



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

Friday, December 7, 2001
MSG 2001-112

MEMORANDUM FOR: Heads Of Executive Departments And Agencies

FROM: Kay Coles James, Director

Subject: Human Capital Scorecard

It is my pleasure to present to you the OPM Human Capital Scorecard that is to be used in combination with the OMB Human Capital Standards for Success.

The purpose of the Human Capital Scorecard is to help your agency to achieve "Green" status on the Executive Scorecard for Human Capital by improving the management and deployment of its human resources. Moreover, the OPM scorecard will give you a way to check for progress as your agency implements its restructuring plans.

Borrowing from the private sector, the scorecard focuses on five dimensions of human capital that require critical monitoring and management: Strategic Alignment, Strategic Competencies, Leadership, Performance Culture, and Learning. For each dimension, specific performance goals and measures are given, as well as operational guidance. Scorecard results will establish baselines for showing progress over time and provide comparisons against Governmentwide averages and private sector benchmarks.

OPM will be working closely with your staff and OMB in implementing the Human Capital Scorecard. As you begin to use it, if you find any areas where it can be improved, made clearer, and more helpful, please let us know. If you have questions or suggestions, please contact Sandra Payne at 202-606-2754. She stands ready to respond.

I anticipate that the Scorecard will prove to be a powerful tool and I thank you for your support as we work together to implement these important initiatives of the President's Management Agenda.

**The Human Capital Scorecard
What is it?**

The Human Capital Scorecard provides a way for agencies to achieve green status on the Executive Scorecard for human capital by improving their management and deployment of human resources. It looks at how well a Federal agency can deploy the skills, communications, leadership and teamwork that are required and provides specific goals and measures to assess progress. It was developed in collaboration with agency HR directors and draws heavily on private sector practices.

It also provides a set of objective measures to assess and report progress on overall Federal human capital management, and allow comparisons and benchmarking with high performing government and private sector organizations.

The scorecard has four columns

1. Dimensions of Human Capital

This column identifies the five key dimensions of human capital management for the Federal Government. They are: **Strategic Alignment, Strategic Competencies, Leadership, Performance Culture, and Learning**. These dimensions were identified through working with the HR Balanced Scorecard Collaborative, a group of Fortune 500 private sector companies who have been in the process of defining human capital measures for their own use, and drawing on other research taken from private sector practices.

The dimensions are important as a frame for thinking about and taking action in all the areas of strategic human capital management. The dimensions also make it clear that the Scorecard aligns with the best research on and practices for effective human capital management, for example the work described by good government groups, the General Accounting Office, and others.

2. Performance Goals

This column includes specific performance goals for all government organizations to adopt to improve Federal human capital management. The specific goals were chosen for three reasons:

- Research shows that most top performing organizations in the private sector (and in government) do these things;
- Review of governmentwide studies show that most Federal agencies are not doing these things effectively;
- And, they align with specific strategies and objectives outlined in the President's Management Agenda.

These goals should be incorporated into agency strategic and annual performance plans and budget justifications, along with other customized human capital actions that will address individual situations.

3. Measures

This column includes performance measures that are to be used governmentwide in assessing progress in achieving the goals. Three types of measures will be used:

- The first is the "check-off" measure. These items involve an assessment of plans and actions taken to achieve the plans. If plans and actions are assessed as complete, then the agency receives a check. (There are eight check-off items in the Scorecard.)
- The second is the "improvement gauge" measure. These items involve measuring an agency's progress in closing a gap between current level and desired level. These items assume that specific agency plans have identified gaps and targets for closing those gaps.

An example would be closing specific skills gaps in mission critical occupations. (There are three improvement gauge items in the Scorecard.)

- The third is the "comparative" measure. These items generally involve information derived from a Governmentwide Survey, which OPM will conduct annually. This information will be compared with governmentwide norms, and for certain items will be benchmarked against similar survey results in the private sector. (There are 11 comparative items in the Scorecard.)

4. Operational Application of Measures

This column provides more practical information on how the measures are to be applied, (e.g. the data sources, or what is the basis for making an assessment). The information in this column is intended to be of assistance to both agencies and reviewers. In addition, OMB and OPM will work closely with each agency to reach a common understanding for the application of each measure.

The applications for the three types of measures are summarized as follows:

- For those measures involving the Governmentwide survey (11 items), OPM will be responsible for preparing the results. For each goal or objective measured by the Governmentwide survey, the measure will be based on a group of related questions which employees will answer. Employees surveyed will include all levels of employee, including supervisors and managers.
- For the measures involving a check-off (eight items) for plans (strategies, systems, etc.) and actions taken against those plans, agencies must clearly describe the actions in their plans, and provide evidence of the action taken. In order for a check-off to occur, a reviewer makes an assessment that the plan and action are complete and effective. Sometimes data from the CPDF or individual agency data systems will be required to support the conclusions.
- Finally, for those measures that involve gauging progress in closing a gap and reaching a desired level (three items), agencies must identify the current and desired levels provided in their annual performance and budget justification plans (or modify those plans to include them) along with interim targets. Agencies must also identify the data sources that will be used to generate the information that will show the targets are being met.

How to Use the Scorecard - Going from Red to Green on OMB's Human Capital Standards

The OPM Human Capital scorecard is designed to be used in combination with OMB's Human Capital Standards for Success and will allow agency executives to see progress (and make corrections) in strategically managing human capital to carry out individual agency missions.

It is a powerful management tool to help agencies move from red to green on the Executive Human Capital Standards for Success, and to achieve the management objectives of the President.

Although quite detailed in focusing on elements that are key to success, the scorecard follows a simple outline. In essence, it provides Strategies, Actions to Implement the Strategies, and Results

To be green, an agency must succeed in all three areas.

When the scorecard is applied to an agency, whether from an external perspective or as a self-audit, it will provide a view of where an agency is weak, where it is strong, and where attention must be focused to make improvements.

The Scorecard is designed to work with both the OMB Human Capital Standards for Success, and individual agency annual performance and budget plans. It is not a separate tool; it is a tool that helps agencies to integrate actions and outcomes.