SECRETARY OF THE ARMY
WASHINGTON

27 SEP 2005

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Management Oversight of the Army's Business Transformation Initiatives

1. The Assistant Secretary of the Army (Financial Management and Comptroller) (ASA(FM&C)) and the Deputy Under Secretary of the Army (DUSA) are jointly assigned the mission to synchronize and integrate the numerous Headquarters, Department of the Army (HQDA) staff-led Army business transformation efforts in both the generating force and operating force domains. They are assigned the responsibility, accountability, and authority to provide HQDA management, integration and direction for these efforts.

2. Current business transformation efforts (Personnel Transformation, Business Management Modernization Program, Portfolio Management of Business Information Systems, Balanced Scorecard, Logistics Transformation, Institutional Army Adaptation, etc.) will continue, and management for those efforts will remain as currently assigned. These efforts will utilize best industry practices such as Lean / Six Sigma methodologies as described in the Director of the Army Staff's 8 September 2005 memorandum, subject: Transforming the Way We Do Business Execution Guidance.

3. Major Army Commands (MACOM) and subordinate organization business transformation efforts and initiatives will be coordinated through the appropriate HQDA staff element (e.g., logistics initiatives worked through the G-4/Assistant Secretary of the Army (Acquisition Logistics and Technology)).

4. A modified Senior Review Group (SRG(M)) will serve as a "board of directors" for business transformation efforts.

a. The ASA(FM&C) and the DUSA will co-chair the SRG(M) that consists of the following permanent members: Assistant Secretaries, General Counsel, CIO/G-6, Deputy and Assistant Chiefs of Staff, Director of the Army National Guard, and Chief of the Army Reserve. Additionally, the following officials will be members of the SRG(M): Administrative Assistant to the Secretary of the Army, Chief of Engineers, Director of Small and Disadvantaged Business Utilization, Executive Director for Institutional Army Transformation, and the Director of the Army Staff. The Army Auditor General and Inspector General will serve as advisory members. Other staff principals may be invited as the co-chairs deem appropriate.

b. The co-chairs will schedule SRG(M) regular meetings to review the direction and progress of business transformation efforts. Agreement of the majority of attending

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SRG(M) members may approve a management action for implementation or to forward a recommendation to the Executive Office of the Headquarters (EOH) for decision.

c. Co-Chairs will update the EOH Forum quarterly.

5. As approved by the SRG(M) or the EOH, the ASA(FM&C) and DUSA are authorized to modify, expand, or eliminate business transformation efforts after appropriate analysis. The ASA(FM&C) and DUSA will report through the SRG(M) to the EOH on results and to obtain guidance to adjudicate problems or non-compliance with transformation efforts.

6. The ASA(FM&C) and the DUSA may use the Planning, Programming and Budget Council forums, procedures, and assets to execute this management mission. Additionally, the ASA(FM&C) and the DUSA, in coordination with the DCS, G-3/5/7, are authorized to task HQDA staff principals and MACOM commanders to provide staff support or functional subject matter experts to accomplish this mission.

7. The overarching goals of Army business transformation are to reduce the cost of business operations through improvements in cycle time and output quality. To that end, the following objectives are established:

a. To identify more than $2.5 billion in annual savings from fiscal year 2007 onward. The ASA(FM&C) and the DUSA, in coordination with the SRG(M), will issue guidance and targets to achieve this goal. Guidance will require the detailed identification of savings by Management Decision Package (MDEP), appropriation and program element. No later than 5 January 2006, the ASA(FM&C) and DUSA will brief the EOH on the savings resulting from these efforts.

b. The ASA(FM&C) and the DUSA will develop a set of performance metrics in order to measure success.

8. Continued improvement of the Army's businesses and business processes is the strategic goal of this initiative.

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