Navy Personnel Transformation
CEE and CellExchange Assist Admiral Clark, Rear Admiral Shuford, and Rear Admiral Moran.

"...this is about focusing on performance more than ever before."
-ADM Vern Clark,
Chief of Naval Operations

CellExchange helps Navy with Personnel Transformation Roadmap

Process Followed
- **Genesis:** May 2002 CEE Prof Donovan's Seminar attended by Admiral Shuford. Naval Personnel Transformation conceptualized.
- **Pilot:** July 2002 CellExchange Workshop. Job Auctioining
- **Pilot:** April 2003 CellExchange Workshop. Fleet Readiness.
- **Deployment:** December 2002. Implementation Career Management
- **Deployment:** June 2003. Implementation Career Management & Training

"We can’t afford not to do this...we have to be the employer of choice."
-RADM Jake Shuford
Naval Personnel Command
June 24, 2003

Sailors will search online for jobs with new system

By Mark D. Faram
Times staff writer
[Excerpt]

With the ease of using a Web site like eBay, sailors will be able to find Navy jobs, plan their next career step and even bid for extra pay to take a tough job overseas — all from the comfort of their own homes.

This will come in the first test of the Navy's new "Sea Warrior" personnel system. This is not just a detailing system, officials say, but the beginning of a fundamental change in how the Navy manages its main asset — people.

The effort starts this summer with aerographer’s mates, information systems technicians and mess management specialists, and it will spread to the 120,000 sailors in aviation ratings by October. By October 2004, all 320,000 active-duty enlisted sailors should be able to manage their careers online. Reserve sailors will be added soon after.

"We can't afford not to do this," said Rear Adm. Jake Shuford, who heads the detailing portion of the Sea Warrior project at Navy Personnel Command in Millington, Tenn.

"We're out there competing for the best and the brightest; we have to make ourselves an employer of choice if we're going to attract and keep the sailors we need today and will need in the future."

"Many corporations are doing pieces of this, but as far as I know, no one in the world has combined their training and career management systems into a single system like Sea Warrior," said Dr. John Donovan, a professor at the Massachusetts Institute of Technology and founder CellExchange who helps corporations manage large-scale organizational change.

Professor Donovan said some companies with 30,000 employees have attempted similar things with their training and career development, but for an organization of more than 350,000 to attempt this much change is exciting and dangerous, but also necessary.

"I think the Navy has to get this right to attract and keep their number one asset — people," [Professor Donovan] said. "You can build new ships easier than you can build a new work force. Competition for the caliber of sailor the Navy needs to win the next war will be fierce. Only those organizations [that] know how to manage their assets will succeed."

Mark D. Faram covers enlisted personnel issues. Contact him at (703) 750-8645 or mfaram@navytimes.com.
Navy Turns Auctioneer, Lets Sailors Bid for Unpopular Posts

BY GREG JAFFER

Going Once . . . Twice

He doesn't want to live in Japan. Nor does his wife. But they figured an extra $350 a month would go a long way toward a down payment on a house. "My No. 1 goal in life right now is to save enough money to build a house," his wife, Shana Moses, says.

The online auctions are one piece of a new Navy plan to unleash the power of the free market on its personnel system. Under the old system a Navy personnel officer, known as a "detailer," filled all of the Navy's jobs by searching through a database for a sailor whose rotation date and skills matched up most closely with an upcoming vacancy. "The old system was Stalin-like," says Rear Adm. Jake Shuford, who is in charge of the redesign.

In the new system, sailors will be able to bid on jobs that no one wants. Ships with vacancies also will be able to bid for sailors that they really want. The Navy is even considering allowing sailors who are particularly good at their jobs to apply for positions that would traditionally go to higher-ranking officers.

"Wouldn't it be awkward to have a petty officer second class in charge of a bunch of petty officer first class?" Capt. Diane Lufnık, Adm. Shuford's new deputy, asked when he was briefing her on the system in July.

"We'd promote the sailor," Adm. Shuford replied.

All this free choice is a radical change for the military. Not everyone is happy with the idea, warning that it will undercut traditional discipline and the chain of command. "Today, as a Navy, we seem fixated on popularity and preoccupied with the satisfaction of our sailors. . . . We have begun to chip away at our ability to accomplish our mission," Cmdr. Kevin S.J. Eyer wrote in the U.S. Naval Institute's Proceedings, an influential magazine.

The online auctions also challenge an entrenched military pay system in which all sailors of a particular rank are paid essentially the same amount. The Navy, which won special approval from Congress for the auctions, has budgeted about $150 million over the next four years to cover the auction-related salary increases.

Despite the critics, Navy officials say they have no choice if they are going to persuade skilled sailors and their families to stay in the service. Although sailors are re-enlisting at record rates, the service is still short on troops trained in critical high-tech specialties such as cryptography, information technology and medicine. As the Navy replaces its current fleet with new ships, which rely heavily on automation to reduce the number of sailors on board, these technically adept sailors will be in even more demand.

"This isn't about creating a kinder, gentler Navy," says Chief of Naval Operations Adm. Vern Clark of the shift to a free-market system. "This is about focusing on performance more than ever before."

In the new auctions, the lowest bid won't always win. Whether a sailor wins a slot will also depend on the sailor's previous performance and how much it costs to move him or her.

The ship that is taking the auction aboard also gets a vote, with each commander receiving an allotment of points. If a ship really wants a particular sailor and his or her skills, it can blow its full allotment of points. "We haven't had a system where the ship was part of the decision-making process," says Adm. Clark. "All the decisions were made by Navy personnel command. That's the wrong answer."

A sailor's outside education will also be factored into the mix. In the past, sailors who earned bachelor's degrees during their service were often "challenged by superiors and peers about their commitment to their duties," says Master Chief James Russell, who oversaw the development of the new system.

The assumption was that sailors would use those degrees to leave the service.

Now the Navy has learned the opposite is true. Sailors who earn 60 or more college credits in their first five years in the Navy sign up for a second hitch about 55% of the time, according to an internal Navy study. Sailors with no college credits re-enlist just 31% of the time.

Encouraging sailors to get more education could have a far-reaching impact in the Navy. Eventually, Adm. Clark says, the now-inviable gulf between officers and enlisted sailors will begin to blur as senior sailors with advanced degrees are cleared to apply for officers' jobs. Such a change would require congressional legislation.

Currently, the Navy is addressing some basic questions about auction strategy: Should sailors who desperately want a particular posting be allowed to enter negative bids -- essentially offering to take a pay cut -- to win a job? (No, at least for now.) And how should the Navy weigh monetary bids vs. other factors like a sailor's skills or a ship's desire for a particular person with a special skill? (Undecided.)

So far, the bids have been all over the map. Petty Officer 1st Class Ray Stoddard recently bid a $50 raise on a job in Sigonella, Italy, for which the Navy had set a bid limit of $400 a month.

Posts in Italy are unpopular with some Navy families because of the separation from friends and family in the U.S. But Mr. Stoddard's wife is an Italian citizen and depends on Italy's socialized medicine to treat a chronic disease. What's more, he says, "I like the Italian lifestyle." He got the job.

Mr. Moses, who bid on the job in Japan, says he figured that by bidding $350 a month on a job where the Navy had set a bid limit of $450 a month he stood a reasonable chance of winning. "Not that many people want to go to Yokuska," he says. Perhaps not, but a lower bidder got the job. In any case, Mr. Moses says he will bid again.
NAVADMIN: Force-Shaping Assignment Incentive Pay (AIP) Program

June 20, 2003
[Excerpt]

RMKS/1. THIS MESSAGE ANNOUNCES THE ESTABLISHMENT OF AN ASSIGNMENT INCENTIVE PAY (AIP) PILOT PROGRAM. AIP IS A FINANCIAL INCENTIVE DESIGNED TO ATTRACT QUALIFIED SAILORS TO CERTAIN LOCATIONS DESIGNATED BY THE SECRETARY OF DEFENSE. AN INTEGRAL PART OF SEA WARRIOR AND OUR FORCE-SHAPING EFFORTS, AIP WILL ENHANCE COMBAT READINESS BY EFFICIENTLY DISTRIBUTING SAILORS WHERE THEY ARE MOST NEEDED. THIS PILOT PROGRAM WILL OFFER SAILORS UP TO $450.00 PER MONTH FOR ASSIGNMENTS TO COMMANDS IN MISAWA, JAPAN, NAPLES, ITALY AND SIGONELLA, SICILY.

2. AIP WILL EMPLOY A MARKET-BASED APPROACH, ALLOWING SAILORS TO SET THE "PRICE" FOR A PARTICULAR ASSIGNMENT (BELOW THE NAVY ESTABLISHED MAXIMUM). NAVY CAN THEREFORE MEET SAILOR EXPECTATIONS OF A FAIR INCENTIVE FOR THE ASSIGNMENT AND IMPROVE FLEET MANNING. INITIALLY, AIP WILL ONLY BE OPEN TO ENLISTED PERSONNEL.

3. AIP IS A SPECIAL PAY AND, AS SUCH, CAN BE CONTRIBUTED TO THE THRIFT SAVINGS PLAN (TSP). AN ELECTION TO CONtribute ALL OR A PORTION OF SPECIAL PAY TO TSP MAY ONLY BE MADE DURING A TSP OPEN SEASON.

4. SHOULD A SAILOR WISH TO APPLY FOR A JOB THAT HAS AN INCENTIVE ASSOCIATED WITH IT (AS IDENTIFIED BY AN AIP ICON), HE/SHE WILL SELECT A BID FROM THE PULL DOWN MENU PROVIDED. THE HIGHEST BID ALLOWED IS THE MAXIMUM THE NAVY IS WILLING TO PAY TO FILL THIS ASSIGNMENT. THE SAILOR SHOULD THEN SUBMIT A BID THAT HE/SHE WOULD BE WILLING TO ACCEPT TO TAKE THE ASSIGNMENT, UNDERSTANDING THAT THE MOST QUALIFIED, LOWEST BIDDER WILL GENERALLY BE SELECTED FOR THE ASSIGNMENT.

20. RELEASED BY W. SCOTT SLOCUM, N1 ACTING. //