SECTION III

Leadership and Knowledge Management System

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THE LEADERSHIP AND KNOWLEDGE MANAGEMENT SYSTEM

This section contains information specific to the Leadership and Knowledge Management system, which focuses on identifying and addressing agency leadership competencies so that continuity of leadership is ensured, knowledge is shared across the organization, and an environment of continuous learning is present.

> "Leaders must assume responsibility for the development of future leaders as coaches, mentors, teachers, and – most of all – exemplars within and without leadership development programs."
>
> *Organizations Growing Leaders: Best Practices and Principles in the Public Sector*

Definition

A system that ensures continuity of leadership by identifying and addressing potential gaps in effective leadership and implements and maintains programs that capture organizational knowledge and promote learning.

Standard

Agency leaders and managers effectively manage people, ensure continuity of leadership, and sustain a learning environment that drives continuous improvement in performance, and provide a means to share critical knowledge across the organization. Knowledge management must be supported by an appropriate investment in training and technology.

Critical Success Factors

The Leadership and Knowledge Management system is comprised of five critical success factors:

- *Leadership Succession Management:* The organization identifies leadership competencies and establishes objectives and strategies to ensure there is a continuous pipeline of available leadership within the organization.

- *Change Management:* The agency has in place leaders who understand what it takes to effectively bring about changes that achieve significant and sustained improvements in performance.

- *Integrity and Inspiring Employee Commitment:* Leaders maintain high standards of honesty and ethics that serve as a model for the whole workforce. Leaders promote teamwork and communicate the organization's shared vision to all levels of the organization and seek feedback from employees. Employees respond by maintaining high standards of honesty and ethics.

- *Continuous Learning:* Leaders foster a learning culture that provides opportunities for continuous development and encourages employees to participate. Leaders invest in education, training, and other developmental opportunities to help themselves and their employees build mission-critical competencies.

- *Knowledge Management:* The organization systematically provides resources, programs, and tools for knowledge sharing across the organization in support of its mission accomplishment.

Together, these critical success factors ensure:

- A constant flow of leaders who can properly direct an agency's efforts to achieve results

- A workforce with the competencies required to achieve the agency's mission

- That the workforce is motivated to use its competencies in service of the agency's mission.

Applicable Merit System Principles

The following merit system principle is especially relevant to the Leadership and Knowledge Management system:

- Employees should be provided effective education and training in cases in which such education and training would result in better organizational and individual performance. (5 U.S.C. 2301(b)(7))

Required Outcome Metrics

The following are required outcome metrics for the Leadership and Knowledge Management system.

Required Metric	Description	Purpose
Organization Metric: Competency Gaps Closed for Management and Leadership	Difference between competencies needed and competencies possessed by managers and leaders	To determine how the agency should target its recruitment, retention, and development efforts to bring the competencies of its managers and leaders into alignment with the agency's current and future needs
Employee Perspective Metric: Questions from Annual Employee Survey about Satisfaction with Leadership	Items from Annual Employee Survey	To determine the extent to which employees hold their leadership in high regard, both overall and on specific facets of leadership
Merit System Compliance Metric: Merit-Based Execution of the Leadership and Knowledge Management System	An assessment of compliance with merit system principles and related laws, rules, and regulations governing the Leadership and Knowledge Management system	To determine decisions, policies, processes, and practices executed under the Leadership and Knowledge Management system comply with the merit system principles and related laws, rules, and regulations

Suggested Metrics   In addition to the required outcome metrics, the following metrics associated with the Leadership and Knowledge Management system are suggested.

Suggested Metric	Description	Purpose
Bench Strength	The relationship between the number of employees in the leadership pipeline who demonstrate the required level of performance on leadership competencies and the number of critical leadership positions	To ensure enough internal organizational capacity exists to mitigate leadership attrition and maintain progress toward mission attainment
Time To Hire Critical Leadership Positions	Average time from date vacancy closes to date offer is extended (expressed in working days)	To determine the efficiency of a critical phase of the Federal hiring process
Succession Sources	Percentage of critical leadership positions filled from internal sources, other Government sources (including military), and non-Government sources	To determine the extent to which various succession planning efforts (including internal career development programs) result in the selection of critical leaders
Culture of Workforce Improvement	Items from Annual Employee Survey	To determine the extent to which employees believe their leaders have developed a culture that values personal growth

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RESULTS: LEADERSHIP SUCCESSION MANAGEMENT

When the key elements of the critical success factor Leadership Succession Management are effectively implemented, agencies will realize the following results:

Effectiveness Result

- The agency has taken action to ensure continuity of leadership through succession planning and executive development programs that result in a diverse pool of qualified internal, other Government, and non-Government sources for all mission-critical leadership positions.

Compliance Result

- The agency has established a comprehensive management succession program that provides training to employees to develop them as managers for the agency as prescribed by the Federal Workforce Flexibility Act of 2004.

The following pages provide key elements and suggested performance indicators for this critical success factor.

RELATED TOOLS

The following tools support Leadership Succession Management. Refer to Appendix A for tools.

Tool	Appendix A Page Number
Succession Planning Process	43
Effective Succession Strategies	49

LEADERSHIP SUCCESSION MANAGEMENT	
KEY ELEMENTS	**SUGGESTED PERFORMANCE INDICATORS**
The agency has a leadership succession management system that:	

- Is based on accurate data on the current workforce - Is based on accurate projections of attrition at all leadership levels - Identifies a diverse pool of high-potential leaders through a fair and accurate process - Includes a formal process to address management potential	**Effectiveness Indicators**
	
	   - The agency's leadership development strategy and policy, which reflect its mission and culture, are developed, documented, and implemented, based on the agency's workforce analysis and succession planning process. - The agency performs an ongoing workforce analysis to identify current and future workforce and related leadership needs. The analysis includes information concerning: – Workforce size
	   – Workforce deployment by location, function, and occupation
	   – Leadership competencies needed for mission accomplishment
	   – Trends in hiring, promotion, reassignment, and attrition in leadership positions
	   – Trends in competency needs (e.g., surpluses and gaps in specific skills)
	   – A forecast of future leadership requirements and changes due to retirement and other losses
	   – Inclusion of all demographic groups.
	
	   - A succession planning process based on workforce analysis is in place that considers current and future leadership needs to meet strategic and performance plans. The plan includes: – Specific goals and identification of leadership positions needed
	   – Target positions and key leadership competencies (i.e., a leadership competency model based on the Office of Personnel Management (OPM) executive core qualifications (ECQs) plus appropriate agency-specific competencies)

LEADERSHIP SUCCESSION MANAGEMENT	
KEY ELEMENTS	**SUGGESTED PERFORMANCE INDICATORS**
The agency has a leadership succession management system that:	
	− Potential sources of talent (e.g., internal, other Government, non-Government) that best support the agency's mission and culture − Recruitment or development strategies needed to ensure availability of well qualified staff to fill leadership positions at all levels including identification of high-potential employees and establishment of a formal Senior Executive Service (SES) candidate development program, other merit-based methods of developing future executives, and/or other appropriate development programs. • The agency conducts regular assessments of leadership policies and performance of its leaders to ensure succession planning goals (e.g., recruitment and retention of high-performing leaders) are being met.
• Invests in an SES candidate development program linked to the ECQs • Provides mentoring to new and prospective leaders • Invests in first-line supervisors to ensure they have the competencies to direct the day-to-day work of the agency • Includes an "employee development" performance indicator for managers and senior leaders	**Effectiveness Indicators** • The agency leadership has demonstrated its commitment to leadership development through dedication of resources (e.g., appropriate percentage of salaries set aside specifically for leadership development) to develop current and future leaders. • Trained mentors are available to employees participating in development programs.

| LEADERSHIP SUCCESSION MANAGEMENT ||
KEY ELEMENTS	SUGGESTED PERFORMANCE INDICATORS
The agency has a leadership succession management system that:	
	Compliance Indicator • As prescribed by 5 CFR 412, the agency has established a system to provide: – The competencies needed by supervisors, managers, and executives to perform their current functions at the mastery level of proficiency – Learning through development and training in the context of succession planning and corporate perspective to prepare individuals for advancement.
• Invests in the continuous development of senior leadership.	**Effectiveness Indicators** • Leadership skill training and development programs address the needs of each level of management (e.g., supervisors, managers, executives, and potential leaders). These programs have been communicated to all levels of management and potential leaders and are reflected in Individual Development Plans (IDPs) for this group. • Training and development needs are identified in IDPs by obtaining input from multiple sources (e.g., customers, peers, subordinates, supervisors). IDPs are monitored and include training and experiential development. Identified needs are generally being met. • The agency's annual training needs assessment reflects needs identified in IDPs. Training is targeted to meet the most commonly identified needs. • Employee survey results, including the Federal Human Capital Survey, indicate employees believe leadership development receives appropriate emphasis and dedicated resources and results in effective leaders who are a source of motivation.

LEADERSHIP SUCCESSION MANAGEMENT	
KEY ELEMENTS	**SUGGESTED PERFORMANCE INDICATORS**
The agency has a leadership succession management system that:	
	• Agency leadership development programs are analyzed against agency measures of success to determine usage and impact including statistical data on average grade or pay band/age/length of service, diversity, attrition, and retirement eligibility. The analysis is documented and used by senior management to make decisions about leadership development issues and resource allocation. **Compliance Indicator** • The agency has a program to provide training to managers on actions, options, and strategies to use in (1) communicating with employees whose performance is unacceptable, and (2) mentoring employees and improving employee performance and productivity as prescribed by the Federal Workforce Flexibility Act.

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RESULTS: CHANGE MANAGEMENT

When the key elements of the critical success factor Change Management are effectively implemented, agencies will realize the following result:

Effectiveness Result

- The agency has in place leaders who understand what it takes to effectively bring about changes that achieve significant and sustained improvements in performance.

The following page provides key elements and suggested performance indicators for this critical success factor.

CHANGE MANAGEMENT	
KEY ELEMENTS	**SUGGESTED PERFORMANCE INDICATORS**
The agency has a change management system in which leaders:	
• Provide adequate resources to support the change • Take visible actions to support new ways of working • Understand there is a need for a change process and facilitate the change management process by monitoring and addressing problems in the transition process • Hold people accountable for performance results and meeting their commitments to the change process • Focus on performance and progress against change milestones.	**Effectiveness Indicators** • Annual performance plans, budgets, and performance reports document plans for and progress toward change goals. • Individual performance plans rate leaders and managers on their implementation of change initiatives. • Newsletters, intranet, and other agency media show efforts to share a vision for change. • The agency has a strategy and plan for communication of change. • The Federal Human Capital Survey (FHCS) and/or other climate surveys are conducted and analyzed and relevant results lead to change in strategy.

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RESULTS: INTEGRITY AND INSPIRING EMPLOYEE COMMITMENT

When the key elements of the critical success factor Integrity and Inspiring Employee Commitment are effectively implemented, agencies will realize the following results:

Effectiveness Results

- Leaders maintain high standards of honesty and ethics that serve as a model for the whole workforce; employees respond by maintaining high standards of honesty and ethics.

- Leaders promote teamwork and communicate the organization's shared vision to all levels of the organization, and seek feedback from employees.

Compliance Result

- The agency complies with the Ethics in Government Act of 1978 and other statutory and governing guidance compiled by the Office of Government Ethics to cover conflict of interest and ethics. The agency also complies with its own supplemental standards of conduct.

The following pages provide key elements and suggested performance indicators for this critical success factor.

INTEGRITY AND INSPIRING EMPLOYEE COMMITMENT	
KEY ELEMENTS	**SUGGESTED PERFORMANCE INDICATORS**
Employee integrity and commitment is in evidence when:	
• Senior leaders foster an environment of open communication (top-down and bottom-up communication) throughout the agency • Employees view the agency as a desirable place to work • Teamwork is valued and rewarded in the agency • Agency policies reinforce the Office of Government Ethics Standards of Ethical Conduct for Executive Branch Employees and, at a minimum, meet the Office's requirements for ethics training. Ethical behavior and standards are included in competencies for all employees. Programs for identifying violations exist and leaders take appropriate disciplinary actions.	**Effectiveness Indicators** • The FHCS and/or other employee climate surveys reflect a positive, committed work environment. • Human resources staff, in partnership with management, seeks and considers continuous feedback from employees (e.g., focus groups) regarding workplace environment and responds to feedback with appropriate action. • Agency has been cited in applicant feedback and media stories as an employer of choice. • Agency awards policy promotes teamwork through the use of group awards and communication of group successes. • Agency analyzes trends across management indicators such as per capita overtime, worker's compensation charges, sick leave usage, forfeiture of annual leave, turnover, removal of probationers, disciplinary actions, adverse actions (5 CFR part 752), and exit interviews. • Senior leaders sign statements of conduct or agency-wide declarations. • The FHCS and/or other employee surveys report an ethical climate exists, employees are aware of their whistleblower rights and other personnel protections, and they are likely to report wrongdoing. • Agency has a whistleblower support and Inspector General hotline program; activities are recorded and analyzed. • Communication strategies include a variety of media to convey senior leadership's message to the workforce. • Agency has a positive record in program reviews and congressional reviews. **Compliance Indicators**

INTEGRITY AND INSPIRING EMPLOYEE COMMITMENT	
KEY ELEMENTS	**SUGGESTED PERFORMANCE INDICATORS**
Employee integrity and commitment is in evidence when:	
	• Agency is certified by the Office of Special Counsel to be in compliance with the 5 U.S.C. 2302(c) requirement that the workforce be informed of whistleblower rights and other personnel protections. • Provides current and future leaders with an annual course on Government ethics.

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RESULTS: CONTINUOUS LEARNING

When the key elements of the critical success factor Continuous Learning are effectively implemented, agencies will realize the following results:

Effectiveness Results

- The agency has achieved a culture of continuous learning through investments in education, training, and other developmental opportunities that help employees build mission-critical competencies.

- Training and development initiatives and strategies support mission-critical competencies, are linked to the agency mission, and have demonstrated a positive impact on agency mission performance.

- The agency uses appropriate learning technology and innovative learning strategies to meet the training and development needs of the workforce.

- The agency has developed and implemented a process to evaluate its training and development program impact in terms of learning, performance, work environment, and contribution to mission accomplishment. The results of the evaluation reflect a positive contribution to mission accomplishment.

Compliance Results

- As prescribed by the CHCO Act of 2002 (5 U.S.C. 1402), the agency CHCO has developed and advocates a culture of continuous learning to attract and retain employees with superior abilities and sets the workforce development strategy.

- The agency's training programs comply with the provisions of 5 U.S.C. 4101 and 5 CFR 410 and 412.

- As provided in the CHCO Act of 2002 (5 U.S.C. 1103(c)), the agency:

  – Sustains a culture that cultivates and develops a high-performing workforce
  – Develops and implements a knowledge management strategy supported by appropriate investment in training and technology.

The following pages provide key elements and suggested performance indicators for this critical success factor.

RELATED TOOLS

The following tools support Continuous Learning. Refer to Appendix A for tools.

Tool	Appendix A Page Number
Individual Development Planning	53
Learning Strategies for Creating a Continuous Learning Environment	59
Employee Development and Training Flexibilities	71
Evaluating Training: A Primer	81
Strategically Planning Training and Measuring Results	83
Fostering a Learning Organization	87

CONTINUOUS LEARNING	
KEY ELEMENTS	**SUGGESTED PERFORMANCE INDICATORS**
The agency has a continuous learning system that:	

• Is based on accurate information from IDPs and an annual organizational needs analysis
 	
• Focuses on mission-critical occupations
	Effectiveness Indicators
	
	• A training needs assessment linked to strategic and mission-critical competencies is conducted. Based on assessment results, employees are trained in specific, job-related skills and knowledge.
	
	• Training programs are designed and implemented which build competencies important to strategic goals and objectives and the agency's performance plan execution.
	
	   – Competency-based career development programs, including various development activities and learning opportunities, have been implemented and documented and are being used by employees.
	
	   – Competency models have been established which document standards for competency levels (e.g., entry, journey, expert).
	
	• IDPs, or a similar process, are established for employees in mission-critical occupations. IDP completion is tracked and review indicates IDPs are being completed in most cases.
	
	• Performance evaluations reflect consideration of employee developmental training and developmental needs. Review indicates action is usually taken to follow through on meeting these needs.
	
	• Agency policy and practice reflect responsibility for employee development is shared between employees and managers.
	
	Compliance Indicators
	
	• In accordance with 5 CFR 410, the agency assesses training needs annually.
	
	• The agency closes skill gaps in mission-critical occupations in accordance with the CHCO Act (5 U.S.C. 1103(c)).

CONTINUOUS LEARNING	
KEY ELEMENTS	**SUGGESTED PERFORMANCE INDICATORS**
The agency has a continuous learning system that:	

• Uses a wide variety of methods including classroom training, distance learning, mentoring, and experiential learning
 	
• Encourages attendance at conferences, workshops, and seminars
	Effectiveness Indicators
	
	• The agency conducts an analysis to select and implement the best array of learning strategies (e.g., rotational assignment, shadowing, mentoring) for the targeted audience(s) to provide them with mission-critical competencies.
	
	• Learning technology and other alternative learning strategies are reflected in the agency's strategic human capital planning documents and training plans.
	
	• Where appropriate, the agency has implemented e-learning activities such as eGov Online Learning Center.
	
	• The agency has invested in the infrastructure necessary to leverage learning opportunities that include the application of reasonable accommodation, where justified by return-on-investment analysis.
	
	• Leaders are responsible for leadership development and emphasize the value of learning, foster learning opportunities for employees, and demonstrate their support through personal involvement and resource allocation decisions. For example, they:
	  – Set aside a percentage of salary dollars for employee training and development
	  – Provide tuition assistance for formal education
	  – Establish long-term technical development programs
	  – Fund employee certification requirements as authorized.
	
	• Policies, practices, and resource allocation decisions demonstrate agency support for continuous learning.

CONTINUOUS LEARNING	
KEY ELEMENTS	**SUGGESTED PERFORMANCE INDICATORS**
The agency has a continuous learning system that:	

• Is properly funded, monitored, and evaluated
• Is administered fairly.
	Effectiveness Indicators
	
	• Employee survey results, including the Federal Human Capital Survey, indicate employees believe they have appropriate opportunities to develop skills through training and experience.
	
	• Analysis of education, training, and development opportunities shows no disparate treatment of segments of the workforce (i.e., training is appropriately aligned with workforce planning goals, priorities are based on available funding, and opportunities are provided equitably across the employee population).
	
	• A training evaluation system has been implemented which measures the impact of training at the following levels:
	   – Did learning occur?
	   – Was learning applicable to job performance or other behavior important to the organization and to results?
	   – Did the employee apply the learning or behavior to his/her job or work environment?
	   – If the employee applied the learning, did it have the expected impact on performance or other job-related behavior?
	
	• An analysis has been conducted of the evaluation results and this information is used to make decisions about investments in employee training and development. Generally, the evaluation indicates training and development investments are making a positive impact on the organization's performance and/or work environment and meet the training goals and expectations established between supervisors and employees prior to participation in training.

CONTINUOUS LEARNING	
KEY ELEMENTS	**SUGGESTED PERFORMANCE INDICATORS**
The agency has a continuous learning system that:	
	Compliance Indicators • As prescribed by the Federal Workforce Flexibility Act, the agency has evaluated each training program or plan established, operated, or maintained with respect to accomplishing specific performance plans and strategic goals in performing the agency mission; and the agency has modified such programs or plans to accomplish goals. • As established by 5 CFR 410.601, the agency evaluates training to determine how well it meets short- and long-range program needs by occupations, organizations, or other appropriate groups.

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RESULTS: KNOWLEDGE MANAGEMENT

When the key elements of the critical success factor Knowledge Management are effectively implemented, agencies will realize the following results:

Effectiveness Results

- The agency has developed and implemented a knowledge management process that provides a means to share critical knowledge across the organization. Leadership also encourages and rewards knowledge sharing.

- Information technology tools that facilitate gathering and sharing knowledge within and outside the agency are available to employees to improve individual and organizational performance.

Compliance Result

- As prescribed in the Chief Human Capital Officers (CHCO) Act of 2002 (5 U.S.C. 1103(c)), the agency has developed and implemented a knowledge management strategy supported by appropriate investments in training and technology.

The following page provides key elements and suggested performance indicators for this critical success factor.

RELATED TOOLS   The following tools support Knowledge Management. Refer to Appendix A for tools.

Tool	Appendix A Page Number
Leveraging Knowledge Capital	91
Communities of Practice	97

KNOWLEDGE MANAGEMENT	
KEY ELEMENTS	SUGGESTED PERFORMANCE INDICATORS
The agency has a knowledge management system that:	

• Captures, indexes, processes, and easily retrieves data that may be composed of text, audio, video, and Web-based elements
 	
• Facilitates the sharing of knowledge and best practices throughout the agency
 	
• Maintains active participation in communities of practice outside the agency
 	
• Establishes communities of practice for sharing key knowledge at all managerial and leadership levels.
	Effectiveness Indicators
	
	• A knowledge management process has been developed, documented, and systematically shared with employees. Training and/or orientation is provided to the workforce. An infrastructure which facilitates knowledge capture, indexing, processing, and retrieval is established to support knowledge sharing through the use of the intranet, shared networks, and communities of practice and/or best practices.
	
	• The agency has analyzed the use of the knowledge-sharing process and established the utility and usage of the process and tools.
	
	   – Knowledge sharing has been established as an organizational value through management communications and recognition of employees who exemplify the practice of knowledge sharing.
	
	   – Requirements and specifications for tools support work performed by employees.
	
	• The agency has begun codifying knowledge through the use of the intranet, shared networks, and communities of practice and/or best practices.
	
	Compliance Indicator
	
	• As prescribed in the CHCO Act (5 U.S.C. 1103(c)), the agency has developed and implemented a knowledge management strategy supported by appropriate investments in training and technology.

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