

TESTIMONY

Developing and Using General and Flag Officers

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CT-221

March 2004

Testimony presented to the House Armed Services Committee, Subcommittee on
Total Force on March 24, 2004

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Published 2004 by the RAND Corporation
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Statement of Harry J. Thie¹

Before the Committee on Armed Services, Subcommittee on Total Force U.S. House of Representatives

March 24, 2004

Mr. Chairman, members of the subcommittee, thank you for the opportunity to be here today. This statement is based on research conducted by myself and three RAND colleagues, Dr. Margaret Harrell, Peter Schirmer, and Kevin Brancato. Dr. Harrell co-led this research effort with me.

The Secretary of Defense has expressed concern that general and flag officer² assignments are too short, that the amount of service after promotion is too short, and that their careers don't last long enough. The Secretary is also concerned that undesirable aspects of the way generals and flag officers (G/FOs) are managed currently include high turbulence and turnover in assignments, and the loss of vigorous and productive officers to retirement from the military. Congress expressed similar concerns in the 1997 NDAA when it increased the allowed time in service to 38 and 40 years for O-9 and O-10 respectively. Additionally, the Office of the Secretary of Defense is concerned that such rapid turnover of assignments reduces organizational

¹ The opinions and conclusions expressed in this testimony are the author's alone and should not be interpreted as representing those of RAND or any of the sponsors of its research. This product is part of the RAND Corporation testimony series. RAND testimonies record testimony presented by RAND associates to federal, state, or local legislative committees; government-appointed commissions and panels; and private review and oversight bodies. The RAND Corporation is a nonprofit research organization providing objective analysis and effective solutions that address the challenges facing the public and private sectors around the world. RAND's publications do not necessarily reflect the opinions of its research clients and sponsors.

² General officers of the Army, Air Force, or Marine Corps, and flag officers of the Navy include those in paygrades O-7 (i.e., brigadier general, rear admiral (lower half), O-8 (i.e., major general, rear admiral), O-9 (i.e., lieutenant general, vice admiral), and O-10 (i.e., general, admiral). By law there are about 900 general and flag officers, of which approximately 50 percent are O-7s, 35 percent are O-8s and 15 percent are O-9s and O-10s.

effectiveness, dilutes individual accountability among the leadership, limits career satisfaction of senior officers, and erodes confidence of junior and mid-level officers who see their military leadership moving through their organizations too quickly to gain more than a superficial understanding.

For their part, the military services concern themselves with the flow of promotions through 10 officer ranks, O-1 through O-10. This flow, particularly for the more senior officers, has conditioned officer expectations. Thus, the services' concern is that lengthening the tenure of senior officers could clog the system, causing promotions to stagnate throughout the officer corps, and affecting retention.

The Department of Defense asked RAND's National Defense Research Institute (NDRI) to assess the promotion, assignment, and tenure issues of general and flag officer management. This research project was designed to establish the baseline assessment of what general and flag officer careers currently look like, to analyze possible changes to the current management, and to assess whether such changes might resolve the identified concerns. The research approach included a review of private sector literature to understand how private sector organizations manage their senior executives, analysis of promotion patterns and management of general and flag officers, modeling and assessment of different career management models and the resulting policies and practices, and interviews with senior military officers to capture their understanding of the current system as well as likely behavioral responses to a changed system. A RAND report released in March 2004 by Margaret C. Harrell, Harry J. Thie, Peter Schirmer, and Kevin Brancato, *Aligning the Stars: Improvements to General and Flag Officer Management* (MR-1712-OSD) fully documents the research.

Senior Officers Flow Rapidly Through the System

Our empirical assessment of the promotion patterns and career tenures of general and flag officers confirms that senior officers retire relatively early, and they are able to do so by moving relatively rapidly through both assignments and ranks. For example, before promotion, officers spend approximately three years as O-7s, two to two-and-a-half years as O-8s, and two-and-a-half years as O-9s. The three years at O-7 typically split between two 18-month assignments in some services and either 12 months or two years in others; then most officers will fill one to two

assignments at each subsequent pay grade. Officers promoted upward show slightly different assignment patterns: They also tend to serve two assignments at grade O-7 but are slightly more likely to have only one assignment at O-8 and O-9 on their way to O-10. Thus, the result is an assignment pattern in which retiring O-10s typically have a total of five to six assignments.

G/FOs tend to retire from the military with approximately 29–36 years of service. O-7s have 29 to 32 years of service. Those destined for eventual promotion to O-10 tend to get promoted to O-7 sooner than their peers do. The cumulative effects of this pattern are that most retiring O-10s have spent approximately 10 years as a G/FO, while departing O-7s have spent an average of three years as a G/FO.

Consistent with expressed concerns, while assignments are slightly longer at the higher G/FO pay grades, most are shorter than 30 months. G/FOs promoted to the highest ranks tend to have had two assignments while at O-7 but only one at higher pay grades. This is consistent with quick promotion through the pay grades. While officers spend three years at O-7 (split between two assignments), they spend only two to two-and-a-half years at O-8 and two-and-a-half years as O-9 before promotion.

Private Sector Senior Executive Management: Stability at the Top

Private sector research indicates that companies have a method of developing their high potential executives.³ These individuals spend their earliest assignments in positions that involve a high degree of organizational and personal learning. As they move up, they have increasing exposure to conceptual and strategic (rather than tactical) issues and increasing exposure to corporate culture, risk management, and broad contexts in which decisions are made. Thus, there is an evident pattern that indicates that some jobs are developmental opportunities for individuals, as a maximum number of individuals are exposed to these assignments as learning opportunities, and are rotated out of them before they might reach full or peak productivity. Individuals spend much longer and make more significant contributions in other positions that

³ Morgan W. McCall, Jr., Michael M. Lombardo (contributor) and Ann M. Morrison (contributor), *The Lessons of Experience: How Successful Executives Develop on the Job*, New York: The Free Press, 1989.

are intended to reap the organizational benefits of earlier development.⁴ We use the shorthand of “developing jobs” and “using jobs” to represent this dichotomy of positions.

Additional research also indicates that executives follow predictable learning and decision-making patterns in a new assignment.⁵ These patterns indicate that most executives require two and a half to three years in a job before they are no longer considered new managers and can be influential and effective. As executives progress through an organization, their rate of movement among positions tends to slow, either because the individual is reaching the limits of his or her effectiveness,⁶ because more senior and complex jobs require longer tenure, or because the individual has reached the most senior levels, at which he or she may serve for many years, assuming satisfactory performance. CEOs average more than 8 years tenure in the position, almost 70 percent serve to age 60 or older, and about 15 percent depart as a result of poor performance.⁷ This is consistent with shorter developmental assignments and with longer using assignments.

How Does the Military Develop Its Most Senior Leaders?

Understanding the private sector practices provides a framework for more intensive data analysis of military leaders. We concentrated this analysis on those military communities that are habitually promoted to the highest rank, O-10. Thus, we focused on a subset of the Army line officers, to include infantry, armor, and artillery officers; Air Force pilots and navigators, Navy unrestricted line officers, and Marine Corps line officers.

A key aspect of this study is the distinction between developing jobs and using jobs. This distinction rests on the principle that work experience accumulates through a variety of manager and executive assignments that prepare the individual for increasingly demanding and complex jobs. Early assignments build functional skills, organizational knowledge, and personal insights. Later jobs tend to have more complex and ambiguous responsibilities that draw on the skills and

⁴ Robert F. Morrison and Roger R. Hock, “Career Building: Learning from Cumulative Work Experience,” in Douglas T. Hall, ed., *Career Development in Organizations*, Jossey-Bass, 1986, pp. 237.

⁵ John J. Gabarro, *The Dynamics of Taking Charge*, Boston, MA: Harvard Business School Press, 1987.

⁶ C. Brooklyn Derr, Candace Jones, Edmund L. Toomey, “Managing High-Potential Employees: Current Practices in Thirty-three U.S. Corporations,” *Human Resource Management*, Fall 1989, Vol. 27, No. 3. p 275.

⁷ Charles J. Hadlock, Scott Lee, and Robert Parrino, “Chief Executive Officer Careers in Regulated Environments: Evidence from Electric and Gas Utilities,” *Journal of Law and Economics*, October 2002, Vol. XLV, pp. 535-563; and Chuck Lucier, Eric Spiegel, and Rob Schuyt, “Why CEOs Fall: The Causes and Consequences of Turnover at the Top,” *Strategy & Business*, Third Quarter, 2002.

knowledge developed in earlier assignments. Thus, some jobs develop an individual's skills, while others use skills previously developed. We conclude that using jobs should be longer than developing jobs, and our research into literature about the private sector supports this conclusion.

A detailed empirical analysis of the assignments of these officers confirmed the presence of developing positions, those frequently filled by officers subsequently promoted. We also identified using positions. These included some assignments from which an officer was seldom or never promoted, as well as assignments at the highest levels. We consequently divided each service's positions into developing and using jobs, based upon basic assumptions and the results of our data analysis.⁸ First, we addressed each end of the system, so that all O-7 positions were categorized as developing positions and all O-10 positions were deemed using positions. The detailed analysis of O-8 and O-9 billets suggested a division of positions at those paygrades that differs for each service. This analysis was based on observation of apparent end point positions, from which no officer was ever promoted to the next paygrade as well as the typical development path of later O-9s and O-10s.⁹ Thus, this division is observed in the data, given the past behavior, but is not considered prescriptive for the services.

Of interest are the differences among the services that emerged from this data analysis. These differences permit some understanding of the sensitivity of the developing/using distinction, and also suggest that the services' implementation of a revised system could vary. The resulting split of developing and using jobs, for the subsets of each service, by paygrade, appear in Table 1.

Table 1

Percent of Using Assignments, by Service and Grade

	<i>O-7</i>	<i>O-8</i>	<i>O-9</i>	<i>O-10</i>
Army	0	40	55	100
Navy	0	65	60	100
AF	0	44	28	100
USMC	0	30	11	100

⁸ We include all positions in which officers of the identified communities have served. Thus, for example, the positions included for Army infantry, armor, and field artillery officers are much broader than just infantry, armor, field artillery positions.

⁹ Positions that were not end-point positions but were also not clearly evident on future O-9 and O-10 resumes were conservatively included as developing positions.

After identifying past assignments as either developing or using, it is possible to examine the average assignment length for these different groups of assignments. Empirically, we found no real difference in tenure between developing and using jobs. O-8 assignments tend to last 18 to 24 months, regardless of the type of assignment. O-9 assignments were sometimes longer, with a few lasting up to 4 years. In general, however, O-9 assignment tenures were closer to 24 months. Thus, while we found evidence of using and developing positions, consistent with private-sector practice, we did not find differences in the tenure patterns of these types of positions.

Alternative Approaches for General and Flag Management

To determine whether changed management practices would address OSD's concerns, we analyzed and modeled various general and flag officer management systems based upon the distinction between developing and using positions. The alternatives varied the length of developing and using jobs and the number of developing or using job assignments that military leaders would have at each paygrade. The proportion of using and developing positions for each service were based upon the empirically-derived numbers in Table 1. This analysis permitted us the opportunity to assess the feasibility and tradeoffs of different implementations.

The main finding is that officers can serve considerably longer in using jobs without clogging the system, i.e., hampering the promotion process which is a concern of personnel managers in the military services. In fact, some alternatives promote a greater number of officers to the grade of O-7 while increasing the job tenure of more senior officers. Other alternatives suggested inconsistencies or infeasible implementations. For example, if developing jobs last two years and using jobs four, most services cannot promote sufficient numbers of officers to the grade of O-9 if all officers serve multiple developing jobs at both grades of O-7 and O-8.

The best career model that emerged from the many alternatives is as follows: Developing jobs last a minimum of two years. Ideally, using jobs are at least four years long. Officers who reach O-9 or O-10 have a total of three developing jobs while they are O-7s and O-8s. Officers likely to be promoted to O-10 serve in only one developing position when they are O-9s. Those O-8s who are not likely to be promoted to O-9 serve in a single four-year using position.

Officers who will retire as an O-9 serve in two four-year using positions while they are O-9s, and all O-10s serve in two four-year using positions.¹⁰

This structure maximizes the contribution of senior officers and the developmental opportunities for officers without significantly reducing the flow through the system, and it stabilizes the position tenure of officers who are not being developed for future assignments. While officers serve, on average, less total time as O-7s than they do in the status quo, that time is spent in one or two two-year assignments rather than two eighteen-month assignments, and is thus more stable for individual officers and organizations. The detailed service-specific results of this system, for the previously identified subsets of officers (e.g., Navy unrestricted line, Air Force pilots and navigators), compared to the status quo for that population subset, are discussed in detail in our published report and summarized below. These findings assume that the total number of general and flag officers remains unchanged.

Findings

Despite the concern from the services and some in Congress that slowing the system to increase accountability and stability in organizations could substantially reduce promotion opportunities, our analysis indicates that in most cases the annual number of officers promoted to O-7 increases compared with the status quo. This is a result of some officers spending less time at grade O-7. However, O-7 assignments are longer, so even with less individual time in grade, organizations benefit from greater stability in O-7 positions. The number of officers promoted to grade O-8 is also approximately equal to (in the Army and the Marine Corps) or slightly greater than (in the Navy and the Air Force) the status quo. The number of officers promoted to O-9 increases for the Navy and the Air Force, remains the same for the Marine Corps, and decreases (by one) for the Army. Promotions to O-10 decrease for all services.

Promotion Probability

We analyzed the likelihood that, for example, any officer promoted to O-7 will then be promoted to O-8 for both the overall population of officers in the alternative and also for those

¹⁰ We analyzed systemic effects based on this. However, if an officer were to hold one job for 8 years, the effects are the same.

officers serving in developing assignments, as compared with the status quo. The probability of promotion to O-8 is higher for Navy, Air Force, and Marine Corps officers and slightly lower for Army officers compared with the status quo. Promotion probability to O-9 decreases slightly for the Army in total but increases for the total population in the other services, again compared with the status quo. Developers are promoted to O-9 at a rate higher than the total population in the alternative and status quo. The likelihood of promotion to O-10 is less than that seen in current practice for both the total population and the developers.

Time in Grade at Retirement

We analyzed the average time in grade of officers retiring from that grade. For example, under the proposed career model, officers retiring from grade O-7 average approximately two-and-a-half years in grade O-7. This results from the retirement of officers who have one two-year assignment and the retirement of officers who have two two-year assignments. While this is less than the average O-7 time in grade for current retirees, the alternative is based on assignments longer than those of the current system, in which officers typically fill two 18-month assignments. Average O-8 time in grade at retirement in the alternative is slightly longer for the Navy and the Air Force and shorter for the Army and the Marine Corps. Average O-9 time in grade is less for all the services. However, the data are for officers serving in developing assignments in the modeled alternative as well as those serving in four-year using assignments. Thus, the average time in grade for the modeled alternative tends not to reflect the bimodal system of some O-8s and O-9s who serve two years in grade and others who serve four years (in the case of O-8s) or eight years (in the case of O-9s). Because all O-10 jobs are using jobs, all modeled officers promoted to O-10 will serve in two using assignments, for a total of eight years time in grade, which is considerably longer than the past average of three years time in grade for O-10s.

Average Career Length at Retirement

We estimated career length based on the modeled time as a G/FO in addition to the average time at which officers are promoted to O-7. While modeled O-7s who are not promoted to O-8 serve less time in the service than do currently retiring O-7s, officers at the other grades typically have similar (in the case of developers) or longer (in the case of users) military careers

in the modeled alternative than in current practice. The longer careers are especially notable among O-9s in using assignments and O-10s, who are all serving in using assignments.

Average Time in Job

We compare average time in job for G/FOs in the status quo with that in the alternative career model. For the alternative, average time is always 24 months for developers and 48 months for users. The mix of developing jobs and using jobs at each service and grade determines the alternative average time in job.

For all services and all pay grades, the alternative provides greater time in job than the status quo. For Army O-7s, the alternative provides seven months more time in job than the status quo, compared with about four-and-a-half months more time in job for the Navy, Air Force, and Marine Corps. At O-8, the time in job for the alternative averages approximately one year longer than for the status quo. Because O-9s serving in using assignments in the alternative stay much longer than in the status quo, the average time in job at O-9 is longer in the alternative than in the status quo, even though some developers (in the Army and the Navy) will serve slightly less time in job than they do in the status quo. By far, the largest increase in assignment tenure occurs at O-10: The alternative provides the Marine Corps with about 15 more months in O-10 assignments compared with the status quo, the Navy with 19 more months, the Army with 20 more months, and the Air Force with 23 more months.

Summary of Findings

Most of the services will experience a greater number of officers promoted to O-7 annually. (The Marine Corps will see one fewer.) Equal or greater numbers of officers will also reach grades O-8 and O-9, except one fewer to Army O-9. About half as many will rise to O-10, as the length of time that O-10s serve before retirement nearly doubles. Average career length will increase for all pay grades except O-7; however, O-7s will spend longer time in assignments than they do in the status quo. Average time in job will increase for all pay grades. Organizations will benefit from the stability of leadership tenures equal to or longer than those witnessed today. Individuals will have clearer expectations about their future and, at the apex of their careers, an opportunity to produce a more significant organizational impact.

Caveats and Concerns

Although we believe that the research strongly supports the distinction between developing jobs and using jobs, it is important to note, for several reasons, that the categorization presented here is descriptive, not prescriptive. First, while we could observe how officers are developed today, it is not clear that this would be the best way to do it in the future. Second, causality is ambiguous: Do officers with certain experience get promoted, or do officers who have a greater chance of promotion get certain assignments? Finally, the services might not categorize jobs the same way we did. Additionally, during the course of our research, several concerns were raised about repercussions from the proposed management change:

- **Retention.** While we heard concerns that officers would not be willing to serve longer time in service and in longer assignments, our interviews with serving and retired G/FOs suggest that retention will continue to be an individual issue; there will also be voluntary leavers and unexpected retirements, but retention of sufficient numbers of G/FOs should not be a problem. Analytically, we can also assert that if officers do not behave as predicted, the system may not achieve all the increases in stability and accountability—but it will look no worse than today’s system.

- **Flexibility.** We agree with assertions that the system must remain flexible and that an improved system should not be overly rule bound; performance and logic are more important.

- **Compensation.** Many of the senior officers we interviewed mentioned the compensation system; existing shortcomings of the compensation system will become even more evident if officers serve for longer careers.

Conclusions and Recommendations

This research proposes a system with greater stability and accountability, with fewer job rotations and longer service in position for many and with greater selectivity for the most senior positions. With the exception of some O-10 jobs (e.g., Chief of Service, Chairman of the JCS) the current management system generally does not determine tour length based either on the

inherent qualities of different assignments or on the way these assignments are used to develop officers. By making the distinction between developing and using assignments, the length of some assignments can be extended without clogging the promotion of officers. These longer assignments can coexist with equal or better throughput and probability, although some decreased time in the O-7 paygrade results. Thus, it is possible to extend assignments for the most senior officers and for some selected O-8 and O-9 assignments without limiting the developmental opportunities for fast-trackers destined for further promotion.

The analysis summarized herein suggests the value of a revised system based on the career model described above. Such a revised system can increase organizational performance, individual accountability, and overall stability. Time in position is managed and career tenure and time in grade at retirement become second order outcomes. Moreover, such a system more clearly sets expectations for officers in it and for organizations in which these officers serve. To implement such a system, the services will need to identify positions as either developing or using positions, and OSD and the services need to set goals for desired tenure in a position. The optimum time in job should vary by paygrade, community, and the nature of the job. Thus, using jobs would be longer than developing jobs. Ideally, developing jobs for line officers would be a minimum of two years; using jobs would be a minimum of four years. Jobs for those outside the line community may also be longer than those within the line.

We stress for several reasons that our observed using/developing splits for each of the services should not be used prospectively for management without review. One, the Services need to confirm that they should be developing officers with the assignments historically used to do this. Second, we acknowledge that some developing jobs may be better as three-year jobs and that some using jobs are not appropriate for a four-year tenure. This may especially be the case in overseas assignments or especially taxing assignments.

Such a revised system should emphasize management of time in job, and allow time in grade or time in service to adjust to improved time in job. Additionally, the services should manage the numbers of developing assignments that officers have at the grades of O-7 and O-8 so that officers experience three developing jobs overall during the O-7 and O-8 years and have one developing job at O-9 if they are candidates for eventual promotion to O-10.

While this management system could be implemented within current legislative constraints using waivers, changing or removing existing constraints would allow more flexible

management. Moreover, compensation changes should be considered. Such changes could include uncapping pay at senior levels, continuing the accumulation of retirement benefits to 100 percent at 40 years of service, and basing retirement pay on uncapped figures.

Finally, such a changed system will require some flexibility. Some officers in using assignments will be promoted. Further, performance shortcomings will need to be dealt with directly, as longer assignments are not conducive to continuing a non-performer. Just as approximately 15 percent of CEOs are terminated for performance reasons,¹¹ the military should anticipate a small number of officers who will require separation prior to completion of a longer assignment.

¹¹ Chuck Lucier, Eric Spiegel, and Rob Schuyt, "Why CEOs Fall: The Causes and Consequences of Turnover at the Top," *Strategy & Business*, Third Quarter, 2002.