



Defense Logistics Agency



Senior Executive Service Performance Management System

September 30, 2008

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Agenda

- SES Performance Management Overview
- What's New?
- SES Performance Management Guidelines
- Develop and Communicate the Plan
- Monitoring Performance
- Rating Performance
- Performance Payout
- USD (P&R) Close-out Guidance for 2007-2008 Performance Appraisal Period
- 2008 Close-Out Timetable



SES Performance Management System Overview

- Promotes a performance culture in which the performance and contribution of the workforce are recognized and rewarded accurately and fairly
- Establishes common DoD Performance Elements upon which to assess performance
- Links performance requirements with strategic goals of organization
- Links individual performance with organizational performance
- Uses performance results as a basis for basic pay, bonus, development, and other personnel decisions
- Requires meaningful distinctions be made by writing effective Performance Requirements and effectively assessing performance



SES Performance Management System Overview (cont'd)

- Provides for the systematic appraising of performance using measures that balance organizational results with customers, employees, or other perspectives
- Requires rigorous appraisal of subordinate performance, which means that all the performance cycle components be completed.
- Holds executives accountable for the performance management of their subordinates, i.e., how well you oversee your employees
 - Aligning subordinate performance plans with organizational goals
 - Providing rigorous appraisal of subordinate performance
- Requires OPM certification and OMB concurrence of the Department's design, application and administration of its performance appraisal system



What's New?

- Established DoD Tier Policy
 - DoD April 2008 policy established Common Tier System
 - Tier System used for position and compensation
 - Tier levels recognize that a high level performance in some positions has more impact than comparable performance in others



SES Performance Management Guidelines

- Performance cycle is October 1 through September 30
- Must be on an approved plan within 30 days after cycle begins or 30 days upon reassignment
- Must be on an approved plan for 90 days to be rated
- Both executive and supervisor develop the plan
- Receive at least one progress review during the appraisal period
- Review typically occurs mid-point in the cycle
- Review must be documented on Performance Appraisal Form
- An executive who fails to meet expectations must receive specific feedback on improvement



Develop the Plan

- Obtain copies of the foundational documents that serve as “building blocks” for developing Performance Plans
 - Strategic Plans, Organizational Plans, Organizational Priorities
 - Annual DoD Organizational Priorities
 - DoD Organizational Assessments (published annually)
 - Rater’s performance expectations and requirements (outcome must be attainable within the performance period)
- Meet with Rating Official to discuss
 - Major work that needs to be accomplished
 - Linkage to organizational goals
 - Expectations of performance



Performance Elements

- All Performance Elements are critical and must be weighted – 3 mandatory
- “Contribution to Mission Accomplishment” comprises 60% of your plan
- The sum of the weights for all Performance Elements used must equal 100%
- Unsatisfactory performance in any one of the Performance Elements would make the executive’s overall job performance unsatisfactory

Performance Element	Mandatory Application	Mandatory Weight
Leadership/Supervision	SES	20%
Contribution to Mission Accomplishment	SES	60%
Customer Care	SES	20%
Communications		
Cooperation/Teamwork		
Resource Management		
Technical Competence/Problem Solving		



Monitoring Performance – Effective Feedback

- Performance feedback is given on a regular basis throughout the cycle – but at least one progress review is required

Reinforce
Strengthen
your
understanding
of your
priorities

Recognize
Communicate
priorities
to you

Anticipate
Change your
plan as
priorities
change

Remedy
Identify and
correct
weaknesses

***Coaching for a higher level of
performance is central to individual
And organizational performance***



Performance Rating Levels

Performance Rating Level	Score	Benchmark
Exceptional Results	95-100	Far exceeds expected results
Exceeds Expected Results	86-94	Surpasses expected results
Achieved Expectations	70-85	Fully meets expected results
Minimally Satisfactory	51-69	Partially meets expected results
Unsatisfactory	0-50	Fails to meet expected results



Initial Summary Rating

- Conducted at the end of the rating cycle
- Your performance must be
 - Appraised in writing
 - Include an Initial Summary Rating
 - Discussed with you
 - Your appraisal must be based upon
 - Individual and organizational performance
 - The degree to which you accomplished your Performance Elements and Requirements
- Provides a preliminary assessment pending final review by the Authorizing Official
- Includes a tentative rating
 - Important Note:** *Does not* include information on shares or payout distribution
- Performance ratings and scores are not forced or artificially constrained



Developing the Performance Score – An Example

Performance Element	Weight	Score	Performance Element Score
Contribution to Mission Accomplishment	60% (Mandatory Weight)	85	51
Leadership/Supervision (SES)	20%	80	16
Customer Care	20%	80	16
Performance Score	100%		83



Allocation of Shares

- Rating Official recommends the number of Shares based on Performance Score
- Shares are not given to executives who receive “Minimally Satisfactory” or “Unsatisfactory” ratings
- Shares are a portion of the Pay Pool Fund
- Performance Payout is a mathematical function of the number of Shares and Pay Pool size and consideration of other factors such as: length of service in position during the cycle (prorate), Tier limit, reassignment or new hire salary increases
- Receipt of a Presidential Rank Award (Distinguished Service and Meritorious Service) during the rating cycle is not a valid reason to reduce a performance payout.



Conversion to Shares

Performance Rating Level	Score	Payout Share Options
Exceptional Results	95-100	11, 12, 13, 14, 15, or 16
Exceeds Expected Results	86-94	7, 8, 9, or 10
Achieved Expectations	70-85	1, 2, 3, 4, 5, or 6
Minimally Satisfactory	51-69	0
Unsatisfactory	0-50	0



Annual Summary Rating

- The Authorizing Official (LTG Dail) completes and is accountable for the Annual Summary Rating
- Factors include
 - Performance Score
 - Higher Level Reviewer Input
 - Performance Review Board input
 - Performance payout share recommendations
 - Individual and Organizational Performance
 - Employee input



Pay Pool Formulas

- SES Pay Pool Funding Factor
 - **IMPORTANT:** Different for each tier
 - Tier 3 has the highest Pay Pool Funding Factor and Tier 1 the lowest
 - Used to distinguish levels of responsibilities and difficulty of challenges
 - PAEP + Pay Progression Budget + Performance Bonus Budget
 - Determined annually by the Deputy Secretary of Defense



Performance Payouts

- Decided annually in December
- Consists of basic pay increases and Performance Bonuses
- Determined by the Authorizing Official based on
 - Performance Payout Formula
 - Recommendations from
 - Rating Official
 - Higher Level Reviewer of PRB
 - Performance Review Board (PRB)
- Only the Authorizing Official may grant an increase or decrease to payout



Performance Payouts (cont'd)

- Adjustments can be made to increase payout
 - Recognize rare and unusual performance
 - Recognize a team's achievement in meeting organizational goals
- Adjustments can decrease payout
 - Less than a full year of service from the rating period (pro-rated)
 - Recent hiring action that incurred a significant pay raise



USD (P&R) Close-out Guidance for 2007-2008 Performance Appraisal Period

- Close-out Guidance from USD (P&R)
 - Key close-out responsibilities and DoD timeline
 - 2007-2008 Performance Validation Checklist
 - Template and instructions for recording rating and payout information
 - Powerpoint template and instructions for describing rating results
 - Examples of share values for rating distribution
 - OPM SES Survey summary
- Individual basic pay increases will not exceed 8 percent of the basic salary
- Annual DoD Organizational Assessment for FY 2008 released by the DepSecDef
- Pay Pool Funding Factor determined by the DepSecDef with pay pool funding caps for each tier
 - Tier 1: 11%
 - Tier 2: 13%
 - Tier 3: 17%



2008 Close-Out Timetable

September 30	End of Rating Cycle
October 15	Deadline to complete 2-page write up of accomplishments
October 15–27	SES members and Rating Officials discuss overall performance and accomplishments for 2007/2008 & sign new standards for 2008/2009 rating period (10/1/08 – 9/30/09)
October 29	Submit 2007/2008 (completed) ratings and 2008/2009 (new) performance plan to SES Program Manager
November 4	PRB convenes
November 7	PRB recommendations forwarded to Director
November 22	PRB results/documentation forwarded to OSD
Early December	Final ratings distributed to SES members
January 2009	Performance Pay Outs
March 2009	Mid-year discussions for 2008/2009 Performance



Resources

- SES Website (Includes SC 920)
 - www.cpms.osd.mil/sespm
- Executive Performance in the 21st Century: A Guide to Driving Organizational Results
- Executive Management Development Office
- 5 USC 43
- OPM Certification
 - <http://www.opm.gov/ses/certification.asp>



Questions





Back-up Slides



DLA SES Tier Designations

NAME	DUTY TITLE	SES TIER DESIGNATION
DEVINCENTIS, Mae	Director, Information Operations/CIO (J-6)	3
GLASCO, Larry	Deputy Director, Logistics Operations & Readiness (J-3/4)	3
KNOTT, Claudia	Director, Component Acquisition Management (CAE)	3
NEAL, Jeffrey	Director, Human Resources (J-1)	3
POLEO, Anthony	Chief, Financial Operations/CFO (J-8)	3
CASE, Edward	Deputy Director, Information Operations/CTO (J-6)	2
CUTLER, Kathy	Deputy Commander, Defense Supply Center, Richmond (DSCR)	2
GONZALEZ, Twila	Director, Defense Reutilization and Marketing Service (DRMS)	2
HUNTLEY, Kim	Director, Defense Energy Support Center (DESC), Richmond	2
MCCLAUGHERTY, James	Deputy Commander, Defense Supply Center, Columbus (DSCC)	2
MONTOYA, Gilbert	Deputy Commander, Defense Supply Center, Philadelphia (DSCP)	2
PETERS, Paul	Deputy Director, Defense Distribution Center (DDC), New Cumberland	2
PRIBBLE, Fred	General Counsel	2
BAILLIE, Frederick	Director, DLA Accountability Office (DA)	1
BUDDEN, William	Executive Director, BRAC Implementation (J-39)	1



DLA SES Tier Designations (Cont'd)

NAME	DUTY TITLE	SES TIER DESIGNATION
BURKE, Yvette	Executive Director, Aviation Contracting and Acquisition Management (DSCR)	1
CHADICK, Mary	Deputy General Counsel	1
DULIN, Patrick	Deputy Director, Defense Energy Support Center (DESC), Columbus	1
FALVEY, David	Executive Director, Enterprise Solutions (J-6)	1
HALL, John	Executive Director, Operations and Sustainment (J-3X)	1
HEIMBAUGH, Nancy	Executive Director, Contracting and Acquisition Management, DSCP	1
LEWIS, Milton	Executive Director, Contracting and Acquisition Management, DSCC	1
REBA, Simone	Deputy Comptroller for Budget and Program Integration (J-81)	1
VACANT (Foster selected)	Program Executive Officer (J-6)	1
VACANT (Scott selected)	Executive Director, Material, Policy, Process and Assessment (J-3)	1



A Performance Management System Focused on Outcomes

- DoD's performance management system makes meaningful distinctions in performance
 - Based on relative performance and organizational performance
 - Meets requirements identified in 5 U.S.C. Chapter 43
 - Meets OPM certification requirements

A performance culture that encourages a results-driven executive workforce by creating a direct link between the results you achieve and your pay and rewards.



Title 5 Certification Requirements

- Key Performance System Requirements
 - Using performance requirements that provide for a accurate evaluation of performance based on objective criteria related to the job
 - Engaging employees in establishing performance requirements
 - Monitoring and appraising performance fairly
 - Using the results of performance appraisals as a basis for paying, training, rewarding, promoting and other personnel actions
 - Rigorously evaluating employees based upon individual and organization performance
 - Using a rating scale that includes at least three levels of performance



OPM Requires Specific Elements for Certification

- OPM certifies our Executive Performance Management System
- Why is this important?
 - Simply put: A certified system allows DoD to compensate its high performing executives at Level II of the Executive Schedule
- To receive certification DoD submits a sample of performance plans for scoring
- To receive certification, the reviewed plans must receive a score of 80% or higher



OPM Certification Requirements

- Performance Requirements must meet six criteria
 - Accountability
 - Alignment
 - Balanced measures
 - Consultation
 - Diversity
 - Measurable results



OPM Certification Criteria – Accountability

- Your Performance Requirements must address:
 - Accountability Criteria (SES who supervise)
 - Accountability for subordinate performance management
 - Must specifically have a statement that holds executives accountable for subordinate performance
 - ❖ Ensuring that subordinate performance plans are aligned to organizational goals
 - ❖ Appraising subordinates against clear, measurable standards of performance
 - Must be SMART-Q written at Level 3 – “Achieved Results”
 - Include Leadership/Supervision Performance Element



OPM Certification Criteria – Alignment

- Your Performance Requirements must address:
 - Alignment Criteria – Performance plan must
 - Link to organizational goals
 - ❖ Strategic Plans
 - ❖ Annual performance plans or
 - ❖ Other organizational planning or budget documents
 - Each Requirement must
 - Cite the actual plan and/or goal
 - The citation may be abbreviated , e.g., (Goal 1.1 of CPP Strategic Plan)
 - The referenced plan must be available, upon request, to submit to DoD as part of the evidence required for OPM certification



OPM Certification Criteria – Balanced Measures

- Your Performance Requirements must address:
 - Balanced Measures Criteria – Measures or indicators of the collection and uses of employee and customer/stakeholder feedback
 - Must include employee and customer/stakeholder feedback was solicited and used in achieving a performance result
 - Must be SMART-Q written at Level 3 – “Achieving Expectations”
 - Include in any one of the Performance Elements, e.g., Contribution to Mission Accomplishment or Customer Care



OPM Certification Criteria – Consultation and Diversity

- Your Performance Requirements must address:
 - Consultation Criteria – Requirement to involve the executive and rater in developing Performance Requirements
 - Executives and Raters must co-develop the Performance Requirements
 - Signature of the Executive and Rater is required in Part B-1 of the Executive Performance Appraisal Form
 - Diversity Criteria – DoD Requirement
 - Performance plans must have a Performance Requirement that holds executives accountable for achieving results in promoting diversity in the workforce and furthering equal employment opportunity in the workplace



OPM Certification Criteria – Measurable Results

- Your Performance Requirements must address:
 - Measurable Results Criteria– Output or outcome that includes observable and or verifiable results in terms of quality, quantity, timeliness, and or cost effectiveness
 - All Performance Requirements under Contribution to Mission Accomplishment must be results-driven (SMART-Q)
 - Measures can include
 - ❖ Efficiency or accuracy rates,
 - ❖ Improvement from survey results
 - ❖ Acceptance of articles by jury journals
 - ❖ Presidential Management Agenda metrics or other program metrics
 - ❖ Attributes of value, thoroughness, excellence of an effort, or result



SMART-Q Framework

- Elements of the SMART-Q Framework
 - **S**pecific
 - **M**easured
 - **A**ligned
 - **R**ealistic
 - **T**imeframe
 - **Q**uality



SMART-Q Framework “S”

- **Specific**
 - Clear, concise statement of what is being measured
 - Observable outcome or achievement

- **Ask yourself**
 - What am I responsible for accomplishing?
 - What will be achieved?
 - What is the expected result and outcome?
 - How will this drive organizational success?



SMART-Q Framework “M”

- **Measurable**
 - Result is observable or verifiable
 - A method, procedure or standard exists to assess and record the result of the requirement
- **Ask yourself**
 - How will I know I achieved the result at the “Achieved Expectations” level, at a minimum?
 - Is the requirement a “big rock” that describes your work as an executive?
 - Is the requirement simply a statement of activity versus outcomes/results to evoke a meaningful distinction in performance?



Measurement Tips

- ✓ **Tip:** Measures allow for meaningful distinctions in performance
 - Yes or No responses to a Performance Requirement may be an indication that the Performance Requirement cannot make a meaningful distinction in performance

Example: A Performance Requirement that states: “Write a DoD Instruction by January 2008” uses time as the measure. However, meeting or “beating” the clock may be insufficient to determine a level 3, 4 or 5 rating on the Performance Element. Other indicators, such a quality measure, can be used to help make meaningful distinctions in performance.



SMART-Q Framework “A”

- **Aligned**
 - A clear, direct connection exists between my requirements and the DoD Organizational Priorities, Component Strategic Plans, and or other organizational strategic goals
- **Ask yourself**
 - Does this requirement support the DoD Organizational or Component, and or organizational goals?
 - If this requirement is not met, what is the impact to the organization?
 - What specific goal/priority does the performance requirement meet?



SMART-Q Framework “R”

- **Realistic**
 - The outcome must be achievable with the resources and personnel available
 - The result is within your control and responsibility

- **Ask yourself**
 - Do I need to plan on additional resources to meet this requirement?
 - Is this a realistic goal given the organization’s mission?
 - Is the achievement of this goal under my control?



SMART-Q Framework “T”

- **Timed**
 - Timeframe needed to complete the requirement is identified within the period of performance
- **Ask yourself**
 - Have I included a realistic timeframe for all variables identified at this time?
 - Have I included time to resolve potential obstacles?
 - Did I specify when the outcomes will be achieved?
 - Do I need to break the project into milestones to identify an appropriate timeframe?



SMART –Q Framework “Q”

- **Quality**
 - Assesses how well you completed the requirement
- **Ask yourself**
 - How do I know how well I completed the work?
 - Is there a governing body that can identify the quality of my work?
 - Are there functional experts that can attest to the quality of my results?



Performance Requirements

- Each Performance Element has Performance Requirements
- Typically between **one** and **four** Performance Requirements are used for each Performance Element
- Performance Requirements
 - Are written in the SMART-Q framework
 - Must describe a requirement/outcome that is of sufficient depth and complexity to reflect the high-level work of an Executive or Senior Professional
 - Must be written at “Achieved Expectations”
 - Allow for meaningful distinctions in performance to be made
- All Performance Requirements must be results-oriented



Performance Requirements (Cont'd)

- For supervisory positions
 - Two mandatory Performance Requirements as part of the Leadership/Supervision Performance Element
 - Subordinate employee Performance Plans must be
 - ❖ Aligned with organizational goals
 - ❖ Rigorously and realistically appraised against clear and measurable performance standards
 - ❖ Employee and customer views are considered in achieving organizational results
 - Executive achieves results in promoting equal employment opportunity, affirmative action, and diversity



Sample Requirement

Improve the delivery of HR policy advice and guidance to customers worldwide, including in deployed locations, by developing a variety of useful resources that are robust and easily accessible by Q2 as measured by supervisor, stakeholder, and customer feedback.
(Strategic Goal 4.2)

What's included:

- ✓ *Strategic Alignment*
- ✓ *Consultation*
- ✓ *Balanced Measures*

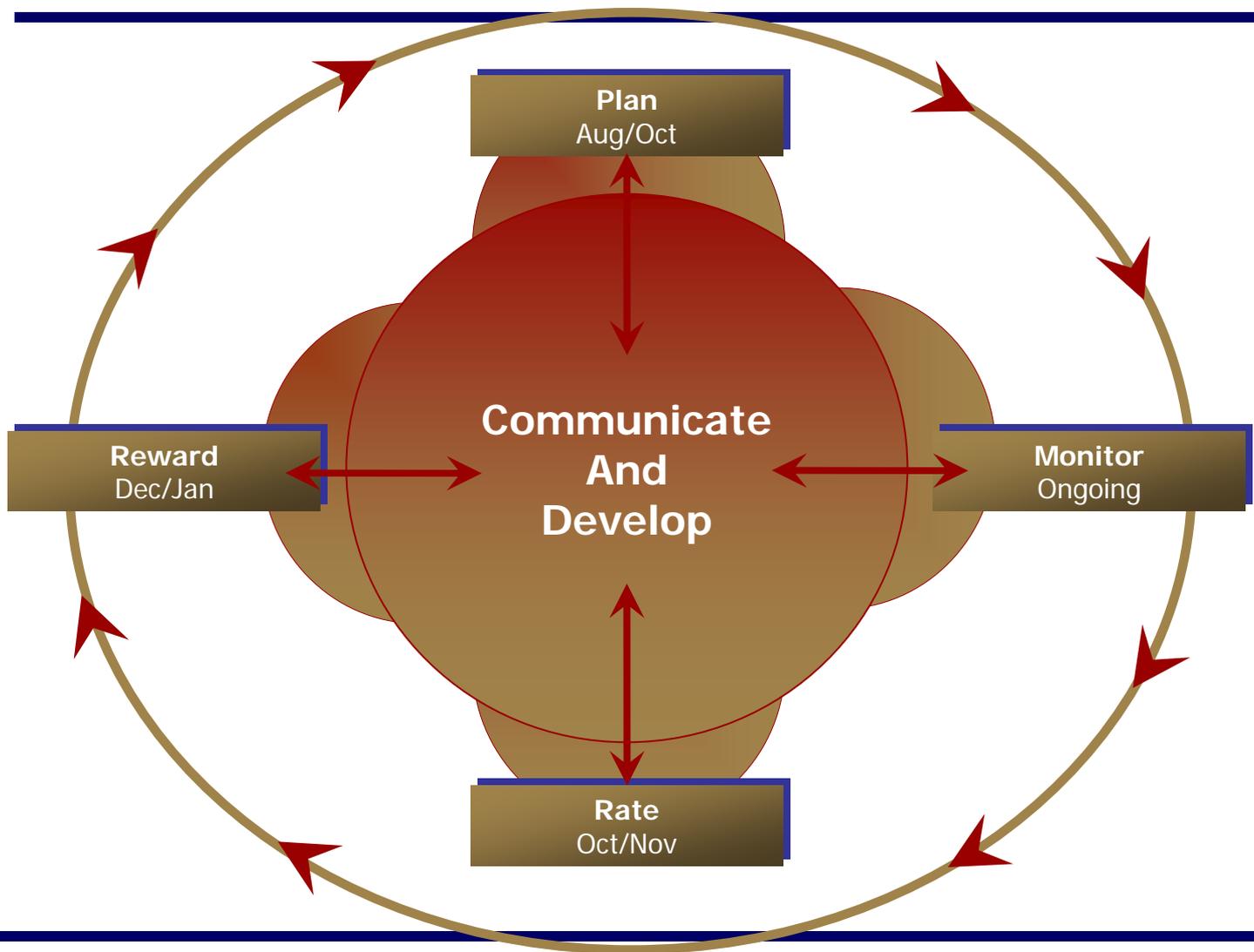


Sharing Your Draft with Your Rating Official

- Once you have completed drafting your Performance Plan, share it with your Rating Official and set up time to discuss
 - If possible, have the meeting in person
 - Set aside sufficient time
 - Recognize it is an iterative process – more than likely expectations will be reframed and parts of your plan refocused
 - Discuss and share your plan as many times as necessary to ensure your Rating Official and you have a shared understanding of expectations and performance
- When ready, finalize your plan



Executive Performance Management Cycle At a Glance





Performance Requirements

- SMART-Q Performance Requirements
 - Apply to your areas of responsibility
 - Are linked with strategic plans and Department/ Component initiatives
 - Reflect expected agency or organizational performance
 - Clearly describe performance that is measurable or verifiable and focused on tangible outputs, outcomes, milestones
 - Include balanced measures reflecting perspectives of distinct groups including customers and employees



Monitoring Performance

- You and your rating official should communicate often about your performance – it is the cornerstone of our system
- The goals of the feedback are to
 - Reinforce your performance
 - Recognize your contributions to fulfilling DoD's mission and goals
 - Anticipate challenges and resources needed
 - Remedy performance concerns
- Use these opportunities to gain insight and enhance your performance



Monitoring Performance

If you are not having regularly scheduled discussions – ask for them –you deserve to receive feedback and learn about opportunities to improve and contribute in meaningful ways.



Interim Performance Review

- Given when your Rating Official or you change positions your rating official
 - Conducts an Interim Performance Review if a position change is made within 90 days of prior review
 - Delivers comments to the new rater assigned to you if after 90 days
 - Can conduct at any point during the rating cycle
 - Ensures continuity in your performance feedback



Providing Feedback on Performance

- Provides opportunity to
 - Validate Performance Requirements (Must have at least 90 days remaining in the rating cycle to make changes.)
 - Reiterate individual and organizational expectations
 - Share progress on meeting organizational goals
 - Discuss individual progress and challenges
 - Discuss customer and employee perspectives in achieving results
- Creates a deliberate process to
 - Identify strengths and areas for improvement
 - Assess development needs
 - Develop expertise
 - Discuss performance areas you want to enhance



Developing Performance

- Seek professional development opportunities that promote achievement of strategic initiatives and improve your ability to lead others
- Consider
 - Integrated, enterprise-wide projects that target the complex nature of future challenges
 - Learning activities that integrate individual learning with team and organizational learning
 - Developmental opportunities in the form of external rotations, launching new initiatives and managing turnarounds



Developing Performance

- Identify opportunities based on feedback
- Seek professional development opportunities that
 - Increase your ability to achieve strategic objectives and improve leadership abilities
 - Enhance your understanding of DoD's global environment
 - Develop cultural awareness and foreign language proficiency
 - Broaden perspectives to gain greater context of DoD's mission and public policy interests

You have the opportunity to enhance your skills and competencies to advance your career – Aligning your opportunities to DoD's priorities supports DoD and you.



Preparing for a Performance Discussion

- Collect needed information you may need
 - DoD Organizational Priorities
 - Component Strategic Plan
 - Interim Rating Review
 - Input from other Rating Officials
 - Previous performance assessments
 - Information about possible developmental projects
 - Employee/Customer feedback and use of feedback to make informed decision



About the Rating Process

- Your performance must be
 - Appraised in writing
 - Include an Initial Summary Rating
 - Discussed with you
- Your appraisal must be based upon
 - Individual and organizational performance
 - The degree to which you accomplished your Performance Elements and Requirements



Appraisal Process Elements

Performance Elements	Competencies
Leadership/Supervision Employee Alignment Workforce Diversity	Vision, Service, Integrity/Honesty, Leveraging Human Capital, Decisiveness, Maintaining safe and productive work environments
Contribution to Mission Accomplishment Objectives	Strategic Alignment, Strategic Thinking, Entrepreneurship, Awareness
Resource Management	Financial, Human Resource, and Technology Management, Accountability
Communication Performance	Influencing/Negotiation, Interpersonal Skills, Oral and Written Communication
Cooperation/Teamwork	Flexibility, Resilience, Conflict Management, Team Building
Customer Care	Customer Service, Partnering
Technical Competence/ Problem Solving	Problem-Solving, Creativity, Continuous Learning



Performance Review Board (PRB) Overview

- Your Rating Official recommends to the PRB
 - Rating
 - Performance Score
 - Shares
- The PRB process is designed to create consistency in the performance management system across the organization
- The PRB functions to manage and equitably distribute performance-based pay increases and bonuses



Pay Pool

Roles and Responsibilities

- Executive
 - Documents results and communicates this information to the rating official
- Rating Official
 - Documents results and communicates this information to PRB
- PRB ensures
 - Recommendations are in alignment with your results and contributions to organizational success
 - Total Performance Payout does not exceed the fund balance in the Pay Pool Fund
 - Ensures equitable standards based upon individual and organizational performance
 - Verifies consistent application of PRB processes across the organization