

The Montebello Consensus

Key elements of a more coherent approach to managing the public service's executive resource

Association of Professional Executives
of the Public Service of Canada



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Context

1. As the Public Service's management team, the EX cadre – its composition, its values, its well-being and the range of expertise it represents – is of great importance to Canadians, who count on their leadership to ensure the government's efficiency and effectiveness.
2. Yet the information that would allow the Public Service to be confident that its executive cadre possesses the best possible mix of skills, and the right people in place to succeed those who leave, is sketchy at best. With respect to the current EX complement, we know who the individuals are and where they work. What we don't know is what skills and experience they offer, what their career interests are and how long they plan to remain in the Public Service – neither are we sure what competency void they may create when they leave. Further, the information that does exist is not shared across organizations. We don't have an effective mechanism for moving executives around the institution in a strategic fashion – not even at the ADM level and after years of effort. Support for those who are actively trying to manage their own careers is not well-coordinated among the several organizations currently involved, so what is needed is a more concerted strategic approach to both learning and development and career planning.
3. There has been periodic interest in addressing these gaps. The first report of the Advisory Committee on Senior Level Retention and Compensation under Laurence Strong (January 1998) led off with a section on the future of the Public Service. The Committee said "... it is our view that the government has reached a watershed with respect to the quality of the Public Service leadership group. To continue the current approach to human resources will lead to an inevitable weakening of this cadre."
4. In the same Committee's December 2000 Third Report, it underscored *workforce planning* as a critical requirement for the following decade. "It will require collecting a vast amount of data on the skills and competencies of the current management cadre as well as identifying the skills and competencies which will be required over the next decade." The latest report from the Committee (December 2004) "urges the Public Service to examine succession plans in light of current and forecasted demographics to ensure that human resource needs can continue to be met in the executive ranks."
5. APEX too has put a great deal of thought into the type of management regime that would provide optimal benefits for the Public Service as a whole, its constituent parts and the individual members of the executive group.
6. The Association's position paper on HR reform was issued close on the heels of its national consultations on behalf of the Quail Task Force (late 2001) and was the summation of several years of research and debate. In it, we underscored the importance

of leadership excellence in delivering results for Canadians and the need to support the Public Service's management team in continually reaching for excellence. "APEX believes that the best way to meet executive expectations in these respects is to have a strategic human resources regime that **balances executives' responsibility for their own careers with centralized support.**"

7. To date, there has been only modest progress on any of the recommendations, but the time may finally be right to move ahead. **The new Public Service Modernization Act requires departments to develop their own HR plans; this provides an opportunity to generate and share critical information at the corporate level** and to create the basis for a human resources management regime for EXs.
8. There are some concerns. While the Act introduces a more flexible HR management regime, **greater delegation to departments could easily exacerbate existing disparities in the type and quality of support offered to the executive group.** We must therefore act quickly to define and develop a more coherent approach to planning and development of the cadre. This effort will require concerted leadership from Deputy heads and from executives at all levels. EXs want to be heard on this issue and APEX is anxious to contribute to the discussions.
9. At its August 2004 retreat, the Association's Board of Directors decided to make this issue a priority and to devote the necessary resources to developing a position paper. Being made aware of the Association's interest, Monique Boudrias, Executive Vice-President of PSHRMAC, suggested in late October that APEX consider submitting a "think piece" to a COSO meeting (originally scheduled to be held in mid-December). **APEX quickly organized a retreat for about 60 executives** on November 30 and December 1, at which the characteristics of a modern approach to managing the executive resource were debated. The discussions were intended to build on the Association's previous work.
10. **Participants were a representative group,** comprising executives at all levels and from all functions, from regions and headquarters. Although there were a number of attendees from central agencies and with HR backgrounds, APEX deliberately weighted the mix towards those with "line" responsibilities.
11. With the objective of sketching out a viable model for EX management, the two-day meeting combined presentations – from central agencies and separate agencies with best practices to share – with facilitated consensus-building among all participants.
12. **This report is the result of our discussions at the retreat.** It reflects the consensus that was reached about the key features of a management model. We trust it will be a useful

contribution to deputy level deliberations and that it will spark more debate among executives.

13. This report is but one step in an on-going process. With the help of executives, the Association will continue to develop the ideas expressed herein until we are satisfied that we have arrived at a workable model for a more coherent EX management regime.

The EX Cadre : a community of communities

14. The first question retreat participants were asked to resolve was: is there is a definable EX community? On this point, consensus was reached very quickly. **There is a clear sense of identity common to all EXs, a consciousness of community which is quite independent of any specific functional or hierarchical affiliation.** It is realized as one enters the group at the EX-01 level and can be described as the sharing of a particular sense of responsibility, an understanding of a unique leadership role, a recognition that heavy expectations are placed on them and a commitment to meeting and exceeding them.
15. Of course **within that larger community exists a wide range of discrete sub-sets.** These can be, for example:
 - ▶ **hierarchical** (such as ADMs)
 - ▶ **geographical** (regions and headquarters)
 - ▶ **functional** (such as scientific and technical; legal; financial; policy; program management)
16. In the judgment of retreat participants, the special needs and interests of these communities of interest can and should be met, but within the context of the larger group. It takes time to develop an EX-1 to the point at which he or she is fully ready to take on an ADM-level position. **Maintaining a more corporate approach to this process will ensure that the men and women who accede to these senior positions demonstrate the full range of behaviours and have the knowledge and expertise that the Public Service desires in its executives.**

Managing the executive resource

17. **The challenge for any new executive management regime lies in satisfying the needs of three distinct parties: the Public Service as a corporation; the deputy heads and the departments they manage; and the individual executive.**
18. At APEX's Montebello retreat, participants spoke about the benefits to the Public Service, departments and individual executives of having a **more *coherent* management**

regime. It is quite clear that **executives are not interested being subject to *collective management*** of the type that has been attempted with the ADM community. They do not believe it has worked .

19. Creating effective, institution-wide **management of the resource is dependent on three things:**
 - ▶ **deputy heads investing the time** in managing their own executive resource;
 - ▶ **deputy heads being supportive** of the needs of the corporation; and
 - ▶ the existence of a commitment (process and resources) to establish a *connectivity between departments*. This connectivity is particularly important for small departments and agencies. Whereas larger departments may be able to be self-sufficient, smaller organizations generally have neither a large enough executive component nor the financial wherewithal to manage the resource as effectively.
20. **The foundation of a more coherent approach is information – *intelligence* –** about the cadre: a knowledge of the career status, the skills and the interests of the individuals who make up the group. This information can only be **gathered at the departmental level**.
21. There are a number of effective models in existence. For example, senior departmental management at Citizenship and Immigration Canada meets monthly to learn how each of their executives is faring and to check on career interests and readiness for development and promotion. Because the Deputy head knows the members of his management team, he is well-positioned to make the best use of the resources in place and to foresee areas of vulnerability. We know, too, that the Canada Revenue Agency and Statistics Canada have been running very successful programs for some years. There are doubtless other good examples.
22. The best way to promote this type of management approach is to make deputy heads more accountable for their “people management”. **Deputy heads must make serious attempts to know all members of their executive teams, not just the Assistant Deputy Ministers**. This means spending more than just a day or two a year to review paper evaluations and carry out opinion-based succession planning for those who are perceived to be “high flyers”.
23. **At the corporate level, retreat participants rallied around the idea of a central coordinating body through which deputy heads across the Public Service could share information on trends within their individual organizations:** what their areas of vulnerability or growth are likely to be, where they have room to offer development opportunities or flexibility to lend resources for determinate periods. This mechanism would also provide opportunities to open up individual departments’ succession planning

process. Through this sharing process, corporate requirements would emerge for which effective strategies could be developed.

24. **The majority of executives want to manage their own careers and are therefore looking for support in the form of access to information and other tools which would allow them to make informed career decisions.** Whereas most executives do not subscribe to the kind of forced mobility implied by a collective management regime, they do want it to be possible for them to move around the system to pursue their own career interests. To date, the Public Service has focused almost exclusively on promoting mobility within narrowly defined parameters.
25. **Executives want access to two types of information:**
- ▶ **where particular types or clusters of executive jobs (e.g. regulatory) are found and what kinds of qualifications they require; and**
 - ▶ **where opportunities exist now and may exist in the future.**

Individual departments would gather this information and deliver it to the co-ordinating body where it would be analyzed and repackaged in the form of “intelligence reports” to which all executives would have access.

26. Current corporate development programs such as the AEXDP have had only limited success because they have not met the needs of the corporation, departments and individuals. For example, while many AEXDP participants have derived significant personal benefit from the program, they recognize that the short-term nature of the assignments can have a negative impact on the host organizations. EX learning is further discussed in the *Learning and Development* section beginning on page 7.

During its recent national consultations, APEX noted that briefings on the roll-out of the Public Service Modernization Act have not convinced executives that the new legislation is going to make staffing or labour relations any less complex or any quicker than it is now — the benefits are not yet clear to them.

Recruitment and staffing

27. While there was no specific discussion about staffing delegation for EX 4-5s, participants were **supportive of the move to delegate authority for levels 1-3, with one proviso.**
28. **There is real concern that broader delegation to departments could create more insularity in human resources terms.** Because of this, participants said that **increased delegation must be balanced by a more coherent, pan-institutional concept of the**

executive resource, including its management and development and how its members are supported. Such an approach would be characterized by:

- ▶ some form of centralized strategic planning or sharing of intelligence on the community (as discussed in the previous section);

balanced with:

- ▶ an acknowledgement of the valid interests of individual departments and agencies to meet their own organizational objectives.

29. The key values of **access, transparency** and **fairness** would underpin a more coherent approach, which would also feature broadly understood **minimum selection standards**, by level. These standards could be **based on the competency profile** developed by the Public Service Commission and the Leadership Network and presented at the retreat; it was very well-received by retreat participants.
30. There was also consensus that the **tools and mechanisms permitting more coherent EX management must be in place prior to delegation** – it would be next to impossible to implement any new approach once departments are operating within the new regime. Such tools would include the new competency profile and the identification of clusters of positions which would lend themselves to a common resourcing approach.
31. **Support to delegated managers in the form of targeted learning, a tool kit and clear accountabilities will also be required before the delegation authorities are officially put in place.** Managers' understanding of their accountability can be enhanced with a clear description of the principles related to the delegation and a series of indicators which set out desirable and undesirable values and behaviours. **It should be noted that executives have not yet been prepared to take on this delegation.**
32. **Discussion participants were adamant that this career support information not resemble any of the old staffing tools like Data Stream or MRIS.** They simply want to know what positions or types of position are available or likely to be available, what their levels and minimum requirements are.
33. During the Montebello retreat, several executives stressed the responsibility of departments to engage in deliberate succession planning, but wondered about the optimal degree of transparency in the process. Executives generally favour processes which are open and offer equitable access to those who may be interested. However, a wide-open process may not always be in the organization's interest. There was no consensus on a particular approach.

34. The question of **recourse on executive-level competitions** was also raised. The consensus was that **whether or not the right would be regularly accessed, it was an important tool to ensure fairness and transparency** in the staffing regime and should be maintained.
35. Executives have for several years expressed their concern about the readiness of senior-level recruits from outside the Public Service to take on the organization's management jobs and leadership roles. Retreat participants noted that in view of the current EX demographic, the **Public Service was likely to see even greater importation of outside talent in the years to come**. They were aware of the Kroeger study carried out for the Canada School of Public Service, which identified gaps in the information and support provided to these appointees; **they strongly supported initiatives to better prepare these executives before they take up their duties**. This is in line with the recommendations the Association has already advanced to **make training in core public service functions mandatory**. At the same time, executives have encouraged APEX to undertake a survey of executives reporting to superiors from outside the Public Service, so that their perspective on appropriate training and on-going support could be taken into account.

Learning and Development

36. Participants at the Montebello retreat stressed that learning and development for the executive cadre must combine:
- a focus on them as leaders and managers; and
 - attention to their needs as individuals and employees.
37. **Learning and development are critical dimensions of sound HR planning and should be integral to the performance management process**. Regular conversations should take place between executives and their supervisors in order to define learning and development priorities and to discuss progress achieved. Priorities should be identified based on corporate direction, departmental HR plans and each individual's particular circumstances and interests.
38. Executives say that as they progress through their careers, the most effective type of learning comes through exchanges, visits and conferences like the APEX Symposium, rather than through classroom training, whose main objective should be to deliver core knowledge.
39. However, most executives say that the heavy focus of recent years on targeted leadership development has been to the detriment of basic management training in areas such as

financial, materiel, project and people management skills. As a result, many entry-level executives do not master the basic skills required to carry out these central functions. With a wave of new executives on the horizon, **it is crucial that “management 101” be re-introduced into the core curriculum for all executives. The training should be mandatory upon entry to the executive group and offered as a refresher later in one’s career.** While the targeted programs have their benefits, it is time to re-establish a balance and to dedicate the lion’s share of development resources to the larger community.

40. Another concern raised at Montebello was that access to high quality training and development is very uneven. This is especially true for executives working in small agencies and away from headquarters. Budgets there are often more limited, so executives may set aside their own development plans in favour of giving their employees access to training. Many courses are not even available in regions because of the cost factor. In order to resolve these issues, **it is imperative that core training be funded centrally and delivered nationally.**
41. Given the expectation that senior members of the Public Service be able to communicate effectively both with the Canadian public and with employees, the core curriculum for executives **should comprise a strong communications component.**
42. Access to language training is a “hot button” issue for executives. Currently, the money for language training is strictly related to the staffing of a bilingual position. However, the Public Service is hoping to be able to replace its phalanx of retiring executives with a younger generation already equipped with bilingual skills. This means the **investment has to be made now to give them access to high quality language training, irrespective of the language requirements of their current position and of the region of the country in which they work.**
43. Finally, executives suggest that access to sabbaticals should be a normal element of the management regime for the EX cadre. Executives often take on very demanding and challenging assignments over extended periods. This can have a serious impact on their health – they need time to “recharge the batteries” through challenging learning assignments.

Executive Compensation and Performance Management

44. Whether through APEX’s regular consultations or at the Montebello retreat, executives **continue to express strong support for maintaining the executive compensation regime recommended by the Advisory Committee on Senior Level Retention and Compensation in 1998 and accepted by the Government of the day.**

45. The Advisory Committee proposed that:
- executive compensation be comparable to the total Canadian market at the EX-01 level
 - adjustments be evidence-based; and
 - the executive terms and conditions of employment be distinct from those of collectively bargained employees, in recognition of the different responsibilities, expectations and demands placed on the leadership cadre.
46. **The fact that the Government has deviated from these principles in recent years – rolling back recommended increases in order to align executive pay adjustments to those of the bargained groups – is demoralizing many executives.** Inequities in the executive terms and conditions of employment, such as **severance and accrued annual leave, are irritants** that the Association has frequently raised and could easily be resolved.
47. Executives agree that implementation of the Performance Management Program (**PMP**) **is improving with time.** In particular, performance accords are being developed in a more timely fashion and cascading commitments are linked to business plans. However, there is concern that the assessment process is not sufficiently transparent. Based on executives' comments, APEX suggests that departments should put in place clear and transparent processes and adhere to these to ensure a certain predictability. For example, **all supervisors should be required to give frank and honest feedback, including a recommended evaluation, before review committees take place. If the review committee adjusts a supervisor's recommendation, the rationale for the change should be explained** to the executive in question. Supervisors' own evaluations should take into account the quality and credibility of their assessments of subordinates.
48. In order to **give greater weight to how results are achieved, performance on “people management” should be assessed independently and a portion of at-risk pay dedicated specifically to it,** as is currently being done at the Canada Revenue Agency.
49. Executives believe the **labels** which are currently attached to the definitions of performance ratings do not advance the Program's objectives. Each level **should simply define in the clearest possible terms the performance which would warrant the specific level of at-risk pay.** At the least, **an executive achieving all his or her key commitments should be entitled to full salary, including at least 7% performance or at-risk pay (10% for ADMs),** in order to achieve the minimum total compensation comparability that underpins the regime.
50. **There must be no distribution quotas.** In the words of the Stephenson Committee (2004), “the Performance Management Program is an important tool to clarify the goals

and commitments of the Public Service and rewards behaviours and outcomes that produce the desired results.” In light of this, arbitrarily determining that a specific proportion of executives should not receive any at-risk pay undermines the integrity of the program, turning it into a “numbers game” and unfairly penalizing organizations that manage performance on an on-going basis.

51. **For executives who are not performing at an acceptable level, remedial plans must be developed and supervisors held accountable for their implementation. Executives who have been given the means and opportunity to improve their performance and still do not meet their ongoing commitments in two consecutive years should be re-assigned, demoted or their employment terminated.**
52. Deputy heads should be held accountable and evaluated for how well their organizations manage people and the PMP process, in addition to the overall performance of the organization.
53. The Performance Management Program is complex and not well understood by all employees in the Public Service, let alone by the public. **The Leadership Network should develop a communications strategy to improve this situation.** Making the results of the program public, as recommended by the Advisory Committee, would be a place to start. Rather than reporting and tracking ratings distributions, **the focus should be on the actual amounts awarded by department, by level and by region.** As well as providing a vehicle to explain the results to the public, it would increase transparency and enhance the credibility of the Program with executives.

Services and Support for Executives

54. As previously mentioned, the executive cadre constitutes a distinct community, with its own unique responsibilities and needs. Much is expected of executives in terms of effort and commitment. In return, **they should receive state-of-the-art support and services** so that they are well-equipped to carry out their duties in the best interests of Canadians.
55. Research has shown that healthy leaders are best able to provide the kind of leadership needed for healthy, productive organizations. A key factor in ensuring that executives remain healthy is the provision of appropriate support mechanisms and services.
56. Some services intended for this client group already do exist. However, they are scattered across various organizations and often not particularly well known by the cadre. **There is a need for a “one-stop shopping” approach as well as a triage function**, whereby executives could address all of their questions and needs to one confidential centre that would then refer them to the appropriate service provider.

57. The federal Public Service should apply a “cradle to grave” approach when designing the service structure for executives. There are best practices from which to draw inspiration, ranging from the APEX induction ceremony for new recruits to the executive group, to videoconferences on themes and topics of interest to the community, to the Association’s Advisory Service for Executives. All of these APEX services are valued because they fill a void and have been designed to meet the specific needs of the intended clients – the executive community.
58. Unfortunately, **executives are not well-served by the Public Service’s harassment and indemnification policies.** For example, gaps in the support provided to respondents in harassment cases leave executives vulnerable to retaliatory action from employees whose performance they are legitimately attempting to manage. While executives don’t condone inaction in situations of actual harassment, they point to numerous cases where they or their peers endure psychological, emotional and professional damage due to the employer’s failure to offer appropriate support. APEX has repeatedly expressed its concerns to the employer on this issue and recently organized a round table discussion which brought together representatives of the employer, other interested agencies and clients of the Association’s Advisory Service. The Association is hopeful that amendments to the harassment and indemnification policies are imminent.
59. Employers of choice also focus attention on their executives who are close to retirement or retiring – because they recognize the significant contribution made by these individuals over the years and the effect they have on others’ perceptions of their company or product. The same can be said of the Public Service. **Executives should be better supported through their transition to retirement.** They should:
- receive expert advice as they think through their pension and benefits
 - have access to counselling services if needed
 - be allowed to contribute to the development of the next generation of executives through meaningful pre-retirement assignments; and
 - be celebrated when they leave the Public Service.

In addition, the current post-employment guidelines should be simplified in order to facilitate access to the services of seasoned executives who have retired.

60. **Providing such support and services in the regions presents challenges that must be addressed and resolved.** We live in a highly networked society and should be able to devise creative ways to deliver services to executives in the regions, even to those situated in more remote areas.