



# **Why Demo**

**at the**

# **Naval Research Laboratory**

OPM Leadership Development Session  
8 May 2001

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Director, Strategic Workforce Planning



# Naval Research Laboratory

- **Mission:** As the Navy's corporate laboratory, NRL's mission is to conduct a broadly based multidisciplinary program of scientific research and advanced technological development directed toward maritime applications of new and improved materials, techniques, equipment, systems, and ocean, atmospheric, and space sciences and related technologies.
- **Employees:** Approximately 2820--2600 of whom are in Demo.
- **Various Sites:** Washington, D. C.; Stennis Space Center, Mississippi; Monterey, California; other smaller sites across the U.S.
- **Occupations:** Close to 1492 Scientists and Engineers; 377 Administrative Professionals; 111 Technicians; 324 Clerical; 47 Guards and 116 Wage Grade FTP plus 353 TPTI.
- **Highest Academic Degrees:** Bachelors--546; Masters-- 358; Doctorates—828.

# Background

- Close to 100 studies over the past 30 years.
- Each called for more competitive, cost effective, efficient, and timely processes.
- Needed to help the DoD laboratories acquire and retain a highly creative, productive, educated, and well-trained work force.

# Practices Needing Change

- Narrow and rigid pay setting system.
- Pay based on longevity rather than contribution.
- Non-competitive compensation.
- Complex classification system.
- “Separate” instead of integrated programs.
- Manual operations.
- Limited delegation of authorities.
- Slow and cumbersome recruitment process.

# NRL Approaches

(Number 2)

- Have always used and “*stretched*” the system.
- Since 1984, the Director of Research worked to obtain alternative management structures. Chaired White House Office of Science and Technology Policy Working Group on Federal Laboratory Personnel Issues.
- In 1987, following a Defense Science Board Report, the DoD Deputy Director for Research and Engineering (DDR&E) tasked NRL to look at specific options.

# NRL Approaches

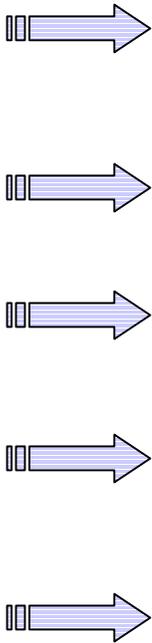
(Number 3)

- Proposals forwarded via Chief of Naval Research to DDR&E.
- Legislation for:
  - Excepted Service
  - Government Owned-Contractor Operated (e.g., Sandia National Laboratory)
  - Government Corporation run by a Board of Governors (e.g., Uniformed Services University)
  - “Streamlined” Demo authority (National Defense Authorization Act for FY 1995, P.L. 103-337, October 5, 1994)

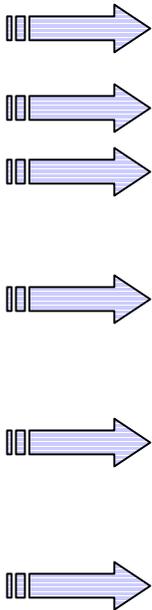


**What did NRL  
achieve**

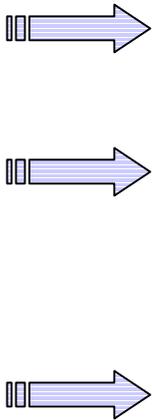
# Classification

Traditional		Demo
<ul style="list-style-type: none"><li>• 70+ Classification standards</li><li>• 15 General Schedule grades with 10 steps each</li><li>• Up to 15-page position descriptions</li><li>• Manual classification process</li><li>• Senior Executive &amp; Science and Professional positions (above 15)</li></ul>		<ul style="list-style-type: none"><li>• 4 Standards (serve as critical elements)</li><li>• 4 Career tracks with 3 to 5 career levels</li><li>• 2- or 3-page requirements document (RD)</li><li>• Fully automated classification system</li><li>• Plus Advanced Research Scientist and Engineer positions</li></ul>

# Compensation

Traditional		Demo
<ul style="list-style-type: none"> <li>• General Schedule Pay System</li> <li>• General Increase “Entitlement”</li> <li>• WGIs, QSIs, and career ladder promotions</li> <li>• Awards authority up to \$5,000</li> <li>• Multiple pay actions during the year</li> <li>• Retention, recruitment, &amp; relocation allowances</li> </ul>		<ul style="list-style-type: none"> <li>• Integrated Pay Schedule</li> <li>• General Increase “At Risk”</li> <li>• Annual Merit Increase</li> <li>• Awards authority up to \$25,000</li> <li>• Single annual pay action--up to 7 actions on one SF-50</li> <li>• Plus Distinguished Contributions Allowance--up to 25% of basic pay</li> </ul>

# Assessment

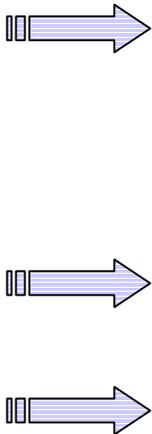
Traditional		Demo
<ul style="list-style-type: none"><li>• 5-Level performance appraisal</li><li>• Individualized critical elements</li><li>• Manual and/or word processing system</li></ul>		<ul style="list-style-type: none"><li>• Contribution-based Compensation System</li><li>• Generic critical elements (also serve as classification standards)</li><li>• Fully automated, web-based application</li></ul>

# Staffing

Traditional		Demo
<ul style="list-style-type: none"><li>• Delegated examining for some positions</li><li>• Rating and ranking all jobs</li> <li>• Rule of 3</li><li>• 1-year probationary period</li></ul>		<ul style="list-style-type: none"><li>• Delegated examining for all positions</li><li>• Rate and rank only if<ul style="list-style-type: none"><li>– more than 15</li><li>– mix of preference &amp; nonpreference</li></ul></li><li>• Rule of 3 eliminated</li><li>• 3-year probationary period except for clerical</li></ul>

# Staffing

(Number 2)

Traditional		Demo
<ul style="list-style-type: none"><li>• Non-competitive temporary promotions and details to higher grades up to 120 days</li><li>• 120-day renewal requirement for temporary promotions and details</li><li>• Non-citizen hires approved by OPM</li></ul>		<ul style="list-style-type: none"><li>• Non-competitive temporary promotions and details to higher grades up to 1 year in a 24-month period</li><li>• 120-day renewal requirement eliminated</li><li>• NRL delegated non-citizen hiring authority</li></ul>

# Expected Savings

Innovation		Savings
<ul style="list-style-type: none"> <li>• Initial classification process</li>   <li>• Contribution-based Compensation System</li>   <li>• Single annual pay action</li> </ul>	<ul style="list-style-type: none"> <li style="text-align: center;"></li>   <li style="text-align: center;"></li>   <li style="text-align: center;"></li> </ul>	<ul style="list-style-type: none"> <li>• 1600 hours</li> <li>• \$40,000</li> <li>• 2,880 sheets of paper</li>   <li>• 2,386 hours</li> <li>• \$98,775</li> <li>• 18,900 sheets of paper</li>   <li>• 5,950 hours</li> <li>• \$109,828</li> <li>• 5,400 Standard Form 50s</li> </ul>

# Expected Savings

(Number 2)

Innovation		Savings
<ul style="list-style-type: none"><li>• Expanded delegated examining</li><li>• Elimination of rule of 3</li><li>• Decrease rating and ranking</li></ul>	  	<ul style="list-style-type: none"><li>• \$807</li><li>• 2- to 6-week reduction in processing time</li><li>• Streamlines referral</li><li>• Provides greater number of candidates</li><li>• 90 hours</li><li>• \$2,295</li><li>• 1- to 3-week reduction in processing time</li></ul>

# Expected Savings

(Number 3)

Innovation		Savings
<ul style="list-style-type: none"><li>• Non-citizen hire authority</li> <li>• Movement within a career level</li></ul>	  	<ul style="list-style-type: none"><li>• 1 1/2 hours</li><li>• \$436</li><li>• 4- to 8-week reduction in processing time</li><li>• 454 hours</li><li>• \$11,388</li><li>• 45,900 sheets of paper</li><li>• 2- to 12-week reduction in processing time</li></ul>

# Expected Savings

(Number 4)

Innovation		Savings
<ul style="list-style-type: none"><li>• Expanded detail authority</li> <li>• Qualifications flexibility</li></ul>	  	<ul style="list-style-type: none"><li>• 7 hours</li><li>• \$135</li><li>• 72 sheets of paper</li><li>• More flexibility to reshape workforce as needed</li><li>• Opportunity to:<ul style="list-style-type: none"><li>– consider more candidates</li><li>– be more flexible in filling positions &amp; reshaping workforce</li></ul></li></ul>



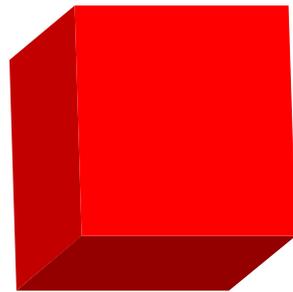
# Expected Savings

(Summary)

Category		Savings
<ul style="list-style-type: none"><li>• Hours</li></ul>		<ul style="list-style-type: none"><li>• 10,527 (5.06 manyears)</li></ul>
<ul style="list-style-type: none"><li>• Dollars</li></ul>		<ul style="list-style-type: none"><li>• \$264,614 per year</li></ul>
<ul style="list-style-type: none"><li>• Sheets of paper</li></ul>		<ul style="list-style-type: none"><li>• 76,977 (153.95 reams)</li></ul>
<ul style="list-style-type: none"><li>• Decreased recruitment time</li></ul>		<ul style="list-style-type: none"><li>• 1- to 12-week reduction depending on type</li></ul>



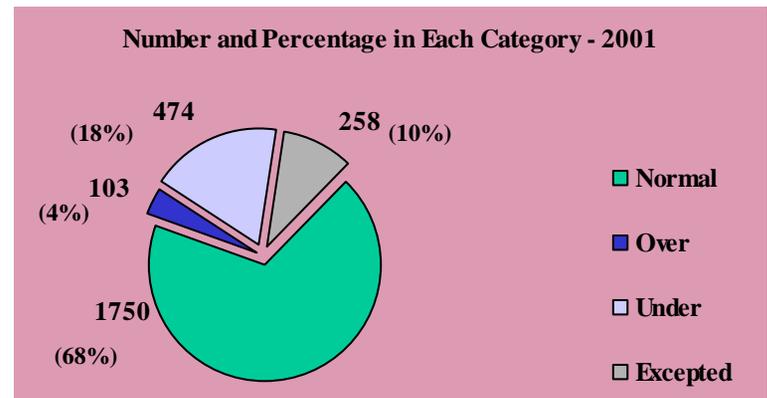
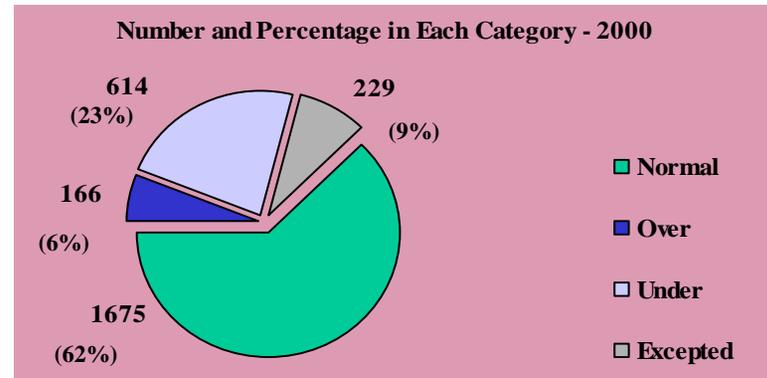
**Have the initiatives  
produced results**



# Relative Compensation

## (normally/over-/under-compensated)

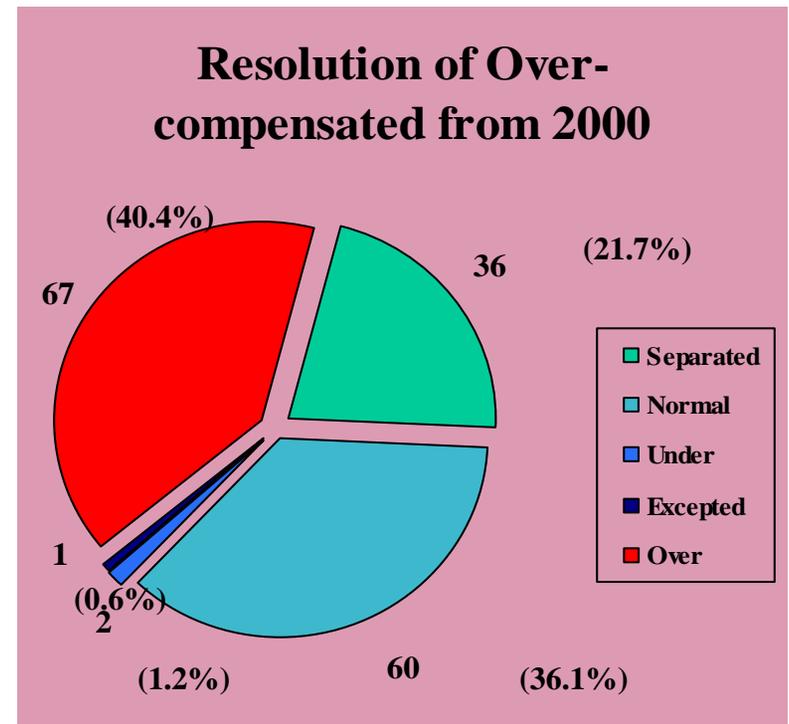
	2000	2001
<ul style="list-style-type: none"> <li>• <b>Normally Compensated</b> <ul style="list-style-type: none"> <li>- Avg. % Above Mid Rail</li> <li>- Median Above Mid Rail</li> </ul> </li> </ul>	<b>1,675</b> 0.96% 0.87%	<b>1,750</b> 1.08% 1.02%
<ul style="list-style-type: none"> <li>• <b>Over-compensated</b> <ul style="list-style-type: none"> <li>- Avg. % Above Top Rail</li> <li>- Low % Above Top Rail</li> <li>- Median % Above Top Rail</li> <li>- High % Above Top Rail</li> </ul> </li> </ul>	<b>166</b> 9.02% 0.02% 6.8% 46.8%	<b>103</b> 8.59% 0.01% 5.37% 48.3%
<ul style="list-style-type: none"> <li>• <b>Under-compensated</b> <ul style="list-style-type: none"> <li>- Avg. % Below Bottom Rail</li> <li>- Low % Below Bottom Rail</li> <li>- Median % Below Bottom Rail</li> <li>- High % Below Bottom Rail</li> </ul> </li> </ul>	<b>614</b> 5.15% 0.01% 4.1% 31.2%	<b>474</b> 5.86% 0.01% 4.7% 35.1%
<ul style="list-style-type: none"> <li>• <b>Excepted</b></li> </ul>	<b>229</b>	<b>258</b>



# Relative Compensation

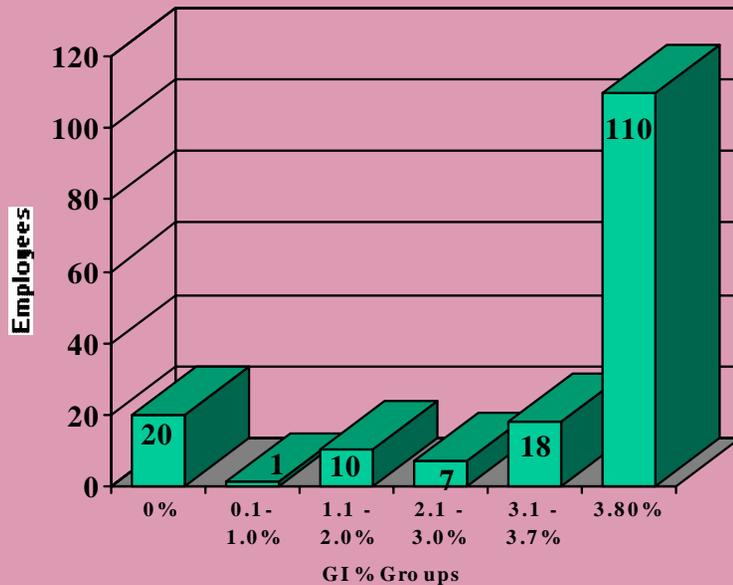
## (Analysis of Over-compensated Employees)

• Total Over-compensated in 2000	166
• # Separated Since 2000	36
• % Separated Since 2000	21.7%
• # in Normal Range in 2001	60
• % in Normal Range in 2001	36.1%
• # Under-compensated in 2001	2
• % Under-compensated in 2001	1.2%
• # Excepted in 2001	1
• % Excepted on 2001	0.6%
• Total # “Resolved” Above	99
• Total % “Resolved” Above	59.4%
• # Still Over-compensated in 2001	67
• % Still Over-compensated in 2001	40.4%

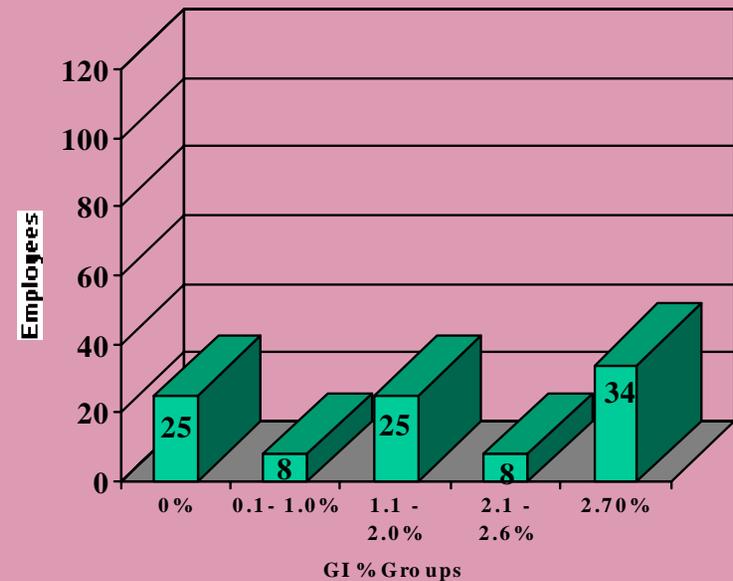


# Relative Compensation - % of GI for Over-compensated Employees by GI % Groups

2000

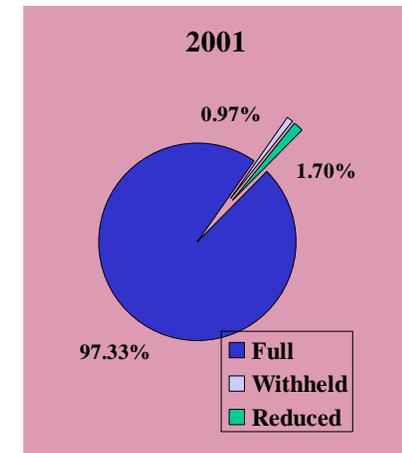
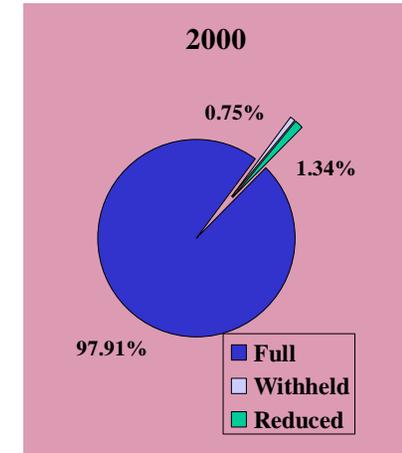


2001

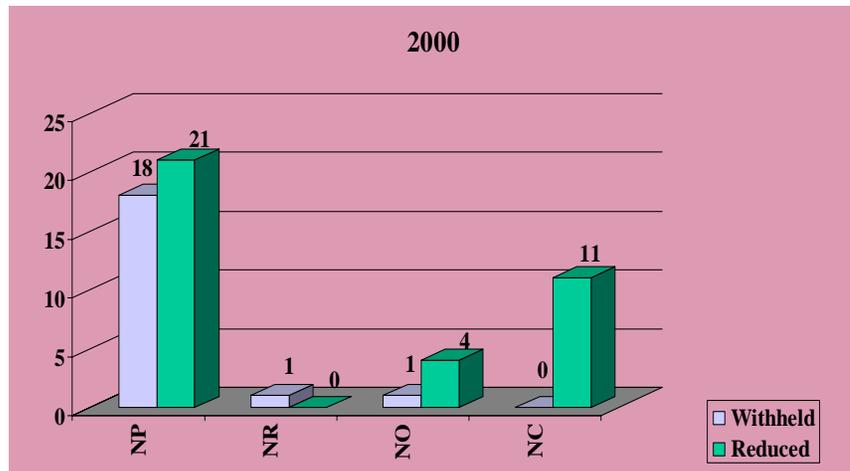


# General Increases (GI)

	2000	2001
• # of Full GIs Granted	2,628	2,516
• # of GIs Reduced	36	44
• \$ Value of GIs Reduced	\$20,423	\$32,975
• # of GIs Withheld	20	25
• \$ Value of GIs Withheld	\$55,392	\$44,073
• General Increase % (Full)	3.8%	2.7%
• Note: Number of Employees on Maintained Pay Included in “# of GIs Reduced” Above	6	6



# General Increases (GI) - Career Track Distribution of GI Withheld/Reduced

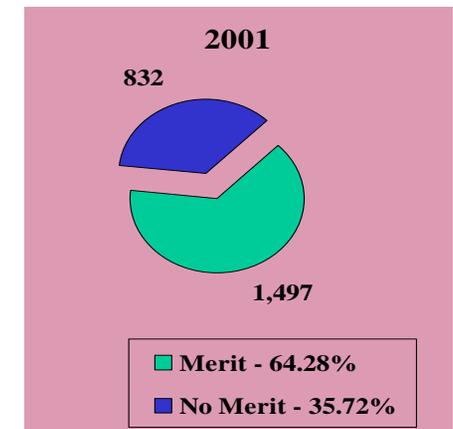
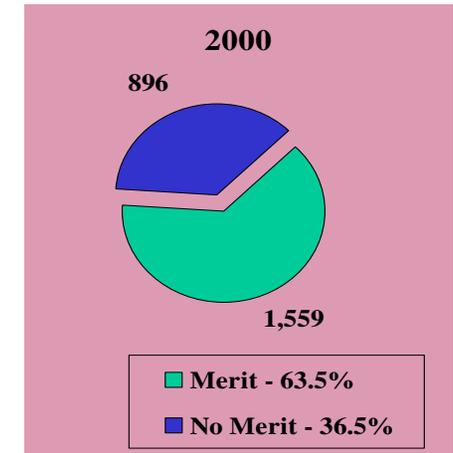


NP = S&E Prof NR = S&E Tech

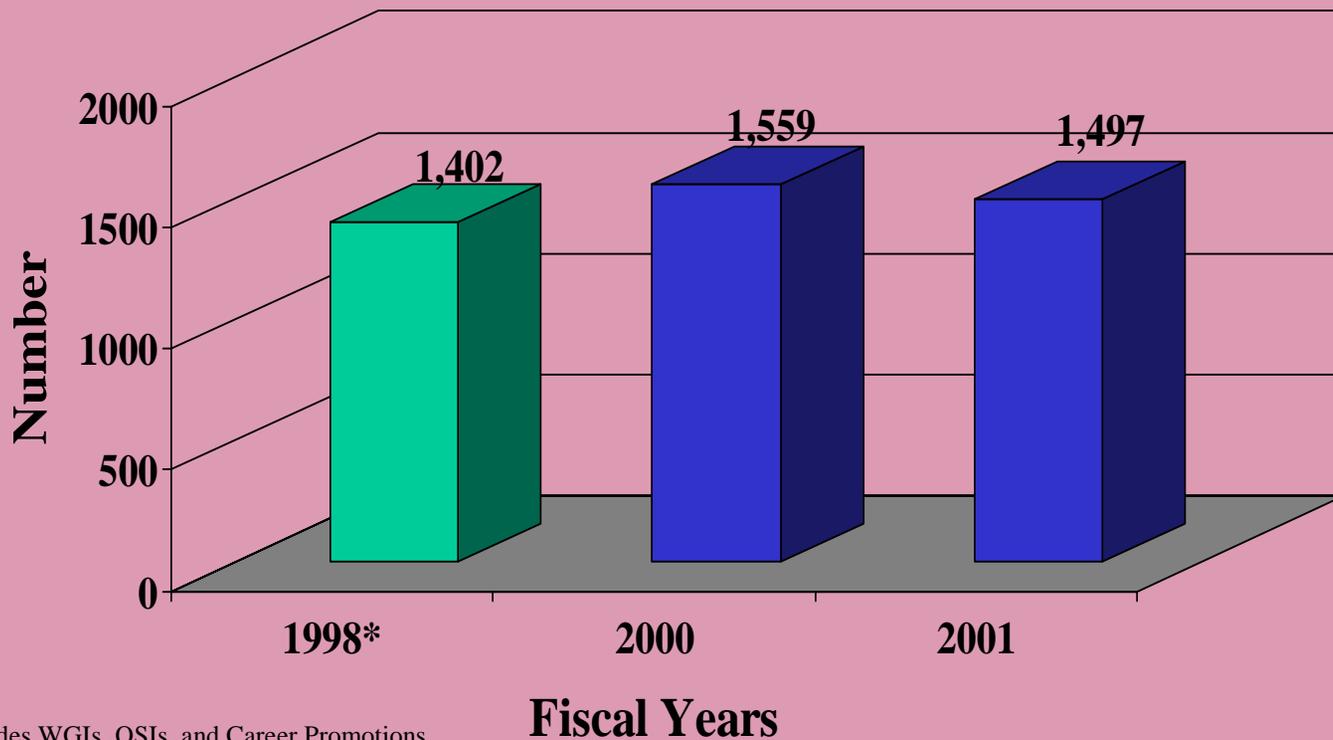
NO = Admin S/P NC = Admin Support

# Merit Increases (MI)

	2000	2001
• Merit Increases Granted	1559	1497
• Total \$ Value	\$3,335,589	\$3,297,754
• Average \$ Value	\$2,140	\$2,203
• Average % of Basic Pay	3.76%	3.71%
• Low \$ Value	\$14	\$4
• Low % of Basic Pay	0.04%	0.01%
• Median \$ Value	\$1,698	\$1,816
• Median % of Basic Pay	3%	3%
• High \$ Value	\$12,005	\$14,101
• High % of Basic Pay	20%	20%

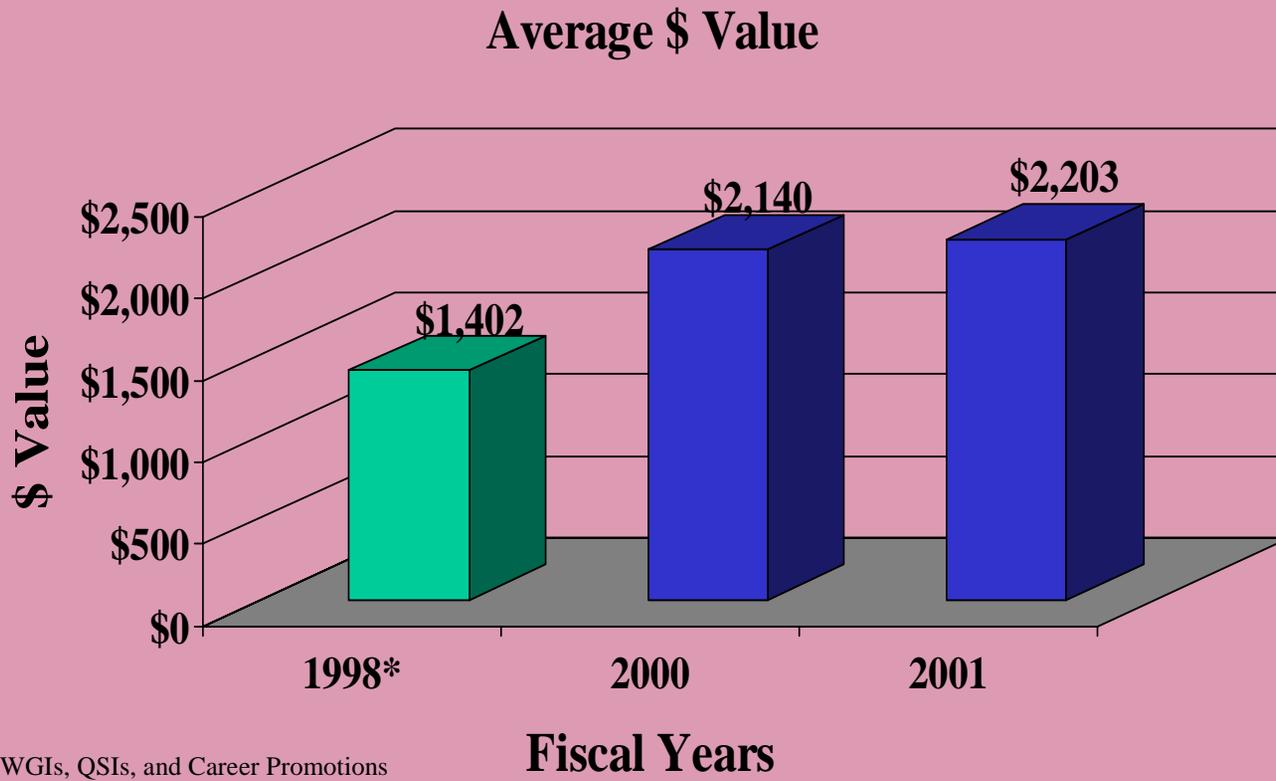


# Merit Increases Before and After Demo



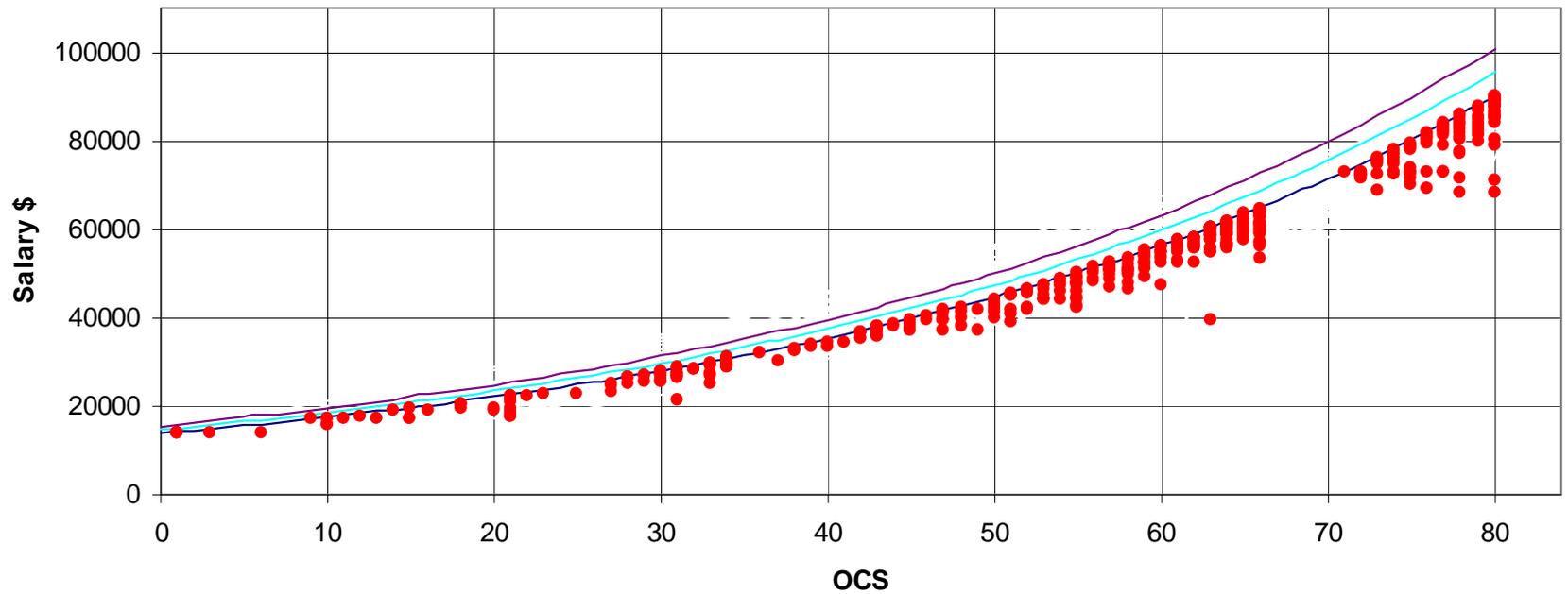
\* Includes WGIs, QSIs, and Career Promotions

# Merit Increases Before and After Demo



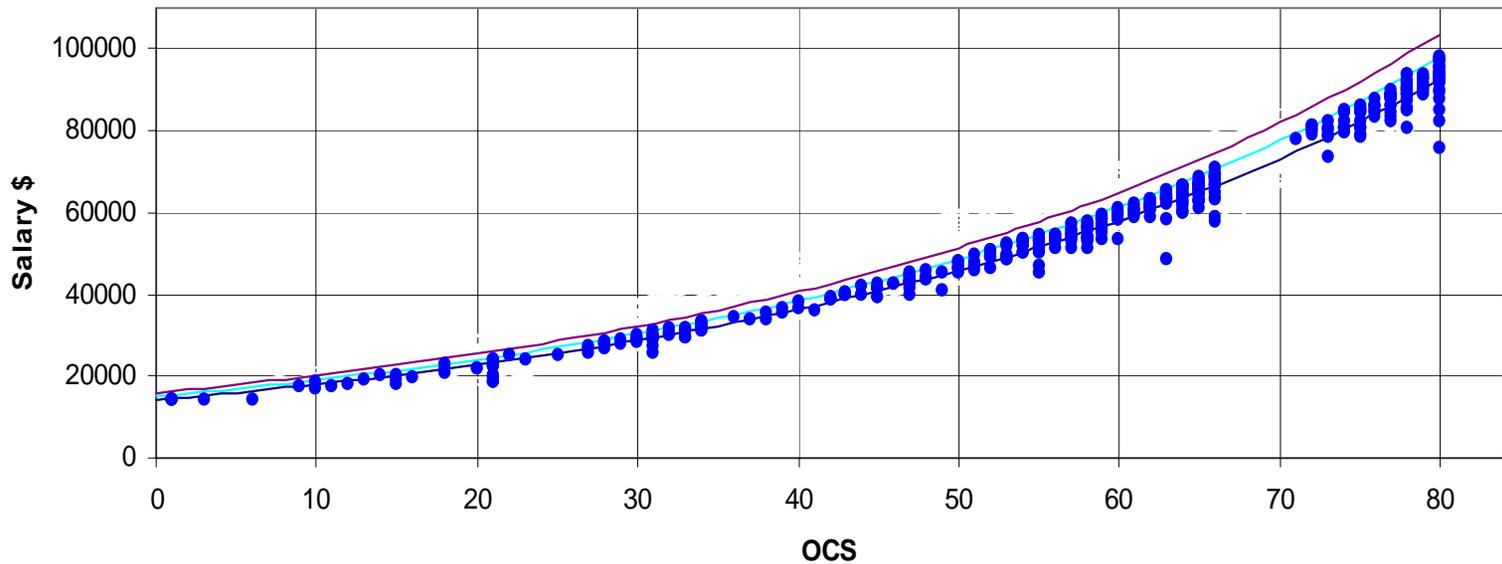
# Relative Compensation - Lab-wide Distribution of Scores

CCS NPR - Salary/Overall Contribution Score  
Lab-wide Undercompensated Employees  
2000 OCS/Basic Pay Against Performance Year NPR

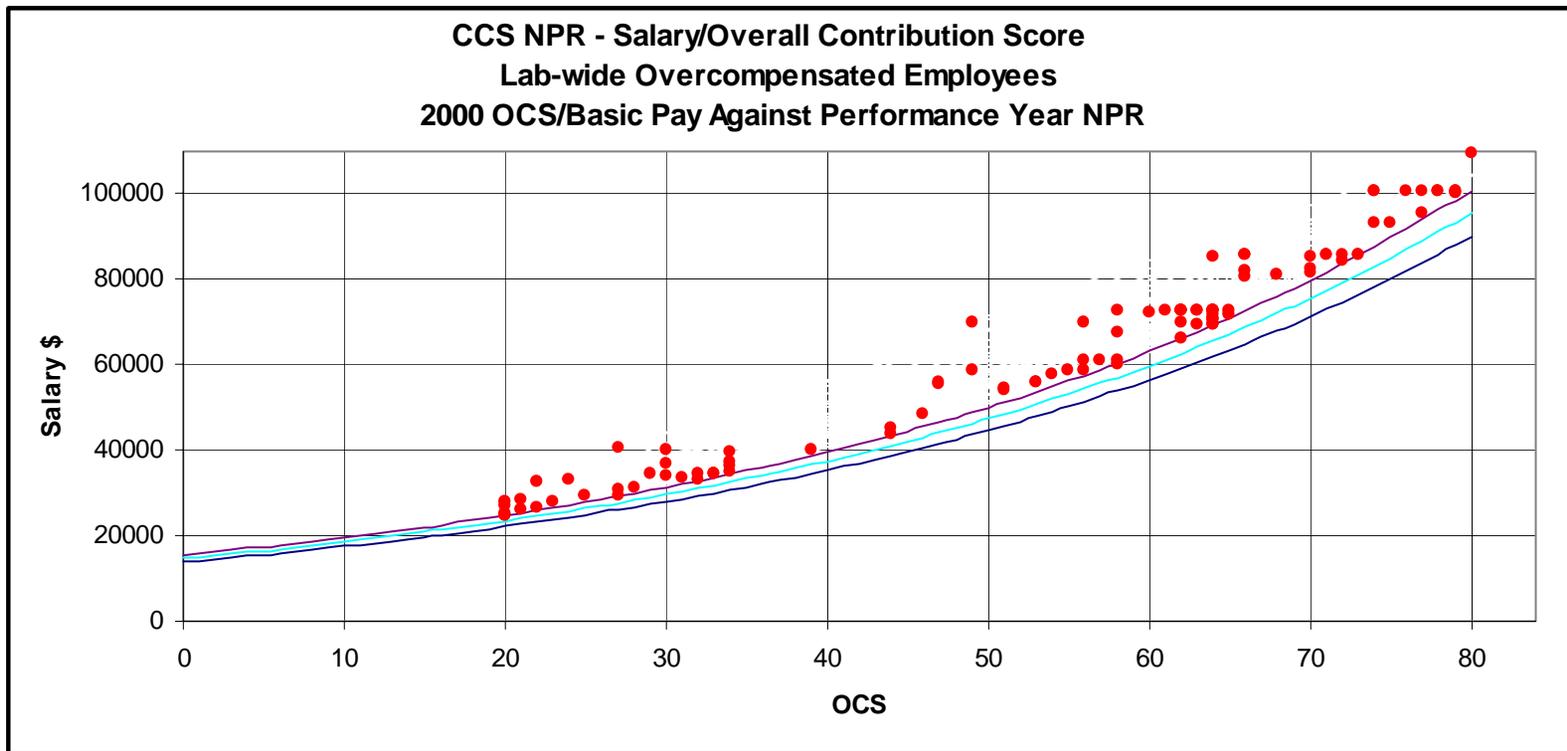


# Relative Compensation - Lab-wide Distribution of Scores

CCS NPR - Salary/Overall Contribution Score  
Lab-wide Undercompensated Employees  
2001 OCS/Adjusted Basic Pay Against Payout Year NPR

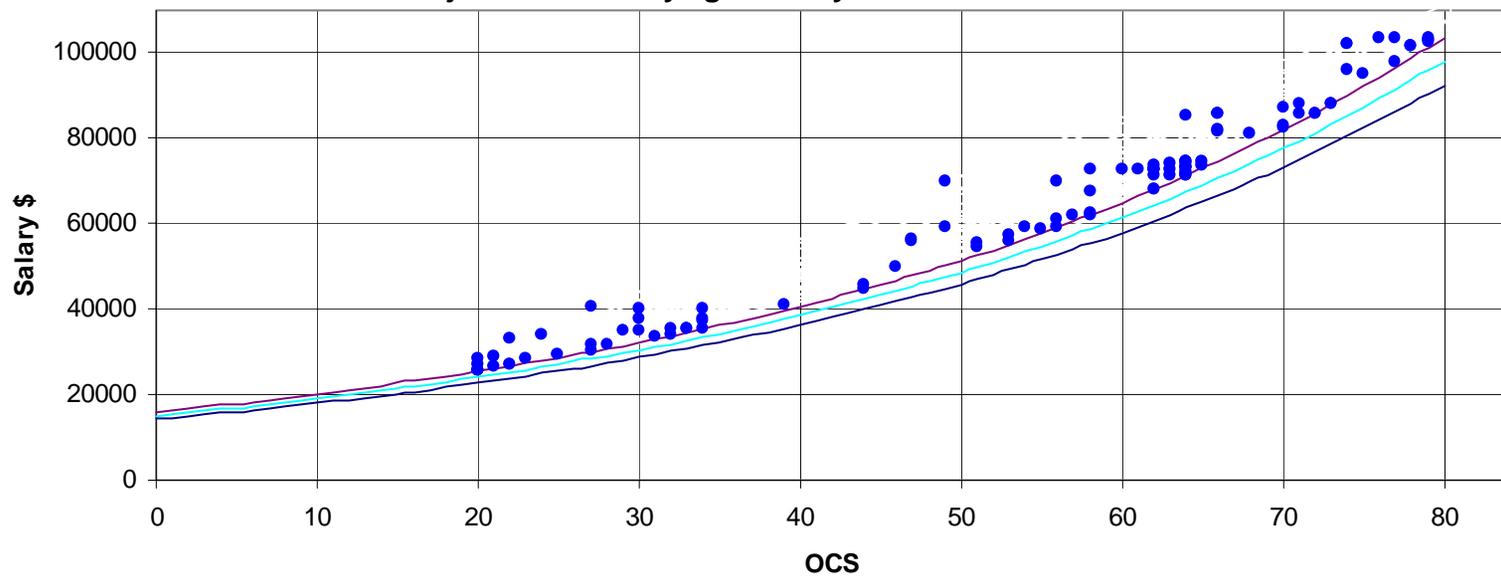


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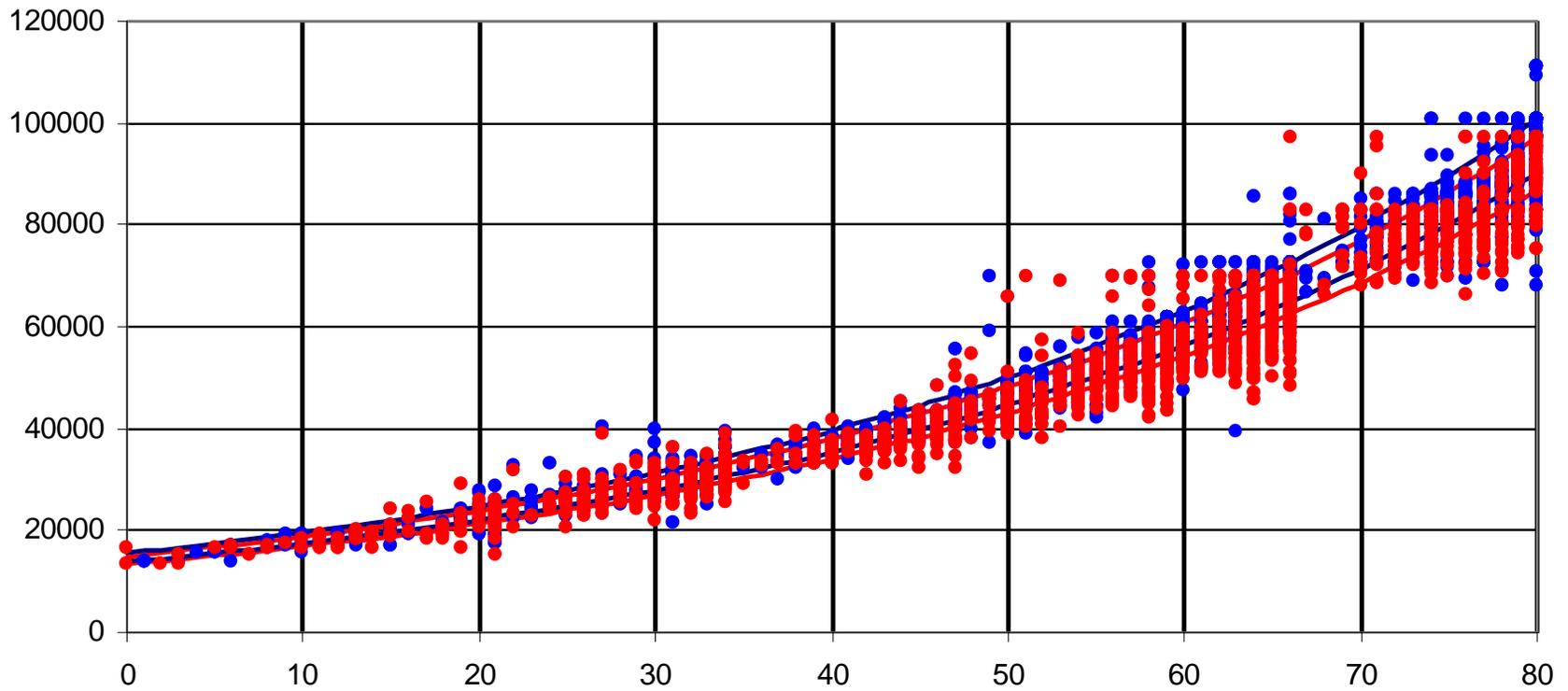


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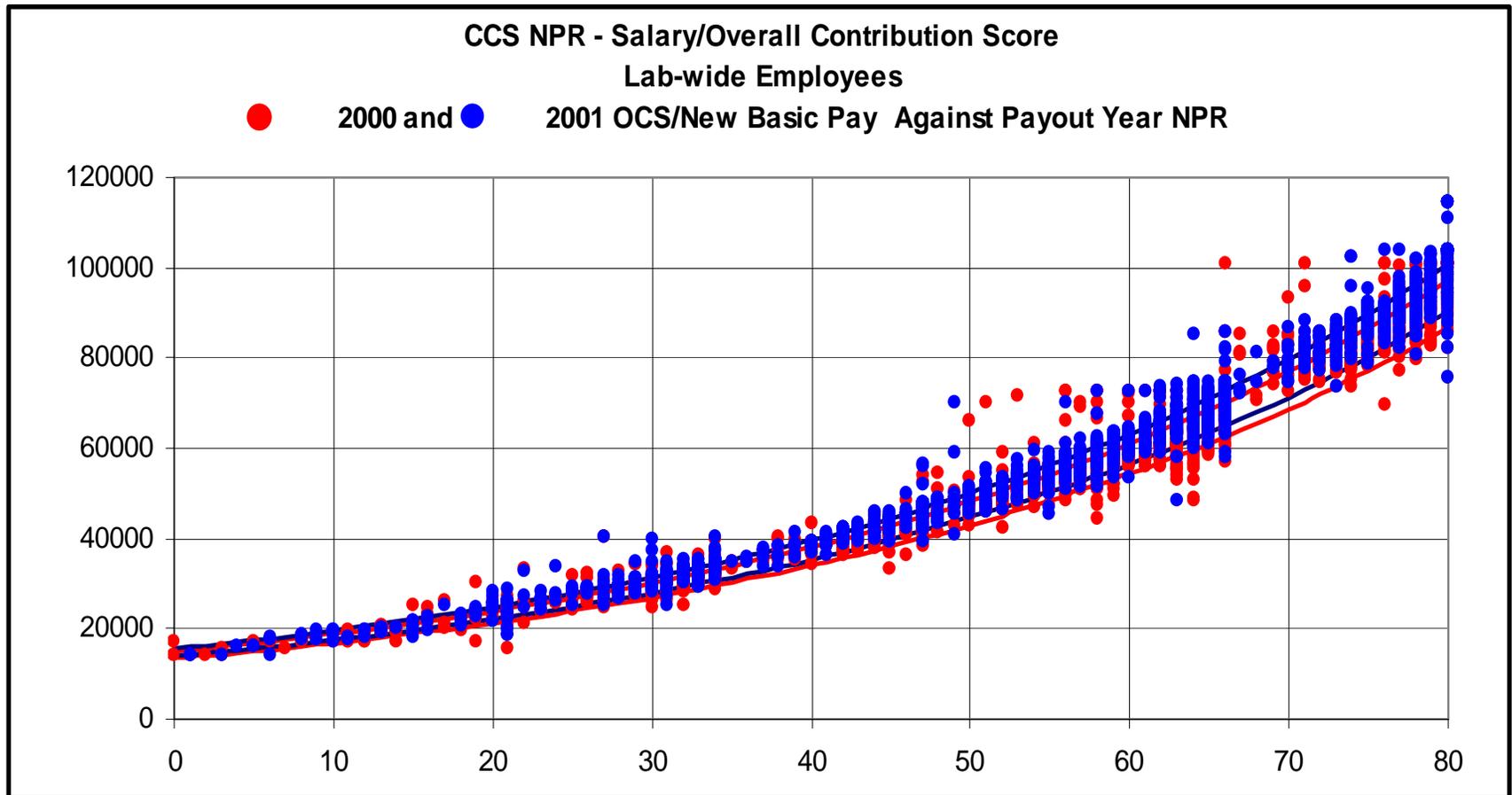
CCS NPR - Salary/Overall Contribution Score

Lab-wide Employees

● 1999 and ● 2000 OCS/Basic Pay against Performance Year NPR

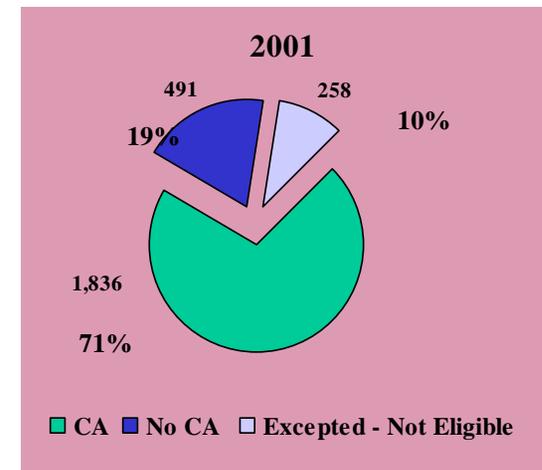
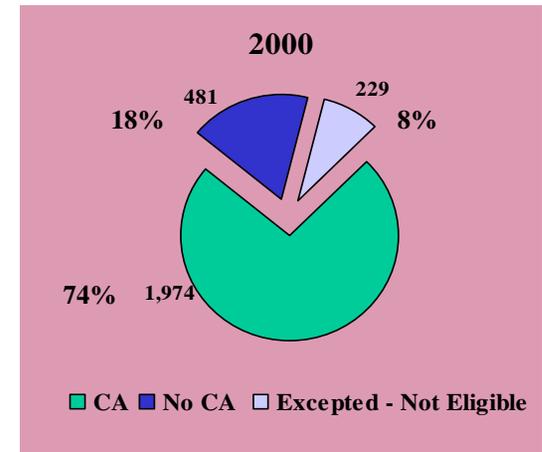


# Relative Compensation - Lab-wide Distribution of Scores

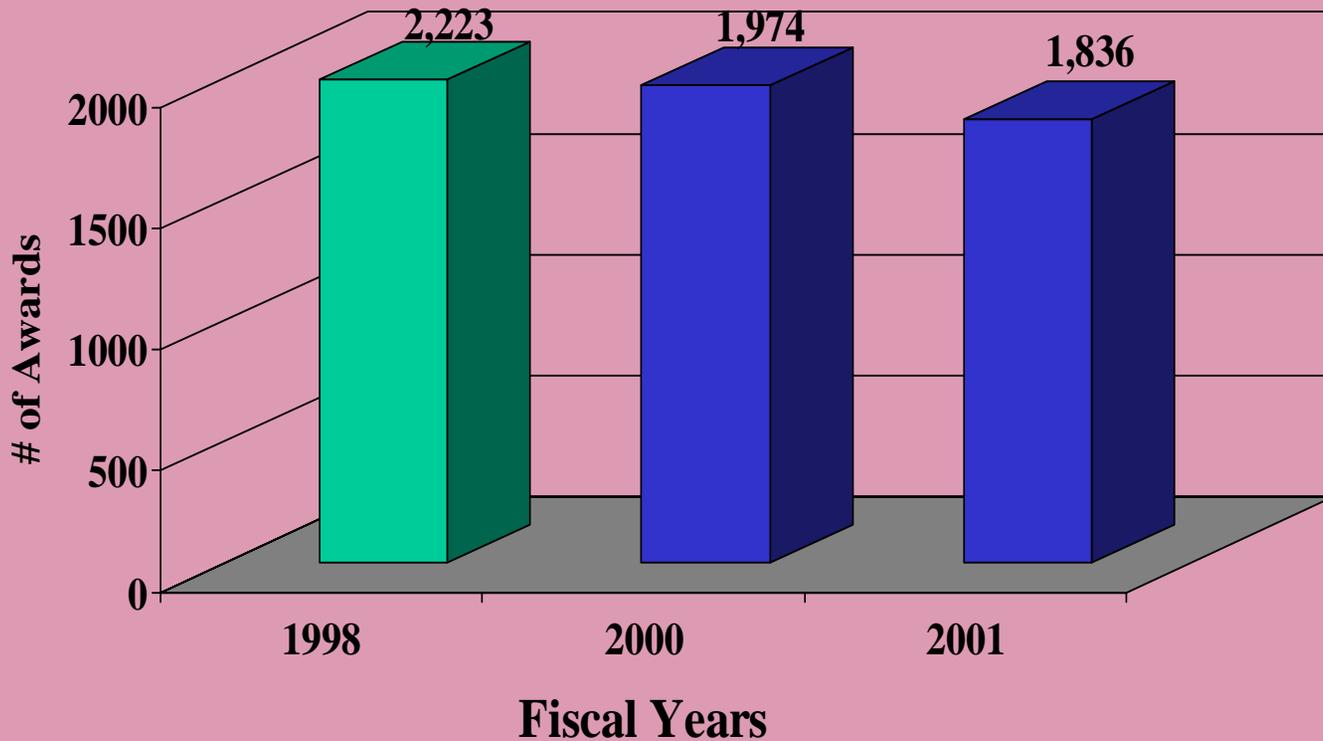


# Contribution Awards (CA)

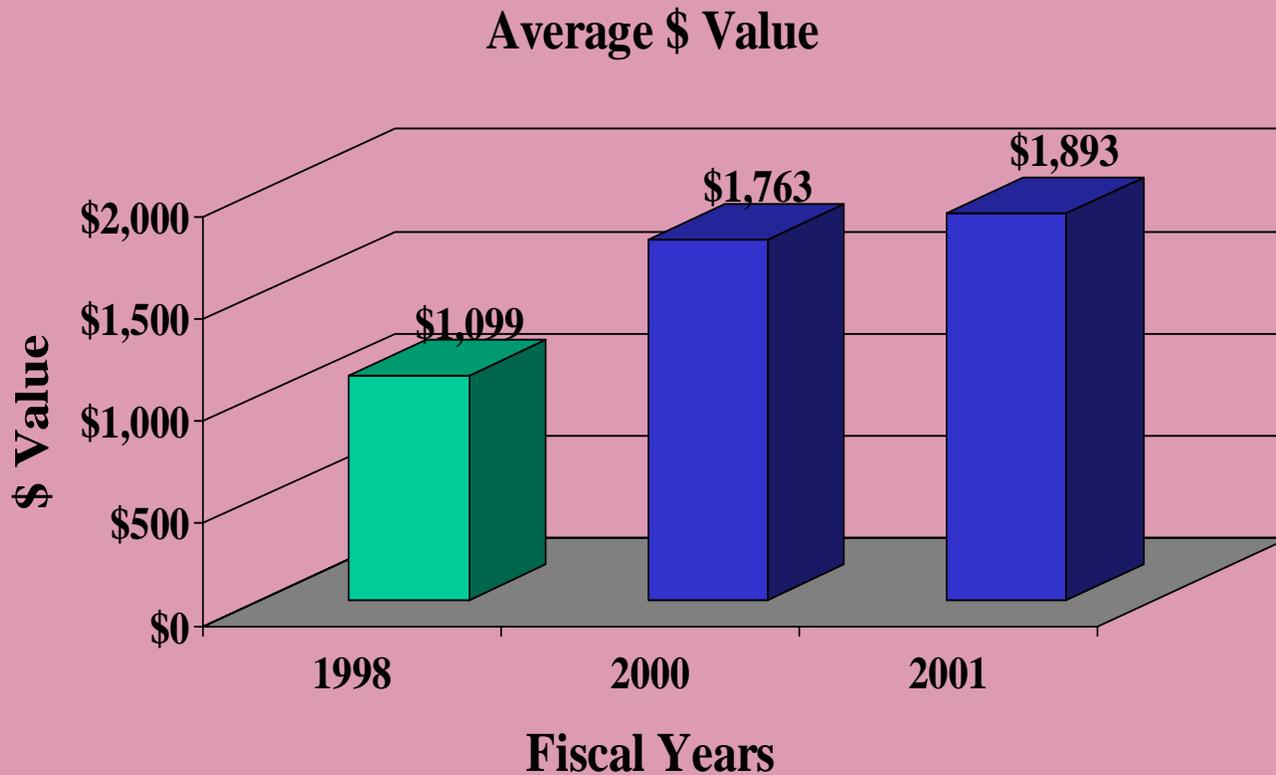
	2000	2001
• Contribution Awards Granted	1,974	1,836
• Total \$ Value	\$3,480,539	\$3,475,734
• Average \$ Value	\$1,763	\$1,893
• Low \$ Value	\$100	\$50
• Low % of Basic Pay	0.28%	0.31%
• Median \$ Value	\$1,389	\$1,300
• Median % of Basic Pay	2.51%	1.53%
• High \$ Value	\$15,491	\$20,720
• High % of Basic Pay	23.91%	20.00%
<p>• Note: CA funded at 2% of Basic Pay in 2000, rather than normal 1.5 %, due to extended rating period.</p> <p>• Note: CAs granted in lieu of DCAs in 2001. Total \$ value of those CAs = \$615,598</p>		



# Contribution Awards Before and After Demo

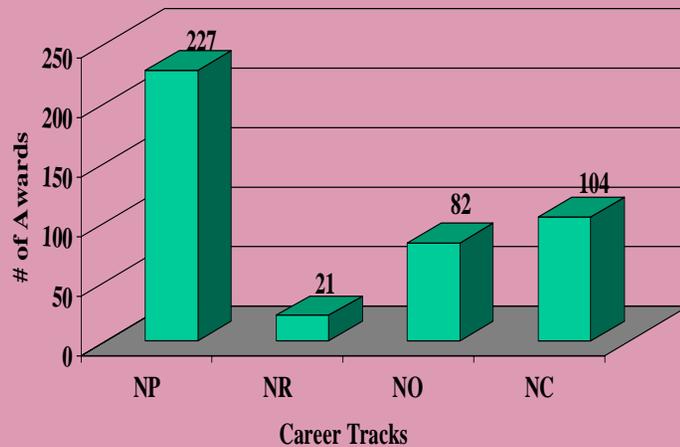


# Contribution Awards Before and After Demo

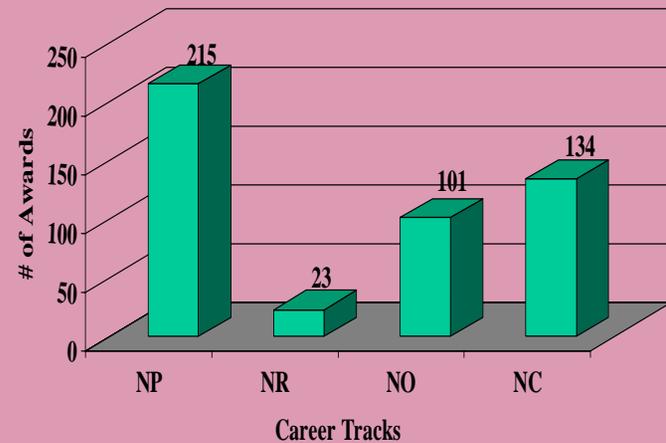


# Time-off Awards Number by Career Track

2000



2001



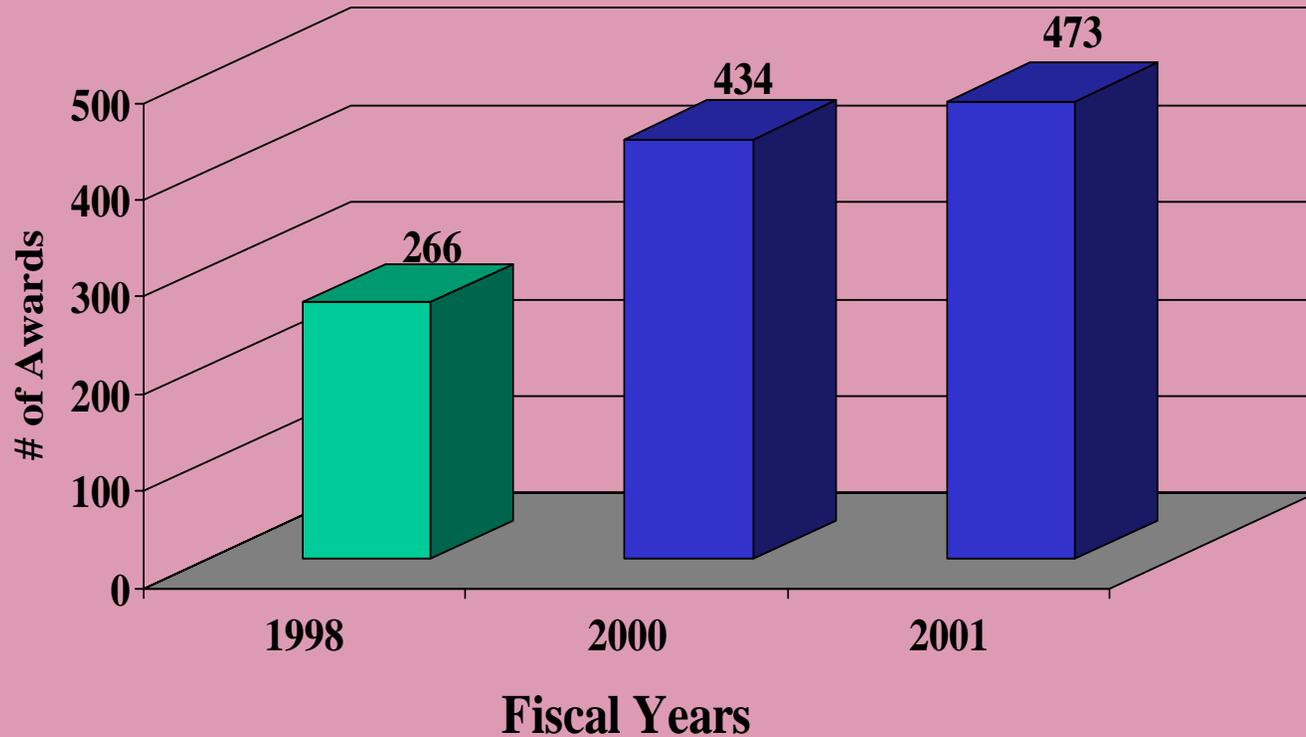
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NR = S&E Tech

NO = Admin S/P

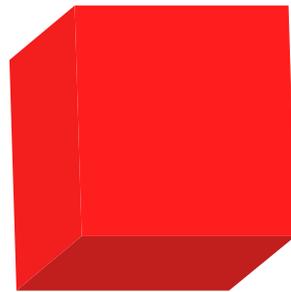
NC = Admin Support

# Time-off Awards Before and After Demo





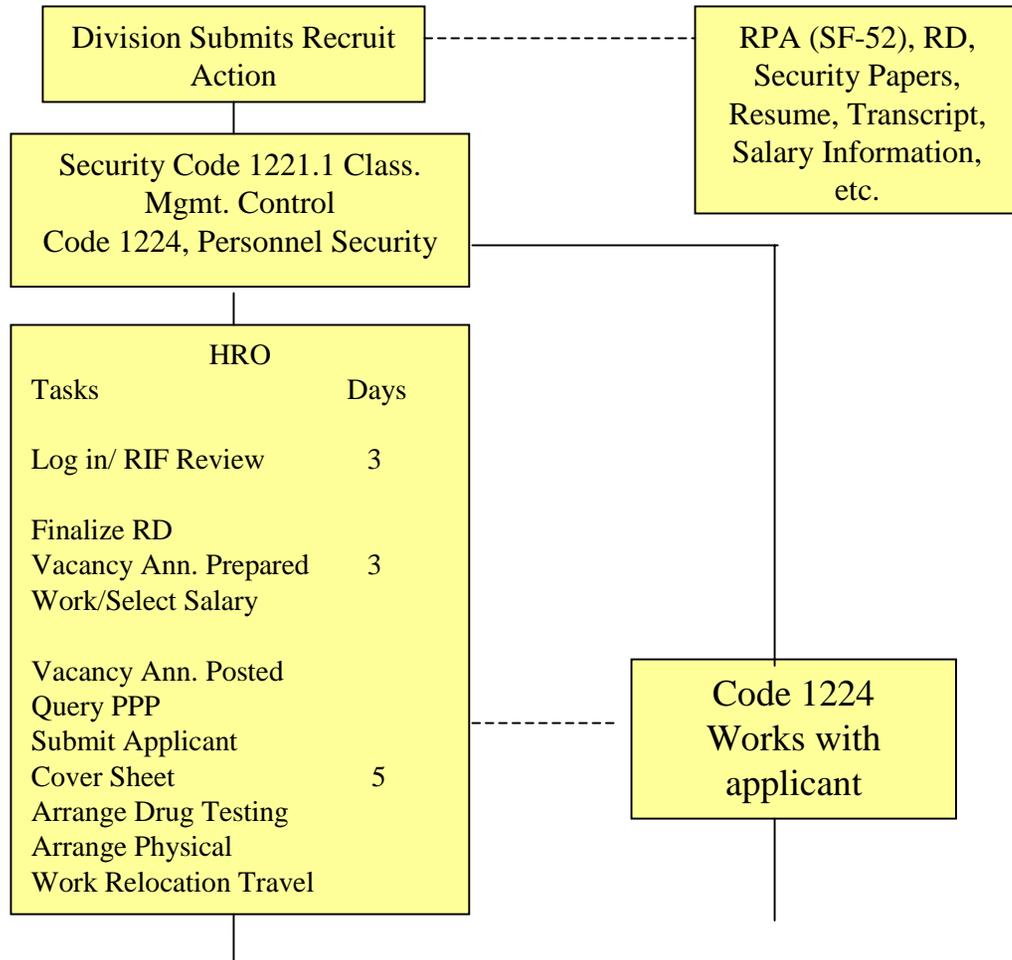
**What are the lessons  
learned**



# Profound Advice

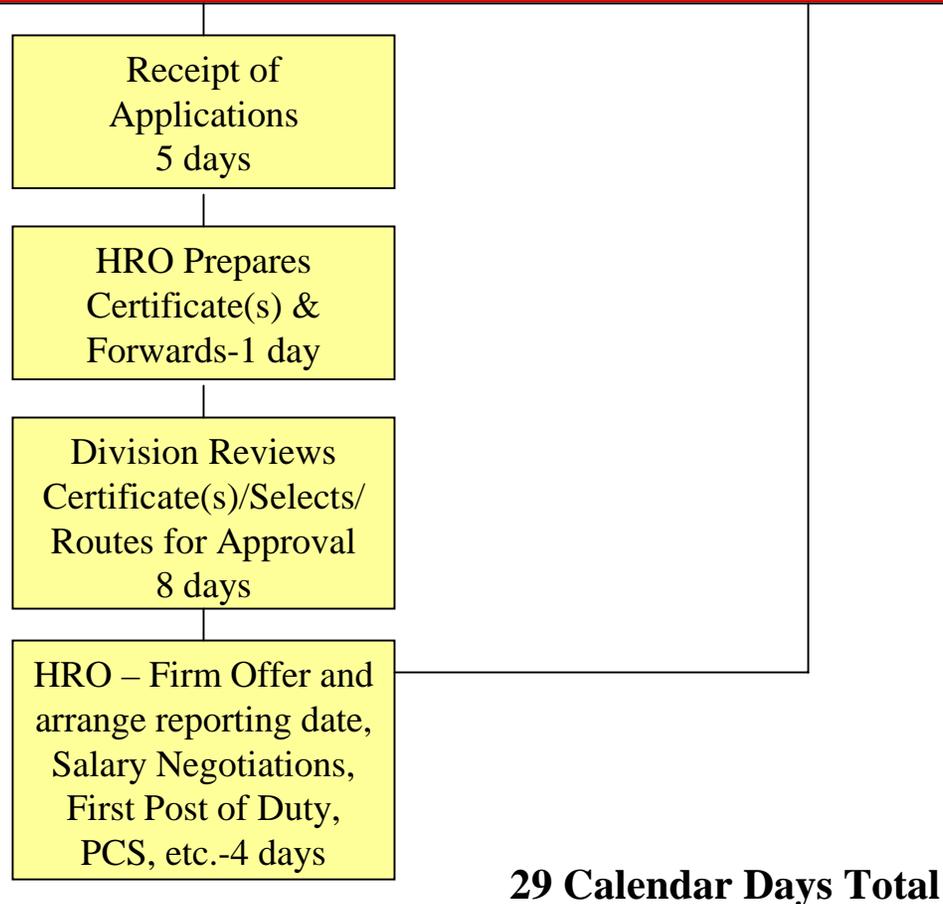
- Demo is not a perfect solution. It does not correct all issues and, in some instances, creates new ones.
- Keep employees involved and informed starting with the initial stages of Demo to foster early employee ownership.
- Listen and consider all comments.
- The “*Devil’s in the Details.*”
- Clean your house first. Demo is not a cure for internal ills.

# Delegated Examining S&E Name Request Process



# Delegated Examining S&E Name Request Process

(Continued)



# More Profound Advice

- No pride of authorship.
- Automation up and running before you start Demo.
- Constant monitoring of processes, particularly automation support outside your organization.
- Need a dedicated staff.
- Demo requires more funds than those initially budgeted.

# Demonstration Project Costs

<b>Purchase</b>	<b>Implementation Costs (as of 9/30/00)</b>	<b>Administration Costs (10/1/00 to date)</b>
CCSDS	\$ 1,923,956.51	\$ 149,712.00
OPM Evaluation	105,173.98	
Federal Register	7,201.00	
RD Writer	50,000.00	
WW Market Ref. Tool	\$268,436.00	2,968.00
NAPA PM Studies	186,993.54	
COGNOS Reporting Tool	99,279.00	107,436.97
Public Hearings	1,645.90	
Tutorial/Brochure	72,857.57	
Functional Specialists	322,904.66	190,150.62
Training Video	16,400.00	
Demo Sup'y/Mgt. Training	135,823.03	
Newsletter	2,190.94	647.80
<b>TOTALS</b>	<b>\$ 3,192,867.33</b>	<b>\$450,915.39</b>

# Wrap-up

Innovations to assist in:

- Maintaining quality of workforce
  - › Providing more competitive compensation
  - › Attracting high-quality candidates
  - › Providing compensation based on level and impact of contributions on organization's mission
  - › Reducing attrition
- Providing streamlined, flexible, and cost-effective processes
- Delegating authority
- Increasing satisfaction with human resources management