DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

DEC 01 2009

MEMORANDUM FOR SENIOR EXECUTIVES AND SENIOR PROFESSIONALS

SUBJECT: SETTING PAY FOR PERFORMANCE STANDARDS FOR 2010

REF: (a) Pay for Performance Handbook, Version 3 of October 2009

Reference (a) has been compiled as an easy reference for the Department of Navy (DON) Executives and Senior Professionals and their Rating Officials to become quickly familiar with the Department of Defense (DoD) Executive and Senior Professional Pay for Performance System and their responsibilities. The beginning of the performance cycle began on Oct 1, 2009. Normally, performance plans must be in place within 30 days of the beginning of the appraisal period (Oct 1 to Sept 30) or within 30 days of starting a new position. Due to circumstances beyond our control, setting pay for performance standards have been extended. Performance plans must be in place no later than 31 Dec 09.

Enclosures (1- 3) provide Guidance for Preparing 2010 SES Performance Plans for Senior Executives and Senior Professionals as well as the Responsibilities for Executives and Raters/Supervisors throughout each phase of the rating cycle. Enclosure (4) is the DON Strategic Reference Library which should be utilized to strategically align your performance requirements. To ensure compliance with DoD for a fully certified performance appraisal system, all performance requirements must be linked and include the reference after each performance requirement. Enclosure (5) illustrates the steps in the timeline for the DON Executive Performance Appraisal Process. Enclosure (6) is the FY 2010 Strategic Performance Assessment for DON Senior Executives which lays out the Strategic Objectives for FY 2010, aligning them with the priorities of the President and DoD. Enclosure (7) is the DoD Organizational Assessment for FY 2010.

It is a mandatory requirement that DON ensure that Performance Standards have been set in accordance with DOD guidance. Immediately after setting your performance standards, send an electronic copy of your 2009 Performance Standards to navy.ses@navy.mil by 31 Dec 2009. Ensure your 2009 Performance Standards are dated and include the signatures of the Executive and the Rater/Supervisor.

If you have questions, please have your staff call Mr. Tony TorresRamos at (202) 685-6186 or LaToya Bedgood at (202) 685-6659.

Tony TorresRamos
Director, Executive Management
Program Office

Copy to:
DON Senior Executives
DON Senior Professionals
SES POCs
DCPPs

Guidance for Preparing FY 2010 SES/DISES Performance Plans:

What you need to know:

A. Performance Elements

For the rating period 1 October 2009 to 30 September 2010 the Department of the Navy will again use only the three **mandatory** Performance Elements.

They are:

1) Leadership and Supervision,
2) Contribution to Mission Accomplishment, and
6) Customer Care.

All three elements are critical. The Performance Elements must be weighted as follows:

Leadership/Supervision - 30%
Contribution to Mission Accomplishment - 60%
Customer Care - 10%

The sum of the weights for all Performance Elements used will be 100 percent.

B. Performance Requirements.

Rating Officials must work with executives to develop Performance Requirements for each Performance Element that reflect the duties, responsibilities and results oriented outcomes as they relate to the Executives position as well as organizational goals.

Performance Requirements shall be results-driven, written in the SMART-Q framework, and specify measurable results and outcomes of a particular Performance Element. Performance Requirements must describe the level of performance expected to achieve expectations. These are the expectations against which the executive's performance will be appraised.

SMART-Q Performance Requirements for executives shall:

- Apply to their respective areas of responsibility;
- Be linked with strategic plans and initiatives of the Component or Department; reflect expected agency or organizational performance;
- Clearly describe performance that is measurable, verifiable, or apparent; and focus on tangible outputs, outcome/results, milestones or other deliverables; and
- Reflect the perspectives of distinct groups including customers and employees.

Elements 1 and 6 include standard Performance Requirements which must remain. The executive and rater must develop at **least one** but **not more than two** SMART-Q written Performance Requirements for elements 1 and 6.

Additionally, for element 2, develop at **least three** and typically **no more than five** SMART-Q written Performance Requirements to evaluate an executive's performance.

All Performance Requirements will be mission focused, results oriented and linked to organizational goals. See guidance below on how to link performance requirements to organizational goals and how to annotate on the appraisal form

Performance Requirements must be written in a manner that allows the Rating Official to make meaningful distinctions in performance. Each requirement should demonstrate the complexity and scope of the work and be attainable. For training and examples of SMART–Q Performance Requirements, please use this link Writing Effective Performance Measures.*

***For supervisory positions, there are three mandatory Performance Requirements* as part of the Leadership/Supervision Element.** There must be a requirement that: (1) subordinate employee Performance Plans are aligned with organizational goals; appraised realistically against clear, measurable standards of performance and employee views are considered in achieving organizational results; (2) executive achieves results in promoting equal employment opportunity, affirmative action, and diversity in the performance of responsibilities; and (3) executive seeks and listens to customers and employees and objectively considers other's ideas and opinions.

C. Linking Performance Elements/Requirements to Organizational Goals

One of the tenets of the DoD P4P system is that Performance Requirements must reflect expected agency or organizational goals/performance. Executives need to show how their Performance Requirements align to the PMA, QDR, GPRA, and/or SECNAV goals. Several tools have been developed to help Executives through this process and to see on a macro and micro level how this linkage is connected to individual plans. The DON Strategic Reference Library should be used to link each performance requirement. Each performance requirement must include the reference.

D. Complete Parts A and B of the DoD Executive Pay and Performance Appraisal.

The last step in setting objectives for the 2009 rating cycle is a meeting between the executive and supervisor/rating official, to discuss and agree on performance expectations and requirements. Complete parts A and B of the DoD Executive Pay and Performance Appraisal. Executive and supervisor sign in Part B, Section I, 8 a-c and 9 a-c.

The rating cycle is 1 October to 30 September. Performance plans must be established with in the first 30 days of the rating cycle or with in 30 days of entering the position.

* These documents can also be found on the SES web page at https://www.donhr.navy.mil/Senior_Exec/DON-SES-Perf.htm

Guidance for Preparing FY 2010 ST/SL/DISL Performance Plans:

What you need to know:

A. Performance Elements

For the rating period 1 October 2009 to 30 September 2010 the Department of the Navy will continue to use the three **mandatory** Performance Elements.

They are:

2) Contribution to Mission Accomplishment
6) Customer Care
7) Technical Competence.

All three elements are critical. The Performance Elements must be weighted as follows:

Contribution to Mission Accomplishment – 60%
Technical Competence – 30%
Customer Care – 10%

The sum of the weights for all Performance Elements used will be 100 percent.

B. Performance Requirements

Rating Officials must work with the senior professional to develop Performance Requirements for each Performance Element that reflect the duties, responsibilities and expected outcomes as they relate to the Executives position.

Performance Requirements shall be results-driven, written in the SMART-Q framework, and specify measurable results and outcomes of a particular Performance Element. Performance Requirements must describe the level of performance expected to achieve expectations. These are the expectations against which the senior professional's performance will be appraised.

SMART-Q Performance Requirements for the senior professional shall:

- Apply to their respective areas of responsibility;
- Be linked with strategic plans and initiatives of the Component or Department; reflect expected agency or organizational performance;

- Clearly describe performance that is measurable, verifiable, or apparent; and focus on tangible outputs, outcomes, milestones or other deliverables; and

- Reflect the perspectives of distinct groups including customers and employees.

Element 6 includes a performance requirement which must remain. The Senior Professional and rater must develop at **least one** but **no more than four** SMART –Q written Performance Requirements for Element 6.

Additionally, for Element 2 , develop **at least three,** but **no more than five** SMART-Q written Performance Requirements.

For Element 7, develop **at least two,** but **no more than five** SMART-Q written Performance Requirements.

All Performance Requirements will be mission focused, results oriented and linked to organizational goals. Use the DON Strategic Reference Library to link each performance requirement.

Performance Requirements must be written in a manner that allows the Rating Official to make meaningful distinctions in performance. Each requirement should demonstrate the complexity and scope of the work and be attainable.

C. Linking Performance Elements/Requirements to Organizational Goals

One of the tenets of the DoD P4P system is that Performance Requirements must reflect expected agency or organizational goals/performance. Executives need to show how their Performance Requirements align to the PMA, QDR, GPRA, and/or SECNAV goals. Several tools have been developed to help Executives through this process and to see on a macro and micro level how this linkage is connected to individual plans. The DON Strategic Reference Library should be used to link each performance requirement. Each performance requirement must include the reference.

D. Complete Parts A and B of the DoD Senior Professional Pay and Performance Appraisal.

The last step in setting objectives for the 2010 rating cycle is a meeting between the senior professional and supervisor/rating official, to discuss and agree on performance expectations and requirements. Complete parts and A and B of the

DoD Senior Professional Pay and Performance Appraisal. Senior Professional and supervisor sign in Part B, Section I, 8 a-c and 9a-c.

The rating cycle is 1 October to 30 September. Performance plans must be established with in the first 30 days of the rating cycle or with in 30 days of entering the position.

DEPARTMENT OF THE NAVY
EXECUTIVE PAY FOR PERFORMANCE
EXECUTIVE'S RESPONSIBILITIES
2010

Set Standards at Beginning of Rating Cycle

- Gather and review these documents to prepare yourself:
- New Performance Appraisal Form/SES Electronic Evaluation Tool
- Position Description
- Past Performance Plans
- President's Management Agenda
- SECNAV Goals
- Your Organization's Strategic Objectives
- Discuss goals and performance elements with customers, staff, and leaders
- Determine how your roles and responsibilities fit into the DON objectives
- For SES/DISES, Write 1-2 SMART-Q requirements for Elements 1and 6, and 3-5 SMART-Q requirements for Element 2; For ST/SL/DISL, Write 1-5 SMART-Q requirements for Elements 6, 3-5 SMART-Q requirements for Elements 2, and 2-5 for Element 7.
- Map/document objectives/elements for 1, 2 and 6 to the cascading goals for SES/DISES. Map/document objectives/elements for 2, 6 and 7 to the cascading goals for ST/SL/DISL.
- Prepare for initial Performance Plan meeting, be ready to discuss the draft requirements with your Rater/Supervisor
- The Executive and Rater/Supervisor together are responsible for developing the performance plan;
- Performance plans must be in place within 30 days of the beginning of the appraisal period (October 1 to September 30) or within 30 days of starting a new position. Immediately provide a hard or electronic copy of your 2010 Performance Standards to navy.ses@navy.mil with Executive and Rater/Supervisor signatures and dates of when your performance standards were established.

Mid Year Review

- At least mid-way through the performance cycle, Executive meets with the Rater who will provide feedback on achievement of requirements;
- On-going feedback is documented on the electronic tool, Part B;
- Executive may request periodic feedback on performance;
- Document ongoing accomplishments during the year to help develop YAR at the end of the rating cycle.

End of Cycle Review

- Prepare YAR and give to rater prior to meeting;
- Rater and Executive meet to discuss the initial rating;
- Rater completes and signs Part C – Initial Summary Rating;
- Executive signs in Part D to acknowledge appraisal;
- At the end of the rating cycle, the Rating official and Reviewer will use the Tabs on the Evaluation tool labeled YAR and Supv Comments to document executive accomplishments and justify the recommended rating;
- After the final approval of the Pay Pool process by the Authorizing Official and DoD, the supervisor and executive will meet to discuss the final score and payout prior to the actual payout or receipt of the SF-50 or Leave and Earning Statement showing the bonus and /or pay increase, this usually occurs in mid-December. **HELPFUL INFORMATION:** Setting Performance Standards https://www.donhr.navy.mil/Senior_Exec/DON-SES-Perf.htm.

Attachment 2

DEPARTMENT OF THE NAVY
EXECUTIVE PAY FOR PERFORMANCE
RATER/SUPERVISOR RESPONSIBILITIES
2010

Set Standards at Beginning of Rating Cycle (Oct 1)

- The Executive and Rater together are responsible for developing the performance plan;
- Performance plans must be in place within 30 days from the beginning of the appraisal period (October 1 through September 30); OR within 30 days of starting a new position;
- Executive and Rater meet to discuss the plan and agree on the requirements of Elements 1, 2 and 6 for SES/DISES and Element 2, 6, and 7 for ST/SL/DISL;
- Objectives/Requirements must be written in SMART-Q format;
- The Executives' individual goals must link to the organizational goals, strategic plan, DON Objectives, QDR, PMA, and the transformation priorities included in the organizational assessment;
- Both Executive and Rater sign the appraisal form and input date on the electronic tool in blocks 8c and 9c.

Mid Year Review (Mar – Apr)

- At least mid-way through the performance cycle, the Rater will provide feedback to the Executive on achievement of requirements;
- On-going feedback is documented on the electronic Evaluation Tool in Part B, On-Going Feedback;
- If the objectives need to be changed, modified or deleted, this is the time to discuss with Executive and make changes;
- Executives may request periodic feedback on performance; if more than one feedback is requested, document the date(s) on the electronic evaluation tool, (Part B).

End of Cycle Review (Sept 30)

- Appraisals will be based upon an assessment of individual and organization performance;
- The DON Evaluation Tool (Descriptions Tab) provides competencies/benchmarks that illustrate performance at the "achieved expectations" level;
- Rater determines the degree and level in which the executive accomplished the performance requirements and assigns a score (0-100) for each requirement. (The Evaluation Tool calculates the Initial Summary Rating.)
- Rater uses the DoD conversion table to recommend shares and recommends distribution of payout (% of pay increase and/or bonus);
- Rater completes and signs Part C – Initial Summary Rating;
- Rater and Executive meet to discuss the executive's overall performance, tentative performance rating, and performance score. It does not include a discussion about the recommended number of shares, share value or performance payout information;
- Ask Executive to sign in Part D to acknowledge appraisal;
- Initial Summary Ratings will go to the Performance Review Board for review and normalizing with in the organization;
- After the Organizational SPP/PRB meets, the DON PRB meets to determine the share values and distribution for the Department;
- Once approved by Authorizing Official and DoD, the rater MUST meet with Executive to discuss final score and payout, before Executive sees any Bonus and/or pay increase on a SF-50 or Leave and Earnings Statement. This usually occurs in mid-December.**HELPFUL INFORMATION**: Setting Performance Standards, see https://www.donhr.navy.mil/Senior_Exec/DON-SES-Perf.htm

DON Strategic Reference Library

Layer		Reference	Description
President's Agenda		1a	Putting Performance First: Replacing PART with a New Performance Improvement and Analysis Framework
		1b	Ensuring Responsible Spending of Recovery Act Funds
		1c	Transforming the Federal Workforce
		1d	Managing Across Sectors
		1e	Reforming Federal Contracting and Acquisition
		1f	Enhancing Transparency, Technology, and Participatory Democracy
Quadrennial Defense Review (QDR) Decisions	Successfully Conduct Overseas Contingency Operations	2a	Conduct a large scale irregular warfare campaign that includes counterinsurgency, security stability, transition, and reconstruction.
	Deter or Defeat Attachs on the United States	2b	Deter or defeat direct attachs to the U.S. home, contribute toward the nation;s response to and management of WMD, and improve response to CBRNE.
		2b.1	Deter and defend against transnational terrorist attacks, shape the choices of countries at strategic crossroad, and posture for a second campaign.
		2b.2	Operationalize and strengthen intelligence.
	Reshape the Defense Enterprise	2c	Improve acquisition processes and execution to support warfighter requirements.
		2c.1	Focus research and development to address warfighting requirements.
		2c.2	Implement improved logistics operations to support joint warfighting requirements.
		2c.3	Maintain capable, efficient, and cost-effective installations to support the DoD workforce.
		2c.4	Improve financial management and budget and performance integration to support strategic decisions and provide financial stewardship to the taxpayer.
		2c.5	Make information available on a network that people depend on and trust.
	Develop a 21st Century Total Force	2d	Ensure an "All Volunteer" military force is available to meet the steady-state and surge activities of the DoD.
		2d.1	DoD remains competitive for talent by sustaining workforce satisfaction.
		2d.2	Provide effective and efficient human resources management to DoD customers.
		2d.3	Improve workforce skills to meet mission requirements.
	Achieve Unity of Effort	2e	Build capacity of international partners in fighting the war on terrorism.
		2e.1	Improve strategic communication process to link information issues with policies, plans, and actions and improve primary supporting capabilities.
Department of Navy Priorities		3a	Assure DON has the best acquisition organization and process in government and becomes the DoD model for defense acquisition system reform.
		3b	Lead the government in moving toward clean energy utilization and energy conservation.
		3c	Implement the Bethesda/Walter Reed consolidation on cost and within the planned schedule, while maintaining quality for our Wounded Warriors.
		3d	Develop and execute a detailed plan and program to effectively and efficiently relocate Marines from Okinawa.
		3e	Assure personnel and systems perform flawlessly in support of the safety and security of nuclear forces.
		3f	Transition to next generation information technology (IT) architecture while assuring critical infrastructure protection of both the new system and existing IT Systems
		3g	Be the World leader in unmanned platforms.
		3h	By FY 2012, achieve the goal set by the Secretary of Defense in the Guidance for the Development of the Force to reduce the mishap rate by 75% reduction over the DON's FY 2002 baseline.
		3i	Maximize the return on the Department's human capital resources.
		3j	Take all reasonable actions to proactively pursue force wellness.

Attachment 4

Steps in the DON Executive Performance Appraisal Process
October 1, 2009 to September 30, 2010

Rating Official

1. **Develop Performance Plan** - Set Requirements by October 31, 2009 or within 30 days of entering position.

2. **The Department of the Navy will use Elements 1, 2 and 6 only for Senior Executives (SES/DISES).** Elements 2, 6, and 7 will only be used for Senior Professionals (SL/ST/DISL) - Element 2 will only be used for Highly Qualified Expert's (HQE's). These elements will be mandatory for the 2010 rating cycle.

3. **Weight the Performance Elements** – Weights for the 2010 cycle have not changed for SES/DISES and will remain as follows: Element 1will be 30%, Element 2 will be 60% and Element 6 will be 10% for a total of 100%. Weights for Senior Professionals (SL/ST/DISL) are as follows: Element 2 will be 60%, Element 6 will be 10% and Element 7 will be 30%. These weights cannot be changed. Weights for Highly Qualified Experts (HQEs) are as follows: Element 2 will be 100%.

4. **Develop, with the Executive, Senior Professional and HQE, a Narrative Description of the Performance Requirements for each Element-** Standard Requirements have been set **for SES/DISES**, Elements 1 and 6 and cannot be changed. Additionally, the Executive and rater must develop at least one, but not more than two, SMART-Q requirements for elements 1 and 6 and three to five SMART-Q requirements for element 2. **For SL/ST/DISL**, Standard requirements have been set for Elements 6. Additionally, the Senior Professional and Rater must develop at least one, but not more than four, SMART-Q requirements for elements 6. Must develop at three but not more than five, SMART-Q requirements for element 2. Must develop at least two but not more than 5 SMART-Q requirements for element 7. **For HQEs**, the HQE and rater must develop at least three but not more than 5 SMART-Q requirements for element 2. **All Requirements must be related to the position and linked to organizational goals.**

5. **Discuss Performance Elements and Requirements with Executive, Senior Professional and or HQE -** This is MANDATORY and must be done when setting standards (NLT 31 October 2009) or within 30 days of assuming a new position. A copy of the signed appraisal with rating official and executive, senior professional or HQE signatures must be provided to OCHR when standards have been set (NLT 31 October 2009) or within 30 days of assuming a new position.

6. **Provide On-Going Feedback.** Document the dates of feedback in Part B II of the performance appraisal form.

7. **Hold at Least One Progress Review and Document it.** Feedback for this cycle will normally be done between Apr 1 – Apr 30, 2010. Record the date on the performance appraisal form in Part B, Section II. Adjust requirements if needed to reflect changes in priorities, mission etc. A copy of the signed appraisal with rating official and executive, senior professional or HQE signatures must be provided to OCHR when the midyear reviews have been conducted. Must be received by May 1, 2010.

8. **Ask Executive, Senior Professional and HQE to document accomplishments for Narrative Input quarterly. Dec 2010, Mar 2010, Jun 2010, Sep 2010** Request written input (YAR). **MUST** be received NLT **September 28, 2010.**

9. **Appraise Executive's Performance at the End of the Rating Period – October 1-22, 2010 using Automated Scoring Tool - MANDATORY**
   a. Assess Executive Accomplishments against Performance Elements and Requirements and DOD Organizational Assessment.
   b. Assign Numeric Score to Performance Elements as Initial Summary Rating.
   c. Use Share Conversion Chart, Assign Preliminary Performance Payout Shares.
   d. Recommend a distribution of performance payout, (split between bonus and pay increase).

10. Meet with Executive, Senior Professional and HQE to discuss the overall performance, the tentative Performance Rating, and Performance Score. It does **not** include a discussion of the recommended number of shares, performance share value or performance payout information; this should occur prior to the Organizational SPP/PRBs meetings in Mid-October 2010.

Sub Pay Pool/Performance Review Board & DON Performance Review Board/Pay Pool

11. Affordability targets for each SPP/PRB will be distributed to the Chairs prior to the SPP/PRB meetings. SPP/PRBs review Executive Performance Appraisals, Initial Summary Rating, and Performance Payout Shares. Recommend Executive Performance Ratings, Performance Bonuses and Increases to Basic Pay to the Sub Pay Pools.
October 25 – November 12, 2010.
SPP/PRBs must have their completed roll up tools to OCHR NLT November 12, 2010.
SPP/PRB 1 Tentatively scheduled for TBD
SPP/PRB 8 Tentatively scheduled for TBD
DON PRB Tentatively scheduled for TBD

12. DON Performance Review Board Chair makes recommendation to Authorizing Official – **NLT November 23, 2009.**

Authorizing Official

13. a. Determine Final Performance Rating, Performance Score and Performance Payout Share (including Split Between Bonus and Increase to Basic Pay) **NLT December 1, 2010.**
b. Forward Results to DoD **December 3, 2010.**
c. Forward Bonus Data to HRSC-NW for processing **December 6, 2010** for preparation of RPA for the bonuses.
d. Payout bonuses by the end of **December 2010.**
e. Performance increases first pay period in **January 2011.**

Rating Official/Ratee

14. a. Once the Authorizing official approves the package, the rating becomes the Annual Summary Rating.
b. The rater/supervisor will meet with each executive/senior professional to explain:
(1) the final performance score;
(2) shares; and
(3) the distribution of performance pay out (split between the bonus and pay increase) prior to the actual pay out or receipt of the SF-50 or Leave and Earning Statement showing the bonus and/or pay increase amounts typically **NLT December 4 - 11, 2010.**

15. Set new standards - **NLT October 31, 2009 for the FY 2010 rating cycle**.

THE UNDER SECRETARY OF THE NAVY
WASHINGTON DC 20350-1000

November 6, 2009

MEMORANDUM FOR COMMANDANT OF THE MARINE CORPS
CHIEF OF NAVAL OPERATIONS
ASSISTANT SECRETARIES OF THE NAVY
GENERAL COUNSEL OF THE NAVY
DEPUTY UNDER SECRETARIES OF THE NAVY
ASSISTANT FOR ADMINISTRATION TO THE
UNDER SECRETARY OF THE NAVY

SUBJECT: FY 2010 Strategic Performance Assessment for Senior Executives in the Department of the Navy (DON)

The performance of Senior Executives of the DON will be evaluated against the progress that their respective organizations make toward accomplishing the strategic objectives of the Department. To ensure and sustain an effective Navy and Marine Corps we must emphasize and promote three essential priorities:

- Taking care of our Sailors and Marines and their families
- Meeting the missions of today
- Building and balancing the naval force of the future

Leaders throughout the Department of the Navy will ensure their actions can be directly supportive of these priorities.

Additionally, this memorandum lays out the strategic objectives for FY 2010, aligning them with the priorities of the President and the Department of Defense (DoD). These priorities are identified in the Analytical Perspectives volume of the President's Budget for FY 2010, the 2006 Quadrennial Defense Review, the Guidance for Development of the Force (GDF) for FY 2011-2015, the DoD Performance Budget measures and targets for FY 2010, and the Secretary of the Navy Priorities. These strategic goals and priorities serve as overarching guidance, augmented with internal strategic guidance, to direct DON efforts.

The President included, in his Analytical Perspectives, a chapter on "Building a High Performing Government" that discusses development of a new management and performance agenda based around the themes listed below. DON leaders will direct efforts in support of initiatives, activities and process improvements to advance these themes:

- Putting Performance First: Replacing PART with a New Performance Improvement and Analysis Framework
- Ensuring Responsible Spending of Recovery Act Funds
- Transforming the Federal Workforce
- Managing Across Sectors
- Reforming Federal Contracting and Acquisition
- Enhancing Transparency, Technology, and Participatory Democracy

The 2006 Quadrennial Defense Review (QDR) serves as the Strategic Plan for the DON and fulfills the long-range plan requirement of the Government Performance and Results Act (GPRA) of 1993. The Guidance for Development of the Force (GDF) for FY 2011-2015 establishes strategic priorities for the DoD and constitutes a mid-course update for implementing the 2006 QDR. The strategic goals for DoD are:

- Successfully Conduct Overseas Contingency Operations
- Deter or Defeat Attacks on the United States
- Reshape the Defense Enterprise
- Develop a 21st Century Total Force
- Achieve Unity of Effort

When signed later this year, the 2010 QDR and any subsequent GDF will become the long-range plan for the DoD and DON.

In support of this higher guidance and to further our national security the Secretary of the Navy has approved the following additional priorities:

- Assure DON has the best acquisition organization and process in government and becomes the DoD model for defense acquisition system reform
- Lead the government in moving toward clean energy utilization and energy conservation
- Implement the Bethesda/Walter Reed consolidation on cost and within the planned schedule, while maintaining quality for our Wounded Warriors
- Develop and execute a detailed plan and program to effectively and efficiently relocate Marines from Okinawa
- Assure personnel and systems perform flawlessly in support of the safety and security of nuclear forces
- Transition to next generation information technology (IT) architecture while assuring critical infrastructure protection of both the new system and existing IT systems
- Be the World leader in unmanned platforms

- By FY 2012, achieve the goal set by the Secretary of Defense in the Guidance for the Development of the Force to reduce the mishap rate by 75% reduction over the DON's FY 2002 baseline
- Maximize the return on the Department's human capital resources
- Take all reasonable actions to proactively pursue force wellness

At the end of this fiscal year, I intend to use this overall strategic framework to base the Senior Executive Performance Assessment. I expect exemplary progress on these objectives from every leader in our department. We will recognize the accomplishments of exceptional leaders, as these leaders are improving and moving our Navy forward.

Robert O. Work

cc:
PRB Chair/Members
SES Supervisors/Rating Officials

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

NOV 18 2009

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Direction for Department of Defense (DoD) Organizational Assessment (OA) for Fiscal Year (FY) 2010

This memorandum provides initial direction for the FY 2010 DoD OA.

Section 4312 of Title 5, United States Code, and Office of Personnel Management (OPM) implementing instructions require that DoD base performance evaluations of Senior Executive Service (SES) members on both individual and organizational performance. The OPM further requires each Agency to describe, at the end of the performance rating period, how it assessed organizational performance and how it communicated that performance to rating and reviewing officials and members of Performance Review Boards to inform individual performance decisions.

The basis for the FY 2010 DoD OA will be the performance targets identified in the Department's 2010 Budget Summary Justification (attached). These targets align to DoD strategic planning documents, management initiatives identified by the Secretary of Defense, and performance standards set for DoD by the President and Congress. Component strategic plans, in turn, define supporting execution priorities that form the basis of individual performance plans for members of the Senior Executive Service (SES) and for Senior Leader/Senior Technical professionals (SL/ST).

Component heads should ensure their respective strategic plans (1) align to the performance targets listed in the attachment; and (2) establish measurable targets that can be used to monitor progress throughout the year. SES and SL/ST appraisal plans should reflect their contributions to achieving these measurable targets. This will ensure the talents of our people target priorities and outcomes that are shared across the Department.

Questions regarding the DoD FY 2010 OA should be directed to Ms. Michelle McAtee at 703-614-8888 or Michelle.McAtee@osd.mil.

Attachment:
As stated

OSD 12533-09

Attachment 7

DISTRIBUTION:
SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
COMMANDERS OF THE COMBATANT COMMANDS
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

DOD Enterprise-level Performance Goals and Targets

STRATEGIC GOAL 1: WIN OUR NATION'S WARS

Strategic Objective 1: Successfully conduct overseas contingency operations (OCO) and support contingency business operations.		
Performance Measures [1]	**Long-term Goals/Targets** [1]	**FY10 Goals/Targets** [1]
Percent that DoD Combatant Commanders are ready to execute Current Operations	For each fiscal year, DoD Combatant Commanders will be ready to execute 100% of Current Operations.	100%
Annual fill rate for Joint Contracting Command (JCC) supporting contingency operations	Beginning in FY 2010, the DoD will maintain a 98% fill rate for the JCC supporting contingency operations.	98%
Percent assigned of required Contracting Officer Representatives (CORs) supporting Iraqi contingency operations	Beginning in FY 2012, the DoD will maintain an assignment rate of 90% of required CORs supporting Iraqi contingency operations.	85%
Percent assigned of required CORs supporting Afghan contingency operations	Beginning in FY 2012, the DoD will maintain an assignment rate of 90% of required CORs supporting Afghan contingency operations.	85%

DOD Enterprise-level Performance Goals and Targets

STRATEGIC GOAL 2: DETER CONFLICT AND PROMOTE SECURITY

Strategic Objective 2-1 Institutionalize irregular warfare and strengthen alliances and partnerships in order to deter conflicts and promote international security		
Performance Measures [1]	**Long-term Goals/Targets** [1]	**FY10 Goals/Targets** [1]
Cumulative percent increase in DoD Special Forces and Navy SEAL personnel achieved	By FY 2012, the DoD will increase its Special Forces and Navy SEAL personnel by 32% from FY 2006 actual of 13,206 end strength.	25%
Cumulative number of Army brigades converted to a modular design and available to meet military operational demands	By FY 2014, the DoD will convert 73 Army Brigade Combat Teams (BCTs) to a modular design.	56 conversions
Cumulative number of Army Multi-functional and Functional Support (MFF) brigades converted to a modular design and available to meet military operational demands	By FY 2013, the DoD will convert 227 Army MFF brigades to a modular design.	201 conversions
Cumulative percent of unit initiatives completed to balance three Marine Corps Expeditionary Forces (MEFs)	By FY 2012, the DoD will have completed 100% of unit initiatives required to have balanced three MEFs.	84%
Percent of DoD Combatant Commanders that are ready to execute Core or Theater Security operations	For each fiscal year, DoD Combatant Commanders will be ready to execute 100% of Core or Theater Security Operations.	100%
Percent that DoD Combatant Commanders ready to execute their Contingency Plans	Beginning in FY 2016, DoD Combatant Commanders will be ready to execute 80% of their Contingency Plans.	80%

DOD Enterprise-level Performance Goals and Targets

Strategic Objective 2-1 (Continued)		
Performance Measures [1]	**Long-term Goals/Targets** [1]	**FY10 Goals/Targets** [1]
Number of Technology Security Actions (TSAs) approved	Beginning in FY 2007, the DoD will increase the number of approved technology transfers to international partners by 2% per year.	146,472 transfers
Percent of combat units receiving joint training in Joint accredited programs prior to arriving in theater	By FY 2012, the DoD will increase the percent of combat units receiving Joint accredited programs prior to arriving in theater to not less than 80%.	76%
Percent of Service-tailored goals achieved for units trained in Irregular Warfare and Stability Operations	For each fiscal year, the percent of Service-tailored goals achieved for units trained in Irregular Warfare and Stability Operations, at major Service training centers, will meet or exceed the following Service-tailored goals of Army and MC (90%), AF (75%), and Navy (60%).	100%

DOD Enterprise-level Performance Goals and Targets

Strategic Objective 2-2: Provide space-based wideband, narrowband and protected communications capabilities and advanced Position, Navigation, and Timing capabilities with sufficient capacity, connectivity, precision and availability to support all DoD requirements, and ensure timely access to space for all net-centric and other space-based capabilities		
Performance Measures [1]	**Long-term Goals/Targets** [1]	**FY10 Goals/Targets** [1]
Number of operational availability gaps in protected MILSATCOM mission area (space segment)	For each fiscal year, the DoD will ensure there are no operational availability gaps in protected MILSATCOM mission area (space segment)	0 gaps
Number of operational availability gaps in narrowband MILSATCOM mission area (space segment)	For each fiscal year, the DoD will ensure there are no operational availability gaps in narrowband MILSATCOM mission area (space segment)	0 gaps

Strategic Objective 2-3: Defend and mitigate attacks to global information infrastructures and cyber networks
Cyber measures under development

Strategic Objective 2-4: Improve intelligence, surveillance, and reconnaissance (ISR) and to enhance Battle Space awareness		
Performance Measures [1]	**Long-term Goals/Targets** [1]	**FY10 Goals/Targets** [1]
Rate of customer satisfaction with Defense Enterprise Human Intelligence (HUMINT) support	BY FY 2010 achieve and maintain a customer satisfaction rate with Defense Enterprise HUMINT support of ≥ 88%.	≥ 88%

DOD Enterprise-level Performance Goals and Targets

STRATEGIC GOAL 3: DEFEND THE HOMELAND

Strategic Objective: Improve capabilities to prevent and mitigate attacks on U.S. personnel, facilities, and key assets		
Performance Measures [1]	**Long-term Goals/Targets** [1]	**FY10 Goals/Targets** [1]
Number of National Guard Weapons of Mass Destruction-Civil Support Teams (WMD-CSTs) certified	By FY 2010, 57 National Guard Weapons of Mass Destruction-Civil Support Teams (WMD-CSTs) will be certified	57 teams
Cumulative percent of treaty-declared category 1 chemical weapons destroyed	By FY 2021, the DoD will have destroyed 100% of treaty-declared category 1 chemical weapons.	74.2%
Cumulative number of zonal diagnostic labs built and equipped for biological agent detection and response	By FY 2013, the DoD will have built and equipped 53 zonal diagnostic labs for biological agent detection and response.	33 labs

DOD Enterprise-level Performance Goals and Targets

STRATEGIC GOAL 4: INTEGRATE BUSINESS OPERATIONS MANAGEMENT AND SUPPORT

Strategic Objective 4-1: Maintain capable, efficient, and cost-effective installations to support the DoD workforce		
Performance Measures [1]	**Long-term Goals/Targets** [1]	**FY10 Goals/Targets** [1]
Cumulative average percent reduction in building energy consumption	By FY 2015, DoD will reduce average building-energy consumption by 30% from the FY 2003 baseline of 116,134 BTUs per gross square foot.	15%
Average facilities sustainment rate	Beginning in FY 2009, the DoD will fund an average facilities sustainment rate of 90%.	91%
Percent of renewable energy produced or procured based on DoD's annual electric energy usage	By FY 2025, the DoD will produce or procure renewable energy equal to 25% of its annual electric energy usage.	13.4%

DOD Enterprise-level Performance Goals and Targets

Strategic Objective 4-2: Enable an operational advantage for the DoD, non-DoD partners, and national leadership through the effective and efficient management of an assured DoD Information Enterprise		
Performance Measures [1]	**Long-term Goals/Targets** [1]	**FY10 Goals/Targets** [1]
Percent of applicable IT and National Security Systems (NSS) that are Certification and Accreditation (C&A)-compliant	By FY 2013, 95% of applicable IT and NSS that are C&A-compliant.	≥ 90%

Strategic Objective 4-3: Speed technology transitions focused on warfighting needs.		
Performance Measures [1]	**Long-term Goals/Targets** [1]	**FY10 Goals/Targets** [1]
Percent of completing demonstration programs transitioning each year	Beginning in FY 2008, the DoD will transition 30% of completing demonstration programs per year.	30%

DOD Enterprise-level Performance Goals and Targets

Strategic Objective 4-4: Improve acquisition performance by integrating lifecycle management principles into DoD and Service acquisition, maintenance, and sustainment processes		
Performance Measures [1]	**Long-term Goals/Targets** [1]	**FY10 Goals/Targets** [1]
Average acquisition cycle time for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after	By FY 2015, the DoD will reduce average cycle time for MDAPs starting in FY 2002 and later to less than 66 months.	< 66 months
Number of MDAP breaches equal to or greater than 15% of current Acquisition Program Baseline (APB) unit cost or equal or greater than 30% of original APB unit cost) unit cost	Beginning in FY 2011, the DoD will ensure the number of breaches for MDAPs is equal to or less then the previous fiscal year.	≤ FY 2009
Percent of contract obligations that are competitively awarded	Beginning in FY 2010, the DoD will increase, by 1% annually, the amount of contract obligations competitively awarded.	1% > FY 2009
Cumulative number of DoD civilian and/or military authorizations added as a result of in-sourcing acquisition functions	By FY 2015, the DoD will decrease reliance on contract services in acquisition functions by increasing the in-house civilian and/or military workforce by 10,000 authorizations.	2,500 authorizations
Cumulative increase in the DOD acquisition workforce end-strength associated with the DOD acquisition workforce growth strategy to increase the capability and capacity of the workforce by hiring 19,887 civilians by the end of FY 2015	19,887 growth hires by the end of FY 2015	4,080 growth hires

DOD Enterprise-level Performance Goals and Targets

Strategic Objective 4-5: Integrate joint supply chains from source of supply to operational customers		
Performance Measures [1]	**Long-term Goals/Targets [1]**	**FY10 Goals/Targets [1]**
Average customer wait time	Beginning in FY 2007, the DoD will reduce average customer wait time to 15 days.	15 days

Strategic Objective 4-6: Ensure the trust of the Total Force, their families, and the nation through superior care and support		
Performance Measures [1]	**Long-term Goals/Targets [1]**	**FY10 Goals/Targets [1]**
Percent of deployable Armed Forces without any deployment- limiting medical condition	By FY 2010, the DoD will sustain the percent of deployable Armed Forces without any deployment -limiting medical condition to ≥ 92%.	≥ 92%
Average percent Defense Health Program annual cost per equivalent life increase compared to average civilian sector increase	Beginning in FY 2007, the DoD will maintain an average Defense Health Program (DHP) medical cost per equivalent life increase at or below the average healthcare premium increase in the civilian sector.	≤ civilian sector
Percent of Armed Forces whose medical status is unknown	By FY 2010, the DoD will reduce the percent of Armed Forces whose medical readiness status is unknown to ≤ 8%.	≤ 8%
Overall Hospital Quality Index score	Beginning in FY 2010, the DoD will increase the Overall Hospital Quality Index score related to ORYX quality measures to ≥ 80%.	≥ 80%

DOD Enterprise-level Performance Goals and Targets

Strategic Objective 4-6: (Continued)		
Performance Measures [1]	**Long-term Goals/Targets** [1]	**FY10 Goals/Targets** [1]
DoD TRICARE Prime Enrollee Preventive Health Quality Index score	Beginning in FY 2010, the DoD will increase the TRICARE Prime Enrollee Preventive Health Quality Index score, related to evidence based quality measures, to ≥ 20 points.	≥ 20 points
Percent of beneficiaries satisfied with military healthcare compared to the average civilian healthcare satisfaction rate	Beginning in FY 2011, the Department will maintain an average military healthcare satisfaction rate that is equal to or higher than the average civilian healthcare satisfaction rate.	≥ civilian sector
Percent of military members participating in a single, disability evaluation/transition medical exam to determine fitness for duty and disability rating	By FY 2011, 100% of military members will participate in a single, disability evaluation/transition medical exam to determine fitness for duty and disability rating.	25%

DOD Enterprise-level Performance Goals and Targets

Strategic Objective 4-7: Maintain and shape a mission ready All Volunteer force and enhance the civilian workforce		
Performance Measures [1]	**Long-term Goals/Targets** [1]	**FY10 Goals/Targets** [1]
Percent variance in Active component end strength	For each fiscal year, the DoD Active component end strength must be maintained at or not to exceed (NTE) 3% above the SECDEF-prescribed end strength	0-3%
Percent variance in Reserve component end strength	For each fiscal year, the DoD Reserve component end strength will not vary by more than 3% from the SECDEF-prescribed end strength.	+/- 3%
Cumulative number of DoD civilian and/or or military authorizations added as a result of in-sourcing	By FY 2015, the DoD will decrease reliance on contract services by increasing the in-house civilian or military workforce by 33,375 authorizations.	13,571 authorizations
Percent fill rate for identified expeditionary position requirements	Beginning in FY 2010, the DoD will maintain a fill rate of ≥ 90% for identified expeditionary position requirements.	≥ 90%
Cumulative number of Defense intelligence components converted to the Defense Civilian Intelligence Personnel System (DCIPS)	By FY 2010, the DoD will have converted nine Defense intelligence components to the DCIPS.	9 conversions
Number of military personnel subject to stop loss	By FY 2011, the Department will eliminate the use of stop loss for military personnel.	5,581 personnel
Number of days for external civilian hiring (end-to-end timeline)	By FY 2012, the Department will improve its external civilian hiring end-to-end timeline to 80 days.	140 days

DOD Enterprise-level Performance Goals and Targets

Strategic Objective 4-8: Improve the quality of life for our armed forces and their families		
Performance Measures [1]	**Long-term Goals/Targets** [1]	**FY10 Goals/Targets** [1]
Percent of government-owed Family Housing inventory in the United States at good and fair (Q1-Q2) condition)	By FY 2012, the DoD will maintain at least 90% of government-owned Family Housing inventory in the United States at good and fair (Q1-Q2) condition.	75%
Percent of government-owed Family Housing inventory at foreign locations at good and fair (Q1-Q2) condition	By FY 2012, the DoD will maintain at least 90% of government-owned Family Housing inventory at foreign locations at good and fair (Q1-Q2) condition.	75%
Percent of military population, whose Quality of Life (QoL) is improved as a result of living in states or territories that comply with key DoD QoL issue criteria	By FY 2013, five of the QoL issue criteria are accepted by states and territories so that for each of these issues at least 75% of the military population has had their quality of life positively impacted	40%

DOD Enterprise-level Performance Goals and Targets

Strategic Objective 4-9: Prepare the force to meet current and emerging challenges faced by operational commanders and reinvigorate the acquisition and security cooperation workforces		
Performance Measures [1]	**Long-term Goals/Targets** [1]	**FY10 Goals/Targets** [1]
Cumulative percent increase in operational and contingency language needs met	By FY 2011, the DoD will increase the percent of operational and contingency language needs met by 3% from FY 2008 baseline (classified).	2%
Percent of acquisition positions filled with personnel meeting Level II certification requirements	Beginning in FY 2007, the DoD will increase the percent of positions filled with personnel meeting Level II certification requirements from the previous fiscal year.	> FY 2009 percentage
Percent of acquisition positions filled with personnel meeting Level III certification requirements	Beginning in FY 2007, the DoD will increase the percent of positions filled with personnel meeting Level III certification requirements from the previous fiscal year.	> FY 2009 percentage
Cumulative percent of incumbents that have been trained in security assistance in positions that require security assistance training	By FY 2011, DoD will increase the percent of incumbents trained in security assistance in positions that require security assistance training to 95% or greater.	80%

DOD Enterprise-level Performance Goals and Targets

Strategic Objective 4-10: Strengthen joint headquarters, personnel security clearance, and financial management activities		
Performance Measures [1]	**Long-term Goals/Targets** [1]	**FY10 Goals/Targets** [1]
Cumulative percent of 2/3-star Designated Service Headquarters (DSHQ) certified as Joint Task Force (JTF)-capable.	By FY 2013, 100% (14 of 14) of 2/3-star DSHQ will be certified as JTF-capable.	93%
Average number of days required to adjudicate the fastest 90% of initial top secret and secret personnel security clearance cases	Beginning in FY 2010, the Department will adjudicate the fastest 90% of initial top secret and secret personnel security clearance cases within 20 days.	20 days
Percent DoD Statement of Budgetary Resources Appropriations Received (line 3A) validated	By FY 2011, validate 100 percent of DoD Statement of Budgetary Resources Appropriations Received (line 3A).	80%
Percent of DoD Statement of Budgetary Resources validated	By FY 2016, validate 100% of DoD Statement of Budgetary Resources.	14%
Percent of DoD Funds Balance with Treasury validated	By FY 2016, validate 100% of DoD Funds Balance with Treasury.	12%
Percent reduction of late formal Anti-Deficiency Act (ADA) investigations from the Fiscal Year End (FYE) 2009 baseline	By FYE 2012, the DoD will achieve 100% reduction of late formal ADA investigations from the FYE 2009 baseline of 25 late formal ADA investigations.	- 50% reduction (or no more than 13 late investigations)

DOD Enterprise-level Performance Goals and Targets

Strategic Objective 4-10: (Continued)		
Performance Measures [1]	**Performance Measures** [1]	**FY10 Goals/Targets** [1]
Percent of improper military pay payments	By FY 2012, the DoD will achieve a percentage of improper military pay payments at ≤ 0.39%.	≤ 0.45%
Percent of improper civilian pay payments	By FY 2012, the DoD will achieve a percentage of improper civilian pay payments at ≤ 0.25%.	≤ 0.27%
Operation and Maintenance (O&M) obligation rate as a percentage of spend plan	The DoD will maintain an obligation rate of 98- 102% of its Operation and Maintenance spend plan.	98-102%
Days of Working Capital Fund cash on hand	The DoD will maintain 7 to 10 days of Working Capital Fund cash on hand.	7-10 days

[1] *May be modified and/or augmented based on the 2010 Quadrennial Defense Review.*