

DoD Enterprise Solutions

Structural/Cultural Issues Remain Major Impediment

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Despite the collapse of the dot.com speculation bubble, networking technologies are bringing substantial improvements to several commercial firms. Many visionaries are searching for applications of these technologies to improve DoD processes—the larger the undertaking the greater the potential payoff.

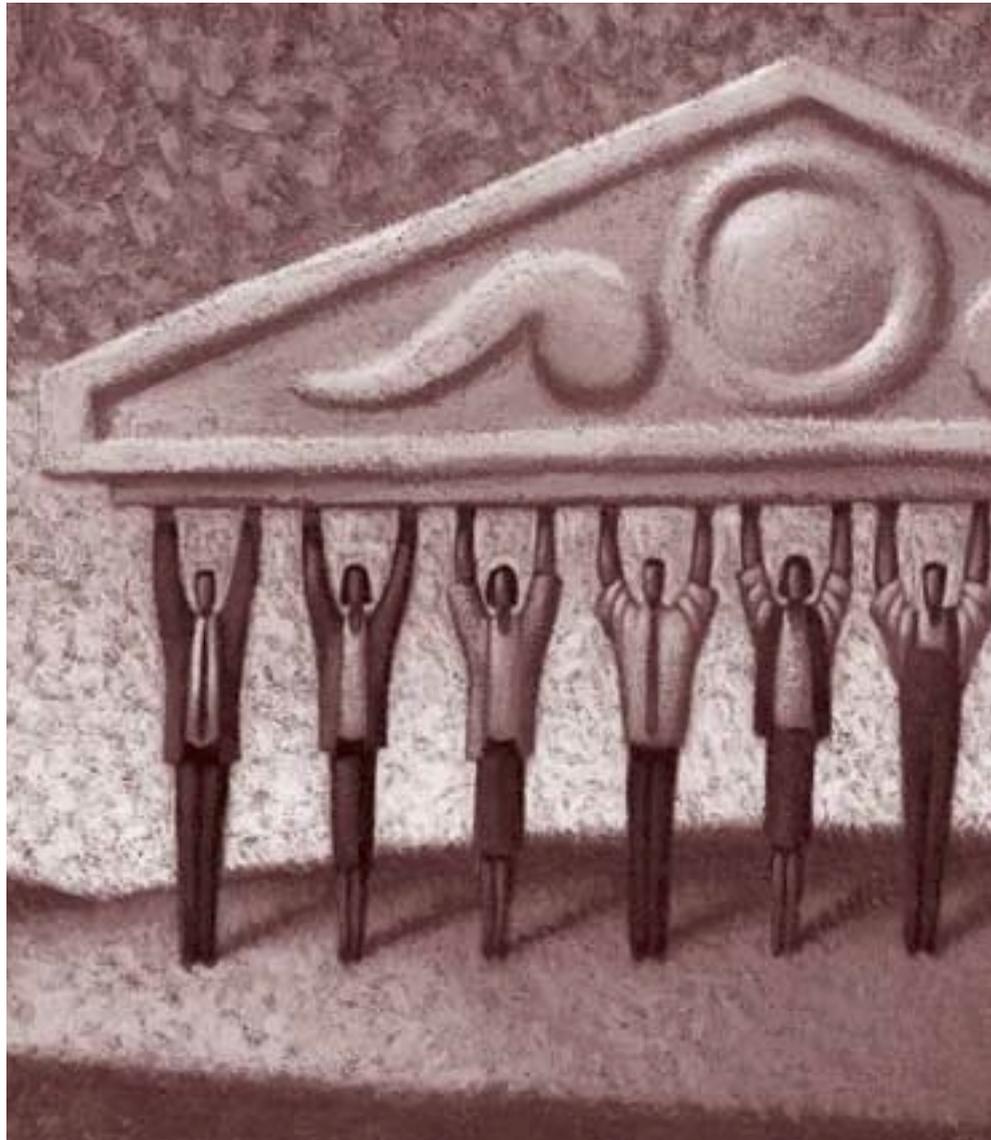
Large Enterprise Solutions Difficult to Implement

This article will list some of the challenges faced by DoD agencies that make success more difficult to achieve than for their corporate counterparts. Under the best of circumstances, large enterprise solutions are especially difficult to accomplish successfully. The field is littered with far more failures than successes.

Little or No Incentive

In a government agency, what is the incentive to tackle such difficult endeavors? In many instances, a disincentive exists. If the agency is successful in reducing cost by 20 percent, its budget is reduced by the same amount. What rational manager takes on such a difficult, time-consuming, and draining challenge under these circumstances? Even when the financial disincentive is not present, there remains little or no reason to undertake such a disruptive and difficult project.

An example of this is aircraft overhauls. Through a series of process improvement steps, American Airlines now overhauls a Boeing 757 in three weeks. By contrast, it takes 304 days for Corpus Christi Army Depot to overhaul helicopters. Despite being offered the tech-



nology, no general or political appointee or congressperson is requiring the Army Depot to undergo such wrenching change.

Can't Make the Business Case

When corporate executives are presented with proposals, they orient on either a Return-on-Investment (ROI) or

competitive pressure as the reason to approve, fund, and participate. In the public sector, competitive pressure rarely exists. With respect to establishing an ROI, one must first determine the “as is” costs and the estimated “to be” costs. DoD does not have a cost accounting system that collects this information. Without knowing within some degree

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of certainty the existing full costs, no ROI or payback projections can be made.

Such Projects Require Endurance

Reengineering large, complex processes requires years; it's common for such undertakings to take place over four to eight years. Senior military personnel



typically rotate out of leadership positions every 12 to 24 months. One cannot reasonably expect an executive to orient on the long-term when they are measured on near-term objectives.

Diffusion of Responsibilities

Implementing solutions with outside partners dramatically increases complexity, cost, and risk. The nature of DoD

enterprise solutions is that they entail coordination with multiple affected agencies. As an example, a Marine Corps colonel who wants to implement an integrated supply chain improvement must persuade numerous other agencies to change their practices. This list includes, but is not limited to, the Defense Logistics Agency, Department of

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the Navy, Defense Finance and Accounting Service, legal reviews, impacted supply funding arrangements, quality control, and contracting officers. These agencies have little to gain; proposals often introduce substantial disruption to their organization, and frequently include the risk of job losses. Eliciting the active participation of the senior executive (in this case, the Secretary of Defense) is not viable.

Rewards Come from Concepts, Not Completion

Major development programs require years—even decades to be completed. The personnel appraisal and promotion system rewards new ideas and projects, not the continuation of existing ones. No one gets promoted by stating their performance objective is to “keep the [fill in the blank] initiative on track.” Over the course of a program, thousands of unplanned variables emerge such as technology changes, funding variances, and test results. This situation, combined with the diffusion of responsibilities and relatively short assignments, results in an environment where no one can reasonably be held accountable for on-schedule, on-time, at-cost performance.

Since actual performance cannot be measured, one outcome is a culture where new ideas are valued. Ambitious managers know that a promising new initiative will give the appearance of innovative management. In the actual implementation of process innovation, 5 percent of the effort is expended on the development of a plan and 95 percent on the implementation. Since the majority of the reward (recognition) is derived from the development of a new initiative, rational persons will devote their time and energies devising new or modified plans (and emphasizing how superior their new or modified plans are compared to the status quo).

Congressional Funding is Stovepiped

Congressional funding for programs is provided to program managers to achieve success on their particular programs. Enterprise solutions, by definition, require the resources of multiple agencies.

Government Personnel Tend to be Risk- and Change-Averse

Government employees, by their nature and training, tend to be risk- and change-averse. Prospective employees don't become civil servants because they are attracted to a high-risk environment of innovation. Senior government managers are those who build consensus, not radical and persistent change zealots.

Every Decision Must Pass Widespread Scrutiny

The nature of public policy is such that every decision must face the scrutiny of auditors, Congress, citizens, and firms who feel they may have been slighted. No major change can take place if anyone who is adversely affected has veto power.

Increased Efficiency is Not a High Priority

The primary objective of public policy is fairness. Also high on the list is the need to avoid fraud and errors. The Federal Acquisition Regulation and congressionally directed goals are explicit in establishing other public policy objectives at the cost of efficiency. By contrast, firms have two objectives: they need to increase revenue and decrease cost (via improved efficiency).

Major Impediment—Structural/Cultural Issues

The major impediment to enterprise solutions is not regulations, but rather the types of structural and cultural issues discussed in this article. This is not to suggest that smaller, intra-agency improvements should not be pursued. Areas abound where process innovation and/or technology can improve DoD operations. Dedicated employees who want to improve government efficiency, however, would do well to direct their energies to undertakings that have the potential to succeed.

This environment also suggests that the optimal solution will often be outsourcing an entire process. Government employees are often averse to this solution because it appears to reflect poorly on their capabilities. But the reason FedEx can implement instantaneous tracing and tracking systems, and Caterpillar can deliver spares worldwide in 48 hours is not because they have brighter people, but rather due to their elimination of these types of institutional barriers.

Editor's Note: The author welcomes questions or comments on this article. Contact him at rklein@belzon.com.

Executive Order 13160, Ensuring Equal Opportunity in Federally Conducted Education and Training Programs

Executive Order 13160, issued on June 23, 2000, prohibits discrimination on the basis of race, sex, color, national origin, disability, religion, age, sexual orientation, and status as a parent in federally conducted education and training programs. On Nov. 17, 2001, the Assistant Secretary of Defense (Force Management Policy) issued guidance on implementation of the President's Executive Order.

The Executive Order was issued in order to achieve equal opportunity in all federally conducted education and training programs and is premised upon the

notion that the Federal Government should hold itself to at least the same principles of nondiscrimination in educational opportunities as it applies to the educational programs and activities of recipients of federal financial assistance. Toward that end, the Executive Order is intended to supplement existing laws and regulations that already prohibit many forms of discrimination in both federally conducted and federally assisted educational programs.

View the complete Executive Order online at the OSD Chancellor of Education Web site (<http://www.chancellor.osd.mil/>).

Certified Defense Financial Manager (CDFM) Program

The American Society of Military Comptrollers (ASMC), in partnership with the Department of Defense, has developed a formal certification for defense financial managers. A wealth of information is available for those who manage DoD resources—information that a practitioner needs to know in order to perform at a professional level within the DoD financial management community. That wealth of knowledge was not addressed with any other available certification program.

The Certified Defense Financial Manager (CDFM) Program establishes a standard of excellence for professional managers of defense resources. The CDFM exams are available to anyone who has a high school diploma or equivalent and three years' defense-related financial management experience or has two years' defense-related financial management experience and at least an associate's degree. The program consists of three computer-based examinations that address the 12 core competencies for DoD financial managers.

For additional information on CDFM, check out the ASMC Web site at <http://www.asmcnline.org/cdfm/welcome.html> or contact Frank Arcari, (703) 549-0360, x226. To call toll free, dial (800) 462-5637, x226, or e-mail Arcari at arcarif@asmccertification.com.