

My name is Ken Holecko and I work for CI International. Together with our partner Windwalker, we have been working with the USDA Office of Human Resources Management to put together this training on the new USDA Senior Level Scientific or Professional Employee Performance Appraisal System. Welcome to this session which should last approximately one and a half hours. The WebEx recording format may be new to you, so what I would like to do is cover a few basic protocols that have been shown to make this type of training most effective. On the left hand side of your screen you will see materials that we will be referring to throughout the program. One of these materials is a workbook which has a copy of all of the slides you will see in the course of the program along with some additional materials. Now when you take a look at the workbook you may find that the print is very small. So what I would ask you to do if you find that you can't read it on the screen is take the time to stop the presentation and print out the pages that we'll be referring to in the workbook. Those pages are 12-13, 34, 36, and 40-48. We'll repeat that again in a moment, and when we come to those pages we'll mention that you may want to print them out if you have difficulty seeing them at that time. On the right side of your screen are three boxes which have icons at the top. Next to the icons on the gray bar is a triangle. You should make sure the triangle is in the down position. That will open the box. At the very top of the right side is an icon that looks like a candlestick. That has the list of participants. There's only two so you can leave that closed if you wish. Below that is another icon that has a video camera icon on it. You can toggle that open if you wish to see a video of me as I make the presentation, or you can leave it closed if you prefer. Finally, there is another set of controls that has an icon that looks like a list, and that will allow you to open up a table of contents. You can use this table of contents either during the course of the presentation to refer back to something that you'd like to go over again, or you can use it in the future if you'd like to review certain segments as you conduct your own responsibilities under the performance appraisal system. On the lower left hand side you will see other controls. One is the familiar start and pause icon which allows you to start the presentation and pause it at any point if you need to break away from the presentation for a short period of time. There's also another icon which allows you to stop the presentation. Next to that is a volume bar which will allow you to increase or lower the speaker volume on your computer, and next to that at the very bottom is a progress timer which shows the time of the recording that you're at, along with the total time of the recording, and there's also a slider bar that you can click on with your mouse and drag in different directions in order to move to different parts of the presentation. So feel free to play with these controls and make sure you feel comfortable with them as we go forward with our presentation.

Now during the session I will be showing you a series of Power Point slides along with some documents. Everything I show you and more should have been sent to you electronically as a workbook. If you haven't received a copy of that, what you should do is get in touch with your Office of Human Resources. In addition, you may want to contact one of these three people if you can't obtain assistance within your own agency. They're names, phone numbers and email addresses are in front of you, and any, either Helene, Anita or Alberto will be able to get you a copy of the workbook. This electronic version has the slides that I'll be showing you and additional background information. You should think of it as a post-workshop reference material. I will occasionally show some pages from the workbook, but as I mentioned before you may want to print out copies of these pages because you may find the print on the computer screen is a little too small for you to read. Those pages again are pages 12-13, 34,

36, and pages 40-48. With that in mind let's begin our presentation with a short summary of the objectives of the program. It's important to understand that the leadership of the Department of Agriculture is responsible for the success of this performance management system. It's not just the responsibility of supervisors and people in the Office of Human Resources. Everyone in leadership has a responsibility for its success. So we want you to understand the pay-for-performance systems and OPM requirements. We will be introducing the new USDA SL/ST performance appraisal system and template, and then finally we want to set the stage for effective performance management throughout USDA.

So let's talk for a moment about why there is so much emphasis on performance management from a big picture perspective. First of all, USDA wants all performance plans to drive the behavior of all employees throughout the department. Those plans should clearly show alignment to USDA and agency goals. This is particularly important for those of you who are senior leaders because your objectives, your goals, your plans are the ones that are most closely tied to the strategic objectives of the department and the agency in which you work. Finally, OPM requires performance appraisal training with new systems, which is one of the reasons that we're here. In summary, performance management can be a key contributor to culture change and organizational effectiveness. Clearly defined performance expectations accompanied by ongoing performance feedback provide an impetus to positive change. This focus requires time and effort, and with so many other responsibilities, particularly for those senior employees, this is sometimes often overlooked. However, few things are more impactful on an organization's results than clearly defined goals, with clearly defined accountability for those achieving them.

Beyond the big picture there are some other reasons why performance management is important on a personal level. OPM requires certification of the SL/ST performance appraisal system. Agencies and departments without certification have lower levels of total pay than those in the SL/ST system. This can potentially impact your pay. It can also impact the ability of the agency to hire the best available talent. Agencies without certification have lower levels of total pay, and that obviously would place those agencies at a competitive disadvantage in the marketplace for talent of senior level applicants. Now you see in front of you a chart which summarized the pay scale at the minimum and maximum level for agencies with certified and uncertified SL/ST pay systems. As you can see on the far right, there is a \$14,400 a year difference in the basic pay that can be paid to someone in a certified and uncertified pay system. Basically stated, agencies whose systems are not certified have lower levels of pay than agencies that do. In addition, there's performance that goes beyond the value of basic pay, and it's important to recognize that these pay levels can affect not only those who are at the very top of the rate range but people who are in lower rate ranges as well. Agencies typically want to avoid pay compression at the very top of the rate range, so individuals not only at the very top but those behind them will be impacted by these lower levels of pay. Beyond that, the department will be viewed by OPM and OMB as providing an appropriate focus on performance when the system is certified. They will be seen as using a leadership tool and the performance management system will be seen as a leadership responsibility and not merely an administrative or HR function.

High performing organizations recognize that effective performance management systems drive change and achieve results. As Lou Gerstner, who was chairman and CEO of IBM Corporation a number of years

ago, who is widely credited with turning around the corporation at a time when it was under significant competitive threat from new entrants into the computing market, as he once said “strategy is execution”. It’s not enough to have an effective strategic plan. It’s important to be able to translate that plan into actions at the individual level for the plan to succeed. So high performing organizations recognize that performance management systems drive change and achieve results and in that environment leaders are held accountable for agency results that drive continuous improvement. It’s also important to understand that pay for performance is here to stay. I know that many of you are familiar with the fact that pay for performance systems in the Department of Defense and the Department of Homeland Security were abolished a couple of years ago. Those systems and SPS and DOD and Max HR and DHS have been abolished, but there are still two government wide pay systems that remain in effect that are pay for performance driven. One is the SES system which is a government wide system for pay for performance that was covered in 2004. Then the SL/ST system was covered in April of 2009. Beyond that, Director John Barry, who is the head of the Office of Personnel Management, has said that he would like to reform the federal pay system. As part of that effort, he feels that the current pay system, particularly with respect to agency-unique systems versus the General Schedule had become too Balkanized. As part of his effort to pay reform, he would like to close the gap between federal and private sector pay. He said he’s talked to the President about this and the President has told him that he would support pay reform, but only if there was a pay for performance component. Many of you may also be aware that the President and Secretary of Education have been strongly supportive of pay for performance for teachers. And it would simply be incongruous for the President to be supporting pay for performance for such a large swath of state and local employees yet not to do so for federal employees. So I can’t tell you what the future holds for the expansion of pay for performance, but I can tell you that it’s not going away at the executive level and the senior employee level. It’s simply here to stay.

Now there are a number of general features for all senior employee pay systems. There’s an open range of basic pay with access to higher pay. Minimum and maximum rate ranges are established as you have seen, and there must be an agency plan for setting and adjusting rates of pay that reflects meaningful distinctions between performance rating levels. Now one of the questions that I often get in programs like this is “Well, what does it mean for a system to have a meaningful distinction in rating levels and pay”? When I was HR Director at the General Services Administration in the early 2000s, OPM began setting this requirement for federal agencies, and I remember talking to representatives from OPM about this point specifically. I said, look, you must have a magic number above which you will find the distribution shows meaningful distinctions and below which it won’t, so why don’t you tell me what the distribution needs to be. And they said, you know, Ken, that needs to be different for different agencies so we can’t give you a magic number, and I can’t do that for you either. I can tell you that I have looked at the distribution of SES level ratings across the federal government and I found that USDA’s distribution of ratings is well within the mainstream of federal agencies. What this tells me is that, at least at the current time, USDA’s distribution of ratings is meaningful as far as OPM is concerned. The risk here is that if it becomes too right shifted, in other words if too many of these ratings become at the “outstanding” level then the USDA could have a significant issue with OPM because they are going to look at the distribution of ratings as part of their certification review as you’ll see in a few moments. So

OPM must certify with OMB concurrence agency senior employee appraisal systems before agencies can use the full range for performance pay adjustments.

Now, how are agencies held accountable? This is done through the certification process we mentioned already. These systems, performance management systems, or the SL/ST system, are reviewed by OPM on either a one or two year scale. This is done to assure that not only system policies but the framework for their use are appropriate. There are three potential outcomes for an OPM review. Either there could be provisional certification, full certification, or OPM could deny certification. Provisional certification results in OPM reviewing the systems on an annual basis. If full certification is granted, then they are reviewed every other year, and if certification is denied, then review will be continuous until the agency is brought back into compliance. Now there are very specific requirements outlined in law, you can see them at 5 CFR 430.404. OPM conducts the review through what they call their SL/ST Performance Appraisal Assessment Tool or PAAT that must be completed by the agency and submitted to OPM along with the set of sample performance plans as well as information that's submitted annually to OPM on the distribution of ratings and pay outs. Now, the Performance Assessment Accountability Tool or PAAT, is the way in which certification is requested. It's done internally within the department and is submitted to OPM for their review. But you, as an employee or a supervisor in the SL/ST system play a crucial role in assuring ongoing certification. Because the PAAT results reflect how well USDA senior employees demonstrate accountability for performance. Adherence to OPM requirements by supervisors and employees is vital to continued certification.

Now what I would like to do at this point is switch documents and as I mentioned before, you may find these documents a little hard to read and you may want to print them out, and if you haven't done so, you might want to stop and print them out at this point. We're going to be switching to the workbook and here we're going to be on page 12. We'll talk briefly about the criteria that OPM uses in order to assess whether or not to grant certification. At the very bottom of the page you see some bolded words. We're going to talk about each one of them, what they mean. The first criterion for review is accountability. This requires that supervisory plans contain a critical element that holds supervisors accountable for performance management of subordinates and alignment of subordinate performance plans. So it's not just looking at how well each plan does but for those of you who are supervisors it looks at how you hold your subordinate employees accountable for performance and how you align them to strategic goals as well. The second criterion is alignment, and this simply requires that there be a line of sight, that an employee can see the direct connection between what they do and the strategic objectives of the department or agency in which they work. And that alignment should be around strategic plans, annual performance plans or other organizational planning and budget documents. Thirdly, there's an emphasis on measurable results. You're going to hear this phrase on a number of occasions throughout this presentation because it's a critical factor in the execution of the performance appraisal system. The rules require that the SL/ST system use measurable results to drive at least sixty percent of the summary rating. Now you'll see in a moment when we go through USDA's rating process, that USDA does not use a weighted rating system for the critical elements in the SL/ST performance plans. It does have a methodology for translating individual element ratings which make a single element containing measurable results the key driver of the summary rating. OPM has concurred that

this methodology meets the sixty percent requirement. So when we walk through the form you won't see a weighted rating system for each element but you will see that a single element containing measurable results really drives the overall rating. There have to be balanced measures. We'll talk a little bit more about this later in the presentation. Suffice it to say that there have to be considerations of employee, customer or stakeholder feedback in the development of the performance plans and the ratings. Balanced measures means there just needs to be measures of performance from multiple perspectives, and two of those, employee and customer or stakeholder perspectives have to be considered. There needs to be consultation between the SL/ST supervisors and employees in the development of performance standards. This does not mean that SL/ST employees must approve their performance standards, but they must be involved and consulted in their development. We'll discuss a number of ways in which you can do that later in the program. There has to be consideration of an organizational assessment and guidelines for doing so in making a decision about the distribution of performance ratings. What this means is that the ratings must reflect at some level the overall performance of the agency. Now that doesn't mean that there's a direct one for one correspondence between an organization's performance and the performance ratings for senior level employees in that organization. But overall there must be some rough equivalence between the distribution of ratings and the performance of the organization. As one example: if an organization completely failed to meet all of its organizational objectives, you simply would not expect to see that every senior employee in the agency would receive an "outstanding" rating.

Now going to the top of the next page, which is page 13, there must be oversight of the system and this simply requires that the head of the agency or his or her designee has oversight of results in terms of paying awards and appraisals as well as the overall performance of the system. There must be training, which we're doing here, which ensures that supervisors and employees in this SL/ST system understand how the process works and how to make decisions that are called for under the course of the policy. There must be performance differentiation. You've heard that before. Again, this is a key issue in the performance of the system overall, and it simply means that performance ratings must reflect actual performance as reflected in the results of the individual SL/ST employees. And there must be a meaningful performance differentiation. Now one question I sometimes get about that is: can there be a forced distribution of ratings, in other words, rating on a curve? You may be aware that there are some private sector companies that have what they call "rank and yank" systems, for example, where individuals who are rated at the bottom ten percent, and supervisors in these private companies must rate people on a typical kind of bell curve and then they go out and separate the bottom five or ten percent of the organization. That kind of system is prohibited by federal regulation. There cannot be a forced distribution of ratings. That said, however, OPM does exercise oversight and can object to a system if it believes that the ratings, as I've said before, are too right shifted, that is, if there are too many very high ratings, and particularly if they're looking at an organization's performance and finding that an organization overall is not performing at that same kind of level.

Finally, there must be pay distinction, and this is simply a corollary to the notion that there must be meaningful distinction in ratings. The distribution of payout levels, both in terms of performance, pay adjustments and awards must reflect the distribution of performance ratings. That is one area where

there should be some direct connection. There's some additional material here that you may want to take a look at. I'm not going to go through it at this point, but I'd like to go back to our slide presentation.

Now we've summarized so far a general understanding of these pay for performance systems and OPM's certification requirements. What we'd like to do now is to introduce the SL/ST performance appraisal system and template that's in use in the Department of Agriculture. Here are the highlights of this system. First of all there is a 5-level element rating and a 5-level summary rating, except for the civil rights element which is rated pass-fail. It's important to recognize that the use of a pass-fail element for civil rights is designed to highlight its importance. As you'll see in a moment, additional civil rights goals can be included in the measurable results section of the performance appraisal system. The civil rights element is essentially a compliance element and, therefore, the decision was made from a policy point of view to make that rating pass-fail. Compliance types of requirements lend themselves to binary results. You're either compliant or you're not, and it's very difficult to show a differentiated level of performance around compliance issues. That's why the civil rights critical element is rated pass-fail. Plans must be communicated to members of the SL/ST system within 30 days of the beginning of the appraisal period. The appraisal plan and record are now one document and this is the same for all members of the SL/ST system. There are three mandatory critical elements, including the civil rights element. There is one additional critical element for supervisors, and there are two optional critical elements for program and position specific elements. These may be included in the performance plan, but are not required. It is perfectly acceptable to simply have a performance plan with three critical elements.

Now, as we said, there is a separate critical pass-fail element required for all members of the SL/ST system, but specific civil rights goals must be included in the mission results critical element. There are no non-critical elements. Pardon the double negative. There are no non-critical elements. The mission results element is where you will show measurable results and that is going to drive the summary rating above the fully successful level.

Now here are highlights of the SL/ST performance management system changes. We're going to compare the GS performance system and the new system that's in place currently. In the past you could have a 3-level element rating and a 5-level summary rating. In the future you won't have a 3-level element rating. You'll have a 5-level element rating. The 5-level summary rating continues, except for civil rights which is rated pass-fail using successful and unacceptable performance levels. In the past there were multiple agency forms with minimal guidance. In the future, there is one document an appraisal plan and appraisal record. There were multiple agency expectations in the past regarding the civil rights element. In the future, actually from here forward, there is a separate critical pass-fail civil rights element required for all members of the SL/ST system as well as the SES, and specific civil rights goals should be included in the mission results critical element when relevant. In the past there were a maximum of 7 performance elements and now 5 if you are non-supervisor, 6 if you are a supervisor. There were optional uses of non-critical elements. That can't be done in the future. There are no non-critical elements, and measurable results were identified in multiple elements. Now mission results will

be the element that will show measurable results and it will drive the summary rating above the fully successful level.

Let's talk about each of these critical elements in turn - first of all, the mission results critical element. This measures the employee's leadership in the development and implementation of program initiatives, including goals and objectives in the Agency Strategic, Operating Program and/or Business Plan. It also includes civil rights goals. The second element is called professional leadership. This measures your success in leading and managing the scientific or program responsibilities in your scientific, technical or professional discipline. Where, as an employee who is considered a thought leader in the agency, you are considered an authoritative source of information internally or externally. And this would include standards for incorporating a customer or stakeholder feedback. The civil rights element, as we've said before, is primarily a compliance element. This measures your employee's contributions to civil rights through the development, implementation, and advancement of civil rights strategic goals, enforcement of laws, rules and regulations relating to civil rights. This would also include holding subordinate supervisors accountable for achieving measurable civil rights goals and objectives in all employment, program delivery, and other administrative activities. There is a mandatory critical element for supervisors. This measures leadership and management of human resources to accomplish assigned responsibilities and achieve departmental and agency goals. It includes standards for performance management accountability. This is also where you will have an employee perspective as part of the development of the standards and an appraisal of results. Now as we said before, there are two optional critical elements for program or position specific requirements. These can be used where agencies want to have specific emphasis on particular kinds of issues within the organization. There's one area where the department requires an optional element, and that is where a senior level employee has a primary responsibility for security or safety. In that event, the employee should have an optional element for homeland security. Now I was a federal executive for 14 years. I actually was a federal employee for 35 years, and I retired in 2004. So I worked in the immediate time after 9/11, and I know that as an executive, we all had responsibilities for continuity of operations in disaster recovery in the event of a major disruption. That's not what this element is talking about. If your responsibility for homeland security is in effect a responsibility that is collateral to your primary duties, then you would not have an optional element. But if you have responsibilities for safety or security within the agency as part of your program responsibilities, then you should have one of these optional homeland security elements. Now, just to summarize the new system, this provides a consistent approach throughout the department. It places particular emphasis on mission results as differentiator of performance to reflect OPM's requirement that measurable results account for at least sixty percent of the rating. Now notice we said before you will not be using weighted ratings. In other words you do not take mission results and multiply it by sixty percent to get a converted score. But you will see there is a rating derivation formula which uses the mission results performance element to drive the overall rating.

Let's talk for a moment about how to create good performance goals. The primary free space in the performance plan to craft goals is under mission results. You will see that other elements, leadership, supervision, and civil rights, provide mandatory performance language. You won't be writing

performance goals in these elements. The optional elements, however, do require additional work on your part and in that result – in that situation you would be using an opportunity to craft performance goals and the material we're going to cover for you will assist you in doing that.

The first step in crafting these goals is to make sure that there's an alignment of organizational and person goals for mission results, and this would also be true for the optional results as well. To do that you should review your department, organization and program strategic goals. Review your agency budget, USDA, Government Performance and Result Act annual report, OMB's PART evaluation or additional agency or program measures. Ask your supervisor to share his or her goals. Generally speaking, what you want to use is what's called a cascade process where you look at the way in which high level goals are translated into goals at the lower level of the organization and how that translation occurs for people above you as they develop their own personal goals. Your supervisor's a good place to start with that. And then ask yourself which of these goals, objectives and organizational measures do I own or am I personally accountable for? If you're a supervisor, ask yourself which of them have I delegated? So then you would select a specific goal for which you as an individual have some level of responsibility. Now one of the questions that I'm asked frequently is: at what point is it appropriate to directly translate an organizational goal into an individual performance plan? Generally speaking, at the very highest level of an organization, if, for example, you are the lead executive in a program, it might be the case that you are personally accountable for accomplishing the organizational goals of the program. For people below that level, it is almost never the case that a person has an entire personal accountability for an organizational goal. So what you would do then is to take a look at what responsibilities the individual does have and then craft performance measures that reflect whether they are successful in accomplishing that piece of the agency's strategic goal that they own. Now there's no minimum or maximum number of measures, but here is an area where more is more. You should ensure that there's enough measures that they will adequately capture the scope of required effort. What you don't want to do, I think, for someone at a very high level, is to essentially roll the dice on only one performance measure as a reflection of the individual's performance. In order to create measures that not only need to be aligned with the performance goals of the organization, but they have to be balanced, and balanced measures simply mean that they have to reflect multiple perspectives of organizational performance. The term balanced measures was originally developed by Kaplan and Norton. They were Harvard University professors who wrote the book "The Balanced Scorecard" and they've written a number of articles and books since then. They believe that some measures of performance are leading indicators of performance and some are lagging. They developed "The Balanced Scorecard" because of the belief that private companies were relying too much on financial measures for performance, which they thought were lagging indicators. Very often they found that by the time an organization realized its financial results were failing, they were not able to succeed. And you could certainly see that in the financial meltdown that effected so many companies over the last several years. These companies had a high degree of emphasis on financial results and, certainly with the issue of mortgage backed securities and derivatives; they lost completely their perspective and control of process measures. Had they understood the depth of the quality of the mortgages which they were financing, they certainly would have had time to make adjustments and avoid the financial catastrophe that befell them and the country.

To create effective measures, you should take a look at senior employee performance plans and align them. You should focus on measurable outcome driven results; measures that include perspectives of customers and employees. You should use employees as a supervisor in developing initiatives, solicit their ideas. Senior employee involvement and consultation in the development of performance plans is required. One of the questions we've gotten from people in the SL/ST system is: well how do you craft effective performance measures for individuals who are research scientists, or other people who are involved in work – or attorneys is another example sometimes – who may be involved in very long term projects? A very complicated law suit might take years to resolve, and it may be difficult, from some perspectives, to evaluate that work on an annual basis. OPM has published guidelines on doing this, and suggest using what they call a work flow process approach. In a work flow process the work is broken down into discreet phases, and then projected accomplishments are made at each key phase. In a sense it's akin to a project plan where the ultimate outcome may be unknown or unpredictable, but the intervening steps are know or the unknown elements can be identified and controlled. Performance is then measured on cost, schedule and projected outcomes to the extent that they are known. As the project plan is completed, the plan is further refined, and the project becomes more specific and, therefore, more measurable. In the case of some people in the SL/ST system we know that you have publication requirements. Those publications may occur multiple times during the year, or take time over a period of months or succeeding years in order to develop these publications. Those publications are typically developed against a standard. They are peer reviewed and the scientific discipline in which the publication occurs has standards. The magazine or publication has standards, and so the effectiveness of the publication against those standards can be measured by management inside USDA as the article is prepared.

Now, as we said, members of the SL/ST system must participate in the development of their own performance requirements. There are several ways to do that. We suggest that there are four. First of all, the employee and the supervisor can discuss and develop the performance plan together. Another way is for the employee to provide the supervisor with a draft performance plan. Since I left government in 2004 I've been working as a private consultant. I've worked with a number of government agencies in the development of performance plans, and on a couple of occasions the agencies have asked me to work with employees directly in the development of their own performance plans. It's not uncommon. So one way to develop the plans is to ask your SL/ST employees to develop the plan in draft and then submit it to you as supervisor for review and approval. Another way is for the employee to comment on a draft plan prepared by the supervisor. Based on my time in government and HR, I know that this is probably the way that it's most commonly done. And then finally, employees who occupy similar positions or share common goals can provide as a group a draft performance plan and submit it to a supervisor for approval. I'm working with another federal agency right now where a group of executives have been tasked with developing their own plans. The executives together recognized that one of their goals was to improve teamwork and to have shared accountability for certain program initiatives that cut across the agency. They decided to develop one shared goal that each of them would own and be responsible for to reflect that shared accountability they had for the success of the agency's mission in this particular area. So it is possible to do either one or all of these or some of these in combination. You could have an individual executive develop a plan and as part of that

could work with other executives around a shared goal that would be included in each of their plans. The key point here is that there are many ways of managing the consultation requirement. How you do that is up to you. The only requirement is that the executive – or rather SL/ST member – be involved in the plan. In addition there must be an organizational assessment of performance, and there are a number of ways to do that organizational assessment. We'll suggest a few of them here. First of all you must assess, you can assess organizational performance by looking at the agency's GPRA (Government Performance and Result Act) goals and reports. Agencies prepare an annual performance plan. Those typically have targets of performance and then periodic reporting against them. There are also program specific measures which may be reported internally inside an agency, and there may be other measures established for other purposes as well. These assessments at every level of the organization can be a basis for individual performance evaluations as you translate those organizational goals and targets into personal goals and targets for the individual's responsibilities for the organization's performance. This information should be shared by executives throughout the organization so everyone can understand how well the agency is performing. Excuse me, let me go back to slide 31. Let me suggest a couple of additional reporting sources that you might want to consider here. We not only talked about the GPRA report on a couple occasions, but you might want to take a look at OMB's Program Assessment Rating Tool or PART, for information on organizational goals that you can link to and translate into personal goals; USDA's Performance Accountability Report or PAR; Performance Accountability System or PAS; the Budget and Performance Management System or BPMS; other agency scorecards, etc. If you're not sure where to go to get this information, I would suggest you talk to people in your human resources division, your strategic planning division, and the budget and planning organization in your agency. Once you obtain this organizational information, share it broadly and consider it in the development of individual performance ratings.

Now let's talk about how to develop good, effective performance goals. One way to do that is to focus on what are called SMART criteria. Some agencies actually incorporate the SMART criteria into their agency policy. USDA does not, but we still think it's a good acronym for you to use. SMART simply consists of the terms Specific, Measurable, Aligned, Realistic and Relevant and Timed. So as you develop each performance measure, you would ask yourself the question: Is it specific? Is it measurable? Is it aligned to the agency's strategic goals? Is it relevant or realistic to what the individual is supposed to be doing, and is there an element of time of performance?

As a private consultant, I've often had the opportunity to take a look at performance standards that agencies have developed at the executive as well as other levels. And I would say that what I have found is frequently is that these standards are more often activity statements or task descriptions than they are actually performance measures. In some cases I'll look at a performance standard and I'll realize that these task statements have been lifted whole out of the position description. Position descriptions almost never have effective performance measures in them. They are almost always activity or task statements. These focus on activities or tasks completed. They describe how the work gets done with the manager ultimately responsible for the outcome. A good effective performance measure focuses on results and the contribution of the individual to the agency's accomplishments. It describes what the person will accomplish. A good example of how to think about this came out of work

done by the New York City Police Department in the 1990s through what they call their COMPSTAT program. And in COMPSTAT the department began to ask themselves: what do citizens really want from the police department? Historically police departments have measured their effectiveness by the number of arrests. They might measure the solution of a crime by arrests or the solution of a crime by conviction, but if they thought about what citizen wanted, they realized what citizens wanted was no crime at all. If you think about your own situation, if your house was broken into, it might be gratifying to you to know that the burglar was apprehended. It might be somewhat more gratifying to know that that burglar was convicted. But, in truth, what you really want is for your house never to have been broken into at all. So the NYPD began to focus on reducing crime rates as the measure of their effectiveness. They began evaluating their district commanders weekly on crime reported within the district and what the district commander was doing in order to reduce crime. Commanders who showed success had rewards. Those who didn't have success were given other responsibilities. That's a good example on focusing on a result as opposed to an activity; to focus on output or outcome as opposed to input. So we've distinguished between activities and results in this way. We think that activities are what we do, and activities are why we do them. Performance measures should always be focused on results, not activities. You should ask yourself: what are we getting from the activity? Think about NYPD's efforts to reduce crime. That's what the department was trying to do. That's what citizens really wanted from their tax payments to the police department. Ask yourself how or what you're doing achieving... is achieving your agency's goals, and then focus on outputs and outcomes, not process and inputs. In order to do that, obviously if you can make the measure of performance purely quantitative you'll have very specific measurable results, but it's not always possible to do that. It is possible to have terms which have roughly equivalent quantification as a measure of performance. You don't always have to have a number. Here are terms which we suggest you might want to use, and I would ask you to move to page 34 of your workbook. Here we'll provide, if you go to the very bottom of the page, a definition of these terms. I won't read them to you. You can do that at your leisure. I would provide you with a caution about two of these terms: never and always, the one at the very top and the very bottom of the list. These are what I call zero defect standards. They simply do not allow any failure to meet the standards. You should use these with caution. The merit systems protection board decides appeals of agency actions to remove or demote people for performance reasons. In making decisions on these appeals, the board has had occasion on a number of instances to consider the use of zero defect standards, or what they call them as absolute standards. What the board has said is that it is possible for an agency to have an absolute standard only in circumstances where it effects either the potential death or serious bodily injury to someone or serious economic loss to the United States. If it doesn't meet those criteria, then an absolute standard, from the board's perspective, is simply not appropriate. We think the board's made the right decision about this. So it's ok to have never or always as performance standards, but they should be in limited circumstances, where the potential consequences of non-performance is death or serious bodily injury or significant economic harm either to the United States or to an individual or entity under the protection of the United States. Now going back to our slide presentation, we've been talking up to this point about how to develop performance standards effectively. What we'd like to do now is to shift toward a discussion of how to manage performance during the period between the beginning of the period when new standards are put in place or the old standards are reaffirmed and the performance appraisal is done at the end of the

period. We've talked about employee participation in the development of plans, but it's also important for employees to be involved with the performance process throughout, from beginning to end. Here we think you should think about tracking your accomplishments during the performance period. Don't just depend on your supervisor to know what you are doing. You should be prepared to participate actively in the mid-year progress review and the end-of-year appraisal, and to document your performance accomplishments throughout. Don't just let this process happen to you. Senior employees need to identify and record accomplishments and actively participate in each stage of the process. Most leaders would describe at least part of their job as taking care of problems before they rise to the attention of the boss. That's just part of life and it's expected of senior employees. What that means, however, is that your best work may be invisible to the person who is evaluating you. Is that what you want? I'm sure you don't. If you're not involved in this process you may end up with a lower rating than you deserve. One of the questions we frequently get about some of the performance standards, particularly the ones related to professional leadership and supervision is: how do you write a justification for a performance rating? We suggest the best way to do that is through the Challenge, Context, Action and Result method, the CCAR method. You will see that this is very similar to the method that OPM suggests the applicants use for justifying their qualifications when they apply for SES jobs. Here, we'll find this at page 36, and again, here we discuss the CCAR method. At the very bottom is a brief summary of how you do that. Again, if you find the print is too small, you may want to pause and print this page out. But the challenge simply means that you describe and particular challenge or goal. Context means that you discuss the individuals, groups and/or environment in which work took place. One way to show high level performance is not just goal accomplishment, but to show that in order to accomplish the goal, the employee had to overcome significant difficulties and opposition or unexpected challenges and problems that made it more difficult than expected to achieve the goal. Action is what specific actions were taken to address the challenge, and the results are what happened, particularly how to identify how the agency benefitted by the actions taken. To get a rating of an outstanding level, it's not enough to achieve the goal. You must show that the person exceeded the goal and part of showing that the person exceeded the goal is to do this in a way that you show that there were significant organizational challenges and individual challenges that had to be overcome in order to achieve the results that the person did in their performance.

So going back to our slide presentation, let's talk next about the end-of-year rating process. The process works this way: first of all, the rating official or supervisor does an initial rating. That rating is then presented to the rated employee who then has 5 calendar days to review and rebut as appropriate. If the employee is satisfied with the rating no document needs to be prepared. But if the employee is dissatisfied with the rating, they would have an opportunity to submit a rebuttal in writing within 5 calendar days of receipt of the rating. That information goes to the reviewing official who looks at the initial summary rating and the element ratings along with the employee's response, if there is one. The reviewing official has the opportunity to submit a recommendation. The reviewing official does not have the authority to change the rating, and the reviewing official does not have a chance to take a look at the rating before the rating official submits the rating to the employee. All of that information, the rating of... the initial summary rating, the response of the employee, the recommendation of the reviewing official then go to the Performance Review Board. The PRB cannot change the rating official's

rating, but can make a different recommendation to the Secretary. We'll actually walk you through the details of this process in a minute. So the reviewing official makes a recommendation to the PRB. Then the PRB takes a look at all the material including the recommendation of the reviewing official and makes a recommendation to higher levels within the department. The PRB does, however, recommend performance based recognition including salary increases, performance awards and rank awards. The Secretary makes the final decision on ratings and payouts. Grievances under this process are filed under the agency grievance policy which is in the office of human resources' website. You should refer to the system policy for specifics.

Now let's turn to an examination of the new template for the USDA SL/ST system. This system template is available to you on the OHRM website or you can obtain a copy of it through the office of human resources. It's also in your workbook. OHRM will be looking at the system overall and requesting feedback on this template at the end of the 2010 rating cycle, and you may be asked for your feedback. So let's take a look at the template. This is at page 39... I'm sorry, page 40, and again this may end up being quite small on your screen. We're going to walk you through this in detail. You may want to print this out in order to see the print a little more clearly. So we'll go through the materials block by block. At the very top you have biographic information that's fairly straightforward - just the name of the employee, their position title, series, salary, agency, and appraisal period. Below that is where the plan development and consultation is documented. The next block has a space for the employee's signature, the rating official's signature and reviewing official's signature. All three of those signatures should be dated as well. Going to the next block, this is the place where you would document progress reviews. You will see three blocks here. I would like to point out that you must have a minimum of one progress review in the rating period. Now you'll notice that there are three blocks here. These blocks can be used to document additional progress reviews. We strongly recommend that you conduct progress reviews quarterly, and you would document them in each one of these three blocks. Of course, the final discussion about performance is the end-of-year rating discussion. You are only required to do one, but we think it's important that there be a periodic formal discussion of performance between an employee and a supervisor. The reality is that employees tend to view feedback that they get through the lenses of their own self-perception. What you want to avoid is a situation at the end of the year where the rating comes as a surprise to the employee. They should know where they stand by the end of the rating period, and having quarterly performance reviews against the performance standards, measuring actual accomplishments against the standards is a way to avoid that. In the next block we begin to document the performance appraisal process. Here is where the initial rating of record would be signed. Let's assume in a specific case that the rating official wants to give the employee an outstanding rating, they would check off that block. There are other blocks to be checked on subsequent pages and we'll show you how to do that. Then, the rating official signs here and the employee signs at the bottom. The employee, in signing this block, is not indicating agreement with the rating. They are only agreeing that they have had a discussion about the rating and have been given a copy of it. And they certify that they are aware that if they disagree with the rating, they have 5 calendar days within receipt to submit a response. So assume in this particular case it's an outstanding rating. The employee has no reason to disagree with the rating. That then goes to the reviewing official who has the authority to recommend a different rating. In a situation like this it's conceivable that the

rating official might recommend an outstanding rating and the reviewing official might disagree. Now in my own experience, even though there's these formal requirements, there's usually some consultation that occurs between a rating and reviewing official, but if for some reason there's no agreement, the rating official has the authority to make a recommendation and the reviewing official to make a different recommendation, which, depending on the circumstances, could be to either raise or lower the rating as the reviewing official sees appropriate. Now going further down the page we have a block which allows the Performance Review Board to document the results of its processes. Here in this example let's assume that the PRB looks at the justification for the outstanding rating and concurs, they would fill out this block. They could also make recommendations for awards, which are called bonuses here. The SES bonus system does not apply to the SL/ST system, but there is a potential for getting a cash award. It could also be a recommendation for a rank award. Let's assume that this particular SL/ST employee had a really great year – knocked the ball out of the park. They get a recommendation for an outstanding, a bonus, a meritorious award and a base salary adjustment. The PRB Chair signs here and dates. Then the recommendation goes on for further review to the Secretary's office, which makes a similar set of recommendations, and then the final decision goes to the Secretary of Agriculture. At this interim point, someone who is in the department in the Office of the Secretary would have someone in the Office of the Secretary make a recommendation, but more typically for most members of the SL/ST system it will be an agency head recommendation, but the Secretary of Agriculture makes the final decision on behalf of the department and that person makes a recommendation on the final rating, salary increase award and potential rank award. So the covering page documents the key decisions in the rating process from start to finish. Let's go to the next page. Now this is probably one of the most important parts of the entire form, and I'm going to spend some time talking about this because I think it's really critical that you understand the standards for assigning ratings at the element and overall level. Let's talk about the standards for performance ratings because they are not all the same in the way that they treat results in each element. Let's start with outstanding. As you will see, the bar for achieving an outstanding rating is extremely high. To achieve an outstanding rating, the employee must achieve and complete all critical element standards in an exemplary manner. That rating has to exemplify the highest level of performance possible, and is characterized by both organizational accomplishment and personal achievement. As you'll see in a moment, that's different than the way the standards work for some other levels. What this means, for example, is that if you had, hypothetically, five standards under mission results, which is where measurable results will be shown, each one of those five standards would have to be performed at the outstanding level to justify an overall rating of that element at the outstanding level. If one of those elements or aspects of the critical element, if one of those standards of the critical element mission results was not achieved at the outstanding level, then the rating for the element cannot be outstanding. If you look at the definition of a superior level for an element, what you will see it that that works differently. At the superior level of performance, the employee must demonstrate consistently excellent performance where the majority of the element standards exceed the fully successful level. So here, to achieve a superior element rating, you do not have to meet all of the standards at the superior level, just the majority. Again, at the outstanding level, that is not – they don't use a majority rule at the Department of Agriculture for an outstanding element rating. It's all of them. In the case of the fully successful rating, the employee has to meet expectations where all critical element standards are completely satisfactory. If not all of them

are completely satisfactory, then potentially you're looking at a minimally successful level where the employee only partly meets the element standards and has been marginally effective. At the unacceptable level the employee does not meet standards and performance deficiencies resulted in demonstrable negative consequences for the organization. So again, in summary, when you're looking at elements, and we're only talking about element definition here, all standards have to be performed outstanding to achieve outstanding. The majority have to be at the superior level, everything has to be fully successful or above. At the fully successful level, all the standards have to be fully successful or above. Minimally satisfactory, some of them could be at the fully successful, some of them not. And at the unacceptable level they would have to be not meeting the standards across the board. So each element definition works a little bit differently from each other.

Having talked about the element ratings, what we're now going to do is talk about how to take the element ratings and translate them into a summary rating. Now here, let's just take a very simple kind of example. Let's assume that a person only has the three required elements: mission results, professional leadership, and civil rights. Let's assume further that they achieve an outstanding rating in elements 1 and 2 and a fully successful in element 3. Here, the overall rating, the summary rating, would be outstanding because all performance elements were rated outstanding, and the civil rights element was rated fully successful. Let's change this example a little bit and see how the bar for an overall rating of outstanding is extremely high. Let's assume that the person had a rating for all elements and they had the two optional critical elements rated. If they're all outstanding, the overall rating is outstanding. But let's assume that in the next example the person had outstanding for elements 1, 2, 4 and 5, had a fully successful for element 3, which is civil rights, and for element 6, which would be one of the optional critical elements, they had a superior. What is the rating here? Well, it's not outstanding, even though a majority of the elements were rated outstanding that could be rated outstanding. In this specific example the rating is superior. Why? Because to be rated outstanding, all elements have to be rated outstanding. But for mission results, the rating has to be – mission results has to be superior and the other ratings have to be fully successful or above. In this specific situation, this specific example, the person is rated superior because they did not have all critical elements that could be rated at the outstanding level, rated outstanding. One was superior. That made the overall rating superior. Now it's also possible to have a somewhat different set of results and for the rating to potentially still be superior and I'm going to give you an example here where the rating is superior for mission results and it's fully successful for the remaining elements, except for civil rights where... I'm sorry, in this example the rating at the element level is superior for mission results and fully successful for all the other elements including the civil rights element. Now here, in this example the rating is superior. Now why is that? Because in this specific example that I'm giving you, the mission results critical element was rated superior, and the other elements were rated fully successful or above. So in looking at this you can see that, within these two examples, you can have a fairly significant difference in performance, but the overall rating is still superior. Why is that? Because the bar for outstanding is high and below outstanding, mission results is going to drive the rating above fully successful. Let me give you one other example that is... again I am going to tell you probably a very unlikely example for you to ever see, but it again shows the supremacy of the mission results critical element. In this example, the individual receives fully successful for mission results and then receives outstanding for professional

leadership, fully successful for civil rights and outstanding for the other critical elements. What is the overall rating here? The overall rating is fully successful. Why is that? Because mission results was rated fully successful. As we said on a number of occasions in this program, the mission results element, to meet the sixty percent requirement of OPM and USDA, drives the overall rating. In this specific example where mission results is fully successful, everything else is outstanding with the exception of civil rights which also is rated fully successful because that's the only – the highest level that it can be rated, the overall rating is still fully successful because mission results is fully successful. To be rated above fully successful, mission results has to be either superior or outstanding for you to have any chance at all. This is the end of our examples, and as I think you will see, these examples indicate the way in which mission results really drives the overall rating process. Now let me point out some other examples to you. It's critical to recognize that if a critical element - doesn't matter what the critical element is - is rated minimally successful, then the overall rating is minimally successful. So in this example let's assume that the person is a supervisor, has a fully successful rating for elements 1 and 2, fully successful for element 3. Here they are rated minimally successful. Why? Because to be minimally successful, one or more elements has to be rated minimally successful. Let's change the example a little bit. In this example the person is rated unacceptable in their supervisory element, and again, the overall rating would have to be unacceptable. So in this example they're fully successful for elements 1, 2 and 3. Element 4, which is the supervisory element, they're rated unacceptable, the overall rating is unacceptable. Because the definition is that one or more elements rated unacceptable, makes the overall rating for the entire rating to be unacceptable. For the two circumstances where a single element, not mission results, can drive the overall rating is where the element rating is minimally successful or unacceptable.

So what we'd like to do now is to turn to the area of the performance template where we will look at the strategic alignment process that goes on inside the template. Here on page 3 of the form you see the department strategic goals and management initiatives. At the very bottom there's space for agency's strategic goals and management initiatives to be included. Some agencies, I understand from participants in our program, have pre-completed these. They may or may not be completed with your specific agency, but again you can link to the department's goals and management initiatives or strategic goals and management initiatives at your agency level. Here would be the place for the agency goals for you to put them in if you intended to link to them. On the next page, page 43 of your workbook and page 4 of the form, you'll see a number of examples of linkages to strategic goals and objectives as well as a development of performance measures. I would like to point out that these are illustrative examples. They are not examples which you must use. They are here only to show you an example of how to construct a good measure. You may find that some of these do not apply to you. I would like to highlight one of them. Here's an example of a civil rights measurable results goal. I won't read it to you, but it's an example of how, even within the list of mission results standards, you could identify a civil rights goal to include. On the next page are additional examples, and there's an example here of a good... example of a research performance standard, which is an indication of how someone who's in a research or scientific position could have a performance example. If you need additional assistance in developing these you could certainly contact the Office of Human Resources management in your agency or the three contacts we gave you at the beginning of the program. We'll review their names

again at the end. Here you would document the element rating at the end of the year. The next element is the professional leadership element. As you can see, this is pre-completed. I won't read this to you. You can do that as you have time. I will only point out that there is space here for the customer perspective under your professional leadership element. This is where you would be looking towards customer and stakeholder feedback and input in the development of goals and the performance of the SL/ST employee. The next element is the civil rights element. Again, this is pre-completed. You would rate it at the bottom of the page at the end of the rating period. The next element is the supervision and human resources management element. Again, this is pre-completed. There are a number of factors here that are taken into consideration including the accountability aspect of it, which is making sure that the supervisor, the subordinate employees have performance plans that connect to the agency's mission. And this is a space here where a standard's established for you to consider employee feedback in identifying needs and expectations and consider employee perspectives when making decisions about effecting workplace programs. Again, this is to make sure that there is a balanced set of perspectives to meet OPM's requirements. And then finally, at the very bottom is a place where you would rate the element at the end of the rating period. The next page has an opportunity to develop the program or position specific performance standards. As we've indicated these have to be defined by the SL/ST supervisor. They are not pre-defined, of course, because they are specific to the agency and the individual. As we mentioned before, these elements are optional. You don't have to use them. The time to use them would be if the person in the position has a major primary responsibility for security or safety, in which case one of these two elements would have to be a critical element for homeland security. Now there's some additional information in your workbook about this. I'm not going to spend a lot of time talking about it. I would just ask that you take a look at this at your leisure and review the additional information provided by the department.

Now we've talked about the USDA SL/ST template. What I would like to do is conclude our program by talking about how to set the stage for effective performance management throughout the department. It's important to recognize that performance management and measures drive performance. As we've said before, strategy is driven by effective execution. Strategy is execution. And senior leadership emphasis on performance management can lead to an increased focus by employees on performance and can raise performance to higher levels. There are two components, we think, to effective performance management: clear goals and good feedback. These are fundamental leadership responsibilities. That doesn't always happen. Sometimes as you go to higher levels in an organization you'll find that feedback actually declines. I know in my own case, I worked for a federal agency inside the Justice Department and I often wanted feedback from my supervisors at performance appraisal time about what I could do to do a better job, and I typically got an answer that went something like this: "Great job, Ken. Sign the form here. Give it to the HR director. Had a great year. Keep up the good work." That really didn't tell me very much about what I could do to improve. So good goal-setting consists of feedback and goal-setting to drive overall performance. Hard goals that employees accept increases persistence in achieving those goals. A number of years ago Larry Bossidy, who formerly was CEO and Chairman of Honeywell Corporation, wrote a great book on organizational performance called "Execution: The Discipline of Getting Things Done". He said that, oftentimes, in conversations with fellow CEOs, they had indicated they had a common experience where they would announce an

initiative. They had a big idea of how to drive the company's behavior to higher levels of performance. They would go to an executive staff meeting, discuss the initiative, look around the room; everybody would nod their head and say "Yes sir or ma'am. We agree." And then the CEO would come back a year later and nothing had changed. Why was that? It occurred because what the CEO was getting was surface compliance. There was no personal commitment by the executives to achieving the executives' goals. So from Larry Bossidy's point of view, the key to effective execution of strategic objectives is for the CEO to take the time to meet with the executives and ask them what they were going to do personally to achieve this goal. Ask them to develop a plan for their own performance with key metrics and milestones, and then for the CEO to review that executive's performance on an ongoing basis. In other words, to combine the goal-setting with feedback, to review performance and make adjustments as they went forward. Only by making sure that people were personally committed to the success of the initiative, from Larry Bossidy's perspective, could you expect to successfully execute. And we had a lot of research about this on a personally level. I would ask that you consider the results on goal setting reported by Edwin Locke of the University of Maryland. He found that people who kept daily records of all the food they consumed, but did not set goals to reduce food intake, did not alter their eating habits. Only those who set specific goals, in addition to keeping records, lost weight. People who are given feedback during performance appraisals perform no better than those who are given no feedback when there were no goals. When goal-setting took place as a follow-on to the feedback, performance improved significantly. So it's important to have goals and feedback tied to the goals.

We suggest there are five stages of effective performance management. It's a continuous cycle, and what we would like to do is talk with you for a moment about effective and ineffective methods of planning, monitoring, developing, rating and rewarding employees. Effective performance planning occurs when performance plans are completed timely. They have specific and measurable goals. Rated employees are involved and engaged in crafting the goals. And there's a clear understanding of how the plan aligns to and supports the agency goals and mission. Ineffective planning occurs when performance plans are not completed. Goals are not measurable. They don't follow the SMART model, and the rated employee is not involved in their development. There's no performance conversation about expectations and how the plan aligns to and supports agency goals and missions. During the monitoring phase, the effective techniques involve real time, on-going performance feedback. I can't stress that enough. Although progress reviews should be done quarterly, performance feedback should be real time. Progress against goals should be tracked and then changing circumstances noted and incorporated into the plan. I would caution you to be somewhat careful about making those adjustments. Certainly, changing circumstances should be noted, but as we discussed in the justification section of our performance management briefing today, we noted that overcoming obstacles, particularly unexpected obstacles, was one way of showing highly effective performance. And so it's always the case the in a period of rapid change like the one we're in, circumstances can change and be difficult to manage. So, while you need to note them and incorporate them, I would resist the temptation to automatically change the goals simply because things got a little bit tougher or something came up that nobody expected. However, if it's clear that the goals now are unrealistic, and can't be achieved because of changing circumstances, particularly financial ones, then of course the goals should be adjusted. Goals should be challenging, but at the same time attainable. There should be regular

supervisor and employee conversations on progress and setbacks, and mid-year reviews completed on time. We recommend quarterly performance reviews. Ineffective monitoring occurs when there is little or no performance feedback. There's no mechanism to measure progress against goals. Changing circumstances are completely ignored. And there's no ongoing performance conversation or even a mid-year review. In order to have people improve performance, it's important to increase personal capacity, and that's done through development - making sure that there's an individual development plan and it's followed up. That there's a focus on increasing capacity of the employee to perform their goals is important. Now I know that budgets are tough, and people particularly at the senior levels are very busy and they don't have the time to go forward with additional training. But in order to make sure that there can be training, there are other ways of doing it that don't involve the expenditure of large amounts of money or time in a training class. One way that private companies are developing talent, particularly at the senior level, is to look for what they call stretch assignments. These are developmental assignments. They could be temporary as well as permanent, in which an employee has to develop new skills in order to be successful. I know the military does that. My son was in the Marine Corps and as a Marine Corps officer he would be given, if he had decided to make a career out of it, would have been given what's called a B billet assignment, which is an assignment to a functional area completely outside your occupational specialty. As an artillery officer he could expect to be assigned to intelligence or logistics so he could get other skills that he could use back on his position. So that's a way to develop someone's capacity and get real work done at the same time. Development can be as simple sometimes as asking a person to read a book and then discuss what they've learned, or having training that's conducted online as you have through AGLEARN. There are many many ways of building capacity that don't require a huge amount of money. Finally, training, coaching and mentoring can be additional ways of development. Ineffective development occurs when there's no thought to increasing capacity, there's an over-emphasis on here and now, and short-range goals are emphasized. That may get the job done this year, but future effectiveness will be limited. That could create discontent among top performers. What most employees want is the chance to learn and grow. And if they can't get that through your organization, they'll find someplace where they can. In order for an effective rating to occur, input must be sought from the rated employee. I know that performance rating discussions can be very difficult. Many supervisors view this with a great deal of dread. Let me suggest one way that you could probably diffuse some of the tension. It's a system that I used, particularly toward the end of my career, and I found it very effective. Essentially what I did is ask each employee to start off the performance discussion with their own oral self-assessment. I know that in the Department of Agriculture that employees are required to submit a written accomplishment statement. But ask them to then begin to discuss how well they think they did. We know from the literature of assessment, particularly self-assessment, that most employees rate themselves more harshly than their own supervisors would. And it doesn't mean that this will work for everybody. But I think you will be surprised by how constructive the discussion will be. You as the supervisor can then do a guided facilitation to make sure that employee self-assesses against the goals in the plan and has a full discussion of what they were able to do, what their obstacles were, and how they overcame them. I've always found that... almost always, not always... almost always a very constructive way to have a performance discussion. So the evaluation is done against requirements and in consideration of organizational accomplishments. It will enable you to differentiate levels of performance, and give you

specific and sufficient data to support the rating. Appraisals then are done consistent... must be done consistent with the agency or department's policies. The rating must be communicated clearly to the employee with the focus on performance against goals. Now ineffective ratings occur when there's little supporting documentation. There's no evaluation against the established requirements. There's simply a "drive-by" appraisals conversation with the rated employee – kind of the discussion that I used to have when I was in the Justice Department. The ratings were untimely, and they're not used as an effective leadership tool. Now, in considering how to do the rating, one of the questions you'll be looking at is: what kinds of rewards should I provide? This is the time when you think about the way in which you administer the rating going beyond the factual to whether or not you're going to provide positive or negative reinforcement to the employee. Rewards acknowledge the contributions to the agency and show positive consequences by focusing on accomplishing performance requirements. This should be done on time, providing access to awards and other benefits. Now here I'd like to talk about the fact that positive and negative feedback are not just different sides of the same coin. They actually have different effects and effect employees differently. Positive reinforcement produces very specific behaviors. If you've ever received positive reinforcement, you remember what you were doing when you received that reinforcement and are much more likely to go out and repeat that behavior again and again. However, negative reinforcement produces what psychologists would call generalized avoidance behavior. If you ever took a psychology class in college and you had one of these experiences in rat lab where a rat was put in a maze, they go down one end of the maze and get shocked, what does the rat do? It's not that they just try and avoid that little part of the maze. They do whatever they can to get out of the maze. The same thing is true for employees. Constant negative feedback is much more likely to produce a situation where the employee simply quits and goes someplace else. That's an example of generalized avoidance behavior. It's not that they're going to avoid making the same mistake. They're just going to go someplace else. Secondly, employees feel negative feedback far more intensely than positive feedback. A number of years ago I went to a training program at the Center for Creative Leadership. They said that employees should receive positive feedback three times more frequently than negative feedback for them to feel that the feedback was balanced. Dr. Phil would say that it's ten times more often. I don't know whether it's three or ten, but I do know that it's true that people feel the negative feedback more intensely and there should be an opportunity to look for people doing something good, to provide and appropriate emphasis on appropriate positive feedback so that people will feel they are being treated in a balanced and fair manner. Ineffective rewards... where there's no connection between rewards and performance requirements. I once talked with an executive who told me he worked in a group of people who received a bonus on a rotating basis. Each year one of them received a bonus, so every three years he got his. That kind of movement of the bonus certainly showed differentiation, but it was a fundamentally irrational process. What that does is breeds cynicism and completely loses any benefit that the rewards might actually have. So there needs to be a connection between rewards and performance requirements. The rating of record should always be completed on time. It should not be delayed or deferred. Employees who do not receive a rating of record can be rendered ineligible for some rewards, and this can have a significant negative impact on morale. We would suggest to you that, if you follow these practices, you will have a leadership contract that is built on a culture or atmosphere of trust. This will lead to a faster decision making, more responsive organization and higher levels of mission accomplishment.

This concludes our program. Before we break from the program completely, I would ask you to remember that if you need any additional information please contact your Office of Human Resources, or you may also contact Helene Saylor, Anita Adkins or Alberto Vega at this place here. Thank you very much for your attention today, and I wish you the best of luck as you go forward with this program. That concludes today's presentation.