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Navy Turns Auctioneer, Lets Sailors Bid for Unpopular Posts

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Going Once . . . Twice

He doesn't want to live in Japan. Nor does his wife. But they figured an extra \$350 a month would go a long way toward a down payment on a house. "My No. 1 goal in life right now is to save enough money to build a house," his wife, Shana Moses, says.

The online auctions are one piece of a new Navy plan to unleash the power of the free market on its personnel system. Under the old system a Navy personnel officer, known as a "detailer," filled all of the Navy's jobs by searching through a database for a sailor whose rotation date and skills matched up most closely with an upcoming vacancy. "The old system was Stalin-like," says Rear Adm. Jake Shuford, who is in charge of the redesign.

In the new system, sailors will be able to bid on jobs that no one wants. Ships with vacancies also will be able to bid for sailors that they really want. The Navy is even considering allowing sailors who are particularly good at their jobs to apply for positions that would traditionally go to higher-ranking officers.

"Wouldn't it be awkward to have a petty officer second class in charge of a bunch of petty officer first classes?" Capt. Diane Lufnik, Adm. Shuford's new deputy, asked when he was briefing her on the system in July.

"We'd promote the sailor," Adm. Shuford replied.

All this free choice is a radical change for the military. Not everyone is happy with the idea, warning that it will undercut traditional discipline and the chain of command. "Today, as a Navy, we seem fixated on popularity and preoccupied with the satisfaction of our sailors. . . . We have begun to chip away at our ability to accomplish our mission," Cmdr. Kevin S.J. Eyer wrote in the U.S. Naval Institute's Proceedings, an influential magazine.

The online auctions also challenge an entrenched military pay system in which all sailors of a particular rank are

paid essentially the same amount. The Navy, which won special approval from Congress for the auctions, has budgeted about \$150 million over the next four years to cover the auction-related salary increases.

Despite the critics, Navy officials say they have no choice if they are going to persuade skilled sailors and their families to stay in the service. Although sailors are re-enlisting at record rates, the service is still short on troops trained in critical high-tech specialties such as cryptography, information technology and medicine. As the Navy replaces its current fleet with new ships, which rely heavily on automation to reduce the number of sailors on board, these technically adept sailors will be in even more demand.

"This isn't about creating a kinder, gentler Navy," says Chief of Naval Operations Adm. Vern Clark of the shift to a free-market system. "This is about focusing on performance more than ever before."

In the new auctions, the lowest bid won't always win. Whether a sailor wins a slot will also depend on the sailor's previous performance and how much it costs to move him or her.

The ship that is taking the sailor aboard also gets a vote, with each commander receiving an allotment of points. If a ship really wants a particular sailor and his or her skills, it can blow its full allotment of points. "We haven't had a system where the ship was part of the decision-making process, says Adm. Clark. "All the decisions were made by Navy personnel command. That's the wrong answer."

A sailor's outside education will also be factored into the mix. In the past, sailors who earned bachelor's degrees during their service were often "challenged by superiors and peers about their commitment to their duties," says Master Chief James Russell, who oversaw the development of the new system. The assumption was that sailors would use those degrees to leave the service.

Now the Navy has learned the opposite is true. Sailors who earn 60 or more college credits in their first five years in the Navy sign up for a second hitch about 55% of the time, according to an internal Navy study. Sailors with no college credits re-enlist just 31% of the time.

Encouraging sailors to get more education could have a far-reaching impact in the Navy. Eventually, Adm. Clark says, the now-inviolable gulf between officers and enlisted sailors will begin to blur as senior sailors with advanced degrees are cleared to apply for officers' jobs. Such a change would require congressional legislation.

Currently, the Navy is addressing some basic questions about auction strategy: Should sailors who desperately want a particular posting be allowed to enter negative bids -- essentially offering to take a pay cut -- to win a job? (No, at least for now.) And how should the Navy weigh monetary bids vs. other factors like a sailor's skills or a ship's desire for a particular person with a special skill? (Undecided.)

So far, the bids have been all over the map. Petty Officer 1st Class Ray Stoddard recently bid a \$0 raise on a job in Sigonella, Italy, for which the Navy had set a bid limit of \$400 a month.

Posts in Italy are unpopular with some Navy families because of the separation from friends and family in the U.S. But Mr. Stoddard's wife is an Italian citizen and depends on Italy's socialized medicine to treat a chronic disease. What's more, he says, "I like the Italian lifestyle." He got the job.

Mr. Moses, who bid on the job in Japan, says he figured that by bidding \$350 a month on a job where the Navy had set a bid limit of \$450 a month he stood a reasonable chance of winning. "Not that many people want to go to Yokuska," he says. Perhaps not, but a lower bidder got the job. In any case, Mr. Moses says he will bid again.
