

Comments on the National Security Personnel System, Proposed Rule

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1. Background.

a. Mike Snead is a 30+ year civil service employee without prior military service. He is an aerospace engineer having worked previously in the Aeronautical Systems Center (ASC) and the Air Force Materiel Command. Currently he works in a non-supervisory staff position in the Plans and Programs Directorate at the Air Force Research Laboratory (AFRL). He has been a participant in the AFRL personnel demonstration program for about six years.

b. Mike Snead has served as the chair of the ASC/EN Total Quality Team in the early 1990s. In the 2000-2001 time period, he initiated and led the AFRL Technology Seminar Game developing future warfighting concepts responsive to anticipated changes in the military warfighting environment. Currently, he is chair of the American Institute of Aeronautics and Astronautics Space Logistics Technical Committee focusing on innovative, near-term, manned space logistics capabilities to support human and robotic space operations.

2. Comments:

a. The need to update the civil service personnel system for is clear. However, from personal experience with the similar laboratory personnel demonstration program, it is very important that further improvements in this basic system be made to make this change successful and valuable.

b. The following comments address the areas of transformation, innovation, performance-based pay, human resource management, supervisor and manager training and monitoring, and in-house support contractors vs. civilian employees from the perspective of how these areas interact with the proposed NSPS system.

3. Transformation:

a. “Transformation is more than acquiring new equipment and embracing new technology—it is the process of working and managing creatively to achieve real results. To transform the way DoD achieves its mission, it must transform the way it leads and manages the people who develop, acquire, and maintain our Nation’s defense capability. Those responsible for defense transformation—including DOD civilian employees—must anticipate the future and wherever possible help create it.”

b. The focus of military and national security transformation is to maintain the dominant paradigm such that adversaries and potential adversaries are forced to engage the U.S. within circumstances that the U.S. defines; circumstances that either deter aggression against the U.S. and its allies or enable the U.S. to quickly engage and defeat aggressors. Success in maintaining the dominant paradigm – force transformation – requires substantial agility in preparing,

planning, budgeting, program execution, and military operations. This agility will result from: anticipation of needed change or the identification of opportunities to drive positive change; identification or invention of new ways to accomplish the change; successful and repeatable application of the change to demonstrate value (innovation), and acceptance and broad utilization of innovation to transform the force and improve national security.

c. The National Security Personnel System (NSPS) must enable the cultural changes necessary to enable force transforming agility to be accomplished. Its implementation must specifically and unequivocally acknowledge, facilitate, and support the pre-transformation steps of anticipation, invention, and innovation. Experience with the laboratory demonstration system indicates that the cultural changes necessary to implement these pre-transformation steps are not discussed, not understood, and not undertaken. While much of the planning for the implementation of the NSPS must naturally address the mechanics of implementing the new system, it is also important that the planning for its implementation include defining, stating the importance of, and identifying the means to implement the changes in culture necessary to enable and encourage these pre-transformation activities.

4. Innovation:

a. Womack and Jones, in “Lean Thinking,” cite Toyota and Taiichi Ohno in many of the examples of the application of lean development and manufacturing methods. When first introduced in the early 1950s, this was both highly innovative and transformational. In describing how this process was introduced into Toyota, they note, “One of Ohno’s favorite sayings was that ‘Common sense is always wrong.’” (p. 233) To help understand what Ohno may have meant, turn this saying around: common sense is always right. Common sense reflects the prevailing paradigm of right, wrong, good, bad, winners, losers, people on the “right” track, and those who are outsiders and it is safe to ignore. There are certainly people who believe that the prevailing paradigm is always right and they will hold out for the status quo until a transformation is forced on them from the outside. Joel Barker relates the story that the digital watch was invented by a Swiss watch company that could not see the value of an electronic watch because a watch was (by common sense) mechanical – springs, gears, levers, arms, etc. The technology was adopted by American and Japanese electronic companies who came to dominate watch production. During World War II, American aircraft engine companies could not see the value of jet engines. General Arnold was forced to intervene to bring this technology over from England. Within five years, the U.S. military was beginning the process of converting to all jet-powered aircraft.

b. Innovation almost always starts from a position of being “wrong” because it usually conflicts with the prevailing paradigm. Innovators are usually viewed as outsiders because they are attempting to show that the prevailing paradigm and its implementers and supporters are outdated, perhaps even wrong. The challenge to the NSPS is how to not dissuade innovators and innovation during the critical time period leading up to transformation when their innovation activities are still viewed as being wrong. If one important purpose of the NSPS is to “promote a performance culture in which the performance and contributions of the DoD civilian workforce are more fully recognized and rewarded” and to “allow employees to be paid and rewarded based on performance, innovation, and results,” then the performance and contributions of innovators

must be recognized and rewarded during the period of “wrong” activity prior to the time when these innovations have redefined the prevailing paradigms. For significant innovation, the length of time of this “wrong” activity may be years. This conflicts with annual performance evaluations.

c. The necessary cultural change associated with innovation is not unlike other recent cultural changes associated with situations, circumstances, or attitudes that have undergone significant modification in recent years. Many of these changes involve acknowledgment that it is no longer appropriate or acceptable to publicly condone attitudes or undertake actions that benefit one group at the expense of another. Many of these changes also involve the definition of mandatory supervisory and management actions that they must take should they become aware of “wrong” attitudes, performance, or actions. Examples include sexual harassment and ethical violations. The implementation of the NSPS must establish an understanding and expectation that good stewardship of national security requires acceptance, encouragement, and support for innovation and innovators even when the innovation becomes disruptive to ongoing plans and programs. The unwelcome voice of innovation must become the welcome voice.

d. The acts of innovation—anticipation of needed change, search for potential existing solutions, invention of new change, demonstration of the value of proposed change—must be seen as something anyone can and should undertake, must receive favorable treatment with respect to access to resources, recognition and reward (especially prior to completion), and must be supported within the new NSPS culture. Most importantly, it cannot be ignored or denied. Innovation is positive and needed to achieve valuable transformation. The NSPS culture of supervisory and management actions and their own rewards and recognition must be supportive of innovation and innovators. Supervisors and managers must be expected to provide an innovation-friendly work environment that promotes innovation, in areas important to national security, even if the innovation development efforts do not fall directly within the organization’s mission. We all work for the president and share responsibility for achieving the president’s transformation goals.

e. Successful personal innovation should become a decision factor in selecting and promoting supervisors and managers. The only way to maintain a permanent innovation culture is to have innovators share in the management of the defense department at all levels. This is a key cultural change and may best be viewed in the same light as previous cultural changes designed to bring minorities and women into management. Innovators are, in effect, a different type of minority that possesses valued attributes that must be encouraged within the Department of Defense. Innovators turned managers provide, through first hand experience, the mentoring and support necessary for continuing the innovation transformation.

e. It must be recognized and accepted that all acts of innovation will not be successful. How many attempts at making a lasting light bulb did it take before the initial success was achieved? Hence, while successful innovation must be recognized and well rewarded, the act of innovation must also be recognized and rewarded in order to communicate and reinforce the value of innovation to the Department of Defense. It must be made clear that innovation is part of the mission and employees are to be recognized and rewarded for trying.

f. Finally, all organizations must identify, adopt, facilitate, and advocate the “innovation culture” with the full understanding that this will most likely significantly, perhaps radically, impact their current organization. This change will be one the most prominent elements of transformation within DoD and it will be one of the most challenging. To help with accepting and encouraging this transformation, each organizational commander should have a “folder” on her desk labeled “Innovation Proposals.” This folder defines the organization’s future. Filing this folder with sound innovation ideas and managing how this information is handled should become a primary daily responsibility of the commander. In particular, the commander should be prepared to handle a significant growth in innovation proposals as the people in the organization begin to embrace the innovation cultural changes and become active innovators. Managing this will consume significant management resources, especially if unprepared. It may be helpful if the preparation for the introduction of the organization cultural changes to encourage and respond to innovation is undertaken in the same manner as preparation for an Operational Readiness Inspection. In other words, prepare and be successful; don’t “wing it.”

5. Performance-Based Pay:

a. “The NSPS pay system will be a performance-based pay system that will result in a distribution of pay raises and bonuses based upon individual performance, individual contribution, organizational performance, team performance, or a combination of those elements.”

b. Experience with the laboratory demonstration program, from the position of a non-supervisory staff member, finds that the following observations:

(1) Activity is often used as a measure of performance. People join teams, attend meetings, prepare briefings, arrange meetings, etc., and this is used to evaluate performance. As a result, people seek “noticed activities” to participate in. Personal success is being seen as being active and busy.

(2) Assigned activity is a means of rewarding the “right” people. They are assigned to prominent team and similar activities, then this participation is reported on annual employee-prepared contribution statements, and, finally, it is rewarded by the same supervisors and managers that assigned them to the teams in the first place. As a result, people seek “activities” to be chosen to participate in. Personal success is in being selected and people adapt their attitudes, view points, behavior, etc. to gain favor and be selected.

(3) Performance expectations, established at the beginning of the performance period, are generally vague and of limited use in determining how to provide and improve on an individual’s performance. Many supervisors prefer to work on the easier and safer ground of waiting for performance to become self-evident when, in fact, it is their responsibility to develop the talents, capabilities, and expertise in their employees to provide superior performance.

(4) Annual performance reviews and pay-pool comparisons are not open and transparent. They are subjective with the burden of ensuring fairness placed on the employee.

These topics are addressed in the laboratory demonstration program's FAQs written at the beginning of the demonstration program.

“The assessment of individual employees will remain confidential and will not be open to everyone, just as today's appraisal process works. Some statistical characteristics of each year's overall cycle will be calculated and open to the public. The exact nature of these numbers has not yet been determined. As a minimum, each employee will be given a statistical correlation pertaining to their relative standing within the pay pool.”

“First, we must realize that any appraisal or assessment system will rely on, to some degree, the subjective judgment of the supervisors. It is recognized that broader work will be required under the demonstration project. Managers must (and will) be aware that all employees need to have contribution opportunities in each of the factors under which they are assessed. If they feel they don't have those opportunities, the employee will need to initiate the appropriate dialog with his/her supervisor. This issue will be stressed during management orientation and training sessions for the project.”

It is clear that the burden of determining if fair opportunities for contribution / performance lies with the employee and not the supervisor. How is an employee, who is not aware of what opportunities are being provided to other employees, to be able to affectively look after his/her best interests? The answer is to have contribution plans developed for each employee, if they wish, so that clear understandings of expectations and performance opportunities are defined early in the performance period. In the laboratory demonstration program, when an employee's performance is not acceptable, supervisors are required to prepare a “Contribution Improvement Plan.” Hence, there is a process for determining and documenting acceptable levels of performance in a manner that can be used to assess an individual's performance. This provides a mechanism for preparing such plans for everyone that wishes so that the performance expectations are documented in a manner that can be used to assess performance at the end of the year and to provide tangible guidance to the employee on setting goals for improved and perhaps superior performance.

Transparency can also be improved by publishing the recent performance reviews of employees advanced from one pay band to the next. This level of performance has been judged to be significant. It can and should be used to provide examples to other employees so that they better understand what it takes to succeed and advance. This is a positive step because it provides improved opportunity for all employees to improve their performance. Collective performance improvement should be a primary objective of the NSPS.

(5) Using military officers as first-line supervisors presents additional NSPS implementation challenges. The effectiveness of military officers as supervisors of civilians does not appear to be a primary promotion criterion. In a system where every annual performance cycle is important due to its impact of pay, having a new military first-line supervisor every 12-18 months plays havoc with performance measurement fairness and effectiveness. This situation is further complicated by the fact that many military supervisors are substantially younger and less experienced than the civilian subordinates, given our current work force demographics. They are not in a position to provide explicit guidance and advice regarding the specifics of the job.

This limits their ability to establish useful performance expectations and fully understanding the performance delivered.

c. The key needed improvement in the performance-based system is to interpret “performance” as “value.”

(1) Performance expectations should be stated in terms of “added value to be achieved.” It is not how many meetings are attended, teams are supported, etc. The value is in defining how this benefits the organization’s mission and contribution to national defense.

(2) First-line supervisors should manage on the basis of adding value and not on managing activity or participation. They should be able to identify how each position adds value to the organization and how they are providing the opportunity for the employee to achieve their maximum value contribution.

(3) A “value-based” approach is comparable to an “effects-based” warfighting strategy. Bombing the enemy is an activity that may or may not contribute to winning the war. We now recognize that we must identify and understand the desired effects necessary to win the war and then to employ our military forces effectively and efficiently to achieve these effects. In the same manner, employee performance should be ‘value-based’ so that we know how to effectively and efficiently use their skills, talents, and expertise. Every employee should be continually improving in terms of their provided value and it should be the clear responsibility of the supervisors and managers to gain the maximum value from these important human resources.

6. Supervisor and Management Human Resource Management Responsibilities:

a. Human resource management has declined in quality and availability under the laboratory demonstration program. It must be recognized that not all employee assignments result in a favorable set of circumstances. Poor assignments do occur. One aspect of the old civil service system was that component organizations had reasonable human resource management functions, supported by a central on-site center, which helped employees address and resolve unfavorable circumstances. This human resource support has largely disappeared.

b. The primary burden of human resource management falls on first-line supervisors. While they are responsible for the execution of the mission and achieving its added value to national security, the supervisor’s primary means of accomplishing the mission is through the efficient and effective utilization of their assigned employees to achieve the value contribution. In doing this, the supervisor’s job is to be the “producer” and “director.” First, they must “produce” the mission by ensuring that the employees have the training, experience, opportunity and resources to maximize the value of their contribution. This means that the supervisor must fully understand the mission and what human resources are needed to execute the mission well. Second, they must “direct” the mission by identifying and communicating each employee’s value contribution expectations at the beginning of the evaluation period, track the employee’s value contribution throughout the year, and identify and implement employee training and other activities to improve the employee’s contribution throughout the year. At the end of the year,

they should have a central role in reporting the employee's value contribution. They should be the employee's advocate in gaining appropriate recognition and reward.

c. Recognizing the need for innovation-driven transformation, an important new element of human resource management is encouraging, fostering, facilitating, mentoring, and sponsoring employee innovation. This embodies skills, primarily thinking and reasoning skills that can and must be taught, practiced, and implemented. Understanding these new innovation human resource aspects is an important area of first-line supervisory training that needs to be established and implemented as part of the NSPS.

c. Direct value contributions by first-line supervisors should not conflict with or take precedence on their human resource management and innovation implementation responsibilities. Unfortunately, the reverse is generally the case with first-line supervisors because their skills and experience are with providing their contribution, not in achieving valued contributions by others. Selecting new and retaining current first-line supervisors under NSPS should emphasize their ability to achieve value in the performance of employees and less on previous personal contributions. A key strength of the NSPS is that it enables the personal contribution of employees to be recognized and rewarded without requiring that they be thrust into supervisory and management positions. In returning to the "movie and play" analogy used above, while there are one producer and one director (perhaps the same person), there are generally many talented actors. The producer and director do not also generally act.

d. Second- and third-tier supervisors/managers should be responsible for the effective execution of the first-line human resource management responsibilities. In general, if a non-supervisory employee's performance (value) contributions are not at or approaching the maximum achievable, then the second- and third-tier supervisors/managers should be working closely with the first-line supervisors to identify and correct the root causes. While the second- and third-tier supervisors/managers are certainly engaged with the overall mission execution of the organization, human resource management cannot be only a once or twice a year task to "check-off" and complete necessary paperwork. In most cases, human resource management is the job because it produces the value in the employees. This is part of the NSPS cultural change that must be implemented.

7. Supervisor and Management Training, Selection, and Monitoring:

a. Effective supervisory and management training in establishing a value-based, innovation-encouraged, human resource management-focused NSPS culture is important. This training and cultural adaptation must start at the top and flow down through word, example, emphasis, policy, recognition, reward, and promotion. Developing this training and cultural adaptation will not be easy and may be expected to require a spiral development approach.

b. Supervisors and managers must be selected or retained based on their demonstrated ability to adapt to and effectively implement the new cultural imperatives. Perhaps the greatest challenge to a "brown field" organization is to transform an existing culture. Most organizations fail because maintaining personal allegiances, patronage, biases, etc. prevails. With national security being at stake, failure in achieving value through the NSPS is not an option.

c. The initial cycles of the implementation of the NSPS must be carefully monitored to identify and address any supervisory and management issues. The level of scrutiny given to supervisors and managers early in the process must be significant. Processes to identify, implement, and check this monitoring must be carefully defined and implemented.

d. Maintaining continuity and progress in implementing the NSPS will be especially challenging with military supervisors and managers that continue to rotate through positions on 12-24 month cycles. It will be very easy for organizations to go back to “square one” under this process every 12-24 months. Thus, special focus should be given to addressing this potential problem by establishing rotational minimum standards that can only be waived on a case-by-case basis by the commander. Such standards would require: (1) fully documented work performance (value) performance plans and current status for each employee; (2) a minimum of 30 days of overlap focusing on transitioning the human resource responsibilities; (3) meetings with every employee with both out-going and in-coming supervisors to review the performance plan and current status; (4) meetings with second- and third-tier management to review and approve the transition; (5) meetings with the next-tier supervisors to provide a full status review of employee performance; and (6) en route NSPS supervisory training to update and better prepare supervisors for their new responsibilities. If the 30 day overlap is not possible, this transition responsibility will fall to the next higher tier supervisor with that person becoming the de facto first-line supervisor responsible for accepting the human resource management responsibilities from the departing supervisor and transitioning these to the incoming supervisor. Finally, departures during the final quarter of the review period should be avoided as this puts the impacted employees at a significant disadvantage in a competitive-based process. This problem is minimized with good performance (value) plans and continual performance tracking. In other words, it is minimized when supervisors are focused on effectively executing their human resource management responsibilities at all times and not just at rating time.

8. In-House Contractors vs. Civilian Employees:

a. The presence of in-house support contractors within a pay pool of civilian employees requires careful attention by first- and second-level supervisors. Many of these contractors are retired military officers and, increasingly, retired civil service employees. Quite often these people have worked in the same organization doing similar “jobs” just prior to retirement. While military offices wear uniforms to visually distinguish who is who, civilian employees and contractors do not have easily differentiated visual indicators. This leads to a blurring of job responsibilities and the impression that many supervisors do not appear to distinguish between civilian employees and in-house contractors. What is at risk of being lost is the essential purpose of civil service to protect the public’s interest in undertaking the responsibilities of the executive branch of the federal government. Losing this essential purpose of civil service during the implementation of the NSPS is a great risk and this possibility must be actively addressed to ensure that it does not happen. Civilian employees are answerable to the ethics of public service and support contractors are not. Support contractors are only bound to the legalities of the contract they work under and restrictions and requirements imposed by public law.

b. First- and second-line supervisors need to clearly understand and implement the NSPS performance-based reward and recognition process in a way that does not treat civilian employees as support contractors or vice versa. This may prove to be a challenge, at first, as much of this distinction has been lost. Understanding these differences, both legally and ethically, should be a part of the training for the implementation of the NSPS. It needs to be clearly understood that support contractors work for companies and ultimately they are responsible to the company. Their job success and continued employment depends on keeping the company happy and this may not be through actions that are in the government's or public's best interests. If the supervisor treats civilian employees and support contractors as interchangeable elements of his work group, then this distinction has been lost. This will lead to supervisor expectations that civilian employees function as support contractors.

c. In-house support contractors should not be arbitrarily injected into positions in the chain of decision making. Much like the custody of criminal evidence, the ethical responsibilities of public service must be continuous. It is easy for support contractors, for reasons beneficial to their contract performance, to represent information or execute their job functions in a favorable light especially when information flows through them and only through them. This situation can create a conflict of interest for the support contractor and there is no civilian employee with suitable and sufficient knowledge to identify and address the conflict. Supervisors should ensure that civilian employees do not "report" to or function through, for the successful execution of their performance plans, a support contractor of any type. It must be remembered that any interaction with a support contractor is always dealing with the hidden agenda of the support contractor's and her company's best interests.

d. Primary technical and management support should not be vested in in-house support contractors. One purpose of the NSPS is to help alleviate public-private pay differentials that have created circumstances favoring in-house support contractors over civil service employees. This has especially been the case in high cost of living areas, but is spreading and becoming the "easy fix" for program managers. While such circumstances may be appropriate and, with appropriate oversight, be successful for specific programs of limited duration, the long-term impact of this situation is harmful. It deprives the government of public service employees with sufficient technical and program management expertise to effectively and efficiently execute the government's functions in the public's best interests. Long-term support contractors become vested and indispensable; creating a dependency and internal organizational power that is difficult to break. It is too easy for supervisors to lose the will power to fight this problem, especially when it is inherited. The implementation of the NSPS in such situations must address these circumstances in a way that does not perpetuate the status quo.