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Subject: AOA HIGHLIGHTS FOR TUESDAY, JUNE 8

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DÉJA VU ALL OVER AGAIN: To some the term "GEL" sounds like something you shave with in the morning or a marketing gimmick for Asics running shoes, but actually in this case it stands for Gerald E. Lavey, the new guy on the block in the Administrator's office who is heading up a virtual organization for internal communications. Sounds pretty murky, you might be thinking - first, the guy uses only his initials, then he tells us he is heading up a "virtual" organization. Uh-huh.

Okay, here's the deal: As you may know, I am now in the front office to see what I can do to help strengthen internal communications in the agency, working closely with the lines of business. One of the reasons for a virtual rather than a separate, distinct organization is not to give the impression that internal communications is something you can delegate to a separate office. Clearly, internal communications is something that needs to be embedded in the lines of business, and the Administrator expects the management team to take the lead and get involved. If they don't, all this talk of improved internal communications will be so much window-dressing.

LOW HANGING FRUIT: Meantime, there are some obvious things we can start doing, based on what you told us in the employee attitude survey and which the Podesta Group also discovered in its study of internal communications. One of them is to get information flowing better -- at least in so far as we can affect how it's flowing from this direction, and that's where we are going to begin. One of the vehicles for accomplishing this is through what we are calling, for want of a better term, a weekly AOA Highlights report, a carryover from the ARA Highlights we did when we were part of the Research & Acquisitions organization. We may end up doing this twice a week, as we tried to do in ARA, but until we get the lay of the land, we'll start with just once a week. Besides, getting too much information is almost as bad as not getting enough. Some of the lines of business also will be sending out information on people and programs within their own bailiwicks. Some of them are doing this already.

We will be stressing timeliness and lack of sugarcoating. Another thing you told us is that you are tired of getting carefully sculpted messages indicating that everything is coming up roses. Certainly, accuracy will be another one of our goals with AOA Highlights, but we're not going to get crazy about this either. My 25 years of experience in the FAA (I came here fresh out of grammar school) have

taught me that one of the cardinal sins this agency has made in terms of communications is our obsession with making sure that all the "I's" are dotted and the "T's" are crossed before we begin to talk about anything. By the time we are ready to release information, of course, all the juice has been sucked out of the story and somebody else's version of the story is already on the street. We are thereby put in the awkward position of playing catch-up on a story that was ours to begin with. That doesn't mean that official pronouncements don't have to be carefully coordinated. They do, but even there I think we as an agency can do a better job of speeding things up and getting the word out faster. There is such a thing as a rigor coordinationis, as some wag once put it.

WE HAVE MET THE ADMINISTRATOR AND SHE AIN'T ME: Try to look on AOA Highlights as one guy's front-row observation of what is going on around the Administrator's office and headquarters. When we are reporting official policies or positions, we will try to make this eminently clear. In many cases, though, AOA Highlights will be laced with personal observations so please don't mistake my opinions for official policy just because I happen to be sitting near the throne of power. Proximity to power does not equate to power, a truth that is widely misunderstood in this city and in this agency. And, please, whatever you do, never confuse Gerald E. Lavey with Jane F. Garvey. The last time I checked, there is one Administrator and I ain't her. (See Rumsfeld's Rule at the end.)

CORE COMPENSATION TO BE EXTENDED TO ALL OF FAA: Yesterday, the Administrator sent out an electronic message to all employees announcing that next April the agency's core compensation system, currently being piloted in ARA, will be extended to all non-bargaining unit employees in the FAA. In addition, beginning this October, all FAA's senior executives will begin working under a new total compensation system linked to performance.

The Administrator's message doesn't get into the weeds on how the new system works. We will be getting lots of details over the next weeks and months. (AHR has established a Corporate Core Compensation Implementation Team with representatives from all the lines of business to prepare for the transition.) Rather, she talks about "why" we are moving to a new compensation system in the first place.

Basically, she says the reason is that "experience in industry - an increasingly in government as well - clearly shows that this helps to increase productivity as well as sharpen customer focus," two areas, in my judgment, where the agency clearly needs to do better. She goes on to say that "the trend among successful, high performing

organization has been to move away from 'one size fits all' compensation systems that are based primarily on tenure" to a more flexible compensation structure. I recall reading a recent Economist magazine special report on pay that cited the case of Levi Strauss which had been working under a tenure-based system, had gotten complacent, and began losing out big time to its competitors. (Might we say they got caught with their pants down?) So, they moved to a more flexible pay system that clearly differentiates performance and provides incentives for high performers. Levi Strauss is on the way back, but it was an expensive lesson to learn.

A PERSONAL PERSPECTIVE: Here's my take on this new compensation system, based on my experience with the pilot in ARA. It's hard to argue against the logic of this move, i.e., establishing a compensation system designed to reward high performers. That's like opposing motherhood and apple pie. Much the same way for merit pay for good teachers. Hard to oppose it on a rational basis, but emotions run high and logic doesn't always carry the day. Ironically, we've been grouching in Government for years about the inequity and injustice of hard working, productive employees getting essentially the same rewards as those who just show up and punch a clock. Yet, when we start talking about a system designed to address that inequity, we tend to balk. People get scared when they hear talk about adjusting their pay; they worry that it won't be done fairly and that somehow they will lose out. Interestingly, even strong performers have such trepidations.

The pilot in ARA (plus the office of the Chief Information Officer, AIO) has helped work out some of the early kinks in the system. That doesn't mean that the implementation on an agency-wide basis will go without a hitch, but my guess is that when the dust settles and the emotions die down most people will like the new compensation system as long as they think it is being done fairly. Keep in mind what the Administrator said in her message yesterday: no one will lose pay in the transition to the new system, and she and the Management Board will be monitoring the implementation to make sure that no one gets hurt in the process.

SIFTING THROUGH THE BUDGET TEA LEAVES: As many of you know, Congress has been on recess, but it reconvened yesterday. Before they left town a week or two ago, the Senate Appropriations Committee and the House Appropriations Subcommittee reported out bills for the FAA's FY 2000 appropriations. The full House Committee mark is scheduled for today. The budget and program folks here are poring over the House Subcommittee and Senate Committee reports because the devil is in the details. I took home copies of both reports to read over the weekend,

but neither made it out of my briefcase. Over a nice weekend like we just had, neither report competed seriously with the other items on my plate in "the fun-things-to-do" and "need to do" categories.

Basically, as I understand it, the Senate Committee bill would rescind almost \$300 million from already appropriated funds in F&E in addition to cutting our \$2,319 million FY 2000 F&E request by \$273 million. By contrast, the House Subcommittee cut \$119 million from the F&E request with no rescissions. In Operations, the Senate Committee mark was \$182 million below the Administration's request level of \$6,039 million, versus a \$114 million cut in Operations by the House Subcommittee. In RE&D the Senate mark stands at \$150 million, \$23 million below the \$173 million which the Administration asked for, and which the House subcommittee supported. Both the Senate and the House panels "plussed up" (budgetary parlance) the Airport Improvement Program (AIP) -- by \$650 million in the House and \$400+ million in Senate.

No matter what face you put on it, the Senate cuts in particular are deep and serious. It's hard to imagine how you can run a credible F&E program with those kinds of cuts, and with the Operations funds so tight already the OPS mark puts us in a big bind there as well. Seems to me you would have to kill some sacred cows to get down to those levels. Stay tuned.

FAA/NASA BRING R&D EXHIBIT TO HILL: In a related matter, a couple of weeks ago the Office of Congressional Affairs and the Office of Research (AAR) combined with NASA to set up an exhibit at Capitol Hill for a couple of days to provide members of Congress and their staffs a chance to see the cooperative research work the two agencies are doing. We complain bitterly when our budgets are slashed and put all the blame on Congress, but part of the problem is that we need to do a better job of making members of Congress and their staff aware of the good work that is going on in R&D and other program areas. Fate intervened to help underscore this message regarding R&D when a few days before the exhibit was taken to the Hill an aircraft overshot the runway at JFK. Apparently, the only thing that kept it from running into the bay was a soft-ground arrestor system developed under a Cooperative Research and Development Agreement (CRDA) between the FAA and a New York/New Jersey based company. Several years ago, before the arrestor system was in place at JFK, a plane ran off the runway and ended up in the bay. Fortunately, no one was killed but the aircraft was destroyed to the tune of about \$30 million.

NTSB CHAIRMAN URGES END TO DELAY ON NEW YORK TDWR: In Saturday's New York Times, NTSB Chairman Jim Hall wrote an op-ed piece urging New York to get on with installation of the Terminal Doppler Weather

Radar (TDWR) at New York to help protect passengers flying into and out of two of the world's major airports, JFK and LaGuardia. As some of you may remember, wind shear was responsible for the deaths of 112 people in the 1975 Eastern 66 accident. In the 1980's, there were fatal wind shear related accidents at DFW and New Orleans, and in 1994 at Charlotte, each one claiming more than a hundred lives, as I recall. Early in the 1980's, the FAA began developing TDWR for 47 major airports, and, as Hall points out, most of these systems are now in place saving lives. Ironically, New York's is not. The FAA has spent the last 10 years trying to find an environmentally suitable spot for the New York TDWR, and we have one that is the most environmentally acceptable while still providing safety protection for both airports. It's located at Floyd Bennett Field, some 1.1 miles from the nearest residence. Yet, there is still opposition. Hall said it is time to put an end to the protracted delay before another Eastern 66 tragedy occurs. He's got that right.

ADMINISTRATOR'S TRAVELS: The Administrator left yesterday afternoon for Los Angeles for a meeting of the Directors General of Civil Aviation for the Asian Pacific Region. On Tuesday night she returns, only to turn around on Wednesday to head for Europe where first she meets with aviation authorities in Ireland, then to Paris for meetings with more aviation and industry officials and the Paris Air Show. She returns to the U.S. Tuesday, June 15. Monte Belger is in Vienna this week participating in an ACTA symposium. Steve Zaidman also is there talking about NAS modernization.

When you're sitting in a cubicle day after day, this travel probably sounds exciting, but I would imagine it could get old pretty fast. Not that I've done that much official traveling myself (I'm basically a desk jockey), but I remember going as a worker bee to the Paris Air Show in 1985, I believe it was, and it involved a lot of tedious work and talking to a lot of people you ordinarily wouldn't want to spend that much time with. That can be very tiring. Hurts your facial muscles trying to smile all day.

Speaking of travel, in a May 21 speech at the National Press Club about what steps the FAA and industry are taking to get the National Airspace System into the 21st century, the Administrator harkened back to the Charles Lindbergh's historic flight in 1927, talking about how little he had on board to guide him. She then quipped, "The only extras he had on the flight were four sandwiches and a bottle of water. In that respect, not much has changed. Except you can't count on the sandwiches."

SPEAKING OF JANE: Evelyn Brackman already ran this item in her AAF

report, but it bears repeating. It's about an item that Aviation Week & Space Technology recently ran on a USAirway flight to Boston that was being held on the ground at National. The Administrator was on the plane en route to Boston for a ceremony honoring Senator John McCain. According to the magazine, the passengers were told the flight could not depart on time because the FAA was doing a Y2K test of air traffic control computers. The Administrator reached for her cell phone to call the ATC Command Center at Herndon, and no one there was aware of any Y2K tests.

RUMSFELD'S RULES: As promised, these are excerpts from rules developed by Donald Rumsfeld when he was Chief of Staff to President Ford. Every staff person to a VIP should read them from time to time. "Don't think you're president. You're not. The Constitution provides for only one. The immediate staff and others in the administration will assume that your manner, tone, and tempo reflect the president's. Conduct yourself as if they did. Learn to say, 'I don't know.' If used when appropriate, you will say it often. If you foul up, tell the president quickly and correct the error quickly. Don't dally, compounding mistakes. Never say, 'The White House wants.' Buildings cannot 'want.' The price of being close to the president is delivering bad news. You fail him and yourself if you don't tell him the truth. No matter how eager you are to do your job, others won't want to do this part of it for you. Don't ever conceive of yourself as indispensable or infallible. Don't let the president or others believe that nonsense either. Keep a sense of humor. Remember the saying: 'The higher a monkey climbs, the more you see of his behind.' If you are not criticized, you may not be doing much. Know and remember where you came from. From the inside, the White House may look as ugly as the inside of a stomach. Sausage making and policy making shouldn't be seen close up. But don't let that panic you. Things may be better than they seem from the inside."

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