DEFENSE BUSINESS BOARD

April 2010

Report to the Secretary of Defense

Enhancing the Department's Management Capabilities

"Excellence in Supervision"

Report FY10-08

- **Recommendations for improving the supervisory capabilities of the Department of Defense's career civilian leadership.**

April 2010

Enhancing the Department's Management Capabilities

TASK

In July 2009, the Defense Business Board (DBB) report, "Review of the National Security Personnel System" (FY09-06) described how the senior civilian leadership of the Department of Defense (DoD) were unwilling and unprepared to take on the responsibilities of managing their people and measuring their performance as required in a performance-based culture. In response to these findings, the Chairman of the DBB formed a Task Group to address these supervisory problems and develop a specific list of initiatives that would allow the Department to better select and develop their civilian leaders to be more effective managers of people. Mr. Frederic W. Cook chaired the Task Group, supported by John Goodman, Pat Gross, Madelyn Jennings, Lon Levin and Phil Odeen. The Task Group Executive Secretary was Kelly S. Van Niman, DBB Deputy Director.

EXECUTIVE SUMMARY

The following report represents the findings and recommendations of a Defense Business Board Task Group charged with investigating ways to apply best business practices from the private sector to the important objective of improving the capabilities of the DoD's civilian supervisors (Senior Executive Service and General Schedule – SES and GS) in effectively managing their people. The report is organized around four themes, with related principal recommendations as follows:

Measure – the effectiveness of leaders in supervising their people, specifically (1) develop and implement an explicit approach to measuring supervisory capabilities, and (2) include a robust evaluation of supervisory excellence in the annual performance evaluations of SES and GS 12-15 executives with supervisory responsibilities.

Train – supervisors in supervisory skills, specifically (1) develop and expand supervisory training and management development opportunities in the Civilian Leader Development Programs for GS 12-15 aspiring to greater

supervisory responsibilities within DoD, (2) offer or require training in people and performance management to the those SES executives whose supervisory skills are identified in the annual assessment of individual SES capabilities as needing improvement, and (3) elevate the importance of civilian training in DoD by proactively managing the careers and training of those with high potential for advancement rather than relying on a self-nominating process.

Reward – supervisors for supervisory excellence by (1) making excellence in managing people a requirement for promotion to higher-level positions with an important supervisory component, and (2) requiring supervisory excellence for SES executives to be selected for Enterprise Positions and inter-agency assignments.

Organize – to enhance excellence in supervision, specifically (1) establish an office within the Office of the Secretary of Defense (OSD) to centrally manage the 4th Estate's civilian workforce (SES and GS executives) *excluding* Enterprise Positions and SES and GS executives in the development pipeline for SES Enterprise Positions, and (2) establish an office within OSD to centrally manage the DoD's Enterprise Positions, as well as, SES and GS executives *throughout DoD* who are in the development pipeline for Enterprise Positions.

The report includes important ancillary recommendations under each theme to support implementation of the principal recommendations.

INTRODUCTION

This report offers recommendations to the Deputy Secretary of Defense for improving the supervisory capabilities of the DoD's career civilian leadership. The task was performed pursuant to the Terms of Reference memo attached as **Exhibit 1**, and covered the DoD's 1,201 career SES executives, 68 non-career politically appointed executives, and 58,014 employees in GS grades 13-15, *who have responsibilities for supervising other employees as an important part of their position*, as distinguished from those who are individual contributors with special skills. The study excluded non-career executives at the PAS level.

The Task Group defined supervisory capabilities as the tasks involved in leading and managing people, particularly direct reports. These capabilities include:

- creating a performance-driven culture
- setting and communicating team and individual goals
- assigning tasks that tie to the larger mission
- building an effective team to accomplish the unit's mission
- setting high performance standards, motivating employees to achieve them and holding them accountable for their performance
- training employees (and providing opportunities for training) to enhance their skills, performance and career potential
- providing regular feedback to employees about their performance (positive and constructive)
- leading by example

Our study was motivated by the premise that the supervisory skills of many in civilian leadership positions need to be strengthened. The inconsistent distribution of such supervisory capabilities was cited as one of the problems with the National Security Personnel System's requirement that supervisors evaluate and rate their employees' performance for purposes of awarding merit increases and bonuses. Some supervisors reported that they did not like this task, did not have time for it, did not think it was an important part of their job, thought the process too bureaucratic, and that their recommendations were overridden anyway (reference DBB Report FY09-06, "Review of the National Security Personnel System").

Supervising others is not a right but a privilege and a responsibility for which supervisors should be held accountable. The responsibility of a supervisor is to preserve and enhance the human capabilities under his or her care. In the same way that DoD would not sanction the misuse or abuse of physical assets under a supervisor's care, it should not sanction the neglect or abuse of human assets. Leaders, managers and supervisors in DoD should strive to improve the efficiency and effectiveness of the people reporting to them and to build a strong team in support of our Nation's fighting forces.

Our approach was to draw upon best business practices in the private sector gained through the experiences of our Task Group members and the DBB as a whole, and to draw upon prior DBB reports. The Task Group also conducted interviews with key leaders in the area of personnel management in the Office of the Secretary of Defense (OSD), the Office of Personnel and Management (OPM), Navy and Air Force (active and retired), as well as line supervisors. A list of relevant studies and those interviewed is at **Exhibit 2**. A copy of the presentation approved by the full Board on April 22, 2010 is at **Exhibit 3**.

SENIOR EXECUTIVE SERVICE EXECUTIVES

"Impeding high-caliber executive SES: decentralized talent development and recruiting processes, passive recruiting, and exceedingly cumbersome and lengthy hiring system, inadequate leadership training programs, and a pay structure that can allow subordinates to earn more than top-level executives."

"Unrealized Vision"
Partnership for Public Service, 8/09

We understand the SES was created by Congress over 30 years ago as "super grades" above the GS grades, which run up to GS-15. SES executives are career civil servants under the non-career executives appointed by the President and subject to Senate confirmation, who are charged with providing continuity of leadership to the management of the federal government. There are actually three categories of senior-level career positions:

1. Senior Executive Service (SES) positions – which involve general management positions with significant supervisory responsibilities

2. Science and Technology/Professional (ST) positions – which involve high-level research and development (R&D) activities in the physical, biological, medical, or engineering sciences, or related fields

3. Senior Leader (SL) positions – which do not involve significant supervisory responsibilities or scientific research, such as a senior attorney

As defined at the start of this report, our study is limited to the first category of senior civil servants, the SES corps. It is possible that some individuals best suited for SL positions are put in SES positions, with significant supervisory responsibilities, for which they are neither qualified nor suited. If so, they should be moved.

Also, as each SES executive's performance is evaluated by management, we suggest the position description be reviewed to determine whether the job conforms to the SES criteria for executive duties, or if the job more appropriately is an ST or SL position. If the latter, a decision should be made whether to reclassify the job as an ST or SL position or to make the change when the job turns over as a result of promotion, transfer or retirement.

The then-Deputy Secretary of Defense, Mr. Gordon England, issued a DoD Directive (DODD 1403.03) in October 2007, called "The Career Lifecycle Management of the Senior Executive Service Executives within the Department of Defense." (See **Exhibit 4**)   The purposes of this Directive were to:

- Create a deliberate, systematic and predictable approach to the management of the career lifecycle of the DoD SES leaders similar to the way General/Flag Officers' careers are managed

- Establish a Defense Executive Advisory Board (DEAB) to advise the Deputy on SES matters, and

- Provide for the designation of certain SES positions as "Enterprise Positions", defined as those positions "that are determined by the Deputy Secretary of Defense to be the most influential and critical to accomplishing the Secretary of Defense's vision and strategic priorities, such that they warrant deliberate management at the highest levels of the Department of Defense"

Mr. England established a temporary Office of Executive Lifecycle Management under him to meet the requirement of his DoDD 1403.03 that each Defense Component establish an office to centrally manage their SES executives, similar to the management of their general and flag officers. The Program Executive Officer (PEO) of that office is responsible for

developing program recommendations and a permanent structure for managing the 4th Estate's approximately 450 SES executives (out of 1,200 DoD total). (Note, the 4th Estate is comprised of the OSD, field activities, Defense Agencies and Joint Staff.)

To guide the Defense Components' development of their SES executives, the Office of Civilian Personnel Policy in OSD developed an organizational framework called Joint Executive Development Continuum – a profile of lifelong development for SES, divided into Tiers 1, 2 and 3 (lower, middle and upper SES) that includes required and recommended courses. To date, this development framework includes: (1) piloting a Joint Executive Management Course; (2) enhanced APEX SES Orientation Program; (3) 360 evaluations with related coaching, and (4) a formalized mentor and coaching program. The Joint Executive Management Course includes segments on leadership, business acumen, and government and national security perspectives. This is a one-week program for career SES, Senior Leaders and their equivalents in intelligence positions.

Consistent with the aforementioned framework, the PEO of the Office of Executive Lifecycle Management under Deputy Secretary of Defense, Mr. William Lynn, completed a study that defined "Enterprise Positions" as a small sub-set of Tier 3 SES positions. Her recommendations have been accepted, and a process for identifying that sub-set is under way.

The Directive (DoDD 1403.03) also required an *annual assessment* of organizational and individual SES capabilities and a diagnosis of individual executive talent for development and assignment. This Directive is extremely important in restoring the SES corps to its historic mission of providing the government with continuity in *general management and leadership skills* underneath the top civilian leaders appointed by the President and, in DoD, senior military officers in command positions.

THEMES FOR BUILDING SUPERVISORY EXCELLENCE

Best business practices from the private sector for building competitive advantage through human resources are:

- Robust talent pipeline

- Accountable leadership for people management and development
- Performance-driven culture
- Lean and agile organization
- Urgency for effective change and improvement

We believe DoD has an important opportunity to improve the management of its civilian workforce in relation to these best-practice standards from the private sector, and to improve the supervisory capabilities of those civilian leaders whose positions involve significant responsibilities for managing people. Gresham's Law holds that bad money drives out good money. Similarly, bad supervisors drive out good people to the detriment of the Department and the Nation as a whole. It is important that this issue be addressed not only in DoD, but in other Federal Agencies.

The DBB's advice and recommendations are built around four themes for improving the effectiveness of the DoD's civilian leadership in supervisory excellence:

Measure – the effectiveness of leaders in supervising their people,

Train – supervisors in supervisory skills

Reward – supervisors for supervisory excellence, and

Organize – to enhance excellence in supervision

MEASURING EXCELLENCE IN SUPERVISION

The **first theme** in improving the supervisory capabilities of the DoD's SES corps and its GS supervisors is to measure the effectiveness of supervisors in managing their people. It is equally important to let supervisors know that their ability to manage people is a critical factor in evaluating their performance. Measuring and improving supervisory performance requires effective performance assessments of individuals' leadership and supervisory skills.

Findings

DoD has a uniform performance appraisal system for SES. This system, which is certified by OPM, has clear accountability for subordinate performance management. See **Exhibit 5**.

For positions below the SES, Defense Components and the Military Services have all developed customized processes and formats for evaluating their civilian workforce's performance. Supervisors, like the SES, are responsible for ensuring their subordinate staff have clearly defined and measurable performance goals, and are held accountable for results. If supervisory capabilities and effectiveness are not an important factor in evaluating civilian executives and managers below SES, they should be. Also, DoD has plans to introduce 360 degree reviews of Tiers 1, 2, and 3 SES executives enterprise wide, with results fed back to the executives and their supervisors to aid in their development.

Observations

Best practices used in the private sector to measure the effectiveness of executives and supervisors in managing people include two-way performance appraisal discussions, 360-degree reviews, exit interviews, employee engagement surveys, open-door policies, skip-level interviews, and annual assessments of turnover among the organization's best performers and those with high potential. While DoD has supervisory leadership objectives and requirements for all SES and GS leaders who are supervisors, there may be gaps in terms of measuring supervisory excellence relative to these best practices. Because of these gaps, DoD does not have an effective way of measuring supervisory excellence or creating a baseline, which is a critical step in helping supervisors achieve excellence in people management capabilities.

To provide a baseline of data, we recommend a self-assessment survey of civilian supervisors be conducted by each Defense Component. Specifically, the Defense Components would (1) identify those members of their civilian workforce in GS grade 12 and above who are exempt from being paid overtime and who are responsible for managing employees – to include SES, (2) ask supervisors to self-identify their skills in managing others using a structured form identifying the key attributes of an effective

supervisor, (3) for each attribute, ask the supervisor to rate his/her skills in one of four categories….

1. Excellent
2. Satisfactory
3. Needs improvement or
4. Not applicable,

…. and then (4) ask *their* supervisor to agree or disagree with their subordinates' self-evaluation, and so communicate to the subordinate. This would draw clear attention to the importance DoD places on the value of supervisory excellence and provide a database for targeted training of individuals whose managerial capabilities need improvement.

The same or similar format could be used for measuring the managerial effectiveness of SES executives and civilian supervisors in GS 12-15, if it is not already being done.

The Task Group endorsed the planned roll-out of 360-degree assessments, a device used in the private sector as a way of identifying those whose supervisory skills are poor and helping them improve through coaching. A supervisor's boss may have limited or no knowledge that a supervisor's management style is destructive of the motivation and productivity of people charged to their care, causing good people to leave government service or retire on the job. A 360-degree review process provides valuable input into the evaluations of supervisors by giving a voice to those being managed and to a supervisor's peers, who may be more knowledgeable of the supervisor's managerial strengths and weaknesses than the person to whom the supervisor reports.

There were differing views among the Task Group members as to whether the results of the 360 review should be made available to the supervisor of the person being evaluated. One view is that the results of 360 reviews should be limited to coaching, not performance evaluations. Bosses should not have access to the information. The other view is that the results of 360 reviews should be disclosed to both the individual *and* to his/her supervisor because they are an important input into the supervisor's evaluation and development programs. Awareness that the results will be disclosed will be a powerful inducement to supervisors to give this

important aspect of their responsibilities priority. DoD has acknowledged this conflict in views as well. We commend them for ensuring a clear separation between the 360-degree assessment and annual performance reviews by conducting those two activities several months apart.

Exit interviews are another way of identifying supervisory weaknesses so long as it is recognized that the departing individual may harbor resentment and may wish to damage his or her former boss's career. Additionally, supervisory strengths or weaknesses are important factors in the emotional engagement of employees in their work and careers. Surveys of "employee engagement" are a process used in the private sector that could have applicability to the DoD's civilian workforce to identify organizational units where poor supervisory skills may be key reasons for departures.

Principal Recommendations for the Deputy Secretary

1. Develop and implement an explicit approach to measuring supervisory capabilities that involves supervisors in the process.

2. Make sure a robust evaluation of supervisory excellence is included in the annual performance evaluations of SES and GS 12-15 executives with supervisory responsibilities.

Supporting Recommendations Based on Best Practices

- Conduct a self-assessment by supervisors of their effectiveness in managing others; allow the supervisor's boss to comment on the supervisor's self assessment; and communicate the results to each supervisor. [Note: DoD's Civilian Leaders Competency Assessment Survey may already be doing this.]

- Support 360-review process as a way of assessing and improving supervisory capabilities, especially those who are poor or destructive supervisors.

- Support exit interviews as another input into measuring supervisory capabilities.

- Consider an employee-engagement survey to measure supervisory effectiveness. An example is the Gallup Organization Q12 instrument, which addresses: "What do I get? What do I give? Do I belong? How do we grow?" It is currently underway at the Air Force Materiel Command in Dayton, Ohio. Alternatively, the Government Employee Viewpoint Survey could be utilized by individual Defense Components to assess civilian employee engagement.

- Strive for commonality with respect to measuring supervisory capabilities in performance appraisal systems between Defense Components for civilian leaders (GS 12-15) on the leadership track.

- Review the Executive Core Qualifications (ECQ) narrative process as to effectiveness. Similarly, consider a resume-based recruitment system as is now allowed by OPM.

TRAINING FOR EXCELLENCE IN SUPERVISION

"The Enterprise has an equity stake in SES – just as it does in General/Flag Officer selections"- Marilee Fitzgerald, Acting Deputy Under Secretary for Civilian Personnel Policy

The **second theme** for enhancing supervisory excellence is training and development.

Findings

DoD has policies and programs to assist the Defense Components in managing and developing their civilian workforce below the SES level, including supervisory and leadership training. The Office of Civilian Personnel Management Service has responsibility for providing DoD-wide management training programs called Civilian Leader Development Programs (see DoD Instruction 1430.16, November 2009, "Growing Civilian Leaders"). These programs include strategies using a military model to recruit and develop a new generation of civilian talent that will develop leadership capabilities, as well as, functional skills. These programs are described in **Exhibit 6** and summarized below:

- **Entry Level (GS 7-12)** – FY 2010 National Defense Appropriations Act requires DoD to develop a managerial and supervisory training framework for new supervisors in GS 7-12 to promote the goal of having world-class leaders in DoD; and to establish a leadership recruitment and development program for DoD civilians.

- **Mid Level (GS 12-14)** – The **Executive Leader Development Program (ELDP)**, started in 1985, provides mid-level civilians and military officer equivalents the opportunity to develop as leaders in a joint environment.

- **Senior Level (GS 14-15)** – The **Defense Senior Leader Development Program (DSLDP)** is the successor to the Defense Leadership and Management Program (DLAMP); it will serve about 100 civilian leaders and military counterparts per year starting in 2011. Prerequisite for nomination is "minimum of one year of significant experience in supervising or managing people in an official capacity."

Additionally, the Defense Components develop and manage training courses for their GS work force that complement these DoD-wide programs.

Senior Executive Service (SES) – OPM has established five ECQ's that candidates for SES positions throughout government must meet for promotion to SES. These are: (1) leading change, (2) leading people, (3) results driven, (4) business acumen, and (5) building coalitions. To these competencies for new appointees the DoD has added a sixth competency, "enterprise-wide perspective."

"Leading people", the second ECQ and the closest to our task, does not mention supervisory excellence as a requirement for becoming an SES executive. However, DoD seeks and requires demonstrated leadership/supervisory experience as skills in those nominated to become SES executives.

Observations

Leading private sector corporations view training as a critical element in building long-term sustainable corporate performance. World-class companies have a comprehensive, structured training regime for their exempt workforce, especially their current and future executive leadership. The training programs usually contain the following elements:

- Enterprise and skills training for new recruits, often college/graduate school entrants. Examples are company orientation programs and basic skills training, such as finance.

- Advanced skills over the years in such areas as six-sigma, lean manufacturing, complex accounting topics and logistics, and the code of ethical conduct

- Structured, career-oriented programs in supervision and leadership. By the time a rising executive reaches a senior position, he/she will have had extensive leadership training.

This training is conducted at the work location, at a separate corporate learning facility, or off site. This not only prepares individuals for advanced roles in the company but serves as a means to screen individuals for their readiness for broader responsibility. This training is mandatory and centrally controlled, not ad hoc or voluntary.

The DBB endorses and supports the DoD's Civilian Leader Development Programs underway and planned for near-term roll-out for those members of the civilian workforce (GS 7-15) with the highest potential for advancement. However, while useful, these programs will only have a limited impact unless they are broadened and rising executives are required to successfully complete a structured supervisory skills and leadership development program. Additional thought needs to be given to providing training opportunities in supervisory excellence that could reach more supervisors/managers and they should be locally based, not residential programs.

At the SES level, we are enthusiastic supporters of the strong efforts underway to restore the SES Corps to its historic mission; to establish SES

Enterprise Positions; to centrally manage and source appointments to these positions from throughout DoD; to establish of the Defense Executive Advisory Board; and to develop an organizational framework for development of SES executives that encourages mobility and an enterprise-wide perspective.

With the average SES age in the mid-50s and anticipated retirements over the next few years, now is the critical time to increase the focus on the feeder group to SES in terms of identification and development, and to position the Tier I SES group for greater future responsibility. A stronger and more diverse SES could result.

Our goals with respect to training are (1) to increase awareness of and emphasize the importance of supervisory training, (2) to enhance, accelerate and expand the DoD's training opportunities, (3) to encourage or require bosses to let their best civilians go to training schools, (4) to be persistent advocates of mobility and joint service for career development, and (5) to help ensure that these initiatives are accorded a high priority and a demonstrated level of the continuing support from the Deputy Secretary of Defense, the Under Secretaries of Defense, the Military Department Secretaries and Service Chiefs, Agency Directors, and the Human Capital Officers throughout DoD.

Principal Recommendations for the Deputy Secretary

1. Develop and expand supervisory training and management development opportunities in the Civilian Leader Development Programs for GS 12-15 aspiring to greater supervisory responsibilities within DoD.

2. Those SES executives whose supervisory skills are identified as needing improvement through the SES performance management process should be told the results of the evaluation and required to take training in people and performance management.

3. Elevate the importance of civilian training in DoD by proactively managing the careers and development of those with high potential for advancement, rather than relying on a self-nominating process.

Supporting Recommendations Based on Best Practices

- Change the prerequisite for nominating GS 14-15s to DSLDP from significant *experience* in managing people to *excellence* in managing people.

- Attention should be paid to the representation of females and minorities in supervisory training programs so that they have an equal opportunity to compete for promotions requiring strong supervisory capabilities.

- Mentoring programs can facilitate development. Identification of high potential GS 12-15's suggests attention be paid to career coaching/mentoring for them. Defense Components could consider establishing formal mentoring programs as advocated by the group, Federally Employed Women.

- Emphasize joint service and mobility for SES and those GS executives who aspire to Enterprise Positions as a way to improve supervisory capabilities, not just classroom training. In good companies, job rotations, movement from one business to another, and task force assignments are part of development just as they are in the military. Joint service, short-term job exchanges with industry, mobility and exposure to other parts of DoD and other Cabinet Agencies (such as State, CIA and Homeland Security) are ways to grow and avoid a parochial attitude gained by staying in one functional area and location.

- Components could consider a separate track for GS 12-15's identified as having leadership potential; identify candidates from among current employees, not just new employees. Components should nominate people with the highest potential for success in positions of greater importance, that also require supervisory excellence; require mobility and joint service as a condition of accelerated development (currently, mobility and joint service is only a factor after you're elevated to SES; then it's too late).

- ECQ-2 (Leading People) sounds impressive as a pre-requisite to advance to SES. We suggest that OPM be requested to evaluate

how rigorously it is measured and enforced. In particular, experience in a broad range of supervisory skills and demonstrated leadership should be required.

- Components could consider adding Talent Management Boards for GS-12-15s for selection and development of potential SES executives.

- Develop a reading list of a dozen or so most highly regarded books on managing people effectively, and make such list and books available to those interested in self development of supervisory excellence.

REWARDING EXCELLENCE IN SUPERVISION

"Supervisory skills are not a factor in getting ahead." - (Anonymous SES Executive)

Our **third theme** is that supervisory excellence should be rewarded and those with poor supervisory skills denied promotion to, or removed from, positions that involve supervising others.

Findings

We are not aware that excellence in supervisory capabilities is rewarded in the DoD's civilian workforce. It is not an apparent factor in promotions or in cash bonus determinations for SES executives or in the GS ranks. If poor supervisors produce poor results, however, they are held accountable for them through the SES performance management system.

Observations

Demonstrated supervisory excellence should be a pre-requisite for promotion to higher-level positions with an important supervisory component (as distinguished from individual contributors). The risks of neglect and abuse of human capital are too great to allow someone to be promoted to a position of responsibility for managing others because of his or her time-in-grade or technical expertise.

In making these statements about the importance of strong supervisory skills and the damage caused by poor supervisory skills, we do not mean to demean or undervalue the contribution that many important individual contributors bring to their Defense Component and the Nation overall by their service and commitment. SES executives, in particular, are often known and advanced for their specialist skills or value. There should be no limit to the career advancement or rewards accruing to those who bring unique contributions to their service, but they should not be given supervisory responsibility.

For SES executives with an important managerial component in their responsibilities, a high level of demonstrated supervisory excellence should be an important factor in recognition, cash rewards and promotions. Conversely, demonstrated poor performance in managing others should be dealt with by removal from position and reassignment to a non-supervisory position. This could be accompanied by mandatory training and coaching. If no improvement, the person could continue as an individual contributor or be demoted or separated.

Principal Recommendations for the Deputy Secretary

1. Demonstrated supervisory excellence, as evidenced by evaluations of supervisory performance, should be a requirement for promotion to higher-level positions with an important supervisory component.

2. Supervisory excellence should be emphasized as a requirement for SES executives to be selected for Tier 2 and 3 SES positions and for Enterprise Positions and inter-Agency assignments.

Supporting Recommendations Based on Best Practices

- Consider establishing periodic recognition awards by Defense Components for those civilian leaders who have best demonstrated excellence in supervisory capabilities as nominated by their supervisor and endorsed by their subordinates and peers.

- Consider making supervisory excellence an attribute to be rewarded in annual cash bonus determinations for SES and GS executives.

- Consider obtaining authority to pay salaries to SES executives in Enterprise Positions one level above current level. [Note: May require a change in the law since SES pay is now capped in relation to Congressional pay.]

ORGANIZING TO ENHANCE EXCELLENCE IN SUPERVISION

The **fourth theme** is to assign clear responsibility for improving the supervisory capabilities of the DoD's civilian workforce, support and empower the effort from the top, establish metrics for gauging performance toward the objective of excellence in supervision, holding those responsible for their performance, and rewarding them for results.

Findings

The Office of the Under Secretary of Defense, Personnel and Readiness OUSD (P&R) Civilian Personnel Policy (CPP), sets policy within DoD. It is not vested with authority to manage the civilian personnel resources of DoD. That responsibility lies with each Defense Component. However, within the OUSD (P&R), the Civilian Personnel Management Service (CPMS) has Department-wide program responsibility for developing and running the DoD's civilian training programs, called Civilian Leader Development Programs (see pages 9-12).

The Deputy Secretary of Defense is the Component Head for the 4th Estate. This position is also designated by law as the "Chief Management Officer" for the entire DoD. Assisting the Deputy Secretary in that responsibility is the Deputy Chief Management Officer (DCMO).

DoDD 1403.03 (2007) requires each Defense Component to establish an office to centrally manage their SES executives. Each Military Department has established its office. The Deputy Secretary of Defense (Component Head of the 4th Estate) has created a Program Executive Office to develop recommendations for a permanent structure for managing the 4th Estate's approximately 450 SES executives out of 1,200 DoD total. As of the date of this report, we understand the PEO has delivered

recommendations to Deputy Secretary of Defense to establish a management office for the 4th Estate SES executives.

Observations

There is no central management function at the DoD level charged with managing the DoD's civilian workforce. Current responsibilities and roles include CPP for Department-wide policy and CPMS for Department-wide management and supervisory training. The career management of DoD's civilian workforce is left to the discretion of their respective Defense Component Head.

Unlike some Military Departments that have begun to manage the career development of their top-level GS employees, e.g., talent management and identification of high potentials, the 4th Estate does not have a central office to conduct this vital work. The 4th Estate has plans only related to the management of SES careers, and not their GS workforce. Washington Headquarters Service (WHS) has only training line responsibility and this is for only some of the Defense field activities and agencies, creating a gap in their responsibility for the 4th Estate.

We believe the DoD's 4th Estate would benefit from centralized management of its entire SES and GS civilian workforce as some Military Departments are doing.

We also believe that DoD would receive long-term benefit from centralized management of its civilian *executive* resources, applying the same responsibilities and accountabilities of a Chief Human Resources Officer reporting to the CEO of a large, global public US corporation such as practiced in an IBM or a General Electric.

This suggests the creation of a combined or two separate civilian workforce management offices:

1. A 4th Estate strategic human capital management office charged with the active management of the entire 4th Estate's civilian workforce (SES and GS), ***excluding*** Enterprising Positions and those SES and GS executives in the development pipeline for SES Enterprise Positions.

2. In addition, there would also be a DoD-wide Enterprise Position management office charged with the active career management of SES executives in Enterprise Positions, as well as those SES and GS executives in the development pipeline for Enterprise Positions throughout DoD, *regardless* of whether their current assignment is in the 4th Estate or in the Military Departments.

We would endorse the placement of both offices under the DCMO under the Deputy Secretary of Defense, with liaison to the office of Civilian Personnel Policy and CPMS. However, it is more important that the offices be established than where they are placed.

Principal Recommendations for the Deputy Secretary

1. Establish an office within OSD to centrally manage the 4th Estate's civilian workforce (SES and GS executives) **excluding** Enterprise Positions and SES and GS executives in the development pipeline for SES Enterprise Positions.

2. Establish an office within OSD to centrally manage the careers of SES executives in Enterprise Positions and those SES and GS executives **throughout DoD** who are in the development pipeline for Enterprise Positions.

Supporting Recommendations Based on Best Practices

- All Defense Components should act quickly to identify those SES positions within DoD, including the Combatant Commands, that meet the criteria for becoming Enterprise Positions.

- Once Enterprise Positions are identified, an assessment should be undertaken of whether the incumbent is the best qualified to occupy that position.

- SES and GS executives who aspire to Enterprise Positions should be separately identified and developed for these responsibilities.

- The DCMO in coordination with CPP, should develop and implement a comprehensive program to strengthen the skills of DoD civilian supervisors in managing their people, in building strong teams, and in delivering strong results in support of mission requirements.

- The program developed by the DCMO and CPP to improve supervisory excellence in DoD should be reviewed with and endorsed by the DEAB as it applies to SES executives and those with high potential to become SES executives.

CONCLUSION

Through our report, we wish to reinforce, enhance, and accelerate DoD's initiatives to improve the supervisory capabilities of its civilian workforce. We also wish to help ensure that these initiatives are accorded a high priority and a demonstrated level of the continuing support from the Secretary of Defense, the Deputy Secretary of Defense (Chief Management Officer), the Under Secretaries of Defense, the Military Department Secretaries and Service Chiefs, Agency Heads, and the Human Capital Officers throughout DoD. The goal is to build a positive culture that values supervisory excellence, replacing an embedded culture described as:

- the path to promotion in the senior civilian ranks lies in deep functional expertise, not general management capabilities;
- supervisory responsibilities are not an important part of the job that should require much time;
- the development and career management of subordinates are not the supervisor's responsibility;
- training is something you send people off to only when they can be spared from their daily duties; and
- seniority determines advancement.

The Deputy Secretary of Defense should consider his personal leadership of a DoD-wide initiative to improve the management capabilities of the DoD's civilian leadership as a powerful lever to improve the overall effectiveness of the Defense Enterprise and create an enduring legacy. This could be done by endorsing the importance of supervisory excellence

to the effectiveness of DoD in supporting our armed forces, and affirming that supervising others is not a right of leadership but a responsibility for which executives and supervisors will be trained, measured and held accountable. Weapon systems come and go, but transformation of the civilian force will be of sustaining value.

Respectfully submitted,

Frederic W. Cook
Task Group Chairman

EXHIBIT 1

Terms of Reference
"Enhancing the Department's Management Capabilities"

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DEFENSE BUSINESS BOARD
1155 DEFENSE PENTAGON
WASHINGTON, DC 20301-1155

DEFENSE
BUSINESS
BOARD

24 February 2010

MEMORANDUM FOR FRED COOK, DEFENSE BUSINESS BOARD

SUBJECT: Terms of Reference – "Enhancing the Department's Management Capabilities"

Successful enterprises require strong leaders who must be both excellent managers and effective supervisors. A recent DBB report found the Department of Defense (DoD) has a serious problem with its civilian supervisory workforce. In its July 2009 report, "Review of the National Security Personnel System" the Defense Business Board found that the senior civilian leadership were unwilling and unprepared to take on the responsibilities of managing their people and measuring their performance as required in a performance-based culture. More importantly, they reported they were overly-burdened with the normal "day-to-day workload" causing them hardship. The Board stated that a key to solving these problems is for DoD to promote the value of supervisory duties in the workplace and for supervisors to learn to alter their workload so that the necessary supervision, as well as, their day-to-day work activities are successfully accomplished. In sum, the Board recommended DoD establish a commitment to strategic management and invest in career civil servants.

As follow-on to these findings and recommendations, request you chair a DBB Task Group to address these supervisory problems and develop a specific list of initiatives that would allow the Department to better select and develop their civilian leaders to be more effective managers of people. The scope of your work covers civilians at Government-Service (GS) level 13 and above and members of the Senior Executive Service (SES). Uniformed leadership and political appointees (Senate Confirmed) are excluded from your task. Your recommendations should be directed to the Deputy Secretary of Defense to consider for his Deputy Chief Management Officer to undertake. Also, consider ways the Department could institutionalize supervisory training.

John Goodman, Pat Gross, Madelyn Jennings, Lon Levin, Phil Odeen and Steve Reinemund will assist you in this effort. Kelly Van Niman, DBB Deputy Director, will serve as the Task Group Secretariat Representative. Please plan to present your findings and draft recommendations at the April 2010 DBB meeting.

As a subcommittee of the DBB, and pursuant to the Federal Advisory Committee Act of 1972 and the Government in the Sunshine Act of 1976, this Task Group shall not work independently of the DBB's charter, and shall report its recommendations to the full Board for public deliberation. The Task Group does not have the authority to make decisions on behalf of the chartered Board, nor can they report directly to any federal officer or employee who is not also a Board member. This Task Group will avoid discussing "particular matters" within the meaning of Section 208 of Title 18, U.S. Code.

Michael J. Bayer
Chairman, Defense Business Board

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EXHIBIT 2

List of Relevant Studies and Interviewees

Reference:
- DBB Report FY09-06, "Review of the National Security Personnel System"
- DBB Report FY09-04, "Focusing a Transition"
- DBB Report FY06-01, " Shaping and Utilizing the SES Corps"
- Senior Executive Association Report, "Taking the Helm – Attracting the Next Generation of Federal Leaders" (2010)
- Partnership for Public Service-Booz Allen Hamilton Report, "Unrealized Vision – Reimagining the Senior Executive Service" (2009)

Interviews:
- Office of Personnel and Readiness, Civilian Personnel Policy
- Office of Personnel and Readiness, Civilian Personnel Management Service
- Office of the Deputy Chief Management Officer
- Office of Personnel and Management
- Office of the Secretary of Defense, Program Executive Office for Executive Lifecycle Management
- Washington Headquarters Service, Office of Human Resource Development
- Former Secretary of the Navy
- Former Assistant Secretary of the Navy for Manpower and Reserve Affairs
- Former Director of National Intelligence

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EXHIBIT 3

April 22, 2010
Task Group Presentation
"Enhancing the Department's Management Capabilities"

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Task Group Overview

Terms of Reference
Successful enterprises require strong leaders who must be both excellent managers and effective supervisors. A recent DBB report found the senior civilian leadership were unwilling and unprepared to take on the responsibilities of managing their people and measuring their performance as required in a performance-based culture.

Deliverables
Investigate and recommend ways to improve the supervisory capabilities of the DoD's career civilian workforce. Report recommendations to the Deputy Secretary.

Task Group
Mr. Fred Cook, Chairman
Mr. John Goodman
Mr. Pat Gross
Ms. Madelyn Jennings
Mr. Lon Levin
Mr. Phil Odeen

Staff Executive:
Ms. Kelly Van Niman

Note: These slides summarize recommendations of the Task Group's full report, which is subject to the DBB's approval on April 22, 2010.

Premises and Observations

- Civilian supervisory skills need to be improved

- Supervising others is not a right but a privilege and a responsibility for which supervisors should be held accountable

- Opportunities exist to:

    – Include supervisory capabilities in the performance appraisals of supervisors

    – Make supervisory excellence a prerequisite for promotions of supervisors

    – Enhance the training of civilians in supervisory capabilities

    – Centralize strategic management of people resources for the 4th Estate's civilian workforce

    – Centralize DoD management of Enterprise Positions and the SES/GS executives in the development pipeline for these Enterprise Positions throughout DoD .

Themes for Achieving Excellence in Supervision

- **MEASURE** – effectiveness of leaders in supervising their people

- **TRAIN** – supervisors in supervisory skills

- **REWARD** – supervisors for supervisory excellence, and

- **ORGANIZE** – to enhance excellence in supervision

Principal Recommendations

THEME 1:

MEASURE – the effectiveness of leaders in supervising their people

1. Develop and implement an explicit approach to measuring supervisory capabilities that involves supervisors in the process.

2. Make sure a robust evaluation of supervisory excellence is included in the annual performance evaluations of SES and GS 12-15 executives with supervisory responsibilities.

Supporting Recommendations – See Back Up

DEFENSE BUSINESS BOARD

Principal Recommendations

THEME 2:

TRAIN – supervisors in supervisory skills

1. Develop and expand supervisory training and management development opportunities in the Civilian Leader Development Programs for GS 12-15 aspiring to greater supervisory responsibilities within DoD.

2. Those SES executives whose supervisory skills are identified as needing improvement in the annual assessment of individual SES capabilities (see page 3) should be told the results of the evaluation and offered the opportunity for (or to be required to take) training in people and performance management.

3. Elevate the importance of civilian training in DoD by proactively managing the careers and training of those with high potential for advancement rather than relying on a self-nominating process.

Supporting Recommendations – See Back Up

DEFENSE BUSINESS BOARD

Principal Recommendations

THEME 3:

REWARD – supervisors for supervisory excellence

1. Demonstrated supervisory excellence, as evidenced by evaluations of supervisory capabilities and commendations, should be a requirement for promotion to higher-level positions with an important supervisory component.

2. Supervisory excellence should be emphasized as a requirement for SES executives to be selected for Enterprise Positions and inter-Agency assignments.

Supporting Recommendations – See Back Up

Principal Recommendations

THEME 4:

ORGANIZE – to enhance excellence in supervision

1. Establish a 4th Estate human capital management office charged with the active management of the entire 4th Estate's civilian workforce (SES and GS), excluding SES Enterprising Positions and those SES and GS executives in the development pipeline for SES Enterprise Positions.

2. Establish a DoD-wide Enterprise Position management office charged with the active management of Enterprise Positions and those SES and GS executives in the development pipeline for Enterprise Positions, regardless of whether their current assignment is in the 4th Estate or in the Military Services.

Supporting Recommendations – See Back Up

DEFENSE BUSINESS BOARD

Supporting Recommendations

DEFENSE BUSINESS BOARD

Supporting Recommendations

Measure – the effectiveness of leaders in supervising their people

- Conduct a self-assessment by supervisors of their effectiveness in managing others, allow the supervisor's boss to comment on the supervisor's self assessment, and communicate the results to each supervisor. [Note, DoD's Civilian Leaders Competency Assessment Survey may already be doing this.]

- Support 360 review process as a way of identifying supervisors with poor or destructive supervisory capabilities.

- Support exit interviews as another input into measuring supervisory capabilities.

- Consider an employee-engagement survey to measure supervisory effectiveness. An example is the Gallup Organization Q12 instrument, which addresses: What do I get? What do I give? Do I belong? How do we grow? It is currently underway at the Air Force Materiel Command in Dayton. Or, the Government Employee Viewpoint Survey could be utilized by individual Defense Components to assess civilian employee engagement.

- Strive for commonality in performance appraisals between Defense Components for civilian leaders GS 12-15 on the leadership track with respect to measuring supervisory capabilities.

Supporting Recommendations

Train – supervisors in supervisory skills

- Develop a reading list of a dozen or so most highly regarded books on managing people effectively, and make such list and books available to those interested in self development of supervisory excellence.

- Change the prerequisite for nominating GS 14-15s to DSLDP from significant experience in managing people to *demonstrated excellence* in managing people.

- Attention should be paid to the representation of females and minorities in supervisory training programs so that they have an equal opportunity to compete for promotions requiring strong supervisory capabilities.

- Give publicity and emphasis to the supervisory training and development program opportunities offered by WHS.

- Mentoring programs can facilitate development. Identification of high potential GS 12-15's suggests attention be paid to career coaching/mentoring for them. Defense Components could consider establishing formal mentoring programs as advocated by the group, Federally Employed Women. Participating in mentoring programs could be part of performance requirement for supervisors.

DEFENSE BUSINESS BOARD

Supporting Recommendations

Train – supervisors in supervisory skills (continued)

- Emphasize joint service and mobility as a way to improve supervisory capabilities, not just classroom training. In good companies, job rotations, movement from one business to another, and task force assignments are part of development just as they are in the military. Joint service, short-term job exchanges with industry, mobility and exposure to other parts of DoD and other Cabinet Agencies (such as State, CIA and Homeland Security) are ways to grow and avoid the parochial gained by staying in one functional area and location.

- Add to the criteria for promotion to SES a recognition of the value of joint service and diverse roles across the Defense Enterprise.

- Components could consider a separate track for GS 12-15 identified as having leadership potential; identify candidates from among current employees, not just new. Components should nominate their people with the highest potential for success in positions of greater importance that require supervisory excellence; require mobility and joint service as a condition of accelerated development (currently, mobility and joint service is only a factor after you're elevated to SES; then it's too late).

- ECQ-2 (Leading People) sounds impressive as a pre-requisite to advance to SES. DoD needs to assess how rigorously it is measured and enforced or whether people are given an automatic pass. In particular, experience in a broad range of supervisory skills and demonstrated leadership should be required.

- Components could consider adding Talent Management Boards for GS-15s (and maybe GS-13-15s) for selection and development of potential SES executives.

Supporting Recommendations

Reward – supervisors for supervisory excellence

- Consider establishing periodic recognition awards and celebrations by Defense Components for those of their civilian leaders who have best demonstrated excellence in supervisory capabilities as nominated by their supervisor and endorsed by their subordinates and peers.

- Consider a form of "mobility pay" for those SES assigned to Enterprise Positions that involve a physical move.

- Consider obtaining authority to pay salaries to SES executives in Enterprise Positions one level above current level (e.g., Executive Level 1 instead of 2).

Supporting Recommendations

Organize – to enhance excellence in supervision

- The Deputy Secretary of Defense should act quickly to decide which SES positions in the Defense Department, including the Combatant Commands, should be designated as Enterprise Positions under DoDD 1403.03.

- SES and GS executives who aspire to Enterprise Positions should be separately identified and developed for these responsibilities.

- CPMS should develop and implement a comprehensive program to strengthen the skills of DoD civilian supervisors in managing their people, in building strong teams, and in delivering strong results in support of mission requirements.

- The program developed by CPMS to improve supervisory excellence in the Department should be reviewed with and endorsed by the Defense Executive Advisory Board (DEAB).

DEFENSE BUSINESS BOARD

DEFENSE BUSINESS BOARD

Questions?

DEFENSE BUSINESS BOARD

Business Excellence In Defense of the Nation

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EXHIBIT 4

DoD Directive 1403.03, October 2007
"The Career Lifecycle Management of the Senior Executive
Service Executives within the Department of Defense"

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Department of Defense
DIRECTIVE

SUBJECT: The Career Lifecycle Management of the Senior Executive Service Leaders Within the Department of Defense

References: (a)   Acting Deputy Secretary of Defense Memorandum, "DoD Directives Review – Phase II," July 13, 2005
        (b)   DoD Directive 5124.02, "Under Secretary of Defense for Personnel and Readiness (USD(P&R))," October 17, 2006
        (c)   DoD Directive 1403.1, "The Senior Executive Service and Equivalent-Level Positions and Personnel," October 18, 1982
        (d)   Sections 3131-3134, 3393, 3395, and 4314 of title 5, United States Code
        (e)   through (h), see Enclosure 1

1. PURPOSE

This Directive:

    1.1. In accordance with the guidance in Reference (a) and the authority in Reference (b), augments Reference (c) and implements Reference (d) to prescribe policy and assign responsibilities for the lifecycle management of the DoD Senior Executive Service (SES).

    1.2. Establishes an overarching policy governing the lifecycle management of SES positions within the Department of Defense as authorized by Reference (b).

    1.3. Establishes the DoD Executive Advisory Board (DEAB) to advise the Department of Defense on the lifecycle management of the SES.

    1.4. Establishes a corps of key SES positions that require an enterprise perspective, hereafter referred to as "enterprise positions."

2. APPLICABILITY AND SCOPE

    2.1. This Directive applies to the Office of the Secretary of Defense, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the

DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter referred to collectively as the "DoD Components"). The provisions of this Directive may be administratively extended to defense intelligence senior executives.

2.2. Its provisions cover:

2.2.1. The Career Reserved and General DoD SES positions of Reference (d).

2.2.2. Career SES members as defined in Reference (d).

3. <u>DEFINITIONS</u>

Terms used in this Directive are defined in Enclosure 2.

4. <u>POLICY</u>

It is DoD policy to institute a deliberate, systematic, and predictable approach to management of the career lifecycle of DoD SES leaders to produce the best civilian career leadership cadre possible – one that is fully integrated with other components of DoD executive leadership, general and flag officers (G/FOs), and political leaders. The Department's vision for the management and development of senior executives is that of a senior civilian workforce that possesses a broad background of skills and experiences that will have prepared them to support the warfighter and meet the continually changing management requirements of the Department.

5. <u>GUIDING PRINCIPLES</u>

5.1. <u>Executive Management</u>. Executive management of career SES executives shall be in accordance with the following principles:

5.1.1. The career SES corps shall be a vital part of the DoD executive leadership team, which includes G/FOs and politically appointed executives.

5.1.2. SES career executives are strong corporate citizens and leaders who exhibit the highest standards of ethical behavior, view their responsibilities in the context of the larger DoD enterprise and public policy interests, and work effectively across organizational boundaries and functional areas. They shall exhibit:

5.1.2.1. Enterprise-spanning perspective.

5.1.2.2. Strategic vision and strategic thinking ability.

5.1.2.3. Competency in joint matters.

5.1.2.4. Global and cultural astuteness.

5.1.2.5. Business acumen.

5.1.2.6. Leadership proficiency.

5.1.2.7. Results-driven focus.

5.1.2.8. Capability to build partnerships and communicate effectively.

5.1.3. Executive management is a critical function of the Department of Defense and must be carefully and deliberately managed. Throughout the career lifecycle framework (recruitment, selection, development, performance management, succession and sustainment of talent, and separation), executives will be guided through:

5.1.3.1. Core Precepts. A set of core precepts will guide career lifecycle decisions and ensure the Department's needs are weighed as heavily as DoD Component needs in these decisions.

5.1.3.2. Recruitment and Diversity. Recruitment and selection of diverse talent will be made considering a mix of talent from internal and external sources consistent with Reference (d); sections 330.102(d) and 317.501 of title 5, Code of Federal Regulations (Reference (e)); and DoD Directive 1440.1 (Reference (f)).

5.1.3.2.1. All Executives must sign an agreement for reassignments within and outside the geographic area prior to occupying positions covered by this Directive.

5.1.3.2.2. All Executives will be given advance notice of reassignments consistent with section 317.901 of Reference (e).

5.1.3.3. Development. Deliberate development, in consultation with supervisors and mentors, will occur through a structured series of well-planned developmental and educational experiences, often including reassignments to more challenging positions.

5.1.3.3.1. The developmental model will encourage the accumulation of a diverse portfolio of experiences as a matter of course. The objective is to build executives with strong skills to lead and operate effectively across organizational and functional boundaries.

5.1.3.3.2. SES career executives may be reassigned by the DoD Component Heads to provide for the development of executive capabilities and to meet shifting organizational priorities.

5.1.3.3.3. Career executives occupying enterprise positions may be reassigned to any DoD position for which they are qualified in accordance with section 3395 of Reference (d) and section 317.901 of Reference (e), and will include consultation with the respective DoD Component Head prior to effecting reassignments.

3

5.1.3.4. <u>Performance Management</u>. A performance management culture that encourages and rewards creativity, innovation, intelligent risk-taking, and critical thinking will be sustained.

5.1.3.5. <u>Talent Management and Succession Planning</u>. Career SES leadership capability will be sustained to meet mission requirements. Positions will be managed using a comprehensive strategic planning process. Organizational and individual SES capability will be assessed, at least annually to:

5.1.3.5.1. Understand the competencies available in the career SES corps to meet mission requirements.

5.1.3.5.2. Diagnose individual executive talent for development and assignment.

5.1.3.5.3. Identify where additional resources should be directed to fill gaps.

5.1.3.5.4. Identify enterprise positions that require critical review and attention.

5.2. <u>Position Management</u>. Career SES positions shall be managed based on the following principles:

5.2.1. Career SES positions differ in scope, influence, accountability, and impact.

5.2.2. A subset of SES positions will be identified as enterprise positions.

5.2.2.1. Enterprise positions have unique demands of scope and breadth, influence, and impact and will affect organizational outcomes more significantly.

5.2.2.2. Enterprise positions require competency in joint matters and broad, enterprise-spanning perspective.

5.2.2.3. Enterprise position selections will require the Head of Components to confer with the Deputy Secretary of Defense prior to confirming a selection.

5.2.3. Career SES positions will be supported by a common tier structure as established by the Deputy Secretary of Defense to provide transparency and comparability in executive position and compensation management.

6. <u>RESPONSIBILITIES</u>

6.1. The <u>Deputy Secretary of Defense</u> (DepSecDef) shall:

6.1.1. Establish the DEAB and appoint DEAB members representing SES leaders and G/FOs from across the DoD Components to advise and provide recommendations on career SES

matters (see paragraph 6.5.). The members will represent a balance of career and non-career SES leaders and G/FOs from across the DoD Components.

6.1.2. Approve a list of positions designated as enterprise positions that have been nominated by the DoD Component Heads and recommended by the DEAB.

6.1.3. Confer on appointments of SES executives for enterprise positions based on DoD Component Head selection.

6.2. The <u>Under Secretary of Defense for Personnel and Readiness</u> (USD(P&R)) shall:

6.2.1. Establish policy for the lifecycle management of the SES and enterprise positions consistent with merit system principles and the DoD Civilian Equal Employment Opportunity Program (Reference (d)).

6.2.2. Establish DoD core precepts, as recommended by the DEAB and supplemented as necessary by the DoD Components, to be used by all DoD Components to ensure consistent, transparent, and deliberate career lifecycle management of all SES executives.

6.2.3. Issue policy and guidance that shapes the executive management framework, precepts, and policies for the management of the SES and enterprise positions.

6.2.4. Provide advice, policy, and guidance to be used by the DEAB.

6.2.5. Manage and oversee implementation of this Directive.

6.3. The <u>Deputy Under Secretary of Defense for Civilian Personnel Policy</u>, under the USD(P&R), shall:

6.3.1. Advise on policy and guidance for the executive management framework and its strategic policies.

6.3.2. Serve as the Executive Director and provide operational, administrative, and policy support to the DEAB.

6.3.3. Monitor the program requirements and implementation and provide oversight to ensure compliance with the requirements of the policies of this Directive.

6.4. The <u>Heads of the DoD Components with independent appointing authority</u> shall:

6.4.1. Hold full responsibility for managing the career lifecycle of their SES members, within the context of the DoD executive management lifecycle framework and through, at a minimum, the application of DoD core precepts at each stage of the lifecycle.

6.4.2. Establish a centralized management structure to effectively govern and manage the SES career executives. A centralized organization will be established to support the Deputy Secretary of Defense.

6.4.3. Select the candidates to fill SES and enterprise positions. Confer with the Deputy Secretary of Defense on selections made for enterprise positions as provided in subparagraph 6.1.3.

6.4.4. Nominate SES positions to be designated as enterprise positions.

6.4.5. Select SES leaders and G/FOs to represent their DoD Component on the DEAB.

6.4.6. Submit SES leader and G/FO nominations to the DEAB to serve as representatives of SES leaders and G/FOs from across the DoD Components.

6.4.7. Provide DoD Component insight on best practice approaches to the career lifecycle management of the SES for the Department of Defense.

6.4.8. Establish controls to ensure equitable treatment of all executives when organizational decisions require a reassignment outside the commuting area.

6.4.9. Monitor the implementation of, and ensure compliance with, the requirements of the policies of this Directive.

6.4.10. Establish the DoD Component management structures to include Executive Resource Boards (ERBs) to govern and manage the SES career executives effectively (see paragraph 6.6.).

6.5. The <u>DEAB</u> shall:

6.5.1. Ensure continuity of the highest caliber of SES leadership.

6.5.2. Define core precepts for the lifecycle management decisions.

6.5.3. Recommend at least annually a list of enterprise positions for DepSecDef approval.

6.5.3.1. For career positions in the legal field, obtain the concurrence of the General Counsel of the Department of Defense, prior to recommending the positions to the Deputy Secretary of Defense in accordance with DoD Directives 5145.1 and 5145.4 (References (g) and (h)).

6.5.3.2. For career SES positions in the Office of the Inspector General of the Department of Defense, obtain the concurrence of the Inspector General of the Department of Defense prior to recommending the positions to the Deputy Secretary of Defense.

6.5.4. Validate the process used for selecting individuals for enterprise positions.

6.5.5. Analyze the trends in career SES selections and assignments to inform policy decisions and ensure compliance with the requirements of this Directive.

    6.6. The DoD ERBs shall:

6.6.1. Conduct the merit staffing process for career SES positions.

6.6.2. Identify and recommend DoD Component enterprise positions for DEAB review and DepSecDef approval.

6.6.3. Perform the strategic planning processes in accordance with subparagraph 5.1.3.5.

7. EFFECTIVE DATE

This Directive is effective immediately.

Gordon England

Enclosures - 2
    E1. References, continued
    E2. Definitions

E1. ENCLOSURE 1

REFERENCES, continued

(e)   Parts 330 and 317 of title 5, Code of Federal Regulations, as amended
(f)   DoD Directive 1440.1, "The DoD Civilian Equal Employment Opportunity (EEO) Program," May 21, 1987
(g)   DoD Directive 5145.1, "General Counsel of the Department of Defense," May 2, 2001
(h)   DoD Directive 5145.4, "Defense Legal Services Agency," December 15, 1989

E2. ENCLOSURE 2

DEFINITIONS

E2.1. Career Lifecycle. The typical lifecycle includes recruitment, selection, development, utilization, performance management, succession and sustainment of talent, and separation. Each stage varies in duration and typically involves important decisions regarding an individual's career planning.

E2.2. Corporate Citizenship. That part of DoD business strategy that shapes the values underpinning the mission and the choices made each day by its executives as they engage with stakeholders and employees of the Department of Defense. These values are integrated into and aligned with DoD strategic plans.

E2.3. DoD Executive Advisory Board (DEAB). An advisory board of Senior Executive Service (SES) leaders and general and flag officer leaders from across the DoD Components, established by this Directive to advise the Deputy Secretary of Defense and other DoD senior leaders on the policy and management of the SES career executives.

E2.4. Enterprise Positions. DoD career SES positions that are determined by the Deputy Secretary of Defense to be the most influential and critical to accomplishing the Secretary of Defense's vision and strategic priorities, such that they warrant deliberate management at the highest levels of the Department of Defense.

E2.5. Enterprise-wide Perspective. A broad point of view of the DoD mission and an understanding of individual or organizational responsibilities in relation to the larger DoD strategic priorities. The perspective is shaped by experience and education and characterized by a strategic, top-level focus on broad requirements, joint experiences, fusion of information, collaboration, and vertical and horizontal integration of information.

E2.6. Executive. U.S. citizen appropriated fund employees assigned to the positions in the SES as defined under section 3132 of Reference (d).

E2.7. Joint Matters, Joint Perspective and/or Joint Environment. Integrated operations involving multi-Service, multinational, interagency, and non-governmental partners under unified action across domains such as land, sea, air, space, and the information environment.

E2.8. Reassignment. The movement of an executive from one authorized DoD position to another. This includes movement within and across DoD Components.

E2.9. Tier Structure. Divisions of the Executive Schedule rate of basic pay that distinguishes Senior Executives' scope, influence accountability, and impact within the Department of Defense.

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EXHIIBIT 5

SES PERFORMANCE APPRAISAL

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DEPARTMENT OF DEFENSE
EXECUTIVE PAY AND PERFORMANCE APPRAISAL

PART A - PERFORMANCE PLAN

1. NAME OF EXECUTIVE *(Last, First, Middle Initial)*		2. POSITION TITLE	
3. ORGANIZATION		4. PAY POOL MANAGER	

5. RATING PERIOD DATES *(YYYYMMDD)*		6. PERFORMANCE TYPE *(X)*	7. APPOINTMENT TYPE *(X and circle)*
a. BEGINNING	b. ENDING	ANNUAL	CAREER, NONCAREER, LTD TERM, LTD EMERGENCY
		INTERIM	DISES

PART B, SECTION I - PERFORMANCE ELEMENTS AND REQUIREMENTS (See Page 2, Part B, Section I.)
The signatures below acknowledge joint development and understanding of the performance elements and performance requirements.

8.a. SIGNATURE OF EXECUTIVE	b. TYPED NAME OF EXECUTIVE *(Last, First, Middle Initial)*	c. DATE *(YYYYMMDD)*
9.a. SIGNATURE OF RATING OFFICIAL	b. TYPED NAME OF RATING OFFICIAL *(Last, First, Middle Initial)*	c. DATE *(YYYYMMDD)*

PART B, SECTION II - ON-GOING FEEDBACK

10. RECORD OF PERFORMANCE FEEDBACK WITHIN THE RATING PERIOD

a. DATE *(YYYYMMDD)*	b. EXECUTIVE	c. RATING OFFICIAL
d. DATE *(YYYYMMDD)*	e. EXECUTIVE	f. RATING OFFICIAL

PART C - PRELIMINARY PERFORMANCE SCORE
Preliminary Performance Score is based on the total scores of performance accomplishments on Page 2.

11.a. PRELIMINARY PERFORMANCE SCORE	b. PRELIMINARY PERFORMANCE RATING
c. RECOMMENDED PERFORMANCE SHARES	d. RECOMMENDED DISCRETIONARY PAY INCREASE

e. SIGNATURE OF RATING OFFICIAL	f. DATE *(YYYYMMDD)*
g. SIGNATURE OF SECOND LEVEL SUPERVISOR	h. DATE *(YYYYMMDD)*

PART D - EXECUTIVE ACKNOWLEDGEMENT OF APPRAISAL
Signature acknowledges that the executive is aware of and was provided a copy of this evaluation.
It does not constitute agreement or disagreement with the evaluation.

12.a. SIGNATURE OF EXECUTIVE		b. DATE *(YYYYMMDD)*
c. HIGHER LEVEL REVIEW *(X indicates the executive's request for a higher level review within 7 workdays after receipt of the preliminary rating.)*	d. EXECUTIVE'S INITIALS	e. DATE REQUEST SUBMITTED *(YYYYMMDD)*

PART E - PERFORMANCE REVIEW BOARD RECOMMENDATIONS

13.a. PERFORMANCE RATING	b. PERFORMANCE SCORE	c. PERFORMANCE SHARES

PART F - AUTHORIZING OFFICIAL: PERFORMANCE SCORE, PAY INCREASES AND PERFORMANCE BONUSES

14.a. PERFORMANCE		b. BASIC PAY INCREASE	c. PERFORMANCE BONUS	d. DISCRETIONARY PAY INCREASE
(1) SCORE	(2) SHARES	$	$	$

e. SIGNATURE OF AUTHORIZING OFFICIAL	f. DATE *(YYYYMMDD)*

DEPARTMENT OF DEFENSE EXECUTIVE PAY AND PERFORMANCE APPRAISAL	NAME OF EXECUTIVE

a. PERFORMANCE SCORES	b. PERFORMANCE ELEMENTS AND REQUIREMENTS
1. LEADERSHIP/SUPERVISION WEIGHT	**MANDATORY.** Demonstrates effective and ethical individual and organization leadership to assess situations realistically; identifies and recommends or implements needed changes.
2. CONTRIBUTION TO MISSION ACCOMPLISHMENT WEIGHT	**MANDATORY.** Executes the position's assigned duties in a manner that contributes to the successful outcome of strategic goals and objectives.
3. RESOURCE MANAGEMENT WEIGHT	Demonstrates effective use/management of personal and organizational resources such as time, personnel, equipment and/or funds.
4. COMMUNICATION WEIGHT	Demonstrates effective listening, writing and oral communications skills.
5. COOPERATION/TEAMWORK WEIGHT	Demonstrates traits of flexibility, adaptability and decisiveness and the ability to exhibit and foster cooperation in team efforts and organizational settings.
6. CUSTOMER CARE WEIGHT	**MANDATORY.** Demonstrates effective interactions with internal and external customers.
7. TECHNICAL COMPETENCE/ PROBLEM SOLVING WEIGHT	Demonstrates the knowledge and skills required to execute the position's assigned duties and responsibilities.

PRELIMINARY PERFORMANCE SCORE: _____

PART C - ACCOMPLISHMENTS
(Components may add Component-specific instructions or requirements.)

DEPARTMENT OF DEFENSE EXECUTIVE PAY AND PERFORMANCE APPRAISAL	NAME OF EXECUTIVE

PART C - ACCOMPLISHMENTS
(Components may add Component-specific instructions or requirements.)

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Page 5 of 10 Pages

Part A - Performance Plan (Page 1, Items 1 - 7)

Identify pertinent information about the executive being rated.
Item 6. Annual Rating: Completed after the end of the appraisal period.
Interim Rating: Appraisal of executive performance, other than the annual rating, completed during the rating period due to a reassignment or on the departure of a supervisor.

Part B.

Section I - Performance Elements, Performance Requirements and Preliminary Score (Page 2).

Identifies the seven standard performance elements for each executive, which include major areas of responsibilities. Each performance element must be supported by one or more performance requirements, which state what is expected at the achieved expectations performance level. Performance requirements must be specific, so that expectations are clear, i.e., level of quality, time frame, etc. Documents the Rating Official's preliminary performance score based on the executive's accomplishments toward meeting the performance requirements of each performance element. If the Rating Official is going to weight any of the performance elements, the weight must be documented on this page. Preliminary performance score total is documented here, as well as in Part C, Item 11.a.

Section I - Performance Elements and Performance Requirements (Page 1, Items 8 and 9).

The signatures of the executive and Rating Official are required in this part to acknowledge joint development and understanding of the performance elements and requirements.

Section II - On-Going Feedback (Page 1, Item 10).

Documents performance feedback sessions between the executive and the Rating Official. At least one entry is required during the rating period.

Part C (Pages 4 and 5 or no more than two pages on plain bond paper).

Document the executive's accomplishments on each performance requirement. The Rating Official, Performance Review Board, and Authorizing Official consider accomplishments in determining increases to basic pay and performance bonuses. Component- specific instructions may be added before accomplishments are addressed.

Document the Rating Official's determination of the preliminary performance score (Item 11.a., from Part B, Section I), the preliminary performance rating (Item 11.b.), the recommended performance shares (Item 11.c.) based on the preliminary performance score relative to the range of performance shares in the following table, and any recommended discretionary pay increase.

Performance Rating, Score Ranges and Shares for Payout Share Conversion Chart		
Performance Rating	**Score Range**	**Performance Payout Shares**
Exceptional Results	95 - 100	11, 12, 13, 14, 15, or 16 shares
Exceeds Expected Results	86 - 94	7, 8, 9, or 10 shares
Achieved Expectations	70 - 85	1, 2, 3, 4, 5, or 6 shares
Minimally Satisfactory	51 - 69	0 shares
Unsatisfactory	0 - 50	0 shares

Part D - Executive Acknowledgement of Appraisal.

Item 12.a. Signature of executive. The signature of the executive acknowledges that the executive is aware of and has been provided a copy of this evaluation. Signature does not constitute agreement or disagreement with the appraisal. If the executive desires to provide a written response to the preliminary performance rating, and desires a higher-level review, the executive places an X in Item 12.c. and initials and dates the form.

Part E - Performance Review Board (PRB) Recommendations.

Items 13.a. through 13.c. document PRB recommendations to the Authorizing Official: the performance rating (Item 13.a.); performance score (Item 13.b.); and the performance shares (Item 13.c.).

Part F - Authorizing Official: Performance Score, Pay Increases and Performance Bonuses.

Items 14.a. through 14.f. document the Authorizing Official's decisions on: the performance score and performance shares (Item 14.a.); the dollar amount of the increase in basic pay (Item 14.b.); the dollar amount of the performance bonus (Item 14.c.); the discretionary pay increase (Item 14.d.); the signature of the Authorizing Official (Item 14.e.); and the date of the Authorizing Official's decisions (Item 14.f.).

1. **Leadership/Supervision (Mandatory):** Demonstrates effective and ethical individual and organization leadership to assess situations realistically; identifies and recommends or implements needed changes. Actively furthers the mission of the organization and assures that organization performance is aligned to the strategic plan. Works to improve the diversity of the organization, ensures that all employee rights are respected and is responsible for the effective management of employee performance. Builds leaders for the future through active engagement in and support for developmental programs.

2. **Contribution to Mission Accomplishment (Mandatory):** Executes the position's assigned duties in a manner that contributes to the successful outcome of strategic goals and objectives. Ensures that the accomplishments of the organization or program managed can be directly tied to mission need. Specifies the results or commitments to be achieved during the rating period.

3. **Resource Management:** Demonstrates effective use/management of personal and organizational resources such as time, personnel, equipment and/or funds. Meets schedules and deadlines, and accomplishes work in order of priority; generates and accepts new ideas and methods for increasing work efficiency; effectively utilizes and properly controls available resources; supports organization's resource development and conservation goals. Manages organization or program within the parameters established for the Department's Internal Control Program.

4. **Communication:** Demonstrates effective listening, writing, and oral communications skills. Provides or exchanges oral/written ideas and information that are timely, accurate, and easily understood. Represents the organization in a manner appropriate for the level of communication. Understands and operates under the communication release requirements of the organization.

5. **Cooperation/Teamwork:** Demonstrates traits of flexibility, adaptability and decisiveness and the ability to exhibit and foster cooperation in team efforts and organizational settings. Uses the appropriate cooperation and teamwork skills for the situation.

6. **Customer Care (Mandatory):** Demonstrates effective interactions with internal and external customers. Demonstrates care for customers through respectful, courteous, reliable and conscientious actions. Seeks out, develops, and/or maintains solid working relationships with customers to identify their needs, quantifies those needs, and develops practical solutions. Keeps customer informed. Within the scope of job responsibility, seeks out and develops new programs and/or reimbursable customer work.

7. **Technical Competence/Problem Solving:** Demonstrates the knowledge and skills required to execute the position's assigned duties and responsibilities. Ensures the technical accuracy of the work produced or provided by organization/program managed. Independently identifies issues and recognizes all sides in the resolution process.

DEPARTMENT OF DEFENSE EXECUTIVE PAY AND PERFORMANCE SYSTEM

The basis for determining the rating level of each performance element will be based on the relationship of the executive's accomplishments to the performance requirements. The table below identifies each of the seven benchmark performance elements: Leadership/Supervision; Contribution to Mission Accomplishment; Resource Management; Communication; Cooperation/Teamwork; Customer Care; and Technical Competence/Problem Solving, and illustrates accomplishments and contributions to be considered in reviewing the executive's performance.

Performance Element	Competencies/Performance Accomplishment
Leadership/ Supervision (Mandatory element)	**Vision** - Takes a long-term view and acts as a catalyst for organizational change; builds a shared vision with others. Influences others to translate vision into action. Engages in succession planning. **Service Motivation** - Creates and sustains an organizational culture which encourages others to provide the quality of service essential to high performance. Enables others to acquire the tools and support they need to perform well. Shows a commitment to public service. Influences others toward a spirit of service and meaningful contributions to mission accomplishment. **Integrity/Honesty** - Instills mutual trust and confidence; creates a culture that fosters high standards of ethics; behaves in a fair and ethical manner toward others, and demonstrates a sense of corporate responsibility and commitment to public service. **Leveraging Human Capital** - Recruits, develops, and retains a diverse high quality workforce in an equitable manner consistent with applicable law and merit systems principles. Leads and manages an inclusive workplace that maximizes the talents of each person to achieve sound business results. Respects, understands, values and seeks out individual differences to achieve the vision and mission of the organization. Develops and uses measures and rewards to hold self and others, including subordinate managers and supervisors, accountable for achieving results that embody the principles of diversity and achieve organizational results. **Decisiveness** - Exercises good judgment by making sound and well-informed decisions; perceives the impact and implications of decisions; makes effective and timely decisions, even when data is limited or solutions produce unpleasant consequences; is proactive and achievement oriented.
Contribution to Mission Accomplishment (Mandatory element)	**Strategic Alignment** - Achieves results that support and contribute to the accomplishment of the strategic goals of the organization, Component, and the Department. **Strategic Thinking** - Formulates effective strategies consistent with the business and competitive strategy of the Department and Component in a global economy. Examines policy issues and strategic planning with a long-term perspective. Determines objectives and sets priorities; anticipates potential threats or opportunities. **Entrepreneurship** - Identifies opportunities to develop and market new products and/or services within or outside of the organization. Is willing to take risks; initiates actions that involve a deliberate risk to achieve a recognized benefit or advantage. **External Awareness** - Identifies and keeps up to date on key national and international policies and economic, political, and social trends that affect the organization. Understands near-term and long-range plans and determines how best to be positioned to achieve a competitive business advantage in a global economy or to best achieve the goals of the Department and Component.
Resource Management	**Financial Management** - Demonstrates broad understanding of principles of financial management and marketing expertise necessary to ensure appropriate funding levels. Prepares, justifies, and/or administers the budget for the program area; uses cost-benefit thinking to set priorities; monitors expenditures in support of programs and policies. Identifies cost-effective approaches. Manages procurement and contracting. **Human Resources Management** - Assesses current and future staffing needs based on organizational goals and budget realities. Using merit principles, ensures staff is appropriately selected, developed, utilized, appraised, and rewarded; takes corrective action, as appropriate. **Technology Management** - Uses efficient and cost-effective approaches to integrate technology into the workplace and improve program effectiveness. Develops strategies using new technology to enhance decision-making. Understands the impact of technological changes on the organization. **Accountability** - Assures that effective controls are developed and maintained to ensure the integrity of the organization. Holds self and others accountable for rules and responsibilities. Can be relied upon to ensure that projects within areas of specific responsibility are completed in a timely manner and within budget. Monitors and evaluates plans; focuses on results and measuring attainment of outcomes. Complies with accountability systems requirements, and documents actions taken.

DEPARTMENT OF DEFENSE EXECUTIVE PAY AND PERFORMANCE SYSTEM *(Continued)*	
Performance Element	**Competencies/Performance Accomplishment**
Communication	**Influencing/Negotiating** - Consistent with Department and Component policies, persuades others; builds consensus through give and take; gains cooperation from others to obtain information and accomplish goals; facilitates "win-win" situations. **Interpersonal Skills** - Considers and responds appropriately to the needs, feelings, and capabilities of different people in different situations; is tactful, compassionate and sensitive, and treats others with respect. **Oral Communication** - Makes clear and convincing oral presentations to individuals or groups; listens effectively and clarifies information as needed; facilitates an open exchange of ideas and fosters an atmosphere of open communication. **Political Savvy** - Identifies the internal and external politics that impact the work of the organization. Approaches each problem situation with a clear perception of organizational and political reality; recognizes the impact of alternate courses of action. **Written Communication** - Expresses facts and ideas in writing in a clear, convincing and organized manner.
Cooperation/ Teamwork	**Flexibility** - Is open to change and new information; adapts behavior and work methods in response to new information, changing conditions, or unexpected obstacles. Adjusts rapidly to new situations warranting attention and resolution. **Resilience** - Deals effectively with pressure; maintains focus and intensity and remains optimistic and persistent, even under adversity. Recovers quickly from setbacks. Effectively balances personal life and work. **Conflict Management** - Identifies and takes steps to prevent potential situations that could result in unpleasant confrontations. Manages and resolves conflicts and disagreements in a positive and constructive manner to minimize negative impact. **Team Building** - Inspires, motivates and guides others toward goal accomplishment. Consistently develops and sustains cooperative working relationships. Encourages and facilitates cooperation within the organization and with customer groups; fosters commitment, team spirit, pride, and trust. Develops leadership in others through coaching, mentoring, rewarding, and guiding employees.
Customer Care (Mandatory element)	**Customer Service** - Balancing interests of a variety of clients, readily readjusts priorities to respond to pressing and changing client demands. Anticipates and meets the needs of clients; achieves quality end products; is committed to continuous improvement of services. **Partnering** - Develops networks and builds alliances, engages in cross-functional activities; collaborates across boundaries, and finds common ground with a widening range of stakeholders. Utilizes contacts to build and strengthen internal support bases.
Problem Solving/ Technical Competence	**Problem Solving** - Identifies and analyzes problems; distinguishes between relevant and irrelevant information to make logical decisions; provides solutions to individual and organizational problems. **Technical Credibility** - Understands and appropriately applies procedures, requirements, regulations, and policies related to specialized expertise. Is able to make sound hiring and capital resource decisions and to address training and development needs. Understands linkages between administrative competencies and mission needs. **Continual Learning** - Grasps the essence of new information; masters new technical and business knowledge; recognizes own strengths and weaknesses; pursues self-development; seeks feedback from others and opportunities to master new knowledge. **Creativity and Innovation** - Develops new insights into situations and applies innovative solutions to make organizational improvements; creates a work environment that encourages creative thinking and innovation; designs and implements new or cutting-edge programs.

DEPARTMENT OF DEFENSE EXECUTIVE PAY AND PERFORMANCE SYSTEM
STEPS IN THE PERFORMANCE APPRAISAL PROCESS

Rating Official.

1. Develop Performance Plan.

2. Determine which of the Standard Performance Elements relate to position.

3. Weight the Performance Elements.

4. Develop, with the executive, a narrative description of the performance requirements for each element.

5. Discuss Performance Elements and Requirements with executive.

6. Document Performance Elements and Requirements on the DoD Executive Pay and Performance Appraisal form.

7. Provide on-going feedback.

8. Hold at least one Progress Review and document it.

9. Ask executive for a narrative input, if desired.

10. Appraise executive's performance at the end of the rating period.

11. Assess executive accomplishments against Performance Elements and Requirements.

12. Assign numeric score to Performance Elements as Preliminary Performance Score.

13. Use Share Conversion Chart, assign Preliminary Performance Payout Shares.

14. Discuss Performance Appraisal with executive.

Performance Review Board.

15. Review Executive Performance Appraisals, Preliminary Performance Score, and Performance Payout Shares.

16. Recommend Executive Performance Ratings, Performance Bonuses, and Increases to Basic Pay.

Authorizing Official.

17. Determine Final Performance Rating, Performance Score and Performance Payout Share (including split between Bonus and Increase to Basic Pay).

EXHIBIT 6

MANAGERIAL AND SUPERVISORY TRAINING PROGRAMS PLANNED AND IN PLACE FOR DoD'S CIVILIAN PERSONNEL

Here, below, is a summary of the programs, broken out by hierarchy:

Entry Level (GS 7-11)

Section 1113 of the National Defense Appropriation Act ("NDAA") requires the development and implementation of managerial and supervisory training for the DoD's civilian workforce to promote the goal of DoD having world-class leaders. Specific requirements are for a one-week course for new supervisors in GS 7-12, followed by refresher courses every three years. Curriculum being developed will focus on:

   - Recruitment (authorities, flexibilities, etc.)
   - Performance (managing performance issues, engaging employees, etc.)
   - Development (mentoring, coaching, workforce development)
   - Communication (conflict management, interpersonal skills)

Mid Level (GS 12-14)

The DoD's **Executive Leader Development Program (ELDP)** provides mid-level civilians (GS-12-13) and military officer equivalents (O-4s and O-3s selected for promotion) with the opportunity to develop as leaders in a joint environment. The ELDP was started in 1985, has had over 1,500 graduates so far, serves about 54 civilian and six military participants a year, and is a 10-month program that involves training with coalition and forward-deployed forces and monthly deployments to military installations worldwide and Combatant Commands.

It is not clear how much, if any, of the ELDP's curriculum is focused on supervisory training. Even if substantial, the numbers of participants are small in relation to the size of the total population.

Senior Level (GS 14-15)

About 16,000 senior civilian leaders fill important posts throughout the Defense Department, and are the key feeder group for the SES and equivalent positions.

The Office of Personnel Management (OPM) has established five **Executive Core Qualifications (ECQs)** that candidates for SES positions throughout government must meet for promotion to SES. These are: (1) Leading Change, (2) Leading people, (3) Results Driven, (4) Business Acumen, and (5) Building Coalitions. To these the DoD has added a sixth competency, Enterprise –wide perspective, for new appointees.

The **ECQ** most germane to our goal of enhancing supervisory capabilities is **ECQ 2 - Leading People**, which is defined by OPM as the ability to lead people toward meeting the organization's vision, mission, and goals. Inherent to this ECQ is the ability to provide an inclusive workplace that fosters the development of others, facilitates cooperation and teamwork, and supports constructive resolution of conflicts. Sub-categories of Leading People are Conflict Management, Leveraging Diversity, Developing Others, and Team Building.

The Defense Department has established the **Defense Senior Leader Development Program (DSLDP)** as the successor to **the Defense Leadership and Management Program (DLAMP)** "to provide structured learning opportunities to enable the deliberate development of a diverse cadre of senior civilian leaders with the Enterprise-wide perspective and competencies needed to lead organizations, programs and people, and achieve results in the Joint, interagency, and multi-national environments." Participants in DSLDP are drawn from the best qualified and most promising civilians in SG 13-15 and equivalent executives. A prerequisite for nomination to the DSLDP is "a minimum of 1 year of significant experience in supervising or managing people in an official capacity." We understand this new program will serve about 100 leaders a year starting with the Class of 2011, including military counterparts at the 05 and 06 level.