

DEFENSE BUSINESS PRACTICE IMPLEMENTATION BOARD

Minutes of Planning Session

Held on

March 15, 2002

Mr. Gus Pagonis, Chairman of the Board, opened the planning session at 8:00 a.m., in Room 1E801#7, the Pentagon. The list of attendees and the agenda for the session are attached.

Dr. Dov Zakheim, Mr. Pete Aldridge and Dr. David Chu spoke to the Board during its proceedings and briefings were received on the Role of the Senior Executive Council, the Financial Management Modernization Program to include Mr. Steve Friedman's summarization of his study, Financial Management Metrics, Human Capital and the Defense Finance and Accounting Service operations.

Highlights of key official comments and major presentations follow:

Comments

- Dr. Dov Zakheim, Under Secretary of Defense (Comptroller) (OUSD(C))
 - Has identified and funded many initiatives and plans to improve financial management
 - Financial management is undergoing a major cultural change
 - Plans to rejuvenate financial management workforce with qualified people and create an environment that will attract young people
 - Looking for the Board to:
 - Focus on near-term accomplishments
 - Identify 3-4 initiatives that we need to accomplish this year and how progress should be measured - does not want initiatives that will take 3 or more years to implement.(If an initiative can improve areas outside my realm that is a plus)

- Mr. Pete Aldridge, Under Secretary of Defense (Acquisition, Technology and Logistics) (OUSD(AT&L))
 - Outlined five major goals
 - Improve acquisition and logistics support process
 - Develop a strategic plan for recruiting and retaining civilian employees
 - Stimulate the industrial base
 - Align the weapons systems with the infrastructure
 - Increase S&T budget to 3 percent of DoD resources
 - Has replaced the term "acquisition reform" with "acquisition excellence"
 - Recommended that the Board talk with the Director of DLA about that agency's complete revolution – used to be a manager of supplies, now a manager of suppliers

Presentations

- Financial Management Modernization Program. Ronald Brooks, Acting Director, Business Modernization and Systems Integration, OUSD(C)

Objective: Develop and implement a Financial Management Enterprise Architecture for the Department of Defense

What is Needed from the Board: Change Management Advice

- Industry experiences
- Pitfalls to avoid
- Critical success factors
- Developing a corporate culture

- Financial Management Metrics. Gregory Kuechler, Accounting Policy, OUSD(C)

Objectives:

- Improve financial management performance
- Focus on appropriate internal control and meaningful measures of success within financial management
- Provide SecDef with meaningful information to evaluate the Department's financial performance

What is Needed from the Board: Advice and counsel on developing dashboard metrics for senior management

- Military Family Work-Life Support. John Molino, Office of the Under Secretary of Defense (Personnel & Readiness) (OUSD(P&R))

Objective: Improve family assistance to military families

What is Needed from the Board: Board assessment of the proposal

- Civilian Human Resources Service Delivery. Ginger Groeber, OUSD(P&R)

Objectives:

- Provide civilian human resources faster, at a reduced cost and by taking advantage of the power of automated tools
- Minimize custom coding and deviation from standard operating structure and software
- Migrate to latest software to improve efficiency and operation

What is Needed from the Board:

- Suggestions on how to succeed
- Should the Department change approach

- Military Personnel Management. Bill Carr, OUSD(P&R)

Objective: Achieve a cost effective military (personnel) force

What is Needed from the Board:

- Qualitative selection criteria employed in screening new employees in private sector
- Highest payoff employment screens used to achieve those purposes
- How to minimize early attrition
- Most potent incentives employed with regard to recruiting and retention

Outcome

Based on the above presentations, the Board developed a preliminary list of initiatives to explore during its first year and organized itself into four subcommittees to work those initiatives (attached):

- Management Information -- Neil Albert, Chair
- Change Management -- Dana Mead, Chair
- Personnel -- Fred Cook, Chair
- Supply Chain -- Gus Pagonis, Chair

The Board members agreed that military personnel issues would not be addressed.

The next Board meeting tentatively is scheduled for May 15, 2002, in the Pentagon.

The meeting adjourned at approximately 2:45 p.m.

Attachments:

Agenda

List of Attendees

Preliminary List of Initiatives & Subcommittees

DEFENSE BUSINESS PRACTICE IMPLEMENTATION BOARD
PLANNING SESSION
March 15, 2002
(Room 1E801#7, Pentagon)

Agenda

8:00-8:30 am	Introduction of Board Members	Gus Pagonis Chair
8:30-8:45 am	Introductory Comments	Dov Zakheim, USD(C) Pete Aldridge,
USD(AT&L)		
8:45-9:15 am	Role of the Senior Executive Council (SEC)	Ken Krieg Exec Secretary of SEC
9:15-9:45 am	Defense Finance and Accounting Service (DFAS)	Tom Bloom Director of DFAS
9:45-10:00 am	Break	
10:00-10:15 am	Transforming DoD Financial Management	Steve Friedman
10:15-11:00 am	Financial Management Modernization Program/ Business Lines and Best Practices	Ron Brooks/ Catherine Santana OUSD(C) BMSI
11:00-11:30 am	Financial Management Metrics	Greg Kuechler OUSD(C) AP
11:30-11:45 am	Proceed to OSD Blue Room (3D854)	
11:45-1:15 pm	Working Lunch	
	Human Resources Strategy Triad -- Quality of Life/Civilian/Military	David Chu, USD(P&R) John Molino Ginger Groeber Bill Carr
1:15-1:30 pm	Return to 1E801#7	
1:30-2:30 pm	Discussion ➤ Operating Plan 2002 ➤ Future Meeting Dates ➤ Select Members for Focus Areas ➤ Actions Required Before Next Meeting	Gus Pagonis
2:30-2:45 pm	Wrap Up	Gus Pagonis

Defense Business Practice Implementation Board
Planning Meeting
March 15, 2002
(Room 1E801 #7, Pentagon)

Attendance List

Key Government Officials

Dov S. Zakheim, Under Secretary of Defense (Comptroller) (USD(C))
E. C. "Pete" Aldridge, Under Secretary of Defense (Acquisition, Technology & Logistics)
David Chu, Under Secretary of Defense (Personnel and Readiness)
David Walker, Comptroller General of the United States
Mark Everson, Controller, Office of Federal Financial Management, Office of
Management and Budget
Lawrence J. Lanzillotta, Principal Deputy and Under Secretary of Defense for
Management Reform, OUSD(C)
Tina W. Jonas, Deputy Under Secretary of Defense (Financial Management), OUSD(C)
De Ritchie, Acting Deputy Chief Financial Officer, OUSD(C)

Board Members

William (Gus) Pagonis, Senior Vice President, Sears Supply Chain, Sears, Roebuck
& Company and President, Service Logistics Services, Inc. (Chair)
Michael Bayer, Private Consultant Engaged in Enterprise Strategic Planning and Mergers
and Acquisitions (Vice Chair)
Neil Albert, Senior Vice President and Director of MCR Federal, Inc.
Brad Bends, Vice President, Financial Services, KPMG
Denis Bovin, Vice Chairman, Bear Stearns and Company, Inc.
Tom Coley, Sears, Roebuck & Company
Frederic Cook, Frederic Cook & Company
Bruce DeMars, DeMars, Inc.
Steve Friedman, Chairman, Board of Columbia University
Robert Hale, Senior Fellow, Logistics Management Institute
W. N. Johnson, Vice President, Dean of Students, Boston University
James Kimsey, Founding CEO and Chairman Emeritus of America Online
Dana Mead, Retired Chairman, Tenneco, Inc.
Phil Merrill, Chairman, Board of Capital-Gazette Communications
Richard Perle, Chairman, Defense Policy Board, *ex officio*
William Phillips, Partner, PricewaterhouseCoopers, Washington
Andrew Siegel, Deutsche Bank
LTC Robert Stanley, Sears, Roebuck & Company (on detail)
Mortimer Zuckerman, Editor-in-Chief, U.S. News & World Report

	Description	Y/N	Priority	Who?
MANAGEMENT INFORMATION				
Chair: Neil Albert		DoD:		
1	Review the list of DoD reforms. Find high-leverage items. Define the targets of opportunity. Develop strategies.			
2	Review the leadership's performance management metrics set. Refine; stratify by level of leadership.			
CHANGE MANAGEMENT				
Chair: Dana Mead		DoD:		
3	Determine benchmarking opportunities (e.g., DFAS). When, how, and who to benchmark.			
4	Examine A-76 process in depth, including DoD's strategy and goals. Suggest alternatives.			
5	Assist DoD develop information for management decision-making from existing data. Define the dashboard. What conglomerate models (1970's) could apply?			
6	Review the financial management modernization/enterprise architecture plan. Identify pitfalls, private sector lessons-learned, change management strategy, critical success factors.			
7	Develop high level cultural change management model, to be adapted when used in specific scenarios. Identify process, training, communication, other key factors to be designed into change management protocols.			
PERSONNEL				
Chair: Fred Cook		DoD:		
8	Are there successful corporate role models for enhancing the attractiveness of a site or community by improving local school systems?			
9	What tools from the private sector could be used to improve DoD's civilian personnel screening, selection, development, incentives (pay and other) and retention?			
SUPPLY CHAIN				
Chair: Gus Pagonis		DoD:		
OTHER				

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William Schneider, Jr., Chairman, Defense Science Board, *ex officio*
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