Issue Paper

Managing General and Flag Officers

Margaret C. Harrell, Harry J. Thie, Peter Schirmer, and Kevin Brancato

The Secretary of Defense has expressed concern that general and flag officer[1] (G/FO) assignments are too short, that the amount of service after promotion is too short, and that their careers do not last long enough. The Secretary is also concerned that undesirable aspects of the way general and flag officers are managed currently include high turbulence and turnover in assignments, the loss of vigorous and productive officers to retirement from the military, and the retirement of general and flag officers without the minimum expected time in their last pay grade. Additionally, the Office of the Secretary of Defense is concerned that such rapid turnover of assignments reduces organizational 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 so quickly through their organizations that the senior officers gain no more than a superficial understanding of the organization. Like the military, the private sector also develops its senior executives through job rotations, but at the highest level, the most senior executives serve on average for eight years and retire later than military officers, and this longer tenure correlates with higher organizational performance.[2]

The Department of Defense asked RAND's National Defense Research Institute to assess promotion, assignment, and tenure issues within general and flag officer management. The 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 change or 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 from 1975 to 2002, modeling and assessment of different management paradigms 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 detailed discussion of this research is included in a forthcoming RAND report by Margaret C. Harrell, Harry J. Thie, Peter Schirmer, and Kevin Brancato.

GENERAL AND FLAG OFFICER MANAGEMENT: RAPID TURNOVER

An initial data assessment of the promotion patterns and career tenures of general and flag officers confirms that senior officers retire relatively early[3] and that they are able to do so by moving relatively rapidly through both assignments and ranks. For example, the average time in service at retirement for each service ranges from 28 to 30.5 years of service for those retiring as O-7s to fewer than 35 years of service for those retiring as O-10s. (Those destined for eventual promotion to O-10 tend to get promoted to O-7 sooner than most.) Most retiring O-10s have spent approximately ten years as a general or flag officer (Figure 1), and this decade typically included five different assignments (Figure 2). General and flag officers who retire at the grade of O-7 have spent about three years at that grade (Figure 1) and also had on average about two assignments (Figure 2).

PRIVATE-SECTOR SENIOR EXECUTIVE MANAGEMENT: STABILITY AT THE TOP

Private-sector research indicates that companies have a method of developing their high-potential executives.[4]
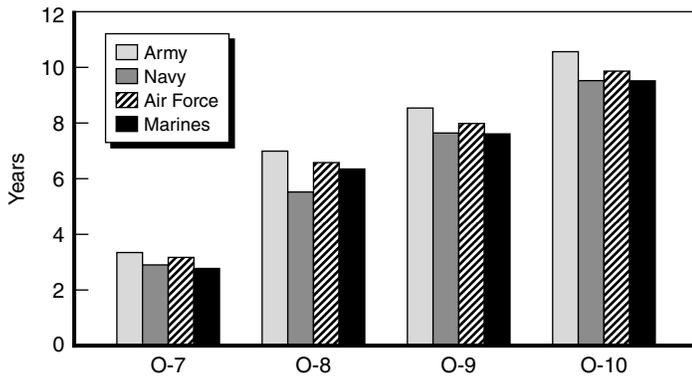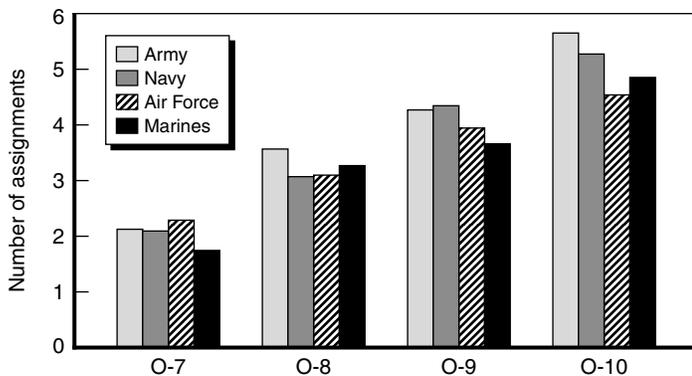
SOURCE: Washington Headquarters Services, Directorate for Information Operations and Reports; data of all general/flag officers who retired on or after January 1, 1980, and prior to June 1, 2002.

Figure 1. Average Time as a G/FO at Retirement

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, because individuals are rotated out of them before they reach full or peak productivity. Other positions are intended to reap the organizational benefits of earlier development.[5] For these two types of positions, we use the shorthand of "developing" jobs and "using" jobs.

Additional research also indicates that executives follow predictable learning and decisionmaking patterns in a new assignment.[6] 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

SOURCE: Washington Headquarters Services, Directorate for Information Operations and Reports; data of all general/flag officers who retired on or after January 1, 1980, and prior to June 1, 2002.

Figure 2. Average Number of G/FO Assignments at Retirement

positions tends to slow, either because the individual is reaching the limits of his or her effectiveness,[7] 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. Chief executive officers average more than eight 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.[8]

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 chose to concentrate this analysis on those military communities that are habitually promoted to the highest rank, O-10. Thus, we focused on a subset of 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 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 assignments into developing and using positions, according to some basic assumptions and the results of our data analysis.[9] To begin, 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 grades 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 grade, as well as the typical development path of later O-9s and O-10s.[10] 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 each service's implementation of a revised system could vary. The resulting split of developing and using jobs, for the subsets of each service, by pay grade, appear in Table 1.

After identifying past assignments as either developing or using, we were able to examine the average assignment length for these different groups of assignments. Empirically, we found no real difference in tenure

2

	O-7	O-8	O-9	O-10
Army	0	40	55	100
Navy	0	65	45	100
AF	0	44	28	100
USMC	0	25	11	100

between developing and using jobs. O-8 assignments tended to last 18 to 24 months, regardless of the type of assignment. O-9 assignments were sometimes longer, with a few lasting up to four 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 OFFICER MANAGEMENT

We developed and modeled various general and flag officer management systems based on 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 pay grade. The proportion of using and developing positions for each service was based on the empirically derived numbers in Table 1. This permitted us the opportunity to assess the feasibility and trade-offs 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. 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 grades of both O-7 and O-8.

The best paradigm 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.

- All O-10s serve in two four-year using positions.

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 time as O-7s than they do in current practice, that time is spent in one or two two-year assignments rather than two 18-month assignments, and it is thus more stable. The detailed service-specific results of this system for the previously identified subsets of officers (e.g., Navy unrestricted line and Air Force pilots and navigators), compared with current practice for that population subset, appear in Tables 2 to 5 at the conclusion of this paper.

FINDINGS[11]

Under our modeled approach, the Army and Navy will experience a greater number of officers promoted to O-7 annually; the Air Force about the same as now, and the Marine Corps will see a slight decrease in new O-7s. This is related to the slightly shorter time in pay grade for O-7s, who are either promoted onward or leave after one or two two-year assignments. While they may spend less time in grade than under current practice, their assignments are longer than those currently experienced by O-7s. All of the services will see approximately equal or greater annual numbers of promotions to O-8. However, promotion probability to O-8 increases for three of the services, and decreases for one (the Army). Promotion probability to O-9 increases for three of the services (all but the Army), and for the Air Force and Navy as much as 89 or 90 percent of officers in O-8 developing assignments will be promoted to O-9. Those O-9s who serve in using positions will remain in grade for eight years, and will retire with 39–41 years of military service, which is about six years longer than current O-9s serve before retirement. However, those O-9s destined to be O-10s will move relatively quickly through the grade of O-9, serving one two-year assignment. Some of these developing O-9s will not be selected for promotion. Thus, the average time in service for all retiring O-9s is close to today's overall average but with two distinct groups with different averages. In our model, O-10s serve in grade for eight years and retire

with approximately 40–43 years of service, five or six years longer than the current practice.

In sum, as modeled, most of the services will experience a greater number of officers promoted to O-7 annually. (Marines will see slight decrease.) Equal or greater numbers of officers will also reach the grade of O-8. Fewer officers rise to O-9 and O-10, because the length of time that O-9s and O-10s serve before retirement increases considerably. Average career length increases for all pay grades except O-7, but O-7s will spend longer in assignments than is experienced in current practice.

While this modeled system addresses the shortcomings perceived in current practice by lengthening selected assignments and extending the time that O-8s, O-9s, and O-10s spend in their final grade before retirement, these changes will not necessarily be evident in the metrics currently used to monitor the system. Average time in grade will not change much. Despite the O-8s serving in four-year assignments, enough O-8s will also serve in two-year assignments to drive the average down. Metrics that track the dual populations, such as promotion probability for those in developing and using assignments,[12] will prove more useful. Promotion nominees will still show quick movement through the system, given their resumé of developing assignments. Only time in grade at retirement is likely to show positive variation from the current practice, since most retiring officers, with the exception of departing O-7s, will generally have served in a using position.

ADDITIONAL OBSERVATIONS

This research proposes a system with greater stability and accountability, with fewer job rotations and longer service in position for many. However, we recognize that the military culture is one of mobility and movement, and transition to a new paradigm will encounter hurdles. We do not anticipate overall retention problems. Our interviews with senior leaders, while not representative, suggested that most would stay for longer if asked to do so and that retention will likely continue to be an individual issue, related to family concerns and other factors. Regardless, the services will need fewer officers to enter into higher levels in the modeled system, so there is room for some officers to decline the longer tenure and leave, because the pool from which to pick the most senior is large compared with the number selected.

CONCLUSIONS AND RECOMMENDATIONS

With the exception of some O-10 jobs (e.g., Chief of Service and Chairman of the Joint Chiefs of Staff), 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 grade 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 described herein suggests the value of a revised system based on the paradigm 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.

To implement such a system, the services will need to identify positions as either developing or using positions and then set goals for desired tenure in a position. The optimum time in a job should vary by grade, 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 prescriptively for officer management without review. First, the review needs to confirm that the services should be developing officers with the assignments they historically have 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. However, no system should be too rigid. For example, officers could be promoted after completing a using assignment.

Such a revised system would emphasize management of time in job, and would 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.

While this system could be implemented within current legislative constraints, the Department of Defense should consider requesting compensation changes.[13] Such changes could include "uncapping" pay at senior levels, continuing the accumulation of retirement benefits beyond 30 years of service, and basing retirement pay on uncapped figures.

Additionally, because some officers who serve in the shorter developing assignments will not be promoted, some officers will require time-in-grade waivers at retirement. "High-3" retirement will be an issue for these officers in future years, since High-3 bases retirement pay on the highest three years of basic pay, and these officers will not have spent three years in their last pay grade.

Finally, such a changed system will require some flexibility. For example, performance shortcomings will need to be dealt with directly, since longer assignments are not conducive to continuing a nonperformer. Just as approximately 15 percent of chief executive officers are terminated for performance reasons,[14] the military should anticipate a small number of officers who will require separation prior to completion of a longer assignment.

APPENDIX—SERVICE-SPECIFIC MODELING RESULTS

In Tables 2–5, the promotion probability represents the likelihood of officers who were promoted to the prior grade being promoted to the current grade. For example, in Table 2, the current number of O-8s promoted annually (17.8) divided by the number of annual promotions to O-7 (20.8) equals 86 percent, which is the promotion probability to O-8. The tables also indicate the promotion probability for those who are serving in developing assignments and those who are serving in using assignments to the

Table 3. Comparison of Modeled Results with Current Practice: Navy Unrestricted Line

	O-7	O-8	O-9	O-10
Current practice				
Number promoted	24.6	17.1	7.0	2.8
Promotion probability	—	70%	41%	39%
Average job length (mos)	19.6	22.4	25.3	30.1
Average TIG (yrs)	2.94	3.02	3.00	3.13
Average career length (yrs)	31.3	33.8	34.3	35.7
Modeled approach				
Number promoted	26	18.4	8.0	1.3
Promotion probability	—	71%	44%	16%
"Developers" promotion probability	—	71%	90%	19%
"Users" promotion probability	—	N/A	0%	0%
Developing jobs/using jobs (%)	100/0	35/65	55/45	0/100
Average TIG (yrs)	3	3.20	3.02	8
Average TIG—developers (yrs)	3	2.3	2	N/A
Average TIG—users (yrs)	N/A	4	8	8
Average career length (yrs)	29.86	34.53	35.36	41.35
Average career length—developers (yrs)	29.86	33.74	34.15	N/A
Average career length—users (yrs)	N/A	34.6	40.15	41.35

NOTE: N/A = not applicable.

Table 2. Comparison of Modeled Results with Current Practice: Army Infantry, Armor, Artillery

	O-7	O-8	O-9	O-10
Current practice				
Number promoted	20.8	17.8	8.4	2.4
Promotion probability	—	86%	47%	28%
Average job length (mos)	17.0	21.9	25.8	27.7
Average TIG (yrs)	3.33	2.98	2.63	3.88
Average career length (yrs)	29.9	33.0	33.9	35.5
Modeled approach				
Number promoted	22.3	18	7.1	1.3
Promotion probability	—	81%	39%	18%
"Developers" promotion probability	—	81%	59%	24%
"Users" promotion probability	—	N/A	0%	0%
Developing jobs/using jobs (%)	100/0	60/40	45/55	0/100
Average TIG (yrs)	3.00	3.33	3.44	8
Average TIG—developers (yrs)	3.00	3	2	N/A
Average TIG—users (yrs)	N/A	4	8	8
Average career length (yrs)	28.97	31.83	35.64	40.38
Average career length—developers (yrs)	28.97	30.84	33.88	N/A
Average career length—users (yrs)	N/A	32.63	39.88	40.38

NOTE: N/A = not applicable.

Table 4. Comparison of Modeled Results with Current Practice: Air Force Pilots and Navigators

	O-7	O-8	O-9	O-10
Current practice				
Number promoted	26.6	18.8	8.0	3.1
Promotion probability	—	70%	43%	39%
Average job length (mos)	19.3	20.3	22.2	25.3
Average TIG (yrs)	3.23	3.28	2.71	3.34
Average career length (yrs)	29.0	31.9	33.6	34.6
Modeled approach				
Number promoted	27	20.5	11.5	1.3
Promotion probability	—	76%	56%	11%
"Developers" promotion probability	—	76%	89%	12%
"Users" promotion probability	—	N/A	0%	0%
Developing jobs/using jobs (%)	100/0	56/44	72/28	0/100
Average TIG (yrs)	3	3.37	2.52	8
Average TIG—developers (yrs)	3	2.99	2	N/A
Average TIG—users (yrs)	N/A	4	8	8
Average career length (yrs)	27.41	31.62	33.73	39.65
Average career length—developers (yrs)	27.41	30.54	33.15	N/A
Average career length—users (yrs)	N/A	31.82	39.15	39.65

NOTE: N/A = not applicable.

Table 5. Comparison of Modeled Results with Current Practice: Marine Corps Line

	O-7	O-8	O-9	O-10
Current practice				
Number promoted	7.1	5.0	3.0	1.1
Promotion probability	—	70%	60%	38%
Average job length (mos)	19.7	20.1	20.9	32.1
Average TIG (yrs)	3.07	2.93	2.73	2.93
Average career length (yrs)	29.9	33.8	34.4	36.3
Modeled approach				
Number promoted	6.0	5.0	3.2	0.4
Promotion probability	—	82%	65%	11.7%
"Developers" promotion probability	—	82%	86%	12%
"Users" promotion probability	—	N/A	0%	0%
Developing jobs/using jobs (%)	100/0	70/30	89/11	0/100
Average TIG (yrs)	3	3.24	2.19	8
Average TIG—developers (yrs)	3	3	2	N/A
Average TIG—users (yrs)	N/A	4	8	8
Average career length (yrs)	29.17	34.15	35.31	42.9
Average career length—developers (yrs)	29.17	3.09	35.10	N/A
Average career length—users (yrs)	N/A	34.62	41.10	42.9

NOTE: N/A = not applicable.

next pay grade. Average career length is shown for the entire population as well as for those who served their last assignment in developing jobs, and for those who spent their last assignment in a using job. Time in grade (TIG) is also shown for each group of officers separately.

ENDNOTES

[1] General officers of the Army, Air Force, or Marine Corps, and flag officers of the Navy include those in pay grades O-7 (i.e., brigadier general and rear admiral (lower half), O-8 (i.e., major general and rear admiral), O-9 (i.e., lieutenant general and vice admiral), and O-10 (i.e., general and admiral). By law there are about 900 general and flag officers, of whom approximately 50 percent are O-7s, 34–35 percent are O-8s, and 15–16 percent are O-9s and O-10s.

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

[3] O-10s serve, on average, 3.5 years as O-10s, and 87 percent of them retire before age 60, whereas chief executive officers serve, on average, 8.4 years and 69 percent of them stay past age 60. (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 Lucier, Spiegel, and Schuyt, 2002.)

[4] 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.

[5] Robert F. Morrison and Roger R. Hock, "Career Building: Learning from Cumulative Work Experience," in Douglas T. Hall, ed., *Career Development in Organizations*, Hoboken, N.J.: Jossey-Bass, 1986, p. 237.

[6] John J. Gabarro, *The Dynamics of Taking Charge*, Boston, Mass.: Harvard Business School Press, 1987.

[7] 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.

[8] Hadlock, Lee, and Parrino, 2002; and Lucier, Spiegel, and Schuyt, 2002.

[9] 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. A more detailed discussion of this methodology as well as examples of developing and using positions are included in a forthcoming RAND report by Margaret C. Harrell, Harry J. Thie, Peter Schirmer, and Kevin Brancato.

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

[11] Detailed service-specific findings are provided in the appendix.

[12] See the appendix tables.

[13] Our analysis also suggested legislative change that would improve flexibility of management. For example, controlling only the percentages of O-9s and O-10s allowed, and changing or removing current age and length of service constraints would provide more flexibility.

[14] Lucier, Spiegel, and Schuyt, 2002.