

**Remarks of OPM Director John Berry
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Thank you, Martha, for the kind introduction. It's great to be back at IRMCO, and congratulations to you and GSA on IRMCO's 50th anniversary!

I'm glad to be here today to talk about the high performance Federal workplace of the future. Now I'm not talking about the physical workplace or the virtual workspace – Martha's doing great on those – I'm talking about the innovative, collaborative, supportive work environment that will get the most from each employee. Because that's how we deliver the best service to the American people at the lowest cost.

As we take on the task of reforming personnel performance management in government, there's good news and bad news.

On the good side, we already have pockets of dynamism and innovation that we can lift up and learn from. We have a generation coming up that is very civic-minded and receptive to our call to serve. And we have flexibility under current law to encourage and reward excellence and eliminate mediocrity.

On the bad side, there are many corners of government where personnel performance management systems are weak or poorly implemented, or both. Too many in the innovation generation are discouraged from seeking Federal employment by stories of these dark corners.

We need to give managers greater flexibilities. And we need to train them to properly use any new flexibilities, and the ones they already have. This is a huge challenge that will take sustained attention – from our cabinet secretaries and deputy secretaries all the way down to our front-line managers.

I am excited by this challenge, and I know I'm not the only one. Everything we've done at OPM for the last two years has been building to this. Our successes in simplifying and speeding up the hiring process, hiring thousands more veterans, and developing and launching more high-level Presidential initiatives than in any two-year period in OPM history have yielded two important additional benefits: changing OPM's culture and rebuilding our credibility.

From the moment I set foot in OPM headquarters two years ago, I knew my first challenge was to change the culture. I stood in the lobby to greet employees coming into work that first morning, and they just seemed downtrodden – afraid to even make eye contact. I met our career senior execs, and saw a group of talented, creative people – but they had been stifled.

So I did two things: one, set out a vision for what OPM was going to achieve in the next few years. Two, change the culture within OPM to get our employees and managers excited and engaged with the new vision.

Culture change doesn't happen overnight, but it does happen. I drove this type of culture change at Interior in the 90s and later at the National Zoo.

It's not rocket science, it just takes work. We hold town hall meetings every month and take questions from any employee who has them. We have a labor-management forum where we meet with our union leaders twice a month to seek and actually use their ideas. I'm usually there myself, and my senior team is always there.

We showed our workers that President Obama is serious about OPM's mission by developing major presidential initiatives. We got a very clear signal of Congress's confidence in OPM when it handed us an important chunk of the Affordable Care Act. And every day, in the hallways, in the cafeteria line, in every meeting, I try to convey my passion and joy for the work we're doing – how privileged I feel to lead this team and serve this President and the country I love.

That's how you change a culture – not by saying “we're changing the culture,” but by actually doing it. Talk is cheap; action gets results. Our people are hungry for respect; hungry to be treated like adults. Empower and include them through your actions and they'll walk through fire for you.

Now I won't say OPM's perfect – far from it. But I would say we're back on the map; we've rebuilt our credibility. Now, we're ready to take on performance management in the age of knowledge-based government.

The first step toward fixing personnel performance management is understanding the missions of the Federal workforce and how those missions are changing. That tells us the type of workforce and workplace we need to succeed in those missions.

Our mission is to provide a foundation of law and security and a safety net over which free and inventive Americans, can take risks, fly by the seat of their pants and pursue their dreams. It's a big idea, one that has evolved a lot over the centuries. And the civil service has evolved with it. We've become leaner and more nimble. Productivity gains from information technology and building a higher skill workforce have allowed us to serve more and more Americans with roughly the same number of Federal workers.

At the same time as our workforce has shrunk and become more knowledge-based, our world has become more complex. Think about a car like today's Chevy Volt plug-in hybrid versus a Ford Model T 100 years ago – think about how much more complex it is, and how much more a regulator needs to know to evaluate it and make sure it's safe for our roads. Think of the threats that we must detect at our borders; the cybercriminals we must stop; the incredible array of medical treatments, technologies and insurance companies we must understand to implement the Affordable Care Act. Our banking sector must be sound and inspire confidence, our

transportation systems must be safe and efficient, justice must be fair and quick, and our territory must be protected.

Government is not, will not, and should not be the engine of the economy, but in order for the private economy to flourish, we need to provide a strong foundation.

What does all this mean for our workforce and our workplace? The Federal Government is, by necessity, larger and more complex than most organizations, so generalizations are difficult, but one thing is clear: we are, increasingly and now overwhelmingly, a knowledge-based enterprise.

Our need for talent has never been greater. And with an inspirational President and unprecedented challenges, the time is now right for us to compete aggressively and unashamedly for the best minds in America – from high school students looking for internships to late-career executives looking for a capstone challenge to a distinguished career.

And as we're hiring these talented knowledge economy workers, we need to bring them into a dynamic, creative culture that puts their talents to good use. Government has tried over the years to contract out creativity, to hire consultants who give their workers incentives and freedoms we're too often unwilling to give our own workers. But these are profit-seeking enterprises. They're expensive, and they're too often not providing the results the taxpayers need, deserve and demand.

I believe strongly the path to the best results at the lowest cost is to build that type of high performance culture inside government, through a new performance management system. One that unleashes our employees' creativity and productivity.

We can do that by giving them clear, measurable goals aligned to their agency's mission.

We can do that by giving them constructive, prompt, and continuous feedback to help them improve every aspect of their work.

We can do that by fairly and appropriately recognizing their successes in immediate and concrete ways that spur even greater achievement.

We can do that by recognizing their merit and promoting them accordingly. In so doing, we maximize use of their talents and deliver the most value for the taxpayers.

Personnel performance management – the ways we provide goals, feedback, recognition, and promotion – is my focus for the rest of today's talk. It's also the focus of a new working group within the Chief Human Capital Officers' Council. We're going to develop plans with the CHCOs and take them to the National Labor-Management Council. The CHCO Council, created in 2003, has really come into its own over the last year, and the Labor-Management Council, less than two years old, is steadily gaining steam.

I'm excited to tackle this next challenge with our CHCO and labor partners and our wonderful team inside OPM, because I know one thing: we can do better. We can climb back to the Moon shot era when we did big things and all things seemed possible.

Even now, we're innovating and doing big things that touch and improve the lives of millions of Americans. Civil servants are running the Department of Education's Race to the Top program and driving a new wave of innovation in education.

Treasury's intervention to save GM and Chrysler allowed those companies to innovate, with new models that are more fuel efficient, more stylish, and more competitive. And of course, Treasury's action saved tens of thousands of American jobs in the process.

Hard working civil servants at the office of the U.S. Trade Representative wrapped up years of negotiations on the agreement with Korea that will support at least 70,000 jobs here in America.¹ And that's to say nothing of the rest of the 2.1 million unsung heroes doing work that's no less important – caring for our veterans, enforcing our laws, ensuring our food is safe, and so on.

Let me tell you, while we don't have the salaries and bonuses of the most profitable companies, we do have one thing going for us, what some management gurus consider the most important motivator of all: purpose.

High performance government means giving our employees the opportunity to create and invent and serve the American people with all their heart and soul. It means thousands of managers in thousands of workplaces changing the office culture, changing the way they motivate their teams.

Some would say that the very concept of management is antithetical to the innovative American spirit. Rather than *manage* our employees, which implies control or constraint, maybe we should *support* our employees to unleash their full talent and potential. In the 21st Century, perhaps the Office of Personnel Management should be recast as the Office of Workforce Support. Even without a name change, a cultural and behavioral shift could do us all a lot of good.

There are pockets of excellence, but most agencies do not do performance management well. Consider the four essential pieces of how we currently manage performance: performance standards, performance reviews, performance ratings and performance awards.

I'm sure that all of these processes were created with the best of intentions, but over time, they have dehumanized management to a degree that we can no longer ignore. For many employees, performance standards are too unclear and subjective. And then you don't fully know what's expected of you or how you're doing.

Our formal performance reviews are infrequent and rote. Employees may be getting useful feedback from their manager, but the formal review process seems to take place in Garrison Keillor's Lake Wobegon, where everyone is above average. If that doesn't make our

¹ <http://www.whitehouse.gov/the-press-office/2010/12/03/statement-president-announcing-us-korea-trade-agreement>

performance ratings suspect, I don't know what would. And scientific research has shown, "if-then" rewards do not boost performance when they become an expected entitlement.

There's a better way.

Here's a basic blueprint for changing the way we manage personnel performance, and ultimately organizational performance, without changing the law or the pay system.

What if, when setting performance standards, we engaged our employees and got clear about expectations? What if we made sure performance standards were detailed, objective, aligned to agency mission and goals, and had employee buy-in – that they weren't just dictated from on high?

Next, put systems in place to hold people accountable. Many people have highly measurable jobs in the government, such as those who adjudicate benefits claims at OPM. For them, a measure of production, timeliness and accuracy is relatively easy, and managers should get real with their employees about what constitutes a good job. For employees with harder to measure tasks, a good manager can still create processes where deadlines are set and quality is measured. The key to improving performance is frequent, consistent feedback. Specific, constructive feedback tends to be a far more powerful and predictable motivator than pay, in even in the private sector.

If you have an employee who works on projects where collaboration and creativity are needed, immediate feedback on the process used to create the product and the quality of the result is essential. Waiting until the end of the year to tell someone they haven't been cutting it doesn't help the employee, the manager or the American people.

Perhaps the best way to get real about performance ratings is to simplify them. If most employees do a good job and small variations in year-end performance awards don't actually lead to improved performance, why do we spend so much time parsing people into five categories?

Let's give the well over 80 percent of people who are doing a good job three things: a pat on the back, frequent feedback about how they might improve further, and the training they need to get there. If we can give them something on the spot when warranted, like a gift card to take their family out to dinner, even better.

And let's call our true top performers outstanding and recognize them in a way that incentivizes better performance. Sometimes, instead of a little cash, a self-motivated high performer will be more inspired by increased public recognition and greater opportunities to innovate. Cash shouldn't be the default reward.

And for that very small group of employees who make the rest of us look bad, we need a clear, appropriate rating, and a consistent organizational commitment to get rid of them quickly, but fairly. Failing to remove poor performers disrespects and de-motivates the entire team. And what's more, we don't have a position to waste.

We need to give everyone the tools to do the job and then the room to run. I am proud to serve my country and the vast majority of Federal employees are too. Anyone who isn't probably left a long time ago – and if they haven't they should.

Because we've got a lot to do.

Solving the health care challenge has bedeviled America for over a century. Providing every child with a quality education is so audacious, other countries don't even try. Understanding how trillions of dollars flow through the world economy every day is so complex that we barely even tried to understand it until we realized how much it could hurt millions of working families.

But we are Americans. We are the greatest country on Earth. We choose to take these challenges on. Not only because our morals and our conscience tell us failure is unacceptable, but because our optimism and history tell us we can overcome any obstacle.

Each of us in this room is part of something great, but we can, we must, and together we will, do more.

Thank you, God bless you, and God bless the United States.

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