It cannot be refuted that effective employee performance management is a *strategic outcome*. Accountability for achieving this outcome will *always* be at the agency. However, the infrastructure, tools, and technology that support this strategic outcome can in fact be shared across multiple agencies, if reasonably standardized business processes are in place in a shared services environment.

“Agencies should share technology; why duplicate technology?”

Lisa Pearson
General Services Administration

Having established and invested over four years of time and resources in this line of business, HR executives across the government should scrutinize every infrastructure dollar they spend

⁵⁵ *ibid*

and ask, “Can I buy this from one of my line of business providers?” Similarly, for repeatable non-mission critical HR processes, HR executives across the government should be asking, “Can one of my line of business providers efficiently perform this process at a lower cost and deliver the same kind of results my own employees deliver?”

We live in tough times for all government, based on a very basic reality: demographics. As populations age and tax bases decline, funding levels are reduced for government programs. At the same time, aging populations have basic health and welfare needs that increase the need for government spending. Costs increase while revenues go down. In this climate, administrative budgets – including HR budgets – are certainly likely to be reduced. In the U.S. Federal government, many agencies’ HR budgets are *already* being reduced. Reducing duplication of assets and reusing existing assets across the government – via the shared services operating model advanced by the HR Line of Business – will be one means of easing this strain.



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