Message from the President

“Government likes to begin things – to declare grand new programs and causes. But good beginnings are not the measure of success. What matters in the end is completion. Performance. Results. Not just making promises, but making good on promises.”

President George W. Bush
Why Strategic Human Capital Management?

**Change Drivers**
- Focus on Accountability and Results
- Shortage of Skilled Workers
- Changing Worker Values and Expectations
- Shift in Roles

**Government Response**
- Government Performance and Results Act
- PART
- CHCO Act of 2002
- GAO High Risk List

**Strategic Human Capital Management**

**Outcome = Improved Agency Performance**

President's Management Agenda
Results Matter:
Key to Success = Managing and Aligning

Doing the “Right” Work
(Alignment with Strategic Goals)

Doing the “Right” Work Right
(Managing Performance)

Agency Program Performance Results
Tools for Managing and Aligning

**Labor/Management Relations**
Addresses cooperation among employees, unions, and managers

**Communication**
Elicits employee feedback and involvement so that all employees play an appropriate role in planning and executing the mission

**Diversity Management**
Refers to the agency maintaining an environment characterized by inclusiveness of individual differences and responsiveness to the needs of diverse groups of employees

**Performance Appraisal**
Addresses the process under which performance is reviewed and evaluated

**Pay for Performance**
Links salary adjustments to an individual’s overall performance and contribution to the agency’s mission

**Awards**
Includes actions taken to recognize and reward individual or team achievement that contributes to the efficiency, effectiveness, and economy of the Govt
How to Build a Results-Oriented Performance Culture

- Ensure agency leadership is committed and communicates that commitment.

- Ensure the agency’s strategic plan is shared with and/or is accessible to all agency employees. (FHCS 2002 shows positive response to “I know how my work relates to the agency mission.”)

- Ensure that employees have a direct line of sight between performance expectations and recognition systems and the agency mission.

- Create a culture of continuous communication that includes feedback, coaching and mentoring.
How to Build a Results-Oriented Performance Culture

- Train managers and supervisors in performance management and coaching.

- Create a “reward environment” beyond compensation and benefits to attract, retain, and motivate employees. (FHCS 2002 shows positive response to “High performing employees are recognized or rewarded.”)

- Hold managers accountable for an effective performance management process.

- Hold managers and employees accountable for achieving results. (FHCS 2002 shows positive response to “I am held accountable for achieving results.”)
How to Build a Results-Oriented Performance Culture

• Ensure the agency performance management program differentiates between high and low performance. (FHCS 2002 shows positive response to “Steps are taken to deal with a poor performer.”)

• Maintain a pay system that is performance-based, resulting in a distribution of pay raises and bonuses based upon individual contribution, organizational performance, and/or team performance.

• Ensure the agency is responsive to the needs of diverse groups, resulting in a positive work environment conducive to all employees achieving their potential without fear or abuse.

• Have managers, unions, and employees work together to accomplish the agency’s mission through effective communication and problem solving.
### Equipping Managers to Manage: A Focus on Flexibility with Accountability

#### Drivers
- **President’s Management Agenda August 2001**  
  (SHCM designated a key gov’twide initiative)
- **GAO Report Jan 2001**  
  (Comptroller General places SHCM on high-risk list)

#### Legislative Mandates

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<th>Number</th>
<th>Act</th>
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<td>3.</td>
<td>Federal Workforce Flexibilities Act of 2004</td>
<td>Includes reforms to Federal Human Capital Management and Employee Career Development</td>
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<td>4.</td>
<td>The Future: Additional Civil Service Reform</td>
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#### Emerging Strategies

- **More Strategies**
  - Alternative Strategic Compensation Systems
  - Performance Management Systems

- **Additional Management Strategies**
  - Recruitment/Relocation/Retention Bonuses
  - Critical Pay Authority
  - Management Succession Planning/Training
  - Annual Leave Enhancements
  - “Comp” Time for Travel

- **Establishment of DOD HR Management System**
- **Other Federal Government Civilian Personnel Matters**
- **Establishment of Agency Chief Human Capital Officers**
- **Reforms Relating to Federal Human Capital Management**
- **Establishment of DHS HR Management System**

**Improved Agency Performance**
Regulatory Reform

- Homeland Security Act of 2004
- Chief Human Capital Officers Act of 2002
- Federal Workforce Flexibilities Act of 2004
  - Requires evaluation of training plans and programs to ensure agency specific performance plans and strategic goals are met.
  - Provides specific training to develop managers as a part of comprehensive succession management program.
  - Requires training for managers to address mentoring employees, improving employee performance and productivity, conducting performance appraisals, and addressing poor performance.
SES Pay for Performance Certification

Criteria

Appraisal systems and executive performance plans must:

- Align with organizational goals
- Involve executives in the development of performance plans
- Hold executives accountable for achieving business results
- Appraise executives using balanced measures of employee and customer perspectives
- Hold executives accountable for the performance management of subordinates

2005: 4 agencies provisionally certified, 14 agencies in process for recertification

2004: 2 agencies fully certified, 32 agencies provisionally certified
Building Capacity

Initiatives underway include:

• Skill assessments in mission critical and managerial occupations

• SES performance management systems/pay for performance

• PMA requirement for performance appraisal plans to cascade to 60% of the organization

• Competencies:
  • Identifying necessary competencies
  • Conducting gap analysis
  • Implementing strategies to close the gaps
  • Evaluating results of the strategies
  • Individual agency progress is assessed quarterly through PMA scoring
  • OPM assesses governmentwide health during PMA scoring

• Practitioner’s Guide
The Intended Outcome:

- A government with talented and imaginative people.
- Meaningful measurement of performance.
- Awards and rewards for employees who surpass expectations.
- A culture of achievement characterized by flexibility and accountability.
Why Does Performance Matter?

Social Security Administration sends out the social security checks

Veterans Administration provides medical care to Veterans and their families

Transportation Security Administration keeps our skies safe

Department of Agriculture ensures a safe and plentiful food supply

The Armed Forces and Homeland Security provide for our national security

Food and Drug Administration safeguards the public health

SMHC “Contributing to the Public Trust”