

U. S. Agency For International Development

Results-Oriented Incentives

RESOURCE GUIDE

June 1997



Incentives Results

Team (The REFORM Initiative)

Colleen Allen

E. (Liz) Baltimore, Team Leader

Tanya Broadnax

Ryan Conroy

David Johnson

Neil Kester

Nora Benton-Lewis

Cecily Mango

Audrey Minkley

H. (Sher) Plunkett

TABLE OF CONTENTS

Introduction		i
Glossary		iii
Chapter One:	The Senior Leader's Role	1
Chapter Two:	Leaders and Incentives	5
Chapter Three:	Using The Employee Evaluation Process To Foster Team Behavior	9
Chapter Four:	USAID's Current Incentives Program	11
	Foreign Service Nationals	
	Foreign Service Nationals Evaluations	
	Direct Hires	
	U.S. Personal Services Contractors/Other Partners	
Chapter Five:	Team Members Recognizing Each Other	15
Appendix A	USAID/Philippines Foreign Service Nationals Evaluation Form - Example	17
Appendix B	USAID/Egypt Incentives Program For Foreign Service Nationals - Employee Evaluation System	28
Appendix C	Matrix of USAID's Current Award Policies and Procedures	32

The Reform Initiative
Incentives Results Team

INTRODUCTION

One of the most critical components of any re-engineering effort is the workforce response to change. No organizational plan can be effective unless the workforce makes the requisite cultural and behavioral changes. Incentives are an important management tool for promoting these changes and other core values of the Agency.

As part of the REFORM Initiative, a team was tasked to recommend incentives that would specifically encourage team behavior. The team produced the following reference resource guide which is intended to provide to the user, i.e., USAID employees, with a quick reference to the different kinds of incentives that can be used to promote team behavior.

The team restricted its recommendations to incentives that are immediately available and that would not require any policy changes. The team also sought to provide the users with best practices wherever possible. In making its recommendations, the team drew heavily from suggestions from the missions, from the different experimental labs, and from literature in the field.

In addition, the team considered incentives that might be used in the future, but are not recommended in this reference guide because they would require either legislative or policy changes or because they go beyond the scope of the team's assignment, e.g., alternate work schedules and telecommuting. The team has provided the REFORM Initiative Advisory Committee with a series of recommendations for these kinds of incentives.

The Role of Incentives in Building a Team Culture

Incentives provide positive reinforcement for all employees as they make the transition to a fully re-engineered agency that relies on team-based performance. Incentives can help motivate employees to achieve results as a team and help change old behavior patterns. To be effective, incentives should be specific, meaningful, achievable, reliable, and timely. Among the recommendations made in this reference guide is that management coaches and team leaders develop an incentives program to recognize and reward teams for achieving results.

How to Use the Resource Guide

The resource guide discusses the leadership role of senior managers in *Chapter One*. Issues covered include: the value of incentives to senior managers, the responsibilities of senior managers to encourage the use of incentives, and development of an incentive strategy and model.

Chapter Two addresses the issues related to the primary role of team leaders in using incentives to recognize and promote team behavior.

Chapter Three discusses the use of the employee evaluation process in promoting team behavior. Examples of work objectives and performance measures are provided.

Chapter Four provides information on the current USAID policies and procedures for recognizing direct-hire employees, personal service contractors, foreign service nationals and partners.

Chapter Five underscores the importance of team members recognizing each other's achievements.

The resource guide also includes a *Glossary and Appendices* with information regarding existing awards programs and policies and a compendium of best practices.

GLOSSARY

AWARD - monetary or non-monetary recognition for a contribution resulting in tangible benefits or savings and/or intangible benefits to the organization.

COACH - an individual who mentors, motivates, facilitates, negotiates, and assists teams to achieve intended results.

INCENTIVES - Tangible and intangible forms of recognition which motivate individual and team achievements.

MONETARY AWARD - a cash payment for a special act or service which is a non-recurring contribution or accomplishment within or outside of job responsibilities.

NONMONETARY AWARD - a medal, certificate, plaque, citation, badge, or other similar item that connotes recognition or honor.

SUPERVISOR - an employee who accomplishes work by directing the work of others, a duty which occupies at least 25% of the employee's time; and, in addition to those duties performed as a player/coach, has the responsibility and authority for evaluating subordinates' work performance; taking disciplinary measures; interviewing, recommending appointments, promotions, or reassignments; identifying, providing or arranging developmental and training opportunities; developing performance standards; and hearing and resolving employees' complaints.

TEAM - a group of people with complementary skills who are empowered by USAID and its partners to achieve team results for agreed upon purposes for which they hold themselves mutually accountable and are held accountable.

TEAM LEADERS - both players and coaches who lead work with a group of team members to achieve specific tasks, produce analytical work products and services, meet long/short term program goals, and are also responsible for individual team tasks.

CHAPTER ONE: The Senior Leader's Role - *Coaching Strategies and Techniques That Work*

"Taking the initiative to say thank you is a relatively untapped leadership strategy."

Joan P. Klubnik, Author
Rewarding & Recognizing Employees

Overview: Experts state that it is important for Senior Managers to take the lead in creating a successful team-based culture that rewards teams for achieving results. The role of Senior Managers is to establish strategies that build an effective Incentives Program. They place high value on recognizing team achievements and link performance to the incentives system.

Senior Leaders who coach teams set the tone for team recognition by modeling the desired behavior. They develop incentive plans that include monetary and non-monetary recognition and recognize team members, including virtual team members, who achieve results. Senior Managers motivate and encourage recognition throughout all levels of the organization.

Planning and defining incentives and rewards should be team-oriented. Incentives should utilize mechanisms that encourage teamwork, customer orientation, ingenuity, and work in support of shared goals. *Rewards and recognition should be linked to the achievement of specific results.* The following guidelines should be used when planning implementation of an appropriate set of monetary and nonmonetary rewards.

- ! The reward system should be clearly defined, well publicized, and responsive.
- ! Rewards for smaller achievements should be immediate; larger rewards for broader accomplishments need not be.
- ! Employees should have opportunity for participation and recognition.
- ! The system for awards decisionmaking must be predictable, open, and simple.
- ! Focus should be on nonrecurrent rewards versus an annual "entitlement". Awards must be contingent on performance.

- ! Certain rewards needs to be self-selected.
- ! Rewards must match accomplishments and employee needs.

I. **What is the role of Senior Leaders?**

- ! *Create a shared vision*, present challenging goals for managers and team leaders, clarify values and define objectives for the success of the organization's Incentives Program.
- ! *Establish clear performance measures* with specific indicators for measuring progress. Set up feedback mechanisms to evaluate the program and whether behavioral changes are sustainable. Allow recipients to provide feedback to make improvements in the program.
- ! *State policies, procedures and guidelines* that describe specific rewards and recognition, responsibilities, authorities, and action steps for implementation.
- ! *Describe desired changes in behavior*, establish positive reinforcements for sustaining behavioral patterns, and identify specific actions to recognize behavior that consistently values team work.
- ! *Recognize that money awards are not always the answer.* The Office of Personnel Management has found that "honorary and informal recognition can be powerful tools to promote organizational and team goals and objectives. Frequently overlooked as options, these forms of recognition can often be more effective than cash awards."

"People want to feel what they do makes a difference."
Frances Hesselhein, President
The Drucker Foundation

II. **What are the steps for motivating individuals to "want" to work on teams?**

- ! *Create a participatory process* to create an effective program. Develop deliberate actions that involve employees at all levels. Provide an opportunity for team members, team leaders, and management, as well as, stakeholders, e.g. unions, to express their views.
- ! *Benchmark other agencies and the private sector to measure the success of the program.* Benchmark what incentives are being used

to encourage teamwork, what successes and/or failures they may have had, and what was learned from their experience.

- ! *Share your personal picture* of what an ideal Incentives Plan would look like and the objectives you would like to achieve. Create a shared vision with buy-in by having meetings, general discussions, focus groups, questionnaires, sub-teams, or use other methods.
- ! *Take actions to show transparency in managing the process.* Publicize the results and give an opportunity for feedback. Some coaches use the e-mail and newsletters and initiate open discussions to provide an update on the progress of the plan.
- ! *Be creative. Change how performance is measured and how rewards are approved.* Develop clear work objectives and performance measures in the work plans and other appraisal mechanisms that evaluate high performing teams, their members, team leaders, and managers. Give the team's customers, partners, colleagues, stakeholders and others an opportunity to provide feedback.
- ! *Reward the results of changed behavior.* Diagnose the gap between extant behavior and the desired behavior. Focus on implementing cultural change in the teams. Take specific actions to show the benefits of change and reward the results.
- ! *Be fair.* Clearly identify and describe the incentives (monetary/non-monetary), who is eligible, the criteria, how/if any funding is attached to the incentive, the nomination process, who must approve, and how often the incentives may be granted.
- ! *Recognize Results. Look for what's being done right and give it public recognition.* Publicly announce what is going right and say specifically why rewards and recognition are given. Assure results are recognized during the employee evaluation process and that the form of recognition is placed in the employee's personnel record.
- ! *Institutionalize methods to track how well things are going with implementing the plan.* Publicize the results and give an opportunity for feedback.

III. What's the value of recognizing others for their achievements? Why should it make a difference to coaches at all levels to recognize team members' accomplishments? Because...

- ! Measurable results demonstrate how customer's needs are being met

and reflect participation of customers, partners, and team members

- ! Behavioral changes in coaches and team members demonstrate the team's commitment to high performance and results
- ! Specific examples of results demonstrate the success of the team's performance and management of resources. This can be a basis for requesting resources in the future.

CHAPTER TWO: Leaders and Incentives

Overview: Senior Leaders, Supervisors, Coaches, and Team Leaders play a vital role in sustaining high performing teams. By modeling desired behaviors, team leaders (1) set the tone for work relationships, (2) convey expectations for team performance, (3) foster positive change in team member work attitudes and behaviors, and (4) acknowledge his/her interdependence with the team. In conjunction with senior leaders and coaches, team leaders ensure that both the formal and informal work cultures provide awards and recognition which acknowledge and reward desired work performance.

I. What to Recognize

All leaders should ensure that recognition and awards are consistently made to teams for results that:

- ! Surpass preset team goals
- ! Foster innovation and ingenuity
- ! Respond to customer needs
- ! Demonstrate individual initiative which promotes team work and the accomplishments of the team.

Team Leaders should be familiar with the range of incentives and rewards for teams and team members. During negotiation of the team contract, team members should review available incentives in order to establish team expectations for potential performance rewards.

II. Measuring Program Effectiveness

Goals and performance indicators for the awards program should be established during the planning stage. Team Leaders and Coaches must monitor the effectiveness of the incentives program. At a minimum, an annual assessment should answer the following questions:

- ! Is the program meeting or exceeding stated goals?
- ! Does the program motivate productive individual behavior and team

behavior?

- ! Has the program improved employee performance and resulted in benefits for the Agency?
- ! Does the program meet employee expectations?
- ! How can the program be improved?

III. How to Recognize

Team Leaders and Coaches should give priority to providing awards and recognition to the team as a group instead of rewarding individual team member achievement. Awards can be given at the Agency, Bureau, Mission, Office, and Division levels. Coaches, customers, supervisors, and team leaders are the primary source for nomination of teams for awards and recognition.

Recognition for significant individual contribution to team effort is appropriate and team members should nominate/recommend colleagues for individual awards at the Agency, Bureau, Mission, Office, or Division level. Team members can also informally recognize each other.

Team interdependence and accountability is reinforced when senior management acknowledges team performance and team members recognize individual contributions.

IV. Ways to Recognize

Monetary Awards

Cash awards should be reserved for recognition of actions and performance that have a positive and significant impact. During the annual incentives planning process, senior management should decide which awards will be given as cash payments. Awards in the form of cash payments are especially valued by employees because recipient(s) can exercise discretion over the use of the money.

Team Leaders and Coaches are encouraged to use their creativity to define "on-the-spot" awards criteria that are responsive and reinforce performance goals, e.g. customer service, teamwork, innovation.

Nonmonetary Awards

Nonmonetary awards offer an affordable, flexible, and prompt way to recognize team performance. Nonmonetary awards also have lasting memory and trophy value. The following suggested awards can be given by Coaches, Team Leaders, or Team Members. In the process of planning your program, it may be worthwhile to identify different awards to suit each group of players.

In general, presentation of *certificates of recognition* are appropriate for any category of employee, as well as customers and stakeholders. Chapter Four provides specific guidance on incentives and recognition for U.S. Personal Service Contractors (PSC) and other partners. Some examples of successful nonmonetary awards from other organizations are also listed in this section. A "standing ovation", "pat on the back" and special congratulatory notes are also undervalued and underused forms of recognition.

- ! **Symbolic awards and Gestures:** "Symbolic" awards can be identified by management and teams to represent team ideals, e.g., NPR Hammer. Instead of the traditional certificate or plaque, a symbolic award can herald a new era for awards and recognition. Team photos can be given as tokens of appreciation. Symbolic awards contribute to the development of esprit de corps.
- ! **Ceremonies and Recognition Events:** The team's esteem is enhanced when presentation of awards and recognition for achievements is made at formal ceremonies or designated events. Public events offer the opportunity for the entire group, office, or Mission to celebrate with the awardee(s). These events also publicly endorse organizational expectations regarding performance.
- ! **Nominal Gift Items:** Gift items might include plaques, mugs, medals, corsages and boutonnieres, briefcases, calculators, certificates, pen and pencil desk sets, balloons, paperweights, notepads, etc. The possibilities for using these kind of items for awards are almost endless. Agency logo items can also be purchased by Offices and Missions for presentation to teams to recognize contributions.
- ! **Celebratory Events:** Lunches, parties, or picnics offer fun occasions to celebrate and recognize the team's success.

Examples of Nonmonetary Awards from Other Organizations

The Naval Inventory Control Point (NICP) uses an informal ceremony to recognize employees who have gone the extra mile to help others. The award is

presented to the employee in his or her work area. The features of this "ceremony" typically includes a standing ovation by the group, a certificate of commendation, a cluster of helium balloons, and a photograph of the event.

Previously recognized employees can win awards in the "*Recognition Lottery*" held by the *Naval Aviation Supply Office*. Lottery awards have included a reserved parking space for 6 months, lunch with the commanding officer, having their pictures displayed in a prominent place, or having a hallway named after them.

Recipient-selected awards

Offices and Missions should also identify a group of rewards from which team members can select should they surpass expected results. Depending on funding availability, the following kinds of rewards could be offered. These rewards focus on enhancing employee knowledge and technical capabilities that support the Agency's mission.

- ! Membership in professional organizations ,
- ! Attendance at professional conferences,
- ! Specialized formal training,
- ! IntraAgency and Interagency crosstraining short-term developmental details,
- ! Reimbursement, partial or full, for continuing education in areas critical to Agency Mission Performance evaluation can provide incentives to employees to support the Agency's core values of Management for Results, Teamwork, Empowerment and Accountability, Valuing Diversity and Customer Focus. The evaluation process has also historically been used to support Agency objectives with regard to diversity in the workforce.

CHAPTER THREE: Using The Employee Evaluation Process To Foster Team Behavior

I. USDH Employee Evaluation Process

The Employee Evaluation Process can be used to motivate and encourage employees to support the Agency's teamwork core value and to encourage the desired behaviors for working in teams. It can be used to:

- ! Link the team's customer-orientation and teamwork goals with employee's individual work objectives and performance measures.
- ! Ensure that 360-degree input is obtained from team members and others during evaluation time.

The following are examples of work objectives and performance measures:

Example 1: *Work Objective:* The proper equipment and supplies are provided to improve family health and reduce infant mortality.

Performance Measure: Conduct bi-weekly visits to coordinate with partners to review whether health clinics are equipped to provide services that will improve family health and reduce infant mortality in rural areas. Work with them to assure that by May 1, 1997 that all orders for the clinic's equipment are placed. Organize at least one customer focus group in conjunction with the Strategic Objective/Health Team to assess the impact of the team's customer service planning.

Example 2: *Work Objective:* Technical and policy assistance are provided to the appropriate GOK agencies and legislative bodies to assist in the drafting and revision of land tenure codes.

Performance Measure: In collaboration with the Strategic Objective Team, plan and implement the first series of land tenure seminars for appropriate GOK officials, village leaders, NGOs, and legal consultants, resulting in formation of the Land Tenure Reform Team (LTRT) by September 1997. Organize a fact-finding trip for LTRT members to Iconoland to observe the land tenure change implementation by November 1997. Present LTRT draft legislation to the first session of parliament

in January 1998. Provide support as necessary to LTRT and others to help in securing passage of the legislation by the end of the session in March 1997 or as soon as possible, thereafter.

II. FSN Performance Evaluation Process

Team behavior can be encouraged more broadly if elements of the new USDH Employee Evaluation Program (EEP) were extended to other categories of personnel. FSN performance evaluation has been identified as an area of opportunity where change is both practical, potentially beneficial, and wide-reaching.

REFORM field visits confirm that CEL Missions are attempting to put these procedures into practice with their FSN workforce. USAID/Philippines is working on implementing a new FSN performance evaluation based on the USDH EEP which includes a revised Annual Evaluation Form (AEF) (Appendix A). Other Missions, such as Jordan and Cairo, have retained the present FSN Evaluation Report (Form JF-50) while incorporating elements of the USDH EEP such as work objectives, performance measures and 360-degree input (Appendix B).

III. Performance Evaluation for SES Employees and Contractors

Legal and administrative realities appear to prohibit the agency from making changes in the Senior Executive Service and contractor evaluations.

CHAPTER FOUR: USAID's Current Incentive Awards Program

Within the existing Agency Incentive Awards Program, there are several awards that may be used to recognize exemplary team accomplishments, e.g., the Group Award (nonmonetary), Group Cash Award, the On-the Spot Group Cash Award, the Administrator's Award for Reengineering Excellence, Award for Financial Management Improvement (nonmonetary) and the Certificate of Appreciation (see the matrix at Appendix C). These awards foster and recognize team work.

Detailed information on group and individual achievement or performance awards for which employees are eligible for nomination, including nominating and approval procedures, are specified in AID Handbook 29, Chapter 5 (ADS Chapter 491), 3 FAM 4800, as well as in each Post's Local Incentive Awards Program. Missions must adhere to these regulations in administering their USAID Mission Incentive Awards Programs.

Awards that must be processed through the Joint Country Awards Committee are specified in 3 FAM 4800 (sections 4820 through 4833 provide each award's nominating and approval procedures). USAID special category award nominations are processed in accordance with USAID/W guidance which is issued annually in an Agency-wide Notice. Mission-specific award nominations (e.g., On-the-Spot Award and Certificate of Appreciation) are not subject to review and action by the Joint Country Awards Committee.

I. U.S. Direct Hire Team Members

All U.S. direct hire (USDH) team members are eligible for nomination for team and individual awards under the Agency's Incentive Awards Program.

II. Foreign Service National Incentives for Teamwork

USAID's commitment to employee empowerment and teamwork requires more attention to tangible and intangible incentives to encourage FSNs to take on greater responsibilities in support of U.S. foreign assistance objectives.

USAID Foreign Service National and Third Country National employees, both direct hire and personal services contractors (FSNDH/TCNDH and FSNPSC/TCNPSC), who are paid under the local compensation plan are eligible to receive the same awards (both team and individual awards) as USDHs under

USAID Missions' Incentive Awards Programs per the authorities as specified in AID HB 14 (AIDAR, Appendix J), Chapter 5 of HB 29 (ADS Chapter 491) and 3 FAM 7620. The exceptions are a few Agency-specific endowment awards as noted in Handbook 29, Chapter 5 (ADS Chapter 491). Guidance on awards eligibility pertaining to TCNs who are hired under a compensation plan other than the local compensation plan or who are recruited internationally is addressed below in Section III.

The Country Experimental Laboratory Missions (CELs) devoted additional attention to the issue of FSN empowerment and incentives, and successfully improved FSN morale and performance through organizational changes and recognition of FSN contributions to their programs. For example, USAID/Madagascar, a CEL, used the On-the-Spot Cash Award to devise three types of On-the-Spot Awards that focused on a different set of performance criteria as specified below:

- ! Jiffy Award - to recognize the team member who is able to complete an action in record time.
Eligibility: FSNs (both DH and PSC) and USDHs
Incentive Range: \$25 to \$50

- ! Glitch Award - to recognize a team member for finding a solution to a long-standing problem.
Eligibility: FSNs (both DH and PSC) and USDHs
Incentive Range: \$25 to \$150 (maximum award amount permitted under the On-the-Spot Award Program)

- ! The Results Award - to recognize a significant result that was achieved by a team member due to extraordinary individual or team effort.
Eligibility: FSNs (both DH and PSC) and USDHs
Incentive Range: \$50 to \$150 (maximum amount permitted under the On-the-Spot Award Program)

- ! The Shakespeare Award - to recognize the achievement of individuals who have demonstrated the most improvement in English language skills over the past year.
Eligibility: FSNs (both DH and PSC)
Incentive range: \$100

In addition, USAID/Madagascar developed a "Teamwork Award" to recognize the team whose performance best exemplifies effective teamwork. The

recipients are honored by the Mission Director at a private luncheon. (NOTE: The luncheon may be funded from the Mission's awards budget.) Any individual or team may be nominated by any member of the USAID senior staff. The nomination may be based on a recommendation by a client or any USAID staff member. Nominations are approved by the USAID Mission Awards Committee which then recommends approval to the USAID Director. The Teamwork Award is announced at the first USAID all-staff meeting each fiscal year.

Another CEL, USAID/Philippines, established a Mission-specific nonmonetary award called the "Glitch Award" to recognize exceptional work performed by an employee in the conduct of official business related to reengineering. Mission employees may nominate their colleagues for this award. The nominations are submitted to the Chair of the USAID Mission Reengineering Committee for review and approval. The award consists of a plaque which remains in the award recipient's possession for one month. The plaque is prominently displayed.

USAID/Guatemala, a CEL, established a nonmonetary award called the "You Make a Difference Award" to recognize employees who work hard and go the extra mile to provide customer service (through the display of courteousness; a positive, can-do attitude; strong interpersonal/team player skills, etc.). Mission employees may nominate their fellow colleagues for this award. Each Division Chief has authority to approve this award for their staff members. No more than 25% of each office staff may be granted this award in a given year.

USAID Missions could adopt any or all of the aforementioned awards to recognize both FSN and USDH team members' contributions or design their own tailored program (solely for nonmonetary awards and the On-the-Spot Award). Missions are prohibited from creating Mission-specific monetary cash awards that exceed the Agency's established On-the-Spot Award dollar limitation.

III. U.S. Personal Services Contractors, Third Country National Personal Services Contractors Recruited Internationally and Employees Affiliated with Special Programs

U.S. Personal Services Contractors (USPSC) are solely eligible for nomination for nonmonetary or honorary awards with the exception of time-off awards. This same policy applies to Third Country National Personal Services Contractors (TCNPSC) who are hired under a plan other than the LCP or who are recruited internationally. Other contract employees or employees affiliated with special programs (e.g., AAAS Fellows, TAACs, IPAs) are eligible for nonmonetary group awards to the extent the USG employees are given the same group award and if there is no extra cost to the USG for including these individuals in the

award.

Employees assigned to USAID under a Participating Agency Service Agreement (PASA), a Resources Support Services Agreement (RSSA) or Detailed-In are only eligible for nonmonetary or honorary awards.

IV. Other External Team Partners (e.g., public or private implementing agency and host government team members)

Office of Personnel Management (OPM) regulations prohibit USG agencies from recognizing the work of non-USG employees. Consequently, individuals/team partners who are employed with host government agencies, private organizations and public institutions (such as representatives of private voluntary organizations, local NGOs, academic institutions, coops, business associates, etc.) are not eligible for nomination for awards. (NOTE: M/HR has requested the Office of the General Counsel, in coordination with OPM, to review mechanisms through which USAID can recognize exceptional work accomplished by external team partners. Once GC and OPM have reached a final decision on this issue, Missions will be notified immediately.)

CHAPTER FIVE: Team Members Recognizing Each Other

Overview: The recognition of team members for one another can be a powerful tool in the work place. When one feels that he or she is appreciated, one can accomplish just about anything. Colleague recognition can raise the morale in the workplace and in the team. It will also help maintain the quality of work necessary in today's agency. When team members are appreciated by each other for accomplishing results, the thinking can be contagious.

The following are examples of incentives:

Letters Of Appreciation To Team Leader Suggesting Incentives For A Team Member

This incentive allows colleagues to suggest to a team leader that positive documentation should be placed in another team member's personnel file. This incentive will boost the morale of the team member for a job well done. It should not take much time. For example, a letter of appreciation could simply commend a colleague and suggest another incentive for recognition.

Message Of Appreciation Directly To Peer: "Thanks So Much"

This informal incentive entails writing a paragraph or so directly to a colleague. The "Thanks So Much" Letter requires less justification than its sister letter (Letter of Appreciation). In this letter, note, or even an e-mail a small paragraph that says "thanks so much for pitching in" is sufficient. This incentive may or may not warrant as much as the Letter Of Appreciation to the Team Leader, but it might be very helpful during the Appraisal Committee's evaluation.

Verbal Praise

Even simple words may affect us profoundly. Verbal praise is the least time-consuming Colleague-to-Colleague incentive of all. This incentive can be used in Staff Meetings, Retreats, and any other office function.

360 Input/Feedback

Another way to show your fellow team member that you appreciate him/her is to submit positive feedback for 360 input, whether or not it is requested. If you are giving a positive 360 input, send a copy to your team member (it is always nice to know). If a fellow team member asks for your opinion, be honest and clear. This too helps to maintain good relations among team members.

Office Celebrations to Recognize Teams and Team Members

Considering the time and paperwork that other monetary awards take, office celebrations to recognize team members and teams can be organized in less than two weeks. Office gatherings/parties can also acknowledge more than one colleague. Bureau specific certificates recognize teams and team members at this time. Arrange for someone to take photos of the team members and display them on a "Wall of Fame."

Employee of the Week or Month

An employee of the Week/Month suggestion box could be located in a central location to elicit nominations for team members who could be voted employee of the week or month. The employee's picture may be placed on the "Wall of Fame". Employees could also receive a monetary award in addition to the picture, a cake, \$10.00 dollars for lunch or a half a day off. It is felt that this award should go in this category because team members are recognizing other team members and are initiating the award. If an employee is recognized as an Employee of the week/month more than 3 times in a 12 month period, the monetary value should be increased after the third time. Some provisions should be made to assure an employee is ineligible until the 12 month period has passed once he/she has received the award three times.

Colleague to Colleague Certificate

This requires a newly-created certificate with which team members can recognize each other. This certificate should include (along with the office and date) a one liner explaining the reason for the certificate. For example "For your continuing willingness to... ". It would be presented to the colleague in a staff meeting or during other occasions to recognize special contributions of one colleague to another.

Appendix A: USAID Philippines Foreign National Evaluation Form

CHAPTER: Personnel
SUBJECT: FSN Annual Evaluation Form

ORDER NO.
SUPERSEDES:

REFERENCES:

EFFECTIVE DATE:

I. PURPOSE

This Mission Order sets forth the procedures for administering the Employee Evaluation Program (EEP) for FSN employees of the Mission, grades _____ through _____.

II. AUTHORITY

The authority to establish a performance evaluation program is found in 3 FAM 961 and Section 8, Interagency Handbook on Foreign Service National Personnel Administration.

III. POLICY

It is the policy of USAID that each employee receive an evaluation at least yearly, that these evaluations be written on a USAID Annual Evaluation Form (see attached) for a rating period which ends October 31st of each year, and that the evaluations form the basis for a within-grade increase (WGI), contract renewal, promotion, RIF, competition for awards, or discussion for performance improvement.

Management's foremost interest is to keep the Mission operating at the highest performance level in the pursuit of its goals and objectives. The success of the Mission, however, will greatly be determined by the capability of its employees to deliver the required services. An Employee Evaluation Program will help keep track of employees' performance, and initiate the necessary corrective measures in case of performance deficiencies.

An employee's evaluation is a continuous process. It requires a feedback system whereby the supervisor/rating officer keeps his/her subordinates/team well informed of what is expected of them and how they have actually met, exceeded, or maybe failed to meet expectations. Proper use of employee evaluations is expected to result in:

- A. Strengthening of the team or supervisor-employee relationship;
- B. Identification and discussion of work requirements;
- C. Development and discussion of work objectives and performance measures which will serve as the basis for the employee's end-of-year appraisal;
- D. Recognition of outstanding performance;
- E. Correction of deficiencies in work;
- F. Performance counselling and optimal use of individual talent;
- G. Identification of performance problems which may require personnel action; and
- H. Identification of training and other developmental needs.

IV. RESPONSIBILITIES

A. Rating Official - The team leader who coordinates the activities of the team or the person who oversees the work of and gives assignments to the rated employee shall be the rating official. If a question arises as to who shall be the rating official, the Team Leader or the Office Chief may designate another person as the rating official. The rating official shall:

1. At the beginning of the rating period, make clear to the rated employee the duties of the position and the requirements for satisfactory performance and establish with the rated employee Work Objectives and Performance Measures.
2. During the mid-cycle review, discuss with the rated employee the strengths, weaknesses, and ways to improve performance and any changes to the established work objectives.
3. At the end of the rating cycle, prepare the Annual Evaluation Form (AEF) and give recognition to Exceptional and Effective performances by recommending Within-Grade-Increase (WGI) for all deserving employees;
4. Take appropriate action toward any employee whose performance Needs Improvement or is Unsatisfactory.

B. Rated Employee - The rated employee shall:

1. At the beginning of the rating period, formulate, with the Rating Official, his/her Work Objectives and Performance Measures.

2. During the mid-cycle review, discuss with the Rating Official any changes to the established Work Objectives.

C. Appraisal Committee (AC)

The responsibilities and functions of this committee are basically the same as the AC for USDHs, see Mission Order No. 104.

The composition of the Appraisal Committee for FSNs is, however, different. The Committee is chaired by the Mission Director and/or Deputy Mission Director and membership comprises USDHs and FSN staff designated by the Mission Director.

D. Human Resources Division - The Human Resources Division of the Executive Office is responsible for the administration of the Employee Evaluation Program and shall see to it that the guidelines given in this Order are properly implemented. Specifically, it shall:

1. Issue reminders to rating officials, at least 30 days before their due date, on AEFs which should be accomplished, including mid-cycle reviews;

2. Follow up on the submission of AEFs on their due dates;

3. Initiate, if applicable, within-grade (WGI) salary adjustments based on Effective or higher performance rating. No WGI will be processed unless HRD has received a fully accomplished AEF for the employee concerned.

V. PREPARING THE ANNUAL EVALUATION FORM (AEF)

A. Form to be Used

The "Annual Evaluation Form" for Foreign Service National Personnel (see attached), should be used to record the Rating Official's general assessment of the employee's performance. This form is available in WordPerfect macro.

B. Types of Report

1. Regular - This is the report that covers a completed one-year rating period or cycle to begin November 1st and end October 31st of

each year. Regular FSN Annual Evaluation Forms will be completed annually determined by the employee's anniversary date of hiring or promotion.

2. Interim AEFs

a. Interim AEFs are required for any time periods between 120 and 180 days when:

- Employee is in a trainee position and should be advanced to the next higher grade;
- Rating official departs;
- Rated employee departs and requests an AEF; and
- Duties and responsibilities of the rated employee change, e.g., the employee is promoted or laterally transferred.

Rating Official completes and AC approves Section II, Appraisal of Work Objectives, only. Rating Official derives adjectival summary rating for the Summary Skill Areas (p. 2 of AEF).

b. For rating periods of less than 120 days, no evaluation is required. If the rated employee is laterally transferred or the Rating Official changes, the losing/departing Rating Official serves as a 360° input source for the gaining/ replacement Rating Official. Input can be made verbally or via memorandum of performance.

c. For rating periods of more than 180 days, a full AEF is required.

C. How to Prepare the Annual Evaluation Form (AEF)

Preparing the AEF is done in three stages: 1) at the start of the rating period; 2) in the middle of the rating period (Mid-cycle Review); and 3) at the end of the rating period.

1. At the Start of the Rating Period

a. Within 30 days of the start of the Rating Period, work objectives

and performance measures are established by the Rating Official and the employee. Work Objectives and Performance Measures provide the guidelines against which the employee is to be evaluated and link the employee's action to overall USAID objectives and to the more specific objectives of an operating unit.

The work objectives should be within the employee's control to accomplish and commensurate with the employee's official position.

The employee and the Rating Official will develop a performance measure as part of each objective which defines effective performance for the particular objective. Performance Measures should be written to permit the accurate evaluation of job performance on the basis of fair and objective criteria.

While setting work objectives and performance measures, the Rating Official should encourage the employee to provide as much input as possible. Participation in Work Objective and Performance Measure is likely to enhance the employee's ability and desire to meet the objective and meet or exceed the performance.

While every effort should be made to reach agreement on the work objectives and performance measures, agreement is not required. The decisions of the rating official prevail in the event of any disagreements. Any disagreement between the Rating Official and the employee should be brought to the attention of the Appraisal Committee by the Rating Official for consideration and finally approved by the Appraisal Committee. The work objectives and performance measures must be documented in Section II of the Annual Evaluation Form and signed by the Rating Official, the employee and the Appraisal Committee.

The employee's signature indicates only that the employee has been advised of the work objectives and performance measures. The employee may comment on the establishment of work objectives and performance measures in the Employee Statement at the end of the rating cycle. At this time, Section 1 of the AEF, Summary Information, must also be completed. Clarification and/or specific employee data will be provided by EXO/HRD upon request.

b. At the beginning of the rating cycle, the Appraisal Committee

must review and approve the work objectives and performance measures for all the employees that it serves. In this review, it should assure that the work objectives and performance measures are reasonable for the specific employee and consistent with the objectives of the operational unit. In practice, this review may occur as a part of the review of the employees prior year performance and should not necessarily require a separate meeting of the Appraisal Committee.

2. Mid-cycle Review

a. The purpose of the mid-cycle review (approximately the 6-month point) is to ensure that work is progressing satisfactorily, to adjust work objectives or performance measures to reflect changes and to provide the employee with feedback on his/her performance. During the mid-cycle review, the Rating Official should also communicate to the employee any areas that require improvement so that the employee can have the opportunity to successfully address these areas in the second half of the rating period. If changes to the Work Objectives and Performance Measures need to be made, they should be recorded in Section II of the AEF.

b. The Rating Official and employee each sign the appropriate section of the AEF (p. 4) to document that the progress review occurred.

c. Additionally, the Appraisal Committee Representative is required to sign to confirm that the mid-cycle review has been completed and to assure that the Appraisal Committee is aware of any changes to the employee's work objectives and/or performance measures.

3. At the End of the Rating Period

a. The Employee Self Assessment

The employee should provide the Rating Official with information about the quality of his/her performance during the rating period as it relates to the employee's work objectives and performance measures. This information should be in writing and specific on the how, what, where and when of performance. In addition, the employee should provide an assessment of his/her strengths, motivations, disappointments, and frustrations. In order to convey the most valuable information, the employee should provide specific examples of events/activities that occurred throughout the rating period and discussion of any mitigating circumstances. The self assessment will be more accurate if the employee has recorded dates and details of the accomplishments of work objectives. This will serve as the basis for a well-prepared self-assessment. Achievement of work objectives will be factored into the evaluation of each employee.

The employee should also provide a representative sample of names of the people (i.e. managers, peers, subordinates, or clients) with whom he/she has worked during the rating period. The individuals listed should have an informed view of the employee's work since some may be contacted by the Rating Official to provide input into the employee's evaluation.

b. The 360° Input Process

In order to obtain an accurate overview of the employee's performance, the Rating Official must gather information from a variety of sources, including the employee's self-assessment, peers, clients, appropriate technical offices, other managers, and subordinates. Such information is referred to as 360° input. The Rating Official need not contact every individual named, nor is the Rating Official limited to the names provided by the employee. The Rating Official should contact enough individuals to obtain a comprehensive understanding of the employee's performance during the rating period. Any interim AEFs resulting from position changes, etc. shall be considered by the rater. The rater may choose to contact the drafting official of an interim AEF. This type of feedback provides information about the employee's performance on specific work objectives and appropriate skill areas. Additionally, gathering information from several sources reduces the potential for bias to enter into the performance ratings. The Rating Official does not need to wait until the end of the rating cycle to gather all the 360° input. It is expected that some discussions will be held periodically throughout the year. The information obtained will not be directly replicated on the AEF; rather, the Rating Official will synthesize the information when preparing the AEF.

c. Evaluation of Performance

(1) Section II

The Rating Official collects and evaluates information provided by the employee, 360° input sources, and the Rating Official's personal knowledge and formulates a written appraisal of the employee's performance on each work objective and performance measure. The Rating Official should emphasize whether and/or how well work objectives and performance

measures were accomplished and the impact or results.

(2) Section III

The Rating Official will evaluate the employee on the following six areas:

Quality of Work
Management
Teamwork and Interpersonal Skills
Leadership Staff Development Professionalism

The primary purpose of these skill areas is to provide the employee with feedback on the overall quality of their performance above and beyond their performance in specific work objectives. The Specific Skill areas are rated using the following rating scale:

Exceptional:	Work performance or a specific skill almost always exceeds expectations
Effective:	Work performance or a specific skill consistently meets, and occasionally exceeds expectations
Needs Improvement:	Work performance or a specific skill meet some expectations, but improvement is needed
Unacceptable:	Work performance or a specific skill does not meet expectations

The rationale for any ratings of Needs Improvement or Unacceptable should be explained in the "Comments where Appropriate" box.

(3) Summary Skill Areas (Section I, p. 2)

In deriving the summary rating, the Rating Official should review the appraisal of each work objective and assign the summary rating that most accurately reflects the employee's overall job performance. The summary rating must be consistent with and supported by the ratings of work objectives.

Exceptional (Level 4): A summary rating at this level must be supported by Exceptional ratings on the critical elements, with no more than one critical element

rated at the Effective level.

Effective (Level 3): A summary rating at this level must be supported by Effective ratings, or better, on the critical elements, with no more than one critical element rated at the Needs Improvement level.

Needs Improvement (Level 2): A summary rating at the Needs Improvement level must be assigned when two or more critical elements are rated at the Needs Improvement level.

Unacceptable (Level 1): A rating of this level must be assigned if any work objective designated as a critical element is rated at the unacceptable level.

Recognizing that the importance of one specific skill area may be greater than another one for an employee in a particular position, the Rating Official should use his/her judgment in preparing the summary. The narrative section beneath the summary provides the Rating Official with an opportunity to briefly comment on the employee's particular skills and how the employee's strengths and weakness in these skill areas impacted on the employee's performance during the rating cycle. In completing this section, the Rating Official should be cognizant of the changing importance of skills for different grades, and give greater emphasis to important skills. For example, the importance of interpersonal skills increases as an employee moves up the ranks. The focus shifts from technical expertise to interpersonal, management, and leadership skills, because it is assumed that the employee is already proficient in the basic technical/professional skills.

(4) Summary Statement (Section I, page 1)

When the Rating Official has completed Sections II and III on the Annual Evaluation Form, the Rating Official next prepares a statement summarizing the employee's performance over the rating cycle. This summary should include a summary of the employee's job performance over the rating cycle, including mention of the context in which the work was performed, achievements that may not have been captured in the employee's established work objectives, and other noteworthy events that impacted on the employee's performance.

d. Appraisal Committee (AC) Review

At the end of the rating cycle, the Appraisal Committee will review the draft Annual Evaluation Forms of each employee

within the operational unit. Under normal circumstances, a Rating Official will present the evaluation of his/her employees and remain for the discussion of those employees only.

During the review, the AC may:

- Discuss specifics of the appraisal and the employee's performance;
- Attempt to resolve any differences of opinion identified during the 360° input;
- Discuss the potential of the employee to perform at the next level;
- Discuss the career development of the employee, or any other relevant issues; and
- Discuss and make recommendations on Meritorious Step Increases (MSI) and other performance awards.

The Appraisal Committee shall discuss with the Rating Official the need to make changes to the Evaluation Form to correct any inconsistencies, errors, or inaccuracies and to ensure that the Annual Evaluation reflects the work unit assessment. The final evaluation is a product of the Appraisal Committee and the Rating Official. The finalized AEF shall be furnished to the rated employee for signature but may not be changed or negotiated. The appraisal of an employee is made with respect to the employee's individual performance as compared to his/her work objectives and performance measures.

e. Training Plan

The Rating Official and the employee may discuss the prospects of the employee attending training course(s) during the rating period. The need to have some training may be established as a means to further enhance the employee's performance or to prepare him/her for future career opportunities. Once a training course is identified, both the Rating Official and the employee should make an effort to implement the training plan within the normal constraints of budget, work load, and such other considerations that may

crop up later which may affect the training plan's timetable.

The form's "Remarks" portion should be used by the Rating Official at the end of the rating period to indicate success or failure in implementing the plan and to input such other explanation which may be relevant in the course of implementing the training plan.

f. Certifications

The "Certifications" portion should be used by the Rating Official to indicate any appropriate personnel action in connection with the AEF. HRD will refer to this portion in granting WGIs (Within-Grade Step Certification) or promotions~ (Trainee Certification).

VI. DISPOSITION AND USE OF PERFORMANCE EVALUATION REPORTS

Completed AEFs are filed in the employee's individual personnel folder maintained in the Human Resources Division. Being a record of the employee's performance, as attested to by his/her supervisor, the AEF shall be one of the bases for granting performance-based incentives to FSNs in the Mission. These include within-grade increases (WGIs) and incentive awards. Consequently, the Executive Office/Human Resources Division shall not process an employee's WGI or a request for grant of incentive award unless it has received the employee's AEF for the rating period immediately preceding the WGI's date of affectivity or the rating period coinciding with the incentive award.

VII. CANCELLATION

This is a new Mission Order and will remain in effect until cancelled or superseded.

Gordon H. West
Deputy Director

Drafted: EXO/AMinkley:rns:12/14/95

Appendix B: USAID Cairo Incentives Program for Foreign Service Nationals Employee Evaluation System - Example

DATE: March 30, 1997

TO: Mission Steering Committee

FROM: FSN PER Working Group

SUBJECT: USAID/EGYPT ORGANIZATIONAL EVOLUTION:
STRENGTHENING FSN EMPLOYEES EVALUATION SYSTEM

The purpose of establishing this working group was to make recommendations for strengthening the FSN staff evaluation system in ways that support the Mission's reengineering and reorganization. Specifically, the group was tasked with making recommendations on whether the 360 degree feedback system might be used to develop a more balanced view of employee performance, and how the process might be applied. The group was also tasked with making a recommendation on whether employees who are below the FSN-7 level should also be required to have specific work objectives for each rating period.

Process: A group of seven Mission employees, consisting of one USDH and six FSNs from various offices and occupations and at various grade levels, was formed. The group studied, analyzed and discussed the features of the current FSN and USDH evaluation systems. Through this exercise, the group identified the needed areas of improvements in the current FSN evaluation system, selected some of the features of the USDH evaluation system which are practical to adopt, discussed how these latter features can be applied, and formulated other steps/actions which can also improve the FSN evaluation system.

Using these parameters, the group developed a survey questionnaire and distributed it to the Mission at large to seek additional views/input regarding the improvement of the current FSN evaluation system. While the group members actively encouraged Mission staff to respond to the survey, 75 employees responded, which represents over 20% of the total Mission workforce. The group noted that there was a general lack of faith that useful changes, if any, would be introduced to improve the current system. Therefore, the group feels that it is very important that we actively seek to change the system to boost the morale of the staff and demonstrate the Mission's commitment to improving the FSN evaluation system.

Recommendations & Rationale:

1. **The 360 degree feedback system must be applied to the FSN evaluation system.** This would ensure the fairness and objectivity of the evaluation, as well as reinforce the Agency's and the Mission's core values, particularly team work and customer focus.
2. a. **The FSN Performance Evaluation Report (PER) must be used as a tool for career development and performance incentives.** Awards, training, assignment of higher level responsibilities, etc. should be based on and tied to the PER. Currently, the PER and overall ratings of "outstanding" or other are meaningless because the only outcome is a within-grade increase in all cases (except when the employee has reached step 13 of his/her grade).
- b. **Special attention should be given to employees who are at step 13 of their grades.** This includes a cash award for two successive outstanding ratings, and where the employee has made special achievements; and suitable training to develop the employee's skills to assume additional responsibilities or move to other available positions.
3. **Specific work objectives should not be required for all grades.** They should continue to be only required for employees at grade FSN-7 and above, and encouraged/optional for employees at grade FSN-6 and below. It is not always practical or possible to establish specific work objectives below the FSN-7 level, particularly in certain occupations (e.g., driver) given that the emphasis at these levels is usually on generic duties.
4. **Establish a committee consisting of four members:** two permanent members (one from USAID FSN Personnel, the Training Coordinator or Training Assistant), one elected member (for a term of 2 years), and a rotational member (OD or AD of the rated employee's office).
 - a. **The committee will not be responsible for all PERs, but those referred by USAID FSN Personnel, as follows.** The committee will review and make decisions regarding disagreement over the work plan or the evaluation, or where the rating official and reviewing official inputs are incompatible, evaluation reports with an overall rating of "needs improvement" or less, or "outstanding", as well as evaluations including recommended training, awards or other performance incentives. It is not practical, nor necessary, that all PERs be

reviewed by a committee.

- b. **Empower USAID FSN Personnel and the FSN Evaluation Committee to return deficient or inappropriate work plans or evaluations to rating officials and/or employees to require necessary changes.**
5. **All PERs must be reviewed by a reviewing official.** While a reviewing officer statement is only required when the rating official is not American, it must always be required regardless of whether the rating official is American or Egyptian. But, **the reviewing official does not always have to be an American if the rating official is not.** Reviewing officials should be responsible for ensuring the fairness and objectivity of the evaluation, the use of the 360 degree input, and the inclusion of recommendations for performance incentives and/or training when appropriate. This is particularly important since we are not recommending that all PERs be reviewed by a Committee, and to facilitate and support the Committee's role in reviewing PERs referred to it.
6. **PERs should not be completed during a fixed time per year.** It is not practical to have all PERs reviewed at a fixed time per year, given the large number of FSN employees. In addition, since it is impractical to establish several committees, the time constraints involved in having only one committee review all PERs at a fixed time per year necessitate that we continue to have varied rating cycles. However, to avoid the delays in completing Work Plans and PERs, Front Office support is needed: a monthly notice on delinquent reports will be sent to rating officials through the Front Office, reminding them of the importance of completing the Work Plan and PERs; and the AEF or PER of all rating officers should include as objective: the timely and accurate completion of subordinate employees' Work Plans and Evaluations.
7. **Revise the FSN Evaluation Form to include the following (sample attached):**
- Boxes to indicate that 360 degree input was obtained and the sources.
 - A box to indicate that mid-cycle reviews/regular feedback sessions were held.
 - Space to describe performance measures for work objectives.
 - Space for development measures/areas of improvement.
 - Space to recommend performance incentives (awards, assign higher level or supervisory responsibilities, etc.
 - Space to recommend training. The rating official or the rated employee, or both, can complete this section as needed.
 - Space for the Mission Committee to comment on and/or recommend/specify actions to be taken regarding training needed or recommended, awards, and other areas as needed.

Prior to finalizing the working group's recommendations, AID/W/HR/POD advised that a new FSN evaluation form had been developed and was being transmitted by the Department of State's PER/OE to posts for immediate use. We sought and obtained a copy for the revised form via the new INFO FORMS CD-ROM. It includes two of the changes that the working group is recommending for inclusion. Specifically, these are: including space for recommended training, and encouraging the establishment of specific work objectives for all employees. Therefore, although we have not yet been contacted by Embassy PER regarding this revised form, the implementation of these changes should be smooth. As for other recommended changes, these can be included in a supplemental sheet to the new form which, if Embassy PER does not wish to apply to all other FSNs at post, can be limited to and retained by USAID.

HR/POD also advised that a team in Washington called "REFORM" is rethinking the Agency's way of Workforce Management, including performance evaluation, and is moving toward using an "AEF" (perhaps with 360 input and strategic focus) for all FSNs, but that this will take a while. AID/W has recently requested a copy of our report to be used by the Reform team in their discussion and recommendations in this regard. Thus, the Mission's initiative to improve the FSN evaluation system and to apply AEF features, particularly the 360 degree input, would therefore be strongly supported by AID/W.

Clearances:

Abeer Rizk, PROC: _____
Ibrahim Gad, MGT/EXO/MPOOL: _____
Jim Dunlap, PROC: _____
Nihad Rageh, AGR/A: _____
Nihal Montasser, PROC: _____
Moenes Youannis, DR/UAD: _____
Shahnaz Omar, MGT/PER/FSN: _____
Soad Saada, PDS/P/DIC: _____