



S E C R E T A R Y O F T H E A R M Y
W A S H I N G T O N

DEC 11 2002



MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Army Business Initiative Council (BIC)

We have just completed our third review of BIC initiatives, and once again I am extremely pleased with the quality of the initiatives I was asked to approve. We have been actively seeking new and improved ways to conduct our business operations under the BIC banner for nearly 18 months, and I am impressed that the flow of good ideas has not slowed down. To the contrary, each quarter we see additional MACOMs becoming more active participants in the BIC process.

On November 13, 2002, I reviewed 26 initiatives submitted in response to my most recent data call. I approved 12 of these initiatives — six for implementation within the Army and six for submission to the Department of Defense (DoD) BIC as Defense-wide initiatives. I decided to defer action on six initiatives that need further study, and disapproved seven. The remaining initiative is already being worked. I am also pleased to report that within hours of my approval, we presented two of our Defense-wide initiatives to the DoD BIC Executive Directors. When our initiatives move through the challenging review process this rapidly, it is a clear sign the Army is identifying sound initiatives and that our supporting analysis is solid.

The approved initiatives, described in the enclosure, include actions enabling us to efficiently maintain operational project stocks, provide assurance that our units are issued required equipment in a timely manner, identify and capitalize on best practices in all functional areas, and consolidate network service providers for the Army Reserve.

I have tasked the Secretariat and Army Staff to begin developing implementation plans for the approved initiatives, and I ask for your support in putting the initiatives into action. I also ask for your continued participation in the form of developing initiatives, and look forward to receiving the next set of candidate initiatives, which are due by January 31, 2003.

Our need for more efficient, more effective business processes will never diminish, and the sustained attention you are giving the BIC program bodes well for the future. I thank each of you for helping provide leadership and direction for the program.

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and I ask that you extend my appreciation to the people in your organizations who have devoted time and effort to develop, submit, and evaluate proposed initiatives.

A handwritten signature in black ink that reads "Thomas E. White". The signature is written in a cursive style with a long horizontal line extending to the right.

Thomas E. White

Enclosure

DISTRIBUTION:
PRINCIPAL OFFICIALS OF HEADQUARTERS, DEPARTMENT OF THE ARMY

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SUPERINTENDENT, U.S. MILITARY ACADEMY

**Army Business Initiative Council (ABIC)
Initiatives Approved on 13 November 2002**

The Secretary of the Army has approved the following ABIC initiatives. Six of the initiatives are Army-unique, while the remaining six will be submitted to the Department of Defense's Business Initiative Council for potential DoD-wide application.

ARMY-UNIQUE INITIATIVES

- **Research, Development, and Engineering Center (RDEC) Teaming with Industry (AM-A-03-03):** RDECs could provide the long-term core competencies to retain both an intelligent acquisition capability and the ability to nurture industry in the up and down cycles they endure because of the nature of the defense business. The enabling legislation would result in creation and maintenance of core science and technology skills in RDEC and industry, improved use of RDEC knowledge in faster and better acquisitions, increased use of RDEC facilities, and a teaming environment equivalent to emerging industry best practices.
- **Integrated Type Classification Process (AM-A-03-05):** This initiative would consolidate the Type Classification and Materiel Status Record documentation in a Web-based tool under the management of a single proponent office. The proponent office would be responsible for establishing an integrated process, publishing appropriate regulatory guidance, and overseeing implementation of the process. The tool should provide a central facility to meet the requirements of both processes, share the common data in an Army Knowledge Online (AKO) environment, and facilitate the preparation and coordination of necessary documents.
- **Operational Project Stock (IL-A-02-01):** Under this initiative the Army will conduct a thorough review and analysis to determine whether and how Operational Project Stock storage sites should be consolidated. There are currently 14 DA-approved sites positioned through-out the world. Based on the outcome of this review and analysis, this initiative could lead to consolidation into fewer locations.
- **Update Common Tables of Allowance (CTAs) (IL-A-02-08):** This initiative will improve USAFMSA's capability to update all CTAs by developing effective and efficient Web-based and AKO-enabled approaches to updating and staffing the CTAs. Without updated authorization information, commanders do not know what is required to support their soldiers. Also, without updated CTAs, the Training Resource Management model inadequately allocates resources for commanders to buy authorized equipment. CTAs have not been updated since 1994.
- **Streamline Army Best Practices Process (IT-A-03-12):** This initiative streamlines the Army process to capture, share, and adopt enterprise-wide best practices. The Vice Director of the Army Staff will establish a Best Practices Integrated Process Team and develop a distribution strategy on AKO aimed at enabling enterprise-wide learning, with data-mining capability for push/pull/search functionality.
- **Army Reserve Network (IT-A-03-15):** The Army Reserve currently operates a three-tiered enterprise-computing environment consisting of voice, data, and video services.

Implemented in the 1990s to allow for the rapid horizontal fielding of quality services to the complete Army Reserve Network, this approach is no longer appropriate. This initiative would consolidate multiple service providers using streamlined acquisition processes and simultaneously insert key network and data technology for the Army Reserve Network. Additionally, implementation of this new system is expected to remove the second tier of the Army Reserve's network structure.

ARMY INITIATIVES SUBMITTED TO THE DoD BIC

- **The Army Passport Office (MP-A-02-13):** The Army is the Executive Agent responsible for providing passport support services throughout DoD. Under this initiative, the procedures and processes will be reengineered by leveraging emerging technologies and existing DoD data systems and automation.
- **Working Capital Fund (WCF) Line of Credit (RM-A-03-14):** Budgeting rules for WCF installations – maintenance and storage depots, arsenals, and ammunition plants – require them to plan for their capital equipment requirements two or three years in advance. This initiative proposes a line of credit be established that each installation could use to purchase capital equipment when unanticipated requirements are identified. Under this proposal, the installation would submit its request to higher headquarters and be required to identify cost-reduction actions to save an amount equal to the cost of the equipment. This constraint ensures customers of the WCF will not see higher prices as a result of the purchase. In addition to giving the installation commander increased flexibility and responsiveness, this initiative provides a greater incentive to pursue productivity-enhancing initiatives and reduces the potential for program instability in other WCF activity groups.
- **Fund Travel in Current Year (RM-A-03-16):** Under current policies, when a DoD employee traveling on government business starts and ends the travel in different fiscal years, dollars for both years must be used to fund the two portions of the trip. Each year, this requires significant administrative effort to segregate estimates of charges applicable to each year, prepare travel orders with two fund cites, post commitments to two separate years, and compute entitlements to two separate years. This initiative proposes to change fiscal rules, permitting the full cost of travel to be charged to the appropriation current when the trip began. This would simplify processing rules, eliminate unique and complex software code, and bring the accounting rules for temporary duty in line with those applied to permanent changes of station.
- **Fund Civilian Pay in Current Year (RM-A-03-15):** The government's fiscal year and the two-week pay periods for civilian employees are not in sync with one another. The fiscal year almost always ends in the middle of a pay period. Current policy requires dollars from two different fiscal years be used to fund the two portions of the pay period. This requires significant administrative effort to create and post obligations for each year, and to direct payroll and accounting systems as to the number of days to charge to each year. It also creates a recurring software development and modification cost each time DoD deploys a new civilian payroll system, as these systems usually require modification in order to cover this unique situation. Under this initiative, fiscal rules would be changed, allowing the full cost of civilian payroll to be charged under the appropriation current for the first day of the pay period. This reduces potential mission interruption when neither an appropriation nor continuing resolution has been passed by 30 September, reduces software life-cycle costs,

better aligns financial policy with various personnel rules, and simplifies payroll processing procedures.

- **Purchase Supplies from Exchanges (RM-A-03-19)**: Army organizations spend nearly \$2 billion on supplies purchased from a variety of commercial and government sources. This initiative proposes organizations be given the opportunity to make greater use of the Exchanges (Army and Air Force Exchange Service, Navy Exchange, and Marine Corps Exchange) as a source for supplies. This would give organizations greater opportunities to shop for the best possible price; give organizations a more convenient source of supply; increase the contribution to Morale, Welfare, and Recreation activities (which are based on a percentage of Exchange sales); and potentially increase the purchasing power of the Exchanges, putting them in a position to negotiate better prices. This initiative includes a three-phased action plan. First, DoD will initiate an information campaign to increase organizational awareness of the Exchange as a source of supplies, and encourage them to use the Exchange within current ceilings of \$2500. Second, it would seek authority for organizations to be issued the "Military Star Card," an Exchange credit card that saves Exchanges the 2% merchant fee it pays when other credit cards are used. This cost reduction would be passed directly to customers in the form of lower prices. Third, it would seek revision of the current purchase ceiling of \$2500.
- **Scoring Criteria for Capital Leasing (RM-03-A-21)**: Government organizations are authorized to use capital leasing – i.e., leasing to own – as an alternative means of acquiring high-dollar assets. However, the accounting policy on capital leasing requires organizations to essentially obligate the full cost of the lease (actually the "net present value") in the first year. By requiring all funds to be obligated in the first year, this policy effectively eliminates the use of capital leasing. Under this initiative, the policy (referred to as "scoring rules") would be revised so funds would be obligated when the lease payments are actually made. This will make capital leasing affordable, and will enable DoD (or any government agency) to reap the benefits of capital leasing. Rather than ask for a blanket change in policy, this initiative proposes a pilot test be conducted to determine full-scale feasibility.