

The enactment of the Chief Human Capital Officers Act two years ago represented one of the more significant steps in a series of actions taken by the federal government in recent years to improve management practices and increase accountability to the taxpayer.



By **KAY COLES JAMES**

The CHCO Act, part of the legislation creating the Homeland Security Department, established the position of chief human capital officer at major departments and agencies, as well as a council made up of these CHCOs. This followed on the government's successes in the areas of financial management and information technology by taking the next logical step in management reform. It recognized that the strategic strength in each of those management

Leaders in civil service reform

New council is forum on HR best practices

areas — and countless other mission-related federal programs — is derived from our most important resource: people.

Today, in agencies throughout the government, the strategic management of human capital, the first governmentwide initiative on President Bush's management agenda, has achieved a prominent place around the executive conference table of federal agencies.

As chairwoman of the CHCO Council, I am proud to report that CHCOs are driving some of the most substantial civil service reforms in a quarter century.

A prominent example of the leadership role the council has assumed is the recently enacted statute requiring the establishment of a performance-based compensation system for members of the Senior Executive Service, the federal govern-

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ment's elite cadre of top managers. In addition to developing evidence to demonstrate their agencies' use of appraisal systems that make meaningful distinctions in the relative performance of senior executives, CHCOs were extensively involved in reviewing regulations to implement the new statute. Already, several agencies' systems have been certified to increase the base pay of their highest performing senior executives to Level II of the Executive Schedule and

hold those managers accountable for results.

The CHCO Council also is realizing another important objective envisioned by the Bush administration and its congressional sponsors: to provide a forum for the exchange of best practices in human resources management. In addition to vigorous discussions at each month's full council meeting, we have established a CHCO Academy, a series of less formal sessions at which CHCOs gather to discuss a specific HR topic in great depth. The meetings, facilitated by senior experts from the Office of Personnel Management or CHCOs themselves, have addressed issues such as hiring flexibilities, compensation reform, HR competitive sourcing and possible future legislative initiatives. Smaller meetings are also held by five subcommittees to examine and develop

solutions to key human capital challenges, such as the hiring process, leadership development, performance management, employee conduct and poor performers, and emergency preparedness. In employing these forums, the council is giving HR the elevated profile that Bush and Congress envisioned. In the next year, we expect to see additional substantive recommendations for personnel reforms coming from the subcommittees.

As I noted in the council's first annual report to Congress in 2003, "From the first day of its existence as one of the federal government's interagency management councils, the Chief Human Capital Officers Council began adding value to the public policy dialogue over the future of America's civil service and already has assumed a prominent place in helping to drive the initiatives of the president's management agenda."

Kay Coles James is chairwoman of the Chief Human Capital Officers Council and director of the Office of Personnel Management.

To do more with less, agencies must address people issue

Now that the election is past, federal managers have a clearer sense of what to expect over the next four years. But regardless of who had won the presidency, the primary challenge for agency leaders would have been the same: as summed up by *Federal Times'* Nov. 22 front-page headline, "Doing too much with too little."



By **MAX STIER**

From the Forest Service to the Social Security Administration, agency workloads are increasing, and aside from a handful of key agencies such as the CIA and the FBI where the president has specifically called for staffing increases, resources to help address them are not. With a \$420 billion deficit, and the administration estimating at least \$200 billion deficits four years from now, this dynamic is not going to change any time soon.

Many would argue that less funding will inevitably mean less from our government. That may well prove true. But one thing is certain: *People* are the key if we hope to maintain and even improve the quality of services that government provides.

In the business world, the conven-

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tional wisdom is that the best way to succeed is by having great people. The federal government has been slow in coming to this realization, and as a result faces a set of major problems, in particular the looming retirement crunch.

Unfortunately, there are signs that policy makers still have not fully embraced the notion that good government requires good people.

The 9/11 Commission wrote, "The quality of the people is more important than the quality of the wiring diagrams."

There's no doubt that the wiring diagrams are a hot topic of discussion. But what about the people?

Nearly four months after the release of the report, the new CIA director reportedly said, "I don't do personnel."

There are a number of steps the administration should take to address the people issue:

- Require agency leaders to personally work on recruiting, retaining and developing the talent in their organizations.

Private-sector leaders typically spend significant amounts of their own time working on personnel

issues, and federal managers should follow suit.

The administration already has good internal models when it comes to taking ownership of talent in an organization. A recent report by the Foreign Affairs Council reported that thanks to Secretary of State Colin Powell's personal attention to staffing issues, the State Department is "infinitely stronger than he found it."

- Fix the federal hiring process. We not only need to hire faster, but smarter.

One area the government should focus on is using more sophisticated methods for assessing the skills of prospective employees.

- Make the federal workplace an environment that supports new and existing talent.

Reforms such as pay for performance can be a powerful incentive for boosting productivity and rewarding excellence.

- Issue a national call to service. The president should remind Americans that the military and volunteer work are not the only ways to serve the country. His second inaugural address presents an ideal opportuni-

ty to call a new generation to public service.

There are a number of signs that the American people would respond favorably to a message of service. In post-election polling, voters agreed by a 2-to-1 margin that the nation needs a positive vision of how to make government more effective. A majority of workers see "improving the federal work force" as key to winning the war on terror. And the fact that 21 million Americans under the age of 30 voted this November, a 4.6 million increase from 2000, is an encouraging sign that young people are becoming more engaged in civic affairs and more likely to answer that call.

Attracting and retaining top talent in government is never going to garner the big headlines. But when it comes to a practical impact on the effectiveness of our government, no issue is more important.

President Bush, with the help of Congress and Office of Personnel Management Director Kay Coles James, made progress in this area during the past four years, including the most dramatic civil service reforms in a generation. Now is the time to build on that foundation and create a more effective government through people.

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