



# Journey Towards Performance Results – The DOE Story

Presented by:  
Claudia A. Cross  
Chief Human Capital Officer/Director,  
Office of Human Resources Management  
U.S. Department of Energy  
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# Discussion points

- SES journey
- Lessons learned
- Cascade below SES
- Challenges
- Next Steps



# Summer 2001 - In the beginning....

- DOE developed and implemented a results-oriented SES Performance Management System that
  - provided improved linkage between performance plans and ratings to clearly defined mission-related priorities;
  - made meaningful distinctions in performance ratings;
  - provided rewards for top performers; and
  - would be effective during the FY 2002 appraisal cycle



## The Challenge - what happened next...

- Benchmark
- Develop processes (formula for rating of elements and overall rating)
- Craft strategies for effective communication and implementation
- Provide briefings/training to senior managers, impacted executives and resource officials and then communicate some more.



# In a few short months...

- Implementation on November 7, 2001
  - DOE-wide televised briefing and Q&A
  - Individual briefings with program offices and SES staffs
- Require all executives be placed immediately on new performance plans



# The new system highlights....

- Direct linkage between key mission/program goals and executives' performance objectives;
- Promotes executive excellence;
- Applies to career and noncareer SES;
- Four-level rating system based on two critical elements: Program/Mission Accomplishment and Key Leadership Attributes;



# Highlights (cont.)

- Focus on “critical few” program performance objectives that are expressed in expected outcomes, timeframes, measures and results achieved.
- Awards “top dollar” bonuses to exemplary performers;
- Mandatory minimum bonus (10% to 20%) for Exceeds Expectations;
- Places greater accountability on executives
- Requires written results-based accomplishments address both critical elements



# Lessons Learned

- **Issue:** Mandatory minimum 10% base pay bonus for Exceeds Expectations and limited bonus pool monies (3%) resulted in some unintended inflexible situations
- **Solution:**
  - A range of bonuses established (E = mandatory 5 to 20%; ME = 5 to 9%) and the bonus pool increased (3 to 5%).
  - Waiver of mandatory bonus in certain circumstances (e.g., recent Presidential Rank Award recipient)

# Lessons Learned

- **Issue:** Validation that mission/program related objectives were linked program goals.
- **Solution:**
  - Every SES's performance plan was required to be linked to applicable program goal(s).
  - Identified SES members critical to success of each program goal (from APP, PART, etc.)
  - Required detailed information on the SES member's specific role in written accomplishments/bonus justification for PRB review.



# Cascade below SES

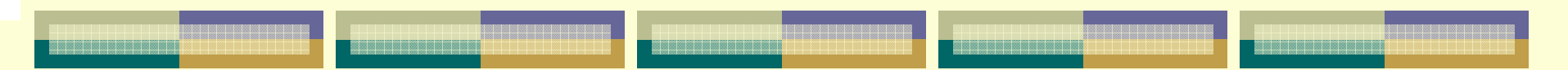
## Why?

- Required by DOE's Human Capital Initiatives and Five-Year Restructuring Plan
- To identify meaningful performance distinctions among the Department's managers and supervisors.
- To incorporate strategic plans and mission objectives with accountability for achieving objectives into the performance plans of managers and supervisors.
- To provide substantial financial rewards commensurate with top performance.



# Cascade below SES to Managers and Supervisors - Key Features

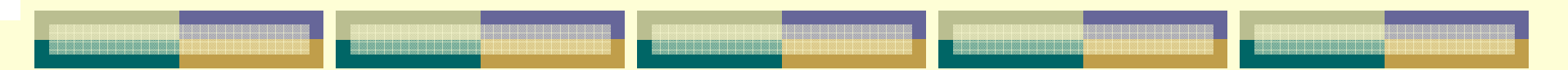
- Fiscal Year-Based Appraisal Cycle
- Performance Plans Linked to Organizational Strategic and Mission Objectives
- Direct Linkage between Performance Ratings and Awards
- Significant Awards to Top Performers



# Key “Cascade” Features (cont.)

## ● Four-Level Performance Appraisal System:

- Significantly Exceeds Expectations
- Meets Expectations
- Needs Improvement
- Fails to Meet Expectations



# Key “Cascade” Features (cont.)

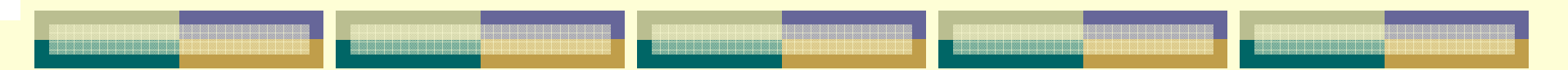
● Two Critical Elements of equal importance:

## 1. Programmatic Accomplishments

- Two – Five Critical Sub-Elements

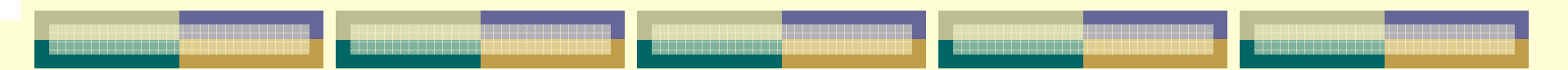
## 2. Managerial/Supervisory Attributes

- Five Critical Attribute Clusters



# Critical Element 1 - Programmatic Accomplishments Sub-Elements

- Sub-element linkage: each linked to organizational goals and mission objectives
- Sub-element weight: each is of equal importance and equal weight



# Critical Element 2 - Critical Attribute Clusters

- Cluster 1 – Subject Matter Expertise
  - Demonstrates Functional Competence
  - Exhibits Analytical Ability and Solves Problems
  - Innovates



# Critical Attribute Clusters (cont.)

- **Cluster 2 – Customer Service and Communications**
  - Serves Customers and Builds Partnerships
  - Communicates Effectively



# Critical Attribute Clusters (cont.)

## ● Cluster 3 – Resources Management

- Demonstrates Personal Leadership
- Creates Effective Operating Plans



# Critical Attribute Clusters (cont.)

## Cluster 4 – Team Building

- Builds Capability
- Coaches, Motivates, and Develops

## Cluster 5 - Diversity

- Builds Diversity



# Performance Awards Eligibility

- Mandatory awards to employees rated Significantly Exceeds Expectations
- Discretionary awards to employees rated Meets Expectations
- No Awards to employees rated as Needs Improvement or Fails to Meet Expectations



# Performance Award Amounts

- Awards to employees rated Significantly Exceeds Expectations:
  - must be at least 5% of base pay or twice the highest award paid to employees rated Meets Expectations, whichever is higher; and
  - may be up to 10% of base pay with a maximum of \$7,500 (whichever is less)



# Integration Challenges:

- The challenge of integrating centralized performance principles with:
  - Different levels of technological scientific expertise
  - Different missions and customer bases
  - Different workplace cultures



# Integration Challenges:

- The challenge of integrating SES with non-SES systems:
  - Adjusting to budget-sensitivity of other systems
  - Responding consistently to external interests, e.g., labor unions, which are more likely to intervene



# What's Next for DOE?

- Certification by OPM
- Cascade system further to non-supervisory GS and equivalent employees
- Continued analysis of outcomes/results
- Continuous training in developing sound measures and process improvement



# For the rest of the story...

Contact:

Debra Gibson (SES) at (202) 586-8451,  
[debra.gibson@hq.doe.gov](mailto:debra.gibson@hq.doe.gov)

Chuck Patterson (GS) at (202) 586-8513,  
[charles.patterson@hq.doe.gov](mailto:charles.patterson@hq.doe.gov)