

**EXECUTIVE SUMMARY**  
**REWARDS AND RECOGNITION GO TEAM**  
**JANUARY 2008**

ITA management and the Employee Engagement Steering Group (EESG) gave the Rewards and Recognition Go Team (The Team) the mandate to review, analyze, and recommend changes that would significantly improve the reward and recognition process for ITA employees. After reviewing the array of ITA awards and the process for recognizing employees (The RR System), we found some areas that needed improvement. We identified six discrete areas of concern:

- 1) ITA employees feel that their accomplishments are not fairly compared across ITA units and therefore not fairly recognized nor rewarded at the ITA level.
- 2) Employees and managers both feel that performance metrics are not properly nor consistently defined, which leads to uneven results across ITA and sometimes reward of activities that do not necessarily reflect true productivity.
- 3) The RR System is too cumbersome and confusing to use.
- 4) The perception that The RR System lacks transparency and accountability.
- 5) Employees and managers alike feel disconnected from ITA Human Resources in the reward and recognition process. Lack of timeliness or long time lag between nominations and awards is pervasive.
- 6) Lack of follow-up from previous employee-led efforts to improve The RR System.

The report provides The Team's perspective and recommendations on each of these areas as well as our suggestion for the appropriate level of ITA management responsible for implementing changes. Beyond the narrow focus of The RR System itself, however, we believe there are other issues that interact with and affect it. Appendix A contains other related issues that we believe ITA management should consider examining and addressing but are possibly outside the scope of our mandate. We have tried to limit our recommendations to those that we believe are necessary in shifting ITA from its current trajectory. The Team prioritized among all the ideas we generated. Those ideas that we believe are not crucial to the shift are in Appendix B, which is the survey with rankings from Team members. The length of the recommendation list is a reflection of how much work ITA faces if it is to narrow the gap between how things are and where things should be.

## **GO TEAM REPORT ON IMPROVING ITA'S REWARD AND RECOGNITION SYSTEM**

The proper use of rewards and recognition is a crucial component of a highly effective organization. This importance becomes clear when the failure to properly apply this tool leads to low morale, high turnover, low productivity, and a lack of connection with ITA's mission. In reviewing the catalog of ITA awards and the process of reward/recognition, we found some areas needing improvement. We identified six discrete areas of concern, which are summarized below. The corresponding recommendations for improvement follow the report. Most importantly, however, we found that the corporate culture of ITA plays a very important role in determining the effectiveness of The RR System. Unless ITA embarks upon a comprehensive culture change, improvements to The RR System alone will not be sufficient to address the problems of morale, productivity and turnover. Beyond the narrow focus of The RR System itself, however, we believe there are other issues that interact with and affect it. For further discussion and recommendations on what The Team believes might be important but ancillary issues affecting The RR System, please refer to Appendix A.

The Team includes 18 employees and managers representing four units of ITA (IA, MAC, MAS, and USFCS). The Team met five times during October - November 2007. We began by focusing our discussion on identifying what is working, or not working well, in the current system. Next, we generated ideas on ways to improve the current system. We then conducted an internal survey among team members to prioritize the ideas according to three criteria: impact, feasibility, and innovation. Those ideas receiving a high score based upon a combination of all three factors are listed as recommendations. The ideas and their scoring are provided in Appendix B. Some ideas came in after we concluded the survey and we included those ideas in the recommendations only if there was a consensus that they are necessary to improve The RR System.

### **AREAS OF CONCERN**

First, the types of work across ITA do not lend themselves to proper comparison except within their own units. In other words, the accomplishments of IA, MAC, MAS, USFCS, and the Office of Administration are not easily comparable. Therefore, awards given at the Under Secretary level often force false choices among widely disparate but perhaps equally deserving accomplishments. ITA employees feel that their accomplishments are not fairly compared and therefore not fairly recognized nor rewarded at the ITA level.

Second, some employees and managers feel that performance metrics are not properly defined, which leads to inconsistencies across ITA and sometime recognition and reward of activities that do not necessarily reflect true productivity. Performance metrics can include awards in recognition of specific accomplishments, as well as, recognition through the five-level appraisal system. Some employees also feel that managers' performance need to reflect a more reasonable approach to measuring and rewarding the people they manage. While this issue has a strong correlation to The RR System, we believe that it is outside the scope of our mandate. For further discussion, please refer to Appendix A

Third, employees and managers complained that The RR System is too cumbersome to use. We heard stories of those who gave up trying to nominate an employee due to difficulties encountered during the nomination process. The Team identified a number of sticking points and provided recommendations for making the award nomination process easier.

Fourth, employees complained that The RR System lacks transparency and accountability. We made a few recommendations to address these issues. However, more in-depth explorations of these topics are in Appendix A.

Fifth, employees and managers feel disconnected from ITA Human Resources in the rewards and recognition process. Managers feel that they need more information, guidance, and assistance. Employees feel that ITA HR could do more to provide information and support for them in addition to oversight of managers' activities to ensure fairness and prevent abuses. Furthermore, there is a lack of timeliness, or long time lag between nominations and awards. For example, we are near the end of the first quarter of FY 08 and the quarterly star awards for the third and fourth quarters of FY 07 have not been announced. The Team provided recommendations to address these concerns.

Sixth, we discovered that there have been previous employee-led efforts to improve the ITA recognition and reward system. However, there was no follow-up and feedback from management regarding the recommendations, what was done (or not), and why. We believe that this step is necessary and is reflected by our recommendation in the "follow up" section. We also believe that perhaps addressing the reward system alone is not adequate because its proper application rests on other factors. In other words, the dissatisfaction with the recognition and reward system has its root causes in a number of other areas. We explored that subject a bit further in Appendix A.

We believe that we have identified most key areas of concern and provided recommendations that would, upon implementation, improve ITA's recognition and reward system. However, we understand that our findings and recommendations may not be complete and that system-wide changes cannot be a one-time event. It is important to monitor changes, get feedback, and recommend further adjustments as necessary. For these reasons, we recommend that The Team be on "reserved" or "stand by" status to be reconvened perhaps once or twice more to report to the EESG or ITA management upon progress made regarding this topic. This recommendation also addresses the deficiency we identified in the preceding paragraph.

We appreciate that ITA management is providing employees with the opportunity to contribute our talents to this endeavor to improve ITA. It is an honor and privilege to serve on The Rewards and Recognition Go Team.

Team Members: List in alphabetical order

Team Sponsors: List in alphabetical order

## RECOMMENDATIONS

### Developing a Culture of Rewards and Recognition within ITA

- DAS level: Make the rewards and recognition of staff a key, discrete component of all managers' performance plan. We believe this performance element is not currently evenly applied across all ITA units. (Sample language as used in some areas of ITA is provided in Attachment 1)
- DUS level: Develop mandatory training courses for everyone (employees and managers) to create an understanding of and sensitivity to the need for a change in attitudes. For example, there often are no nominations for supervisors and clerical staff under the "customer service" category. Training might be able to address this gap in understand the importance of recognizing good customer service.
- Under Secretary level: Recognizing all nominees for ITA awards, not just the winners, in award announcements and ceremonies.
- AS level: Give out certificates of service and appreciate soon after someone's milestone time-in-service is reached.
- DUS level: Retiring employees should be recognized and appreciated (e.g., signed picture of the Secretary, plaque, picture taken with the Secretary, etc.)

### Mechanisms to Improve Existing Awards

- ITA HR: Develop an on-line database/archive of award write-ups (separated into two categories: winners and others). This archive will serve several purposes: provide model nominations for others to use, let everyone see what types of activities are rewarded, and how the range of nominations within each time period affect the competition.
- ITA HR: Make The RR System transparent: 1) the mass e-mail that announces the winners should also list other nominees, what they were nominated for, and the criteria used for selecting the winners. 2) Office directors should maintain basic accountability/transparency through quarterly reports that are shared with their staff and ITA HR listing awards, recipients, and activities awarded.
- ITA HR: Make the application/nomination process easier. Develop an online, simplified, automated process.
- ITA HR: There needs to be timely turnaround for rewards. Require that all awards be decided and presented within 30 days from nomination.
- ITA HR: Needs to have a point person responsible for all activities related to awards and recognition, including years of service anniversaries and retirements.
- ITA HR: Correlate the time and effort needed to nominate someone with the size and level of the award (i.e., simplify the application process for lower level awards.).
- ITA HR: Continue to send out automated e-mail reminders to everyone about nominating peers, employees, and managers.
- DAS level: Encourage the increased use of time-off awards and quality step increases, both of which are currently underused in some areas of ITA.
- DUS and AS levels: De-link training funds from performance since most employees do not view training opportunities as a reward. Note: some

employees, however, do view developmental assignments as incentives (see next section).

### **New Awards and Recognition Mechanisms**

- AS level: Develop separate awards for each unit in ITA to reflect the unique nature of the work done in each unit. The Commercial Service instituted DG Awards, which can be used as a model across other ITA units.
- DUS or Under Secretary level: To reflect management's priority in encouraging cooperation across units, ITA team awards should be increased in number (i.e., more team awards per quarter) and dollar value when divided among many team members (i.e., perhaps need to establish a minimum amount each member should get).
- DUS or US level: Allowing staff to take a few days of personal leave at the beginning or end of a trip (e.g., verification trips).
- OD level: Provide developmental assignments, special project, and TDYs as optional, non-cash incentives. Some employees may prefer developmental opportunities as awards.
- DUS or US level: Hold a yearly retirement ceremony for all ITA employees retiring that year.

### **Follow-up**

- EESG or ITA HR: Reconvene the current Recognition and Reward Go Team at least once or twice after implementation of recommended changes to report on progress and further changes as appropriate.
- RR Go Team: Consult with current award panels for additional ideas.
- EESG or ITA HR: Establish other Go Teams to address issues raised in Appendix A.

## ATTACHMENT 1

### Sample Language for Supervisors' Performance Plan:

Manage employee's performance through on-going feedback on performance, performance appraisals, and resolution of performance deficiencies. Routinely use recognition programs (i.e., monetary, non-monetary or honor awards) to acknowledge and recognize employee performance during the performance cycle.

#### Criteria for Evaluation:

Supervisors shall provide each employee with an opportunity to be considered for recognition during the performance cycle. Such recognition may be in the form of a monetary or non-monetary award consistent with ITA's policies regarding award nomination and recognition programs.

Supervisors shall discuss with each employee, at least twice in each performance cycle, the expected work performance standards and results necessary to be nominated for an award or recognition. Supervisor and employee should agree that such standards and expected results are reasonably achievable by the employee.

Supervisors shall provide on-going feedback to their employees on their progress towards earning such recognition and awards.

## APPENDIX A

*" It is no use saying 'We are doing our best.'  
You have got to succeed in doing what is necessary. "*

*--Winston Churchill*

This appendix was created to provide additional discussions and recommendations that The Team generated but which we believe might be outside the scope of our given mandate. As the above quote suggests, we believe that fixing the tool (the ITA recognition and reward system, hereafter referred to as The RR System) is one part of the process, but certainly is not enough. We must also address the context within which it is applied. It is our intention to only raise these topics insofar as they are the foundation and the context within which The RR System operates and there is a feedback loop among them, for better or for worse. If ITA management sees the need for further activities regarding any of these topics, we suggest that additional Go Teams be formed to address them. We also need to point out that these topics are not raised here as an academic exercise but that we have heard enough anecdotal evidences to believe that there are problems within ITA in these areas.

**Performance metrics** is one of the main underpinnings for defining whether someone meets or exceeds what is expected. The rationale for recognizing exceptional, or even better than average, performance is to reward the person's effort and also to highlight that effort so others might be inspired to do better as well. Performance metrics can be roughly subdivided into 1) how they are established, 2) are they realistic/achievable, 3) do they make sense (how do they relate to ITA goals), 4) do they take into account variables in personal attributes and skills, and 5) are the supervisors interpreting them subjectively. A dysfunction in any of these elements would skew the outcome and hence skew the application of The RR System thus leading to rewarding persons and accomplishments that perhaps should not have been rewarded.

**Respecting Diversity** is another very important foundation of proper performance metrics as well as the reward system. We want to make clear here that we are not speaking of ethnic diversity, which is another totally different topic, but diversity in terms talents, temperaments, training, and abilities. Not everyone can perform the same job in exactly the same way. Personality tests such as the Myers-Brigg's have shown that we are all different in how we see the world, how we communicate, how we solve problems, and how we interact with each other. Each type of personality can succeed but not all of them can succeed if measured in the exact same way. In fact, by not giving everyone the proper opportunity to succeed, an organization drives out certain types and loses their contributions. Over time, such an organization develops dysfunctions. A healthy organization needs all different types to contribute in their unique ways. People must be given the opportunity to contribute and to succeed. Managers need training to recognize their blind spots and unintentional bias or favoritism (as opposed to intentional favoritism

which is already illegal). Only then can the recognition and reward system be used the way it should.

**Transparency** is a very important factor in building trust among employees and managers. A transparent process is often also a process that provides at least two things: 1) give stakeholders the opportunity to participate and 2) give due consideration to addressing their concerns. ITA should consider increasing transparency and inclusiveness in all aspects of policy changes and employee-manager interactions. As trust builds over time, it might be easier for employees and managers to address their differences in constructive ways before tension escalates.

**Accountability** is usually listed along with transparency because people assume that transparency leads to accountability, which is sometimes true but not always so. There are at least two ways of looking at accountability. One way to be accountable is adhering to what is required or mandated by law. The other way to be accountable is doing what is “right” whether or not the law requires it. The lack of ITA HR resources to monitor how bonuses and awards are allocated is something that has allowed the impression of abuses in The RR System to proliferate. We hope that more transparency and oversight would help alleviate this perception. The other aspect of accountability would require all ITA employees and managers to begin seeing themselves as stewards of each other, of ITA, of government resources, and of the American taxpayers. If ITA aspires to become a great organization, we believe that a culture change in this direction is necessary. One idea that has been suggested in the ITA-wide contest is implementation of the 360-Review. Constructive feedback is another element in the culture change that we believe ITA needs: an environment where people feel they can honestly give feedback to managers. Hopefully this process will help ITA develop effective and caring managers. We believe that the idea of 360-reviews deserves further exploration, perhaps by an existing Go Team or one established for this purpose.

**Oversight** of The RR System is something that we believe is needed at this time to prevent further perceptions of abuses, at least until training and culture change has inculcate ITA with a pervasive sense of fairness across the board.