



# **POLICY ISSUE**

## **(Information)**

May 29, 2020

SECY-20-0049

FOR: The Commissioners

FROM: Margaret M. Doane  
Executive Director for Operations

SUBJECT: AGENCYWIDE TRANSFORMATION PERFORMANCE MEASURES

PURPOSE:

The purpose of this paper is to provide the response to Staff Requirements Memorandum (SRM) M191029, dated November 20, 2019, wherein the Commission directed the staff to provide it with information on transformation-related performance measures. The paper does not address any new commitments or resource implications.

BACKGROUND:

The U.S. Nuclear Regulatory Commission's (NRC) transformation vision is to become a *modern, risk-informed regulator*. We adopted this vision because we recognized that many of the NRC's processes and approaches to the agency's safety, security, and environmental mission were based on regulating 20th century technology. Many seminal regulations and procedures were developed more than 30 years ago. As a safety regulator, rooting our decisions in well-thought-out regulatory principles has served us well over the years. We have, however, not always been sufficiently introspective. Other government agencies and other high-performing organizations have been using state-of-the-art approaches that the NRC can take advantage of to better meet our mission. Further, the regulated community has pivoted to new and advanced reactor technology and state-of-the-art ways of doing business; these changes have highlighted our need to modernize our own processes, and in some areas, our regulatory programs, to continue to meet our safety and security mission.

To gain insights on how to meet future challenges, in January 2019, the NRC concluded a scenario-based assessment of what the future external environment, within which the NRC would carry out its mission, might look like through 2030 and beyond, as documented in "The Dynamic Futures for NRC Mission Areas" (Agencywide Documents Access and Management System Accession No.: ML19022A178). The scenarios ranged from activities significantly diminishing in many of the areas that we regulate to "taking off" and seeing vast technological advancements, for both our reactor and materials work. Using this report, which included discussion of the potential future scenarios, the staff held an all-agency "Futures Jam," in June 2019. The Futures Jam was a 3-day virtual discussion with NRC staff and management. All staff were encouraged to join the conversation and identify areas where the agency should focus its transformation activities and be successful in any potential future scenario.

On October 29, 2019, the NRC staff provided a briefing to the Commission entitled, “Transformation at the NRC—Becoming a Modern, Risk-Informed Regulator.” In that briefing, the staff discussed with the Commission the strategic aspects of transforming the NRC to better inform our decisions and prepare us for the future. The staff’s presentations highlighted key insights that were gained through the Futures Jam and outlined the structured framework for planned transformation-related activities. The transformation framework is organized around four focus areas: 1) attracting and retaining staff, 2) innovation, 3) being “risk smart,” and 4) using technology. Our work in these focus areas is divided into seven initiatives. The seven transformation initiatives, summarized in the following table, contain “Horizon 1” activities, that are in large part coming to a close within the next 6 months as the activities are completed or are subsumed into office-level transformation activities. Additional activities have been identified that will further advance our progress on transformation. These “Horizon 2” activities are currently under development.

<b>Horizon 1 Initiative and Objective</b>	<b>Activities</b>	<b>Target Date</b>
<b>Agency-Desired Culture</b> – Aligning our behaviors and mindsets with our transformation vision.	Conduct assessment to identify current and ideal culture, identify behavior shifts, develop implementation plan, imbed behaviors, and conduct a re-baseline assessment.	Fall 2021
<b>Career Enhancement</b> – Identifying and communicating how the agency’s human capital programs support current and future workforce needs.	Human capital assessment and development of infographic tool to enable staff to remain educated about our various human capital tools to help them to better inform their career decisions.	Completed Spring 2020
<b>InnovateNRC 2.0</b> – Designing and implementing a best-in-class program to help create a culture that supports an innovative mindset.	Obtain an innovation platform, conduct community training on new program and platform, create a reward and recognition program to aid behaviors and mindsets of innovation, and launch platform.	Summer 2020
<b>Signposts and Markers</b> – Determining which external factors will have the greatest effect on the agency’s future mission portfolio, and developing an approach to measure and track signposts and markers to support strategic decision-making.	Identify key indicators and develop an interactive dashboard that will be used to monitor factors that are most likely to affect our future work.	Completed Spring 2020
<b>Be RiskSMART</b> – Developing and implementing a systematic framework that supports consistent processes and guidance that give staff confidence in accepting well-managed risks in our decision-making without compromising the NRC’s mission.	Develop a framework and diagnostic tool for everyone to share a common understanding of risk and how it can be used in decision making across the agency, develop case studies to train staff on the use of the framework, and establish a group of ambassadors to create a community of practice.	Fall 2020

<b>Horizon 1 Initiative and Objective</b>	<b>Activities</b>	<b>Target Date</b>
<b>Process Simplification</b> – Enhancing the efficiency and effectiveness of agency work processes, such as document production and concurrence.	Assess current processes for congressional hearing preparations, communication plans, and document development and concurrence and enhance guidance to streamline these processes, encouraging the use of modern information technology capabilities.	Winter 2020/2021
<b>Technology Adoption</b> – Enhancing adoption and training for information technology services to ensure the services have maximum impact on day-to-day agency work.	Provide Office 365 training, create an IT Champions network and communications channels to create a long-standing framework to enhance technology adoption across the agency.	Summer 2020

In addition to these Office of the Executive Director for Operations (OEDO)-led initiatives, many other efforts supporting the transformation framework are under way at the office level. These office-level activities also support the four focus areas identified above.

#### DISCUSSION:

##### Measurement Methodology

Performance measures have been under consideration from the earliest stages in building out the agency transformation framework. The OEDO specifically selected an approach that had been applied to guide transformation in modern, high-performing organizations and has decided to go forward with the Objectives and Key Results (OKR) framework. The OKR methodology was developed at Intel in the 1970s and was later more widely popularized as discussed in the book *Measure What Matters*. OKRs have since been adopted by many organizations, including Google, the Gates Foundation, and TED.

Put simply, in the OKR model, the objective is a statement of *what* is to be achieved; the key results reflect *how* the objective will be achieved. While the OKR framework is not a specific methodology for performance management, it is a collaborative goal-setting tool used by organizations to set challenging, ambitious, aspirational goals with measurable results. In developing its OKRs, the staff consulted with Dr. Ryan Brown of Rice University. He explained that well-formulated objectives are clear, action oriented, and inspiring. Further, the key results (KRs) are specific, reliably measurable, and time bound. They are both necessary and sufficient to determine that the objective has been met. OKRs are also suited to organizations with a hierarchical structure, such as the NRC, wherein work units at different levels contribute to a common mission. OKRs established for the agency as a whole can be used to formulate OKRs for offices and regions, thereby facilitating the alignment of vision and goals. It is important to note that OKRs are not static, but rather are regularly assessed and adapted to reflect both work that has been accomplished and evolving priorities.

### Agency Objectives and Key Results for Transformation

In line with the vision of transformation into a modern, risk-informed regulator, the OEDO established the following objective:

Empower every employee to use innovation to make timely and better-quality decisions to promote safety, security, and protect the environment.

This objective encompasses the four transformation focus areas. *Empower every employee* involves *focusing on our people* to ensure that they are engaged and invested in the transformation. *Use innovation* means that employees are given both the tools and the creative freedom to explore new ways of doing our work. *Make timely and better-quality decisions* means that employees have the confidence to *accept well-managed risks in decisionmaking* without compromising the NRC's mission, while *using technology* to realize efficiencies in our work processes.

To support this objective, the OEDO established the following KRs:

- KR 1:** Deliver impactful solutions that meet the near-term goals identified in the Transformation Roadmap and the fiscal year 2020 Office Transformation Plans by September 30, 2020.
- KR 2:** Free staff time to support better quality and more timely decision-making by each office improving at least three processes, either programmatic or corporate.
- KR 3:** Improve employee engagement and demonstrate it by improving our overall Federal Employee Viewpoint Survey (FEVS) employee engagement score to 80 percent, the highest score ever achieved by the NRC. (Multiyear stretch goal)

The three KRs represent distinct elements of the agency's approach to transformation. KR1 refers to both the Transformation Roadmap, which is the master schedule of the agencywide initiatives led by the OEDO, and the Office Transformation Plans, which account for the decentralized transformation work ongoing throughout the agency. Therefore, this KR reflects that transformation, writ large, will be accomplished by the integrated work of staff at all levels of the organization. Moreover, the Transformation Roadmap and Office Transformation Plans recognize the need for systematic planning and sequencing of transformation activities to keep a coherence of messaging and to avoid overburdening staff.

KR2 indicates that the agency's work processes have a direct bearing on the timeliness and quality of decisionmaking. The transformation will implement changes in order to realize the efficiency gains that are needed to allocate resources to matters that are most important to accomplishing the agency's mission. KR2 highlights both programmatic and corporate processes, recognizing that there are opportunities for improvement in both areas. This is a short-term goal, the duration of which will be determined on an office specific basis.

Finally, KR3 illustrates that the agency considers its staff to be one of its greatest resources and ultimately the wellspring of transformation. Staff engagement will be improved by investing individuals in the work of transformation, listening to their ideas, and giving them fulfilling career opportunities that affirm their talents, skills, and abilities. KR3 is referred to as a stretch goal, which is understood to be aspirational and outside the norm of attaining in the short-term, but it

is still attainable over the course of a few years. Organizational research indicates that stretch goals motivate higher productivity and collaboration.

### Initiative Objectives and Key Results

As discussed previously, an important feature of OKRs is that they are readily translatable through the hierarchy of an organization where distinct work units contribute to a high-level, organization-wide objective. As such, the OEDO directed the initiative teams to develop their own OKRs in support of the agencywide transformation OKR. The teams' objectives are those listed in the table in the Background section of this paper. The initiative teams' KR's generally fall into two categories. The first category represents milestones for the completion of major activities. While these represent significant accomplishments, they are more process-oriented than performance-oriented. The second category of initiative team KR's relates to the adoption or implementation of the initiative teams' end products and recommendations. The table below lists the initiative teams' measurable KR's and their alignment to the agencywide KR's.

<b>Initiative</b>	<b>Initiative KR</b>	<b>Corresponding Agencywide KR</b>
Agency Desired Culture	Achieve improved scores on re-surveys of the Human Synergistics Organization Culture Inventory and Organizational Effectiveness, to be completed by October 2021, compared to the results of the baseline surveys conducted in March 2020.	KR1, KR3
Be RiskSMART	Assess the use and performance of the framework by surveying at least 20 percent of all staff in each office and conduct a Jam session to identify whether the staff has confidence to use risk-informed decision-making with a 70-percent favorable response rate in each office no later than April 30, 2021.	KR1, KR2
Career Enhancement	Achieve at least a 30-percent increase in the number of staff accessing a newly developed career enhancement infographic tool during the first 7 months following initial deployment, or by October 31, 2020.	KR1, KR3
InnovateNRC 2.0	Show a trend of increased participation in the number of challenges and successes completed, during the first 6 months following program launch.	KR1, KR2, KR3
Process Simplification	(1) Based on a survey of end users, at least 70 percent of staff rate the new processes as better than the previously existing processes for document production and concurrence, communication plans development, and congressional hearing preparation. (2) Achieve a 30-percent reduction in the number of working days for concurrence on annual SECY papers completed in calendar year 2021 compared to the same SECY papers in calendar year 2020.	KR1, KR2

<b>Initiative</b>	<b>Initiative KR</b>	<b>Corresponding Agencywide KR</b>
Signposts and Markers	By May 30, 2021, complete an effectiveness evaluation of the Signposts and Markers.	KR1, KR2
Technology Adoption	Achieve an increase of at least 10 percent in collaboration and document sharing on Microsoft OneDrive and SharePoint between the start of the Technology Adoption Initiative and September 2020.	KR1, KR2

All of the initiative teams' KR1s are aligned with agencywide KR1 because they represent near-term goals identified in the Transformation Roadmap, particularly to implement ideas and address staff perspectives that were related in the NRC Futures Jam.

The initiative teams' KR2s that align with agencywide KR2 will allow for timelier and better quality decisionmaking in licensing, rulemaking, and regulatory oversight. For example, the staff will use the "Be RiskSMART" framework to consider information, including risk information, in a more systematic and consistent manner. This effort is anticipated to result in improved resource allocation to matters of greatest safety and security significance. Also, the indicators developed by the Signposts and Markers initiative will add key insights to the agency's existing budget formulation and strategic workforce planning processes. This effort will facilitate the alignment of resources with the actual workload and reduce the time and costs associated with reprogramming funds and redirecting staff. Next, the Process Simplification initiative will yield streamlined workflows and the wider adoption of modernized methods for generating important work products. Finally, the InnovateNRC 2.0 initiative will provide a platform for staff to contribute additional ideas to improve work process and inform decisionmaking, for instance on novel uses of data analytics.

The initiative teams' KR3s that align with agencywide KR3 will enhance employee engagement as measured by the FEVS. For the purpose of the FEVS, the Office of Personnel Management defines employee engagement as, "An employee's sense of purpose that is evident in their display of dedication, persistence, and effort in their work or overall attachment to their organization and its mission." The FEVS Employee Engagement Index reflects (1) employees' perceptions of the integrity of leadership, as well as leadership behaviors such as communication and workforce motivation, (2) the interpersonal relationship between worker and supervisor, including trust, respect, and support, and (3) employees' feelings of motivation and competency relating to their roles in the workplace.

The Agency Desired Culture initiative will address the norms and behaviors that affect the ways that staff members interact with one another and external stakeholders. The staff will identify how (and under what circumstances) the agency's current culture manifests as behaviors, such as acceptance of change, that align with the agency's transformation vision. Approaches will be put in place, as appropriate, to change certain aspects of the NRC's culture, and then positively reinforce these changes, to achieve and maintain the desired culture through coaching, training, and role modeling. In a complementary manner, the Be RiskSMART initiative will address staff engagement through the development and use of a diagnostic tool that allows organizations to identify the extent to which staff members take ownership of risk-informed decision-making. Staff engagement will also be addressed as the Career Enhancement initiative looks at how staff members can navigate their careers. To retain talented and motivated staff members, they should be given the means to cultivate their skills, find fulfilling and meaningful job opportunities,

and work to their fullest potential. Lastly, the InnovateNRC 2.0 initiative will have an important role in fostering a positive agencywide culture. Staff members will feel that their voices are being heard when they are given a platform to share their own ideas and collaborate to find solutions that can be implemented to solve the agency's challenges, as well as when innovative mindsets are rewarded.

#### Office and Region Objectives and Key Results

At the direction of the OEDO (and, for Commission- and Chairman-reporting offices, as requested by the OEDO), offices and regions developed their own OKRs in alignment with those at the agency level. The three, agencywide KR are, respectively, supported by one or two objectives and two to four KR for each office and region. Overall coordination is performed by the OEDO for harmonization and standardization of the OKR structure within the transformation framework. Further details on office and region OKRs will be provided to the Commission as additional progress is made.

#### Tracking and Reporting Objectives and Key Results

In the book *Measure What Matters*, the author relates that OKRs are more likely to be accomplished by an organization when they are shared with staff. Employees are more likely to be invested when they see how the actions and decisions of their work unit, or even those of the individual, contribute to the desired outcomes. Moreover, the visibility of OKRs brings to light barriers to success, including redundant initiatives, incompatible goals, and misaligned expectations.

This view of transparency is in keeping with both the NRC Principles of Good Regulation and the NRC organizational values. At the present, the agencywide OKRs and those of the seven Horizon 1 transformation initiatives can be viewed by the NRC staff on the [OEDO SharePoint site](#). The staff is currently developing procedures for tracking and reporting the progress on the OKRs to address, among other things, the frequency with which updates will be made. It is also developing guidelines for sharing appropriate information with members of the public. The tracking and reporting framework will provide sufficient adaptability to encompass the OKRs of offices and regions as well.

#### CONCLUSION:

In SRM M191029, following the October 29, 2019, staff briefing to the Commission on "Transformation at the NRC—Becoming a Modern, Risk-Informed Regulator," the Commission directed the staff to provide information on transformation-related performance measures within 6 months. In accordance with the practices of a number of high-performing organizations, the staff has implemented an OKR methodology. An agencywide objective and KR were established by the OEDO; these are in turn supported by the OKRs of the transformation initiative teams. Offices and regions also developed their own OKRs to support those at the agency level. The staff is assessing approaches to systematize and standardize the tracking and reporting of these OKRs across the NRC. As further progress is made, the staff will continue to share information on transformation-related performance measures with the Commission and other interested stakeholders.

RESOURCES:

No additional resources beyond those currently identified in the agency budget are anticipated. The staff continues to assess the resources associated with these activities as part of the normal budget development process.

COORDINATION:

The Office of the General Counsel has reviewed this paper and has no legal objection.

Margaret M. Doane  
Executive Director  
for Operations



SUBJECT: AGENCYWIDE TRANSFORMATION PERFORMANCE MEASURES  
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**\*via email**

OFFICE	OEDO	OGC	TECH:ED	OEDO	EDO
NAME	GOberson*	BClark	JDougherty*	CHaney*	MDoane
DATE	5/19/20	5/29/20	4/24/20	4/25/20	5/29/20

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