

# Towards a U.S. Army Officer Corps Strategy for Success

## Volume 7: Evaluating Talent

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**ABSTRACT:** Today's officer evaluation system exhibits two particular flaws - rating inflation and generic information. Inflated performance ratings hamper the Army's ability to discern the true potential of each individual. Equally detrimental, generic information prevents the Army from fully identifying and employing the productive talents of its officers. If the Army truly intends to embrace talent management, it must relook its current officer evaluation efforts. Any future system must entail more than a "one-size-fits-all," command-centric, promotion-oriented annual report. Establishing evaluation conditions and incentives that promote officer development, credentialing, and talent matching are key to the creation of a talent-focused Officer Corps strategy. This approach yields accurate, detailed, and actionable information, mitigating the rating inflation and generic assessments that characterize the current evaluation system.

## INTRODUCTION

His deepest talents were as a planner and administrator. Word had it around the Army that he was a remarkably efficient and congenial staff officer, a good number two man. "Best clerk I ever had," quipped a former boss.<sup>1</sup> As a result, promotion and command assignments eluded him. Stuck at lieutenant colonel, he contemplated retirement. After all, the Army was making poor use of his talents, and many of his friends had already left the service for high-paying business jobs. He'd given it his best shot. It was time to move on.

Almost overnight, however, his career prospects changed. As war approached, the new Army Chief of Staff sought talented planners and administrators to transform and grow the force. In rapid succession, the lieutenant colonel moved through staff positions of increasing responsibility, advancing from lieutenant colonel to brigadier general in the same year. Sixteen months later, Dwight Eisenhower pinned on his fourth star.

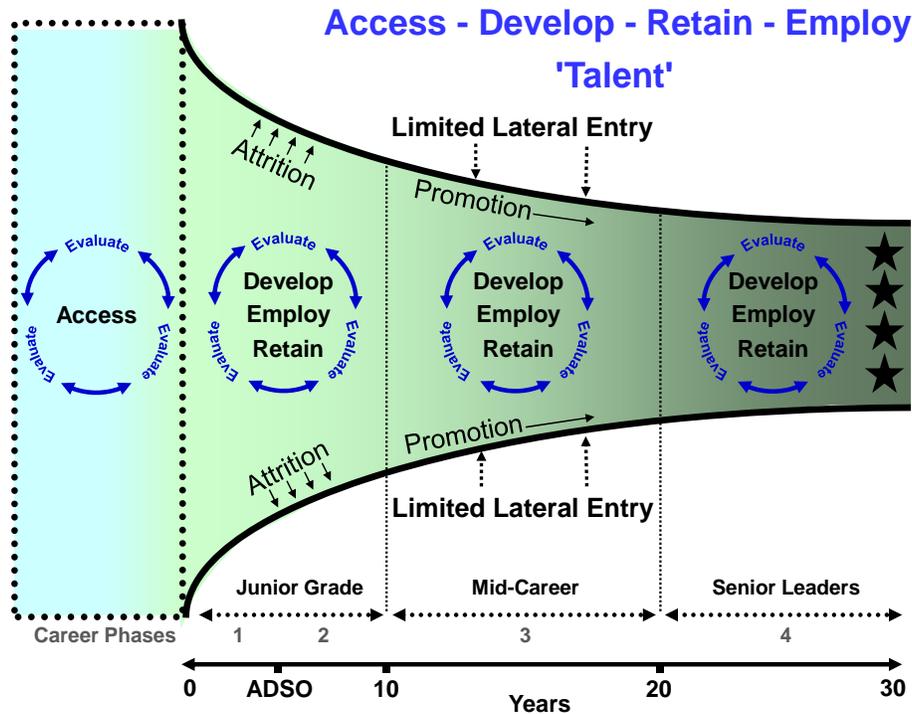
Eisenhower's rapid rise from relative obscurity to command of all Allied forces in Europe during World War II epitomized "the right officer in the right place at the right time." It seemed indicative of sound talent management and, on some level, it was. The late bloom of his career was made possible by Army Chief of Staff George C. Marshall, who held the Army's rigid peacetime seniority system in disdain and viewed it as an obstacle to true talent management. Unfortunately for Marshall, the generic officer evaluation system of the day did little to inventory individual talents.<sup>2</sup> Instead, Marshall had to rely heavily upon personal observations and face-to-face recommendations. He compiled his own officer talent inventory or "black book," and Eisenhower had caught his attention during the

Louisiana maneuvers of 1941.<sup>3</sup> But Ike's meteoric rise also contained more than an element of chance - he became Marshall's protégé in December of 1941 only because Colonel Charles Bundy, the War Plans Division's senior planner for Pacific operations, was killed in a plane crash and had to be replaced immediately.<sup>4</sup>

## **THE PURPOSE OF EVALUATIONS**

Comprehensive and accurate evaluation systems can drastically reduce the element of chance when making officer development and employment decisions, leading to greatly enhanced productivity. This is no easy task, however. At great expense, private enterprises have experimented with evaluation systems spanning all levels and functions of an organization, from annual evaluations, to 360 degree reviews, to board examinations, to peer and self assessments, etc. Why? Because effective evaluations reveal the state of a labor force, *the* critical asset in any enterprise.

A comprehensive evaluation system must do more than evaluate individual talent, however. It must also evaluate the enterprise's talent management efforts. This cannot be done without gathering *detailed* and *accurate* information about both individual employees and specific work requirements. Within an Army officer context, evaluations determine who will be commissioned or promoted. They certify individual developmental progress, affect Army retention decisions, and drive individual assignments. In short, evaluations undergird all aspects of the Officer Career Model.



**Figure 1. Army Officer Human Capital Model**

Given this, the Army must have an officer evaluation system that gets it right. It means abandoning closed personal networks and "one-size-fits-all" evaluation reports and moving instead towards an information rich system, one that captures the unique talents of every officer and the equally unique requirements of every assignment. It demands an understanding of the interdependency between accessing, developing, retaining, and employing officer talent. Lastly, it requires incentives that promote high fidelity information about its people.

**EVIDENCE OF A SUB-OPTIMAL OFFICER EVALUATION SYSTEM**

Evidence that the Army's current evaluation system is sub-optimal can be found across the Officer Career Model. In the realm of accessions, for example, almost 20 percent of new Army

officers are provided via the OCS-EO (Enlistment Option). This relatively new commissioning source produces officers after only a few months of evaluating them, in stark contrast to the years of evaluation entailed by other commissioning sources. In the realm of officer development, the Army now graduates more than 99 percent of all officers through basic, career, intermediate, and advanced leadership courses. When virtually all officers pass the Army's primary development courses, it indicates that those programs have limited evaluative rigor. As a result, the credentials gained via graduation from these Army programs provide no unique or distinguishing information about its officers.

The view from a retention and promotion standpoint is dimmer still. The Army promotes nearly 90 percent of its officers through the rank of lieutenant colonel. Since 2008, it has promoted captains to the rank of major two years "below the zone" (early), sometimes with as few as two evaluation reports providing the basis for that decision. Additionally, company grade officers (lieutenants through captains) receive virtually no performance ranking at all. The combination of high promotion rates and virtually nonexistent ratings for junior officers has severely undermined the officer evaluation system - the Army essentially has an evaluation system that does not allow it to discriminate between the talent it should employ and the talent it should cull.

Additionally, "black book" talent prospecting remains standard practice among senior Army leaders, demonstrating the evaluation system's failure to fully inventory those talents required for success in demanding assignments. A deep and broad talent inventory is critical to an enterprise of the Army's size and complexity. The current Officer Evaluation Report, however, seeks a *particular* talent distribution in every individual,

despite the widely differing distributions of skills, knowledge and behavior required to perform optimally as an infantry platoon leader versus a signal company commander versus an acquisitions colonel. Evaluating all officers against the same generic criteria *hides* talent from the Army and makes it far less effective than it could be. In short, the current Officer Evaluation Report, the Army's centerpiece screening, vetting, and culling tool, is an increasingly toothless instrument, one that fails to recognize the interdependence of accessing, developing, employing, and retaining talent.

Perhaps not surprisingly, Army officers hold the current system in low regard. Over 70 percent of them believe that it is only moderately useful at identifying the highest potential officers, those to promote, those who should receive additional education, or those who should command the Army's formations.<sup>5</sup>

The challenges confronting today's officer evaluation system are not new. Since its inception, it has exhibited two particular flaws - rating inflation and generic information. Inflated performance ratings hamper the Army's ability to discern the true potential of each individual. Equally detrimental, generic information prevents the Army from fully identifying and employing the productive talents of its officers.

Officer efficiency reports have ranged from the Continental Army's subjective narrative approach to the complex, 24 page annual reports required in the World War I era. In 1936, the first version of the modern Department of the Army Form 67 was introduced. Its intent was to correct the rating inflation and information gaps of the past, provide an appraisal of officer performance in a particular position and timeframe, assess his character, and forecast his potential.<sup>6</sup>

As World War II approached, however, these changes proved ineffectual. Officer efficiency reports had remained generic and inflated, making it impossible to identify the best officers to advance to general as the Army rapidly expanded. Instead, performance during a series of Army field exercises in 1941 (culminating in the famous Louisiana maneuvers) became the centerpiece tool for evaluating general officer potential. Thirty-one of forty-two Army corps and division commanders were relieved or shunted aside in the immediate aftermath of the maneuvers. Many of these men had previously received glowing efficiency reports. An additional twenty of twenty-seven division commanders were replaced in 1942.<sup>7</sup>

Despite multiple revisions since 1936, the Army's evaluation system and its primary evaluation form (currently DA Form 67-9) still fail to capture the talent distribution of its officer corps or the interplay between the components of its human capital model. Perhaps this is because the issue is not one of evaluation *method*, but rather one of evaluation *incentives and priorities*. The focus of an evaluation system should never be on any specific form or method. Rather, it must establish appropriate priorities and incentives.

## **THEORY**

While not perfectly analogous, the economic theory of *externalities* can yield valuable insight into how a combination of the right *incentives* and *priorities* can mitigate the effects of rating inflation and generic data in the officer evaluation system. Negative externalities are unintended by-products of a production process. They occur when the producer does not have to bear the costs of the externality. Carbon emissions are a classic example of a negative externality, a by-product of

industrial production. When the costs of these emissions are not borne by industrial firms, they have little incentive to reduce them. If, however, government regulatory agencies place caps or taxes upon these emissions and provide mechanisms for selling or "trading" credits earned via reduced emissions, behavior changes. There is now an incentive to reduce or eliminate carbon emissions. Likewise, rating inflation and generic officer assessments are unintended by-products of the current officer evaluation system, and they occur for several reasons.

First, raters do not bear the direct costs of inflated ratings and generic assessments. Few raters will cross paths with a rated officer in the future, so the direct costs to the rater are minimal. In fact, raters currently bear direct costs only when providing comprehensive evaluations of poor performance because these ratings jeopardize an officer's promotion potential. Reduced promotion potential would most likely engender poor performance from the rated officer, with the associated negative production costs falling directly on the commander.

Second, the Army evaluation system relies unduly upon a single mechanism - the Officer Evaluation Report (OER). An effective evaluation system, however, is more than a form. It must instead be a comprehensive instrument, one that guides enterprise talent management. This informs individual development and credentialing, the validation of an officer's evolving capabilities. Those credentials in turn facilitate job matching. Such processes, however, require detailed and accurate information lying far beyond the scope of today's boilerplate evaluation report.

A third contributing factor to rating inflation and generic assessments is the use of centralized promotion boards. These boards tend to make promotion decisions based upon prescribed

wording, incentivizing raters to "do no harm" to the promotion prospects of even marginally performing officers. It also leads to a tremendous amount of missing information, as today's promotion boards seek command-centric talent distributions above all others. While command *talent* is clearly critical to the Army, command *positions* account for less than 12 percent of all officer assignments. Because boards focus inordinately upon command talent, however, raters respond accordingly, failing to identify the depth and breadth of talent required to man the remaining 88 percent of officer positions. Compounding the problem, the OER's outsized role in promotion decisions simultaneously undercuts its utility as a development, credentialing or talent-matching tool.

Summing up, the current evaluation system incentivizes raters to write evaluations with the sole purpose of promotion, promotes them via a centralized board, and then assigns officers to jobs commensurate with their new rank. In a talent based evaluation system, however, promotion is a result of development, credentialing, and job matching, not a precursor. Establishing such a system requires a complete reappraisal of today's approach with an eye toward gathering the detailed and accurate information critical to genuine officer talent management.

#### **TOWARDS A TALENT-BASED EVALUATION SYSTEM**

To address the challenges described above, any future evaluation system must move promotion to the background and bring development, talent certification, and talent matching to the foreground. Doing so causes genuinely useful incentives to emerge, proceeding from the notion that officers are uniquely talented rather than interchangeable. Raters would then be

incentivized to provide accurate and detailed information on every officer. This would foster the further development and certification of each officer's talent. It would also give evaluations a central role in talent matching, engendering future assignments that allow more officers to perform optimally. The key to such information fidelity is decoupling evaluations from promotion risk. This allows raters to honestly and accurately assess officers, secure in the knowledge that their efforts will move officers toward assignments that truly liberate their talents.

When such incentives are in place, rating inflation and generic assessments (externalities) will be eliminated. The Army will truly see the talent possessed by its officers. It will make better employment decisions as a result, improving accessions, retention and developmental efforts while increasing productivity. The evaluation system will still have a role in promotion decisions, of course, but not an outsized one. Instead of time in grade considerations, which have little to do with talent, optimal performance resulting from solid job matching will drive promotions. For example, the young captain who clearly possesses the depth and breadth of talent to be a battalion S3 can compete with all other officers for a battalion S3 position. If selected, he or she would be promoted to the rank of major to provide the authorities commensurate with the duties.

Making promotion decisions in this way enhances the Army's ability to deal with some of its most pressing officer corps challenges, particularly its current mid-ranks shortages. A flexible, talent-driven promotion system would eliminate officer inventory mismatches, as shortages at one grade could be filled by excess officers in another possessing the required talents. As foreign as this approach may sound to some readers, it is in

many ways similar to the approach used in the NCO ranks. It is also an approach that was used in the officer ranks from the Army's inception through World War II. But it is only now, with the advent of information age technologies, that the Army can truly inventory the full breadth and depth of its talent supply and demand. The officer evaluation system must leverage these technologies. Only then can the Army enterprise move beyond evaluating all officers against one another and instead toward evaluating their performance against their duty requirements. Such evaluations yield tremendously valuable information, not just about how officers are performing, but also about how the Army is performing as a talent manager.

## **CONCLUSION**

If the Army truly intends to embrace talent management, it must relook its current officer evaluation efforts. Any future system must entail more than a "one-size-fits-all," command-centric, promotion-oriented annual report. Establishing evaluation conditions and incentives that promote officer development, credentialing, and talent matching are key to the creation of a talent-focused Officer Corps strategy. This approach yields accurate, detailed, and actionable information, mitigating the rating inflation and generic assessments that characterize the current evaluation system.

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<sup>1</sup> Carlo D'Este, *Eisenhower: A Soldier's Life*. New York, Henry Holt and Co., 2002, p. 235. That boss was Douglas MacArthur.

<sup>2</sup> In 1940, the expanding Army needed 150 additional generals. Of the 4,000 officers eligible for promotion, 2,000 had been evaluated as "superior and best suited," making it impossible to discern which officers possessed general officer talents. See Charles D. Herron, "Efficiency Reports," *The Infantry Journal*, Vol. LIV (April 1944), p. 31.

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<sup>3</sup> "Black books" refers to the personal inventories of officer talent maintained by senior leaders, a practice as old as the Army itself. Theodore Roosevelt identified Pershing for leadership in this fashion, just as Marshall identified Eisenhower. Black books represent a senior leader's inventory of high potential talent based largely upon first-hand experience. While useful, they reveal just the tiniest segment of officer talent - for example, had Marshall not personally served with a young Eisenhower, the future president's military career might have ended in relative obscurity<sup>1940</sup> despite his deep enterprise management abilities.

<sup>4</sup> D'Este, p. 283. Ike's assignment to the War Plans Division put his talent on daily display for General Marshall. It was instrumental in his rapid ascent to five stars.

<sup>5</sup> 2007 SOC database.

<sup>6</sup> SR 600-185-1, Sec 1.

<sup>7</sup> D'Este, pp. 279-280.