INTELLIGENCE COMMUNITY (IC) PERFORMANCE MANAGEMENT: DID THE DIRECTOR OF NATIONAL INTELLIGENCE'S (DNI) 2007 IC POLICY DIRECTIVE 651 ON PERFORMANCE MANAGEMENT ACHIEVE ITS POLICY OBJECTIVES

by

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Intelligence Community (IC) Performance Management: Did the Director of National Intelligence’s (DNI) 2007 IC Policy Directive 651 on Performance Management Achieve its Policy Objectives?

A Dissertation submitted in partial fulfillment of the requirements for the degree of Doctor of Philosophy at George Mason University

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DEDICATION

This is dedicated to my loving wife Barbara, my children Sean, Lauren and Mackenzie, and my parents Ken and Nancy.
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I would like to thank the many friends and colleagues who supported me throughout the process. I would especially like to thank Professor Jim Pfiffner for his unwavering support and guidance, and the other members of my committee for their invaluable input and assistance throughout the process. I would also like to thank Beth Eck and Shannon Williams for their patience and support. Lastly, I would like to offer a special note of thanks to Jim Clapper who encouraged me to pursue this degree in the first place.
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LIST OF ABBREVIATIONS

Air Force Research Laboratory ................................................................. AFRL
Business Executives for National Security ............................................ BENS
Calendar Year ......................................................................................... CY
Central Intelligence Agency ................................................................. CIA
Certified Assessment of Human Resources System ................................. CAHRS
Chief Human Capital Officer ................................................................. CHCO
Defense Civilian Intelligence Personnel System ........................................ DCIPS
Defense Intelligence Agency ................................................................. DIA
Department of Commerce ...................................................................... DOC
Department of Defense ........................................................................... DoD
Department of Homeland Security ......................................................... DHS
Director of Central Intelligence ............................................................. DCI
Director of Central Intelligence Directives ............................................. DCIDs
Director of Defense Intelligence ............................................................ DDI
Director of National Intelligence ........................................................... DNI
Director of the Intelligence Staff ............................................................ DIS
Federal Bureau of Investigation ............................................................ FBI
Federal Deposit Insurance Corporation ................................................ FDIC
Fiscal Year ............................................................................................... FY
General Schedule .................................................................................... GS
Government Accountability Office ......................................................... GAO
Government Performance and Results Act .............................................. GPRA
House Permanent Select Committee on Intelligence ............................. HPSCI
Human Capital Board ............................................................................ HCB
Human Resources ................................................................................... HR
Human Resources Information System .................................................. HRIS
Intelligence Community ........................................................................ IC
Intelligence Community Directive ......................................................... ICD
Intelligence Community Deputies Executive Committee ....................... IC DEXCOM
Intelligence Community Leadership Committee ...................................... ICLC
Intelligence Community Performance Appraisal Assessment Tool ........ IC-PAAT
Intelligence Community Policy Guidance .............................................. ICPG
Intelligence Reform and Terrorism Prevention Act .................................. IRTPA
Internal Revenue Service ....................................................................... IRS
Joint Intelligence Community Council .................................................... JICC
Leadership Assignment and Exchange Program ..................................... LEAP
ABSTRACT

INTELLIGENCE COMMUNITY (IC) PERFORMANCE MANAGEMENT: DID THE DIRECTOR OF NATIONAL INTELLIGENCE’S (DNI) 2007 IC POLICY DIRECTIVE 651 ON PERFORMANCE MANAGEMENT ACHIEVE ITS POLICY OBJECTIVES?

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In the aftermath of the terrorist attacks of 9/11/2001, the Congress initiated a series of studies that concluded intelligence analysts had failed to “connect the dots” before the attacks because nobody was firmly in charge, individual and organizational responsibility and accountability were diffuse, and there were no common standards and personnel practices in place across the Intelligence Community (IC). In 2004, Congress passed the Intelligence Reform and Terrorism Prevention Act (IRTPA), which established the Director of National Intelligence (DNI), directed the DNI to establish clear goals and set priorities, and to develop and implement common personnel standards across the IC. A new policy on performance management was established in 2008 and implemented over the following two years. This dissertation, based on empirical data and analysis of the implementation of the program, examines the effectiveness of the new performance management program. It concludes that the program worked reasonably well in the
Department of Defense and independent agencies (though noting problems in implementation), but did not work as well in the smaller populations of IC employees scattered among the five other Departments. The policy implications of these findings will inform Congress and executive branch agencies on ways to improve congressional mandates and the implementation of performance management systems.
CHAPTER ONE: INTRODUCTION

The Importance of Intelligence

The importance of U.S. Intelligence cannot be minimized – accurate and timely information is an essential element of national security. Intelligence involves understanding the motivations and thoughts of one’s enemies, and anticipating or acquiring their plans before they can be implemented. Multi-disciplinary intelligence can yield insights into the culture and mindset of one’s opponent, provide indications and warning of possible attacks, and illuminate key vulnerabilities that can be exploited. (Cilluffo, Marks and Salmoiraghi 2002: 33)

Mark Lowenthal (2003: 9) describes intelligence as process, as product, and as organization. As process, intelligence is the means by which information is requested, collected, processed, analyzed, and disseminated. It is also how covert action is conceived and conducted. As product, intelligence is the outcome of the process – analyses captured on websites, included in publications, or provided in briefings. It is also the results of intelligence operations. As organization, intelligence is the government units assigned to carry out its functions.

Intelligence comes in many different functional areas: cultural, economic, political, and military. The focus of attention varies over time and Administrations, but recently around 80-85 percent of intelligence investment is spent on military intelligence agencies.
Critics have argued too much of the budget is devoted to support to military operations, but some of what is spent does provide dual use for the other functional areas. The overwhelming focus in recent years is on current intelligence: what happened yesterday and today, and what does it mean? But we also need to frame events in a historical context to better understand what has happened and why. Being able to predict future actions and events is critical to avoiding or stopping undesirable developments from happening, or for developing positive policies. (Johnson and Wirtz 2004: 42-43)

Intelligence is different from other activities because it involves secrets, things people want to hide and others want to discover. (Lowenthal 2003: 1) Intelligence professionals make a distinction between secrets, which are hidden facts, and mysteries, which are important questions with unknown answers. Secrets, such as where Osama Bin Laden was hiding, are presumably discernable with some luck or assistance and considerable perseverance. The collection phase is skewed to answer questions of this type. How long it will take for a vibrant and self-sustaining democracy to take hold in Iraq and Afghanistan is a question that is unanswerable. However, the importance of the question does warrant expending resources to explore the range of possible outcomes and provide helpful insights for the policymakers to contemplate. (Johnson and Wirtz 2004: 43-44)

Once the information is processed into a form useful for the analyst, they must make sense of it in relation to U.S. policy, goals and objectives. The process involves converting raw intelligence into finished analysis. This finished analysis is often repackaged into papers, reports, or briefing graphics which are disseminated to policy officials, preferably in a timely manner. Policy makers seek unbiased reports that are
both accurate and relevant to the issues they are following. If the process works correctly, this knowledge and foreknowledge forms the basis of informed decisions regarding national policy and action. But stunning or tragic events can rapidly reorient the focus and priorities of the Intelligence Community (IC), as happened in 2001. (Johnson and Wirtz 2004: 41-42)

The Catalyst For Change

The terrorist attacks that took place on September 11, 2001 and the subsequent wars in Afghanistan and Iraq, revealed many important intelligence liabilities. There had been at least a dozen major commissions, government bodies, or think tanks that had studied intelligence in the decade prior to 2001. Almost all of them recommended some kind of major change to the IC. Yet intelligence was simply not a top policy concern, not popular in media or political circles, and so very few of those recommendations were implemented.

But that was all about to change. Congress, which tends to operate with 535 members each pursuing their own agenda during normal periods, began to focus its attention intensely on the IC. Crises or disasters such as this often draw awareness to problems and force Congress to take action. The long dormant “gumbo” of previously generated policy ideas and proposed alternatives were then resurrected and reconsidered. For the IC, these terrorist attacks proved to be just such a catalyst – “an idea whose time has come” - and they forced a general realization and awareness of the fundamental problems that had existed for so long. New alliances were formed that caused new agreements to
Congressional Direction

The Intelligence Reform and Terrorism Prevention Act (IRTPA) of 2004 provided the executive branch with considerable flexibility in how national security employees are organized, incentivized, and managed in order to improve the effectiveness of organizations involved with national security. A new performance management system can help to send unmistakable messages about the kinds of behavior the organization values. It can also provide a consistent message to employees about how they are expected to achieve results in support of the organization’s mission and goals. Thus, if the recommendations of these Commissions were implemented, individual performance and contributions would be evaluated based on written competencies and performance standards and those who demonstrate them (i.e. leaders, managers, and employees) at the successful level or higher would be rewarded appropriately.

IRTPA authorized the establishment of the Office of the Director of National Intelligence (ODNI) as an independent agency to assist the Director of National Intelligence (DNI) in the accomplishment of his duties. The ODNI staff’s first priority was to develop a National Intelligence Strategy (NIS) to establish clear goals and objectives, and to set priorities. The staff then developed a Strategic Human Capital Plan (SHCP) to explain the new human capital policies, and articulate the objectives that would be established to carry it out. In order to fully implement the new plan, though, the IC would have to put

be struck on the policies, rules and procedures to be enacted and implemented. (Kingdon 2003: 1, 25, 66)
in place several key policy documents. These new documents would need to provide
greater detail to the IC on the key new polices for joint duty, performance management,
pay for performance, and the establishment of competency directories across the IC.

**ODNI Implementation**

After a period of consultation between the ODNI staff and the heads of the IC agencies
and elements, and the heads of their respective departments, the DNI issued a new
Intelligence Community Directive (ICD) implementing common performance
management requirements across the community. ICD 651, *Performance Management
Requirements for the Intelligence Community Civilian Workforce* was approved
November 28, 2007. The goals of this new policy directive were captured under the
“Purpose” section:

**Goal 1: To Recruit, Motivate, and Retain Highly Qualified Individuals.**

“Enable the IC to recruit, motivate, and retain highly qualified individuals for the
effective conduct of intelligence activities”

**Goal 2: To Facilitate Joint Duty Rotation.** “Facilitate the rotation of IC
employees between IC components and to the ODNI and the national intelligence
centers”

Changing the culture of the IC is a significant undertaking, involving a tremendous
investment of time, effort, and resources, with the intent of achieving defined goals and
objectives. These transformations are neither quick nor easy. A program evaluation can
provide a mechanism for measuring achievement of those goals and objectives captured
in the policy directives. The program evaluation must be fundamentally rooted in the outcomes, objectives, and principles that have been articulated in the program’s foundational documents.

**Objectives of this Dissertation**

This dissertation will ask and attempt to answer several important research questions. As the IC implemented these reforms, did they meet the expectations and intent of the congressional requirement? Did they have committed and sustained executive branch leadership? Were the performance management system changes able to achieve the necessary institutional changes? Were the performance management systems changes accepted by the IC’s workforce? Can we verify that the primary goals, as captured in the Purpose section of ICD 651, were achieved?

The dissertation will review the background (i.e. history, issues, and motivations) and trace the evolution of the new program in its early years. The research will be guided by organizational and performance management theory (i.e. as it applies to institutions, bureaucracies, and intelligence professionals). It will include a review of results (e.g. reports, surveys, interviews, etc.), a comparison of results against the applicable theories, and draw conclusions and recommendations on opportunities to strengthen individual and community performance and better align it with national and intelligence-specific goals and objectives. The policy implications of these findings will inform Congress and executive branch agencies on ways to improve congressional mandates and the
implementation of performance management systems for the purpose of achieving their objectives.

**Conducting this Research**

During its early years, the Office of the Director of National Intelligence documented the decisions it made along the path to finalization and implementation of the new Intelligence Community Directives related to performance management. This dissertation relies heavily on the decision memoranda and reports produced by ODNI in support of those decisions.

During implementation phase, ODNI required that each IC element implementing the new performance management policy monitor and measure its own progress, and provide input to ODNI published annual and semiannual reports on IC implementation status for Congressional review. Those reports rely heavily on employee feedback during the implementation phase. In addition, in response to specific Congressional concerns, the Secretary of Defense engaged the National Academy of Public Administration (NAPA) to conduct two impartial reviews of the Defense Department’s implementation of the new IC policy on performance management and related efforts. Finally, throughout the period of finalizing these policies and their implementation, the IC conducted employee climate surveys and feedback sessions, and evaluated that feedback to determine if further adjustments were required. This dissertation relies heavily on the reports produced by ODNI and NAPA in evaluating the success of the program.
CHAPTER TWO: BACKGROUND

With the terrorist attacks of September 11th, 2001 there came an outcry from the public and media for Congress and the President to act. A sequence of inquiries and investigations were set in motion.

The Joint Inquiry

A Joint Inquiry of the House and Senate intelligence committees conducted the first major investigation after the terrorist attacks. It focused on IC activities leading up to and immediately after the terrorist attacks of September 11, 2001. The risk of a terrorist attack was generally acknowledged prior to the event, but the specifics were not detected. Analysts were unable to “connect the dots.”

There were several major findings in The Joint Inquiry Report. First, “the counterterrorism effort suffered from the lack of an effective domestic intelligence capability” and an “inability to realign IC resources to combat the threat.” Second, the “quality of counterterrorism analysis was inconsistent, and many analysts were inexperienced, unqualified, under-trained, and without access to critical information… These analytical deficiencies seriously undercut the ability of U.S. policymakers to

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1 The U.S. Senate Select Committee on Intelligence and U.S. Permanent Select Committee on Intelligence, Joint Inquiry Into Intelligence Community Activities before and after the Terrorist Attacks of September11, 2001, Unclassified version of report, December 2002, also known as the “Joint Inquiry Report”. Retrieved on July 20, 2015 (http://www.gpo.gov/fdsys/pkg/CRPT-107hrpt792/pdf/CRPT-107hrpt792.pdf).
understand the full nature of the threat, and to make fully informed decisions.” Third, that “agencies did not adequately share relevant counterterrorism information.” Fourth, the “lack of communication and collaboration deprived those other entities [federal agencies as well as state and local authorities], as well as the IC, of access to potentially valuable information in the ‘war’ against Bin Laden.” (Joint Inquiry Report 2002: 33-34, 43, 59, 77, 84)

The Joint Inquiry Report made several recommendations. First, Congress should establish a Director of National Intelligence with “the full range of management, budgetary and personnel responsibilities needed to make the entire U.S. intelligence community operate as a coherent whole. These responsibilities should include: the establishment and enforcement of consistent priorities …throughout the IC; setting of policy and the ability to move personnel between elements of the IC; …review, approval, modification, and primary management and oversight of the execution of IC personnel and resource allocations; …and, exercise of statutory authority to insure that IC agencies and components fully comply with Community-wide policy, management, spending, and administrative guidance and priorities.” (Joint Inquiry Report 2002: errata 1-2)

Second, the “President should take action to ensure that clear, consistent, and current priorities are established and enforced throughout the IC. Once established, these priorities should be reviewed and updated on at least an annual basis to ensure that the allocation of IC resources reflects and effectively addresses the continually evolving threat environment. Finally, the establishment… and the justification for such priorities,
should be reported to both the House and Senate Intelligence Committees on an annual basis.” (Joint Inquiry Report 2002: errata 2-3)

Third, “Congress should consider enacting legislation, modeled on the Goldwater-Nichols Act of 1986, to instill the concept of ‘jointness’ throughout the IC. By emphasizing such things as joint education, a joint career specialty, increased authority for regional commanders, and joint exercises, that Act greatly enhanced the joint warfighting capabilities of the individual services. Legislation to instill similar concepts throughout the IC could help improve management of Community resources and priorities and insure a far more effective ‘team’ effort by all the intelligence agencies. The DNI should require more extensive use of ‘joint tours’ for intelligence and appropriate law enforcement personnel to broaden their experience and help bridge existing organizational and cultural divides through service in other agencies.” (Joint Inquiry Report 2002: errata 11)

Fourth, in the interests of promoting accountability, the Inspectors General at the Central Intelligence Agency (CIA), and the Departments of Defense (DoD), Justice, and State should “conduct investigations and reviews as necessary to determine whether” individuals “should be held accountable for any omission, commission or failure” associated with these attacks. Where performance was “stellar or exceptional” those individuals should be recognized and rewarded. “Based on those investigations and reviews, agency heads should take appropriate disciplinary and other action and the President and the House and Senate Intelligence Committees should be advised of such action.” (Joint Inquiry Report 2002: errata 15-16)
The 9/11 Commission

Congress, in response, chartered a bi-partisan commission to study the cause and recommend a course of action. The United States (US) would become immersed in two wars before that commission would issue its report. The 9/11 Commission built upon the work of the Joint Inquiry. It provided a more detailed description of the terrorist attacks, and made findings and recommendations that touched on foreign policy, intelligence, and homeland security. The report contained several key findings. First, the terrorist attacks “revealed four kinds of failures: in imagination, policy, capabilities and management.” Second, there was no coordinated effort, prior to the terrorist attacks, to manage terrorism cases and issues effectively across the government. Third, the Director of Central Intelligence (DCI) did not have the ability to set priorities, move resources, or establish standards across the IC. Fourth, information was not adequately shared within the community, or with domestic agencies, or with foreign intelligence services. Fifth, the community suffered from excessive security rules that led to the over classification of intelligence, and to excessive compartmentalization of information. (9/11 Commission Report 2004: 339, 353, 358, 400, 410, 417, 419)

The 9/11 Commission Report² argued that fundamental changes were required in the intelligence and homeland security communities to improve their ability to effectively carry out a common fundamental mission – to gather and share the intelligence that will

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protect the American people. The Commission said, “We do not believe it is possible to defeat all terrorist attacks against Americans, every time and everywhere… But the American people are entitled to expect their government to do its very best. They should expect that officials will have realistic objectives, clear guidance, and effective organization. They are entitled to see some standards for performance so they can judge, with the help of their elected representatives, whether the objectives are being met.” (9/11 Commission Report 2004: 365)

The 9/11 Commission recommended “significant changes in the organization of the government. We know that the quality of the people is more important than the quality of the wiring diagrams… Good people can overcome bad structures. [But] They should not have to.” In particular, the strategic management of human capital was one area identified as a critical reform necessary to maximize performance. The Commission found during its investigation that “no one was firmly in charge” and individual and organizational “responsibility and accountability were diffuse.” (9/11 Commission Report 2004: 399-400)

The report also included several recommendations as well. First, “a ‘smart’ government would integrate all sources of information” so that it could “inform and shape strategies to collect more intelligence.” In concert with this philosophy, the Government should establish a National Counterterrorism Center (NCTC), staffed by personnel from around the IC, and responsible for joint operational planning and joint intelligence. Second, Congress should create a National Intelligence Director (NID), replacing the Director of Central Intelligence. The NID should be located in the Executive Office of the President,
and be separated from the job of heading the CIA. The NID should (1) oversee the many national intelligence centers, and (2) manage the national intelligence program. The NID should have control over IC budgets, personnel, and information-sharing standards. (9/11 Commission Report 2004: 401, 403, 409, 411, 414)

The Intelligence Community was “still organized around the collection disciplines of the home agencies, not the joint mission. The importance of integrated, all-source analysis cannot be overstated. Without it, it is not possible to ‘connect the dots.’ No one component holds all the relevant information.” The 9/11 Commission argued that one problem was a lack of common standards and practices across the community. “A common set of personnel standards for intelligence can create a group of professionals better able to operate joint activities, transcending their own service-specific mind sets.” (9/11 Commission Report 2004: 408-409)

**The Senate Review**

While the 9/11 Commission was conducting its investigation, the public’s attention shifted over to the Iraq War. Reports began to surface that the prewar assessments of Iraq’s Weapons of Mass Destruction (WMD) capabilities had been mistaken. These assessments had been the foundation of the Bush Administration’s statements about the threat represented by Saddam Hussein’s regime before the war. The Senate Select
Committee on Intelligence (SSCI) decided to begin a review of these topics in June 2003, and issued *The SSCI Phase One Report*\(^3\) on July 7, 2004.

As a matter of general interest, the Committee examined the “objectivity, reasonableness, independence, and accuracy of the judgments reached by the IC.” The Committee conceded that “Intelligence analysis is not a perfect science and we should not expect perfection from our IC analysts. It is entirely possible for an analyst to perform meticulous and skillful analysis and be completely wrong. Likewise, it is also possible to perform careless and unskilled analysis and be completely right. While intelligence collection is not an analytical function, it is the foundation upon which all good analysis is built.” (SSCI Phase One Report 2004: 1-4)

The Committee was surprised to find that it was possible for one analyst’s views to be presented to high-level officials, including the President, without having been reviewed by other analysts with the same or greater depth of knowledge. This dynamic was possible because of the way intelligence was produced and reviewed. Managers typically review and approve the final product, but often do not “review the raw intelligence upon which the assessment is based.” When the analyst is more senior and well established, “the product will often be edited, but not substantially reviewed before it goes up the chain to the policymaker.” If it is not intentionally coordinated with other agencies, for whatever reasons (e.g. time sensitivity, or standard organizational practice, etc.), then it

can get sucked along in the daily flow of intelligence and deposited in the inbox of senior policymakers. (SSCI Phase One Report 2004: 7-8)

The Committee found that “most of the major key judgments contained in the IC’s October 2002 National Intelligence Estimate (NIE), *Iraq’s Continuing Programs for Weapons of Mass Destruction* either overstated, or were not supported by, the underlying intelligence reporting.” These failures in analysis and reporting were the “result of a combination of systemic weaknesses, primarily in analytic trade craft, compounded by a lack of information sharing, poor management, and inadequate intelligence collection.”

The IC failed to “accurately or adequately explain to policymakers the uncertainties behind the judgments” contained within the NIE. In several cases, the NIE “portrayed what intelligence analysts thought and assessed” instead of what they knew. (SSCI Phase One Report 2004: 14-17)

The Committee argued that the CIA had “abused its unique position in the IC, particularly in terms of information sharing.” CIA analysts had intentionally excluded important analysis from other IC agencies, and excluded key analysts from important meetings. Moreover, CIA analysts did not share the intelligence they had with other all-source agencies, which undercut their ability to make fully informed judgments. Specifically, “source protection policies within the IC direct or encourage reports officers to exclude relevant detail about the nature of their sources.” As a result, “relevant operational detail was nearly always withheld from analysts.” Only CIA analysts had regular access to these types of data. (SSCI Phase One Report 2004: 27, 33)
The Intelligence Reform Act

Soon after the 9/11 Commission and the SSCI Phase One Reports were released in July 2004, the federal government began to undertake reform. President Bush signed four Executive Orders in August 2004, which strengthened and reformed the IC as much as possible without legislation. In Congress, both the House and Senate passed bills with major amendments to the National Security Act of 1947. Intense negotiations to reconcile the two bills ultimately led to the Intelligence Reform and Terrorism Prevention Act of 2004 (P.L. 108-458), which President Bush signed into law on December 17.

President Bush, at the signing of the Act, said, "Under this new law, our vast intelligence enterprise will become more unified, coordinated and effective. It will enable us to better do our duty, which is to protect the American people."

(http://www.dni.gov/faq_about.htm)

In the Joint Explanatory Statement issued by the Committee of the Conference, the conferees said:

“This legislation in part implements the recommendations of the National Commission on Terrorist Attacks Upon the United States (the “9/11 Commission”) but also responds to other studies and related commissions which focused on intelligence reform for protecting the United State against acts of terrorism. In July 2004, the 9/11 Commission released a comprehensive report chronicling the circumstances leading up to the terrorist attacks of September 11, 2001. The Commission made over forty recommendations to strengthen the United States' ability to prevent future terrorist attacks… The recommendations also spanned a variety of other areas such as foreign policy and transportation security. This conference report makes a number of necessary changes in government structure, law enforcement, and security arrangements to protect the American people better…”

The new law established a DNI to “serve as head of the intelligence community” and “act as the principal adviser to the President,” with the authority to: (1) establish IC objectives and priorities; (2) develop and defend the National Intelligence Program (NIP) budget;
(3) oversee and ensure the effective execution of the budget; (4) transfer or reprogram funds between IC agencies; (5) develop IC personnel policies designed to promote joint operations; and (6) oversee and manage the tasking of collection, analysis, production, and dissemination of national intelligence. Congress also stated that the DNI could not serve as the Director of CIA or any other element. Moreover, the DNI could not be located in the Executive Office of the President.

The Chairman of the United States Senate Committee on Governmental Affairs, Senator Susan M. Collins (R-Maine), issued a Summary of IRTPA which explained that the DNI was created to establish “objectives and priorities for the intelligence community” and to “implement policies and procedures to, among other things, ensure competitive analysis and that other views are brought to the attention of policymakers.” Among the many duties, the DNI “develops personnel policies and programs to enhance the capacity for joint operation and facilitate staffing of community management functions.” (2004: 2-3)

The Summary explained that “It is the Sense of the Congress that policies to facilitate the rotation of personnel should seek to duplicate within the intelligence community the joint officer management policies established by the Goldwater-Nichols Department of Defense Reorganization Act of 1986 and the amendments on joint officer management made to that Act.” Furthermore, the DNI “has the same personnel authorities over employees of the Office of the DNI that the Director of Central Intelligence has under current law with respect to CIA employees.” The Summary also stated that the “9/11 Commission found that the biggest impediment to a greater likelihood of ‘connecting the

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dots’ was the resistance to information sharing, and recommended a new, government-wide approach to information sharing… that provides for a staged development process, with periodic reporting.” (2004: 3, 5, 6)

Congress specifically assigned personnel responsibilities and authorities to the DNI in Public Law 108-458, including stating in Section 102A (i) Tasking and Other Authorities that [emphasis added]

“(3)(A) The Director of National Intelligence shall prescribe, in consultation with the heads of other agencies or elements of the intelligence community, and the heads of their respective departments, personnel policies and programs applicable to the intelligence community that—

(i) encourage and facilitate assignments and details of personnel to national intelligence centers, and between elements of the intelligence community;
(ii) set standards for education, training, and career development of personnel of the intelligence community;
(iii) encourage and facilitate the recruitment and retention by the intelligence community of highly qualified individuals for the effective conduct of intelligence activities;
(iv) ensure that the personnel of the intelligence community are sufficiently diverse for purposes of the collection and analysis of intelligence through the recruitment and training of women, minorities, and individuals with diverse ethnic, cultural, and linguistic backgrounds;
(v) make service in more than one element of the intelligence community a condition of promotion to such positions within the intelligence community as the Director shall specify; and
(vi) ensure the effective management of intelligence community personnel who are responsible for intelligence community-wide matters.

(B) Policies prescribed under subparagraph (A) shall not be inconsistent with the personnel policies otherwise applicable to members of the uniformed services.”

Congress also assigned additional personnel management responsibilities under [emphasis added]

“Section 102A.(l) Enhanced Personnel Management.—

(1)(A) The Director of National Intelligence shall, under regulations prescribed by the Director, provide incentives for personnel of elements of the intelligence community to serve—

(i) on the staff of the Director of National Intelligence;
(ii) on the staff of the national intelligence centers;
(iii) on the staff of the National Counterterrorism Center; and
(iv) in other positions in support of the intelligence community management functions of the Director.
(B) Incentives under subparagraph (A) may include financial incentives, bonuses, and such other awards and incentives as the Director considers appropriate.

(2)(A) Notwithstanding any other provision of law, the personnel of an element of the intelligence community who are assigned or detailed under paragraph (1)(A) to service under the Director of National Intelligence shall be promoted at rates equivalent to or better than personnel of such element who are not so assigned or detailed.

(B) The Director may prescribe regulations to carry out this section.

(3)(A) The Director of National Intelligence shall prescribe mechanisms to facilitate the rotation of personnel of the intelligence community through various elements of the intelligence community in the course of their careers in order to facilitate the widest possible understanding by such personnel of the variety of intelligence requirements, methods, users, and capabilities.

(B) The mechanisms prescribed under subparagraph (A) may include the following:

(i) The establishment of special occupational categories involving service, over the course of a career, in more than one element of the intelligence community.

(ii) The provision of rewards for service in positions undertaking analysis and planning of operations involving two or more elements of the intelligence community.

(iii) The establishment of requirements for education, training, service, and evaluation for service involving more than one element of the intelligence community.

(C) It is the sense of Congress that the mechanisms prescribed under this subsection should, to the extent practical, seek to duplicate for civilian personnel within the intelligence community the joint officer management policies established by chapter 38 of title 10, United States Code, and the other amendments made by title IV of the Goldwater-Nichols Department of Defense Reorganization Act of 1986 (Public Law 99-433).”

The WMD Commission

In March 2005, the Presidential Commission that had been charged with investigating the Intelligence Capabilities of the United States regarding WMD in pre-war Iraq issued its report. The report came out after the intelligence reform legislation was passed. But many of its observations, findings and recommendations paralleled those of earlier studies. Having so many commissions in such a short period of time lead to some duplication of effort. But it also allowed a consensus to form around specific ideas on how to solve some vexing public policy issues.

The WMD Commission realized that it was not working with a blank sheet of paper. With the passage of IRTPA in late 2004, Congress had already created a DNI with broad responsibilities and ambiguous authorities. So it focused its attention on how to make the new structure work better. The Commission argued that top policy-makers and Congress needed to be more forceful with respect to intelligence analysis. “The Intelligence Community needs to be pushed. It will not do its best unless it is pressed by policymakers – sometimes to the point of discomfort.” (WMD Commission Report 2005: transmittal letter 2-3)

With respect to leadership and management, the WMD Commission observed that the IC was “not truly a community at all, but rather a loose confederation of 15 separate entities. These entities too often act independently of each other.” The IC was “not so much poorly managed as unmanaged.” The intelligence act “expressly directs the DNI to implement management-related reform measures that have long been neglected by Community managers.” (WMD Commission Report 2005: 312, 314, 316)

As an organizing principle, “the Intelligence Community needs a DNI-level office for analyzing the workforce, developing strategies to ensure that priority intelligence missions are adequately resourced, and creating Community human resources standards and policies to accomplish these objectives. The human resources authority would also establish evaluation standards and metrics programs to assess the intelligence agencies’ performance in hiring, retention, and career development.” This office would have responsibility for “attracting and retaining people with scientific and technical skills,
diverse ethnic and religious backgrounds, management experience, and advanced language skills.” (WMD Commission Report 2005: 322-323)

The WMD Commission called for “a personnel rotation system that develops ‘joint’ professionals… personnel should be affirmatively rewarded for successfully completing joint tours, and intelligence professionals should gain eligibility for promotion to senior levels only if they complete joint assignments.” The Commission argued it is insufficient merely to ensure that an IC professional who works in an IC center or at a different intelligence agency will suffer no punishment upon returning home. Instead, “personnel should be affirmatively rewarded for successfully completing joint tours, and intelligence professionals should gain eligibility for promotion to senior levels only if they complete joint assignments. Jointness did not occur effortlessly in the Department of Defense [i.e. reference to the Goldwater-Nichols act]. The DNI will likely find that fostering a truly ‘joint’ culture in the Intelligence Community will require significant and persistent attention.” (WMD Commission Report 2005: 323)

The Commission conceded that existing IC personnel systems “are in flux” and “these differences have the effect of inhibiting the cross-agency movement of personnel that is so critical to building an integrated” community. To deal with this problem, the Commission recommended [emphasis added] that the IC “adopt a common personnel performance evaluation and compensation plan. This plan would define core Community competencies and set evaluation criteria (for the entire workforce as well as for key segments, such as analysts), and establish a standard pay grade and compensation structure – while retaining the flexibility to allow agencies to evaluate performance
factors unique to their organizations.” They also recommended that the “compensation structure be based on a merit-based model” that “links performance to organizational goals and strategies.” (WMD Commission Report 2005: 323-324)

The WMD Commission recommended that the Community consider new techniques to motivate positive performance. A real IC would “reward and encourage types of behaviors that currently are not emphasized. These behaviors – a commitment to sharing information, a willingness to take risk, enthusiasm for collaborating with intelligence professionals at other agencies, and a sense of loyalty to the Intelligence Community’s missions – must be reinforced if they are to become institutionalized…. But it is not enough merely to encourage the right kinds of behavior; it is also critical that the Intelligence Community does not reward its employees for the wrong reasons. Our review found that agencies… often made personnel decisions based upon the wrong criteria.” (WMD Commission Report 2005: 324-325)

The Commission argued that “to sustain successful integration, the DNI will need to establish processes that demonstrate by their own effectiveness the value… achieved by securing ‘buy-in’ on common strategic objectives, developing common practices in reviewing progress toward goals (using shared metrics whenever possible), and building a common approach to human resource management.” With respect to specific areas that required action, “no shortcoming of the Intelligence Community has received more attention since the September 11 attacks than the failure to share information.” The Commission argued that the information produced is “a Community asset – not the property of a particular agency.” (WMD Commission Report 2005: 316-317, 320-321)
In the area of recruiting and retention, the IC “still attracts large numbers of highly qualified people, but retaining them has become a real challenge. Today’s most talented young people change jobs and careers frequently, are famously impatient with bureaucratic and inflexible work environments, and can often earn far more outside the government. The Community’s personnel system is ill-suited to hire and retain people with these characteristics; merely getting hired can take over a year, and compensation is too often tied to time-in-grade, rather than demonstrated achievement.” Moreover, the IC “has had difficulty recruiting individuals with certain critical skill sets; has often failed to encourage the type of ‘joint’ personnel assignments that are necessary to breaking down cultural barriers that exist among agencies; and has proven insufficiently adept at hiring and mainstreaming mid-career ‘lateral’ hires from outside” the IC. (WMD Commission Report 2005: 321-322) The WMD Commission ended its report on an ominous note by remarking “we find cause for discouragement. Many of the ideas and recommendations that we have made in this report were advanced with compelling reasoning by previous commissions.” The sad reality is that most “failed to take hold.” (WMD Commission Report 2005: 539-541)

**Key Changes Made to the Intelligence Community**

The law placed a heavy emphasis on improving coordination and encouraging a greater unity of effort among the IC agencies. But the scope of integration and coordination would inevitably depend on how much control the DNI is able to exert over the IC agencies. That effort began in earnest in April 2005.
Establishment of the Director of National Intelligence

The idea of a DNI dates to 1955 when a blue-ribbon study commissioned by Congress recommended that the DCI should employ a deputy to run the CIA so that the director could focus on coordinating the overall intelligence effort. This notion was as a consistent theme in many subsequent studies of the IC commissioned by both the legislative and executive branches over the next five decades. But it took the horrific attacks of September 11 to finally move forward the longstanding call for major intelligence reform and the creation of a DNI. In February 2005, President Bush announced the nomination of John D. Negroponte, ambassador to Iraq, to be the first DNI. Lt. Gen. Michael V. Hayden, USAF, was nominated as the first Principal Deputy DNI (PDDNI), which earned him his fourth star. On April 21, 2005, in the Oval Office, Ambassador Negroponte and Gen. Hayden were sworn in, and the ODNI began operations at 7:00 AM on April 22. (http://www.dni.gov/faq_about.htm)

The reality is that under the new law the DNI remained sharply restricted by the lack of direct line authority over the agencies that remain in other departments. For example, the Pentagon has the largest intelligence budget of any federal organization, and any disagreement with the DNI over those resources still required the Office of Management and Budget (OMB), the President, and ultimately Congress to be resolved. This very issue was raised by the fourth DNI, James R. Clapper, in 2011 when he formally requested that the National Intelligence Program budget be consolidated into a single account. Neither the Obama Administration, nor the Congressional Appropriations Committees, would support his efforts and he was forced to abandon the idea. Moreover,
achieving a level of IC unity depends heavily on the willingness of the leadership in other departments to adopt management, cultural, and operational changes, as well. DNI Negroponte and his staff recognized the foundation for those changes must start with development of a common IC strategy document.

Issuance of the National Intelligence Strategy

The Director of National Intelligence issued the first *National Intelligence Strategy* in October 2005. DNI John D. Negroponte explained in the foreword that the new concept of “national intelligence” meant that, to quote former President Bush, “our vast intelligence enterprise will become more unified, coordinated, and effective.” Negroponte asserted “the time has come for our domestic and foreign intelligence cultures to grow stronger by growing together.” The NIS “sets forth two kinds of strategic objectives – mission and enterprise – and calls for plans that recognize each Intelligence Community member’s core strengths and competencies…” (ODNI NIS October 2005: foreword)

The NIS said that the “transformation of the Intelligence Community will be driven by the doctrinal principle of integration.” The transformation will be centered on a high-performing workforce that is “results-focused, collaborative, bold, future-oriented, self-evaluating, and innovative.” Enterprise objective four states that the IC must “attract, engage, and unify an innovative and results-focused Intelligence Community Workforce.” To do this, the IC must:
• “Recruit exceptional individuals from a diverse talent pool, train and develop them to meet the challenges they will face, and then deploy them in ways that maximize their talents and potential.”

• “Reward expertise, excellence, and commitment to service; provide opportunities for professional growth and leadership development, and encourage initiative, resourcefulness, and resilience among the civilian and military members of the Intelligence Community and those who lead them.”

• “Build an Intelligence Community-wide culture that values the abilities of each of its members and provides them developmental opportunities across the Intelligence Community in accordance with their aptitudes and aspirations.”

(ODNI NIS October 2005: 4-5, 13-14)

The NIS directed the IC Chief Human Capital Officer, partnering with the Chief Training and Education Officer, to develop a Strategic Human Capital Plan that will enable the IC to: “identify mission-critical human resource requirements; train, develop, and promote Community professionals according to rigorous, competency-based standards; select a senior leadership cadre that promotes high performance, employee engagement, information sharing, and collaboration; and develop evaluation and reward systems that reinforce excellence among professionals who lead them.” (ODNI NIS October 2005: 14)

Crafting a Common Compensation Architecture Based on Performance

The IC’s effort to change the performance culture moved into high gear in February 2006 when PDDNI Hayden sent a letter to the Joint Intelligence Community Council (JICC) of Deputies and the Intelligence Community Leadership Committee (ICLC) on the subject
of “Modernizing Civilian Compensation Systems in the Intelligence Community.” In this memo Hayden noted that IRTPA authorized the DNI to “…prescribe, in consultation with the heads of other agencies or elements of the intelligence community, and the heads of their respective departments, personnel policies and programs applicable to the intelligence community that… encourage and facilitate the recruitment and retention by the intelligence community of highly qualified individuals for the effective conduct of intelligence activities.” (PDDNI Memo 2-7-2006: 1)

Hayden explained that the President had formally accepted the WMD Commission’s recommendation that the DNI “create a uniform system for performance evaluations and compensation for civilian employees of the intelligence community.” However, this issue required their immediate attention because the Departments of Defense and Homeland Security (DHS), as well as the Federal Bureau of Investigation (FBI) had all “…begun the process of designing and/or implementing new, modern pay-for-performance systems and other pay flexibilities that will directly impact their intelligence components--and thus the IC as a whole.” Hayden asserted that these efforts had the potential for creating untenable pay disparities within the IC, and that there can be no community if “…one IC agency enjoys a competitive advantage over the others, especially when it comes to recruiting and retaining our best performers.” (PDDNI Memo 2-7-2006: 1)

Hayden assigned the role of examining these separate pay reforms to an IC Pay Systems Modernization Project Office created under the IC’s Chief Human Capital Officer, Dr. Ronald Sanders. Hayden gave them the goal of trying to craft a common compensation
“architecture” for the entire IC civilian workforce “…that meets our unique needs, as well as those of the several departments and agencies involved.” Such an “…architecture must reward high performers, maximize management flexibility, and maintain a consistent, level playing field across and among all of the various IC elements” but not require a one-size-fits-all approach. (PDDNI Memo 2-7-2006: 1)

**Changing the Culture of the Intelligence Community**

Changing the culture of any large institution or organization requires a significant undertaking, involving a tremendous investment of time, effort, and resources, with the intent of achieving defined goals and objectives. These transformations are neither quick nor easy. The Government Accountability Office (GAO) has written that successful major human capital change initiatives in large organizations can often take 5 to 7 years to take effect. Human capital challenges are especially significant for the intelligence organizations – because they must be accomplished while also maintaining a high level of support to the nation. This transformation effort is particularly worth noting due to the scale and complexity involved in pursuing a course of greater integration, collaboration, and information sharing among seventeen vastly different organizations. (Mihm 2004: 6)

This dissertation will explore several important research questions:

- As the IC implemented these reforms, did they meet the expectations and intent of the congressional requirement?
  - Did the IC adopt a common personnel performance management system across all elements of the community?
o Did these new personnel policy directives ultimately work as the WMD Commission and others had intended?

o Can we see evidence of improved performance across the community?

o Did the culture of the community change?

o Did they have committed and sustained executive branch leadership?

o Was the new policy implemented as designed and intended?
  - Are an individual employee’s goals generally congruent with organizational direction, goals, and success criteria?
  - Are individual and organizational goals used to drive important outcomes and results?
  - Are there clear standards for each level of performance and performance criterion (i.e. behavior or outcome)?

o Were changes made to the new policy during implementation and to what effect?

o Were the performance management systems changes accepted by the IC’s workforce?
  - Does it fit the organization’s culture?
  - Do leaders, managers, and staffs support it?
  - Do employees clearly understand what they are expected to accomplish?
  - Do employees use it to help them get their work done?
- Does it include well-designed, efficient tools and processes that make the system user-friendly and well received?
  - Can we verify that the primary goals in ICD 651 were achieved?

- Is the IC experience relevant for other Federal Government Performance Management reform efforts?

There are four research hypotheses:

1. Imposing a common set of processes, objectives, elements and standards will lead to a change in attitude and emphasis about the importance of performance management across the IC.

2. IC employees will perceive that a community-wide change is underway and their behaviors and attitudes will increasingly embrace greater integration, collaboration, and information sharing with their peers and across organizations.

3. But actual improvements in integration, collaboration and information sharing will be slowed by the decentralized structure of the IC, the individual departmental and agency bureaucracies, a culture of secrecy, and the sheer size of the community.

4. An increase in the overall quality of intelligence products and services will be harder to measure and quantify due to an inherent cultural resistance to change and the uncertainty that pervades the estimative business of intelligence analysis.

This dissertation will review the background (i.e. history, issues, and motivations) and trace the evolution of the new program in its early years. The research will be guided by organizational and performance management theory (i.e. as it applies to institutions,
bureaucracies, and intelligence professionals). It will include a review of results (e.g. reports, surveys, interviews, etc.), a comparison of results against the applicable theories, and draw conclusions and recommendations on opportunities to strengthen individual and community performance and better align it with national and intelligence-specific goals and objectives. The policy implications of these findings will inform Congress and executive branch agencies on ways to improve congressional mandates and the implementation of performance management systems for the purpose of achieving their objectives.
CHAPTER THREE: ORGANIZATION THEORY AND INTELLIGENCE REFORM

The IRTPA legislation represents the most significant change to our national security and intelligence community structure since the National Security Act of 1947. It would be a serious mistake not to monitor its implementation and review the consequences of those changes. The changes required in the area of human capital management are among the most important because they directly attack old relationships and patterns of behavior that were found to have contributed significantly to recent intelligence failures. Critics of the legislation claim it was passed to quickly and without adequate debate. But many of the changes had been proposed and debated long before 9/11. (Vickers 2005: 3)

This chapter will explore the literature focused on the underlying theories related to organizational change, performance management and compensation reform, and establish the criteria for evaluating the successes and/or failures of the IC-specific implementation efforts. The goal here is to establish the theoretical perspectives that give us insight into how the IC implemented its new policy on performance management, to determine which insights do or do not illuminate the IC experience, and identify what the IC experience contributes to our overall understanding of performance management.

The Overview subsection provides the background behind federal government-wide efforts over the past half century to improve federal employee and agency performance. Every new administration puts its own spin on their effort with a new label and revised
focus. The Theory subsection follows with a review of implementation and structuration theory. Organizational change management can be particularly problematic for cross-departmental initiatives such as the IRTPA legislation requires. A number of key factors are reviewed and discussed. Structuration theory, with its focus on learning via rules and culture, seems particularly applicable to this case.

The Performance Measurement subsection traces the issues that can arise when implementing new performance management systems. The added complexity facing the IC was the realization that it could not accept diminished mission performance during the transition period. It is no small feat to be able to take on an additional transformation workload without experiencing a commensurate drop in mission performance results. The Compensation subsection discusses the theory behind pay-for-performance and reviews at a high level the cumulative findings of thirty plus years of demonstration projects. This Chapter serves as the backdrop for evaluating the results of the IC’s performance management policy implementation.

**Overview**

The nature of the change required by the IRTPA legislation in performance management places it squarely in the domain of public policy and creates implications across numerous areas of research and theory. In particular, the legislation sought to change the behavior of IC employees. It sought to make this change across multiple organizations. Finally, it sought to link performance and compensation. Large-scale changes of this
type can often lead to unexpected and unintended consequences. The literature reviewed in this chapter forms the basis of the questions asked and addressed by this dissertation. Richard P. Nathan (2005: 207) argues “Leaders in the federal government over the past 40 years have oversold simplistic systems for fulfilling public policy goals” as expressed by an alphabet soup of acronyms. Lyndon Johnson “adopted with much fanfare” the Planning-Programming-Budgeting System (PPBS) “based on private industry and Defense Department systems to assess and compare public spending options.” Richard Nixon’s approach focused on Management by Objectives (MBO). Jimmy Carter’s “more radical initiative” for zero-based budgeting (ZBB) involved ranking “all spending options from the ground up” when allocating government funds. Bill Clinton’s National Performance Review (NPR) “sought to focus government management and budgeting on achieving results.” The Intelligence Community, as an institution, has endured each of these management initiatives. Federal government employees in general, and IC employees in particular, often view these initiatives as “passing fads” that must be tolerated without interrupting mission priorities.

Nathan (2005: 211) argues “performance management is difficult, can be expensive, and worst of all can backfire. It has to be smart and it has to be flexible, adaptive, and subtle. Stimulating efforts to ratchet up program performance… requires setting and treating performance goals so that they serve both as targets for managers and as symbols for the public… that are well and widely understood and accepted.” Nathan (2005: 213) adds, “The public administration literature is deficient in recognizing that policies and programs are changing all the time. Performance management must take this dynamism
into account. It has to be seen as a continuous process. It has to be carried out by trial and error. It cannot be accomplished by fixed ‘one-size-fits-all’ managerial formulas.”

IC leaders and managers, who oversee seventeen distinct organizations crossing six departments and two independent agencies, generally resist externally imposed managerial formulas.

The Government Performance and Results Act of 1993 (P.L. 103-62), also known as GPRA or the Results Act, established a new framework for performance management and budgeting in federal agencies. The law sought to promote greater efficiency, effectiveness, and accountability in federal spending, so that spending decisions were better aligned with anticipated performance. President Bush, in his FY2002 Budget Submission, endorsed the idea of linking budget and management decisions to performance. A new program assessment rating tool (PART) was introduced for use by agency program managers and Office of Management & Budget staff to evaluate federal programs. (McMurtry 2005: Summary) IC agencies and elements, either directly or through their Department, participated in PART reporting under the Bush Administration.

Bush launched the President’s Management Agenda (PMA) to “radically improve performance by making agencies more citizen-centered, results-oriented and market-based.” It was focused on “five major issues that all federal organizations must address – budget and performance integration, strategic human capital, competitive sourcing, improved financial performance and expanded electronic government.” Government agencies “face a unique set of challenges when trying to manage performance and achieve their strategic goals” because their “mission and budgets are often decided
externally with Congress and policymakers.” A part of the Bush agenda included the effort “to tie a recognition and reward system to performance management” so that “incentives will tend to reinforce the organizational objectives being measured.” (Whittaker 2003: 3-4, 7) The IC implementation of a unified performance management and compensation policy was captured in ODNI’s PMA reporting to OMB.

Radin (1998: 313-316) noted that the “actual process of responding to the requirements of GPRA involves a number of steps that are common to a classic rational planning approach.” The seven steps include: define and obtain agreement on goals; set the objectives; devise a management strategy to achieve those goals; establish performance measures; designate those responsible for achieving results; monitor and report on achievements tied to performance measures; and develop a reward system linked to the designated objectives. However, the reality for a highly fragmented program where program or policy areas “crosscut separate units of a single agency or even cross departmental lines” is particularly problematic. This is the case with the IC, which spans six departments and two independent agencies.

Radin (2000: 112, 117, 127) argues “Too often these reforms have evoked a compliance mentality and cynicism among the individuals in the bureaucracy who are expected to change.” Radin quotes former Senator David Pryor who wrote, “My concern is that by mandating yet another very specific layer of internal management controls, performance measures and strategic plans, we are building in even more rigidity.” Moreover, Radin notes that different staff offices (one for budget creation, another for budget execution)
are assigned, and “they approach their responsibilities with different mindsets and skills.”
The opportunity for policy and political agenda disconnects is very real.
In a 2004 report, the Government Accountability Office concluded that GPRA had
“established a solid foundation of results-oriented performance planning, measurement,
and reporting in the federal government.” GAO also reviewed the strategic plans and
annual plans, and results for six agencies and noted general improvements since their
inception. However, GAO identified the evaluation component of these strategic plans to
be a major weakness. GAO said these plans lacked critical information on how
evaluations were used to establish or refine strategic goals. (McMurtry 2005: 10) The
IRTPA legislation in late 2004 basically caused the IC as a whole to hit the “reset” button
with respect to strategic goals and evaluation metrics. It essentially started with a clean
slate under new leadership and revised Presidential direction.
Moynihan and Pandey (2010: 849-851, 856) note “The most widespread governmental
reform in recent decades has been the requirement for agencies to track and measure
strategic goals, targets, and achievements.” Performance information use can inform
scholarship on public policy, administrative reform, and other areas of cross-disciplinary
interest. One focus of their inquiry is to better understand why and how managers use
performance information. Research shows that performance management is positively
associated with administrative stability, leadership interest, and inclusion of employees in
performance management processes. Research also suggests “perceived citizen demand
for performance-based accountability encourages performance use.”
Moynihan et al. (2011: i141-i142) observe, “The appeal of performance measurement is explained by its image as a simple and value-neutral way to monitor and improve government.” However, they “argue that such simplicity is actually at odds with the complexity of contemporary governance. Successful examples of performance regimes tend to be of organizations that directly provide relatively simple services. But contemporary governance is more frequently characterized by a disarticulated state, networks of providers, and a global context.” The business of intelligence is not typically characterized by simple services. Instead, it is a highly technical discipline with many moving parts where time is of the essence and our adversaries seek to deceive us. In such an environment, it is often very difficult to determine what constitutes success and failure, and their causes. It is often possible to do the wrong thing and yet get the right result, and vice versa.

Moynihan et al. (2011: i142) note, “Public programs are characterized by task complexity, with multiple goals, multiple ways to measure those goals, and different perspectives among stakeholders about which choices to make. To measure a manageable number of goals therefore implies excluding other competing goals and measures.” But to succeed in a global context, performance measurement “has to be adapted to models of governance that seek to incorporate the rights and views of citizens, as well as the complications of networks and global forms of coordination.”

Moynihan et al. (2011: i145) observe that public agencies must often enter into “high-performing collaborative service arrangements” and “experience difficulty specifying a priori service quality and quantity requirements for collaborators.” These arrangements
feature “multiple actors with different goals and interests” that have a direct impact on shaping performance measurement. Even when collaborating participants share a common policy objective, they “face the challenge of reconciling the needs of multiple stakeholders, diverse expectations, and varying organizational missions and roles, while delivering a complex public service.” In the IC, these collaborative service arrangements not only include other U.S. departments and agencies, but complex sharing agreements with foreign governments around the world. Some of those agreements are highly sensitive and cannot be disclosed or they will cease to function. Performance measurement in that context, which normally relies on open communication and sharing of data, can be very difficult to successfully pursue.

Moynihan et al. (2011: i149) argue, “One of the difficulties of studying the use of performance information is that we tend to think of it as a unidimensional construct, when in fact it takes various forms.” This fails to reflect the complexity because it ignores the fact that “performance data can be used in multiple ways that reflect the preferences of individuals and institutions.” For example, organizations can collect and disseminate performance data but not use it (passive reaction). Or they may use the performance data to advocate for or against a program for political purposes (e.g. more or less funding). Or they may “specify performance expectations that create perverse incentive structures and lead to unintended outcomes.” An IC example of this phenomenon would be for the community to focus all its attention and resources on short-term intelligence issues at the expense of necessary long-term intelligence research and analysis.
Moynihan et al. (2011: i150) observe “in an environment where some goals and values are explicitly recognized as important and essential to the organizational mission while other values are largely ignored or denigrated as procedural barriers to performance, it is entirely predictable that organizational actors will exert effort toward what is culturally deemed appropriate.” The tendency of performance regimes to focus on “one-size-fits-all approach” may suit some agencies while causing resentment among others. The IC’s recent emphasis on Joint Duty Assignments is a perfect example, because it favors larger agencies that can absorb the temporary loss of employees more easily than smaller agencies that feel the loss more acutely.

Moynihan et al. (2011: i151-i153) argue, “There are a number of related factors that make governance more complex.” As complexity grows, “standard approaches to performance management become less easy to apply and more likely to experience failure or negative unintended consequences.” Agreements on what a performance regime should do become less feasible when confronted by different cultural lenses and institutional interests. The reality is that “choosing measures is the business of choosing what government does. Performance indicators empower some and control others.” Performance measures are not neutral, and they “should be designed to reflect the environment in which they work.”

Schmidle (2011: 372) argues the “intended purposes of performance management are seldom fulfilled. A detailed case study of six states in the forefront of managing-for-results concluded that performance information was utilized for agency-level management purposes but infrequently had any impact on budget allocations and as
seldom used for policy decision making, improved effectiveness, or program evaluations.” The somewhat checkered history of performance management programs in government illustrates why this review of the implementation of an IC-wide policy for performance management has merit.

**Theory**

Long and Franklin (2004: 311) note that implementation theory “provides a useful foundation for examining the link between the process of implementing policy directives and the resulting outcomes.” The literature suggests that adaptation occurs as obstacles to implementation arise, and the process of implementation and manner in which “challenges or obstacles are addressed can determine whether policies achieve their intended outcomes.” They may weaken the policy, or they may improve upon the policy – there is no single model for success. This theory appears to be particularly germane to the IC efforts to implement a common solution across seventeen very distinctive and unusual organizations.

The implementation approach taken may be centralized, decentralized, or a mixed. The centralized approach gives agency leaders greater control. The decentralized approach allows more input by lower-level employees, and it can also be expanded to permit more input from external stakeholders (Congress, the President, etc.) as a means of democratic control. The Intelligence Community selected the mixed approach, with common core elements, to implementation of a unified performance management and compensation policy. Long and Franklin (2004: 317) argue that “a one-size-fits-all approach to
implementation is not suitable” because each faces a set of common and unique challenges, and only an “adaptive or evolutionary approach” makes sense.

The management dictum that has caused public organizations to collect, analyze, and disseminate performance information is “You can’t manage what you don’t measure.” Performance measurement has come to be regarded as an essential element in “the rational management of organizations.” However, the more extensive use and spread of performance measures throughout the bureaucracy “may only trade one set of problems for those of an entirely different variety.” Performance measures advanced as a means to monitor performance and maintain accountability may be exploited instead to increase bureaucratic inflexibility and “maintain control.” (Kravchuk and Schack 1996: 351, 355)

Thompson (2000: 519) argues, “Broad, top-down directives appropriate to the macro-context and characteristic of past reforms are not appropriate where change is directed at the more micro elements of administration such as those that characterized reinvention.” Long and Franklin (2004: 310) note “Bottom-up implementation has been constrained through top-down directives about consultation and document reporting, thus prohibiting the flexibility that a bottom-up approach fosters.” This conflict in approaches was most apparent in the very large IC organizations with considerable history and a record of accomplishment. In each of those agencies, their organizational success and the resultant pride caused them to put their own spin on efforts to implement “common” IC-wide processes, procedures, and terminology. For example, the individual agency’s performance management documentation that was derived from the common IC-wide policy language on performance management used different labeling and terminology in
the CIA versus the Department of Defense documentation. And even within DoD, the
terminology and labeling used within their intelligence agencies were all somewhat
unique to those organizations and their cultures.
Bianchi and Rivenbark (2012: 516) note that an “outcome of the weak performance
management culture and the limited technical support can be found in the vagueness that
often characterizes the strategic goals and operational objectives included in the
directives of the various ministries. It is not uncommon for operational objectives to be
defined merely as activity descriptions rather than measurable objectives and outcomes.
The need to implement a formal performance management system within a relatively
short period of time in a large public sector organization… is a major reason for these
inconsistencies.” We will see later in this dissertation that lower level supervisors and
their employees struggled a great deal in the early years with developing individual
objectives that were both relevant and easily measurable.
Bianchi and Rivenbark found that “while a legal mandate to design and implement a
performance management system does not guarantee success, it does help in that all
agencies are required to embrace accountability and transparency to some degree.”
However, regardless of whether or not legislation has been passed, the design and
implementation of an effective performance management system requires strong
administrative leadership, often referred to as “champions of public management
reform.” Moreover, they conclude that there is a “need for an informational
infrastructure that supports performance management” and it is “often referred to as
performance budgeting.” Such a tool is specifically designed to support “budget
development, implementation and evaluation.” (2012: 522-523) The IC agencies and elements all have a strong track record in performance-based budgeting, and this provided a useful platform on which the IC-wide policy on performance management was developed and deployed.

Moynihan and Landuyt (2009: 1097) argue that public sector organizations learn in both the structural and cultural ways, and the question of how that learning can be engineered remains in dispute. The cultural side argues that learning emerges from the culture of the organization. The structural side argues that formal procedures can be used to foster learning. Moynihan and Landuyt assert that bridging those cultural and structural views requires treating them as interdependent factors. They frame their argument using Giddens’ structuration theory, treating structure and culture as part of the broader set of social forces influencing social action. This theory appears to be particularly applicable to the IC-wide change management efforts like the new performance management policy because both DoD and CIA (which employ the great majority of IC employee) each have many distinctive and unique subcultures within their organizations. But even the IC elements embedded in the other five Departments (i.e., Energy, Homeland Security, Justice, State, and Treasury) have their own unique subcultures as well.

Culture adherents assume that organizational learning is facilitated via shared norms, and that some cultures will be naturally more conducive to learning then others. Characteristics such as high employee empowerment, encouraged participation, and openness are seen to foster learning. Characteristics such as the existence of taboo subjects and defensive norms are seen to undermine the capacity to learn. Overcoming
defensiveness requires an understanding that uncovering errors will not lead to punitive action. (2009: 1098) Those IC organizations that were specifically singled out for criticism after the 9/11 and WMD intelligence failures were particularly seen by oversight organizations as defensive about and sensitive to that criticism.

The structural viewpoint argues that those attributes that make culture a contributing variable – embedded as it is in all aspects of organizational life – makes it a constraint on the ability of the organization to embrace changing the way it does things. The proponents do not argue culture is irrelevant, only that a more immediate formal mechanism is required to foster organizational change. Structural proponents argue all learning occurs inside an individual’s head. Organizational change only occurs by the learning of its members or by acquiring new members with knowledge the organization previously lacked. (2009: 1098) The new IC-policy on performance management is a good illustration of a management initiative designed to “get inside employee’s heads.”

The Moynihan and Landuyt structural-cultural model of organizational learning includes five ingredients: adequate time resources (i.e., organizational slack) to devote to learning; information systems to collect, analyze, store and disseminate useful information; the employee’s mission orientation (their shared understanding of the organization’s mission, vision, and goals); the employees are empowered to act in the domains about which they are learning; and, employees have access to discuss information and consider what it implies about subsequent action. When an organization is dealing with a high degree of uncertainty, or a lack of resources, the employee’s ability to learn is limited. Employees need the flexibility to consider alternatives and experiment. (2009: 1098-1100) As will
be seen later, adequate time and functioning information systems became major factors during the implementation phase.

In their research, Moynihan and Landuyt (2009: 1101) found that the most influential variable is the work groups learning forums. The more the work group embraces the characteristics of a learning forum - inclusiveness and dialogue, consideration of performance information, and a desire to foster improvement - the greater the sense of organizational learning reported by respondents. It was almost three times more important then the next important independent variable (information systems). The next most influential variable was mission orientation, almost as important as information systems. The last two variables - adequacy of resources and decision flexibility - were significant, but had lower explanatory power. We will see later that those IC organizations that relied more heavily on employee focus groups during the implementation phase fared better than those that didn’t.

Moynihan and Landuyt (2009: 1102) found it difficult to separate the structural and cultural approaches to learning. Their theoretical variables (except for information systems and resources) contain both cultural and structural attributes. Structuration theory offered a suitable theoretical framework – considering structure (norms, interpretations, rules and resources) and culture as mutually reinforcing dualities. Structuration theory points to the importance of rules and resources to influence social action. A central tenet of structuration is the recursive nature of social action: structure influences agents, agents influence structure, and so on. Similarly, learning practices in organizations are recursive, shaped and reshaped by norms, rules, and resources.
Moynihan and Landuyt (2009: 1102-1103) observe that it isn’t what leaders in an organization believe or say in formal communications, so much as how leaders’ beliefs motivate the actions of subordinates to reshape organizational learning. Employees look in particular at leadership actions (i.e., time, attention, and resources devoted to a subject or activity) more than words to understand where their real priorities lay. Shifting organizational resources (funds, information systems, and staff) to reinforce these learning mechanisms also communicates the importance they place on organizational learning efforts. Finally, rewarding behavior consistent with desired cultural values will also positively reinforce those values.

Moynihan and Landuyt (2009: 1103) note that the duality of structure and culture are best illustrated in learning forums where purpose-driven work groups use information to guide discussion but also allow for rigorous debate. Learning forums that allowed debate were shown to be more likely to be associated with organizational learning. Such characteristics are more common in organizations that value learning, welcome diverse perspectives, acknowledge errors (without provoking defensiveness), and challenge assumptions when confronted with information. The authors observe that more research is needed to understand how public organizations learn, and whether such learning matters to performance. This dissertation provides additional evidence that those agencies and elements that focused on employee learning during implementation had more success in transitioning to the new performance management policies than those that did not.
Moynihan (2009: 592-593) argues “that performance routines interact with a wide variety of contextual variables, resulting in a diverse array of short- and long-term impacts.” He identifies four categories of performance information reactions: purposeful, passive, political, and perverse. Purposeful performance improvement reactions can come via goal-based learning that leads to efficiency improvements, a better use of limited resources, more informed decision-making, and contract arrangements linking rewards/sanctions to results. Passive performance improvement reactions occur when the agents do the minimum required to comply with requirements, but do not act on the information. This approach occurs most often when actors lack a strong incentive to use the data but are not penalized for not using it.

Political performance improvement reactions are rooted in requirements that public agencies present evidence that they are performing. Performance results become a means for advocacy in the political environment. In many cases, actors have some influence over which performance measures are used. They are likely to select measures that portray them in a positive light. In some situations, actors under pressure to improve their performance may choose to improve these measures by cheating hard to satisfy clients, frequently changing performance goals to limit comparison over time, or manipulating results. (2009: 593) These concerns become particularly problematic for IC organizations trying to raise the overall bar of organizational performance while focusing on individual contributions for evaluation. Such a focus can work to undermine both teamwork and ultimate mission success.
Moynihan (2009: 594) notes that performance improvement reforms can create new processes that interact with other institutional and individual preferences. The use of specific performance data measures (e.g. exhibiting collaborative behaviors, sharing information) may become an accepted norm in an organizational culture over time and reshape the attitudes of employees about how to act. Performance routines may begin to dominate other routines, or be drowned out. More likely, though, these routines will influence other routines and mutate.

Dehart-Davis (2009: 901) notes “individuals in organizations have been observed mostly abiding by rules, but also bending parts of rules, violating the letter or spirit of rules, and completely disregarding rules. This snapshot of compliance responses represents just a few of the ways in which individuals who are subject to rule requirements can significantly influence rule effectiveness. Green tape theory argues that rule effectiveness – the extent to which a rule achieves its intended purposes – depends on technical proficiency as well as stakeholder cooperation. Technical proficiency refers to the inherent capacity of rule design and implementation for achieving rule objectives. Stakeholder cooperation is defined as the degree of acquiescence by individuals to explain, enforce, or comply with rule requirements.” Both are “expected to act in concert to influence rule effectiveness.” For the IC, in particular, stakeholder cooperation (e.g., policymakers, Congressional staff) can be difficult to achieve and maintain because of turnover and their lack of technical expertise.

Dehart-Davis (2009: 902, 906) analyzed survey data from city employees in four cities in a Midwestern state. She found that “organizational rules communicate messages to the
regulated – messages of authority, rationality, trust and connection, and messages that encourage or discourage cooperation with authoritative directives.” In particular, “written rules may elicit employee rule abidance more so that unwritten rules because documentation legitimates rule abidance, in turn making rule abidance more palatable to regulated stakeholders.” She concludes “organizations should formalize rules that involve actions for which there is a strong managerial preference for compliance and a concomitant low toleration for deviation.” In the early stages of IC implementation of the new policy on performance management, organizations reported substantial evidence of leaders and managers freelancing and not strictly following the new policies.

**Theory into Practice: Performance Measurement**

Performance measurement is an area of considerable study and scholarly dispute. Behn (2002: 6) notes “Behind many of the ideas of internal management – for example, how to motivate improved performance by employees in an organization – lie a variety of ideas from social psychology, many of which have been employed by private-sector organizations to improve performance. And the ideas of marketization – using market incentives to motivate performance – have a long and distinguished ancestry in economics.” While IC federal employees work in public-sector organizations, they are not immune from interaction with private-sector organizations and concepts. In fact, private-sector employees provide a very large and vibrant contribution to the IC’s products and services. They work under contract either directly with or in support of their public-sector counterparts.
Behn (2002: 19) observes, “Many of the different concepts that are called performance management are not active strategies but passive procedures: a new performance-measurement system, a new performance-budgeting system, a new performance-planning system, a new performance-pay system. These procedural systems consist of rules and processes and deadlines and reports. They do not depend on leadership.” IC employees have a long history with these passive procedures. The new wrinkle here is the effort to tie together employees spread among seventeen very different agencies and elements under one set of policies.

Behn (2002: 19) continues, “They are based on the assumption that the new systems’ requirements will force changes in behavior that will, somehow, improve performance. They are based on the assumption that no human leadership is required. Once such a performance-management system is established, goes the never-stated assumption, everything will function on automatic pilot.” However, “Most efforts to comply with the procedural demands of any new system… will do little to produce better results.” The IC implementation will allow us to explore this assertion both within and across IC organizations.

Behn (2002: 19) argues, “Real performance management requires and active strategy. It requires energetic leadership. It requires a leader, or a team of leaders, to make a conscious effort to change the behavior of the individuals who work for the organization and its collaborators. It requires a leader to make a strategic effort to change the thinking of others from executive-branch superiors and legislators, to journalists and opinion leaders, to stakeholders and citizens.” Congress appears to have agreed with Behn,
deciding that consistent and effective implementation does very much depend on leadership – specifically, that of the Director of National Intelligence and staff.

Behn (2003: 586-587) argues, “neither the act of measuring performance nor the resulting data accomplishes anything itself; only when someone uses these measures in some way do they accomplish something.” Then why do we measure performance? Behn argues it is because business firms measure their performance, and everyone assumes that the private sector is better managed than the public sector. Unfortunately though, the business world uses financial data to measure a firm’s performance, indicators that are simply not appropriate for the public sector. This is particularly true for the IC, because it will often be tasked to chase difficult or hard to quantify issues or questions at the behest of policymakers without regard to or the expectation of a return on investment.

So what should the government be measuring? Behn (2003: 588) lists eight questions/purposes for measuring public sector performance:

1. How well is my public agency performing? (evaluate)

2. How can I ensure that my subordinates are doing the right thing? (control)

3. On what programs, people, or projects should my agency spend the public’s money? (budget)

4. How can I motivate line staff, middle managers, nonprofit and for-profit collaborators, stakeholders, and citizens to do the things necessary to improve performance? (motivate)

5. How can I convince political supervisors, legislators, stakeholders, journalists, and citizens that my agency is doing a good job? (promote)
6. What accomplishments are worthy of the important organizational ritual of celebrating success? (celebrate)

7. Why is what working or not working? (learn)

8. What exactly should who do differently to improve performance? (improve)

Regarding measures, Behn (2003: 588-589) observes, “Evaluation is the usual reason for measuring performance. Indeed, many of the scholars and practitioners who are attempting to develop systems of performance measurement have come from the field of program evaluation.” The need for evaluation is normally assumed. But public sector managers must often depend on Congress to formulate a clear, coherent mission, strategy, and objectives before they can implement a rationalized program structure and begin measuring anything. Without clear direction, “almost any performance measure can and will be used to evaluate a public agency’s performance.” Unfortunately, when faced with unclear or conflicting guidance, measures may be used to focus on the wrong thing. In the field of intelligence, failing to settle on the right set of measures can divert resources and lead to catastrophic consequences. Chun and Rainey (2005: 529, 549) examined the statistical relationship between goal ambiguity and organizational performance based on the 2000 National Partnership for Reinventing Government Survey of federal employees. They observed, “in relation to managerial effectiveness, work quality, customer service, and productivity, goal clarity is good. Higher levels of directive and evaluative goal ambiguity related to lower levels on the four performance variables, and higher priority goal ambiguity related to lower managerial effectiveness. In government organizations with lower goal ambiguity and
hence higher goal clarity, survey respondents gave more positive responses on the performance related questions.” This supports recommendations from a variety of sources that leaders and managers should work to improve the clarity of their goals. However, clear goals will not enhance task performance if employees lack the necessary ability or a commitment to the goals or when the goals themselves are inherently ambiguous. This last condition is particularly relevant to many IC jobs.

Regardless of how clearly the goal is stated, Kerr (1995: 7, 12) reminds us that “numerous examples exist of reward systems that are fouled up” when the types of behavior rewarded are those that the manager actually wants to discourage while the behavior desired is not rewarded at all… or even worse, discouraged. Some common examples found in government include: claiming to desire teamwork, but rewarding individual effort; claiming to desire the smart expenditure of funds, but rewarding only those who spend their entire budgets; setting stretch goals, but rewarding only those who reach the lofty numbers; espousing total quality management, yet shipping products on time with critical defects; and claiming to value candor, but rewarding only those who agree with the boss. The data should reveal if this is also a problem for the IC.

Regarding control, Behn (2003: 589) notes that today all managers claimed to be into empowerment. No manager wants to “prescribe tasks” for their employees and “then measure their compliance.” Nevertheless, legislatures and executive-branch managers do exactly that by establishing performance standards and measuring performance to see who has complied with these mandates. “After all, the central concern of the principle[sic]-agent theory is how principles[sic] can control the behavior of their
agents.” But this type of exacting control is at odds with the highly skilled, highly paid, knowledge based workforce the IC typically hires. So it will be important to determine if this is an issue with the new IC performance management policy.

Regarding budgets, Behn (2003: 590) observes, “Performance measurement can help public officials to make budget allocations. For improving performance, however, budgets are crude tools.” When a public sector unit fails to perform, or under performs, cutting the budget can be a counterproductive way to improve performance especially if analysis reveals the task is underfunded. Poor performance can be the result of factors that more money won’t fix such as poor leadership, the lack of a coordinated or realistic strategy, or the failure to provide adequate training. The IC generally invests heavily in skills training, but it will be important to determine if adequate training was provided to prepare leaders, managers and employees for the transition to the new performance management policy.

Regarding motivation, Behn (2003: 590-591) observes, “Public managers may use performance measures to learn how to perform better. Or, if they already understand what it takes to improve performance, they may use measures to motivate such behavior.” The basic concept behind establishing goals – particularly stretch goals – is that it grabs people’s attention and helps define what management will measure to determine performance. Moreover, performance targets may also encourage and facilitate creative solutions that develop better ways to achieve organizational goals. Measures that motivate improved performance in employees may also stimulate or motivate the desire to seek higher learning. IC agencies typically invest heavily in
advanced education for employees, but it will be important to determine if adequate training was provided to motivate leaders, managers and employees to embrace the transition to the new performance management policy.

Regarding promotion, Behn (2003: 591) notes, “Performance measures can contribute to… [public] support by revealing not only not only when government institutions are failing, but also when they are doing a good or excellent job.” For example, performance measures can be used to validate success; justify additional resources; earn customer, stakeholder, and staff loyalty; and win internal and external recognition for the organization. One of the more memorable recent examples was the hunt for Osama Bin Laden. IC leaders, managers and employees took particular pride in their contribution to the successful mission that brought him to justice. IC employees in general take great pride in their support for national security. The new IC performance management policy should seek to capitalize on success stories that build the prestige for community employees.

Regarding celebration, Behn (2003: 591) observes, “All organizations need to commemorate their accomplishments. Such rituals tie people together, give them a sense of their individual and collective relevance. And motivate future efforts.” But even the accomplishment of small milestones along the way can provide an opportunity to bring attention to the accomplishments of people who made them happen. Celebration may also be linked to learning, because it provides others with lessons learned and an opportunity to achieve similar success by imitation and adaptation. While the new IC policy on performance management is designed to recognize individual
accomplishments, it is not focused on group accomplishments. Analysis of the data should reveal if this is an oversight or not.

Regarding learning, Behn (2003: 592) notes, “Performance measures contain information that can be used not only to evaluate, but also to learn.” The learning goes beyond simple evaluation. The purpose of evaluation is to determine what is working and what isn’t. The objective of learning is to understand why things happen, and to determine what can be done to improve upon or replicate positive results. Furthermore, if there are too many performance measures, managers and employees “may be unable to learn anything” because there is too much noise in the results. In the data rich environment of intelligence, too much data and even erroneous data can be a real problem. The IC performance management policy should help employees learn constantly throughout a performance cycle what is working, what isn’t, and what can be done to improve.

Regarding improvement, Behn (2003: 592-593) observes, “If the measurement produces some learning, someone then must convert that learning into an improvement. Someone has to intervene consciously and actively.” IC managers must be focused on figuring out how to learn mission results and determine which changes in plans, or procedures, or personnel might help to produce improvements. They also must face the operational challenge of figuring out how to implement the indicated changes while simultaneously avoiding any adverse impact to current performance levels. This is an important challenge for IC leaders, because the added burden of the new performance management policy must not undermine mission success.
Not everyone is a supporter of performance reviews. W. Edwards Deming, the famous performance expert credited with helping post-war Japan resurrect its economy was a steadfast opponent of annual performance reviews, believing they were focused on too short a window of performance to make any meaningful judgments. Additionally, Culbert (2008) argues there is “nothing constructive about an annual pay and performance review. It’s a negative to corporate performance, and obstacle to straight-talk relationships, and a prime cause of low morale.” Culbert argues most performance reviews are staged as objective commentary, ignoring the low probability that any two supervisors would reach the same detailed conclusions about the performance of a subordinate. Culbert recommends replacing “performance previews for performance reviews” makes better sense and unites the boss-subordinate team’s focus on what it plans to accomplish together. While it doesn’t replace reviews with previews, the new IC policy does emphasize annual performance planning meetings (i.e., previews) and mid-year reviews, as well as frequent informal feedback.

**Theory into Practice: Compensation**

Linking pay to performance is not a new concept for the federal government. Since 1980, more than a quarter of a million federal employees have participated in pay for performance projects. (Thompson 2007: 8-11) These projects have met with varied success. Some have been terminated, and some are still in use today. One in particular that is still in use is worthy of note here. The National Geospatial-Intelligence Agency (NGA), which is a member agency of the IC and served as the role model for the
development of the new IC policy on pay-for-performance, is the only IC agency that implemented and adheres to that policy today. A key point about that IC policy that is lost on most casual observers is that the pay-for-performance adjustments that are made are relatively modest for employees rated Successful and above. Successful employees get pay raises that are modestly smaller than under the General Schedule (GS) adjustment, and Outstanding employees get modestly more than the GS average adjustment. It is not that annual adjustment itself, but rather the cumulative effect of multiple above or below average ratings over the years, that gradually (e.g., like interest on a savings account) builds up into a significant difference in salary amount over an employee’s career.

Perry et al. (2009: 39-40) note, “One of the by-products of the New Public Management has been the resurgence of interest in performance-related pay.” Congress approved performance-related pay reforms in the Departments of Homeland Security and Defense. Their approvals coincided with the approval granted to the Intelligence Community. These approvals came “more than a decade after Congress abandoned the Performance Management and Recognition System (PMRS), which was the pay-for-performance policy from 1984 to 1991.” The turnaround spurred Perry and his colleagues to perform “a comprehensive analysis of 57 studies evaluating performance-related pay in government conducted during the period 1977-2008.”

Support for performance-related pay is grounded in expectancy theory and reinforcement theory. Expectancy theory assumes that individuals will exert effort if they expect it will result in an outcome that they value. In the case of pay, employees will work harder if
they believe their increased efforts and modeled behaviors will be rewarded with pay increases, bonuses, and promotions. (2009: 40-41) Perry et al. found in their research that “performance-related pay in the public sector consistently fails to deliver on its promise.” In studies where the “goals were clear, compensation was adequate, and a significant amount of support for merit pay plans existed, performance-related pay resulted in positive outcomes.” However, where the financial incentives were too small to be valued the “underlying foundation of expectancy theory failed to materialize.”

Researchers reported that some respondents questioned the link between performance and compensation, and others didn’t believe higher pay would materialize. Respondents also expressed distaste for the divisive side effects merit pay can sometimes produce. (2009: 43-44)

The IC policy on pay-for-performance was focused more on equity than expectancy theory. The idea was that an employee who consistently outperformed their peers should logically over time expect to have a higher cumulative salary than those who consistently underperformed their peers. There was no plan to pay the kinds of dramatically large salary increases or bonuses seen in some industries (e.g., banking). The government does not have funding to allow for large bonuses or salary increases. The largest salary increases would be reserved for pay band promotions. The pay budgets were expected to remain largely neutral under pay-for-performance. There was no support at OMB or in the Congress for larger IC pay budgets. It is a commonly held misunderstanding, but NGA’s pay budget is no larger or smaller than the budgets of similarly sized IC agencies.
Perry et al. (2009: 44) found “Several contextual factors appear to be associated with the success of performance-related pay. These include high levels of trust, adequate rewards, effective performance appraisals, close geographic proximity, and a degree of professionalism.” They also found “Performance-related pay may have a greater effect at lower organizational levels, where job responsibilities are less ambiguous, contradicting assumptions that contingent pay plans will be more effective at higher levels of organizations.” They found “employees generally perceive the implementation of performance-related pay as unfair. The reasons behind the perceptions… include low levels of organizational trust, lack of transparency in the systems for employees, lack of trust in performance-rating systems, and lack of leadership credibility.” It seems logical to assume that “misinformed supervisors providing incorrect answers” could be added to the list of reasons provided above.

As a part of the IRTPA legislation, Congress specifically challenged the Intelligence Community to hire more women, minorities, and immigrants. Changing workforce demographics while simultaneously implementing a compensation reform initiative further complicates management efforts. Davidson (2008) reported Defense’s pay-for-performance system’s initial results “indicated that white workers generally received higher ratings, pay and bonuses than other employees.” Pitts (2009: 330, 334) analyzed federal employee survey responses, and argues “Those agencies that are able to embrace these ‘new’ components of the labor market – women, people of color, immigrants – will be able to take better advantage of the full potential employees.” In particular, he found that “diversity management reduces the substantive disparity between the races by more
than 50 percent, indicating that the cause of dissatisfaction for people of color is likely a lack of appropriate management practices… people of color will benefit in addition to that experienced by all employees when diversity management practices are stronger.” This is an important observation that is discussed further in the analysis section of this dissertation.

On a slightly more positive note, Perry et al. (2009: 45) reported, “The beneficial aspect of performance-related pay that emerges from the research appears” from “the development of performance standards. The use of performance standards has repeatedly been shown to be the most beneficial aspect of performance pay plans. In one instance, the introduction of pay into the performance measurement process resulted in a negative on performance.” They argue their findings support “caution and more strategic thinking. The reasons for the persistent failure of performance-related pay are more likely its incompatibility with public institutional rules, proponents’ inability or unwillingness to adapt it to these values, and its incompatibility with more powerful motivations that lead many people to pursue public service in the first place.” Beyond its impact on pay-for-performance, the development of performance standards plays a key role in two very important performance management areas: providing ammunition for addressing rater bias among supervisors and managers, and effectively communicating performance expectations to employees at the beginning of a rating cycle. The importance of this research will be addressed later in this dissertation.

Perry et al. (2009: 45) also reported “Multiple studies have found that employees support the idea of pay for performance in the abstract but believe its implementation in their
organization is plagued by problems. In addition, one of the most consistent findings about public sector performance-related pay initiatives in our research is that they are poorly implemented, with the absence of good performance management practices a critical flaw.” The authors argue the implementation criticisms “mask more fundamental deficiencies that are rooted in basic institutional differences between market and nonmarket” setting and include “transparency, budget, and stewardship constraints embedded in public institutions” the impede success and are seldom acknowledged. Perry et al. (2009: 46) argue, “self-determination theory and public motivation research may be more suitable for public institutional settings.” Their findings indicate that most implementations “continue to rely on program designs grounded almost exclusively in supervisory judgments allocating individual salary adjustments” while “research on piece-rate schemes suggest that pay system designs with direct connections between performance and pay may have greater prospects for success than designs relying on supervisory judgments. Group and organizational schemes are rare but may offer another path for future experimentation.” Indeed, the IC policy emphasizes pay pool groups that employ multiple managers who participate in pay decisions for each employee, and the results are reviewed and approved by at least two levels of managerial oversight. Perry et al. (2009: expanded internet version 13-14) offer some suggestions on how to improve overall prospects for success with pay for performance systems. “First, supporters and critics of performance-related pay generally agree on the importance of a well-developed performance management system. Second, several studies included in this review found that employee motivation is not exclusively linked to pay, thus raising
awareness for managers to avoid relying solely on performance-related pay and emphasizing other, powerful motivational techniques. Managers need to supplement pay-based motivation techniques with other motivational models, including public service, values, and self-determination. Lastly… studies have found, however, that employees generally perceive performance-related pay to be unfairly implemented. Thus, managers must not only attend to system goals and outcomes but also the process by which performance-related pay is implemented.” It would seem that most management teams underestimate the amount of time and the level of learning required for a successful conversion to a pay-for-performance system in the federal government. Thompson (2007: 8-11, 46) analyzed eight agencies/units/groups where performance oriented pay-banding systems were put in place: the Navy Demonstration Project, the National Institutes of Standards and Technology (NIST), the Department of Commerce Demonstration Project (DOC), Defense’s Air Force Research Laboratory (AFRL), the Internal Revenue Service (IRS), the Government Accountability Office (GAO), the Federal Deposit Insurance Corporation (FDIC), and Defense’s National Security Personnel System (NSPS). He concludes, “virtually every payband system design choice involves tradeoffs between objectives. The key challenge for designers is to develop a mix of design elements that both accommodates the organization’s objectives and is internally consistent. For purposes of employee acceptance and system effectiveness, it is important that the integrity of the ratings process be protected.” Thompson (2007: 46) argues “one criterion for assessing pay system success is whether and to what extent the system works at a cultural level, whether it helps convey to
employees a new set of values. It should not be presumed that this will happen simply by the fact of the system itself. Managers and employees need to be convinced that the emphasis on performance is more than just rhetorical, that performance considerations will be dominant in matters of not only pay but also placement, promotion, and budget. Key questions” include: “Does the head of the organization convey to employees the importance of performance?”; “Does the system provide venues in which managers are encouraged to discuss performance issues among themselves – for example, with regard to what constitutes an ‘outstanding’ or an ‘exceeds expectations’ rating?”; “Is the performance appraisal process more than just a perfunctory annual exercise?”; and “Is performance discussed at other than just appraisal time?”

Thompson (2007: 46) observes “Acceptance of the new system can be promoted by soliciting input from all interested parties, by holding open meetings, and by posting meeting minutes on the intranet. Also, the rating and pay-setting process can include features conducive to dialogue between supervisor and employee over matters of performance, such as allowing the employee to complete a self-appraisal.” Thompson (2007: 5) notes “The preponderance of data on performance oriented payband systems throughout the federal government show that these systems have achieved high levels of employee acceptance after the initial implementation period. There is also an increased awareness among participating employees that their pay is linked more closely to performance than is the case under the General Schedule. However, the degree of success seems to vary, depending on how the systems were designed and implemented.”
The fact that the IC did have one agency\(^6\) successfully implement the pay-for-performance policies developed in response to the IRTPA legislation offers the opportunity to learn from that experience and to look for lessons that can be applied to the IC as a whole. Nevertheless, IC leadership decided to exploit the pay, bonus and promotion rules of the General Schedule (and its Excepted Service variations) to more tightly link the performance management results to managerial decisions about IC employees’ pay. The fact that NGA continues to operate under the IC pay-for-performance policy suggests that in a favorable political environment, and with adequate leadership support, planning and training – additional IC agencies or elements could someday be added to the pay-for-performance list.

### Conclusion

The scholarly literature on performance management theory, and the link of performance to pay, offers a useful backdrop for evaluating the IC’s implementation of its new policy for performance management. The implementation across a large number of agencies, both very large and very small, offers an opportunity to assess the impact of culture and rules on major groupings of federal employees. The IC’s performance management policy is soundly based in performance management theory and offers the opportunity to learn more about how successful change management efforts can be managed across diverse and loosely knit organizations. The IC’s compensation policy and the longstanding NGA example provide interesting counterpoints to the widespread pay-for-performance programs.

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\(^6\) NGA implemented its original pay-for-performance program in 1999. NGA modified its program in 2010 to conform to ICD 650 and 651 policies, and it continues to operate as of this dissertation.
performance implementation failures seen across the federal government (DHS, DoD, and the IC) that were begun during the Bush Administration. This dissertation offers a novel insight into the IC’s successes and failures and an opportunity to learn from them.
CHAPTER FOUR: DESIGNING THE IC’S PERFORMANCE POLICY

The IC Pay Systems Modernization Project Office was to be headed by a senior executive from one of the DoD intelligence agencies, with a senior executive from the CIA serving as a senior policy advisor. All elements of the IC would be given an opportunity to participate and be represented. Hayden directed the Project office to: analyze all lessons learned from previous Federal pay system modernization efforts (including those within IC agencies and elements), identify the common elements of ongoing pay-for-performance efforts and government-wide legislative proposals, and ensure that IC employees be kept fully apprised of these efforts, deliberations and decisions. Hayden closed the memo by noting, “The Director and I intend to approach IC pay systems modernization in a way that meets the letter and spirit of the Intelligence Reform Act and the recommendations of the WMD Commission, but without infringing on the institutional and statutory prerogatives of the various departments and agencies that encompass the IC.” (PDDNI Memo 2-7-2006: 1-2)

The PDDNI simultaneously released a memo to all IC employees noting that pay modernization was coming to the IC and that they should “…all receive compensation based on your competence and contribution to mission, not just on longevity.” If the IC did not carefully manage the introduction of these changes “…we could see untenable pay disparities within the IC, potentially destructive inter-agency competition, and a
negative impact on employee morale.” Hayden told IC employees they could “Rest assured that any new IC civilian compensation system will be implemented and administered in a way that is fair, credible, transparent, and based solely on merit and performance.” (PDDNI Memo 2-6-2006: 1)

**Accountability for Executing the National Intelligence Strategy**

DNI Negroponte issued a memorandum to IC leaders in February 2006 reminding them that “The NIS is designed to result in nothing less than a safer, more secure America and the President is holding each of us, separately and together, accountable for achieving it.” This “…accountability has to be more than just organizational; it must also be personal.” The DNI asked each IC leader to develop an individual performance agreement outlining a set of program and policy objectives that personally intended to achieve in 2006 in the form of a “contract” to be cosigned with other IC senior leaders. The contract should “…describe specific results that are demonstrable and measurable, contribute to the overall NIS, and represent a ‘stretch’ for your organization.” (DNI Memorandum 2-10-2006: 1)

The DNI also asked the IC leaders to review and revise “the annual performance plans for each of your senior executives and senior professionals to ensure they align with the NIS, your agency’s program and priorities, and your own personal performance agreement.” These agreements should focus on tangible, observable results – outputs and outcomes rather than activities or processes – than when achieved would provide convincing evidence of progress toward accomplishing the NIS objectives. As a part of
this inaugural effort, Ambassador Pat Kennedy, ODNI’s Deputy Director for Management would also review a random sample of each IC leader’s subordinates’ performance plans once completed to ensure appropriate consistency and content. The DNI closed by noting this effort “will ensure clear ‘line of sight’ alignment between the Nation’s overall intelligence strategy, the plans and programs of the various IC elements that integrate and implement that strategy, and the personal accountability of those of us who lead those agencies.” (DNI Memo 2-10-2006: 1-2)

The IC Strategic Human Capital Plan (An Annex to the US NIS)

In June 2006, DNI Negroponte released the US Intelligence Community’s Five Year Strategic Human Capital Plan. Negroponte said the plan would “underpin the IC’s ongoing transformation. It is designed to bring more Community-wide coherence and cohesion than ever before to the way IC agencies lead and manage their people. It is designed to promote professional growth. And in keeping with the National Intelligence Strategy’s call for integration and innovation, it is intended to be bold in helping us realize our full potential as a Community.” (ODNI Strategic Human Capital Plan 2006: iii)

The IC Strategic Human Capital Plan established three over-arching goals: build an agile, all-source workforce; win the war for talent; and create a culture of leadership at all levels. It argued that the IC was “in a war for talent, often the most arcane and esoteric of skills, sometimes between ourselves and/or with our own contractors.” It acknowledged that the IC needs a workforce that not only looks more like America, but one that “can
effectively deal with all of the diverse peoples, cultures, and subcultures of the world.” Moreover, it argued the IC increasingly finds itself in competition with its contractors for “employees, already cleared and trained at government expense.” (ODNI Strategic Human Capital Plan 2006: v, 1, 5-6)

Under Goal 1 (Build An Agile, All-Source Workforce) was Objective 1.2 “Identify Common, Core Competencies” as a basis for establishing common qualification, training and performance standards. Once the needs are known, the gaps can be identified to guide strategies to close them. The competency model would then be integrated into a comprehensive database of analytic resources, listed by expertise and experience, for use against intelligence problem sets. Each major functional community would be encouraged to develop comprehensive, functionally-specific competency models for their discipline, and to manage their area (in conjunction with Human Capital professionals) to ensure performance standards, training requirements, and retention data is maintained. (ODNI Strategic Human Capital Plan 2006: 8, 12)

Under Goal 2 (Win The War For Talent) was Objective 2.1 “Maintain Our Competitive Edge” which was intended to help the IC continue to attract the best and brightest individuals, both young and experienced, by recruiting corporately, leveraging technology, and hiring before graduation. This objective acknowledged the need to become better at and receptive to recruiting mid- or late-career professionals who have critical knowledge and expertise the IC lacks. (ODNI Strategic Human Capital Plan 2006: 16-18)
Goal 2 also included Objective 2.5 “Ensure Competitive Compensation” to ensure the IC can compensate its employees fairly and competitively according to the market value of their work and their relative contribution to IC mission accomplishments. This objective called for the deployment of a common IC compensation architecture to “ensure a ‘level playing field’ across the IC, avoid dysfunctional inter-agency competition, and preclude untenable pay disparities between and among IC components.” The objective also calls for the IC to begin evaluating component performance appraisal systems against the Office of Personnel Management’s (OPM’s) criteria to ensure an agency’s performance management system is sufficient to support performance-based pay. (ODNI Human Capital Plan 2006: 24-25)

Goal 3 (Create a Culture of Leadership… at All Levels) established milestones and metrics to be used to test the strength of the IC’s culture and its leaders. The leadership results would be drawn from the annual IC Employee Climate Survey, with its effectiveness indicators. Results would also be drawn from analysis of trends and issues raised in complaint and appeals processes, and from voluntary input to IC exit surveys. The IC would monitor the dynamics of the joint duty rotation base (e.g., nominees/candidates per vacancy, candidate quality, joint tour length, planned and actual joint duty training, post-assignment placements, promotion rates, etc.). Finally, the IC would assess the dynamics of the leadership development pipeline, including the overall quantity, quality, and diversity of succession pools for all levels of management. (ODNI Strategic Human Capital Plan 2006: 28)
Goal 3 included Objective 3.1 “Foster an Ethos of Service, Integrity, and Accountability” which laid down three fundamental principles of “selfless service to our nation and its citizens,” the “integrity to seek and speak the truth” to power, and holding themselves “personally accountable for achieving results.” Goal 3 also included Objective 3.3 “Treat Leadership as an Enterprise Resource” which added an important caveat making service on the DNI staff, or in more than one IC component, a prerequisite for promotion to senior executive positions. Joint Duty positions and opportunities would be identified based on IC Leadership Committee endorsed criteria, and posted for competitive selection on both a rotational and permanent basis, so that all qualified employees would be able to apply and be considered for them. (ODNI Strategic Human Capital Plan 2006: 28-29, 32)

The ODNI then focused its attention on the important task of reviewing all of the pre-existing DCI Policy Directives (called DCIDs) to determine which to retire and which to replace with new more effective IC policy documents called IC Directives (ICDs). As is the nature of most bureaucracies, the new policies had to undergo a period of formulation, review and modification, before the final versions could be staffed and signed. Because of the wide impact that human capital policies have, many are crafted to depend on other policies to be fully implemented. In the case of the new performance management system requirements, new policies were required for joint duty, performance management, compensation, and competency directories.
Key Policy Directives

The nature of policy directives is that they are often dependent on other policies, processes and procedures in order for them to succeed as intended. The IC policy on performance management was integrally tied to the policies on joint duty, compensation, and competencies.

Intelligence Community Directive 601

DNI Negroponte made Objective 3.3 and the Joint Duty program one of his top priorities, and despite considerable resistance from across the IC (including at least one cabinet-level official), he signed the new Intelligence Community Directive 601 entitled “Joint IC Duty Assignments” on May 16, 2006. That Directive was one of the ODNI’s very first policy documents. It established general policies for the program but did not address the far more difficult issue of implementing authorities and procedures. (ICD 601 5-16-2006; ODNI Innovations Program Application 2008: 7)

In a letter to all IC employees, Negroponte said, “one of our top priorities is a stronger, more cohesive IC. Joint duty is critical to achieving that Goal, and the Community’s senior leadership is absolutely committed to it – indeed, most of them can point to a ‘joint’ experience as key to their growth as effective leaders.” He went on to say that “joint duty is now an essential part of becoming (and being) a senior leader in the IC. Although the duty itself is strictly voluntary, some form of ‘joint’ experience will be mandatory for promotion to almost all senior IC positions. In this regard, the Directive establishes policies and procedures for identifying, applying for, serving in, and receiving credit for joint duty.
assignments.” The procedures were effective immediately. However, as a practical matter, they would be phased in over time. (DNI Memorandum 5-16-2006)

The ICD provided for joint duty credit for temporary and permanent assignments to the staff of the ODNI and its various national intelligence centers, and established a process for identifying positions outside of ODNI that may also provide such credit. It established the duration of civilian joint duty assignments (normally 12-36 months) for employees at the GS-13 level and above, and prescribed requirements for posting IC-wide joint duty announcements on DNI and IC element web sites. It set out the application and nomination procedures for employees interested in applying for a joint assignment, and required that selections be based on competition and merit. It made the “gaining” IC element responsible for formally evaluating and rewarding the performance of those employees assigned to it on joint duty. Finally, while promotions remained the responsibility of the “employing” element, it specified that joint duty qualified employees be promoted at rates comparable to the promotion rates of their similarly situated agency peers, and established reporting and oversight mechanisms to monitor those promotion rates. (ICD 601 5-16-2006; ODNI CHCO Congressional Notification Memorandum 5-17-2006)

The second DNI, Director J. Michael McConnell, highlighted the Joint Duty program as his top human capital priority and made it among the top tasks of his 100-Day and 500-Day Plans. McConnell personally (and forcefully) engaged key cabinet secretaries to resolve the complex legal issues surrounding the program. McConnell signed and issued detailed implementing instructions for the new joint duty program on June 25, 2007 in an historic signing ceremony attended by Defense Secretary Gates, Department of Homeland Security
Secretary Chertoff, the Chairman of the Joint Chiefs, and the Attorney General, among others. Those instructions established a very aggressive implementation timetable, triggered a “claims” process that permitted employees to seek joint duty credit for past inter-agency assignments, and initiated various reporting requirements. (ODNI Innovations Program Application 2008: 7, 9)

The implementing instructions were issued in IC Policy Guidance (ICPG) 601.01. The most senior IC positions require joint duty credit as a prerequisite (for all non-exempt senior positions above GS-15 or equivalent), and were to be phased in over a 3-year implementation timetable (2007-2010). The criteria for exempting senior positions were focused on certain rare or exceptional technical skills areas, and could only be waived or exempted by the DNI or the Director of Defense Intelligence (DDI). Joint duty credit could be earned for most inter-agency details, and for certain internal liaison assignments or combat duty tours. Employees could claim credit for past assignments, within a limited window of service (after September 11, 2001). External candidates for senior positions would be given joint duty “equivalency” for comparable experiences. Joint duty assignments would also be a ranking factor for promotion processes where it was not required. But joint duty experience would not serve as a guarantee for advancement. (ICPG 601.01 6-25-2007; ODNI Congressional Notification Memorandum 6-25-2007)

On October 1, 2007 the joint duty requirement became mandatory for anyone selected to a senior executive or senior professional position that reported directly to the head of an IC agency or element. This was the first of four implementation milestones, culminating on October 1, 2010, when joint duty became a prerequisite for virtually all senior executive and
senior professional positions in the IC. The Associate DNI for Human Capital would coordinate and publish an annual list of senior positions requiring joint duty experience as a prerequisite. To jumpstart the staffing process, the DNI announced in December 2007 a Leadership Assignment and Exchange Program (LEAP) that placed 50 highly qualified GS-15s in key inter-agency joint duty assignments. (ICPG 601.01 6-25-2007; ODNI Innovations Program Application 2008: 7)

The IC Civilian Joint Duty Program was modeled after the military’s joint duty program, enacted by the historic Goldwater-Nichols Department of Defense Reorganization Act of 1986. Goldwater-Nichols was probably the most sweeping reform of our Nation’s military since the National Security Act of 1947, and as the instigator of military joint duty, it provided the philosophical, conceptual and intellectual underpinnings for the IC program. However, the IC’s program had to cope with a number of unprecedented challenges, stemming from the fact that its population is exclusively civilian (with a completely different service contract than military officers), and because it is spread across multiple departments and agencies with no single “chain of command” to oversee and enforce it. (ODNI Innovations Program Application 2008: 8)

The most significant issue facing the program was its timetable – which was very aggressive. The implementing instructions required that IC joint duty experience be established as a prerequisite for promotion to virtually all IC senior positions by October 1, 2010 – a mere 39 months later. In comparison, the joint duty military reforms mandated by the Goldwater-Nichols Act of 1986 took almost two decades to fully implement. Thousands of IC civilians were affected by this timetable. But IC senior leaders believed that a
leadership corps that could “connect the dots” was as important as any technology or
tradecraft that contributes to ultimate mission success or failure. So they pushed for a rapid
implementation. (ODNI Innovations Program Application 2008: 5)

Another major issue involved the differences in the various human resource policies in
use across the IC that could impede the movement of civilian personnel between agencies
and elements. For example, only a small portion of the IC’s civilian workforce followed
“regular” civil service rules administered by OPM. The vast majority of IC civilians
were covered by as many as six other statutory personnel systems. Thus, there were
different rules for staffing, pay, and performance management across DoD, the FBI, CIA,
State, DHS, and ODNI employees. This was a legacy of the IC’s past, decentralized
structure, and it obviously complicated joint duty assignments. (ODNI Innovations
Program Application 2008: 5)

The ODNI next began work to bring more harmony and homogeneity to IC personnel
practices in order to facilitate inter-agency assignments and to strengthen the Community
as an integrated institution. For example, the DNI established a set of “core”
competencies that would be used as the basis for the annual performance evaluations of
every IC civilian, and they included such joint competencies as collaboration,
information-sharing, and social network-building (see the 3 January 2008 edition of The
16 agencies had used different performance standards for their employees, and that
presented a major impediment to joint duty. (ODNI Innovations Program Application
2008: 5)
The issuance of a uniform policy on performance management system requirements was another key milestone in the IC’s 100-Day and 500-Day Plans. DNI McConnell signed ICD 651, *Performance Management System Requirements for the Intelligence Community Civilian Workforce* on November 28, 2007. In announcing the new policy to the IC workforce, he said “for the first time in the IC’s history, all of our civilian personnel will eventually be evaluated against a common set of performance elements that have been specifically designed to reinforce and reward those competencies, work behaviors, and organizational values that are critical to the Community’s transformation… By establishing a common set of performance evaluation requirements across the IC, it will serve as a critical enabler for the Community’s new Civilian Joint Duty Program… These efforts have the potential to truly transform the IC, and we look forward to working with you to make them a reality.” (DNI Memorandum 11-28-2007) McConnell went on the say that “these common performance elements will be used to assess non-supervisory employees with regard to their collaboration, critical thinking, and communications skills, as well as their technical expertise, accountability for results, and personal leadership and integrity. The policy also establishes specific performance elements for IC supervisors and managers that will help gauge their organizational leadership and management competencies. Every IC civilian employee and manager will be rated on these common elements, as well as the specific results they are expected to accomplish.” (DNI Memorandum 11-28-2007)
Establishing a common set of core performance management policies was a critical requirement for the ODNI leadership. They would serve as the foundation for the IC’s new performance-based pay compensation system. In the past, performance appraisal systems had varied widely across the community, and they did not reinforce the kinds of behaviors and values now deemed critical to the intelligence profession, such as collaboration and critical thinking. The new requirements issued in ICD 651 were to be implemented by all IC components. Unlike in other human capital policy areas, such as pay, there were no statutory barriers to its widespread and uniform use. All departments and independent agencies with IC employees were instructed to begin implementing provisions of this Directive not later than October 1, 2008, for application during the FY 2009 performance cycle. (ICD 651 11-28-2007)

But while ICD 651 established core policies and processes to manage the performance of IC employees and their respective agencies, it would be implemented and administered independently by each department and independent agency. Thus these common policies and processes did not establish a single, uniform performance management system for all IC employees. Rather, they served to establish those common, core policies and processes for performance management deemed essential to fostering and sustaining a strong, cohesive IC. Each department and independent agency was free to supplement these policies and processes at their discretion. (ICD 651 11-28-2007)

There were several provisions contained in the new policy that are common to most modern performance management systems and were intended to bring the community closer together. For example, all IC employees would be evaluated on both
“performance objectives” and “performance elements,” which are collectively referred to as “performance expectations.” Performance objectives describe the specific results an employee must strive to achieve in a given year (i.e. the “what”). These objectives would be developed by the IC components, aligned with their organizational objectives, and would be unique to each employee. Performance elements describe the manner by which an employee should achieve those specific results (i.e. the “how”). These would be common for all IC employees. (ICD 651 11-28-2007)

The annual performance evaluation period would begin between 1 July and 1 November and end twelve months later between 30 June and 31 October. All employees would be provided performance expectations appropriate for their occupation and work level. Supervisors would develop performance expectations in consultation with their employees, and they would be communicated in writing (or in an official electronic format) to the employee for review and discussion at the beginning of the performance evaluation period. All employees would receive a written evaluation of record at least annually. In addition, supervisors would conduct a formal review of an employee’s performance approximately midway through the performance evaluation period (i.e. acknowledge achievements, discuss progress towards meeting performance expectations, and/or suggest areas for improvement). The employee would receive written or electronic confirmation that this review had been conducted. (ICD 651 11-28-2007)

DNI McConnell said, in his letter to the IC workforce, “these common, core performance elements have been linked to our recently announced IC Core Values – Courage, Collaboration, and Commitment. For example, under the policy, employees and
managers will be evaluated on such things as sharing information and innovating; building and leveraging diverse, collaborative networks; taking personal initiative; and demonstrating the courage and conviction to express their professional views.” (DNI Memorandum 11-28-2007)

At the heart of the Directive was the establishment of core IC performance elements on which all IC employees would be evaluated. At a minimum, all IC employees and supervisors were to be evaluated on four common performance elements:

- Performance Element 1 - Accountability for Results
- Performance Element 2 - Communication
- Performance Element 3 - Critical Thinking
- Performance Element 4 - Engagement and Collaboration

However, because supervisors and managers should be held to higher standards in some areas of performance than regular employees, it was deemed necessary to tailor elements 5 and 6 for each group. All non-supervisory employees would have two common performance elements:

- Performance Element 5 - Personal Leadership and Integrity
- Performance Element 6 - Technical Expertise

In contrast, all supervisors and managers would have two somewhat different common performance elements stylized to reflect their specific responsibilities and how they should conduct themselves:

- Supervisory Performance Element 5 - Leadership and Integrity
- Supervisory Performance Element 6 - Management Proficiency
These core performance elements were based on IC-specific job competencies that had been validated in accordance with the *Federal Uniform Guidelines on Employee Selection Procedures* and/or other applicable professional and technical standards, and the elements describe attributes and behaviors expected of IC employees in all occupations and at all grade and/or work levels. The motivation behind these new performance elements could be traced all the way back to the observations, findings and recommendations of the 9/11 and WMD Commissions as to what was wrong with the IC, and what ultimately lead to the intelligence problems manifested during the terrorist attacks and the lead up to the War in Iraq. (ICD 651 11-28-2007; EEOC 1978)

Specifically, the four core performance elements cover these key behaviors and attitudes:

**“Performance Element 1 - Accountability for Results:** IC employees are expected to take responsibility for their work, setting and/or meeting priorities, and organizing and utilizing time and resources efficiently and effectively to achieve the desired results, consistent with their organization’s goals and objectives. In addition, IC supervisors are expected to use these same skills to accept responsibility for and achieve results through the actions and contributions of their subordinates and their organization as a whole.

**Performance Element 2 - Communication:** IC employees are expected to effectively comprehend and convey information with and from others in writing, reading, listening, and verbal and non-verbal action. Employees are also expected to use a variety of media in communicating and making presentations appropriate to the audience. In addition, IC supervisors are expected to use effective communication skills to build cohesive work teams, develop individual skills, and improve performance.

**Performance Element 3 - Critical Thinking:** IC employees are expected to use logic, analysis, synthesis, creativity, judgment, and systematic approaches to gather, evaluate and use multiple sources of information to effectively inform decisions and outcomes. In addition, IC supervisors are expected to establish a work environment where employees feel free to engage in open candid exchanges of information and diverse points of view.

**Performance Element 4 - Engagement and Collaboration:** IC employees have a responsibility to provide information and knowledge to achieve results, and in that regard are expected to recognize, value, build and leverage diverse collaborative networks of coworkers, peers, customers, stakeholders, and teams, within an organization and/or across the IC. In addition, IC supervisors are expected to create an environment that promotes engagement, collaboration, integration, and the sharing of information and knowledge.”

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7 ICD 651 was amended on 4 April 2012 to read “are expected to responsibly and proactively provide, discover, and request” to reflect information sharing and protection expectations.
In addition, all non-supervisory civilian employees would be evaluated on performance elements that pertain to:

“Performance Element 5 - Personal Leadership and Integrity: IC employees are expected to demonstrate personal initiative and innovation, as well as integrity, honesty, openness, and respect for diversity in their dealings with coworkers, peers, customers, stakeholders, teams, and collaborative networks across the IC. IC employees are also expected to demonstrate core organizational and IC values, including selfless service, a commitment to excellence, and the courage and conviction to express their professional views.

Performance Element 6 - Technical Expertise: IC employees are expected to acquire and apply knowledge, subject matter expertise, tradecraft, and/or technical competency necessary to achieve results.”

And all supervisors and managers, at the GS-15 (or equivalent) level and below, would be evaluated on performance elements that deal directly with their leadership and managerial responsibilities:

“Supervisory Performance Element 5 – Leadership and Integrity: IC supervisors and managers are expected to exhibit the same individual personal leadership behaviors as all IC employees. In their supervisory or managerial role, they also are expected to achieve organizational goals and objectives by creating shared vision and mission within their organization; establishing a work environment that promotes equal opportunity, diversity (of both persons and points of view), critical thinking, collaboration, and information sharing; mobilizing employees, stakeholders, and networks in support of their objectives; and recognizing and rewarding individual and team excellence, enterprise focus, innovation, and collaboration.

Supervisory Performance Element 6 - Management Proficiency: IC supervisors and managers are expected to possess the technical proficiency in their mission area appropriate to their role as supervisor or manager. They are also expected to leverage that proficiency to plan for, acquire, organize, integrate, develop, and prioritize human, financial, material, information⁸, and other resources to accomplish their organization’s mission and objectives. In so doing, all supervisors and managers are also expected to focus on the development and productivity of their subordinates by setting clear performance expectations, providing ongoing coaching and feedback, evaluating the contributions of individual employees to organizational results, and linking performance ratings and rewards to the accomplishment of those results.”

⁸ ICD 651 was amended on 4 April 2012 to read “information (including classified)” to reflect information sharing and protection expectations.
IC components were permitted to establish additional performance elements, so long as they did not duplicate or modify the above core performance elements. In addition, IC components could establish more detailed performance standards for common and component-specific performance elements. (ICD 651 11-28-2007)

The Directive also established a common performance rating system for all IC employees:

- **Outstanding (5):** Characterized by exemplary, benchmark performance.
- **Excellent (4):** More than was to be expected from most employees.
- **Successful (3):** Most employees are expected to achieve this performance level.
- **Marginal/Minimally Successful (2):** Contribution was less than expected. (Use is optional – because there was a lack of consensus over the need for this rating level)
- **Unacceptable (1):** One or more performance objectives were not achieved.

Finally, the Directive included numerous procedural safeguards and oversight mechanisms intended to ensure rating rigor and consistency, and to impose safeguards and mechanisms expressly intended to prevent unlawful discrimination and favoritism. As a foundation for these protections, all IC components were required to adhere to and comply with applicable merit system principles. All performance evaluations would be subject to two levels of review and oversight. (ICD 651 11-28-2007)

Regarding the options outlined earlier in the Theory Section, the decision was made to use the new performance management system to both guide employee development and inform decisions on pay, bonuses and promotions. The new performance management
policy was intended to support recruitment and retention, by appealing to both new hires and existing employees. The new hires, regardless of the stage of their career, would see an opportunity for future advancement. Existing employees who perform well would also be encouraged to stay through higher salary increases and bonuses. The new policy was also intended to promote joint duty assignments, because it makes movement between organizations more transparent, and because it requires joint duty assignments as a prerequisite for advancement into higher-level positions. Thus the IC chose a hybrid approach that attempts to satisfy recruitment and retention while also encouraging employee development and greater organizational integration. Based on research conducted in other large organizations, it may take several performance cycles before IC managers and employees believe they have achieved adequate rigor and consistency in the assessment results. Training would be developed to facilitate this process. The IC also agreed to employ numerical ratings and to use a standard scale across all organizations. The IC would develop performance standards for each performance element and published a guide for use across the community. But agencies and elements would also be allowed to embellish these standards where possible to improve acceptance and fit cultural expectations. The IC opted to measure both performance results and behaviors. The initial policy supported a 50/50 weighting. However, beginning with the 2010 cycle, the IC adopted a 60/40 weighting allocation to be applied to performance results and behavior scores respectively.
Intelligence Community Directive 650 (An Umbrella Directive)

DNI McConnell signed ICD 650, *National Intelligence Civilian Compensation Program: Guiding Principles and Framework* on April 28, 2008. This ICD outlined the guiding principles for the National Intelligence Civilian Compensation Program (NICCP). These principles would serve as the foundation of the new framework, and would inform the design, implementation, and administration of the program. Derived from a variety of sources (e.g. OPM guidelines and GAO reports), the NICCP principles were put into place by IC policies and procedures established in three subordinate enabling directives:

- ICD 652, *Occupational Structure for the IC Civilian Workforce*
- ICD 653, *Pay-Setting and Administration Policies for the IC Civilian Workforce*
- ICD 654, *Performance-Based Pay for the IC Civilian Workforce*

In his letter to the IC workforce, McConnell said he was “proud to announce the National Intelligence Civilian Compensation Program, a transformational human capital initiative designed to ensure that we can continue to recruit, reward, and retain the world’s premier intelligence workforce. Under the IC directives that establish the NICCP, the pay of our civilian employees will now be based on performance and labor market. The directives include safeguards to ensure that all performance and pay decisions are fair, transparent, and merit-based.” (DNI Memorandum 5-14-2008)

The multi-agency task force chartered by DNI Negroponte in 2006 to study previous pay reform efforts (both in the IC and across the Federal government) had concluded that it was not only possible to develop a common IC pay system, it was imperative that they do so. Specifically, the task force found that “absent a common, IC-wide approach to
civilian compensation, there was a strong likelihood of dysfunctional inter-agency competition within the IC, as well as significant (and untenable) pay disparities for like occupations.” But because statutory pay authority lay with the departments and independent agencies, a compromise was required. (ODNI/DDNI for Management memo 9-18-2006: 1-2)

The IRTPA authorized the DNI to prescribe personnel policies and programs that enable the IC to recruit, motivate, and retain highly qualified individuals. However, only the departments and independent agencies have the requisite authority to actually do so. Thus with this ICD all of the departments and independent agencies that have the requisite statutory pay authority agreed to implement the program in a manner consistent with these guiding principles. They agreed they would take all appropriate steps to ensure that:

“1. They and their subordinate executives assume personal accountability for complying with the principles and policies of the NICCP; for implementing those principles and policies in their respective compensation and performance management systems; and for holding their subordinate executives and managers accountable for administering those systems in a way that is transparent, merit-based, and free from improper considerations.

2. Milestones are established to certify readiness, track the effectiveness of implementation, and make necessary course corrections. These milestones will include benchmarks to be met and periodic reviews, and each IC component will share their implementation plans and lessons learned with the IC human capital board.

3. Employees are educated on the details of the NICCP, as well as their department or agency’s compensation and performance management systems; they are given the opportunity to provide feedback on those systems; and that their feedback is considered when those systems are developed, implemented, and administered.

4. Adequate aggregate funding is available to:

   a. Implement and administer departmental and/or agency compensation and performance management systems, to include the training of all employees and the establishment of administrative infrastructure support (e.g. information systems).
b. Convert employees from the General Schedule (GS) or equivalent system to the NICCP, and increase the salaries of eligible employees to account for the amount of time accrued toward their next within grade step increase.

c. Ensure that, to the maximum extent practicable, the overall amount allocated for the compensation of IC employees is not less than the relative amount that would otherwise have been allocated had they remained under the GS system.

5. Training is provided to senior executives, managers, supervisors, human resources specialists, and employees on the technical skills and competencies necessary to manage department/agency compensation and performance management systems.

6. The applicable performance management system complies with ICD 651, involves employees in the development of their performance expectations, and requires that those expectations be communicated to employees at the beginning of the evaluation cycle.

7. Senior executives, managers, and supervisors are evaluated on how effectively they manage the performance and compensation of their employees.

8. There is a clear and transparent link between an employee’s annual performance evaluation and that employee’s compensation.

9. Employee rights are protected and avenues are provided for reconsideration and redress, including being able to request reconsideration of their rating (and any resulting compensation actions). Employees will be provided due process in any adverse action involving performance, including an objective and transparent appeals process.

10. The department or agency provides rigorous oversight of the administration of its compensation and performance management systems, including internal review mechanisms to guard against unlawful discrimination and partisan pressures, and other non-merit factors such as cronyism and favoritism; and that provide transparency of merit-based pay and performance management decisions for employees.” (ICD 650 4/28/2008)

In addition, ICD 650 says that the “DNI will designate or establish an executive-level collaborative body to serve as an IC human capital board (HCB), with responsibility for making recommendations” on the implementation and administration of the NICCP. The Board will also perform such other functions as may be specified in the NICCP’s various enabling directives, or on other IC-wide human capital and related matters as needed.

DNI McConnell chose to formally designate the IC Deputies Executive Committee (DEXCOM), chaired by the Principal Deputy Director for National Intelligence, to serve as the IC human capital board. (ICD 651 4-28-2008; DNI Memorandum 4-28-2008)
McConnell ended his letter stating that the NICCP “has the potential to truly transform the IC. It will enable us to reward our employees when they meet or exceed our performance expectations, while ensuring that they keep pace with our competition in the labor market. At the same time, it will help us reinforce the common values and competencies that are central to a ‘culture of collaboration.’ However, as in any change of this magnitude, we are approaching this effort with great care. Employees must see it as fair, credible, transparent, and above all, merit-based, and the IC’s senior leaders have personally committed to ensuring this is the case.” (DNI Memorandum 5-14-2008)

*Intelligence Community Directive 610*

The NIS clearly pointed to the importance of integration and collaboration in the efforts to transform the IC into a higher-performing organization. Human capital management would play an important role in guiding that transformation. Competencies are central to effective human capital management because they provide a common framework through which similar work is recognized and discussed. This framework made it possible for different occupational groups within the IC to collect job related information, develop lists of competencies and tasks, and refine and improve the lists working with subject matter experts (SMEs) and senior leaders. The end product would be a competency directory for mission- and occupation-specific areas.

DNI McConnell signed ICD 610, *Competency Directories for the Intelligence Community Workforce*, on September 1, 2008. ICD 610 established IC-Wide policy for identifying, defining, validating, using, cataloging, and disseminating, as applicable, both
IC-wide and organization-specific competencies. It provided a uniform competency nomenclature to facilitate collaboration and integration. It promulgated a directory of competencies, and required that qualification, training, career development, performance, promotion and other standards for managing IC civilian personnel be derived from these competencies and nomenclature. (ICD 610 9-1-2008)

Competencies are the “measurable or observable knowledge, skills, abilities, behaviors, and other characteristics needed to perform a type of work or function.” Some competencies are “core” in that they “apply universally to all IC employees regardless of agency or element, mission category, occupational group, or work category. Clusters of competencies provide the foundation for the performance elements” established in ICD 651. Work in the IC would be grouped into common types of work: Professional, Technician/Administrative Support, and Supervision Management. The work categories were to be further defined by work levels based on proficiency levels: Basic/Developmental, Full Performance, Advanced, and Expert. Where appropriate, competencies and associated standards could be further defined and anchored with respect to the applicable work category, work level, and proficiency level. (ICD 652 4-28-2008; ICD 610 9-1-2008)

ICD 610 required that IC competency standards “be derived from the established competencies and be developed in accordance with applicable legal, professional, and technical guidelines, such as are found in the Principles for the Validation and Use of Employee Selection Procedures, the Standards for Educational and Psychological Testing, and the Uniform Guidelines for Employees Selection Procedures.” The mission-
and occupation-specific competencies and standards were to be reviewed and approved, and then placed in the Annexes to the ICD (e.g., Collection and Operations, Processing and Exploitation, Analysis and Production, Acquisition, etc.). For example, the competency directory for Acquisition contained the core competencies (i.e., the common IC performance elements) plus professional tradecraft (e.g., Community Budget Process, Federal Acquisition Process, etc.) and subject matter expertise competencies ((e.g., Auditing, Certifications, Test and Evaluation, Systems Engineering, etc.). (ICD 610 9-1-2008; EEOC Procedures 1978; AERA/APA/NCME Standards 1999; SIOP Procedures 2003)

The first step in the approved competency development process was to collect job-related information from the IC (via data call to all 17 organizations) and OPM (information produced by other government agencies). Simultaneously, a list of subject matter experts would be developed to identify participants for the competency development focus groups. Before those groups meet, however, a consolidated list would be compiled from the data call results and prior documentation. Competencies would then be assigned to either core or technical categories. Technical competencies could be further binned into professional tradecraft or subject matter expertise categories. The list would be reviewed and refined with SMEs from across the IC. A validation survey would be performed using a wider group of SMEs. The results would be analyzed, and then a task and competency linkage would be conducted by a group of Industrial/Organizational Psychologists. They would determine the necessity of each competency for performing each task. Any cases where the results showed a weak linkage would be dropped.
Finally, senior leadership in the area covered by the competency directory would review and approve the results.

The eventual goal was to ensure that all occupations across the IC were covered in the competency directory. This work would be updated on an ongoing basis to continue to refine and improve the competencies. The competencies and standards of performance were intended to add credibility to the wide variety of human capital activities, but in particular help to improve the performance evaluations conducted under ICD 651-compliant performance management systems.
CHAPTER FIVE: IMPLEMENTING THE IC’S PERFORMANCE POLICY AND SUPPORTING POLICIES

By September 2008 a critical piece of the policy picture had been completed (see Figure 1 below). With the approval of ICD 610, the ODNI staff had put in place the critical plans (i.e., NIS, SHCP) and policy directives (i.e., ICDs 601, 610, 651, 652, 653, 654) necessary to implement the human capital recommendations of the 9/11 and WMD Commissions. But the heavy lifting associated with implementation had just begun.

Three steps were required: 1) switch over to the new performance management processes defined in ICD 651, 2) convert to the new occupational structure and pay banding policies defined in ICD 652, and 3) link pay to performance as defined in ICDs 650, 653, and 654. The timing for these changes varied according to each organization’s status and planning. The government works on a fiscal year (FY) versus a calendar year (CY) basis.

DNI McConnell’s 2007 memo to all employees announcing ICD 651 emphasized the importance of performance management. McConnell again endorsed performance management when announcing the National Intelligence Civilian Compensation Program (ICD 650) in May 2008. He pointed out that the new directives “include safeguards to ensure that all performance and pay decisions are fair, transparent, and merit-based… It will enable us to reward our employees when they meet or exceed our performance expectations… At the same time, it will help us reinforce those common values and competencies that are central to a culture of collaboration… Employees must see it as
fair, credible, transparent, and above all, merit-based, and the IC’s senior leaders have personally committed to ensuring this is the case.” (DNI Memorandum 5-14-2008)

Organizations should provide ample opportunity to members to comment on the new system. Employee concerns must be addressed by providing explanations, or by making changes to the system, or both. When many employees express similar concerns, making decisions that address these concerns can create a great deal of good will. Marketing is also an important tool for communicating effectively with employees and accomplishing
the change-management work that must be covered to implement a successful new performance management system. (Pulakos 2009: 35-36)

The IC had encountered these same issues in earlier efforts. In the early 2000s, the CIA attempted to move to a new performance-based compensation system. However, the CIA reform effort attempted to move faster than “the concomitant requirement to secure managers and workers comprehension, understanding and acceptance of the change.”

The effort died when CIA employees complained vigorously about it in a letter-writing campaign to Congress, and key Members intervened. In the aftermath, CIA leadership asked the Business Executives for National Security⁹ to review the initiative and find out what went wrong. The panel of 6 members found that “many of the problems… might have been avoided if the program had proceeded more deliberately following extensive communication and up-front training.” (BENS Report 2004: 1-2)

The CIA performance management “panel system did not hold individual managers accountable.” Thus employee appraisals had almost no effect on performance management at the Agency, and performance feedback was frequently late, sporadic or nonexistent. The CIA belatedly “recognized that success in establishing employee confidence in pay-for-performance required a functional performance management process that increased transparency in the evaluation process, improved employee feedback, clearly demonstrated a link to mission and held to a single system with a uniform performance management cycle.” (BENS Report 2004: 11)

⁹ BENS is a national, non-partisan organization of business leaders dedicated to improving the business of national security.
Conversion to ICD 651 Policies and Procedures

The early emphasis was placed on converting as many IC agencies and elements over to the new performance management policies as quickly as possible: the DoD intelligence agencies and elements, all CIA elements, DHS intelligence analyst elements, FBI intelligence analyst elements, and all ODNI elements. These organizations alone employed over 98% of the IC civilian workforce at the time. Those other intelligence elements contained within the domestic Departments (i.e. Justice, Energy, State, and Treasury) were only required to integrate the IC’s new performance elements into their existing performance management program. Initially, all IC organizations agreed to implement ICD 651 and convert over their employees to the new performance management policies and processes by October 1, 2008. However, due to the stresses of fighting wars in Iraq and Afghanistan, the Army and Air Force requested and were granted permission by the Office of the Undersecretary of Defense for Intelligence (OUSD(I)) to slip their conversion date to July-August 2009.\(^\text{10}\) (FY 2008 Annual Report on IC Pay Modernization, December 2008: 6)

Common use communication products were developed for IC-wide dissemination including a suite of fact sheets, a brochure, and a comprehensive briefing on IC pay modernization. Within DoD, however, training materials were developed by OUSD(I) for internal use under the label “Defense Civilian Intelligence Personnel System (DCIPS),” and ODNI worked with OUSD(I) to copy and adapt those materials for wider IC use. Leveraging these materials allowed the rest of the IC to build on DoD’s

\(^\text{10}\) Which also delayed the conversion of the Air Force elements of the National Reconnaissance Office (NRO) workforce.
experience, reduce the duplication of effort, and ensure the timely availability of training for other IC elements. Training materials (i.e. instructor and participant guides) included courses on Driving Performance Through Dialogue, Writing SMART\textsuperscript{11} Objectives, Performance Management for Managers and Supervisors, and Performance Management for Employees. (FY 2008 Annual Report on IC Pay Modernization, December 2008: 12) Work also began on developing training materials for Human Resources (HR) Practitioners and an online guide for developing effective job objectives and self-assessments. ODNI produced two videos: an overview of the new performance management system for employees, and an overview of developing effective performance objectives for supervisors. To accompany the performance objectives video, a Web-Based Tutorial was developed to help supervisors learn to write more effective performance objectives. Finally, planning began on developing a suite of co-branded training materials (video, classroom, workshop, and web-based) to educate the IC workforce on the link between performance and compensation. (FY 2008 Annual Report on IC Pay Modernization, December 2008: 12-14) ODNI converted their civilian employees to the new ICD 651 performance policies on October 1, 2008. Conversion to pay banding for ODNI civilian employees was initially planned for October 1, 2009. The CIA developed different plans for implementation. An enhanced performance appraisal system was introduced in June 2008 satisfying the basic requirements of ICD 651. However, because CIA had encountered issues with its earlier compensation reform efforts, the agency decided to go slow and deal with employee

\textsuperscript{11} SMART is an acronym for Specific, Measurable, Achievable, Relevant, and Time-specific objectives.

The first DoD organization to implement ICD 651 performance management policies was the Defense Intelligence Agency (DIA) in May 2008. Then in September 2008, DIA consolidated over 7,000 varied position descriptions into about 1,600 competency-based descriptions, and moved all its civilian employees into DCIPS pay bands. DIA held over 400 communications events including town hall meetings, briefings, flyers and handbooks for its global workforce. Over 2,500 supervisors and employees took training on performance management and writing SMART objectives. NGA, which had been operating under its own pay banded system for 10 years, made their conversion to the new ICD 651 performance policies and DCIPS pay bands on October 1, 2008. (FY 2008 Annual Report on IC Pay Modernization, December 2008: 6)

Navy/Marine Corps Intelligence converted their IC civilian employees to ICD 651 performance polices on October 1, 2008, and then converted to DCIPS pay bands on November 9, 2008. As mentioned earlier, Air Force and Army Intelligence requested and were granted permission by OUSD(I) to slip their ICD 651 conversion dates to summer 2009 in order to accommodate the pressures of fighting two wars. Army Intelligence and OUSD(I) converted their IC civilian workforce to ICD 651 performance policies and DCIPS pay bands in July 2009, and Air Force Intelligence converted their IC civilian employees to ICD 651 performance policies and DCIPS pay bands in August 2009. The National Reconnaissance Office (NRO) (which is staffed by employees from DoD and CIA) developed a detailed communications plan to explain the various implementation
schedules and milestones of each home organization. (IC Pay Modernization FY 2009 Annual Report, December 2009: 4)

Thus by late FY 2009 over 84 percent of IC civilian employees were being evaluated under ICD 651 performance policies. The IC elements of FBI and DHS had not yet implemented these requirements. DHS focused on adding relevant ICD 651 performance policies and performance elements to its IC employees’ plans (a very small subset of its larger workforce). FBI plans were limited to a small but growing group of civilian employees found in the Intelligence Analyst (GS-0132 IA) occupation. In addition, the remaining small pockets of IC civilian employees in the domestic departments (Energy, Justice, State and Treasury) were given permission to fold the key points of IC performance elements into their existing Department’s performance appraisal system by October 1, 2009. (IC Pay Modernization Annual Report 2010, December 2010: 21-24)

ICD 651 Policy Refinement

IC Pay Modernization was intended to: reinforce and reward excellence as measured by their accomplishments rather than their tenure; strengthen and transform the IC culture by evaluating and rewarding employees on their contribution to those efforts; and establish a ‘level playing field’ through the use of a common compensation system. The common compensation system would support IC-wide integration and collaboration, decrease interagency competition, and support Joint Duty assignments. (IC Pay Modernization FY 2009 Annual Report, December 2009: 3)
Employees would be converted to pay banding (placed in one of 5 possible pay bands) at least one year prior to their first performance based payout so that they would have ample time to demonstrate performance under the new system. In almost all cases, employees would receive a salary increase to compensate them for time served in grade under the prior system. No employee would lose pay as a result of conversion. (IC Pay Modernization FY 2009 Annual Report, December 2009: 8)

Employees would be assigned into pay pools (typically 25 to 75 in a group) and an available pay pool budget established. Pay pools would be determined at the agency level and typically structured by organization, but could further be defined by occupation, pay band, or geographic location. Managers assigned to a specific pay pool panel would determine pay pool decisions, and each panel must be diverse in composition (gender, race, expertise) and the managers aware of each employee’s work. Managers would be required to undergo extensive training prior to serving on a pay pool panel. Pay pool panels could not change an employee’s performance rating or deviate from pay band ranges. (IC Pay Modernization FY 2009 Annual Report, December 2009: 8-9)

ICD 651 established five levels of performance for IC civilians. On March 31, 2009 the Director of the Intelligence Staff (DIS), Lieutenant General John F. Kimmons, USA, issued implementing instructions. The IC would use numerical performance scales calculated in tenths (e.g., 3.6, 4.7, etc.) using standard rounding rules. Those scores would be translated in adjective ratings in the following manner: a score of 4.6 – 5.0 would result in an Outstanding rating; 3.6 – 4.5, Excellent; 2.6 – 3.5, Successful; 2.0 – 2.5, Marginal or Minimally Successful; and 1.0 – 1.9, Unacceptable. For those IC
agencies and elements that choose not to use the optional marginal rating, a score of 1.0 – 2.5 will result in a rating of Unacceptable. (ODNI/DIS Memorandum, 3-31-2009: 1-2)

The Figure below displays the common rating ranges that the IC agreed to adopt in order to facilitate decision-making and make it easier to compare performance results when employees serve on joint duty assignments. Moreover, by October 1, 2009, the “results” component of the performance ratings must count for no less than 60 percent towards the employee’s final summary performance rating (could be waived on a case-by-case basis). (ODNI/DIS Memorandum, 3-31-2009: 1-2)

![Common Rating Ranges](image)

Figure 2: ICD 651 Common Rating Ranges
The pay pool process would begin only after all eligible employees received an annual performance rating. Performance rating disputes would have to be settled first following established guidelines. Employees with performance ratings of 2.6 or higher would be eligible to receive annual pay adjustments consisting of 3 or 4 components: a performance-based pay increase based on their annual rating of record; a base pay increase as approved by Congress and the President; a locality pay increase as determined by the President; and a performance-based bonus based on work accomplishments (optional). Pay pool panels would be given a budget for each of the four types of adjustment prior to deliberations commencing. (IC Pay Modernization FY 2009 Annual Report, December 2009: 9)

Employees who received an annual performance rating of “Unacceptable” would not be eligible for any pay increase, adjustment, or bonus. Employees who received an annual performance rating of “Marginal/Minimally Successful” could be eligible for a portion of the base pay increase and locality pay increase, subject to management discretion. Recommended pay increases would be generated by a mathematical formula. The pay pool panel would then review the recommendations and decide whether to accept, modify, or reject it. If the pay panel decides to change or reject it, the panel must justify the decision in writing. All changes must be merit-based and consistently applied. All pay pool results would be subject to higher-level review and approval. The written justification for any changes would be shared with the employee. (IC Pay Modernization FY 2009 Annual Report, December 2009: 9)
In preparation for the first official performance-based payout, each IC component would be required to conduct a mock pay pool exercise to assess readiness. Conducting mock pay pools would provide managers with a better understanding of the process and an opportunity to refine and improve procedures before conducting the first official performance-based payout. Pay panel results and summary statistics would be provided to each employee, and salary and bonus actions would be implemented simultaneously across and organization through existing payment centers. (IC Pay Modernization FY 2009 Annual Report, December 2009: 9)
CHAPTER SIX: CONGRESS INTERVENES

The DCIPS implementation, by far the largest and most complicated because of the numbers of organizations involved, generated a number of issues. Because of the sheer size of the Defense workforce covered by DCIPS, and the dispersed nature (both by geographical locations and by organizations) of that workforce, a number of logistical problems arose. For example, a number of DCIPS employees were embedded in DoD organizations that were covered by the larger DoD human capital initiative being implemented simultaneously known as the National Security Personnel System. While DCIPS and NSPS shared some common features, there were also many differences. Managers in those organizations with both DCIPS and NSPS employees were initially confused about the differences between the two personnel systems, and the timing of planned events, and this caused considerable employee confusion and concern. OUSD(I) attempted to address these issues with a central DCIPS website, fact sheets, standardized training, and on-site visits. (IC Pay Modernization FY 2009 Annual Report, December 2009: 12-21)

ODNI, where only a few employees had prior experience under a pay for performance system, decided to delay their conversion to ICD 650 compensation policies pending the resolution of DCIPS implementation issues. Since any pay for performance system would require a strong underlying performance management system, they focused instead
on providing training on performance management roles and responsibilities for supervisors and managers. (IC Pay Modernization FY 2009 Annual Report, December 2009: 22-23)

All ODNI supervisors and managers completed this training during FY 2009, which was comprised of three modules on leading (from developing objectives to evaluating performance), roles and responsibilities (who is responsible for doing what), and communicating effectively (driving performance through dialogue). A second phase of the training was developed to help employees manage their career, and help managers lead their organizations throughout the process, develop SMART objectives, calibrate their ratings with other managers, and understand the pay pool processes. (IC Pay Modernization FY 2009 Annual Report, December 2009: 22-23)

CIA likewise delayed their plans to move forward with the new performance pay policies mandated by ICD 650 pending resolution of the DCIPS implementation issues. Also, because of the increasing legislative scrutiny focused on both NSPS and DCIPS, CIA had to address a number of its own employee questions and concerns arising from the related media coverage. CIA leaders conducted a number of well-attended town hall meetings to discuss this topic and address employee concerns. (IC Pay Modernization FY 2009 Annual Report, December 2009: 24-25)

CIA also started an internal review to look at options for creating an Agency-wide bonus and award program, something that was not in use in their organization at the time. The NRO developed a suite of customized web-based and instructor training modules/tools to assist employees, managers, supervisors and human capital practitioners with
understanding the new policies, roles and responsibilities. (IC Pay Modernization FY 2009 Annual Report, December 2009: 24-25)

The National Defense Authorization Act (NDAA) for FY 2010 was signed into law in late October 2009. The NDAA “suspended” the implementation of pay-setting authority for DCIPS, and by extension the IC-wide effort, through December 31, 2010. The legislation required that an independent organization review the operation of DCIPS. In addition, GAO separately reviewed and issued a report on DCIPS implementation. The efforts to convert IC civilian employees to pay banding resulted in an outcry of concern from employees and Congress had reacted by requiring a pause in implementation efforts. (IC Pay Modernization FY 2009 Annual Report, December 2009: i, 2)

Work on refining IC Pay Modernization processes and procedures continued despite the Congressional “suspension” on implementation. The legislation was focused specifically on the Department of Defense pay-setting authority employed under the DCIPS program, but because that program was built upon the foundation of wider policies established by the DNI in ICDs 650 and 651 -- it created both employee and management concerns that spread across the IC. The leadership of CIA and ODNI decided they would continue using ICD 651 performance management policies and requirements, because at that point ICD 651 covered over 90 percent of IC civilian employees and the policies were not at issue. (IC Pay Modernization 2010 Mid-Year Report, June 2010: 3-9)

But they would “pause” CIA and ODNI plans to convert their employees to ICD 650 performance-based pay policies until the DoD issues were resolved (effectively freezing pay-setting actions for most of the IC civilian workforce). The remaining IC civilian
employees were not yet prepared to convert (FBI, DHS, etc.) or those organizations
(State, Treasury, etc.) lacked sufficient legal authority to implement ICD 650 policies.

(IC Pay Modernization 2010 Mid-Year Report, June 2010: 3-9)

The confusion among civilian employees and managers within DoD, CIA, ODNI, and the
rest of the IC was considerable. Only NGA (which had operated its own pay for
performance system under pay-setting rules and authorities established prior to the
creation of ODNI) was able to fully implement the policies of ICDs 650 and 651 for their
performance management and pay cycle for the FY 2009 cycle. Nevertheless, several
DCIPS components (i.e. DIA, the National Security Agency (NSA), Navy, Marine Corps,
and OUSD(I)) were able to successfully use pay pool panels to make employee bonus
decisions. (IC Pay Modernization 2010 Mid-Year Report, June 2010: 3-9)

The Secretary of Defense, in consultation with the DNI and the Director of the Office of
Personnel Management, chose the National Academy of Public Administration to
conduct the independent review of DCIPS. The NAPA panel began its review in January
2010 and submitted its report to the Secretary of Defense and Congress on June 1, 2010.

As FY 2010 began, over 84 percent of IC civilian employees received their 2009
performance cycle ratings based on ICD 651 policies and standards, and nearly 70
percent of those employees had already converted or were planning to convert in October
2009 to the ICD 650 policies for performance-based pay. The NDAA imposed a
temporary suspension of the DoD pay-setting authority until December 31, 2010. (IC Pay
Modernization 2010 Mid-Year Report, June 2010: 3, 9)
The NAPA Study

The NDAA required an independent review and specified that it be focused on four areas:

- DCIPS impact on career progression
- Its appropriateness or inappropriateness in light of the complexities of the workforce affected
- Its sufficiency in terms of providing protections for diversity in promotion and retention of personnel
- The adequacy of training, policy guidelines, and other preparations afforded the transitioning to DCIPS

NAPA was given authority to reach out to the DCIPS workforce and consult with employees and employee organizations on key areas of interest. A series of town hall meetings were organized across Defense components in March and April 2010 for members of the NAPA panel to hear directly from employees. Over one thousand employees chose to participate. The NAPA panel also interviewed senior leaders and reviewed the results of employee surveys and data collected to support NAPA’s efforts. Finally, NAPA established a website where employees could provide their ideas and concerns directly to NAPA staff without interference. (IC Pay Modernization 2010 Mid-Year Report, June 2010: 10)

NAPA submitted its findings and recommendations in a written report, “The Defense Civilian Intelligence Personnel System: An Independent Assessment of Design, Implementation, and Impact,” to the Secretary of Defense and the congressional oversight committees on June 1, 2010. The panel found “no indication that DCIPS is
creating problems related to diversity or fair play. In fact, the Panel concluded there is nothing inherent in the DCIPS design that would lead to negative impacts.” (NAPA Study Report 2010: xii)

The Panel found that the design of DCIPS was fundamentally sound and conformed “to accepted principles for designing performance-based compensations systems, including appropriate equity considerations and internal checks and balances to ensure fairness.” The Panel did identify “a number of areas where improvements can be made, but considers these to be opportunities to further tailor, strengthen, and refine a system that is fundamentally sound, rather than rectifications of fatal design problems.” However, the Panel took issue with the DCIPS implementation, which it described as, “Flawed.” (NAPA Study Report 2010: xii)

In particular, the Panel found that the leadership needed to establish a stronger foundation for change. Leadership in every Defense Intelligence component “must visibly demonstrate that it fully supports the system.” Furthermore, the “leadership must allocate sufficient staff time and other resources to develop a more comprehensive implementation strategy; a stronger system of governance and accountability, clearer messages; and refined business rules, tools and training.” (NAPA Study Report 2010: xii)

The Academy used a wide array of techniques to collect both qualitative and quantitative data from a range of sources. Open forums were held at every DoD intelligence component site to allow employees to express their views. An online dialog tool was created to obtain stakeholder and employee comments. Over 1,800 comments were received. Interviews were conducted with senior officials from every DoD intelligence
component, and two focus groups were held with managers and the Senior Executives, GS-15s, and equivalent levels. A focus group of DoD intelligence component HR managers was held at a DCIPS national conference. Two colloquia were held with subject matter experts from the public and private sectors attending. The study team also collected and reviewed a wide array of related documents and materials related to DCIPS, performance management, and performance-based compensation systems. (NAPA Study Report 2010: 3-4)

The Panel noted that the WMD Commission recommended the DNI establish a central HR authority for the IC, and create a uniform system for performance evaluations and compensation. Earlier OPM evaluations had found that most experimental performance-based pay systems “have produced improvements to agency results-oriented performance culture and the ability to recruit and retain a high-quality workforce.” But linking pay to individual performance also has potentially negative consequences, including undermining teamwork, levels of cooperation, and even relationships among teams within and organization. The Panel quoted William Mercer who said that most performance-based compensations plans “share two attributes: they absorb vast amounts of management time and resources, and they make everybody unhappy.” (NAPA Study Report 2010: 10, 14-15)

The Panel found that the fundamental design of the DCIPS system was transparent and relatively easy to understand. However, it found “some employees have lost confidence and trust in DCIPS because they are unable to obtain answers, or consistent answers, to their questions and concerns. These frustrations have been heightened by the perceived
lack of knowledge demonstrated by their servicing HR staffs, who themselves have been hampered by the lack of clear policies.” (NAPA Study Report 2010: 27-28)

Moreover, the Panel noted that a clear and consistent message about DCIPS goals must be communicated to the workforce, and senior management must reinforce it frequently. OUSD(I) had not accomplished that objective as of the date of the report. In fact, the Panel found that DCIPS was primarily focused on individual performance, at the expense of team, group, or organizational performance measures. The Panel said “DCIPS is aligned with the mission, goals, and objectives of the DoD Intelligence components, but the lack of a process for measuring and rewarding group or team performance is not supportive of the broader IC goal of increased collaboration.” (NAPA Study Report 2010: 28-31)

The Academy, the Merit Systems Protection Board (MSPB), and the GAO are all on record that “a rigorous performance management system is the foundation of an effective performance-based compensation system.” All three also agree that the system must require and enable managers and supervisors to communicate the agency’s goals and values to employees as well as the way that performance will be measured. The Panel found that DCIPS’ performance management system is a strong aspect of its design, and DoD intelligence component managers and employees highlighted it as one of its most positive features. In particular, requiring continuing dialogue between employees and rating officials, and requiring at least one documented mid-point performance discussion with employees were identified as strong features of the system. (NAPA Study Report 2010: 34-35)
However, the Panel found that both managers and employees generally viewed the administrative requirements of DCIPS to be a burden. The Panel believed that “effective performance management should be viewed not as an additional duty, but as an inherent part of a supervisor’s normal duties.” Supervisors need adequate time, tools, training, and resources to execute their responsibilities. But the Panel heard that many supervisors had to deal with competing demands to perform technical, analytical, or operational duties, as well. (NAPA Study Report 2010: 35)

Managers and employees reported that the standard performance elements were “difficult to rate and introduced a high degree of subjectivity into the rating process, with an inappropriate impact on the rating’s final outcome.” Some pointed to the “Personal Leadership and Integrity” performance element as difficult to judge. Others thought it was inappropriate. Some questioned why performance elements were given so much weight (40%) in the evaluation process. The Panel observed that it will be “difficult to gain full acceptance of the performance management system if it retains the performance elements as they are currently structured.” (NAPA Study Report 2010: 39)

Some employees believed that the general standards for summary rating levels are biased toward jobs that directly impact the agency’s intelligence mission. They said descriptions of Successful and higher performance imply that only mission related work warrants higher ratings. For example, an Outstanding rating requires an “extraordinary effect or impact” on mission objectives12, something difficult for a financial manager, human resources specialist, or accountant to achieve. Employees in the Professional and

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12 ODNI staff noted that this requirement is not found in ICD 651. DCIPS added the requirement in question.
Administrative/Technician work categories questioned whether their work could ever be rated at the highest levels since their work doesn’t impact the operational or analytical mission. (NAPA Study Report 2010: 39)

In a 2004 report, an Academy Panel stated that “performance-based compensation systems are designed to conform to ‘equity theory’ – that is, employees perform best if they know their compensation is commensurate with the work they perform and understand how others are compensated.” Employees expect equitable treatment (internal, external, and contribution equity), and their perceptions of the level of equity will affect job satisfaction. The Panel found that “DCIPS successfully balances internal, external/market, and contribution equity, but internal equity could be enhanced by a more structured approach to pay pool compensation to ensure that employees with similar duties, responsibilities and performance ratings are treated equitably.” In particular, the Panel found the policy on structuring pay pools provided too much discretion to components and could result in inconsistent treatment of similarly situated employees. (NAPA Study Report 2010: 41-45)

The Panel established a benchmark measure that a performance-based compensation system would be “well-designed” if it included a process to ensure consistent and fair treatment of employees, particularly with respect to classification, performance evaluations, and payout decisions. They found that DCIPS included such “a set of checks and balances in the performance management and payout processes to ensure fair treatment of all employees.” But they noted that DCIPS lacked a “mechanism to

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challenge pay band decisions and a strong mechanism to hold managers and supervisors accountable for their roles in ensuring fairness and equity.” The panel therefore recommended that, in light of employee concerns about equity and fairness, that additional methods for challenging ratings and pay decisions be added. (NAPA Study Report 2010: 46-47)

The Panel questioned the adequacy of DCIPS funding in a budget-neutral environment, stating that it will only result in a redistribution of available funds, and may not reward the achievements of all deserving employees. It also argued that DCIPS did not include an adequate approach for responding to changes in the broader labor market that could impact compensation equity for DCIPS employees. Finally, it found that DCIPS included a process for ongoing evaluation and refinement, but a formal evaluation policy had not yet been established and was required. (NAPA Study Report 2010: 48-50)

The panel concluded that the DCIPS’ design was fundamentally sound, and incorporated features derived from lessons learned from best practices. However, it recommended that DCIPS finalize their governing policies, improve communication and transparency, and review and assess models for ensuring and rewarding team and organizational performance. It also recommended providing salary enhancements for supervisory and managerial staff who perform a vital role in DCIPS success, review the policy on determining the size and composition of pay pools to ensure fairness, clarify and strengthen guidance for developing performance objectives, and refine and modify performance elements to permit meaningful and appropriate assessments. Essentially, the Panel said the performance management system was sound but could be improved, but
the performance-based compensation system had issues and needed to be improved. (NAPA Study Report 2010: 55-57)

Implementing a single personnel system across multiple organizations represents a fundamental challenge. In DoD, each component has its own mission, reporting chain, cultures, processes, and work products. Any attempt at system-wide change poses major challenges and must be carefully planned and executed by fully committed leadership. DCIPS was not intended to fix a specific “performance problem,” but rather “to achieve greater unity and uniformity in personnel management.” (NAPA Study Report 2010: 59)

Implementation was challenging on several levels, in that it represents a shift from a tenure-based to a performance-based focus in personnel management, and imposes new and additional requirements on day-to-day activities for managers, supervisors and employees for it to be successful. Moreover, the civilian intelligence workforce within the military services (unlike the Defense intelligence agencies) faced unique challenges – the affected workforce is small, the turnover of uniformed supervisors is high, and the supervisors are expected to be knowledgeable of and conversant on the multiple personnel systems affecting their workforces. Finally, the workforce is geographically dispersed around the world. (NAPA Study Report 2010: 59)

The Panel found that leadership engagement on DCIPS implementation across the intelligence components had been inconsistent, and the messaging linking performance management to mission success had been lacking. Agency leaders and senior managers were not being held accountable for DCIPS implementation, and this resulted in inconsistent implementation across intelligence components. There was no central
project management office in the Office of the OUSD(I), and this resulted in an inability to provide adequate oversight. Decisions were not adequately explained to employees, and this made employees distrust the decision-making process and see resulting decisions as unfair. (NAPA Study Report 2010: 62-66)

Open communication is required to provide the workforce with accurate and timely information. The Panel found that DCIPS communications did not provide comprehensive or timely information to the intended audiences. The need for information was not being met. Messaging had been inconsistent and focused on process mechanics rather than tying DCIPS success to mission-related objectives.

Communication with the DCIPS workforce was primarily focused on pushing information out (i.e. stuck on transmit), rather than collecting and considering employee feedback. Key training documents were lacking courses focused on technical features rather than the need for cultural and organizational transformation. (NAPA Study Report 2010: 66-73)

The Panel found that stakeholder involvement in DCIPS development and implementation was limited, ad hoc, or non-existent. GAO and ODNI, which had conducted their own assessments, drew the same conclusions. The Implementation plan lacked milestones for measuring progress and did not sufficiently focus on change management. Moreover, DCIPS implementation began before HR policies, processes and procedures were finalized. This caused contradictory and confusing training and messaging, and frustrated the workforce. DCIPS automated tools were rolled out
prematurely and were difficult to use, causing further frustration. (NAPA Study Report 2010: 75-81)

On the positive side, the Panel found employees support for the concept of aligning individual performance with organizational mission, and they how their performance objectives aligned with their agency’s mission. Nevertheless, perceptions that performance ratings were being manipulated undermined the integrity and credibility of DCIPS. This led some employees to question whether performance ratings accurately reflected their performance. The Panel concluded that employee perceptions of fairness, transparency, and trust had been undercut by questions of DCIPS rating accuracy, opaque processes, inadequate training, and ineffective communications. (NAPA Study Report 2010: 81-89)

The Panel recommended that DoD continue with the implementation of DCIPS by phasing in the “performance-based compensation elements at the remaining components based on readiness-based assessments.” Specifically, among the many recommendations, it said OUSD(I) should: complete and disseminate all governing policies; develop formal change management and communications plans; establish a program management office to oversee DCIPS implementation activities; complete analysis of existing processes and identify follow-on actions; develop mandatory training regimens for supervisors and managers; and hold managers and supervisors regarding their responsibilities under DCIPS. There were 25 specific recommendations made by the panel. (NAPA Study Report 2010: 109-113)
The Secretary of Defense and DNI Take Action

In August 2010, the Secretary of Defense notified Congress that “he had decided not to proceed with the implementing the pay-setting policies” of DCIPS across the Defense Intelligence Enterprise. While the NAPA Study had recommended proceeding with that aspect of DCIPS, congressional members and their staff, and the Chairman of the House Permanent Select Committee on Intelligence (HPSCI) in particular, were not supportive of proceeding with the pay for performance elements. The Secretary decided that only the National Geospatial-Intelligence Agency, with over a decade of experience with pay for performance would continue under DCIPS pay-setting policies. The rest of DoD intelligence personnel would proceed with implementation of only the DCIPS performance management policies and find ways to “drive performance improvement” under the General Schedule (GS)\textsuperscript{14} like system. (DNI Memorandum 9-18-2010: 1)

During the summer of 2010, James R. Clapper, who had been serving as the Undersecretary of Defense for Intelligence, was nominated by the President in May and confirmed by the Senate in August 2010 as the fourth DNI. In a letter to the IC civilian workforce in September 2010, DNI Clapper endorsed the Secretary of Defense’s decision. He said that while he remained a “strong supporter of performance-based pay” and its potential to truly transform the IC, feedback from surveys and employee focus groups found that “we were trying to make the shift… to a pay-for-performance system too quickly.” (DNI Memorandum 9-18-2010: 1-2)

\textsuperscript{14} The Defense Intelligence Enterprise operates under a separate “excepted service” authority but employs many of the General Schedule features.
DNI Clapper wrote, “Accordingly, we will focus our efforts on improving our performance management processes and on looking for intelligent ways to use GS-like incentives” to pay for performance. With that decision, the efforts to implement a modern civilian compensation policy for the rest of the IC (the National Intelligence Civilian Compensation Program) ended. However, the focus on performance improvement would continue. The DNI wrote, “We must leverage our performance management system to achieve organizational results and mission objectives through effective management of individual and team performance.” (DNI Memorandum 9-18-2010: 1-2)
CHAPTER SEVEN: FY2009 PERFORMANCE CYCLE RESULTS

Measurement is fundamentally about assessing change. The IC implemented a program to collect community-wide metrics intended to measure the effectiveness of the DNI’s new human capital policies. ODNI also asked the IC agencies and elements to conduct employee focus groups to evaluate these policies in light of their research into best practices in performance management. The data collection effort focused on six areas:

- Overall IC civilian employee satisfaction (as measured by the annual IC Employee Climate Survey)
- Performance management/program effectiveness (as measured by an Office of Personnel Management appraisal tool modified for IC use)
- Recruitment and retention data, particularly as it applies to skill gap areas
- Exit survey and attrition data
- Participation rates in the Joint Duty Program (and promotion data)
- Employee feedback collected after each performance management cycle

The IC Employee Climate Survey has been conducted every year since 2005. The results include civilian employee satisfaction with IC management policies, quality of leadership and management, and other factors. Employees’ responses are aggregated and reported in terms of satisfaction in five key areas: leadership and knowledge management, results-oriented performance culture, talent management, job satisfaction, and IC transformation.
Each of these measurements produces an index that can gauge the effectiveness of IC human resources policies. But the responses to individual questions add a valuable dimension, particularly when viewed as trend data.

In an effort to establish a baseline against which to measure the impact of ICD 651, the ODNI staff asked the IC agencies and elements with the largest civilian employee populations to fill out a modified survey based heavily on the OPM Performance Appraisal Assessment Tool (PAAT). In fact, the IC’s version (IC-PAAT) contained only minor changes to allow for an unclassified result (e.g., personnel counts were replaced with percent of workforce counts). The tool was designed to track and score the effectiveness of the performance management system as an organization takes steps to improve its effectiveness. It also documents for historical purposes what existed prior to implementing the changes.

The IC-PAAT asked an extensive number of questions captured in 17 different sections (e.g., Coverage, Alignment, Results-Focus, and Credible Measures). A typical report ran 40 pages or more. On the OPM scoring scale, a score of 80 point or higher (100 point scale) would be considered good. The ODNI staff proposed to collect summary data on an annual basis and share it with all IC agencies and elements, with the intention of sharing best practices and eventually adopting a more uniform approach to performance management across the IC. An important feature was the capture of rating distributions among these agencies and elements in order to monitor rating rigor over time.

One goal of a common performance management system was the desire to “enable the IC to recruit, motivate, and retain highly qualified individuals.” We know from research
that voluntary turnover is a choice made by employees. That choice is correlated with overall satisfaction, known expectations, resources, praise, job fit, and caring.

Dissatisfaction is correlated with turnover whenever employees aren’t satisfied: with job-related training, career development support, advancement opportunity; that they are treated as adults, and that their knowledge and expertise is put to good use; that they are kept informed about company matters and changes; and that they are compensated fairly and equitably. (Fitz-enz 2000: 234-237)

Fitz-enz argued “all evidence points to personal relationships as the cornerstone of employee performance. The talented employee depends on the supervisor for guidance, support, and development. Throughout one’s career, the supervisor is the principal route for two-way communications. This person interprets what is happening and what is coming. This person describes how change will affect the employee. This person defends the employee and is the primary channel through which employee ambitions are fulfilled.” (Fitz-enz 2000: 275-276)

The ODNI staff instituted quarterly collection of data via a survey instrument administered on a voluntary basis to retiring and resigning employees. The anonymous survey instrument asks 32 questions dealing with supervisor competence, leadership of the agency, and work opportunities. It also asks about the employee’s perceptions about the agency’s culture, competence of fellow employees, and the competitiveness of pay, leave, insurance, retirement plans, and other employee amenities. The questions are arrayed so that the response scale characterizes these topics as a reason to stay, a reason to leave, or neither. (IC Pay Modernization 2010 Mid-Year Report, June 2010)
The other goal was the desire to “facilitate the rotation of IC employees between IC components and to the ODNI and the national intelligence centers.” The IC Civilian Joint Duty program became a key cornerstone of the IRTPA legislation and efforts to create a culture of collaboration. Under the guidelines of the program, all IC employees would be evaluated under the same performance standards, no matter which of the agencies they serve in. These standards included how well they collaborate, share information, and take integrated action across agency boundaries. (ODNI News Release 9-9-2008: 2)

As mentioned earlier, at the completion of the FY 2009 performance cycle, roughly 84 percent of all IC employees were evaluated against common performance elements, common performance standards, and mission-aligned performance objectives. Employees and managers worked together to align their individual efforts with organizational objectives, and were evaluated against common performance elements that emphasize collaboration, information sharing, and greater overall IC integration. FY 2009 performance ratings were used to inform bonuses and award decisions for over half of the IC civilian workforce. (IC Pay Modernization 2010 Mid-Year Report, June 2010: 9)

**Key Themes**

There were several broad themes captured that cut across all the IC agencies and elements participating in the evaluation. These themes had a significant influence on the success of implementation and the acceptance of the performance management system by employees, managers, and leaders.
The features of the performance management system created by ICD 651 were entirely new to most IC employees. In particular, there were new concepts, terminology, processes, and tools in use. All employees required baseline training on developing performance objectives for themselves, and on writing good self-assessments. For supervisors and managers, they needed training on the new rating levels and criteria, how to make greater distinctions in employee ratings, how to achieve more consistency across raters, writing effective assessments and giving meaningful feedback, and fostering acceptance of the system by employees and peers. (IC Pay Modernization Annual Report 2010, December 2010: 24)

For example, in focus groups one employee observed “…many supervisors are still learning how to use the system to its maximum effectiveness.” Another employee said, “The process of developing, monitoring, and implementing a performance-based culture has been somewhat difficult for the overall organization to accept. However, because the agency has taken the time to include diverse members (i.e., management and employees) in the performance management process, it has achieved a higher level of overall buy-in.”

The shift from a tenure-based culture to a performance-based culture was among the hardest change for managers and employees to overcome. (IC Pay Modernization Annual Report 2010, December 2010: 24)

The first theme flows from the observation that good performance management takes time, especially for the front line supervisor who must be a leader, a coach, and a technical expert. But supervisors’ said learning the new terminology and processes was also time-consuming. They found their new roles - attending mandatory training,
preparing performance plans, providing feedback, and completing and delivering performance appraisals – required a great deal of their time. But they didn’t see any reduction in their technical duties and responsibilities. So while the some of the demands may get easier with practice and training, management needs to focus on workload balance. (IC Pay Modernization Annual Report 2010, December 2010: 25)

Some supervisors skipped updating employee performance plans in order to focus on mission needs. One remarked, “Managers try to use the performance management system to drive outcomes and results. Often managers accomplish this outside of the performance management system because the objectives and priorities change so frequently that it is difficult to keep them up to date within the system.” Another observed, “The benefits of [the new system] must be emphasized rather than the process. Right now most discussions center around the amount of work necessary to support the process.” (IC Pay Modernization Annual Report 2010, December 2010: 25)

Some supervisors were accused of skipping steps, or not doing them well, or not doing them within the required timelines. One particular example was the midterm review, which is required – and yet many employees say doesn’t happen. In the discussion it became clear there were different expectations at work – many employees said they expected a formal midterm review session with supporting documentation, while many supervisors believed that passing comments along should suffice as the “midterm review.” (IC Pay Modernization Annual Report 2010, December 2010: 25)
One employee said, “Supervisors see a strong tie between the theory of [the performance management system] and the agency’s goals.” But because of the “inconsistent cascading of goals and objectives” across the organization, it makes them question if the execution actually matches the theory. Another said, “Organizations write up their goals, but they don’t necessarily follow them. It’s just ‘words’. I don’t know. It is so confusing.” Yet another said, “Written goals were not followed by actions.” Many questioned if the constantly changing nature of the intelligence business was simply too dynamic for such a rigid approach to managing people. (IC Pay Modernization Annual Report 2010, December 2010: 25)

**Issues**

Most employees across the IC said they were actively involved in the development of their performance plans. Nine of eleven participating organizations required employee input into the development of their performance plans, and supervisors and managers across those organizations recognized the importance of collaborating with employees when developing performance plans. Employees who were included tended to view performance management more favorably. Supervisors and employees reported greater alignment between organizational objectives and individual goals in comparison to past practice. However, aligning those organizational objectives and individual goals was reported to be difficult to accomplish in practice. Some agencies and supervisors simply did not have clearly defined goals, and in other cases those goals were not established
early enough to support the annual development of new performance goals. (IC Pay Modernization Annual Report 2010, December 2010: 25-26)

One of the biggest issues reported was the difficulty creating measurable performance objectives. Problematic performance objectives were described as being “unspecific, outdated, or irrelevant.” Some employees stated a desire for more standardized performance objectives across each occupation series. The role of the supervisor in the development of performance objectives was seen as critical, and three factors were cited. First, shorter tenured employees tended to need and get more supervisory attention than their longer tenured peers. Second, employees who had developed a better working relationship with their supervisors would tend to create better performance objectives. Third, supervisors that received clearer guidance from upper management about organizational goals were better prepared to create individual employee performance objectives. (IC Pay Modernization Annual Report 2010, December 2010: 26)

Supervisors were generally supportive of modifying performance plans in response to changes in mission focus, management objectives, and job responsibilities. When there was resistance, it was generally where supervisors perceived that program policies (e.g. DCIPS) were in flux and changing constantly. In those cases, supervisors said that too much time had been devoted to developing plans for the plans to be changed so easily. In some cases, supervisors felt the nature of the work was so fluid that maintaining performance plans was impossible and the return on time invested was negligible. Greater success was reported where: advance training on writing performance objectives was provided; consultants provided feedback on the quality of written performance
objectives; reviewers were employed to oversee the process; a peer process was used to review performance plan quality; supervisors were provided validated content to be used when developing performance plans; and boards were established to review supervisors’ ability to assess employee performance. (IC Pay Modernization Annual Report 2010, December 2010: 26)

The quality and effectiveness of the feedback was dependent of the individual supervisor. Factors that influenced that quality included the supervisor’s workload and their skill in communicating, and the employee’s tenure in the job and the extent to which they sought supervisor feedback. Employees, in general, reported positive experiences with supervisors’ feedback. Some said they had not received such feedback before. Organizations noted that the value placed on feedback increased when it was more specific. Both employees and supervisors said it was important to provide more frequent, informal feedback throughout the year. Employees who were new to the organization, and lower level employees, tended to benefit more from feedback than longer tenured or higher level employees (e.g., GS-14 and 15 level). (IC Pay Modernization Annual Report 2010, December 2010: 26)

The topic of midterm feedback was frequently raised. Some respondents felt that this requirement forced supervisors to provide feedback when they otherwise wouldn’t, and others felt that feedback might be less effective if it occurs only when required. Still others felt midterm reviews might be more effective if supervisors were given more time to devote to them. Feedback was seen as most useful when a problem arises, or when projects/assignments are completed. Feedback is least useful if it is provided “too late for
the employee to make corrections.” Some respondents preferred frequent “mini-appraisals” and one agency noted that providing interim feedback meant fewer surprises at the annual evaluation. (IC Pay Modernization Annual Report 2010, December 2010: 26-27)

The end of one cycle did not always ensure a smooth start for the next performance cycle. Respondents said that there was a time lag between completion of the prior cycle (generally in October) and the start of the new performance cycle (supposed to be finalized in October, but reported to be as late as January). In many cases, the problem was a delay in developing new performance objectives, and reasons given included the burden on finishing up the past cycle and the delay in organizations establishing their new business plan. Others noted that some plans are written in general terms so they won’t require frequent revision, but those general terms make it more difficult for supervisors to write specific individual performance plans. (IC Pay Modernization Annual Report 2010, December 2010: 27)

Respondents expressed widespread concern that supervisors’ were reluctant or unable to provide constructive criticism in their feedback, and generally avoided dealing with poor performers. Reasons given included “a lack of time, a desire to avoid confrontations, an inability to articulate performance outcomes, the permanence of negative feedback in an employee’s record, a perceived lack of organizational support for giving negative feedback, and fear of having a complaint filed against the supervisor.” Generally employees reported that poor performance is ignored, at the expense of employee morale. (IC Pay Modernization Annual Report 2010, December 2010: 27)
They suggested that poor performers should get more frequent performance feedback, poor performance should be better documented, and supervisors should receive more training on providing constructive feedback. Employees expressed a desire for more supervisors coaching and mentoring, particularly with respect to career paths and options. Supervisors’ skill in coaching and mentoring were seen to vary widely, with some providing frequent feedback and career counseling and others doing it very little or not at all. (IC Pay Modernization Annual Report 2010, December 2010: 27)

The performance management cycle completes each year with an assessment of the employees’ work during the year. With the completion of the FY 2009 performance cycle, it became apparent that there was significantly greater rating differentiation in some DoD agencies then was reported in the FY 2008 cycle results, when more than 80 percent of employees were rated in the top 2 categories (i.e., Highly Successful and Outstanding). Many managers interpreted this as a good outcome. However, both supervisors and employees said they struggled with the added workload demands of the new performance system. Supervisors said they found it particularly difficult to distinguish performance levels, and employees who received a lower rating then they had received the previous year indicated they were having difficulty accepting it. (IC Pay Modernization Annual Report 2010, December 2010: 28)

In particular, employees expressed frustration with receiving a Successful rating. The DCIPS results showed that the majority of employees received ratings in the Successful range, and many of those employees had previously received higher ratings of Highly Successful or Outstanding. Many employees said they equated the Successful rating to
receiving a “C” rating in school, or to being “just average.” In focus group sessions, some employees suggested the “Successful” rating be renamed, or eliminated entirely. (IC Pay Modernization Annual Report 2010, December 2010: 28)

Supervisors complained that they had difficulty interpreting what constituted “exceeding” a Successful rating. Because of their uncertainty, they suggested more transparency and visibility be provided into what type of work should be rewarded with a higher rating. Employees saw this as a fairness issue. Half of the employees who responded said their agency should set clear standards for each level of performance associated with a particular criterion. Employees said they were not aware of any set standards governing the performance grading process. Some commented, “Standards are not consistent across managers or pay pools.” One employee said, “The organization might set clear standards; however, do they follow [them]? I don’t know.” (IC Pay Modernization Annual Report 2010, December 2010: 28)

There were very few employees who received a Marginally Successful or Unsuccessful rating in the FY 2009 performance cycle. One possible reason given was that the small numbers of low ratings reflect the difficulties organizations face when dealing with poor performers. Another possible reason offered was the added workload for managers who gave out such ratings. (IC Pay Modernization Annual Report 2010, December 2010: 28)

Once Congress put a stop to the pay setting plans, the IC focused on linking existing rewards (e.g. cash awards, quality step increases, and time-off awards) to performance results. For the FY 2009 performance cycle, IC organizations reported that, in general, individuals earning higher performance ratings received higher awards (number, amount)
than individuals receiving lower ratings. But a variance was noted across IC organizations in the dollar value of awards. The differences were most apparent for the highest performance ratings, and for those awards not specifically linked to annual performance (such as a special act award). (IC Pay Modernization Annual Report 2010, December 2010: 28)

Employee comments in feedback sessions indicate mixed feelings about the adequacy of rewards for performance. Some argued that the General Schedule system does not adequately reward high performers, but others argue that time-off awards, public acknowledgement of exceptional performance, and promotions provide ample alternatives for added recognition. One employee said, “Exceptional Performance Awards and other awards were often given and team meetings or in a public forum with a description of accomplishments. Very rarely were rewards given out without explanation.” (IC Pay Modernization Annual Report 2010, December 2010: 29)

Supervisors and managers are responsible for a wide range of performance management duties, including helping employees develop performance plans and write objectives, advocating employee development, assessing performance, providing feedback, and dealing with poor performers. They also have to complete their own performance plan and objectives. Across the IC, managers and supervisors make up between 9 and 33 percent of the employees in their organization. OPM requires that supervisors’ performance plans include “credible measures” such as quality, quantity, timeliness, and and/or cost-effectiveness. Eight of the 11 organizations responding after the FY 2009 cycle reported they require credible measures in supervisors’ performance plans, and
seven indicated 100 percent of plans included them. Ten of the 11 organizations required that supervisors be held accountable for the performance management of their subordinates. (IC Pay Modernization Annual Report 2010, December 2010: 29)

OPM defines “accountable” as when the agency holds supervisors responsible for ensuring subordinates’ plans are aligned with organizational goals and that the evaluations be “rigorous.” Six of the 11 organizations responding said that 100 percent of their supervisors performance plans met that standard, and three others said 80-99 percent of theirs did. However, in feedback sessions some employees were critical. In one large organization, some employees said that “supervisors do not distinguish between individual performance plans because they copy and paste from one plan to another.” These employees recommended “greater top down management” engagement to ensure the success of the program. In another organization, fewer than half of the employees felt that “managers are held responsible for determining what their direct reports need to accomplish.” (IC Pay Modernization Annual Report 2010, December 2010: 29)

A primary responsibility of supervisors is to move the organizations forward in accomplishing its goals and aligning employee efforts accordingly. After the FY 2009 cycle, only three of 11 organizations said they were using their performance management system to “drive important outcomes and results.” Another said it was doing so “to a degree.” Only five of the 11 organizations said, “leaders make sure all managers have access to training in order to develop their coaching and mentoring skills.” More than 60 percent of employees agreed, “Discussions with my supervisor/team leader about performance are worthwhile.” Employee feedback clearly indicated the amount of time
spent counseling was critical to success. Those who spent less than two hours per year reported seeing little benefit, but those who spent more than two hours per year in counseling saw a strong tie between their objectives and positive performance. (IC Pay Modernization Annual Report 2010, December 2010: 30)

The feedback indicated that as the IC enhanced its implementation of performance management, it could expect to reap rewards from resources invested in improving supervisor competencies. IC organizations reported they planned to continue to develop and deliver training intended to strengthen supervisory skills, particularly those focused on dealing with poor performers, giving constructive feedback, and explaining the reasons for low ratings. As one employee said, “No ‘system’ is immune to the effects of a bad boss.” (IC Pay Modernization Annual Report 2010, December 2010: 31)

IC organizations were also asked about whether they assess individual unit performance and how they communicate the results of those assessments. Eight of the 11 organizations said they had assessed organizational performance, and reported using methods of assessment such as Readiness inspections, Human Resources Information System (HRIS) reports, Gallup surveys, Performance Accountability Reports (PARs), and organizational metrics. Across the IC, 59 percent of Employee Climate Survey respondents agreed with, “Managers review and evaluate the organization’s progress toward meeting its goals and objectives.” But few details were provided about actual unit performance measures, and there was no evidence that actual unit performance factored into individual performance ratings and awards. (IC Pay Modernization Annual Report 2010, December 2010: 31)
IC organizations reported using typical channels to communicate individual unit performance to the organization, such as leaders passing the information through middle managers down to rating officials and supervisors, so that it eventually made its way to the employees. However, when self-scoring themselves on this measure, they reported a score of 6.7 on a 12 point scale in FY 2009, and projected their scores would rise to an average 7.9 in FY 2010. These scores suggested that considerable work remained in these areas. (Fiscal Year 2010 Annual Report on IC Pay Modernization, Dec 2010: 31) Acceptance of performance management system changes is often a slow process. User buy-in, clear leadership support, user-friendly tools and processes, and effective training can aid this process. When surveyed, employees’ answers were widely scattered, with some indicating “universal acceptance” and others describing the system as “burdensome” and “forced upon them.” Clearly, more work was required. (IC Pay Modernization Annual Report 2010, December 2010: 31) A simple strategy for gaining acceptance is employee engagement in the design of the system and the establishment of procedures on how it will function. Ten of the 11 organizations reporting in FY 2009 said their performance management systems were designed with employee input. Nine of the 11 organizations required employee input into the development of their performance plan and its specific objectives. However, only five of the 11 organizations reported that 100 percent of all employees were involved in the performance appraisal process “from the beginning of the year.” (IC Pay Modernization Annual Report 2010, December 2010: 31)
Fifty-one percent of employees surveyed felt that “Employees have a feeling of personal empowerment with respect to work processes,” indicating more work was required to gain acceptance. When asked if “the processes and procedures fit an organizations’ culture” there were mixed results based largely on employee tenure. Employees with less than 5 years of tenure had a greater appetite for the performance management process. They desired more specific, individualized performance objectives and wanted more regular feedback. Longer tenured employees showed less interest. Some respondents saw this a change management issue, “As leaders get more comfortable with the system, they will be more confident in its ability to change and drive mission.” (IC Pay Modernization Annual Report 2010, December 2010: 31)

The level of leadership support varied across the 11 organizations reporting, with some giving high marks for program approval, oversight, and evaluation. Others said, “They had little or no guidance from their leadership.” Processes and tools, which often facilitate system usage and report progress, also saw varied opinions across organizations. Some employees thought the processes were “cumbersome and time consuming,” especially at the end of a performance year. Some said the tools were user friendly, while others said the tools were frustrating and “do not appreciably reduce the time burden… compared to previous systems.” Some of these tools were not yet sufficiently mature enough to be evaluated. Training is a key ingredient for performance system success. The 11 organizations reported “a wide variety of new courses under development, particularly in the area of writing skills.” Some organizations made

**Interim Findings**

Because of the time required to collect and analyze the FY 2009 performance cycle results and capture the feedback, the findings and recommendations of the review were applied to the FY 2011 performance cycle planning and documentation. A major contributor to the timeline was the decision that all results, findings and recommendations would be coordinated with the 11 organizations participating. Those participating organizations actively engaged in developing the findings and agreed with the conclusions. The Findings and Recommendations published in the IC Pay Modernization Annual Report 2010, December 2010 (pages 34-37) follow below:

**Finding 1:** The implementation of ICD 651 has achieved some success in improving performance plans, increasing attention to feedback, addressing the inflated ratings of the legacy appraisal systems, improving organizational oversight, focusing attention on the role of supervisors, and linking award amounts to ratings. Yet challenges remain.

**Recommendations:**
1. Develop or modify communications materials that emphasize the advances made under ICD 651. Tailor the messages, as needed, to individual organizations and/or audiences such as supervisors, employees, leaders, and other stakeholders. Include strategies that are planned or already being implemented to make improvements.
2. Address safeguards that work to ensure fairness, including the rater calibration process, higher-level review, and reconsideration.
3. Continue to invite feedback from stakeholders on both improvements and challenges.

**Finding 2:** The IC agencies and elements, in the first year of implementing ICD 651, have developed innovative responses to challenges.

**Recommendations:**
4. Hold a lessons learned/best practices forum for all IC agencies and elements. Provide opportunities to ask questions and receive input from others who have experience or solutions. Publish the results.
5. Promote the creation of Special Interest Groups that focus on specific issues (challenges) and practices (strategies or responses). Provide the ability for these Special Interest Groups to convene and post findings electronically.
Finding 3: One reason that the performance management demands so much time is the amount of writing required. Many found the writing requirement excessive, particularly at the end of the year. DCIPS policy imposed more extensive documentation requirements that were required by DNI policy.

Recommendations:
6. Ensure that agency and element policies on performance assessment narratives are in line with ICD 651, which requires raters to provide “a narrative justification for the overall summary rating” with additional narratives in a few additional cases: “(1) any summary rating of Outstanding; (2) any summary rating below Successful; and (3) a summary rating of Excellent for performance objectives.”
7. Communicate what documentation is required for midterm and year-end reviews. Indicate that documenting results is more important than quantity.
8. Develop training on effective writing and make it widely available.

Finding 4: Employees and supervisors are challenged by the task of writing SMART performance objectives that are aligned with organizational goals.

Recommendations:
9. Refer employees and supervisors to the performance objectives database for vetted examples of SMART objectives that are IC-specific.
10. Establish review groups to sample performance plans and review objectives with regard to alignment with organizational goals and the quality of SMART objectives. The review groups would sample further, as needed, and provide guidance on how to address any problems. (Note: Such a review is required for completing the IC-PAAT).
11. Expand supervisor training on writing performance objectives; including exercises in tailoring general objectives for the performance plans of individual employees.
12. Consider validating sets of performance objectives by job family.
13. Determine whether the word processing tools or lists of common terms used by some elements are effective in writing performance objectives.

Finding 5: In some cases, supervisors and employees were not able to align individual objectives with organizational goals until agency plans for the coming year were completed. This delay could extend the process of developing performance plans well into the following year.

Recommendation:
14. Complete agency goals for the coming year early enough to allow employees to reflect them in their performance objectives in a timely fashion.

Finding 6: Although many employees and supervisors have found midterm reviews useful, they are not always conducted.

Recommendation:
15. Monitor midterm reviews to ensure they occur in the time frame specified. Use Human Resources Information Systems or other electronic tools to capture these data.

Finding 7: Both supervisors and employees readily admit that providing constructive feedback is difficult and requires skill.

Recommendation:
16. Develop training on giving constructive feedback and the roles of both employees and supervisors in this process. Make it widely available.

Finding 8: Many supervisors are not prepared to act as mentor or coach.

Recommendation:
17. Consider identifying experienced employees who are not supervisors to be mentors or coaches to less-experienced employees.

Finding 9: The IC recognizes that dealing with poor performers is challenging.
Recommendations:
18. Provide supervisors with information they need to deal with poor performers, from the requirement for documentation to approaches to use in counseling sessions. Consider developing a “toolkit” on dealing with poor performers, including regulations to be followed, forms, checklists, and points of contact with the human resources and legal departments.
19. Develop training on the responsibilities and skills for dealing with poor performers, over and above the skills for delivering constructive feedback.

Finding 10: Employees are uncertain about the use of performance standards and whether they are applied fairly and consistently.

Recommendations:
20. Encourage discussions between managers and supervisors concerning rater consistency throughout the year. Apprise managers and supervisors of training and tools to support these discussions.
22. Publicize data on rating distributions and the range and number of bonuses awarded, by performance rating.
23. Analyze ratings annually to identify any potential issues related to fairness.

Finding 11: Feedback on Joint Duty Assignments identified issues across a broad spectrum of performance management processes.

Recommendation:
24. Review the feedback on Joint Duty Assignments; address them starting with the ones most critical to the success of the Joint Duty program.

Finding 12: Some employees were apprehensive about the effect of lower ratings on awards.

Recommendation:
25. Communicate awards policy. Demonstrate how annual results reflect implementation of the policy.

Finding 13: There is some disparity in the way that supervisors view their responsibilities, particularly the amount of time and effort to devote to performance management.

Recommendations:
26. Have those who rate supervisors be clear about holding supervisors accountable for managing employee performance.
27. Emphasize training for supervisors on “soft skills,” especially providing constructive feedback. Make it widely available.
28. Consider restructuring to achieve employee-to-supervisor ratios of 12-to-1 or less so that supervisors have the time they need for effective performance management.

Finding 14: Lack of specificity concerning how unit performance is assessed and linked to rating and reward individual performance suggests opportunities for improvement.

Recommendation:
29. Identify and evaluate the approaches used in the IC to assess unit performance and link the results to rating and rewarding individual performance. Share the most promising methods with the other agencies and elements.

Finding 15: The proposed solutions for many of the issues identified in this report involve training, and IC organizations have already developed an impressive array of courses. Nevertheless some managers see time spent at training as time taken away from the mission.

Recommendations:
30. Capitalize on all available training resources.
31. To fill existing training gaps, review training that the Project Office has prepared. If needed, work with the Project Office to tailor the training to your needs.
32. Share training with others in the IC by means of the website and other electronic platforms.
33. Promote web-based training resources that employees and supervisors can use at their convenience.
34. Communicate to managers the value of performance management for achieving the mission and the role of training to increase its effectiveness.

**Finding 16:** There was a great deal of feedback on the tools that support performance management in the IC.

**Recommendation:**

35. Take advantage of this feedback by sharing it with the managers of those tools.
36. Share challenges, observations, and new requirements for tools with others in the IC to determine if solutions have been identified or to provide input for the development of more efficient, user-friendly tools.

### 7.4 Performance Program Evaluation

The 2009 IC-PAAT indicated important progress had been made implementing a new performance management system across the IC consistent with the principles contained within ICD 651. The variation in implementation across 11 organizations indicated a continued need for collaboration, including sharing lessons learned and celebrating successes. Perceived strengths included: agency oversight of the performance appraisal program, supervisor and manager training, supervisor accountability to employees, and credible measures that applied to both supervisors and employees. Seventy-three percent of employees indicated they had trust and confidence in their supervisors. Eighty-six percent said they knew how their work relates to the agency’s goals and priorities. Eighty-three percent said they were held accountable for achieving results. (IC Pay Modernization Annual Report 2010, December 2010: 38)

But challenges remained in several areas, including: differentiating performance consistently, dealing with poor performance, aligning individual performance plans with organizational goals, incorporating organizational unit performance in individual
performance plans, and assessing and communicating organizational unit performance. Eight of the 11 organizations said it was difficult to assess organizational unit performance and to ensure that it was accurately and appropriately reflected in individual appraisals. While some programs may find it easy to establish good measures of organizational performance, those measures often failed to account for the work of all employees. (IC Pay Modernization Annual Report 2010, December 2010: 38-39)

Only 31 percent of employees agreed that steps were taken to deal with poor performers. Employees expressed widespread concern that organizations had difficulty: identifying poor performers, taking steps to help them improve, shifting them to positions better suited to their skills, or removing them from the workforce. Sixty-two percent said discussions with their supervisor or team lead about performance were worthwhile. But only 29 percent said, “pay raises depend on how well employees perform their jobs.”

The program evaluation concluded that these responses, on the whole, indicate that high performance is “too often not recognized, not rewarded, or both.” (IC Pay Modernization Annual Report 2010, December 2010: 39)

According to congressional commission notes, the main purpose of implementing a new performance management and compensation system was to enhance the overall organizational performance of the IC. The National Intelligence Strategy establishes the missions, goals and objectives assigned to each organization: the basis for accountability. Organization, group, team and individual measures must “cascade” from the NIS. Each component must develop a method for measuring the degree of correlation between organizational performance and individual performance. It would be logical to expect
that an organization of “Outstanding” employees would collectively provide “Outstanding” support. If there is no correlation, then it is reasonable to ask, “Why not?”

(IC Pay Modernization Annual Report 2010, December 2010: 40)

To evaluate the degree of correlation, each IC organization must have a reliable set of measures for both individual and organizational performance, and a method for conducting that assessment over time. In order for the data to be useful, each organization must ensure that their individual performance ratings are calibrated across the organization (i.e., an “Outstanding” performer in one office would obtain the same rating in another office in that organization). The 2009 IC-PAAT results showed that level of sophistication was lacking inside most organizations, and the variation in ratings over the 11 organizations reporting suggested that ratings calibration was also lacking across the IC. (IC Pay Modernization Annual Report 2010, December 2010: 40)

**Joint Duty Program Evaluation**

The IC’s performance-based management initiatives were designed to position the IC workforce for success while also encouraging greater collaboration and information sharing. The Joint Duty program was established to encourage more networking and collaboration. Employees assigned to joint duty typically serve one to three years in an assignment. To encourage volunteers, the IC made serving on a joint duty assignment a prerequisite for entry into the senior ranks. Among the benefits to be gained are a deeper knowledge of and appreciation for the inner workings of another IC organization. Joint duty also helps employees gain a community and enterprise wide perspective, develop
their own cross-organizational networks of friends and colleagues, facilitate information sharing across organizational boundaries, and increase their depth of understanding of IC programs and operations. (IC Pay Modernization Annual Report 2010, December 2010: 41)

The IC’s performance-based programs are critical enablers for joint duty because they make it easier for managers to evaluate those serving on a Joint Duty assignment. Managers are required to use common performance measures (objectives and behaviors) and processes to establish expectations and evaluate and communicate performance results. As of the 2009 cycle, most organizations had implemented common performance and bonus policies. However, problems were reported in two areas: inconsistent rater calibration and difficulties with computer system sharing between organizations and agencies. On the first point, some organizations were accused of being too generous with their ratings, while others were seen as too strict. With respect to computer systems problems, managers reported having difficulty entering Joint Duty performance ratings information into the employee’s home organization HRIS computer system. (IC Pay Modernization Annual Report 2010, December 2010: 41)

**Training Program Evaluation**

Implementing a comprehensive new performance management system across the IC involved a change in culture: changes to how employees and managers communicate with one another, and a host of new administrative duties for employees, supervisors and managers. Each component faced its own set of obstacles. The geographically dispersed
workforces that support the military services and overseas IC agencies had issues with time and distance, and often required enhanced travel budgets. Some larger organizations spent time creating organization-specific training in order to meet their own unique challenges. In the interest of promoting uniformity, ODNI and DoD produced a set of generic training modules that were made available across the IC. (IC Pay Modernization Annual Report 2010, December 2010: 42)

By the end of 2010, in the interest of creating uniformity, a wide set of training modules were in place for use throughout the community:

**Ratings Training**
- Rater Consistency Workshop
- Leadership Training: Rater Consistency
- Employee Training: Rater Consistency Explained
- Training for NICCP Rating Analysis Tool (RAT)
- Training for Rater Consistency Tool (RCT)
- Training for Compensation Workbench
- Avoiding Adverse Impact: Training and Tools for Leaders
- Avoiding Adverse Impact: Training and Tools for Managers
- Gaining Maximum Benefit from the IC Pay Modernization Process: Training for Employees

**Performance Management Training**
- Managing Performance in the US IC
- Understanding Performance Management in the US IC
- Driving Performance Through Dialogue in the US IC

**Performance Objectives Training**
- SMART Performance Objectives
- Writing Performance Objectives, Supplementary Training for Supervisors
- Developing Effective Performance Objectives (supplementary video)
- Overcoming Challenges in Writing Performance Objectives
- How to Write an Effective Self-Report of Accomplishments

Nevertheless, the need for additional training was still mentioned in feedback sessions. These include: the need for delivering “just in time” training so the information was fresh in the minds of employees; comprehensive training for managers and supervisors on how to handle performance discussions with employees; and on suing performance
management to create a more mission-focused enterprise. (IC Pay Modernization Annual Report 2010, December 2010: 43)

Courses under development as of the first quarter of FY 2011 included:

- Writing Effective Accomplishments
- Overview of Performance Management
- Putting Yourself in the Other Person’s Shoes
- Performance Ratings and Narratives
- Performance Coaching and Feedback
- The Formal Feedback Review Session
- The Leadership Message
- Setting Behavioral Performance Expectations (Managing Up)

**Compensation Program Evaluation**

The IC sought to understand how well compensated its employees were in relation to similar occupations in the private sector. A total compensation program must reflect market conditions and provide for flexibility to deal with employee needs and perceptions. Surveys of IC employees show that the compensation must include safeguards to ensure that all performance and pay decisions are fair, transparent and merit-based. Employees said fairness and consistency in pay decisions were more important than the absolute amount of pay they receive. Survey data showed that pay satisfaction had steadily increase over the six year period on 2005 through 2010, rising from 63 to 70 percent over that period. (IC Pay Modernization Annual Report 2010, December 2010: 44)

In 2009, the average salary of a graded IC employee in the Washington metropolitan area was $97,082, which compared closely with $97,683 for similar professional employees in other Federal agencies. IC banded employees average pay was slightly higher at
$100,395. As a community, the IC did not conduct salary surveys but did make comparisons to Bureau of Labor Statistic data and commercial compensation survey data.

Market-based compensation and supplemental payments for most IC occupations were determined by OPM, and appeared to be adequate from a recruiting and employee retention perspective. (IC Pay Modernization Annual Report 2010, December 2010: 44)

Except for some mission critical occupations, IC recruitment centers reported no problems attracting highly qualified candidates to vacant community positions. Data from agency applicant pools and job fair participation rates substantiate these reports. Average attrition was very low over the 2006-2010 timeframe and was at 3.9 percent at the time of the report. Exit surveys administered on a rolling basis indicated pay was not a major factor in the decision to leave. The top 3 reasons given for leaving were: 1) availability of career advancement opportunities, 2) the result of organizational change, and 3) effectiveness of senior leadership and management in leading the agency. The top 3 reasons for staying were: 1) leave (annual and sick), 2) retirement plans, and 3) insurance (health, dental, life, etc.). (IC Pay Modernization Annual Report 2010, December 2010: 45)

**Workforce Engagement Program Evaluation**

In response to the NAPA panels recommendations, the DoD intelligence components implemented a broad action plan focused on communications, change management, and training. CIA and ODNI likewise studied the NAPA report and made changes to their own plans. By gathering and analyzing employee feedback, these organizations were
able to gauge workforce attitudes. DCIPS employees indicated several areas of performance management were well received. For example, 70 percent said they understood what they were expected to accomplish during the rating period. Seventy-one percent said their supervisor knows and understands what they do. (IC Pay Modernization Annual Report 2010, December 2010: 48-49)

However, the reporting also showed several cautionary signals. Only 36 percent believed the DCIPS performance management system contributed to improved accomplishment of their work unit’s objectives. Even worse, only 23 percent said they were satisfied with the training they received on DCIPS. This feedback helped drive DoD and ODNI to identify key themes and messages to be delivered to IC employees through a variety of communications mechanisms, including: emails from leadership, video/print/internet messaging, and town hall meetings. (IC Pay Modernization Annual Report 2010, December 2010: 51-52)
CHAPTER EIGHT: FY2010 PERFORMANCE CYCLE RESULTS

By the fall of 2010, all of the major IC elements (ODNI, CIA, the Defense intelligence agencies, the Service intelligence activities – ten total) had completed at least one full cycle and most had completed two performance management cycles under the new policies. These elements employed well over 90 percent of all IC civilian employees. The remaining IC civilian employees worked in one of the domestic Departments (Energy, Homeland Security, Justice, State and Treasury) and were requested to incorporate key IC performance element and objective requirements into their existing Departmental performance management systems. A number of key themes and issues were identified across the IC enterprise.

Key Themes

The percent of supervisors varied by organization across the IC. OUSD(I), which is a small oversight organization, reported the lowest percentage (5 percent), while DIA reported the highest (22 percent). The remaining organizations were clustered between NGA (15 percent) and CIA (21 percent). The nature of the work performed no doubt influenced how these elements were organized, but the key point here is that the new performance management system imposed significantly greater workload on all supervisors. So the efforts to make the transition to the new performance management
system, while also maintaining high-level performance goals for each organization, proved stressful for most supervisors. Both supervisors and employees complained that developing the written performance elements and objectives, providing and receiving midterm feedback, and writing and delivering annual performance evaluations took a greater amount of their time than previously and adversely impacted their ability to perform other assigned duties. (ODNI IC-PAAT 2010 Cycle Reports, September 2011)

All ten elements reported that they used all of the 5 rating levels available to them (Outstanding, Excellent, Successful, Minimally Successful/Marginal, and Unacceptable). However, in practice the number of employees who were rated in the final two categories was very small. None of the organizations had more than 0.90 percent in these two categories combined, and two had no employees rated in these two categories. The period of performance generally ran from October to September, but three organizations (NSA, DIA, and CIA) reported using rolling windows (e.g., Aug-Jul, Sep-Aug, Oct-Sep) in order to spread the workload out over the year and lessen the impact. (ODNI IC-PAAT 2010 Cycle Reports, September 2011)

All ten elements reported they were linking employee ratings to performance elements and objectives. However, most had not yet made the link between individual objectives to organizational objectives. Of those who had made the link, the highest was Air Force (100 percent), with NGA (87 percent), Army (80 percent), and OUSD(I) (55 percent) in that order. No other organization reported a linkage above 20 percent. The reporting was conducted by actual reviews following OPM’s approved sampling percentages, or by inferring from the results of an IC-wide study conducted to look at ways to increase the
linkage between individual and organizational objectives. Five IC organizations (NGA, NSA, OUSD(I), ODNI and CIA) had senior officials conduct these reviews. (ODNI IC-PAAT 2010 Cycle Reports, September 2011)

Drawing from the IC-wide Employee Climate Survey results, 87 percent said they understood how their work related to their organization’s goals and priorities (e.g. Strategic Plan). Seventy-seven percent said the workforce has the knowledge and skills required to accomplish organization goals, but only 64 percent said their managers regularly communicated the goals and priorities of the organization. Moreover, only 59 percent said that their immediate supervisor sets and revises SMART objectives as needed during the performance year. The elements reported they would focus on training to increase these accountability links. (ODNI IC-PAAT 2010 Cycle Reports, September 2011)

A key goal of the new performance management system was to increase the amount of collaboration between IC employees across the community. Seventy-one percent of managers and supervisors said their work is improved when they collaborate with other IC colleagues. Sixty-seven percent of employees said their work is improved when they collaborate with other IC colleagues. But only 56 percent said they were rewarded for providing high-quality services and products to their customers. (ODNI IC-PAAT 2010 Cycle Reports, September 2011)

Relatively few employees requested formal reconsideration of their performance appraisals, with almost all elements reporting less than 1 percent (ODNI reported 2 percent). In each element, some but not all employees won their appeal. The use of cash
awards was common in every IC element, with a low of 31 percent receiving cash awards in the Marine Corps intelligence activity to a high of 78 percent receiving cash awards at NSA. As a general rule, the intelligence agencies had funded higher award budgets than the Service intelligence activities. Overall, the awards ranged from a low of $50 to a high of $25,000, though not all awards were based on performance (i.e. special act awards). Awards given on the higher end of the scale typically required Agency Director level approval. (ODNI IC-PAAT 2010 Cycle Reports, September 2011)

Poor performers were typically dealt with as soon as a problem was recognized, and many elements placed these employees on formally documented Performance Improvement Plans (PIPs). Many also included the opportunity for training, mentoring, coaching, and reassignment. Interestingly, there was a difference of opinion among employees and supervisors as to how often this happens. Only 37 percent of employees said steps are taken to deal with a poor performer, whereas 53 percent of managers and supervisors said steps are taken. Eighty-three percent of employees said they were held accountable for results, whereas 86 percent of managers and supervisors said they were held accountable. (ODNI IC-PAAT 2010 Cycle Reports, September 2011)

**Issues**

One of the major areas of concern that surfaced during this performance cycle was the variation in ratings profiles seen across the IC. IC component heads were told in ICD 651 they could provide guidance to ensure “rating levels and general standards are applied strictly and consistently across the organization.” But they were also prohibited
from imposing “fixed numeric or percentage limitations of any rating level or levels” (see G.6.f), which was added into the ICD to prohibit the use of rating curves or profiles. However, nothing was said about rating differences between organizations. (ICD 651 2007: 11)

The results reported from the 2010 rating cycle showed significant differences. Outstanding ratings averaged from a low of one percent up to a high 34 percent of the employees across organizations. Excellent ratings averaged from a low of 41 percent to a high of 55 percent of the employees in an organization. Successful ratings averaged from a low of 19 percent up to a high of 53 percent in an organization. Naturally, those organizations giving out relatively few Outstanding ratings thought those organizations giving out many more were simply too generous (i.e., easy graders), and vice versa (i.e., hard graders). Not withstanding these different viewpoints, these organizations were internally consistent even if some employees were disgruntled. The real rub showed up when Joint Duty Assignment ratings were shared between organizations operating with different rating philosophies. The solution recommended and discussed most often was to pursue rater consistency training. (ODNI IC-PAAT 2010 Cycle Reports, September 2011)

Another area of general concern revolved around the timely exchange of information on Joint Duty Assignment participants. Some organizations complained that performance reports were submitted in the wrong formats, were reported much later in the process than required by the home organization, and the employees were rated much higher or lower than the write-up would suggest was appropriate. They also reported difficulty
communicating with supervisors in other organizations, and confusion about who was on an official Joint Duty Assignment versus an unofficial agreement. Finally, the security requirements imposed by some agencies made it virtually impossible for a supervisor in one organization to enter a performance rating into the employee’s home organization Human Resources Information System, causing more work for all involved. (ODNI IC-PAAT 2010 Cycle Reports, September 2011)

Once an agreement was made that an employee deserved a bonus, getting it paid proved difficult as well. Some employees waited months or even years to receive the promised bonus funds, and some actually never received a bonus due to confusion in finance offices over how to pay bonuses across organizations. In other cases, both the home and gaining organization paid a bonus to a single employee, or neither did. Joint agency working groups were established to monitor and resolve these issues, and senior leadership in ODNI began to keep a watchful eye over these problems until they were resolved. (ODNI IC-PAAT 2010 Cycle Reports, September 2011)

Finally, receiving formal midterm feedback varied across organizations. Despite the fact that it was a mandatory requirement for all employees, the reporting varied by organization, with somewhere between 35 and 100 percent of employees saying they actually they received midterm feedback. Similarly, the number of employees reporting that midterm feedback was delivered on time ranged from a low of 19 percent to a high of 100 percent. More generally, only 62 percent said discussions with their supervisors on performance were worthwhile. On the positive side, all but one of the elements reported that they had started using HRIS computers to actually track the completion of
key steps in the performance management process. As a result, nearly all employees, managers and supervisors reported they had been involved in setting their own performance plans. (ODNI IC-PAAT 2010 Cycle Reports, September 2011)
CHAPTER NINE: THE PHASE II NAPA STUDY REPORT

The Secretary of Defense’s decision to halt further expansion of the pay-for-performance aspects of DCIPS came with a commitment to Congress that he would implement the Academy Panel’s recommendations for improving the effectiveness of its performance management system and ensure the equity and fairness of awards and bonuses. The Secretary’s Action Plan directed that DoD would: complete and disseminate all governing DCIPS policies; prepare and publish comprehensive change management and communication plans; establish a program office within OUSD(I) with overall responsibility for the implementation of DCIPS; implement improvements in the design of the DCIPS performance management system and supporting tools; and continue with plans to ensure equity and fairness in performance management and NGA payouts.

Though pay for performance was no longer a key feature of DCIPS, the Secretary’s decision to retain performance-based awards, bonuses, and Quality Step Increase (QSI) awards as part of the program design was an acknowledgement that the desire to create a performance-based culture was not totally abandoned. (NAPA DCIPS Phase 2 Report 2011: 17-18, 22)

As a follow-on to the first study, the OUSD(I) engaged the Academy to perform an independent verification and validation of the evolution of DCIPS. The original intent was for the Academy Panel, lead by Donald F. Kettl, to validate that DCIPS was a
comprehensive, mission-supporting human resources system. But the Panel concluded that would not be possible because so many foundational policies were still under development. Instead, the Panel focused on six areas for review, and relied on the Academy’s Standards for a Certified Assessment of Human Resources System (CAHRS) to conduct their review. The Panel found that taken together, the actions underway demonstrated a significant amount of progress, including publishing an updated Change Management Plan, publishing several updated policy volumes, conducting a joint DoD/DNI project to develop new competency-based classification standards, and conducting a comprehensive review of the performance management system (elements, plans, and training). (NAPA DCIPS Phase 2 Report 2011: ix-x, 25, 39)

Change Management, Communication, and Training

The Panel found that while the Change Management Plan showed steady improvement since the initial review, it did not “yet provide a compelling ‘case for change’ linking DCIPS to the overarching goal of encouraging greater communication, collaboration, and information sharing.” However, the Panel found that there were strong and well-designed communications and training strategies in place to engage and inform the workforce. In particular, the Panel recommended that DoD leaders be engaged as champions and spokespersons for the system, and that they make create a compelling case for using the new performance management system to foster greater collaboration and information sharing across the IC. (NAPA DCIPS Phase 2 Report 2011: xiii-xiv)
In response to the Academy’s Phase 1 findings, and concerns raised by GAO, the DCIPS program executive scheduled a series of worldwide site visits in the second half of 2010. There were 36 town hall meetings and 58 focus sessions held with a diverse group of managers, supervisors and employees from 10 DoD components located in the National Capital Area and around the globe. A number of common themes were captured and used to generate specific action items related to the performance management system, training, and communication. The Panel saw these visits as a positive step forward in engaging employees, and the results were communicated back to the workforce. The key message communicated to employees was that the entire workforce had to embrace DCIPS as a tool to help managers and employees create a culture founded on integration, collaboration, and performance in support of US national security. (NAPA DCIPS Phase 2 Report 2011: 38)

**Policies**

The Panel found solid progress had been made revising the full range of performance management policies. However, there were critical gaps identified including insufficient policy support for creating and sustaining a performance culture. The Panel found that the goal of building a performance culture was not well understood by the workforce. In addition, the Panel recommended DoD improve and expand policies supporting greater collaboration, communication, and information sharing. The Panel said there was a widespread perception that DCIPS is “just an HR system” fueled in part by the fact that HR practitioners played a central role in communications and had been the primary
The Panel recommended that key leaders be enlisted as champions of DCIPS and act as conduits of workforce feedback to DoD leadership. (NAPA DCIPS Phase 2 Report 2011: xiv, 45-47)

The Panel argued that a key cornerstone of any effort to create a strong performance culture would include greater emphasis on recognizing and rewarding group, team, and organizational performance achievement. It would also include expanding DCIPS policies that support the IC goals of improving information sharing, collaboration, and teamwork in support of the overarching mission. Although it found some components had mechanisms in place to recognize team and group achievement, the Panel found no overarching policy framework was in place to encourage and recognize such performance. The Panel provided OUSD(I) a detailed research and concept paper that highlighted successful programs in place in other federal agencies. (NAPA DCIPS Phase 2 Report 2011: 54)

**Evaluation/Performance Measures**

The Panel was pleased with the DCIPS evaluation framework and the commitment DoD made to establish a formal, on-going evaluation program that features periodic assessment. But the Panel expressed concern that the evaluation process could become both mechanical and resource-intensive. In fact, they expressed concern that DCIPS was focused on collecting extensive data that could prove of little value in efforts to assess the extent to which the performance management system was contributing to the accomplishment of the intelligence mission. The Panel recommended that the evaluation
program be focused more broadly on assessing the degree to which the human capital program was meeting the policy objectives of the DNI and the Secretary of Defense. (NAPA DCIPS Phase 2 Report 2011: xiv)

The Panel recommended that OUSD(I) focus the evaluation program more broadly on assessing the impact of DCIPS on the DoD intelligence mission, rather than the existing preoccupation with ratings distribution (by organization, work types, and levels), promotion rates, reassignment rates, Unacceptable ratings, and Outstanding ratings. It also argued that a greater emphasis should be placed on providing adequate resources to conduct the annual DCIPS program evaluation plan. If a fully developed DCIPS evaluation program proved too difficult to fund, then the Panel said OUSD(I) should initiate special purpose and ad-hoc evaluations focused on emerging, high-priority workforce issues and key human capital goals. (NAPA DCIPS Phase 2 Report 2011: 58, 61)

**Performance Management System**

The Panel found that “notable progress has been made in streamlining documentation requirements; improving automated tools; and redesigning performance management training for managers, supervisors, and employees.” It was pleased to note that specific training courses were under development to address gaps in “soft skills” that are critically needed to strengthen supervisors’ ability to carry out their performance management responsibilities. But the Panel reiterated it’s earlier criticism that the performance management system “lacks a strong, clear approach for rewarding group, team, and organizational performance” in ways that foster increased communication, collaboration
and information sharing. While the tools were in place for rewarding groups, the Panel felt DoD leaders needed to make it a priority to develop stronger policy support for recognizing and rewarding team, group and organizational performance. (NAPA DCIPS Phase 2 Report 2011: xiv-xv)

The Panel also expressed concerns about the amount of time required to prepare the narrative documentation supporting employee performance ratings. The Panel said it supported OUSD(I) efforts to streamline the system by allowing the use of a single narrative statement to describe employee performance against both their performance objectives and elements, believing that relief from this burden would allow supervisors to focus instead on employee engagement and provide feedback to support improvements in individual performance. But ultimately, the Panel argued that OUSD(I) needed to shift the focus from process improvement to changing behaviors that are necessary to create a strong performance culture. (NAPA DCIPS Phase 2 Report 2011: 64-68)

**Equity Analysis**

The Panel found the performance management policies were properly aligned with Merit System Principles and found no evidence of Prohibited Personnel Practices in Title 5 U.S. Code (sections 2301-2302). However, the Panel found that analysis of performance ratings and payouts from 2009 and 2010 showed there were disparities that merited further review and monitoring. Additionally, the Panel expressed support for plans to strengthen the design of the employee perception survey as a tool to more rigorously engage and shape employee perspectives. The Panel recommended that DoD investigate
the cause of the disparities, share those finding with the workforce, and craft an action plan to resolve them. (NAPA DCIPS Phase 2 Review June 2011: xv)

The Panel review focused on three key aspects: policies established for ensuring fair treatment, the evaluation of performance ratings and payouts, and an assessment of workforce views of equity. The Panel found no issue with DCIPS policies established for ensuring fair treatment, but expressed concern that the federated structure of DCIPS could lead to inconsistencies at the local level (e.g., grievance and appeals processes) that required greater oversight to ensure equity. The evaluation of ratings and payouts showed some areas for concern, including disparities among African American employees and employees with targeted disabilities, particularly in lower pay grades and in support occupations that required further study. Employee perceptions of inequity continued to persist across the enterprise, particularly with respect to the system’s processes for reconsideration, appeals, and grievances. The Panel recommended OUSD(I) continue to monitor these areas and consider improving its ability to collect more specific insights into employee’s perceptions through surveys and focus groups. (NAPA DCIPS Phase 2 Report 2011: 73-75)

Compensation Structure

DoD’s decision to move away from the band-like compensation structure lowered the importance of this topic, and the Panel decided this topic required less management attention. DoD had started working with ODNI to create a set of competency-based classification standards (within the existing occupational structure) to provide a
framework for skills-based progression within and between work levels. The Panel recommended DoD focus on defining what constitutes the Full Performance Level for Professional positions, which was a source of considerable concern for employees. This issue had the potential to create perceptions of inequitable treatment, and adversely impact employee perceptions of DCIPS fairness and equity. The Panel also recommended that OUSD(I) resolve the ongoing confusion in policy that allowed GS-13 (or equivalent) level work to be assigned at either the Full Performance (Level 2) or Senior (Level 3) work levels. These issues directly impact employee perceptions and serve to undermine their trust and confidence in DCIPS. (NAPA DCIPS Phase 2 Report 2011: xv-viv, 79-80)
Human capital challenges are especially significant for intelligence organizations – because they must be accomplished while simultaneously maintaining a consistently high level of support to the nation. The IC’s performance management transformation effort is particularly noteworthy because of the scale and complexity involved in pursuing a course of greater integration, collaboration, and information sharing among seventeen vastly different organizations spread out over six Departments and two independent agencies. The full impact of the changes was concentrated on ten IC elements\(^\text{15}\): the Defense Intelligence elements (Air Force Intelligence, Army Intelligence, DIA, Marine Corps Intelligence, NGA, NSA, NRO, and Navy Intelligence), CIA, and ODNI. The other six IC elements\(^\text{16}\) were required to integrate some but not all of the ICD 651 policy requirements into their existing performance management policies. This concession was made because those elements had small numbers of employees embedded within much larger Departments (each of which had their own unique performance system and culture). This concession is consistent with Long and Franklin’s (2004: 317) view that “a one-size-fits-all approach to implementation is not suitable” since each organization will face both common challenges and their own unique set of challenges.

\(^{15}\) Representing well over 90 percent of the IC’s civilian employees.

\(^{16}\) DHS’s Coast Guard Intelligence, DHS’s Office of Intelligence and Analysis, DEA’s Office of National Security Intelligence, Energy’s Office of Intelligence and Counter Intelligence, FBI’s National Security Branch, State’s Bureau of Intelligence and Research, and Treasury’s Office of Intelligence and Analysis. (Source: www.dni.gov Retrieved on 4/3/15)
How can large-scale organizational change be effectively accomplished? One begins by focusing on identifying and creating newly desired behaviors and habits. Over time, these new behaviors will start to shape the pathways of the brain. In the IC, where new mental maps are constantly being formed in reaction to our adversaries, the only way to sustain enough focus, attention, and momentum on performance management is to make it a daily priority. The pace of activity and the evolution of threats are so pervasive that many employees adopt a crisis mentality – constantly distracted by and surging to the next issue or threat. IC employees often see performance management as an “additional duty or requirement” imposed on them from above, rather than a tool that can facilitate their individual and collective success.

A common problem reported by all ten participating elements has been getting managers, supervisors and employees to embrace the new performance management system as their own system. Many believe that it is “just” another Human Resources program. That lack of ownership undermines the effectiveness of the program, particularly when managers and supervisors are unable to answer simple questions about how the program works, and what the benefits will be derived from proper and timely execution of the required steps. A lack of execution similarly works to undermine success. Because of this, the IC has been forced to conduct additional training, installing automated computer tracking systems to ensure timely execution of steps, and rely on constant reinforcement of messaging by top leaders to ensure its success. Leaders make a big impact when they remind employees and managers that they support the program - eliciting attention that might otherwise be lost. Positive feedback can also play a key role. Some of the most
successful change management initiatives have this principle embedded in them. (Rock and Schwartz 2006: 78-79; The McKinsey Quarterly July 2008)

David Rock and Jeffrey Schwartz (2006: 72-73) argue, “organizational change is unexpectedly difficult because it provokes sensations of physiological discomfort.” Change is hard because humans have a limited ability to absorb new lessons in their “working memory” (i.e. the holding area of the brain). This limitation can only be overcome by repetition. When the new behaviors are repeated often enough they become routine, familiar activity. Organizational change is also hard because human brains have evolved a strong ability to detect “errors” (i.e. mismatches between expectation and actuality), creating strong emotional reactions and causing people to act more impulsively. Even when they know their reaction is wrong, it takes a strong will to overcome the negative response. The brain sends out powerful messages that something isn’t right. The capacity for higher thought is lost. The desired change becomes harder to implement.

We saw earlier in Chapter 3 that Moynihan and Landuyt (2009: 1097) argue public sector organizations learn in both structural and cultural ways. High-performing organizations typically include a culture that stresses the importance of achievement and success, supported by the view that “this is the way we do things around here.” The IC had sixteen different “ways of doing things” prior to IRTPA’s passage. The focus on local performance was acceptable because it was continually reinforced. Each IC agency or element’s created a local “performance culture” among its employees. After IRTPA’s passage, changing to a new “IC performance culture” introduced anxiety and discomfort
for those who felt less comfortable or disadvantaged by the new IC policy changes. (Risher and Fay 2007: 30) IC employees who felt threatened complained first to their immediate supervisors, and then to their leaders, and some ultimately took their complaints to the Congressional staffs of the intelligence oversight committees. While these complaints did not end the performance management policy changes, they did effectively stop the compensation reform policy changes. So we see confirmation of structuration theory – to succeed the new policies needed to address both structural and cultural issues raised by employees.

One problem with the new IC performance management system is that it forces supervisors to rethink how they approach their jobs. Supervisors need new skills such as coaching and mentoring in order to succeed. Another important issue revolves around who takes ownership. The IC’s performance management system framework (i.e., policies, practices, systems) will not be the primary driver of improved performance. That will only come from improved management practices: clearly stated goals and strategies, regular communication and feedback, locally empowered decision-making, outspoken executive champions, a culture of excellence, and flexible processes and employees. How these management practices are bundled and sold to the workforce makes all the difference in the results. (Risher and Fay 2007: 26)

This Chapter will focus on analysis of the data collected by ODNI and NAPA during their reviews of the first three years of implementation of the new IC policy on performance management. As Thompson (2000: 519) noted “Broad, top-down directives appropriate to the macro-context… are not appropriate where change is directed at the
more micro elements of administration such as those that characterized reinvention.”

Long and Franklin (2004: 310) note that top-down directives often prohibit “the
flexibility that a bottom-up approach fosters.”

**Setting the IC’s Goals and Priorities**

An important observation taken from the reviews conducted after 9/11 was that the IC
generally and its agencies and elements in particular did not operate on a common set of
goals and priorities. In fact, the WMD Commission wrote that the IC was “not truly a
community at all, but rather a loose confederation of 15 separate entities. These entities
too often act independently of each other.” They said the IC was “not so much poorly
managed as unmanaged.” (WMD Commission Report 2005: 312-316) A successful
performance management system must be aligned with and supportive of the
organization’s specific direction, goals, objectives and priorities. Otherwise, competing
and conflicting priorities will emerge.

Largely because of those reports, the early ODNI leadership focused on establishing clear
and unambiguous guidance that could be used by IC agencies and elements to develop
their own strategic plans. ODNI leadership also put an emphasis on building consensus,
which took longer but yielded a more acceptable product. Goals and objectives taken
from the National Security Strategy were flowed into IC specific goals and objectives
(i.e., the National Intelligence Strategy). The NIS goals and objectives were then flowed
down into organizational and individual action plans. Priorities were developed into the
National Intelligence Priority Framework (NIPF), which is reviewed and revised annually
and approved by the President. Similarly, the IC’s Strategic Human Capital Plan was derived from the NIS.

The data show there was a far more effective and comprehensive emphasis by top leaders on this priority when compared to effectiveness at the lower levels. As the IC’s goals and priorities were filtered down into the agencies and elements, questions arose about those priorities and some of the senior leadership logic and reasoning were lost in translation. The unfortunate reality is that lofty leadership goals and priorities are often hard to translate into meaningful objectives for staff and support positions. In addition, some employees reported after the FY 2009 performance cycle that delays in finalizing agency-level plans for the performance year had impacted their own ability to develop and align their individual performance objectives with agency plans. One can easily envision how small delays in finalizing the President’s NIPF in August might ultimately result in months of delays in cascading objectives down to a working level office. Getting your “marching orders for the year” three or more months into a performance cycle would make accomplishing your tasks in nine versus twelve months far more difficult to achieve. Fortunately, the data also shows that management did recognize this problem and it led to more timely development and dissemination of plans in subsequent years.

An effective performance management system requires that employees and managers accept it, believe it is worth their time, and are motivated to use it. Research also clearly shows that success ultimately depends on top leadership support for the program. It is unwise to proceed with implementation of a new performance management system that lacks senior leadership support. Leaders must regularly communicate their support for
the program personally via emails, videos, and appearances. They must model effective performance management practices with their direct reports. All managers must be evaluated on how well (e.g. effectiveness and timeliness) they conduct the performance management steps with their employees. (Pulakos 2009: 30-31)

The IC has conducted an Employee Survey every year since 2005. The survey questions can change over time, but they are designed to capture civilian employee satisfaction with

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**Figure 3: Goals and Priorities**

The workforce has the **job-relevant** knowledge and skills necessary to accomplish organizational goals.

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17 Percent Responding Positively to Selected Survey Questions on the IC Employee Climate Survey.
IC management policies, the quality of leadership and management, and other important factors. The data here show a mixed picture. Leadership at the DNI level was consistently strong but it was more problematic at the agency and element levels. Reporting in DoD elements indicated that some leaders, supervisors and Human Resources professionals struggled to explain and defend the new policies. NAPA found in its initial review that DoD had implemented DCIPS without having finalized many of its own policies. When NAPA returned to conduct the second phase of its review, many of those policies still hadn’t been finalized. It is very hard for leaders, supervisors and Human Resources professionals to defend policies that have not yet been finalized. The IC has been recognized every year since 2009 by the Partnership for Public Service (PPS) as one of the Best Places to Work (top 10 ranking) in the Federal Government - Large Agencies Category (>40,000 employees). It was ranked fourth overall among its peers in 2014. Rankings are based on the data from the Federal Human Capital Survey, which the Office of Personnel Management administers, and the IC incorporates those questions into its annual survey. To maintain confidentiality, the IC currently conducts its own internal surveys each year and then reports the aggregated data to PPS. (ODNI News Release 5-20-2015; PPS, http://bestplacetowork.org/BPTW/rankings/overall/large retrieved on 7-20-2015)

The data shown in Figure 3 is drawn from the IC Pay Modernization reports. Individual employee responses are aggregated, assessed and reported in each survey in terms of satisfaction in five key areas: leadership and knowledge management, results-oriented performance culture, talent management, job satisfaction, and IC transformation. Each of
these measurements produces an index that can gauge the effectiveness of IC human resources policies. Responses to individual questions add a valuable dimension, particularly when viewed as trend data. A move of +/- 3 points is statistically significant. As a general rule, the IC results held steady or trended positively when compared to the results of the 2005 survey. During the period of conversion to the new performance management system (2005-2011), some of the survey results were very good. For example, in the 2011 survey, 88 percent of employees responded positively to the statement “The people I work with cooperate to get the work done.” Eighty-eight percent said, “The work I do is important” and 86 percent agreed, “I know how my work relates to the agency’s goals and priorities.” Eighty-one percent responded positively to the statement “I like the kind of work I do” and 76 percent agreed, “My work gives me a feeling of accomplishment.” These scores reflect positively on IC leadership efforts to clearly communicate goals and priorities to employees. Sixty-two percent said, “Employees are recognized for providing high quality products and services to customers” which was eleven percentage points better than the average score on the Federal Survey.

Figure 3 also shows growing employee recognition and awareness of the goals and priorities of the IC, and the importance of those goals and priorities to their own organization. The survey question “Managers review and evaluate the organization’s progress toward meeting its goals and objectives” rose by five percentage points from 2005 to 2011. In 2006, the IC added the survey question “Managers communicate the goals and priorities of the organization” and a greater emphasis was placed on discussing
this topic with employees. As a result, responses rose by four percentage points in two years to 64 percent and then held steady over the period. Nevertheless, a surprising 17 percent responded negatively to this statement, leaving many managers with the opinion that additional emphasis was required. As mentioned earlier, it is possible this reflects the reported employee frustration with delays in receiving goals and priorities as they slowly filtered down to each organizational level. But there were also reports that some offices could not readily identify with the goals and priorities provided to them, leaving them disenfranchised and forced to make up their own. As Bianchi and Rivenbark (2012: 516) noted “It is not uncommon for operational objectives to be defined merely as activity descriptions rather than measurable objectives and outcomes.”

More significant improvements were seen on responses to other questions. For example, 76 percent of employees responded positively (a rise of eight percent) to the statement “The workforce has the job-relevant knowledge and skills necessary to accomplish organizational goals.” In the same year, fifty percent responded positively to the statement “My work unit is able to retain people with the right skills,” a rise of six percentage points during the seven years reported. Also in 2011, 56 percent responded positively to “My work unit is able to recruit people with the right skills” and 57 percent said, “The skill level in my work unit has improved in the past year.”

Employee retention is a somewhat controversial topic in IC offices. Supervisors typically want to hold onto their best performing employees. Yet it is undeniable that employees need to have the freedom to move around to grow in their career and take on more challenging and rewarding assignments. Indeed, the whole concept behind Joint Duty
Assignments is that both the employee and the organization benefits from having well-rounded employees who are aware of the bigger picture and familiar with the skill and expertise each IC element provides. But many IC supervisors, while supporting Joint Duty Assignments in principle, did not want their best performers to leave for a more pragmatic reason – it would hurt their office’s (and by extension their own) performance in the short term.

**Implementing the New Performance Management Policies**

ICD 651 performance management policies were developed by ODNI in coordination with the IC elements over a period of two and one half years. During that period of development, a considerable amount of time and effort was spent discussing and negotiating the various aspects of the new performance management system. The design was intended to be congruent with IC goals, and measure progress in terms of achieving organizational performance objectives and widespread adoption of the performance behaviors desired. Employees would be measured both on what they accomplished and how they accomplished it. Protections were built into these processes in an effort to ensure the ratings would be fair and accurate. After several rounds of agency review, the ICD was signed into effect in late November 2007 by the second DNI, J. Michael McConnell.

As mentioned earlier, changing the culture of any large institution or organization requires a significant undertaking, involving a tremendous investment of time, effort, and resources. GAO reports that successful major human capital change initiatives in large
organizations can often take 5 to 7 years to take effect. The IC’s plan to emphasize the widespread sharing of intelligence, and abandon its historical focus on “need to know” intelligence compartmentation, represents a major cultural shift. These transformations are normally neither quick nor easy, and they can be more difficult when faced with intelligence leaks. The data collected clearly indicate that the shift to the new performance management policies represented a significant struggle for many leaders, supervisors, HR professionals, and employees. The data also show that both time and additional training can help the assimilation process.

In contrast to the time spent on designing the new performance management system, the implementation phase was very short. It began almost immediately after the ICD was signed. Many of the larger IC elements moved their employees into the new system in time for the FY 2009 performance cycle, which started in October 2008 (a mere 10 months later). Based on the NAPA report findings, it is clear that the IC rushed to implement these new policies, and repeated the mistake made by CIA in its earlier compensation reform efforts in 2004. The rush to implement ICD 651 performance management system policies left many managers and HR professionals unprepared in the face of employee questions and concerns. When employees have questions, they turn to their immediate supervisor for answers. If supervisors are unable answer those questions, for are unable to obtain solid answers within a reasonable timeframe, frustration and concern begins to grow.

Further complicating matters, the IC leadership decided to implement the “pay-for-performance” compensation policies in ICD 650 (and related ICDs 652, 653, and 654) at
the end of the FY2010 performance cycle. The two efforts (performance management and pay-for-performance) were moving so fast that many policies simply didn’t exist yet, or were only partially developed. Many of the managers and most of the employees simply didn’t understand the new terminology and couldn’t explain it. In the absence of managerial answers, employee rumors filled the void. The idea that a new performance management system, one that managers and HR professionals couldn’t adequately explain, would be used to determine pay decisions caused an outcry of complaints that eventually caught Congressional staff attention. Congress then hit the pause button with the FY2010 National Defense Authorization Act. The IC efforts to implement a new pay-for-performance system encountered a very formidable foe: the Chairman of the House Permanent Select Committee on Intelligence. Himself a former federal employee, Chairman Reyes made clear to DoD and ODNI officials that, regardless of the outcome of the NAPA study, he would steadfastly oppose expansion of the IC pay-for-performance program beyond NGA. He would only allow NGA to proceed with those changes simply because it already had experience operating under a pre-existing pay-for-performance program. His resistance ultimately led the Secretary of Defense and the DNI to halt plans to implement ICD 650 policies for the rest of the IC.

Employees and managers can be convinced to support a new performance management system, particularly if it can be shown that the new system will yield fairer results and more equitable outcomes. One way to do this would have been to allow employee groups (e.g. an employee council) the opportunity to provide input into the design of the system, and to participate in pilot testing. Unfortunately, this was approach was considered but
not implemented by ODNI because it would add significant time delays to the policy
development process. Instead, ODNI relied on HR representatives from each of the IC
agencies and elements to help guide the design. Organizations can also ensure more
effective implementation through well-executed training, coaching and facilitation
efforts. Due to the speed of implementation, those training programs were not in place at
the start. They were ultimately implemented, and through a process of refinement, did
make a significant contribution to greater acceptance of the new performance
management system. Finally, the new system must also be a fit with the organization’s
culture and its appetite for performance management. Any system that is too burdensome
to administer will quickly engender negative attitudes among employees and managers,
and will likely die of its own weight during implementation. (Pulakos 2009: 34-35)

Despite the early problems, progress was made. The most significant changes over the
last seven years have come in the development and delivery of improved training to help
managers, human resource professionals, and employees understand the policies, process
and procedures. IC elements have also developed and deployed improved and easier to
use HRIS tools that can facilitate timely execution of the required steps, and also monitor
and report when milestones are missed. This allows managers the opportunity to stay on
top of issues as they arise. Furthermore, the collection of post performance cycle data
and feedback loop into future performance cycles has helped immeasurably to focus
management efforts to refine and improve the processes and procedures. As the NAPA
Phase II Report found, the policies were solid but in the early years the DoD
implementation encountered numerous issues.
Continuity of Leadership

Continuity of leadership is a major factor contributing to organizational stability. It becomes doubly important when implementing a significant organizational change. In January 2009, President Obama assumed office and he appointed the third DNI, Dennis C. Blair. ODNI senior leaders and their closest staff had turned over at a rapid rate in the first four years. But a change in administrations usually brings with it an all-new leadership team and a new agenda, and this time was no different. In fact, IC leadership didn’t actually stabilize until the appointment of fourth DNI, James R. Clapper in August 2010, who remains in office as of this dissertation. Whereas the IC had three DNI’s from 2005 to 2010, it has only had one DNI from 2010 to 2015.

With completion of the 2010 performance cycle, the IC had implemented the major changes associated with the new performance management system policy, and the community settled into a period of continuous review and adjustment. DNI Clapper regularly emphasized the importance of integration, collaboration and excellence in his IC workforce messages, as seen in the following quote taken from the NAPA Phase II Report. “In my nearly 50 years in intelligence, never have I seen a more remarkable example of focused integration, seamless collaboration, and sheer professional magnificence as was demonstrated by the Intelligence Community in the ultimate demise of Osama bin Laden. The careful, diligent work of CIA, NGA, and NSA was simply incredible.” (NAPA DCIPS Phase 2 Report 2011: iii)

Progress was noted in a number of areas. Detailed data collection and analysis conducted by IC HR professionals and their contractors resulted in the creation of better tools and
improved training. For example, a study was launched to identify the best examples of performance objectives taken from performance appraisals sampled from across the community. The resulting lists of excellent performance objectives were shared with employees and supervisors. They could use them as a reference, or copy them, or modify them where appropriate. This helped make the process of selection easier and faster for both employees and supervisors. Working with examples vetted by experts improved their confidence in the new system.

Figure 4: Sharing and Collaboration
Complaints about rater consistency persist. This has proven to be an issue, not only with employees, but also with supervisors. It boils down to a fairness issue. Ratings are used to determine bonus awards and promotions. Comparable work should earn a similar rating. The IC launched an effort to collect key performance standards, sorted by occupation and pay level, to make it easier for supervisors and employees to understand what was required for an employee to achieve a Successful, Excellent, and Outstanding rating. Having a standard provided as a basis for comparison should make it easier to discuss the issues and achieve greater rater consistency within and across organizations. But the variations in rating distributions across the community suggest that different rating scales continue to be used.

**Instilling a Shared Sense of Community**

As shown in Figure 4, 55 percent of IC employees said, “I feel a shared sense of community (i.e., shared mission and values) with other employees across the IC,” an increase of eight percentage points in six years. There were similar increases in three other survey questions. Seventy-one percent of IC employees said, “My work products are improved when I can collaborate with colleagues from other IC agencies or components,” a jump of 11 percentage points. Eighty-two percent responded positively to the statement “I have the opportunity to work directly with members of other IC agencies and components when necessary,” a surprisingly large and encouraging increase of 21 percentage points over six years. Similarly, 83 percent of employees agreed, “Our mission depends on IC agencies and components sharing knowledge and collaborating.”
Perhaps even more encouraging is the fact that only four percent responded negatively to that statement.

The results reported in Figure 4 show that IC employees, supervisors and managers clearly heard and understood the message from Congress, the President, and the American people that sharing information and collaborating with IC colleagues was a high priority. As of 2011, 68 percent said, “My supervisor emphasizes collaboration and information sharing with other IC agencies or components.” Moreover, 83 percent said, “Employees in my work unit share job knowledge with each other.” These results suggest that IC Transformation efforts have been largely successful and that the goal of greater information sharing and collaboration was within reach.

However, it is not clear these changes can be credited entirely to the new performance management system policies, since the increases happened before or during implementation. Instead, the credit may more likely go to prominent publications (i.e., the National Intelligence Strategy, the Strategic Human Capital Plan, various IC Directives), DNI letters to the IC workforce, and senior leader messaging and emphasis within the agencies and elements. IC leadership reinforced this messaging by then asking employees their opinions about it annually on the IC Employee Climate Survey, essentially saying “pay attention, this is important” to us. The performance management policies further reinforced the message by codifying the rules and procedures in the documentation and training that followed.
Instilling a Performance Culture

The survey results on Performance Management are not as consistently or uniformly positive, and the results could be a cause for concern. In 2011, sixty-seven percent of employees said, “My performance appraisal is a fair reflection of my performance,” a decline of three percentage points over the seven years of reporting. Fifteen percent responded negatively to the statement. Nevertheless, these results were largely consistent with the Federal Survey averages. As noted earlier, Moynihan and Landuyt (2009: 1097) have argued that public sector organizations learn in both structural and cultural ways (i.e., Giddens’ structuration theory). While the IC has implemented a new performance management structure, the theory suggests additional efforts must be made to ensure that the cultural learning also occurs. Since ICD 651 was essentially a top-down DNI policy initiative, it may require more time for the key elements of the policy to be assimilated into each agency or element’s performance culture.

Forty-three percent said, “In my work unit, differences in performance are recognized in a meaningful way.” Twenty-seven percent responded negatively to the statement. Employee responses to that question held consistently steady throughout the period. Nevertheless, these results were seven percentage points higher than the Federal Survey average (36 percent positive). We know from research that employees must clearly understand what they are expected to accomplish, and that those performance expectations must be set by supervisors in consultation with their employees. Furthermore, performance criteria and standards should be known in advance and
consistently applied across the organization - so that similar performances result in the same rating. (Risher and Fay 2007: 16-17)

Figure 5: Performance Management

Thirty-seven percent (an increase of four percentage points) responded positively to the statement, “In my work unit, steps are taken to deal with a poor performer who cannot or will not improve.” These results were six points higher than the Federal Survey average score of 31 percent positive, but are nevertheless disappointing. High performing organizations consistently provide feedback to correct poor performance and reinforce
good performance. Solving individual performance problems can lead to improved overall organizational performance, where every member of the team is pulling in the same direction. Ideally, multiple mini-appraisals are provided at regular intervals, containing specific and actionable feedback, so that course corrections are quick and year-end surprises are kept to a minimum. (Risher and Fay 2007: 16-17)

Only 61 percent agreed, “In my most recent performance appraisal, I understood what I had to do to be rated at different performance levels (e.g., Fully Successful, Outstanding).” That was a decline of three percentage points since 2008, and was seven points lower than the Federal Survey average score of 68 percent positive. A closer look at the 2008-2009 performance management data explains this statistically significant drop. During those years, the leaders of several IC elements imposed more rigorous
standards on employee ratings. Unfortunately, this effort to impose more rigorous scoring criteria was a local agency decision, and was not uniformly implemented across the IC.

![Figure 7: NSA Ratings Shift (2008-2009)](image)

The guidance did not come from ODNI. Confusion ensued, and employees in the impacted agencies complained loudly in focus groups. As shown below, the ratings profiles of NGA and NSA were shifted decidedly to the right, with many fewer employees being rated Outstanding or Excellent in the FY 2009 performance cycle when compared to the FY 2008 results. The Service intelligence centers, which were dealing with NSPS related problems, encountered similar issues.

There are several problems with logic behind these changes. First, the performance management process is “intended to clarify what employees are expected to accomplish
and to help them understand how their efforts contribute to the organization’s mission.”

The end of year ratings should be a “scorecard” with no surprises. The purpose of the appraisal form is to document the results and conclusions. There should be a high correlation between staff performance ratings and the organization’s goal achievements.

(Risher and Fay 2007: 14-15) In the examples above, a substantial portion of each agency’s employees were given ratings that were substantially below their previous year’s rating. The most striking shift occurred among employees who were rated Excellent in 2008 but were rated Successful in 2009. The data collected show these employees were very surprised and unhappy.

Yet the agencies involved did not report a commensurate drop in their collective performance. Employees argued that their agency leadership had imposed a new grading curve – essentially violating a cultural understanding of what it meant to be rated Successful. Agency leaders argued past measures simply had been too lenient. The point here is not to take sides, but to observe that it should not have come as a surprise to employees: performance expectations should have been clearly communicated upfront at the start of the performance cycle. The declines in 2009 survey results shown in Figure 5 would appear to indicate that this communication either did not happen, or didn’t happen consistently across the organization.

Second, as reported in Chapter 7, many DCIPS employees expressed frustration with receiving a Successful rating, which they equated with receiving a “C” rating in school. To many, this meant they were “almost failing.” Many of the employees equated a Successful rating with being “just average,” which they said was insulting. They may be
suffering from “illusory superiority” but it does raise an interesting question: why use terminology that is insulting to your employees? In focus groups, some employees suggested the Successful rating be renamed, or eliminated entirely. As reported in Chapter 8, the variation in ratings profiles across agencies and elements adds to the confusion. Successful ratings across the IC ranged from a low of 19 percent of the workforce to a high of 53 percent of the workforce in various agencies and elements. It also raises questions about whether these ratings can be reliably used to compare employee performance across agencies and elements. Finally, it suggests that more effort should be devoted to calibrating ratings across offices, and across agencies and elements.

**Facilitating Joint Duty Assignments**

One of the two goals underlying the ODNI efforts to establish a common approach to performance management across the community was the desire to “facilitate the rotation of IC employees between IC components and to the ODNI and the national intelligence centers.” IRTPA empowered the DNI to create a Joint Duty program to help remove or reduce institutional, cultural and organizational barriers that impede IC operational success. The Civilian Joint Duty program defined by ICD 601 became a key cornerstone of the IC effort to create a culture of collaboration, and its importance was recognized by the Harvard University’s Kennedy School of Government (Ash Institute for Democratic Governance and Innovation) as one of six winners of the coveted 2008 Innovations in American Government Award. The press release noted, “Under the guidelines of the Joint Duty program, all Intelligence Community employees are evaluated under the same
performance standards, no matter which of the 16 agencies they may serve. Such standards include how well they collaborate, share information, and take integrated action across agency boundaries.” (ODNI News Release 9-9-2008)

In its 2012 review, GAO found than all IC elements except one (U.S. Coast guard) were participating in the program and IC elements generally viewed the program as beneficial. IC officials cited “enhanced collaboration, increased networking, and a better understanding of the community as a whole” as benefits of the program. The IC Civilian Joint Duty Program included a number of operational metrics designed to allow ODNI staff to evaluate its overall progress, but GAO recommended ODNI develop a comprehensive strategic framework for the program including “establishing performance goals, developing quantifiable metrics for measuring progress toward achieving performance goals, determining financial resources necessary to accomplish the mission of the program, using performance information and metrics to make decisions to improve the program, and communicating results effectively with each of the IC elements.” (GAO Report 12-679 2012: 9-23)

Joint Duty program is now eight years old. On an annual basis, over 3000 IC employees serve on joint duty qualifying assignments of between 12 and 36 months duration in other IC agencies or elements. In addition to external assignments, over 2000 serve on internal assignments that were approved for joint duty credit (i.e., where the employee obtains experience with community processes and missions while remaining in their ‘home’ organization). Over 5000 employees were granted retroactive joint duty credit for earlier service within the community. The highest-level IC leadership positions (Senior
Executive/Professional Tiers 1, 2 and 3) require Joint Duty service as a prerequisite for selection. Only a few senior positions across the IC have received a waiver from this requirement. Joint Duty promotion rates in the middle management and technical ranks at the IC’s largest agencies (GS13-15, Pay Bands 3-5) are comparable to promotion rates for non-Joint Duty qualified applicants.

In general, the performance management policies in ICD 651 have helped to facilitate Joint Duty Assignments. But issues have been raised and addressed over the past eight years. For example, smaller IC elements have requested reimbursement or replacement for employees sent out on Joint Duty Assignments. These offices argue that because they are so small or have such limited funding, allowing their employees to participate can adversely impact organizational performance. A more significant issue has surfaced around rating rigor. Disputes about ratings that are inconsistent with the practices of the employing agency are common, particularly if the employee assignment is to an organization with higher average performance rating scores. Problems passing ratings in a timely manner between supervisors, and differences in matching rating formats, have been reported. Finally, disputes about bonuses have occurred, particularly around the bonus amounts (too little, too excessive) or about who pays for them (should be the gaining organization). All of these issues are tracked and resolved.

**Personnel Recruitment and Retention**

The other goal underlying the ODNI efforts to establish a common approach to performance management across the community was the desire to “enable the IC to
recruit, motivate, and retain highly qualified individuals for the effective conduct of intelligence activities.” The ODNI staff estimates that over 50 percent of IC employees today were hired since the terrorist attacks of September 11, 2001. Agencies have consistently reported the recruiting pipeline is full. In the early part of the past decade, a desire to serve the country was a significant motivating factor among recruits. However, with the US economy experiencing high unemployment in the 2008-2012 timeframe, the opportunity for steady government employment also made the IC a popular option for potential recruits. Even the imposition of the Congressional Sequestration cap did not significantly alter recruiting results.

There is clearly a relationship between IC recruiting and retention efforts and the larger macro variables in the economy that weigh on those recruitment and retention policies and practices. The unemployment rate, inflation/deflation, anticipated pay budgets, and promotion rates all influence how IC employees react to IC pay programs, and how competitive those programs are at recruiting and retaining the best employees. One important indicator of employee satisfaction and a useful predictor of future employee replacement costs is organizational attrition. While some turnover is to be expected and even encouraged, the rate of turnover does impact organizational efficiency and effectiveness. The overall IC attrition rate has hovered at or below 4 percent over the past 10 years, which is a positive outcome.

The demographics of the IC workforce indicate there are two large clusters of employee groups, with a gap in between. From 1992 to 2001, the IC experienced a period of reduced hiring and increased attrition. This was brought about by a robust economy and
the “peace dividend” collected at the end of the Cold War. Today, most IC agencies and elements report a relative shortage of employees with 15 to 29 years of IC experience, and projections indicate employees with 30 or more years of service will soon begin to retire/leave federal service.

We know from Gallup’s research that voluntary turnover is a choice made by employees based on overall satisfaction, known expectations, resources, praise, job fit, and caring. Similarly, employee productivity is correlated with those items plus recognition, caring, mentoring, importance/contribution, coworker commitment, and opportunity for advancement. The Saratoga Institute conducted over 70,000 interviews and found that dissatisfaction was correlated with turnover when employees aren’t satisfied with things like job-related training, career development support, and advancement opportunity. Employees want to be treated as adults, to see that their knowledge and expertise is put to good use, that they are kept informed, and that they are compensated fairly and equitably. (Fitz-enz 2000: 234-237)

The ODNI staff conducts quarterly collection of data via a survey instrument administered on a voluntary basis to retiring and resigning employees. The survey instrument is anonymous, and all data is reported only in high-level summaries. The survey asks 32 questions dealing with supervisor competence, leadership of the agency, and work opportunities. It also asks about the employee’s perceptions about the agency’s culture, competence of fellow employees, and the competitiveness of pay, leave, insurance, retirement plans, and other employee amenities. The questions are arrayed so
that the response scale characterizes these topics as a reason to stay, a reason to leave, or neither. (IC Pay Modernization Annual Report 2010: 45-46)

In 2009, the ODNI staff reviewed over 1,000 exit survey responses from eleven IC organizations, which were collected on a rolling basis. Demographically, 42 percent were 50 years or older, 34 percent were between 30 and 49 years old, and 24 percent were 28 years old or younger. Most of respondents were resigning (56 percent versus 44 percent retiring). About half (50 percent) of those resigning were moving to another federal agency (many were going to another IC agency). The top five reasons for leaving were (1) availability of career advancement opportunities, (2) the result or likely result of organizational change (e.g., restructuring, reorganizing) (3) the effectiveness od senior leadership and management in leading the agency, (4) the match/mismatch between their skills and their job duties, and (5) the managerial competence of their direct supervisor. Only a small number of employees said they would not consider returning to the IC. Pay was not a factor in leaving. (IC Pay Modernization Annual Report 2010: 45-46)

**Group Recognition**

In its Phase 2 Report on DCIPS, the NAPA Panel argued that a key cornerstone of any effort to create a strong performance culture would include greater emphasis on recognizing and rewarding group, team, and organizational performance achievement. It would also include expanding DCIPS policies that support the IC goals of improving information sharing, collaboration, and teamwork in support of the overarching mission. Although it found some components had mechanisms in place to recognize team and
group achievement, the Panel found no overarching policy framework was in place to encourage and recognize such performance. (NAPA DCIPS Phase 2 Report 2011: 54)

The DNI holds a quarterly awards ceremony to recognize team and group achievement. An awards panel staffed by community representatives evaluates the nominations against a rigorous set of standards, and the DNI personally presents the awards to the winners. Though the awards are typically honorary and do not include any financial compensation, these awards are highly sought and greatly coveted across the IC. In addition, each of the IC agencies and elements provide for Special Act Awards that can be given to groups, and can include financial compensation or time off awards. In the summer of 2010, the IC Chief Human Capital Officer (CHCO) Council declined to undertake a proposed study into ways to create stronger links between individual and organizational success. The prevailing sentiment among Council members was that such a study was unnecessary. Evaluating how well employees perform in a group or team setting remains an unrealized opportunity for the IC. But expecting supervisors to be able to evaluate how well an employee functions in a group setting, particularly when these groups may be comprised of employees from across the community, may be a tall order. The IC leadership may want to explore 360-degree or peer feedback surveys to supplement supervisory evaluations. Those employees who score high on performance behaviors such as information sharing, collaboration, and teamwork could be singled out for financial and/or honorary recognition.
CHAPTER ELEVEN: POLICY IMPLICATIONS AND RECOMMENDATIONS

Changing the culture of the IC is a significant undertaking, involving a tremendous investment of time, effort, and resources, and with the intent of achieving defined goals and objectives. This dissertation has explored several important research questions using the data sources available. The dissertation reviewed the background (i.e. history, issues, and motivations) of the major participants and their viewpoints (i.e. perspective, role, and attitude). The research has been guided by organizational and performance management theory (i.e. as it applies to institutions, bureaucracies, and intelligence professionals). It includes an assessment of the data reported by ODNI and similar authorities (e.g. reports, surveys, interviews, etc.), a review of results against the applicable theories, and in this section will draw conclusions and recommendations on opportunities to strengthen individual and community performance and better align it with national and intelligence-specific goals and objectives.

Did the reforms meet the expectations and intent of the congressional requirement?

The IC issued its new performance management policy in ICD 651 in November 2007, and it laid out a clear set of policies, steps and procedures to strengthen management control and achieve the desired behaviors consistent with the IRTPA legislation. The NAPA Panel reviewed it and found no problem with the underlying logic and approach
used. However, it would be incorrect to say that the IC adopted a common personnel performance management system across all elements of the community. In fact, it is more correct to say that the IC’s performance management system covers most of the IC civilian personnel.

It covers civilian personnel working in the Defense Intelligence elements, CIA, and ODNI (the great majority of civilian personnel). It does not cover the military personnel, who are evaluated according to Service policies and regulations. It only partially covers IC civilian employees in the domestic Departments - those that are IC funded (a much smaller percentage of the total). That partial coverage is focused on emphasizing the performance behaviors sought by the IRTPA legislation (e.g. a focus on intelligence integration, information sharing and collaboration) rather than the performance objectives. It also does not cover the large number of contractors who work in support of IC activities and are embedded in IC workplaces. Finally, while the performance management policies are common, the naming conventions of these systems are different for Defense (DCIPS), CIA (Performance Appraisal System (PAS)), and ODNI (PAS D). While these new personnel policy directives work generally as the WMD Commission had intended, there are areas that the IC stopped short of full compliance. The ODNI did create a DNI-level office for analyzing the workforce, developing strategies to ensure that priority intelligence missions are adequately resourced, and creating Community human resources standards and policies to accomplish these objectives. The office has the authority to establish evaluation standards and metrics programs to assess the intelligence agencies’ performance in hiring, retention, and career development. This office has
responsibility for attracting and retaining people with scientific and technical skills, diverse ethnic and religious backgrounds, management experience, and advanced language skills. (WMD Commission Report 2005: 322-323) This office is fulfilling its mandate.

The WMD Commission also called for a personnel rotation system that develops ‘joint’ professionals and those personnel should be affirmatively rewarded for successfully completing joint tours, and intelligence professionals should gain eligibility for promotion to senior levels only if they complete joint assignments. (WMD Commission Report 2005: 323) The DNI did issue a new policy for joint duty and it is structured as recommended. However, the Joint Duty Assignment program continues to suffer from various issues. In addition to the problems with rater inconsistencies across IC elements, there have been problems with paying bonuses, passing evaluations, and reintegrating employees when they return from an assignment. Bonus issues largely revolve around disputes over whether they are deserved, who should pay them, and delays in paying them. This is not a policy issue; rather it is an execution problem. All organizations have the ability to capture employee ratings electronically; however, it is not always possible to pass the files between organizations due to system and/or security issues. Paper is the default transfer medium. Finally, moving funds between organizations can be time consuming and laborious. The Joint Duty Program Office monitors each of these issues. The WMD Commission conceded that existing IC personnel systems were in flux and these differences had the effect of inhibiting the cross-agency movement of personnel that is critical to building an integrated community. The Commission recommended that
the IC adopt a common personnel performance evaluation and compensation plan. The Commission recommended that the compensation structure be based on a merit-based model that links performance to organizational goals and strategies. (WMD Commission Report 2005: 323-324) The DNI did issue these policies, but Congress intervened in and stopped implementation of the compensation plan policies. Only NGA has fully implemented what the WMD Commission recommended. Nevertheless, the IC has implemented a clever alternative. The Defense Intelligence elements, CIA and ODNI are exploiting General Schedule pay tools (e.g., bonuses, special act awards, Quality Step Increases, and promotions) and using them to pay-for-performance.

The WMD Commission recommended that the Community consider new techniques to motivate positive performance – to reward and encourage types of behaviors that were not emphasized. These behaviors include a commitment to sharing information, a willingness to take risk, enthusiasm for collaborating with intelligence professionals at other agencies, and a sense of loyalty to the Intelligence Community’s missions. The Commission said they must be reinforced if they are to become institutionalized. (WMD Commission Report 2005: 324-325) The DNI did issue and implement a new performance management policy, it is structured as recommended with performance elements stating the behaviors that are required, and it is continually reinforced in IC leadership messages to the workforce. Moreover, through the use of cross-organizational teams there are a greater number of IC employees working closely together on key intelligence topics and sharing information. In addition, virtual teams have been created using information technology to overcome geographic barriers.
The Commission argued that to sustain successful integration, the DNI will need to establish processes that secure ‘buy-in’ on common strategic objectives, develop common practices in reviewing progress toward goals (using shared metrics whenever possible), and building a common approach to human resource management. With respect to specific areas that required action, the Commission said no issue has received more attention than the failure to share information. The Commission argued that the information produced is an IC asset – “not the property of a particular agency.” (WMD Commission Report 2005: 316-317, 320-321) The DNI did issue and implement a new performance management policy and it does include the information sharing and collaboration emphasis as recommended. Nevertheless, counterintelligence issues continue to be a concern for IC leadership. Whenever there is an intelligence leak (e.g., Wikileaks, Edward Snowden) or hack (e.g., OPM) there is a corresponding debate about how much sharing is enough and how much sharing is too much.

In the area of recruiting and retention, the WMD Commission claimed the IC attracts large numbers of highly qualified people, but retaining them had become a real challenge. Talented young people change jobs and careers frequently, are famously impatient with bureaucratic and inflexible work environments, and can often earn far more outside the government. (WMD Commission Report 2005: 321-322) Fortunately, the data and reporting does not appear to confirm this assertion. The aftermath of 9/11 caused a surge in patriotism and a steady flow of young applicants interested in serving their country. The IC attracts very large applicant pools and has not had a problem with retention (averaging less than 4 percent attrition annually). The downturn in the economy in 2008
and the slow economic recovery also made steady government employment very attractive for many.

The Commission claimed the IC had encountered problems recruiting individuals with certain critical skill sets and has proven insufficiently adept at hiring and mainstreaming mid-career ‘lateral’ hires from outside the IC. (WMD Commission Report 2005: 321-322) The IC does experience some difficulty hiring mid-career employees from outside the community, and integrating them into the community. The issue varies by organization, occupation, and compensation level. In particular, obtaining proper compensation and credit for experience gained outside the community remains a challenge. If the ICD 650 compensation plan policies were put in place across the IC, managers would have more flexible tools and would be better positioned to address this issue. Nevertheless, this issue remains a work in progress. A commonly used option is to hire experts on contract to provide expertise and/or training the IC workforce lacks.

From a Theoretical perspective, the nature of change required by the IRTPA legislation creates implications across numerous areas of research and theory. IRTPA sought to change the behavior of IC employees, to make this change across multiple organizations, and it sought to link performance and compensation. But unlike the Department of Homeland Security, which was created by combining many federal organizations into one, IRTPA did not create a Department of Intelligence. Instead, it created an oversight organization. The Director of National Intelligence has less direct authority over elements of the IC, and less control over budget execution than a typical Cabinet
Secretary. In fact, the great majority of intelligence funding is appropriated to the Defense Department and is executed under the direction of the Secretary of Defense. By creating IC Directives, the DNI has established the policy umbrellas to accomplish greater integration, information sharing, and collaboration. But the DNI also allowed the major organizations (DoD, CIA, and ODNI) to stylize the implementation to better fit their organization. The other Departments that contain small numbers of IC employees (i.e., Energy, Homeland Security, Justice, State and Treasury) were only required to adopt the behaviors of greater integration, information sharing, and collaboration into their existing performance management systems. In that sense, the IC serves as a viable alternative to the typical federal Departmental organization structure. It does not appear to be a “passing fad.”

Eight years into the implementation of the ICD 651 performance management policies, they appear to be sound and practical guidelines that are smart, flexible, adaptive and subtle. They are not so restrictive that they cannot be adapted to changing direction from the Legislative and Executive Branches. It has become, as Nathan (2005: 211) argued, “a continuous process” that is “carried out by trial and error” but subtle enough to adapt to changing programs and policies. It fits well with Whittaker’s (2003: 3-4, 7) “five major issues that all federal organizations must address – budget and performance integration, strategic human capital, competitive sourcing, improved financial performance and expanded electronic government.” It has tied the General Schedule recognition and reward tools to performance management to “reinforce the organizational objectives being measured.” It appears to have avoided Radin’s (1998: 112, 117, 127) concern that
reforms like this might “evoke a compliance mentality and cynicism… in the bureaucracy.” But the ICD 651 policies did add a layer of additional workload on supervisors that, while it has been streamlined over the years by improvements in automated tools and procedures, can still be quite burdensome at certain points of the year (i.e., performance cycle start, mid year reviews, and performance cycle completion).

Richard Betts argues (1978: 101) that disasters always lead to organizational changes. These changes are made in the hopes of averting a repeated failure in the future. Sometimes the changes have the desired effect. Unfortunately, it is also possible that the changes will persist in form but erode substantially in function. Since dramatic failures are infrequent, it is not uncommon for old habits to return and replace the new procedures, especially if the new steps are complicated or require additional resources to maintain. Often after a dramatic event, senior officials take time out of busy schedules to get personally involved in operations, but over time these responsibilities can fall to overworked lower level officials. As time goes by, the personnel may rotate out, leaving fewer employees who remember the failure and why the new procedures are important to follow. Processes can become sloppy or ritualized, and the risk of failure rises. It is too soon to determine if the effects of the new performance policy will wear off. As of this dissertation, the policy remains in place and it appears to have the desired effect.

There is ample evidence that the IC is doing a better job of sharing intelligence, collaborating more often, and communicating more widely than prior to 9/11. Employee Climate Survey results support this conclusion. Of course, it also has more money and employees than when the 9/11 attacks happened. The IC has placed a greater emphasis
on establishing shared goals and objectives, and on reviewing and communicating shifting priorities to employees and partners. There isn’t any evidence that a specific agency is abusing its position or withholding intelligence. However, the IC does not have a comprehensive program to measure IC-wide performance in terms of customer satisfaction, though anecdotal success is noted and reported. For example, the DNI cited the exquisite teamwork employed by NSA, NGA, CIA and the Navy SEALs\textsuperscript{18} to find and kill Osama bin Laden. Furthermore, we can see that there have been no successful attacks on the homeland on the level and magnitude comparable to 9/11 attacks. But there is no regular, repeatable, quantitative reporting that can satisfactorily answer this question.

IRTPA’s mandated changes were implemented as designed over the course of ten years. Both the Bush and Obama Administrations have steadfastly supported the evolution of the IC and the changes necessary to make it more integrated, and better able to share information and collaborate on intelligence matters. The DNI staff has implemented the necessary procedures to ensure a balanced intelligence picture is presented to policymakers. Having to endure the turnover of three DNI’s in the first five years caused some disruption and setbacks, but having had the fourth DNI remain in place for nearly 5 years has helped immeasurably to stabilize plans. Today, the typical civilian employee’s performance goals are generally congruent with published organizational direction, goals, and success criteria. Continuity of leadership is important to achieving organizational

\textsuperscript{18} Navy Sea, Air, and Land Teams.
stability, and so Congress might consider establishing rules for selecting a new DNI patterned after those used to select the FBI Director (ten year term, non-partisan).

People who practice a specialty every day literally think differently, through revised brain connections, than people who do not practice the specialty. Rock and Schwartz (2006: 74-76) argue that what is needed is sustained emphasis on change. The premise behind the policies implemented in ICD 651 assumes that employees who regularly receive perfective feedback from their supervisors and customers, backed up be proper incentives, will eventually improve their performance. IC performance management training encourages managers to provide constructive feedback to employees so that their performance will improve. Individual goals today are derived from organizational goals, and are used to drive important outcomes and results. Over the past seven years the IC has developed clearer standards for each level of performance and performance criterion (i.e. both behavior and outcome based).

During the past ten years there have been only minor changes made to the new performance management policy in order to introduce information sharing and protection expectations. The IC’s workforce has come to accept and embrace the ICD 651 performance management system. This acceptance can be traced back to changes that were made to streamline the process so that it better fits the IC’s culture. But it is also true that familiarity improves acceptance – the more they use it, the more they understand and accept it. Leaders, managers, and HR staffs have received the extensive training required to enable them to explain to better employees how the system is intended to work, and how to maximize its benefits and use. Improved training has helped
employees better understand what they are expected to accomplish. Providing employees and supervisors vetted lists of performance objective exemplars has significantly helped employees develop and personalize their own performance objectives. After a number of issues in the early years, the performance management system now includes better-designed, more efficient tools and processes that make the system user-friendly and better received. It appears that the primary goals of ICD 651 were achieved.

Is there potential relevance to other Federal Government Performance Management reform efforts?

The goal here is to review the theoretical perspectives that give us insight into how the IC implemented its new policy on performance management, to determine which insights were or were not relevant to the IC experience, and to identify what the IC experience can contribute to our overall understanding of performance management. The nature of the change required by the IRTPA legislation in performance management places it squarely in the domain of public policy and creates implications across numerous areas of research and theory. This section will focus on the theories behind implementation, performance management, and compensation reform.

The implementation process sought to change the behavior of IC employees. It was focused on “a commitment to sharing information, a willingness to take risk, enthusiasm for collaborating with intelligence professionals at other agencies, and a sense of loyalty to the IC’s missions.” To deal with this change, the IC would “adopt a common personnel performance evaluation and compensation plan.” (WMD Commission Report
Large-scale changes of this type can often lead to unexpected and unintended consequences. Nathan (2005: 211) argued, “It has to be seen as a continuous process. It has to be carried out by trial and error. It cannot be accomplished by fixed ‘one-size-fits-all’ managerial formulas.” The IC experience confirms this argument. The reports shared by ODNI and NAPA clearly outline the difficulties encountered and the continuous process improvement necessary to make the new policies successful. In particular, these reports indicate the amount of time that was allocated upfront to make the conversion was insufficient to meet the needs of all employees. From these reports a general conclusion can be drawn that at least another year of planning, training, and practice was required beyond the 9-10 months initially allocated. This conclusion is consistent with scholarly articles on both implementation theory and structuration theory.

Terminology is often wrapped up cultural lore and can have hidden meaning to employees in an organization. But those meanings are often different across organizations. For example, in the Defense intelligence establishment the terms “rank,” “rules” and “orders” carry very specific meanings. “Unit discipline” is an extremely important concept, as is “chain of command.” But in the CIA, where analytical skills and mutual respect is emphasized, there is a greater emphasis on collegiality and intellectual discourse. It is not uncommon for analysts to question and challenge each other with new ideas. Thus it is important that each organization learn to adapt to the new performance policy in ways that best fit their own cultures. ODNI, which had no legacy prior to its creation in 2005, was free to create its own new culture, but it also had to assimilate the unique cultures of the new employees it hired or acquired via Joint Duty Assignments.
There is a huge time commitment to learn an all-new performance management system, and the impact can undermine performance in both the short and long run. The implementation of ICD 651 brought with it new rules and concepts. Managers and employees all received mandatory training to familiarize them with the new processes, procedures and terminology. Too often in the early training sessions, the training delivered was reportedly dull and descriptive – it explained what was changing and why, but it did not adequately equip managers and employees with the understanding and skills required to successfully master the new procedures. As time progressed and employee focus groups met to discuss these issues, additional training, tools, and practice sessions were provided. For example, supervisors were provided training on developing objectives, rater consistency, writing appraisals, and coaching and mentoring. Employees received additional training on writing their own objectives, and reporting on their success and achievements.

Some type of time offset is required to free up sufficient time in a busy schedule to adequately make the conversion a success, and that is particularly true in the case of supervisors and managers. ODNI and NAPA reporting indicates that most IC supervisors are overloaded in time commitments. Implementing the new performance management system simply further overloaded their already packed schedules. Imagine being at an “all you can eat” buffet dinner where you are required to put more food on your plate than it can reasonably handle. The probable outcome is some thing(s) will get dropped. This is what was happening. Employees in focus groups reported that supervisors were not completing the midyear performance review. Supervisors in focus groups reported
that they were completing the midyear performance review. Upon further investigation, it became clear that many supervisors considered brief comments to be sufficient, whereas most employees expected a more formal and documented session. The demand for a formal midyear performance review was most prevalent among newer employees who wanted to obtain clear and actionable feedback they could use to improve their performance at the midway point through the year.

Information technology tools can offer important time savings, and they can facilitate supervisory actions. The initial IT tools provided were rudimentary and frustratingly slow according to the reports. Users reported difficulty in following the steps and in making edits or changes to entries. Over the 3-year period of conversion, substantial progress was made to improve the editing and formatting functions. Tools compatible with Microsoft Word were delivered, so that files could be drafted in Word documents and then later copied and pasted into the formal performance management reporting system. Information technology tools can also inform and facilitate leadership monitoring and engagement, and modifications provided the opportunity for timely reports on who had completed the required steps, and who hadn’t. This allowed supervisors to monitor progress and take action when necessary to ensure the processes were completed in a timely manner.

The performance management policy met with unanticipated agency and element implementation issues. Most of the behavioral Performance Elements were clear and easily understood. But this was not the case with Performance Element 5 – Personal Leadership and Integrity. This element was crafted in order to convey the importance of
taking personal responsibility for one’s actions and leading by example. But many employees argued that this element was inappropriate, and shifted leadership burdens on them that were not required and that they were not compensated for. The complaints were never satisfactorily resolved. Another important issue revolved around setting meaningful Performance Objectives in a dynamic environment. Both employees and managers argued that in some offices the workload changed so dramatically and swiftly that there was never sufficient time to keep the required formal documentation updated. So they often simply relied on generic placeholder objectives that lacked much detail. It is easy to understand how this might happen, particularly in rapidly changing areas. The latest intelligence crisis or failure can force many employees to drop what they have been doing to surge to address the latest issue. Unfortunately, performance reports take a lower priority in such cases.

Coaching is an important skill not widely taught in formal training programs across the IC, though during the implementation phase it grew in recognition and attention. Many supervisors were once high performing analysts or operatives. Their skills and successes made them attractive candidates for promotion to supervisor. But unfortunately, their skills as an analyst or operative did not necessarily mean they would be well equipped to take the time to demonstrate and explain to less successful employees the behaviors and actions required to be successful. IC leaders identified this shortfall early in the conversion process and training was developed to address the issue.

Rater consistency was another widespread and largely unaddressed problem across the community. Rater consistency becomes most important when evaluating applicants for
promotion, personal development opportunities, and Joint Duty Assignments. But it can also become an issue when doling out bonus or pay increases because it may produce inequitable results. For example, a high performer working for a supervisor who grades harshly may be disadvantaged in comparison to moderate performer working for a supervisor whose grades are inflated. Taking this point a little further, the agency level data clearly showed that some agencies gave relatively few employees an Outstanding rating, while other agencies were rather liberal in their use of the Outstanding rating. The IC instituted Rater Consistency training in response to this issue, and it advocated supervisory group discussions to help resolve inconsistencies in ratings. However, that approach did not overcome philosophical difference between IC agencies and elements.

The compensation reform process was fully implemented for NGA, but the other IC agencies and elements did implement a clever use of General Schedule pay tools (bonuses, special act awards, time off awards, and Quality Step increases) to reward high performers. This approach loosely conformed to the WMD Commission recommendation that the IC “adopt a common personnel performance evaluation and compensation plan.” However, contrary to Expectancy theory which assumes that individuals will work harder if they expect it with result in an outcome they value, the IC implementation only provides for modest increases in pay and bonuses. The federal government does not pay large bonuses and pay increases typically found in some private businesses. Instead, it funds the pay account centrally and only permits small cost of living increases in overall budget. So the small increases given to higher performers simply come at the expense of lesser performing employees. The adjustment is relatively
modest. The true benefit comes from years of highly rated performance – in which case
the cumulative effect over time can grow to a substantial difference over lesser
performing employees. The NGA experience is that employees typically don’t increase
their performance simply to obtain small pay raises. Instead, they perform at a higher
level for the psychological reward it brings them. But the rewards are both cumulative
and equitable – over time the best performers do earn more on average than their under
performing peers.

An underlying assumption of any compensation reform is that the performance
management program in place produces reliable, accurate and consistent ratings
assessments in order to drive pay and bonus and, perhaps more importantly, promotion
decisions. This makes the IC’s choice to implement compensation reform in the FY2010
performance cycle highly questionable. There simply was too little time for employees to
acclimate to and begin to trust the performance results. Moreover, the decision on the
part of some agencies and elements to reset the measurement bar substantially undercut
the level of trust employees had in the results. It was simply the wrong time to move
forward with pay-for-performance. To their credit, IC leadership and the Secretary of
Defense recognized this fact and cancelled the conversion for all agencies and elements
other than NGA. However, because of the success NGA has had with performance-based
pay, there is reason to think the IC (or other parts of the federal government, for that
matter) might successfully implement pay-for-performance at some point in the future
with proper preparation and due diligence. With all the workforce changes that have
come over the years, it seems somewhat odd that the Federal Government still pays the majority of its employees using a system originally introduced in the late 1940s. There are, of course, possible explanations for why many federal employees prefer the status quo. Richard Thaler (Ritholtz 2015: F5), who is widely recognized in the field of behavioral economics, has reported on the Endowment Effect. In one of his experiments, one group of test subjects were given mugs with a school logo on them (i.e., essentially worthless items). When another set of test subjects were given a chance to buy them, they were willing to offer far less than the new owners were willing to sell them for. This demonstrated that they attached a higher value to an asset they already owned than ones they didn’t own. In a similar sense, current federal employees seem to value the General Schedule’s predictability more than they would a performance-based pay solution. In related research, Thaler studied loss aversion. He found that people feel the pain of a loss about twice as much as they would derive pleasure from a gain. Hence, we can predict that for most federal employees, they will be more likely to want to avoid losing their steady and predictable step increases (under the General Schedule). Thus, it is unlikely they will agree to have their future increases based entirely on their performance results.

**Research Hypotheses**

At the start of this research there were four hypotheses put forward:
**Hypothesis 1:** **Imposing a common set of processes, objectives, elements and standards will lead to a change in attitude and emphasis about the importance of performance management across the IC.**

The data show that there has been a significant improvement in employee perceptions regarding the clarity of IC goals and priorities. Managers are now better at communicating the goals and priorities of their organization. Organizations are better at linking and flowing down the IC’s overarching goals and priorities into their own goals and priorities. Managers also now review and evaluate their organization’s progress toward meeting its goals and objectives on a regular basis. Employees say they have the job-relevant knowledge and skills necessary to accomplish organizational goals.

However, employee survey question results on the importance of performance management are troublesome. The feedback from IC employees is that most see themselves as “above average.” While that belief may be statistically impossible, it is nevertheless strongly held. Under previous performance management systems, most employees were rated as either Excellent or Outstanding. With the advent of the new ICD 651 policies, a number of the agencies and elements tried to revise the scoring so that Successful was the more commonly assigned rating. Rather than raising the importance of performance management across the IC, many employees have rejected those rating results and point to them as evidence that management is fitting the scores to a curve rather than scoring performance objectively. It seems clear that the decision to impose more rigorous performance standards (that ultimately resulted in more employees being rated Successful) had a deleterious impact on employee acceptance of the new
performance management system. Employees said the term Successful was demeaning (i.e., “just average”). Perhaps using a term like “Superior” in place of “Successful” (i.e., Superior, Excellent, and Outstanding) would be more acceptable to employees.

Given the enormous amount of time and energy that goes into conducting the IC’s annual performance management cycle, and the negative employee reaction to the rating scales, one must question the return on that time investment. There is no doubt that there is significant value in getting everyone in the organization to strive together to achieve the IC’s goals and priorities. But could a simpler and less costly approach be just as beneficial? Buckingham and Goodall (April 2015) offered an example of a simplified approach being considered at Deloitte that focuses on only 4 questions asked about each employee, typically on a quarterly basis. While that may be too simplistic for the IC’s government workforce, it does raise a very good question about how much time should be allocated to performance management. Deloitte reported its previous performance management system covering 65,000+ employees spent an estimated 2 million hours a year evaluating employees. That is a significant amount of time. If even a fraction of that could be redirected at productive work, the positive impact could be significant.

**Hypothesis 2:** IC employees will perceive that a community-wide change is underway and their behaviors and attitudes will increasingly embrace greater integration, collaboration, and information sharing with their peers and across organizations.

The data clearly show a significant increase in employees who say they feel a shared sense of community (e.g. mission, values) with other employees across the IC. They say
the mission depends on IC agencies and components sharing knowledge and collaborating. They say that their work products are improved when they can collaborate with colleagues from other IC agencies or components. They say they have the opportunity to work directly with members of other IC agencies or components when necessary. However, it is important to note this shift began before the new performance management policies were fully implemented.

This may not be a bad thing. It would appear that employees were listening to senior leader messaging in the early years after IRTPA legislation was enacted. The creation of the DNI, and staffing the Office of the DNI with key selections from leadership teams around the community, sent a strong message about the importance of intelligence integration, information sharing, and collaboration. The new performance management system simply reinforced this messaging by codifying the specific details behind the messages. The strongly positive response in the Employee Climate Survey was sustained throughout the period of reporting.

**Hypothesis 3:** But actual improvements in integration, collaboration and information sharing will be slowed by the decentralized structure of the IC, the individual departmental and agency bureaucracies, a culture of secrecy, and the sheer size of the community.

Obstacles to community integration, collaboration and information sharing have largely been overcome. DNI Clapper put intelligence integration at the top of his list of priorities for the community in 2010. The community relies on information technology to post
intelligence and facilitate discussions among employees in different agencies working a common issue. With the exception of compartmented topics, the IC employees assigned to work a particular topic or account can easily communicate across agency and element boundaries. Nevertheless, these improvements are more evident and common in the Defense Intelligence elements, CIA, and ODNI. It is one community, but the smaller IC elements contained within the domestic Departments still have strong ties to their home Department’s policies and procedures.

The Joint Duty Assignment program offers an opportunity, though, for individual employees from the smaller IC elements to gain experiences in the larger IC agencies and elements. ODNI has provided support to the smaller IC elements so they can backfill behind employees when they go out on the Joint Duty Assignment, which helps offset the loss of productivity when they are gone. Furthermore, information technology solutions have provided access to important intelligence in the smaller and more remote offices in the IC, so that those employees can participate more fully in the collaborative activities. In particular, video conferencing and virtual workspace solutions make it possible for remote offices to attend important meetings and communicate with colleagues across the IC.

**Hypothesis 4:** *An increase in the overall quality of intelligence products and services will be harder to measure and quantify due to an inherent cultural resistance to change and the uncertainty that pervades the estimative business of intelligence analysis.*
The quality of the intelligence products and services is easiest to measure at the point of delivery to the President of the United States. Today on a regular basis the President receives a daily briefing that integrates the intelligence reported from across the IC into a coherent package. It is no longer possible for one agency to usurp the process and present a biased or incomplete picture, because the ODNI staff chooses what goes into the President’s Daily Briefing materials and is focused on producing an integrated intelligence product. The DNI or senior ODNI leaders typically attend and lead each session.

However, the uncertainty that pervades the estimative business of intelligence analysis has not changed. The adversaries are no less clever in their efforts to trick or deceive us, and it is no less difficult to determine the quality of intelligence products and services. To its credit, ODNI has instituted a post analysis review and assessment of analytical products and provides scoring and constructive criticism back to the author or authors of selected products on a routine basis. Over time, this should substantively improve the basic quality of intelligence reports and products.

However, there is no comprehensive assessment of IC performance in place as of this dissertation. The implementation of a customer survey, to be used as a complement to the Employee Climate Survey, would provide an opportunity to better evaluate whether the internal changes in performance management are having a noticeable impact on external customer impressions of IC performance. In particular, a survey that dealt with the timeliness of intelligence products, their relevance and usefulness to accomplishing
the customer’s mission, and the overall quality of the IC products and service could provide important insight into areas of possible improvement.
CHAPTER TWELVE: CONCLUSION

In 2004, Congress passed the Intelligence Reform and Terrorism Prevention Act, which established the Director of National Intelligence, directed the DNI to establish clear goals and set priorities, and to develop and implement common personnel standards across the IC. A new policy on performance management was established in 2007 and implemented over the following two years. This dissertation, based on empirical data and analysis of the implementation of the program, examined the effectiveness of the new performance management program. It concluded that the program worked reasonably well in the Defense Intelligence elements, CIA, and ODNI (though there were problems and delays in implementation). However, the new performance management system was not fully implemented and did not work as well in the smaller populations of IC employees scattered among the five domestic Departments. This is not unexpected, since those IC employees have a stronger tie to their home Department and are typically evaluated on the priorities and goals of that Department.

Shining the light of inquiry on bureaucratic structures can aid in identifying solutions for the problems we find. While performance failures of the bureaucracy are real, many believe that the root cause of failure lies in difficult missions with inadequate resources being assigned to executive branch organizations. This problem is not unique to the executive branch, because Congress has its own challenges overseeing the growing
federal bureaucracy. Three options are available for further inquiry regarding efforts to organize the intelligence community.

First, policymakers can do nothing (laissez faire). Performance issues may resolve themselves through the normal course of business. As community members work together and interact, they may develop a better understanding of missions and issues, helping them to eliminate problems and improve performance. In this case, time becomes our ally. Second, policymakers can explore opportunities to further centralize community management. Parallels may exist in government and industry that can shed light on how to resolve community issues. Centralization may indeed provide higher quality products and services. Third, policymakers can explore opportunities to further consolidate community functions, eliminating duplicate functions, streamlining operations, and yielding new economies of scale. This may save money that can be redirected toward staffing and process improvements that improve efficiency.

The single biggest benefit of the IC’s new performance system may be that it enables and facilitates easier movement around the community on joint duty assignments, because it provides a common basis for evaluation of employees. Over time, this facilitation of movement around the community may produce a more well-balanced and capable workforce. But it certainly won’t fix all of the issues that exist. There are many different viewpoints on what constitutes good performance and many different ways to reward good performance. Many inconsistencies still remain within the “one performance management system” created by ICD 651.
One of the most problematic issues uncovered is the apparent variance in both rater consistency and rating consistency across the IC. It would seem that IC organizations employ very different rating scales, and the individual supervisors in those IC agencies and elements apparently also use very different scales of measure. This observation supports Samuel Culbert’s (2008) argument that most performance reviews are staged as objective commentary, while ignoring the low probability that any two supervisors would reach the same detailed conclusions about the performance of a subordinate. This type of variance in supervisory assessment clearly undermines employee confidence in the accuracy of the ratings that are assigned. Ideally, any performance management and compensation system that links pay-for-performance would demonstrate a very high correlation between supervisor evaluations of the same performance results. A high correlation in that measure would also suggest that the performance management system would score very high in employee surveys. That is not the case today.

We know from research into hindsight bias – that these changes are unlikely to fix all of the issues described in the 9/11 and WMD Commission reports. What seems to be very clear in the aftermath of any intelligence failure – is never as clear to observers while the failure is unfolding. It is probably a more effective strategy for IC leaders today to focus on communicating the IC’s goals and priorities clearly and consistently to all employees, and taking the time to explain what those goals and priorities mean locally. This may be the most effective course of action that will lead to changed behavior and improvements in collective performance. Continuity of message is very important, and leaders should repeat that message as often as possible. We can see from the data that IC leaders
messaging about intelligence integration, information sharing, and collaboration has already had a strong and positive impact on employee impressions.
REFERENCES


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BIOGRAPHY

Thomas K. Coghlan retired in 2013 after serving 36 years in the Intelligence Community, serving the entire time as an employee of the National Geospatial-Intelligence Agency (NGA) and its predecessor organizations (the Defense Mapping Agency (DMA) and the National Imagery and Mapping Agency (NIMA)). Mr. Coghlan was appointed to the Senior Executive Service in 1989. The final 6 years of his career were spent on a joint duty assignment in the Office of the Director of National Intelligence.