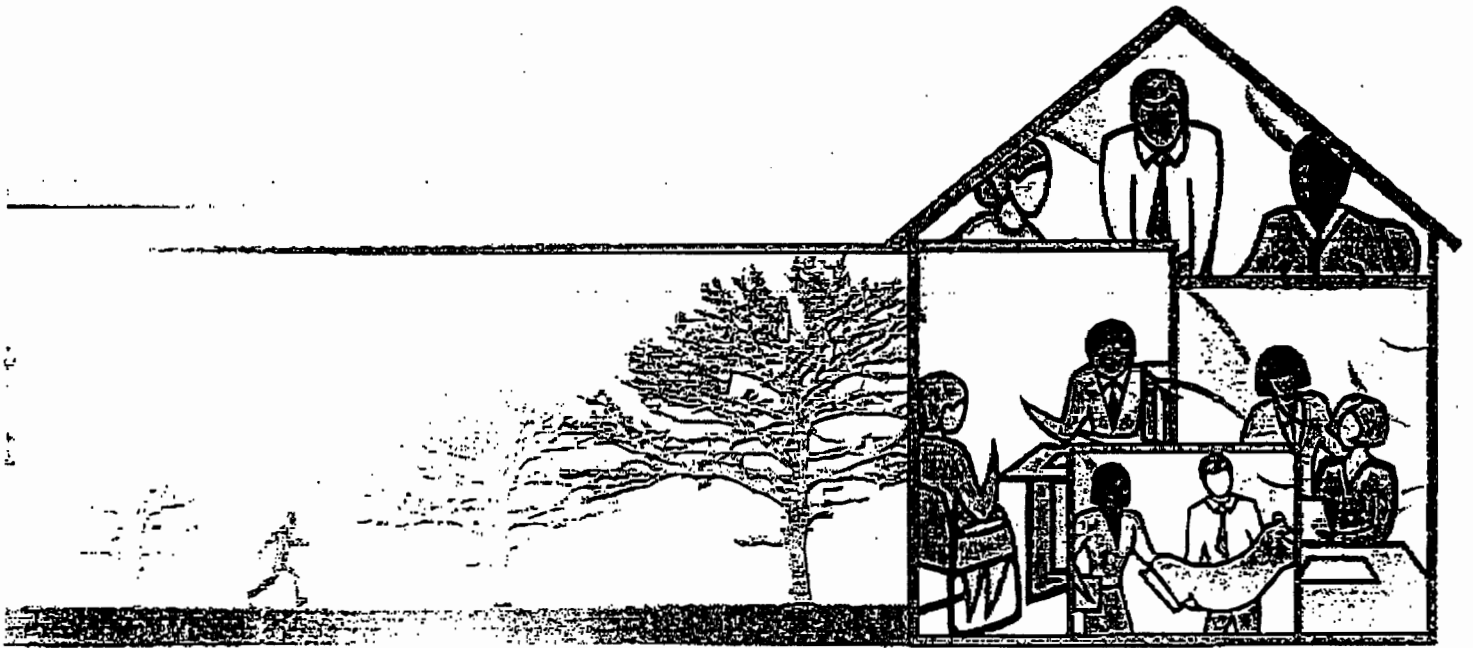




Performance Management: An Information Guidebook For HUD Employees

September 2006



U.S. Department of Housing and Urban Development
451 7th Street, SW, Washington, DC 20410

Performance Management Guidebook 2006

**PERFORMANCE MANAGEMENT:
AN INFORMATION GUIDEBOOK
FOR HUD EMPLOYEES**

SEPTEMBER 2006

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Foreword

Performance management has never been more critical. It is an ongoing process that touches every part of an employee's work within an organization. It is affected by an employee's understanding of the goals of an organization, the communication between the employee and the Supervisor, and the way employees are recognized and rewarded. A thorough understanding of Performance Management, and the Performance Management process here at HUD, by employees and Supervisors, will strengthen both individual and organizational performance. This Performance Management Information Guidebook for employees is offered as a "desk reference" for employees to provide them with a basic understanding of the Performance Management process at HUD and their role within each stage of that process. This guidebook also introduces some recent, but modest changes to HUD's current Performance Management Systems.

In response to a new initiative under the President's Management Agenda, the Department has begun implementing a results-oriented performance culture. This initiative was first rolled out in the Office of Community Planning and Development (CPD) and the Office of Administration (ADMIN), in Fiscal Year (FY) 2006, as the "Beta site." In the Beta site, ADMIN and CPD implemented new performance plans that were more focused on results. This emphasis on results-oriented performance plans is currently being expanded to six new organizations for the FY2007 appraisal cycle, and will be rolled out to the remainder of the Department incrementally. By gradually implementing a results-oriented performance culture, HUD's goal is to foster increased communication between employees and Supervisors, a better understanding of Departmental goals and organizational priorities, and more accountability at all levels for achieving results.

The new performance plans that focus on results are being developed in accordance with the S.M.A.R.T. plans methodology. S.M.A.R.T. stands for Specific, Measurable, Attainable, Relevant, and Time-bound. The guidebook provides detailed information on each term of this methodology with some discussion on how the revised performance plans impact employees. S.M.A.R.T. performance plans will not have any adverse impact on the Performance Management System at HUD. To the contrary, S.M.A.R.T. plans will help employees focus on achieving specific results that will be directly related to the goals and priorities of their organization and the Department as a whole. Accordingly, HUD views this as the basis for a strong Performance Management System.

This guidebook also includes an introduction to ePerformance, the newest HUD Integrated Human Resources and Training System (HIHRTS) module that automates Performance Management. The information provides a quick overview of the system capabilities and discusses how ePerformance will help you in managing your own performance.

Performance management is an ongoing process requiring active participation from both employees and Supervisors. This guidebook provides you with basic information about Performance Management to aid you in becoming more active in the process. Developing a results-oriented performance culture is an exciting new initiative for the Department, which benefits every employee. Please use this guidebook and the information it contains to help strengthen Performance Management at HUD.

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Introduction

The success of an organization depends upon the effectiveness of its employees. Performance Management is the systematic process by which HUD integrates performance, pay, and awards systems with its basic management functions for the purpose of improving individual and organizational effectiveness in the accomplishment of Agency mission and goals. Such a system only works if you—the employee—

understand and actively participate in all stages of the process. When the system is implemented properly, you will find that your job responsibilities will be clear, and you will understand how your job helps HUD and your organization meet their goals. You will also see how your performance is related to results in your immediate organization, and in the Department overall.



The Purpose of This Guidebook

This guidebook provides you with an overview and understanding of HUD's Performance Management System, emphasizing your role and responsibilities as an employee. With a more thorough understanding of the system, you will be able to play a more active part in shaping your job activities, responsibilities, and your effectiveness as well as the effectiveness of your organization. It presents information and tools for you to use to help you navigate the newer aspects of the system and better prepare you for your performance appraisal cycle.



The main sections of this guidebook are the:

- **Performance Management System**, which explains the system content and structure, including critical elements, performance objectives, and performance standards, and
- **Performance Management Process**, which discusses the components of the performance appraisal cycle—Initial Planning, Progress Review, and Evaluation—from your perspective as an employee. These discussions highlight the specific activities involved, including your roles and responsibilities.

This guidebook also introduces the Agency's new ePerformance system: a computer-based system for automating the primary steps in the Performance Management process. Finally, the guidebook presents additional references and resources available to you for further information and assistance in managing your performance.

We begin by presenting some background information about why the Federal Government is moving towards a results-oriented Performance Management culture, and how this affects you as a HUD employee.



An Overview of Performance Management in Government

As recognized in the President's Management Agenda, the foundation of the success of any organization is you, the individual employee. Following directives from the Office of Personnel Management, all Federal agencies are implementing methods that aim at improving individual and organizational effectiveness. These methods are based on four principles:



1. **Results:** *Your work should be results-oriented.* You need to know what you are expected to produce. You need to have specific, measurable, and documented critical elements with clear performance standards. You must understand these performance standards, and you should be given the resources necessary to achieve the performance expectation of each critical element.
2. **Alignment:** *You should see how the results of your work contribute to the success of the organization.* Your work will be much more motivating when you see directly how it aligns with the goals and accomplishments of your organization.
3. **Rewards:** *Your rewards should depend upon your performance and the results you produce.* You must know what you are expected to produce, how you will be evaluated, and how you will be rewarded for successful performance.
4. **Involvement:** *You should actively participate in planning and setting critical elements and performance standards.* By being directly involved in setting your individual goals and performance expectations, you will have more control and ownership over your performance.

To implement these principles, Federal agencies are adopting a Performance Management framework: a systematic process that integrates Department, Work Unit, managerial, and individual goals with performance expectations, measures, and rewards. Performance Management involves setting performance standards and developing measures of results at all levels of the Agency. The process includes:

- You and your Supervisor systematically planning work and setting expectations,
- Continually monitoring your performance, allowing early detection of problems and implementation of improvements,
- Developing your capacity to perform, including on-the-job training and coaching,
- Periodically rating your performance, including a summary rating with respect to your performance and accomplishments, and
- Rewarding excellent and outstanding performance.

Let's look a bit more closely at Performance Management.



Results-Oriented Performance Management

A Focus on Results

In a results-oriented performance culture, management and staff work together to clarify priorities for performance by focusing on accomplishments, rather than on activities undertaken to achieve the accomplishments. Accomplishments and outputs are the product or service results of your activities—for example, files that are orderly and complete, a software program that works, or accurate guidance to customers. Accomplishments set clearer expectations for you; therefore, measuring and rewarding your accomplishments, rather than just your activities, often improves results.

It is also important to establish performance criteria and standards that you will be accountable for achieving. You and your Supervisor clarify what outputs and accomplishments are important and how they will be measured. This enables you to maximize your productivity and fulfill your potential; it also improves planning, performance appraisals, rewards, and areas for improvement.

Activities, Accomplishments, and Outcomes

Activities, *accomplishments*, and *outcomes* are not synonyms. *Activities* describe what people do, while *accomplishments* are the products and services resulting from activities. *Outcomes* are the final results of an Agency's products and services.

Compare these lists:

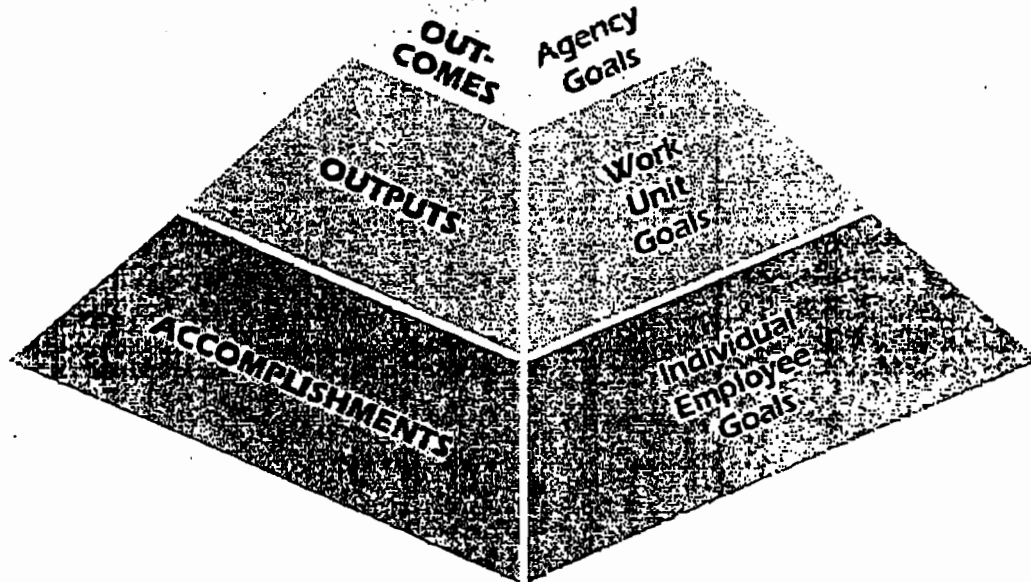
Activities	Accomplishments (Outputs)	Outcomes
Filing documents	Orderly and complete files	Reducing customer complaints by 20%
Developing software programs	A software program that works	Reducing paperwork by 25%
Handling customer complaints	Providing correct guidance	Increasing new-home starts by 10%



Overview

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The relationships among these elements are often shown as a pyramid:



The outcomes that the Agency hopes to achieve are reflected in the Agency's goals. These goals are the expected outputs of Work Units (e.g., GNMA, OCIO, etc.) Work Unit outputs are described in Work Unit goals, which are based on individual accomplishments, reflected in individual goals.

Aligning Goals

Another important feature of a results-oriented performance culture is that accomplishments must be linked to the goals of the organization. Individual accomplishments need to contribute to the overall success and effectiveness of the organization in fulfilling its mission. Aligning your activities and accomplishments with Work Unit goals, and aligning the Work Unit accomplishments with organizational goals and outcomes, allows you to see how your performance directly contributes to success.

From OPM's Human Capital Assessment and Accountability Framework (HCAAF), 2005:

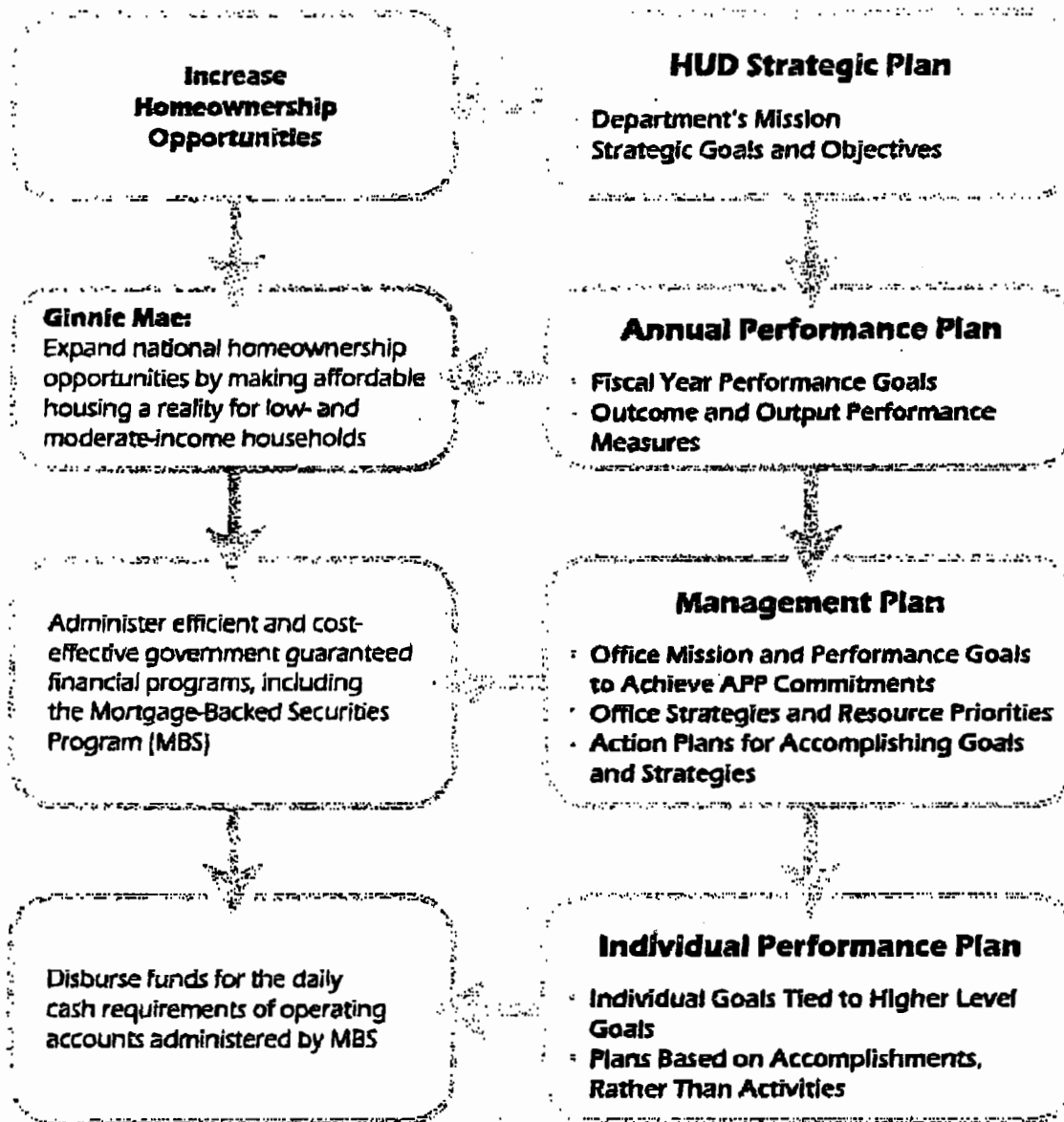
Employees have a direct line of sight between performance expectations and award systems and Agency mission. These links have been communicated to and are understood by employees, enabling them to focus their work effort on those activities most important to mission accomplishment.

A specific example of this alignment is shown in the chart below. Note how the goals at each level are linked to the goals of the higher levels. Individual employees can see how their work contributes directly to the high-level strategic goals of the organization.



Example

Aligning Performance Goals



Planning

Another central characteristic of results-oriented Performance Management is the vital importance of planning. Your individual Performance Plan focuses on:

- Ensuring that you understand Departmental strategic goals and objectives,
- Establishing your critical elements,
- Identifying the specific performance standards and how they will be measured, and
- Identifying the resources (including training needs) that you will require.



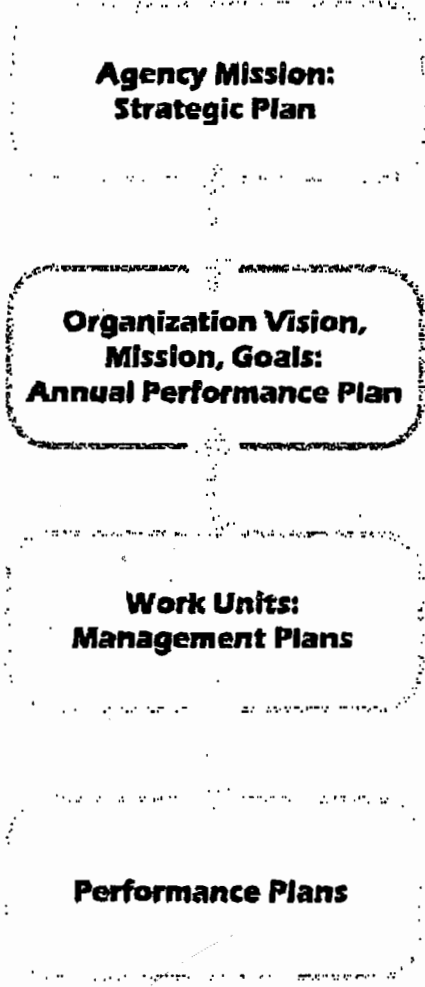
Overview

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At the Work Unit or Program Office level, Performance Plans describe how their products align with and support Agency goals. Work unit goals are specified in a management plan. A management plan sets forth each organization's fiscal year program agenda, objectives, and guidance for achieving results in a unified way.

The management plan is the vehicle through which the Agency coordinates the various Work Unit goals to achieve the Agency's mission, strategic objectives, and annual performance goals in ways that have significant, positive effects. It aligns the organization's operations with the Agency's strategic objectives and Annual Performance Plan goals, and ties resources to those desired results in support of strategic objectives. These relationships are shown in the chart below.

EMPLOYEE PERFORMANCE PLANS



In summary, Performance Management can be a valuable tool to make your work more understandable in terms of the role you play in fulfilling HUD's mission. Through effective planning with your Supervisor, your goals and performance standards will be clear; your rewards will be tied to your performance; and you will be active in shaping your work.

What is HUD Doing?

In a continuing effort to improve your job performance and job satisfaction, and in response to government directives from the President's Management Agenda, the Office of Personnel Management, and the Government Performance and Results Act of 1993, HUD is actively implementing a Results-Oriented Performance Management System. The Department has begun several new initiatives, including the following:



- ☒ All HUD Managers and executives, including SES, now have results-oriented Performance Plans.
- ☒ In addition, all employees in the EPPES, PACS, and EPACS systems (see page 12) now will use the same five-level summary performance ratings (Outstanding, Excellent, Fully Successful, Minimally Satisfactory, and Unsatisfactory; see page 14-15).
- ☒ Performance standards must be Specific, Measurable, Attainable, Relevant, and Time-bound. With these S.M.A.R.T. standards, your job will be better defined, and your critical elements will be measurable and strategically aligned (see page 15-16).
- ☒ In FY2006, HUD established a Beta site in the Office of Community Planning and Development (CPD) and the Office of Administration (ADMIN) to begin implementing results-oriented performance plans.

Beta Site Pilot Tests

**Result-oriented
Performance Plans for
All HUD Executives**

**Compliance with
PMA, GPRA, and
OPM Requirements**



**Manager and
Employee Training**

ePerformance

S.M.A.R.T. Standards
(Specific, Measurable,
Attainable, Relevant,
Time-bound)

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- ⊖ HUD is expanding the Beta site in FY2007 to include six additional organizations – Government National Mortgage Association (GNMA), Office of Healthy Homes and Lead Hazard Control (HHLHC), Office of the Chief Financial Officer (OCFO), Office of the Chief Procurement Officer (OCPO), Office of the Chief Information Officer (OCIO), and Office of Fair Housing and Equal Opportunity (FHEO). These organizations are engaged in developing S.M.A.R.T. plans. Additional expansion is planned for FY2008.
- ⊖ HUD has developed Beta site training for all Supervisors, Managers, and employees. This training focuses on how to align individual performance goals with the strategic goals of the Department, and with the performance objectives and management plan requirements of your Work Unit.
- ⊖ HUD is introducing ePerformance, a computer-based system designed to automate many of the processes involved in the Performance Management System (see page 19).

Let's take a closer look at HUD's three Performance Management Systems.

The Three HUD Performance Management Systems

HUD has three Performance Management Systems:

- ⊖ **Employee Performance Planning and Evaluation System (EPES)**—the performance system for non-supervisory bargaining unit and non-bargaining unit employees,
- ⊖ **Performance Accountability and Communication System (PACS)**—the performance system for Managers and Supervisors, and
- ⊖ **Executive Performance Accountability and Communication System (EPACS)**—the performance system for senior executives.

	EPES	PACS	EPACS
Rating Cycle	October 1 – September 30*	October 1 – September 30	October 1 – September 30
5 Level Performance Ratings	O – Outstanding E – Excellent FS – Fully Successful MS – Minimally Satisfactory US – Unsatisfactory (Changed to match PACS and EPACS systems)	O – Outstanding E – Excellent FS – Fully Successful MS – Minimally Satisfactory US – Unsatisfactory	O – Outstanding E – Excellent FS – Fully Successful MS – Minimally Satisfactory US – Unsatisfactory
Basis for Evaluation	Critical Elements Performance Standards	Critical Elements (Strategic Goals) Performance Objectives	Critical Elements (Strategic Goals) Performance Objectives

* Procedures for NFPE Locals may vary

The Performance Plan

Perhaps the most important factors to make your job more rewarding and individually satisfying are for you to clearly understand what you need to do and how your work affects the success of the organization. Your performance expectations are established in your *Performance Plan*. Employee Performance Plans are specific written descriptions of relevant work behaviors, assignments, and responsibilities, called *job elements*, along with written descriptions of expected performance and the standards that denote their attainment. Some job elements are termed *critical*. A critical element is an assignment or responsibility of such importance that unacceptable performance in that element would result in a determination that the employee's overall performance is unacceptable. Less harshly put, critical elements are the important parts of your job.

Your Performance Plan also includes *standards* for each critical element. These standards describe—in writing—expected performance, how performance for each element will be measured, and the expected level of performance required for success. The standards are based on measurable or observable work behaviors for each job area. Thus, the content of the performance standard deals with actual performance, rather than vague descriptions of activities.

The person who rates your performance is the Rating Official, usually your first-line Supervisor. He or she works with you to develop elements and standards, conducts your progress review meetings, and gives you feedback on your performance as needed throughout the appraisal cycle. At the end of the appraisal period, the Rating Official makes the initial rating and sends it to the Reviewing Official for final approval or changes before it is communicated to you.

The Reviewing Official is usually one level above the Rating Official. The Reviewing Official approves elements and standards before they are finalized; he or she also discusses the content of progress review meetings with the Rating Official. At the end of the appraisal period, the Reviewing Official approves or changes the initial rating.

While the planning phase takes place at the beginning of the Performance Management cycle, your resulting Performance Plans should be flexible working documents that are discussed with your Supervisor and adjusted to changing requirements throughout the year.

Further information about HUD's Performance Management System can be found in:

- *"Performance Management Plan for the Performance Management System (PMS)" (Red Book for the Employee Performance Planning and Evaluation System - EPPES)*
 - *"Performance Accountability and Communications System, Managers and Supervisors, February 7, 2000"*
 - *Executive Performance Accountability and Communications System*
 - *The AFGE Agreement and Local NFFE agreements*
-

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The Performance Appraisal Cycle

For EPPES, PACS, and EPACS, the yearly Performance Management appraisal cycle is from October 1 through September 30. For employees represented by the National Federation of Federal Employees (NFFE), procedures for NFFE Locals may vary, the appraisal cycle is still February 1 through January 31. For all systems, employees must work under all elements of the Performance Plan for at least 90 days to receive a rating.

The performance appraisal process consists of three major components:

- A planning meeting to clarify expectations and establish the annual Performance Plan conducted at the start of the appraisal cycle
- A progress review to discuss status conducted midway through the appraisal cycle
- A final appraisal discussion to evaluate the results of the performance conducted at the end of the appraisal cycle. During this discussion, your accomplishments and results will be reviewed, and your performance will be evaluated in light of the standards and objectives assigned during the planning meeting and progress review.

Summary Rating Categories

HUD uses five rating levels for EPPES; these levels are also used for the PACS and EPACS systems. These categories have been approved by AFGE and apply to all EPPES, PACS, and EPACS employees. The appraisal categories used for each critical element are:

- **Outstanding.** A rating in this category means that you have significantly exceeded the established performance standards for the individual critical element, and the achievement is of exceptionally high quality.
- **Excellent.** An Excellent rating means that you have produced a consistently high quality and quantity of work. This category means that you have exceeded the performance standards for the Fully Successful level but do not meet the performance standards for the Outstanding level.
- **Fully successful.** This means that when you perform the duties and responsibilities of your job, you have met the level of performance that will enable your Work Unit, Department, and HUD to meet their goals. It reflects a high level of individual competence. A Fully Successful performance rating means that you have met the established performance standards for the individual critical element, and all assignments are complete, timely, and well prepared.
- **Minimally satisfactory.** This rating means that you have barely met the established performance standards for the individual critical element. Although your performance of the element generally meets the requirements of the performance standards, there are noted deficiencies which require improvement. This means that you exceeded the performance standards for the Unsatisfactory level but did not meet the performance standards for the Fully Successful level.

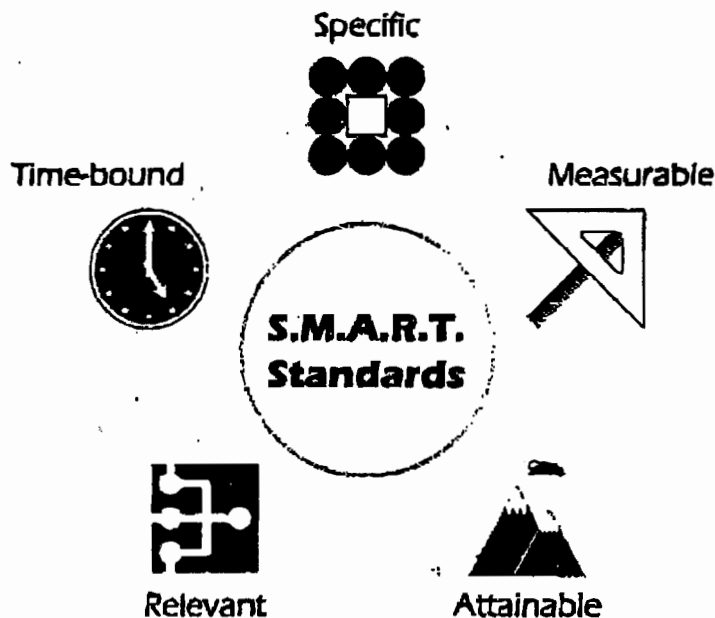
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- Ⓔ **Unsatisfactory.** A rating in this category means that you have failed to meet the established performance standards for the individual critical element and have failed to complete the assignments in an acceptable manner.

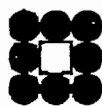

For additional administrative details about performance appraisals, see HUD's "Performance Management Plan for the Performance Management System (PMS)." (Red Book for the Employee Performance Planning and Evaluation System - EPPES) Code of Federal Regulations, 5 CFR 430, provides rules regarding appraisals. Also, see Article 37 of the AFGE Agreement.

**S.M.A.R.T.
Performance
Standards**

Just because some aspect of your performance can be measured does not necessarily mean that the measure will be useful to you. To maximize the value of performance measures, they must reflect accomplishments that are meaningful and important to you. Performance standards should provide you with consistent criteria and measures for rating your performance. Standards should be measurable, understandable, verifiable, equitable, and achievable.



In light of these requirements, HUD is implementing S.M.A.R.T. standards. Specifically, effective standards have the following properties:

-  They are **Specific**: The elements in your Performance Plan need to clearly identify what you will accomplish—that is, the results that you are aiming towards should be the central focus of each element. If, for example, your position involves developing databases, your critical elements should reflect measurable aspects of your programming. "Write a working program that creates a database of new homeowners" is better than "Writes programs as needed."
-  They are **Measurable**: Elements should have clearly defined measures, which will allow both you and your Supervisor to know that the requirement has been achieved. Furthermore, your Supervisor should communicate to you how the results will be determined. If, for example, your position involves customer service, your critical elements should reflect measurable aspects of your interactions with customers. "Handle customer complaints and other problems" is not very measurable or useful to you; much better would be, "Reduce customer complaints by 20%." It should be very

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clear to you what successful performance will look like, and how your performance in light of these goals will be measured.



They are Attainable: All elements must be achievable. You and your Supervisor should create a situation where you have a reasonable expectation of achieving your goal, given the necessary resources (training, time, support) to perform at the required level. "Double the number of new homeowners" is not only unrealistic, but also involves forces that are not under your control. Better would be, "Increase the number of new home applications you process by 10% over last year." Also, performance standards should be challenging; this will increase your motivation and job satisfaction as you develop and improve your performance.



They are Relevant: As we discussed previously, your critical elements and performance standards are to be aligned with the goals of your Department and the mission of the organization. Your Supervisor should communicate to you how your role contributes to the success of the organization and how your elements reflect that contribution. "Writes weekly sales reports" has no obvious links to higher-order goals or objectives; better would be "Provides timely data to help increase sales by 10%."



They are Time-bound: For each element, you should be aware when the expected result is to be achieved; elements should include milestones, or a schedule and all due dates should be clearly communicated so that you will have an understanding of what is expected. "Completes Congressionally mandated reports within one week prior to requested date" is more useful than "Prepares reports as needed."

In summary, S.M.A.R.T. performance standards are:

- Recognized as important,
- Clear and understandable,
- Specific,
- Measurable,
- Framed in time,
- Aligned with organizational strategy, and
- Achievable but challenging.

Measures and S.M.A.R.T. Standards

The major enhancement of HUD's Performance Management System is the inclusion of systematic performance measurement. Performance metrics provide objective evidence of your goal achievement or progress towards your goals. Metrics also make it easier to track your own performance and provide feedback to you regarding positive and negative aspects of your critical elements and activities. They eliminate surprises at your performance reviews, and make it easier to justify your performance-based rewards.

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Generally, measures are of two types: General and specific. Both types can be used in S.M.A.R.T. standards. For example:

- ① **Quality** addresses how well the work is performed and/or how accurate or effective the final product is. As a specific metric, quality could be indicated by the number of allowable errors, amount of deviation from specifications, etc.
- ② **Quantity** addresses how much work is produced. Specific metrics could include how many claims are processed relative to requirements.
- ③ **Timeliness** addresses how quickly, when, or by what date the work is produced. Specific metrics include percentage of reports delivered on time, average time to return inquiries, etc.
- ④ **Cost-effectiveness** addresses dollar savings to the Government or working within a budget. Specific metrics include percentage of cost savings, time savings, waste reduction, etc.

Additional Information about S.M.A.R.T. Standards

- ① All standards must be written as Fully Successful. In addition, criteria for exceeding Fully Successful and criteria for Unsuccessful performance should be easily discernable but are not required to be defined.
- ② Performance standards should avoid the appearance of requiring perfection rather than excellence. Standards should not be absolute that allow NO room for errors. Standards should not use "all," "never," "every," etc. to describe performance. For example: "The employee must always answer the phone within three rings" does not allow any margin for error.
- ③ At least one critical element should be directly linked to a HUD strategic goal. If possible, more elements should be aligned with specific program objectives or office goals.
- ④ 60% to 80% of the standards should meet the S.M.A.R.T. criteria.
- ⑤ Procedures for NFFE Locals may vary

An example of a S.M.A.R.T. standard is shown in the chart below.

Additional information about the HUD Performance Management System can be found in HUD's "Performance Management Plan for the Performance Management System (PMS)" (Red Book for the Employee Performance Planning and Evaluation System - EPPES), the Code of Federal Regulations, 5 CFR 430, and the Agreement between the U. S. Department of Housing and Urban Development and American Federation of Government Employees, AFL-CIO.

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S.M.A.R.T. Standard Flow Chart

EPACS

Strategic Goal:
Critical Element:
Embrace High Standards of Ethic, management and

PACS

Strategic Goal:
Critical Element:
Embrace High Standards of Ethic, management and Accountability

EPPEs

Strategic Goal:
Critical Element:
Embrace High Standards of Ethic, management and Accountability

Performance Objective:
Ensure that the average monthly recruitment time for non-SES positions stays within the OPM standard of 45 days recruitment time from announcement closing to candidate offer

Performance Objective:
Reduce average time from announcement closing to job offer to no more than 45 days

Critical Element:
Reduce average time from announcement closing to job offer to no more than 45 days

Outstanding Timely Measure:
Recruitment time on quarterly reports, of all jobs filled, is 40 days or less

Fully Successful Timely Measure:
Recruitment time on quarterly reports, of all jobs filled, is 45 days or less

Unacceptable Timely Measure:
Recruitment time on quarterly reports, of all jobs filled, is 50 days or more

Outstanding Timely/Quality/Quantity Measure:
Recruitment time on quarterly reports, for 96 - 100% of all jobs filled, is 40 days or less. Error rate is at 5 - 10% or less

Fully Successful Timely/Quality/Quantity Measure:
Recruitment time on quarterly reports, for 76 - 85% of all jobs filled, is 45 days or less. Error rate is 20 - 25% or less

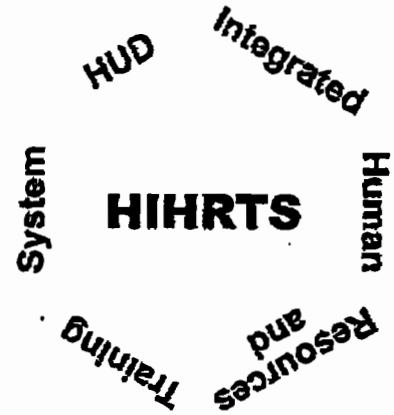
Unacceptable Timely/Quality/Quantity Measure:
Recruitment time on quarterly reports, for less than 50% of all jobs filled, is 50 days or more. Error rate is greater than 30%

Introducing ePerformance: Automating Performance Management at HUD

ePerformance

What is ePerformance?

ePerformance is the HIHRTS Performance Management System module that guides employees and Managers through the steps of the performance planning and review process, formalizes performance expectations and achievements, and provides the foundation for meaningful Manager and employee interaction.



How can ePerformance help you?

- Provides alignment and linkage between/among Departmental, organizational, and human capital strategic goals and objectives
- Reduces paper
- Provides online access to critical information
- Promotes real-time collaborative communication
- Allows automated process flow, including to NFC—easy to track

Key ePerformance Features for Effective Performance Management:

<p>We help you... <i>Prepare the Plan</i></p>	<ul style="list-style-type: none"> ■ Manager and employee self service access; and administrative access for HR ■ Performance plans linked to the Departmental and organizational goals and objectives ■ Template driven for flexibility; prepare different performance plans, as needed ■ Allows for multiple plans per year (mid-year and final ratings) ■ Supports S.M.A.R.T. standards
<p>We provide you... <i>Essential Tools</i></p>	<ul style="list-style-type: none"> ■ Electronic signature capability and automated workflow keeps the process moving ■ "Copy" from one direct report to another, and/or to a group of direct reports, and/or year-to-year ■ Spell check capability ■ Automatic calculation of overall rating and element ratings based on specific organization's calculation rules ■ Printing capabilities for performance plans and ratings
<p>We keep you... <i>Informed and In Control</i></p>	<ul style="list-style-type: none"> ■ Email reminders and notifications ■ Restrict access for specific groups ■ Reports provide essential information to Managers and HR: <ul style="list-style-type: none"> ◆ Plan tracking and status ◆ Overall summary count by plan type

◆ Missing performance plans

ePerformance Training for HUD Employees

To train employees on how to use the new ePerformance system, HUD will deliver a dynamic ePerformance learning tool developed with the new Learning Content Management System (LCMS), Force Ten. This tool will be used to deliver interactive, scenario-based training materials to HUD employees. The tool is completely web-based and will provide just-in-time training on the ePerformance system, highlighting the actions to be taken at each phase of the Performance Management process, including the responsibilities of the employee, Rating Official, and Reviewing Official. An interactive module will be available for each training class and the users will be able to practice at their own pace. It is anticipated that completion of each module will take from one to two hours, depending upon the individual skills of the user. The training will be accessible to employees through the Internet browser on the HIRTS webpage.

In addition to the web-based training module, HUD will provide classroom demonstrations for all employees. The classroom demonstrations will be provided at various HUD locations and/or via satellite broadcast facilities. The classroom training will be closely modeled after the web-based training and targeted to key user groups, which include employees, Rating Officials, Reviewing Officials, Administrative Officers, and others as appropriate. The classroom training will include hands-on exercises, using the ePerformance application including:

- Navigation instruction—how to navigate to the ePerformance features
- Performance Plan creation—how to create the performance document
- Performance plan routing and approval—how to route the plan to/from the employee and rating official for finalization and approval
- Performance plan mid-year review—how to prepare the mid-year review
- Performance plan final rating process—how to document the final ratings in ePerformance; provide comments/accomplishments and obtain approval

The ePerformance system training will be coordinated through your Administrative Officer and Program Training Coordinator. In the Field, the Human Resources Division Directors and the Field Training Coordinators will also provide support for both scheduling and training delivery.



The Performance Management Process

There are three major events in HUD's Performance Management process that are supported by ePerformance:



1. **Planning**—This takes place at the start of the appraisal cycle (October 1 for EPPES, PACS, and EPACS; February 1 for NFFE Employees). During planning, you and your Supervisor:
 - ◆ Review your organization's mission and management plan requirements
 - ◆ Discuss executive performance objectives
 - ◆ Discuss your goals and performance expectations
 - ◆ Develop critical elements and results-oriented performance standards with measures

2. **Your Progress Review**—This takes place approximately half way through the appraisal cycle. At the Progress Review, you and your Supervisor:
 - ◆ Discuss your accomplishments and progress towards your goals
 - ◆ Identify any problems that may have arisen
 - ◆ Discuss any additional resources you may need, including any training or developmental programs you are interested in taking
 - ◆ Make any adjustments to your Performance Plan

3. **Your Annual Progress Appraisal**—At the end of the appraisal cycle, your Supervisor:
 - ◆ Reviews your accomplishments and results (you may be required to submit a self assessment)
 - ◆ Evaluates your performance against the performance standards and objectives
 - ◆ Gives a summary rating of your performance

In addition, you and your Supervisor again discuss any problems that may have arisen and any special accomplishments you have made during the year. You may also discuss possible rewards and recognition for which you may be eligible.

Throughout the annual appraisal cycle, your Supervisor will be monitoring performance and you and your Supervisor will be taking advantage of opportunities for developing your performance. As illustrated in the chart below, all these components—Planning, Developing, Monitoring, Rating, and Rewarding—form a systematic process designed to maximize your involvement and your job performance. In the next section, we discuss each of these components, emphasizing your roles and responsibilities.



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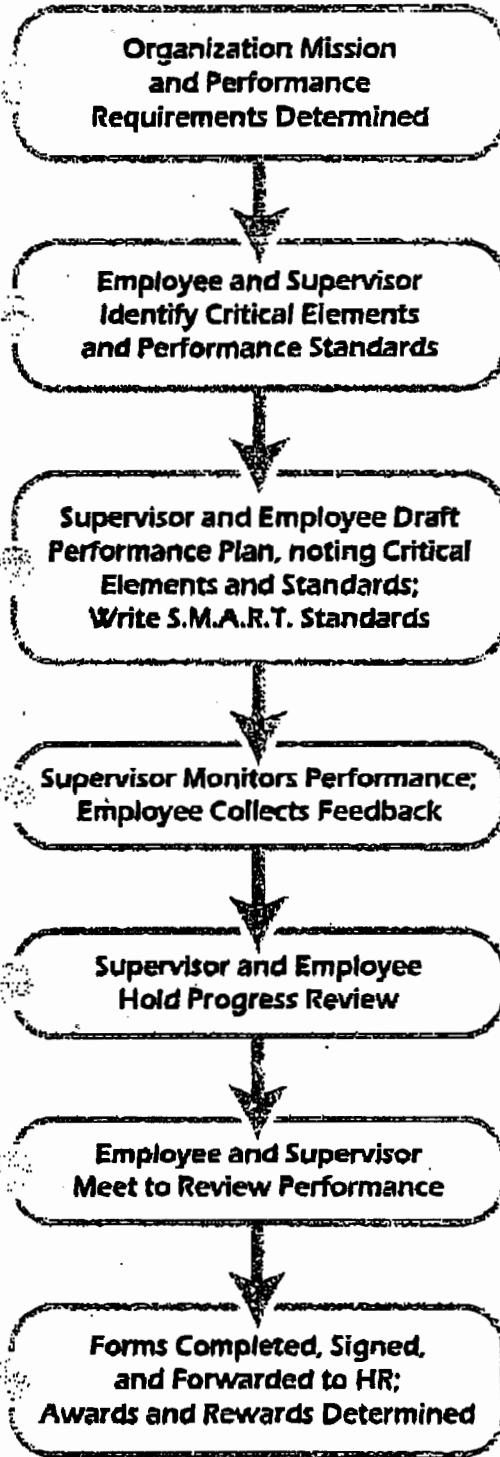
PLANNING

DEVELOPING

MONITORING

RATING

REWARDING



The HUD Performance Management Process

Planning and Setting Expectations

Planning is the first of the five phases of Performance Management. It involves setting performance expectations and goals for you and your work group that are clearly tied to achieving organizational objectives. It also includes establishing the measures that will be used to determine whether your expectations and goals are being met.

Setting Goals

Performance management is based upon a hierarchy of goals—the results that people try to achieve. Having goals focuses your time and energy on activities that contribute to organizational success.

Logically, determining and setting goals should be a top-down process that begins with the Agency's mission. This mission is translated into a set of strategic goals, which in turn are converted into Work Unit or Organizational goals (Management Plan). Within each Work Unit or Department, these goals become the focus of individual goals. Therefore, a key principle in HUD's Performance Management System is to involve you, the employee, in the goal-setting process. This will help you understand the goals of the organization, what needs to be done, why it needs to be done, and how well it should be done.

The regulatory requirements for planning performance include establishing the elements and standards of the performance appraisal plans. Performance elements and standards should be measurable, understandable, verifiable, equitable, and achievable. Through your critical elements, you will be more aware of your assignments and responsibilities. Based on the goals and priorities of the Department and Work Unit, you and your Supervisor choose 3 to 7 critical elements of job performance upon which you will be evaluated; then agree upon performance standards and establish the Performance Plan.

Some important activities of your job may have results that are difficult to measure. For example, your job might involve taking meeting minutes. Measuring the accuracy of your minutes could involve comparing your notes with a videotaped recording of all the meetings and measuring the number of key points that were captured, a time-consuming and wasteful process. You and your Supervisor should discuss alternative measures that could be used.

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Your Role and Responsibilities in Planning

While your Supervisor has the final determination of your individual Performance Plan, you play an active role during planning. Your responsibilities include:

- **Ensuring that you understand:**
 - *Specific tasks and projects to be accomplished.* There should be no ambiguities regarding what you will be doing. If necessary, discuss how you plan to perform your tasks (c.g., what references you should use, what forms to use, etc.).
 - *Performance expectations.* You should be clear about the goals of your activities. If necessary, discuss how your results will be documented.
 - *Critical elements.* You should be clear as to why certain aspects of your job are important enough to be considered critical. Discuss the consequences of Unsatisfactory performance.
 - *Performance Standards.* Your performance standards should be Specific, Measurable, Attainable, Relevant, and Time-bound. S.M.A.R.T. standards were discussed in an earlier section of this guidebook.
 - *How your plan is linked to the organization's goals and objectives and the Agency's strategic plan.* Seeing how your work supports the organization will make your job more meaningful.
- **Reviewing your draft Performance Plan.** Make sure that you understand your commitments and responsibilities. Discuss specific resource requirements that you envision needing.
- **Discussing training and development.** If you think that any of your performance requirements are beyond your current capacity, discuss the resources that are available to help you learn or improve your skills.

In summary, your Performance Plan should focus on:

- **Communicating and clarifying strategic goals and objectives.**
- **Establishing critical elements and performance standards to be achieved.**
- **Identifying individual contributions to the accomplishment of organizational goals and objectives.**
- **Evaluating and improving individual and organizational performance.**

Developing Performance

As part of your Performance Plan, you and your Supervisor can agree upon specific developmental goals designed to increase your capacity to perform through training, give assignments that introduce new skills or higher levels of responsibilities, and improve work processes, or other methods.

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Developmental opportunities also occur throughout the year. Your developmental needs are evaluated and addressed both as they arise and as part of regularly scheduled activities. Providing you with training and developmental opportunities encourages good performance, strengthens job-related skills and competencies, and helps you keep up with changes in the workplace, such as the introduction of new technology.

The Performance Management System provides clear opportunities for you and your Supervisor to identify developmental needs. While planning and monitoring your work performance, deficiencies in performance become evident and should be addressed as soon as possible. Areas for improving good performance also stand out, and action can be taken to help successful employees improve even further.

Roles and Responsibilities in Development

- Discuss your development and training needs and requirements:
 - During Performance Planning
 - At the mid-term progress review
 - At the end of the appraisal period
- Consider:
 - Immediate and long-term career goals
 - Any required training—for example, to meet certification requirements or ongoing professional development requirements
 - Training needed to develop necessary skills and competencies
 - Desired training and development to meet long-term goals

Monitoring Performance

In an effective organization, assignments and projects are monitored continually. Monitoring well means consistently measuring performance and providing ongoing feedback to you and your work group on progress toward reaching goals. During the entire appraisal period, you and your Supervisor collect performance information relevant to your critical elements.

Ongoing monitoring provides you and your Supervisor the opportunity to check how well you are meeting predetermined standards and to make changes to unrealistic or problematic standards. By monitoring continually, Supervisors can identify unacceptable performance at any time during the appraisal period and provide assistance to address such performance rather than wait until the end of the period when summary rating levels are assigned.

Ongoing monitoring also increases the quality and quantity of feedback you receive about your performance. Monitoring provides Managers opportunities to offer positive feedback about the good things that you do. Also, more frequent checks can help you and your Supervisor to spot small problems before they become large ones. The earlier problems are identified, the easier they are to eliminate.

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1.2.1 Role of the Supervisor/Officer in Monitoring

Monitoring is not just your Supervisor's responsibility. You play a critical role in monitoring. You are in the best position to detect when something is not going according to plan or where some process can be improved. You can identify where you need additional support, either in terms of additional resources from the organization or in terms of personal development needs. You may receive information and feedback that your Supervisor doesn't receive (for example, positive feedback from a customer). Therefore, your responsibilities include:

- ✧ *Asking for feedback.* You need to know how you are doing; don't assume that your Supervisor is aware of all issues that affect your performance. Feedback works best when it relates to a specific goal, such as those established in elements and standards. Basing feedback on your performance against your elements and standards is key to providing tangible, objective, and powerful feedback. Telling you that you are doing well because you exceeded your goal by 10 percent is more effective than simply saying, "You're doing a good job."
- ✧ *Actively participating in ongoing progress reviews.* Don't wait until your formal Progress Review or Annual Appraisal to provide information to your Supervisor. Make sure that he or she is aware of:
 - ✧ Your accomplishments, such as assignments completed ahead of time, cooperation with other Work Units, innovations you have developed, etc.
 - ✧ Business process improvements that could improve your performance
 - ✧ Customer feedback, both positive and negative
 - ✧ Performance and training/development needs and requirements

Initiate internal progress discussions. If you feel that something needs to change in your Individual Performance Plan, you can bring it to your Supervisor's attention and ask for an adjustment

Rating Performance

You and your Supervisor will meet to determine your annual performance rating. Rating means evaluating your performance against the elements and standards in your Performance Plan and assigning a summary rating of record. It is based on work performed during an entire appraisal period. The rating of record has a bearing on various other personnel actions, such as promotions, granting within-grade pay increases and determining additional retention service credit in a reduction-in-force.

Your performance evaluation must be written in a clear, concise manner that addresses the agreed upon critical elements. Therefore, it is important that clear distinctions in levels of performance are shown in the critical elements and performance standards included in your Performance Plan.



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Performance ratings are assigned in accordance with the five level ratings defined on page 15 of this guide book. Summary performance ratings that make distinctions above the Fully Successful level may be used as the basis for granting awards. However, a "Fully Successful" rating is not damaging to your performance appraisal; rather, it means that you are performing very well; you are performing at a level of competence that will enable you, your Work Unit, and the Agency to meet their goals.

Your Roles and Responsibilities During Rating Sessions

During the final rating sessions, you should make sure to discuss:

- Your accomplishments and work samples. Your Supervisor may have been unaware of your achievements when your rating was assigned. Be prepared to show tangible results that reflect your individual performance.
- Customer feedback. Often, your Supervisor may not have been informed of positive reactions from customers. Keep copies of letters of commendations, congratulatory e-mails, and other examples where your performance has been recognized.
- Training and development needs and requirements, and if appropriate, growth opportunities. These sessions are the best times to discuss your career progress and future plans.

Finally, you are responsible for asking clarifying questions if you don't understand or agree with your ratings. If such a situation arises, you should:

- Compare the Performance Plan to your actual performance
- Review your notes from the mid-term progress review
- Discuss sources of appraisal input

Rewarding Performance

HUD employees have wide-scale opportunities to demonstrate excellence, due to the Agency's multifaceted mission and the various programs that are administered throughout the Department. By carrying out the daily operations of these programs, HUD employees have unusual opportunities to make genuine contributions that improve the quality of life for many Americans across the nation. HUD Managers are responsible for recognizing and rewarding subordinates for excellence and results in both individual and team performance. Regular and consistent recognition of employee accomplishments is an essential component of a results-oriented performance culture.

At HUD, awards are used to recognize and reward results and excellence in job performance. In most cases, awards are used to recognize employees whose performance or contribution is in excess of normal expectations for the positions that they occupy. They are used to motivate employees and Supervisors toward increased productivity and creativity, to recognize and



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reward employees for accomplishing Agency and national goals, and to acknowledge employees whose accomplishments yield maximum benefits for the Agency and/or the Government.

Each year, HUD provides guidance regarding the payment of performance awards, based upon the funds provided to the Department. For the past several years, the general practice has been that EPPES employees who have received an Outstanding performance rating for the year, have been eligible for a performance award. Similarly, with available funding, performance awards have been granted for EPPES employees who were rated at the next level, which was formerly, Highly Successful, but is now the Excellent rating level.

In addition, employees who have had superior accomplishments on a special project, assignment, act, or task, or who have done a superior job with regard to the quality or quantity of the work performed, may be considered for an award for special acts of service. This award may be given to an individual or to a group of individuals. EPPES employees may receive other awards, such as "On the Spot Award" and "Time Off Award." Additional information concerning the criteria for these and other incentive awards is available through your servicing Human Resources Office or Program Administrative Officer.

At HUD, the Performance Management Systems for Executives, Managers, and Supervisors, are supported by a separate Leadership Development and Recognition System (LDRS). LDRS provides a multi-tiered awards structure that allows awards to be presented to Managers and Supervisors at any time during the year, not just at performance appraisal time. Additional information on LDRS is also available through your servicing Human Resources Office or Program Administrative Officer.

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Summary: Your Roles and Responsibilities

The success of HUD's Performance Management System depends upon your active involvement. At all stages of the process, you can make your job more interesting, motivating, and fulfilling. The following table summarizes how and when you influence the process.

Employee Roles and Responsibilities in Performance Management	
Planning Stage	<ul style="list-style-type: none"> 1. Review draft Performance Plan 2. Ensure that you understand performance expectations <ul style="list-style-type: none"> • Elements and standards • Specific tasks and projects to be accomplished • How your plan is linked to the organization's goals and objectives and the Agency's strategic plan 3. Discuss training and development
Developing Stage	<ul style="list-style-type: none"> 1. At a minimum, discuss your development and training needs and requirements: <ul style="list-style-type: none"> • During Performance Planning • At mid-term progress review • At end of appraisal period 2. Consider: <ul style="list-style-type: none"> • Immediate and long-term career goals • Any required training – to meet certification requirements or ongoing professional development requirements • Training needed to develop necessary skills and competencies 3. Desired training and development to meet long-term goals
Monitoring Stage	<ul style="list-style-type: none"> 1. Ask for feedback 2. Actively participate in the progress reviews <ul style="list-style-type: none"> • Accomplishments • Improvements, if necessary • Customer feedback • Performance and training/development needs and requirements 3. Initiate interim progress discussions
Rating Stage	<ul style="list-style-type: none"> 1. Discuss: <ul style="list-style-type: none"> • Accomplishments and work samples • Customer feedback • Training and development needs and requirements, and if appropriate, growth opportunities 2. Ask questions for clarification
Rewards	<ul style="list-style-type: none"> 1. Clarify your understanding of the awards that you receive

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Manager/Supervisor Roles and Responsibilities

Managers and Supervisors are crucial to the success of Performance Management. The following table summarizes the responsibilities of Managers and Supervisors. By becoming familiar with these responsibilities, as an employee, you will be better prepared for each stage of the Performance Management process.

Manager and Supervisor Roles and Responsibilities

- 1. Follow the organization's policies, procedures, and guidelines for Performance Management
- 2. Adhere to the Performance Management System requirements:
 - Establish clear expectations for employees and hold employees accountable for accomplishing them
 - Provide honest and timely feedback – both formal and informal
 - Support employees' growth and development
 - Make meaningful distinctions among employees based on performance and contributions
 - Recognize and reward desired performance.
 - Address undesirable performance
 - Remain focused on helping employees to succeed
- 3. Inform employees of the Agency's mission and organizational strategic goals, plans, and activities of the Work Unit, and inform employees of their related duties and responsibilities
- 4. Ensure employee participation in developing Performance Plans
- 5. Adhere to laws and regulations governing merit system principles, prohibited personnel practices, and equal employment opportunity
- 6. Provide leadership to employees and help create a supportive Performance Management culture
- 7. Be fair, reasonable, accountable, consistent, and timely
- 8. Document instances of positive customer feedback and/or significant accomplishments, as well as unacceptable performance such as missed deadlines or poor quality work products
- 9. Communicate honestly and directly
- 10. Ask for assistance when you need help
- 11. Serve as Rating Officials for those employees directly reporting to you. In this role, you have the following responsibilities:
 - Develop critical elements that address individual accomplishments on key programmatic accomplishments
 - Provide employees with written Performance Plans that identify the critical elements and performance standards related to their specific duties, responsibilities, and expected levels of performance
 - Conduct and document at least one formal progress review around the midpoint of the appraisal period and provide written feedback to employees
 - Conduct performance review meetings
 - Complete appraisals which include determining and evaluating employees' actual performance and assigning ratings
 - Submit tentative ratings
 - Conduct evaluation feedback meetings
- 12. Recommend personnel actions (including awards), performance-based actions, and/or training

Problem Performance: What You Can Do

By implementing a system of S.M.A.R.T. standards and continuous performance monitoring, it should be easier for you or your Supervisor to recognize and identify potential problems as they arise. For example, suppose you are expected to produce five new contracts per month. After the first two months, you find that you have only produced a total of three. You should do the following:



- Determine if the shortfall is due to circumstances beyond your control. Continuing the example, suppose you find that you have only received requests for three contracts, rather than the expected quantity.
- Discuss the problem with your Supervisor. If your Supervisor agrees that the shortfall is due to circumstances beyond your control, the two of you can agree to: (a) adjust your Performance Standard; and/or (b) try to find the source of the problem (e.g., why the number of requests is lower than expected).
- If, on the other hand, the shortfall is not due to external circumstances—for example, writing a contract is taking much longer than expected—you and your Supervisor can discuss ways to improve your performance, such as providing you with additional support or additional training.

Remember that by continuously monitoring performance, there should be no surprises during your Progress Review or during your yearly evaluation. Any problems will have been identified and, if possible, resolved as they arise.

References and Resources

There are many Federal regulations that apply to various aspects of Performance Management, including performance appraisals and award systems. The following table highlights some of these. When in doubt, consult your program Administrative Officer or servicing Human Resource Office.

Guidelines for Meeting Regulatory Requirements: Performance Appraisal Systems
OVERALL POLICY
<ul style="list-style-type: none"> ■ HUD's Performance Management Plan for the Performance Management System (PMS) (Red Book for the Employee Performance Planning and Evaluation System – EPPES)
<ul style="list-style-type: none"> ■ The Code of Federal Regulations, 5 CFR 430
<ul style="list-style-type: none"> ■ The Agreement between the U.S. Department of Housing and Urban Development and American Federation of Government Employees, AFL-CIO and Local NFFE agreements
<ul style="list-style-type: none"> ■ OPM's Human Capital Assessment and Accountability Framework (HCAAF), 2005 ■ The President's Management Agenda ■ The Government Performance and Results Act of 1993 ■ Performance Accountability and Communications System (PACS), for Managers and Supervisors ■ Executive Performance Accountability and Communications System

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**Appendix A: HUD's Strategic
Framework—FY2007 Annual
Performance Plan**

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HUD's Strategic Framework— FY2007 Annual Performance Plan

Mission: Increase homeownership, support community development, and increase access to affordable housing free from discrimination.

Programmatic Strategic Goals		
Increase Homeownership Opportunities	Promote Decent Affordable Housing	Strengthen Communities
<ul style="list-style-type: none"> 1. Expand national homeownership opportunities 2. Increase minority homeownership 3. Make the home buying process less complicated and less expensive 4. Reduce predatory lending through reform, education, and enforcement 5. Help HUD-assisted renters become homeowners 6. Keep existing homeowners from losing their homes 	<ul style="list-style-type: none"> 1. Expand access to and availability of decent, affordable rental housing 2. Improve the management accountability and physical quality of public and assisted housing 3. Improve housing opportunities for the elderly and persons with disabilities 4. Promote housing self-sufficiency 5. Facilitate more effective delivery of affordable housing by reforming public housing and the Housing Choice Voucher program 	<ul style="list-style-type: none"> 1. Assist disaster recovery in the Gulf Coast region 2. Enhance sustainability of communities by expanding economic opportunities 3. Foster a suitable living environment in communities by improving physical conditions and quality of life 4. End chronic homelessness and move homeless families and individuals to permanent housing 5. Address housing conditions that threaten health
Cross-Cutting Strategic Goals		
Ensure Equal Opportunity in Housing	Embrace High Standards of Ethics, Management, and Accountability	Promote Participation of Faith-based and Community Organizations
<ul style="list-style-type: none"> 1. Ensure access to a fair and effective administrative process to investigate and resolve complaints of discrimination 2. Improve public awareness of rights and responsibilities under fair housing laws 3. Improve housing accessibility for persons with disabilities 4. Ensure that HUD-funded entities comply with fair housing and other civil rights laws 	<ul style="list-style-type: none"> 1. Strategically manage HUD's human capital to increase employee satisfaction and improve HUD performance 2. Improve HUD's management, internal controls to ensure program compliance and resolve audit issues 3. Improve accountability, service delivery, and customer service of HUD and its partners 4. Capitalize on modernized technology to improve the delivery of HUD's core business functions 	<ul style="list-style-type: none"> 1. Reduce barriers to faith-based and community organizations' participation in HUD-sponsored programs 2. Conduct outreach and provide technical assistance to strengthen the capacity of faith-based and community organizations to attract partners and secure resources 3. Encourage partnerships between faith-based/ community organizations and HUD grantees and subgrantees