

HCMD Symposium

18 February 2010

Good morning. Robert, thank you for that kind introduction. It's a pleasure to be here with all of you. I would also like to thank Lisa, for the opportunity to speak at this symposium about a topic that I feel very strongly about – how the United States Navy is building a Top 50 organization. It is also a topic that I believe has great relevance to the focus of this symposium –human capital management in a time of uncertainty.

These are turbulent times – a weak economy, high unemployment, shifting workforce demographics and expectations, increasing global demands – have all presented challenges to how we manage our people. I have certainly seen the influence of this environment on the Navy, especially on recruiting and retention, as I'm sure many of you have in your organizations. However, it is also in times of turbulence that top organizations look for opportunities....and we are doing just that, guided by principles we believe serve as the foundation of a Top 50 organization.

So, what does it mean to be a Top 50 organization? And what does it do to the fabric of your team when you launch such an initiative? This is what I would like to talk to you about today. But first, I think it's important to understand where we started because this has truly been an ongoing journey for us – a journey from ideas, to actions, to culture change.

Believe it or not, this journey started by happenstance. In the fall of 2007, Admiral Gary Roughead, the Chief of Naval Operations, was on a flight returning from a trip to the Western Pacific. He happened to be reading a copy of Business Week. The article that caught his attention was “Best Places to Launch a Career,” and the first page had a list of the top 50 organizations in the country to start a career. For you sports fans in the audience, these lists are similar to the AP Top 25 or the ESPN/USA Today poll....there tend to be some regulars that always make it on the list for sustained superior performance – companies like Google, Microsoft, and IBM. But, what really caught his eye was number 19 on the list, a government organization, the United States Department of State.

To be ranked on this list, Business Week compares each organization’s hiring, pay, benefits, and training programs with others in the same industry. This means that the State Department rose to the top when compared to other non-profit and government organizations. When Admiral Roughead looked at everything they offered, he thought, “The Navy provides all of this and more. Why can’t we be recognized as a Top 50 organization?” This was the question that served as the catalyst for our efforts, and it was the starting point for our drive to be a Top 50 organization.

But, we also took it a step further. Instead of just competing with the other services or other government organizations, we made the deliberate decision to go after the best in industry as well and compete at the national level. There is a reason that Google, Microsoft, and IBM consistently

receive high rankings – and we wanted to benchmark Navy against the very best.

A decision like this really shifts the focus of the organization. It shifts your perspective - helps you see things in a different light and opens the realm of the future. You begin to move from a viewpoint of compliance, of meeting budgets and timelines, and begin to think of what's possible. Here's just one example – all of the top-ranked employers have policies and programs in place to support career flexibility and life-work integration. As a military organization, we face unique challenges that, on the surface, may not appear to be amenable to such programs and policies – such as high operational tempo, long deployments at sea, security considerations, and hands-on work requirements.

However, instead of focusing on where it could not work, we looked for opportunities where we could introduce more flexibility and greater balance between work and family while still being able to meet our mission. This shift in perspective led to the implementation of policies like paternity leave for new fathers and 12-month operational deferment for new mothers, and pilot programs like Career Intermission and Virtual Command, all of which are changing the way we think about work and the workplace.

A decision like this also highlights imperfections, opening up opportunities for growth and improvement. In addition to competing with industry, we can also leverage best practices from industry to improve our own personnel practices.

And in an increasingly competitive marketplace, Navy must continue to offer compensation, benefits, training and education, and opportunities for advancement that set us apart. We seek to attract the best and brightest in the nation at a rate of nearly 40,000 a year - but organizations in the private sector are also seeking this talent. When a young man or woman is ready to enter the workforce, our desire is for them to consider naval service as one of their top choices. The decision to be a Top 50 organization helps us to achieve this goal by unifying our efforts across the organization and increasing recognition of all that Navy offers outside of the organization.

We have found that Top 50 organizations believe people deserve a great place to work – a work environment that is personally and professionally rewarding. They deliver on their mission while fostering an employee culture of trust, respect, communication, and cooperation. Navy has taken a multifaceted approach to creating this type of environment, targeting programs, policies, and processes. I would like to address our efforts in four areas: focusing on performance, diversity, life-work integration, and caring for Sailors and their families.

First and foremost, we are a Navy in service to the nation. We are a Total Force of more than 330,000 active duty personnel, 67,000 reservists, and 192,000 civilians. More than 40 percent of our ships are underway or deployed globally. We remain fully engaged in Iraq, Afghanistan, and around the world. For the second year in a row, Navy has more Sailors on the ground than at sea in the Central Command area of responsibility. Our Sailors are performing a wide range of missions, such as civil affairs,

serving on provincial reconstruction teams, maritime interdiction, cyberwarfare, counter-piracy, and humanitarian assistance, including significant efforts in Haiti.

As our mission sets evolve, so do the knowledge, skills, and training required for our Sailors to meet those missions. In this dynamic environment, you cannot succeed with a static workforce. Our ability to respond to emerging demands, within fiscal constraints, depends on having the flexibility, in our programs and processes, to shape the workforce in response to changes in the environment. During the past 18 months, our efforts have focused on building a performance-based culture to ensure that we shape and sustain a high-quality force that is balanced in terms of experience, skills, and seniority.

We took a look at our workforce to determine where we were overmanned and where we remain challenged in supporting critical skill areas. As a result, we implemented a number of measures, including:

- Time-in-grade retirement waivers for select senior enlisted and officers
- Expansion of perform-to-serve, a reenlistment review process used in select overmanned ratings, requiring conversion to undermanned specialties or separation, to Sailors with six to 14 years of service.
- Annual performance-based continuation boards for senior enlisted with more than 20 years of service

Additionally, we conducted comprehensive reviews of our incentive pay and bonus programs to determine where we could make adjustments based on market trends and retention behavior.

These actions involved change, moving away from the status quo...and change is often difficult for an organization. But, Top 50 organizations embrace change to drive progress – it's all in how the change is implemented. We resolved to communicate early and often, across all levels of the organization, using multiple mediums. We worked to create a consistent message so all of our leadership was saying the same thing. We explained the “why” and the “how.” And most importantly, we communicated that this was not change for change's sake – these actions were necessary to retain our best Sailors with the right skills and ensure the long-term health of the force.

The decision to be a Top 50 organization has also compelled us to look at diversity and generational shifts in the nation's workforce in order to effectively position ourselves to attract, recruit, and retain the best talent. By 2020, it is projected that minorities will make up over one-third of the nation's workforce. By 2050, they are projected to grow to 50 percent of the workforce.

We recognize the value of diversity – the diversity of ideas, perspectives, and experiences that comes from recognizing that great talent exists in every corner of our nation – and we are committed to finding that talent through our outreach and engagement efforts.

We continue to build strong relationships with community influencers, national leaders, and affinity groups across the nation. We have strategically placed outreach coordinators in cities where the Navy footprint has traditionally been small – cities like Los Angeles, New York, Atlanta, and Chicago – to increase awareness about the opportunities Navy offers to lead and serve. Our greatest advantage is our outstanding recruiting force of over 5,000 active and reserve recruiters – they serve as the face of the Navy to young people across the nation and their example is what these young men and women respond to.

We are making great progress. Our enlisted force already represents the strength of America's diversity and the NROTC and Naval Academy classes of 2013 are the most diverse classes in history. But, we also understand that it's about more than ensuring the face of the Navy looks like the face of the nation. It's also about retaining and effectively leveraging that diversity to enhance the performance of the organization – mentorship is key to achieving these goals.

We are building a continuum of mentorship opportunities that includes the chain of command, individual communities, peers, and affinity groups, such as the Sea Service Leadership Association and the Naval Officer Mentorship Association. We are also working to expand our successful e-Mentoring pilot program for women across the entire Navy. Given the geographically dispersed nature of our work, the ability to develop mentoring relationships online is extremely valuable.

Accountability is an important component of our efforts. Our community and enterprise leaders meet with the Chief of Naval Operations annually to assess their diversity health.

For Top 50 organizations, diversity is a strategic imperative. To ensure that we are making progress and our diversity efforts across the Navy are aligned, we are drawing upon the expertise of our new Navy Diversity Officer, Ms. Monica Emerson, who comes to us with over 30 years of experience in diversity and human resource management.

There are other changes in the workplace that we are experiencing – the entering generation of millennials and the growing number of women. Women today earn over half of the undergraduate degrees in America and nearly half of the advanced degrees. These are talent pools that we must continue to engage and retain to remain competitive. To do this, we are recognizing what is important to them – things like life-work balance, flexibility in career paths, mobility, and the ability to conduct business anytime, anywhere, and an environment that is supportive, collaborative, and innovative – and working to make these things a part of how we, as an organization, operate.

We are currently in the first year of our Career Intermission Pilot Program. This program allows Sailors to take a break from active duty service for up to three years, to attend to family needs, pursue education or other career opportunities, without negatively impacting their Navy careers. During this period, Sailors and their dependents continue to receive benefits as well as a small stipend.

Our Virtual Command Pilot Program offers individuals the opportunity to fill career-enhancing positions while reducing the costs associated with moving and providing stability for working spouses and children. For example, CAPT Jim Oakes, who, fittingly enough, leads our alternative work efforts, works for me from his home in Pittsburgh.

We also recognize that service in the Navy can take many different forms. I like to think of it this way – we’re all on the same career highway and during our careers, we may wish to change lanes several times, moving from active duty to the reserve and back, across a continuum of service. I am working with the Chief of the Navy Reserve, VADM Dirk Debbink, to remove the administrative barriers, making these lane changes easier and faster. Our continuum of service philosophy is to recruit Sailors once and retain them for life through flexible service options that provide meaningful and valued work across a career. Our goal is to be able to transition Sailors between the active and reserve components within 72 hours.

All of these programs enable individuals to attend to the needs of their families, while continuing to serve in the Navy. And we, as a Navy, continue to benefit from their knowledge, skills, and experience.

We are also exploring additional ways to increase flexibility on a daily basis, through teleworking and alternate work arrangements. I now telework one day a week! But, it’s important to understand that this is not just about providing a benefit, it’s also about enhancing our capabilities as an organization. A good example is the blizzard we just experienced – I think we’re all still trying to dig our way out of it! If you recall, the snow

started before noon on a Friday. Rather than having people travel back and forth in treacherous conditions, we leveraged our ability to telework. It worked great...everyone was safe and there was no loss of productivity.

The cornerstone of Top 50 organizations is supporting their employees both personally and professionally...creating a covenant of trust. This is especially important in our current operating environment, which can place tremendous stress on Sailors and their families. We support our Sailors and their families through a comprehensive continuum of care that touches on all aspects of medical, physical, psychological, and family readiness.

Our Operational Stress Control or OSC program actively promotes the psychological health of Sailors and their families while reducing the stigma associated with seeking help. OSC awareness training, designed to educate Sailors on the signs and symptoms of excessive stress and provide them with the tools and resources to effectively manage that stress, is delivered to Sailors at various locations across the country – this includes those awaiting deployment and those returning from deployment.

For Sailors who are wounded, ill, or injured, navigating through the administrative and medical system can be daunting. Navy Safe Harbor provides life-long non-medical care management for our wounded warriors and their families. This includes personalized support and assistance in the delivery of resources, benefits, and entitlements, job training, and reintegration to the Navy or the civilian community through a support network of recovery care coordinators and care managers at 16 locations across the country.

All of these efforts – from competitive pay and benefits, to our focus on diversity and career flexibility, to exceptional Sailor and family care programs – and more – represent our commitment to being a Top 50 organization.

And, our efforts are receiving national recognition. Over the past 20 months, we have received 19 national awards across the areas of workforce planning, life-work integration, diversity, and training. Navy received Workforce Management Magazine’s prestigious “Optimas Award for General Excellence” joining the ranks of Google, Intel, and Hewlett-Packard. Only one organization is selected for this award annually and no military organization has ever won the award. Most recently, Navy was recognized for excellence in training, ranking number 17 on *Training Magazine’s* “Top 125” list of the best training organizations in the country.

At the beginning of my remarks, I set out to answer this question, “what does it mean to be a Top 50 organization?” But, an equally important question is “how do you know you are a Top 50 organization?” Yes, there are the awards...but as important as external recognition is, the most significant part of our journey to be a Top 50 organization is how our own people see us – because the best story is told from the inside out. And, this comes not only from a change in program, policies, and processes, but from a change in the culture of the organization.

As many of you already know, this is the most challenging part of the journey. The Navy is 234 years old and steeped in tradition – change is slow to start but sometimes you just need a little push to overcome the inertia. I believe that our job, as leaders, is to be that push in the right

direction – by leading from the front, by setting the example, and sometimes, by giving people permission to push the boundaries and try something new.

All of the efforts I shared with you today involve a change in our culture – shifting from a presence-based work environment to a performance-based work environment, from diversity focused on composition to diversity focused on inclusion, from “work or family” to “work and family.”

It is difficult to measure culture change....sometimes you don't know change has occurred until five or ten years have passed and you have the benefit of reflection. But I believe it is important to assess progress, to get feedback from your employees about what is working and what is not. One way I measure it is by this opening or closing sentence of a policy change or a complaint - “a Top 50 organization wouldn't do this...” A more formal way will be through our first ever Navy Total Force survey, which was deployed this month. For the first time on the same survey, we will be asking active and reserve Sailors, and Navy civilians, to give us their perceptions across a number of areas, including job satisfaction, organizational commitment, communication, and leadership.

I think that the Great Places to Work Institute has captured it best. For those of you that may not be familiar with them, the Great Places to Work Institute is a nationally recognized organization that has been listening to employees and evaluating organizations for almost 30 years to understand what makes a workplace great. They have found that trust between leadership and employees, above all else, is the foundation for

great workplaces. Their mission is to help organizations create cultures where trust flourishes based on a simple model – “trust the people you work for, have pride in what you do, and enjoy the people you work with.” If this sentiment is widely shared by employees across all levels of your organization, you’re on the right path.

I would like to leave you with this final thought – all of your organizations have the potential to be Top 50 organizations. I would submit that those essential building blocks of a Top 50 organization – a culture of trust, respect, and fairness, a shared sense of pride in the mission, camaraderie, a focus on performance – exist at some level in your organizations already. It’s about making the critical decision to focus on them, be committed to them, and continue to build upon them – this is the tipping point where you move from a good organization to a great organization. It’s about thinking about what’s possible, and benchmarking yourself against the best in industry, not just the best in government.

I liken it to the final scene in the Wizard of Oz. As those of us over a certain age remember, and in my military terms, the mission of the journey to Oz for three of the characters was for the Scarecrow to get a brain, the Tin Man to get a heart, and the Lion to get courage. In the end, after all their adventures, they receive a token of recognition that they do indeed possess these traits—but what they really discover is that each of them had this greatness within them all along. As leaders, we must be their Wizards—showing our organizations how to believe in themselves, and journey to places they may not have considered, in order to discover the greatness that is possible against the very best standards available.

Thank you for the opportunity to be here and share Navy's journey to be a Top 50 organization. I am happy to answer any questions you have.