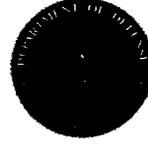
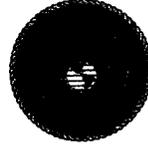


DEPARTMENT OF DEFENSE



BUSINESS INITIATIVE COUNCIL (BIC)

13 SEP 2002

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
DEPARTMENT OF DEFENSE GENERAL COUNSEL
DEPARTMENT OF DEFENSE INSPECTOR GENERAL
DIRECTOR OF OPERATIONAL TEST AND EVALUATION
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Business Initiative Council's (BIC) Approval of Initiatives

The BIC Executive Steering Committee and Executive Directors briefed the BIC on September 4, 2002, and recommended approval of the sixth set of BIC initiatives. The BIC approved 11 initiatives, and also approved the restructuring of an earlier initiative. Summaries of the initiatives are attached. Champions for these initiatives are hereby tasked to develop their implementation plans. While undertaking these efforts, they carry my authority, on behalf of the Senior Executive Council, which is chaired by the Secretary of Defense. I therefore expect the full support and cooperation of all staffs across the Department.

The BIC also discussed the outsourcing of civilian and military positions that perform non-core functions. In addressing the question of how to allocate the competitive sourcing study target among the Components, the BIC decided on a two-phased approach to achieve the required objective. My office will publish detailed instructions to implement this decision.

This latest set of initiatives continues our efforts to improve DoD's business operations. The BIC members are particularly pleased that this set of initiatives includes several that are broader in scope than earlier initiatives. Some of these will require considerable time and effort

BUSINESS INITIATIVE COUNCIL

Chairman: Under Secretary of Defense for Acquisition, Technology & Logistics:

The Honorable E. C. Aldridge, Jr.

Secretary of the Navy: The Honorable Gordon R. England

Secretary of the Air Force: The Honorable Dr. James G. Roche

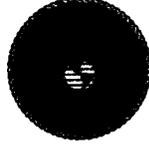
Secretary of the Army: The Honorable Thomas E. White

Vice Chairman of the Joint Chiefs of Staff: General Peter Pace

Under Secretary of Defense Comptroller: The Honorable Dov S. Zakheim

Under Secretary of Defense for Personnel and Readiness: The Honorable David S. Chu

DEPARTMENT OF DEFENSE



BUSINESS INITIATIVE COUNCIL (BIC)

to complete, but we believe that the potential benefits justify the additional effort. Thanks to the great work being done by you and your staffs, the BIC has achieved excellent results to date, and I look forward to our further successes.

E. C. ALDRIDGE, JR.
Chairman

Attachment

BUSINESS INITIATIVE COUNCIL

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Department of Defense Business Initiative Council
Initiatives Approved in Round 6
September 4, 2002

Title: Improve Visibility of Contract Services

Description of Initiative: Planners and programmers at the Departmental level lack visibility of the labor and costs associated with the contract work force and of organizations and missions that the contract workforce supports. This initiative obtains better visibility of the contractor work force, establishing the Army as the DoD pilot to test the contractor manpower and cost reporting process.

Title: Consolidate Defense Agency Overhead Functions

Description of Initiative: This initiative will examine opportunities for potential consolidation of the non-core functions performed by Defense Agency and Field Activities. These non-core functions include resource management (PPBS), human resource activities, information technology, legal, contracting, facility management, and public affairs.

Title: Reengineer Personnel Security Investigation

Description of Initiative: This initiative seeks relief from the burdensome and slow processes associated with granting personnel security investigations. A two-phased approach will begin by gathering quick-fix remedies to obstacles identified through current studies of the personnel security investigative process. With the quick-fix remedies implemented, the next phase will review and redesign the end-to-end process, from request to adjudication. The reengineering effort, which will carry an up-front cost, is expected to improve timeliness and reduce long-term costs.

Title: e-Content Enterprise Licensing

Description of Initiative: Several DoD organizations have found that they can reduce their costs for subscription services for electronic content by joining together to consolidate their leases. This initiative expands the enterprise agreement methodology in order to further leverage the purchasing power of DoD.

Title: International Electronic Information Release Policy

Description of Initiative: This initiative will determine the best method of sharing information between U.S. Government offices and foreign government organizations for the purpose of conducting foreign military sales (FMS) business, military equipment loans, and cooperative programs for the development and production of military equipment.

Title: Managing for Results

Description of Initiative: This initiative will link resources consumed by DoD installation activities to performance outcomes (results), customer demands, and work outputs by using Activity-Based Costing and Management (ABC/M) tools, performance measures, and benchmarks. The initiative designates the USMC as a prototype to develop an improved approach to budget-performance integration by implementing activity-based resource management. A multi-Service Coordination and Review Board will work with the Marine Corps' implementation project to identify, share, and transfer best practices across the Services, identify and recommend Service and joint requirements, develop and propose recommended DoD policy and procedures designed to adopt and implement ABC/M practices, and provide a proof of concept for the use of techniques in other areas of DoD management, such as logistics and acquisitions.

Title: Guaranteed Fixed-Price Remediation (GFPR)

Description of Initiative: A GFPR contract is a new contracting method that obligates the contractor to guarantee achievement of DoD's environmental clean-up objectives (i.e. regulator closure by a certain date) for a fixed price. The contractor uses insurance to protect against cost overruns. This technique has already been used successfully by the Army, which has awarded eight GFPRs (6 BRAC, 2 Active). The Army's initial GFPR contracts have produced significant improvements in both cost and timeliness.

Title: Reengineer Legislative Coordination Process

Description of Initiative: This initiative will redesign DoD's procedures for formulating, reviewing, and submitting legislative proposals to Congress. The new process, which is being developed by an Integrated Process Team (IPT) under the leadership of the OSD General Counsel and OSD Legislative Affairs, will include the development of high-level "themes" for DoD's annual legislative package, more precise definition of roles and responsibilities, and a comprehensive timeline designed to better serve the needs of DoD, OMB, and Congress.

Title: Cost-Effective Multi-Year Contracting Arrangements and/or Purchase of Military Sealift Command (MSC) Ships

Description of Initiative: MSC faces numerous challenges in acquiring sealift capability in the most efficient and effective manner. This initiative will explore alternative approaches for acquiring the required capability, with the primary objective of reducing rates charged to customers while still meeting mission requirements. The cross-Service IPT convened to implement this initiative will consider alternative approaches that include purchase, long-term lease, and construction.

Title: Working Capital Fund - Business Practices

Description of Initiative: The objective of this initiative is to improve the business practices and financial policies of the Defense Working Capital Fund (WCF) across all business areas. To achieve this objective, the OSD Comptroller has been asked to assemble a WCF Task Force that will conduct a focused review of selected business practices and financial policies. The Task Force, with senior representatives from all Services, OSD Staff, and selected Defense Agencies, will identify both short- and long-term actions to improve WCF operations.

Title: Provide Adequate Fitness Facilities

Description of Initiative: Fitness facilities at many installations need to be improved in order to provide the proper level of support to the military and civilian personnel who use them. Each Service has developed a plan to meet the requisite standards in a timely manner. However, recognizing that there might be alternative approaches that are worthy of consideration, the Services and the OSD Staff will form an IPT to explore possible alternatives. These could include a combination of military construction, public-private ventures, facilities consolidation, and new facilities designs. The intent of this initiative is not to prescribe a single approach for all Services, but rather to develop a robust slate of alternatives that each Service can use as appropriate to address its unique requirements.

Title: Improve the Speed and Quality of the Decision-Making Process within DoD

Description of Initiative: Under this initiative, a cross-Component IPT will be formed to study the reengineering of DoD's decision-making process. The IPT will define the problems and issues associated with the current process, identify constraints and opportunities that should be addressed in a reengineered process, and then present options to the Senior Executive Council or Business

Initiative Council. This initiative specifically excludes decision-making that is part of the DoD Planning, Programming, and Budgeting System. (This is a restructuring of an initiative titled "Streamline the Administrative Coordination Process," which the BIC approved on December 3, 2001.)