

RESOURCE MANAGEMENT

2nd Quarter 2003

ACP Graduating Class of 2002



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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:

Eric K. Shinseki

GENERAL, UNITED STATES ARMY
CHIEF OF STAFF

ADMINISTRATIVE ASSISTANT TO
THE SECRETARY OF THE ARMY

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ASSISTANT SECRETARY OF
THE ARMY

(FINANCIAL MANAGEMENT
AND COMPTROLLER):

Sandra L. Pack

MANAGING EDITOR,
THE PENTAGON:

Wilett Bunton



2nd Quarter 2003

"Professional Development"

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A Message from the Assistant Secretary of the Army

(Financial Management & Comptroller)

The Honorable Sandra L. Pack



Promoting Professionalism in Our Workforce

The extraordinary battlefield advantages that our soldiers enjoy today derive, in large part, from the way they train.

Superior training programs—some of the best in the world—are emblematic of the U.S. Army's continuing commitment to high standards and professionalism.

A remarkable characteristic of the U.S. Army is its ability to adapt to change. Consider the rag-tag force of the American Revolution some 227 years ago juxtaposed against today's force—the force that recently demonstrated its prowess in Afghanistan and Iraq. Despite recent successes, the Army's continuing challenge is the need to change and transform at an ever-accelerating pace due to a world that is shifting from the industrial age to the information age. Hence, the Army must continue to transform in order to maintain its superiority.

Our role in the financial management community, to resource our country's Army, inextricably links us to almost every facet of Army business. Our job has never been more mission critical. As the rest of the Army transforms, we in financial management also must transform.

I believe that training and educational programs, a cornerstone of Army doctrine, serve as catalysts for innovation and for growing capable leaders. Moreover, professional education and certification programs expose our professionals to new ideas and new ways of thinking and they can serve as the means for career advancement and personal enrichment. There are a number of accreditation programs available to the Army's financial workforce. These programs are supported by the US Congress and the Department of Defense.

They include:

- Accredited Financial Examiner (AFE)
- Certified Defense Financial Manager (CDFM)
- Certified Fraud Examiner (CFE)
- Certified Government Audit Professional (CGAP)
- Certified in Financial Management (CFM)
- Certified Government Financial Manager (CGFM)
- Certified Internal Auditor (CIA)
- Certified Information Systems Auditor (CISA)
- Certified Management Accountant (CMA)
- Certified Cost Analyst (CCA)
- Certified Public Accountant (CPA)
- Certified Quality Analyst (CQA)
- Certified Public Finance Officer (CPFO)

I encourage our professionals to take advantage of recent Congressional actions that were designed to promote professional education. The Fiscal Year (FY) 2002 Authorization Act permits the Army to pay for the initial and subsequent renewals of professional credentials for civilian employees. The FY 2003 Authorization Act permits the Secretary of Defense to prescribe professional certification standards for professional accounting positions within the Department of Defense (i.e., government series—505, 510, and 511). The Financial Management Proponency Offices in both the Department of Defense and the Army currently are developing policies and procedures for implementing these provisions.

I believe in the benefits of lifelong learning and I encourage each of you to take advantage of these certification programs. As a Certified Public Accountant (CPA), my career has benefited greatly from professional certification. Those benefits have far outweighed the personal sacrifices that the rigorous certification process entailed.

In short, now is a good time to start an educational or certification program. No matter your station or position, education will enrich you.

A Message from the Principal Deputy Assistant Secretary of the Army

(Financial Management & Comptroller)

Ernest J. Gregory



Interns: Investing in our Future

“One’s mind, once stretched
by a new idea never regains its
original dimensions.”
Oliver Wendell Holmes

This quote by Oliver Wendell Holmes reinforces the importance of professional development. I will never forget my first day as an intern with the Army Audit Agency in Philadelphia in 1967. First and foremost, among the myriad of emotions I experienced, were two questions, what would I learn and how can I contribute? Still, thirty-six years later I approach each new task with the same questions; what will I learn and how can I contribute? Working in financial management is as exciting today as it was the day I started my career as an intern.

The benchmark for quality training was established when I was an intern. As the Functional Career Representative for the Comptroller Civilian Career Program (CP 11), I want to ensure that the same benchmark of excellence is in place for all CP 11 interns. CP 11 careerists and interns have access to more professional development training and education opportunities than any federal employee working in government today.

The Financial Management and Comptroller community exists to provide Army financial management stewardship and accountability to meet the Army’s resource needs. We need a motivated, professional workforce to accomplish this mission and our strategic goals: systems integration, cost control, resource generation and leveraging resources through innovation. Bottom-line, we need a trained and ready cadre of professional interns to assist our current workforce in transforming financial management systems and processes to support a new organizational change strategy.

I am committed to transforming and empowering the CP 11 intern program to align training and education with learning and growth activities. All CP 11 interns will be afforded access to the highest quality professional development training and education during their internship. The financial management community must work together to achieve this goal by doing whatever we can to ensure that every CP 11 intern completes the following mandatory program requirements:

- Master Intern Training Plans (completed within sixty days of assignment)
- Completion of Mandatory, and Core Competency (Priority 1 & 2) Training
- 4–Ninety day rotational assignments
- Participation in HQDA Designated Training Forums

We owe our newest professional employees the best training. Now more than ever the contribution we make in building the future workforce is vitally important.

We must remain focused on what is important . . . the support we provide to those who defend America. . . . the Warfighters, our number one priority.

Fiscal Year 2002 Army Resource Management Award Winners

Congratulations to this years winners!!!

The reviewing panels have met and have announced their selections for this year's Assistant Secretary of the Army (Financial Management and Comptroller) Resource Management (RM) Award recipients.

CAPSTONE AWARDS

ASA (FM&C) Civilian Award

MS. KATHLEEN FINN
ACCOUNTANT
FORT HOOD, TX
FORSCOM

ASA (FM&C) Military Award

MAJ CHARLES LUNATI
ANALYST
PA&E, G8
HQDA

Functional Chief Representative Special Award

MS. MARY HANSEN
BUDGET OFFICER
HQ, THIRD ARMY
FORSCOM

Assistant Secretary Of the Army (FM&C) Civilian Award—The ASA (FM&C) Civilian Award recognizes the top civilian Army employee serving in a leadership capacity that the Assistant Secretary personally cites for outstanding contributions to the field of resource management. This year's ASA (FM&C) Civilian Award is awarded to Ms. Kathleen Finn, a staff accountant for Headquarters, III Corps and Fort Hood. Ms. Finn's efforts were instrumental in Fort Hood's successful conversion to Single Stock Fund (SSF) Milestone 3 and its completion of the Verification of Initial Operational Capability (VIOC) period without significant loss of funds. During SSF conversion, she implemented procedures to mitigate double billing, saving Fort Hood approximately \$20M and worked closely with VIOC systems developers to correct programming errors.

Assistant Secretary Of the Army (FM&C) Military Award—The ASA (FM&C) Military Award recognizes the top military soldier serving in a leadership capacity that the Assistant Secretary personally cites for outstanding contributions to the field of resource management. This year's ASA (FM&C) Military Award is awarded to MAJ Charles Lunati a program integration analyst with the Office of Program Analysis and Evaluation, G-8, HQDA. MAJ Lunati designed and developed the PA&E "Program Budget Decision (PBD) Checkbook System." He designed the system to be a web-based program, which can be used to write EXSUMs, generate impacts of PBDs, and generate senior leader reports. In addition to the program, MAJ Lunati developed a training course and user's manual for the use of the program all at no cost to the Army. The program has had a significant impact on PA&E operations reducing the number of transcription errors and combining PA&E internal business practices.

Functional Chief Representative (FCR) Special Award—The FCR Special Award recognizes the top civilian Army employee serving in a leadership capacity that the Principal Deputy to the Assistant Secretary of the Army (FM&C), serving as the CP 11 FCR, personally cites for outstanding contributions to the Comptroller Civilian Career Program (CP 11). This year's FCR Special Award is awarded to Ms. Mary Hansen the Deputy Budget Officer for Headquarters, Third US Army. Ms. Hansen, while serving as the Deputy Budget Officer, personally trained more than 60 resource managers within Third US Army. She followed up her face-to-face training by authoring the *Third US Army Resource Manager's Handbook*. The handbook immediately became the "bible" for forward RM's, visible at their desk-side at all times and worn from use. The brevity and clarity with which Ms. Hansen developed this manual was clear to the Government Accounting Office auditors who requested copies to disseminate as a guidance model.

OUTSTANDING RESOURCE MANAGEMENT ORGANIZATION AWARD

(Above MACOM) G8, Current Operations Branch, Headquarters, FORSCOM—G8 Current Operations Branch assisted in the mobilization of over 30,000 Reserve Soldiers for homeland defense and combat operations and efficiently managed budgets of over \$1.3B for Operation Enduring Freedom and

\$48.1M for Operation Noble Eagle. The team was integral in the planning and supporting of the transfer of over 500 detainees from Afghanistan to Guantanamo Bay.

Organization Members: LTC Johnnie Beale, MAJ Chuck Styslinger, MAJ Carmen Reyes, MAJ Vince Gallman, MAJ Marlena Walker, Ms. Cynthia Fong, Ms. Verna Irick-Adams, Ms. Carolyn Patton, LTC Ron Small, CPT Harold Askins

(Below MACOM) **Financial Management Division, US Army Finance School, TRADOC**—The FMD conducted a total of 53 resource management classes worldwide while initially only resourced for 47 classes, training a total of 1,260 personnel in FY02 and saving over \$1.37M in training and travel costs. The FMD further committed over 1,000 hours to the development, review, and validation of PPBES, BNCOC, and RMBC Distance Learning (DL) packages.

Organization Members: MAJ William Bunting, MAJ Marc Frandsen, MAJ Alex Heaton, MAJ Thomas Netzel, CPT Tracy Foster, CPT Lawrence Stiller, SFC Keith Caraman, SFC Tommara Ladson, SFC Andre McDaniel, Mr. Lennox McDonald

OUTSTANDING RESOURCE MANAGEMENT TEAM AWARD

(Above MACOM) **Acquisition and Cross Servicing Agreement Central Team, Headquarters, USAREUR**—The team developed a web-based tracking tool, called ACSA Central, to record transactions and to serve as the substantiating vehicle to effect reimbursements among nations. The tool enables the electronic transmission of activity to rear-support personnel who can initiate formal reimbursement actions and bill payment tracking.

Team Leader: Mr. Lloyd Walker
Team Members: Mr. Steve Enstrom, Ms. Sybille Quitar, Mr. Yusuko Price

(Below MACOM) **Advanced Individual Training Fort Gordon Audit Team, TRADOC Field Office, AAA**—The team identified 583 work years of training in FY00 and 01 that were not required in preparing soldiers for their first assignment. They also identified that implementing assignment-oriented training for four of the AIT courses could result in net benefits of \$104.3M over the current training methodology from FY04 through FY09.

Team Leader: Mr. George Morrison
Team Members: Ms. Kimberly Craig, Mr. Scott Morris, Ms. Sharon Seawright, Ms. Gloria Bland, Mr. David Jenkins, Ms. Cecilia Patwell

CIVILIAN INDIVIDUAL AWARDS

Accounting and Finance

(Above MACOM) Ms. Pauline Cromartie, GS-12, Accountant, Headquarters, USASOC—Ms. Cromartie ensured the execution of a sensitive mission account of over \$284M with a 99.99% obligation rate, a direct result of her professional management and accounting expertise.

(Below MACOM) Ms. Kathleen J. Finn, GS-13, Staff Accountant, Headquarters, III Corps and Fort Hood, FORSCOM—Ms. Finn's oversight and leadership resulted in Fort Hood's successful conversion to Single Stock Fund Milestone 3 completing the Verification of Initial Operational Capability period without significant loss of funds.

Analysis and Evaluation

(Above MACOM) Mr. Samuel M. Barnes, GS-14, Management Analyst, Headquarters, AMC—Mr. Barnes' coordination and teamwork resulted in the receipt of \$130M in FY02 supplemental funding to reimburse mission accounts depleted during FY02. Mr. Barnes continues to serve as the primary point of contact for Global War On Terrorism requirements at the Army Materiel Command.

(Below MACOM) Mr. Richard J. D'Accardi, GS-13, Operations Research Analyst, Headquarters, Communications-Electronics Command, AMC—Mr. D'Accardi collaborated with system designers to investigate how well the PRICE-H model can be used to address the impact of new technology insertion. The study identified key variables affected by the insertion of new technology and the degree of impact they have on hardware cost estimates.

Auditing

(Above MACOM) Mr. James T. Dotson, GS-13, Supervisory Auditor, Headquarters, USAREUR—Mr. Dotson developed recommendations that resulted in about \$41.5M in monetary benefits. Of the \$41.5M, \$1.5M was in cost avoidance from discontinuing the payment of unauthorized basic housing allowances to service members occupying government family housing.

(Below MACOM) Mr. George R. Sunderland, GS-14, Audit Manager, Fort Meade Field Office, AAA—Mr. Sunderland oversaw six audits and identified over \$52M in potential monetary benefits. His dedication to customer service is evidenced by the 4.93 (out of a 5.0 possible) average customer satisfaction rating for his engagements.

Budgeting

(Above MACOM) Ms. Betty A. Serene, GS-11, Budget Analyst, Army Budget Office, ASA (FM&C), HQDA—Ms. Serene analyzed execution and recycled millions of dollars during FY02 to support high visibility Army C4I programs which are proving critical in executing the Global War on Terrorism.

(Below MACOM) Ms. Mary Hansen, GS-13, Deputy Budget Officer, Headquarters, Third US Army, FORSCOM—Ms. Hansen developed and executed the FY02 Operation Desert Shift budget of \$153M and the FY02 Operation Enduring Freedom (OEF) budget of \$1.5B. Her expertise resulted in one of the lowest negative un-liquidated obligation rates in FORSCOM. Her efforts further saved the US Army \$26M in the first six months of OEF.

Comptroller/Deputy Comptroller

(Above MACOM) Ms. Towonia L. Coleman, GS-11, Program and Management Analyst, ARNG, NGB—Ms. Coleman was instrumental in the development of the Manday Funding Model. The model resulted in 100 percent funding validation for NGB of almost \$1B at a priority level of zero for POM years 04-09.

(Below MACOM) Mr. Dana H. Spriggs, GS-15, Director, Resource Management, South West Division, USACE—Mr. Spriggs consistently provided resource management support for the newly assigned CENTCOM, ensuring first-class support is in place for both operations Enduring Freedom and Noble Eagle.

Education, Training, and Career Development

(Above MACOM) Ms. Kathy G. Bell, GS-14, Audit Manager, Headquarters, AAA—Ms. Bell designed curriculums based on 41 auditor competencies for four Agency training courses and the on-the-job training (OJT) program. Additionally, she prepared a comprehensive OJT Career Path Book to compliment the formal training program.

RESOURCE MANAGEMENT

(Above MACOM) Mr. Bill W. Tracy, GS-14, Budget Analyst, Army Budget Office, ASA (FM&C), HQDA—Mr. Tracy was relentless in monitoring the FY02 Army Military Construction Program in excess of \$1.8B. He coordinated closely with his counterparts in OSD and OMB to reprogram funds where necessary to accomplish the full cost of a project.

(Below MACOM) Mr. Louis R. Smith, III, GS-14, Resource Management Officer, South Atlantic Division, USACE—Mr. Smith championed and achieved two strong measures that improved district business processes, he established and

implemented a standard operating procedure for preparing the District's Command Operating Budget, and led a highly successful effort to develop and implement an Objective Organization Process.

MILITARY INDIVIDUAL AWARDS

Accounting and Finance

(Below MACOM) SFC Steven G. Pedro, Supervisory Accountant, US Property and Fiscal Office for Vermont, ARNG, NGB—SFC Pedro developed and implemented a training program for State Program Managers and Activity Chiefs. The training program focused on educating funds managers on using automated financial management tools and written reports to better manage their funds.

Analysis and Evaluation

(Above MACOM) MAJ Charles H. Lunati, Program Integration Analyst, Office of Program Analysis and Evaluation, G-8, HQDA—MAJ Lunati designed and developed the PA&E "Program Budget Decision (PBD) Checkbook System." He designed the system to be a web-based program, which can be used to write EXSUMs, generate impacts of PBDs, and generate senior leader reports.

Budgeting

(Above MACOM) CPT Thomas J. Barsalou, Budget Analyst, Headquarters, USASOC—CPT Barsalou successfully resourced US Army Civil Affairs and Psychological Operations Command for over \$15M in critical readiness shortfalls. His efforts to receive and process Defense Emergency Response Funding proved critical for timely deployments.

(Below MACOM) CPT Joyce A. Merrill, Budget Officer, US Property and Fiscal Office for Vermont, ARNG, NGB—CPT Merrill tackled organization funding limitations allowing the Adjutant General to resource and focus on Operation Noble Eagle, border security missions, Enhanced Force Protection, and airport security.

Comptroller/Deputy Comptroller

(Below MACOM) MAJ Heath J. Streck, Comptroller, US Property and Fiscal Office for Iowa, ARNG, NGB—MAJ Streck's technical expertise, enthusiasm, and confidence led the Iowa ARNG to achieve an execution rate of 99.97 percent, the best in history. His drive for perfection has resulted in the resource management section maintaining a top 10 ranking in the State Performance Indicators Reporting System out of all states and territories.

Education, Training, and Career Development

(Below MACOM) SGM Ryen G. Berghammer, Chief, Career Management Non-Commissioned Officer (NCO), Doctrine, Proponency and Combat Developments Division, US Army Finance School, TRADOC—SGM Berghammer's accomplishments in planning the implementing actions to consolidate the three finance Military Occupational Specialties have been instrumental in the establishment of the new MOS, 44C. Soldiers with the new MOS will be trained to take on a wider range of responsibilities as resource managers.

Resource Management

(Above MACOM) COL Kevin J. Kerns, Chief, Budget Division, Headquarters, FORSCOM—COL Kerns led an organization of 37 civilian and military personnel through many complex situations and issues involving new appropriation control and reporting structures while maintaining legacy force readiness, and mobilizing and deploying both AC and RC units in support of the Global War on Terrorism and Homeland Security.

(Below MACOM) MAJ Maurice A. Ottinger, Budget Operations Officer, USARC, FORSCOM—MAJ Ottinger was instrumental in accurately documenting costs in the accounting system which facilitated the reimbursement of \$22M in Emergency Relief Fund, Defense funding and \$13M in Operation and Maintenance, Army Reserve funding.

OUTSTANDING INTERN AWARD

(Above MACOM) Ms. Debbie A. Marois, GS-9, Intern Auditor, Headquarters, AAA—Ms. Marois' audit of recruiting station missions was instrumental in increasing the productivity of 7,400 Army recruiters resulting in an increase in the number and quality of recruits. Her efforts will achieve a savings of \$17.2M and allow 41 military recruiters to return to war fighter assignments.

(Above MACOM) Ms. Sara Laurich, GS-9, Intern Auditor, Headquarters, FORSCOM—Ms. Laurich's analysis is equal in quality and depth to more senior analysts. She mastered systems used in the Budget Division and volunteered to relieve others of some of their workload. Her accuracy and attention to detail were commendable and her work could be trusted to stand alone with only minimal supervisory review.

(Below MACOM) Ms. Amybeth Puhlovic, GS-9, Intern Budget Analyst, Headquarters, Communications-Electronics Command, AMC—Ms. Puhlovic was integral in the development and implementation of the CECOM Budget Execution Improvement Plan. The plans impact has been dramatic and measurable. Disbursement goals have been met for the first time in four years, and no higher headquarters' decrements were sustained during FY02, as compared to \$2.9M in FY01.

RESOURCE MANAGEMENT EDUCATOR OF THE YEAR AWARD

(Military) SFC Darryl W. Morgan, Chief, Enlisted Training Branch, Financial Management Operations Department, US Army Finance School, TRADOC—SFC Morgan led his team of nine NCOs to teach 28 courses producing 411, 73C and 73D trained soldiers with an unprecedented 96% cumulative academic average and 99% pass rate. His technical expertise was clearly demonstrated when he added the Defense MilPay Office and Financial Management Tactical Platform software into the Advanced Individual Training Program of Instruction before their distribution to the field.

RESOURCE MANAGEMENT AUTHOR OF THE YEAR AWARD

(Civilian) Mr. William N. Washington, GS-13, Operations Research Analyst, Headquarters, Communications-Electronics Command, AMC—Mr. Washington authored the article "Right-sizing and Personnel Considerations" published in the May-June 2002 edition of Army AL&T Magazine. The article addresses outsourcing and how it has become an increasingly popular way to reduce costs and focus operations upon the main objectives of an organization. It discusses both private industry and government experiences with outsourcing, and their respective successes and failures. It further discusses several considerations that should guide outsourcing decisions

This year's awards will be presented at "Army Day" on May 28, 2003, in New Orleans, Louisiana. Winners are especially encouraged to attend and be formally recognized.

The FY 2003 award program will be formally announced in July 2003 with nominations due to the Comptroller Proponency Office in late October 2003. We look forward to many more nominations. Although there were several this year, not all award categories had nominations.

Again congratulations to this year's winners and congratulations to all who were nominated, a significant accomplishment in itself. You have all demonstrated superior aptitude and outstanding performance. Great job!!!

About the Author Captain Rapheal J. Hamilton is a Program/Budget Officer in the Comptroller Proponency Office, Office of the Assistant Secretary of the Army (Financial Management and Comptroller)



A Postcard From The TWI Water Cooler

Training with Industry, it's not just a job; it's an adventure! Tell a co-worker that you've been accepted to the program and along with whatever other comments you get, you're sure to hear the following: "TWI! Cool. So this means you get to wear civvies?" And, "TWI. Humph, sounds like a boondoggle." Participate in the program though, and you'll find much more truth in the former than the latter.

I envisioned that my TWI assignment would be a year serving in a role akin to that of an Observer/Controller (O/C) at the National Training Center (NTC); I'd be close enough to see the action but removed enough from events to be able to draw the broader, more insightful conclusions afforded by the experience. Following that

line of thought, I expected that the main differences between me and my NTC counterpart would be me heading to work dressed in spiffier duds, and me spending my days in the posh environment of the private sector rather than working out of the back of a dusty HMMWV. If, on occasion, I have ever suspected that O/Cs lead a life of

leisure I now hold a different view. The reality of the TWI experience is similar to the reality of the NTC; observing with the intent of identifying and drawing out the larger implications of an event is often hard work and requires active participation. That is not to say that I've been disappointed with my tour at GE Transportation Systems (GETS); quite the contrary, it has more than lived up to my hopes and has been extremely rewarding. I'll leave GETS with a solid first-hand understanding of the drive, competence, and methods our private sector cousins bring to the task of successfully running a large business in today's globally competitive world. Further, I'll return to the Army armed with a new frame of reference to ponder the "hows" and "whys" of the Army's business tools and practices. The comptroller Training with Industry program is a one-year investment in the future of the participant and in the growth of the resource management community's knowledge base. Based on my experience, I think it's money and time well spent.

TWI, The Party Line

Per the FP&A website, "The Functional Area (FA) 45 Training with Industry Program is designed to immerse a FA 45 officer into a commercial industry or partner corporation in which the officer is placed in, or rotated through, positions where he or she will be exposed to broad financial management operations. The intent is the participant is **neither an intern nor observer, but an active participant and contributor** to his or her corporation and **learns through hands-on experience.**" (Emphasis added) Among other goals, TWI seeks to build future resource management leaders and develop officers who:

- Will bring better business practices back from industry leaders for Army use
- Can benchmark Army performance against industry standards and identify areas needing improvement
- Can think out-of-the-box and challenge paradigms

That description is accurate as far as it goes, (I feel it adequately covers what I've lived and seen this year) but those considering applying for the program are probably hungry for specifics like: "What do you wear to work?" "What kind of evaluation do you get?" "How much accounting do I need to know to be able to survive?" And, "What do you do day to day?" While there is no standard TWI program - each business is different and consequently, the experience varies by location—I think the following overview of my experience at GETS offers the reader a representative sample of what TWI is and is not.

For the record: I wore civvies to work (business casual, no suits), I will get an Academic Evaluation Report written by the controller when I leave, and I knew only enough about commercial accounting to be dangerous, but somehow still managed to survive. As for the question, "What do you do day to day?" I was initially surprised to find that the life of a private sector financial analyst is at least superficially similar to that of an Army budget analyst. At GETS I was assigned five budgets to support which involved helping develop and document the budgets, tracking the spending for each throughout the year, and advising the owning managers of any potential problems so that we could develop and implement solutions to them. I also served as the financial representative on an ad hoc GETS cost control team (called a Bullet Train), and worked on other short-term projects throughout the year, mainly involving research or facilitating staff coordination. While that task list might not sound overly challenging, I quickly discovered it to be otherwise. Although financial life at GE is close enough to what the Army does that one can recognize it, working with unfamiliar tools, systems, and methodologies, along with matching GETS's pace of operations proved more than adequate to keep me decisively engaged for the first six months of my assignment.

One might rightly wonder how the Army stands to benefit from the TWI participant learning the minutia of another organization's systems and procedures. Frankly, it crossed my mind more than once when I

first arrived and was progressing through the school of hard knocks. In hindsight though, I found the answer to be that the process of adapting to, and learning the various applications and systems GETS uses to manage and control its business was critical to my understanding of how the business functioned and how its numerous pieces fit together. While admittedly I won't be using Oracle's® Financial Analyzer (OFA) upon my return to the Army, learning it was a key part of my education in GETS's planning, programming, budgeting, and executing methodology. (OFA is GETS's version of STANFINS, PBAS, & DCAS combined). Working with OFA, along with learning the other parts of the "GE Way" comprised the crawl stage of my training. It provided me the context and knowledge required to understand what was going on around me and evaluate its potential usefulness to the Army. It is in the light of this broader context that I found working in a position similar to that of an Army analyst to be an effective means to ground myself at GETS.

Unlike at some of the other TWI sites, my TWI training plan didn't call for me to formally rotate throughout GETS. Although I did work mostly within the bounds of the controller's organization, I felt well positioned to gain the broader exposure needed to make my year a rewarding one. As with any new job it took time to get on board. My first ninety days were ones in which I was running hard to keep up with my GE colleagues and hoping I didn't make any major mistakes. It took another three months beyond that for me to feel reasonably assured that I had a handle on what was going on. After surviving my break-in period, I felt comfortable enough with my general knowledge of the business to pick my head up from the grindstone and look around a bit.

GETS's general managers were gracious enough to individually sit down with me over the course of several months in the latter half of my tour and engage in 30 to 60 minute Q&A sessions (a GM is roughly equivalent to an 06 or 07 serving as the commander of a major subordinate unit or head of a staff section). After giving the GM

a quick overview of the TWI program, I worked my way down a list of questions I had jotted down prior to the meeting. These sessions proved to be fascinating and served to further fulfill the Army's goal of the TWI participant getting senior level exposure.

Additionally, throughout the year I had the opportunity to sit in on numerous meetings, ranging from run-of-the-mill staff coordination sessions to the more intriguing cost-control meetings as well as the monthly business performance reviews chaired by the CEO. While meeting overload can be the bane of one's day back in the Army, attending meetings during a TWI tour affords one an excellent opportunity to observe the give and take required between the business's various elements to bring plans to fruition. Meetings are also a very instructive place to clearly hear and see what the business considers important and worthy of resourcing.

In the end, between working and learning in the trenches, talking to the GETS GMs, and observing the mechanics of synchronizing the business through meetings, I felt well satisfied with the breath of exposure during my tour.

Throughout the year I kept a notebook of GE good ideas and lessons learned to take with me back to the Army. The following snippets offer a sample of some of the ideas, training, and tools I've had to good fortune to see at GETS:

- Exposure to an integrated financial system—I have seen the cost-control power an integrated budgeting and execution system brings to an organization. OFA is the tool GETS has chosen to help enable it to run at the pace it does while simultaneously maintaining control over its cost structure. The Army could enjoy similar benefits with the adoption of an equivalent system, but that adoption would be harder to achieve. The requirement to develop not just an Army system but rather a DoD system, considerably complicates the required flexibility of the desired software. An integrated financial system is well worth pursuing, but it probably couldn't happen quickly or easily.

- Computer skills and digitizing the business—I came to the program feeling fairly

confident in my computing skills. I'll leave a somewhat humbled man. The employee comfort level with technology in the private sector is impressive and I saw first hand how GETS readily uses this acceptance of the digital world to push aggressive and extensive digitization initiatives. Digitization was one of GETS's main weapons in rationalizing processes and trimming costs.

- Cost control culture—Effective, proactive cost control is a hallmark of GE businesses and was certainly on display during my time at GETS. The tools, structures, and review systems GETS used to track spending against plan and to wring inefficiencies out of its operations afforded me a truly graduate level education in how a large business can effectively control costs. Many of GETS's methods could have applicability in the Army, but any adoption would need to acknowledge the major difference in the revenue sources between the Army and GETS.

- Six Sigma program—GETS embraces the Six Sigma quality program as one of the tools it relies on to continually improve the organization and reduce costs. I partook of GETS's in-house Six Sigma training and also worked on a Six Sigma project in the controller's organization. Both experiences triggered numerous notes in my lessons-learned book on "How could we make that work in the Army?"

- Accounting—Accounting is the language of business, and while you don't have to be an accounting expert (I'm certainly not), it doesn't hurt. You can quickly get lost in some of the routine conversations at work without a working knowledge of accounting principles and the interrelationships of the income statement, balance sheet, and cash flow statement. As the Army continues working toward receiving an unqualified opinion on its books, the accounting methods used by a large, complex organization such as GETS provide numerous potentially useful insights for the Army.

- Lone wolf—Depending on where you're sent, you can be A LONG way away from the Army, and you'll soon realize how much you miss it. In many ways, the Army is a Black Box to GE; you can have a hard time finding someone to join you at the water cooler to

commiserate about the injustices of current BAH funding or your thoughts on the joy of taking an APFT in November.

- Hand off from one officer to the next—The success of the program depends not only on what the company has in mind, but what the preceding officer has accomplished. In my case, my predecessor did so well with one budget, he was given four more, and thus I started with five. Depending on TWI location, a solid hand-off will be critical to the incoming participant's ability to successfully navigate the crawl phase of the program and move on to the more rewarding run phase involving more looking around and upper level exposure.

- CFO interaction—One of the Army's main hopes for the program is that it affords the participant interaction at the Chief Financial Officer (CFO) level. While I did get to see and talk to the CFO on a monthly basis, expecting to spend most of your time there is unrealistic for two reasons: First, the CFO is extremely busy and while you can get some time, you can't have it all. Second, you won't have a clue what's going on until you've done some time in the trenches. TWI, like any other Army training event, is well served following a crawl-walk-run methodology. My predecessor implemented a monthly Q&A session with the CFO, and it, along with the GM interviews, provided exceptional upper-level exposure.

- TWI is no boondoggle—There ain't nothing in life free. GE is all about setting demanding targets and expecting its people to produce. While I think I could have begged out of some of the work I did, I felt that if I wanted to be part of the team I had to be ready to strap on my shoes and run with them. Balancing the charter to be "... neither an intern nor observer..." is a continual challenge, but the bottom line is that you won't learn nearly as much sitting on the sidelines as you do mixing it up in the day-to-day operation of the business.

- Private sector life—t's not posh like you see in the movies. Unlike an installation, nobody lives on the plant and the CEO doesn't get any brownie points for keeping it pretty. Safety and functionality are her key objectives, and while the plant served both

purposes well I never suffered from the illusion that I was working at a health club. In the end, it was a lot like working on any Army installation. I must note though that while the buildings aren't necessarily new, GETS makes and follows through on a commitment to ensure it has up-to-date IT equipment. At most, an employee will be using a 3-year old PC, which at that point will be due for rotation out of its lease. GETS views the challenges posed by old software, mismatched versions, unstable operating systems and the host of other IT hiccups facing businesses today as a battle that it must continually fight in order to remain productive.

Conclusions

If the Syracuse MBA program offers its participants the school solution to business problems and challenges, then the TWI program shows that theory in action, up close and personal. Importantly, the TWI experience is not a case study. You are assigned as part of the team and can have a real impact on the business you're serving with. You get to feel the pressures of their world and you get to see their systems perform in real-world situations. You get to see what works and what doesn't, and not by reading an after-action review, but by living it. You are afforded the rare opportunity to be removed from the day-to-day demands of the Army and ask, "How would that work in the Army?" and, "Would that work in the Army?" The learning isn't as structured as that found in a classroom, but it is there. Come to the program ready to actively participate in the adventure and you can leave as an O/C leaves the National Training Center: refreshingly tired and armed with a year's worth of insights on how, "when it's my turn, I'm going to do it better." ... plus, you get to wear spiffier duds!

Major Mike Cook is one of five FA 45 officers participating in the Training With Industry or TWI program, in his case with GE Transportation Systems (GETS).



A Postcard From Industry: GETS's Cost Control Culture

GETS Cost Control In Action

The nation is at war. The DOW Jones industrial average is down nearly 20% for the year. The economy, if not in recession, is growing at a pace that one would be generous to call sluggish. Despite those challenges, GETS is on track to make a profit for the year and to contribute its part towards overall GE success.

That success did not happen by accident. GETS reinforces an organization-wide, bone-deep commitment to cost control through rigorous monthly reviews of cost performance versus plan, a focused analysis of the cause or causes behind any actual or planned misses, and by assigning ad-hoc, cross-functional teams to achieve cost reductions in an assigned cost account (an Army EOR/EOE). These three elements—monthly command inspections, timely analysis rather than anecdotes when explaining variation, and focused, creative cost reduction efforts—reinforce the cost-control philosophy that lies at the heart of GETS's ability to successfully accomplish its mission: providing superior returns to shareholders by producing world-class products and services at a world-wide competitive price. While the Army's mission is not to maximize profits, inculcating, Army wide, a similarly aggressive attitude towards controlling costs would significantly contribute towards the success of the Army's efforts to maintain combat readiness while transforming itself into the force of the future. In a funding environment in which the Army's Crusader howitzer is canceled outright, and the Stryker family of armored wheeled vehicles and the Comanche reconnaissance helicopter are in real jeopardy of major funding reductions¹, GETS's cost philosophy and many of the tools the business uses to achieve effective cost control offer a potential path towards building a more efficient, and ultimately, more effective Army.

What They Do, What We Do

At first glance one might think that the differences between GETS's and the Army's respective approaches towards budgeting and cost management would be small to nonexistent. Both organizations prepare budgets and both can control their own destinies, to a degree, through effective cost control. Closer inspection, however, reveals

that fundamental differences do exist, caused mainly by each organization's differing sources of revenue. At GETS a budget is a tool to enforce cost discipline. In the Army a budget is not only a tool to control costs but also a tool to communicate funding requests. At GETS aggressive cost control efforts result in a stronger, more productive company. In the Army, aggressive cost cutting prior to budget submission to Congress holds the potential of producing self-inflicted funding wounds. GETS is rewarded with profits for its cost control efforts. The Army's reward for quality budgetary efforts is seeing its requirements adequately funded by Congress and ensuring the best use of its appropriated funding.

The purpose of a GETS budget is to build and document a cost structure that will deliver an acceptable profit at a projected sales (revenue) level. GETS's budgets provide the plan and reference points the company's managers use to ensure they deliver their part in achieving company-wide success. GETS's working formula is that if its sales force delivers the projected sales volume and its managers deliver their budgeted cost figures, mathematically, the company will achieve its target profit. With the relationship between effective cost control and company success so clearly drawn, GETS pays a great deal of attention to budget formulation. GETS's unspoken guidance (which quickly becomes spoken if it becomes apparent that a manager didn't get the message) is that one's going-in budget position will be flat or decreasing from the prior year. In fact, GETS looks to its organizations and managers to reduce costs year after year, continually. When asked, "How do you know when you've hit bottom in terms of cutting?" GETS's controller answered, "You never hit bottom."² While admittedly there was a degree of singing-

the-party-line in that answer, the fact that that is GETS's philosophy is more telling than the response. GETS never stops scrutinizing its cost structure, and the entire team knows and expects it. Army managers too, are encouraged to control costs, but because Army budgets serve more than one purpose those managers quickly discover that their task is not quite so clearly cut.

Army budgets serve first to document and

GET's cost philosophy and many of the tools the business uses to achieve effective cost control, offer a potential path towards building a more efficient, and ultimately more effective Army

communicate requirements, and second as a cost management tool. Because the Army uses its budgets in these two somewhat contradictory roles, they are not as readily applicable to managing costs as is the case at GETS. As noted, the Army's budget serves initially as a means to document and communicate the cost of fully funding the requirements it determines necessary to accomplish its mission. In turn, that budget is pressed into service to support the Army's portion of the President's annual budget submission to Congress. At this point in the budgeting process, the Army is not rewarded so much for finding areas to nip and tuck a requirement's costs as it is for ensuring that all requirements are fully captured, documented, and presented at an accurate cost. Congress is the arbiter of which requirements will be funded and what the appropriate level for each will be. Noteworthy is the fact that this Congressional guidance, transmitted through the Defense Appropriation Bill, is not just a goal. The appropriation is in fact an order from the Nation's civilian authorities to its military and is treated as such, limiting to some degree, the flexibility the Army has regard-

ing how it will or will not spent its funding. Following receipt of its appropriation the Army is able to transform its budget from a document of requirements into a reasonably accurate cost plan that can be used in the more traditional business role of a benchmark against which to measure cost performance. (See figure 1.) It is in this second role, that of using a budget as a cost management tool, that GETS's digitization

efforts, its tools, and its processes provide it an edge over the Army in instilling and capitalizing on an organization-wide commitment to cost control.

Because of the importance of hitting one's cost targets, GETS zealously enforces adherence by its

managers to their approved budgets. GETS managers and employees spend the year working to accomplish their tasks all the while keeping one eye on costs to ensure they stay at or below their cost parameters, which, significantly, also include "stretch" or productivity goals. They are called upon to present the results of their efforts on a monthly basis to the CEO. While sometimes painful for the managers defending their numbers, these meetings have the desired effect of creating tenacious employees who use integrated databases to continually monitor spending so that they can identify and correct, as early as possible, problems that might cause them to miss their cost targets. This timely organizational effort affords the CEO a view of his organization's trends and opportunities early enough in the year that he can act on them.

The lack of the ability of most Army organizations to perform timely, detailed reviews of costs versus predictions (project management offices being the notable exception) creates a situation that presents several obstacles to the Army at large being able to match the level of cost management found at GETS. First, because of its lack of

an integrated forecasting and execution accounting tool, the Army is only able to hold detailed reviews of performance versus plan twice during the year, once at mid-year and also again going into the 4th quarter. By holding the first detailed review at mid-year though, the Army effectively surrenders half the year to costs it might have reduced or avoided had it been able to act earlier. The amount of time required to prepare a detailed review simply precludes a more often occurrence. Second, a once or twice a year review offers little incentive to follow up on issues identified during the review process. A problem adequately answered during the current review rapidly drops to the bottom of the to-do list as other emergencies surface and rise above it in importance. Finally, the limitations of the Army's financial systems preclude it from adopting a cost-control stance as aggressive as GETS. The Army's monthly close procedures work

at a macro level. They are not so much opportunities to cut costs as they are go/no-go checks of total figures focusing on keeping spending at or below allotment levels. Because of this inability to readily look below the surface, the Army is more often than not forced to address the symptoms of a cost problem rather than its root cause.

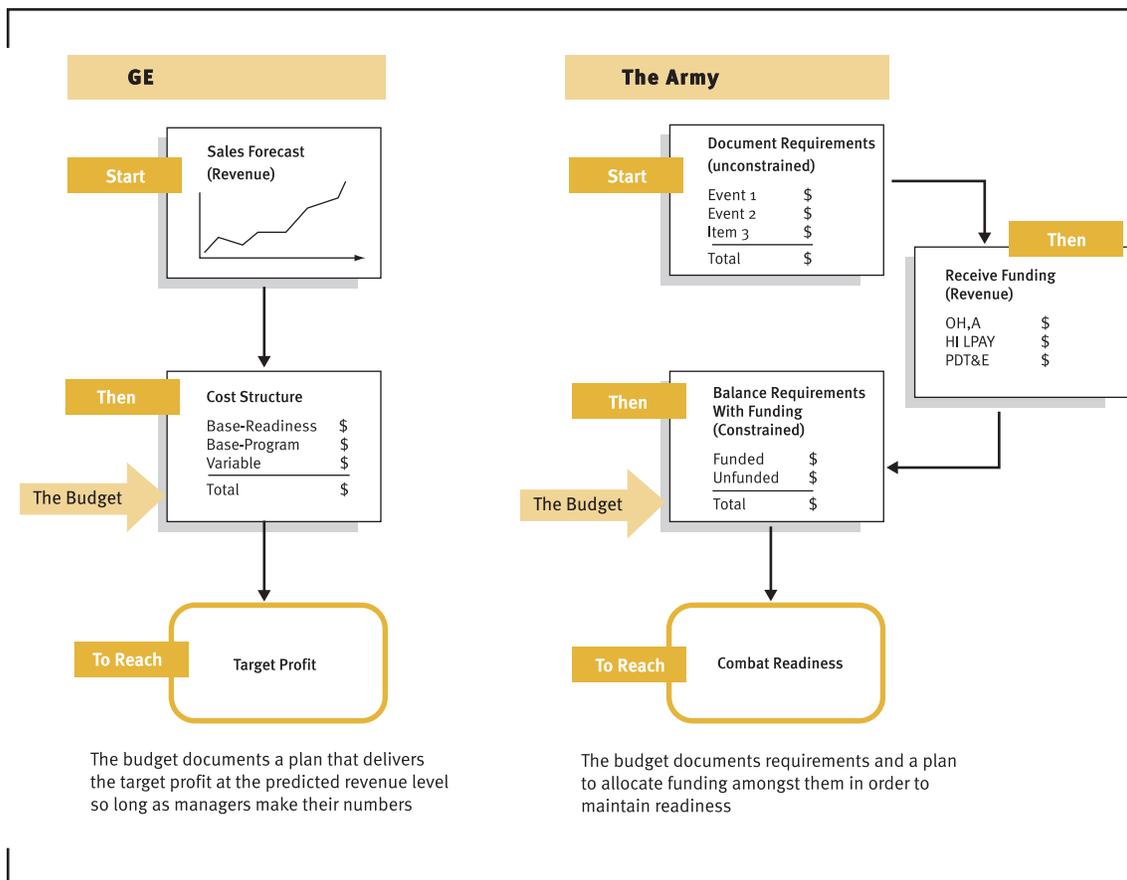
Why Cost Control Works Well At GETS

In the world of organizational management, the tendency for costs to drift steadily upwards seems almost a law of nature, happening with little or no effort. Effective cost control, however, requires great effort from managers and the tools that enable them to constantly push, look, and dig in order to separate the must-have from the nice-to-have. Cost control is an exercise in organizational self-discipline, and it currently

works more effectively at GETS than in the Army because the company has developed and refined the mindset, supporting technologies, and processes required to realize its costs-flat-or-less-year-after-year philosophy. The mindset, as previously described, provides the direction and drive. After the mindset come the technologies and processes that enable effective analysis and subsequent action. Together, the three components continually reinforce one another, keeping the GETS business machine in front of the relentless pressure for costs to creep upwards.

GETS primary enabling technology is its financial database, Oracle Financial Analyzer (OFA). GETS uses OFA to gather and compile its forecasts during budget submission, and to compare results with predictions during execution. While not the most user-friendly program ever developed, OFA is a powerful tool and holds two huge

Figure 1



advantages over the Excel spreadsheet method most often used by the Army. First, OFA allows for a relatively quick, accurate, and automated compiling of budget estimates from across the business's components. In comparison to the Army's exercise of budget analysts cutting and pasting their way through Excel spreadsheets towards a more or less unified organizational forecast, OFA seems like the fiscal equivalent of manna from Heaven. OFA also allows GETS to avoid that other all-too-familiar event of finishing the roll-up only to find an organization has changed its numbers, often necessitating a reworking of the numbers nearly as time consuming as the initial effort. With OFA the GETS budget coordinator reacts to a number change by simply recompiling the database. He or she can produce an updated forecast in hours rather than the days more typical in the Army. OFA's second big advantage is that it directly interfaces with GETS's general ledger (GETS's STANFINS). This direct connection enables comparisons between projected and actual expenses through rapid, accurate, automated queries. In the Army that analysis, again, requires a cut-and-paste effort with analysts taking data from one system, and compiling and comparing it in the chosen system of their organization. In short, a unified budgeting and execution database offers huge potential payoffs to the Army as a tool to gain timely control over costs.

GETS's primary cost-control process is its "Bullet Train", the name given to its ad-hoc cost control teams. The Bullet Train concept, which is probably the most readily transferable to the Army of all of GETS's cost control ideas and tools, is simple: a team of four or five employees, one of whom is a general manager champion (a position similar to colonel in a primary staff position), is assigned a cost account (an Army EOR or EOE) and a savings target for the business to meet. The Bullet

Train team doesn't just look at the manager's function; it looks across the entire organization for problems and opportunities to cut costs. Together the team identifies the key cost drivers in its assigned cost account, and then brainstorms possible ways to act on any opportunities identified. After vetting the ideas generated, the team develops and implements plans to achieve its assigned savings target. Teams report

“Is GETS successful and might the Army learn from its example?”
The answer is an unqualified and compelling, “Yes”.

their progress to the CEO monthly as part of the larger company financial performance review.

Translated to an installation, where its use would be the most appropriate, an Army Bullet Train team might look something like the following. The team, made up of the G1 (a colonel and team champion), and representatives from the G3, the Resource Management office, the DPW, and the installation's tenet division, is assigned a cost reduction goal of \$2.0M in EOR21 (TDYs) from an overall installation estimate of \$14.0M in TDY requirements (roughly 15%). The team's task is to find that \$2.0M, and to get there it starts by identifying and analyzing who or what are the primary cost drivers in its assigned account³. The analysis done, the team focuses on the top one or two identified causes in which it will look for ways to cut costs as the means to reach its assigned savings goal. Over the course of the year the team presents the results of its efforts each month to the installation commander, affording him or her the opportunity to issue timely command emphasis to the cost savings effort.

A sampling of some of the ideas generated and the savings realized by GETS's

Bullet Train teams offers a compelling vision of the concept's potential. This year GETS quickly identified and found savings in the costs it incurs renting its ADP equipment. GETS pays a premium for laptops as opposed to desktops but for numerous reasons; for many familiar to the Army, laptops are the much more popular configuration. During the course of a Rentals Bullet Train presentation it became apparent that GETS

could achieve significant savings were it to reduce the number of laptops it rents by either turning them in or replacing some with desktops. In response, the CEO, who was chairing the meeting, turned

to his managers and told them to review their status and rationalize their computer mix by the next meeting. No studies were required, no papers had to be written; the CEO simply told his people to do it, and the organization began reducing costs the next day. Another team, taking advantage of GETS's investment in digitizing its processes, found an opportunity to hold components to their budgets. Since all purchase requests at GETS are input electronically, the Purchased Services Bullet Train built a "Gate Keeper" into the ordering process. The gate keeper was simply a software application that did an automated check of the amount spent-to-date versus a budget. If the requesting component didn't have funds budgeted to cover its request the application would deny it, thereby preventing expenditures over approved budget amounts. Additionally, the application was tied into GETS's e-mail system and would forward a FYI-note to the general manager notifying him or her of the event. Emergency expenditures could, of course, be approved and the system overridden as necessary. Thus the time and effort GETS spent developing its budget at the beginning of the year paid off during the year as its components were

forced to hold at or below their approved projections. Through these and other similar innovative actions, GETS's 2002 Bullet Trains have delivered the CEO \$22.0M in savings on a targeted budget of \$131.6M, a 16% cost reduction in a brutally tough year.

What's Missing In The Army?

GETS's internal cost control success offers a persuasive example of what is possible given the mindset, tools, and processes. The Army, however, faces two major obstacles to replicating that success should it attempt to directly adopt some or all of the methods employed at GETS. The first is the fundamentally differing purposes of the two organizations. GETS's ultimate mission is to turn a profit. At GETS the numbers are not only the means to that end, they are the end. Thus GETS's leaders are willing to invest whatever is necessary in money and, more significantly for the Army, in time to effectively manage those numbers. In the Army however, go-to-war readiness is the fundamental objective. Managing one's budget is only a part of achieving that objective and commanders, correctly, spend more time ensuring that their units are trained than they do managing the costs incurred to train them. While the Army will never place the same emphasis on "making the numbers"⁴ as GETS does, there is no substitute for command involvement when defining what is important to an Army organization. Inculcating a cost culture similar to GETS's would require a fairly significant investment of the commander's time and attention. Were the Army to try to match GETS's pace of monthly detailed analysis, it would fall upon the comptroller community to develop the tools and processes necessary to make that investment worthwhile.

The second major missing piece –and by far the most critical– is the Army's lack of a unified budgeting and accounting system. OFA is the keystone tool for GETS's cost control efforts as it that allows for the timely analysis of costs versus predictions. Without it GETS would not be able to hold meaningful monthly reviews because, as is currently the case in the Army, analysts would spend

the majority of their time compiling the data and little, if any, analyzing it. Attempting to hold a monthly review in the Army using current systems would in all probability produce more frustration than savings. The Army at large looks hard at its costs only once or twice a year because that is all that is realistically currently possible given the lead-time needed to prepare and present an accurate spending picture. Fielding an Army-wide accounting system that integrated both forecast and execution numbers is the one major step that would provide the greatest benefit and enable the greatest progress towards a truly cost-conscious culture the Army could take today.

Finally, GETS's primary cost cutting process, the Bullet Train, while transferable to the Army especially at the installation level, would probably return less savings to the Army than it does at GETS. Again, the lack of an enabling accounting system like OFA prevents the necessary quick compilation and analysis of numbers that makes the process work for GETS. Analysts could build Excel macros and standard reports to speed the compilation process, but the effort would not be nearly as efficient or probably as effective as it is at GETS.

Conclusions

The fiscal challenges facing the Army today make a strong case for the necessity of the Army's leadership and its comptroller community to consider, pursue, and intelligently adopt new and different ways to manage costs. The ideas and tools used so successfully at GETS, while not all directly adaptable to the Army, offer insights into how one of American's finest companies successfully approaches the problem. Hopefully it also spurs the interest and imagination of the Army's comptroller force to become agents of change in their own organizations and to develop and implement innovative ideas to achieve their own successes in this critical area. As this article paints a picture of a GE business that literally manages costs as well as any organization in the world, it undoubtedly begs the question, "Is GETS perfect?" the answer to

which is "No". GETS has pressures, problems, and failings just as the Army and any large organization does. A more useful question though is, "Is GETS successful and might the Army learn from its example?" The answer is an unqualified and compelling, "Yes."

Major Mike Cook is one of five FA 45 officers participating in the Training With Industry or TWI program, in his case with GE Transportation Systems (GETS).

Notes

1. Squeo, Anne Marie and Greg Gaffe, "Pentagon Weighs Big Weapons Cuts" Wall Street Journal 15 Oct. 2002: A1
2. Riska, Michael (GETS Global Controller), Personal interview. 15 Sep. 2002
3. This article's scope did not allow for a discussion of the quality analysis that is standard procedure for GETS. For a more complete discussion the tools potentially available see "The Six Sigma Strategy at General Electric" by MAJ Fabian in the 1st Quarter edition of RM Magazine.
4. "Making the numbers" is GETS slang for delivering its projected profit contribution to Corporate GE. It is hard to overstate the importance of achieving this objective to the company. For GETS, a failure to deliver its projected profit would be roughly similar in seriousness as incurring an ADA violation at the MACOM level would be to the Army.



Internal Controls

An effective Internal Control program is critical to every organization whether it is a governmental or non-governmental entity. Effective being the key word. Everyone with-in an organization must be knowledgeable of and embrace internal controls. Organizations that do not establish effective internal controls, embrace them, and most importantly enforce them will eventually implode, as did Enron and WorldCom. The purpose of this article is to discuss internal controls and why they are important to an organization. The bottom-line is that internal controls assist in safeguarding our precious, but limited resources (personnel, equipment, time, and funding) to ensure that we will always be able to accomplish the mission.

Is the U.S. Army immune from ineffective internal controls? Definitely not. In fact the consequences can be catastrophic in that our precious resources may be needlessly wasted (soldier lives, equipment, time, and money) and/or the loss of confidence in the U.S. Army by the American people (affects recruiting, retention, and the Authorization and Appropriations Bills). Effective internal controls will better assist the U.S. Army with accomplishing its mission efficiently and effectively. Lastly, internal controls are mandated by law. Before I jump into internal controls, I need to briefly discuss Management Controls as defined by the Federal Government.

Management Controls include processes for planning, organizing, directing, and controlling program operations. A subset of management controls is the internal controls used to assure that there is prevention or timely detection of unauthorized acquisition, use, or disposition of an organization's assets. The Office of Management and Budget (OMB) Circular No. A-123 (revised 21 June 1995) which was issued under the authority of the Federal Manager's Financial Integrity Act of 1982 as codified in 31 U.S.C. 3512, discusses Management Accountability and Control. It defines

Management Controls as the organization, policies, and procedures used by agencies to reasonably ensure that:

1. **Programs achieve their intended results.**
2. **Resources are used consistent with agency mission.**
3. **Programs and resources are protected from waste, fraud, and mismanagement.**
4. **Laws and regulations are followed.**
5. **Reliable and timely information is obtained, maintained, and reported.**

Internal control may mean different things to different people, which can cause confusion. DoD defines internal controls as the manner in which financial, manpower, and property resources are to be controlled and safeguarded by the regular authorization, approval, documentation, recording, reconciling, reporting, and related accounting practices. The Committee of Sponsoring Organizations of the Treadway Commission broadly defines internal control as a process affected by an entity's board of directors (BOD), management, and other personnel designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

1. **Effectiveness and efficiency of operations.**
2. **Reliability of financial reporting.**
3. **Compliance with applicable laws and regulations.**

Internal control is a process. It is a means to an end, not an end in itself. Internal control is affected by people, it's not merely policy manuals and forms, but people participating and enforcing prescribed standards at every level. It is geared to the achievement of organizational objectives while safeguarding its assets. Lastly, internal controls can be expected to provide only reasonable assurance, not absolute assurance. An effective Internal Control Program should include the following five components:

1. Control Environment—The control environment sets the tone of an organization. It is the foundation for the other four components of internal control by providing both discipline and structure. The control environment focuses on the integrity, ethical values, and competence of the organization's people; management's philosophy and operating style; the way management assigns authority, responsibility, and organizes and develops its people. Leaders at all levels must be committed to internal controls, if they are not, then their subordinates will not. Internal controls cannot be "finger drilled."

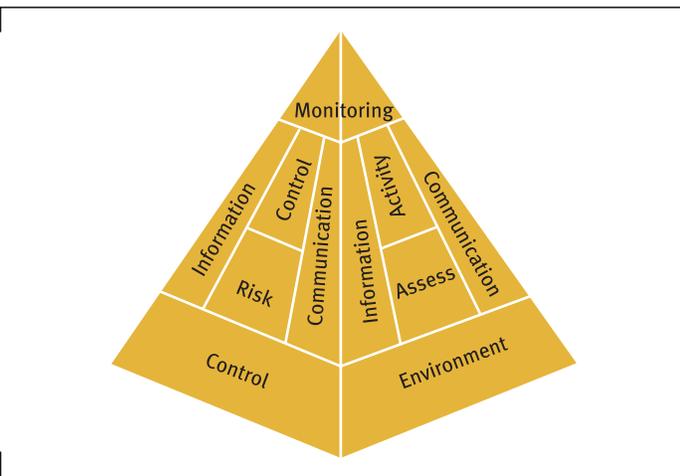
2. Risk Assessment—Risk assessment is the identification and analysis of relevant risks to achieving the organization's objectives and forming a basis for managing those risks. Threats are both internal to an organization and external to an organization. The business world refers to those threats as SWOT or strengths and weaknesses (internal environment) opportunities and threats (external environment). One can effectively control the internal

environment through effective internal controls, organizational culture, employee training, etc. One does not have the ability to control the external environment. At best, one can influence or possibly anticipate future trends. The external environment can have a significant impact on the U. S. Army such as funding, mandates, and world stability.

3. Control Activities—Control Activities are the polices and procedures that help ensure management directives are executed. They also help to ensure that necessary actions are taken to address risks that may impede an organization from accomplishing its objectives. Control activities occur throughout the entire organization and its functions. Typical control activities are segregation of duties, inventories, approvals/authorizations, reconciliations, etc.

4. Information and Communication—Relevant and timely information must be identified, captured, and communicated in a manner, which allows commanders to make the best possible decision. Information systems produce reports that contain operational, financial, and compliance information. A huge liability to technology is that it is constantly changing which affects our ability to communicate with other organizations and other services. The ideal

The Five Components of Internal Control, (COSO, 1994).



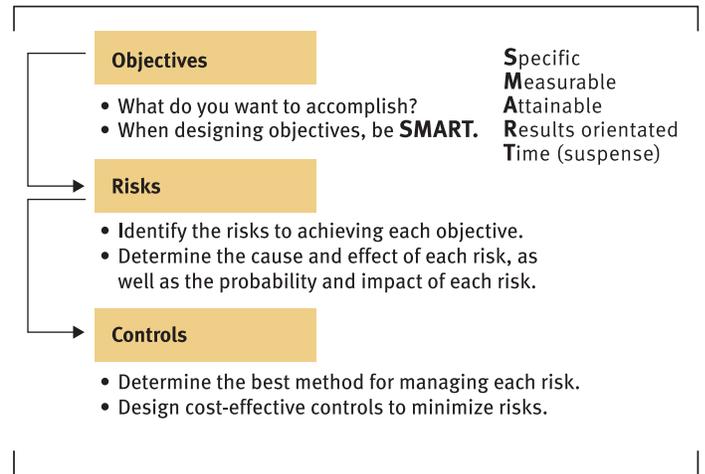
situation would be to use common systems throughout DoD, unfortunately that is cost prohibitive. Effective communication must also occur both vertically and horizontally within an organization. All personnel must receive a clear message from the chain of command that internal controls must be taken seriously. They must understand their own role in the internal control environment as well as how their individual activities relate to the work of others. They must also have a means of communicating concerns up the chain of command without fear of future reprisal.

5. Monitoring—Internal controls must be monitored for both compliance and usefulness. The age-old phrase of “We do well what the boss checks” is true. We tend to focus on areas that the boss is interested in. An additional responsibility of monitoring is ensuring

that the internal controls emplaced are useful. If they are not, they either need to be strengthened or eliminated. One must use common sense when developing internal controls. The intent is to ensure compliance while safeguarding assets. Internal controls should not be used to stifle an organization’s ability from accomplishing its mission.

What can internal controls do for organizations? Internal controls assist organizations to get to where they want to go and assist in

Steps in Developing Internal Controls, (COSO Training, 2002).



avoiding pitfalls and surprises along the way. It does this by ensuring reliable financial reporting, protecting precious resources, and assisting organizations in complying with laws and regulations. What can internal controls not do for organizations? Internal control cannot ensure success nor change an inherently poor manager into a good manager. They also cannot ensure the reliability of financial reporting and compliance with laws and regulations. An internal control system, no matter how well conceived and operated can provide only reasonable, not absolute assurance. Internal controls can be circumvented by the collusion of two or more people and management may have the ability to override the system. Developing an internal control program mirrors conducting risk assessments. The diagram above depicts the steps in developing internal controls.

In conclusion, through careful design, the system of internal controls can help your organization operate more efficiently and effectively and provide for a reasonable level of assurance that the processes for which you are responsible for are adequately protected. The design of an internal control system must reflect the fact that there are resource constraints and that the benefits of the controls must be considered relative to their costs. Lastly, internal controls are similar to risk management and force protection in that it is everyone’s responsibility to practice with commanders being held responsible.

About the Author

Lieutenant Colonel Bob Johnson is one of five FA45 officers participating in the Training With Industry or TWI program, in his case with USAA.



Financial Methods for Analyzing Federal Capital Investments

“An essential element of Resource Management is the process of reviewing, revising and reengineering the business practices of the Army to increase efficiency and reduce costs.” Like corporate America, the Department of Defense must ensure the most effective use of resources. Therefore, those who make decisions for government facilities must measure capital investments to ensure best business practices are used in an environment of increasingly scarce resources. Millions of dollars are spent on capital improvements at every installation and usually as a result of varying decision criteria. The purpose of this article is to identify capital investment analysis tools that can be used to analyze and prioritize projects from the financial perspective. These tools should be used in order to measure the financial merit of projects and provide decision makers a measure to consider when programming capital investments. Although this article addresses the use of these tools with construction projects, the methodology can be applied on virtually any project. Furthermore, I’ve included sample output of an excel-based model that can be used by anyone who can answer questions about the size and costs associated with a given project.

Before discussing the tools, it helps to understand why they are used. In corporate

America, businesses function with the intent of maintaining profitability. Capital investments are often required to start and sustain the business. Funding for these investments come from sources such as long-term debt, short-term debt, earnings retained by the company or by new capital raised through issuance of stocks or bonds. Regardless of the source of funds used, there is always a cost of capital. Capital investments should generate returns that meet or exceed the organization’s cost of capital if the business desires to remain profitable. The higher a project’s return on investment (ROI), the higher it should be rated from the financial standpoint. Although financial feasibility is generally a fundamental screening criterion for a project, the financial aspects should not be the only criteria used when considering projects. This is the methodology behind sound business investment.

Government resources are limited and sound business practices must be considered when identifying expenditures and capital investments of an organization. This concept is nothing new. What may be new is the idea that despite government entities being nonprofit organizations, they should still subscribe to a capital investment methodology that considers the government’s cost of capital. The Office of Management and Budget (OMB) Circular

A-94 was written to provide members of the Federal Government guidance on making well informed cost benefit and cost effectiveness analysis decisions. Appendix C to OMB Circular A-94 is published yearly and provides both nominal and real discount rates to use when conducting these analyses. These rates represent the Federal Government’s “cost of capital.”

Obviously, some projects will be better investments than others. The challenge is to identify the appropriate decision criteria in order to determine how projects should be rated. Generally speaking, the higher the ROI the higher the priority. Although this sounds like a simple concept, this concept gets more complex when we consider how Army Medical Treatment Facilities (MTFs) fund and operate their maintenance, repair and construction programs. MTFs are funded yearly with Operation and Maintenance (O&M) dollars that are used for maintenance operations, regulatory compliance projects and business enhancement projects. The intent is to maintain facilities at a level that meets or exceeds regulatory and code compliance. Facilities measure their status by dividing the cost required to bring the facility up to current regulatory and code compliance by the cost to replace the facility. This computation produces the Facility Condition Index or

FCI. Army MTFs aim is to achieve a FCI of .05 or less.

Briefly describing the FCI shows that facilities are forced to balance regulatory and code compliance with improving business practices as well as mission changes. To make matters more tenuous—funding is always scarce; projects are approved at different funding levels by different approval authorities; and projects are developed differently depending on the nature, size and scope of the project. Regardless of the size, scope or nature of the project, financial feasibility and funding options must always be considered. Moreover, a sound maintenance program must be in place in order for the facility’s capital investment strategy to be successful. The maintenance program should be past crisis (or reactive) maintenance and well into preventative, and preferably predictive maintenance. This will mitigate the risk of diverting funds for crisis response and allow Facility Managers and Commanders the ability to follow through with their planned O&M program.

Although some projects and/or programs are pursued for other than financially sound considerations, mission (or regulatory compliance) requirements alone should not excuse decision makers from considering the financial merit of planned expenditures. Project approval is based on funding requirements and may require this analysis to be conducted at each lower level, as well as the corporate level. For example, projects requiring \$25K or less can be approved by the local MTF commander. Projects requiring up to \$300K are ranked at the local MTF and sent forward to the Regional Facility Director. Projects greater than \$300K and less than \$750K are prioritized and funded at the MEDCOM level. Projects with over \$750K of new work must be approved by Congress as part of the Military Construction Program (MILCON).

To determine the ROI or financial feasibility of a project, there are a number of tools that can be used. These tools can be used separately or together and include: net present value (NPV), the internal rate of return (IRR), profitability index (PI) and payback (PB). Using NPV, IRR, PI and/or

PB computations in conjunction with the FCI provides program managers the tools they need to rank order projects from the financial perspective. OMB Circular A-94 states, “the standard criterion for deciding whether a government program can be justified on economic principles is net present value.” See Table 1 for computation of these measures.

For non-profit organizations, cash flows used in these models are typically identified through cost avoidance. Whether public or private, the concept is the same. It is a matter of identifying the cash

flows in and out, then discounting them at the appropriate rate. Table 2 shows an example of project ratings based on these tools. This table also demonstrates that the decision maker must determine the importance of the criteria.

For example, two of the three criteria demonstrate that project one is the best investment. However, if the building is programmed for replacement in six years, the decision maker may decide to select project two over the projects that were ranked first and second (projects three and one respectively). The bottom line is that decision makers should understand how to measure projects and clearly identify the appropriate criteria for their capital investment decisions.

The results of an excel-based spreadsheet model are shown on the following page. The data is the model’s output and shows the resulting GPV, NPV, IRR and PI for a sample project. Furthermore, the model shows that if you can merely answer the questions and fill in the cells, you can have the output data needed to measure the project’s financial feasibility. This spreadsheet provides decision makers the financial information they

Table 1
TOOLS FOR ANALYZING PROJECTS

$$NPV = \sum_{t=1}^n \frac{NCF_t}{(1+k)^t} - NINV = PV \text{ inflows} - PV \text{ outflows}$$

$$IRR = \sum_{t=1}^n \frac{NCF_t}{(1+r)^t} - NINV \text{ or the "r" that makes } NINV = 0$$

$$PI = \frac{\sum_{t=1}^n \frac{NCF_t}{(1+k)^t}}{NINV} \text{ or } GPV / NINV$$

$$PB = \frac{NINV}{\text{Annual Cash Inflows}}$$

Table 2

PROJECT	NINV	NPV	PI	PB	RANK
1	200,000	20,000	1.10	7	2
2	500,000	41,000	1.082	6	3
3	275,000	60,000	1.218	10	1
4	150,000	5,000	1.033	7	6
5	250,000	20,000	1.080	7	4 (tie)
6	100,000	4,000	1.040	8	5
7	275,000	20,000	1.080	9	4 (tie)

need to determine a project’s financial merit and therefore, a measure to use when comparing it to other projects.

Conclusion

Federal Government programs and projects can and should be analyzed for their financial feasibility. OMB Circular A-94 (with Appendix C) provides the guidance and discount rates that government agencies should use for cost benefit and cost effectiveness analysis. MTF facility managers and Commanders can use these tools to compute and compare the financial merit of projects. The results of the analysis can be used in conjunction with other decision criteria to ensure best business practices are integrated to produce sound capital investment strategies.

About the Author

Major David R. Gibson holds degrees in MBA/Finance, Masters of Construction Management, and Master of Public Administration. He is currently a student at the United States Army Command and General Staff College in FT. Leavenworth, Kansas.

Instructions:

Go to tab marked "Questionnaire" and fill in green boxes. Results will be displayed in yellow boxes on the "Cash Flow Schedule" tab.

Methodology:

The model is designed to analyze capital investment projects. The questionnaire is designed to accommodate Energy Savings Performance Contracts (ESPC). The Net Present Value of a project is determined by discounting net cash flows (or net savings) generated from a capital investment and subtracting the net initial investment. A present value of the net cash flows is determined by discounting cash flows at the weighted average cost of capital or, in the case of the public sector, the nominal or real interest rate. OMB Circular A-94 provides guidance on which rate to use (nominal versus real) based on the type of project. The interest rates can be found in Appendix C and should match the time frame of the project's duration. Appendix C is updated annually based on the most recent forecasts with available economic data. The nominal interest rate is generally the market interest rate (used for lease purchase analysis). The real interest rate is adjusted to remove expected or actual inflation (used for cost-effectiveness analysis).

Internal Rate of Return:

This is the "portfolio" return on the net investment as they relate to the net cash flows. For projects that require no initial investment on behalf of the government, this rate may be so high as to result in an error message for the cells showing IRR results.

Other tools for analyzing projects:

See table 1 on page 21 for tools used for analyzing capital investments. The use of one or a combination of these tools depends on the specific nature of the project. Therefore, the use of additional models may be necessary to make sound corporate decisions when conducting financial analysis and comparing projects.

Please send all questions or comments on the model to david.r.gibson@us.army.mil

Capital Investment Analysis

Notes: Project Title **Chiller Replacement**
 Location **Blank Army Hospital**
 Date of Analysis **9/27/2002**

Please answer the following questions:

- 1. What is the total current working estimate (CWE) of the project? **275,000**
- 2. What amount of the CWE will be funded by the government? **275,000**
- 3. What is the total amount of transition fees (not including equipment)? **0**
- 4. What is the total amount of initial outfitting (IO)? **0**
- 5. What is the total annual amount of additional management fees required? **0**
- 6. What is the total increase in annual maintenance fees associated with the project? **0**
- 7. What are the fees required for developing the requirement (SOW)? **2,000**
- 8. What is the appropriate interest rate? If the project is an EUL, enter the nominal interest rate. If doing a CB analysis, enter the real interest rate.
 See OMB Circular A-94, Appendix C for current nominal and real rates. **3.90%**

The project's net investment (NINV) is **275,000.00**

- 9. What is the gross yearly cost savings to be realized by doing this project (by year)?
 This should include savings from a decrease in the maintenance contract.
 Enter 0 for years when contract is expired.

Yr 1	50,000	Yr 16	50,000	Yr 31	-
Yr 2	50,000	Yr 17	50,000	Yr 32	-
Yr 3	50,000	Yr 18	50,000	Yr 33	-
Yr 4	50,000	Yr 19	50,000	Yr 34	-
Yr 5	50,000	Yr 20	50,000	Yr 35	-
Yr 6	50,000	Yr 21	50,000	Yr 36	-
Yr 7	50,000	Yr 22	50,000	Yr 37	-
Yr 8	50,000	Yr 23	50,000	Yr 38	-
Yr 9	50,000	Yr 24	50,000	Yr 39	-
Yr 10	50,000	Yr 25	-	Yr 40	-
Yr 11	50,000	Yr 26	-	Yr 41	-
Yr 12	50,000	Yr 27	-	Yr 42	-
Yr 13	50,000	Yr 28	-	Yr 43	-
Yr 14	50,000	Yr 29	-	Yr 44	-
Yr 15	50,000	Yr 30	-	Yr 45	-

Project Cash Flow Results

			Net Investment (NINV)	(277,000.00)
Year	GPV	NPV	IRR	PI
1	\$48,123.20	(\$228,876.80)	#NUM!	0.174
2	\$98,047.26	(\$178,952.74)	#NUM!	0.354
3	\$148,044.30	(\$128,955.70)	-25%	0.534
4	\$198,044.18	(\$78,955.82)	-12%	0.715
5	\$248,044.17	(\$28,955.83)	-3%	0.895
6	\$298,044.17	\$21,044.17	2%	1.076
7	\$348,044.17	\$71,044.17	6%	1.256
8	\$398,044.17	\$121,044.17	9%	1.437
9	\$448,044.17	\$171,044.17	11%	1.617
10	\$498,044.17	\$221,044.17	12%	1.798
11	\$548,044.17	\$271,044.17	14%	1.978
12	\$598,044.17	\$321,044.17	14%	2.159
13	\$648,044.17	\$371,044.17	15%	2.340
14	\$698,044.17	\$421,044.17	16%	2.520
15	\$748,044.17	\$471,044.17	16%	2.701
16	\$798,044.17	\$521,044.17	16%	2.881
17	\$848,044.17	\$571,044.17	17%	3.062
18	\$898,044.17	\$621,044.17	17%	3.242
19	\$948,044.17	\$671,044.17	17%	3.423
20	\$998,044.17	\$721,044.17	17%	3.603
21	\$1,048,044.17	\$771,044.17	17%	3.784
22	\$1,098,044.17	\$821,044.17	18%	3.964
23	\$1,148,044.17	\$871,044.17	18%	4.145
24	\$1,198,044.17	\$921,044.17	18%	4.325
25	\$1,198,044.17	\$921,044.17	18%	4.325
26	\$1,198,044.17	\$921,044.17	18%	4.325
27	\$1,198,044.17	\$921,044.17	18%	4.325
28	\$1,198,044.17	\$921,044.17	18%	4.325
29	\$1,198,044.17	\$921,044.17	18%	4.325
30	\$1,198,044.17	\$921,044.17	18%	4.325
31	\$1,198,044.17	\$921,044.17	18%	4.325
32	\$1,198,044.17	\$921,044.17	18%	4.325
33	\$1,198,044.17	\$921,044.17	18%	4.325
34	\$1,198,044.17	\$921,044.17	18%	4.325
35	\$1,198,044.17	\$921,044.17	18%	4.325
36	\$1,198,044.17	\$921,044.17	18%	4.325
37	\$1,198,044.17	\$921,044.17	18%	4.325
38	\$1,198,044.17	\$921,044.17	18%	4.325
39	\$1,198,044.17	\$921,044.17	18%	4.325
40	\$1,198,044.17	\$921,044.17	18%	4.325
41	\$1,198,044.17	\$921,044.17	18%	4.325
42	\$1,198,044.17	\$921,044.17	18%	4.325
43	\$1,198,044.17	\$921,044.17	18%	4.325
44	\$1,198,044.17	\$921,044.17	18%	4.325
45	\$1,248,044.17	\$971,044.17	18%	4.506

← The printout shows the project breaks even or has a payback of a little over 5 years and can now be measured against other projects. The cells at the bottom show the impact of the project cost if delayed for three years.

Current Working Estimate-	275,000
Expected rate of inflation-	4%
Number of years project delayed-	3
Future Project Cost-	309,338



Strategic Planning Model

“A clear understanding of one’s destination and strategies needed to reach it are as important in government as it is in sailing.” Dr. Berwyn E. Jones

Introduction

The Government Performance and Results Act (GPRA) of 1993 (Public Law 103-62) requires government entities to be more accountable to the taxpayers. GPRA attempts to make government organizations associate the amount of public resources they expended to the productive achievements they made. Under GPRA, an organization’s strategic plan is the vehicle that drives the budgeting process. Strategic planning, however, is more than just another attempt to revamp government fiscal practices. It can actually help organizations to be more capable, successful, and economical.

Broken down to its basic elements, strategic planning is a continuous and methodical process where key individuals within a public entity make decisions on the specific outcomes they wish to achieve, how these objectives are to be accomplished, and how success will be determined and evaluated. Indeed, strategic planning is a useful way to improve performance, enhance quality of life programs, focus on customer satisfaction, and concentrate on other objectives that would help the organization to become more efficient and effective.

Strategic planning starts with a decision to begin the process,—a pre-planning phase. This phase represents the fundamental building block to having a meaningful planning process. If an organization fails at the pre-planning phase to develop a conceptual framework, then the strategic planning process fails.

Pre-Planning

At this early stage in the planning process, the organization “plans to plan.” In essence, this is where planners and decision-makers outline how the organization will develop its overall

strategic plan. There are five crucial components to this important phase of the model. The most important of which is to secure the support of the organization's key decision-makers.

1. Commitment from Senior Leadership. The organization isn't going to embark on any journey without commitment from senior executives. Additionally, successful strategic planning requires effective two-way (top-down and bottom-up) communication and listening. Consequently, the skilled planner realizes that he/she needs to emphasize top management's commitment to the strategic planning process as a way to encourage everyone in the organization to embrace this tool.

2. Projected Planning and Programming. How far in the future do you wish to look? Some agencies look at least five years into the future. However, the strategic planning process is flexible enough to suit any long-term programming needs. Hence, an organization can readily adjust the planning scope to reflect its own unique specific goals and objectives.

3. Team Building. Get the team together! Make sure all the right people are involved. You may want to consider that the strategic planning process is coordination intensive. It is extremely dynamic and challenging. The strategic planning process requires every member of the team to sincerely participate and fully contribute to the process.

4. Diagramming and Charting. Outline the major steps in the strategic planning process. Establish the sequence of events that need to happen along with a corresponding timetable. Keep an internal suspense log to make sure that the process remains on schedule. Naturally, you would want to regularly refer to the timetable and adjust it as required. Furthermore, at this point in the preliminary phase, you may want to solicit input from technical / subject matter experts in the organization and include them in the overall planning process.

5. Road Blocks. Identify potential barriers and constraints to the strategic planning process and creatively look for legal and ethical ways to overcome them.

Mission, Vision, Goals, Values

This phase contains the broadest possible description of the organization's vision of its future. This portion of the planning process addresses all the philosophical aspects of the agency's management.

The mission statement describes the organization's purposes and/or the changes within the command that it intends to effect. The mission shows the ultimate ends/impacts of the organization's activities – in terms of how they impact the customer base and, possibly, on the local community and environment.

A brief vision statement inspires the organization to move forward. For example, President Kennedy's vision of putting a man on the moon by the end of the decade was the catalyst that sparked the nation's space program to move in that direction. Of course, visionary leadership is required to have future aspirations.

Goals describe the general results that the organization intends

to achieve. Goals are more specific than a mission statement; they show the organization's impact on its customers. Organizations may only achieve some of their goals. However, goals are still useful because they indicate the general direction in which the organization is going. For example, a goal may be to "reduce the number of traffic accidents involving military vehicles." While the organization may not achieve this goal during the current planning period, the goal tells everyone that the command intends to move in the direction of reducing—and, ultimately, eliminating—the number of traffic accidents involving military vehicles. That being said, personnel within the command can continue to work on that goal to make it a reality.

Values describe other things that are important to an organization. For example, a value may be workforce diversity. Consequently, the organization may choose to write a value statement that emphasizes diversity in personnel actions and decisions (e.g., hiring procedures, promotions, developmental assignments, special programs, etc.).

External Needs Assessment

This is an appraisal of the key outside forces that influence the success an organization will have in achieving its mission and goals. These external forces may either pose an "opportunity" or a "threat" to the organization, such as changes in economic and political conditions, population, technology, and others. To conduct an external needs assessment:

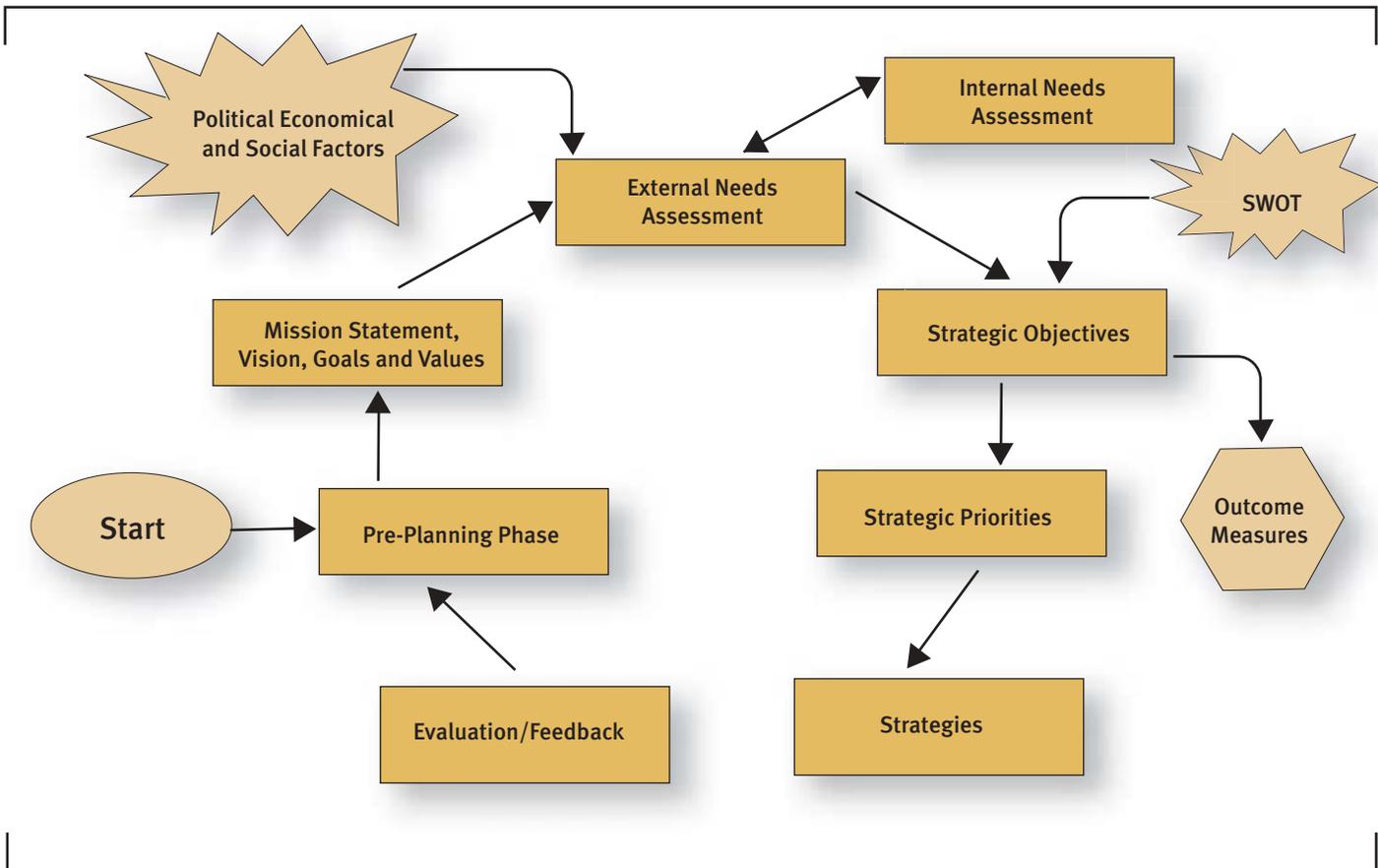
- List the organization's customers (other agencies, local population, etc.)
- Identify customer concerns (Facility access during heightened security, local communication and automation support, etc.).
- Analyze those trends that impact customer concerns (Number of off-post incidents requiring police intervention, bomb scares, security breaches, and the number of hacker incidents and cyber-attacks, etc.).

You may also want to conduct an "internal needs assessment," such as applying Baldrige criteria, to analyze the organization's strengths and weaknesses, and its capability to adjust its direction to take advantage of "opportunities" or face "threats."

Strategic Objectives

These are written statements that describe an intended outcome. Strategic objectives clearly describe measurable achievement targets. Strategic objectives have six characteristics:

1. Strategic objectives describe the results, outcomes, or effects of the organization's activities on its customers.
2. Strategic objectives clearly describe the minimum acceptable level of performance.
3. Strategic objectives are achievable. Although objectives are not pie-in-the-sky rhetoric, they will challenge the organization to reach higher levels of performance.
4. Well-written strategic objectives are clear and concise. Even



those unfamiliar with the organization will be able to understand the intended effects of the activity simply by reading the strategic objectives.

5. Strategic objectives are all-inclusive. They describe the intended outcomes of every function the organization performs.

6. Strategic objectives play a key role in keeping the organization within the boundaries outlined by the mission, vision, goal, and value statements.

Outcome Measures

Every strategic objective should have an accompanying outcome measure that is expressed in terms identical to the strategic objective it measures. For example, if an organization's strategic objective is to "reduce the number of traffic accidents involving military vehicles by 15 percent from 2002 levels," then the corresponding outcome measure would be "Percentage reduction in the number of traffic accidents involving military vehicles from 2002 levels."

The outcome measure describes the precise measurement that will generate an indicator that is comparable to the performance target in the strategic objective. By comparing the number generated by the outcome measure to the performance target in the

strategic objective, management can see if the organization achieved its strategic objective. To the extent that the strategic objectives describe true outcomes, the related performance measures will describe effectiveness. Likewise, to the degree that they describe products/outputs, the related performance measures will describe efficiency.

Strategic Priorities

Decision-makers rank each strategic objective in terms of relative importance to the organization. Setting strategic priorities is a management decision. Frequently, a group of top-ranking managers, acting as a board or an executive steering committee, participates in the ranking process. Ranking the strategic objectives as part of the strategic planning cycle is valuable because these priorities guide resourcing decisions.

Strategies

A "strategy" is an approach that will lead to achieving a strategic objective. Most people could think of several alternative ways to achieve almost any strategic objective. For example, if an organization's strategic objective is "to reduce the number of traffic accidents involving military vehicles by 15 percent

from 2002 levels,” then different approaches to achieving this objective might include: raising the standards to get a driver’s license, expanded training and drivers’ education, only operate military vehicles during specific hours where there is less traffic on the road, or impose heavier penalties for traffic violations/accidents.

In the “strategies step,” planners identify all the alternative approaches, rate them in terms of command and control, adaptability, flexibility, practicality, cost effectiveness, and other relevant criteria in achieving a strategic objective; and then select that strategy which best achieves the performance level specified in the strategic objective.

Performance Feedback

This is a systematic procedure for comparing actual performance to planned performance, and for using that information in subsequent planning cycles.

The purpose of this step is to determine which strategies proved effective, and which achieved less than the desired results. The theory being, if managers (i.e., the Executive Steering Committee) change their approaches to achieving strategic objectives based on this information, then program performance should improve.

Managers evaluate progress using performance measures and strategic objectives. They compare the actual outcome (described by the performance measure) to the intended outcome (described by the strategic objective). This result (the difference) of this comparison is positive if actual performance exceeds intended performance. Likewise, it is negative if actual performance falls short of intended performance. Further analysis may be able to show why specific strategies yielded positive or negative results. Managers can then use this analysis to recommend program modifications.

A key issue that some managers raise is that the organization may have little control over whether the intended outcomes actually occur. If the strategic objective is to “reduce the number of traffic accidents involving military vehicles by 15 percent from 2002 levels,” some managers believe that although they gave it their best shot, they may still fall short of the mark. For example, even though management initiated safety training programs, improved the quality of maintenance in tactical TMPs, strengthened licensing requirements, raised penalties for operator errors, revised procedures, drafted new rules and policies, and invested more resources to achieve the goal, the resulting outcome may still be less than a 15 percent reduction.

Some managers fear accountability for outcomes. They believe that their heads will roll if—or when—the actual outcome falls short of the plan. For these managers, “accountability” in their organizations is associated (or, has become synonymous) with “punishment.”

Strategic planning is a major part of an organization’s

solutions, not its problem. It is a logical method to make improvements. Consequently, the implementation of the strategic planning process shouldn’t have to hurt. To truly get the benefit from strategic planning, executives should use measurability and accountability to improve programs for the next cycle. Focus on the positive—what has been achieved—instead of the negative. The model on the previous page depicts the strategic planning cycle discussed in this article. As you can see, it is a never-ending process.

Conclusion

The GPRA (P.L. 103-62) requires government agencies to implement strategic planning. The main focus of the GPRA is to make government entities more accountable to the taxpayers.

Strategic planning is a logical process that enables an organization to focus on desired long-range outcomes. It outlines a series of actions that are necessary to make goals and objectives a reality. Consequently, the application of a strategic planning process helps an organization to realize its strengths and weaknesses, as well as opportunities for progress and the barriers that preclude growth.

Strategic planning can help an organization become more efficient and effective. As such, resource managers should become thoroughly familiar with the strategic planning process because it ties scarce public resources to productivity.

There are several useful strategic planning models available. The simple model presented here has the following phases: conducting pre-planning, developing a broad mission statement, an inspirational vision statement; setting descriptive, concise goals, and organizational values; conducting needs assessment(s), preparing thorough, succinct, and well-written strategic objectives with accompanying outcome measures, ranking strategic priorities, developing practical strategies to achieve objectives; and, finally, evaluating the plan to determine which strategies were successful in achieving the desired result—as well as those which require revision. The strategic planning model should be flexible enough to accommodate a fluid environment. Hence, the model should be readily adjustable to support emerging mission requirements. Therefore, strategic planning is a never-ending journey.

About the Author

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Using Personal Scorecards to Enhance Performance Management

According to a recent CBS news study, eighty percent of Americans are dissatisfied with their work and statistics show that since 1962, productivity of American workers has dropped to less than one-third that of Japanese workers. One contributing factor to an increase in job satisfaction and productivity among the Japanese was the introduction of "Quality Circles" in the early 1960's. The use of Quality Circles developed out of the theory of "Employee involvement." This theory defined by Lawler & Mohrman, 1989, as a participative process designed to use the entire capacity of workers and to encourage employee commitment to organizational success. The use of a par-

ticipative process is an effective tool to improve productivity and the concept is valuable in measuring productivity. At Headquarters, Fort McPherson, within the Directorate of Operations & Training, employees have little awareness of organization strategy. They are not included in the flow of information and are more often than not dissatisfied, exhibit lack luster performance, and generally feel disconnected from organizational goals and objectives. To change this, the Directorate of Operations & Training, Headquarters, Fort McPherson, must develop and implement a Performance Management (PM) system that directly links employee performance to the organization's

Balanced Scorecard, in order to more accurately measure, evaluate and improve overall organizational performance. This can be accomplished with personal scorecarding, using methodology similar to that used in the Balanced Scorecard. The Balanced Scorecard is a measurement tool that was introduced in 1991 and is used to translate an organization's mission and strategy into a comprehensive set of performance measures. This tool provides the framework for a strategic measurement system. However, the real power of the Balanced Scorecard is realized when it is transformed from a measurement system into a management system that interconnects employee performance to

organizational performance. Headquarters, Fort McPherson uses scorecarding technology to track organizational performance and has a Board of Directors (BOD) that developed a strategic business plan, whose objective is to move the organization methodically towards the Commander's vision. However, not all employees have a high awareness of their organization's goals and objectives. To combat this, the same scorecarding technology employed by the BOD can be used to develop and implement personal employee scorecards that track and link employee performance to measures in the organization's Balanced Scorecard. Since an organization's measurement system strongly affects the behavior of the work force, employee "buy in" is a critical factor to the successful implementation of personal scorecards. While an employee feeling disconnected may only do enough to get by, scorecarding can be used to empower employees and eliminate barriers between employee's ideas and management strategy. Although, management must take the lead in communicating organizational strategy throughout the organization, managers and employees are equally important stakeholders and both will have to be committed to successfully implement the organization's strategy into a performance measurement system.

Again, for a successful balanced scorecard, strategic objectives and measures must be communicated throughout the organization with a concentrated effort at the work force level. While, Headquarters Fort McPherson organizations use the Balanced Scorecard as a business tool to measure operational effectiveness, many employees within the Directorate of Operations and Training, simply are not currently aware of how their organization's goals and objectives are being accomplished. According to Joseph L. Cotton in *Employee Involvement, Methods for Improving Performance and Work Attitudes*, in today's competitive environment the workforce in its entire capacity needs to generate new ideas and ways of working. High level of employee participation is needed before employees will change behaviors to work in improved and measurable ways.

For example, a study conducted by Sashkin, M. (1986), presented a three phased participation model.

- Process: Participation and psychology need (control over own behavior, task closure, positive relationships)
- Leads to: Means of effect (psychological ownership, information flow, development of skills, development of share norms and values)
- Outcomes: Acceptance and commitment, quality, support, adaptive capacity of organization

According to this model, the effects then lead to increased quality, acceptance and

The Balanced Scorecard identifies principles that enable an organization to translate strategy into measurements. For instance, the use of cause and effect relationships, where the measurement makes clear how objectives and measures relate to each other and the relationship between performance drivers and a predictable outcome is easily determined.

This concept is just as applicable at the individual employee level and will help to manage and validate employee performance. But, a process is needed to translate this concept into employee participation and at the same time encourage employee commit-

Development and implementation of personal scorecards will give employees a tool that link their performance to measures in the organization's Balanced Scorecard.

commitment, increased support and an increased capacity of the organization to achieve its goal.

Even so, the vision of the organizational scorecard will not link to the talents and competencies of the workforce without a mechanism to make it happen. Steve Jobs, CEO and co-founder of Apple Computer, stated, "You cannot mandate productivity, you must provide the tools to let people become their best". Development and implementation of personal scorecards will give employees a tool that link their performance to measures in the organization's Balanced Scorecard. Without linkage, individuals cannot optimize their personal performance or contribute effectively to strategic objectives. The direct unambiguous communication between personal scorecards and the organization's Balanced Scorecard will establish and clarify acceptable performance. It will offer continuous feedback that will provide a tool, for both self-evaluation and evaluation of performance as it relates to organizational goals.

ment to organizational success. Scorecard methodologies can be used to empower employees and eliminate the barrier between employees' ideas and management's strategic planning. However, an organization's measurement system strongly affects the behavior of the work force. Personal scorecarding may lead to resistance and suspicion that management is merely following the latest trend and that scorecarding is simply the latest craze. Employees feeling connected to organizational goals and objectives are critical to the success of personal scorecarding as well as overall organizational success. Thus, the personal scorecard will serve as a bridge to creating a climate of connectivity and give employees a meaningful role in measuring their own performance. As personal scorecards are developed, managers can expect to see creativity and idea expansion, empowering employees and creating a common vision. Personal scorecarding will provide a mechanism where a conscious effort is made to transfer responsibility from the supervisor and acceptance of accountability

to the employee. To illustrate, Richard Henderson, author of *Influence Employee Behavior at Work* says behavior scientists have studied extensively the need to empower employees by granting them greater opportunity to participate in the organizational decision-making process; organizations facilitate intellectual survival

work, managers will affect change through positive leadership.

In conclusion, the Directorate of Operations & Training, Headquarters, Fort McPherson, must take advantage of this opportunity and develop and implement personal scorecarding. Implementation of this policy will provide a more accurate

tional strategy. Managers and subordinates working together to implement personal scorecarding, using the same measurable indicators as the organization's Balanced Scorecard will help move the Directorate of Operations and Training closer to an organization of excellence.

About the Author

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As managers clearly communicate the goals and objectives and commit to the development of personal scorecarding, they will be the catalyst in creating a positive work environment.

by having clearly communicated and easily understood organizational missions and goals; and that the main goal of every organization that wishes to grow and prosper should be the development of a synergistic relationship between the behavior of the organization and the job-related behavior of its members.

Managers and employees may have a different perspective, but can come to a place of common vision. When employees realize the benefits that can be gained by participating in achieving organizational goals, both the employee and manager share in the benefit. Although, both share in the benefit, management will have to take the lead in developing and implementing the performance base system of personal scorecards for employees. They will have to define the process and identify the opportunities that will foster it or perhaps the challenges that will hinder it. Also, as managers provide specific direction to the workers on how to develop and implement the policy, they will be required to talk to the workforce about personal scorecarding, explain the concept and answer questions, as well as, reinforce and clarify the significance of the policy. By clearly communicating the goals and objectives to the people that will accomplish the

measurement of employee performance, as well as, evaluate and improve overall organizational performance. It will clearly establish criteria and give employees an increased chance of satisfying that criteria. The concept of Balanced Scorecard is applicable at the personal level and can be employed to create a performance management system that directly links employee performance to the organization's Balanced Scorecard. The ensuing information sharing and results will empower employees, as personal scorecarding reinforces individual accomplishment and provides a greater sense of alignment. Employees will feel more connected to the organization and have a stronger desire to share in organizational objectives. Then, individual goals will be brought into synergy with the organization's goals. With the development and implementation of personal scorecarding, we can expect increased employee support and an increased capacity of the organization to achieve its goals. As managers clearly communicate the goals and objectives and commit to the development and implementation of personal scorecarding, they will be the catalyst in creating a positive work environment, where employees enjoy greater job satisfaction from participating in organiza-

Support to Private Organization Events

Many private organizations seek Army support for their events. These requests occur with such frequency that the law of probability suggests that sometime during your federal service, you will be asked to assist in obtaining Army support for an event of a private organization. You may even be asked to provide that support yourself.

Examples of such requests are: (1) the American Society of Military Comptrollers (ASMC) requests that you speak about the Army's approach to a financial management issue at ASMC's next three-day Professional Development Institute; (2) the Association of the United States Army (AUSA) offers you space at its next symposium for your command to set up a display concerning its future direction; and (3) the United Services Organization (USO) asks you to give a speech about the performance of soldiers in contingency operations at a local fundraiser.

While there are a myriad of examples of requests sought for governmental support, the above examples are merely representative for the purposes of this article. The answer for each of the examples, above, is "Yes." For that reason, the Army probably can provide the requested support, subject to the following:

Who is Asking and Who is Deciding?

Your first step in your analysis is to ascertain the identity of the participants to ensure that no one violates Federal criminal law or a punitive regulation.

The Request. In most cases, the individual requesting support on behalf of the private organization should be someone other than a current Federal officer or employee. A criminal statute (18 U.S.C. § 205) provides that officers and employees, as a general rule, are prohibited from acting as agents for a non-Federal entity (NFE)



before the Federal government concerning a matter to which the United States is a party or has an interest. As an exception to this statute, Congress enacted legislation to permit uncompensated representation of non-profit cooperative, professional, recreational or similar organizations by Federal officers or employees when a majority of the NFE's members are Federal employees or their family members.

In addition, another specific criminal statute prohibits a former general officer or senior executive from acting as the requester if he or she departed the Army within the last year (18 U.S.C. § 207(c)).

The Decision. Those participating in the decision to provide support to a private organization must be other than officers, directors, employees, or active participants in the organization. It is a crime (18 U.S.C. § 208) for an Army officer or employee to participate in the decision to provide Army support, when that same officer or employee is also an officer, director or employee of the private organization. By regulation, this same 18 U.S.C. § 208 prohibition applies to enlisted personnel. Finally, any Army employee could violate a punitive regulation by participating in an official matter to which a private organization is a party, if the

Army employee is an active participant in that organization, because this would create an appearance of a conflict of interest.

Participating in the decision includes more than being the actual decision-maker. It includes the employees who investigate whether sufficient resources are available to provide the necessary support, those who make recommendations about providing the support, and those who provide a legal review of the request and recommendation.

Being an active participant in an organization involves a range of possible activity where many of the answers are clearly "Yes" or No." Yet, there is also uncertainty in our answers because of the nature of the facts. For example, being a member, receiving an organization's publication, and attending the annual dinner fail to make a person an active participant. But, if this same person also helps arrange the annual dinner, he or she might well be an active participant. Finally, if this individual also chairs the membership committee, he or she is definitely an active participant. As is often said, when we change the facts, we often change the legal effect.

In summary, current Federal officers or employees are legally unable to act as an agent for a private organization requesting

Army support for their organization, although Congress has recently provided some latitude. And, those individuals who are officers, directors, employees or active participants in the organization must avoid participating in the decision whether to provide the support.

Can Support Be Provided?

The analysis is fact specific. There are a number of criteria that the commander, director or supervisor, responsible for providing or refusing support, must consider. They are set out in the Department of Defense (DoD) Joint Ethics Regulation (JER) (DoD 5500.7-R) paragraph 3-211:

1. No Interference With Performance of Official Duties or Readiness. The Army is unable to provide support if it will interfere with mission or impact on readiness.

2. Community Relations or Other DoD Interests are Served and It's Appropriate to Associate DoD/The Army With the Event. These criteria are on opposite sides of the same coin. The Army is legally unable to support private organization events merely because the organization is friendly to the Army and supports Army ideals or because the organization is composed of mainly retired officers. When we provide support, we are supporting the sponsoring organization's event, rather than supporting the organization, because the event is to our benefit and we expect to further some Army interest!

This "benefit" might consist of any one or a number of things, such as the installation being a "good citizen" and supporting local community activities; or taking an opportunity to give an Army perspective to an issue; or promoting the Army itself. However, the event must also be "appropriate" or we lose or diminish the benefit that we might expect. For example, it would be inappropriate for an Army installation to support a local event sponsored by an organization that excludes women and minorities from its membership.

3. Event is of Interest and Benefit to Local Civilian or Military Community as a Whole. If you advance this far into your analysis (no mission interference, DoD

interest, appropriate), this criterion will be easily met.

4. Willing to Provide Same Support for Similar Events. Again, we are supporting the organization's event, rather than the organization when we provide support to one of its events. Therefore, we should be willing and able to support comparable events sponsored by similar NFEs.

The working terms here are "comparable" and "similar." Perhaps your command authorized support to an AUSA program to assist soldier's transition from military status to civilian life. This support consisted of use of the post theater, security, and informing the military community regarding the availability of this program to soldiers. Notwithstanding this support, the same Army command may refuse the same support to an insurance company, which wants to sell soldiers an insurance product to replace the Survivor Benefit Plan, or to a company that wants to propose a course, which teaches how to repair automobiles. However, you would be expected to provide comparable support to The Retired Officers Association (TROA) for a presentation to assist soldiers in writing resumes and to prepare them for civilian employment.

5. No Restrictions by Law or Regulation. Even though all the criteria are otherwise met for providing the requested support to the event, there might be other laws or regulations that restrict the support being requested. There are special laws and regulations governing the use of vehicles, aircraft, animals, real estate, utilities, personnel, etc. In some instances, there are special rules on the loan of certain types of equipment. These laws and regulations must be complied with in the first instance.

6. No Admission Fee Beyond Reasonable Costs for Sponsoring the Event. This can be a multi-dimensional problem. Have you ever attended seminars or continuing education programs in which 50 percent or more of the lecturers are Army, other DoD and/or Federal personnel, and the price approximates comparable events where there is no official Federal participation? The Army needs to act with great reluctance before providing taxpayer-funded support

to a conference designed to produce a profit for a private organization. Likewise, commanders, directors and supervisors need to apply sound fiscal judgment when deciding whether to send an Army employee to a conference that charges a premium to hear Army and DoD provided speakers.

There have been conferences at which Army officials planned to speak where the cost of the conferences, depending on the registrant, exceeded \$1,000, or even more.

(1) In one case, the Army's Alternate Designated Agency Ethics Official (DAEO) advised the Army participants (speakers) that they should refuse their support as planned because the admission fee was exorbitant. The Army was providing over 90% of the presenters, and the sponsor had refused to provide any information about its pricing of the event. When the sponsor finally provided information and significantly reduced the admission price, the Army participants were advised that they could speak at the symposium if they remained interested in providing the support.

(2) In another situation, where the cost exceeded \$1,000 for a two day conference, the sponsoring organization explained that it was for a relatively small group and the overhead was essentially the same as for a large audience, that it was paying for the travel expenses for a number of the presenters and that, while the NFE might make or lose a little money, it was basically trying to break even. The Army employees were advised that there were no ethical objections to their participation.

(3) In other cases, when local Ethics Counselors were unable to receive satisfactory information and assurances from the sponsor concerning the cost of the event, the Army speakers withdrew their participation and support.

The rule is that, unless the DoD support is incidental, no admission fee will be charged beyond that which will cover the reasonable costs of sponsoring the event (or at least that portion of the event supported by the Army). The only exception is charitable fundraising, and that assumes the event meets all the other requirements for DoD support.

Application of sound judgment is required to deal with this requirement of reasonable costs and fees. In the first instance, your ethics counselor lacks the credentials of an auditor. Moreover, it is beyond your ethics counselor's responsibility to validate that you have met acceptable accounting standards. You should also understand that, in addition to the direct costs of a conference (e.g., the cost of the meeting room, liability insurance, printing and distribution of the brochures, etc.), there are overhead costs to be allocated to the event, and some uncertain costs that must be taken into account, such as risks of those who register for the event, but fail to attend. For these reasons, you should always obtain assurance from the private entity that its pricing policies comport with the Joint Ethics Regulation, particularly JER 3-211a(7).

Many times, the NFE will obtain "approval" from the DoD Assistant Secretary of Defense for Public Affairs for the event. This approval is other than an endorsement, or an authorization for official temporary duty travel, or permission for DoD personnel or organizations to provide support. Rather, it is a finding of no legal objection to individual DoD component commands or organizations approving the attendance or participation of its employees in the event. This indicates that the event meets the criteria of JER 3-211a, to include that the fee charge is reasonable.

Thus, if the event has received DoD "approval," you may conclude that someone in authority has reviewed the matter and concluded that the costs of attending the event are within an acceptable range. However, if you are unable to infer from this approval that you must provide any support requested by the private organization, you are still free to refuse the requested support, whether you consider the event too expensive or for any other legitimate reason. The situation should never happen where the employee expresses "relief" when an Ethics Counselor advises him or her that the employee is prohibited from speaking at a particular event. This has happened innumerable times where the

employee actually is unwilling to speak at a particular event, but felt compelled to do so and lacked the courage to refuse! Remember, agreeing to speak or provide any other support must be driven by the Army's needs, taking into account all mission and readiness requirements.

Finally, if you are asked to support a fundraising event, all the above criteria apply, except that the non-Federal entity may charge more than the cost of the event. In addition, if the sponsor of the fundraising event is affiliated with the Combined Federal Campaign (CFC) and wants to solicit in the Federal workplace, it must first obtain Office of Personnel Management (OPM) approval.

One can summarize the criteria as follows:

1. Is there a legitimate Army interest in providing the support?
2. Is the event valuable? (Is the Army receiving its money's worth?)
3. Does some law or regulation prevent it?
4. Is the sponsoring organization producing profits from the taxpayer-funded support?

Should the Support be Provided?

The Secretary of the Army has issued blanket determinations that permit some Army employees to accept gifts of free attendance at some private organization events. One of his caveats has been:

My above determination and approval do not constitute an Army endorsement of [the organization or its event], nor are they Army approval for providing specific levels or types of support to the events. Approval for support to the events must be accomplished by the commander concerned pursuant to law, regulation, and appropriate resource management.

"Appropriate resource management" is important. It might be appropriate and fiscally responsible to expend a few thousand dollars for an officer to prepare and deliver a speech at a local symposium. However,

expending tens of thousands of dollars in the support of the same event might raise critical Congressional interest unless the Army can produce sound analysis for this type of expenditure in support of a private organization event.

There is an additional consideration: how much support overall is being provided by the Army? By DoD? You might be the only speaker requested from your organization, but there might be another dozen Army/DoD speakers also participating. The overall support could reach that critical point where the event is actually an Army or DoD event. Should the event and our participation be of critical importance to the Army, then it likely better for the Army/DoD participants to establish their own event and contract with a private organization to arrange the details for presenting the event.

Conversely, it may be that the event should be a joint effort because the subject matter of the event consists of scientific, technical or professional issues in which both the Army and the private organization share a mutual interest. In this type of situation, the Army could co-sponsor the event with the private organization. Co-sponsorship can result in the "best of both worlds" for both the Army and the private sponsor, and will be the subject of a future article.

Conclusion.

At all times, you are encouraged to seek the advice and counsel of your Ethics Counselor in determining whether you or one of your subordinates may participate in providing support to a private organization event.

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Right-sizing and

Personnel Considerations

This paper reviews three personnel considerations for use in right-sizing organizations. First, involve the employees in the process early on to establish employee buy-in. Next, plan the right-sizing effort so that the final divisions represent a fully functional organization. Lastly, retain your quality employees so that both experience and organizational history are retained within each of the divisions.

Getting it Right

As we move down the road over the next few years to reduce staffing costs in order to fund procurement and repair actions, we should not lose sight of what our end goals are in terms of readiness. That is, we should not be so focused on the cost savings aspect that we lose sight of whether the organization retains its operational capability to perform its missions. This can and does happen, and when it does, it necessitates either rehiring or hiring new people to bring the organization's staff back to a sufficient readiness level. Likewise, we should minimize the personnel and organizational disruptions that occur during a right-sizing effort, so that the remaining personnel are able to focus on their jobs, rather than on anxieties about their continued employment and concerns about fellow workers. To these ends, there are basically three general concepts that can be used to minimize negative personnel impacts:

- Involve employees in the process early on
- Plan the right-sizing
- Retain quality employees

Involve Employees in the Process Early on

By involving the employees, one might be pleasantly surprised at the results. For instance, the employees may be able to come up with cost savings and efficiencies that were not evident to management (e.g., redesigning work processes, utilization of alternative work hours, participation in early retirements, accepting downgraded positions, etc). One example of where this has been successful has been in the airline industry, where both United and Southwest Airlines have saved millions of dollars by involving their personnel, as part of their stock ownership process, in ways to improve operations. This makes the process a collaborative effort, rather than a one-sided approach. In addition, secretive decision processes about personnel actions do not long remain so, and when they are discovered, tend to alienate the employees; and can well create subsequent rumors that are even more destructive to morale than the intended reduction.

Plan the Right-sizing

First, across-the-board cuts do not usually work very well. This sacrifices planning for the sake of perceived fairness. It also relinquishes control over the direction of the organization in accomplishing its future missions. A further downside to this practice, is that it can easily lead to eliminating more positions than are optimal to the operation of the organization, and may even result in mission failures, due to lack of knowledgeable or skilled personnel for special tasks.

Next, avoid repetitive waves of right-sizings, for they can lead to lower employee morale, and subsequently to lower productivity. This action, like the across the board cuts mentioned above, may also attempt to be "fairer" by not cutting very many positions at one time, but ends up creating an environment in which the employees become uncertain when the next right-sizing axe will strike.

Lastly, the jobs should be redesigned as part of the effort. This involves planning which jobs to cut, which functions to cut, and what procedures need to be modified, given a smaller workforce to perform the missions. As part of this process, special emphasis needs to be given to eliminating unnecessary tasks and inefficient operations. The redesigning of functions is perhaps one of the most critical considerations in a right-sizing effort, for it is only through adapting the work processes that a more efficient and effective organization can be achieved.

Retain Quality Employees

The government has spent a considerable amount of money on the education and training of its workforce, especially its Acquisition Corps personnel. As such, it does not make sense to consider them as billets on an expense ledger. This is borne out by private industry, which usually considers existing government workers as a key to performing outsourced government missions, and actively recruits both retired and current employees for their government contracts. In addition, it will probably be the top talent within an organization who will first jump ship in a right-sizing process, thus losing these skilled individuals from your eventual organization. As such, every attempt should be made to keep the organization's most skilled personnel by involving them in the decision-making process during the right-sizing effort, and making them aware that their skills and knowledge are both appreciated and needed by the organization.

About the Author

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

The Third Wave of Public-Private Competitions

by Sharon A Weinhold

In an October 4, 2002 memorandum, Secretary of the Army Thomas White announced The Third Wave of public-private competitions. The purpose of The Third Wave is for the Army to focus its energies and talents on its core competencies and obtain its non-core products and services from the private sector where it makes sense. It allows the Army to aggressively support the Competitive Sourcing Initiative of the President's Management Agenda and Department of Defense's commitment to the Office of Management and Budget to compete half of the FAIR inventory. A primary goal is to quickly free up resources for the global war on terrorism.

The White memorandum identifies 58,727 military and 154,910 civilian spaces as non-core spaces that are potentially eligible for private sector performance. For the

Resource Management (RM) functional area, the reviewable inventory includes 1,879 military spaces and 3,581 civilian spaces. The spaces come from both the Military Table of Organization and Equipment (MTOE) and Table of Distribution and Allowances (TDA). The MTOE spaces include all those military in our finance detachments and battalions. The TDA spaces include military and civilians below MACOM level.

Our approach is to review the entire RM functional area. We will review our fiduciary responsibilities within the existing statutory framework and evaluate business processes and competitive sourcing strategies. More specifically, we are examining our title 10 responsibilities and other pertinent laws addressing RM functions, benchmarking with the private sector, and looking at what we have already outsourced. Recognizing the need for career progression and given the portability of personnel in the Federal Employees Retirement System (FERS), we are trying to view the personnel system in a transformational way. We are considering the need to have a more robust system for lateral hires from all sources,

rather than relying to the greatest extent on traditional hierarchical structures. We also are taking into account the increasing complexity of the RM mission and the need to make strategic and operational financial management decisions as we deal with new financial challenges, such as the changes in management focus as we transform the Army to the Objective Force and increased contingency operations supporting the Global War on Terrorism.

Based on our final assessment of the RM functional area, we will submit any requests for exemption to the Office of the Assistant Secretary of the Army (Manpower and Reserve Affairs) by November 29, 2002. An Implementation plan for all non-core spaces will be developed and submitted to the Non-Core Competencies Working Group. The Implementation Plan will "package" spaces into units/groups appropriate for A-76 study or other competitive sourcing initiatives to aggressively support the President's Management Agenda. We will update you in a future article on the status of exemption requests and the development of our Implementation Plan.

RB Perspectives for RMJ Business Initiatives Council (BIC)

by Sharon A Weinhold

On November 13, the Secretary of the Army approved 12 new Army business initiatives, bringing the total number of approved Army initiatives to 35. Of the twelve initiatives, six apply only to the Army and will be implemented immediately. The other six initiatives have potential DoD-wide application, and these will be submitted to the Department of Defense BIC, as they may have benefits that could be extended across all the military services. A complete list of approved Army initiatives can be found on the ASA(FM&C) Website at <http://www.asafm.army.mil/bic.asp>.

The Secretary of the Army has institutionalized the BIC effort as an ongoing Army program. Each quarter he asks each MACOM commander and HQDA staff principal to submit at least one Army business initiative. These initiatives are evaluated through an accelerated review and decision process at HQDA, with the Secretary making the Go/No Go decisions. The recent approval of 12 initiatives marks the successful completion of the third quarterly cycle. Individuals who want to submit proposed BIC initiatives may do so through their MACOM points of contact, who are identified at <http://www.asafm.army.mil/bic.asp>.

The Army is seeking initiatives that generate savings, avoid costs, leverage assets, and improve business operations and processes. As an incentive, MACOMs may retain a significant portion of the savings that accrue from executing the initiatives.

The support provided by MACOMs and installations so far in submitting initiatives and commenting on initiatives has been great. The number and quality of initiatives have improved each cycle. We thank you for your continued effort to make the BIC program a success, and we look forward to receiving your submissions.

The Department of Defense Travel Card Program

by Colonel William M. Landrum III

Financial Operations Perspectives

The Government Travel Card Program offers substantial benefits to the Army and its personnel. Army units save \$26 each time a travel card is used instead of a government travel advance—with over \$600,000 in travel card charges in FY 2001, the savings for unit travel budgets is obvious. And compared to a government travel advance, the travel card gives Army travelers greater purchasing power and lets them travel on a moment's

activity like paying travel card bills with checks that were not backed by sufficient funds; travel card coordinators not given time to perform their duties; and managers and commanders not taking disciplinary action on problem cardholders. In short, these problems can be traced to unacceptable behavior by cardholders—especially those in the lower enlisted ranks—and the failure of units to prevent or correct it.

What's the result of all this bad press? A DoD Charge Card Task Force produced a

directed DoD to issue policy guidance on taking disciplinary action; DoD investigative agencies have been directed to forward evidence of card misuse to local commanders and security managers to determine whether this affects the cardholder's security clearance; the number of travel cards in force will be substantially reduced; DoD will exempt use of the card for deployments and PCS moves; and alternative card products will be explored for problem cardholders. Further down the road, DoD will explore the use of data-mining techniques to detect suspicious transactions.

These actions are necessary, but they will have costs: fewer cards and more exemptions from card use will mean more government advances at higher cost; alternative card products will be more expensive and less flexible; and greater emphasis on data-mining, disciplinary action and security clearances, means some of our problem cardholders may not be with us in the future.

All of this turmoil is unfortunate, because the travel card program is simple: use your travel card for official travel expenses, file your travel claim upon return, and pay your travel card bill on time, using split disbursement. If you're a commander or supervisor, it's also simple: make your expectations clear, tell your travel card coordinator to keep you informed of delinquency and misuse, and confront problem cardholders. If you take these steps, you will send a strong signal to your cardholders. If you don't, you'll send another signal to your cardholders: No one is watching!

notice. If you've been watching the news, however, you know that cardholder misuse and delinquency have tarnished our reputation and put these benefits in jeopardy.

Congressional hearings last March and July and a report by the General Accounting Office pointed out serious problems with the Army travel card program: a high rate of cardholder delinquency on their travel card balances; wide-spread misuse of the card for personal purchases; potentially fraudulent

range of corrective actions. My office worked with the Task Force and developed guidance to commands that is now awaiting approval. Finally, the Congress has stepped in and directed some specific measures.

What kind of actions can you expect to see? There are several significant items underway: the Deputy Secretary of Defense directed management at all levels to ensure the necessary program oversight; Congress





Army Resource Managers' Conferences

To help the Army Resource Management community in executing its challenging missions, a new series of conferences has been instituted. In announcing the Army Resource Managers' Conferences, the Honorable Sandra Pack, the ASA (FM&C), established three broad objectives: to provide a regular forum for members of the community to share information, to enhance teamwork, and to remain focused on supporting the warfight and our customers. The Army will conduct three conferences per year: in December to focus on the current and budget years, in May to discuss key mid-year issues, and in September to assess results of the year that is drawing to a close.

While each conference will have a particular focus area, the consistent overarching theme is: the soldiers and units who are on the front lines in combat operations. Each conference will include an operations-oriented presentation from soldiers who have been deployed in support of the warfight, to ensure that Army resource managers stay focused on their ultimate customers—soldiers.

Secretary Pack hosted the inaugural conference December 2-4, 2002, at the Georgetown University Conference Center in Washington, DC. Over 120 resource management professionals from Army Headquarters, major commands, program executive offices, military and civilian educational institutions, and ASMC attended.

In her opening remarks, Mrs. Pack noted that the events of the past 15 months have produced an exceptionally tumultuous world, and that the role of resource managers has never been more critical. She stated that to succeed, resource managers

must approach their tasks in a comprehensive manner—one team, one fight. In her philosophy of resource management, she views the RM community as a “big tent” that encompasses practitioners from many different fields—planning, programming, budgeting, accounting, education—each of which is critical to overall success. Her intent is to use the conferences as a vehicle for regular communication among all the practitioners.

Members of the 101st Airborne Division (Air Assault) Brigade Combat Team and Third U.S. Army, who recently returned from Afghanistan, presented the first briefing. The briefers provided a comprehensive overview of their deployment and in-country operations, and discussed the support provided by the resource management, finance, and contracting staffs.

Additional briefings, presented by subject matter experts from Army Headquarters and the OSD Staff, addressed the following topics:

- FY03 budget issues
- FY04 budget outlook
- Army outsourcing initiatives
- Civilian manpower management issues
- Automation initiatives (the Financial Management Enterprise Architecture, the Defense Travel System, and other DoD and Army systems)
- Issues associated with the government travel card and purchase card
- The Army's approach to implementing the Balanced Scorecard.

The briefing files, along with additional information on the conferences, can be viewed or downloaded at the Resource Managers' Conference web page (<http://www.asafm.army.mil/secretariat/document/rmc/rmc.asp>). This site will provide

information on the conference series and on each conference as it becomes available.

At the conclusion of the first full day of the conference, the attendees gathered for a dinner presentation by Mr. Ron Castleman, the Director of Region VI in the Federal Emergency Management Agency (FEMA). Mr. Castleman noted similarities between FEMA and the Army, describing his agency's sustained and significant OPTEMPO level, and the demands that it places on both operators and support staff. He also spoke of the effective working relationship between FEMA and DoD, and particularly of the close association between FEMA and the Army. He noted with pleasure that senior leaders in the Army Corps of Engineers sometimes refer to their organization as “FEMA's engineers,” and that both FEMA and COE are proud of the strong bond they have established.

At the conclusion of the two-day event, attendees were almost unanimous in recognizing the conference as an excellent opportunity for Army Headquarters to give MACOMs a better understanding of timely resource management issues and, more importantly, for the resource management community to become a more cohesive and effective team.

Mrs. Pack echoed these thoughts in her concluding remarks. She said that all three conference objectives had been met: to exchange information on important resource management topics, to lay the foundation for improved teamwork among resource management professionals, and to provide a vivid reminder of the Army's critical combat missions. She thanked the participants for their attendance, and encouraged them to continue to build on the dialogue that had been initiated at the conference.

About the Author

Mr. Joseph Romito, a Senior Research Fellow at the Logistics Management Institute in McLean, Virginia, assists OASA(FM&C) on a wide range of projects. Mr. Romito is a former career Army officer whose final active duty assignment was as a division chief in the Army Budget Office at HQDA.

Professional Development

The Merriam-Webster dictionary defines professional as relating to or a characteristic of a profession which is a calling requiring specialized knowledge. Development is defined as the act, process, or result of developing, making clear by degrees or in detail. When combined, professional development refers to the incremental creation of knowledge required for employment.

Professional development takes many forms. It can be informal such as when you observe a creative technique or solution being used by a coworker or during workplace conversations. It can also be structured such as during classes, training sessions or conferences. Professional development can be mandatory when directed by the organization or if stated as a prerequisite. It can also be voluntary as with professional associations and reading journals or books.

How do you get a handle on the concept of professional development when its latitude is so wide? To know where you are going you need to know where you are. This requires developing a professional history. A good starting point is to update your resume and past job responsibilities. Next prepare a list of all your formal educational accomplishments whether through a college or school or a certification program or workshop.

After compiling records from the past you need to determine what professional development opportunities will either improve your ability to work at your current assignment or prepare you to move to another job responsibility. Note that professional development is not always directed toward advancement but can also be focused to improve performance in your current position or even open the prospect for a lateral transfer.

To begin the professional development journey as a comptroller it would be wise to visit the ASA (FM&C) Army Comptroller Proponency Office website at <http://www.asafm.army.mil/proponency/acpo.asp>. This site provides several comptroller reference materials such as a draft comptroller professional development guide as well as a separate section dedicated to professional development that describes several courses and programs. By examining the various course and program prerequisites you will be able to develop a strategy to become competitive for those opportunities that look interesting and will contribute to your overall career plan.

Another section of the website includes several tools that are to be used in conjunction with a mentoring program but some of the tools can also be used to develop a basic understanding of your present situation. One important advantage of these tools is that they must be written down to provide a personal record that can be referenced often and used as a measuring stick. The first tool is a self assessment form. It can be used to reflect on your past and present choices and attitudes. The second tool is a career goals and development plan. This plan requires the creation of goals and then the development of specific objectives, planned actions and a timeframe for completion.

Professional development is important for several reasons. One reason is to remain competitive and relevant in the current climate of globalization and technological advancements. Not updating your skill sets risks job obsolescence and reduces job performance. Statistically, those that pursue developmental opportunities also achieve higher lifetime earnings. According to a

recent report from the Commerce Department's Census Bureau, the level of education is a good predictor of your "work-life" earnings. Earnings were reported as follows: high school \$1.2 million, bachelor's \$2.1 million, master's \$2.5 million, doctoral \$3.4 million and professional degrees at \$4.4 million.

Several professions that include attorneys, teachers, accountants, finance and insurance professionals all stress the importance of professional development by mandating the completion of a certain number of continuing education credits. This requirement helps to support the reputation and climate of those people working in their industry. Several studies also indicate that the use of professional development programs in organizations increases overall performance, reduces turnover, increases retention, and creates an improved work environment.

As Louis Brandeis stated back in 1927, "those who won our independence believed that the final end of the State was to make men free to develop their faculties..." As trusted federal agents, how are you professionally developing yourself so you can contribute to the effective operation of government?

About the Author

Major Marcus Seitz is a member Syracuse University, Army Comptrollership Program Class of 2003.

Department of Defense Professional Military Comptroller School—Leveraging Intellectual Resources

In the operational world we often hear commanders and warfighters talk of synergy – the process of employing combat capability in such a way as to make the total greater than the sum of the individual parts. However, we don't often hear that in the financial world. Instead, we tend to talk about leveraging resources—and loosely defined I see little difference between the two. Therefore, I'm happy to report that the Department of Defense (DoD) Professional Military Comptroller School (PMCS) leverages intellectual resources to provide its students with the best financial management education in DoD. PMCS brings guest speakers, permanent faculty and professional students together in one location to maximize the strengths of each group as they relate to the student's entire education. Therefore, it is not uncommon for our students to routinely recognize these groups among the top school strengths each and every class. So, with that in mind let's take a closer look at these professionals.

To begin with, we have the school's guest speaker program—which is no doubt its academic centerpiece. Without the sixty to seventy speakers who support each 6-week class, we could not have PMCS as we know it today. These speakers represent a horizontal and vertical cross-section of DoD, as well as a sample of various public and private academic disciplines. Although some are full-time academics, most are pure, professional resource managers dedicated to educating PMCS students. They are subject matter experts who “live” their presentations each and every day. At each class, the Assistant Secretary of the Army for Financial Management and Comptroller, one of her sister-service equivalents, or one of their senior representatives make themselves available to speak to and interact with our students. Similarly, senior Defense Finance and Accounting Service leaders, Defense Travel Service Project Management Office representatives, cost analysts,

auditors and others also make themselves available to our students, through the school, to help educate DoD's current and future financial leaders. Where else would this same cadre of speakers, in one six-week period, travel to your location to educate you? That's a tough question to answer, so let's move on.

As we move on, we must recognize that the school's guest speaker and educational programs could not exist without the tireless efforts of its permanent faculty. This group of individuals acts as the school's cornerstone—the piece that brings the students and the speakers together. They develop, implement and execute curriculum; present introductory briefings that provide a baseline for guest speaker presentations; lead diverse seminars and small group discussions; evaluate research papers and speeches; schedule and host guest speakers; coordinate student billeting and transportation; and more. A cross-section of DoD (United States Army, United States Air Force, United States Navy and Defense Finance and Accounting Service), they all bring a wealth of experience, education and professional certifications to the education process. Some are previous commanders, others have operational backgrounds, and still others have finance, cost and economics experience. But regardless of their backgrounds and credentials, they are all dedicated professionals who want nothing more than to educate professional resource managers who can then positively impact DoD's future.

With that, we come to the third and final group of our intellectual triad—the students themselves. While PMCS students are technically “educatees,” they are also educators. Like our guest speakers and permanent faculty, they are a diverse, joint group of both military and civilians that bring a wealth of individual knowledge and experience to the school. During PMCS, they share this experience and knowledge with other students through a variety of formal

and informal activities. Formally, they present two eight-minute, Financial Management related briefings to students assigned to their seminar; participate in small group seminars and guided discussions; and ask questions and provide input during guest speaker presentations. Informally, they interact during classroom breaks, ad hoc study groups, and optional social activities. Just this morning a Navy student stopped by my desk to tell me about something she learned from a fellow Air Force student the night before—and to ask me how the Army approaches the same issue. Not only did their interaction teach her something about the Air Force—it then inspired her to learn something more about the Army. What a testament to the impact students have on each other throughout the 6-week course!

By now, I hope you fully agree that PMCS does in fact leverage intellectual resources to provide its students with the best financial management education in DoD. From guest speakers, to permanent faculty, to the students themselves, all three groups are critical parts of the PMCS experience. Whether you refer to their combined success as synergy or leveraging, the results are still the same—94% of the school's last 799 graduates rated PMCS mission accomplishment as “excellent” or better and 95% rated quality of instruction the same. Therefore, for our PMCS alumni we look forward to your potential return as a permanent faculty or guest speaker. And for those who have not yet attended, we encourage you to come experience what we have to offer—and in the process help us educate tomorrow's DoD financial leaders!

About the Author

Lieutenant Colonel Steve Hodges is a Military Faculty Member, US Army Advisory Group Air University.

Refocused Defense Leadership and Management Program (DLAMP)

The Commission on Roles and Missions (1995) recommended improved personnel policies and programs to enhance the quality of the Department of Defense (DoD) civilian workforce. DLAMP was established in April 1997, as a systematic program of “joint” civilian leader training, education, and development within and across DoD.

A review of DLAMP conducted in 2001 reaffirmed the original tenet of the program and resulted in significant program changes which were announced by the Under Secretary of Defense in December 2001. The refocused program is more flexible, cost-effective, and efficient in meeting short- and long-term requirements for highly capable civilian leaders.

Core elements of the refocused program include:

- All participants will have a master’s degree upon completion of the program.
- Based on an individual needs assessment, participants possessing a master’s degree may attend up to six graduate courses to round out their academic portfolio in critical business management or public policy areas.
- Graduate education is provided by civilian academic institutions predominately located in the participants’ commuting area.
- All participants will attend five preparatory courses in national security studies and leadership taught by the National Defense University.
- All participants will complete Professional Military Education (PME) through a Senior Service School or approved alternative (e.g., Senior Service School distance learning program).
- Rotational assignments will be encouraged, but not funded, for all participants.

DLAMP has admitted a total of 1,658 participants; 1,353 are active at this time. Army DLAMP selections total 402, of which 333 are active participants. The DLAMP Class of 2002 (272 participants, including 84 Army civilians) was admitted in June and attended Orientation on September 30, 2002, in Arlington, Virginia. The first eight participants graduated from DLAMP in October 2000.

One of them was an Army participant. An additional 74 participants have been selected for positions in the Senior Executive Service, of whom seven were Army DLAMP participants.

The original FY02 budget was \$60.6M, but based on the savings attributed to the refocused program, the budget was revised to \$31.8M. The President’s Budget request for FY 2003 was \$38.3M. Congress appropriated \$19.1M, and stipulated that any reductions to the DLAMP program “cannot be applied to the leased facility in Southbridge, Massachusetts.” That cost is approximately \$10M in FY03.

Despite efforts by senior Department officials, no alternative funds were available to offset the cut. Accordingly, DoD will be unable to provide the full level of activity that was planned for FY03. Detailed information on the affect on each program element is as follows:

a. Professional Military Education (PME):

- All students currently enrolled in PME, to include the March 2003 starts at the College of Naval Warfare, will continue in those programs. Funding for travel and per diem is unaffected.

- All DLAMP courses at the School for National Security Executive Education (SNSEE) scheduled for January through September 2003 are cancelled. For PME Academic Year 2003/04, the requirement to complete prerequisite courses prior to attending PME is suspended.

- PME for Academic Year 2003/04 is otherwise unaffected. The Army DLAMP Office is accepting applications for the PME seats until close of business January 16, 2003.

b. Graduate Education:

- Funding for graduate education is suspended and will be restarted when adequate funding is available.

- Participants with tuition assistance pending for the January 2003 semester will be advised of their status directly from the DoD DLAMP Office.

- There will be no new starts for degree programs or any round-out courses (core MBA subjects in business management and public policy) for the remainder of FY03.

DoD will update us on any new developments throughout the year. We look forward to a stronger program in FY 2004. For additional information contact Ms. Penny Berardelli at (703) 325-7261.



Reserve Resource Managers Augment Army Headquarters Staff

Are you looking for us? If you're an Army Reservist in need of "good years," we may be looking for you. The 161st Individual Mobilization Detachment (IMA) is an activity seeking officers and senior noncommissioned officers to fill key IMA and drilling IMA billets beginning this October.

The 161st supports the Office of the Assistant Secretary of the Army (Financial Management and Comptroller) (OASA(FM&C)). Its missions include researching and analyzing Army financial and resource management issues; supporting Headquarters Department of the Army and Joint Chiefs of Staff exercises; and administering the OASA (FM&C) IMA and mobilization table of distribution and allowance programs.

IMA or drilling IMA membership in the unit will offer you the opportunity to earn retirement points required to qualify for a creditable retirement year ("good year"), an annual officer or enlisted evaluation report, Army Awards or decorations, and at least 12

Days annual training. Members are also eligible to participate in resident education and training programs.

A drilling IMA will receive 24 periods of inactive duty for training in a paid status. Typically, a number of our members who occupy IMA position perform their annual training in Washington, D.C., with the OASA (FM&C)

In order to be considered for one of the drilling IMA slots with the detachment, please provide a current biographical summary along with a cover letter to:

Commander 161st IMA detachment
(OASA-FM&C)
109 Army Pentagon
Washington, DC 20310-0109

To learn more about opportunities with the 161st, contact:

LTC Johnnie Walton
johnnie.wlaton@usdoj.gov (202) 305-2035 or
MAJ Judy Rogers judy.c.rogers@usdoj.gov
(202) 514-2907.

Graduate Management Admission Test (GMAT) Fee Reimbursement

Military service members, Active, Reserve, and National Guard, looking to take the GMAT may be eligible for reimbursement of their \$200 test fee. To receive the reimbursement the service member must:

- have a current Armed Forces of the United States identification card
- not have received a prior GMAT reimbursement from DANTES
- be applying to or enrolled in a graduate school requiring the GMAT or be fulfilling a legitimate service requirement.

To receive the reimbursement you must file within 90 days after the test was scheduled. You will be required to have the Army Education Center or Installation Defense Activity for Non-Traditional Education Support (DANTES) Test Control Officer (TCO) complete and sign the reimbursement form and attach your official scores with it. For more information you can contact your local Army Education Center or review the DANTES Examinations Programs Handbook at the following link http://www.dantes.doded.mil/dantes_web/library/docs/deph/Part2/FY03Chapter8GMAT.rtf. The reimbursement form can be found online at http://www.dantes.doded.mil/dantes%5Fweb/library/docs/examinations/gregeneral-gmat_reimb_form.doc.

Sustaining Base Leadership and Management Program Program Policy Change

Sustaining Base Leadership and Management Program (SBLMP) at the Army Management Staff College (AMSC) Ft. Belvoir, VA provides graduate-level professional development by teaching competencies that add to the body of knowledge and experience in sustaining base leadership management and decision making for high potential Army employees.

The Army Management Staff College (AMSC) will begin accepting GS-11s for the SBLM non-resident class beginning with Class NR04 (19 May 2003 - 28 July 2004). Applications must include the "Request for Grade Waiver".

Previously, GS-11s were only considered for the Resident class, however, the course director has deemed it appropriate to accept board-selected GS-11s for the non-resident program as well.

Interested personnel who meet the criteria as described in the ACTEDS Catalog are invited to apply through their chain of command to the DCSPER G1. Military personnel may apply via their Branch Assignments Officer or through the Registrar at AMSC.

Headquarters Department of the Army POC for this program is Maxine Matthews on (703) 602-5383.

Army Comptrollership Program Class 50

Acceptance Speech

by Steve Bonta,
Director of Defense Finance and Accounting Service,
Indianapolis Center
Leonard F. Keenan Memorial Award Recipient

Mrs. Pack, Mr. Gregory, Major General Sinn, Vice Chancellor Freund, Dean Burman, Dave Berg, Faculty, Class 50 and distinguished guests. It is a privilege for me to be standing here today and an honor to be given the Leonard F. Keenan award, named for the man whose achievements and influence in the Comptrollership community were so vast.

When I graduated from the Army Comptrollership Program 13 years ago, it never occurred to me that I would someday be a recipient of this prestigious award. I am honored to receive this award amongst the current Army resource management leadership as well as the future RM leadership, this ACP graduating class of 2002. I thought I would always work for the Army, however, I consider it a great privilege to serve as the Defense Finance and Accounting Service Client Executive for the Army. I am the son of a retired Army Colonel and have been associated with the Army for 45 years. What my dad taught me, what the Army Comptrollership Program instilled in me, and what I believe Mr. Keenan stood for is that integrity and commitment to our Country and to the men and women who defend America is paramount.

To class 50. Selection to this program was your management's vote of confidence in your potential to be a future leader in the Army. Eventually, many of you will be assuming senior leadership positions. I have 3 pieces of advice for you as you continue to move through your career.

First, always take care of your people. You will never be successful alone. Be loyal to them and they will be loyal to you.

Second, take care of your customer. Our soldiers on point rely on us. We need to provide efficient, cost-effective, quality service to them so they can focus on their mission. The soldiers who protect our freedom are our ultimate customers. And whether you work for DFAS or within the Army resource management community, our responsibility is to provide them with quality customer service.

Third, don't forget about yourself. You are all highly motivated or you wouldn't be here but you must have balance in your life. It took me a few years after Syracuse to realize this but your personal well-being is as important as your career. My balance is my wife Bridget and my son Christopher and I am fortunate to have them here today. They are the loves of my life.

As you move throughout the world returning to your jobs, I encourage you to create this balance in your life which includes something to strive for, someone to love, and having an overall purpose of living and acting with honor and integrity.

Congratulations and good luck to you, Class 50. I wish you all the best as you transition into the Army financial community. This was the opportunity of a lifetime. Make the most of it.

Thank you.

Acceptance Speech

by Colonel Kenneth A. Pierson,
LTG James F. McCall Award Recipient

Vice Chancellor Freund, Dean Bruman, Associate Dean Bobrowski, Honorable Pack, Mr. Gregory, Major General Sinn, Colonel Retired Berg, Distinguished Guests, Graduating Students, Ladies and Gentlemen.

I am very excited to be here today to finally participate in an Army Comptrollership Program graduation ceremony. I departed Syracuse early to start the Army Command and General Staff College. For fifteen years I have regretted not being in this hall with my classmates. I thank you very much for this opportunity.

When I received word from Dave Berg that I was this year's recipient of the James F. McCall resource management award, my immediate reactions were pride, surprise and concern. I was very proud of the fact that I was being recognized for possessing some of the same attributes as Lieutenant General McCall, a man I have tried to emulate during my career. At the same time, I was extremely surprised, and filled with a great sense of humility, knowing how many outstanding senior military comptrollers there currently are in our Army. Candidly, any of my ACP classmates will readily tell you that Ken Pierson was not one of the mental giants in the class of 1987. Finally, I was a little concerned. You see I knew that the last two officers before me retired before they received this award. I couldn't help but wonder if maybe the Army is trying to tell me something.

Most of you don't know me, and it is not likely you will remember my name very long after you leave here today. So I want to impart upon you five tips that I believe will help you during your journey toward senior financial leadership. Since 1992 a great member of our profession, Terry Placek has engrained in me the importance of mentorship. You may not remember the name Ken Pierson, but perhaps my counsel this morning will have a lasting impact on your professional growth and development.

First, apply the Army Values in everything you do. They are nine simple words – loyalty, duty, respect, self-less service, honor, integrity and personal courage – but they define who you are as a financial manager, a leader and as a person. Every issue you face, or decision you make in our business, involves weighing or invoking one or more of these values.

Second, become connected with the ACP alumni network. Former Syracuse graduates possess a wealth of financial management experience and wisdom and they are more than happy to share with and mentor you.

Third, take care of yourself mentally, physically and spiritually. Don't ever trust anyone that tells you that losing annual leave is a good thing.

Fourth, grow people – train and develop your subordinates. I believe that the future of our profession depends on how successful we are at developing our successors. I challenge you to make the commitment now.

Fifth, and most important, make spending time with family and friends a priority. How well you balance work and play will be your true measure of success. Don't let your only claim to fame be what rank you achieved or how many hours you spent at the office.

Congratulations Class of 2002. I wish you great success in your career and the Lord's richest blessings in you life. Thank you again for this acknowledgment. Now go forth and be the Army's mentors. . .



50 Years

Army Comptrollership Program Celebrates 50 years with Conference, Change in Program.

“As a graduate of the program, I can say that I used what I learned at Syracuse every day of my professional career”

COL. (RET.) DAVID B. BERG

“The conference was a good transition from academia to the real world”

2002 GRADUATE LISA TITUS

Reprint from the Syracuse Record, Syracuse University Newspaper, August 14, 2002

The School of Management’s Army Comptrollership Program celebrated 50 years of training financial managers for the U.S. Army by hosting a national conference this month—and by updating the program.

The conference, “The Future of Financial Management in a Period of Major Defense Transition,” featured Sandra L. Pack, assistant secretary of the Army for financial management and comptroller. Other speakers included Ernest J. Gregory, Pack’s principal deputy; Francis E. Reardon, auditor general of the Army; Major Gen. Jerry L. Sinn, deputy assistant secretary of the Army for budget; Lt. Gen. (Ret.) James Franklin McCall, former comptroller of the Army materiel command and director of the Army budget; and Steve Bonta, director of sustaining forces, defense finance and accounting service, Indianapolis Center.

“The conference was a good transition from academia to the real world,” says 2002 graduate Lisa Titus. “It will make our job transitions all that much easier.”

Also speaking at the conference was Col. (Ret.) David B. Berg, director of the ACP. Along with Berg, who graduated in the ACP’s 25th class, McCall and Bonta are also alumni of the program.

“As a graduate of the program, I can say that I used what I learned at Syracuse every day of my professional career,” Berg says.

Until now, the ACP was an MBA program for Army officers and Army civilians, the only program of its kind in the Army. Beginning with the class that started the program in June, participants will earn dual degrees—an MBA and a master’s of arts in public administration from the Maxwell School.

“The new dual program will provide the ACP graduates with additional policy skills to accompany the business skills provided by their MBA,” Berg says. “We expect this new program to be a national model in the education of public sector financial managers.”

The ACP was inaugurated in 1952 in response to financial problems identified during World War II. More than 1,300 military and civilian personnel have gone through the 14-month program, preparing them to financially manage conflicts from the Vietnam war to Desert Storm, as well as fluctuations in the Defense Department budget.

Under the newly updated program, approved by Pack in January, students will take 42 in the School of Management and 18 in the Maxwell School. In addition, each student must complete 24 hours of community service, a requirement that has been in place since 1997.

“The 14-month, 60-credit program will test the dedication and time management skills of the students,” Berg says, “but we fully expect that they can and will be successful.”



FA 45 Focus

From Lieutenant Colonel Lynn Snyder, Comptroller Proponency Officer

As the focus of this issue of RM is on Professional Development I wanted to address several FA45 officer career management areas. First is the upkeep of your personnel documents. I'm specifically referring to the documents that selection and promotion boards review in determining your career progression: Officer Record Brief (ORB), official DA photo and Performance Fiche. As Major Quinton McCorvey, FA45 Assignments Officer reiterated in the previous issue of RM you must "ensure you are aware when the various selection and promotion boards are scheduled for your year group.

MAJ McCorvey provided detailed information on what to look for in each of the three documents. I will not go into those details again, but I do want to talk again about the ORB to ensure officers understand that this document is also used to make career decisions beyond the boards mentioned above. The ORB is your resume and is used by leaders to assess potential officers being assigned to them; therefore, it is imperative for you to ensure your ORB is up to date and accurate at all times. Today this is not difficult. Gone are the days of having to mail a request to PERSCOM, wait weeks to receive it, and then work hard copies of documents through your PSB back to PERSCOM to make changes, and then again request and wait for a copy to see if the changes were made. Now you simply go to your servicing PSB and the changes are inputted while you wait and you receive a new copy before you leave. In the future you will be able to review your ORB from your AKO account. So there are no excuses for not having an updated ORB.

Secondly, one area of the ORB that I wanted to discuss specifically is the "Duty Title" column in the Assignment Information section (Section IX). Due to the limited space in this column, many job titles must be abbreviated. Acronyms mean something to people familiar with the area, and although many boards will have a FA45 officer representative, time allotted to review each officers file may not leave time for clarifying questions and answers. Feedback from members of recent boards highlights the need to clarify job titles. So we must be very careful in the use of acronyms and abbreviations. For example during a recent review of my ORB my current job title was listed as "Prop Off." Even to a FA45 officer that may not mean a thing, let alone to a non-FA45 board member trying to review a file in a few minutes. "DCSRM" is again crystal clear to FA45 officers, but not necessarily to other non-FA45 board members. Also ensure the title is correct. Another recent look at an ORB showed an officer's current job title as "Program/Budget Officer" when in fact he was serving as a Congressional Budget Liaison Officer. You must also ensure that the DMOS column accurately reflects "45A..." not another functional area code. Another example of an ambiguous abbreviation is "PGM INTEG." There is plenty of space in the column to accurately reflect this title as "Program Integrator." Many times the current job title is inaccurate due to officers not getting to review their ORB after reporting to a new job. A few other abbreviations/acronyms that could be better expanded include:

DRM= Director Resource Mgmt

DCSRM= Dep Chief Staff Resource Mgmt or DCS Resource Mgmt

Pgm/Bud Analyst= Program/Budget Analyst

Dep Comp= Deputy Division Comp(troller)

Budget Anal= Budget Analyst

The bottomline is to ensure that your ORB accurately reflects your assignment history and that all board members can understand that history.

Financial Management Redesign (FMR) Update

FMR is the financial management community's transformation into a force that will be better able to accommodate financial management (Resource Management & Financial Operations as defined in Joint Pub 1-06) on the battlefield. The FMR concept is to redesign the current finance battalions and commands into units that provide both financial and resource management support to the commander. There is a requirement to have resource management capability on the battlefield and to have those resource management requirements documented on the Table of Organization and Equipment (TOE). Recent and ongoing deployments demonstrate the requirement to incorporate resource management capabilities into the TOE structure. Currently, the majority of the Army's resource management capability is documented only on Tables of Distribution and Allowances (TDAs) and not available for deployments as needed. In addition, Finance Standard Requirement Code (SRC-14) structures are out of sync

with current requirements on the battlefield. As the Army transforms to a different structure and benefits from advances in technology, financial management capabilities and transformation must coincide with these changes. The financial management community will achieve its transformation through Financial Management Redesign and the Army's Force Design Update (FDU) process. FMR supports transformation initiatives through the Interim Force, yields smaller battlefield footprint, provides tactical commanders a modular and tailorable FM package, exploits economies of scale and emerging technologies, and documents automation requirements (Global Combat Support System- Army & Financial Management Tactical Platform) on the Tables of Equipment (TOE). The new Financial Management structure is currently in the FDU 03-1 process and has just completed Army-wide staffing and is being prepared for final submission through TRADOC to HQDA. The FMR concept incorporates lessons learned from recent deployments and feedback from internal staffing of the FDU package throughout the financial community. Refer to the following documents for more specific information.

O&O Concept for FMR:

<http://www.finance.army.mil/DPCDD/FMR/05%20FMR%20Concept%20Paper%209JAN03.doc>

FMR Design Paper:

<http://www.finance.army.mil/DPCDD/FMR/04%20FMR%20Design%20Paper%209JAN03.doc>

FDU Briefing:

<http://www.finance.army.mil/DPCDD/FMR/03%20FMR%20Briefing%20Slides%2016JAN03.ppt>

Officer Education System (OES) and Intermediate Level Education (ILE) Update.

The Army recently approved changes to the Officer Education System (OES) based on recommendations of the Army Training and Leader Development Panel (ATLDP) officer study published in May 2001. The Army has decided to implement three high payoff institutional training and education initiatives for lieutenants, captains, and majors. The first initiative is the Basic Officer Leader Course (BOLC). BOLC will ensure a tough, standardized, small-unit leadership experience that flows progressively from pre-commissioning (BOLC I) to the initial entry field leadership experience (BOLC II), and then to branch technical/tactical training in BOLC III. The second initiative focuses on the training and education of captains. Two courses are currently envisioned: The Combined Arms Staff Course (CASC) for staff officers and the Combined Arms Battle Command Course (CABCC) for company commanders. The third OES Transformation initiative is Intermediate Level Education (ILE): a 12 week MEL 4/JPME 1 common core curriculum (Phase I) plus the required CF/BR/FA training and specialized education or qualification courses (Phase II). The training and education officers will receive in these courses provides officers the requisite skills necessary to execute their duties after selection to major and CF designation. This is the initiative that will affect FA45 officers.

The three-month ILE common core curriculum will be delivered in residence at Fort Leavenworth for operations career field officers while the other than operations career field and special branch officers will receive their common core at Distance Education (DE) campus sites where qualified Command and General Staff College (CGSC) instructors will teach them. DE campus sites are at various CONUS installations where Ft. Leavenworth ILE instructors will instruct the ILE core curriculum. This ILE core curriculum will be the same curriculum and delivery method that is pro-

vided in the ILE core course at Ft. Leavenworth. ILE Core consists of a three-month curriculum specifically designed to establish a common officer culture grounded in leadership, Army full-spectrum warfighting in joint and multinational contexts, military history and critical reason/critical thinking. Officers successfully completing the ILE core curriculum will be designated MEL 4 and joint professional military education (JPME) I qualified. Successful common core and the appropriate qualification attendance will result in the award of ILE.

To complement the core and obtain career field credentialing, operations career field officers will attend the seven-month Advanced Operations and Warfighting Course (AOWC) at Fort Leavenworth while officers in the information operations, operational support, and institutional support career fields will participate in functional area qualification courses. The ILE core curriculum pilot started at Fort Leavenworth in August 2002 with 256 officers in the current Command and General Staff Officer Course (CGSOC) class participating. These same 256 officers are now piloting the Advanced Operations and Warfighting Course (AOWC). In addition to the Fort Leavenworth pilot, the Army will pilot the distance education campus site concept in the spring of 2003, with a class at Ft. Lee in April and Ft. Gordon in June. During the transition years, FY 03-08, no other than operations career field officers will attend ILE core curriculum or the Advanced Operations and Warfighting Course (AOWC) at Ft Leavenworth, KS. During this period, all Ft Leavenworth seats will be filled with operations career field officers.

Current plans have the Army Comptroller Course at Syracuse University as the FA45 ILE course. Plans also include adding several other course and instructional topics, such as fiscal law, additional PPBES training and the Resource Management Budget Course to the Army Comptroller Course thus expanding the length for officers attending.

Civilian ATLDP Study Recommends Civilian Advisory Board

WASHINGTON (Army News Service, April 21, 2003)—Creating a Civilian Advisory Board to be an advocate for today's more than 270,000+ Army civilian workers will help level the training and leader development playing field with the uniformed component of the Army, according to one finding of a recent study.

The Army Training and Leader Development Panel Civilian study, released March 13th, mirrored earlier panels that examined the Army culture, and training and leader development views of the officer, warrant officer and NCO corps during the past two years.

The studies were conducted as part of Army Transformation in order to shape the Army's workforce for future requirements, officials said. The civilian study was the last planned ATLDP, yet work continues to resolve issues identified from all the studies.

"We knew going in what most of the issues were concerning civilian training and leader development—the study just confirmed them and provided us with the necessary data to validate the need for change," said Maureen Viall, Civilian ATLDP study director.

Through the use of written and online surveys, focus groups, and one-on-one interviews with Army civilians, garrison commanders, General Officers and Senior Executive Service members, the panel got feedback from over 40,000 respondents.

Viall said the study confirmed that Army civilians were aware that the Army is undergoing profound change as it transforms into the future Objective Force and that they didn't want to be left behind. What that means, she said, is that the future civilian workforce needs to be multi-skilled, multi-faceted—not tied down to doing just one job under a civil service position classification system that is more than 50 years old.

Most General Officer and SES respondents agreed that the current education system is inadequate to develop civilian leaders capable of managing the change Transformation requires.

The study confirmed there are no sequential civilian leader development plans like soldiers have. In fact, only 45 of 444 employees in study focus groups could name a specific leader development course offered to civilians—223 of the group were unaware of any core leader development courses. However, 80 percent of the respondents who had attended a leader development course indicated such courses were beneficial.

Another issue from the study is the failure of many civilian supervisors and managers to attend required leader development courses. Reasons for failure to attend include low command priority for civilian training, lack of time due to mission requirements, lack of money and no consequences for failing to attend mandatory courses or any meaningful recognition for attending.

Training opportunities, whether for professional or leader development, vary widely from major command to major command, according to respondents. The issue here is that most civilian training is currently funded out of each MACOM budget. A few exceptions to that rule include centrally funded leadership training at the Center for Army Leadership and the Army Management Staff College.

"It is a case of the haves versus the have nots," Viall said. "There are generally more training opportunities in better funded MACOMs than in the poorer ones."

Respondents used words like "meaningful, challenging, interesting, exciting, fun and rewarding" to describe their jobs. Almost 90 percent said they plan to make the Army a

career, with only 2 percent stating they planned to leave Army service before retirement. More than 70 percent said they would recommend working for the Army to others.

However, many respondents said they would like more recognition for being productive members of the Army team.

Like the earlier studies that looked at the uniformed side of the Army, the civilian study found that Army civilians' commitment to the Army is not perceived as being reciprocated by the Army; performance evaluations and counseling are inadequate; and current education and career development models are lacking.

Following work by the Implementation Process Action Team which met on April 15-17, 2003, the Army is currently considering a number of recommendations to address issues the study identified. Those recommendations also include: creating a Civilian Education System that mirrors those of the NCO, Warrant and Officer Corps; placing civilian leader development responsibilities—including funding—under one Army organization; increasing formal developmental assignment, self-development and mentoring opportunities; and establishing an Army Civilian Creed.

The recommended Civilian Advisory Board comprised of Senior Executive Service members and General Officers serving on a rotating basis would help implement other approved recommendations, with the board president acting as a civilian workforce advocate to the Chief of Staff.

A summary of the panel's findings is posted on the Army Homepage at <http://www.army.mil/features/ATLDPCIV/default.htm>.



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