

AcqDemo— A Contribution-Based Pay System

**“Where Some of Us Are Now—And
Where the Rest of Us Are Heading”**

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For the past few years, I like many others have been hearing the term pay-banding, referred to as a possible “new” pay system for Federal employees. The closest thing that I personally ever heard as a definition for this new system was, “It’s an industry-like pay structure for government employees.” That statement alone piqued my curiosity.

Because of my desire to learn and fully understand new and different initiatives that are being implemented within the acquisition community—for the Department of Defense specifically, and government-wide on a broader scale—I began researching the concept of pay-banding. I quickly learned that pay-banding, in fact, was only one facet of a contribution-based pay system. Since I always enjoy, as well as see a tremendous value in information sharing, this article is an attempt to share my insights on the DoD Civilian Acquisition Workforce Personnel Demonstration Project, commonly referred to as AcqDemo.

By Law

To set the stage, AcqDemo had its origins in a little heralded announcement published in the *Federal Register*, dated Jan. 8, 1999.

“Title VI of the Civil Service Reform Act, 5 U.S.C. 4703 authorizes the Office of Personnel Management (OPM) to conduct demonstration projects that ex-



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periment with new and different personnel management concepts to determine whether such changes in personnel policy or procedures would result in improved Federal personnel management.”

Section 4308 of the National Defense Authorization Act for Fiscal Year 1996 (Pub. L. 104-106; 10 U.S.C.A. §1701 note), as amended by section 845 of the National Defense Authorization Act for Fiscal Year 1998 (Pub. L. 105-85), spells out the purpose of AcqDemo:

“...The Civilian Acquisition Workforce Personnel Demonstration Project is designed to provide an encouraging environment that promotes the growth of all employees and to improve the local acquisition managers’ ability and authority to manage the acquisition workforce effectively. This demonstration involves streamlined hiring processes, broad-banding, simplified job classification, a contribution-based compensation and appraisal system, revised reduction-in-force procedures, expanded training opportunities, and sabbaticals.”

AcqDemo PM

Anthony D. Echols currently serves as the Program Manager for AcqDemo. Echols is responsible for the planning and execution of this multi-million dollar project whose primary goal is to increase the quality of the acquisition workforce and the products it acquires.

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Through AcqDemo, Echols and his team are seeking to demonstrate and validate that the effectiveness of DoD acquisition can be enhanced by allowing greater managerial control over personnel processes and functions and, at the same time, expand the opportunities available to employees through a more responsive and flexible personnel system.

AcqDemo, they envision, will provide managers, at the lowest practical level, the authority, control, and flexibility they need to achieve quality acquisition processes and quality products. And according to Echols, this project not only provides a system that retains, recognizes, and rewards employees for their contribution, but also supports their personal and professional growth.

“Although we have some challenges ahead of us that must be worked out,” Echols said at the AcqDemo Spring 2002 Seminar held in Orlando, Fla., “AcqDemo is definitely moving forward, and leading change throughout the DoD AT&L workforce.”

The “Heart” of AcqDemo
The “heart,” if you will, of AcqDemo is that every organization has a mission; and each individual in that organization should be contributing to that mission, regardless of the position he or she holds. Therefore, it must first be determined if the organization itself has been successful at accomplishing its mission; and if for some reason it has not, then unfortunately the employees’ contributions as a whole have also missed the mark. If, however, the organization is



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on target in supporting and accomplishing its mission, then the employees who contributed to that success should and will be adequately compensated.

“By design, AcqDemo forces non-performers to take one of two actions,” according to Leslie Bordelon, Executive Director, Air Force Flight Test Center, at Edwards Air Force Base, Calif.: “Improve or move on.”

People—No. 1 Asset

Bordelon, a strong supporter of AcqDemo and guest speaker at the recent Florida seminar, explained that “successfully managing a contribution-based pay system requires a lot of work; however, people are our number one asset and we should be devoted to mentoring, training, and appraising them. We are probably doing now what we should have always done. We are now doing [AcqDemo] at Edwards.”

Show Me the Money

One question that I and many others who are trying to gain a better understanding of AcqDemo were curious about was: *Is it possible for the employee to lose money when transitioning into the AcqDemo pay system?*

The answer is no, the employee will not lose money when transitioning into the project. In fact, in two of the training courses offered by the AcqDemo Program office—“Contribution-Based Compensation Appraisal System (CCAS) Process,” designed for employees entering into the program, and “Human



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Resource Management 101,” designed for managers administering the program—employees are encouraged, based on a specific formula, to work through their individual buy-in process. The AcqDemo training team is confident that engaging the employee in the process helps to promote understanding and confidence in the system.

Pay Pools/Panels

Pay pools and pay pool panels were additional areas I researched to better understand AcqDemo. I learned that the typical size of a pay pool ranged from 35 to 300 people; however, this size standard is a recommendation, not a regulation. Employees working in acquisition organizations, in acquisition positions, as well as the support staff within the organization, are those who make up the pay pool.

Once supervisors have evaluated employees, those evaluations are submitted to the pay pool panel. The pay pool panel members are senior managers in the organization who collectively decide the value of the employee’s contribution. The pay pool manager is the ultimate deciding official within the pay pool panel.

Claude M. Bolton Jr., ASA(ALT)

In a recent interview I conducted with Claude M. Bolton Jr., the Assistant Secretary of the Army for Acquisition, Logistics, and Technology, and also the Executive Agent for AcqDemo, Bolton expressed his views on a contribution-based pay system.

“Having a contribution-based pay system is not anything new,” he said. “The Alternative Personnel System at China Lake started over 20 years ago.”

Bolton sees AcqDemo as leading the way to a single Department-wide system and acknowledged that there will be challenges along the way such as “normal resistance to any change, issues to be worked out with unions, and lack of technology,” to name a few.

“The flexibility,” he contends, “that AcqDemo provides managers; the ability to



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reward and retain high contributors; and helping to expedite the hiring process are all reasons to push forward with the effort.”

Bolton is very optimistic and anticipates continued implementation at a rapid rate. He also expressed his conviction that *communication* is not only a key element for successfully implementing AcqDemo, but for effective management of any program.

“I have always sat down and talked with the people I managed,” he recalled, “at least twice per year, military and civilian, senior leader and support person—[even] more than twice when required. The fact that a mid-year and final year review is required under AcqDemo will not be a major change for managers run-

ning successful organizations. We’ve always done it that way.”

Last, Bolton emphasized the importance of training for managers, supervisors, and employees. “If anything has slowed us down,” he maintained, “it’s probably lack of training. We need more training, on a recurring basis—once is definitely not enough.”

A Constant Theme

One constant theme emerged from my personal research, individual training, and interviews with senior acquisition leadership on contribution-based pay systems such as AcqDemo: *The mission of the organization is the focus.* Recruiting, retaining, and rewarding high contributors are the best ways to accomplish the mission; and longevity will no longer be the basis for reward. Low contribution and no contribution will no longer be tolerated.

So how much are we contributing to the mission of our organizations? It seems fairly obvious that the first step is to know and understand the organization’s mission and how what we do fits into and supports the mission. Next we must seek out any and all training needed to help us learn how best to implement and work effectively within our organization. Last, but certainly not least—*communicate.* Ask questions; seek out answers; share information, as well as lessons learned.

Our DoD senior acquisition leaders recognize that change can be difficult, but when it results in a better qualified, more effective and efficient workforce, they will choose the best course of action. As expressed recently by Under Secretary of Defense (Acquisition, Technology and Logistics) E.C. “Pete” Aldridge Jr., “Maintaining the status quo is no longer an option.”

Editor’s Note: Richard welcomes questions or comments on this article. Contact her at Marcia.Richard@dau.mil.