CULTURE CHANGE STRATEGIC PLAN

September 24, 2008

Dear Colleague,

The Culture Change Strategic Plan contains the initial findings and recommendations from the Culture Change Council and Teams. The Plan is only a beginning and serves as a roadmap for developing an ideal robust culture. The fundamental FDIC Mission, Vision, Values, and Commitments are paramount and form the cornerstone of the Plan. The goals and strategies are suggested approaches to achieve the desired culture and will be flexible and fluid in reacting to input, measurement, feedback, and evaluation. The Strategic Plan is an evolving, living document. It is intended to be regularly reviewed, modified and evaluated based on employee feedback. By continually incorporating this feedback, the changes that take place at the FDIC will always represent the broad and diverse viewpoints of our employees. Consequently, employee feedback on suggested enhancements, changes, challenges, or oversights is absolutely necessary for a vibrant culture.

We sincerely welcome your thoughts and suggestions on this document. Please use the Culture Change Website Mailbox to share those with us.

-- Culture Change Council

September 24, 2008

MEMORANDUM TO: Sheila C. Bair, Chairman
Federal Deposit Insurance Corporation

FROM: Culture Change Council

SUBJECT: Culture Change Strategic Plan

Since the original meeting with you in May 2008, the members of the Culture Change Council and the Change Teams for Communications, Empowerment and Leadership have explored a number of important FDIC workplace issues that were identified in the Employee Engagement Survey conducted by the Hay Group. We have developed a set of culture change recommendations, which are included for your consideration, in the attached Culture Change Strategic Plan.

We are available to discuss these recommendations with you and look forward to our meeting on October 7, 2008 to assist with determining the appropriate next steps for implementation or further review. We appreciate this opportunity to share our findings and recommendations with you and look forward to moving forward with these efforts to enhance the FDIC workplace culture.

Attachment

cc: John Bovenzi
Art Murton
Steve App
Jason Cave
Jesse Villarreal
Jim Collins

EXECUTIVE SUMMARY

The initial findings and recommendations of the Change Council and Communications, Empowerment, and Leadership Change Teams, which began their efforts in May 2008 to identify the actions necessary to achieve the desired culture change for the FDIC, are included in this report. The recommendations are listed, in general, in the order of importance. The report also highlights several strategies that can be accomplished in the near term to promote awareness and maintain enthusiasm regarding the Culture Change Initiative.

While the FDIC has several key strengths that it should maintain, employees feel that some aspects of the culture and workplace environment hinder their ability to be successful in their jobs and contribute to the fullest extent to achieving the FDIC's mission. Listed below are desired goals to improve our workplace culture based on knowledge learned through avenues such as employee interviews at various levels, the anonymous mailbox for employee comments and feedback on the Culture Change Website (http://fdic01/FDICCultureChangeInitiative/Index.html), best practices research, outreach meetings, multiple meetings with human resource professional consultants, and conversations with personnel from another Federal agency that is highly rated for employee satisfaction. Each goal is supported by various strategies detailed in this report.

1. ***Develop a leadership culture that aligns with the Corporation's mission and values* –** Incorporate a supervisory assessment instrument as a leadership developmental tool, and improve trust and transparency by encouraging and teaching trust-related behaviors to all supervisors. Establishing realistic workload expectations, providing for sufficient staffing, increasing transparency, and maintaining relevant and timely Corporate Performance Objectives would improve work efficiency at many levels of the Corporation.

2. ***Improve upward communication* –** Seek employee feedback on changes that will impact employees' job responsibilities and work environment. Extending the internal Ombudsman position and re-establishing the Senior Executive Council and the Regional Executive Councils would also promote trust.

3. ***Create a culture that values creativity and innovation* –** Encourage creativity and innovation, while providing sufficient time to complete assignments. This will improve efficiency and empowerment.

4. ***Make decisions at the appropriate level* –** Allow employees to make decisions within the boundaries of their delegations of authority. This would also empower them and increase efficiency.

5. ***Improve downward communication* –** After considering employee feedback, explain the reasons behind the decision made to promote trust and empower employees to take a sense of ownership in the future direction of the Corporation. Connect with employees by delivering significant news via corporate-wide voicemail messages.

6. ***Develop leadership behaviors/competencies that align with the desired culture* –** Promote and encourage all managers to undertake executive training that is based on the desired values,

culture, and competencies. Deliver Lunch and Learn sessions on leadership topics with a focus on weaknesses identified by the Employee Engagement Survey, and share best practices regularly via email.

7. ***Create a culture that accepts reasonable risk-taking* –** Create autonomy within boundaries based upon level of risk, allowing employees to make decisions and take responsibility. Review internal work processes to identify layers of review that can be streamlined.

8. ***Create an effective management succession system that attracts, rewards, and retains good leaders* –** Develop a compensation philosophy that meets both the FDIC's mission and the needs of its employees by implementing reasonable policies related to relocation, locality pay, promotional pay increases, and involuntary position reclassifications.

9. ***Integrate corporate values and leadership competencies into performance and hiring processes* –** Create a performance management system that rewards managers for good leadership skills in accordance with the desired culture. The same leadership competencies should be utilized when hiring employees for management positions.

10. ***Improve communication across the organization* –** Encourage employees to share knowledge across the organization and, if logistically possible, offer attendance to regional conferences or other training venues to subject matter experts who are from outside the office or region. All solicited questions should be answered to demonstrate the commitment to open communication.

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I. VISION STATEMENT

The FDIC embodies a culture where all employees are fully engaged, feel valued, and excel in contributing to the overall mission of the organization. FDIC's corporate values of fairness, teamwork, integrity, competence, effectiveness, and financial responsibility (accountability) are promoted through empowered employees, open and honest communication, and effective leadership. The FDIC is committed to developing strategies to effectively and positively impact corporate culture.

II. BACKGROUND

During 2007, the FDIC, with the active participation of employee representatives, including the strong support of NTEU, conducted an Employee Engagement Survey administered by the Hay Group. The results of the Employee Engagement Survey revealed that the FDIC has several key strengths that it should continue to maintain: employees like the work they do, believe in the mission of the FDIC, and enjoy great benefits, pay, and facilities. However, several aspects of the culture and workplace environment hinder employees' ability to be successful in their jobs and contribute to the fullest extent in achieving the FDIC's mission.

Chairman Bair shared the full report with all employees and expressed her commitment to address opportunities for improvement. She established a Change Council and three Change Teams (Communications, Leadership, and Empowerment) comprised of FDIC employees, managers and executives, including participation and strong support from NTEU, to improve the FDIC's culture where open and honest communication, empowered employees, trust, and effective leadership promote the FDIC's corporate values of fairness, teamwork, integrity, competence, effectiveness, and financial responsibility (accountability). Refer to Appendix A for a membership list.

The Change Council and three Change Teams were established in May 2008. Each group has 12-14 members. The Change Council/Change Team selection process ensured that the groups consist of a broad spectrum of FDIC employees from different grade levels, organizations, geographic locations, and types of positions. The teams represent a diverse group of employees who collectively represent a wide variety of perspectives on FDIC workplace issues.

III. APPROACH & METHODOLOGY

The Change Council and the Communications, Empowerment, and Leadership Teams convened at Virginia Square the week of May 25, 2008 to establish objectives, set goals, and define their roles. Primarily during the months of June, July and August the three teams met in person, via conference calls or video tele-conference to conduct additional research, interview employees, meet with consultants, brainstorm ideas, and craft strategies and objectives. The teams also interacted with each other and the Council in developing goals and strategies. Each team was responsible for its own work product, and the Council provided the framework and timeframes for monthly progress reports. Throughout the entire process, personnel from the Division of Administration (DOA) were instrumental in providing assistance in numerous areas, which allowed the Council and Teams to focus on the task at hand without being distracted by administrative details required to accomplish the goals of the initiative.

The Council developed a vision statement as well as an implementation strategy and sought input from all teams before finalization. In addition, the Council developed an overall communications strategy to ensure that employees were kept informed of the Culture Change initiative and that input and enthusiasm for the project did not diminish. Such communications efforts included FDIC News articles, sponsorship of team ice cream socials in and outreach calls or visits to Regional and Field Offices, and group meetings with Financial Institution Specialists and Honors Attorneys. The Council drew on input from Corporate University (CU), the Office of Diversity and Economic Opportunity, and Strategic Action Learning. The Council also met with representatives from the Nuclear Regulatory Commission (NRC), to learn from their culture change efforts, which, after a number of years has resulted in NRC being recently named the overall best Federal agency to work for by the Partnership for Public Service and American University's Institute for the Study of Public Policy Implementation. In addition, the Council ensured that the Culture Change Website was being effectively reviewed, monitored and responded to, and that questions or comments were being referred to appropriate parties for consideration as well as to the Change Teams. To date, a total of 555 employee comments or questions have been received on the Website.

Each of the Teams determined the scope of their work and the best approach for determining recommended solutions. The Teams conducted exhaustive reviews of the survey findings to gain insight into the areas assigned. Many of the teams met with employee groups to obtain information and feedback on their specific topics. Additionally, expert advice and opinion was gathered from organizations such as the Center for Creative Leadership, The Corporate Leadership Council, Take Charge Consultants, The Hay Group and others. Relevant books and journal articles were reviewed, and best practices information was gathered from external sources such as PepsiCo, Discovery, and other organizations. Team members also scheduled interactive events such as ice cream socials, and several team members spoke at staff meetings or other functions to share our progress and answer questions on the Culture Change Initiative. Throughout the process, the Teams reviewed drafts of Council Vision Statement proposals and other documents, developed Quick-Wins, responded to Council queries, and provided monthly update reports. Once all of the gathered information was synthesized, each of the Teams drafted their initial report submissions and forwarded them to the Council for a September meeting with the collective group.

The Council met to review all the Change Teams' recommended goals and strategies. Then, at a facilitated session, each Team presented its recommendations, goals, and strategies to the entire group, answered clarifying questions, and received feedback. The entire group voted on strategies. In some cases, additional information was required or revisions were needed. In that case, either the originating Team worked to accomplish such revisions, or, if a strategy was broad enough to touch on overlapping issues identified by more than one Team, a newly constituted joint working team was assigned the revision task. Later, all Teams and the Council reconvened to vote on final recommendations. Of the recommendations, a number were specifically identified as "Quick Wins," or early actions, in recognition that some things could be accomplished quickly while others would require more time to develop. A set of criteria was used to determine whether a strategy could quality as a quick win: 1) It had to be linked to the survey; 2) It had to be specific and measurable; 3) The impact had to be meaningful; and 4) The strategy had to be able to be implemented by December 31, 2008.

As such, the process was inclusive, democratic, informed, and thoughtful throughout. Consensus was achieved in most cases; where consensus was not achieved, the strategy was not considered viable to effect change at this time. Some of the issues identified in the Employee Engagement Survey, such as skepticism, perceived lack of empowerment, and not communicating openly, manifested during this process among the teams and among team members. While this is likely to be expected during such an exercise, it illustrates the fact that the task was not an easy one and that cultural issues are embedded and exist even among a group charged with leading such change. However, the end result is encouraging, as team members worked to overcome such culture issues, were entirely dedicated to the successful outcome of this project, and committed to working hard to produce tangible recommendations that they believe will have a meaningful impact.

IV. CURRENT FDIC CULTURE

Communication

The current communication culture is top-down, formal, and lacking sufficient explanations regarding the “why” for decisions made and the “how” for implementation of decisions. Employees feel that they lack a voice in decision-making and that the typical method of communication often tells only part of the story. Honesty and forthrightness is lacking which contributes to an atmosphere of diminished trust. At times, the communication of “bad news” or communication to individuals or sections of the organization outside of the chain-of-command is met with blame and recrimination. With each instance of blame or even the fear of reprisal, information flow is further stifled within the organization. There is a perception that senior leaders are too separated from the workforce in their communications. Important information sometimes moves down slowly, lessening the relevance of the message by the time it reaches the target audience.

Empowerment

The current empowerment culture in the organization reflects a lack of trust. While policy and delegations may allow for decisions at staff and office levels in the organization, at times other requirements prevent staff-level and local decision-making, requiring instead multiple levels of review and signoffs up the organization ladder. Definitions of what should be reviewed at the Regional Office and/or Headquarters may not be clear and so more levels of review and micro-management occur to avoid the risk of wrong decisions or upsetting senior officials for being “out of the loop.” These layers of reviews and approvals often slow down the business of the organization and, in many cases, are not viewed as adding value. The decision-making processes also have the effect of stifling creativity and innovation in the organization.

Leadership

FDIC’s current leadership culture places a premium on technical skills. Leaders are often selected for their perceived conformance to prevailing norms in the organization and for having exhibited high degrees of technical skill in examining banks, resolving failing institutions, analyzing financial data, conducting research, developing policy, and understanding complex financial and legal information. As such, FDIC pays too little attention to, and less frequently rewards, leadership and management competencies. Further, our current leadership culture is viewed as risk averse and tends to demand perfection in decision-making and work products. Deadlines and goals set by managers are often unrealistic and do not take into consideration other competing priorities. Under these circumstances, creativity and innovation are stifled. When innovative, creative work and projects are not perfect or take extra time, there is a tendency to denigrate the individuals who are involved with such work or projects. Conversely, there is a general sense that managers are not dealing effectively with the true poor performers.

Current performance management and compensation systems do not correctly emphasize a breadth of leadership and management competencies and do not reward leaders for successfully meeting the challenges they face each day. The systems themselves may contribute to selfish behaviors from some leaders as they compete for high productivity results and limited reward dollars. A narrow group of candidates apply for leadership positions, further diminishing the opportunity for selecting and developing the most talented future leaders. Constraining business processes, dealing with problem employees, and unreasonable time expectations for managers are seen as negatives with few offsetting positive enticements. Fewer highly able employees are reluctant to step up to the leadership positions.

Desired FDIC Culture

Communication

FDIC employees communicate constructively, with respect and kindness. We encourage everyone to communicate openly and honestly. Information and knowledge sharing are our culture's norm. We support the free flow of information up, down, and across all organizational levels. Everyone's opinion is valued and diverse views are considered when making business decisions. We explain the how and why behind our actions and strive for timely, honest, and transparent communication that fosters trust among all.

Empowerment

Employees at all levels understand the mission and goals of the FDIC. Employees understand and are willing to fulfill their role in achieving success for the Corporation.

We trust employees to exercise sound judgment. Duties, responsibilities, and delegations are clearly articulated by leadership and understood by all. Employees have the necessary tools, training, and guidance to excel in the performance of their duties.

Decisions are timely, aligned with the Corporation's mission and values, made at the appropriate level, and supported and understood throughout the organization. Employee input is valued and respected, routinely sought, and carefully considered in making decisions. We encourage reasonable risk taking, creativity, and innovation, and recognize mistakes as valuable learning opportunities.

Leadership

We place a premium on leadership and management competencies that fully engage our employees and foster trust and mutual respect. Leaders are selected, developed, evaluated, and rewarded for their ability to lead people. Leaders set the example and model behaviors that demonstrate our core values. Inherent in these values are trust in our people and integrity in our actions.

Because FDIC is a knowledge-based agency, our people are our strongest and most critical asset. Leaders are responsible for the development, growth, and success of our employees and are provided the necessary support and resources to do so. This includes recognizing that a healthy work-life balance contributes to more productive and engaged employees. Development of new leaders is an ongoing activity in the Corporation. Leadership roles are highly desired and well regarded.

V. FDIC VALUES AND COMMITMENTS

The FDIC and its employees have a long and continuing tradition of distinguished public service. Six core values guide FDIC employees as they strive to fulfill the Corporation's mission and vision. These values provide clarity around commonly held standards and beliefs, and create a mechanism for employees to work together in the most effective and engaging manner possible. Through an affirmative commitment to these values, all employees of the FDIC continually work to create a corporate culture based on trust, respect, and adherence to the fundamentals of our mission. We believe "financial responsibility" should be replaced with "accountability" which reflects our responsibility to each other as employees as well as our financial responsibility to our stakeholders

Integrity: ***We adhere to the highest ethical and professional standards.***

Value Commitments:

- Corporate policies and decision-making will be aligned with the Corporation's mission and values.
- Decision-making will be transparent and clearly explained.
- Communications will be open, honest, and respectful.
- Employee input will be valued and respected, routinely sought, and carefully considered when significant corporate decisions are made.
- Employees will take personal responsibility for their actions and will honor their commitments.

Competence: ***We are a highly skilled, dedicated, and diverse workforce that is empowered to achieve outstanding results.***

Value Commitments:

- Employee skills and competencies will be continually enhanced through robust training and development programs so that employees can pursue their full potential.
- Leaders will have the training, skills, and competencies required to effectively manage and develop their employees.
- Employees will share personal responsibility for developing and maintaining the skills necessary to perform their duties.
- Employees will receive meaningful feedback on their job performance on a regular basis.

Teamwork: ***We collaborate effectively with one another and with other regulatory agencies.***

Value Commitments:

- Each employee's contribution to the FDIC will be valued and respected.
- Barriers to team effectiveness will be identified and removed.
- Active cooperation and collaboration among employees will be encouraged.
- Open sharing of relevant information, knowledge, and expertise is expected.
- Effective collaboration among divisions, offices, and work units is the norm.

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Effectiveness: ***We respond quickly and successfully to identified risks in insured financial institutions and in the broader financial system.***

Value Commitments:

- Employees are empowered to exercise flexibility and adapt to changes in the financial system and working conditions.
- Decision-making is delegated to the lowest reasonable level.
- Innovative suggestions will be encouraged and thoughtfully reviewed for implementation.
- Employees are empowered to engage in reasonable risk-taking without fear of unfair criticism.
- On a regular basis (at least annually), the structure, staffing, and operating policies/procedures of the FDIC are assessed to ensure adherence with the Corporation's mission and values.
- Workload is effectively managed to accomplish the mission while maintaining a reasonable work-life balance.
- Rules and procedures that represent barriers to effectiveness are removed.

Accountability: ***We are accountable to each other and to our stakeholders to operate in a financially responsible and operationally effective manner.***

Value Commitments:

- The FDIC acts as a responsible fiduciary, consistently operating in an efficient and cost-effective manner.
- Managers accept responsibility for their decisions and promptly address issues that negatively impact operational effectiveness.
- All employees are accountable for adhering to the principles outlined in the FDIC's mission and values.

Fairness: ***We respect individual viewpoints and treat one another and our stakeholders with impartiality, dignity, and trust.***

Value Commitments:

- The diversity of employee backgrounds and viewpoints are respected and valued.
- The processes for decisions regarding performance, pay, awards and promotions are transparent and fairly administered.
- Employees are provided effective mechanisms for prompt and fair resolution of issues and disputes.
- Employees behave in a way that inspires trust among one other and among stakeholders.
- Policies and procedures are applied fairly, without bias or favoritism, to all employees.

VI. RECOMMENDATIONS:

In his book, *The Speed of Trust, The One Thing That Changes Everything*, author Stephen M. R. Covey writes, “There is one thing that is common to every individual, relationship, team, family, organization, nation, economy and civilization throughout the world – one thing which, if removed, will destroy the most powerful government, the most successful business, the most thriving economy, the most influential leadership, the greatest friendship, the strongest character, the deepest love. On the other hand, if developed and leveraged, that one thing has the potential to create unparalleled success and prosperity in every dimension of life. That one thing is trust.”

Trust means confidence, and confidence is the backbone of the FDIC’s mission. Without the confidence of our employees and the public, we cannot meet our mission at its most basic level. Therefore, the goals and strategies outlined below are designed to transition the FDIC’s culture to one of trust, by providing for open communication, empowered employees and strong leadership.

Leadership sets the tone for the organization’s culture. As the Hay Group advised us, as “much as an organization would like to tell its people to communicate and make decisions and have them do it, communication and decision-making are cultural elements that must be modeled from the top of the organization (Board of Directors and all senior leaders). For example, if employees do not see their leaders modeling open communications, they may feel it is too risky to do so themselves.” Accordingly, the goals and strategies outlined below begin with changes to the FDIC’s leadership culture.

The goals and strategies outlined below are the recommendations submitted by the Council and Change Teams to change the culture of the FDIC. These recommendations were fully vetted by Council and Change Team members at the September all-teams meeting. Some of the recommended strategies are also considered short-term deliverables and are referenced in Part VII as “Quick Wins.”

Goal 1: Develop a leadership culture that aligns with the Corporation’s mission and values.

Strategy 1: Incorporate a “360°” Supervisory Assessment Feedback type instrument into leadership training as a developmental tool.

An assessment of supervisory and management skills should be part of the leadership curriculum and development programs established based on the corporate values and leadership competencies. However, we first need to identify those values and competencies and then determine which one of the available assessment tools will best meet our needs. Additionally, the term “360°” appears to be used in a generic sense for all assessment tools. There are many options and approaches that could support our culture change effort. We recommend that assessment tools be fully investigated and an informed decision be made on which tool best meets the needs of the FDIC. An initial assessment of each manager and supervisor will establish a baseline against which improvement can be measured by using a follow-up assessment at a future point in time. Whichever tool we choose, we need to ensure that it assesses each supervisor's success/ability in modeling the values and commitments inherent in our new culture.

We recommend an instrument that is focused on trust, leadership, and development factors. We further recommend that follow-up sessions be required with a coach to determine feedback, reactions, and recommended actions. Supervisors should report to their staff members what they plan to do to create change based on the feedback they received. A key factor to establishing successful feedback will be creating a framework where employees will provide honest feedback safe from retaliation.

Accountability is another issue evident from the Employee Engagement Survey. Employees have indicated that they would like an assessment process that ties the assessment results to the respective supervisor's compensation. However, an initial review of industry best practices suggests that assessment tools are generally used as developmental tools and not tied to compensation.

Timeframe for Completion: 12/31/2009
Responsible Entity: CU

Strategy 2: Improve trust and transparency among FDIC staff and leaders.

Trust is considered foundational to many of the issues identified in the Employee Engagement Survey. As such, we recommend the trust training content should be based on the 13 trust behaviors cited in the Stephen Covey book *The Speed of Trust*. Ideally, the training would be provided by the Covey organization, as doing so would lend credibility to the process. All Executive Managers (EMs) would participate first, including invitations to the Chairman and internal Board Members. Subsequently, all Corporate Managers (CMs) would be provided the opportunity to attend sessions on trust. The trust behavior concepts should also be incorporated into all leadership training going forward.

Timeframe for Completion: 10/31/2008
Responsible Entity: CU

Strategy 3: Create realistic workload expectations, provide for sufficient staffing, and allow management to focus on "people management."

Conduct a comprehensive analysis of span of control, supervisory workload and staffing levels, and make adjustments necessary to ensure that managers have the ability to focus on people management. Field-level personnel should be involved in this process. The fundamental issue here is that supervisors and managers need time to manage and therefore require the necessary resources in terms of staff to accomplish the mission.

Many of our culture problems can be directly tied to supervisors and managers not having time to spend on people management. Many supervisors have little time to appropriately mentor, coach, reward, address performance or behavior problems, identify training needs, create development opportunities, communicate frequently, and spend time with employees to build bonds and foster trust. With little time to focus on these important activities, it is not surprising that employee morale has plummeted and trust has diminished since the significant reduction in supervisors with the reorganization in 2002, combined with significant added non-supervisory workload. Management workload and spans of control are inconsistent, and, in many cases, the current span of control exceeds manageable levels. There is a critical need to create realistic workload expectations and provide for sufficient staffing. If this supervisor and management workload issue is not addressed, it will be very difficult for the culture change initiative to be successful. No amount of training or changes in procedures can compensate for suitable face time with employees.

Timeframe for Completion: 3/31/2009
Responsible Entity: Division and Field Representatives

Strategy 4: Consider the impact of requests on staff.

All executives and managers must consider and determine the impact of requests on staff, workload, and other priorities. Workload requests should establish realistic timeframes for responses and take competing priorities into consideration. The existing FDIC cultural norm is to please up-the-chain at all costs, and every assignment from senior management is considered a priority. Last minute or weekend requests should be analyzed to ensure there is a balance between work and personal life priorities. The current cultural mentality has an adverse impact on staffing at all levels because it results in competing priorities and negatively affects employee morale. We recommend the Chairman send a global email to remind executives and managers to consider the impact of requests on workload and competing priorities.

Timeframe for Completion: 12/31/2008
Responsible Entity: Chairman / Operating Committee / EMs

Strategy 5: Allow a reasonable length of time to complete assigned tasks.

Establish a policy that non-mission-critical tasks assigned after hours, on Friday afternoon, or over the weekend must have a target completion date that incorporate a reasonable length of time for completion. EMs and managers should be able to re-prioritize existing assignments and reallocate work if the new task requires immediate attention.

Timeframe for Completion: 3/31/2009
Responsible Entity: All Senior Managers

Strategy 6: Assess Corporate Performance Objectives (CPOs).

Assess CPOs for relevance on an ongoing basis. Revise, modify, eliminate or re-establish requirements if they are no longer relevant or critical based on current realities. The current FDIC culture is to devote resources to a CPO even if it is no longer the best use of limited resources.

Timeframe for Completion: 11/30/2008
Responsible Entity: Division and Office Directors / COO / Chairman

Strategy 7: Eliminate unnecessary workload, processes, or reports.

Require each manager or supervisor to undertake an analysis or process review and identify at least three to five items that no longer need to be completed ("nice to have" versus "need to have" should be the standard) that will result in reduced workload or improved efficiency. The review should be conducted in conjunction with employees to identify unnecessary processes or reports that can be eliminated.

Timeframe for Completion: 12/31/2008
Responsible Entity: Division and Office Directors / COO / Chairman

Strategy 8: Increase the transparency of the FDIC Human Resources Committee (HRC).

Increase the transparency of the HRC by publishing its mission, background, scope, and membership. Many employees perceive that the HRC is a powerful decision-making body on critical human resource matters, and some of its decisions have negatively impacted the current culture. Increasing transparency in the role and membership of this committee may help ease concerns.

Possible ways to increase transparency:

- Publish the objectives, membership, and background of the HRC on the FDIC's internal Website. Explain the scope of the HRC and whether its focus is strategic or operational.
- On a periodic basis (such as quarterly), make available to employees the agenda of general items discussed by the HRC without jeopardizing the confidentiality of the HRC discussions.
- To foster new ideas and various perspectives:
    - ✓ Rotate regional executive representation on the HRC.
    - ✓ Include one or two at-large executives.
    - ✓ Review the need and/or effectiveness of communicating the HRC discussions and recommendations to executives.

Timeframe for Completion: Publish mission and membership by 12/31/2008
Responsible Entity: COO

Goal 2: Improve upward communication.

Strategy 1: Seek employee input.

Employees who prepare internal directives, circulars, or memorandums outlining policy decisions that will affect employees' job responsibilities or work environment, should post the draft documents under consideration, in general, for at least ten business days on a corporate Website established for the purpose of allowing employees an opportunity to review and provide comments. Comments should be directed to the point of contact for the directive or circular. Commenting is voluntary and will not be anonymous so that the commenter can be contacted for clarification. This process is similar to the notice and comment rulemaking process used for regulations or policy decisions that affect the public. Additionally, surveys or voting buttons should be used to get feedback on significant issues that directly affect employees. These issues might include topics such as business process changes, preferences for office location, laptops, or office equipment.

For upward communications, employees should have a voice in decisions that affect them and their working environment. For cross-organizational communication, this strategy will allow each division and office to consider and offer opinions on items that may have cross-organizational implications, either intentionally or unintentionally. This strategy will help address the perception that decisions are often made without seeking or considering input from the individuals most affected, or those who will be implementing the policies and procedures.

Timeframe for Completion: 12/31/2008
Responsible Entity: DOA / Division of Information Technology (DIT) / NTEU

Strategy 2: Extend the internal Ombudsman position established by the Chairman.

Employees fear raising issues of a delicate or troublesome nature, such as those involving perceived actions in conflict with FDIC values, with other employees or leaders. Employees at every level of the FDIC, including managers and leaders, need to be able to feel they can raise issues in a safe, confidential environment without fear of retaliation. Some employees feel the relationship between management and the Union is dysfunctional, and employees fear retribution if they initiate a grievance through the Union. Once an issue goes to the Union, DOA's Labor Employee Relations unit becomes involved and the perception is that the situation becomes confrontational, formal, and results in no action because the situation is pushed up to higher levels of management. Employees want an informal mechanism to address issues at the local level where an impartial party could solve issues with simple and fast conversations with the employee and manager. When the FDIC's Office of the Ombudsman was initially created, it included an avenue for employee issues; however, the mission of the Office was later refined to focus solely on external or bankers' issues. The Chairman recently created a new Internal Ombudsman position as a six-month pilot which addresses these concerns. It is recommended that the pilot be extended to year-end 2009 in order to better gather data to support the possibility of making it a permanent position.

Timeframe for Completion: 12/31/2009
Responsible Entity: Chairman

Strategy 3: Re-establish the Senior Executive Council (SEC) and the Regional Executive Councils (RECs).

Re-establish the SEC and the RECs. These Councils were originally established by the FDIC and NTEU as an expression of their commitment to create a relationship based on trust, respect, and a clear understanding of each party's interests. The SEC and RECs will attempt to resolve issues in a non-adversarial manner through the utilization of interest-based problem solving techniques. The goals of the Councils are to have a dynamic and constructive relationship that will optimize the effectiveness of the FDIC and the quality of work life for all employees.

Re-establishing these groups would send the message to employees that management and the union are committed to working better together. These groups should be at the national and regional levels, comprised of management and union representatives, to provide pre-decisional employee input and collaborative, proactive problem-solving. The councils should provide regular reports to employees via its Website and, where appropriate, through global emails. The RECs will eliminate the current Labor Management Relations Committees.

Timeframe for Completion: 12/31/2008
Responsible Entity: COO, Regional Directors, NTEU

<u>Goal 3: Create a culture that values creativity and innovation.</u>

Strategy 1: Enhance the rewards and recognition program.

Establish a Champion of Corporate Culture Award. This award would be given to the person or team that best displays the FDIC's core values. Creation of an award to recognize such persons will encourage employees at all levels of the FDIC to live and demonstrate FDIC values in their professional life. This new award could be announced with the Culture Change Initiative roll-out, and the first one can be awarded in May 2009 at the Annual Awards ceremony.

Establish a PERFORM Award. Expand the rewards and recognition program to include a nomination for a supervisor who has embodied the spirit of creativity and empowerment at the FDIC. The purpose of the existing rewards and recognition program is to encourage and reward employees, individually or in teams, for contributions that substantially exceed the scope of achievement normally expected as part of the job. Technical work is recognized more frequently than creativity or innovation. It is recommended that an award be established to identify supervisors and employees who integrate empowerment and creativity in carrying out the mission of the FDIC. Similar to the STAR acronym, this award could be called "PERFORM: P-Purpose, E-Empowerment, R-Relationships, F-Flexibility, O-Optimal Performance, R-Recognition and Appreciation, and M-Morale."

Timeframe for Completion: Champion of Corporate Culture Award by 11/1/2008
PERFORM Award by 6/30/2009
Responsible Entity: All supervisors/ FDIC News / Chairman

Goal 4: Make decisions at the appropriate level.

Strategy 1: Assess and revise our practices regarding delegations of authority.

The current process is that formal delegations are reviewed and revised periodically. While the process is considered acceptable, there is a perception that we fall short in permitting the stated delegations from being exercised. Often, little explanation is provided when delegations are rescinded for a particular action. The issue may be resolved by more broadly explaining the basis (the "why") for the action. For example, there is a lack of understanding in the field about the current handling of brokered deposit waiver applications and niche deposit insurance applications. Clear and open communication from the top of the organization about the bases for the changes in delegations (whether it be clear rescission or added layers of review before delegated authority can be exercised) would help employees to better understand the issues facing the Board and senior management during this difficult time.

In order to assess current practices, develop a tracking system to document when delegations of authority are rescinded or not exercised. In some cases, it may be entirely appropriate for the specific delegation to be rescinded or not exercised. In others, it may be a management issue that needs to be identified and resolved. When the existing formal delegation is not longer appropriate given the environment, it needs to be reviewed and possibly changed at the next review of delegations. Revisions should be made as appropriate. Refer to Appendix B for a possible assessment tool.

Timeframe for Completion: 12/31/2009
Responsible Entity: Division and Office Directors / DIT / Board

Strategy 2: Designate responsibility for technical briefings to Subject Matter Experts (SMEs) when possible.

The Chairman should instruct all executives, managers, and supervisors that SMEs and other staff level technical experts are encouraged/expected to brief management at the Board, Division, and Regional levels on technical or specialized issues in lieu of executives or managers whenever possible.

The goal is to empower employees by demonstrating that they are trusted by their leaders to represent their division or office, demonstrating that their work and ideas are important and valued, and reinforcing that they are responsible for performing at the full level of their responsibilities and are given opportunities to do so. Such use of SMEs and other staff also promotes the cultural shift to a leadership culture in which management's time is spent on development rather than the expectation of the highest level of technical expertise. We recommend the Chairman issue a global message encouraging increased reliance on SMEs.

Timeframe for completion: 10/31/2008
Responsible Entity: Division and Office Directors / Chairman

<u>Goal 5: Improve downward communication.</u>

Strategy 1: Explain "why" in directives and circulars.

When final corporate-wide and internal directives, circulars, and other anticipated initiatives are issued, the final document (directive, memorandum, etc.) should include a "why" section which describes the reasoning behind the final decision, the alternative solutions considered, and why the ultimate decision was made. This section should be utilized in conjunction with another suggested strategy for improving upward communication by seeking employee input on policies that impact them. Accordingly, this section should also include a general recap of the comments, note the total number of comments received, and describe how the comments impacted the final decisions.

Incorporating this explanatory section into all corporate-wide and internal directives, memoranda and/or circulars will demonstrate to affected individuals that their comments and suggestions have been heard and have been considered by management. This new transparency in decision-making will promote a more trusting environment and serve to empower the employees to take a sense of ownership in the future direction of the Corporation.

Timeframe for Completion: 12/31/2008
Responsible Entity: DOA

Strategy 2: Send Corporate-wide voicemail messages from the Chairman's Office.

When news of significant events or important messages need to be delivered, the Chairman or designee will send a corporate-wide voicemail broadcast message to all employees explaining the issue and delivering the message in a forthright, timely, and personal way. Feedback received from personnel who have worked with other agencies utilizing this technique indicate that employees feel engaged and valued when they receive these messages.

Timeframe for Completion: 10/31/2008
Responsible Entity: DOA / DIT

Goal 6: Develop leadership behaviors/competencies that align with the desired culture.

Strategy 1: Establish a leadership development curriculum.

Establish a series of mandatory courses based on FDIC's desired values, culture, and competencies as redefined and validated. The curriculum should be provided throughout employees' careers even prior to becoming a supervisor or manager at the CM or EM levels.

Timeframe for Completion: Ongoing
Responsible Entity: CU

Strategy 2: Develop Training on Leadership Priority Model.

Misaligned leadership priorities have been a significant contributor to the negative perceptions expressed by FDIC employees. Managers are often perceived to put themselves or their supervisors ahead of the FDIC's mission and its people. There is also a perception that managers become "protectors of process" and are unwilling to acknowledge mistakes, take intelligent risks, or implement new ideas because of their lack of corporate commitment or fear of supervisor retaliation. The Leadership Priority Model provides a cultural norm for leadership action at all levels. We believe that operating with these basic concepts will help to improve interaction among FDIC managers and enhance employee trust and engagement.

Priority One
Mission

Priority Two
People

Priority Three
Supervisor/Process

Priority Four
Self

Priority One - Mission First: Effective leaders believe in the FDIC's core mission and are committed to the Corporation's success. These leaders are able to articulate a clear and consistent message, and they earn employee respect because of their competency, honesty, and dependability.

Priority Two – People Are Our Most Important Asset: While effective leaders place the Corporation's mission as the first priority, they understand that the mission cannot be accomplished without a competent and engaged staff. They are demanding, but understanding of the personal and professional needs of each employee. These types of leaders always make sure that their employees are supported, not just with resources, but with personal commitment. They shun process and procedures that are an impediment to the mission. They command loyalty and respect because of their fairness and honesty.

Priority Three – The Mission Is More Important than the Process: Effective leaders in the new culture do not take action simply because of a procedure or a supervisory suggestion. They professionally question policies or directives that are inconsistent with the mission or misaligned with the corporate values. Because the new culture supports dialogue and empowerment, next-level supervisors are not offended when their directives are questioned by their subordinate supervisors. Instead, they expect that truthful and meaningful discussion of the issues takes place to create an environment where the truth is heard. As a result, senior level supervisors are able to make the best decisions possible. In the end, while disagreements may persist, these new leaders always work to fully support the final decisions that are made. Because these supervisors have been involved in the vetting process, they are able to articulate to their staff members the reasons for certain actions, further engendering trust and respect.

Priority Four – Leaders Put Themselves Last: Effective leaders channel their egos away from themselves and into the larger needs of the Corporation. While ambitious, their ambition is first and foremost about the mission, not about themselves. Under the new culture, performance recognition does not come from blind alignment with superiors or processes. Instead, it comes from the effectiveness of the work unit and the display of higher level management competencies.

Mission, People, Process, Self is the priority leadership alignment for the new culture.

Timeframe for Completion: 12/31/2009
Responsible Entity: CU

Strategy 3: Develop leadership communication training.

Develop leadership communication training that would be mandatory for all EMs as a separate course, and integrate it into all leadership curriculum courses. Training should be appropriately tailored to the various target audiences. Training would be developed and delivered to EMs by mid-year 2009 and delivered to all CMs by year-end 2009.

The content should focus on methods for effective communication, visibility, positive and negative forms of communication delivery, and other areas where FDIC has often shown the need for more development. Some of this content is already contained in existing leadership core training offerings, but should be revisited and enhanced as part of the curriculum redesign process.

Suggested content area examples include *How to*:

- deal with passive/aggressive behavior,
- coach negative employees,
- deal with poor/low performers,
- approach and communicate effectively with confrontational and problem employees/peers/supervisors,
- give tough feedback to co-workers and bankers,
- establish a collegial environment,
- empower your team to take intelligent risks, and
- communicate and interact effectively with geographically dispersed staff.

Timeframe for Completion: 6/30/2009
Responsible Entity: CU

Strategy 4: Promote executive coaching for EMs and CMs.

FDIC, through CU. currently provides access to certified executive coaches for newly appointed EMs. This program should be expanded and made available, in phases, to all EMs and CMs to help them enhance their leadership skills and abilities. These coaches should be utilized as part of career development throughout their careers as a resource that will help provide tools to deal with changes in corporate structure, staffing, and related management issues.

Timeframe for Completion: Executive Coaching for all EMs – 12/31/2008
Executive Coaching for all CMs – 3/31/2009
Responsible Entity: CU

Strategy 5: Conduct Lunch & Learn sessions.

Initiate delivery of lunch and learn sessions to all EMs on leadership topics with a focus on weaknesses identified by the Employee Engagement Survey. The sessions will be conducted by a combination of outside experts and in-house leaders with specific skill sets. Divisions and Offices may also sponsor a specific session of special interest to that group. The first session will be delivered before November 30, 2008. In 2009, we recommend these sessions be expanded to include CMs, using available technology such as VTC/Webinars or in conjunction with periodic meetings such as quarterly Field Supervisor meetings, Division Manager meetings, or Supervisory Examiner meetings.

Timeframe for Completion: First session by 12/1/2008
Responsible Entity: CU

Strategy 6: Share "Tip of the Week."

Share best practices with respect to leading, motivating, rewarding, communicating, and empowering employees, in email messages through CHRIS Manager. These tips should begin with the roll-out announcement of the Culture Change Initiative on or about December 1, 2008. A weekly message should be sent through March 31, 2009 to all executives, managers, and supervisors to help establish the change culture. Starting the first week of April 2009, the frequency of the messages may be changed to once a month in order to reinforce the message without making the messages appear routine. Refer to Appendix C for a list of sample messages.

Timeframe for Completion: 12/01/2008-3/31/2009 for weekly tips; 4/2009 monthly tips
Responsible Entity: Change Council

Goal 7: Create a culture that accepts reasonable risk-taking.

Strategy 1: Create autonomy within boundaries based upon level of risk.

The current expectation of perfection from all levels of the FDIC stifles empowerment, decision-making, and innovation. While there is a need for establishing standards when perfection is necessary, there are incidences where room for discretion can be allowed. Managers should adopt a coaching attitude, as learning opportunities are essential for developing employees.

Autonomy involves taking responsibility for work products. To be successful, employees need to understand how their efforts contribute to the overall mission of the FDIC. Firm boundaries within which decision-making may be exercised are essential. Risk-taking and decision-making should then be permitted and encouraged within these boundaries.

Each work unit/division should decide risk tolerance for various work products and communicate this widely: for example, in the procedures manual for each work unit. In order to assess the risk tolerance, certain objective criteria need to first be established to assess the tolerances, such as:

- Is the work product available publicly?
- What would be the impact to the public good if this information were inaccurate?
- What would be the impact to the FDIC if the information were inaccurate?

Timeframe for completion: 9/30/2009
Responsible Entity: All division/offices and work units

Strategy 2: Review work processes to find potential for streamlining.

A crucial component of empowerment is understanding how each work unit's products and activities contribute to the overall FDIC mission. Each work unit needs to align its activities with the FDIC's mission and core values, and the Corporation needs to consider eliminating activities that are not aligned with its mission. Each unit could develop a procedure manual that details work flow, how the work fits into the FDIC as a whole, and decision-making parameters.

Timeframe for completion: 12/31/2009
Responsible Entity: All division/offices and work units

Strategy 3: Eliminate extraneous layers of review and reduce reporting.

There are a multitude of work processes that currently include numerous reviews and sign-offs prior to finalization. Although the levels of review are designed as a control point or to communicate information, personnel who perform the middle review layer frequently do not have the time to review all of the documents that a process includes. Furthermore, the layers of review often result in unnecessary cosmetic editorial changes for next-level preference. A ceiling number of reviewers should be established for the most critical documents, and any work processes that exceed that number should be re-designed. The elimination of layers of review will provide additional time as well as encourage front-line employees with the knowledge that their work will not be edited multiple times.

Examples of processes that have numerous layers of review include:

- Global emails – Global emails, such as those announcing internal software changes, have to be approved by several layers of management including the Chairman's Office. This delays timely dissemination of information and creates an expectation of perfectionism.

- Directives – When directives involving more than one division are issued, sometimes as many as five signatures are required prior to DOA and Office of Inspector General (OIG) signing off. For even a minor change to the directive, the same procedures are triggered all over again

Timeframe for completion: 12/31/2009
Responsible Entity: All division/offices and work units

Goal 8: Create an effective management succession system that attracts, rewards, and retains good leaders.

Strategy 1: Develop a leadership career path.

Leadership career paths should be identified and outline leadership competencies, especially competencies at various managerial levels, to help interested employees to prepare themselves relative to various management level positions without guaranteeing selection into a leadership position. The leadership career path would identify desirable or required developmental activities, relevant internal and external leadership courses, job experience and/or educational requirements, and other relevant leadership activities.

As a first step in this process, a review of current job descriptions of management level positions should be completed in order to better align descriptions with current responsibilities and competencies. Once leadership competencies are modified and desired behaviors are identified and validated, these should be written into job descriptions and vacancy postings. Selection of future leaders should take into account a candidate's preparation to fulfill management and leadership responsibilities and competencies.

Timeframe for Completion: 12/31/2009
Responsible Entity: HRC / DOA / CU

Strategy 2: Develop a comprehensive compensation philosophy that meets the mission of the Corporation and the needs of FDIC employees.

Our current leadership compensation program consists of a conglomeration of themes and short-term adjustments that have been implemented in a disjointed manner over time. The FDIC needs to develop a long-term strategy aimed at developing employees as leaders and ensure that they are compensated and rewarded appropriately whether they chose to follow a technical or a management career track. Several components of this strategy are to review and ensure that the FDIC is a leader in pay and benefits not only among the FIRREA agencies, but also among other federal financial regulatory agencies. The failure to maintain the position as a leader has had a negative impact on hiring of new employees, retaining employees, and the willingness of staff to assume management positions. The Corporation's desired philosophy should be incorporated into, and become the basis for, a comprehensive compensation policy that is openly communicated corporate-wide.

Timeframe for Completion: 3/31/2009
Responsible Entity: DOA / HRC / NTEU

Strategy 3: Formulate a relocation policy that realistically addresses the significant costs associated with relocation due to a promotion or other work-related move.

The FDIC should formulate a relocation policy that realistically addresses the significant costs associated with relocation due to a promotion or other work-related move. Employee Engagement Survey findings indicate that the current relocation program fails to provide appropriate incentives to attract competent leaders to relocate, and creates a lack of trust and respect for FDIC leadership.

The lack of a suitable relocation policy that realistically addresses the financial impact associated with moving to a high-cost location is an impediment to attracting high-quality employees to post for leadership positions in these locales. Further, as a result of changes made to the relocation policy during the housing boom with respect to the timeframes for completing the sales process of an employee's existing home, employees are wary of posting for leadership positions even in non high-cost areas. In addition, the FDIC should compare our relocation incentives to other federal agencies and communicate the findings to the staff.

Timeframe for Completion: 6/30/2009
Responsible Entity: DOF / HRC / NTEU

Strategy 4: Assess the impact of the current locality program on its ability to attract and retain high caliber employees, especially in high-cost areas.

There are significant differences in locality pay between the federal banking agencies across several high-cost locations. A comparison of the FDIC's locality pay percentages with those of other federal agencies should be included in the review. To add transparency to the process, the results of the review and the method used in determining the locality adjustment should be communicated to the employees.

Timeframe for Completion: 6/30/2009
Responsible Entity: Division of Finance (DOF) / HRC / NTEU

Strategy 5: Review current promotion-based pay increase of up to 7.5 percent and consider reverting back to the former 10 percent salary increase upon promotion.

Increase the pay raise for promotion to a management or supervisory position from the current level to a minimum of 10 percent. Informal discussion with staff at various levels, including supervisors and managers, indicates that the current pay structure is a disincentive in attracting the qualified candidates to seek leadership positions. In addition, failure to address existing pay inequities has negatively impacted the morale of those promoted under the existing system.

In order to address ongoing morale issues and pay inequities that have resulted from the initial application of the CM and EM pay programs, the Corporation should take an immediate look at several groups of individuals who were adversely impacted and make appropriate back-pay adjustments.

Timeframe for Completion: 6/30/2009
Responsible Entity: HRC / DOA / NTEU

Strategy 6: Review EM/CM job changes that warrant a promotional pay increase.

Review and expand the types of job changes that warrant a promotional increase. The FDIC has implemented a practice that, in effect, discourages qualified individuals from actively seeking a higher level position. An examination of those who were negatively impacted by these policies needs to be conducted and appropriate back-pay corrections made.

Examples of affected individuals include, but may not be limited to: an EM not receiving a pay increase when posting for another EM position, even if the responsibilities and duties are clearly greater; a non-supervisory CG-14 who accepts a supervisory CM-1 position without receiving a promotional increase despite the increased responsibilities; and a DSC CM-1 Supervisory Examiner (SE) promoted to a CM-1 Field Supervisor position without receiving an increase in salary despite assuming a notable increase in responsibilities.

Timeframe for Completion: 6/30/2009
Responsible Entity: DOA / HRC / Chairman

Strategy 7: Identify those individuals who were subject to an involuntary position reclassification at a higher level without a corresponding increase in salary, and address the matter in an appropriate manner.

Using a DSC example again, CG-13 SEs in place when the position was reclassified as a CM-1 (often referred to as "legacy SEs") did not receive any increase in salary with the reclassification. In contrast, a CG-13 field examiner selected for a CM-1 SE position would likely receive a promotional pay increase. This practice has resulted in CM-1 SEs with less experience often receiving a notably higher salary than the "legacy SEs."

A second group recommended for a compensation review is the group of former E-IIs who were reclassified two levels lower to CM-2s, forcing them down into a lower pay band which effectively cut their pay because of the CM-2 lower pay band ceiling. Disparate treatment of these E-IIs further occurred when, at the same time a number of Grade 15 supervisors were also reclassified CM-2--two levels higher--which effectively increased their pay because of the higher CM-2 pay band. One example of this is the former E-II Regional Counsels who were reclassified and downgraded to CM-2s with no change in responsibilities while the Grade 15 Deputy Regional Counsels were promoted to CM-2s, also with no change in responsibilities. We recommend that the pay of the former E-IIs be adjusted for past inequities and that the pay band ceiling for this group be expanded so they can fully realize future pay adjustments to their basic pay.

Timeframe for Completion: 3/31/2009
Responsible Entity: DOA / HRC / Chairman

Goal 9: Integrate corporate values and leadership competencies into performance and hiring processes.

Strategy 1: Revise the PMP System to evaluate and reward leaders for good leadership in accordance with the desired culture.

Create a performance management system for leaders that focuses on people management. In order for real change to take place, leadership values and competencies must be consistently modeled by managers throughout the Corporation. One possible option is to consider a model that examines performance from two perspectives: Business Results and People Results (PepsiCo is one company that uses this approach). "People Results" measure the quality of work with direct reports, work with peers, as well as performance against personal development goals.

FDIC's "People" rating should be tied to employee retention, satisfaction, and development. Specific metrics need to be developed to enable managers to set meaningful goals and targets. It will be extremely important to create a PMP system which managers believe is reasonable. This will be perceived as an additional duty without a commensurate work reduction. A review of management workload and span of control, and the ability to delegate responsibilities downward is critical prior to implementing a new PMP system. An analysis should be performed to ensure that the increased emphasis on "People" does not further discourage employees from moving into management positions due to workload.

Timeframe for Completion: 12/31/2009
Responsible Entity: HRC / DOA / NTEU

Strategy 2: Revisit and revise hiring/selection/promotion criteria to include Leadership Priority Model and revised competencies.

Identify specific competencies and behaviors that would be displayed by an individual manager. Competencies are defined as how leaders perform their jobs. Behaviors are how leaders demonstrate these competencies on the job. Once these competencies and behaviors are developed, ensure that they are considered in the hiring/selection/promotion criteria. Competencies and behaviors should be included as part of the application, knowledge and skills assessment, and interview process.

Timeframe for Completion: 12/31/2009
Responsible Entity: CU

Goal 10: Improve communication across the organization.

Strategy 1: Redesign the FDIC internal Website.

FDIC's internal Website has not been updated in more than six years. The design and content are flat and uninteresting compared to the external site, which was recently updated and reflects FDIC to the outside world. The internal site can be a powerful, highly visible tool for FDIC's employees. It can strengthen the FDIC's commitment to creativity and innovation and demonstrate its mastery of current technology.

A redesigned internal Website can reflect our new culture to our own employees as well as share information across the organization in a timely, dynamic way. Technology exists to make the internal Website more informative and improve the search function. The internal site can serve as a hub of communication and knowledge management. Websites such as USA Today, CNN Money, and MSNBC are positive role models FDIC could emulate.

Overall design features which will improve the Website and better reflect FDIC's new culture include a more robust search engine that can result in fewer clicks to find important information, business resources, press releases, messages regarding important media presentations, streaming video, positive stories on culture change, and daily or more frequent information updates. The Website can also be the venue to gather employee input on draft directives and circulars; and to post quick references, such as a listing of FDIC acronyms.

Timeframe for Completion: 3/31/2009
Responsible Entity: OPA / DIT

Strategy 2: Share information and knowledge.

Develop an information repository in each Division or Office to share information with other divisions, offices, and regions to improve cross-divisional and regional communication and knowledge sharing. Such information could include business practices, scripts from regulatory conference calls, and breakout-sessions from training conferences.

Timeframe for Completion: 11/30/2008
Responsible Entity: Regional Division Staff / CU / DIT

Strategy 3: Broaden conference attendance.

Consider broadening participation in Regional and Divisional Training Conferences, or other training events where possible, to include invitations to representatives of other divisions and offices. This will improve cross-divisional and regional communication by providing more opportunities for personal interaction with colleagues and access to information. Employees attending these conferences from invited divisions should share the materials and information with colleagues upon their return.

Timeframe for Completion: Ongoing
Responsible Entity: All Divisions and Offices

Strategy 4: Publish pictures and employee biographies in Outlook.

This will be a voluntary process intended to help build employee engagement across the organization and improve the sense of community within the agency. Employee photos and bios will help employees get better acquainted. DOA and DIT are working to implement the Department of Homeland Security initiative HSPD-12, which requires updating employee background records and the issuance of new identification cards. This strategy could be implemented as part of that initiative, and the technology exists within the current Outlook system.

Timeframe for Completion: 2009 – linked to the new HSPD-12 employee ID badge process.
Responsible Entity: DIT / DOA

Strategy 5: Publish email etiquette ("E-havior") guidelines.

Electronic mail guidelines, "E-havior," are FDIC's version of email etiquette for employees. Employees can refer to this list as a reminder on how best to utilize FDIC's email system without inadvertently offending or obstructing a fellow employee's work environment. Eventually, this proposed document can be shortened to five key phrases which can be incorporated onto a coffee mug, a mouse pad, or some other corporate item for easy reference. Refer to Appendix D for suggested email etiquette guidelines.

Timeframe for Completion: 11/30/2008
Responsible Entity: OPA

Strategy 6: Answer questions that are asked.
FDIC employees have expressed frustration that when they have been encouraged to ask questions, those questions are not answered either at the designated event or in the designated follow-up venue. Whenever questions are requested and submitted by employees in advance of meetings or conference calls, those questions should be answered during the event to the extent possible, or at a minimum via a follow-up email or call. The goal of this recommendation is to improve upward and downward communication, and assure employees that questions or issues are not being purposefully avoided or ignored.

Timeframe for Completion: On going
Responsible Entity: All senior managers and supervisors

VII. QUICK WINS

Quick Wins are also known as a "tactical plan" or "early actions" and represent action items that should be accomplished in the near term to demonstrate responsiveness to the concerns raised by employees and build confidence in the change culture process. These recommended actions can be initiated and/or completed before December 31, 2008.

1. **Issue FDIC Culture Components and Commitments:** Create a clear and concise document that will communicate to all employees what they can expect as an employee of the FDIC. These commitments tie directly to the FDIC's mission, vision, and values. These commitments will be published with the rollout of the Culture Change Initiative on **November 1, 2008** by global email, listed on the FDIC webpage, and sent to each employee as a laminated reference card.

2. **Establish a Champion of Corporate Culture Award:** Announce the creation of an award that would be given to the person or team that best displays the FDIC's core values. Creation of an award to recognize such persons will encourage employees at all levels to live and demonstrate FDIC values in their professional life. The Chairman can announce the creation of the award contemporaneously with the Culture Change rollout on **November 1, 2008,** and the first award can be made at the May 2009 Annual Awards ceremony.

3. **Re-establish the SEC and RECs:** Re-establish these groups at the national and regional levels, comprised of management and union representatives, to provide pre-decisional employee input and collaborative, proactive problem-solving, with a Website and regular reports to employees. Announce this reinstatement by **December 31, 2008**, with the first meetings to occur during the first quarter 2009.

4. **Increase Reliance on SMEs:** Issue a global message from the Chairman to all executives, managers and supervisors encouraging increased reliance on subject matter experts when briefing management at the Board, Division, and Regional levels. The individual most familiar with the facts of the situation should share the information. Implementation of this recommendation will provide excellent opportunities for technical staff to gain exposure with senior management and will free management to focus on strategic issues and people management. This can be accomplished by **October 31, 2008.**

5. **Encourage and Receive Employee Feedback on Draft Directives**: Post draft directives, circulars, and other anticipated major changes in work programs on a corporate Website, in general, for at least ten business days, and collect employee suggestions. This early feedback should allow for better decision-making in the roll-out of new initiatives. This initiative requires a change to the Directive policy, but can be accomplished by **December 31, 2008**.

6. **Eliminate Unnecessary Workload:** Require Division and Office Directors to work with staff to identify three to five items that no longer need to be accomplished, so that workload can be reduced and efficiencies created. This can be accomplished by **December 31, 2008.**

7. **Explain WHY**: Include a “Why” section with the issuance of final directives, circulars, and other new initiatives. Currently, employees sometimes do not see the purpose behind changes in programs or guidance, thus buy-in may be negatively impacted. This initiative requires a change to the Directives policy, but can be accomplished by **December 31, 2008**.

8. **Broadcast Voicemails from the Chairman:** Use existing technology to transmit periodic Chairman voicemails to all employees acknowledging key successes, critical challenges, major upcoming events, etc. The first such voicemail should announce the key recommendations of the Culture Change Initiative. This can be initiated by **October 31, 2008.**

9. **Create a Repository for Sharing Information:** Develop an information repository in each Division or Office to share material with other divisions, offices, and regions. Such information could include business practices, scripts from regulatory conference calls, and breakout sessions from training conferences. This initiative requires establishing protocols for posting information, but can be accomplished by **November 30, 2008.**

10. **Share Tip of the Week/Month as Leadership Tool:** Share best practices in motivating, rewarding, communicating, and empowering employees, in email messages through CHRIS Manager. These tips will begin with the roll-out announcement of the Culture Change Initiative. A weekly message should be sent out starting **December 1, 2008** through March 31, 2009, at which time the frequency may be changed to once per month.

11. **Deliver Executive Training on Trust (Covey):** Initiate delivery of training based on Stephen M.R. Covey’s ***<u>The Speed of Trust</u>*** for all executives by **October 31, 2008**. This training should be given to all CMs in the first quarter of 2009.

12. **Conduct Lunch and Learn Sessions:** Initiate delivery of lunch and learn sessions to all Executives on leadership topics, with a focus on weaknesses identified by the Employee Engagement Survey. The first session will be delivered before **December 1, 2008**. In 2009, we recommend these sessions also be delivered to CMs, using available technology such as VTC/Webinars and/or in conjunction with periodic meetings such as Division Manager Meetings or quarterly Field Supervisor/Supervisory Examiner meetings.

13. **Promote Executive Coaching:** Reinforce the availability of, and promote the use of, Executive Coaches to all executives, and strongly encourage that executives use this valuable resource as a leadership development tool throughout the course of their careers. Coaches are currently available to all EMs, and the program should be expanded and made available to all CMs in 2009. This can be initiated **immediately.**

14. **Assess CPOs Periodically:** Assess CPOs for relevance on an ongoing basis in order to revise, modify, or eliminate requirements if they are no longer relevant or critical based on current corporate goals and mission objectives. The current FDIC culture is to devote resources to a CPO, even if it is no longer the best use of limited resources, instead of

weighing the relative importance versus staff availability. This can be accomplished by issuing a Policy statement by **November 30, 2008**.

15. **Increase Transparency of HRC:** Increase the transparency of the HRC by publishing its mission, background, scope and membership by **December 31, 2008**. Many employees perceive that the HRC is a powerful decision-making body on critical HR matters, and some of these decisions have negatively impacted the current FDIC culture. Increasing transparency in the role and membership of this committee will improve the trust between staff and management.

16. **Share Email Etiquette or "E-haviors":** Issue a list of E-haviors, which is the FDIC version of email etiquette for employees. This can be announced by Global Email and by posting the list on the FDIC Website by **November 30, 2008**.

VIII. OTHER ISSUES

We encountered several other issues and concerns during our research and analysis. These issues, while not culture change recommendations, should be studied further as part of the long-term change initiative due to their broad impact on employee morale and work/life balance.

Corporate Employee Program (CEP)

Both Commissioned Examiners and Financial Institution Specialists have a number of recommendations to improve the CEP, enhance their employee experience, and help retain the new employees. These recommendations should be seriously considered in determining the future of the organization to ensure continued growth and success.

Professional Learning Account (PLA) Program

Employees express concern that training is requested but denied. Also, additional supervisor training on the PLA approval process is needed.

Global Pay Inequities

There is a strong need to address pay inequities at all levels of the corporation. Issues have been raised specifically with respect to lower graded employees, Grade 12 examiners, Grade 14 attorneys, and CMs and EMs. These pay inequity issues are negatively impacting the ability to hire qualified professionals and is preventing current employees from accepting supervisory and management positions.

Support Staff Career Path

Growth and development opportunities are needed for support staff. Succession management planning should include all grade levels of the corporation for leadership opportunities and potential, such as bridge positions and ladder grades. Supervisors and subordinates need to collaborate and seek ways to help support staff reach their full employee potential. These opportunities are not available to employees in all divisions, so a review of positions across divisional lines needs to be done to assure uniformity.

Remove the Arbitrary Restrictions on Pay Raises

The FDIC needs to review the current guidelines that use an arbitrary ceiling on the percentage of employees that can receive the highest pay increase. The current practice lowers employee morale and negatively impacts our ability to function as a team. A perception prevalent among all staff is that only those employees who perform details receive the highest pay increase, while those employees who remain at their regular duties routinely experience an elevated workload without receiving the appropriate recognition and compensation.

Conduct a Review of FDIC Salaries Compared to FIRREA and Other Financial Regulatory Agencies

The FDIC, in conjunction with the FIRREA agencies, conducts a periodic review of salaries. Communication of the results of the FIRREA compensation comparison to all employees will increase trust and transparency and provide necessary background for compensation decisions. This survey should be linked to the FDIC's long-term compensation philosophy.

The FDIC should perform a legal review to determine the Corporation's ability to include non-FIRREA agencies (that perform a comparable regulatory function) in the pool for compensation comparison purposes so as to determine and/or improve our competitive position relative to these entities.

Review and Revise Locality Pay

The FDIC should undertake a comprehensive review of locality pay both against costs in the local market, but also against other federal agencies. Because the FDIC utilizes a different formula than the rest of the federal government, there are significant differences - as much as six to ten percent - between agencies in the same location. New York City is an example of such a disparity.

IX. COMMUNICATION STRATEGY

Purpose and Objectives

Communication is crucial to the success of any culture change initiative. The purpose of the culture Change Initiative Communication Strategy is to provide a practical approach for promoting awareness and understanding of the initiative among employees across the Corporation. Equally important is the creation of avenues for acquiring employee feedback to ensure that action plans are reflective of grass roots desires and will therefore be sustainable in the long-term.

Specific objectives of the Communication Strategy include:

- Maintain maximum transparency without prematurely releasing sensitive data or unendorsed or draft recommendations;
- Encourage open, constructive dialogue and thoughtful consideration of all suggestions;
- Share information and promote awareness of the Culture Change Initiative and its importance and benefits;
- Create interest in, and energy around, participation in the Culture Change Initiative;
- Create confidence that the Culture Change Initiative will be marked by open communication and knowledge sharing;
- Sustain interest in the Culture Change Initiative throughout the implementation period; and
- Share the status of Culture Change Initiative activities as well as objective measures of progress and success.

Stakeholders

Successful transformation of the FDIC's culture requires that we openly communicate the proposed vision, values, action plan, and specific implementation. This communication must be consistent, frequent, honest, and relevant. Each group of stakeholders will have different (and sometimes conflicting) perspectives and priorities.

The Change Culture Initiative includes several stakeholders with different, although often overlapping interests. These include:

- Employees;
- Board Members and FDIC Senior Management;
- National Treasury Employees' Union (NTEU); and
- Division and Office Management.

Employees: The FDIC's Culture Change Initiative is being led by FDIC employees. Success of the Culture Change Initiative depends in large part on widespread understanding and acceptance of the goals and results by FDIC employees. Such understanding depends on constant availability of up-to-date information. Acceptance depends on the opportunity to ask questions, to clarify, and to be certain that comments, ideas, and suggestions receive attention. Sharing of information has been accomplished through the following methods: inclusion of employees from all levels of the organization on the Change Council and Change Teams; Ice Cream Socials hosted by the Change Teams during their monthly meetings at Regional Offices and Headquarters; a new page on the FDIC Website to feature Culture Change Initiative activities; an email box for questions and suggestions about the Culture Change process; articles in the FDIC News; participation in training conferences; and global email updates.

Board Members and FDIC Senior Management: Communication with internal Board members, corporate senior management, and the Operating Committee has been handled by the Special Advisor to the Chief Operating Officer through periodic briefings.

NTEU**:** NTEU is an active participant and partner in the Culture Change Initiative.

Division and Office Management: Given that the FDIC's Culture Change Initiative is being led by FDIC employees, it is imperative that the Initiative have full supervisory support at all levels. Support among the Corporation's supervisors will be built through understanding and acceptance. Accordingly, many of the mechanisms mentioned above include communication with Divisions and Offices. Specialized activities are also important. These will include participation in division/office management meetings and monthly Interdivisional Video Teleconferences. These forums will provide opportunities for sharing employees' interests and issues and hearing and understanding management's interests and issues. They also will provide opportunities for sharing Culture Change Initiative project plans and status.

Approaches to Communication

The Culture Change Initiative Communication Strategy provides for a variety of communication channels to ensure an effective connection with a wide range of audiences. To be successful, the strategy:

- Employs multiple communication channels;
- Provides relevant content based on role and impact;
- Builds and sustain momentum; and
- Avoids surprises for the stakeholders.

Multiple Channels: The communication strategy includes in-person, printed, and electronic channels. No single channel will be sufficient in communicating with any one stakeholder group. A multi-channel approach facilitates reaching out to a varied audience, creating interest and enthusiasm, and maintaining that interest over the life of the transformation process.

Relevant Content: Content should be substantive, timely, and relevant to the target audience.

Sustained Momentum: There is a need to build momentum over time while managing executive, client, and employee expectations. It is vital not to raise unrealistic expectations, but to build understanding of the scope and plans for the Culture Change Initiative, to encourage and celebrate participation, and to maintain awareness of progress. Messages should not just address completion of milestones, but educate stakeholders about the impact of activities in changing the FDIC's culture.

No Surprises: Frequent communication with all employees, including senior management, will ensure that interested groups and individuals understand what to expect from the Culture Change Initiative, that they are aware of the challenges that arise, and that they will not be surprised by any of the recommendations.

Managing the Communication Strategy

Successful implementation of the Culture Change Initiative Communication Strategy requires the concerted efforts of several individuals and groups.

- The Change Council will be responsible for adopting and overseeing the communication program. The Change Council will discuss communication options, review and approve reports and other types of communication, and provide direction to staff involved in the communication program.

- Change Council members will volunteer for ongoing responsibility for day-to-day communication activities. These duties will include developing items for publication; frequent review of the Website to ensure its completeness and timeliness; and development of reports, PowerPoint slides, and other materials for briefings and presentations.

- The Change Council will periodically review the effectiveness of the communications strategy to ensure its effectiveness.

Strategy for Communicating the Initiative's Roll-Out

<u>Announce the Initiative</u>

- The Chairman will announce the Board's adoption of the initiative to all employees via voice mail.
- The final Culture Change Strategic Plan will be posted to the Culture Change Website and printed (as a handbook) for distribution to all employees.

<u>Launch</u>

- The Chairman will initiate the launch with town hall meetings at headquarters and via video and audio teleconferences to the Regions, including all field staff. This will include a discussion of Quick Wins completed to date and/or in process of completion.
- The Chairman will introduce the Culture Change Initiative Logo by distributing a letter to every employee's home address with the promotional gift that we select. (Idea was travel coffee mug – supports green initiative as well by reducing paper cup waste.)
- Distribute banners/posters to every office location.

- Develop a five-minute video message from the Chairman to be used in meetings outside of headquarters.
- Consider the use of a visual aid, such as a picture of a planned community where the individual construction phases lead to a whole development over time.
- Use training teams comprised of EMs/CMs and Council/Team members to present the initiative and initiate a dialog with all employees. Hold separate meetings at headquarters, each field territory, and each regional/area office. Show the Chairman's five-minute video message. Training team members will wear a Logo item (could be a shirt, pin, ribbon, etc.) identifying them as part of the Initiative.
- Announce Quick Wins, including the Culture Components and Commitment.
- Distribute posters/cards with the FDIC Mission, Core Values, and Culture Components and Commitment.
- Efforts will be coordinated with the PMP/PFP Team to the extent possible.

X. IMPLEMENTATION AND EVALUATION STRATEGY

Team Structure and Resources

- Continue the current structure of the Culture Change Council, Communications Team, Empowerment Team and Leadership Team until March 2009. Make recommendations for continuation of the Culture Change initiative and longer term organization structure in March 2009.

- Change Council and Team members who are unable to continue their participation or choose to discontinue their participation may do so after Oct 7, 2008. Teams will replace membership with other employees, via the EOI process, if the need is determined.

- The Change Council will forward structure and team member recommendations in March 2009 for continuation of the culture change initiatives. Considerations should include retaining some current members of the teams for program continuity; and replacing some members for additional employee participation, program development, and new idea generation for longer term culture change initiatives.

- The reconstituted Culture Change Team(s), going forward in March 2009, will focus on (a) continuity of ongoing initiatives, (b) design, development and implementation of new initiatives, (c) monitoring and evaluation of the various ongoing culture programs and (d) necessary program resources including team staffing, budget, and senior level program support.

- Division, Office, and CU budgets will reflect anticipated programs to support Culture Change initiatives to the extent possible for 2009. However, unanticipated budget impacts will be forwarded by the Change Council in 2009 to senior leadership and DOF at the earliest possible point to allow for mid-course corrections.

Process

- After October 7, Culture Change Teams revise their recommendations as appropriate; and the Chairman consults with and receives buy-in from Vice Chairman Gruenberg and Director Curry. (October 2008)

- The Chairman, internal Board Members, COO, CFO and the Operating Committee hold a facilitated “retreat” to confer, review, revise and commit to Culture Change initiatives with implementation strategies and timeframes. (November 2008)

- Chairman and other Senior Leadership initiate a major “launch” effort corporately, using various media such as VTC/conference call links to all ROs and FOs. Senior leadership support this effort with Division/Office staff meetings, townhall meetings, lunch and learns, and other communication strategies with prepared launch materials. The Change Teams create a presentation to be delivered across the Corporation, along with an introductory video message from the Chairman. (November 2008)

- The initial strategy and tactical plans will include implementation of “quick wins” that will help signal the launch of the culture change programs.

- Working with CU and distinguished outside consultants, develop a mandatory “Train-the-Trainer” curriculum for all EMs and CMs focused on Culture Change Vision, Values, Goals/Strategies, Behaviors, Change Management issues, etc. Council and Team members participate/support this training as needed. (1st Quarter 2009)

- Pilot the draft culture change curriculum and provide it to a selected, representative sample of five to ten FDIC offices (HQ, Region, and Field). Revise as appropriate based upon feedback. (Dec. 2008)

- Teams made up of EMs/CMs and Council/Team members (about four to five) take the presentation and present/interact with HQ, Regional, and Field offices at managers meetings, all-hands meetings, conferences, etc. The teams will share the presentation and discuss it with managers and employees. EMs and CMs should take note of specific issues in the office that require focus based on these discussions. (1st and 2nd Quarters 2009)

- Share and discuss culture programs/issues and results at the annual spring (March 2009) EM/CM conference. Provide specific agenda time and focus for culture change programs.

- Change Council will work with the HRC and HRB to integrate the approved recommendations for the Culture Change initiatives into the FDIC’s Human Capital Plan. This will better guarantee an ongoing, tangible mechanism for sustaining progress for culture change and insure alignment with Human Capital strategies and programs going forward.

- The FDIC has already taken several steps to address the issues identified in the Employee Engagement Survey in addition to the Culture Change Initiative. In February 2008, EMs and CMs met to discuss the results of the survey and identify ways to improve organizational effectiveness through leadership, communication, empowerment, and trust. The Chairman has initiated quarterly telecon meetings with FDIC staff to provide for direct dialogue with employees. An anonymous question and answers mailbox has been established to allow employees to provide input, suggestions, and ask questions. The Chairman also has also provided opportunities for employees to join her at lunch for informal conversations and information sharing. Additionally, the Chairman has initiated and piloted an Internal Ombudsman’s Office to provide another avenue for employees to share concerns, receive feedback and take corporate action. FDIC Division and Office heads have initiated several programs including town hall meetings, lunch sessions with Division Directors, review of delegations, and more regular staff meetings. As a result of employee suggestions arising from one of these initiatives, the FDIC recently recognized a "car free day", which is consistent with the FDIC's ongoing support of Telework and helps to conserve energy, improve air quality, and reduce traffic. The Culture Change Initiative and continued identification and implementation of ideas throughout the Corporation will further transform our culture to one in which all FDIC employees feel engaged and valued.

Evaluation / Monitoring

- Incorporate all recommended actions (and sub-actions, if applicable) in a Microsoft Project format or an Excel spreadsheet showing target dates of completion and responsible offices. Monitor progress. Provide quarterly reports to the Chairman, senior leaders, and all employees via the Culture Change Website.

- Identify high-level program goals for inclusion in CPOs and tracking system maintained by DOF.

- Track employee survey results from the October 2008 survey and forward to show progress on key culture change initiatives. Maintain a longitudinal data base and recommend program corrections, improvements, and new initiatives based upon program evaluation data for critical Culture Change initiatives. Consider drilling down survey results closer to the work unit level in order to provide more specific feedback to supervisors and their teams with respect to culture/climate issues and progress being made. Review workgroup identifiers and survey instruments/questions for inclusion if the drill-down data is deemed valuable.

- Additionally, consider other evaluative methods and measures such as focus group discussions, measures of organizational attraction and employee retention, climate change and gap analysis, etc., to assess movement to the desired culture.

- During the initial roll-out of the culture change program, track “quick wins,” identified by the change teams, for their start dates, end dates (if appropriate), and overall effectiveness for getting the culture change moving in the appropriate direction.

Appendix A:

Chairman's Culture Change Initiative Membership

Change Council

Doreen Eberley (DSC/NY)	DSC	NY
Lisa Ennis (DSC/Lexington, KY)	DSC	CHI
Fay Grier (Legal/ATL)	LGL	ATL
Steve Hanas (Legal/DC)	LGL	DC
Kathleen James (DSC/SF)	DSC	SF
Arleas Upton Kea (DOA/DC)	DOA	DC
Steve Keller (NTEU/ DC)	NTEU	DC
Terry Meyers (DSC/Portland, OR)	DSC	SF
Steve Mosier (CU)	CU	DC
Michael Orange (DSC/Charlotte, NC)	DSC	ATL
Rick Osterman (Legal/DC)	LGL	DC
Dawn Sleva (DSC/Princeton, IL)	DSC	CHI
Margo Standley (DOA/DAL)	DOA	DAL

Change Team -- Communications

Ron Bieker (DRR/DAL)	DRR	DAL
Connie Brindle (DOF/DC)	DOF	DC
Glenn Burkle (DIT/MN)	DIT	KC
Victoria Cobb (DSC/KC)	DSC	KC
Frank Hartigan (DSC/SF)	DSC	SF
Linda Hubble Ku (Legal/DAL)	LGL	DAL
Carol Levy (Legal/NY)	LGL	NY
Mark Love (DSC/Jackson, MS)	DSC	DAL
Rickey McCullough (OMB/DC)	OMB	DC
Lori McMaster (CU)	CU	DC
Susan Pinette (DSC/Lexington, MA)	DSC	NY
Peter Somerville (Legal/DC)	LGL	DC
Sandra Welsh (DSC, Indianapolis, IN)	DSC	CHI
Alayne Yu (DSC/SF)	DSC	SF

Change Team -- Empowerment

Ruth Amberg (Legal/DC)	LGL	DC
Miguel Browne (DIR/DC)	DIR	DC
Laura Campbell (DOA/DAL)	DOA	DAL
Paul Driscoll (DIR/BOS)	DIR	NY

Joanna Estevez (DOA/NY)	DOA	NY
Pamela Farwig (DRR/DAL)	DRR	DAL
Derek Hardin (DSC/Memphis, TN)	DSC	DAL
Brandon Kirby (DSC/Salt Lake City, UT)	DSC	SF
Phil Mento (CU)	CU	DC
Kathy Moe (DSC/Phoenix, AZ)	DSC	SF
Robert Packard (DSC/Tampa, FL)	DSC	ATL
Randy Rock (DSC/Sioux Falls, SD)	DSC	KC
Mindy West (DSC/DC)	DSC	DC

Change Team -- Leadership

Richard Atkinson (DSC/Houston)	DSC	DAL
Susan Brzezinski (DSC/DAL)	DSC	DAL
Catherine Colon (Legal/BOS)	LGL	NY
Bret Edwards (DOF/DC)	DOF	DC
Leonard Glenn (DSC/Jamesburg, NJ)	DSC	NY
Kathy Kalser (DIR/NY; also DIR SF/ATL/BOS)	DIR	NY
Jim LaPierre (DSC/KC)	DSC	KC
James (Pat) McGary (DSC/Elizabethtown, KY)	DSC	CHI
Barbara Monheit (Legal/NY)	LGL	NY
Christina Quinlan (DSC/CHI)	DSC	CHI
Dawne Singer (CU)	CU	DC
Bart Smith (DSC/Charlotte, NC)	DSC	ATL
Kathleen Tesi (DOA/DC)	DOA	DC

The Chairman's Culture Change initiative is a broad-based endeavor that has involved the input and support of many FDIC employees from across the Corporation. In addition to the 53 Culture Change Council and Change Team members, there has been extensive employee participation in coordinating the Change Council/Team activities: facilitating Change Council/Team meetings; providing background information and feedback to the Council/Teams; developing and maintaining the Culture Change Web Site; responding to questions and comments from the Culture Change Open Communications Mailbox; and providing technical assistance ranging from graphics support to special services. We gratefully acknowledge their contributions. A partial list of employees who have supported the Culture Change process to date includes:

Aiello, Chris (DOA/DC)
Angell, Kevin (DSC/DAL)
Alley, David (DIT/ATL)
Bailey, Donna (DSC/ATL)
Ballard, Tommy (DOA/DC)
Bjorklund, Glen (DOA/DC)
Blyus, Maribeth (DOA Contractor/DC)

Boggs, Darlene Thompson (DIT/DC)
Bonita, Evette (Legal/NY)
Bottone, Greg (DSC/BOS)
Bouknight, Penny (DOA/DC)
Bozoian, Sandra (DOA/DC)
Bush, Alan (DIR/DAL)
Chmielowski, Ed (DOA/DC)
Chu, Douglas (DOA/DC)
Clark, Cheryl (DSC/DAL)
Collichio, Sam (DOA/DC)
Collins, Jim (COO Office/DC)
Constantino, Cathy (Legal/DC)
Crawley, Mitchell (DOA/DC)
Cywinski, Rick (DOF/DC)
Davis, Christine (DOA/DC)
Davis, Lily (DSC/SF)
Deshpande, Vijay (COO's Office/DC)
Drais, Adam (DSC/SLC)
Dujenski, Tom (DSC/DAL)
Dwyer, Joan (Internal Ombud/DC)
Ewell, Darren (DSC/SLC)
Fanning, Donna (DSC/ATL)
Fields, Sheila (DSC/Hopkinsville, KY)
Fier, Diane (DOA/CHI)
Finnegan, Chris (DSC/Nashville)
Fry, Nick (DSC/SLC)
Galloway, Rochelle Myles (DOA/DC)
Geary, John (DSC/DC)
Goodman, Alice (OLA/DC)
Hadfield, Catherine (DSC/NY)
Hancock, Gary (DSC/SLC)
Harless, Paul (CU/DC)
Hartley, Leon (DIT/DC)
Heizer, Nathan ((DSC/SLC)
Henson, Sylvia (DOA/DAL)
Hoover, Scott (DOA/SF)
Howell, Chuck (CU/DAL)
Hughes, Nancy (DOA/DC)
Hughes, Patricia (DOA/DC)
Hull, Joe (DSC/SF)
Hungerford, Ivy (DOA/DC)
Ivie, Stan (DSC/SF)
Jacobson, Eilene (DRR/DAL)
Jones, Debra (DOA/DAL)
Joyce, Virginia (DSC/Elizabethtown, KY)
Katsanos, Steve (DOA/DC)

Kettlewell, Charlotte (DOA/DAL)
Kinlaw, Chris (OO/DC intern)
Kitmacher, Ira (CU/DC - CEDP)
Lapin, Laura (ODEO/DC)
Lawrence, Jimmy (Legal/DC)
Lee, Cecelia (DSC/DC)
Lewis, Judy (Legal/DAL)
Little, Lytoria (DSC/SF)
McIntosh, Trevor (DSC/SLC)
Mergen, Pam (DOA/DC)
Metee, Erin (DOA/DC)
Milton, Rossana (CU/DC)
Moore, Vince (DOA/DC)
Myers, Margaret (DSC/DC)
Nichols, La Ticia (DSC/CHI)
Norcross, Kathy (CU/DC)
Pagano, Tony (ODEO/DC)
Pettit, Greg (DOA/DAL)
Phillips, Richard (DIT/SF)
Pittman, Pat (DSC/Tampa)
Preite, Robert (DSC/SLC)
Promani, David (DSC/SF)
Ramirez, Elmer (DSC/SF)
Rudolph, Betty (DSC/DC)
Saccamonto, Carol (DSC/SF)
Samek, Debra (DOA/DC)
Seegers, Jim (DRR/DC)
Scott, Cindy (DSC/DAL)
Sherman, Paul (DOA/DC)
Smeaton, Margaret (DAO/SF)
Strauss, Vanessa (DOA/DC)
Strickland, Debbra (DOA/DC)
Strickler, Bill (Legal/DC)
Sunderland, Clay (DSC/SLC)
Taube, Carlotta (DSC/SF)
Thomas, Rollin (DSC/Billings)
Thornton, Kelly (DSC/SLC)
Thompson, Mark (DOA/DC)
Vaccaro, Andrea (CU/DC)
Valdez, Roberta (OMB/DAL)
Vangelisti, Paul (DOA/CHI)
Webb, Larry (DOA/DC)
Yamasaki, Joyce (DOA/SF)
Zacepilo, John (DOF/DC)

Appendix B: Delegations of Authority Review Tool

Name of Work Unit ____________________

Name and Description of Product: **Who is responsible party?**

Decisions that need to be made	
Other accountable divisions/ offices	
Other offices/ divisions that need to sign off	**Reason**
Resources needed:	
Who has delegated authority to approve?	
What are potential risks to the Corporation/ division/ region from this product?	
Is this product potentially precedent setting or visible?	**Yes/ No – please explain if yes**
Who needs to review final work product?	**Reason**
Given the risks noted above and whether or not product is precedent setting or highly visible, could approval process for this be streamlined in some way?	**Suggestion**
If streamlining is suggested, what monitoring or reporting could be implemented for management?	

Appendix C: Tip of the Week/Month

Communication

- Communicate clearly. Share information to the fullest extent possible and provide clear guidance and expectations.
- Communicate regularly. Send periodic messages according to an established schedule.
- Communicate kindly.
- Share “signature experiences” or stories we want repeated, e.g., examinations that identified risks early, training accomplishments, and such.
- Listen, listen, listen (and when you thought you were done – listen some more).
- Be sure to answer all questions, especially when questions are solicited ahead of a meeting.
- Use the voicemail messaging system to provide updates to staff.
- Instead of sending an email, try picking up the phone or talking in person.
- Always explain the “why” behind decisions.

Leadership

- Explain and promote the vision and strategy of FDIC.
- Plan for succession.
- Coach with conviction for development.
- Show emotional commitment to work with others.
- Remove barriers to opportunities – promote mentoring.
- Expand emphasis of public service and promotion of public confidence.
- Promote flexibility and knowledge.
- Make collaboration a key criterion for success.
- Emphasize excellence in work and obtaining corrective measures.
- Retain strong commitment to ethical behavior and conduct.
- Foster commitment – promote a culture of building/promoting from within.
- Share something about yourself while you learning something new about one of your employees.

Empowerment

- Make full use of delegations.
- Promote a positive attitude and friendliness in behavior. Share work stories.
- Increase awareness – sensitivity to employee needs, wants, and aspirations.
- Encourage communication and promote confidence and public service.
- Promote teamwork and collaboration; focus rewards and “signature experiences” on team efforts and accomplishments.
- Recognize the value in work activities. For each new project/activity, describe the connection between the activity and the FDIC’s mission.
- Give clear, immediate, and honest feedback – positive and negative.

- Develop employee presentation skills – excellence in supporting findings and recommendations to industry.
- Use voting buttons as a means to gather quick employee input.

Employee Recognition

- Publicly recognize employees who exemplify FDIC core values.
- Remember the positive impact of simple communications such as saying “thank you.”
- Provide specific positive feedback that includes a statement of the employee behavior that is appreciated and the impact of that behavior.
- Create a recognition bulletin board that acknowledges employee achievements.
- Host recognition functions such as breakfasts or potlucks.
- Hold a Blue Jean Day with coupons created to acknowledge employees’ outstanding service and reward them with an opportunity to dress more casually at work.
- Submit articles recognizing employees or work teams in national or regional newsletters.

Appendix D: Email Etiquette or "E-haviors"

1. **Communicate with Kindness**

   Always use tact when you interact. Be diplomatic - criticism is harsher when written, and email is routinely forwarded. Remember, your tone and other non-verbal cues can't be heard in an email. Don't reply when angry: once an email is sent, it can't be taken back. Never write anything in an email that you wouldn't want forwarded.

2. **Be Concise and to the Point**

   Don't be a novelist. No one wants to read an email that goes on for pages, especially BlackBerry users. Don't bury information the reader needs at the end of a long string of emails. Do use a meaningful subject line so the reader knows what the message is about. Don't attach unnecessary files or send huge attachments that shut down the recipient's system, particularly when there are numerous addressees.

3. **Proper Spelling and Grammar Make a Difference**

   Always read email before you send it. Emails containing careless errors lose their punch or, worse, are subject to misinterpretation. Always use spell-check. It's available for emails in Outlook or on your BlackBerry. Call DIT for instructions to install it today.

4. **Know Your Audience**

   Do check names in Outlook to be sure you have selected the intended recipient. Use blind copy and courtesy copy appropriately. Don't overuse the "reply to all" function or the high priority option. Cluttering your emails with pictures, animations, or pet sayings in the signature portion eats up precious space, particularly if the reader is using a BlackBerry. Do keep signature lines professional.

5. **Don't Write in All CAPITALS**

   Using all capitals can seem like shouting – and you may not like the response you get back. Use the bold, italic, and high importance functions sparingly for emphasis only.

6. **Don't Use Email as an Excuse to Avoid Personal Contact**

   Don't use email to eliminate face-to-face or even voice-to-voice contact. Use good judgment when "copying up" to someone's supervisor – use it to praise, not criticize. Do speak directly with someone if you have a problem. Don't rely on email to avoid an uncomfortable situation or cover up a mistake.