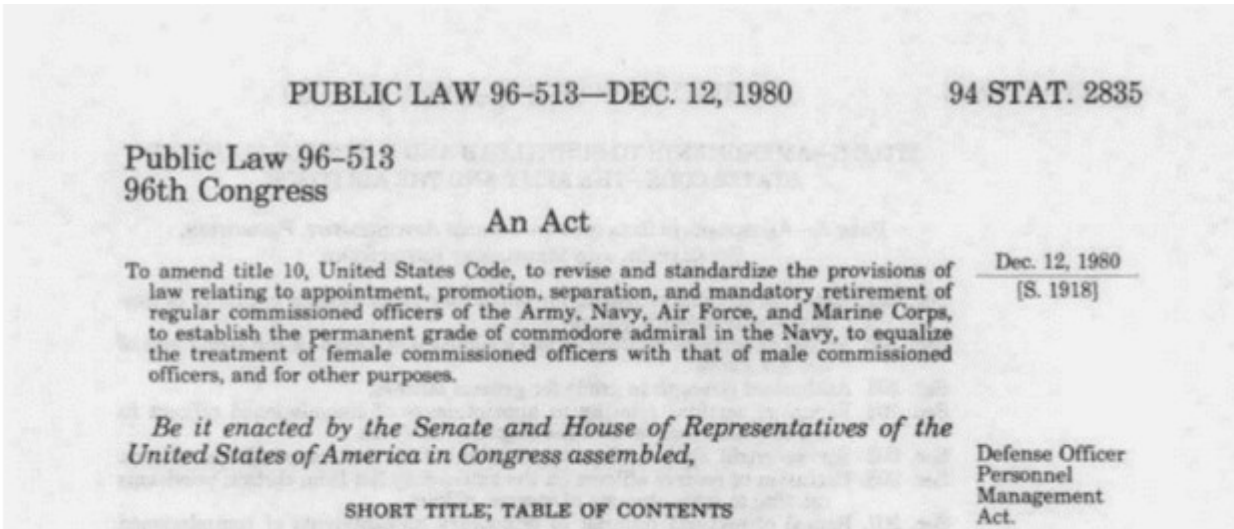


Is "Up or Out" Holding Us Back?

By J. Connor Stull June 22, 2021



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[<https://api.army.mil/e2/c/images/2021/06/22/3a3cc510/original.jpg>]

"Perspectives" articles are focused on highlighting the ideas that can help us transform our Army. While the Office of Business Transformation (OBT) does not endorse the ideas in this article, we do applaud the author for helping us think.

Leaders are the cornerstone of any successful organization. They inspire, motivate, guide and mentor their teams to excel in all that they do. In the Army, they do all of this and more. They drive us to be the best versions of ourselves – personally and professionally – and outrival all others on the world stage.

In order to maintain this level of excellence and ensure military leaders are prepared for the scale, complexity, and technological sophistication of future conflict, the Army needs a personnel management system that can attract and retain the talent required to meet the future demands of multi-domain warfare. Transforming the current system to meet these demands will require fundamental change, but ultimately, will drive efficiency both on the tactical and business sides of the organization. Efficiencies that will save lives and taxpayers dollars.

While exceptional leaders are always looking for opportunities to improve and adopt new innovations, the transformation needed will require a sustained, coordinated, and comprehensive approach. It is deeply rooted in an up-or-out system that is enshrined in Congressional law, and despite numerous calls for reform and declarations that the system is outdated, arbitrary, and bad management, it still persists. If the up-or-out system is not replaced or improved, it will continue to restrict the flexibility of the Army to seize future opportunities and remain elite in the information age.

What is the Up-Or-Out System?

The up-or-out system, as it is widely known, is a tenure or partnership system that dictates when a leader must be promoted in a hierarchical organization. If a leader is not determined to be ready for promotion, and does not achieve a certain rank within a certain period of time, they are removed.

The Navy was the first military service to experiment with the up-or-out system. An early version was introduced in the Naval Appropriations Act of 1916, and was only later adopted by the Army after World War II. For over a century, discussion of how to implement the up-or-out system has focused on the promotion of personnel and the management of seniority. Additionally, a key lesson learned from World War II continues to be a significant factor supporting the maintenance of a hierarchical grade and force structure. Specifically, that military leaders need youthful vigor and the creativity that goes with it, in order to effectively lead.

While the Army is responsible for managing the up-or-out system, much of the system is mandated in Congressional law. Typically, these laws have only been updated or amended

when the performance of military actions have failed to achieve the expectations of Congress. This reactive and centrally managed approach limits the flexibility of the services to continually improve the system and has shifted the burden of organizational transformation to Congress.

History of the Up-Or-Out System

For the Army, the up-or-out system became law in the Officer Personnel Act of 1947. The law established ceilings on the number of field grade officers authorized to each service, created uniform regulations governing promotions, and codified rules regarding separation and the retirement of officers. In 1954, Congress passed the Officer Grade Limitation Act (OGLA), which established grade tables and limited the percentage of officers who could serve in the rank of major and above.

Over the following 40 years, many politicians and defense experts advocated to update the up-or-out system, culminating in 1980, when Congress passed the Defense Officer Personnel Management Act (DOPMA). DOPMA introduced annual grade-tables, removed temporary and permanent promotion systems, linked promotion rates to end strength, and introduced a system to involuntarily separate service members in order to reduce the size of higher grade cohorts.

As laid out in DOPMA, the “up” in the up-or-out system involved personnel being promoted in cohorts based on their date of entry. The “out” involved involuntarily separating, or retiring, personnel based on grade-table limits. Despite the shift to a more professional military, the system is still focused on maintaining a large youthful force by limiting and removing the cadre of more senior personnel.

Because promotion and retention is tied to force size, the Army is able to retain a higher percentage of its more experienced personnel when it is growing. Alternatively, when the Army is being downsized, promotion and retention rates are much lower. In either case, retention of personnel under DOPMA is tied to a soldier’s relative ranking in their cohort, not necessarily their performance level or the Army’s need to retain certain skills, qualifications, or expertise.

Despite repeated calls to improve the static and overly centralized approach (example - Defense Science Board, Naval Personnel Task Force 2000), there has not been a major update to DOPMA since it was enacted in 1980. As a result, the Army, and DOD more broadly, continue to do their best to work around a human resource management system that is arguably ill-suited for the retention of the highly skilled personnel needed to address current and future operational requirements.

Is the “Up-Or-Out” System Out-Of-Date?

With this system of promotion based on time in grade, the Army is confronted with four basic challenges. First, high performing soldiers are forced to wait for their promotion window. Second, low performing soldiers may be promoted to fill positions they may not be ready for. Third, some soldiers are required to leave a position they excel at, just to start over learning a new position. Lastly, trained and qualified soldiers are removed from the Army during promotion periods in order to ensure the Army remains youthful and vigorous. The impact of this consistent churn manifests in lower performance and higher personnel costs. A result that could easily be corrected if the system was focused on optimizing performance and the efficient use of personnel.

Additionally, this churn negatively impacts the performance of Army organizations and causes gaps in leadership when those in charge are not fully prepared for their role, do not have the opportunity to utilize their unique skill sets, are forced to leave positions they excel at, or have to wait for opportunities that they are prepared to take advantage of. The bottom line is that an efficient talent management system should maximize the impact and value generated by every soldier. If the system is unable to do that, the preparedness, effectiveness, and overall lethality of the Army is sub-optimal.

Transitioning to a Perform-or-Out Policy?

In 2019, former Secretary of the Army, Mark Esper, addressed this same issue and directed that the Army should reexamine the policies and ideologies of our current promotion system. He stated that the up-or-out culture is damaging the Army and its leaders, and that there needs to be a shift over to a “perform-or-out” system.

In recent years, Congress has also recognized this need for change and has executed small updates to DOPMA in the FY 2019 NDAA. With these updates, officers now have more flexibility to stay in the job they excel at rather than be promoted or moved on to another position.

While this is a step in the right direction, it is not comprehensive, and it does not address all of the issues that need to be resolved to attract, retain, and best utilize the talent in the Army. Whether it is "up-or-out," or "perform-or-out," it is still "out." The continual churn of talent, the bias towards inexperience and youth, and the rigid table-grade force structure requirements continue to be an obstacle preventing the military services from developing a more highly skilled workforce.

Transitioning Away from the "Out?"

While Secretary Esper has pushed the Army in a direction towards improving performance, further action may need to be taken to challenge the role of "out" as a policy. Surely the most dynamic and cutting edge private sector companies do not lure the best talent by reminding their new hires that there are no long-term careers or a long-term future in their organization.

Civilian businesses thrive by retaining their best employees, managers, and senior leaders, while doing their best to keep turnover below 15%. For those businesses, high turnover is inefficient and a large profit drain. Similarly, human capital and training dollars wasted on employees that are removed, or leave, creates losses of up to 75% of the employee's salary (expense of training their replacement).

The Army on the other hand, has the highest attrition rate of all the armed forces, at 29.7%. So we may ask ourselves, why doesn't the Army pursue a retention program that drives employee satisfaction, positional expertise, and lowers turnover? Wouldn't removing the "out" in the talent management system generate efficiencies that could reduce overall cost and free up resources that can be re-invested in needed modernization projects?

Transformation Starts Now

Real change comes from within. Leaders in the military services need to challenge the ideologies of the past in order to efficiently generate the lethality that is needed to compete and win our nation's wars today and in the future. Perhaps, by not constantly changing positions and forcing leaders through the churn of up-or-out, we can do exactly that.

Can we figure out ways to allow soldiers to find a role in the Army they can excel at and use down the line? Are there new systems that will better retain talent and expertise, improve performance, and generate the personnel best trained, manned, and equipped for future conflict?

Enabling the full performance capability of our leaders and instilling in them the attributes needed to succeed will cultivate a stronger Army. With this commonplace across the workforce, efficiency and readiness will thrive. Additionally, with greater flexibility to adapt the workforce to the needs of current and future warfare, the Army may ultimately be able to save lives and taxpayer dollars at the same time.

If you have an idea that you would like to share and are interested in working with OBT to publish a "Perspectives" article, please contact the OBT Communications Team at usarmy.pentagon.hqda-osa-obt.mbx.webmaster@mail.mil. Remember, its your choice. You can either keep up with the times, or force others to keep up with you.