Human Resource

Innovators' Tool Kit

HUMAN RESOURCE INNOVATORS' TOOL KIT

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INTRODUCTION

Organizational change does not happen overnight. Neither do demonstration projects. Demonstration projects are in essence organizational change projects. Whether you decide to undertake a demonstration project or not, we have put together this Tool Kit to help you along the path of organizational change.

It is much easier in the short run to do things the way you have always done them. It is much safer and more comfortable. On the other hand, do you really have a choice not to change? Times continue to change and if you don't, change most likely will be thrust upon you, instead of being steered by you. So you may as well roll up your sleeves, build up your strength and confidence, and take a deep breath as you embark on the rocky road of reinvention. Good luck!

In recent years the Office of Personnel Management has issued new regulations and streamlined processes for staffing, compensation, classification, performance management, and reduction-in-force procedures. As agencies explore options, they sometimes find that they can achieve their goals through new flexibilities, opportunities, improvements, or adaptations that have become accepted practice in human resource management in Federal agencies.

We will begin by briefly explaining the various tools that are available to assist you in your journey to organizational change.

1.   Flexibilities

        "Human Resource Flexibilities and Authorities in the Federal Government" outlines
        current flexibilities available right now within existing law and regulations.

2.   Reinvention Labs

        Many agencies have designated some of their offices and programs as reinvention labs.
        This status often provides greater internal flexibilities from agency rules and regulations.
        Many reinvention labs have gone on to pursue demonstration project authority after they
        have exhausted all possibilities under existing authorities.

3.   Government Performance and Results Act (GPRA) Pilot Projects

        The GPRA law of 1993 requires that we chart a course for every endeavor . . . see how
        well we are progressing, tell the public how we are doing, stop the things that don't work,
        and never stop improving. Several GPRA pilots have also been demonstration projects as
        well as reinvention labs.

4.   Performance Based Organizations (PBOs)

        PBOs were first tried in Britain, where 65 percent of its government was converted to "Next Step" Executive Agencies in 1988. Several agencies continue to pursue legislative approval to become a PBO, which would provide greater personnel flexibilities in exchange for more explicit accountability for results. The Chief Executive Officer would serve under a five-year contract with compensation tied to performance goals.

5.   Demonstration Projects

        Demonstration projects provide a structure for testing and introducing beneficial change in a Governmentwide personnel management system. It is the vehicle by which an agency or organization obtains the authority to waive existing title 5 law and regulations in order to propose and test interventions.

        The Demonstration Project Team is ready to advise and assist you throughout the process of developing a demonstration project. However, we have found that successful demonstration projects start with a clear, specific vision developed by the agency before we ever enter the picture. On the other hand, we are always available to join the partnership at any time! The following pages include exercises and guidelines to help you identify your problems and focus on solutions.

ZEROING IN ON YOUR HUMAN RESOURCE PROBLEMS

We recommend that you begin to define your problem by collecting sufficient data and talking to key stakeholders. Often, the solution is right under your nose. However, as people cry for legislative change or demo projects, internal solutions are often overlooked or not taken seriously. To save money and time, we recommend that agencies do careful self-examinations of their personnel problems and decide where they want to go, before moving forward to more expensive options. Many agencies write a two-page summary highlighting their problems that serves two purposes: a communication tool for stakeholders, and a buy-in tool to foster understanding and support. Here are questions that you may want to ask yourselves in your quest to get a handle on the situation.

•   What are the specific problems in your personnel systems?
•   How do you know you have this problem?
•   What data supports your concern?
•   Is this a recent problem or has it been developing over time?
•   Is your problem getting worse?
•   Is your problem in specific geographic locations? Occupations? Series? Grades?

Case Study: Agency X

Agency X has determined its problem is the inability to attract and retain quality scientists. How does it know this? When they analyze work force trends, the data shows that 99 percent of the work force is staying and they have not been hiring for five years due to budget restraints. How can the real problem be the inability to attract and retain quality scientists when everyone is staying and no one is hiring? Agency X goes back to the drawing board and reviews the data. They see that the problem is not really attracting and retaining <u>all</u> scientists -- it is attracting and retaining rocket scientists for certain remote locations. To solve their problem, they revamp their human resource recruitment materials to specifically target recent graduates of rocket science schools. Next, they look at current HR flexibilities that will help them attract these hires: recruitment, retention and relocation incentives. Finally, they restructure the workplace to ensure that these rocket scientists are utilized effectively and will want to stay by offering special assignments, empowering them in decisions, and allowing them opportunities to further their careers and reputations, while benefiting the entire organization through continous training.

At this stage, many agencies tell us that they have the solution -- they want broadbanding. Having researched broadbanding for over 15 years, we understand why you may want broadbanding. However, we just want to point out that many agencies define their solution -- broadbanding -- without having defined their problem.

We have developed an eight-step process (see First Things First) to help you define your problems and decide where you want to go. It will make your life easier and the change process more effective.

FACING CHALLENGES TO CHANGE

As with any organizational change effort, demonstration projects need, at a minimum, top leadership support, cross-functional teams with one project manager responsible for project success, and members who can develop creative solutions to human resource problems. Agencies need to be aware of barriers that thwart change and have strategies and contingency plans developed to overcome them before any change initiative begins.

We have gathered the following list of challenges from many sources, including our own experience with demonstration projects.

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10 BARRIERS TO ORGANIZATIONAL CHANGE

1.   Turf battles
2.   Employee and manager resistance to change
3.   No one "owns" change process -- no one in charge or with authority to push change
4.   Lack of incentives to change -- cannnot see what is in it for me
5.   Difficulties in thinking "outside the box"
6.   Resources tied up in current systems
7.   No champion in top management
8.   Skepticism -- we have seen or heard it all before
9.   Lack of resources
10.   Do not see a compelling reason to change

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If you are still with us, you are ready to embark on your journey. The next section will describe how to get started.

GETTING STARTED ON YOUR DEMONSTRATION PROJECT

In order to make your project a success, the following describes a recommended approach to demonstration project development. Based on our demonstration project experience, we have learned that contacting the Demonstration Project Team early makes the development process easier, decreases the time required to develop the project, and improves the final quality. An agency's process in designing a demonstration project is as important as the technical aspects of that design. Those instances where an agency has begun an innovative proposal, only to witness its demise at a later stage, have been largely due to process rather than technical flaws. The Demonstration Project Team and your specific Project Manager are here to help you achieve a successful demonstration project, avoid the pitfalls, and gain from lessons learned.

A.   DEVELOPING YOUR PROJECT PLAN

■   **Establishing Your Project Team**

You cannot design a demonstration project in a vacuum. Include the people who will be impacted by the demonstration project. In this way your project will represent the views of people at all levels and will garner necessary support and buy-in at an early stage. The project team is often composed of line managers, human resource management, other technical experts, union representatives, employees, and Central Office and Regional representatives. The most successful projects are those that are begun in partnership with appropriate unions at the earliest stages. In addition to the unions, work closely with your

employees and solicit regular feedback from them. More participation elicited at the preliminary stages helps improve the overall project.

- **Organizational Assessment**

  Identify and analyze the problems in your organization that serve as barriers to accomplishing your mission. Through focus groups, climate surveys, and workforce data analysis, agencies are better able to understand their problems and develop proposed human resource solutions. Agencies can then determine if a demonstration project is needed or whether the identified barriers can be addressed through the current system.

- **Concept Paper**

  The concept paper is actually the preliminary draft of the project plan. At the beginning, it is intended to help collect and communicate ideas and build stakeholder consensus. It serves as a working tool to further develop the project plan through its many evolutions; it is a work-in-progress.

  Use the Sample Concept Outline to assist your project team in developing the concept paper. It is the first document that you share with us to present your ideas and innovations.

- **Project Plan Proposal**

  The next step is to develop the concept paper into a more detailed project plan, which will eventually be published in the *Federal Register*. At this stage, we work with your team to help you refine your plan with the goal of producing it in *Federal Register* format. A project manager from the Demonstration Project Team will facilitate the process.

  A recurring question, always asked, is about the level of detail required in the project plan. This is a difficult question, but the best answer is that it needs to be written so that affected employees will understand how the demonstration project will impact them. The project plan, when published in the *Federal Register*, actually substitutes for title 5 as the statutory authority under which the project operates. Therefore, it needs to contain enough detail to be understandable and to make sense to employees and other stakeholders interested in this project.

B.   COMMUNICATING YOUR PROJECT PLAN

- **Communicate**

  When employees say that they have heard enough about the demonstration project plan, you know that you have done your job. One agency head took the time to regularly meet

with small groups of employees to explain the demonstration project. Although this appeared time consuming at the front end, it was actually a time saver later on. The key to a sustainable and successful project is understanding the project through information that is based on facts and not rumors, while also encouraging bona fide input. Demonstration projects are, in actuality, change processes. Therefore, the same principles espoused for change management are appropriate for demonstration projects.

■ **Stakeholder Analysis**

We have often said that demonstration projects are really a project of stakeholders. It is important to do a stakeholders' analysis that identifies all players whose interests should be taken into account in the development of your project. It is also wise to develop a strategy to bring these stakeholders in early so that they feel vested in your project. The demonstration project takes time, commitment and resources -- both human and monetary. Stakeholders' approval of your project could make or break your project.

C. APPROVING AND CLEARING YOUR PROJECT PLAN

■ **Agency Review, Clearance, and Approval**

Clear your project plan through all appropriate channels, such as the agency, the department, and any participating site departments. The head of your agency (or the department) must sign your project plan. This final version of the proposed project plan must be formally transmitted to the Office of Personnel Management (OPM). As part of the transmittal, you must outline the discussions that have been held with labor organizations (that have been accorded exclusive recognition) for bargaining units containing employees involved in or affected by the proposed demonstration project.

■ **OPM Review, Clearance, and Approval**

Once we receive the agency-cleared project plan, our Project Manager and program offices begin coordinating with you to facilitate the review process. Working sessions are scheduled with your team and ours to further refine and address concerns before final approval. When all concerns and questions have been addressed and incorporated into the plan to the satisfaction of all parties, the project plan begins the clearance process through our offices. Once cleared, the our Director approves and signs the *Federal Register* notice (your proposed project plan) for publication.

D. STATUTORY NOTIFICATION REQUIREMENTS

■ **1st *Federal Register* Notice**

We publish your approved project plan proposal as a Notice in the *Federal Register* and

notify unions and Congress. Title 5, U.S.C. Chapter 47, specifies that proposed project plans must be published at least 180 days before implementation. At this time, both Congress and employees must be notified, with copies of the *Federal Register* notice of the proposed demonstration project.   No less than 30 days after publication in the *Federal Register*, we facilitate a public hearing to solicit comments. The comment period must then remain open for two weeks after the public hearing. We, along with your agency, review all oral and written comments; and if necessary, the proposed project is modified accordingly.

■   **2nd *Federal Register* Notice**

The resulting modified project plan must again go through the our clearance and approval process before being published in the *Federal Register* as the final project plan.   The law requires that this final notice be published at least 90 days after the first *Federal Register* notice and that the project begin no sooner than 90 days from the date of the second *Federal Register* notice. At this time, we also notify Congress of the final project plan.

■   **Implementation**

A minimum of 90 days after the publication date of the final *Federal Register* notice, your agency may implement the plan. Your agency can use the 90-day waiting period to prepare operating procedures, training manuals, employee handbooks, and conduct all necessary training to begin the demonstration project.

FIRST THINGS FIRST -- 8 Steps to Drive Your Change Efforts

Steps	Questions	Vehicles
1. Focus the Change	What do you want to change about your organization? What is the driving force behind this change? Is the change a small discrete change or does it involve other parts of the organization? What led you to want this change?	Top Management Interviews Cross-Functional Teams Focus Groups with employees, unions, managers Attitudinal Surveys Structured Interviews
2. Define the Problem	What are the specific problems in your personnel systems? How do you know you have this problem? What data supports your concerns? Is this a recent problem? Is it getting worse? Is it in a specific location or occupation?	Workforce data analysis Interviews with managers Interviews with personnelists Focus groups with employees, unions and managers Surveys
3. Describe your Vision	Where do you want your organization to go? How long will it take?	Top management Input from cross-functional groups
4. Barriers to Change	What is preventing your organization from getting to where it wants to go? List internal barriers and external barriers.	Focus groups and interviews with cross-functional representatives from all levels.
5. Identify Low-Hanging Fruit	What can the organization easily do now to change? Review current human resource flexibilities to see what can be done now but isn't being done.	Review regulations, including internal, and title 5. Bring in personnel to work with managers on identifying what managers want and what they can easily get now.

6. Write Communication Plan	Summarize steps 1-5 in document to serve as communication and buy-in tool for stakeholders to understand where the change effort is going and why. Outline compelling reason for the change.	Managers and personnel-represented group to write action plan.
7. Organize a specially selected Change Team to implement a change strategy based on the communication plan and include solutions to problems.	To serve as change agents for change in organization, communicators of change plan and drivers of change initiative.	Representatives with reputation and clout and who have been involved successfully in steps 1-6 to lead continuing efforts.
8. Develop Action Plan	Identifies next steps, including low hanging fruit (easy and visible wins), deals with barriers to change, includes plan for solution implementation, briefs organization and key external stakeholders to move plan forward.	Change Team with input from employees via various channels.

SAMPLE CONCEPT OUTLINE
Description of Proposed Demonstration Project

A.	**Purpose and Objective**	Briefly describe your organization's: mission, vision, and value statements. problems in your human resource management systems that hinder mission accomplishment, and identify improvements to address these problems. purposes and expected outcomes for the demo project, including how this demo will enhance mission accomplishment.
B.	**Methodology**	Briefly describe the method used in identifying and analyzing the problems and outcomes listed in the purpose and objective section and in developing proposed solutions.
C.	**Innovations**	List all the changes that you are proposing for inclusion in your project. Describe each innovation in as much detail as possible. Discuss how the innovations will solve the problems described in the purpose and objectives section.
D.	**Budget Strategy**	Describe your budget strategy for cost controls and expected fiscal impact. If cost neutrality is a goal, how will it be achieved? How will costs be controlled in broadbanding?

E.	**Scope of Coverage**	Describe who will participate in the demo project.
F.	**Project Development and Oversight Strategy**	Describe how the project will be developed: What is your timeline for development? Who will be held accountable for keeping the project on track? Who will participate in developing the demo, for example, human resource management specialists, unions, line managers, employees, executives? How will they be participating in demo development? The demonstration authority requires employee and union input. How will this be obtained?
F.	**Evaluation Plan**	Outline what you want to know as a result of this demo project: What are the key elements for the evaluation? What do you expect will happen as a result of implementing each innovation?

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