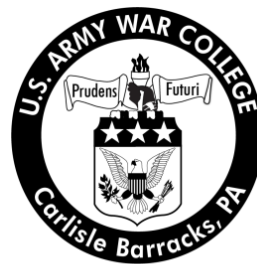


## Maintaining the Edge: A Comprehensive Look at Army Officer Retention

by

Lieutenant Colonel Michael J. Slocum  
United States Army



United States Army War College  
Class of 2012

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USAWC STRATEGY RESEARCH PROJECT

**MAINTAINING THE EDGE:  
A COMPREHENSIVE LOOK AT ARMY OFFICER RETENTION**

by

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## **ABSTRACT**

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After more than 10 years of fighting with few budgetary constraints, the Department of Defense faces the task of cutting more than \$487 billion over the next 10 years as the country seeks to balance the budget. These cuts will significantly inhibit the effectiveness of many of the incentives and benefits previously offered to entice people to join – and more importantly – to remain in the United States Army as officers. Given a draw down where recruiting and retention incentives may be limited, the Army must develop a comprehensive strategy for recruiting and retaining its junior officers if it is to correct its officer retention problem and set the conditions for an adequately manned and equally talented officer corps prepared to meet the challenges and demands of the future.

An examination of this issue starts with an identification of the Army's officer shortage problem and an explanation of its significance. Next it looks at the initiatives taken to correct the problem and measures of their effectiveness. Finally, it will provide recommendations necessary to develop a strategic officer corps plan, despite impending budgetary constraints.



## MAINTAINING THE EDGE: A COMPREHENSIVE LOOK AT ARMY OFFICER RETENTION

As long as there are potential threats to the United States and our allies, we must ensure we have a military presence ready and willing to protect our country and all that it stands for. This means recruiting and retaining the best of the best.<sup>1</sup>

### —The Influence of Organizational Commitment on Officer Retention

In September 2007, and again in April 2008, the Army launched back-to-back Officer Menu of Incentives Programs (OMIP) seeking to retain more than 20,000 Army captains from primary year groups, 1999 – 2005 in an effort to provide some temporary relief for its officer shortage problem.<sup>2 3</sup> Now, after more than 10 years of fighting with few budgetary constraints, the Army faces an environment where the Department of Defense (DOD) must cut more than \$487 billion over the next 10 years as the country seeks to balance the budget. These cuts will significantly inhibit the effectiveness of many of the incentives and benefits previously offered to entice people to join – and more importantly – to remain in the United States Army as officers. Given a draw down where recruiting and retention incentives may be limited, the Army must develop a comprehensive strategy for recruiting and retaining its junior officers if it is to correct its officer retention problem and set the conditions for an adequately manned and equally talented officer corps prepared to meet the challenges and demands of the future.

An examination of this issue starts with an identification of the Army's officer shortage problem and an explanation of its significance. Next it looks at the initiatives taken to correct the problem and measures of their effectiveness. Finally, it will provide recommendations necessary to develop a strategic officer corps plan, despite impending budgetary constraints.

## The Problem

For almost 40 years, the United States Army has relied on an all-volunteer force to defend the nation at home and abroad. Congress, under the Defense Officer Personnel Management Act (DOPMA), authorizes total officer strength for the military services each year, considering the historical relationship between officer and enlisted personnel, stated manpower requirements, and the achievement of other service-specific goals.<sup>4</sup> The annual accession target for officers is the number of new lieutenants that must be brought into the Army each year to ensure that an adequate number of officers are available to meet requirements over the 30-year life cycle of that year group. Accessing too few will, at some point on the life cycle continuum, result in a shortage while accessing too many may necessitate voluntary and involuntary separations under DOPMA.<sup>5</sup>

According to a study conducted by the United States Government Accountability Office (GAO) for the House of Representatives Committee on Armed Services, Congress expects the Army to develop a strategy to access, develop, retain and employ its officer corps at the appropriate ranks and occupational specialties necessary to meet their accession and retention needs.<sup>6</sup> For nearly two decades, the Army has failed to develop an integrated officer recruiting and retention strategy to ensure it will have the officer strength it needs. In fact, in a Congressional Research Service (CRS) report, Charles Henning points out that “Officer shortages in excess of 3,000 annually are projected to persist through at least 2013.”<sup>7</sup>

Many factors contribute to the Army’s officer shortage problem. A 2010 study for Armed Forces and Society (2010 AF&S) conducted by Hunter Coates, Teresa Silvernail, Lawrence Fulton, and Lana Ivanitskaya entitled, *The Effectiveness of the*

*Recent Army Captain Retention Program*, cites the first two. First, the post-Cold war personnel drawdown in the 1990s coupled with a subsequent failure to meet accession requirements set the conditions for officer shortages. Second, the Army's Modular Force Initiative further challenged already under-accessed year groups by adding an 88% increase in the demand for captains and majors.<sup>8</sup> A third factor contributing to the Army's officer shortage is increased officer attrition rates for those completing their initial Active Duty Service Obligation (ADSO). While none of these factors alone stand as the single cause of failure for the Army's officer shortage, when combined they pose a considerable challenge for the Army with no quick fix.

In a 6-part monograph conducted by the Strategic Studies Institute (SSI), authors Casey Wardynski, David Lyle and Michael Colarusso point out that Unlike corporate America, which can expand or contract relatively quickly, the Army's developmental structure and mission necessarily limits lateral entry. Consequently, it is unable to quickly grow in its mid-to-upper ranks requiring at least a decade or more years to develop these officers.<sup>9</sup>

CRS also supports this finding that the Army's critical officer shortage is at the senior captain and major ranks. Figure 1 depicts the projected status of Army line officers (basic branch officers that do not include the Army Medical Department, Judge Advocate General Corps or Chaplain Corps) in FY 2007 as an example. The vertical bars show the expected strength of each year group, while the solid sloping line reflects officer requirements for each year group.<sup>10</sup>

Since it takes 10 years to “grow” an officer to the rank of major (time from commissioning to promotion to major), this is not a problem that can be quickly or easily solved.<sup>11</sup> SSI’s Wardynski, Lyle and Colarusso point out that “once the Army accesses a cohort of officers, it must live with them throughout a 30-year career span. This is because, unlike most enterprises, the Army cannot buy talent from elsewhere to fill shortfalls at its mid and upper-level ranks. The officer corps embodies a unique profession whose culture and core warfighting abilities take years to develop.”<sup>12</sup> To truly appreciate the Army’s officer shortage problem, it is necessary to look closer at each factor.

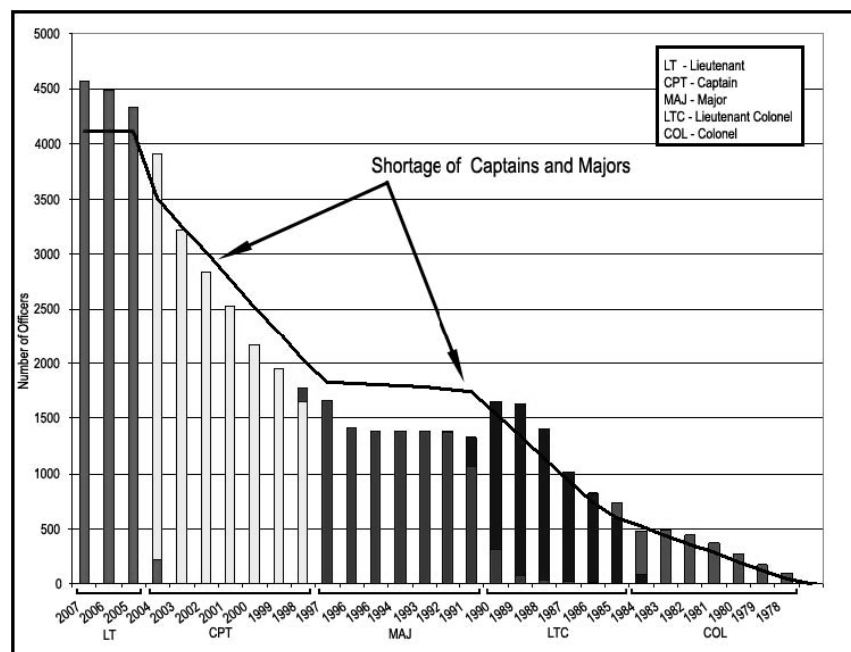


Figure 1. FY2007 Projection by Year Group<sup>13</sup>

### Failure to Properly Access

Unlike the enlisted system, management of the Army’s commissioned officer corps is a dynamic, highly visible and complex system that is significantly influenced by law and policy. The CRS summarizes that “All officers accessed to active duty during a

fiscal year constitute a year group that will compete for promotion, school and command opportunities within the cohort as it progresses through a 30-year military career.”<sup>14</sup>

The end of the Cold war signaled the beginning of the Army’s officer shortage problem. In the 1990s, the United States looked forward to reaping the benefits of the “peace dividend” from the fall of the Soviet Union. Henning explains that the Cold War drawdown “resized” each year group cohort using a variety of voluntary incentive programs and the threat or actual use of involuntary separation tools. From 1989 to 1996, the Army officer corps was reduced from 91,000 to 69,000.<sup>15</sup> By the end of 1995, over 20,000 officers had been voluntarily or involuntarily separated or retired through one of the drawdown programs – in essence, the Army paid these officers to leave. A total of 1,681 lieutenants and 8,959 captains were included in this total.<sup>16</sup> In the summer of 2006 when Henning conducted his analysis, of the 30-year group cohorts on active duty, 21 of them were subject to the drawdown. Today, 15 of the 30-year cohorts are on active duty meaning the Army allowed 10,640 company grade officers – most of whom were paid to leave – to depart that could potentially still be serving today.<sup>17</sup>

Additionally, from 1991 to 1999, the Army under accessed officers in an effort to meet congressionally mandated strength levels. To sustain a total Army end strength of 482,000, the required accession target is roughly 4,300 new lieutenants each year according to Army analysts and accessions modeling.<sup>18</sup> Instead, the Army accessed between 3,605 and 4,218 officers as indicated by Table 1 which displays U.S. Army officer accessions during the drawdown; in every case far below what was actually needed.<sup>19</sup>

| <b>Year Group</b> | <b>Officers Accessed</b> |
|-------------------|--------------------------|
| 1991              | 3,843                    |
| 1992              | 3,709                    |
| 1993              | 3,685                    |
| 1994              | 3,972                    |
| 1995              | 4,218                    |
| 1996              | 3,700                    |
| 1997              | 3,932                    |
| 1998              | 3,667                    |
| 1999              | 3,605                    |

Table 1. Accessions During Drawdown<sup>20</sup>

When the call for a larger officer force came in 2001, the Army's accession target numbers increased, yet the Army failed to access (or commission) the number of officers it needed. Table 2 displays recent U.S. Army officer annual accession trends from year group 2000 to 2009. From the time accession target requirements increased, the Army successfully accomplished its accession mission only once, in 2004.

| <b>Year Group</b> | <b>Accession Target</b> | <b>Officers Accessed</b> |
|-------------------|-------------------------|--------------------------|
| 2000              | 4,000                   | 3,998                    |
| 2001              | 4,100                   | 3,979                    |
| 2002              | 4,300                   | 4,283                    |
| 2003              | 4,500                   | 4,310                    |
| 2004              | 4,300                   | 4,325                    |
| 2005              | 4,600                   | 4,384                    |
| 2006              | 4,600                   | Data Unavailable         |
| 2007              | 4,900                   | Data Unavailable         |
| 2008              | 5,200                   | Data Unavailable         |
| 2009              | 5,500                   | Data Unavailable         |

Table 2. Recent Annual Accession Trends<sup>21</sup>

The Army has three primary commissioning sources: the United States Military Academy (USMA) at West Point, NY, the Reserve Officer Training Corps (ROTC) located at 273 university and college campuses across the country, and the Officer Candidate School (OCS) at Fort Benning, GA. Both West Point and ROTC commissioned officers have an eight-year commitment with varied ADSOs. In exchange for their free education, West Point graduates are required to serve an ADSO of five years. ROTC scholarship Cadets may receive two, three or four-year scholarships with an ADSO of four-years. ROTC non-scholarship Cadets have an ADSO of three-years.<sup>22</sup> Commissioning through OCS is provided either through in-service applicants (OCS-IS) which seeks to provide opportunities to its most talented enlisted Soldiers, or through an enlistment option for Officer Candidate School (OCS-EO) for people who have graduated from college and wish to serve as an officer. All OCS commissions have an ADSO of two years.<sup>23</sup>

SSI explains that from the inception of the all-volunteer force in 1973 through 1998, the historical breakdown of commissioning sources was designed to have USMA responsible for producing approximately 20% of each officer year group. ROTC is responsible for producing the bulk of the officer corps with 70% of the commissioning mission, and OCS rounds out the remaining 10%, flexing as necessary to make up shortages from USMA and ROTC. From 1998 to 2008 however, the Army's proportions by commissioning source were significantly misaligned as evident in Figure 2. As a result, OCS grew from 10% of a commissioned cohort to more than 40%, and was the single largest commissioning source in 2008.<sup>24</sup> According to the GAO report mentioned earlier, "Between FYs 2001 and 2005, the Army nearly doubled the number

### Percentage of Competitive Category Officers Commissioned by Source and Year Group

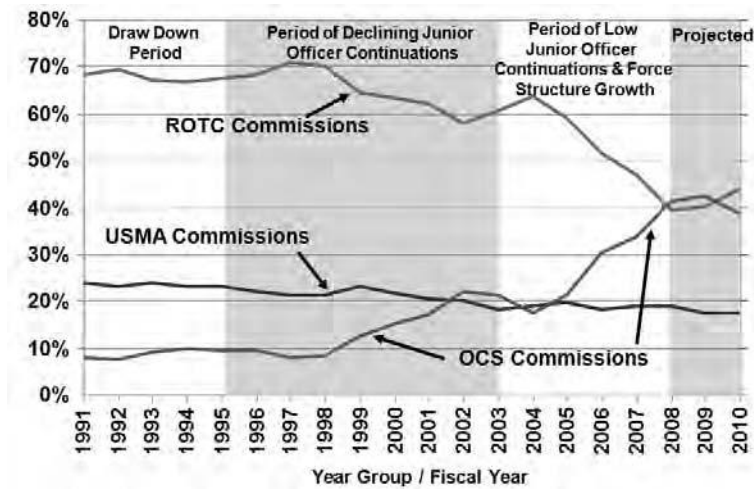


Figure 2. Officer Accessions Mix by Source of Commission<sup>25</sup>

of OCS commissioned officers due to: 1) Academy and ROTC shortfalls; 2) decreased ROTC scholarships; and 3) a need to expand its officer corps.”<sup>26</sup> The Army shifted commissions away from ROTC and relied on OCS to make up the difference. One would assume that the significant increase in OCS commissions was largely due to the war effort in Iraq and Afghanistan. The reality is a full one-third of the OCS increase happened prior to Operation Iraqi Freedom. Wardynski, Lyle and Colarusso point out several serious implications concerning this shift in commissioning sources and the strain it is having on the officer corps.

First, while OCS-IS is the fastest way for the Army to create a commissioned officer – requiring only 12-weeks of training at Fort Benning – it is actually the most expensive source of commissioning in terms of marginal cost (the change in total cost to the U.S. Army that occurs every time an additional officer is produced).<sup>27</sup> Unlike the young West Point or ROTC Cadet the Army brings in from outside the Army, OCS-IS candidates are Non-Commissioned Officers (NCO) taken from within the organization. So while the Army gains a new lieutenant, it loses a quality NCO in which the Army has

already invested a substantial amount of training time and money, while also having to invest in the recruitment and grooming of an enlisted backfill.

Second, as the Army increases the number of OCS-IS officers, it must reach deeper into the pool of sergeants. As a result, the share of OCS-IS candidates with a Armed Forces Qualification Test (AFQT) score below Category II has increased from 15% in 1997 to 35% in 2007.<sup>28</sup> This is significant because the AFQT is used to help predict future academic and occupational success in the military. SSI explains that “An increasing share of OCS-IS candidates below Category II means that officers with a reduced likelihood of academic or occupational success are being commissioned in greater number than ever before.”<sup>29</sup>

Third, OCS-IS is drawing more senior NCOs into the officer corps than ever before. “In 1997, only 15% of OCS-IS candidates had more than 10-years of enlisted service. By 2007, that percentage had tripled to 45% with a full quarter of those being former Sergeants First Class.”<sup>30</sup> This is significant because the Army’s critical shortage for officers is at the senior captain and major ranks. OCS-IS produced officers with more than 10-years enlisted service will be entering their retirement windows just when the Army needs them the most, when they are being promoted to major.

Fourth, by shifting almost 45% of ROTC’s commissioning mission to OCS, the Army faces an immediate retention issue in terms of ADSO. Recall the Army’s historical commissioning breakdown model requires ROTC to commission approximately 70% of the officer corps with three and four-year ADSO’s compared to OCS’ two-year ADSO. Officers commissioned through the OCS-EO, which now comprise 50% of all OCS

commissions, retain on active duty at even lower rates than West Point and 4-year ROTC scholarship officers.<sup>31</sup>

Finally, by shifting nearly half of ROTC's commissioning mission to OCS, the Army has forfeited its ability to rely on OCS as a quick-turn source of additional officers in the event of a national crisis necessitating its rapid expansion.<sup>32</sup>

While OCS has stepped up to meet the Army's officer needs, USMA and ROTC have fallen short. ROTC experienced a significant decrease in the number of participating Cadets in most of the 273 battalions across the country, primarily due to reduced scholarship opportunities because of budget constraints. For example, in FY 2003, the Army ROTC program had 7,583 officer candidates with 4-year scholarships; in FY 2004, 7,234; in FY 2005, 6,004. Army ROTC officials stated that fewer 4-year scholarship recipients means fewer newly commissioned officers in the future, since scholarship recipients are more likely to complete the program and receive their commission.<sup>33</sup> The GAO report documented in 2007 that "the Army recognizes that offering more scholarships could improve its ROTC program accessions and has proposed increasing available scholarships. However, this is not part of a broader strategic plan that would realign resources to better meet the Army's officer accession needs and minimize risk."<sup>34</sup>

The GAO report highlighted a significant decrease in Army ROTC's numbers of participating Cadets. In FY 2006, the Army estimated 25,089 would participate in ROTC which is down from the 31,765 students involved in the program in FY 2003. In FY 2006 and FY 2007, the Army stated that to meet its goal of 4,500 new lieutenants, it needed

31,000 participants. The program fell short of their goal in FY 2006 by 12% and by 16% in FY 2007.<sup>35</sup>

While USMA is only responsible for producing approximately 20% of the officer corps, it too has fallen short of meeting its quotas. In FY 2005 USMA commissioned 912 officers falling short of its mission of 950. In FY 2006 the academy graduated 846 officers despite a mission of 900.<sup>36</sup> The law sets an upper limit on the number of Cadets attending West Point at approximately 1,000 per class. In an effort to produce more officers, Congress has temporarily increased the total number of West Point Cadets to 4,400 (1,100 per class). Although this may produce an additional 100 new West Point lieutenants each year, it is small in comparison to the total number of officers required to be accessed each year.

The under-assessment of officers in the 1990's and early 2000's, coupled with USMA and ROTC's failures to meet historical commissioning quotas, forced OCS to surge to help fill shortages. These shortages were only magnified by the Army's Force Modernization Initiative.

### BCT Transformation

In 2001, the Army initiated Force Modernization to increase the operational capability of Brigade Combat Teams (BCTs). The redesign of the BCT resulted in an entirely new organizational structure that significantly changed officer manning requirements. Henning points out that from 2001 to the present, Army "line" officer requirements have increased by 4,131 spaces. Roughly 88% of this increase, or 3,635, represent requirements for captains and majors.<sup>37</sup> The Army's senior officer for personnel, Lieutenant General Michael Rochelle echoed the impact BCT Transformation had on the Army's officer shortage in his 2007 address to the House

Armed Services Committee. While discussing officer accessions, he stated that “The current shortfall of officers is a result of the rapid increase in force structure, caused by modularity and end strength increases. Since 2002, Army force structure has increased by over 8,000 officer positions; roughly 58% of this growth in the ranks of captain and major. To meet these increases in requirements we need to retain more of our best officers than we have in the past, as well as increase our officer accessions.”<sup>38</sup>

#### Officer Attrition at ADSO

Mark Lewis’ article for Armed Forces and Society, *Army Transformation and the Junior Officer Exodus*, explains that attrition is expected and indicative of a healthy system. It is also necessary to maintain the rank structure as officers’ advance.<sup>39</sup> According to the GAO report, Army officials initially reported that attrition levels among junior officers were consistent with historical trends; therefore attrition wasn’t the problem. As mentioned earlier however, when under-accessions and an increase in officer manning requirements due to the Modular Force Initiative are included, normal attrition produces shortages. LTG Rochelle put this in perspective, “The 10-year historical loss rate for company grade officers is 8.5%. In FY06, the loss rate for company grade officers was 7.9%, which was below the historical norm. While this is encouraging, we must drop this loss rate to 5% to support the transformational Army.”<sup>40</sup>

Officers choose to join the Army for a variety of reasons; to serve their country, to gain a skill set, to see the world, or to pay for their education. They also choose to stay or depart for any number of reasons as well. Understanding these reasons is critical if the Army is serious about reducing its officer loss rate to 5%. To gain an appreciation of the problem, it is important to understand: 1) how long officers remain on active duty

past their ADSO; 2) what type of officer leaves and who stays; and 3) the reasons why those who depart choose to do so.

SSI's research points out that the Army devotes billions of dollars to officer undergraduate-level education, world class training, and developmental experiences. Since the late 1980s, however, prospects for the officer corps' future have been darkened by an ever-diminishing return on this investment, as company grade officer retention rates have plummeted.<sup>41</sup> Wardynski, Lyle and Colarusso's study on officer retention reveals several significant observations that require closer inspection.

The first looked at how long officers continue on active duty past their ADSO. Their studies found that roughly 60% of the officers commissioned in the late 1970s through ROTC and West Point scholarship programs remained on active duty through eight years of service. This abundance of senior captains ensured manning requirements were filled by experienced officers allowing the Army to be selective on which ones were promoted to major. By the mid-1980s, however, only 40% of officers being commissioned from the same scholarship sources remained on active service through eight years.<sup>42</sup> Reasons behind the 20% loss in officer retention are attributed to the rise of information technology, the economy's increased appetite for highly-educated workers, and corporate America's aggressive talent recruitment campaign to draw talent away from the Army.<sup>43</sup>

They next observed retention rates as a function of commissioning source analyzed against procurement programs. Figure 3 shows the percent of Year Group

**Percent of Year Group Competitive Category Officers  
Remaining on Active Duty through 8 Years of Service**

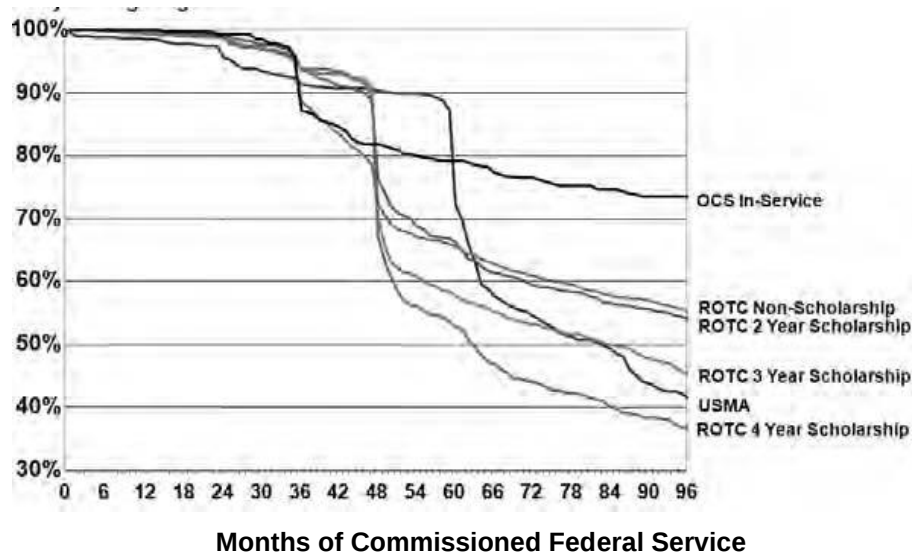


Figure 3. Scholarship Source Officers Continue in the Army at the Lowest Rates<sup>44</sup>

1996 competitive category officers (basic branch officers within the same year group that do not include the Army Medical Department, Judge Advocate General Corps or Chaplain Corps) remaining on active duty through eight years of service, which is representative of all year groups in the 1990s. SSI discovered that ROTC four-year scholarship and West Point officers remained on active duty at the lowest rates, followed in order by three-year and two-year ROTC scholarship officers, non-scholarship ROTC officers, and OCS officers drawn from the enlisted ranks (OCS-IS).<sup>45</sup> Although not depicted in Figure 3, officers commissioned through OCS-EO, which now comprise 50% of all OCS commissions, retain on active duty at even lower rates than West Point and four-year ROTC scholarship officers – the very population they were to leaven with higher continuation rates.<sup>46</sup>

The harsh reality of the SSI team's findings is the continuation on active duty past an officer's ADSO is the lowest among those junior officers that the Army invested the most in.

The Army paid for the undergraduate education of these officers due to their demonstrated intelligence, leadership potential, and high aptitudes for learning. Coupled with the education and training provided by the Army, these characteristics are in demand everywhere and are aggressively sought by outside employers. As these officers have the greatest range of employment options, they more often exercise those options when their Army careers fail to meet their expectations.<sup>47</sup>

The significance of ROTC scholarship and West Point officers departing the Army as soon as their ADSO requirements are met is that it has a direct impact on the quality of the Army's officer corps at its senior levels.

SSI's third finding deals with low talent retention. Low talent retention is demonstrated in the Army by increased promotion rates, compressed time in grade, increased accessions, and shifts in the accessions mix.<sup>48</sup> Each of these issues have had undesirable effects on retention as rising promotion rates reduced opportunities to evaluate officers for promotion. Accelerated promotions leave limited time available for junior officers to gain valuable experience in key developmental positions while recent over-accessions have limited the time each officer spends in key positions as there were too many officers for positions. All of this has led to frustration among those with the greatest talent who have fled the Army and offered their talents to organizations who adequately recognize and reward them.

SSI examined officer talent by comparing commissioning sources to Officer Evaluation Reports (OERs) and selection rates to battalion and brigade command. Figure 4 depicts the percentage of officers who received an "above center of mass" report on their first OER in each duty position as well as battalion and brigade command

selection rates. What they discovered when looking at population totals is the correlation between performance and Army resourcing – the higher the investment (West Point and ROTC three and four-year scholarship officers), the greater the mean performance.<sup>49</sup> In the face of impending budget constraints, it is imperative for the quality of the Army’s officer corps that funding continue to be targeted towards ROTC scholarship and USMA – while simultaneously developing ways to increase officer retention of its most talented individuals.

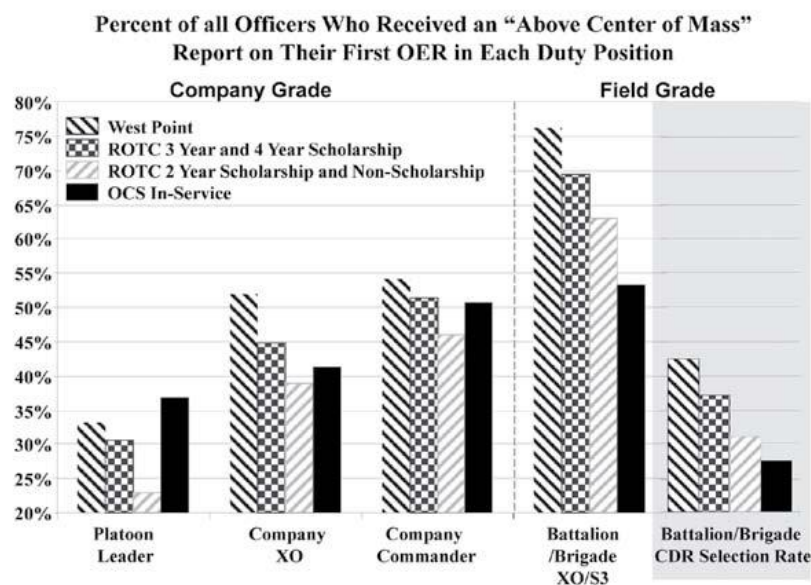


Figure 4. Performance and Selection to Command<sup>50</sup>

### Why They Leave

So why do some officers choose to leave the Army while others decide to stay? There are multiple theories, surveys and hypotheses that struggle to find the answer to this daunting question.

Mark Lewis provides a summary of findings from studies and surveys conducted between 1997 through 2001 capturing the following themes: 1) a perception of a “zero defects” Army stifling junior officers; 2) excessive micromanagement by superiors; 3) junior officer perception of senior leaders placing their personal careers before the

unit or subordinates; 4) a culture clash between junior and senior officers; and 5) junior officer's lack of trust in senior officers. "The constant theme throughout these surveys and studies was that many junior officers were unhappy in their jobs. They were not doing what they joined the Army to do."<sup>51</sup>

Since Lewis' findings were pre-9/11, one could argue that once the Army went to war, morale would improve because officers would be doing the jobs they had joined the Army to do. Data collected by the U.S. Army Research Institute (ARI) presented in John Turner's paper, *Where Have all the Captains Gone?*, provides a look at company grade officers in 2005 who had conducted tours in either Iraq or Afghanistan. Of those officers who stated that they would most likely leave the Army at the end of the ADSO, the following responses are the most important reasons for leaving:<sup>52</sup>

- 17.7% - Too many deployments
- 14.5% - Away from Family too much
- 7.5% - Do not like the job
- 5.8% - Current OPTEMPO/schedule
- 5.4% - Lack of stability/predictability
- 5.2% - Poor quality of military leadership
- 5.0% - Pay is too low
- 3.5% - Offered a good civilian job
- 3.1% - Could not get desired functional area
- 1.4% - Could not get graduate education

Based on the answers given, more than 32% of those surveyed felt deployments or training that took Soldiers away from home station was the most compelling reason

for leaving. In contrast to Lewis' findings concerning junior officer perceptions of senior leaders, only 5.2% of those surveyed felt the Army suffered from poor quality of military leadership (12.7% if you include those who didn't like their job).

The 2010 AF&S article looks at attrition through the lens of why officers choose to stay in the Army. Their research suggests that qualitative factors such as family satisfaction with the military experience have an effect on continued service, while other officers continue serving based on anticipated or realized rewards used to motivate and empower employees in the workplace.<sup>53</sup> Other reasons for continuation on active duty beyond an officer's ADSO include the acquisition of marketable skills or education. Their work also looked at reasons why officers choose to depart citing generational differences, the effects of transformation and perceived flaws in the Army's senior leadership as the primary reasons.

Tim Kane's article, *Why Our Best Officers are Leaving*, captures a different point of view as to why officers are leaving at their ADSO. In a survey he conducted of 250 West Point graduates from the classes of 1989, 1991, 1995, 2000, 2001, and 2004, 93% of those surveyed believed that half or more of the best officers leave the military early rather than serving a full career.<sup>54</sup> Kane's conclusion was officers didn't leave because they could get a better job in the private sector. "The reason overwhelming cited by veterans and active duty officers alike is that the military personnel system – every aspect of it – is nearly blind of merit."<sup>55</sup> He identifies performance evaluations that emphasize a zero-defect mentality, promotions that can be anticipated to the day regardless of an officer's competence, and an impersonal job assignments process as the leading issues with the personnel system.

When asked why they left, the number one response was “frustration with the military bureaucracy” which was cited by 82% of those surveyed. Only 63% felt that the high frequency of deployments was the main reason for leaving, placing it fifth on the list of most common reasons for leaving.<sup>56</sup>

The question remains unanswered. Why do some officers choose to leave the Army while others decide to stay? A plausible conclusion that can be drawn is that when an officer’s opportunity cost of leaving outweighs the expectations or benefits of remaining, they will depart. SSI explains this in detail defining opportunity cost as the value of an officer’s next best employment alternative outside the Army. “Factors that may affect an officer’s opportunity cost include unemployment rates, educational opportunities, potential civilian compensation, job satisfaction, and spousal employment opportunities.”<sup>57</sup> Expectations of Military Service are those things that are attractive to remaining in the Army. Examples include current or anticipated job satisfaction and promotion potential, the value of retirement and insurance benefits, commissary privileges, the scope and quality of family medical care, and fully-funded educational opportunities for the officer and their family.<sup>58</sup> What’s important to understand is each officer’s opportunity costs and expectations are different; and that each officer will choose the option that is best for them. While the Army can do little about opportunity costs, it can greatly shape expectations. Failure to meet expectations – as a result of reduced budget reductions – will have a negative impact on officer retention.

#### Initiatives to Improve Officer Retention

Over time, the Army has implemented several initiatives to correct its officer shortage problem. While some were truly innovative and must be included in a future officer corps strategy for success, others have fallen miserably short of achieving their

desired effects. The Army's earliest initiatives included: 1) accessing more lieutenants on active duty to compensate for under accessions and transformation; 2) reducing the time for promotions through the rank of major; and 3) increasing officer selection rates. More recently, the Army has also offered several incentive programs in an attempt to meet accession numbers and increase retention rates. Finally the Army established the Officer Retention Branch in 2006 as part of a new campaign designed to retain more of its best officers.<sup>59</sup> Efforts from this campaign include a prototype Personnel Assignment system, an officer retention video and an officer retention website that, when coupled with command leadership, is intended to express to junior officers and their families just how important they are to the Army team.

Starting in the late 1990s, the Army approached the critical shortage of captains by producing an overabundance of lieutenants. By mid-2001, there were 3,242 extra lieutenants, or a surplus of 20%. Lewis and Rochelle explain that with a future requirement for roughly 3,000 new active duty lieutenants each year remaining constant, the Army planned to incrementally increase production rates to 4,300 in 2002; to 4,600 in 2005; eventually reaching 5,500 in 2009.<sup>60 61</sup> To put it in perspective, the Army commissioned three lieutenants for every two openings and flooded the ranks to compensate for the loss of more senior captains.<sup>62</sup>

The problem with over-accessing officers to compensate for low retention rates is that it actually puts additional downward pressures on retention. Wardynski, Lyle and Colarusso explain that as the Army has increased lieutenant production to replace talented captains lost to the private sector, the number of new officers waiting to fill a

finite number of platoon leader and company executive officer positions has increased as indicated by Figure 5.<sup>63</sup>

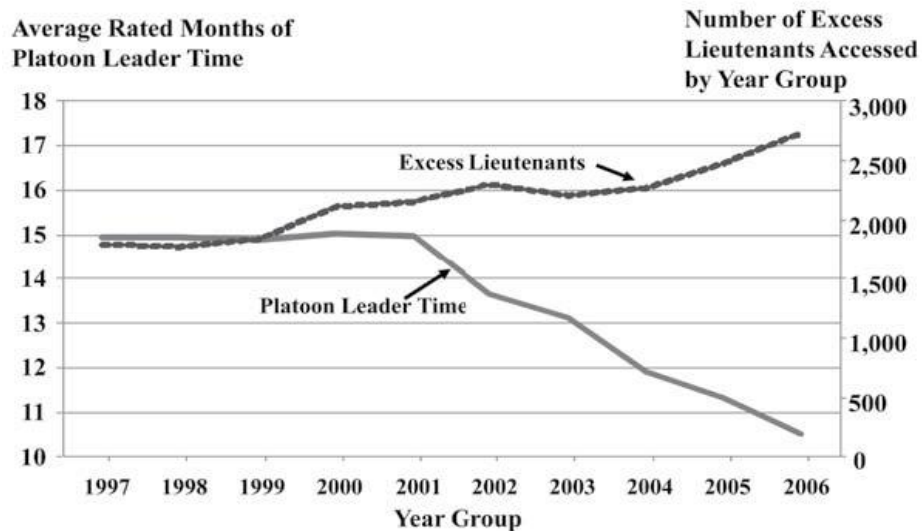


Figure 5. Over-Accessing Officers is Undercutting Developmental Opportunities for Lieutenants

This creates a lengthy queue for these key developmental positions for which the Army is forced to reduce the time each officer can spend in them. “Lieutenants are given make-work duties that deflate career enthusiasm. The result is reduced experience in key leadership positions which yields increased dissatisfaction impairing the Army’s ability to retain talent.”<sup>64</sup>

In an effort to grow captains and majors as quickly as possible, the Army reduced the time it takes to reach these ranks while also increasing selection rates. Lewis points out that before 1994, pin-on time to captain took about 54 months; in 1994 it dropped to 48 months; in 2000 it went to 42 months; and in 2002 it dropped even further to 38 months.<sup>65</sup> The time required to make major also decreased from a historical norm of 11 years to a pin-on time of 10 years.

LTG Rochelle explained to Congress that part of the Army's officer growth plan concerning captains and majors was increasing their promotion rates to yield a 95 – 98% select rate. He pointed out that while promotion rates were high, the Army continued to select only the “best qualified” officers.<sup>66</sup>

Lewis' findings run counter to the general's comments. “To compensate for captain attrition, the Army made compromises in the quality control procedures within the promotion process in order to promote more lieutenants each year.”<sup>67</sup> In 1997, the selection rate to captain jumped significantly because the Army lowered its promotion selectivity standards from “best qualified” to “fully qualified.” Additionally, in 1999, the Army began to retain captains who had twice been passed over for promotion to major.<sup>68</sup> In an effort to grow more senior captains and majors, the Army actually aided in its retention problem by lowering the standard. Frustration set in with top performing officers as they watched substandard performers with less talent achieve the same accolades they received with far less effort. An Army Times editorial ran in 2001 entitled, *A Good Time for Officers*, captured this.

Why are so many officers advancing? The main reason is that too many officers continue to flee the service, including many of the best and brightest leaders. When selection opportunity gets too high, the competitive nature of the promotion system is diluted... Over time, quality will have to erode. Less competition can't mean anything else.<sup>69</sup>

While the Army's plan of increasing accessions and selection rates for promotion coupled with reducing pin-on times for advancement to captain and major were focused on increasing retention, these were short term solutions to a long term problem that actually did more harm than good. SSI accurately points out that, “By accessing and promoting lower talent today, the Army pays a price in less competent officer leadership tomorrow, a problem that takes years to rectify.”<sup>70</sup> This is relevant because the senior

officer leadership the Army grows from within its ranks begins as today's new lieutenants. Lewis also argues, "Instead of simply bringing in more new lieutenants and promoting them faster, the Army should focus on junior officer retention. A lower rate of voluntary attrition would increase the competitive nature of the promotion process and ease the demand for new officers."<sup>71</sup> If the Army is going to develop and grow an experienced, skilled, and contented officer corps, it must provide junior officers with more time in critical key development positions that offer a deeper, broader set of training opportunities.

To the Army's credit, it has recently executed several incentive programs that have had varying measures of success. Examples include the Officer Menu of Incentives Program (OMIP) and the Officer Career Satisfaction Program (OCSP).

#### The Officer Menu of Incentives Program: Success or Failure?

The Army launched the first of two OMIPs in September, 2007 targeting primary Year Groups 1999 – 2004 with the intention of retaining 14,000 officers. The program offered five incentive options: 1) Critical Skills Retention Bonus (CSRB); 2) Graduate School; 3) Military School; 4) Branch/Functional Area of Choice; and 5) Post of Choice.<sup>72</sup> In exchange for a three-year ADSO, the CSRB offered a bonus payment incentive in varied amounts between \$25,000 and \$35,000 based on an officer's accessions branch. The graduate school option offered fully-funded enrollment to a program of an officer's choice for a period of 12 – 18 months. This option incurred an ADSO payback of three days of service for every one day spent in school. The third option included selection for a military training program or defense language training. Ranger school incurred a one-year ADSO, whereas language training incurred an ADSO of three-days for every one spent at school. The final two options allowed

captains to select a different branch or functional area or to select their duty station of choice in exchange for a three-year ADSO.<sup>73</sup>

The results of the first OMIP were less than encouraging falling short by more than 2000 officers.<sup>74</sup> Those who predominately took advantage of the program were those who needed no incentive to stay at all; 77% of eligible captains had previously indicated their intentions to stay on active duty beyond their initial ADSO.<sup>75</sup> With a cost to taxpayers of \$500 million, Army G1 analysis of the program failed to find sufficient evidence that OMIP actually improved retention.<sup>76</sup>

The first OMIP failed to meet Army expectations for several reasons. First, the timing of the program's release was a factor. Since the majority of officers in the targeted year groups were from USMA and ROTC, they would have joined the active Army in the summer upon graduation. Thousands of officers hit their ADSO two-to-three months before the September announcement and had already departed the Army; therefore the Army missed a large portion of their retention target audience.

Second, the Army failed to offer officers what they truly wanted. Turner's study provides ARI survey data that asked company grade officers to identify the most important incentive the Army could offer to retain an officer past his/her ADSO. The results were the following:<sup>77</sup>

- 20.7% - Better predictability of Deployment Rotations
- 14.3% - Grad School (up to two years)
- 13.7% - Increased Basic Pay
- 10.7% - Duty Assignment of Choice
- 8.1% - Other Incentive

- 7.5% - Post of Choice
- 6.5% - Better Retirement Benefits
- 4.1% - Branch Transfer
- 3.5% - Choice of Career Field Designator
- 2.9% - Monetary Bonus for Extending Past ADSO
- 2.8% - Federal Matching of TSP

Comparing OMIP options to ARI survey results, the number one response (Better predictability of Deployment Rotations) is an incentive that would not have cost the Army any money at all. Of note, Monetary Bonus for Extending Past ADSO ranked second to last of officers surveyed at 2.9%. Yet when you compare what the 11,979 officers who participated in OMIP selected, more than 93% chose a monetary bonus, while only 1.5% chose the graduate school option sending a mixed message between surveyed results to decisions made.<sup>78</sup>

A third reason why OMIP failed was officers' perception that there was "too much fine print" with the options presented in the program. At face value, the graduate school option seems attractive. However upon closer inspection, "officers will generally begin graduate school attendance between their 8<sup>th</sup> and 12<sup>th</sup> year of service" and "officers are required to study in an approved discipline."<sup>79</sup> These restrictions turned otherwise interested candidates away.<sup>80</sup>

Taking lessons learned from the first offer, the Army opened a second OMIP in April 2008 offering the program to Year Groups 1999 – 2005. Eligible officers had three options to choose from this time: 1) CSRB – again offered at lump sum amounts between \$25,000 to \$35,000 based on accessions branch in exchange for a three-year

ADSO; 2) Graduate School – in exchange for an ADSO of three days of service for every one day spent in school. While officers are still required to study in an approved discipline, they were now allowed to “begin their graduate study program as soon as possible, usually within 18 months;”<sup>81</sup> and 3) Foreign Language Training – requiring an ADSO payback of three days of service for every one day spent in school.<sup>82</sup>

The results of the second OMIP can be viewed as both success and failure, depending on how you interpret the data. The total population of company grade officers extended an invitation to participate in the program was 20,055. Results reflect that 15,325 (or 76.41%) of eligible Army captains accepted the offer allowing the Army to call the program a success as it surpassed its goal of retaining 14,000 officers. HRC data shows that nearly 95% (14,505 of 15,325) selected the bonus money, while only 2.1% (320) selected post of choice. Less than 2% (242) selected graduate school, while less than a single percent chose defense language training (43) or military schooling (30).<sup>83</sup> Acceptance rates by year group once again show that experience mattered as those who had already gone past their ADSO participated in the program at higher percentages than those who had yet to reach their ADSO. The results by year group are as follows: YG 1999 – 88%, YG 2000 – 89%, YG 2001 – 86%, YG 2002 – 83%, YG 2003 – 80%, YG 2004 – 71%, and YG 2005 – 56%.

One could argue that the program failed to achieve success however for several reasons. First, the OMIP was offered to year groups 1999 – 2005. The critical decision point for captains occurs at year four or five if the officer was commissioned through ROTC or USMA. If the intent behind OMIP was to retain year group 2005 officers beyond their ADSO, then the Army was only 56% successful.<sup>84</sup> Second, most officers

from year groups 1999 – 2003 had already made the decision to stay beyond their ADSO, therefore incentive money offered to them was really money poorly spent. As the Army faces significant budget reductions, it must ensure that money is spent wisely. Finally, while the Army achieved the numbers it was seeking, there was no effort made to target more talented officers with select incentives to stay. Of note, captains who had been selected below-the-zone for major – an event reserved for less than 10% of a year groups best officers – were ineligible to participate in OMIP, thus adding to the perception of rewarding mediocrity and failing to reward superior performance.

While OMIP served its purpose of retaining officers past their ADSO, the Army's Officer Career Satisfaction Program (OCSP) is exactly the type of program the Army needs in a strategic officer plan. In 2006, the Army implemented the OCSP as a pre-commissioning program that offers Cadets their first branch of choice, assignment of choice, or a guarantee to attend a fully-funded graduate school in their 6<sup>th</sup> – 11<sup>th</sup> year of service in exchange for an additional three-year ADSO.<sup>85</sup> The beauty of this program is that it focuses on officer quality and talent. Cadets compete before a board for selection ensuring the Army will retain its best officers for a minimum of three additional years. Additionally, before OCSP many Cadets were unable to secure their branch or post of choice because branching and posting algorithms are based primarily on academic standing. "Over the past four years, however, more than 4,000 Cadets participated in OCSP to secure their branch or post of choice, guaranteeing the Army more than 12,000 obligated man-years of service at no cost to the Army."<sup>86</sup> This ensures the Army retains high quality officers because unlike the CSRB, the OCSP is not a reactive policy designed to entice everyone to stay. Instead it is squarely focused on a large, poorly

retaining population with talents the Army deems critical. SSI points out that these officers are more likely to possess the conceptual and problem-solving talents demanded by jobs such as commander, executive officer, or operations officer and that their talent advantage grows as they move from company grade to field grade assignments.<sup>87</sup>

Wardynski, Lyle and Colarusso champion OCSP as an investment in human capital. “The power of OCSP incentives to secure thousands of years of obligated service while simultaneously creating a more agile, satisfied, and educated officer corps is inarguable.”<sup>88</sup> The program has the potential to increase continuation rates beyond ADSO currently at 47% to above 69% - levels the Army hasn’t seen in its company grade officers since the 1980s.<sup>89</sup> Given impending budget cuts, OCSP is a program the Army cannot afford to sacrifice.

The Army’s Officer Retention Branch is hard at work developing ways to retain more of its best officers. One of these initiatives is a prototype Personnel Assignment system that seeks not only to gain the input from the officer, but to make assignments based on the talents and skill sets of each individual. In Wardynski, Lyle and Colarusso’s study on officer talent, they point out that the current Army personnel systems of an Officer Record Brief or Evaluation Reports lack the capability to track an officer’s true talent. They offer that by creating a system to manage talent, it could have a dramatic impact on officer retention. “Effective talent management reinforces and links officer development, retention, and accessions programs. Assigning officers to positions leveraging their innate and acquired competencies can directly improve officer career satisfaction and success.”<sup>90</sup> They continue that “It is in the best interest of both the Army

and individual officers to match talents against requirements. The organization increases its productivity without increased costs, and the officer experiences enhanced productivity and job satisfaction without compromising his or her career.”<sup>91</sup>

With these thoughts in mind, an innovative new web application is currently piloted on a small scale among Engineer officers. Simply called “Green Pages,” it is a talent management tool that reveals both the talents the Army possesses and the talents it demands. Wardynski, Lyle and Colarusso provide an explanation, “When officers participate, they will create detailed profiles summarizing all of their expertise, experiences, and accomplishments. More than just a listing of Army training and skill identifiers, these include talents gained in college, through leisure pursuits and hobbies, in the communities, in the civilian job market, and even from relationships with friends and family.”<sup>92</sup> Green Pages will also allow officers to look beyond their next assignment, to know what talents are in demand, align this information with their personal career preferences and make choices that will better posture them for assignments they desire in the future. In short, the system is designed to use talent matching to make the Army more productive while providing officers with assignments that better fit their innate gifts. This will lead to increased job satisfaction, which has direct implications for retention.<sup>93</sup>

In a study conducted by ARI, findings revealed that junior officers are seeking outlets for guidance on the pros and cons of leaving the Army. While these officers should be able to discuss retention with their commanders, multiple barriers require the need for an additional outlet.<sup>94</sup> As a result, the Army Officer Retention Branch developed a retention video that seeks to target company grade officers approaching their ADSO.

“While there is no empirical evidence, former commanders at Human Resources Command have stated anecdotally that a significant portion of the company grade officers who leave the Army prior to retirement regret their decisions to leave the Army.”<sup>95</sup> Therefore, the premise behind the Army’s retention video was to get former Army officers, who are successfully established in their civilian careers, “To express in an insightful and compelling way what they missed most about the Army, their regrets about having left when they did, and their willingness to advise current officers to at least consider thoughts about leaving.”<sup>96</sup> Justification behind using this medium was four-fold: 1) to provide a realistic perspective on the pros and cons of leaving the service to combat the “grass is always greener” syndrome; 2) to highlight the benefits enjoyed by being an officer in the Army that may be taken for granted; 3) to get the true perspective of life in the corporate sector; and 4) as former members of the Army, they could be seen as less biased and more knowledgeable about the outside world than one’s commander.<sup>97</sup> The Army interviewed 70 former officers representative of current demographics, ultimately settling on eight former officers and their spouses. The video was then screened by a focus group consisting of 155 company grade officers for their feedback.

Over 45% of the 155 officers said the video helped clarify the unique benefits of being an officer while more than one third (34%) said they would now take in account the positive aspects of being an officer when making career decisions. About 15% said that seeing the video actually increased the likelihood of their staying until retirement. Over half wanted a formal program that would enable them to speak with former

officers, and 41% said that they wanted their spouses to talk with former officers' spouses.<sup>98</sup>

A consensus among the focus group emerged that the video would be effective to spur conversation about officer retention, provided it was shown at the right time and in the right setting. For optimal results, the video would be most effective shown on an individual basis as a springboard to a discussion with the commander. Alternatively, most officers and all spouses felt that it would be effective to view it as a couple or with three or fewer couples with a discussion facilitator. Most felt this would spur conversation in a way that simply sitting down to talk could not.<sup>99</sup>

A second initiative from the Army's Officer Retention Branch was the development of an officer retention website. The site offers a combination of unique, site-specific content and links to various military, government, and civilian websites. Topics covered by the website includes: 1) Career information by branch; 2) Military versus civilian job comparisons; 3) Educational opportunities; 4) Installation information; 5) Health; 6) Deployment; 7) Family; and 8) Compensation and benefits.<sup>100</sup> The website's main purpose is to provide information to company grade officers trying to make informed decisions about retention while also evaluating officer's perceptions of the Army, attitudes, commitment, thoughts of leaving and career intentions.<sup>101</sup> Similar to the retention video, the Army used focus groups to receive feedback on the website. Findings revealed that the website may have the potential to have a positive impact on the retention-related attitudes of at least some company grade officers. Though not as successful as the retention video in meeting the needs of company grade officers concerning retention, the website provides information that could prove important in

answering questions about opportunity costs and expectations when determining whether to stay or depart. The other advantage of the website is the Army's ability to receive continuous feedback from company grade officers about their perceptions allowing the Officer Retention Branch to remain plugged in to its junior officer population.

### The Need for an Officer Corps Strategy

According to SSI's study, many of the symptoms of the Army's officer shortage problem were magnified by corrective measures that only served to exacerbate rather than eliminate the shortage.<sup>102</sup> A thorough examination of the reasons behind the issues over the past two decades suggests the Army's need to develop an officer corps strategy for recruiting and retention. With the war in Iraq complete and the war in Afghanistan coming to a close, the country has already indicated its intent to cash in its "peace dividend." The Army must develop a comprehensive strategy for recruiting and retaining its junior officers if it is to correct its officer retention problem and set the conditions for an adequately manned and equally talented officer corps prepared to meet the challenges and demands of the future. At a minimum, the Army needs to establish a centralized accessions program; return to its historical percentages by commissioning source; and establish policies that establish a phased approach when looking at officer retention.

The 2007 GAO report points out that the Army's officer accession programs are decentralized and do not formally coordinate with one another, preventing the Army from effectively compensating for the shortfalls in some officer accession programs.<sup>103</sup> The Army must either consolidate its three commissioning sources under a single

authority or within a fused command structure that ensures unity of effort if it is to set the conditions for an officer corps strategy for success in an era of reduced budgets.<sup>104</sup>

By coordinating efforts under a centralized agency, the Army can maximize its recruiting efforts to ensure that officer accession programs meet Army needs. An example of a coordinated effort is the Air Force's creation of the United States Air Force Academy (USAFA) and Commissioning Programs Division which in 2004 consolidated all USAFA issues and officer commissioning functions under one headquarters division.<sup>105</sup>

Not only is a centralized officer accessions program better for the Army to have greater visibility on quotas and potential shortfalls, it also allows for a synergy of effort in terms of recruiting dollars. SSI describes a recent pilot program that shows the value of coordinated efforts through cross market applicants from West Point to ROTC. Each year, West Point receives more than 10,000 applicants for some 1,300 open seats. Of the more than 8,000 surplus applicants, however, historically fewer than 100 end up participating in ROTC.<sup>106</sup> Since West Point and ROTC began cross marketing surplus applicants, more than 400 have accepted ROTC scholarships. This type of unity of effort is exactly what an officer corps strategy for the future must facilitate. While more than 400 new Cadets have joined ROTC through this effort, there are still roughly 7,600 more highly-skilled applicants that can be accessed through further coordinated endeavors.

The Army needs to return to its historical percentages for officer production by source. "The rise in OCS from 9% of accessions prior to 1998 to nearly 40% of accessions in 2008 occurred first in the OCS-IS harvesting from among our NCO ranks.

When OCS-IS reached its maximum capacity, the Army expanded its OCS-EO program. Since 2006, OCS-EO has comprised more than 60% of the OCS accessions.”<sup>107</sup> If the Army is to return to ROTC producing 70% of the officer population, it must have the ability to attract applicants; that means scholarships. As SSI points out, the Army recently returned to a centralized scholarship selection process placing it back on par with Air Force and Navy scholarships. This gives ROTC greater flexibility in ensuring that high-potential talent stays in Army ROTC.<sup>108</sup>

An officer corps strategy for the future must provide talented, quality officers in its ranks – and then retain them. SSI’s study on retaining officer talent explains that retention requires far more than dramatic pay raises or other financial incentives. “First, it calls for a mutually reinforcing mix of sound accession, retention, development, and employment policies.”<sup>109</sup> By employing officers in the right place and time, and by providing them with the proper amount of developmental opportunities, the Army will create a virtuous cycle that ensures the highest possible retention of the officer talent it requires. Second, these policies must describe four distinct career phases of an officer’s career laying out the different opportunity costs and service expectations associated with each phase. According to SSI, Phase I begins with the receipt of an officer’s commission and goes through the end of ADSO. “Retention strategies in this phase must focus on creating positive company grade experiences, as well as positive expectations for future field grade service.”<sup>110</sup>

A great example of sound policy is the continued use of the OCSP. The ability to select only the best and brightest West Point and ROTC officers for an additional three years of service in exchange for a branch, location or graduate school option is

extremely cost effective and retains our best and brightest junior officers on active duty longer. This program is expected to increase officer retention percentages back to near 70% while increasing the quality of officers serving. Phase II of SSI's career phase policy plan is from the end of an officer's ADSO to 10 years of service. As an officer approaches 10 years of service, the probability of remaining on active duty until retirement climbs to more than 80%. To get officers to this point; the Army must create positive expectations regarding continued employment within their talent set, selection to field grade rank, and the possibility of higher education goals.<sup>111</sup> Phase III is from 10 years to 20 years of service. Most officers beyond 10 years are committed to a 20-year or longer career and are interested in all the benefits that come with it. Phase IV is from 20 years of service to mandatory retirement. This is the phase where officers give back to the Army in terms of providing strategic talent. Service expectations shift markedly toward a desire to influence significant outcomes and to enjoy their work. The Army must guard against talent leakage as opportunity costs for these officers tend to rise due to their experiences and accomplishments, which are valued in the marketplace.<sup>112</sup> By instilling a mutually reinforcing mix of sound accession, retention, development, and employment policies, the Army will be taking a more proactive approach towards achieving an enterprising solution towards and officer corps strategy for recruiting and retention.

The Army will get smaller as a result of budget cuts, however that doesn't mean its officer corps has to re-learn the mistakes of the past. By developing an officer corps strategy for success, it will correct its officer retention problem, setting the conditions for an adequately manned and talented officer corps prepared to meet the challenges and

demands of the future. Only by implementing an effective officer corps strategy will the Army be able to access, develop, retain, and employ the best leaders in the world.

## Endnotes

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