Army Cost Management Steering Group

18 February 2015
1300-1500
3C349

Agenda

- Opening Comments
- Actions Update from 1QTR FY15 CMSG
  - I. Charter
  - II. Army Standard Labor Time Tracking (ASLTT) Ad hoc Working Group
  - III. Cost Management Strategic Implementation Plan (CMSIP)
  - IV. Command Cost Model Schedule
  - V. Cost Managed Organizations

- CMCC Update
- Command Presentations
  - – FORSCOM
  - – USARC

- Future Topics
- Cost Model Requirements Tracker Demonstration (Time Permitting)
- Closing Comments

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Actions Update

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ASLTT Working Group – Update

- ✓ Conducted 3 Ad hoc working group meetings to communicate the approved Army problem statement and formalize organization specific labor tracking requirements in preparation for the upcoming Business Case Analysis (BCA)

- ✓ CMSG representation from the following member organizations:

ASA (M&RA)	G-3/5/7	ASA (ALT)	G-4
CIO/G-6	ACSIM	OBT	OCAR
FORSCOM	TRADOC	AMC	ATEC
USARPAC	USAREUR	MEDCOM	USACE

- ✓ Organization specific requirements provided by:

TRADOC	ATEC	USACE

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ASLTT Way Ahead

- Additional Ad hoc meetings will continue as needed to:
  - Collect and refine command specific requirements
  - Determine existing labor tracking capabilities that are used today by organizations
  - Review final draft of the study guidance and study plan

- Work on obtaining Material Development Decision (MDD)
  - Identification of OPR assignment (*ASA(ALT)*)
  - Finalize the draft study guidance and study plan (*OBT*)
  - Start preparing Business Case Analysis (BCA) (*DASA-CE, OBT, WG as needed)*
  - Determine funding requirement and bill payer for conducting the BCA
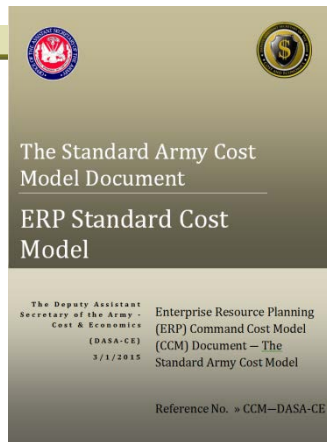
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Upcoming Cost Management Documents

U.S. Army Cost Management Strategic Implementation Plan 2015-2025

- 4Feb15: Draft document distributed for staffing
- Implementation Plan Contents:
  – Goals &Objectives
  – Assessment Areas (Measures of Effectiveness)
  – Implementation Plan & Tasks
  – Overview of Cost Management Process, Tools, and Resources
  – Aligns Cost Management and Army Financial Management Optimization Objectives (Key Tasks & Measures of Performance)

The Standard Army Cost Model Document ERP Standard Cost Model

The Deputy Assistant Secretary of the Army - Cost & Economics (DASA-CE) 3/1/2015
Enterprise Resource Planning (ERP) Command Cost Model (CCM) Document — The Standard Army Cost Model
Reference No. » CCM—DASA-CE

- 1Mar15: Draft document
- Standard Cost Model Contents:
  – Overview and usage of all Cost Master Data objects (e.g. Cost Centers, Orders, WBS Elements)
  – ERP Cost Planning
  – Capturing Actuals (Payroll, Labor, Non-Pay/Labor, Depreciation)
  – Performing Cost Allocations/ Cost Assignments
  – Inbound cost interfaces
  – Cost Reporting

Command Cost Model Document U.S. Army, Pacific (USARPAC)

The Deputy Assistant Secretary of the Army - Cost & Economics (DASA-CE) 1/31/2015
Enterprise Resource Planning (ERP) Command Cost Model (CCM) Document — Command Series
Reference No. » CCM—OA82

- Dec 2014-May 2015
- Documenting the **43** Command Unique Cost Model Documents
- 19 CCM Documents published on the Cost & Performance Portal
- Living Documents
- Reference Documents to understand the Command's current cost model in multiple ERPs

Cost Master Data: GFEBS Help Desk Standard Operating Procedures May 2015
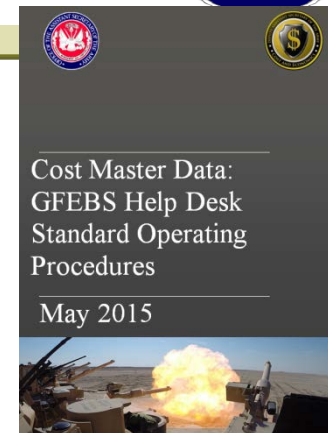
- May15: Draft document with updates for the Help Desk transition
- SOP Contents:
  – Roles & Responsibilities
  – Links to required supporting documentation (e.g. Faces-to-Spaces, policies for Cost Master Data)
  – Command unique cost model requirements
  – Procedures to review & update Cost Master Data

CMSIP - Update

✓ CMSIP Outline was staffed through CMSG AOs on 4 Dec

– The outline was updated based on feedback.

Initial Version

Cost Management Implementation Guide Outline

Executive Summary
1.0 Introduction
    1.1 Cost Management Fundamental Concepts
    1.2 Performance Metrics
    1.3 Cost Management Goals
    1.4 Implementation Plan Overview
2.0 Cost Management Governance
    2.1 Strategic Level
    2.2 Organizational Level
    2.3 Tactical Level
3.0 Cost Management Processes
    3.1 Cost Planning
    3.2 Cost Accounting/Measurement
    3.3 Cost Analysis
    3.4 Cost Controlling
4.0 Implementation Objectives
    4.1 Near Term Objectives
    4.2 Mid Term Objectives
    4.3 Long Term Objectives

Appendix A – Implementation Objectives for FY 2015
Appendix B – Implementation Objectives for FY 2015-2018
Appendix C – Implementation Objectives for FY 2015-2020

Current Version

Cost Management Implementation Guide Outline

Executive Summary
1.0 Introduction
    1.1 Cost Management Fundamental Concepts
    1.2 Governing Authorities
2.0 Measures of Effectiveness
    2.1 Assessment Areas
    2.2 Current Operating Environment
3.0 Cost Management Strategic Goals
4.0 Implementation Plan Overview
5.0 Implementation Tasks
6.0 Leadership and Governance
    6.1 Strategic Level
    6.2 Organizational Level
    6.3 Tactical Level
7.0 Cost Management Processes
    7.1 Cost Planning
    7.2 Cost Accounting/Measurement
    7.3 Cost Analysis
    7.4 Cost Controlling
8.0 Leveraging the ERPs
9.0 Implementing Objectives
    9.1 Optimization Objectives
10.0 DASA-CE Key Optimization Tasks
11.0 OA Key Optimization Tasks
12.0 Cost Management Functional Key Optimization Tasks
13.0 Conclusion

APPENDIX 1: Cost Management Training
APPENDIX 2: Cost Management Resources

✓ Final draft was sent out on 5 Feb to CMSG AOs

CMSIP at a Glance

CMSIP is the Army's Enterprise guiding document on Cost Management:

- Provides a framework for the Army to become an optimized cost-managed organization by aligning to 4 strategic goals:
    1. Establish an Army-wide Executive Level group to direct and influence the implementation of Cost Management policy, strategy, key capabilities, and best practices that align with and enable the Army Leadership priorities.
    2. Enhance analysis capabilities by transforming into an organization that considers cost and performance data to make the best informed decisions for the Army.
    3. Leverage Army Enterprise Resource Planning (ERP) systems to enable better cost planning, analysis, and control in support of resource-informed decision making processes.
    4. Strengthen cost management capabilities through training, best practices, and Knowledge Management to transform to a cost culture.
- Outlines several tasks and measures of performance to assess the maturity of cost management throughout the Army. (*Enhance Auditability, Leverage the ERPs, Minimize Redundant Capabilities, and Right-size and Optimize the Workforce, Better Analysis for Decision-Making, etc.*)
- Equips organizations to develop specific Cost Management Implementation Plans
- Introduces the Cost Management Organizational (CMO) concept

Actions Update

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Cost Management Steering Group

Command Cost Model Document Schedule

Assistant Secretary of the Army
Financial Management & Comptroller

Cost & Performance Portal

Timothy Lawrence

CM Overview | CMSG | Guidance | Training | Cost Warriors | **Command Corner** | Community Forums

Command Policies and Guidance | Command Cost Model Document Schedule

Once completed, the Command Cost Model (CCM) Documents are posted in the Command Corner under the "Command Policies and Guidance" tab.

If you have any questions, please email us at usarmy.pentagon.hqda-asa-fm.mbx.dasa-ce-cost-and-perf-mgmt-div@mail.mil.

Command Cost Model (CCM) Documents	Posted to the CM Knowledge Center	Command Cost Model (CCM) Documents	Posted to the CM Knowledge Center	Command Cost Model (CCM) Documents	Posted to the CM Knowledge Center
FORSCOM	Posted	NETCOM	Posted	AMC ASC	4/14/2015
USARC	Posted	OCAR	Posted	AMC CMA	4/14/2015
USAEUR	Posted	USARPAC	Posted	AMC AMCOM	4/14/2015
ARCENT	Posted	USARSO	Posted	AMC JMC	4/14/2015
USARAF	Posted	USACIDC	3/13/2015	AMC SDDC	4/14/2015
AFRICOM	Posted	USARNORTH	3/13/2015	USMA	5/14/2015
EUCOM	Posted	MDW	3/13/2015	INSCOM	5/14/2015
IMCOM	Posted	SMDC / STRAT	3/13/2015	USASOC	5/14/2015
AMC HQ	Posted	SOUTHCOM	3/13/2015	JIEDDO	5/14/2015
TRADOC	Posted	USASAC	3/13/2015	ARCYBER	5/14/2015
ARNG	Posted	AMC LOGSA	4/14/2015	Arlington National Cemetery	5/14/2015
MEDCOM	Posted	AMC CECOM	4/14/2015	Army War College	5/14/2015
RSW (OA22)	Posted	AMC RDECOM	4/14/2015	MEPCOM	5/14/2015
ATEC	Posted	AMC ACC	4/14/2015		
USAASC (PEO)	Posted	AMC TACOM	4/14/2015		

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CMO Background

Leadership Quotes:

- *"...salami-slicing approach results in a hollowing-out of the force"*
- *"...we're 0-for-4 in managing drawdowns"*
- *"...analytically determine the best way to deal with the drawdown"*

Date	Description
30 DEC 09	CBA to Support Enterprise Decision Making
27 DEC 10	Consideration of Costs in DoD Decision-Making
06 JAN 11	SECDEF $29B in Army Efficiencies
14 MAR 11	Consideration of Cost Memo (ASA-FM&C to lead)
5 JAN 12	DoD Strategic Guidance-Impact of fiscal constraints
12 OCT 14	Cost Management Steering Group Guidance

CMO Objective

- Recognize current cost management best practices
- Enhance future CM effectiveness
- Promote active financial and performance management
- Focus on organizational performance
- Provide objective feedback to leadership
- Define Functional excellence
  - Quality_____ISO
  - Process Improvement_____CMMI

CMO Focus

- Organization level optimization

- Focus on larger organizations:
  - Three levels of management (i.e. min. of two reporting subordinate levels)
  - $500M operating budget and/or
  - > 500 FTE's employee labor

- Business/Functional Management ?
  - No Warfighting HQs (Division, Corps, Brigades)

CMO Assessment Criteria

- Functional teams to assess organization
- Assess level of cost management implementation in four categories:
  - Organizational Management
  - Performance Management
  - Workforce Management
  - Process Management

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CMO Category Descriptions

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ORGANIZATIONAL MANAGEMENT
Leadership Commitment
Command involvement and ability to influence the use of resources within the organization
- Active Management
- Control Incentives
- Strategic objectives

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PERFORMANCE MANAGEMENT
The accounting and measurement of outputs and associated resources
- Accounting
- Performance measure/tracking

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FUNCTIONAL WORKFORCE
The human resource ability of an organization to implement and sustain CM best practices
- Resource Commitment
- Training
- Decision Making

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PROCESS EVALUATION
The ability of an organization to understand and control its processes, policies, doctrine and their influence on resource consumption
- Requirements management
- Process analysis

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CMO Ad Hoc Working Group?

- Capture Management Needs
- User input/feedback
- Refine Criteria
- Define Processes

  - Output Cost Tracking

  - Predictability

  - Better Planning

  - Cost Informed Decision Making

  - Better Resource Allocation

Cost Management Steering Group

Cost Management Certificate Course (CMCC) Update

February 18, 2015

Cost Management Steering Group

CMCC Overview

WHAT IS CMCC?

✓ An intense 4 week program designed to teach students how to manage Army business operations efficiently and effectively through accurate measurement and thorough understanding of the "Full Cost" of business processes, products, and services.

✓ Certificate holders will become consultants who are equipped to help decision makers, and provide the best value to customers and stakeholders.

✓ Graduates will earn 12 graduate credits from the Darla Moore School of Business, University of South Carolina.

TARGET AUDIENCE

Military (Army Only):
Officer: Major and Above
Enlisted: Master Sergeant
Army Civilians:
GS-13 and above

Bachelors Degree
Three years of government service
Senior (SES/GO) Leader Endorsed

Week 1 Managerial Costing - instruction in cost concepts and analysis techniques that include cost benefit, break-even, and variance analysis.

Week 2 Operations Management - fundamentals of design, management, and control of operational processes for cost management.

Week 3 Cost Control - cost management and controlling concepts, development of a cost culture team and building a strong staff to support the commander and decision makers.

Week 4 Leadership & Ethics- instruction to analyze, understand, and influence organizations within which they work by introducing psychology, behavior, and communication principles applied to organizations.

CMCC 15-1 Applicants
(23 Mar – 17 Apr)

Command/Org	Name	Grade /Rank
FORSCOM	Chon, Christine	12
	Corley, Linda	13
	Ferrer, Brandi	12
	Haynes, Forest	13
	Pulphus, Valerie	13
IMCOM	Bailey, Joyce	12
	Ayer, Jamie	14
	Edwards-Miller, P.	12
	Peterson, Brian	12

Command/Org	Name	Grade /Rank
ASA (FM&C)	Hanzelka, Peter	13
AAA	Burke, Shonale	14
Natick	Sowerbutts, Anne	13
CERDEC	Lee, Edward	13

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CMCC Facts

- Central Funding for 56 Students
  - Tuition/Fees/Books
  - Travel: limited to per diem, lodging, $1K travel
  - Other expenses funded by sponsoring organizations
- Currently 23 interested in 13 Jul – 7 Aug offering
  - Applications due 25 May

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FORSCOM Presentation

USARC Presentation

Future Topics

Cost Model Requirements Tracker

Closing Comments