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Central Intelligence Agency
Directorate of Intelligence
Office of Imagery Analysis
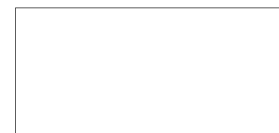
OIA 075/87
2 September 1987

MEMORANDUM FOR: Deputy Director for Intelligence

FROM: Director, Imagery Analysis

SUBJECT: OIA Comments on the Human Resource
                   Modernization and Compensation Task
                   Force's Preliminary Report—July 1987

1. A survey of all OIA personnel revealed mixed
emotions concerning the subject report. Despite the
publicity given to the report, there was considerable
concern expressed over the absence of details for
implementation, upper management support and what the
overall impact of the program might be. The degree to which
these concerns generated opposition to the report is
difficult to measure. There was overwhelming opposition to
the proposed Pay and Classification Structure and
Performance Evaluation System changes (features 1-4). The
reactions to the Career Development System (features 5-10)
proposals were more divided—ranging from a majority against
Individual Career Development Plans and Occupation-Specific
Training to overwhelming support for a "true" Dual Track
system. The reactions to the proposed Benefits Program
(features 11-14) were generally favorable—especially
regarding the Flexible Benefits and Leave Conversion
features. Reactions to the Data Processing Support
proposals (features 15 and 16) also were mixed; although,
they generated less comments than the other features because
our people were less able to identify with them on an
individual level. Below are representative reactions to
each of the proposed 16 features in the subject report.

Pay and Classification Structure

Feature 1—Occupationally Defined Bands. There was
almost universal disapproval of this feature within the
office. Representative reasons for this disapproval are as
follows:

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o   It smacks of change for change sake. If CIA will
    be restricted to a 2 to 3 percent increase in its
    personnel services budget, a new pay system will
    be new in name only.

o   The current GS system offers the greater
    psychological benefit of more promotions. Under
    the current system, a new EOD in OIA at the GS-07
    level can aspire to at least six promotions to
    higher grades. This offers goals for an employee
    to aim for: status in relation to fellow employees,
    and a sense of satisfaction as each advancement in
    grade is achieved. The new system would provide
    fewer bands and, although the employee's salary
    might increase within a band, the psychological
    benefit is not as rewarding.

o   The rationale for adopting a banding system in order
    to pay higher wages to hard-to-hire occupations is
    flawed. The GS system does allow some flexibility
    for hiring in these occupations. Still, we simply
    must face the reality that the US Government cannot
    compete with private industry in the wage arena.

o   Many believe that banding will create a stagnant
    work force with little opportunity for cross-
    fertilization between offices and disciplines
    (occupationally defined bands).

o   There is widespread apprehension that the banding
    scheme's tie to market pricing could reduce the
    salary of imagery analysts; thus, negating the
    office upgrade we achieved several years ago.

o   Equating the banding system with military ranks
    for protocol purposes would be difficult--if not
    impossible.

Some employees seeking additional clarification of this
feature wonder who they will be ranked against for CER
purposes and promotional consideration. Would we, as
imagery analysts, be lumped together with imagery analysts
in NPIC and be put at individual disadvantage compared to
the present system? Or would our employees continue to be
rated by OIA's Career Service Panel? Some also questioned

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whether there is any evidence that banding in commo and the
secretarial profession has had any positive effect on
recruiting, personnel retention, or reducing the
administrative workload. If any studies have been done on
these questions, no one is aware of them.

Feature 2--Incentive Pay. This feature also met with
overwhelming disapproval among OIA personnel for the
following reasons:

- There was real concern that an annual performance
  bonus could encourage short-term, high-quantity
  production efforts at the expense of long-term,
  innovative, risk-taking types of research that
  may not yield near-term, measurable results.

- Most also believe such a system would be prone to
  abuse because managers would compete
  to get their employees higher bonuses by inflating
  performance appraisal reports.

- Most OIA managers believe the same goals could be
  achieved by liberalizing the current system of
  special achievement and exceptional accomplishment
  awards and quality step increases by allowing
  approval of these awards by lower-level managers.

- Many felt more attention should be given to non-
  monetary incentives such as preferential parking,
  compensatory time off or additional annual leave,
  and attractive travel opportunities.

Performance Evaluation System

Feature 3--Performance Plan. Again, this feature met
with overwhelming disapproval. The majority view is that--
while increased supervisor-employee communication is a
desirable goal--this would be a return to a procedure that
has proven not to work in the intelligence business. We
eliminated advance work plans (AWPs) for all but new
employees and marginal performers because they required
almost constant revision unless worded in such general terms
as to be useless. Our business is too dynamic for this type
of a document to have any relevance.

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Feature 4--Performance Plan. Some analysts preferred the proposed five-point rating scale because they believed it would be more likely to reveal how they are perceived by management and where they can improve. However, the majority view with regard to performance appraisal in the agency i's that many supervisors and managers are reluctant to address and accurately evaluate employee deficiencies. Until this reluctance is removed from the agency's managerial culture, no particular rating scale will be more accurate or informative than another. In an ideal situation, in fact, the current seven-point scale should be preferred because it allows to differentiate between a greater spread of performance ratings.

Career Development System

Feature 5--Occupational Career Handbooks. This feature generated a mixed reaction. Some believe it is a good idea that should be implemented. Others favor this feature but fear it could develop into a checklist for advancement with certain "tickets" that would have to be punched before an employee could be promoted, regardless of the quality of his/her performance. Still others oppose the idea because they believe experience has shown that such handbooks quickly become outdated, despite the assertion that they would be intended as living documents routinely updated by members of each occupation.[1]

Feature 6--Individual Career Development Plans. The majority of OIA personnel view this feature negatively. The majority opinion is that adequate mechanisms for managing career development currently exist. A minority viewpoint was that this feature might stimulate a closer relationship between managers and employees.

Feature 7--Occupation-Specific Training. Again, most respondents opposed this feature, because they believe the office already does a good job of providing occupation-specific training. Also, there was some concern that this proposal should not lock an employee into a narrowly defined occupation, and that more general training should also be available. A few individuals, however, liked this feature

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[1]It should be noted that both the DI and OIA already have personnel handbooks that provide career development information.

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and were strongly supportive of efforts by individual
offices to work with OTE (and outside contractors) to tailor
courses to better satisfy component needs.

Feature 8--Improved Availability of Training. Most
people supported this proposal and wonder why it hasn't been
attempted already. They believe OTE should be offering
selective courses at Building 213 and be doing more to
advise employees of relevant courses that are offered
outside of CIA. Others expressed skepticism that OTE would
not be either capable or responsive enough to meet the
objectives of this feature. These employees were also
concerned whether or not enough employees have home
computers and VCRs to make preparation of the proposed
training modules cost effective. A minority viewpoint is
that the current availability of training is adequate for
our needs.

Feature 9--Dual Track. There was unanimous agreement
within the office that a "true" dual track system should be
instituted within the agency--whether or not the rest of the
proposals are enacted. However, there also was a great deal
of skepticism that enough SIS positions would actually be
available to senior analysts, given the Congressional
ceiling on these slots.

Feature 10--Promotion. This proposal received mixed
reviews. Some complained that this feature was not
adequately described. Others thought that this feature was
necessary in order for employees to know what is expected of
them for promotion. Still others felt the current component
career service panels adequately address the promotion
issue. Almost all wonder where the money is going to come
from to be able to promise an employee a 10 percent salary
increase upon promotion.

Benefits Program

Feature 11--Flexible Benefits. Along with the dual track
proposal, this feature received the greatest support among
office personnel. In particular, people were most impressed
with the flexible credits scheme for buying the benefits
packages that best suit their individual needs. Some felt
that additional information was needed on exactly how the
program would work. And others cautioned that a requirement
should exist for at least minimum health insurance

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protection, unless there is proof of coverage by another
family member. All agreed this feature should be adopted--
regardless of the fate of the entire program.

Feature 12--Leave Conversion. The majority of OIA
personnel view this feature favorably. Some complained that
the increased carry over limits proposed for those in the
MEIP should apply to all employees. Others felt that
employees--either male or female--should be allowed to use
sick leave when they need to care for a sick child. A few
saw the potential for abuse--selling leave and then not
having it when needed was one issue that was raised.

Feature 13--Educational Assistance for Dependents. The
reaction to this feature was mixed. About half of the
respondents agreed with the feature as presented in the
subject report. The other half totally disagreed with the
concept, taking umbrage at the fact that employees with
children would be given preferential treatment that those
without children would help subsidize.

Feature 14--Staffing Management Tools. This feature also
drew a mixed reaction. Some favored early retirement for
selected categories of employees because they believe it
will create greater headroom for younger employees. These
same people also favored retention bonuses for key
categories of employees. Others questioned the fairness of
the proposed bonus retention system and believe it could
easily be abused. They also see a potential in the
involuntary retirement proposal for a RIF of older employees
who may not be interested in retiring.

Data Processing Support

Feature 15--System Controls. Some thought this feature
was a good idea because it would provide flexibility for
managers to tailor their units as needed. Others felt it
would place a much greater burden on the mid-level manager.
Most questioned whether the cost of developing this system
would be worth the result.

Feature 16--Projection Tools. Again, this feature
generated a mixed reaction. Some felt if the entire plan is
enacted such a system would be required. Others agreeing
with this position cautioned that it will require
significant cultural change on the part of many--if not

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most, managers. They will be required to become managers of
people and not substantive intelligence. Others cited a
lack of information to comment pro or con on this feature.
Still others felt the proposed system would draw more
attention and scrutiny from oversight committees and may
hurt us more than a comparability gap.

2. In general, the subject report contains some
concepts that our personnel found attractive, but it does
not seem to have been prepared with much concern for how the
normal workings of bureaucracy would affect implementation
of the system. Our personnel believe the report paints too
rosy a picture of the proposed new system and glosses over
the potential problems associated with its implementation.
In short, the report is viewed as an obvious attempt at
salesmanship.

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MEMORANDUM FOR: Deputy Director for Intelligence

FROM: [   ]   STAT

                      Director of Global Issues

SUBJECT: Human Resources Modernization and Compensation
                      Task Force Report

       1. How people are rewarded--in the broadest sense--is essential to keeping the Agency competitive, and the Task Force Report tables a number of proposals for achieving this that offer a major break with tradition. To get an idea of how OGI managers, analysts, and clericals feel about the recommendations, I asked each of our branches and staffs to discuss the report in depth and provide me with both sense-of-the-body as well as individual critiques of the new proposals. In particular, I solicited not just comments about what seems good or bad but also suggestions for making the plan better. The response was extremely forthcoming--most of our officers recognize that at least some change is not only welcome but inevitable--and I summarize the high points below, together with some additional thoughts of my own and my division chiefs.

Overall Reaction

       2. On balance, reaction to the report from OGI personnel is largely skeptical, particularly with regard to those proposed features--like banding and incentive pay--which would work the most profound changes in the way we do business. Many people question the need for such a radically new system, still others are concerned about its implementation, and a few see the recommended program, with some modifications, as about the right way to change. Viewed as a whole package, I suspect that the majority in OGI would reject the proposal but would welcome adoption of selected features. Many appear to feel that pay for performance, banding, and a number of other features of the program may be nice if implemented in an ideal world but still will not address the kinds of emotional and psychological needs that will confront Agency employees over the next 5 to 10 years.

       3. My own view--and one that is shared by most of my senior managers--is that change is essential and that certain portions of the program outlined in the report help us move in the right direction. We should pursue these aggressively. In particular, the recommendations regarding career development, more flexible benefits, and enhanced management tools all seem to be on the

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right track. In contrast, I think the proposals dealing with banding and incentive pay, at least as outlined in the report, are bad ideas for reasons spelled out below. Instead, we need to make the current system do a better job of working for us. Specifically, I do not believe we have taken advantage of the flexibility we could have in applying the current GS system and fitting it to our objectives.

4. I think it is especially important that CIA is focusing on how it can remain an organization that attracts and keeps extremely talented individuals who are in high demand in the private sector. This will become a greater challenge in the 1990s, especially in the Washington area. In my view, our ability to do this will depend mainly on the creativity and imagination of our managers, including those on the seventh floor. It will not be driven by whatever particular pay or classification system that we happen to be using at the time but rather by how the Agency chooses to implement and use that system. Some other observations:

o   I am concerned about the report's preoccupation with pay and its failure to look at other aspects of what motivates or matters to the Agency employee such as working conditions, lack of bureaucracy, non-monetary recognition, challenges, and interpersonal relationships.

o   Gaining approval outside the Agency for the features recommended in the report and subsequently implementing them will be a tough job and one that, in the short run, will be very disruptive to our organizational efficiency and the sense of well-being of our line units and their officers. We need to be sure that whatever changes we make have long term benefits that outweigh these costs.

Reaction to Specific Features

Feature 1 -- Banding

5. The consensus view in OGI is that the main objectives of the new system being proposed could be accommodated under the present GS system, and I strongly agree. There is concern that reducing the number of pay grades would limit promotion opportunities, could cause "band bulge," and might result in lack of comparability with downtown counterparts. Some also express concern that implementing market linkage could cause potential morale problems because some occupations will suffer relative to others not withstanding their actual values to the intelligence product. Personally, I find a system that inherently reduces the number of promotion opportunities a detraction even if the monetary rewards are equal. There is a great deal of psychic income involved in being promoted and, as a manager, it is one of

the most concrete forms of recognition that I can use to reward and motivate people.

6. I am also skeptical of market pricing. Initial distinctions for certain occupations at hiring time may be appropriate, but ultimately the majority of us become intelligence professionals rather than economists, geologists, or engineers. If we do stick with a variant of the GS system, one change that would make a difference to most people would be a move to two grade promotions through GS-11--as do most Federal agencies. This could be considered for more senior levels as well. Other variants might include promotions that contain more than the normal in-step increase.

Feature 2--Incentive Pay

7. Our people also express considerable doubt about the availability of funding for incentive pay, particularly because of its tie-in to the mood of Congress at appropriations time. If this turns into a zero sum game--as is likely--there will be losers as well as winners. Under such a situation, many are also concerned about: (1) the potential for abuses and conflicts between managers and employees; (2) the potential to "politicize" analysis to win favor; (3) the waxing and waning nature of many substantive accounts, from high profile to low visibility, that might impact on how bonuses are rewarded. It seems to me that streamlining the current system to make QSIs and awards less cumbersome makes better sense. What might also work would be to permit office directors to use two to three percent of their annual personal services budget to make discretionary incentive awards. We should also do a better job of identifying weak performance and making in-steps less automatic. Beyond this, what I think the report is missing is the fact that money is not the thing that matters most to the majority of Agency employees. It must not be allowed to become a divisive issue and introducing something called an incentive pay system would do this in my view. We have other tools to financially reward our best people--we should use them more aggressively.

Features 3-8--Performance Plan, Evaluation, Training

8. The general reaction here is largely, "This is nice, but what's new?" Most people see these as throwaway proposals--good ideas that are already being done in many cases, though not necessarily as well as they should be. My concern is that, while they are attractive in theory, with all the extra work implied by these proposals there isn't enough time in the poor Branch Chief's day to implement them in a satisfactory manner. Moreover, we seem to be adding another layer of bureaucratic structure to training and personnel administration. Is there really such a generational gap between older and newer employees that we need to program careers and job descriptions and performance so rigorously? In the past, most people have been content with getting the job done first; those who have been here

awhile realize there is no magic formula, no unique ticket punching approach that will guarantee success.

9. This aside, I think important changes or adjustments could be made in these areas that are not really treated in the report. Specifically, I think CIA does a poor job of career counseling and career guidance, and this needs to change. Supervisors often feel these matters are of little consequence, but equally responsible is the fact that neither those facing career problems nor their managers have mechanisms to constructively engage Agency resources before problems have become a crises.

Feature 9--Dual Track

10. This feature is viewed with favor by OGI analysts and managers alike view this feature with favor. As with the DI occupational banding report, however, there is concern about properly defining the role of manager and expert at the branch and division level so as to avoid confusion about who is in charge. I personally see the dual track as a good idea and think that we can make the existing SIAP work better by revitalizing the program and enhancing its image among our personnel through both words and deeds. In this vein, I think it will be essential that we open up the SIS ranks to senior analysts during the next few years in a much more aggressive way than in the past.

Feature 10--Promotion

11. Most in OGI react favorably here. The main concern, I think, is that rates of promotion remain competitive with those in other Intelligence Community agencies until the journeyman level is reached.

Features 11-13--Benefits, Leave, Educational Assistance

12. These features draw more favorable response than any of the others, and most of our people feel that they could and should be adopted even under the current system, possibly on a trial basis. Some, however, question the equity of features with selective application like educational loans because not everyone can take advantage of them, and others recommended raising the level of leave payback to force people to take more time off. Still others feel a payment for sick leave would be appropriate. In my view, people should be given more flexibility on benefits, and loan opportunities should be available in a specified amount for whatever purpose, based only on payback ability, longevity of service, or money in a retirement account. If certain individuals would rather receive money in lieu of leave, that should be an option; but I think each employee should be required to take off at least 100 hours a year for both his own mental health and productivity (as well as to avoid encouraging those in high stress jobs to burn themselves out).

Feature 14--Staffing Tools

13. Most OGI personnel who commented see this proposal as a positive one. My own feeling is that any change in the system that gives office level managers more flexibility in structuring their organizations to meet changing conditions and requirements is a worthwhile one. Moreover, creating additional headroom and opportunities to explore outside careers at a reasonable age for Agency careerists seems to be generally welcomed both by line officers as well as their managers.

Features 15-16--Controls and Tools

14. Not surprisingly, there was little or no reaction from most of our personnel to the features. I personally like these proposals because, like the one above, they will give office and directorate heads a better ability to design our programs and shift personnel resources to respond to priority issues. This said, I think the notion of budget, rather than personnel, ceilings deserves closer thought because it could prove incompatible with a structured career management system, particularly in lean budget years when programs had to be abolished or sharply scaled down. My more immediate concern, however, and that of my division chiefs is that we not create another bureaucratic monster with regular reports, data input, and the like that would add much to the burden on supervisors but little to personalized personnel management and the business of intelligence analysis.

Some Final Thoughts

15. I think it is well to remember that the impetus for the report came largely out of Bill Casey's search for ways in which the Agency could foster continuing excellence among its personnel. In large measure, the charge to those on the study group was to develop a system that would make it easier to recruit and retain first-rate intelligence officers. In reading the report, however, and assessing the reactions of OGI personnel and managers to it, I am not convinced that the authors have been completely true to this charge. Whether the proposed system, overall, is good or bad, it is not clear that it is better than the one we are now using. Certainly, it will have a much higher bureaucratic overhead. Apart from benefits, many of its most striking departures are monetarily oriented and might easily increase--rather than decrease--feelings of insecurity among our best people. Whatever changes we make--and some of the ones recommended in the report are certainly worth making--need to be ones that make a difference rather than just a system that is different.

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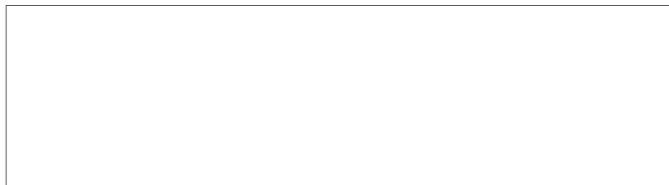
3 September 1987

MEMORANDUM FOR: Deputy Director of Global Issues

FROM: STAT

Deputy Director of Scientific and Weapons
Research

SUBJECT: Compensation Task Force Report

Dave,

1.   I have reviewed the responses from the ranks on the
Proposed Pay Personel Management and Compensation System and
have tried to consolidate them into an office response.   I
have also attempted to provide some personal analysis in an
attempt to evaluate and explain some of the responses to
this rather far reaching proposal.   My view after reading
all of the comments is that if the proposal were put to a
vote today on a take it or leave it basis it would be
defeated by a substantial margin.   There are, however,
elements of the proposal that draw very enthusiastic
support.   A summary of the reactions to individual features
is as follows.

2.   Feature 1 - Occupationally Defined Bands

Surprisingly this feature did not receive much
support.   In fact the responses indicated that most OSWR
employees are satisfied with the GS system.   From our
standpoint the special pay scales GSE and GSP are seen as
strengths in the present system rather than a symptom of
obsolescence in the GS system as suggested by the task force
report.   An overwhelming majority felt that a system with 28
separate bands, but only one band for all intelligence
analysts was absurd.

The fact is we are not competing with industry for
intelligence analysts; we are competing for scientists,
engineers, economists, etc.   The bands proposed are not
defined that way so any suggestions in the task force report
that this system will allow us to more effectively compete
with industry just doesn't wash.   I assume that it is
possible that the DI could form sub bands within the
Directorate but that isn't specified in the system design.
This is an especially troubling area for OSWR.   We are
competing for hard to hire categories like electrical
engineers and have got to offer salaries well above those
offered liberal arts graduates.   Thus the GSE scale has been
an essential element of our ability to hire and retain
analysts.   Any system which does not provide an equivalent
differential is unacceptable to us.

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Another concern expressed was that a GS rank provided some measure of status and responsibility within the government, particularly when dealing with military personnel (a daily occurrence for many OSWR folks). There are some practical implications on this point. Accommodations at military facilities are based on military rank which can now be equated with GS rank. The new system makes this more difficult.

Under the current GS system analysts coming to the Agency can look forward to many promotions over the course of their careers. These promotions provide recognition and encouragement beyond the value of the salary increases. There is some concern that this element will be lost under the new system.

3.   Feature 2 - Incentive Pay

This feature, along with banding, appears to be the centerpiece of the plan and is therefore the feature which received the most scrutiny. The concept of pay for performance is widely supported. Unfortunately the specifics of this particular plan did not hold up well under examination. The crux of the problem is that the reports reassuring statements that nobody loses under the new system are simply untrue. Terms like "Razzle Dazzle" "Voodoo Economics" and so forth were used by various analysts to describe this portion of the plan. In view of the very modest increases in benefits accruing to even the most successful performance, most employees thought this feature was not worth the effort. Several branches expressed concern that the introduction of this idea could create unnecessary competitive pressures in those units most highly dependent on team work and group effort. There was also some concern that analysts would gravitate to more glamorous areas of current interest thereby neglecting long term research. There is also widespread skepticism regarding managements ability to administer the program fairly. Several employees wondered how retirement benefits would be computed in the new system, whether salary only, salary plus bonus or some combination.

4.   Feature 3 - Performance Plan

There is little enthusiasm for this provision. Most analysts who remember the Advanced Work Plan and other such previous attempts at Performance Planning have a sense of De Ja Vu. The Managers who would be charged with developing these plans are concerned about the additional drain on their time.

5.   Feature 4 - Performance Evaluation

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The reaction to this feature was about the same as for the previous feature. Not much emotion either way. Some people thought the automated aspects might be worthwhile.

6. Feature 5 - Occupational Career Handbook

There was general support for this feature. No one argues against better knowledge.

7. Feature 6 - Individual Career Development Plan

Most employees favor this provision. Career planning and management are viewed as traditional agency shortfalls.

8. Feature 7 - Occupation - Specific Training

Analysts view this as a positive feature. OT&E obviously needs to be more responsive to the needs of various occupational groups. This feature is linked to feature one, however, which OSWR does not endorse in its present form. Occupations in DI have got to be defined in more specific detail than just "Intelligence Officer-Analyst".

9. Feature 8 - Improved Availability of Training

This feature is obviously linked with feature seven. In fact it isn't clear why these features are separate. Almost nobody will oppose improved availability of training.

10. Feature 9 - Dual Track

There is broad support for this idea in OSWR. This is not surprising since we have had a dual track system in OSWR for years. Everyone here knows it works and should be expanded. There is, incidently, no reason why it could not be used more extensively under the current system. A continuing disparity between the two tracks is that promotions, office space and other perks appear to be biased toward managers. This should be rectified, but of course the report doesn't address this problem.

11. Feature 10 - Promotions

The report is particularly vague on this, simply deferring the issue for resolution in the handbook. In my view this should be integrated with the pay banding concept. The report tacitly acknowledges this but doesn't go further.

12. Feature 11 - Flexible Benefits Program

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This feature of the plan drew almost universal endorsement. Everyone believes this to be an area where civil service rules need some radical surgery. Unfortunately, this appears to be one aspect of the plan that would need Congressional approval.

13. Feature 12 - Leave Conversion

Again there is broad support for this feature. Most thought it should be adopted whether or not other portions of the system were enacted.

14. Feature 13 - Educational Assistance for Dependents

There was very strong support for this proposal.

15. Feature 14 - Staffing Management Tools

Most employees are indifferent to this proposal since the bulk of them are years away from retirement. Some expressed concern that early retirement by senior managers and experts would deprive the Agency of capability in critical areas.

16. Feature 15 - System Controls

The reports discussion of this feature wa so vague that most employees had no reaction at all. As a manager I have a vital interest in this area and I would be anxious to see some specifics before passing judgment.

17. Feature 16 - Projection Tools

Again this provision has little relevance for the troops in the trenches.

18. Personal Observations

The reaction to the proposal was uniformly negative. The younger employees were somewhat more positive on the average and would be more willing to try the system with modifications. I believe the reasons are that they have more mobility and are less committed to an Agency career than older employees. Even among the younger highly talented segment of our population--the ones most likely to reap the greatest benefit--there was very little enthusiasm. This ought to send us a clear message.

I think Senior Management needs to take a step back after viewing the reactions to this report and reevaluate their goals and expectations. There appear to be three factors driving this new system. These are, in priority order:

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       - improve employee performance through the use
of incentives,

       - improve employee recruitment and retention,

       - preempt Congressional action and distance
ourselves from Government-wide restructuring.

    The report assumes that collectively these issues are
serious enough to demand a radical solution. The results of
the survey in OSWR do not support the reports assumptions on
the first two counts. But even if they were adopted the
proposal would not help that much. The central features of
the system, Occupationally Defined Bands, and Incentive Pay,
are so seriously flawed that in my view they would fail.
The first because the defined bands do not respond to market
conditions and the second because it is not credible without
greater financial resources. I really can't judge the mood
of Congress, but I doubt that any Congressional action is so
likely in the next session that we need to proceed quickly.

    At this point Agency management is in a bind. If the
report falls as flat throughout the Agency as it has in OSWR
it will be hard to press ahead on this.   To do so would
reinforce the view that we have not dealt with the troops in
good faith. One thing that would help would be a clear
commitment to press ahead with the provisions, such as
flexible benefits, that did receive strong support.

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27 August 1987

MEMORANDUM FOR: Deputy Director for Intelligence

FROM: STAT

Deputy Director of Soviet Analysis

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Executive Officer, SOVA

SUBJECT: SOVA's Comments on the Report of the Human
Resource Modernization and Compensation
Task Force

Summary

All SOVA personnel welcomed the concern for their
professional development and well-being as reflected in the
proposals to improve pay, advancement, and conditions of
employment. Virtually all rejected the proposals concerning
banding, pay, and personnel evaluation. These were rejected for
a variety of reasons, including: disbelief that the money ever
be made available to support the program, statistical
calculations showing that most analysts would be worse off under
the system, the destruction of collegiality in intelligence
production that is the pride and hallmark of the DI, the expanded
possibilities for favoritism (or the perception thereof), and the
feeling that DI analysts are working here primarily for the
money, although everyone would like more. Virtually all
personnel welcomed the flexible approach of the proposals
concerning non-pay compensation, and noted that these could be
instituted under the current GS system, which is the preferred
Office option. Other support proposals were greeted with
indifference or doubt that the Agency was capable of providing
such support.

Methodology

All SOVA branches, including those of the Executive Staff,
met to discuss the new proposals. Summaries of their discussions
were drafted, often by an analyst, and sent directly to the
Executive Officer and myself. This avoided any "vetting" that
might be done at the division and group level. In addition, I
asked each of the division chiefs to give me their comments
separately.

The responses provided under each proposal reflect the
consensus of the Office. I was surprised at the near unanimity
of responses on the key issues. To be sure, some branches or

analysts differed with the general Office view on each
proposal. Where these dissents were sizeable enough, or
significant enough, I have included them.

This memorandum should be read in conjunction with our
21 August comments on the report of the DI Analyst Occupational
Panel which provides amplifying comments on some of the features
proposed by the Task Force (Attachment 1).

<u>Reactions to the Proposed System</u>

<u>Feature 1---Occupationally Defined Bands</u>

There was a great deal of confusion over this one. Although
a few analysts liked it as a mechanism of breaking with the GS
system, most wondered where they would fit into this scheme and
how this change from the GS system would work to their
advantage. The section on market linkage provoked the most
comment and hostility. This was reflected in the comments
concerning just what is the clearly defined "market" to which DI
responsibilities and grades could be compared. Some believed
that likely possibilities-academics and contractors--were not
palatable. Moreover, there is the belief such linkage would
redound to the benefit of the engineers and scientists in DDS&T
and the technical positions in the DDA where market linkage could
be precisely determined. As a result, there was the conviction
that this proposal would work to the disadvantage of the regional
analyst in the Directorate.

There also was some concern that the system would be managed
at the Directorate rather than at the Office level. This
reflected the idea that the system would be managed by people who
did not know the individuals involved. (I note that every
response along these lines missed the sentence that talks about
redelegating this authority.) In general, those who commented on
the flexibility this would give managers to restructure the
workforce to meet changing requirements approved of this feature.

The bottom line here is that this proposal was disliked by
most of the Office. Many noted that the psychological lift that
comes from promotions--and which would be absent under the new
system--was a major defect in the proposal.

<u>Feature 2---Incentive Pay</u>

This proposal drew the most comment of them all, virtually
all of it negative. CIA is a public service not a business run
for profit, ran many comments. Those practices appropriate for a
business are not necessarily suitable for the Agency. "I am not
a car salesman, and I don't want to live that way," epitomized
the general reaction. The general view was that such a proposal
would be destructive of the sense of cooperation and collegiality
among branch members, and between them and their branch chief,

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that now exists in the Directorate and which is responsible for the level of excellence our production of finished intelligence achieves. This proposal would promote cutthroat competition among analysts who would tend to see any gain for a colleague as a loss for themselves. It would place emphasis on personal profit at someone else's expense, rather than on cooperation--a critical factor in the production of finished intelligence. Most respondents believed that such a system would undermine collegiality (a word that appeared often) within the branches that has been the pride of the Directorate.

There would be other detrimental effects. Some analysts would be reluctant to undertake long-term or high-risk projects for fear that failure or concentration on low-visibility accounts would harm them financially. Indeed, there was a large body of opinion that analysts working on high-visibility accounts (another frequently used phrase) would reap the rewards of the new system to the detriment of the others. Further, such a system would tend to inhibit analysts from taking rotational assignments. A number of respondents believed that this system would be destructive of the relationship between manager and analyst, once the latter perceived the direct link between current performance rating and financial gain. Still others noted that this system could lead to competition among managers, some of whom might dangle the prospect of higher compensation in the short term to recruit analysts in other branches. Moreover, there was general skepticism that the type of person who would be attracted to the gains offered under this system would be the type of person we want in the Directorate.

Finally, there was little credence in the idea that Congress would ever provide the funds on a continuing basis to support this system, leading the conviction that most would be worse off financially under system and that competition among analysts would be intensified. (I included as Attachment 2 the calculations done by [ ] of the the ASG who is on   STAT
rotation to SOVA. [ ] calculations show that most analysts   STAT
would be worse off and that word of his work is spreading
throughout the Office. I understand that [ ] is now working
with [ ] of OIR to refine his analysis. At any rate, his   STATT
work is reinforcing an already negative reaction.)

Feature 3---Performance Plan

Again, a generally negative response. For many it was AWP and LOI revisited. While some thought it might be valuable for new and junior analysts, most thought its application would be rigid and mechanical.

Feature 4---Performance Evaluation

Most were puzzled by how this would differ in any real way from the current PAR. If there is still going to be a comments section in the PAR, how would it make the comments more

relevant? How would automation help in this, except to make filling out the PAR a mechanical task? The general consensus was summed up in the comment, "This is the PAR mechanism with bells and whistles."

Feature 5---Occupational Career Handbooks

A surprising number of analysts either did not care or gave it qualified approval by stating "OK," "No comment," or "good idea." Those who did care about this proposal did not seem to like it. They felt that as there were so many analytical occupations, in the Directorate there would be too many handbooks, which no one would read. Furthermore, there was the concern that the responsibility for producing and updating the handbooks would fall on the very analysts the handbooks were designed to enlighten.

Feature 6---Individual Career Development Plan

There was a muted, generally indifferent reaction to this one. There was approval on the grounds that it can't hurt and it might help. Although a fair number of responses indicated it was a good idea to hold managers responsible for the career development of their analysts, these respondents were under the impression that managers were being rated on this now.

Feature 7--Occupation-Specific Training

While everyone was in favor of more training, there were some caveats. First, why do we need a new compensation system to effect this feature? Second, the Directorate has always emphasized internal and external training and seems to have done a good job in this respect. Finally, there was some concern about OT&E. Some respondents stated that OT&E courses tend to be too long as well as deficient in quality. Linked to this was the concern that OT&E was not up to providing the high-quality instruction needed for an increased number of courses.

Feature 8--Improved Availability of Training

Although there was general support for this idea, there was the belief that classroom instruction with its interaction between instructor and student was more valuable than electronic instruction. Use of Video Cassettes should be restricted to back-up and review of classroom instruction. Again, why do we need a new system to implement this proposal?

Feature 9--Dual Track

There was an enthusiastic response to this proposal. Respondents generally believed that this would give the Directorate the opportunity to create a body of substantively qualified experts rather than losing these individuals to management positions. Nevertheless, there was a strong body of

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opinion that believed that such a system existed now, and that
senior analysts could be promoted to GS-15 and SIS positions and
continue as analysts. If this is the case, why not make the
current system work? There also was some concern about having
the requisite number of slots to implement the program.

Feature 10--Promotion

Most analysts did not see how this differs in any real sense
from the current system. The use of handbooks to establsih
uniformity appeared to be an attempt to make promotions fit a
mechanical and rigid system. There was great concern that the
determination of promotions might be moved from the Office's
Career Service Panel and be made at some different or higher
echelon.

Feature 11--Flexible Benefits Program

This proposal was greeted by prolonged stormy applause.
Nevertheless, most analysts felt they did not have enough
information on this topic to make a judgment about its true
value. Further, there appeared to be no reason why this program
could not be instituted under the present GS system. Finally,
there was some concern that the implementation of this feature
would be an administrative nightmare and that the Office of
Personnel probably was not up to handling it.

Feature 12--Leave Conversion

There was general support for this proposal, particularly
the idea that only those hours beyond 80 would be considered for
conversion. This was seen as a means to put some bounds on our
workaholic style of life. The intriguing idea was advanced that
suggested that the distinction between annual leave and sick
leave be abolished, and that the employee be allowed to use the
leave at his discretion.

Feature 13--Educational Assistance for Dependents

A majority in the Office believed that this was a good idea
and that anything that improved fringe benefits was welcome. A
significant number of respondents, however, stated that educating
one's children is a personal responsibility and that the Agency
should not get into the student loan business, but leave it to
the Credit Union and personal planning.

Feature 14--Staffing Management Tools

Anything that gives greater flexibility to retirement
options tends to get approval. There was, however, a fair amount
of puzzlement about what was seen as the contradiction between
early retirement and the retention bonuses. If we encourage
people to retire early do we then seek to dissuade the ones we
want to keep by offering retention bonuses? Those familiar with

the military use of the system noted it tends to create discontent. Most respondents believed that early out options should not be restricted to SIS and expert personnel. There was considerable opposition to the involuntary retirement provisions.

Feature 15--System Controls & Feature 16--Projection Tools

These features tended to be lumped together in the responses. Most did not care one way or another, seeming to think that management tools are nice things for managers to have. Those who were not indifferent thought that these proposals would create just another layer of paper-pushing bureaucracy and is something that "should keep software programmers busy for a few years."

Conclusions

Personnel in SOVA are concerned about the proposed changes and the effect it will have on them. There is a great deal of skepticism about those proposals dealing with banding, pay, and personnel evaluation. These were seen as mechanisms that would in short order destroy the collegiality and spirit of cooperation that exists in the branches. There seemed to be a good deal of resentment about implementing practices that may have their uses in the world of business in an Agency devoted to public service. Moreover, analyst and managers failed to see why the other flexible proposals had to be linked to the pay and banding systems. Why cannot these be introduced under the GS system as modified by the Agency?

There were a nymber of implicit and explicit criticisms of management that ran through the responses that we should take to heart. Holding managers more accountable for the development of their analysts was one of these criticisms. If senior managers in the Office are supposed to be doing this now, why do we need a new system to enforce it? If increased pay is the goal, why not make more use of already existing mechanisms, such as QSIs and cash awards. There also was the concern that the systems as outlined by the Task Force would lead to rigid criteria mechanically applied, and that the administration of these proposals would lead to a situation in which vital aspects of an analyst's career would be managed at the Directorate or outside the office by people who did not know the analyst.

Finally, there was cynicism about the ability of OT&E, the Office of Personnel, and the Agency's ADP organizations to provide the requisite support, and about Congress ever providing the money on a continuing basis.

Recommendations

1. That the Agency not adopt the banding, pay, and performance evaluations as proposed by the Task Force, but remain within the GS system as modified.

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2.   That flexible benefits be introduced under the GS system.

3.   That managers be held more accountable than in the past for the career training and development of their analysts.

4.   That greater use be made of QSIs and cash awards. In this respect, the restrictions on such awards should be reduced and Office Directors be allowed to give cash awards of greater amounts. The amount of time that it takes to give QSIs and cash awards greater than $500 and $1,000 tends to inhibit their use. When they are used the delay in the award reduces its psychological impact.

5.   That more information be given to analysts and managers before any new proposal is instituted.

6.   That further rigorous analysis be undertaken to ensure that personnel do not receive less money under the new system.

7.   That features be internally consistent and reflect clear-cut policy decisions. Specifically, eliminate or explain the apparent contradiction between increased early retirement options and the retention bonuses.
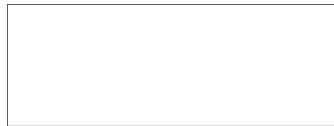
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Attachments:
  As stated

SUBJECT: SOVA's Comments on the Report of the Human
           Resource Modernization and Compensation Task Force

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21 August 1987

MEMORANDUM FOR: [ ]   STAT

Chief, Management, Planning and Services Staff

FROM: [ ]   STAT

Deputy Director of Soviet Analysis

SUBJECT: Comments on the Report of the DI Analyst
Occupational Panel

A survey of analysts and managers in SOVA generated the
following general reactions to the proposed analyst occupational
structure and the new evaluation system. Overall, there was a
general skepticism about trying to make too explicit specific job
elements and performance criteria, given the wide range of duties
performed in an office at any one time and at various points
during a person's career. While most people applauded the
panel's apparent efforts of trying to take the arbitrariness out
of the evaluation system, there was also the feeling that it was
the people running the system, and not the system itself, that
was the most important factor. Moreover, if the system is
defined too specifically, it could lead to false expectations on
the part of both analysts and managers--if I do a, b, and c, for
example, then I will be promoted--and a decrease in the
flexibility that has been one of the strengths of the current
system.

Given these general sentiments, what follows are comments on
specific parts of the proposed new system.

1. Key Job Dimensions

Overall, the majority in the Office feel that the panel did
a good job of capturing the range of duties for a DI analyst. We
would emphasize the point made in the Panel report that different
Offices will necessarily want to assign different weights to
these tasks, and that an analyst should be able to move up the
career ladder without having performed some of these tasks, such
as contract monitor. In this regard, there was some concern with
the lack of reference to certain core responsibilities (e.g.
research and analysis).

A minority still felt that the narrow definitions of the job
dimensions would seem to abrogate flexibility currently employed
by branches to establish priorities for individuals in response
to an ever changing world situation. This group felt that this
is a step backwards both from the current flexible system, and
from the avowed goal of the proposal--to give branch chiefs more
rather than less authority to manage the personnel resources of
their components.

This group feels that each analytical or managerial position in the DI is somewhat unique and that, therefore, it is more useful to evaluate the performance of an individual in the context of his or her specific position rather than a generic concept of what a DI analyst should be doing. Unlike in a typical regional DI office this concern would naturally be more prevalent in large, diverse offices such as SOVA with a larger proportion of narrowly defined jobs.

One colleague felt it was inconsistent to require a level one analyst to bring projects to completion "on time and with minimal supervision," while that analysts's first line supervisor is supposed to provide them with "extensive on the job training in analytic skills and methods."

Finally, it was felt that since the job definition and evaluation process for Intelligence Assistants was not addressed in the panel's report that this be the subject for another panel.

2. Full and Satisfactory Performance Criteria

Most SOVA members canvassed felt that the panel's concept of "full performance" criteria defined fairly well the boundaries between levels and the expected capabilities an individual must demonstrate before moving from one level to another. However, many believe that what constitutes satisfactory performance within levels is left too vague and cast in too negative terms. Some think that it is not practicable or desirable to try to spell out in detail these criteria but rather aim--as the panel did--to give a broad sense of what constitutes satisfactory performance by the use of illustrative measures for some but not all job dimensions.

A number of analysts and managers are concerned that shifting from a 7 to a 5-point rating scale may devalue the rating system and be insufficient for differentiating between performers and identifying particularly strong performers. By compressing the numbers, the proposed new system would tend to force more people into the same number rating and make it harder to distinguish between different levels of performance. Most people would probably get 4s; 5s would be considered rare-- unless, as is suggested in the available commentaries, a 5 was considered the basis for promotion. If that were the case, then there would be too much pressure on the manager to decide in writing a PAR whether he is recommending a promotion. There is a general feeling that the present 7-point system is better than reducing the rating choices. Some managers and senior analysts suggest that if any change is to be made, it might more logically go in the other direction--perhaps a 9-point system that allows more differentiation.

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3. Manager-Senior Analyst Relationship

This aspect of the proposal--the so called "dual-track" approach--has generated comments that tend to take one of two main routes. The majority argue as follows:

-- Allowing select individuals who have developed advanced analytical skills to become senior analysts at the GS-14 level and rewarding them with bonuses and incentive pay for doing good work has merit. It would be a mistake, however, to equate the job responsibilities of a senior/expert analyst with those of a branch/division chief because the job of branch/division chief is much more demanding. A branch/division chief must be both a substantive expert and a manager, overseeing the careers and output of the individual members of their branch/division. In contrast, a senior/expert analyst can concentrate on doing what they have always been doing--analysis--only better. Therefore, it is appropriate that branch/division chiefs should be rewarded for taking on the added responsibilities of management.

The system of senior/expert analysts proposed by the panel will have a negative impact on the operation of the DI because it will blur the lines of authority in each branch and division. This system will put the branch/division chief in an awkward situation because he or she will be required to evaluate the performance of the senior/expert analyst while having only limited control over the work done by that individual. Substantive disagreements between the branch/division chief and senior/expert analyst could seriously disrupt the work being done by the level 1-3 analysts in the branch. While this is not unique to the proposed system the problem will be exacerbated under the new system because of the branch/division chief's control over the activities of the senior/expert analyst will be more limited. In addition, when substantive disagreements develop between a branch/division chief and a level 1-3 analyst, that analyst might try to use the senior/expert analyst to gain some leverage over management.

-- The establishment of proposed senior/expert analyst positions will penalize those individuals who try to broaden themselves through periodic rotational assignments. In our opinion, the individuals most likely to be identified as senior/expert analysts will be those who have concentrated on a specifc substantive area during most of their career. In contrast, an analyst who decides to rotate to different assignments will probably not be identified as being senior/expert analyst material.

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There was also a minority view, prevalent among analysts, that the "dual-track" approach was a good idea. (We would imagine that if you probed deeply into who held this view you would find that the attractiveness of this proposal would tend to tarnish the closer those who held it moved to the branch chief. level.) Those who held this view also pointed out, however, that the current system can already accommodate junior experts if office management wants them. Several analysts pointed to examples in the existing system where it is working and where it is not. There is also a belief among those who favor "dual tracking" that such a system would put a premium on good, self-confident managers, especially at the branch level.
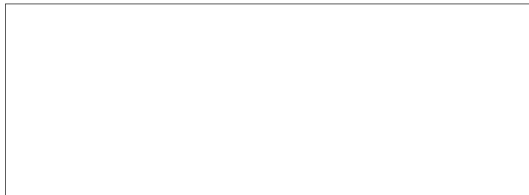
4. Promotions

SOVA personnel generally consider the present system to be fair and equitable. Promotions depend primarily upon personal knowledge of people who are known by the Office. Any system that pushes promotion decisions to the Directorate level would result in a more mechanistic result based on the PAR-writing skill of managers of those being considered and on the willingness of managers to inflate ratings. There is also, separately, the problem of incentive pay that would depend heavily upon managers who are immediate supervisors of those being considered. This is felt to put too much pressure on the supervisors. Some will be tempted to try to maintain good relations with their analysts by pushing them for incentive pay, while others might be more objective--to the detriment of their analysts. The possibility of bad blood within a branch is strong. This could become a morale problem, perhaps even a crippling problem for some managers who find themselves unable to give rewards in what is accepted to be a fair manner.

Probationary promotion seems unwise to the majority. If there is a need for a testing period for new managers, who are being asked to take on new and as yet largely untried tasks, some sort of 'substituting' service for the current manager could be devised, or the supervisor could delegate ad hoc tasks or roles to aid in performance evaluation. New managers usually hold the position for a year and prove themselves worthy before being promoted to the position's grade and this seems to work well. In the case of analysts, who will essentially continue to perform the same tasks but at a more sophisticated level, management should have clear indications they can perform as required at a higher band level before promoting them. The single benefit of probationary promotion seems to be in the case of managers, who could begin to earn the salary commensurate with their new positions even while proving their ability to carry out their new duties.

Some analysts did favor the probationary promotion even for analysts, and even with the risk of a "demotion" at the end of

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the probationary period. Others were afraid such "demotions,"
especially if they were publicized as promotions are, would be
deleterious to morale.

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