

MANAGING THE WORKFORCE

BY HOWARD RISHER

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ASSET MANAGEMENT

IT'S TIME TO TREAT THE WORKFORCE FOR WHAT IT IS—YOUR MOST IMPORTANT RESOURCE.

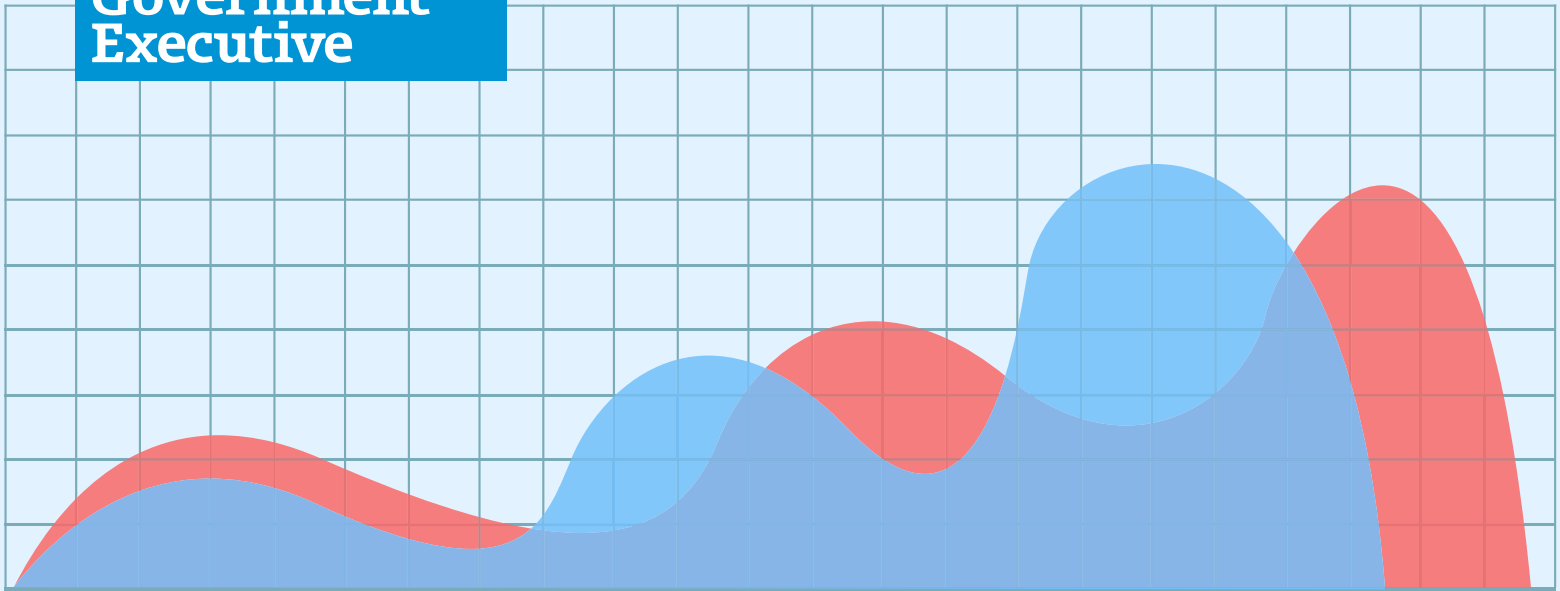
People are our most important asset.” How many times have you heard an executive say those words? Unfortunately, while many leaders seem to believe that statement, too few actually act as if it were so. Otherwise, we’d see more high-performing organizations.

That’s especially true in government. “If you watch the reaction of a group of 500 people when the leader stands up and says, ‘people are our most important resource,’ you can see the ceiling levitate where all the eyes collectively roll at the same time, because they know that’s crap,” federal personnel expert Jeffrey Neal recently told *Government Executive*. “When it comes time to cut the budget, what do they cut? They always cut training. What are they doing? They’re cutting investment in their most important resource,” Neal says.

While many federal managers have watched their training budgets and other workforce investments erode in recent years, there are things they can do to mitigate the damage and foster more productive organizations. In our *Managing the Workforce* ebook, author and personnel expert Howard Risher discusses how leaders can bring out the best in people and create higher-performing organizations. As Risher notes, “Everything government accomplishes is attributable to the efforts of employees at some level. Investing in the health of agencies can pay off better than installing any IT systems on the horizon.”

Katherine McIntire Peters
Deputy Editor,
Government Executive Media Group

ISTOCK



CHAPTER 1

PERFORMANCE ANXIETY

A TRUSTING WORK ENVIRONMENT CAN OFFSET MANY CHALLENGES.

The evidence is mounting. Government performance has been adversely affected by budget cuts and deteriorating morale. The University of Michigan's American Customer Satisfaction Index for federal services has fallen for the second straight year. The overall score is now 64. For comparison, the U.S. Postal Service index is 72 and hospitals scored 76. Defense was the single federal agency that scored higher than 70. Only Internet service providers at 63 were lower than government. As customer satisfaction declines, voter support for government declines.

If there were other governmentwide performance measures (e.g., absenteeism, grievances, etc.), it's more than likely the data would show a similar decline. A number of potentially more costly performance problems have been in the headlines recently. That should be expected when morale deteriorates.

To borrow a phrase from a recent headline, this is not a "carrot-and-stick" problem, especially since the carrot is significantly smaller than a few years ago. In the business

world the motivational power of competing combined with the prospect of significant financial rewards can induce employees to tolerate ineffective management practices. Government is different, of course. In the current environment, government agencies need a different work management strategy.

Organizations need workers who come to work each day, put in their time, perform as expected and stay out of trouble. Every organization has employees like that. That is consistent with traditional civil service thinking. Workers are cogs, and the job of managers is to keep the machine operating. The carrot-and-stick approach fits that environment, although the unstated purpose is worker control.

But today's successful knowledge organizations are very different. Nothing is more important than tapping the knowledge and skills of employees, unleashing out-of-the-box thinking. That requires a trusting work environment where workers feel empowered to apply their knowledge. That is consistent with the emerging understanding of

healthy organizations and the lessons learned by researchers in the new field of positive psychology.

The origins of the field can be traced to a psychologist everyone remembers from college, Abraham Maslow. But the person credited with establishing the field of positive psychology is Dr. Martin Seligman at the University of Pennsylvania. He made it the theme for his term as president of the American Psychological Association in 1998. Interest in the field grew rapidly.

The first international conference took place in 2002. Today the theories influence practitioners in fields as disparate as child development, offender rehabilitation and the workplace.

The growing interest led to several academic centers linked to business schools, including the Center for Positive Organizations at Michigan and the Center for Healthy Workplaces at Berkeley. There are also a number of books. An Amazon search for books on organizational health found over 5,000.

The reason for the interest is important to government. It's captured by a statement on the website of the APA's Center for Organizational Excellence: "A psychologically healthy workplace fosters employee health and well-being while enhancing organizational performance and productivity. The website summarizes the benefits to an organization:

- Improved quality, performance and productivity
- Reduced absenteeism and turnover
- Fewer accidents and injuries
- Better ability to attract and retain top-quality employees
- Improved customer service and satisfaction
- Lower health care costs

Yes, healthy organizations perform better. It is central to the workforce strategies of companies like Starbucks and Southwest Airlines. The APA has five categories of psychologically healthy workplace practices:

- Employee involvement in decision-making
- Work-life balance
- Employee growth and development
- Health and safety
- Employee recognition

Communication is important as the foundation for all healthy workplace practices. Employees want to know what they can expect and what's expected of them. They also feel more involved when they are kept abreast of developments and emerging problems. Communicating and recognizing accomplishments enhances employee commitment. The APA website makes a wealth of information available.

The practices associated with the list are important to government for four reasons: (1) they can be adopted at minimal or no added cost, (2) they can be adopted at any level including by individual managers, (3) they will enhance the brand of government, reduce turnover and enhance recruiting, and (4) as they are incorporated into day-to-day management, performance will improve.

To highlight an important point—nothing on the list is precluded by the civil service system.

The APA website fails, however, to emphasize an issue that Gallup and other researchers have identified as a key to employee commitment and high performance—effective supervision. That's unfortunately an issue that government has ignored. A supervisor's impact is far greater than any carrot-and-stick policy. Effective supervisors can create a positive work environment in an otherwise unhealthy organization.

In my years of consulting, I have heard story after story about individuals as well as work groups that responded positively to changes in work management practices. The most recalcitrant or uncooperative employee can become a highly productive employee in a healthy work environment. Now is the time for government to seize this win-win opportunity for agencies, employees and the public. [G](#)



CHAPTER 2

MODEL BEHAVIOR

GREAT PLACES TO WORK ARE BUILT ON RESPECT AND CLEAR COMMUNICATION.

In early March, *Fortune* magazine published the 2015 “[100 Best Companies to Work For](#).” This year’s list includes 13 health care providers. Ironically on the same day, the Veterans Affairs Department, which operates more than 1,700 health care facilities nationwide, was described in a congressional hearing as “a terrible place to work.”

A report on the annual employee survey used to compile the list says health care “employees’ sense of pride in their work—an essential component of a great workplace—consistently ranks highest amongst survey participants . . . employees regularly see the tangible, positive and immediate impact their work has in the lives of others, making it easy to see how pride has become health care’s greatest strength.” In fact, pride is common in every truly successful organization because it contributes to high performance.

The report highlights four strategies for making a hospital a great place to work:

Fostering communication and transparency. One of the keys to maintaining a healthy work environment is making employees aware of progress on achieving goals and resolving problems. They want to know what’s happening.

Health care depends on communication, teamwork and collaboration. “Management by walking around” is an effective strategy in health care.

Promoting employee health and wellness. Health care is physically demanding, and the exposure to serious illnesses is always a threat. That and the level of responsibility make the work stressful. The best hospitals emphasize employee safety and health. According to the American Psychological Association, that contributes to a positive and productive work environment.

Including employees in cost-cutting and change measures. Change is always difficult. The key is involving front-line employees, who are fully qualified to address problems. Employees want to know their ideas are valued. Involving employees contributes to their buy-in. The track record in government is far from satisfactory.

Connecting people to purpose. Having a sense of purpose at work is important in making a career choice and a source of motivation. Health care is often physically and emotionally challenging. These hospitals emphasize the importance of the work in internal communications and in publicizing

hospital achievements within their local communities. The report also summarizes the core values that make the work experience stand out across the 100 companies, including a commitment to:

A consistently great employee experience. Ninety percent of the people employed by the 100 Best agree with this statement: “Taking everything into account, I would say this is a great place to work.” How many federal employees would make a similar statement?

Treating employees fairly regardless of personal characteristics. Across the 100 Best Companies, 94 percent of employees on average say that people at their company are treated fairly regardless of gender, race, age and sexual orientation.

A favorable physical work environment. Fully 97 percent of employees report they have a safe workplace—the highest rating of any survey statement—and 91 percent believe their facilities contribute to a good working environment.

A caring, welcoming and friendly workplace. Ninety-four percent of employees report that theirs is a friendly place to work, and that new employees are made to feel welcome. Further, 90 percent report that people care about each other at their company.

A number of the information technology and professional services companies on the list are prominent government contractors. Their employees interact regularly with their federal counterparts. And it’s worth noting that these companies are competing for the same talent.

Across the 14 IT companies on the list, 89 percent of employees say they look forward to coming to work. The report also notes that IT employees look for careers with meaning, impact and real time growth and learning.

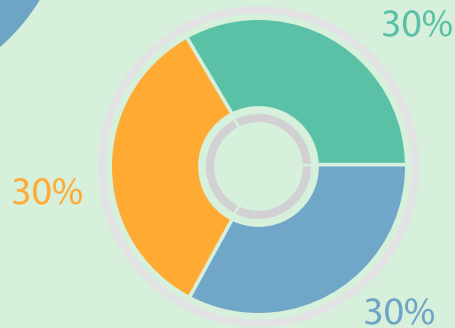
Also on the list were 20 professional services companies, where employees report:

- A strong sense of respect for employees as professionals
- Excellent training and development opportunities
- A belief that leaders are competent, honest, ethical and communicate a clear vision
- A strong sense of teamwork

To emphasize what may be obvious, the strengths of these companies are not costly policies or systems. The strengths are a reflection of the way employees are managed. Nothing precludes VA health care facilities from emulating the policies and practices of the hospitals that ranked among the 100 Best Companies. There are challenges, to be sure, but government could and should be a great place to work.

These companies tackled the challenges and created workplaces where employees trust their leaders, have pride in the work they do, and enjoy the people they work with. That’s the definition of a great workplace. The 100 Best are able to attract and retain employees far more effectively than their industry peers and tend to outperform their competitors. These organizations should be a model for government. [c](#)

Government Executive



CHAPTER 3

THINK STRATEGICALLY

A GOOD HR DEPARTMENT CAN TAKE AN ORGANIZATION TO THE NEXT LEVEL.

There have been more than a few articles critical of human resources departments' role in building healthy organizations. They have appeared in prominent business publications like *Forbes* and on a number of websites. One of the most frequently cited is "Why We Hate HR," published in the journal *Fast Company* in August 2005. For years HR was a frequent theme of Dilbert comic strips. Articles touting the field have been rare.

But that's changing. In the December issue of the *Harvard Business Review*, an article summarized a study by prominent consultant and academic David Ulrich and senior headhunter Ellie Filler:

For decades the corporate HR department was seen as a back-office function, a cost center focused on mundane administrative tasks such as managing compensation and benefits plans. But over the past 15 years [there has been] a dramatic change. Today HR chiefs report directly to the CEO, serve as the CEO's key adviser, and make frequent presentations to the board. This role is gaining importance like never before. It's . . . become much more of a game changer and the person who enables the business strategy.

That theme was similar to a statement in a far more critical article in the July issue by another prominent consultant, who argued CEOs "would like to be able to use their chief human resource officers (CHROs) the way they use their CFOs—as sounding boards and trusted partners."

Those articles would not have been published two decades ago. But over the past 20 years there has been a revolution in the way work is organized and managed. Companies now understand that an emotionally committed workforce is a source of competitive advantage. That's why there has been so much attention to employee engagement and to the "great places to work." In a supportive work environment, employees are capable of performing at significantly higher levels. They may go home exhausted, but they look forward to returning the next day. In high performing companies, workforce management is a priority.

That experience has been documented in thousands of books and articles. There is a readily available body of knowledge on the practices that contribute to employee commitment and to high performance. It's analogous to the knowledge available to physicians as they diagnose and prescribe treatments to maintain the health of the human body.

Here, the focus is the health of the organization, which is loosely defined as a workplace where employees feel they are valued, respect their colleagues, and take pride in what they do.

Government has an even greater potential for improved workforce performance than the private sector. Everything government accomplishes is attributable to the efforts of employees at some level. Investing in the health of agencies can pay off better than installing any IT systems on the horizon.

Government agencies are best understood as knowledge organizations that rely on employees and the capabilities they bring to the job. Agencies have to address complex problems and are competing for talent with many companies on the “best places to work” lists. A key is that employees need to be managed as assets, not as a cost. The common strategy in leading knowledge companies is creating a work environment where employees collaborate to tackle problems as they arise.

Government, however, has been going in a very different direction. Media reports suggest recent budget cuts and the three-year pay freeze that ended last year took a toll on employees and their families. Layoffs are still happening. The annual responses to the Office of Personnel Management’s Federal Employee Viewpoint Survey show a continuing [decline in morale](#). Early retirements and turnover have cost agencies organizational knowledge. There is also the cost of the damage to the federal brand as an employer and the talented future graduates who ignore federal job opportunities. The health of federal agencies has deteriorated badly.

All of this is complicated by ineffective HR policies, practices and systems. The civil service albatross is an impediment to change and effective people management. There are certainly agencies with exemplar practices, but there continue to be headlines like, “Agencies Show Little Progress in Improving the Federal Hiring Process.” That’s evidence of poor health.

Media reports about the new Congress suggest the problems could get worse. Sen. Ron Johnson, the new chairman of the Senate Homeland Security and Governmental Affairs Committee, has promised to hold hearings on pay and benefits. The workforce is an easy target.

Meaningful pay increases are obviously off the table. However, there is a long list of management practices known to contribute to employee engagement. The natural choice of “physician” to treat low morale is the HR office. That is a new role that adds far greater value than the traditional and rapidly disappearing role as “chief paper pro-

cessor.” This role is very similar to that of a physician who relies on his or her training to diagnose symptoms of illness and prescribe treatments. OPM’s viewpoint survey serves the same purpose as an annual physical.

The National Geospatial-Intelligence Agency undertook an extensive diagnostic exercise to develop plans to address organizational issues in the years after the agency was created. The HR office created a committee of employees to guide the planning, conducted surveys and focus groups to understand manager and employee concerns, and initiated an aggressive communications campaign. They also committed to an annual evaluation and fine-tuning of their practices based on employee feedback. Their strategy enabled the agency to win awards as an employer.

NGA leaders championed the changes. That’s a key to gaining the commitment of executives and managers. Having leaders as champions has been a common thread in other success stories dating back to China Lake in 1990.

For agencies to improve organizational health and performance, the work management paradigm needs to change. That encompasses day-to-day supervision as well as HR practices. NGA confirms it’s possible. Agencies should look to their HR physicians to maintain agency health. [e](#)



CHAPTER 4

PAY REFORM

IT'S TIME TO RETHINK THE GENERAL SCHEDULE.

It's been 25 years since the Federal Employee Pay Comparability Act was enacted. The law provided for the alignment of General Schedule salaries with nonfederal pay levels—less 5 percent to reflect the value of federal benefits. The law provided for increases starting in 1994 to close the pay gap over five years.

But that never happened. Each president has opted to submit an “alternative” pay plan with lower increases. The increases recommended annually by the Federal Salary Council have never been accepted.

Clearly FEPCA failed. There are provisions of the law that are never criticized (e.g., the designation of senior level jobs) but the methodology now used to estimate the gap has lost credibility. It's probably not insane, but repeating the analysis year after year is unlikely to produce different results. There are no circumstances today that would gain the support in Congress to close the gap.

A new strategy to secure pay increases, possibly as a response to the freeze, is to request broadened geographic coverage of existing locality pay areas and/or the establishment of new locality areas. Since 2012 employ-

ees in 48 locations have contacted the Office of Personnel Management asking to be covered in a locality area. The Federal Salary Council has recommended adding 12 new areas.

The council report also unintentionally highlights a fundamental problem: The many elements of the methodology to determine the gap(s) change to some degree every year. That makes it impossible to compare the results from year to year. No other employer would even consider relying on a similar methodology. The annual reports from the council and the Pay Agent now serve only to trigger a new round of fed bashing.

It's time to rethink the GS system. It's an impediment to effective workforce management and good government. The review does not have to be a threat. A new pay system should provide better career opportunities and strengthen employee engagement.

Sen. Ron Johnson, the new chair of the Senate Homeland Security and Governmental Affairs Committee, stated recently his support for aligning federal pay with private sector levels. He announced plans to hold hear-

ings. He will learn the facts related to market pay levels have not been compiled for two decades.

It would be far more productive to initiate a broader review similar to that which led to FEPCA. It is certainly possible to conduct an objective, data-based assessment. OPM Director Connie Newman accomplished that in 1990. She assembled a group of roughly 15 individuals to discuss possible changes to the GS system. The group met several times and included representatives from the White House, the Office of Management and Budget, the Bureau of Labor Statistics, agency human resources executives, union leaders, and a couple of corporate compensation executives. Today representatives of think tanks should be included.

A subgroup met in closed-door sessions at OPM. These sessions focused on the nuts and bolts of needed changes along with the political considerations to secure congressional support.

In the current climate its doubtful OPM would be tapped to lead the review. One of the few neutral organizations is the National Academy of Public Administration.

To evaluate the GS system and plan a new system, the following should be considered:

There is a need for a new comparative analysis of federal and nonfederal salary levels. The 1990 analysis was based on a combined database of BLS, Wyatt and Mercer benchmark surveys. The analyses confirmed that federal salaries were then below market. In the intervening years no comparable analysis has been completed. Hundreds of surveys are available to support a new market analysis.

A primary purpose of pay systems is to support staffing plans. That includes attracting qualified applicants, facilitating career progression and limiting the loss of key contributors. To assess the impact of pay levels, it would be useful to analyze recruiting experience and turnover by agency, job series and grade level.

The experience with new pay models has been mixed. The failure of the Defense Department's National Security Personnel System received all the attention, but new pay systems at the Government Accountability Office and the Securities Exchange Commission were also terminated. It will be important to understand the missteps. There are also success stories, of course. Successful demo pay systems go back 30 years. Policymakers need to learn what works and what doesn't.

The 1990 review included a survey of salary management practices in 80 large, multi-location companies. Repeating the survey would be useful. Hospitals along with state governments could be included in a new survey. Salary management thinking has changed significantly through the years.

It would also be useful to understand how other countries manage the salaries of managers. Both the World Bank and the OECD have published reports summarizing government pay programs.

Experience introducing new pay systems in higher education, health care and social service organizations confirms the importance of involving employees and stakeholder groups in the planning and implementation. A pay system cannot be planned in the back room and gain acceptance. NSPS confirmed that. Connie Newman understood that.

On some basis a review will be initiated in 2015. An unknown is what issues will be addressed.

The review will require most of the year. It should be completely transparent. If there is agreement on the facts and on needed changes, the work to plan the details and prepare managers and employees will add many months. It promises to be a complex organizational change. There are no winners in the current stalemate. [G](#)



CHAPTER 5

ACCOUNTABILITY MATTERS

SUCCESSFUL ORGANIZATIONS REQUIRE STRONG MANAGEMENT.

The track record of efforts to improve agency performance does not include many successes. When the 2010 GPRA Modernization Act was passed, one columnist referred to the new law “as the latest chapter in a history of U.S. federal performance reforms that have largely failed to meet expectations.” Three years after its passage, the Government Accountability Office published the report “[Executive Branch Should More Fully Implement the GPRA Modernization Act to Address Pressing Governance Challenges](#).” GAO concluded “OMB and agencies have made some progress . . . but are missing additional opportunities.” Continuing performance problems suggest there has not been much progress.

For years government’s focus was on installing management systems and technology—answers that were developed and installed under contract. Now with “modernization,” new products have been introduced and new positions

created that make individuals responsible for leading performance initiatives. The new answers reflect an intent to emulate the way performance is managed in industry.

But there are three fundamental differences in industry. First, in industry people are truly accountable for achieving performance goals. It’s effectively a psychological contract. Second, accountability is always linked to consequences for achieving or failing to achieve goals. The consequences take the form of financial incentives along with career progress decisions.

Individuals who fail to achieve goals can lose their jobs. And third, those practices are extended to middle managers. They have annual performance goals, are participants in the management incentive plan, and are held accountable with consequences for achieving goals. Middle managers are treated as members of the management team, and share accountability for their employer’s success.

At this point there are no new methods or systems for improving performance on the horizon. The elements of performance management are more or less the same at all companies—those that are successful as well as the failures. They all rely on performance goals; they all rely on metrics to track performance. Actually, all companies with reasonable business plans have access in a relatively short period to financing, to technology and to needed resources.

The only sustainable source of competitive advantage is people—the capabilities they bring to their jobs and their emotional commitment to the success of their employer. Research has confirmed that in a new work management paradigm (discussed in hundreds of books) people are capable of performing at significantly higher levels. Research has also confirmed that the way people are managed is important to their emotional commitment and work effort. That's the reason for the focus on employee engagement.

Significantly, it's not the management systems or technology that explain high performance companies. It's the way people are managed. Research has identified the behaviors of executives and managers that are common across those companies. And those behaviors explain the difference in the emotional commitment of employees, all at virtually no cost. Focus groups can readily confirm where management practices adversely affect performance.

BUILDING A HIGH PERFORMANCE WORKPLACE

Research tells us that if leaders and managers embraced the behaviors and practices that follow, it would contribute to a positive work environment and higher performance at virtually no cost.

Leaders need to:

- Communicate a clear mission, vision and goals for the organization, and confidence in its direction and ability to overcome challenges.
- Practice open book management and communicate periodically progress toward goal achievement along with problems that need to be addressed.
- Serve as role models of honesty and ethical behavior.
- Support, encourage and guide the development of next generation leaders and managers.
- Encourage employee empowerment by recognizing their value and work group achievements.
- Build the reputation and brand of the organization as a great place to work.

Supervisors and managers need to:

- Define a clear vision of what the work group needs to accomplish.
- Make certain their people know what they are expected to accomplish in specific terms.
- Work with their people to define challenging stretch-goals, provide regular feedback on their progress and hold them accountable for achieving goals.
- Be good listeners and open to staff ideas.
- Provide praise on a regular basis in a way that is satisfying to the individual.
- Be fair, consistent and open in making personnel decisions.
- Identify, encourage development of and reward top performers.
- Provide constructive feedback on developmental strengths and weaknesses.
- Provide advice and mentoring on opportunities for career progress.
- Support their people in meeting family responsibilities.

And that should enable employees to:

- Feel physically and psychologically safe in the workplace.
- Have a sense of job security so they are comfortable taking risks.
- Feel their work efforts contribute to achieving something important.
- Feel they are valued and that their work efforts will be recognized and rewarded.
- Feel comfortable with and connected to their co-workers.
- Feel they have the support to achieve career goals.
- Be rewarded for team performance. ^e

ABOUT THE AUTHOR



Howard Risher managed compensation consulting practices for two national firms and has written four books, including [Planning Wage and Salary Programs](#). He has an MBA and Ph.D. from the Wharton School.