

Financial Management Human Capital in the Department of the Navy

Multifaceted work needs a multifaceted workforce.

Dick Reed, CDFM

As with the other military departments, the Department of the Navy (DoN) financial management (FM) workforce is steward to an immense amount of capital in many forms, not least of which are the hundreds of billions of dollars entrusted to the DoN by the American taxpayers. Yet the most important item of capital is human capital. In a plenary session speech during the Navy/Marine Corps Service Day at the 2005 American Society of Military Comptrollers Professional Development Institute, the Honorable Richard Greco, Jr., the Assistant Secretary of the Navy (Financial Management and Comptroller) (ASN(FM&C)), made this abundantly clear: “[I]t is only when our financial management workforce is in top form . . . that we can fulfill our mission. Our mission is to direct and manage the financial activities of the Department of the Navy.”¹ He went on to say that the most important part of that mission “is to provide for the development of a superior-class financial management workforce. We cannot do well unless we have the people to do it.”² In the DoN’s FM arena, human capital—especially the development of tomorrow’s leaders—is a critical role.

Our FM workforce comprises both military personnel and civilian employees, as is true within the other military departments. However, with two military services, the Marine Corps and the Navy, the DoN does not have one common solution set for its military personnel to become a part of the FM workforce. Therefore, to provide a flavor of the diverse nature of issues that we face in the DoN, this article offers three distinct focuses—issues and areas of emphasis associated with the DoN FM civilian workforce, Navy military personnel, and Marine Corps military personnel within the FM workforce.

DoN FM Civilians

In a study of the makeup of the DoN’s civilian workforce, one of the first things necessary was to gather data for groupings of the force: technicians (those in positions such as accounting technicians, budget assistants, and other positions deemed more clerical in nature), and all other professional positions (for example, budget analysts, auditors, and accountants). The data clearly showed that the number of technicians graphed relative to years of

experience reflected a reasonable curve, so there did not appear to be any issues with this portion of the workforce.

On the other hand, the graph for the professional segment of the workforce reflected a much more perplexing situation (Figure 1). The chart shows that we currently have a significant shortfall of civilians that have between 5 and 15 years of experience, the level that includes most of our mid-level managers. Additionally, if we do nothing to change the current trend, this shortfall could increase alarmingly.

In Mr. Greco's words, "We have a looming human capital crisis. We have a human talent crisis. We have a gap that must be filled."³ Our response to this looming human capital crisis is directed in five areas: workforce planning, professional development, recruiting, retention, and performance management. We have and will continue to take big steps within each of these five areas.

Workforce Planning

First, we need to answer some basic questions:

- What has brought us to the current shape of our workforce?
- What are some immediate and long-range fixes to the problem?
- What can we do to avoid the situation in the future?
- What should the shape of our workforce look like?

Included in the answers to some of the questions is the need to forecast the effects of things like the effect that the Federal Employees Retirement System has had on our workforce, the possible desire of some to leave public service and then return later, the implications of people working beyond the traditional retirement age, and other variables. These issues are not unique to our community and, because our personnel system does not have the capability to model and forecast, we have decided to hire experts to analyze the situation. The effort will include such tasks as producing a more thorough depiction of today's workforce, modeling capability to forecast options, and creating several strategies to help overcome the perceived workforce gap. We hope to have the results of this contracted study by the end of this calendar year.

Professional Development

If we want to maintain and attract a future workforce, we believe those individuals must be afforded professional growth opportunities. This can come in the form of on-the-job or classroom training, as well as certification in professional disciplines. We have placed an emphasis on professional training and certification. For instance, the number of Certified Defense Financial Managers within the DoN increased by one-third in the last year—but we still have a way to go.

Additionally, since training funds are limited in many of our commands, we are looking at

alternatives to provide additional training for the FM workforce through on-line courses and video teleconference (VTC) seminars. For example, we recently conducted a mentor training class for a number of mentors of our new trainees. Because the mentors are located all over the country, it was not cost-effective for anyone—either the instructor or the participants—to travel. Instead, we used a VTC seminar approach and got an excellent exchange of information among mentors and some relevant ideas for the future. Although we already have three on-line FM courses, we are working on two additional courses: FM 101 (which will be designed both for entry-level employees and for non-FM military members) and an Antideficiency Act investigator training course. We hope to have these courses on line within the next year.

Finally, we continually seek development ideas from our FM Civilian Leadership Board, composed of the DoN's Senior Executive Service-level financial managers. Taken together, our efforts here are considerable.

Recruiting

In dealing with the gap we face, we see the classic strategic workforce development issue: build or buy. That is, do we hire entry-level people and build them into what we need, or do we simply hire mid-level managers as needed?

Actually, we've decided to do some of both.

We have greatly enhanced our Financial Management Trainee Program (FMTP). The FMTP has been operating well for more than 35 years, and many of our senior managers entered the DoN under the aegis of the FMTP. To provide a more rapid, complete, and fully rounded training experience, we have lengthened the time that one serves as a trainee, expanded the time frame of each rotation, and added several non-FM rotations and retention tools. These changes were inaugurated in 2005. When that class graduates from the program in late 2007, it is our expectation that they will have a more well-rounded foundation that makes them more competitive for the mid-level manager positions.

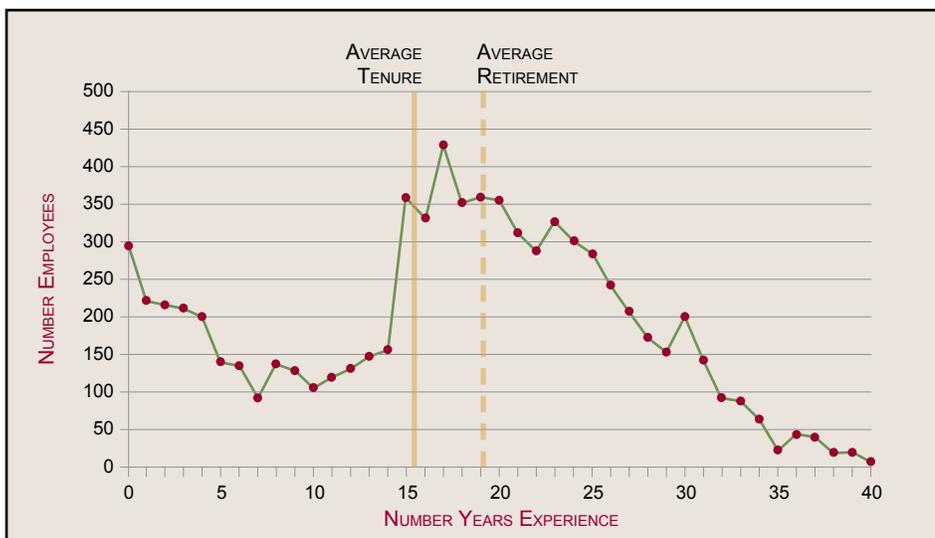


Figure 1. Downward Trend of FM Civilian Workforce

We also need high-quality mid-level managers now and have added an exciting new second-tier development program—the Associates Program. We have recently completed a dialog with the Office of the Under Secretary of Defense (Personnel and Readiness) and the DoN Human Resources staff on the best method to proceed with recruiting for this program. It is our goal to have the details finalized by the fall of 2006 so that we can begin to recruit.

Retention

It does little good to attract people if you are unable to retain them. While there is only so much that can be done with salary levels, there are incentives we can use to retain our current workforce. In this area, we have inaugurated a Total Rewards Program to provide an incentive for our current workforce both to stay in the DoN and to improve performance. In the FMTP, we have created a centrally managed and funded tuition loan payback program. Although not a mandate to be used for others in the FM community, we strongly encourage commands to use this tool. Other retention tools, such as hiring and retention bonuses, while not widely used in our FM community, will come under scrutiny during the workforce modeling effort.

One other effective incentive method is the use of awards, both monetary and non-monetary. We have expanded the Assistant Secretary of the Navy (Financial Management and Comptroller) Awards Program, a nonmonetary program, to encompass six separate functional areas for individual competition and two team awards, all encompassing two organizational levels (major command and below major command). In addition to the expansion of categories, the awards are conferred semiannually, thus further expanding our ability to recognize the DoN's many outstanding financial managers. Our FM personnel also are encouraged to document their work in articles for publication in newsletters, professional journals, and other relevant FM publications. Our professionals are doing great things, and we encourage them to share their accomplishments far and wide,

not only within the DoN but also outside our Department.

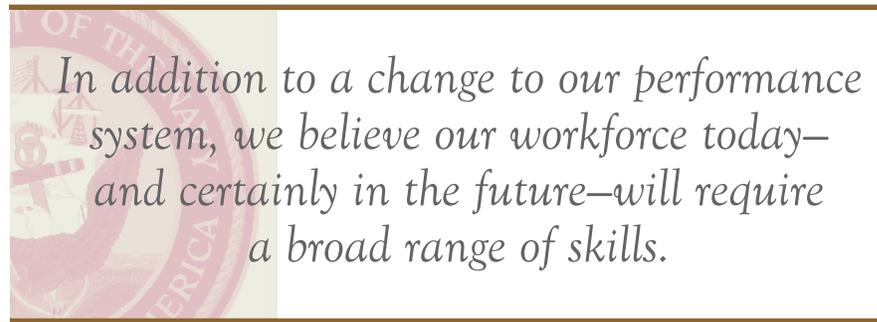
Performance Management

This area is an exciting one as we use our current systems and prepare for the National Security Personnel System (NSPS). Within our current system, the ASN(FM&C) has previously issued three general objectives that were included in every civilian

the series. The use of these standard documents will result in a huge leap as we begin to implement aspects of NSPS.

Military Financial Managers

The intent of the human capital strategy for military officers is to produce a cohesive and high-performing workforce of senior and upwardly mobile officers who are highly qualified in FM expertise. The DoN



performance plan. With the introduction of NSPS—a system that links competency, corporate objectives, and performance to compensation—some changes are needed. Managers can and should use the overarching FM&C corporate goals, but they should be coupled with local requirements to develop measurable objectives for employees.

In addition to a change to our performance system, we believe our workforce today—and certainly in the future—will require a broad range of skills. This fact has been recognized in an FM job series alignment throughout the DoN. As announced in February 2006,⁴ seven technical series (GS-503, 525, 530, 540, 544, 545, 561) have been aligned into one, GS-503, now titled Financial Technician. We also aligned the use of two analyst series (GS-560 and 501) and are now using the GS-501 series with the title Financial Management Analyst. The other series (505, 510, and 511) will continue to be used as appropriate. These alignments will make our workforce more agile and will accommodate financial changes planned both for the near and the long term, such as Enterprise Resource Planning, which require broader skill sets. As we aligned our series, we have also developed standard position descriptions to be used by all commands and activities for each grade within

allows each service—Navy and Marine Corps—to manage its FM community in its own way, but there is significant overlap.

In recent years, there has been a growing recognition of the importance of FM in the planning and execution of Navy programs. Navy leadership must be able to develop and use the tools of sound FM during decision-making processes.⁵

Navy Uniformed Financial Managers

To maximize the resources for which the DoN is accountable, attention is needed to ensure that the officer corps is properly trained and prepared for its FM roles. There are two core competencies to train and equip a naval officer into becoming a competent financial manager: graduate education in a financial management curriculum and a utilization tour in a financial management assignment. These two competencies must be balanced with other career demands placed on naval officers in their overall career development.

Graduate education in financial management is a critical first element in the training of FM professionals. The target officer pay grades for graduate education are O-3 (Lieutenant) to O-4 (Lieutenant Commander). Currently, the preferred academic pro-

gram is the master of business administration (MBA) program at the Naval Postgraduate School (NPS). The NPS curriculum combines a rigorous MBA program with an advanced Defense focus. The NPS also offers the executive MBA program, a distance-learning program that meets all academic accreditation requirements and provides an MBA. The NPS MBA and E-MBA are the only academic programs that award the Navy's 3110P subspecialty code for financial management. In addition, there are a number of additional opportunities within the Navy to finance a graduate program at the school of the student's choice. Two principal programs are the Graduate Education Voucher Program and the Tuition Assistance Program.

The experience and competence gained from a tour of duty serving in an FM-coded billet are critical elements in the development of an FM professional. Senior leadership within the FM community is committed to providing oversight in the assignment of officers to critical FM billets and to be actively involved in any changes affecting designated FM billets. The development of a career FM naval officer requires not only the development of the FM skill set but also a broader naval officer resume. Officers must meet career and professional requirements leading to increased responsibility and promotion. There is a complex path of assignments and education that contributes to the professional development and promotion of a senior naval officer. The common requirements placed upon our career military officers include command, sea duty assignments, staff experience tours, and graduate and professional military education. A melding of these experiences produces the most qualified senior officers to lead the Navy.

U.S. Marine Corps (USMC) Uniformed Financial Managers

Marine officers are taught that they are infantry platoon commanders first and military occupational specialty (MOS) experts second. With that in mind, all USMC second lieutenants (pay grade O-1) attend the Basic School for six months to learn how to lead an infantry platoon in combat, prior to becoming a specialist. It takes a fine balance to stay competent and be the sort of well-rounded Ma-

rine Air-Ground Task Force officers that can serve in any "clime and place" on almost any staff—joint, coalition, interagency—while staying technically proficient in their field of expertise. Within the FM field, every officer holding the 34XX specialty will attend an FM school to achieve his or her basic MOS qualifications. Afterwards, these officers can further hone their skills in much the same way as the rest of the DoN FM community.

While the USMC is certainly a part of the DoN and has essentially the same training opportunities, there are some interesting twists. For example, the Marine Corps sends its senior noncommissioned officers and company-grade officers to the Marine Aircraft Group Fiscal Officer Course at the Navy Supply Corps School, where they learn how to manage the Navy's "blue" dollars rather than the USMC's "green" ones. During this training—and in all FM training—the marines are constantly reminded that they must maintain the warrior spirit and that every marine is a rifleman.

The USMC's FM available opportunities are being gathered into officer roadmaps. The USMC Financial Management School is in the process of completing officer roadmaps that will depict those billets, special duty assignments, the critical skill progression, professional military education and training, common combat skills, and voluntary education requirements and opportunities available to all.

As with Navy officers, USMC FM officers must meet career and professional requirements leading to increased responsibility and promotion; but, unlike the Navy, USMC officers compete with each other for promotion not within job fields. There is certainly no set career path of assignments; some 34XX-coded members serve 20 years completely inside the FM field, while others will perform drill field/recruiting/joint or combatant commander tours outside the FM field. However, there are two common threads that all USMC FM officers should strive to become: comptrollers of major subordinate commands (wing, division, logistics group) and commanders at the lieutenant colonel (O-5) and colonel (O-6) levels.

Closing Thoughts

Human capital is the single greatest resource that the DoN has to accomplish its mission. Years ago, a brilliant man, the late economist Julian Simon, often described the human mind as the ultimate resource and, among his several books, published two that have this term as their titles. He wrote that "each additional person is a boon,"⁶ a resource or durable good that, if we invest in it heavily, will provide a good return.⁷ Simon was right, and we treat all members of our DoN FM community as a boon—to the Department and to the nation. We invest in them heavily and reap the rewards of that investment every day. We will continue to employ this investment strategy while continually looking for ways to improve as we proceed through the journey. 

Endnotes

¹Speech by the Honorable Richard Greco, Jr., ASN(FM&C), June 1, 2005, at the American Society of Military Comptrollers Professional Development Institute in Salt Lake City, Utah

²Ibid.

³Ibid.

⁴ASN(FM&C) Memorandum of February 28, 2006; "Aligning the Position Classification Series Within the Department of the Navy (DoN) Financial Management (FM) Community"

⁵Secretary of the Navy Gordon England, in precept to the FY05 Active O-7 Line Board

⁶Julian Simon, *The Ultimate Resource 2*. (Princeton University Press, 1996), pg. 3

⁷Ibid., pg. 4

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