

# SENTINEL

## News For LLNL Scientists and Engineers

Society of Professional Scientists and Engineers, Affiliated with University Professional and Technical Employees (UPTe), Communications Workers of America Local 9119, AFL-CIO  
Sue Byars, President ♦ Kim Yates, President-elect

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## Report from the President

Sue Byars

**“Life is like a dogsled team. If you ain’t the lead dog, the scenery never changes.” — Lewis Grizzard**

In response to the overwhelming concerns expressed by lab employees about the Lab’s performance appraisal, ranking and salary systems, this edition of the Sentinel is devoted to providing information about ranking and to outline some possible replacements.

### Performance management system modified

Director Mike Anastasio has announced the Laboratory’s intention to modify the performance management system and to develop an integrated performance, ranking and pay program. The major changes are to simplify and make processes uniform across the Lab, and to include steps for management accountability. The Director’s efforts at providing consistency, regulation, and guidelines are greatly needed and are a start toward resolving employees’ concerns identifying inequities. However, ranking remains the basis for determining salaries in the lab’s new processes.

According to the slides from the Director’s talk, “pay will be based on an employee’s total contribution assessed through the ranking process.” Wait a minute. I may be confused here, but I thought that under the old system, my pay was based on my contribution assessed through the ranking process. So, what has really changed in determining my salary?

### Why ranking should be replaced

In this newsletter, you will find information about how ranking actually hurts performance, different ways to determine salaries, and how to replace the ranking system and improve performance. SPSE is providing this information to open up the dialogue between management and employees on ranking. According to the survey done by the Laboratory, about 70% of those working at LLNL do not like the ranking system. SPSE believes that the ranking system can be replaced by something better. We have provided a short questionnaire on page 6 so you can provide your feedback to SPSE.



### Fighting for a better Laboratory

If a large fraction of the Lab’s scientists and engineers object vociferously to the new “improved” ranking system, we believe that managers will notice. The comment period runs until March 31. You can comment by sending a message to [performancemanagement@llnl.gov](mailto:performancemanagement@llnl.gov). Please send the message that ranking cannot be reformed. It should be replaced.

The most effective way to achieve real, not cosmetic, change is to join SPSE and support our efforts to convince management to find an alternative to ranking. If you are not a member, please join SPSE. Join us as we work for a Laboratory that will better serve its National Security Mission.

“Actually employ the ‘Dual Ladder’ in ranking rather than holding the top groups for management only.” — Employee response to SPSE survey

### 2003 SPSE Executive Board

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# Ranking Hurts Performance

Lawrence Livermore National Laboratory is a good place to work, but it can be made better. In the recent survey of employees at LLNL, the one procedure that came under the greatest criticism was the ranking process. Management has responded to this by putting together a task force. Lab management seems to feel that they are following best management practice by having annual performance appraisals that input to the ranking process that determines our salaries.

LLNL scientists and engineers are among the best and the brightest in the country. For the most part, the work at LLNL is exciting and important to our country. Most employees are extremely self-motivated to work hard and do their best. Yet management seems to feel that by calling half of us below average and constantly putting pressure on employees to rise to the top of the ranking to get better pay they are inspiring their employees to do better work. In fact, they are doing the opposite. The ranking process and all the politics associated with it hurt morale.

The ranking system wastes a tremendous amount of time and money and is bad even for the managers. Managers spend inordinate amounts of time reading and writing appraisals and doing ranking. This process has burned out many a manager, because there is no fair way to do the ranking and there is no way to keep all the employees happy. We have seen very good division leaders leave their positions, at least in part because of the great pressures put on them by the way the Laboratory sets salaries.

## What the Research Shows

According to management expert Alfie Kohn in the September 1993 Harvard Business Review, ranking and other reward systems are based on behaviorist theory derived from work with laboratory animals. Studies with humans show quite different results. Ranking is a version of what psychologists call extrinsic motivators. They can alter specific behaviors, but they do not create an enduring commitment to any value or action. According to Kohn, rewards discourage risk taking:

“People will do precisely what they are asked to do if the reward is significant,” enthused Monroe J. Haegle, a proponent of pay-for-performance programs, in “The New Performance Measures.” And here is the root of the problem. Whenever people are encouraged to think about what they will get for engaging in a task, they become less inclined to take risks or explore possibilities, play hunches or consider incidental stimuli. In a word, the number one casualty of rewards is creativity.

About two dozen studies from the field of social psychology conclusively show that reward systems such as ranking discourage the risk taking that leads to true creativity. We have seen people fall precipitously in the ranking when an innovative idea failed, and seen a whole division conclude that innovation is not to be pursued.

See the accompanying feature *What the Sages Say* to learn more about what the experts think about appraisals and the incentive systems that they support. We have also listed a series of scholarly articles available online.

## Ranking is Unfair

One of the more absurd aspects of ranking is that it is done on a curve. The Lab requires that all Divisions report rankings in ranking groups. The number of groups varies from department to department, but is typically about 7. At least in the large divisions the Lab requires that all the groups be populated. In one Division, the 5 or so lowest ranked professionals all left the Division. The next lowest ranked performers were put into lower groups and as a result are having their salaries driven downward. Some ranking groups are considered too small to have to be required to populate all ranking groups, and so in the smaller groups no one has to populate the lowest groups.

We are all subject to the particular prejudices of our group leader when we are being ranked. There is nothing wrong with the people who do the rankings. It is just human nature that people like some people more than others. Studies have shown that friendships and other affinities do matter in ranking, and that efforts by individuals to befriend, compliment and otherwise play politics to improve ranking do pay off in terms of better rankings.

One of most difficult aspects of ranking to overcome is the peculiar personal characteristic of some group leaders to be “hard” or “easy” grader. Some group leaders think that all the people that work for them are outstanding. Some think that everyone working for them is not very good. If one group leader denigrates all the people who work for him, then the other group leaders are quite happy to let his people populate all the lower ranking groups. Needless to say, there is rapid turnover in groups with leaders like this, but the low rankings that employees get from these group leaders followed them for years. Sometimes people leave for Los Alamos to recover their reputations, and do quite well there.

Another problem people face is how good an advocate the person who ranks you is. (See the Dilbert cartoon, page 4.) Some group leaders are very effective advocates when the group leaders get together to negotiate the rankings of the whole division. Others mean well, but are not good advocates.

*“The ranking process is time consuming and mostly irrelevant. I can be praised to the skies, I can walk on water, but my raise is still determined by the lousy formula.”* — Employee response to SPSE survey

## A Group Leader talks about ranking

As a long-time group leader, I have observed how the ranking process can be manipulated to benefit a few favorites. In my department, group leaders are merely puppets in the ranking process. Our function is limited to ranking employees in our own groups. At the group level, some fairness can be maintained provided that the individual group leader is fair and ethical. The group leader's involvement in the entire ranking and salary management stops at this level and we are never called upon again until the next year's process.

I have never felt comfortable with ranking because all my employees perform distinct functions. However, under LLNL's ranking guidelines, all my employees are peers and shall be ranked together. I feel like a judge who ranks weight lifters with swimmers and awards one of them gold and the other silver medals since they are all classified as athletes. At the end I, the judge, neither weightlifter nor swimmer, am thrown in by the Olympic Committee (management) and receive a bronze medal.

After the group leaders present their group ranking results to the divisional ranking, the division leader has the final say. For three years in a row, my division leader arbitrarily reversed my #1 and #2 ranked employees, because otherwise it could disrupt the final predetermined rank results. LLNL's ranking guidelines require that group leaders and employees be ranked together. Since I dared to challenge management's ranking, I became unpopular and my own rank has suffered. I have been ranked lower than the employees that I supervise, while the other group leaders are always ranked at the top when compared to the employees that they supervise. That is the reason group leaders often choose not to defend their own employees.

In my department, the remaining ranking process is kept secret. Employees can be dropped or raised in the overall rank orders. While all employees are told that no one should expect his/her pay to meet the target salaries, division leaders and above are always paid to their target salaries. That is the main incentive for them to work together and not say or do much about the ranking process.

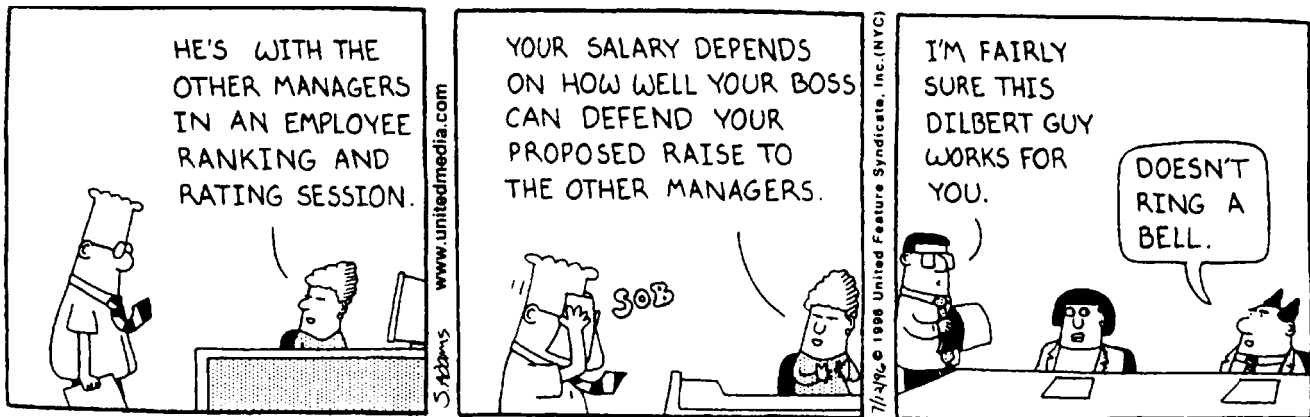
### Did you know?

#### A Short History Lesson on Performance Appraisals, Ranking and Salaries at LLNL

Until 1973, **performance appraisals** were kept secret at LLNL. In the Nov 1973 SPSE newsletter, SPSE exposed this secrecy by publishing a management-issued memorandum concerning annual performance evaluations. Most employees had never seen an appraisal and did not even know they existed.

**Salary** information was also closely held. In 1975, SPSE forced the Lab to release salaries through suits and legislative action.

In 1992, the release of **ranking** information was also accomplished by SPSE through the courts. SPSE sought the ranking data to use in an employee's grievance about sexual discrimination. The data were used as evidence of sexual discrimination. Arbitrators found that a woman was placed in the 9th ranking group to punish her for filing a discrimination grievance.



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## Improving Performance without a Ranking Systems

The book *Abolishing Performance Appraisals*, by Tom Coens and Mary Jenkins, suggests the following ways to improve performance without rankings or appraisals.

### Transition Away from Annual Performance Appraisals

Separate the various functions served by performance appraisals and develop methods that are honed to perform each function. Appraisals are blunt instruments that are used once a year to provide feedback, establish a performance level for determining pay, and plan for future development. Combining all of these functions in one instrument and applying it once a year makes it very difficult to accomplish any of these functions.

### Improve Organizational Performance

Create a work climate that trusts and respects people as responsible adults and that will reinforce a compelling sense of purpose and direction to meet the nation's national security needs. Train everyone in ways to perform better as a team to achieve Laboratory goals.

### Improve Individual Performance

Provide training for all employees to improve their performance and encourage them to get the training. Encourage and train people to be responsible for their own professional development and growth.

### Encourage Continuous Performance Feedback

Encourage everyone to take the responsibility for getting the feedback they need to improve their performance on a continuous basis. Foster a system that encourages feedback on a day-to-day basis. Supervisors and employees all need to be trained both on how to receive and give feedback.

### Create a Compensation System that Truly Motivates Staff Members

Study and educate everyone on the realities of human motivation and the effects associated with the compensation system. Consider systems that provide special incentives for the few individuals that truly stand out as exceptional. Create a compensation system that is easily understood and clearly distinguishes market adjustments, longevity, cost of living, attainment of specific skills, and merit factors.

### Develop an Open System for Promotions and Career Advancement

Develop clear criteria for promotions and career advancement. Employ panels to screen applicants and evaluate eligibility.

### Help Poor Performers and Provide Legal Documentation

Educate all supervisors on ways to work with people in need of special help. Establish formal counseling and corrective action systems for poor performers. Train supervisors on how to document poor performers.

A new system will need to be explained to all stakeholders and all employees must be trained on how to use the new system. As the system is implemented, problems will arise. A system must be devised for monitoring the successes and problems of the new system and continuously improve the system.

We have a lot of bright people at the Laboratory. They all should be involved in creation of a new system that will make LLNL a better place to work and improve its contribution to national security.

“Go after the ranking system. Presently, management is almost solely based on cronyism.” — Employee response to SPSE survey

# What the Sages Say... On Performance Appraisal and Related Issues

From the website

<http://www.abolishappraisals.com/>

## Dr. Michael Beer —

Evidence has been accumulating for years that performance appraisal systems, no matter how well designed, do not differentiate employees sufficiently to make valid and reliable compensation, promotion, and layoff decisions. They do not necessarily even lead to better coaching. Instead these systems have become bureaucratic nightmares and have put human resources professionals in the role of “cop”.

[Beer, Michael. 1997. “The Transformation of the Human Resources Function: Resolving Tension Between a Traditional Administrative and a New Strategic Role.” in *Tomorrow’s HR Management*, eds. Dave Ulrich, Michael R. Losey, and Gerry Lake. New York: John Wiley & Sons, p. 89.]

## Philip Crosby —

The performance review, no matter how well the format is designed, is a one-way street. Someone the individual didn’t select gets to perform a very personal internal examination. There are no certificates on the wall stating the qualifications of the reviewer. Yet the effect on the individual’s present and future is as real as if everyone knew what he or she were doing. [...] The reviews, which are supposed to give information to management about employees, do the reverse. The employees quickly realize that management has no way of knowing who is the fairest of them all, except through luck and instinct.

[Crosby, Philip C. 1995. *Quality without Tears*, New York: McGraw-Hill. p. 16.]

## Dr. W. Edwards Deming —

[The annual review] nourishes short-term performance, annihilates long-term planning, builds fear, demolishes teamwork, (and) nourishes rivalry and politics. [...] It leaves people bitter, crushed, bruised, battered, desolate, despondent, dejected, feeling inferior, some even depressed, unfit for work for weeks after receipt of rating, unable to comprehend why they are inferior. It is unfair, as it ascribes to the people in a group differences that may be caused totally by the system that they work in.

[Deming, W. Edwards. 1986. *Out of the Crisis*. Cambridge, Mass.: M.I.T., p. 102.]

## David H. Maister —

Many firms with performance-based rewards systems are fooling themselves. They think that because they match financial rewards with performance, they are therefore good at tackling performance issues. But the opposite may be true. The more the firm relies on rewards to deal with performance problems, the less effective the performance counseling tends to be because performance issues are treated as the responsibility of the individual, not the firm. In essence, performance-based rewards systems represent, in many cases, a perfect excuse to abdicate responsibility for coaching, counseling and assisting---an excuse not to manage.

[Maister, David. 1994 “The Value of Intolerance” *The American Lawyer* (Sept.)]

## Douglas McGregor —

... as far as the assumptions of conventional appraisal are concerned, we still have what is practically identical with a program for product inspection [...] resistance to conventional appraisal programs is eminently sound. It reflects an unwillingness to treat human beings like physical objects. The needs of the organization are obviously important, but when they come into conflict with our convictions about the worth and dignity of the human personality, one or the other must give.

[McGregor, Douglas. 1957. “An Uneasy Look at Performance Appraisal.” *Harvard Business Review*. 35:3 (May-June). p. 91.]

## Peter Scholtes —

Despite their apparent reasonableness, performance appraisals are not reasonable. They suffer from one flaw upon another...When all is said and done, the conventional performance evaluation system is more like a lottery than an objective observation process.

[Peter Scholtes. 1993. “What’s Wrong with Performance Appraisal. What to Do Instead,” Presentation before Ohio Productivity and Quality Forum. Cincinnati, Ohio (23 August).]

## JOIN SPSE TODAY!

Fill out the attached membership form and send it to Bill Quirk/SPSE, L-387. If you have any questions call SPSE Office Manager Eileen Montano at (925) 449-4846 or email her at [spse@spse.org](mailto:spse@spse.org).

## Related Reading

The following articles are available at <http://www.alfiekohn.org/managing/articles.htm>

“For Best Results, Forget the Bonus,” *New York Times*, October 17, 1993

“In Pursuit of Affluence, at a High Price,” *New York Times*, February 2, 1999

“Challenging Behaviorist Dogma: Myths About Money and Motivation,” *Compensation & Benefits Review*, March-April 1998

## Replacing the Ranking System

Most organizations feel that by rewarding the people they consider their best performers that they will encourage performance by all their employees. In fact, far more are discouraged by ranking than are encouraged by it. Surveys show that 80% of all employees feel that they should be in the top 25%. At LLNL, where so many were at the top of their school classes, nearly everyone thinks they should be in the top 25%. This is borne out by the lab survey that nearly 70% of us are unhappy with the ranking system. The planned revision in the ranking system is like changing the deck chairs on the Titanic.

There are many examples of how salaries can be determined without ranking. Typically, in organizations without ranking salary is set through a general COLA that is determined by market surveys

to determine typical salaries for each occupation and level of experience. Organizations may increase pay with respect to the amount of time on a job or in a profession.

Outstanding individuals may still advance in a number of ways. There can be a “career ladder” where clearly identified skills and accomplishments are identified. For example, when people first start their careers, they may need to be led by others on a research project. As they advance, they may be able to perform without much supervision. With more experience, they may become the lead researcher on projects. If a system based on these criteria is to be superior to ranking, then the criteria needed to climb the steps of the career ladder must be well defined. In addition, exceptional pay could be given to the one or two percent of individuals that have made contributions that are deemed to be of national significance. Such a system could avoid all the time and energy wasted on ranking and would encourage far more people to perform than the present system.

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## Survey

Please reply to this survey by email to [spse@spse.org](mailto:spse@spse.org).

1. Do you think you are paid fairly relative to employees of similar experience and skills?
2. Do you think the ranking system has treated you fairly?
3. Would you be in favor of a separate career ladder to allow for advancement without becoming a manager?
4. Would you like to have the Laboratory look at alternatives to a ranking system?

We welcome your stories of unfairness in the ranking process. We will publish a selection of anonymous comments in an upcoming newsletter. Please send your letters to [spse@spse.org](mailto:spse@spse.org). If you would be interested in your relative ranking and salary, please join SPSE and we will make the information available to you. Ranking and salaries are public records, but they are difficult to obtain.

# Join SPSE Today!

By joining SPSE you join an organization that has been working for 30 years to protect employee rights and improve working conditions at LLNL. Management needs to hear from us. They can't hear us one at a time, they need to hear from a strong employee organization that wants to make the Lab a better place: SPSE. Membership in SPSE is open to all professional scientists, engineers, and those doing equivalent professional work that are classified in the 200 or 300 series.

We want some of your time and your ideas. We also need some of your money to inform employees of news they need (news they won't get from management), defend employees in grievance actions, challenge unfair management practices at the state level, etc. You can pay your dues annually, quarterly, or by automatic monthly payroll deduction. Indicate your preference below. Use the algorithm in the box to calculate your monthly dues.

<b>Monthly Dues</b>
Dues = $.0115M$ (regular rate)
but Dues <sub>max</sub> = \$22
M = monthly salary

Visit our website at [www.spse.org](http://www.spse.org)

- Annually (you will be billed)
- Quarterly (you will be billed)
- Monthly payroll deduction (Complete the form on the back for this option.)

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Name (please print)	Employee
Number	

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Jobcode/Title	L-Code	Extension	E-mail
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Home Address

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Signature	Date
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To pay dues via automatic monthly payroll deduction:

Complete and return this form (fill in boxes with numbered asterisks, and sign number 6). It authorizes dues to be paid to SPSE, and is required by the University of California.



**EMPLOYEE ORGANIZATION MEMBERSHIP  
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**PLEASE  
PRINT  
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CAMPUS LLNL	LOC	EMPLOYEE I.D. *1 Must be entered	DATE *2
ACTION ON THIS FORM TO BECOME EFFECTIVE ON THE PAY PERIOD BEGINNING:			DATE ASAP
<b>MONTHLY DEDUCTION</b>			
LAST NAME, FIRST, MIDDLE INITIAL *3		ENROLL	AMOUNT
DEPARTMENT EMPLOYED AT U.C. *4	REGULAR DUES RATE: (0.0115 x monthly salary)	X	
TITLE AT U.C. *5	MAXIMUM DUES: \$22.00 per month		
ORGANIZATION NAME (INCLUDING LOCAL NAME AND NUMBER) Society of Professional Scientists and Engineers			
<b>TOTAL</b>			

I authorize The Regents of the University of California to withhold monthly or cease withholding from my earnings as an employee, membership dues, initiation fees and general assessments as indicated above.

I understand and agree to the arrangement whereby one total monthly deduction will be made by the University based upon the current rate of dues, initiation fees, and general assessments. I ALSO UNDERSTAND THAT CHANGES IN THE RATE OF DUES, INITIATION FEES AND GENERAL ASSESSMENTS MAY BE MADE AFTER NOTICE TO THAT EFFECT IS GIVEN TO THE UNIVERSITY BY THE ORGANIZATION TO WHICH SUCH AUTHORIZED DEDUCTIONS ARE ASSIGNED AND I HEREBY EXPRESSLY AGREE THAT PURSUANT TO SUCH NOTICE THE UNIVERSITY MAY WITHHOLD FROM MY EARNINGS AMOUNTS EITHER GREATER THAN OR LESS THAN THOSE SHOWN ABOVE WITHOUT OBLIGATION TO INFORM ME BEFORE DOING SO OR TO SEEK ADDITIONAL AUTHORIZATION FROM ME FOR SUCH WITHHOLDINGS.

The University will remit the amount deducted to the official designated by the organization.

This authorization shall remain in effect until revoked by me - allowing up to 30 days time to change the payroll records in order to make effective this assignment or revocation thereof - or until another employee organization becomes my exclusive representative.

It is understood that this authorization shall become void in the event the employee organization's eligibility for payroll deduction terminates for any reason. Upon termination of my employment with the University, this authorization will no longer be in effect.

This authorization does not include dues, initiation fees and general assessments to cover any time prior to the payroll period in which the initial deduction is made.

Payroll deductions, including those legally required and those authorized by an employee are assigned priorities. In the event there are insufficient earnings to cover all required and authorized deductions it is understood that deductions will be taken in the order assigned by the University and no adjustment will be made in a subsequent pay period for membership dues, initiation fees and general assessments.

EMPLOYEE SIGNATURE *6	DATE
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TRAN CODE	EMPLOYEE ID NO.	DATE	ELEMENT NO.	BAL CD	AMOUNT
1 2	4 12	13 18	19 22	23	24 30
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ATTENTION: 1 YEAR AFTER INACTIVE - ACCOUNTING OFFICE