Writing Contest

Engineers in the Future: Installation Support

Anthony J. Neaverth

Army Management Staff College

Seminar 8, Class 98-03

November 12, 1998

I certify that this is entirely my own work: _____

ABSTRACT

The Army still needs both the Corps of Engineers (the Corps) and the Directorate of Public Works (DPW). Both organizations may contain inefficient processes designed during the Cold War, but both still provide a important service to the Army. Combining the DPW into the Corps will not save money in the long run. Reengineering the processes in both organization will save money and still support our vital interest. Focusing the Corps and the DPWs back to their core proficiencies will develop two budget efficient and customer responsive organizations. We can take the short-sight approach of downsizing into one organization to save dollars. This strips our Army of the flexibility and expertise to meet our installation challenges of Force XX1 and the Army after next.

Engineers in the Future: Installation Support

Engineers. James H. Peak argues, in Facing a Decision of Titanic Proportions and Consequences, that two organizations, the Corps of Engineers (i.e., the Corps) and the Directorate of Public Works (i.e., DPW) must merge to become a more vibrant and less expensive engineer force. Mr. Peak focuses on merging two budget-tight organizations to reduce redundancy, remove traditional non-affordable structures, and remove negative competition. This does not accurately address the problem. The organizations are not the problem, old processes are the problem. The Army is adapting its to this post Cold-War environment (i.e., information age). Therefore, installations must redesign their processes to support the Army's new focus. Army installations must now provide power projection and power support platforms to fight and win our nations wars. Combining two agencies that are focused in the past will not provide better installation support because this combination would not change the internal processes of the final organization. Combining or downsizing is not the answer, reengineering is the answer. We must focus on two agile players versus one large slow player; reengineering versus restructuring; and processes versus organizations. These actions will adapt Army installations to the requirements of the future.

Installation Vision. Installation Vision 2010 states that installations must integrate air and railheads, net digital communication systems, automate range facilities and predeployment simulations to support warfighters of the future. Our installations have a direct role in marshaling, training, and deploying US forces. The installation staff, to include the DPW, provides the operational control of these projection platforms (FM100-22, 1994). Peak argues that we can afford to have two engineer organizations. The Army can not afford both agencies

as they exist today. We cannot afford processes that were developed during the Cold War. We need new agencies that can solve new problems and new processes that focus on outputs (i.e., reengineering).

Process versus Organization. Peak is right we can not afford both (Peak, 1998). Combining two inefficient organizations just makes one larger inefficient organization more resistant to change. We don't need a bigger Titanic, but two streamlined cruisers. The Army will need both agencies as it builds for the future. DPWs must focus on solving local installation problems and helping commanders flex as the installation mission change. The Corps must focus on the corporate-like problems by researching and developing processes that streamline DPW functions. Secretary of Defense Cohen wants to push operational management down the lowest appropriate level to streamline headquarters structures (Report to Congress, 1998). He also wants to reengineer, consolidate, compete and eliminate inefficient Defense Department functions (Report to Congress, 1998). This combining of DPW and the Corps only shifts staffs and provides less flexibility to the installation commander. Simply combining these two agencies does not support Secretary Cohen's goals.

In 1991 the Department of the Army Inspector General found serious disconnects and inefficiencies in Army installation management. The studies found the absence of functional policies and requirements, and the organizational authority to coordinate and integrate the two. The inspection teams cited lack of doctrine and inadequately prepared garrison commanders as the stumbling blocks to effective installation management. As a result, Army senior leadership decided to establish an Army Staff agency to facilitate installation management. General Order No 15, effective 1 July 93, established the Assistant Chief of Staff for Installation Management (ACSIM). ACSIM consolidated the responsibility to promulgate policy and integrate doctrine

pertaining to planning, execution, and operations of Army installations. The Corps lost its responsibility for installation and environmental policy functions, housing and facilities functions, and natural and cultural resources functions. Putting the DPW back into the Corps removes the command support necessary to deconflict and integrate installation management into the Army's big picture.

Both agencies are looking for new ways to do business, but having the Corps do DPW work is like using a pneumatic sledge hammer to hang pictures. The Corps can help, but not by adding extra management. DPWs need access to industrial research and development technologies. The Corps can help develop innovative DPW customer service processes and achieve Army posture goals: renovation of seven CONUS barracks projects ($243 million), six OCONUS barrack projects ($64 million) and 5,600 housing units ($611 million) (Report to Congress, 1998).

Two Players on the Same Team. The Corps and DPWs need to work together as one team to achieve the Army's installation priorities. The Corps has already started breaking down the firewall between it and the DPW. The Corps now locates liaisons at the DPWs (Peak, 1998) to speed customer response time. This is not a duplication of effort, but a process improvement to remove handoff delays. Both players bring efficiencies to the Army's installation team. DPWs bring local knowledge and flexible management to the installation commander. The Corps brings access to new management innovations and developing technologies.

President Clinton requires federal agencies to develop strategic plans for delivering quality products and services to the American people. President Clinton wants managers and leaders to adapt business successes to governmental programs to meet or exceed customers' requirements. Combining two obsolete organizations doesn't produce a better product.

Refocusing both agencies back to their core competency and ally with outside experts will produce a quality product (Champ, 1996). The Corps' expertise is large-scale military construction projects. DPWs are the experts at city management. Cross-fertilization of these skills can deliver a product quicker to all customers.

Vice President Gore wants to focus management on outcomes to achieve customer's satisfaction, cut red tape, and empower employees (Gore, 1998). Outcome focus management, employee freedom to work and one-stop information and services will develop leap-ahead government efficiencies. The government has already emplaced 4,000 customer service standards, created 850 empowered councils, and eliminated 640,000 pages of internal rules.

Peak argues that the Corps would function as the installation service provider and the installation commander would retain all managerial responsibilities for planning, programming, budgeting, and funding (Peak, 1998). But which member of the installation staff is going to do all this if the Corps replaces the DPW? Instead the Corps should function as another service provider helping DPWs manage quicker and cheaper customer responses. Currently, DPWs provide commanders service options and associated costs. This allows a commander to decide which serves best achieves his mission. The Corps is not always the best option. Installations typically pay 15 percent surcharge for the Corps' administration and oversight costs. The installation may find cheaper services locally. Does a house owner let the plumber decide how much plumbing to replace? Or does the homeowner decide how much and when to replace leaking faucets depending on his monthly bills?

Reengineering versus Restructuring. Dr. Malhotra argues in Business Process Redesign that reengineering is the notion of discontinuous thinking-- recognizing and breaking away from outdated rules and fundamental assumptions. He suggests that reengineering

principles are organized around outcomes, and that people who use the output should perform the process. This links parallel activities instead of integrating results, and puts the decision point where the work is performed (Malhotra, 1996). Integrating the DPW processes further into the installation staff can achieve these outcomes. Seventy percent of Business Process Redesigns (BPR) fail because of business focus on cost-cutting and narrow technical approaches (Malhotra, 1996). The installation commanders should decide how DPWs could best serve the community. They should have the opportunity to focus on efficient output and not on restructuring to cut cost. Developing the Corps as the primary service provider narrows the commander's options and does not solve the problem, merely the symptoms. The ultimate success of BPR depends on the experience of people who execute it and how well they apply their creativity to redesigning the processes. The installation staff has the necessary commitment and knowledge to make quantum leaps in efficiency. An outside agency (i.e., the Corps) would have to first learn the system, and would still have to face the bureaucracies that have prevented DPWs from changing in the past.

The Army's Center for Public Works (CPW), a Corps agency, has already developed a process to help the DPWs. CPW piloted an Activity Based Costing (ABC) program to help nine installations identify the costs associated with services provided (Oswalt, 1998). This system provided information usable to managers; the previous system provided information to accounting personnel. This process can help DPWs determine an appropriate reimbursement rate for customers (using the increased visibility of full costs) for the services provided. DPW can use ABC to better forecast funding, better execute budget, better estimate contracts and better identify labor cost. This information would facilitate (i.e., provide leap head technology) how the commander decides which service provider most effectively supports his installation.

The traditional cost accounting methods were originally designed to meet the needs of investors. During the 1930s depression, investors suffered large losses because of inconsistent financial information. The cost-accounting system in most organizations is effective for financial accounting but not for operations management. This old process represents after-the-fact indicators instead of leading operational cost indicators (Kroll, 1996). ABC links activities and cost to the resulting product. Examining hundreds of activities in order to accurately link cost to products can make ABC a painstaking endeavor. The Corps can help the DPWs minimize the pain.

Process versus Organization. Peak states no two DPWs are alike. How is the Corps going to manage 400 installations ($1 trillion in assets) which average 2,500 active military, 5000 family members, 2,500 retired military, $2.5 billion in assets and still perform its civil works functions? Each installation organization changes to adapt to location and mission (DOD white paper, 1997). The installation staff must adapt as the local condition change. The Corps can assist the installations through these times of change. The Corps can help the installations to program a central database that collects information on base support services. However only installation staffs have the background knowledge necessary to apply that information to budget decisions. It is unlikely that any one practice will be cost effective at every installation. Each DPW will have to adapt the processes to its community.

The Department of Defense's management goal is to heighten community awareness of alternate methods of delivering services. Installation commanders and staffs must make the most efficient choices to support their bases. An outside agency with its own command influences will only disrupt this installation teamwork. One cannot serve two masters. The Army requires a knowledgeable, stable civilian workforce to transition to Installation XXI (Vision 2010, 1998).

The Corps would have to move additional personnel to the installation, which does not reduce installation overhead but provides inexperienced staff members to the commander. Installation Vision 2010 strives to build a committed, versatile management team capable of meeting the uncertainties of a changing future. Streamlining the DPW into the installation staff would better serve this vision. It is easier to retrain personnel familiar with the installation than to familiarize outside staff with unique installation requirements.

The Corps can help DPW adapt business customer service successes. Installations will still need local personnel to manage and supervise out-sourced programs. Someone will also have to adapt the current processes as the future changes the installation requirements. Streamlining two organizations with different orientations, and providing quicker inter-lines of communication will provide more diversity than a robust organization with an outdate mind set. Mr. Peak mentions a learning curve as the Corps addresses installation requirements. The Corps has stove-piped for so long they no longer know the needs of the installation customer. Therefore the Corps wants to collocate with DPW to develop teamwork. This will support Vice President Gore's intent of the increasing horizontal lines rather than the vertical line of communications, and developing partnerships instead of hierarchies (Gore, 1998).

Reengineering is not the same as reorganizing, delayering, or flattening an organization, although reengineering may in fact, produce a flatter organization. Overlaying a new organization on top of an old process is like pouring soured wine into new bottles. Companies that earnestly set out to " bust the bureaucracies" are holding the wrong end of the stick. Bureaucracy is not the problem; fragmented processes are the problem. Reengineering is starting over; it is inventing new approaches that will bear little or no resemblance to previous eras (Hammer, Champy, 1994).

Peak says each installation will have an immediate link to the Corps. They already have a link through liaisons in the DPW. Incorporating the DPW into the Corps will do nothing to improve this link. The Corps will have to remove internal red tape before their service time will improve. If the Corps could develop a one-stop shopping database where the DPWs can compare costs, service times, and products with local vendors, commanders then would be more inclined to purchase Corps services.

Installation Needs. Installation commanders do not need additional management by the Corps; they need better information and better contracting. Current contracting is adversarial in nature, where any change request is regarded as a claim request. Commanders need contracting vehicles, that promote cooperation and encourage shared goals and objectives (DOD white papers, 1997). DPWs are better served by adapting Acquisition Corps prime vendor contracting, than by trying to adapt the Corps large construction contract system. Installation business areas (i.e., personnel, security, real property and logistics) can benefit from a commonly used database. One-time capture and data entry would prevent several agencies from all tracking the same information and reduce repetitive data entries. A standard database would simplify performance measures and compliance enforcement (DOD white paper, 1997). The Corps could assist the DPWs by developing on-line service requests and customer feedback response programs that improve DPW services

The key to reducing cost is to remove non-value added management reviews, reports, oversight and procedures. DPWs can do this by adopting successful Acquisition Corps better-business processes. DPWs should review contract partnering, incentive causes, oral proposals, performance specifications, and digital solicitations to improve performance (Army Acquisition Guide, 1998). DPWs could reduce contract modification overhead by 20 percent by front-end

team building and early discussions between contractor and government (Partnering). DPWs could further reduce cost by encouraging the contractor to identify over-specifications requirements (Incentive Causes). Each party save money, the government does not have to pay the full bill, and the contractor gets a percentage of the saving. DPWs also could further reduce the cost of contracting, by reducing the paper overhead. DPWs could solicit electronic bid sets, thereby reducing the contract administrations by 10%. DPWs could even reduce administrations cost further with performance specifications. This would produce smaller government design efforts and contract packages. The contract packages would specify final product, not the how, therefore producing thinner product than a complete design package with drawings. The contractor would now have more flexibility to save on materials and construction techniques. This saves on government preparation time and minimizes contractor claims.

Conclusion. Future installations will be accountable for availability of services, not the actual delivery of the services. The Corps cannot provide more responsiveness to the commander than DPWs. Installation staffs must develop new skills necessary to understand the competitive nature of market enterprise (DOD white paper, 1997). Each installation base operation must be viewed as a business enterprise based on competition. The commander must make the hard decisions necessary to produce the best quality at the lowest price. He must be empowered to choose his service providers and allowed to reap the benefits of good choices (DOD white paper, 1997). A Corps staff at the installation limits the commander's choices. The Corps is a service provider and not always the cheapest. What will prevent a Corps staff member from recommending his own service? DPWs and the Corps should compete to provide the Army the best service at the best price. The most appropriate method will depend on consumer needs, local situation, and the market. No two installations are alike. Therefore, the decision of how to

provide a service must be made locally. The Corps is not close enough to the problem to understand all the complications.

Traditional organizations are no longer affordable for the support of the Force XXI (i.e., projection platforms). Downsizing or reorganizing the DPW into the Corps will not solve the problem. Installations are being asked to do more with less, not less with less. Therefore, changing organizations for change sake will not solve the problem. Change must address the processes. DPWs must produce a better product (service) at a cheaper cost. DPWs, with the Corps help, can initiate this change through reengineering. The Corps however cannot implement these changes cheaper than the installation. And cost is the bottom line of the future.

REFERENCES

Army Field Manual 100-22. (11 October 94). Installation Management. Washington DC. U.S. Government Printing Office. pp 1-1, 1-19, 1-5.

Whaley, David A. MG. Assistant Chief of Staff for Installation Management. Installation Vision 2010. pp. 4.

Peak, James, H. (1998, March). Facing a Decision of Titanic Proportions and Consequences. On-line, amsc.belvoir.army.mil. pp 1.

Cohen, William S. (1998). Annual Report to the President and the Congress. pp 149, 150, 104.

Chilcoat, Richard, MG. (1997). How the Army Runs: A Senior Leader Reference Handbook 1997-1998. United States Army War College. pp 17-7.

Reimer, Dennis, J, Gen. and Walker, Robert, M, Acting Secretary of the Army. (1998, February). A Statement on the Posture of the United States Army Fiscal Year 1999. Department of the Army. pp 49.

Champy, James. (1996, September). Better Government, Not Necessarily Smaller. On-line, govexec.com/reinvent/downsize.

Gore, Al. (1998). Remarks by Vice President Al Gore, Government Performance and Results Act Conference. On-line, npr.gov/library/speeches. pp 2.

Malhotra, Yogesh, Ph.D.. (1996). Business Process Redesign: An Overview. On-line, brint.com/papers. pp 3, 5.

Oswalt, Leo. Activity Based Costing and Activity Based Management. On-line, usacpw.belvoir.army.mil. pp 1.

Kroll, Karen, M. (1996, December). The ABCs Revised. IW.

A White Paper for DOD Commanders. (1997). Office of the Secretary of Defense, Directorate of Installation Management. On-line 134.152.222.101/bss/sources/htm. pp7, 14, 15, 17.

Hammer, Michael and Champy, James. (1994). Reengineering the Corporation. Harperbusiness. pp 49-50.

Army Acquisition. (4 Jun 98). Army Acquisition Reform Tools & Techniques Guidebook. On-line acqnet.sarda.mil.