Revolution in Business Affairs

DCMC Group Leaders Conference
22-26 February 1999

Supplier Operations

Workshop 1 - Where We’re Going
Supplier Operations
Briefers

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Overview

- Policy Development and Deployment
- Supplier Risk Management
  - Contractor System Surveillance
  - Management Council
- Preaward Information
- Earned Value Management Systems
- Single Process Initiative
- Contingency Operations
Acquisition Management: Workforce Reductions and Contractor Oversight

- End-strength reduced 27% (FY93-97)
  - DoD’s overall workforce decreased 17.5%
  - Quality Assurance Specialists reduced 54% (FY90-96)
- CAOs reduced by 34%
- Shifted focus to Risk Management:
  - Contractor Self-Oversight
  - Performance-Based Assessment Model
  - Single Process Initiative
  - Early Contract Administration Services
Goal 1 - Deliver great customer service

Obj 1.1 - Provide right item at right time for right price.

Performance Goal 1.1.5 - EVMS

Obj 1.2 - Team with our business partners to achieve customer results.

Performance Goal 1.2.3 - Early CAS
Performance Goal 1.2.7 - Preaward Survey (PAS)
Goal 2 - Lead way to efficient & effective buss. processes.

Obj 2.1 - Serve as catalyst for revolution in buss. affairs.

Investment Goal 2.1.18 - Return on Investment.

Obj 2.2 - Apply commercial processes and practices.

Investment Goal 2.2.9 - Acquisition Pollution Prevention Initiative
Policy Development & Deployment

- **DCMC Challenge:** Integrated Policy and Process Deployment
  - One Book (Chapter 6.2.6)
- Performance Management
  - Managing with Metrics
- Communicating To/From...
  - The Web
Whatever it takes to “enable” that process so that it can be done right, right out of the box, right now, by anyone

**Today:**
- Basically “knowledge deployment”

**Tomorrow:**
- Process owner/champion also a resource manager; central figure in performance budget development
- Performance/Process improvement and planning and budgeting integrated
What counts? Results or activity?

**Today:**
- Quality/Effectiveness orientation
- Bottom line - Negotiation by best guess

**Tomorrow:**
- Effectiveness and Efficiency
- Bottom line - Knowing the cost of incremental improvement; cost-benefit analysis with facts
Today:

- Paper management “systems” - paper thinking
- A coordination process cycle time that we would never want *60 Minutes to find out about*

Tomorrow:

- The whole thing is one big network
- Dead Dogs:
  - Snail mail
  - Hardcopies
  - Filing cabinets
  - Anonymity
Anonymity

- If it is Web based:
  - Everyone is an author
  - Everyone is an editor
  - Everyone is a “publisher”
  - The “world” is your audience
  - It’s your “document”
- Instantly:
  - You’re directly accountable
  - You’re famous
  - You’re accessible
Risk Management

- DCMC Objectives -

- Merges PBAM and surveillance planning activities
- Consistent Risk Management Methodology DCMC-wide
- ONE Standard automated Command-wide tool to assess cost, schedule, and technical risks for DoD acquisitions
- Enhance data analysis & decision making
- Improve customer support
Risk Management

- Risk Planning -- surveillance method selected; product, system audits, data analysis, etc.
- Risk Assessment -- Periodic assessments drive increase/decrease activity
- Risk Handling -- Process improvement efforts focused on high/moderate risk processes; those that will yield the highest return for Government
- Risk Monitoring -- ONE standard automated Command-wide tool to assess cost, schedule, and technical risks; proposed module in the Supplier Information Service (SIS)
Supplier Information Service

- New Name for an Acquisition Support Tool
  - Essence of CAS reflected in today’s technology.
  - Goal for Full Operability: October 1999

- Ongoing...
  - Support System Monitors, e.g., PASM
  - Support Software/Hardware Application
    Systems Development & Upgrades
  - Current Metric: Timeliness of Preaward Surveys
  - Support training of DCMC personnel
Performance Goal 1.2.7 - Preaward Survey

- Maintain formal Preaward Survey Timeliness at 95%
  - # surveys mailed on/before date required on SF 1403 by total quantity surveys * 100
  - FY 98 Goal was 85% Timeliness

- Why we are doing this:
  - To ensure we assist buying activities with responsible business decisions (need *quality* metric)

- What is the Command strategy:
  - Validate process driver--cycle time
Risk-Based Preaward Surveys (PASs)

- Reorientation of PAS toward Risk Assessments
- Visits to Major PAS Customers--viewed as "Value Added"
- 5 Pilot Sites selected to develop & refine the "idea"
- Common risk definitions--low, moderate, high
  - Customers Concurred!
- Key Success Factors: Consistent Risk-Based Narratives
- Risk Based PAS Concept is consistent with:
  - DoD/DCMC Risk Management approach
  - RBA Supplier Excellence Group Strategy
- Long-term Strategy--Integrate with overall Supplier Risk Management Program...Policy will reflect!
Management Council

Need for Higher-level Councils

- Defense Industry Undergoing Change
- Merger, Acquisition & Consolidation = Large Corporations
- Need to Leverage Results Across Enterprise
- Corporate & Segment-level Councils Offer One Method
- Policy Change Notice 98-231 Revised DLAD 5000.4
  - Permits for Councils at more than Local Site
  - Allows for Block Changes at Segment or Corporation
Management Council

Corporate Council

Business Unit A
  Site
  Site

Business Unit B
  Site
  Site

Business Unit C
  Site
  Site

Leveraging with Corporate Councils

Good Ideas Start Here!

Shared Throughout Corporation!
Risk Assessment Based Contractor Purchasing System Reviews

Status as of November 30, 1998

- Barriers Removed - FAR/One Book Changed
- Streamlined Processes - CPSR Guidebook Updated
- Business Improvements - Implement Risk Assessment Mgmt Counsel Emphasized

Further Gains Expected

- 62% Personnel Reduction
- 40% Reduction in Onsite Reviews

Insight Vice Oversight

- Taking Maximum Advantage of FAR Changes
  - All Reviews Tailored Based on Risk
  - Maximum Use of Available Data
  - Best Value Practices Encouraged
Enterprise Resources Planning (ERP)

What We’re Doing

- Joint DCMC/DCAA/Industry study group established
- Purpose: Determine what DCMC and DCAA need to know and do when contractor’s implement ERP
- How We’re Accomplishing This:
  - Selected site visits
  - Other data gathering
- End Product: March 31, ‘99 report on findings and recommendations
Performance Goal 1.1.5 - EVMS

➢ Reduce % of contracts exceeding cost or schedule goals by >10% over FY 98 baseline.

➢ Include involvement of Management Councils, EVMS Monitors, Program Integrators and Program Support Team Members.

➢ Target is to prototype efforts at 5 CAOs in FY99, CAOs to be determined by Districts.

➢ Evaluate contractor EVMS processes for optimization of integrated cost, schedule and technical management.
Earned Value Mgmt System

DCMC is executive agent

- Consistent DoD policy implementation
- Facilitate DoD/Industry issue resolution
- System Acceptance and Withdrawal Authority
- DCMC promotes and influences
  - Contractors EVMS Ownership
  - Utilization of EVMS data (CAO, PM, Contractor)
- HQ Chairs Perf Mgmt Advisory Council (PMAC)
- Senior level services & agencies group

OSD expects a lot from DCMC
Established EVMS Center Jan 1
- Visited CAOs
- New system acceptances
- Special EV analysis for OSD/PMs
- Mentoring to CAOs
- EVMS Center (EVMS Training)
- Engineering SFAs
- Software Center
- Tasking Memorandum No. 98-261
- EVMS activity assessment
- Address customer concerns and expectations

1997
EV Fast Start Kit
EV Mini Conf's
Web Site
Earned Value Mgmt System

What We’re Doing

- Conducted Assessment Review
  - Surveyed 54 CAOs to assess EV status
  - Developed EV Capability Maturity Model
  - Making changes to policy and guidance

- DCMC Training Competencies Defined
  - Drafted Training Guide
  - Identified essential skills by functional area
  - Developing web based CBT module

- Issued 99-73 Tasking Memo, EVMS AMS Reporting
  - Explains reporting requirements
Known as the Earned Value Management System (EVMS), we have been challenging industry at integrated program management conferences to take ownership of its techniques. We also work closely with the industry to make these techniques a competitive advantage, aiming to use them on all projects. Moreover, we lead the new system acceptance activity.
Achieve satisfaction rating of $\geq 5$ for 90% 

Measured during monthly customer satisfaction surveys conducted by Districts pursuant to Goal 1.2.1.

Four of 30 customer surveys by District will include customers who received Early CAS support over previous two months.

Results will be entered in Automated Metrics System.
Early CAS Involvement

What Are We Doing Now?

- Targeting Customers/Marketing DCMC Services
- Challenge: How do we identify viable opportunities?
- Metric 1.2.3: Measuring customer satisfaction with early involvement, to validate that we do satisfy customer needs/expectations.

What Should We Be Doing with respect to FY 00?

- More of the same.
- Challenge: Orienting our customers, DCMC workforce toward the shift in emphasis from post-award activity to Early CAS Involvement.
Contingency CAS - Supporting The Warfighter

Shrinking Military Combat Service Support

A Dynamically Changing World

Hurricane Mitch Disaster Relief 1998 - 1999

Bosnia, Hungary, Croatia 1995 - Present

Saudi Arabia 1994


Rwanda 1994

Suriname 1994

Haiti 1994 - 1995

CCAS Team

Providing first class contract administration services to the warfighter

Contractors on the Battlefield
Contingency CAS - Supporting The Warfighter

DCMC Challenges

• Continue to provide professionals to support the warfighter

• Continue to respond to across the spectrum of crisis

• Continue to provide responsive on-site first class contract administration services to the warfighter