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DCASR Philadelphia

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DEFENSE CONTRACT ADMINISTRATION SERVICES REGION PHILADELPHIA

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Nomination as an OMB Quality Improvement Prototype for 1990

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REPORT DOCUMENTATION PAGE

Form Approved
OMB No. 0704-0188

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1. AGENCY USE ONLY (Leave blank)		2. REPORT DATE Sep 1989		3. REPORT TYPE AND DATES COVERED	
4. TITLE AND SUBTITLE DCASR Philadelphia Nomination as an OMB Quality Improvement Prototype for 1990				5. FUNDING NUMBERS	
6. AUTHOR(S)					
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Defense Contract Administration Services Region, Philadelphia Philadelphia, PA				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSORING / MONITORING AGENCY REPORT NUMBER	
11. SUPPLEMENTARY NOTES					
12a. DISTRIBUTION / AVAILABILITY STATEMENT Approved for Public Release; Distribution is Unlimited.				12b. DISTRIBUTION CODE Unclassified	
13. ABSTRACT (Maximum 200 words) > This nomination document prepared by DCASR Philadelphia summarizes the TQM actions and successes implemented by DCASR Philadelphia in 1989. It addresses the quality environment, measurement, improvement planning, employee involvement, training, employee recognition, and results of quality improvement efforts.					
14. SUBJECT TERMS TQM (Total Quality Management), Quality Improvement Prototype, Continuous Process Improvement.				15. NUMBER OF PAGES	
				16. PRICE CODE	
17. SECURITY CLASSIFICATION OF REPORT UNCLASSIFIED	18. SECURITY CLASSIFICATION OF THIS PAGE UNCLASSIFIED	19. SECURITY CLASSIFICATION OF ABSTRACT UNCLASSIFIED	20. LIMITATION OF ABSTRACT UL		



DEFENSE LOGISTICS AGENCY
DEFENSE CONTRACT ADMINISTRATION SERVICES REGION, PHILADELPHIA
POST OFFICE BOX 7478
PHILADELPHIA, PENNSYLVANIA 19101-7478



IN REPLY
REFER TO

DCASR PHI-D

07 SEP 1989

SUBJECT: Nomination of OMB Quality Improvement Prototypes
for 1990

TO: Director, Defense Logistics Agency

1. On behalf of the 2,100 Contract Administration professionals at DCASR Philadelphia, I am pleased and proud to submit the enclosed nomination package for OMB's Quality Improvement Prototypes for 1990.

2. The personnel in this Region understand today's challenge to reduce the Federal budget deficit, while at the same time responding to demands for improved mission performance. We also recognize that philosophy and good intentions are of no benefit without a concerted commitment to turn words into action. At DCASR Philadelphia we are making the changes necessary to achieve new heights of quality and productivity improvement, and customer satisfaction. Most important, we are institutionalizing an ethic of continuous improvement that will transcend changes in key personnel.

Encl

A. T. MONTAGNE, JR.
Captain, SC, USN
Commander

A-1

APPLICATION FOR DESIGNATION AS A QUALITY PROTOTYPE

NOMINATED ORGANIZATION:

Name of Nominated Organization: Defense Contract

Administration Services Region, Philadelphia

Agency Name Defense Logistics Agency

Address Cameron Station, Alexandria, VA 22304-6100

Address of Nominated Organization

DCASR Philadelphia

P. O. Box 7478

Philadelphia, PA 19101-7478

HIGHEST RANKING OFFICIAL IN NOMINATED ORGANIZATION:

Name Captain A. W. Musgrave, Jr., SC, USN

Title Commander, DCASR Philadelphia

Address P. O. Box 7478

ATTN: DCASR PHI-D

Philadelphia, PA 19101-7478

Telephone Number COMMERCIAL: 215/952-4000/AV: 444-4000

SITE OF NOMINATED ORGANIZATION:

Number of Employees 2100

Number of Sites 7

Budget for Preceding Fiscal Year (circle one)

0-1M\$	\$10M-\$100M	\$500M-\$1B
\$1M-\$10M	\$100M-\$500M	Over \$1B

List Sites

Philadelphia, Region, Philadelphia, PA

Philadelphia, Management Area (DCASMA), Philadelphia, PA

Baltimore, DCASMA, Baltimore, MD

Reading, DCASMA, Reading, PA

Pittsburgh, DCASMA, Pittsburgh, PA

IBM, Plant Representative Office (DCASPRO), Manassas, VA

GE, DCASPRO, Cherry Hill, NJ

OFFICIAL INQUIRY POINT:

Name Ms. Francine Jachimowicz

Title TQM Coordinator

Address DCASR Philadelphia

P.O. Box 7478/ATTN: DCASR PHI-L

Philadelphia, PA 19101-7478

Telephone Number COMMERCIAL: 215/952-7067/AV: 444-7067

Telefax Number COMMERCIAL: 215/952-2593/AV: 444-2593

SIGNATURE, AGENCY HEAD:

X

Name _____

Title _____

Address _____

Telephone Number _____

Date _____

OMB Quality Prototype
Nomination Summary
for
DCASR Philadelphia

Mission & Organization

Defense Contract Administration Services Region (DCASR) Philadelphia is responsible for comprehensive post-award administration of contracts for DoD activities; other Federal Agencies; and foreign governments. DCASR Philadelphia's geographical area of responsibility consists of the states of Pennsylvania, Delaware, Maryland, Virginia, New Jersey, West Virginia, and the District of Columbia. The work is accomplished through four Defense Contract Administration Services Management Areas (DCASMA), and two Defense Contract Administration Services Plant Representative Offices (DCASPRO). These Secondary Level Field Activities are responsible for the direct oversight of all contracts assigned to this Region for administration.

Services Provided, Staffing and Workload

DCASR Philadelphia currently administers over 86,000 contracts valued at approximately \$54 billion. This extensive contract base includes over 5,400 commercial vendors. The Region is staffed by 24 military and approximately 2,100 civilian personnel. The principal functions performed are: contract management (including pricing evaluation and negotiation of contract changes); production surveillance; quality assurance and acceptance of material; and payment of contractor invoices (\$8.3 billion paid during the last year). In addition to administering assigned contracts, the Region conducts pre-award surveys to determine a potential contractor's ability to meet the requirements of a proposed procurement successfully; and price or cost analysis of contractor's cost proposals to assist buying commands in contract negotiations.

Customer Activities

DCASR Philadelphia's customer activities are comprised of an extensive list of buying commands and program offices within the: Department of the Navy; Department of the Army; Department of the Air Force; and the Defense Logistics Agency. Additionally, we provide contract administration services to other Federal Agencies that include: NASA, FAA, and the Post Office Department. We also administer contracts on behalf of a number of foreign governments.

Beginning of the Quality Improvement Process

Experiencing severe budgetary constraints, DCASR Philadelphia's quality improvement efforts were started in earnest in February 1988 when Dr. L. Broedling of the Navy Personnel Research and Development Center (NPRDC) was invited to present a briefing on TQM to our senior staff. Subsequently, the Region Commander and the Quality Assurance Director attended Dr. Deming's seminar on quality improvement. These two events provided the background knowledge to begin to explore and plan a quality transformation process for this Region.

The Region Commander scheduled all the key executives within the Command for one of Dr. Deming's seminars to allow them the opportunity to evaluate the new philosophy. There was universal acceptance of the basic tenants of this new quality approach, and the Region commenced in June 1988 the transition to an organizational environment that embraces the concept of Total Quality Management (TQM).

Implementing Quality and Productivity Improvement

When we started TQM, there were several other productivity initiatives on-going. These included: expanding ADP network capabilities, personnel management improvements, and correcting quality of worklife deficiencies. TQM, and our focus on continuous improvement, is bringing these other initiatives into a comprehensive Total Quality Management effort.

Organizational Philosophy for TQM

We are making substantial progress in improving our quality and productivity posture because of the significant changes being made in introducing a TQM culture into our organization. This cultural change is based on the following key precepts:

- TQM is not a program -- it is a cultural change.
- Short-term payoffs can occur, but expectation must be focused on the long term.
- Our focus is on continuous improvement.
- Management is responsible for between 85% and 94% of process variation/problems.

With this philosophical underpinning, quality and productivity, and customer satisfaction improvements, are moving forward on a broad front.

1. QUALITY ENVIRONMENT

A. The Region's key executives role in our quality improvement efforts

In May 1988, an Executive Steering Committee (ESC) was formed to provide leadership for Defense Contract Administration Services Region Philadelphia's Total Quality Management (TQM) transition. The ESC is chaired by the Region Commander, and includes the Region Deputy, the Commanders of our Secondary Level Field Activities (SLFAs) and the principal Staff Directors. While this body of key executives represents the traditional command structure that exists in all DLA DCAS Regions, it also represents a parallel TQM organization that facilitates the growth and expansion of a philosophy of continuous improvement. Reporting to the ESC is a sub-tier structure of Quality Management Boards (QMB), and Process Action Teams (PAT). The number of QMBs and PATs is expanding as new processes and requirements for continuous improvement are identified.

The QMBs are working groups that generally consist of senior managers who are experts in a given process, as well as representatives from selected customer commands when appropriate. We have included customer activities in certain QMBs to help direct our efforts to improve customer support. Some of the commands that currently participate in our TQM efforts via QMB membership are: The Navy Ships Parts Control Center; Defense Personnel Support Center; Navy Regional Contracting Center Philadelphia; Defense Industrial Support Center; and the Defense Contract Audit Agency. We currently have the following QMBs which are all chaired by key executives:

- Level One/Subsafe
- Training
- Resources Management
- Pre-Award Survey
- Unpriced Contractual Actions
- Accounting and Finance
- Healthy Workforce
- Command Image
- Contract Distribution

Our TQM organizational structure (ESC, QMBs and PATs) is a powerful catalyst for effecting positive change. It is the key mechanism within the Region for demonstrating that impediments to process improvement can be overcome and that continuous improvement can take place. It represents a dynamic organization that opens up the traditional functional and command structure to give individuals a greater sense of ownership in effecting improvements. It is also a flexible structure that can meet changing requirements for process improvement. This organizational approach is putting words and philosophy into

action, and as such, is creating the basis for institutionalizing an ethic of quality improvement throughout the Region.

Recognizing that a quality oriented organization demands leadership that emanates from the very top management structure, our senior managers have played an active role in developing the Region's quality philosophy. To emphasize this leadership commitment to TQM, the Commander, DCASR Philadelphia was filmed for a TQM video tape in November 1988 that is the focal point for our TQM Awareness Training. This Awareness Training has been scheduled for every employee. Copies of this video tape have been distributed to our field activities and emphasize the Commander's personal involvement and commitment. The Field Commanders and Principal Staff Directors are personally involved with our TQM Awareness Training, personally giving many of the briefings and participating in the others. The Region Commander and Field Commanders have jointly signed the below Pledge, which is included in our TQM Implementation Plan.

PLEDGE OF COMMITMENT

Our pledge is to put TQM into action by demonstrating a daily commitment to our Constancy of Purpose and Guiding Principles. We will both learn from our people and, at the same time, be teacher and coach. Our aim is to create an organizational environment where there is excellence for customers and a great place to work for all of our people.

The Region Commander is a strong advocate of open communications. He aggressively utilizes every opportunity to meet locally throughout the Region with groups of employees to address ongoing initiatives and to respond to their questions and concerns. For instance, he has been very active in providing a strong dialogue with the employees of Accounting and Finance about their employment security concerns when the Defense Finance Center is fully operational and our payment operation transitions to this new activity.

B. The Region's operating philosophy for quality and productivity improvement represents a strong focus on TQM.

A basic element of Dr. Deming's quality philosophy is for each organization to develop a Constancy of Purpose -- a solid commitment to a direction -- values that are true and unwavering. It took almost a year to develop our statement of basic values -- our Constancy of Purpose and Guiding Principles (see Figure 1). The final product represented the conscientious efforts of many employees -- both management and non-management alike. The words were selected with care to not only reflect what we stand for, but to give individuals a statement they can identify with and put into action in the years ahead.

Developing ownership for our Constancy of Purpose and Guiding Principles was accomplished by having many people contribute to its development. While this took far longer, a better product resulted and a sense of commitment to a quality organization was started. The statement of our Constancy of Purpose and Guiding Principles is a basic building block for our expansive TQM Awareness Training. It was promulgated by the Region Commander at our 25th Anniversary Celebration in April 1989, and has been printed on framing quality parchment, pocket size laminated cards, and included in our Region newsletter. It was also incorporated into our TQM Implementation Plan which is soon to be distributed to every employee.

- Constancy of Purpose -

Our mission is to provide quality contract administration services for our customers. The work we do is a vital part of the acquisition process. We are proud to have an important role in support of our men and women in uniform. We strive to continually improve our performance. We are contract administration professionals.

- Guiding Principles -

People

The most important resource in our organization is people. We value everyone's ideas and opinions. Our goal is for each individual to contribute to the best of his or her ability. We encourage and support every employee's professional growth and career development.

Customers

Every member of our organization has one or more internal or external customers. Our commitment is to meet the needs of these customers. Success is when our customers value what we do.

Quality

We are committed to continually improving the quality of services we provide. We want to do the very best we can for those we serve. Through improvement of quality we will increase productivity and customer satisfaction.

Communications

Our organization believes in and practices open and forthright communications. We are honest with both ourselves and our customers. We remove barriers which stifle ideas and opinions. We keep everyone informed and answer everyone's questions. Good communications help us achieve teamwork and trust, which is vital to our organization.

Integrity

We recognize our responsibility to practice the highest ethical standards in all that we do. As public servants, we have a higher calling than that of society in general. We respect each individual, and avoid any action which treats a person in an unfair or discriminatory way. We recognize our responsibility to get the most from the resources the taxpayer has entrusted to us and to make our organization more productive.

MAY 1989

Figure 1

C. The Region has an aggressive program to communicate its quality vision to all employees.

Open and forthright communications is one of the Guiding Principles that is fundamental to our TQM efforts. A great deal of emphasis is exerted to provide a continuous flow of information throughout this widely disbursed organization. A four hour TQM Awareness Training session is being used to provide all employees a basic overview of the concepts embodied in the TQM philosophy. These training sessions are well underway with some activities having already provided training for all of their employees. The objective is to provide this initial training to all 2,100 Region employees within the next year. To date, approximately 600 employees have had TQM Awareness Training.

In addition to the TQM Awareness Training, we make active use of the Command newsletter, The DCASR Philadelphia Mirror, to disseminate our quality commitment and vision. One entire issue of the Mirror was devoted to providing a detailed summary of our expansive TQM efforts.

Our quality commitment is also included in our new employee orientation program and provides new employees with a perspective on the type of quality oriented organization they are entering. Additionally, we utilize numerous video tapes to convey our quality improvement message.

The Region utilizes an aggressive recognition program designed to identify and reward outstanding employees. This recognition communicates to all employees our commitment to quality. Recognition can be either a monetary award or nomination to be one of the Command's outstanding employees. We also have changed performance standards for all merit pay employees to reflect TQM principles.

D. Quality and productivity management is a vital part of the Region's planning process.

The Region's mission performance is managed and improved through a dual organizational structure. This dual structure consists of the formal command and functional structure which emphasizes day-to-day operational activities, and the parallel TQM structure which emphasizes planning for continuous improvement. As we progress further along the path of continuous improvement, the TQM structure will become more dominant and eventually pervade the day-to-day operational aspects of the entire Region.

Monthly ESC meetings are held to review the progress of the various QMBs and Field Commands. This allows for sufficient time between meetings for the QMBs and Field Commands to pursue new progress. The QMBs are responsible for: identifying and selecting

critical sub-processes; developing plans for process improvement; facilitating data collection activities; providing decision and resource support for PATs; and implementing and evaluating system changes. At the monthly ESC meeting, each Field Commander presents an update on the TQM efforts and progress at that particular Activity. The net effect of these monthly meetings is to focus top management attention on all of the productivity enhancements in process throughout the Region. This level of exposure allows for timely direction and emphasis on critical processes. As a result of emphasizing calendar discipline, we have had fifteen straight ESC meetings which are scheduled monthly and are full day sessions.

A TQM support staff was established, at the beginning of our TQM efforts, to provide advice and assistance to the Region Commander, ESC, QMBs, and PATs. The Support Staff is headed by the Region's TQM Coordinator, who is supported by a staff of two full-time employees. The responsibilities of the TQM Support Staff include: overseeing all TQM training initiatives; maintaining a TQM database; orienting new managers and other key personnel to TQM; assisting QMBs and PATs; and helping assess the effects of our transformation efforts.

E. The Region is devoting considerable time, resources, and energy to our quality and productivity improvement efforts.

Our quality improvement activities are diverse and include efforts internal to the Command, jointly with other DoD and government agencies, jointly with contractors, and with the Philadelphia Chamber of Commerce.

The Region Commander is a member of the Board of Directors for the Philadelphia Area Council for Excellence (PACE), an initiative of the Philadelphia Chamber of Commerce. PACE is committed to advancing the philosophy of increased productivity and quality improvements throughout the Philadelphia area. PACE membership offers us the opportunity to: attend local courses on quality improvement sponsored by PACE; stay current with the significant quality advances and concepts of the commercial sector; and to demonstrate to local business leaders the commitment being made in the federal sector to quality improvement.

While TQM provides a foundation for quality and productivity improvement efforts, numerous initiatives were already in place when we introduced TQM. These other initiatives have continued in parallel with TQM, but are now beginning to be integrated under the TQM umbrella. Our initiatives to improve quality and

productivity can be summarized in four distinct categories: (1) workforce improvements; (2) quality of worklife improvements; (3) training; and (4) expanded use of technology.

(1) Examples of our efforts in the pursuit of workforce improvements include: a Region-wide compressed work schedule experiment that allows employees to work a full 80 hour pay period in nine days vice the normal ten; increased flexi-time working hours; standardized performance standards for all Region employees; and upgrading of the Quality Assurance Representatives (QARs) to more appropriately reflect the level of expertise required for these critical employees.

(2) Quality of worklife improvements include building a better work environment through: new modular furniture for Region Headquarters and DCASMA's Baltimore and Reading; and improved lighting and temperature control, and office environment for Headquarters and DCASMA Philadelphia, and a space requirements study for DCASMA Pittsburgh.

(3) Training is one of our top investment priorities and we have continued to emphasize a strong and expanding training program inspite of decreasing resources. All our key managers (64 to date) have attended a 4-day Deming seminar, and 28 more are scheduled for a February 1990 session. The Investment in Excellence video tapes, application guides and facilitator manuals were purchased for in-house training. We have used the Navy Personnel Research and Development Center San Diego, CA, for the past two years (FY 88 and FY 89) as a consulting service to guide our initial TQM efforts. We have also broken new ground in initiating joint TQM related training with three of our major contractors to emphasize the government-industry team commitment to quality improvements that must take place.

In support of our training commitment, we have established a comprehensive TQM library. Some examples of the publications we have acquired are: Out of the Crisis, by Dr. W. Edwards Deming; The Deming Route to Quality and Productivity, by William W. Scherkenbach; Memory Joggers, by Michael Brassard of GOAL/QPC; Creating the Corporate Future, by Russell Ackoff; The Team Handbook: How to Improve Quality, by Peter R. Scholtes & Joiner Associates; Leader Effective Training, L.E.T., by Dr. Thomas Gordon; What is Total Quality Control? The Japanese Way, by Dr. K. Ishikawa; and Commit to Quality, by Patrick Townsend. The library also includes video tapes for supervisory/leader training and are designed to enhance team building and leadership skills.

(4) We have invested considerable time and resources in expanding ADP and communications capabilities. This has been a key factor in increasing our level of service inspite of decreasing personnel resources. The expansion has placed emphasis on increasing the number of work stations with 1,660 planned by the end of FY89. This will give our personnel a heightened sense of professional worth in addition to the direct productivity benefits realized. We are also aggressively pursuing Electronic Data Interchange with other government activities and contractors.

2. QUALITY MEASUREMENT

A. DCASR Philadelphia has an expansive quality measurement process.

Several quality-related measures are used to pinpoint areas for improvement. For example, consultants from the Navy Personnel Research and Development Center (NPRDC) conducted a personnel survey during FY 89 to provide a preassessment of our TQM implementation efforts. A later survey is scheduled to assess the effectiveness of our TQM implementation activities. The Naval Facilities Engineering Command conducted initial site surveys and data gathering at our 27 government locations to provide a baseline of conditions requiring corrective action. This information now resides on a Facilities Assets Database which is designed to help the Region manage its facilities in a systematic manner. The TQM Support Staff also assists internal organizational elements in determining the effectiveness and status of our TQM and SPC implementation efforts. Feedback from these assessments is provided to the Region Commander, the Executive Steering Committee, Directors and Field Commanders, as appropriate. Further, through the use of SPC tools, we can display and track performance trends which guide us in our long term objective of achieving continuous improvement in quality and productivity by reducing the inconsistencies found in all processes.

B. The Region has placed significant emphasis on changing the information collection process.

The most significant change in the types of information the organization collects today, as compared to the period prior to starting our quality improvement effort, is the emphasis we now place on measurement of performance trends. Being able to operate on the basis of continuous improvement requires management information on performance trends.

Traditional performance indicator systems tend to key on predetermined goals, with the objective being to stay within assigned limits. This fosters two unfavorable results: (1) a management attitude of "good enough", as opposed to continuous improvement; and (2) short term "tiger team" type efforts to get

within a given goal, without focusing on the underlying factors, which if resolved, could result in long term improvement that exceeds the goal requirements.

Today, with SPC tools, we are starting to statistically collect and analyze data to measure process performance on an ongoing basis for continuous process improvement. Specifically, SPC methods and techniques help us to identify process problem causes, not just symptoms, and develop permanent solutions.

C. The Region aggressively uses collected information to adjust and correct identified process weaknesses.

DCASR Philadelphia's QMBs use information collected through SPC methods to evaluate critical processes. We can then develop plans for improvement and evaluate system changes. For example, in Accounting & Finance, a PAT is collecting and analyzing data to improve the manual invoice payment process. This PAT routinely uses pareto charts to portray primary areas for corrective action based on the data collected. The PAT also uses cause and effect diagrams to find the root cause for process problems and brainstorming to develop permanent solutions. A cross-functional Sub-QMB has also been created to explore ways to have SPC techniques automated into our master database (MOCAS).

D. Accurate and timely data are underlying considerations in the success of TQM.

DCASR Philadelphia has made many improvements to ensure that key data are accurate, timely and available. Not only have we made tremendous strides in the area of computer systems but also in computer literacy and mechanization of functions as well. Projects such as Contract Management Paperless Automated Request System (COMPASS), Personnel Automated Request System (PARS), automation of the Quality Assurance Management Information System Data (QMIS), Quality Effectiveness Sensing Techniques (QUEST), and Property Redesign, have measurably increased our efficiency. Also, through the use of laptop computers, we have taken computerization out of the office. Laptops are now being used extensively when any specialist goes out into the field. The laptops have internal modems and are used to transfer information to and from Region Headquarters and Field Commands.

The Region Staff has been aggressively working on the development of an automated Region-wide Management Information System. This new MIS will utilize the Region mainframe to host an interactive database of key management indicators. These indicators will be updated monthly to reflect current progress in key mission areas. Each Field Command will be able to access this database via the existing disbursed wide-area network. The

database will be interactive and allow the Field Commands to enter comments explaining the positive or negative trends reflected. It is anticipated that this automated MIS will be available for implementation by early 1990.

3. QUALITY IMPROVEMENT PLANNING

A. The Region's goals for quality improvement are based on the maturity of our TQM efforts.

Our short-term goal for quality and productivity improvement has been to build a solid TQM foundation. Our long term goal is to build upon that foundation with management action throughout the Region. Our approach in meeting these goals is based on a two-phased TQM implementation approach.

In Phase I, a TQM support group was organized and the initial implementation was approved by the Executive Steering Committee. Key objectives of Phase I were: to identify and make one non-trivial productivity enhancement through process improvement in order to demonstrate the value of the TQM approach; to define training requirements; to define resource requirements; and publish the Region's philosophy of TQM to ensure common understanding by all employees.

We have successfully completed Phase I and are now into the initial part of Phase II. Phase II entails a continuation of training and process improvement initiatives developed in Phase I. The principle objectives of Phase II are: to improve both internal and external customer support; to ensure Directorate Heads and Field Commanders have effective and efficient support to accomplish their TQM objectives; to shift implementation accountability and responsibility from the ESC and QMBs to Directorate Heads and Field Commanders; and to execute the Region mission in a manner consistent with Total Quality Management.

B. The Region's plans for quality and productivity improvements are extensive.

Specific plans and milestones for long and short term quality and productivity improvements are listed in Figure 2.

C. Customer requirements and feedback are driving factors in all the activities of DCASR Philadelphia.

Satisfied customers are the ultimate objective of planning and performing our contract administration mission. We firmly believe that the customer establishes our reason for being, and defines the requirements for services which our work processes produce. Therefore, everything we plan and do is geared to the assessment

of customer requirements. A number of our customer focus initiatives follows:

- Tailored Customer Relations Visits
- Stepped-Up adhoc visits and coordination with customer commands and program offices
- Increased assistance and support to contractors recognizing that contractors are also customers
- Having customer representatives in QMBs and PATs

• SCHEDULED START • SCHEDULED COMPLETION • STARTED • COMPLETED • ONGOING	DCASR PHILA MILESTONES FOR TQM IMPLEMENTATION PLAN																			
	CY 1988				CY 1989				CY 1990				CY 1991				CY 1992			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
1. COMMAND DECISION																				
A. IDENTIFY CRITICAL MASS:																				
B. ESTABLISH EXECUTIVE STEERING COMMITTEE																				
C. PUBLISH DCASR TQM																				
(1) INTERIM PLAN																				
(2) FINAL PLAN																				
D. IMPLEMENT DEMING'S 14 POINTS																				
E. ISSUE CONSTANCY OF PURPOSE																				
2. EDUCATION AND TRAINING																				
A. IDENTIFY TRAINING REQUIREMENTS																				
B. IDENTIFY TRAINING SOURCES AVAILABLE																				
C. SCHEDULE TRAINING																				
D. CONDUCT TRAINING																				
3. PROCESS IMPROVEMENTS																				
A. IDENTIFY PROCESSES																				
B. ESTABLISH QMBs																				
C. ESTABLISH PATs																				
D. IMPLEMENT CHANGES																				
4. INSTITUTIONALIZE CONTINUOUS IMPROVEMENT																				
A. FOCUS ON CUSTOMER SATISFACTION																				
B. INTEGRATE EXISTING INITIATIVES																				
C. PUBLICIZE TQM ACTIVITY																				
5. IMPLEMENT FEEDBACK AND MONITORING SYSTEM																				

Figure 2

4. EMPLOYEE INVOLVEMENT

A. Employees are the focus of this Region's quality improvement efforts.

The use of teams and teamwork is vital to the TQM philosophy and to process improvement. This begins with development of a total Region team and extends throughout the entire organization. Some current avenues for employee involvement are:

(1) Our entire TQM structure hinges on employee involvement starting with the Region Commander. Processes are evaluated by QMBs, and PATs are organized around each process selected for testing. Each team (QMB and PAT) develops a plan of action that highlights its basic objectives and desired outcomes. All of this is accomplished through a team effort. In addition, this team structure represents an environment where individuals are not only challenged but have numerous opportunities to demonstrate their skills through presentations and participation in the many process improvement meetings that take place.

(2) Personnel on our Process Action Teams are responsible for collecting and analyzing data, keeping accurate documentation on process variation, making recommendations for action to Quality Management Boards, and putting plans into operation when approved by the Executive Steering Committee. PATs are proving to be an excellent mechanism for providing "ownership" for process improvement at the working level. Using the "linking pin" concept, each PAT also normally includes a QMB member to ensure a well coordinated approach. We currently have the following PATs:

- Four PATs work under the Level One/Subsafe QMB
- One PAT works under the Training QMB
- Two PATs work under the Accounting and Finance QMB

(3) Because of our geographical dispersion, we have also developed Integrated Support Teams to sustain our emphasis on DLA's productivity through Excellence and Efficiency in an Enriched Environment (4 E's). Recognizing the need for improved communications between the Region Headquarters and our Field Commands early in 1988, we created Integrated Support Teams from disciplines such as Budget, Management Engineering, and Organization and Mission Control. The teams assist our Field Commanders in accomplishing their mission within their allocated resources and in developing an enriched environment for their workforce.

(4) An important step in breaking down organizational barriers and teambuilding between Contract Management and Quality Assurance was taken with our first two-day Joint Division Chiefs conference held in March 1989. This meeting helped both Directorates understand the other's concerns and what was required to accomplish their missions. A framework was established to

build a better working relationship between the two Directorates. New communication lines opened which will assist us in working as one team. The feedback from this conference was so overwhelmingly positive that we plan to continue these joint conferences twice annually with the next conference scheduled for this month.

(5) Through DoD's Model Installation Program (MIP), we have a channel for our employees to submit ideas to top management. The program is designed to encourage the waiving of regulatory restrictions to conduct controlled tests of new ideas for better management. Since its implementation in 1987, our employees have actively used the Model Installations Program (MIP) as a vehicle for submitting suggestions for quality and productivity improvements.

(6) At our annual Contractors Conference, our employees give presentations and participate in panel discussions. This conference, which is attended by several hundred contractor personnel, is an excellent opportunity for a significant number of our employees to gain public speaking experience and showcase their knowledge and contributions before a large audience.

B. There is a high level of employee involvement in the activities identified in the above section (4B).

Virtually 100% of our top managers, referred to as our "critical mass" are personally involved through ESC and/or QMB participation. There are 12 members on our Executive Steering Committee and we presently have 65 members on our QMBs.

Seven PATs are currently operating to support QMB activities with a total membership of approximately 25 employees.

There are currently two Integrated Support Teams comprised of a leader and four and five members respectively. They have conducted week long visits to our Field Commands since they began a year ago. A third Integrated Support Team will be established in FY 90. This third team will expand our scope of service to cover all Field Commands.

Approximately 30 Region Staff and field personnel participated in the Joint Contract Management and Quality Assurance Joint Division Chiefs meeting.

Approximately 800 employees have been active participants in the MIP Program.

At last year's Contractors Conference (Nov 88), 26 employees had the chance to make presentations. Additional employees will have an opportunity to gain exposure and experience at this year's conference scheduled for this month.

C. Our plans include expanded employee involvement in all aspects of TQM.

Our TQM efforts are increasing at a dynamic pace and will ultimately involve every Region employee. As our QMBs grow in number and stage of progression, the supporting PATs will involve a significant percentage of our workforce. To create an early-on sense of involvement for every employee, we will soon be issuing a personal copy of our TQM Implementation Plan to every employee in the Region. The Region Commander's message to all employees (Figure 3) is to become involved in the important changes taking place and to suggest ways to improve our TQM implementation efforts.

TO THE MEN AND WOMEN OF DCASR PHILADELPHIA

Regardless of your grade, position, or functional specialty, you are a vital member of the DCASR Philadelphia Family. As such, I urge you to read the enclosed TQM Implementation Plan and become an integral part of the vital changes that are taking place. This plan describes how we are becoming the very best at what we do -- the administration of contracts for our customers -- a demanding and extremely important endeavor.

The essence of TQM is simple -- build an organization that achieves excellence for its customers and is a great place to work for its people. Of course, doing that is not all that simple -- a lot of hard work is involved over a long period of time. If I had to pick one ingredient that I truly believe is the key to succeeding with TQM, it is caring. Demonstrate that you care for your fellow team members -- those who work for and with you, and, yes, even your boss, but above all each of your customers. That may sound a bit idealistic, but it isn't. It is called leadership. Each of us can set the right example and be a leader in helping to build an organization that stands for quality through and through.

Read the Plan, think about it, ask questions, talk about it, be curious, get involved, show your enthusiasm, and challenge aspects of our TQM efforts you think can be improved. We need every one of you to do exactly that. This is the type of individual involvement and commitment we owe to the American taxpayer, our customers, and to ourselves.

Figure 3

5. TRAINING FOR QUALITY IMPROVEMENT

A. Extensive training activities have been utilized to meld the senior management into our TQM structure.

Leadership is vital to our efforts in quality improvement. Our first formal leadership training session was conducted in November 1988 by Air Force Colonel Edward Hubbard, a prisoner of war for six and a half years during the Vietnam conflict. He provided inspirational insight into the subject of human potential.

Early in our TQM implementation planning, we identified a "critical mass" of top managers to study the quality concepts of Dr. W. Edwards Deming. This critical mass of senior managers attended Dr. Deming's four day seminar on quality and productivity concepts.

Working with Navy Personnel Research and Development Center San Diego, CA, we also conducted a "Train the Trainers" session for our critical mass in September 1988. They attended a two day TQM training session with representatives from NPRDC to review the Deming philosophy and implementation approach and were given the tools necessary to confidently provide TQM Awareness Training to their employees. Our Field Commanders and Headquarters Directors attended this training and have since initiated TQM Awareness Training in their respective areas.

All of our senior managers have also had the opportunity to attend Lou Tice's Investment in Excellence seminar. These seminars show individuals how they can realize their full potential and how they, as supervisors, can be a positive influence for their personnel.

This October we are planning to use the Defense Systems Management College to assist us in conducting a simulated management exercise and critique called "Looking Glass, Inc." If successful, this will be a leadership and management training device that we will use on a broad scale.

B. Our employee training programs are second to none.

Our expansive training efforts have included utilizing both internal and external training sources and are targeted for increasing awareness of the quality improvement concept. Training that has been fundamental in our actions to date includes:

(1) Investment in Excellence: This video tape series from Lou Tice is a valuable means of showing individuals how to improve themselves and how this improvement can impact their personal lives and work environment. To date, over 1,000 employees have attended this three day seminar on a strictly voluntary basis.

(2) Total Quality Management (TQM) Awareness Training: To educate our personnel in the basic philosophy and tools of TQM, all employees are scheduled to receive TQM Awareness Training. Our key leaders present the training to their personnel, which includes a video tape of the Region Commander explaining our Constancy of Purpose and Guiding Principles. To date, approximately 600 people have attended this training. TQM Awareness sessions are presently being conducted regularly at the Region and six Field Commands.

(3) Statistical Process Control (SPC) Training: To support our QMBs and PATs our employees are being educated in the use of statistical tools for measuring process variation in order to be better able to control and improve the quality of their work. We are scheduling the SPC Awareness Training to follow TQM Awareness Training to give employees a basic overview of TQM in concert with SPC Training. To date, approximately 200 people have attended this training.

C. Our training efforts are directly tied to our planning activities.

Employee training is the number one budget priority at DCASR Philadelphia. The training program presently in place will change as the needs of the organization change. For instance, once all personnel have had the opportunity to attend the TQM Awareness Training, it will be given periodically to new employees. Once the initial SPC Awareness Training is completed, SPC orientation classes will be scheduled, as needed. SPC training is given in three parts. Part I is the Awareness Training, Part II of the SPC training consists of the technical aspects of SPC, as well as looking at current software packages that are available. Part III is Sharing Sessions designed to provide effective SPC communications and exchange of ideas and experiences. Another training program we are planning to continue is the Investment in Excellence program. Refresher courses will be offered and we are also investigating having the basic course available for families of employees. FY 1990 has been designated the "Year of Leadership Training" at DCASR Philadelphia and heavy emphasis will be placed on leadership training for all supervisors, managers and team leaders. At a recent conference of our Quality Assurance first line supervisors, the Region Commander addressed the group on both TQM and leadership.

6. EMPLOYEE RECOGNITION

A. Employee recognition is a vital part of our productivity improvement program.

DCASR Philadelphia's employee recognition programs fall into two distinct categories, Individual Recognition and Team Recognition.

Individual Recognition: This Region is committed to showing appreciation through both monetary and non-monetary recognition for jobs well done. There are many vehicles that we are using for providing recognition to individuals. These include: Quality Step Increases, Sustained Superior Performance Awards, Special Act Awards, Beneficial Suggestion Awards and Model Installations Program Awards. One of the new initiatives adopted at DCASR Philadelphia is the Instant Cash Award. This award may be given to an employee by his or her first line supervisor for an accomplishment that deserves timely special recognition. During FY 89, we achieved a 14% increase in awards over FY 88. This shows the major importance we are placing on recognition as an underpinning of TQM.

For the past two years, three of our employees have been selected by the Defense Logistics Agency for the annual Productivity Achievement Award. We also recognize Employees of the Year and present plaques and certificates at a luncheon where all their co-workers are invited to attend.

Team Recognition: As teamwork is a vital element of our TQM initiative, we recognize the importance of individuals working together as a team. At the end of this year, the ESC will select three QMBs and three PATs for special recognition for their contributions during 1989. Certificates will be awarded along with commemorative items. These "best of the best" will be highlighted in the Region newspaper, The Mirror, and have their pictures displayed on main bulletin boards. They will be featured as examples to other employees of what can be accomplished through teamwork.

We have recently recognized other group actions that have included the team that worked on implementing MOCAS Segment 1X, a major ADP conversion at DCASR Philadelphia and a group of employees at one of our Field Commands that submitted a Model Installation Service Group Suggestion.

B. Below is DCASR Philadelphia's cash award profile for the last two Fiscal Years.

<u>FY 1988</u>					
	<u>HONORARY</u>	<u>QSI</u>	<u>SSP</u>	<u>SPECIAL ACT</u>	<u>INSTANT</u>
# Employees	19	37	195	143	146
% Workforce	1%	2%	9%	7%	7%
<u>FY 1989 (As of 30 Aug 1989)</u>					
	<u>HONORARY</u>	<u>QSI</u>	<u>SSP</u>	<u>SPECIAL ACT</u>	<u>INSTANT</u>
# Employees	32	53	202	145	402
% Workforce	1.5%	3%	10%	7%	20%

In FY 1988, 27% of the workforce at DCASR Philadelphia received personal recognition in the form of a cash award. This grew dramatically in FY 1989 to 41% of the workforce. This growth in personal recognition was a direct result of increased senior management direction to reward and recognize our many outstanding employees. The percentage for FY 1989 would have probably been even higher if it had not been for the many recent promotions within the Region. We have made a concerted effort to upgrade our positions to recognize increased job complexity.

7. CUSTOMER FOCUS

A. We utilize many modes to solicit customer feedback.

The customer establishes our reason for being and defines the requirements for services which our work processes produce. Everything we do is geared to assessment of the impact on customer service. Satisfied customers are the ultimate objective of performing our contract administration mission. To facilitate a posture of increased external customer satisfaction, several direct customer focus initiatives are taking place:

(1) Customer Relations Visits (CRV): CRVs are designed to promote procuring activities' understanding of a DCASR's capabilities and operations so that the DCASR can improve its service while at the same time correcting any systemic problems being experienced by the customer activity. In the past, CRVs followed the same format whether this was an initial or return visit to the buying command. We have now initiated two distinct CRV approaches to serve our customers better. At buying commands previously visited, the meeting is tailored around specific issues of mutual concern. For those buying commands which have not been visited in recent years, we emphasize a Command Overview and a detailing of DCAS's major functions and abilities, thus setting the stage for a more problem/issues oriented interaction in the future.

(2) Stepped up adhoc visits and coordination with customer commands and program offices: throughout the Region, an aggressive effort is taking place to go "downstream" to visit, support and get to know our customers better. They in turn will get to know DCAS and our capabilities. Meetings with customers to chart directions for increased coordination of effort are taking place to a degree not seen in the past. This is a basic underpinning of TQM in order to shape and adjust our internal practices and processes so that we continually improve our service to customers

(3) Having several of our Quality Management Boards include members from major buying commands brings expertise to the QMB and also provides us the opportunity to get to know the customer on a one-on-one basis. This close customer involvement in our TQM efforts helps guide our actions to better serve them.

(4) For the past three years, DCASR Philadelphia has sponsored a conference for its leading defense contractors. Industry has enthusiastically supported our efforts to "get the word out". Contractors have found this forum an excellent opportunity to learn more about the defense procurement process, as well as DCAS operations. In turn, our employees have gained valuable insights into industry's perspective on many of the topics discussed. We are definitely demonstrating to contractors that we view them as a customer. We have also been extremely active in sponsoring meetings and conferences for small and minority businesses, and sheltered workshops for handicapped employees (NIB/NISH).

B. Customer feedback, compliments and complaints are key tools for our service oriented command.

Our aggressive customer visitation program provides the ideal setting to constantly monitor and update our service activities. These visits are directed at both our government customers and contractors that operate within the Region.

We also employ the traditional DLA customer feedback modes to gather feedback on our performance. An example of the more traditional customer feedback tools is the Product Quality Deficiency Reports (PQDR). PQDRs are used by customer activities to identify defective material delivered by government contractors. Using the PQDRs, we examine the contractor's manufacturing process to localize and correct process problems.

Given the breadth of contract administration functions and the large number of customer activities we serve, customer feedback generally does not center in a few anticipated areas such that focused corrective action can take place; therefore, we work to create customer satisfaction by emphasizing continuous improvement in all areas and reacting rapidly when we see a customer support problem developing that we could not previously anticipate. Recent examples of rapid and intensive support problem resolution are discussed below.

- When the Defense Industrial Supply Center had placed a high priority on obtaining Certificates of Quality Conformance (COQC) for critical fastener shipments, and we realized that many shipments were either missing the COQC or it was incorrect, we organized a special task force to study the entire process and visit contractors and government activities involved in the process. Within a matter of a few weeks the task force had

completed its analysis and initiated the necessary corrective action.

- When contractors were not being paid in a timely manner due to a variety of unexpected factors (CoD hiring freeze, high personnel turnover, computer outages, etc.), we developed an aggressive action plan and appointed a full-time project coordinator. As a result, the payment backlog has been dramatically reduced and contractors are being paid in a timely manner.

C. Our service goals originate both from DLA Headquarters and within this Command.

DLA Headquarters has established uniform objectives for all DCAS Regions. These objectives include the timely execution of numerous events that are specifically tied to our customers. These include such measurable characteristics as the timely completion of pre-award surveys, settlement of undefinitized contractual actions, pricing cases and contract closeout.

Although our operational goals are established by DLA, we place a great deal of importance on local planning and customer feedback to ensure that we are placing the correct emphasis on these goals, and that every opportunity for continuous improvement is pursued. Our strong customer orientation leads us to assume self-imposed goals to ensure that we always provide timely and responsive service. These self imposed goals include: prompt responses to all customer inquiries (interim responses are provided the same day via telephone); aggressive customer visit schedules by each Field Commander to discuss service on a face-to-face basis; and the commitment never to accept the attainment of an imposed numeric goal as "good enough". During numerous visits to buying commands and program offices, we spend a great deal of time educating these activities on the services we offer, in addition to listening to their particular problems and requirements. At the Navy's Annual Field Procurement Conference this year, the DCASR Philadelphia Commander addressed this large audience on how DCAS can assist the Navy. At the Defense Industrial Supply Center, the Aviation Supply Office, the Navy Ships Parts Control Center, and the Tank and Automotive Command he did the same thing in delivering a strong message that DCASR Philadelphia is here to serve their needs. Each Field Commander is also making numerous visits to customer activities to deliver the same message that we are here to serve.

8. RESULTS OF QUALITY IMPROVEMENT EFFORTS

A. The key measures for assessing the quality, timeliness, and cost-effectiveness of the service provided by DCASR Philadelphia reflect a customer oriented philosophy.

There is a significant number of key performance measures for reviewing the dynamic operations of this organization. We have elected to adopt a trend performance picture to present the positive impact our efforts have had on the direction of our management indicators. Figure 4 provides our performance trends for the end of FY 1988 and through July 1989. The Region's performance trend in each management measure is indicated as either Improving (IMP), No-Change (NO CHG), or Declining (DECL).

<u>PERFORMANCE INDICATOR</u>	<u>As of Sept 1988</u> (Near the start of TQM)			<u>As of July 1989</u> (After almost a year of TQM effort)		
	<u>IMP / NO CHG / DECL</u>			<u>IMP / NO CHG / DECL</u>		
Contract Closure	X			X		
Overage Pricing Cases			X	X		
Unpriced BOA Orders			X	X		
By the ACO						
Provisioning Orders			X	X		
ACO Change Orders			X	X		
Overage Prime Contracts			X			X
Preaward Surveys	X			X		
Timely Completion						
Delinquency Rate			X	X		
Value Eng Chg Prop	X			X		
Higher Level QA	X			X		
Corrective Actions						
Level 1/Subsafe Lot			X	X		
Reject Rate						
PQDRs Completed VS	X			X		
Vendor Liable						
Invoices Paid	X			X		
AVG Progress Payment		X			X	
Processing Time						
AVG Cost Voucher			X	X		
Processing Time						
Invoices On-Hand Over			X	X		
30 Days Old						
Invoices Paid		X			X	

Figure 4

B. A brief summary of five of our major projects follows:

Although not a project, our TQM initiatives have represented a significant investment in time and resources. TQM has become the focus of our work ethic and a philosophy that will help guide our actions through periods of even greater productivity achievement. The projects described below represent a cross section of activities. Some were directly generated by our TQM initiatives and others were instituted outside of the TQM umbrella. As we mature as a TQM organization, fewer and fewer activities will be initiated that are not generated by our TQM structure.

(1) Our ADP expansion efforts were initiated in 1987 and have continued to receive strong command attention and support. We recognize the almost unlimited potential associated with having an entire workforce of computer literate professionals. In support of this objective, we have invested funds to acquire work stations for most of our personnel who process information. The ultimate goal is to have a workstation for each employee that deals with the management of data.

(2) The Accounting & Finance QMB objective is to build long term continual improvement in the contract payment process. This QMB reviewed the internal processes dealing with contract payment and identified specific areas needing modification or additional emphasis. The QMB has also initiated several automated system enhancements that include invoice and vendor acceptance (DD 250) input via magnetic tape/disk, Electronic Data Interchange transmission of Invoices/DD250's, and Electronic Funds Transfer to expedite payment actions. Another major area of emphasis was the development and training of the workforce through: Career counseling by the Office of Civilian Personnel; TQM and Statistical Awareness Training; and initiating expanded career ladders to reduce the turnover rate for Accounting & Finance employees. Figure 5 represents one of the significant productivity improvements generated as a result of the actions of this QMB -- the reduction of overage invoices. Reduction of overage invoices is critical both in terms of providing support to contractors and in avoiding interest penalties under the Prompt Payment Act.

INVOICES ON HAND OVER 30 DAYS OLD

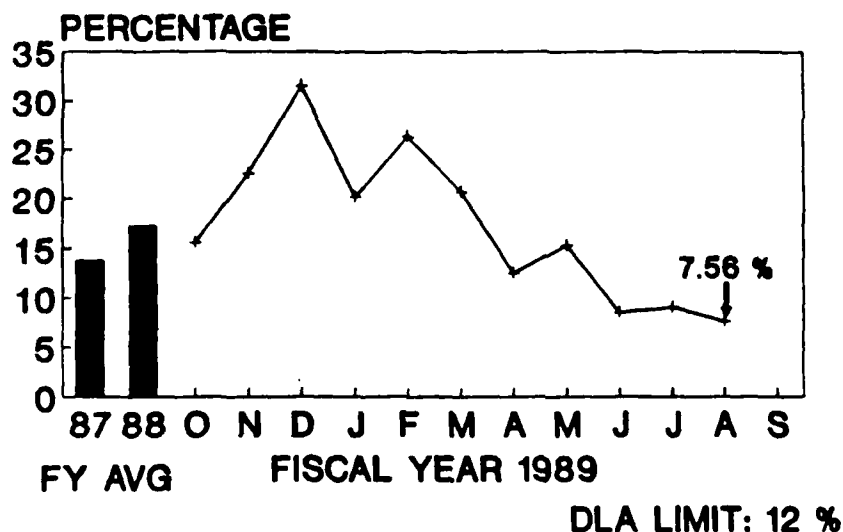


Figure 5

(3) Another QMB was established to improve the Level One/Subsafe Acquisition process so that the using activities can develop maximum confidence in the quality of the delivered material. This Region is responsible for over one-third of all the Level One/Subsafe material delivered to the U.S. Navy for its nuclear submarine force. During the last year, this QMB used SPC techniques to develop comprehensive problem identification and analysis diagrams of the Level One/SS Acquisition process. Based on the information gained by this process review, the QMB formed PATs to work on specific action items. For example: teams were created to develop a flow chart on the Quality Assurance Representative (QAR) process; to examine the Product Quality

Deficiency Reports (PDQR) which serves as a customer feedback tools; to perform joint QAR/PAT inspections of certain contract items that historically have had high reject rates; and to develop a checklist to assist the QAR's. This increased understanding and process familiarization, coupled with management attention, have generated the productivity improvements as reflected in Figure 6.

LEVEL 1/SUBSAFE LOT REJECT RATE

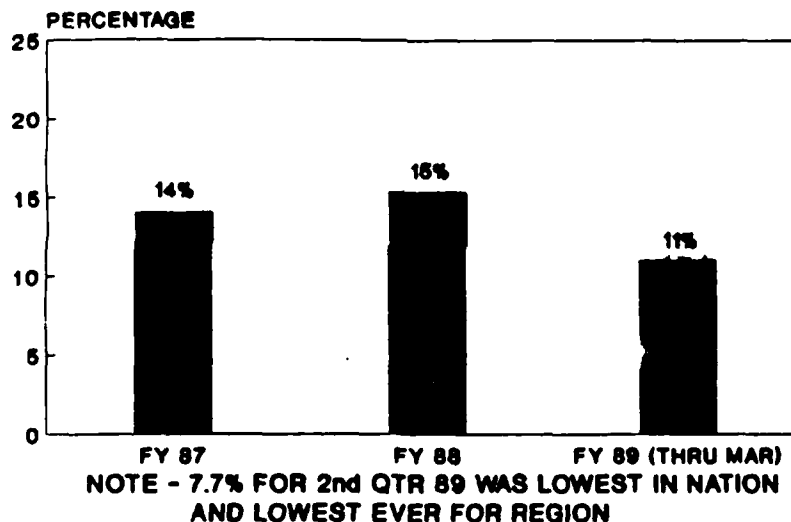


Figure 6

(4) Beginning with FY89, the Region initiated a revised resources management approach designed to distribute authority and accountability to our Field Commands. The underlying philosophy for this dramatic break from the tradition of centralized control was to place the resource management accountability and management authority with the activities responsible for accomplishing our contract administration mission. Decentralization of the budget and giving personnel classification and hiring authority to Field Commanders has been the primary driver in this Region's ability to

continue to improve its mission performance while efficiently absorbing an increased workload with a decreasing resource allocation. Our resources management process is being further refined through the efforts of our Resource Management QMB and supporting PAIs.

(5) DLA has placed a great deal of importance on workforce development through a project called Experimental Personnel Office (EXPO). DCASR Philadelphia has been involved with a number of EXPO initiatives and has begun others in an overall effort to build a quality workforce through such personnel management initiatives as:

Alternate Work Schedule - This program allows Region employees the opportunity to complete their 80 hour work period in 9 days vice the traditional 10. The program has gained wide acceptance with 40% of the workforce participating.

Streamlined Merit Promotion Process - DCASR Philadelphia has initiated an abbreviated merit promotion application process that is based on a streamlined four page position application form (vice SF-171). This form is supported by a revised crediting plan that facilitates expedited processing by Personnel Specialists.

Broad-Based Recruitment - DCASR Philadelphia's goal is to fill vacancies with the best qualified person, whether or not the person comes from inside or outside the Region. As a result, vacancy announcements are given the broadest possible coverage. We are also stressing use of part-time employees and reemployed annuitants as well as interns, co-ops and college students as a means to build a more flexible workforce.

Upward Mobility - We have made a firm commitment to our employees to maximize their opportunity for growth, development and advancement. Some of the means we emphasize to accomplish this are: expanded use of career ladders; intern programs; and personnel assistance in planning individual careers.

Assessment Center - The Assessment Center selection process provides a forum for candidates to participate in a series of job simulation exercises which resemble situations they might expect to encounter in the target job. Participants are observed and evaluated on their relevant managerial skills. A copy of the overall evaluation is given to each applicant to assist in personal assessment of strengths and weaknesses.

C. The Command's most recent program evaluation results were positive in all respects.

The Region's last Management Review was conducted on 11 August 1989 at DLA Headquarters. During this review, the Region Commander presented a comprehensive review of the many and varied

initiatives currently underway by the Region, and he addressed the specific Command performance indicators imposed by DLA. The overall assessment of the review was that DCASR Philadelphia is making significant progress in all key areas.

The overall assessment of major emphasis areas was:

Mission Performance - The mission performance statistics for this Region have reflected a continuous improvement over the last year. Most quantifiable characteristics are within the DLA parameters and all are trending in that direction.

Customer Orientation - The Region has instituted a strong commitment to identify the needs and demands of its varied customers and to tailor activities to best satisfy their needs.

People Programs - Vigorous people programs are in place in recognition that the Region's most important resource is people.

Resources Management - The Region has instituted a strong and effective program of decentralized resources management that has placed the authority and responsibility for budgetary control at the Field Command level.

ADP Capability - Recognizing the dramatic benefits to be realized from improved ADP capabilities, the Region has made quantum improvements in the attainment of independent work stations, centralized data base utilization, and interconnectivity throughout the entire Region.

Productivity - There has been a demonstrable positive effect on productivity through the use of increased ADP capabilities, delegated resources management, and aggressive personnel development programs. The Region's increased levels of productivity resulted in continually improving mission performance against the established performance measures in spite of a 13% workload increase in FY89 with a concurrent 6% decrease in personnel resources.

The Management Review briefing ended with the message that the commitment of this Region is to "keep increasing our value as contract administrators". This goal embodies all of the initiatives and changes being made by DCASR Philadelphia to reach new heights of quality and productivity improvement, and customer satisfaction.

A REGION COMMITTED TO
CONTINUOUS IMPROVEMENT

