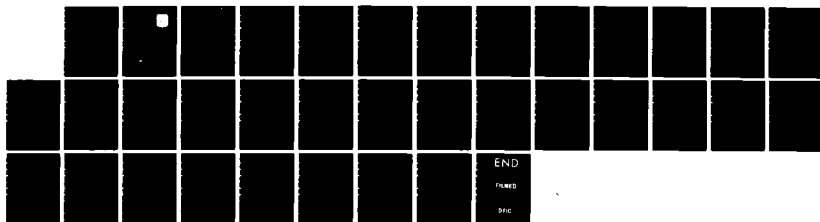AD-A157 593   AN EXAMINATION OF THE ARMY INITIATIVE TO REFOCUS THE   1/1
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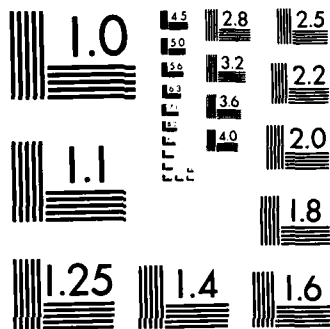   CARLISLE BARRACKS PA G G KELLUM 22 APR 85

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STUDY PROJECT

AN EXAMINATION OF THE ARMY INITIATIVE TO REFOCUS THE RESOURCE MANAGEMENT
PROCESS ON OUTPUT

BY

LIEUTENANT COLONEL GEORGE G. KELLUM III, FC

22 APRIL 1985

US ARMY WAR COLLEGE, CARLISLE BARRACKS, PA 17013

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The Planning, Programing, Budgeting, and Execution System employed by the Army is seen as deficient in that it does not provide systematic feedback to decision makers. Feedback is essential if the Army leadership is to evaluate and improve the quality of their decisions. To that end the Office of the Comptroller of the Army has developed a concept called the "Output-Oriented Resource Management System (OORMS) to correct that deficiency.

The purpose of this paper is to examine OORMS as a concept and, based on

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interviews, search of available literature, and responses to an Army-wide survey of resource management professionals, offer some conclusions as to the viability of the concept. To the extent that problems are identified, recommended solutions are also offered.

It is concluded that OORMS is indeed a viable concept but that changes may be needed to bring about its timely and effective implementation.

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USAWC MILITARY STUDIES PROGRAM PAPER

AN EXAMINATION OF THE ARMY INITIATIVE TO REFOCUS THE RESOURCE MANAGEMENT
PROCESS ON OUTPUT

BY

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22 APRIL 1985

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ABSTRACT

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viability of the concept. To the extent that problems are identified
recommended solutions are also offered.
    It is concluded that OORMS is indeed a viable concept but that changes
may be needed to bring about its timely and effective implementation.

PREFACE

This individual study project was designed to discover what senior resource managers in the Army, both military and civilian, think about the Army's Output Oriented Resource Management System. The system is currently under development and implementation is planned for October 1985 although some preliminary actions have already been taken.

The conclusions and recommendations are not those of the author, but rather are the consensus of input received from some 50 resource management professionals either in personal interviews, some of which were conducted face-to-face and some of which were conducted by telephone or by written response to a questionnaire. The analysis was designed to be an unconstrained solicitation of facts, opinions, and perceptions regarding the new system. It was my intention from the outset to gather and report the data in as objective a manner as possible.

The outstanding assistance of the personnel who responded to the questionnaire or participated in the interviews is greatly appreciated. It is my contention that what the respondents think about OORMS should matter to the decision makers.

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CHAPTER I

INTRODUCTION

BACKGROUND

This study is the direct result of a conversation between LTG Max W. Noah, Comptroller of the Army, and the author, which took place on 18 Jan 85. The study will focus on the Army's new initiative, developed by Mrs. Bunnie Smith of the office of the Comptroller of the Army, to refocus the resource management system on providing a feedback loop to decision makers at the departmental level.

STATEMENT OF THE PROBLEM

In her article in the Fall 1984 issue of the "Resource Management Journal" Mrs. Smith stated the problem as follows:

> "In Army resource management, we have for the past several years perpetuated a management anachronism. As we move through the Planning, Programing, Budget and Execution System (PPBES) process, we do not maintain the continuity necessary to find out how well our decisions in the earlier phases of the process actually turn out.
>
> We have allowed this key management process to exist without any formal, systematic feedback loop - the key step necessary to evaluate the quality of our future decision making.
>
> It is time to create such a loop, time to provide useful tools for all levels of Army managers. It can be done; however, we must refocus our efforts by modifying, improving and, in some cases, rebuilding our current management processes. But, before we can do so, we must understand the current environment, its "loopholes" and what base processes we will need to build upon."

INVESTIGATIVE PROCEDURE

The OORMS concept is a relatively new one and, as of this writing, little formal documentation is available in the field. As a result, aside from the specific documents cited in Chapter II, information presented herein was gathered in three ways - by personal interview, by telephone interview and by written questionnaire. Initial interviews were conducted one-on-one with interviewees in order to validate the interview questions. Despite the attempt to validate the questions, several of the questions could have been misinterpreted as will be discussed in Chapter III. A copy of the questionnaire, which was also used as an interview outline, is at Appendix 1.

To get a balanced view of the OORMS system I interviewed or sent questionnaires to resource managers at Department of the Army, major command, installation and field operating agency, both in CONUS and overseas. Individuals will not be identified for two reasons. First, many of those interviewed requested anonymity and second, identities would add nothing to the findings.

The selection of personal who were either sent a questionnaire or interviewed was not random. They were choosen from among people who had attended the November 1984 Resource Management Training Conference held in Indiannapolis, Indiana or who held positions of high responsibility in the resource management area. They were selected because of their access to information about OORMS and their professional stake in the successful implementation of that system. Thirty surveys were sent out and twenty-two were returned. Interviews were conducted with over thirty individuals.

The investigative procedures used were designed to develop the facts and perceptions of senior resource management professionals in order to determine whether or not in their collective judgement OORMS is a viable concept. I solicited identification of problems, but also asked for recommended solutions. If respondents felt that OORMS was not a viable concept they were asked to provide their rationale. Respondents were asked to identify strengths of the concept as well. On the whole, I believe the investigative procedures provide a valid framework for an objective and professional evaluation of the concept of OORMS.

AN OVERVIEW OF THE ARMY'S OUTPUT ORIENTED RESOURCE MANAGEMENT SYSTEM

This Chapter provides the reader with an overall understanding of what the Output Oriented Resource Management System (OORMS) concept entails, and an appreciation for the things that must be done to make the concept a reality. To that end what follows is a synthesis of five documents.

(1) Mrs. Smith's article entitled "Giving a New Focus to Resource Management", published in the Fall 1984 issue of the Resource Management Journal.

(2) The Winter 1985 issue of the Resource Management Journal.

(3) Visual aids used by DA personnel to present briefings on the OORMS concept.

(4) Program Budget Committee Memo 85-33, DACS-PBC, dated 16 January 1985, Subject: Standard Installation Organizations(SIO)-rolls and splits.

(5) DACA-RMA message 281842Z Dec.1984 Subject: Installation Management-Organizational Standardization.

THE PROBLEM

An essential element of an effective management system is a feedback loop to enable decision makers to evaluate the quality of their decisions. The contention is that the Army's Planning, Programing, Budgeting and Execution System (PPBES) does not provide a feedback loop and that PPBES is therefore deficient. To correct this deficiency and provide decision makers with the information necessary to evaluate the quality of decisions taken, the Army must restructure the current system to extend the Program Decision Increment Package format into the budget and execution years.There are six steps that have been identified that must be accomplished in order to correct the deficiency. They are:

* Restructuring the Program Package Structure
* Developing Performance Measures
* Expanding the Time Horizon
* Adapting Accounting Systems
* Modifying the Program/Budget Development Process
* Providing links with DOCMOD

RESTRUCTURING THE PROGRAM PACKAGE STRUCTURE

The first prerequisite to providing a feedback loop is development of a
program package structure that meets the needs of those who build programs and
develop budget estimates at the departmental level as well as those who
execute approved programs at the major command and installation level. The
model depicted below provides a theoretical framework for such a system.

```
****************                              ****************
*              *                              *              *
* Weapons      *                              * Installation *
* Acquisition &*                              * Operations   *
* Fielding     *                              *              *
*              *                              *              *
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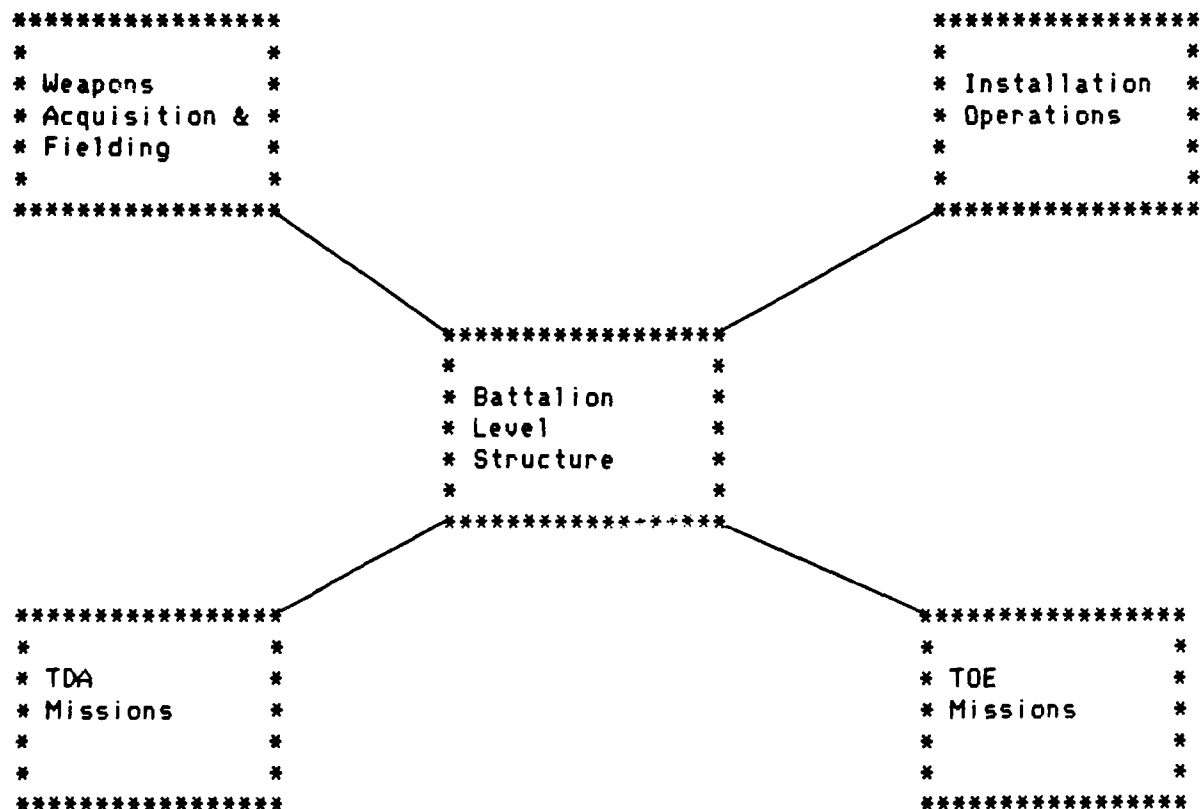
At the heart of the model is the basic building block of the Army, the
battalion level force structure. Decisions as to how many of what kinds of
battalion level organizations the Army will field, balanced by type over the
program years, is the driver behind decisions made in the other four nodes of
the model.

The TOE missions, based on Total Army Analysis 91 decisions, are then
addressed in terms of higher level units - brigades, divisions, corps and
echelons above corps - that must be structured on the TOE side of the house to
perform Army missions. These organizations then can be structured by PDIP to
provide the cross-walk from battalion level structure decisions, to large unit
configuration, and ultimately to specific Army missions.

After creating the TOE PDIP network, adequacy of the weapons system acquisition and fielding program must be addressed by system for each year of the program. That is, having made the structure decisions based on analysis of Army missions, can the Army support that structure with the necessary weapon systems at the right place and at the right time? If there is insufficient equipment to meet program structure, then either the structure must be modified, or other management actions or resource reallocations must be undertaken to balance the available weapons systems with the force structure.

Assuming that the Army leadership can in fact achieve a balance between structure and weapons systems, the equation is yet further complicated with the necessity to provide a TDA structure to complement and support the force. TDA missions might include recruiting, individual training, medical and dental services, enlistment processing, supply, maintenance, transportation and myriad other functions. None of these are ends in or of themselves and there would be no need for them without the TOE structure. Presumably, packaging TDA PDIPS based on TOE missions will enable the Army to better articulate and justify requirements for costly and unglamorous, but essential, TDA support elements.

Attention must also turn to operating the many garrisions, communities, activities and installations that provide support to active, reserve components, and retired personnel as well as other entitled personnel worldwide. Here too, as with TDA missions and weapons acquisitions and fielding, the basic workload driver is the TOE Battalion and supporting structure. It has been especially difficult in the past to quantify and defend the necessary funding to support the required level of effort in installation operations. As the system now stands, garrisons and communities are not organized in a fixed standard configuration thus direct comparisons between similar installations can not be accomplished. Also quantitative performance measures are inadequate. The Chief of Staff of the Army, in a recent decision approving a standard installation structure for implementation, has dealt with the first problem. The second will be addressed later in this paper.

Under OORMS the HQDA proponent for policy relating to a given garrison function will also become the resource sponsor for the function. Thus, the DCSPER becomes the resource sponsor for all functions grouped under the Director for Personnel and Community Activities (DPCA). In theory, the DCSPER would be responsible for insuring that changes in missions and functions of the DPCA were accompanied with appropriate changes to resourcing levels.

Program Budget Committee Memo 85-33, dated 16 January 1984, announced implementation of the first phase of the new structure for the Operation and Maintenance Army and Family Housing appropriations for the 87-91 Program Objective Memorandum cycle. The new structure, under OORMS, will be as follows:

Should give them a way to compare performance and promote efficiency.

Use it to get more resources from DA.

Assist subordinate activities to do the best job efficiently.

Micromanage installations.

Question 19. If approved for implementation, what problems do you see at your level?

Representative comments included the following:

Educating the workers at all levels.

Workload will increase without the manpower to do it. The Army has sold new systems over and over based on manpower savings that did not occur in the final analysis. As a result there is great skepticism in the field.

Data explosion without the requisite automation support to assist in review and analysis of the information.

Not many. We have been working toward a performance oriented system anyway. OORMS complements it.

None to speak of. Managing change is my business. I'll comply and do my best to encourage full implementation.

Credibility of data, system support and the time and the resources to do it properly.

The historical data base will be destroyed. Program decisions will become more difficult and more resources and higher skill levels will be required.

Moving too fast! We really need to establish a working group of experts to smooth the transition and identify and deal with problems.

Management audits by HQDA and MACOMS will occur requiring more man hours to review and justify execution decisions.

Additional workload of unknown value.

Question 20. Can the problems be overcome? At what cost?

Question 16. Should DA attempt to manage the C account (maintenance) at installation level of detail?

In retrospect this was perhaps a gratiutious question that implied to respondents that DA intended to measure performance at the alpha account level of detail by installation. To the contrary, as has been pointed out earlier, the position of HQDA has been, from the beginning, that information be summarized at MACOM level. Respondents were unanimous in stating that DA should not attempt to manage at the C account level of detail.

Question 17. What will HQDA do with OORMS data?

Representative responses included the following:

Identify shortfalls/problems and take appropriate action.

Feed it to action officers who will nickle/dime the system and overload the field with trivial challanges to installation management decisions.

Who knows? I think the concept will deteriorate.

I hope that the Army leadership will be provided with additional information that will make their decisions easier and more valid.

Build better programs and better justification for OMA.

Not sure, but properly done they could identify targets for efficiency review.

Create pandamonium with questions of why this and why that at such detail as to grind all to a halt.

Question 18. What will MACOMS do with OORMS data?

Representative comments by respondents included the following:

Analyze execution with an eye towards action to achieve a higher level of efficiency and effectiveness.

Whether that analysis is performed at MACOM, at DA, or ultimately by a staffer on the hill who asks a question that elicits comparative resource/workload data at installation level of detail is the question. While I concede that the view is not a popular one, I believe that the above scenario is a possible outcome and that it therefore ought to be considered by decision makers.

Representative comments imcluded the following:

Good idea. Congress micromanages too. No big deal.

No, micromanagement is neither desirable nor necessary. Two star commanders will strongly resist.

Yes, if the performance factors are valid. If comparison of performance factors and resourcing levels reveal a lower standard of living for soldiers at one installation or MACOM, then an adjustment of resourcing would be appropriate.

No, let the two stars run the installations. DA would oversimplify and screw it up. Despite our best effort, no installation will really be standard.

Commanders will not like it, but it will encourage more efficient and effective management of resources.

There is no problem with evaluation on an installation by installation basis. I view a bit of competition as a useful mechanism for improving local execution. I suspect that most commanders will react with outrage.

Yes, but the commander will not like it initially. However, such comparisions would provide a means of identifying inefficiency and ineffectiveness. Like financial reports - you may not like where you stack up, but at least you know where you stand. It will set off intense competition.

No, anytime you start comparing installations you are breeding inefficiency and extreme resentment. DA does too much micromanaging as it stands now. DA's focus should be MACOM's. Also, MACOM's are not homogeneous so comparisions are not meaningful.

Performance measurement is an absolute necessity, but it is as much an art form as it is a science. All of us in the field with any significant management experience have seen many more problems emanating from performance measurement than positive things. Having said that, I am an arch advocate of performance measurement, and feel there is a monumental need to do more of it. However, my confidence level in the ability of the Army to do this in a smart way is quite low. One thing that always tends to get overlooked in development of performance measures is the human dimension. Performance measurement can be a powerful motivating force, but it can also be extremely prejudicial to motivation and productivity if applied in an incorrect way.

No track on resource impact of long term decisions. Constantly changing
Army leadership dilutes accountability.

The leaders at all levels play games. They make decisions based on
things they have at hand at the time. Those decisions are seldom enforced.
We justify resource based on what will sell rather than on what is required.
We spend based on what the person at the lowest level wants to buy. No one
is ever told they are wrong. There is no enforcement.

Data base needs to be throughly scrubbed. Get rid of "negative PDIP's
improper PDIP''s and duplicate functions.

Question 14. Initially, implementation is planned for OMA and FHMA. Is that
the way to go?

    Most respondents were ambivalent as to whether OORMS was implemented
initially in OMA and FHMA or some other appropriations. Most seemed to feel
that OMA would be a tough test case and that if it will work for OMA it should
be easier for other appropriations. On the whole responses to this question
were unremarkable and of little value.

Question 15. One prerequisite to making OORMS work is establishment of
detailed output or performance measures by functional area, say DPCA. This
feature would permit evaluation of performance on an installation by
installation basis at the HQDA level. Is this a desirable feature? Also, if
you are at installation level, how would your CG react to such
micromanagement?

    Here, as with question 12, there is concern that the question may include
prejorative language concerning the potential for micromanagement by HQDA. The
position of DA is that the data will be rolled up by functional PDIP at MACOM
level and that DA has no intention of micromanaging installations. It was not
my intention to prejudice the question, however, I believe the responses
should be considered to obtain a balanced view.
    There were a number of responses that clearly indicated that the
respondents and their commanders would do all they possible could to resist
increased micromanagement by DA. On the other hand, just as many respondents
thought that some benefits would accrue if DA were to engage in
micromanagement. Notwithstanding the feelings of respondents on either side
of the issue, in my judgement OORMS, together with the Standard Installation
Organization and valid performance factors, by their very existance, beg for
detailed comparative analysis of like functions at comparable installations.

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that the premise for OORMS includes more than just the requirement to provide Army leadership a better feedback loop as implied by the question as stated above. OORMS is also an extension of the PDIP format into the budget and execution years. If the respondents were misled by the way in which the question was phrased, then the fault was mine. It was never intended to be misleading. Interestingly, there was a 50/50 split on responses to this question. Representative comments were:

Yes, in the management sense. We have data but not in a usable format as it relates more to input than to output.

No, OORMS will merely enhance their ability to explain program verses budget execution discrepancies.

No, feedback is available but senior leaders do not use what we now have.

Yes, presumably deficiencies do exist or we would not be going through drills like the Force Mod costing exercise.

My own personal belief is that OORMS will not significantly modify the degree of feedback information that actually finds its way into the senior Army leader decision-making process. The decision-making process at HQDA is already blanketed with data, and as a result much of it is really not taken into careful account in arriving at some of the major decisions. A good example of how to run a railroad, and provide meaningful feedback to the senior Army leadership, can be seen in the excellent systems inagurated by GEN Thurman while DCSPER in better balancing grade and MOS requirements to assets. Someone needs to think through carefully in what form the product of OORMS will be provided to senior Army leaders.

Question 13. If the answer to question 12 is yes, then please elaborate on the kinds of deficiences that exist.

The comments made by the 50% of the respondents who agreed with question 12 were as follows:

I feel senior Army leaders will still make decisions based on individual priorities existing at decision time without regard to past or future priorities.

Inadequate output measures.

Apparently the present system does not provide the information the Army leadership needs since we continually must go off-line to obtain answers to their questions.

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Flippant, casual attitudes towards system mechanics and scheduling problems at the operational level.

OORMS is being heralded as a revolutionary system that is being forced on the Army by COA without participation of the Army staff.

Explanation to all users as to why the Army is changing the existing system.

Question 11. How can the problems in question 10 be overcome?

Some comments in response to this question were:

Do it right the first time. Spend the time and effort to test and refine the system as well as train the people who will implement the plan. Avoid a rush into oblivion.

Brief at MACOM Commanders Conference.

Put a travelling team on the road to educate workers.

COA should let the DA staff share in this. As long as the concept remains a COA "baby" it will meet with resistance from the rest of the staff. It needs to be sold as a low-key evolutionary change and automation should be in place up front. Put the system in place so that it is easier to accomplish what COA wants rather than to find a way around it.

Start a big information campaign and plan for a gradual transition to the new system.

There is a need for a strong push to publicize the concept and to put information managers on board early; there is also a need to develop the automated bridges between peripheral financial management systems and OORMS.

By moving forward with deliberate speed. At the outset there were clear signs that the system was being pressed so quickly that the coordination activity preceeding it tended to be on the "soft side." MACOM's get "turned off" when one thing is expressed, only to be followed by significant Kentucky windage. That spells waste of time, and most MACOM's have more to do then they have assets to do them with.

Question 12. OORMS is based on the premise that senior Army leaders do not have adequate feedback available to them to evaluate or improve the quality of decisions made. Do you agree?

Responses to this question should be evaluated taking into consideration

believe there needs to be better coordination of the program at HQDA level. There is a sensing in the field that not all efforts are being harmonized at HQDA in support of OORMS, and therefore, there tends to be "wait and see" going on at MACOM/installation level. MACOM's do in fact talk to each other.

Need clarification as to how OORMS will be integrated with OSD and congressionally mandated financial management system.

There is more marketing that needs to be done. Not everyone is on board and committed to successful implementation.

Question 9. Should OORMS be implemented in addition to existing systems or in place of one that currently exists?

The consensus is that OORMS should be implemented, at least initially, in parallel with existing systems. Later, as the system matures and is proven to be sound, it should be fully integrated with the efforts currently underway to redesign AMS and STANFINS. Some concern was expressed regarding preservation of the means of producing the kinds of information the Army needs to communicate with Congress. OSD and Congress look at Elements of Expense, generic programs, program growth and executability and if we are going to change the way in which we communicate with them we must consult with those bodies up front.
Several respondents expressed concern with implementation of another overlay procedure at installation level citing the problems experienced with the Force Modernization cost procedures.

Question 10. What problems do you see regarding the implementation of OORMS?

Some representative answers were:

Tremendous data explosion.

Resistance to change - installations need to see how OORMS will benefit them.

Resistance from commanders as they perceive loss of flexibility and an increased potential for micromanagement at MACOM and DA.

The common definition of output measures is going to be a major obstacle.

Proliferation of non-integrated add-on accounting systems.

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Will provide a clear understanding of what HQDA wants accomplished.

Will permit better balance of funding among MACOM's.

Should eliminate "salami slice" reductions.

Provides a common language to articulate MACOM requirements to DA and DA in turn to Congress.

Will make the PPBERS process more meaningful.

Will provide for decision accountability.

Should eliminate superfluous budget data and save time.

Will directly benefit F&AO operations because accounting information will be more timely and reliable.

Question 8. What things should be done to improve OORMS before the system is implemented?

Comments in response to this question were:

Put some meat on the conceptual skeleton before we get too far down the road toward implementation. We still do not know what the reports will show.

Test the system at a few MACOM's first.

Obtain more support from the DA staff.

Get installation support.

Make sure that there are not any hidden resource requirements for the installations or MACOMs that are not offset by workload reductions.

Slow down the OORMS train and publish an implementation plan that firmly identifies and phases the composition of data and lays out how it will be used. The "Resource Management Journal" is not an appropiate medium for the promulgation of Army doctrine, policy or procedure.

The rolls and splits exercise needs another look. MACOMS cannot audit trail changes DA has made and there are still too many PDIP's.

A cost-benefit analysis has not yet been provided. What is this going to cost and are the benefits worth it?

There needs to be more education provided, perhaps through workshops, to selected installation players before the final design is set. Also, we

strengths. Examples of comments are as follows:

Hopefully, DA will see how resources are really being used versus how they perceive they are being used.

OORMS should strengthen DA's ability to justify resource requirements.

It could result in the need for fewer analysts as we currently know them. Analysis will take on new meaning and gain power.

It should permit easier assessment of the importance of DA decisions.

It would relate workload to resources.

It would link program, budget and execution.

It will eliminate "stubby pencil" analysis work.

Using TOE's, systems acquisition, TDA support requirements, and installations, as building blocks to support resource requirements is a valid approach.

It will provide an audit trail and fix accountability for resource decisions at DA.

It will allow rational decrements of the program.

Question 6. What benefits will accrue to your office or staff element from implementation of OORMS?

Question 7. If pontential benefits are not at your level, what benefits do you see at other levels?

        In view of the fact that responses are not stratified by level of command (see comments pertaining to question #1), it is appropriate to combine the answers to these questions and describe all pontential benefits of OORMS identified by respondents together.
        Twenty five percent of the respondents stated either that no benefits would accrue to their office/element from implementation of OORMS, or that it was too early to tell. Respondents from two smaller MACOM's claimed that their structure basically met OORMS objectives as currently configured.
        Other comments regarding the benefits of OORMS included:

Increased automation leaving more time for analysis.

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the search for the Holy Grail - technology can make it happen, but are we prepared to change the way we in the resource management profession do business?"

Question 4. If the answer to 3 above is no, why not?

While only 10% of the respondents expressed doubt about viability of OORMS, many were vocal in expressing their concerns. Some of those concerns are:

Specifics regarding implementation are sketchy.

Workload at installation level is so heavy that quality of data will be poor.

HQDA will not preserve the integrity of the M-DEP by making the hard decisions within that framework.

Institutional resistance to change.

Development of viable performance factors will prove difficult.

Experience with PDIP level accounting at installation level on Force Mod has not been ideal. Definitional and system support difficulties have been serious. Expanding the approach is scary.

I see dangers in OORMS, unless we maintain perspective. If we are to measure what occurs in the budget year against what was articulated in terms of program, I think we can go off track. When one adds the budget execution to the program cycle, you end up with an eight year track. That is an extended period of time, particularly in a dynamic environment, and what gets executed in the budget year can for very good reasons differ markedly from what was expressed in the program. Commanders need to have flexibility, and the fact that execution is far removed from what the program called for may be more a reflection of the velocity of change than poor performance in relation to plan.

Question 5. What are the strengths of the OORMS concept?

Most of the respondents felt that OORMS is a logical business-like approach that deals with results rather than with the process. Generally respondents felt that data compatibility, rapid flow of data, common resource language and infinite possibility for meaningful analysis were the principal

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CHAPTER III

SURVEY AND INTERVIEW RESULTS

In this chapter the response to each of the questions posed in the interview outline/questionnaire at Appendix I will be summarized. Where yes/no answers were elicited some quantification was possible, but generally the responses did not lend themselves to quantification. In those cases I have done my best to capture the concensus on each issue.

Question 1. Command Level:

> DA
> MACOM/MSC
> INSTALLATION
> OTHER

It was my original intent to stratify input received by the levels of command indicated in question 1. While summarizing the results it became apparent, however, that there were relatively few differences among responses to the same question that could be attributed to the level at which the respondent was serving. Thus, the data elicted by this question became irrelevant.

Question 2. Are you familiar with the Output Oriented Resource Management System (OORMS) ?

In the investigative procedures in Chapter I it was indicated that I choose individuals who, by virture of their position or attendance at a training conference, should have been knowledgeable about the system. Even so, I felt it was appropriate to include the question. All of the respondents confirmed that they were at least familiar with OORMS.

Question 3. Is OORMS a viable concept?

Approximately 90% of the respondents believe that OORMS is a viable concept. Several, however, expressed concern about the difficulty of implementing the system.   One respondent wrote: "In some ways this represents

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were appropriated. The latter information makes no statement about workload accomplished. The expanded eight year focus in the form of Management Decision Packages will bring this essential information before the senior decision makers.

ADAPTING ACCOUNTING SYSTEMS

No resource management feedback loop can be effective without a disciplined, timely and accurate supporting accounting system. The Army accounting system as currently structured does not accumulate and summarize costs by PDIP. Thus, decisions are made at Department of Army level by PDIP, but the cost of those decisions is not readily available to the decision maker. In defense of those who designed the Army's accounting system, it must be recognized that reporting of costs at PDIP level across all appropriations was not a design criteria until recently.

Future improvements to the coding structure and the accounting systems will permit extraction of the feedback necessary to more effectively manage. In addition, the performance measures associated with various functional data will be available through the same system providing a much better picture of program accomplishment than is currently available.

MODIFYING THE PROGRAM BUDGET DEVELOPMENT PROCESS

The changes in the scope, focus and program packaging that have been discussed thusfar provide the structure to support the leadership at all levels and improve the management of Army resources. In order to take maximum advantage of the new structure in the near term, and to reduce paperwork associated with the existing process, standard data displays and a supporting microcomputer system will need to be developed. The system will be used to accumulate, summarize and communicate data regarding resources and outputs from installat.ons, thru MACOM's, to Department of Army. These capabilities will help managers to identify significant variances from acceptable bounds of funding to support projected workloads. The use of a stand-alone microcomputer system is planned initially to bring the system on line. Thereafter, the features of the OORMS system will be incorporated into large scale standard Army systems.

PROVIDING LINKS WITH DOCMOD

Finally, it is essential that the OORMS initiative be linked with the Document Modification (DOCMOD) effort to ensure that PPBES resource packages mirror the structure, equipment, fielding and operational support decisions made by Army leadership. In time, the PPBES system, the living TOE's and the Assistant Chief of Staff for Information Management's Artificial Intelligence Center will all be linked so as to provide a standard Army corporate data base.

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does not lend itself to ready quantification. Is a given level of readiness a valid measure of the output received for training funds expended? Perhaps, but not necessarily. One unit may have expended twice the time and resources to achieve the same level of readiness as another unit. The point is that the Army has been unable in the past to establish a good statistically valid and reliable relationship between resources expended and the level of readiness achieved.

Even so, we must continue to drive the PPBES process toward the goal of defining specific workload or output desired to improve the Army decision making process. It will be difficult and it will take a considerable effort over several years to accomplish.

EXPANDING THE TIME HORIZON

Next is the integration of the five year programing horizon and the three year budgeting horizon into an eight year overview of the entire process.

Currently, programmers look at program issues in five year increments using the Program Decision Increment Package (PDIP) as a vehicle. Within the five year window the Army has the flexibility to make changes subject only to the Total Obligation Authority (TOA) dollar controls at the macro level, unconstrained by appropriation lines.

The Army Budget, on the other hand, covers a three year period of time including the Budget Year (BY) or next fiscal year, the Current Year (CY) or the present year of execution and the Prior Year (PY) or the last fiscal year. The flexibility that exists during the programing process does not exist once the President's Budget has been submitted or after Congress acts on the President's Budget and appropriates the funds requested. The inflexibility in changing the President's Budget is largely a matter of administrative control. Once appropriation limits are set by the Appropriation Act however, then flexibility controls are a matter of law and the Army can only make programmatic changes within very narrow limits without the express permission of Congress.

Diagrammed it would appear as follows:

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Prior Year FY 84      )
Current Year FY 85    )   Budget Increment Package        )
Budget Year FY 86     )                                   )
                                                          )  Management Decision
Program Year FY 87    )                                   )        Package
Program Year FY 88    )                                   )
Program Year FY 89    )   Program Decision Increment      )
Program Year FY 90    )          Package                  )
Program Year FY 91    )
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Improved program decisions will result when those decisions can be made based on better information regarding the budget execution process. It is more useful to know what percent of the work funded was accomplished than to know that 99.9% of funds available were obligated for the purposes for which they

PDIP	SPONSOR	ACTIVITIES
DPCA	DCSPER	Personnel Support, Morale, Welfare, Recreation (G&S Accounts)
DPMA	DCSPER	Provost Marshal (T Account)
DLOG	DCSLOG	Supply, Transportation, Food, Laundry (B,D,E & F Accounts)
DMNT	DCSLOG	Maintenance (C Account)
DENG	ACE	Utilities, maintenance, minor construction, engineer support (J,K,L & M Accounts)
DHOU	ACE	Housing and Furnishings (1910, 1920 & H Accounts)
BMAR	ACE	BMAR (K & L Accounts)
DMAR	ACE	DMAR (1920)
LEAS	ACE	Lease Costs (A Account)
ENVR	ACE	Environmental (R Account)
DOIM	ACSIM	ADP (P Account)
INMG	COA	Installation Command and Management (N Account)

DEVELOPING PERFORMANCE MEASURES

The next step is development of quantitative output performance measures. That is, exactly what work should be performed and to what standard given a certain amount of resources. The absence of good performance factors in the past has resulted in considerable difficulty in establishing programmatic accountability. As a result the impact of resource decisions over time could not be properly reviewed and evaluated.

Some program outputs can be captured and measured fairly readily, flying hours for example. Others are quite difficult to rationalize, however, and it will take a great deal of time and effort to develop performance factors in all areas. Measuring the output of a combat developer would be extremely difficult for example. Combat development problems are often difficult and ill defined and the ways in which those problems might be resolved are numerous, all producing the desired outcome. It is a creative process that

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The consensus of respondents was that all of the problems associated with OORMS could be overcome given time, manpower and dollars, but that lots of heat and friction could be anticipated in the initial stages of implementation.

Question 21. In your judgement should OORMS be implemented or not?

Of the respondents, 70% felt that OORMS should be implemented with the following comments:

Yes, and do it soon.

Yes, but not down to installation level.

Yes, but on a longer time line.

Yes, but it will be costly.

Yes, but not by fiat. Must be a coordinated action.

I think that it is clearly time to implement somethimg that resembles OORMS. However, acceptability to the field must be given more prominence that has been evident to date. A system that has low acceptability to the field is infinitely more difficult to execute than one that is understood and supported. I do not believe that the expression of what OORMS will deliver to date has been credible. One hears that simplicity will result, only to determine through self examination of what is being articulated systemically that more complexity may in fact be in the offing.
Of the remaining responses, 15% were negative and 15% did not know. Concerns expressed included the following:

I really can't answer this as I don't know the specific benefits to be derived versus the incremental cost of those benefits.

No! We should concentrate our energies on fixing the current system. We can't continue to change for change sake.

Question 22. Will implementation of OORMS preclude assignment of missions without resources?

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When I wrote this question it seemed to me that when the system matured that we indeed would be able to relate all resources to work to be performed and that availability of the data ultimately preclude assignment of missions without resources. Some of the respondents were hopeful that such would be the case, but most thought that we would continue to recieve unresourced missions. Representative comments included:

No, but at least we'll know the incremental impact and be better able to identify trade-offs.

I hope so but I am not optimistic.

Question 23. Any other comments?

This question was intended to elicit open-ended comments that might not have been addressed elsewhere. Responses recieved were redundant as to information found elsewhere and therefore are not included here.

CHAPTER IV

CONCLUSIONS AND RECOMMENDATIONS

In this concluding Chapter I have summarized those things that in my judgement should be meaningful to the decision maker. I must reiterate that it was my intention to be neutral in this study. I have presented the facts, feelings, and perceptions of over 50 resource management professionals in as objective a manner as possible.

CONCLUSIONS

OORMS is seen as a viable theoretical construct by 90% of respondents.

The respondents who did not think OORMS was a viable concept did not adequately explain their reasons. Instead, they dwelled on problems with implementation rather than with faults in the concept.

Some HQDA and MACOM level resource managers believe that substantial benefits will result from implementation of OORMS.

Installation level personnel see few or no benefits at their level and are skeptical about increased unresourced workload.

Some elements of the Army Staff are not in accord with the way in which OORMS is being implemented. Theere is not a concensus as to what should be done or how it should be done.

The largest single obstacle to the implementation of OORMS is beauracratic institutionalized resistance to change.

The field wants the details soon and in writing.

If the system is not supported by all concerned, it will be very difficult to implement.

There is concern that implementation is being done by fiat and some resistance is developing.

RECOMMENDATIONS

That the Comptroller of the Army:

Get the Army staff on board.

Document the system and the decision to implement it.

Slow down the rate of implementation and publish a detailed staff developed implementation plan.

Establish a program to educate and train workers.

Establish an implementation planning group composed of ARSTAF and MACOM representatives.

9 February 1985

Dear

    In connection with course requirements at the U.S. Army War College I am
conducting a study of opinions and perceptions regarding the Army's new output
oriented resource management system. The new concept was introduced in the
Fall issue of the <u>Resource Management Journal</u> in an article entitled "Giving
a New Focus to Resource Management" authored by Mrs. Bunnie Smith.
    Attached you will find a questionnaire which I ask that you take a few
minutes to complete and return to me at your earlist conviencience. Your
response will be held in the strictest confidence. If there are others in
your office whose views would be useful in presenting a valid picture of the
new system, please feel free to reproduce the questionnaire.
    Thank you in advance for your assistance.

        Sincerely,

        LTC George G. Kellum III
        Student Detachment
        U.S. Army War College
        Box 150
        Carlisle, Pa. 17013

APPENDIX 1

QUESTIONNAIRE

1. DA _____
   MACOM/MSC _____
   INSTALLATION _____
   OTHER _____

2. ARE YOU FAMILIAR WITH THE OUTPUT ORIENTED RESOURCE MANAGEMENT SYSTEM (OORMS)?

3. IS OORMS A VIABLE CONCEPT?

4. IF THE ANSWER TO 3 ABOVE IS NO, WHY NOT?

5. WHAT ARE THE STRENGTHS OF THE OORMS CONCEPT?

6. WHAT BENEFITS WILL ACCRUE TO YOUR OFFICE OR STAFF ELEMENT FROM IMPLEMENTATION OF OORMS?

7. IF POTENTIAL BENEFITS ARE NOT AT YOUR LEVEL, WHAT BENEFITS DO YOU SEE AT OTHER LEVELS?

8. WHAT THINGS SHOULD BE DONE TO IMPROVE OORMS BEFORE THE SYSTEM IS IMPLEMENTED?

9.   SHOULD OORMS BE IMPLEMENTED IN ADDITION TO EXISTING SYSTEMS OR IN PLACE OF ONE THAT CURRENTLY EXISTS?

10.   WHAT PROBLEMS DO YOU SEE REGARDING THE IMPLEMENTATION OF OORMS?

11.   HOW CAN PROBLEMS IN 10 ABOVE BE OVERCOME?

12.   OORMS IS BASED ON THE PREMISE THAT SENIOR ARMY LEADERS DO NOT HAVE ADEQUATE FEEDBACK AVAILABLE TO THEM TO EVALUATE OR IMPROVE THE QUALITY OF DECISIONS MADE.   DO YOU AGREE?

13.   IF THE   ANSWER TO 12 ABOVE IS YES, THEN PLEASE ELABORATE ON THE KINDS OF DEFICIENCIES THAT EXIST?

14.   INITIALLY, IMPLEMENTATION IS PLANNED FOR OMA AND FHMA.   IS THAT THE WAY TO GO?

15.   ONE PREREQUISITE TO MAKING OORMS WORK IS ESTABLISHMENT OF DETAILED OUTPUT OR PERFORMANCE MEASURES BY FUNCTIONAL AREA, SAY DPCA.   THIS FEATURE WOULD PERMIT EVALUATION OF PERFORMANCE ON AN INSTALLATION BY INSTALLATION BASIS AT THE HQDA LEVEL.   IS THIS A DESIRABLE FEATURE?   ALSO, IF YOU ARE AT INSTALLATION LEVEL, HOW WOULD YOUR CG REACT TO SUCH MICROMANAGEMENT?

16.   SHOULD DA ATTEMPT TO MANAGE THE C ACCOUNT (MAINTENANCE) AT INSTALLATION LEVEL OF DETAIL?

17.   WHAT WILL HQDA DO WITH OORMS DATA?

18.   WHAT WILL MACOMS DO WITH OORMS DATA?

19.   IF APPROVED FOR IMPLEMENTATION, WHAT PROBLEMS DO YOU SEE AT YOUR LEVEL?

20. CAN THE PROBLEMS BE OVERCOME? AT WHAT COST?

21. IN YOUR JUDGEMENT, SHOULD OORMS BE IMPLEMENTED OR NOT?

22. WILL IMPLEMENTATION OF OORMS PRECLUDE ASSIGNMENT OF MISSIONS WITHOUT RESOURCES?

23. ANY OTHER COMMENTS?

24. YOUR RESPONSES WILL OF COURSE BE HELD IN THE STRICTEST CONFIDENCE. HOWEVER, IF YOU WOULD BE WILLING TO DISCUSS YOUR RESPONSES IN MORE DETAIL, PLEASE WRITE YOUR NAME AND AUTOVON NUMBER BELOW.

THANKS FOR YOUR ASSISTANCE

END

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