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RESOURCE MANAGEMENT

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A message from the Principal Deputy Assistant Secretary of the Army (FM&C)

Charles T. Horner, III

Greetings, and Happy Fiscal New Year to our entire Army civilian and military comptroller community. The cover on this RM issue shows where we stand: “Our flag is still there.” Our colleagues in Resource Services—Washington—the folks in Operating Agency 22 who fund the Army’s headquarters—were among the vanguard on freedom’s frontier on September 11. Their families are in our hearts and prayers. I would like to point out, however, that they never missed a beat, despite the tragic loss of life. The dedication and hard work of OA 22 and the entire FM community, both current and retired, who all pulled together, should make everyone proud to be in FM and even more so to be in public service. As President Bush told the nation, we are back in business (in fact, we always were), but it will not be business as usual.



These tragic events only underscore Secretary White’s guidance to put the “Management” back into Resource and Financial Management. Resource management is the interaction by people to solve problems that enable maximum use and faithful stewardship of the Army’s assets. The Secretary of the Army is vested with the responsibility for financial management. The “FM” is the only assistant secretary he can go to who has no “agenda.” The same unique relationship holds true in the field between commanders and their RMs. From the FM, the Secretary expects—and from field RMs, commanders expect—straight-up appraisals and assessments of what the Army’s resources are buying. We have seats at the table and must ensure they are tended by knowledgeable, trained, skilled professionals who provide resource execution alternatives that enable informed command decisions.

These are exciting times to be in our business, and they would have been, even without the events of September 11. The Secretary has recently completed a thorough top-to-bottom review of the headquarters, both to streamline operations and, more importantly, to strengthen our interaction with the field. These changes, details of which are only now emerging, will greatly reinvigorate the Army as a whole and more especially our FM community. On top of that, we have just been entrusted with the largest budget increase to our Army since the early 1980s. Upholding that trust, day in and day out, to our fighting forces and to the public at large, is an awesome challenge, but it’s nothing we can’t handle.

Given recent events, now more than ever is the time for a fundamental return to basics, and that’s exactly where our focus will be. Let us always remember that we are foremost in a people business taking care of and answerable to active, Reserve and retired soldiers and their families. We as RMs must continually ask questions to ascertain that true needs are aired, defended and resourced. Every choice we take, every RM decision we make, must satisfy the question, Will this be better for the Army as a whole, both today and in the future to enable our transformation to a 21st-century fighting force? That’s what we’re all about.

We need to focus also on those who will someday succeed us. Succession planning has to become more than a strategic plan we update once a year. We must continually re-emphasize training, developing, mentoring, challenging, recognizing, and—should it be necessary—correcting, those placed at our direction, not only to get today’s work done but to prepare tomorrow’s leaders. In all those respects, my gut-level metric is simple—Is your job fun? I take your answer to that question as a measure of my success in my own job.

In this issue you’ll find an article about the kinds of things that we as analysts owe the decision-makers we support. It’s a good review, and I commend it to all our readers. So far, I’m having fun in this job, and I’m hoping each of you finds work equally as rewarding.

Charles T. Horner, III

This medium is approved for official dissemination of material designed to keep individuals within the Army knowledgeable of current and emerging developments within their areas of expertise for the purpose of professional development.
By order of the Secretary of the Army:

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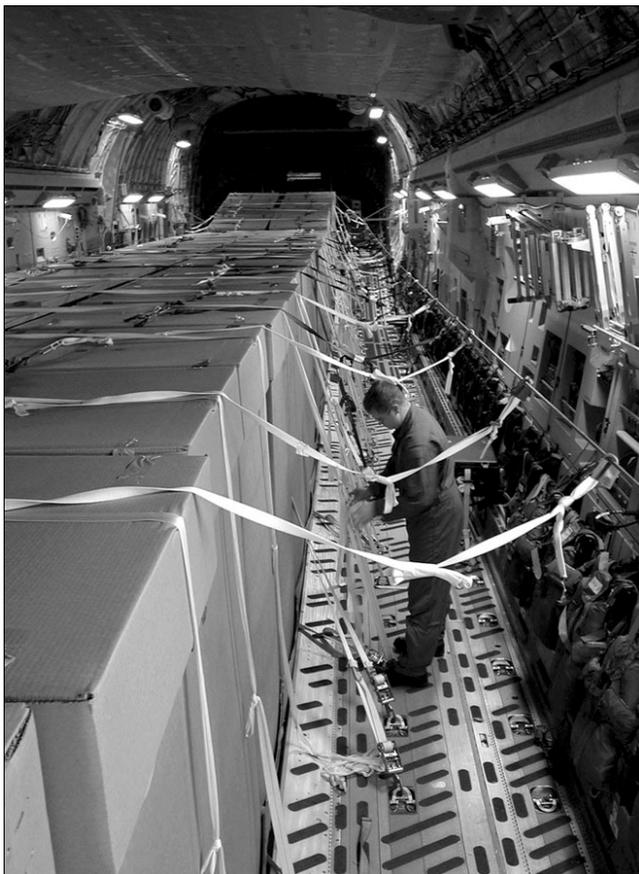
RESOURCE MANAGEMENT

Third/Fourth Quarter 2001 "Professional Development"

PB48-01-3

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(Photo by Air Force Master Sgt. Kenneth Fidler)

An Air Force loadmaster aboard a C-17 unties restraining cords in preparation for an airdrop of 42 containers of humanitarian daily rations over northern Afghanistan.

A West Point graduate's view of war in Afghanistan

by Richard Kidd

U.S. Military Academy Class of 1986

Many of my 1986 Academy classmates are probably not aware that I was one of the last American citizens to have spent a great deal of time in Afghanistan. I was first there in 1993 providing relief and assistance to refugees along the Tajik border. In that capacity I traveled all along the border region between the two countries. In 1998 and 1999 I was the deputy program manager for the United Nations' mine action program in Afghanistan. That program was the largest civilian employer in the country, with over 5,000 persons clearing mines and unexploded

ordnance.

In this latter capacity I was ironically engaged in a "holy war" as decreed by the Taliban against the evil of land mines, and by a special proclamation of Mullah Omar, all those who might have died in this effort were considered "martyrs," even an "infidel" like myself. The mine action program was the most respected relief effort in the country, and because of that I had opportunity to travel extensively, without much interference or restriction. I still have extensive contacts in the area and among the Afghan community, and I read a great deal on the subject.

I had wanted to write earlier and share some of my perspectives, but quite frankly I have been a bit too popular in D.C. recently and have not had time. Dr. Tony Kern's comments on this subject have been excellent, and I would like to use them as a basis for sharing some observations. First, he is absolutely correct in saying that this war is about will, resolve and character. I want to touch on that later, but first I want to share some comments about our "enemy."

Our enemy is not the people of Afghanistan. The country is devastated beyond what most of us can imagine. The vast majority of the people live day to day, hand to mouth, in conditions of abject poverty, misery and deprivation. Fewer than 30 percent of the men are literate, as are even fewer of the women. The country is exhausted and desperately wants something like peace. They know very little of the world at large and have no access to information or knowledge that would counter what they are being told by the Taliban. They have nothing left-nothing, that is, except their pride.

Who is our enemy? Well, our enemy is a group of non-Afghans, often referred to by the Afghans as "Arabs" and a fanatical group of religious leaders and their military cohort, the Taliban. The non-Afghan contingent came from all over the Islamic world to fight in the war against the Russians. Many came using a covert network created with assistance by our own government.

Osama bin Laden restored this network to bring in more fighters, this time to support the Taliban in their civil war against the former Mujahedeen. Over time, this military support,

along with financial support, has allowed bin Laden and his “Arabs” to co-opt significant government activities and leaders. Bin Laden is the “inspector general” of Taliban armed forces, his bodyguards protect senior Taliban leaders, and he has built a system of deep bunkers for the Taliban, which were designed to withstand cruise missile strikes (uhm, where did he learn to do that?). His forces basically rule the southern city of Kandahar.

This high-profile presence of bin Laden and his “Arabs” has, in the last two years or so, started to generate a great deal of resentment on the part of the local Afghans. At the same time, the legitimacy of the Taliban regime has started to decrease as it has failed to end the war, as local humanitarian conditions have worsened and as “cultural” restrictions have become even harsher. It is my assessment that most Afghans no longer support the Taliban. Indeed, the Taliban have recently had a very difficult time getting recruits for their forces and have had to rely more and more on non-Afghans, either from Pushtun tribes in Pakistan or from bin Laden. Bin Laden and the Taliban, absent any U.S. action, were probably on their way to sharing the same fate that all other outsiders and outside doctrines have experienced in Afghanistan—defeat and dismemberment.

During the Afghan war with the Soviets, much attention was paid to the martial prowess of the Afghans. Our class of '86 was still in West Point at the time, and most of us had high-minded idealistic thoughts about how we would all want to go help the brave “freedom fighters” in their struggle against the Soviets. Those concepts were naive to the extreme. The Afghans, while never conquered as a nation, are not invincible in battle. A “good” Afghan battle is one that makes a lot of noise and light. Basic military skills are rudimentary and are clouded by cultural constraints that no matter what, a warrior should never lose his honor. Indeed, firing from the prone position is considered distasteful but is still done.

The traditional Afghan order of battle is feudal, with fighters owing allegiance to a “commander,” and that person owing allegiance upward, and so on and so on. Often such allegiance is secured by payment. While the Taliban forces



Afghanistan sits in a strategic position between the Middle East, Central Asia and the Indian subcontinent. The country has been ravaged by chronic instability, war and natural disaster throughout its modern history.

have changed this somewhat, many of their army units are there because they are being paid to be there. All such groups have very strong loyalties along ethnic and tribal lines. Again, the concept of having a place of “honor” and “respect” is of paramount importance, and blood feuds among families and tribes can last for generations over a perceived or actual slight.

That is one reason why there were seven groups of Mujahedeen fighting the Russians. It is a very difficult task to form and keep united a large bunch of Afghans into a military formation. The “real” stories that have come out of the war against the Soviets are very enlightening and much different from the fantastic visions we had as cadets. When the first batch of Stingers came in and were given to one Mujahedeen group, another group, supposedly on the same side, attacked the first group and stole the Stingers, not so much because they wanted to use them, but because having them was a matter of prestige. Many larger coordinated attacks that advisers tried to conduct failed when all of the various Afghan fighting groups would give up their assigned tasks (such as blocking or overwatch) and instead would join the assault group in order to seek glory. In comparison to Vietnam, the intensity of combat and the rate of fatalities were lower for all involved.



(DoD photo)

U.S. special forces troops ride horseback as they work with members of the Northern Alliance in Afghanistan during Operation Enduring Freedom on Nov. 12, 2001.

As you can tell from above, it is my assessment that these guys are not that good in a purely military sense and the “Arabs” are probably even less so. So why is it that they have never been conquered? It goes back to a point Dr. Kern made about will. During their history, the only events that have managed to form any semblance of unity among the Afghans have been repulsion of foreign invaders. In doing that, the Afghans have been fanatical. Their greatest military strength is the ability to endure hardships that would, in all probability, kill most Americans and enervate the resolve of all but the most elite military units. The physical difficulties of fighting in Afghanistan—the terrain, the weather and the harshness—are all weapons that our enemies will use to their advantage and use well.

For any military planners and armchair generals—around Nov. 1, most roads become impassable, in part because roads used by the Russians have all been destroyed, and air movement will be problematic at best. Also, those fighting us are not afraid to fight. Bin Laden and others do not think the U.S. has the will or the stomach for a fight. Indeed, after the absolutely inane missile strikes of 1998, the overwhelming consensus was that we were cowards, who would not risk one life in face-to-face combat. Rather than demonstrating our might and acting as a deterrent, that action and others of the not so recent past have reinforced the perception that the U.S. lacks “will” and is morally and spiritually corrupt.

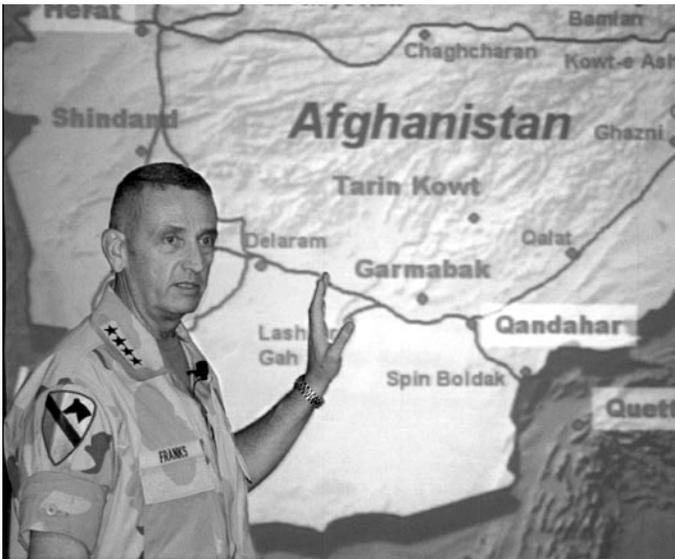
Our challenge is to play to the weaknesses

of our enemy, notably their propensity for internal struggles, the distrust among the extremists/Arabs and the majority of Afghans, their limited ability to fight coordinated battles and their lack of external support. More important is that we have to take steps not to play to their strengths, which would be to unite the entire population against us by increasing their suffering or killing innocents,

to get bogged down trying to hold terrain, or to get into a battle of attrition chasing up and down mountain valleys.

I have been asked how I would fight the war. That is a big question, and it goes well beyond my pay grade or expertise. While I do not want to second-guess current plans or start an academic debate, I would share the following from what I know about Afghanistan and the Afghans. First, I would give the Northern Alliance a big wad of cash, so that they could buy off a chunk of the Taliban army before winter. Second, also with this cash, I would pay some guys to kill some of the Taliban leadership, making it look like an inside job to spread distrust and build on existing discord. Third, I would support the Northern Alliance with military assets, but not take it over or adopt so high a profile as to undermine its legitimacy in the eyes of most Afghans.

Fourth would be to give massive amounts of humanitarian aid and assistance to the Afghans in Pakistan in order to demonstrate our good will and to give these guys a reason to live rather than the choice between dying of starvation or dying fighting the “infidel.” Fifth, start a series of public works projects in areas of the country not under Taliban control (these are much more than the press reports), again to demonstrate good will and to show that improvements come with peace. Sixth, I would consider very carefully putting any female service members into Afghanistan proper—sorry to today’s military women—but within that culture a man who “allows” a



(DoD photo by R.D. Ward)

Commander-in-Chief, U.S. Central Command Army Gen. Tommy R. Franks briefs reporters on military operations in Afghanistan.

woman to fight for him has zero respect, and we will need respect to gain the cooperation of Afghan allies. No Afghan will work with a man who fights alongside women.

I would hold off from doing anything too dramatic in the near term, keeping a low level of covert action and pressure up over the winter, allowing this pressure to force open the fissures within the Taliban that are already developing. Expect that they will quickly turn on themselves and on bin Laden. We can pick up the pieces next summer or the following summer. When we do “pick up the pieces,” I would make sure that we did it on the ground, literally man to man.

While I would never want to advocate American casualties, it is essential that we communicate to bin Laden and all others watching that we can and will “engage and destroy the enemy in close combat” -- the Army's basic mission. As mentioned above, we should not try to gain or hold terrain; yet, infantry operations against the enemy are essential.

There can be no excuses after the defeat, nor any lingering doubts in the minds of our enemies, regarding American resolve. Nothing-nothing-will communicate that, except ground combat. Once this is all over, unlike 1989, the U.S. must provide continued long-term economic assistance to rebuild the country.

It is also important, I think, to share a few things on brutality. Our opponents will not abide by the Geneva conventions. There will be no prisoners unless there is a chance that they can be ransomed or made part of a local prisoner exchange.

During the war with the Soviets, videotapes were made of communist prisoners having their throats slit. Indeed, there did exist a “trade” in prisoners so that souvenir videos could be made by outsiders to take home with them.

This practice has spread to the Philippines, Bosnia and Chechnya, where similar videos are being made today and can be found on the web for those so inclined. We can expect our soldiers to be treated the same

way. Sometime during this war I expect that we will see videos of U.S. prisoners having their heads cut off.

Our enemies will do this not only to demonstrate their “strength” to their followers, but also to cause us to overreact, to seek wholesale revenge against civilian populations and to turn this into the world wide religious war that they desperately want. This will be a test of our will and of our character. (For further corroboration of this type of activity, please read Kipling).

This will not be a pretty war; it will be a war of wills, of resolve and somewhat conversely of compassion and of character. Toward our enemies, we must show a level of ruthlessness that has not been a part of our military character for a long time. But to those who are not our enemies, we must show a level of compassion probably unheard of during war. We should do this not for humanitarian reasons, even though there are many, but for shrewd military logic.

About the Author: *Richard G. Kidd IV graduated from the U.S. Military Academy at West Point, N.Y. in the Class of 1986 and resigned from the Army in 1991. This article was taken from an e-mail note written in September 2001 to other members of his graduating class.*



Maj. Sean Hannah

FA 45 Proponency Officer

• **DA Pam 600-3 Update** -- Help us chart the future of FA 45. The Deputy Chief of Staff for Personnel will update DA pamphlet 600-3 (Commissioned Officer Development and Career Management) around the first of the year. In conjunction with the update, we will have the opportunity to improve chapter 31, which governs Comptroller functional area 45 (FA 45). DA Pam 600-3 establishes officer qualification criteria and outlines officer development and career management. Selection boards and others use this guidance to determine whether an officer is functional area qualified-and the best qualified-for selection for promotion, schooling and other competitive programs.

This will be the first update since the implementation of the officer professional management system XXI (OPMS XXI). We have an opportunity to incorporate lessons learned from OPMS XXI and improve the total life cycle management of our comptrollers, to include how we acquire, distribute, deploy, sustain, develop and separate officers.

Last August, the Proponency Office sent a memorandum to all commands, headquarters staff agencies and others requesting input on DA Pam 600-3. One area that we need your feedback on is the identification of functional area qualifying positions, further discussed below.

The DA pamphlet is available at <http://www.usapa.army.mil/gils/epubs11.html>. We ask for the financial management leadership of all commands to discuss this important document with comptrollers at all levels, and provide comments to the Comptroller Proponency Office. Comments will be presented to the Deputy Assistant Secretary of the Army for Budget and the Assistant Secretary of the Army for Financial Management for inclusion in the update.

• **Functional Area Qualifying Positions** -- What positions should an FA 45 officer hold at each rank to be considered FA 45 qualified? We need to begin a professional debate on this subject and document it in DA Pam 600-3. The answer should be based on the skill set we want our officers to hold. One reality that must be factored into the debate is force structure.

Of all FA 45 positions, 80 percent are at major command level and above, with only 20 percent at corps, installation and division levels. This brings up two main questions for the debate: (1) what is it we are training our officers to do, and what skills do they need? and (2) will we have sufficient positions to rotate all fully qualified officers through the FA qualifying positions that we identify? Is it our core competency to gather, to allocate or to execute resources? Should officers be able to focus on learning a single level of RM, whether that be tactical in the field or political vis-à-vis the Congress?

For lieutenant colonels, as an example, many officers quickly say all should be division comptrollers or an installation RM director. It sounds good-but with 130 LTCs, only 10 divisions and very few LTC installation positions, the math just doesn't work. Are positions such as these required before an officer can competently operate at higher levels of command or staff? Let us hear from you.

• **Short-Term Training Requirements** -- All comptroller officers are expected to understand and pursue the training and development opportunities specified in DA Pam 600-3, Chapter 31. For functional area qualification as a major, all comptrollers are expected to attend the Army Comptroller Course. Functional area qualification for lieutenant colonel requires attendance at either the Professional Resource Management Course or the Professional Military Comptroller School. Military applications for these courses have been fewer than programmed,

leaving concern that some officers will not have these courses prior to selection boards. We outlined the career field designation and promotion processes in the 4th quarter 2000 issue of RM, available on the proponency website. Remember that under OPMS XXI, you will compete among your fellow comptrollers, and boards will look at you based on your FA 45 knowledge, skills and qualification-so, get to school!

Information and course dates are available on the Proponency website. These three courses are all centrally funded by Proponency at no cost to an officer's organization. Select officers will be exempted from ACC or sent straight to PRMC if their FA 45 experience warrants. See the FA 45 Focus section of the 2d quarter 2001 issue of RM for a discussion on the exemption rules.

- **OMB Fellowship** -- FA 45 began a trial fellowship in summer 2001 with the Office of Management and Budget. A lieutenant colonel was assigned to the National Security Directorate of OMB for a one-year developmental assignment. The comptroller leadership will determine whether to continue this fellowship based on the success of this trial. Look for future updates on this program.

- **TWI Update** -- Comptroller's first five Training With Industry officers just reported to their corporations (GE, Boeing, Motorola and USAA) in July. Beginning with the articles from Majors Brunk and Ford elsewhere in this issue, each will be relating his corporate assignment experiences. Applications for the five TWI positions that will begin in the summer of 2002 are due to PERSCOM on Nov. 15, 2001. See MILPER message 01-210 for more details.

- **ACP Class of 2003** -- Applications were due to PERSCOM by Nov. 1, 2001 for the Army Comptrollership Program class that begins next June. Please discuss this opportunity with your officers and mentor them to apply for future classes. See MILPER message 01-209 for details.

- **ILE Update** -- The last ever Army board for Command and General Staff College is being held this fall. This CGSC board will consider captains selected by the majors promotion board that was released Aug. 28, 2001. Officers considered by this board will be in year groups 1990

(above zone), 1991 (primary zone) and 1992 (below zone). Officers selected for CGSC by this board-along with previously selected officers still on the waiting list-will complete the last cohorts of resident CGSC. The Army plans to change to universal Intermediate Level Education for all future groups. The target date to begin ILE is still sometime after next October 1. Training and Doctrine Command, along with the Army's deputy chiefs of staff for personnel and for operations and plans (DCSPER and DC SOPS), and the various branch and functional area proponents are still finalizing plans for the implementation of ILE. No significant decisions have been made on ILE since the 1st quarter 2001 FA 45 Focus article.

- **Accreditation** -- I am surprised as I travel and meet officers, to find how many still do not understand the Comptroller Accreditation Program and their requirement to participate in it. As provided in an October 2000 memorandum from the Assistant Secretary of the Army (Financial Management and Comptroller), all military and civilian careerists were to participate in the accreditation program. Accreditation requirements are being incorporated in the update to DA Pam 600-3. Officers are thus highly encouraged to begin working on accreditation now. Details on the program can be found in the Accreditation Program Handbook, which is available on the Proponency website.

Contacting Your Career Team

FA 45 is a small professional field composed of about 1130 officers. Your careers are thus managed very closely. We are here to serve you. Feel free to call us at any time.

FA45 Proponency Officer: Maj. Sean Hannah: hannahst@hqda.army.mil, SAFM-PO, Room 3D622, 109 Army Pentagon, Washington DC 20310-0109

FA45 Assignment Officer: Maj. Brent Penny: pennyb@hoffman.army.mil or (703)325-3112, DSN 221-3112, Commander, PERSCOM, ATTN: TAPC-OPB-A (MAJ Penny), 200 Stovall St. Alexandria, VA 22332-0411

Proponency Office Web site: <http://www.asafm.army.mil/proponency/acpo.htm>.

PERSCOM FA45 Web site: <http://128.190.158.50/opfam/fa45.htm>.

A corporate perspective

by Maj. Ryan Brunk and Cheryl Brunk

Recently, while serving in a Training With Industry assignment at General Electric Transportation Systems, I was asked for suggestions on improving the Army CP 11 intern recruitment program.

I have a unique opportunity to address this question because GE is recognized as the leader in corporate finance training.

First, GE has an intern program and a financial management program. The distinction is important, in that an intern is generally still in school and does an internship over the summer school break. This is similar to the student career experience program within the federal government.

An FMP is a college graduate who has been hired full time and is being "grown" into a career financial manager. This is what the Army intern program seeks to do. However, at GE, almost without exception, FMPs have previously been interns, with the vast majority of interns being recruited directly from college campuses by individual GE business units.

FMP is a two- to two-and-a-half-year entry-level program of four to five rotational assignments focusing on the development of key financial skills that may include financial planning, accounting, operations analysis, auditing, forecasting, treasury/cash management, commercial finance and quality control.

Concurrently, participants strengthen their technical, business and leadership skills by completing an intensive, graded finance and accounting curriculum as well as participating in GE's leadership development program. None of these are optional.

This program is led by senior GE professionals, some spending as much as half of their time teaching, coaching and mentoring junior staff. Selection criteria for this program are equally rigorous.

Candidate criteria include a minimum 3.0 grade-point average overall, strong analytical ability, proven leadership experience, strong communication skills, demonstrated integrity, rel-

evant internships and degrees in accounting, finance, business administration or economics.

From my foxhole, the fundamental problem with recruiting and retaining CP 11s appears threefold.

First, the federal government does not actively recruit civilian personnel in the sense that a corporation does. This becomes apparent if you visit a corporate web site and then visit the U. S. Office of Personnel Management website (<http://www.opm.gov/>).

For example, GE's web site (<http://www.ge.com/>) provides three links on the opening page clearly marked "careers."

One of the links supplies a drop-down menu to search for positions categorized as full-time experienced, U. S. entry level or Europe entry level. All of the links provide a logical search pattern enabling the user to narrow a search down to individual jobs, with a link to "apply" after the job descriptions.

Along the way, GE is constantly selling itself as a highly desirable place to spend a long-term career. The attitude conveyed is one of invitation to apply. Anyone without any previous knowledge of GE can easily navigate the site in only a few minutes.

By contrast, I found OPM's site difficult to navigate at best. The only direct agency link on the opening page was for jobs at OPM itself (things that make you say, "Hmmm!").

The only other link to specific jobs I could find was the USAJOBS link that was hidden in an inconspicuous corner near the very bottom of the page. Incidentally, the link to OPM agency jobs was located at the top of the page and included bright coloring, larger font, and unique styling.

You have to know that USAJOBS is the link to actual job listings. The overall flavor of the site is that it is set up for current employees rather than extending an invitation to new, young recruits. It has the feel of, "Remember, we're not trying to recruit you. We're trying to recruit your sons and daughters."

The site also conveys the attitude, "Here is

a listing of federal jobs. Apply for one if you want to, but don't knock yourself out."

OPM must take a more proactive, centralized role in recruiting new employees by extending a general, open invitation to the target audience that supports individual agency efforts.

The Army's web site provides links to "Recruiting" (active and reserve) as well as "Civilian Personnel."

The civilian personnel link takes you to Army Civilian Personnel Online, which does provide simple, up-front navigation to Army civilian jobs. Secretary of the Army Thomas E. White has predicted that within 10 years, all soldier recruiting will be done over the internet, with the first face-to-face contact being the reception station. Much can also be done on the internet to recruit civilian employees.

The second roadblock to recruiting and retaining young civilians is the personnel system itself. It should be no surprise that the average age of a civil service employee is now about 46.

The system is designed to create that demographic. Suppose we successfully recruit and train a handful of college graduates to be our future CP 11 leaders.

The next reduction in force or RIF that comes around will gobble them up, because they have much less time in service than the older employees.

Additionally, the plethora of other "preferences" and "statuses" of current/former employees continually blocks the entry of new employees at any age.

Finally, the majority of CP 11 positions (in occupational series GS-500) are classified as administrative, which usually limits a new employee with a college degree to entering service at no higher a grade than GS-5 (about \$23,600 per year).

Even the few CP 11 positions classified as professional limit entry level to GS-7 (about \$29,300 per year). Comparable entry-level finance jobs in the private sector are now ranging from \$31,600-\$49,200 per year.

The third major problem in recruiting and retaining quality young people is overall funding. Volume 5 of the Code of Federal Regulations provides a multitude of recruiting/retention tools and options; however, they all cost money. Since

OPM has basically left recruiting to the local agencies/installations, they also shoulder the burden of financing the five CFR resources.

In over 15 years in the Army, I have never observed an individual Army installation that had a noticeable, active, civilian personnel recruiting program. Recruiting and retention incentives cost money that they simply do not have. Department of the Army's central funding of intern placements is a step in the right direction.

In summary, OPM must take the lead in establishing a proactive, dedicated recruitment program that is supportive through the individual agencies to the end user. This does not mean the entire system can or should be centralized. Individual agencies/installations should still attempt to recruit locally within their resources.

This is especially true for installations that happen to be located in areas such as large college communities with a lot of potential candidates with desirable backgrounds. However, they must think outside the box by referring desirable candidates that they do not have local positions for to the rest of the Army or OPM for potential placement elsewhere.

This is a strategy that GE has leveraged on a global basis. As our future financial leaders are developed through the intern programs, they must be protected from the arbitrary rules of the civilian personnel system.

When you consider how much money it costs to recruit, train and retain high quality young people, it is fiscally irresponsible to do anything less. Additionally, a sufficient amount of financial resources will also have to be dedicated to civilian recruitment, training and retention to support the other tools already available. Remember, there's never "no" money, just differing priorities. Grow People!

About the Authors: *Maj. Ryan Brunk is one of five FA 45 officers participating in the initial year of the functional area's Training With Industry or TWI program, in his case with General Electric Company. His wife, Cheryl, an Army CP 10 (Human Resources) careerist and graduate of that career program's 3-year intern program, has had experience in all facets of federal civilian personnel administration.*

Training With Industry Program:

Professional development, civilian-style

by Maj. Jeff Ford

Haven't heard of Training with Industry? Well, neither had I until Maj. Brent Penny (Comptroller Assignment Officer) called me earlier this year and told me about the program. This is the TWI program's first year for functional area, and I was fortunate enough to be selected for the inaugural class.

Due to a lot of hard work by the Comptroller Proponency office, FA 45 officers have a greater opportunity to do a variety of assignments.

The TWI program started in the 1970s in response to the Army's critical need for officers with state-of-the-art skills in industrial practices and procedures not available through military or civil education programs.

The first students participated exclusively in programs supporting the development of material-acquisition and logistics-management-related skills. Today, TWI has evolved to include training programs that support marketing, public affairs, artificial intelligence, physical security and finance.

The Army's main objective in sponsoring TWI is to develop a group of soldiers experienced in higher-level managerial techniques and who have an understanding of the relationship of their industry to specific Army functions.

Once the TWI student is integrated back into an Army organization, he or she can use this information to improve the Army's ability to interact and conduct business with industry. Participants may also be exposed to innovative industrial management practices, techniques and procedures which can apply to and benefit the Army.

The TWI program offers an opportunity for commissioned officers to work with and understand the basic workings of private industry. The tour is 12 months long, and each selected applicant incurs a three-year active duty service

obligation or ADSO afterward, per Army regulation 350-100. That payback time normally will be in a follow-on utilization assignment with major command staff, Army headquarters or a joint service headquarters.

Several key organizations play vital roles in executing the TWI program: Personnel Command; the proponent office; your chosen industry or corporation; and the student detachment to which you will be assigned.

Your success in the program, however, rests with your professional conduct while on the tour and the reputation/relationship you develop with the host corporate organization.

TWI places the FA 45 officer in a Fortune 500 company. There are four companies currently participating in this program with the Office of the Assistant Secretary of the Army (Financial Management and Comptroller): Motorola, in Libertyville, Ill.; General Electric (two positions), in Gaithersburg, Md. and Erie, Pa.; USAA, in San Antonio, Texas; and Boeing, in St. Louis, Mo.

I was assigned to Motorola's Personal Communications Sector as an operations controller. Within PCS, there are varying groups that support the overall product development and go to market strategy as well as regional teams that manufacture and bring the product to the customer.

My day-to-day activities are mainly focused on support of the 3G Team (3rd generation cellular technology) within the Technology and Product Realization Group in the way of budgets and quarterly forecasts. The 3G Team is designing and producing the next generation of cellular telephones.

Imagine conducting bank transactions, answering e-mail (text and video), Web browsing and participating in video conferencing from a cell phone. PCS is integrating high-speed data transport, Internet access and multimedia into



one integrated, end-to-end solution. This is not far-future technology; the first of these products will be launched late next year.

Motorola has gone through a difficult year of restructuring due to a downturn in the economy in general and the cellular phone industry in particular. Over the last 12 months, they have laid off over 10,000 employees. The effects of that drawdown are still prevalent, and the company is still struggling to become profitable again.

I knew this would be a great assignment. What I didn't know was how truly exciting it would be.

The biggest challenge I've had to overcome was that of "drinking from the fire-hose."

Motorola is drastically different from the Army, and I've had to learn many different skill sets to be successful in my new role. Instead of DBCAS and ASIMS, for instance, I've had to learn Oracle Hyperion as the accounting database.

The Army works in a hierarchical management structure, whereas Motorola utilizes virtual teams. If you thought that the Army had a lot of acronyms, you should try Motorola.

Sometimes I feel they are speaking a different language (I suppose that is how our spouses feel about us when we talk about work). I have found similarities also.

My daily duties range from budgeting and quarterly forecasting for the 3G-engineering team to booking entries into the accounting system. This process is similar to what we do in Army budgeting. We are looking at the cost drivers (headcount, depreciation, engineering material as well as other inputs).

Many hours are spent in meetings to ensure proper coordination within the different teams. The most interesting aspect of the interaction among the different teams is that they are all driven by a common goal. This is done within a framework they call M-gates (a process to bring an idea to market).

As this article is being written, we are working on the budget for 2002.

It is extremely interesting to me to compare how Motorola goes through their thought process and development of next year's budget

versus the Army Program Objective Memorandum process.

They start with a "roadmap" or plan (which goes out about 2-3 years), and from that, different platforms and product lines are approved. Against that plan, resources (headcount and budget) are authorized.

So far, the process seems similar; however, the next step is to look at the sales projections and the average selling price to determine the margin. Clearly their time horizon cannot come close to the POM submitted by the services to the Secretary of Defense, since at about two years the economic outlook for business becomes murky and difficult to predict.

I've also gotten involved in other activities to broaden my base of knowledge. They made me "owner" of the cost reduction committee for the new line of 3G products.

This is a cross-functional group, from sourcing, engineering, program management, marketing, quality and product-line development, which works together to reduce costs of products in development prior to production. Project accounting is another area that I have become involved in as a team member for developing the requirements and developing a fielding plan.

Currently, PCS does not have a system to capture the costs by product or project. Project accounting is similar to our Activity Based Costing in which costs are assigned to an activity or project instead of a cost center. Implementation of this system is still in the discussion phase with KPMG Consulting, which brings information technology tools and experience to the process.

As you can see, there are a variety of activities a TWI student can get involved in at Motorola, besides engineering development.

TWI Goals:

- *Develop officers who:*
 - Will bring back better business practices back from industry leaders
 - Can benchmark Army performance against industry standards and identify areas needing improvement
 - Understand the working of industry partners involved in the defense infrastructure
 - Can think "out of the box" and challenge paradigms
- *Provide professional growth*
- *Share Army business practices with industry*
- *Gain partnership and involvement of industry leaders in national defense*

see TWI on page 14

Grooming new financial analysts for the Army

by Michael E. Bush

Have you heard the rumor? Rumor has it that up to 50 percent of the federal government's workforce will be eligible to retire soon. How soon, is the prudent question. I wonder how many in that percentage will reflect the Army's current RM careerists. I believe that a large percentage of that workforce is the prime real estate of current RM careerists, so it's worth looking at what or who will be left to carry on the federal government's workforce and its reputation for displaying RM excellence. We must find better ways to manage our government's most valuable resource, its workforce. According to August 2001 federal employee retirement projection statistics for the next five years from the U.S. Office of Personnel Management and the Labor Department, the percentage of "feds" retiring from financial management jobs is expected to be 17.7 percent. Keep in mind, those numbers are only projections.

One might wonder, should such a turnover happen, whether the federal government would be prepared and ready to be sustained by its vital resources. Well, I'm here to tell you that the Army is doing something about that in an expedient fashion. With the years of expertise and experience in the federal government workforce worldwide, it would be a tragedy if there were not a plan enacted, in place, or arranged that could counter a response to such a crisis. Remember now, the percentage of federal workers eligible to retire will take with them a vast amount of knowledge and skills of RM that have been passed down through the last four decades. We are looking at the daunting task of future leadership's having to undertake the entire responsibility of becoming as highly skilled and well informed as those leaving; and that is not a small or an easy task to undertake.

So what is a resourceful plan of action? The answer is our Army intern program. The Army has launched a campaign to replace a percentage of the retiring federal government workforce with Army civilian interns, and I am proud to be one of them. Let me recount some of the valuable training my colleagues and I have received since joining the intern ranks. We've

TWI

continued from page 13

There are the Quality, Marketing, Manufacturing, Supply Chain Management and Product Line Management departments, as well as working at the corporate level for Financial Shared Services with capital, accounts payable, taxation or numerous other issues that will surely challenge any Army newcomer.

Everyone I have met here at Motorola has been extremely curious if not confused why someone from the Army is working at Motorola.

This has given me the opportunity to talk to a variety of people and learn their role within the PCS and compare and contrast the difference in business practices between Motorola and the Army. So, even though there are similarities between

our processes and Motorola's, there is still a challenge to understand how the process is implemented here.

Wow, that sounds exciting!, you might be thinking. Yes, it is very interesting working and learning from industry. "How do I apply," you ask. All personnel seeking to participate in the TWI program must submit the following to the FA 45 assignment officer: DA Form 1618-R, civilian resume, official college transcripts, DA 4187, preference statement.

About the Author: *Maj. Jeff Ford is currently assigned to Motorola in the Training with Industry program. Prior to that he was Chief of the Program Guidance Branch for U.S. Army South. His basic branch is Engineer (year group 86), and in 1999 he career-field-designated into Institutional Support and functional area 45, Comptroller.*

learned about the federal government's and the Army's missions, goals and objectives. The Army's structure and way of doing business are without a doubt outfitted to enhance and empower the infrastructure of the federal government. A greater enlightenment for me has been working alongside many of the Army RM experts who will soon be eligible to retire.

At age 38 with seven years' federal service, I'm decades away from full retirement eligibility. But it's been a startling revelation to see how much talent we stand to lose if my senior colleagues, teachers and mentors should all decide to leave somewhere between age 51 and 65. I can appreciate the urgency of the Army's plan to hire more interns as fast as possible. We are not looking too far in the distant future for such a transition to occur.

But the Army's plan to hire a lot of interns quickly makes RM vitally important. To budget for such a mission reflects what raw data or available dollars has suggested. Precision budgeting and adequate forecasting analyses would be the only way to avoid a catastrophe or in budget terms "a shortfall" in budget resources, and that would not be prudent for the Army RM community.

So, what might be another resourceful plan of action? How about a broad-scale program to train those in the workforce who are intern graduates but still far from retirement age? How about more opportunity to advance their careers? Despite budget restraints and projected budgeted cuts, the Army financial management community continues to put high emphasis on competency, professionalism and training needed to acquire them. Now, concerning those who are eligible for retirement and have no immediate plans to retire, the RM community definitely and greatly appreciates your staying on and passing down your wisdom. In an attempt to breed and develop future RM leaders, here lies a chance for the future retirees and current careerists in place to mentor and establish their successors.

Did I hear someone say, "Give me some specifics about training the future leaders of the Army?" To bridge the past and the current leaders with future leaders, the financial management community has instituted the Army

Comptroller Accreditation Program. It's the framework for a structured, time-phased approach to formal training and rotational assignments. With this program, new leaders-in-becoming, with input and assistance from managers and supervisors, will be highly developed in knowledge and quality skills and current in today's and tomorrow's RM concepts, policy and procedures. The Comptroller Accreditation Program serves as a training tool, compass and guide for raising everyone's competency and know-how to make the Army more accountable to the nation's taxpayers.

Each of four levels of training and experience enhances RM core competencies from a government-wide perspective. Mandatory courses in Fiscal Law and in Planning, Programming and Budgeting Execution System and others such as Resource Management Budget Course, Military Accounting Course, Appropriation Law, Budget Formulation/Justification and Execution, Army Comptroller Course, Army Comptrollership Program, Professional Resource Management Course and Enhanced Defense Financial Management Training all await today's upwardly mobile Army RM career professional. After completing such core competency courses as these, and with suitable on-the-job training, our leaders of the future will be fully prepared to take over from those retiring.

A word of thanks and appreciation to today's expert Army RM practitioners for being there and for being willing to stay on board long enough to help those of us coming up to eventually take your places. To the current Leadership, I'm thankful to say that your years of expertise and wealth of knowledge in RM have made the Department of the Army a credit to the Department of Defense. Your legacy carries on a tradition of pride in professional success within the Department of the Army. Thank you again for being the best at your best, which is resource management.

About the Author: *Michael Bush is a CP 11 intern with the Comptroller Proponency Office in the Pentagon's office of the Assistant Secretary of the Army for Financial Management and Comptroller.*

What Analysts Owe Decision-Makers

by John Di Genio and Tony Polzak

The military services employ analysts in program and budget, logistics, management, operations research and many other areas. Although covering different disciplines, all analysts have essentially the same responsibilities to decision-makers for analytical support. These responsibilities may be categorized as *core* or *emerging*. Core responsibilities are requirements that analysts have traditionally owed decision-makers. Emerging responsibilities are additions to traditional core responsibilities that analysts should consider to meet today's growing challenges and demands. With this as our starting point, let's look at core responsibilities.

The Four Cs

The four things I call core that analysts owe decision makers are Candor, Clarity, Cost-Effectiveness and Conditional, the 4-Cs.

These are what analysts traditionally have been required to produce. Even though circumstances change with time, these core responsibilities have remained constant. The most important is Candor.

- **Candor** -- Frankness. Tell the truth, even when people may not want to hear it. There is nothing wrong with reaching conclusions that do not agree with what a decision-maker had in mind. As analysts, we have to be prepared to tell study sponsors, senior executives and other decision-makers that data don't sustain a particular position, no matter how popular that position may be. In accepting this responsibility, analysts have to be willing to revise conclusions and recommendations as the facts change. They also have to be up front and be willing to admit that an analysis may have been incomplete, misleading or biased to favor one outcome over another. Candor ties in well with the second core responsibility, Clarity.

*As analysts, we
recommend, we
advocate and we
may defend;
but we do not decide,
and we have not failed
if our point of view
does not prevail.*

- **Clarity** -- "Just the facts, ma'am (or sir)." How many times have we read study reports and been dumbfounded about how analysts arrived at their conclusions and recommendations? Instead of a smooth-flowing, comprehensible report leading to logical conclusions, we've instead seen vague innuendo, meaningless bureaucratic jargon or conclusions or recommendations that seemed to come from thin air. Sometimes a review of the report's raw data may indicate that the resulting report content has been watered down or sugar-coated to become more acceptable. Analysts have to be clear and

precise in presenting facts to decision-makers. Their arguments have to be sequential and lead to a logical conclusion. No amount of fancy graphics or animated presentations will cover up faulty or misleading analyses.

Too often, analysts arrive at conclusions and make recommendations because of apprehension instead of the facts.

Some analysts may believe that presenting controversial or contentious issues that disagree with leadership's way of thinking is hazardous to career progression.

Nothing could be farther from the truth. Analysts are paid to do just that. Analysts owe decision-makers hard, cold facts that surround an issue. It would not be well for decision-makers to approve policy and guidance without knowing all the implications and consequences of their decisions. If that should occur, it's costly and awkward to get such decisions changed.

The analytical field is no place for conflict-avoiders. As analysts, we should keep in mind that others, not we, are the decision-makers.

Analysts conduct research, present alternative pros and cons and recommend choices consistent with study objectives that appear to improve a system, solve a problem or answer

posed questions.

As analysts, we recommend, we advocate and we may defend; but we do not decide, and we have not failed if our point of view does not prevail. By presenting clear and factual information and advancing cogently reasoned arguments, we have done our jobs, whether or not management buys our position. It is, after all, possible that a decision-maker may have other relevant information that we do not.

Occasionally an analyst may offer recommendations to meet a personal agenda. This violates the first of the core responsibilities, Candor. An analyst who sacrifices integrity to meet an agenda loses credibility and may lose job effectiveness. A former boss of mine was fond of saying, "All you have when you go into a study area is your credibility. Once you lose that, it's over." Sound advice.

- **Conditional** -- "What if ...?" To benefit their organization, analysts must have the flexibility to quickly respond to decision-makers' what-if questions. Often there won't be time to do all needed research for a complete product-say, during a deployment. Environmental, military or political circumstances may require a decision-maker to choose a specific course of action before analysts finish their research. You may have heard the truism, "An 80-percent solution on time is better than a 100-percent solution late." Analysts should be willing to provide answers that can be supported by research completed up to that point.

I am not advocating that analysts give knee-jerk reactions to issues that have not been looked at or researched. In such a situation, an analyst should candidly tell the decision-maker that he/she doesn't know but will find the answer before the next session. Remember, all research and knowledge begins with, "I don't know -- but I will find out."

What if responses given to a decision-maker change as further research is completed? The Candid analyst addresses such changes to the decision-maker. Of course, no one likes to stand in front of the boss shoe-gazing or red-faced. However, veteran Defense official Dr. David Chu suggests that analysts triage their analytical patients to avoid such embarrassment. They do this by sorting through data collected and use

judgment to determine (1) the sets of data that need more research to arrive at defensible conclusions and recommendations, and (2) the data groups that can be presented to decision-makers as they are because additional data will not significantly change conclusions or recommendations. As time permits, analysts should return to the data patients that require more research.

- **Cost-Effectiveness** -- Kennedy era Defense Secretary Robert McNamara brought us this principle, and economic considerations remain key to DoD officials' decision-making. Agencies want to implement programs and adopt recommendations that give them the "biggest bang for the buck." To earn support, a program should have its benefits weighed against implementing costs. As RMs, we owe decision-makers our best quantitative assessments (such as cost-to-benefit ratios or internal rates of return) for them to choose from among competing programs or recommendations.

Emerging Analytical Responsibilities

In addition to the 4-C traditional core responsibilities above, here are four more that I think portray analysts' expanding roles in aiding their decision-makers. Although these can apply to any command, I have used examples from U.S. Forces Korea, where I work, to illustrate them.

Out-of-the-Box Thinking

Analysts need to be creative when developing alternatives. Conventional thinking can hinder one's ability to visualize solutions to highly peculiar problems or situations. Analysts also need to stay focused on the big picture as well as on a specific part of a problem or an issue within that picture. Without such balanced focus, conclusions and recommendations may end up too parochial or narrowly focused to be useful.

For example, the U.S. commander-in-chief in Korea wanted to make Korea a more attractive assignment (of choice) for military personnel. One of his ideas was to get additional pay and tax benefits for military personnel stationed in Korea. Military and civilian analysts challenged conventional thinking (which insisted that this couldn't be done) and creatively used their

abilities to find a way to make it happen. Thanks to some ingenuity and a lot of coordination by assigned analysts, uniformed members in Korea now receive hazardous duty pay of up to \$150 per month. "Some look at things as they are and say 'Why?' I dream of things that never were and say 'Why not?'" Dare to be different.

Focus on the Outcome

Analysts should consider the long-term outcomes of their conclusions and recommendations. If not thoroughly explored, today's improvement recommendations may become tomorrow's problems and headaches. Temporary fixes often are not solutions. Analysts need to consider all the possible implications of their proposals to make sure that recommended alternatives permanently correct problems or improve systems. Otherwise, future analysts may get stuck trying to un-do and re-do an initial non-solution. Here's an illustration from several years ago.

In 1989, U.S. Forces Korea did a *USFK 91 Study* that established the Korea installation management command structures still in place. Although it clearly defined Korea's base operations, in retrospect the study wasn't thorough, and its conclusions and recommendations lacked foresight. Instead of strengthening command readiness posture and go-to-war capabilities, some of the adopted recommendations have actually hindered expeditious transition to war. In addition, the study outcomes did not provide for segregated Joint and Army command structures because analysts had inaccurately assumed that Joint and Army commands would remain consolidated and integrated-and they didn't. As a result, several follow-ons to the 1991 study have been done to examine the command structure and installation management and base operations.

If analysts in 1989 had carefully considered

future implications of their recommendations, these follow-on studies might not have been necessary. I don't suggest that analysts have a crystal ball to predict the future, but they should take time to carefully consider possible future outcomes of what they recommend. Considering the great amount of time, effort and dollars

expended since 1989 to fix the USFK 91 Study effects on command structure, installation management and base operations and support, it would have been more productive to have focused more intently on probable long-term outcomes.

New Scenarios

Analysts need to develop new scenarios and be the standard-bearers for new ways of doing business. "We always did it that way" or "business

as usual" are poor answers to give to command decision-makers. Such responses also slow professional growth and development. A process, procedure or scenario may have been more relevant in the past than it is at present. An analyst's challenge is to determine if older or established ways of doing business are still current, and if not, how they might be creatively improved, modified or re-engineered to reflect today's operating environment.

An example is the drastic change in military and political environments the past decade-Cold War, Soviet Union and Warsaw Pact threat replaced by regional threats, rogue nations with weapons of mass destruction, asymmetric warfare and a possible threat from an emerging superpower like China. As analysts, we need to have a keen sixth sense for the future and be comfortable dealing with probability and uncertainty-so-called gray areas where *right* and *wrong* answers have yet to be published. We should be ready and able to tell decision-makers how changes will affect resources, planning, operations and readiness.

Our situation in Korea is a case in point. U.S.

*It is not enough
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We must challenge
conventional thinking
by asking "why."*

Forces Korea's mission is to deter aggression from North Korea and, if that fails, commence operations leading to decisive victory. Recently, the two Koreas have taken steps to end their half-century of hostility. Examples are a formal north-south summit meeting, family reunions and a plan to reopen the north-south railway. Still, North Korea still maintains a large, forward deployed military presence along the 38th parallel, which raises skepticism about "peaceful reconciliation" being close at hand. To complicate matters, recent U.S. political statements suggest we should pay careful attention to China as an emerging regional threat in the Pacific rim.

With these concerns, Korea now becomes even more vital as a forward deployed power reception platform to counter a potential Chinese threat (to the region). Analysts in the region have to determine, for example, (1) what new personnel, funding and materiel resources may be needed, (2) how current operational plans should or might be modified to include China, (3) what the best new force structure or mix should be to maintain the region's peaceful integrity, (4) China's probable impact on the today's successful U.S.-Korea alliance and on relationships among other nations in the region and (5) what new equipment and technologies will be needed to assure that the U.S. fields a well-supported, modern force in defense of the Pacific rim, especially as it pertains to containing and curtailing China.

Why? It is not enough that analysts stop after answering decision-makers' what-if questions. We must challenge conventional thinking by asking, "Why?" For example, the Army garrison at Yongsan in Seoul had a shuttle bus that used to run every half hour, 7 a.m.-10 p.m.

A cost-conscious RM questioned how the 30-minute shuttle service had been determined essential. Staff analysts collected data showing the shuttle buses were practically empty at certain times of day, and they put forth sound, cost-effective recommendations that did not degrade the shuttle service. That happened because an analyst asked *why*. Think of the efficiencies you could possibly realize in your own environment just by asking "Why?"

Why questions can apply in practically any

operation; for example, "Why does a theater of operations require a specific piece of equipment?" "Why does the Navy need a more advanced submarine (e.g., Seawolf) to accomplish its missions?" "Why does the Army need a command and control vehicle or C2V?"

Although questions like these make some uncomfortable, they should be asked to assure that programs are cost-effective and meet current mission requirements. Ideas, inspirations, imagination and improvements start by asking why. Afterward, analysts use creative thinking to develop alternatives for improving current ways of doing business.

Traditionally, analysts have owed decision-makers a professional discharge of core responsibilities I call Candor, Clarity, Cost-Effective and Conditional in arriving at their recommendations and alternatives. Analysts need to be open and frank with decision-makers and be clear, concise and logical in developing alternatives and recommendations. Analysts need to be prepared to answer what-if questions and to formulate and develop efficient and effective alternatives.

Beyond those, however, we as analysts should take on four emerging responsibilities that I've named Out-of-the-Box Thinking, Focus on the Outcome, New Scenarios and Why. Analysts should challenge conventional thinking by getting out of the box and asking why. We should also take time to consider implications and future impacts of conclusions, alternatives and recommendations we advance. In addition, we need to get used to developing new scenarios and ways of doing business. Most important, all of us as analysts need to have an open mind and an unconstrained imagination to come up with workable methods for the Army to use in this new century.

About the Author: *John Di Genio is a management analyst with the RM staff office's management, manpower and force accounting division in the headquarters of U.S. Forces Korea. Last year he won the Army RM Author of the Year award. Tony Polzak is managing editor of this publication.*

Protecting Army Readiness Training Funds

by Donald Friend, Wyllo Hanson
and Maj. Todd Calderwood

Should Army operating tempo funds be *fenced* (protected)? In this first of two installments, the authors compare Army and other services' use and reporting of training readiness resources, describe a recent major change in how the Army manages these resources, and identify tactical, strategic and political implications of the Army's training readiness practices and reporting.

The U.S. Constitution charges Congress with the awesome responsibility of providing "for the common Defense and general welfare of the United States." To that end, Congress is imbued with the power "to raise and support Armies," which they do through the raising and allocation of taxes.

Within this process, Congress asks the Army two simple but reasonable questions: (1) before the fact, "How do you propose to spend the money we allocate to you?" and (2) after the fact, "How did you spend the money we gave you?" Congress then expects the answers to the two questions to be nearly the same; but for more than a decade, lawmakers have been disappointed.

For the last 10 years, the Army has informed Congress that in order to achieve the required level of readiness (called C1), a certain amount of training must be conducted (OPTEMPO), and that training would cost the government a specified sum. Every year, Congress gives money for the training that the Army declares is critical to achieving readiness. Each year, the Army has trained with fewer weapon systems for fewer days or miles than it had identified, spending the money in other areas while still reporting a C1 readiness level.

This consistent behavior prompted reasonable inquiry and criticism from Congress. The most reasonable assumption is that either the Army is mistaken about how much training is required, or the reported readiness level is inaccurate.

In truth, this phenomenon occurs across the military services, and reasons for it are multiple. To better understand, however, a brief explana-

tion of terms is in order.

OPTEMPO: Derived from the phrase "operations tempo," the term reflects the rate of military operations. Congress specifically defines OPTEMPO as "...the rate at which units of the armed forces are involved in all military activities, including contingency operations, exercises, and training deployments" (*DoD Annual Report*, 1999).

The U.S. Army Audit Agency has a slightly different viewpoint, which we adopt from one of its consulting reports for purposes here: "...the rate at which a single Army weapon system is projected to be reasonably used for all purposes, principally training, in a single fiscal year. The rates are generally expressed in terms of miles per year or hours per year" (*AA 99-737*, 1999). An assessment of direct and indirect costs gives rise to the traditional budget terms of OPTEMPO miles or flying hours that the Army uses to request and allocate readiness funding.

Migration: We use the word to mean the movement of funds from their allocated purpose for use in an area different than originally intended.

Fencing: By this we mean the prevention of migration. With fencing, funds earmarked for a specific purpose must be spent only for that purpose unless specific relief is sought from the agency which imposed the fencing policy, for example Department of the Army or Congress.

One characterization is, "Fencing is fixed-cost by policy." As illustrated in Figure 1, fencing forces the commander on the ground to view OPTEMPO as a fixed cost. In itself, fencing is simply a tool of centralized specific management. All too often, however, budget cuts tend to be left unspecified and to commanders' discretion. Forced to pay fixed costs-discussed in detail later-commanders must take cuts from remaining variable costs (maintenance, in our example). Left without choices, commanders' discretion and financial flexibility are virtually destroyed.

History and Evolution

Until the mid-1980s, DoD annually requested the amount of funding the services determined was necessary to achieve a ready force. In

Migration of FY 2000 OPTEMPO Funds by Army Installation.

Installation	FY00 \$	Installation	FY00 \$
Carson	(23,826)	BRMFO	(152)
Hood	(16,103)	USARC	(152)
ASC	(10,497)	L Wood	(101)
Campbell	(9,565)	Knox	(99)
Irwin	(8,978)	Rucker	(84)
Bragg	(6,615)	Lee	(69)
Stewart	(6,465)	Gordon	(21)
Drum	(5,338)	Meade	(7)
Lewis	(3,510)	Dix	-
Bliss	(2,370)	Fifth	-
Polk	(1,742)	First	-
Riley	(1,441)	Jackson	-
Sill	(1,347)	McPherson	-
Benning	(1,325)	Sam H	-
EODGP	(1,046)	Third	-
Eustis	(594)	FORSCOM	1,383
		Total	\$ (100,064)

Figure 2

1984, Congress demanded justification for the funding, and thus were born the service systems for training requirements and performance measures.

The Army quickly developed the battalion field training day as its metric, followed by the Air Force and the Navy with flying hours and steaming days, respectively. While the sister service performance measures have changed little, the Army determined that training days varied too much in content and costs and therefore sought a more accurate system.

The Army settled on the concept of OPTEMPO, as described above, and used a battalion level training model or BLTM to tie training activities to readiness in terms of major equipment.

Thus for an M-1 tank battalion to achieve C1 readiness, each crew is expected to perform training tasks that would require a total of 800 driven miles in a fiscal year. Most other costs associated with training that battalion are allocated on a per mile basis that, when summed, yield a per-mile cost for training a tank unit.

Multiply this cost by the number of tank units, and apply the same theory to all other types of units. The sum of these costs then equals the total funding required to buy a trained Army.

The validity of the OPTEMPO process and the ways in which related funds are spent are both in question. To better explain the issue, we provide the following descriptions of how each

service deals with OPTEMPO.

Air Force OPTEMPO

Combat mission readiness drives OPTEMPO in the Air Force, with readiness ratings of C1 through C5, much like the Army. The rating is determined by equipment availability, called mission capable ratings, maintenance-ready aircraft as a percent of total aircraft, and training on the aircraft described by the metric of flying hours.

Combat mission requirements and tasks provide the basis for flying hours. A readiness aircrew program determines the number of sorties required in a fiscal year for experienced pilots to maintain mission proficiency and the number of sorties required for inexperienced pilots to gain or maintain proficiency. Average sortie duration, which may differ by location, is then determined. The OPTEMPO formula is expressed as:

$$\#crews/platforms \times \#sorties \times avg \text{ sortie duration} = platform \text{ flying hours}$$

Costs such as fuel, maintenance and spare parts are then allocated per flying hour and multiplied by the number of platform flying hours to gain total platform funding requirement. The sum of the platforms yields total Air Force flying hours and OPTEMPO funding requirements.

Air Force dollars are channeled into activity groups, including 3010, aircraft procurement and modernization; 3080, procurement, other (e.g., communications, information technology, night

Table 1: Net Difference Between Initial Congressional Designations and Reported Obligations for O&M Base Operations and Real Property Maintenance (fiscal years 1994-99) — Current dollars in millions

Service	Initial Congressional Designation	Reported Obligations	Difference from Initial Designation	Percent of Increase
Army	31,511.8	34,088.0	2,576.2	8.2
Navy	21,798.4	22,114.5	316.0	1.4
Marine Corps	6,036.0	6,454.4	418.5	6.9
Air Force	29,241.5	33,069.2	3,827.7	13.1
Total	88,587.7	95,726.1	7,138.5	8.1

observation devices); 3011, missile procurement; 3300, construction; and 3400, the very broad category of operations and maintenance.

Within each of these activities are sub-activities; for example, 3400 includes flying hours, real property and base operations, or BASEOPS, among other things. Air Force funds are allocated to program elements, like combat search and rescue, air launch cruise missile, F-15 air-to-air, F-22, B-52, and so forth. Each of the PEs spends money within the above activity groups.

The migration or movement of funds within an activity group happens fairly readily. Migration of funds among activity groups is extremely difficult, but the effect can be achieved by trading funds between or among PEs, according to Lt.Col. Paul Hough, an Air Force financial manager we talked to last June. For example, the F-15 PE may shift 3400 monies to the B-52 PE in exchange for 3010 funds. The Air Force total has not changed, but the effective migration has occurred at the PE level.

OPTEMPO funds are currently “fenced by policy.” Before 1999, the Air Force requested additional funding for contingency operations flown. A closer look showed that there were not enough pilots, planes or hours to use all the flying hours for which financing was requested. To rectify the situation, the Air Force moved to a single program of flying hours.

Contingency flying hours are funded from the peacetime flying hour program, and no additional funding is requested until the hours have been flown. Any OPTEMPO funds not spent on OPTEMPO are reallocated by the four-star chief of staff of the Air Force.

Fencing is controlled by policy rather than by regulation. CSAF issues general guidance to the major commands at the beginning of the fiscal year, and Air Force headquarters withholds one

month’s worth of the command’s annual flying hour programs. Those commands submit monthly flying hour costs as a monitoring tool, and headquarters issues the remainder of the program as required.

Navy and Marine Corps

The U.S. General Accounting Office in February 2000 reported to Congress that whereas during the 1994-1999 the Army and Air Force had moved unit training funds to base operations and real property maintenance, “The Navy and Marine Corps moved funds into unit training, increasing them by a total of \$2.8 billion.”

The Department of the Navy adheres to DoD policy as laid out in the Defense financial management regulation, DoD 7000.14-R, for the movement of the Navy’s operation and maintenance funds.

Determination of Navy Funding Requirements: Navy OPTEMPO is based on afloat forces and flying hours. Afloat forces are expressed as days per quarter underway and are funded through ship fuel accounts. Afloat forces include both deployed and non-deployed and are computed by (days underway divided by days available) multiplied by days/quarter.

Underway: Ships underway on own power for 3 or more hours in a 24-hour period.

Available: All days underway in a particular area of operation when not in pre-planned maintenance availability, conversion, modernization or overhaul.

The Navy afloat forces OPTEMPO goals are 50.5 steaming days per quarter for deployed ships and 28 for non-deployed ships. Navy OPTEMPO trends for deployed ships have averaged 54 days per quarter since 1985, consistently above established goals; for non-deployed ships, the trend has been consistent with established goals.

Table 3: Net Difference Between Initial Congressional Designations and Reported Obligations for O&M Unit Training (fiscal years 1994-99), Current dollars in millions

Service	Initial Congressional Designation	Reported Obligations	Difference from Initial Designation	Percent of Increase
Army	8,975.3*	7,876.1*	1,099.2-*	12.2-*
Navy	23,419.2	25,300.5	1,881.2	8.0
Marine Corps	2,100	2,290.4	190.4	9.1
Air Force	36,807.1	38,940.0	2,132.9	5.8

* Army data is for fiscal years 1997-99; comparable data not available for prior years.

According to the Navy's 2001 budget statement, released last February, its flying hour program is computed to provide "funds necessary to achieve the Department of the Navy goal of 85 percent tactical air/anti-submarine warfare primary mission readiness to train and maintain qualified aircrews in primary mission of their assigned aircraft." The actual number of flight hours and level of funding varies and is based on a specific PMR for each aviation unit.

Determination of Marine Corps Funding Requirements

Marine Corps OPTEMPO is based on the cost to support a fleet Marine force of three active Marine expeditionary forces and on flying hours. According to USMC's flying hour program management directive, MCO 3125.1, 1988, Marine Corps TACAIR FHP funding comes from requirements for (1) TACAIR squadron pilots, for PMR as prescribed in Operations Plan-20 (OP-20) and for (2) TACAIR augmentation pilots and crews, in these hours per year: (a) 170 for authorized Marine aircraft group (MAG) crews, (b) 120 for Marine air weapons tactical squadron aircrews, and (c) 100 for remaining authorized crews with Marine aircraft wings. The Marine Corps OPTEMPO budget is combined with the Navy's and submitted as part of the Navy's overall operations and maintenance budget.

Army

Centralized control is the Army's current policy on controlling and executing readiness training funds. This is a new approach, very different from the previous control and execution approach Army used through last year. Under both the previous and current approaches, major Army commands are allotted portions of the Army's operation and maintenance, or OMA,

appropriation to support OPTEMPO/FHP requirements in addition to other needs like training enablers, BASEOPS and real property maintenance or RPM.

Under the previous approach, commands had more flexibility to move funds between and among programs within their OMA allotments. Under the new approach, called fencing funds, they have to request permission from the office of the Army's deputy chief of staff for operations to migrate funds from OPTEMPO (subactivity groups or SAGs 111, 112, 113, 114 and 115) and FHP (management decision packages or MDEPs VFHP and VCNA) to any other program area within OMA. As of last June, no migration requests had been approved for the fiscal year ending Sept. 30, 2001, (Fiscal 2001); however, the Army budget office indicated they anticipated some future migration approvals, as some units appeared to be unable to fully execute their OPTEMPO metrics.

In October 2000, Army ODCSOPS put out these objectives in a memo on Operating Temp/Flying Hour Program Management Implementation Instructions for 2001:

- (1) restrict migration and clearly identify the problems being solved through migration of OPTEMPO/FHP dollars;
- (2) define business rules to ensure the Army is accurately reporting execution data consistent with the definition used at [Army headquarters] to establish the standard;
- (3) avoid more stringent congressional controls on Army resources and
- (4) provide command emphasis on the consistent, accurate reporting of execution data that forms the basis for evaluation activity and resources [under the unit level logistics system or] (ULLS).

This approach is evidence that the Army has

been pressured by congressional criticism into limiting commanders' flexibility regarding OPTEMPO fund migration. Based on this criticism, the Army has developed a strategy to implement a disciplined OPTEMPO management system in order to determine the validity of the 800-mile OPTEMPO metric and achieve future right-sized funding levels for all affected accounts. Simultaneously, this strategy will reduce funding which has traditionally become available, through migration, for training enablers (portions of SAGs 121 and 122), BASEOPS (SAG 131) and RPM (SAG 132). In the rest of this installment, we'll focus on these objectives and provide background as needed.

The first objective to "Eliminate the migration of OPTEMPO funds and subsequently ensure units have the funds required to fully implement training plans required to meet prescribed readiness requirements, e.g., 800 miles or 14.5 live flying hours" is a lot harder than it looks. At first glance, one would assume that commanders, if provided sufficient funds, would surely achieve training readiness; however, the environment commanders operate in today often isn't friendly to training accomplishment. An example is more frequent unit deployments, which limit available training time and thereby reduce OPTEMPO execution. Other cited unit training curtailers are equipment transformations and conversions, which limit the availability of equipment for training purposes, and deployment and recovery from combat training center rotations.

Along with OPTEMPO/FHP dollar, mile and hour under execution, other OMA programs such as training enablers, BASOPS and RPM have been under funded. That forces commanders to realign unexpended OPTEMPO funding to meet these under funded program costs, many of them fixed. The Army, just as any private company, has variable and fixed costs. Variable costs move up and down with the level of activity, and fixed costs remain fairly constant despite activity levels. Army fixed costs include utilities, certain facility costs and civilian salaries. Variable costs tend to be the OPTEMPO metrics such as miles driven or hours flown. Historically, commanders faced with not being

able to pay the fixed costs, e.g. the electricity bill, have turned to the variable costs such as OPTEMPO to pay the bill. In 1997, then-Army Secretary Togo West said, "In recent years OPTEMPO has been fully resourced while other readiness-related programs like range operations, railhead maintenance and civilian pay were not. This required commanders to borrow funds from OPTEMPO accounts in order to make up shortfalls. Late reimbursements from contingency operations also contribute to under execution."

One can safely assume that no commander would take the decision to sacrifice readiness training lightly, nor make the decision without thoroughly reviewing all other alternatives. This assumption combined with the historical trends of migration by multiple commanders at various installations implies that commanders have determined there is no alternative to the migration of funds from OPTEMPO to the fixed costs embedded in BASOPS, RPM and training enablers. The accompanying tables (labeled Table 1 and Table 3) from a February 2000 GAO report *Defense Budget: Analysis of Real Property Maintenance and Base Operations Fund Movements*, illustrate the level of migration for the Army and other DoD services for fiscal years 1994-1999. Table 3 covers FY 1997-1999 for the Army only.

As indicated in the two GAO tables, there was an 8.2 percent increase in BASEOPS and RPM obligations over the congressional designation for those programs. In addition, during fiscal years 1997-99 the Army moved \$1.1 billion -- about 12.2 percent of the funds congressionally designated for unit training--from those subactivities. Also interesting is the fact that the Army is the only military service to show a migration of funds out of training programs. Figure 2 contains U.S. Army Audit Agency data showing the migration of fiscal 2000 funds by installation.

The GAO and AAA reports imply that commanders have had to make the sometimes difficult decision to move funds from OPTEMPO to training enablers, RPM and BASEOPS programs. Additional AAA data (details omitted here) show that of the Fiscal 2000 transfers

Army-wide, about 43.3 percent went to SAG 121 (Force Readiness Operations Support, i.e., training enablers), 24.7 percent to SAG 132 (RPM), 17.6 percent to SAG 131 (BASOPS) and 12.8 percent to other mission programs (SAGs 122, 133, 134, 135). This brings to light another issue which ODCSOPS hopes to address with its new OPTEMPO/FHP management plan: to review key training enabler accounts to determine if those programs should be included in the OPTEMPO calculation.

The issue of training enabler inclusion coupled with the evidence of migration naturally leads one to question the validity of the original Army requests for OPTEMPO funding. If Army commanders can migrate funds from OPTEMPO to other OMA programs without degrading readiness, were the requested amounts accurate to begin with? The answer to this question can be addressed from several directions and leads to the second and fourth objectives of the management plan: (2) “Define business rules to ensure the Army is accurately reporting execution data consistent with the definition used at HQDA to establish the standard,” and (4) “Provide command emphasis on the consistent, accurate reporting of execution data that forms the basis for evaluation activity and resources.”

Congress rightfully questioned the Army's ability to accurately project budget requirements when it reported a “ready” Army despite the lower execution rate of OPTEMPO funds and miles/hours. The Army requested a certain level of funding for OPTEMPO, Congress fully funded the OPTEMPO request and the Army responded by moving funds from OPTEMPO to other OMA programs and yet reported a ready Army—the obvious question being, “Was the Army's initial request for OPTEMPO accurate to begin with?” Before trying to address this question, let's look at the Army's process for figuring how much OPTEMPO funding it needs. In the next issue's installment, we'll refer to this process in our fund-fencing recommendations.

Determination of Army Funding Requirements: Today, OPTEMPO comes from specific battalion level training models or BLTMs which feed the Army's training resource model, its TRM. In the case of ground OPTEMPO, for

example, the 800 miles of execution a year for a tank in an armor battalion has, since 1987, expressed what is necessary to maintain a C1 readiness level. OPTEMPO does not consider simulations and other efficiencies that some units use. Again quoting Secretary West from 1997, “The flying hour program, set at 14.5 hours per crew per month, is driven by unit mission essential task lists and Army regulations.... The intent [of the OPTEMPO metrics] is to support financial planning requirements at the major commands while providing Congress a credible means of defining the Army's training resource requirements.”

Battalion-level training model

The BLTM is the key variable required for generating the right amount of sustainment funds for a particular unit. A BLTM is based on unit standard requirement codes and specific authorized equipment densities. The BLTM lists the major systems belonging to a particular unit according to the unit's modification table of organization and equipment or MTOE. The Army's Training and Doctrine Command, TRADOC, provides combined arms training strategy or CATS data to build and update BLTMs.

OPTEMPO Metric

Divided into direct and indirect cost categories, the OPTEMPO metric is expressed as the pace of operations and training that units need to achieve a prescribed level of readiness. It can be measured by the number of miles driven or number of hours flown and expressed in cost to operate and maintain these systems for a given period of time. The descriptions below come from the previously noted AAA consulting report, AA 99-737, on the Army's training resource model.

Direct OPTEMPO: Designed to cover the cost of operating and maintaining 132 major weapon systems used in training Army soldiers, these costs include fuel, oil, spare parts and depot-level repairable items and are aggregated for each weapon system based on a 3-year moving average of actual costs incurred. Expressed as a cost per mile or cost per flying hour, which the Army refers to as a cost factor.

Indirect OPTEMPO: Comprises about half the training budget and includes costs for organizational clothing and equipment, civilian pay, travel and repair parts. Usually calculated per capita based on historical data.

Training resource model

Identifies all direct and indirect OPTEMPO costs associated with the execution of training by operational units. The TRM is based on type unit training strategies and BLTMs for each major operational unit. The model accounts for all costs relating to weapon system operation (e.g., fuel, spare parts, depot-level maintenance) and to weapons systems operation support (e.g., civilian pay for certain garrison functions, contracted maintenance, expendable supplies). BLTMs dictate the kinds and frequency of training events that must be executed for a unit to maintain its operational readiness. These two cost sub-categories together form the operating tempo or OPTEMPO, the category of funding that pays for unit training.

The Army's Cost and Economic Analysis Center regularly updates TRM cost factors. Program managers provide cost data to CEAC and ODCSOPS which are used to develop or update new equipment cost factors, including contractor logistics support or CLS. Once approved, this information is fed into the TRM. In order to keep TRM cost information current and valid for building the Army's program objective memorandum -- a kind of six-year budget plan-proponent commands and program managers continually need to assess and report CLS and other actual cost data to CEAC.

Figure 3 depicts an equation for determining OMA funding requirements for readiness training-what we've been calling OPTEMPO. Robert Lafoon, writing in the Jan/Feb 2000 issue of *Army Logistician*, offers this explanation: "To understand this equation better, think of BLTM equipment density as quantity and type of vehicles owned, OPTEMPO as miles driven per year, and cost factors as operational and support costs per mile. If you own three cars, drive each car an average of 12,000 miles per year, and your cost for fuel, insurance, and maintenance is \$0.30 per mile, the equation is: 3 cars x 12,000

miles x \$0.30 cost factor per mile = \$10,800. This assumes that the three cars are of the same make, model, and year and are operated in the same or similar environments. Therefore, you need \$10,800 to operate and maintain your three cars for 1 year. The result of the calculation, along with other costs, is the output of TRM."

Returning to the Army's second and fourth objectives with respect to the OPTEMPO/FHP management plan, one can see that much effort goes into the determination of OPTEMPO fund requirements. The question remains then, "How can the Army claim to be ready while not executing its OPTEMPO miles, hours and dollars levels, which it has taken such effort to develop?" Former Army Secretary West had this to say in 1997: "Since 1995, [the OPTEMPO] methodology has been supported by analysis of monthly unit status report data, quarterly ground mileage data and flying hour execution data. However, since Operation Desert Storm, the link between training execution and readiness reporting has not been entirely accurate. Many units have continued to report high readiness while under-executing ground mileage and flying hour allocations. Several factors, such as the substitution of less maneuver-intensive training and the acquisition of excess parts from deactivating units, contributed to this trend." West suggests that a change in the way we train has affected the execution rates. For example, the use of simulations has decreased numbers of miles driven and hours flown but has not necessarily decreased readiness. The problem with this transition from traditional maneuver training methods to more high-tech simulations is two-fold: (1) as previously noted, the execution rate for the OPTEMPO metrics (hours and miles) may not reflect the training which has occurred, and (2) the funding for these training devices does not fall under the OPTEMPO program (traditionally SAGs 111, 112, 113, 114 and 115), but rather the training enablers (portions of SAGs 121 and 122).

The concept of fencing OPTEMPO funds in this case would demonstrate that the recent trend of migrating funds from OPTEMPO to training enablers (43.3 percent in Fiscal 2000, above) is an indication that although OPTEMPO

execution rates may not be met, there are alternative costs that commanders encounter in training their units. And although these costs are not reflected in the traditional OPTEMPO SAGs, they are being migrated to SAGS 121 and 122, which support the required training and include ranges and simulators. By fencing the OPTEMPO funds and precluding this migration of funds to training enabler accounts, the Army should be able to isolate a shortfall in the training enabler arena. A shortfall thus identified could then be used to substantiate requests for future increases in training enabler funding.

The Army's best-case scenario would be to show a shortfall in the training enabler arena while executing the majority of its mile and hour requirements, which should sustain the current level of OPTEMPO funding while simultaneously increasing requirements for training enabler funding. Perhaps a decrease in deployments would allow this to occur. However, it seems more likely that a revision of the 800-mile metric may be required to offset the change in training methods. Any reduction in the mile metric would surely result in a reduction of OPTEMPO funding; however, if the Army can prove the migration was to training enabler accounts and demonstrate a direct correlation between training enablers and readiness, it may be able to maintain funding levels by right-sizing the affected accounts. In that regard, the Army has commissioned a study by the Rand Corporation to assist with its review of migration and the validity of the OPTEMPO metric.

In addition to the migration of funds to training enabler accounts, we have also noted in Fiscal 2000 the trends of migration to BASEOPS (SAG 131, 17.6 percent) and RPM (SAG 132, 24.7 percent). By restricting migration, the Army is trying to gain a better understanding of exactly where these funds are going. Many commanders and budget officers feel that these programs have been traditionally under funded and if not for OPTEMPO dollars would result in unpaid bills, again, many of which include fixed costs. Although the establishment of a direct correlation between these accounts and readiness will be more difficult to prove and hence more

difficult to use as justification for program funding increases, the Army is reviewing these requirements in an effort eventually to right-size these accounts as well.

All of the above described Army efforts aim to "Avoid more stringent congressional controls on Army resources," the new OPTEMPO/FHP management plan's stated third objective. By internally reducing commands' flexibility this year for the first time, and perhaps in future years, the Army hopes to improve its ability to accurately derive budget requirements with respect to readiness and other related programs and restore its credibility with congressional committees involved in the budget process. In order to do that, the Army must ensure that its readiness metrics truly represent and portray its goals, that its reported readiness reflects true unit readiness levels and that actual execution data are being collected uniformly, correctly, regularly and currently.

In the next and final installment, the authors address the root of the OPTEMPO problem, present recommendations for solving it and assess likely consequences of their proposed solutions.

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Don't leave home without it!

Changes coming to the travel card program



“Since the inception of the current travel charge card task order, delinquency rates for individual DoD member travel card accounts have been unacceptable, and the Department's contractor has been forced to write off a significant amount of bad debt. Delinquency in paying valid travel charge card debts is considered an abuse of the travel card privilege and is subject to appropriate administrative action.”

by William M. Harris

That's the opening paragraph of a June 14 memorandum from Dov S. Zakheim, the Under Secretary of Defense (Comptroller) announcing changes to the DoD travel card program.

Federal travel card programs fall under the purview of the Smart Pay Contract administered by the U.S. General Services Administration.

Within the parameters of this master contract, executive agencies such as DoD issued task orders for travel card services to one of several qualified vendors.

The DoD task order was issued to NationsBank (now Bank of America) and was effective Nov. 30, 1998, with two basic contract years and three one-year options. DoD exercised its first option on Nov. 30, 2000, and we are currently in that first option year.

In early December 2000, the contractor sought to renegotiate the existing DoD task order, citing unacceptable DoD delinquency

rates, debt write-offs totaling \$48 million (about \$1 million per month) and high account maintenance costs.

Later last December, representatives from DoD, GSA and the contractor began discussing ways to agree on these concerns and prevent disruption in DoD's travel program.

After three months of proposal and counter-proposal, DoD and the contractor reached agreement and according to Zakheim, on April 11, 2001, the Defense Finance and Accounting Service, on behalf of the Department, signed a task order modification with the current contractor.

The task order is intended to encourage DoD members to pay their travel charge card bills in a timelier manner and reduce the financial risk to the contractor.

These revisions, as appropriate, will be included in the DoD Financial Management Regulations. Each DoD Component is expected to work with the DFAS to take such appropriate actions as necessary to implement the changes.

The task order modification includes several very important changes. Among other things, the modification commits DoD to:

- Reduce the number of active cards in the hands of infrequent travelers. DoD policy defines “infrequent travelers” as military members or DoD civilian personnel who travel two or fewer times per year.
- Implement “default split disbursement.” Split disbursement is a method of paying travel claims where a portion of the settlement is sent directly to the travel card contractor, with the balance going to the traveler. The traveler may specify an exact amount to be sent to the contractor, but where the traveler indicates no preference, the default method of payment will send the portion related to transportation, lodging and rental car directly to the contractor, with the remainder (e.g., meals and other incidental expenses) sent to the traveler.
- Establish procedures for salary offset, i.e., the collection from pay of delinquent amounts owed to the contractor, which was authorized by

the Travel and Transportation Reform Act of 1998. The contractor will submit to DFAS requests for collection of delinquencies that are 90 or more days past due. DFAS will then accomplish the salary offsets after meeting requirements to afford the cardholder due process.

- Strengthen in- and out-processing requirements to ensure that travel card issues are addressed in a timely manner.

In addition, the modification permits the contractor to:

- Reduce automatic teller machine cash and credit limits to \$250 cash and \$2,500 credit for standard cards and \$125 cash and \$1,000 credit for restricted cards. These lower limits will be phased in over a six-month transition period. Where needed to meet

mission requirements, the unit travel card coordinator can, with the approval of the cardholder's supervisor, raise ATM cash/credit limits.

- Increase the ATM cash fee to three percent of the amount withdrawn, or \$2, whichever is greater. This fee is a reimbursable expense to the traveler.

- Establish a \$20 fee for the expedited delivery of cards. This fee will apply to the expedited delivery of a card to an individual not currently in a travel status. It will not apply to emergency replacement of cards lost or stolen for an individual in a travel status. This fee is a reimbursable expense to the traveler.

- Increase the fee for late payment from \$20 per month to \$29 per month when an account is delinquent by 75 calendar days or more. The contractor will not penalize travelers if notified by the government that the payment delay was caused by the government. This late fee is an individual cardholder expense and is not reimbursable to the traveler.

- Increase the fee for returned checks from \$20 to \$29. This return check fee is an individual cardholder expense and is not reimbursable to the traveler.

Finally, the modification:

- Permits individual DoD activities to negotiate with the contractor to establish debit cards (vice travel cards) for use by their travelers.

- Acknowledges that the contractor can offer a pay-by-phone service and establish a charge to the cardholder for this service. This pay-by-phone service is not a contract requirement. Cardholders may choose to use this service, but the fee is not reimbursable.

- Requires revision of the card application and cardholder agreement. These have been modified and will be distributed to all cardholders to announce the reduction in cash and credit limits, the increased fee for ATM cash advances, late payment and returned checks and the new fee for expedited delivery of cards.

In early December 2000, the contractor sought to renegotiate the existing DoD task order, citing unacceptable DoD delinquency rates, debt write-offs totaling \$48 million (about \$1 million per month) and high account maintenance costs.

What do these changes mean for DoD and the Army?

First, we will review the number of cards we have, decide which are needed and cancel or inactivate those that are not. TTRA required that all travel expenses be charged to a travel card (unless otherwise exempted) and in attempting to comply with that requirement, DoD activities substantially increased the number of cards issued.

Both DoD and the card contractors have since learned that this approach does not make sense. With only 300,000 to 400,000 cards used in any given month, we simply have too many cards in our inventory, leading to abuse and delinquency by cardholders and unnecessary maintenance costs to the contractor.

For many, split disbursement has been an option for some time in settling travel claims. It's really the easiest and most efficient way to pay travel charge card bills.

Well over 99 percent of all travel claims are settled within nine days, which means we can pay the majority of travel card bills within ten days (and, in some cases, before the bill is even received). Split disbursement capability is not yet available in some Army commands (e.g.,

Eighth U.S. Army and U.S. Army Europe), but DFAS is working to make it available everywhere.

While TTRA authorized collecting delinquent amounts from cardholder pay, DoD initially chose not to implement this option. Continued high rates of cardholder delinquency, however, caused DoD to revisit this decision.

Subsequent discussions with leaders throughout DoD indicated strong support for salary offset, both as a means for resolving delinquency and as a deterrent.

Changes in the ATM credit and cash limits will reduce the amount of money available to travelers, but available data indicate these lower limits are sufficient for most travelers (90 percent of temporary duty or TDY trips involve charges of less than \$2,000).

If travel orders support the need for additional funds, the unit travel card coordinator can raise the limits to meet mission requirements.

Increases in fees for late payment, returned checks and cash withdrawals bring the DoD program more into line with the industry standard for corporate travel card accounts.

The \$20 fee for expeditious delivery of a travel card was enacted because in too many cases, DoD activities were asking for expedited delivery of cards when travel was not imminent.

The pay-by-phone service was previously offered at no cost, but rising costs prompted the contractor to charge a \$10 fee for the service.

It's important to note that these changes will not take effect until certain requirements are met.

First, revised DoD policy and a revised cardholder agreement must be issued. In addition, implementing instructions must be finalized and issued over the next few months.

Finally, DoD activities must satisfy their labor-relations obligations to local bargaining units; detailed guidance in this area is being issued through command labor relations channels.

It's also important to realize that these changes were brought on by our high rate of cardholder delinquency and the large amounts being written off by the contractor.

These changes were necessary to ensure the continued availability of a travel card service to DoD and the Army.

Without the travel card program, Army activities would be forced to rely on older, more expensive travel measures.

Without ATM cash withdrawals, for example, Army travelers would require government travel advances, costing the Army \$32.60 each.

Without the centrally-billed travel accounts used by our commercial travel offices, travelers would have to rely on government transportation requests for common carrier travel, costing the Army \$17.88 each.

In short, while these changes will impose some costs and burdens on us, not having a travel card program would cost much more.

An effective travel card program is in our own best interest, and it is up to all of us—cardholders and managers—to make the program work as intended.

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PERSPECTIVES

OFFICE, ASSISTANT SECRETARY OF THE ARMY
(FINANCIAL MANAGEMENT & COMPTROLLER)

*The following sections were written by different OASA(FM&C) deputies.
Not every deputy will provide input for this feature.*



Standard Service Costing-Developing Performance-Based Requirements

by Robert W. Young

The Army continues the effort to link performance to cost and ultimately improve the ability to articulate what services are provided at what level of performance (standard) for what cost. This effort will enable the leadership to make more informed decisions on resource allocations by giving them a mechanism to quantify cost that is related to a specific level of performance. Over the past few years, the Army has been working on Standard Service Costing, which is a new methodology for generating performance-based requirements for installation services or BASOPS. This methodology is designed to provide Army leadership with a process which identifies installation needs based on performance standards, distributes resources equitably and strategically, and establishes targets focused on continuous improvement. SSC serves as a start point for establishing best business practices for installation services while enabling both internal and external benchmarking across the Army.

In 1995, the Army's assistant chief of staff for installation management and the its Cost and Economic Analysis Center began the process of collecting historical cost and output data for installation services through the internet-based system called Service Based Costing or SBC.

Additionally, the ACSIM has put in place the installation status report for services or ISR-Services to assess the quality of service provided at each installation. SSC is the methodology that links the cost, output and performance data through a parametric cost analysis approach. This approach uses data from both systems to develop cost equations that predict installation resource requirements based on performance standards.

As with any parametric approach, the first step, data collection, is and remains the most difficult. Beginning in 1994 through the present, members from all Army levels have participated in the development, definition and refinement of the taxonomy of 95 services provided across Army installations worldwide.

The Army's BASOPS financial accounting structure was revised in 1999 so that account codes would map costs directly to the 95 services. Service functional representatives have developed standards for 41 of the 95 services currently collected in ISR-Services. Functional teams are developing standards for additional services, while still other services are scheduled for addition to ISR on an incremental basis. SBC and ISR-Services have been using the new accounting structure for two years, and the quality of data collected through these systems is improving with each collection cycle. ACSIM is also working with additional legacy systems throughout the Army to top-load as much data as is possible, in order to improve data consistency and reduce the data collection burden on the field.

The second step, data analysis, utilizes accepted statistical principles and practices to accurately reflect the cost relationship of the services being examined. All financial data are first normalized, prior to conducting any statistical analysis, to account for effects such as inflation, locality adjustments and payroll fluctuations. For many services, there may be great disparity among installations, commands or locations. To accommodate external variables, the data sets are stratified into like groups, such as domestic or overseas, for some services. As with any data set, there will most likely be outliers (atypical data points, far outside the group) for many reasons. Outlier identification and analysis are necessary to establish credible

and meaningful cost relationships. Outliers are identified using a set of sound statistical ground rules to preclude eliminating the wrong data points from the data set.

Only after these initial steps are taken does regression analysis begin. The SSC methodology involves step-wise regression analysis, linear and non-linear model fitting, and rigorous statistical model selection and validation processes. Analysis of the services is unique, resulting in a different cost estimating relationship or CER for each service. The correlation of the output and quality measures varies from service to service, with the intent of establishing the best, most logical relationship for forecasting future BASOPS requirements for the entire Army. If a valid CER cannot be established for a given service, CEAC and ACSIM hold meetings with functional representatives to determine ways to improve the data collected based on what is learned in the analysis process. A continuous process of improvement is being employed to accelerate valid CER development for all services.

Once the CERs have been developed, the final step in the parametric approach, CER validation, is employed. CERs will be incorporated into ACSIM's Army installation management headquarters information, or AIM-HI, requirements generation model. Requirements will be generated for each major Army command by applying the SSC CER at the installation level. To date, SSC methodologies for normalization, outlier identification and model selection have

been developed and proven. Initial CERs have been developed using 1997-99 data from SBC only (no quality measures from ISR).

These initial CERs have been prototyped for AIM-HI modeling purposes and were used as part of the AIM-HI base operations requirements verification process for POM 03-07. During this initial CER development cycle, 81 percent of CERs were determined useful in predicting requirements based on the statistical selection criteria. Further CER development will incorporate ISR quality measures, and final validation will include additional analyses, such as variance, sensitivity and affordability to ensure the model accurately reflects the Army's future needs. The validation process will be formalized as the CERs are modeled (in parallel) in AIM-HI for POM 04-09, with the following POM 05-09 converting AIM-HI to the SSC methodology.

Although the Army is just beginning the CER validation process, it is anticipated that using the SSC in concert with the AIM-HI model (a parametric approach) will provide ACSIM more accurate, relevant and credible methodology to determine requirements in support of the PPBES process and defend requirements at Army, OSD and congressional levels. As the process matures, SSC will enable Army decision-makers to determine requirements by specifying the level of service to be performed and to better manage installation services vital to the Army's people, readiness and transformation goals.

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