LESSON 1: The Case for a Talent Focused Human Capital Strategy

Overview: Consider the U.S. commitment to an all-volunteer military, its global engagement in an era of persistent conflict, and evolving changes in its domestic labor market. Taken together, do they suggest the need for a new and comprehensive human capital strategy recognizing the interdependency of accessing, developing, retaining and employing talent? How might building a talent-focused strategy around this four-activity human capital model better posture the Army for success? What are the national security implications of status-quo personnel management?

Required Readings & Materials

- Video. “47th Annual U.S. Army Senior Conference - Introduction” (00:00-00:51).

Supplemental Materials

- Video. Interview with GEN Martin Dempsey.
- Video. Interview with GEN (R) John Abizaid.
- Video. Interview with GEN (R) Gordon Sullivan.
LESSON 2: Defining Talent (Part 1)

Overview: What is talent? Who has it? What’s the difference between “competent” and “talented?” Given that the Army currently benchmarks against the former, how does shifting focus towards the latter change things? If the Army embraces “talent,” what role does talent management play?

Required Readings & Materials

  http://www.consortionettuno.it/materiali/B/697/773/16/Testi/Gardner/Gardner_multiple_intelligent.pdf
- Video. “47th Annual U.S. Army Senior Conference - Defining Talent Plenary Session” (00:55-09:10)
LESSON 3: Defining Talent (Part 2)

**Overview:** Over the years, the Army has needed both specialists and generalists. How does it accommodate both deep and broad talent? What talents should the United States Army seek in its officers? Lastly, the pathway to general officership and command is relatively narrow in the Army's current officer career model - how does the Army change a culture that defines success narrowly?

**Required Readings & Materials**
- Colarusso, Lyle and Wardynski. “Employing Officer Talent.” *Course Reader*, 171-173 [Ch. 6].
- Colarusso, Lyle and Wardynski. “Evaluating Officer Talent.” *Course Reader*, 193-194 [Ch. 7].

**Supplemental Materials**
- Video. Interview with MG Gregg Martin.
- Video. Interview with Senator Jack Reed.
- Video. Interview with GEN (R) Carl E. Vuono.
LESSON 4: Retaining Talent

Overview: For many years, the Army has focused on retaining the right quantity of officers. How does the Army retain talent instead of simply retaining numbers? How can it retain the right talent across all phases of the 30-year officer career model? Can the Army expand its use of lateral entry to lessen the stress caused by low retention? Lastly, the Army has increased officer accessions to meet increased requirements at the mid-career level. What affect has this has upon talent retention in the Officer Corps?

Required Readings & Materials
- Colarusso, Lyle and Wardynski. “Retaining Officer Talent.” Course Reader, 63-96 [Ch. 3].
- Coumbe, Arthur. “Retaining Officer Talent.” History Reader, 37-64 [Ch. 3].
- Video. “47th Annual U.S. Army Senior Conference – Retaining Talent Plenary Session” (15:05-21:00)

Supplemental Materials
- Video. Interview with GEN Martin Dempsey.
- Video. Interview with LTG (R) Buster Hagenbeck.
- Video. Interview with LTG (R) Joseph DeFrancisco.
LESSON 5: Accessing Talent

Overview: The Army Officer Corps embodies a unique profession whose culture and core warfighting abilities take years to develop. This necessarily limits lateral entry and means the Army must live tomorrow with much of the officer talent it brings in today. But due to private sector competition, Army accessions must be dynamic. Consider - how does the Army identify the right market in which to focus its officer accessions efforts and how does it market itself to targeted prospects? The Army’s multiple officer procurement programs provide a wide range of options to recruit talent – how does it determine the "appropriate" source of commission mix? What role does education play in the accessions of Army officers? And lastly, new accessions give the Army a chance to diversify its talents. But how does it know which diversity it needs? How does it go about acquiring it?

Required Readings & Materials

- Colarusso, Lyle and Wardynski. “Accessing Officer Talent.” Course Reader, 97-133 [Ch. 4].
- Coumbe, Arthur. “Accessing Officer Talent.” History Reader, 65-93 [Ch. 4].
- Video. “Towards an Officer Corps Strategy – Accessing Talent.”

Supplemental Materials

- Video. Interview with LTG (R) Benjamin Freakley.
- Video. Interview with MG Arthur Bartell.
• Video. Interview with LTG (R) Daniel Christman.
LESSON 6: Developing Talent

**Overview:** Despite success in this area, authorized strength and inventory mismatches, an inverse relationship between responsibility and formal developmental time, and sparse non-operational development opportunities are serious challenges the Army must address in the developmental arena. Exploring these challenges within the context of human capital theory, consider the following: How does the Army develop deep talents that also span the entire spectrum of requirements, from war-fighter to regional expert to enterprise manager? Aside from education, professional military training, and service in key positions, what types of additional developmental opportunities could the Army provide? How does the Army anticipate future requirements and adjust its developmental programs accordingly? And lastly - signaling theory suggests that individuals possess credentials to signal their talent. How can the Army best use signals - visible signals such as uniforms as well as invisible signals sent by the types of credentials it retains and rewards - to enhance productivity and to incentivize the development of the talents that the Army needs?

**Required Readings & Materials**

- Colarusso, Lyle and Wardynski. “Developing Officer Talent.” *Course Reader*, 135-164 [Ch. 5].
- Coumbe, Arthur. “Developing Officer Talent.” *History Reader*, 95-124 [Ch. 5].
- Video. “Towards an Officer Corps Strategy – Developing Talent.”
• Video. “47th Annual U.S. Army Senior Conference – Developing Talent Plenary Session” (26:07-33:40)

Supplemental Materials

• Video. Interview with GEN Ray Odierno.
• Video. Interview with MG Robert Williams.
• Video. Interview with BG Ed Cardon.
• Video. Interview with BG H.R. McMaster.
LESSON 7: Evaluating Talent

Overview: Today’s Army officer evaluation system exhibits two particular flaws – rating inflation and generic information. Students will consider the ways in which this hampers the Army’s ability to discern the talents and productive potential of each individual. Questions that will guide discussion include: What is the role of an evaluation system within an organization? How does a talent management imperative affect the current officer evaluation system? What is required of a talent-focused evaluation system? Does using the OER as a promotion tool limit its use as a development, credentialing, and talent matching tool? Lastly, how can the Army align incentives to engender accurate evaluations of individual skill, knowledge, and behavior in support of job matching?

Required Readings & Materials

- Colarusso, Lyle and Wardynski. “Evaluating Officer Talent.” Course Reader, 165-175 [Ch. 6].
- Coumbe, Arthur. “Evaluating Officer Talent.” History Reader, 125-133 [Ch. 6].
- Video. “47th Annual U.S. Army Senior Conference - Evaluating Talent Plenary Session” (09:15-15:00)
LESSON 8: Employing Talent

Overview: Effective talent employment is at the core of the Officer Human Capital Model. It can unleash the full productive potential of the Army’s greatest asset – its people. In this class session, students will consider the Army’s past and present employment practices. How has it matched individual officer talents against specific work requirements? Does the Army’s current assignment paradigm develop the depth and breadth of talent it needs to meet the challenges of the 21st century? Does it lead to optimal officer productivity and foster career satisfaction? Does the Army know enough about the officer talent it possesses, as well as the requirements for that talent? And lastly, how can the use of technology systems improve officer talent management? Note: During this lesson, students will be introduced to the Army Green Pages, a web-based talent management system recently piloted by the U.S. Army.

Required Readings & Materials

• Colarusso, Lyle and Wardynski. “Employing Officer Talent.” Course Reader, 177-203 [Ch. 7].
• Coumbe, Arthur. “Employing Officer Talent.” History Reader, 135-154 [Ch. 7].
• Video. “Towards an Officer Corps Strategy – Employing Talent.”
• Video. “Introduction to Green Pages.”

Supplemental Materials
• Video. Interview with LTG (R) Robert Van Antwerp.
• Video. Interview with LTG Thomas Bostick.
• Video. Interview with LTG Robert Caslen.
Towards an Officer Corps Strategy

Supporting Analysis

The Framework of a Talent-focused Officer Corps Strategy must be “Built to Code”

The Strategy
- Policy
- Resources
- Organizations

Must Conform to the Framework

Theory:
- Economic
- Human Capital
- Behavioral
- Opportunity Cost
- Time Inconsistency
- Asymmetric Information
- Principal - Agent
- Moral Hazard
- Equilibriums

Data:
- Accurate
- Granular
- Aggregate
- Actionable
- Relational
- Representative
- Selection Bias
- Incentives
- Over Time

Analysis:
- Piloting and Testing
- Causality
- Statistics
- Distributions
- Risk
- Trends
- Steady State
- Marginal vs. Average
- Multivariate
### Authorized Strength and Inventory (with TTHS) for Army Competitive Category Officers (Active Duty)

<table>
<thead>
<tr>
<th>Years of Service (Year Group)</th>
<th>LT</th>
<th>CPT</th>
<th>MAJ</th>
<th>LTC</th>
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- **Excess**
- **Shortage**

---

**Legend**
- **Required Strength**
- **Inventory**
There was a Significant Decline in Officer Retention Behavior Beginning in the Mid-1980s

Officer Retention Rates: Commissioning Source vs. Procurement Program

Share of YG1996 Officer Cohort Remaining On Active Duty

Years of Service

Commissioning Source

OCS (IS)

ROTC

USMA

Procurement Program

OCS (IS)

ROTC (NS)

ROTC (2YR)

ROTC (3YR)

ROTC (4YR)

USMA
Promotion Rates to Major and Lieutenant Colonel

Competitive Category Primary Zone Promotion Rate by Fiscal Year

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Promotion Rate to Major</th>
<th>Promotion Rate to Lieutenant Colonel</th>
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</thead>
<tbody>
<tr>
<td>1988</td>
<td>50%</td>
<td>55%</td>
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<td>1989</td>
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<td>1990</td>
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<td>65%</td>
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<td>1991</td>
<td>65%</td>
<td>70%</td>
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<td>1992</td>
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<td>75%</td>
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<tr>
<td>1993</td>
<td>75%</td>
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<td>1994</td>
<td>80%</td>
<td>85%</td>
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<td>1995</td>
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<td>1996</td>
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<td>1997</td>
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<td>2008</td>
<td>100%</td>
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<tr>
<td>2009</td>
<td>100%</td>
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</table>

Strategies Help Organizations Avoid Time-Inconsistent Decision Making

Time-Inconsistency is short-sightedness, "a disproportionate focus on short-term requirements"
Officer Accessions Mix by Source of Commission as of Sep 2009

Percentage of Competitive Category Officers Commissioned by Source and Year Group

- Draw Down Period
- Period of Declining Junior Officer Continuations
- Period of Low Junior Officer Continuations & Force Structure Growth
- ROTC Commissions
- USMA Commissions
- OCS Commissions

Changes in OCS Demographics Over Time

- The share of OCS accessions below CAT II has increased from 25% to 40%
- The share of OCS accessions with more than 10 YOS has increased from 15% to 45%
- The share of OCS accessions that were formally E7s has increased from 5% to 30%

*Data are from the Total Army Personnel Data Base
Screening, Vetting, and Culling for Talent

Selecting officers with high potential talent increases average talent levels from $\mu_1$ to $\mu_2$.

Rigorous vetting determines officers' order of merit listing.

Culling removes the lower tail of the talent distribution, further increasing average talent levels from $\mu_2$ to $\mu_3$.

Dimensions of Talent

TALENT

ACCESS - RETAIN - DEVELOP - EMPLOY

SKILLS
Native Ability
Intelligences
Preferences
Background

KNOWLEDGE
Education
Training
Experience
Tenure

BEHAVIORS
Ethics / Values
Goals / Beliefs
Motivations
Teamwork
While Bob and Cheryl have different talents, both can make optimal contributions to Team #1 if their talents are matched against existing work requirements.
Talent Management Can Lead to Increased Production

Aligning Talent (Skills, Knowledge, Behaviors) Against Requirements

Humanitarian Assistance

New production possibilities frontier

Old production possibilities frontier

Firepower

Talent Flight Reduces Workforce Productivity

1. 10 advancement opportunities: 10 people apply. 3 others choose to leave.

2. Talent mismatches cannot be culled without creating workforce shortages.

3. Talent mismatches: productivity is reduced.

= talent match
= talent mismatch
Talent Retention Optimizes Workforce Productivity

1. 10 advancement opportunities: 13 people apply.
2. Screening and vetting occurs. Talent mismatches are culled.
3. Talent matches: productivity is optimized.

Over-Accessing Officers is Undercutting Developmental Opportunities for Lieutenants

Average Rated Months of Platoon Leader Time

Number of Excess Lieutenants Accessed by Year Group


Excess Lieutenants
Platoon Leader Time
The Share of Captains with Less Experience is Increasing

<table>
<thead>
<tr>
<th>Share of Captains</th>
<th>Years of Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>with 0-6 Years</td>
<td>70%</td>
</tr>
<tr>
<td>with 0-5 Years</td>
<td>60%</td>
</tr>
<tr>
<td>with 0-4 Years</td>
<td>50%</td>
</tr>
</tbody>
</table>

Sep 1991 to Sep 2009

The Decision to Stay in the Army Weighs Experience-to-Date & Future Service Expectations Against Opportunity Cost

STAY IN
GET OUT
### The Value of (and Need for) Family Medical and Other Benefits Increases With Time in Service

#### Share of Officers with Dependents by Years of Service

![Chart showing the share of officers with dependents by years of service.](chart)

- **Red line**: Married or Any Minor Dependents
- **Blue line**: Married
- **Green line**: Any Minor Dependents

#### Officer Career Satisfaction Program Results

<table>
<thead>
<tr>
<th>Year Group</th>
<th>Branch for Service Cadets</th>
<th>Graduate School for Service Cadets</th>
<th>Post for Service Cadets</th>
<th>Total Participants [Eligible Cadets] (Participation Rate)</th>
<th>Contracted Man-Year Gain</th>
<th>Expected Eight-Year Continuation Rates (w/o Incentives) (with Incentives)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>749</td>
<td>271</td>
<td>116</td>
<td>1,133 [3,338] (34%)</td>
<td>3,231</td>
<td>[47%] (60%)</td>
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<tr>
<td>2007</td>
<td>878</td>
<td>487</td>
<td>164</td>
<td>1,529 [3,391] (45%)</td>
<td>4,485</td>
<td>[47%] (66%)</td>
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<tr>
<td>2008</td>
<td>840</td>
<td>564</td>
<td>191</td>
<td>1,450 [3,366] (43%)</td>
<td>4,673</td>
<td>[47%] (66%)</td>
</tr>
<tr>
<td>2009</td>
<td>969</td>
<td>560</td>
<td>247</td>
<td>1,583 [3,547] (45%)</td>
<td>5,208</td>
<td>[47%] (69%)</td>
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<tr>
<td>TOTAL</td>
<td>3,436</td>
<td>1,882</td>
<td>718</td>
<td>5,698 [13,642] (42%)</td>
<td>17,596</td>
<td>[47%] (67%)</td>
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</tbody>
</table>
The Officer Career Satisfaction Program Raises Officer Retention Rates by 50%

Screening, Vetting, and Culling Continuum
Performance and Selection to Command

Percent of Officers Receiving an “Above Center of Mass” on Their First OER by Position or Percent Selected for Battalion or Brigade Commander

Average Cost of Commission

Average Cost of Commissioning by Source of Commission
Marginal Cost of a Commission by Source

Marginal Cost of Commissioning by Source of Commission

Gutting of ROTC
Supply of Potential Officers

Military Manpower

Compensation

External Shocks and Generational Effects

Supply of Potential Officers

S-Shaped Officer Supply Curve

Public Perceptions by Branch of Service

Intellectual - Brainy
(Technology, Training)

AIR FORCE
For educated
Elite
Well respected/pride
Best training
Interesting from start
High standards
Mentally tough

NAVY
Cut edge tech
Qualities for success
Exciting places
Most specialties
Fair to women
Become expert
Skills for better job
Fair to minorities

Ordinary/Average

 Ordinary
Last resort
For the average
Low skill to get in
Heritage of heroes
Teamwork
Courage/bravery
Combat enemies

MARINES
Never quit
Feared fighting force
Combat likely
Physically tough
Most dangerous
Fallen comrade
Most discipline
Where action is
Honor/Loyal/Courage

ARMY

Physical - Brawny
(Tough, Dangerous, Combat Likely)
Approaching the Army as a Profession

Previous Generations

Millennial Generation

Informative

Interactive

Fun

Social

ARMY

Approaching the Army as a Profession

Fishing in the Right Pond

Talent Distribution in Pond A

High Talent Matches

Average Pond A

Talent Distribution in Pond B

Average Pond B

Low

Talent Fit for the Army

High
Development Time is Inversely Related to Rank

Share of Available Commissioned Officer Man-Months Accounted for by TTHS

Number of People Under Command

Officer Grade (Total Man Months)

0% 10% 20% 30%

Years of Service
1 – 10
11 – 22
23 – 32

LT – CPT
(490,262)

MAJ – LTC
(304,949)

COL – GO
(60,786)

0 100 200 300 400 500 600 700 800 900 1,000

Note: All calculations include Army Competitive Category officer plus Medical Service.
Note: Statistics shown above were derived from authors’ calculations based on Active Army Authorization Data dated 30 September 2008. All calculations include Army Competitive Category officer plus medical service.

Overcoming Principal-Agent Problems Requires Aligning Information and Objectives

<table>
<thead>
<tr>
<th>Information</th>
<th>Agent: HRC</th>
<th>Objectives</th>
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<tbody>
<tr>
<td>• There is an opening</td>
<td>• Fill openings</td>
<td>• Fill openings</td>
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<tr>
<td>• Post Preferences</td>
<td>• Support ARFORGEN</td>
<td>• Fill openings</td>
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<tr>
<td>• Family Considerations</td>
<td>• Manage Dwell Time</td>
<td>• Fill openings</td>
</tr>
<tr>
<td>• ORB Information</td>
<td>• Development</td>
<td>• Fill openings</td>
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</tbody>
</table>

Principal 1: Commanders
- Objectives
  - I need an officer who speaks French and has an MBA

Principal 2: Officers
- Objectives
  - I want to use my native French speaking and MBA talents
Individuals in a Free Market Respond More Rapidly to Changing Demand than Command Directed Enterprises

Number of Individuals Majoring in Middle Eastern Studies

Graduation Year


West Point Cadets
Officers Attending Graduate School (ACS)

Green Pages Reveals Both the Talents the Army Possesses and the Talents it Demands

Army

“Talent Market”

Talent Demand
GOs, COLs, LTCs

Talent Supply
LTs/CPTs, MAJs/LTCs, COLs

Commander: “I can find the talent I really need”
Officer: “I know which talents are in demand”

The Right Skills, Knowledge, and Behavior

Talent Matching
Assignments Transparency
Institutional Agility
Relational Coordination

Green Pages Reveals Both the Talents the Army Possesses and the Talents it Demands
Current Officer Management Practices Hinder the Development and Employment of Enterprise Level Expertise

By Identifying Talents Earlier, the Army Can Create Unique Career Paths for Officers While also Closing Enterprise Expertise Gaps

“Experts on Tap”

“Experts on Top”