



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

Friday, September 27, 2002
MSG-067a

MEMORANDUM FOR: Heads Of Executive Departments And Agencies

FROM: Kay Coles James, Director

Subject: Senior Executive Excellence and Accountability

In a November 1, 2001 memorandum, I encouraged you to use your agency's Senior Executive Service (SES) performance appraisal system(s) to promote a Government that is results-oriented, citizen-centered, and market-based. At that time, I shared my concern that preliminary data for FY 2001 indicated that agencies had rated nearly 85% of their senior executives at the highest level their systems would permit. This figure included executives rated under 3-level systems, where the highest rating level is "Fully Successful". However, even when 3-level systems were excluded, nearly 79% of agency executives were rated at the highest level their systems would permit (e.g., "Outstanding"). In addition, the number of SES performance awards showed that more than half of those who were eligible received a substantial bonus. I believe that most senior executives provide quality service to our citizens, but such a disproportionate share who were rated and rewarded in the very top ranks suggested that agencies weren't making meaningful distinctions between those with a record of truly outstanding performance and those who did what was expected.

As promised, I am sharing a summary of the final results of the FY 2001 rating and bonus cycle in the attached charts. I believe that we have begun to see some shift toward results-based appraisals and greater accountability. However, we have a long way to go. As your FY 2002 appraisal cycles come to a close, I once again urge you to ensure that measurable results, not anecdotes, form the basis of your senior executives' performance appraisals. By directing your Performance Review Boards to be rigorous in preparing recommendations on ratings and bonuses, you communicate your intention to use SES performance management systems to drive organizational excellence and hold executives accountable.

To facilitate this effort, OPM implemented new requirements in FY 2001 for managing senior executive performance that emphasized results over process and gave agencies considerable flexibility to design systems tailored to their unique and changing missions, cultures, and needs. These requirements call for the establishment of executive performance standards that are in line with agency strategic goals and objectives. They also require agency leadership to expect excellence, communicate performance expectations, appraise performance against those expectations, take action to reward outstanding performers, and deal appropriately with those who do not measure up.

One of the dimensions of the Human Capital Scorecard is the creation of a performance culture that motivates employees for high performance. Since establishing performance management systems that truly distinguish between levels of performance is a key element of success, your agency's progress in managing senior executive performance will be considered in determining success on this measure. By ensuring that your executives' performance plans and appraisal systems are linked to your organizations' strategic plans and reflect the Administration's priorities, including the President's Management Agenda, we can continue moving in the right direction.

The Office of Executive Resources Management (OERM) is available to consult with your senior executives, agency Performance Review Boards and Human Resources staff concerning the implementation of results-oriented performance measures for senior executives. In addition, OPM has developed the Performance Management Clearinghouse to help Federal agencies share tools and information, and innovative performance management practices (please see www1.opm.gov/perform/clearing/index.cfm). For information about SES performance ratings and bonuses, please contact D. Everett on (202) 606-1050 or sesmgmt@opm.gov, or access OERM's website at opm.gov/ses.