



DEPARTMENT OF DEFENSE
Defense Contract Management Agency

INSTRUCTION

Performance Architecture

Office of Strategic Effects
OPR: DCMA-DE

DCMA-INST 973
February 10, 2014

1. PURPOSE. This Instruction:

a. Provides the framework for evaluation of performance at all levels throughout the organization. The framework focuses performance measurements towards established lines of service and Agency support processes.

b. Incorporates and cancels DCMA Instructions (DCMA-INST) 972, “Assessment Architecture” (Reference (a)) and DCMA-INT 974, “IBM Cognos Metrics Studio,” (Reference (b)).

c. Establishes policy, assigns responsibilities, and provides instructions for developing an effective Performance Architecture for all organizational levels.

d. Is in compliance with DoD Directive (DoDD) 5105.64, “Defense Contract Management Agency (DCMA)” (Reference (c)).

2. APPLICABILITY. This Instruction applies to all DCMA employees.

3. MANAGERS’ INTERNAL CONTROL PROGRAM. In accordance with the DCMA-INST 710, “Managers’ Internal Control Program” (Reference (d)), this Instruction is subject to evaluation and testing. The process flowchart is located on the resource page of this Instruction.

4. RELEASABILITY – UNLIMITED. This Instruction is approved for public release.

5. PLAS CODE (S):

a. Process:

(1) 011 – Management Control and Assessment Process. (For usage during the preparation for and attendance at a Performance Review)

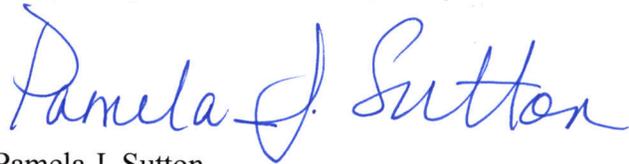
(2) XXX – Specific Functional Process Code (For usage when working specific functional performance issues, or creating, modifying, reporting on Performance Indicators aligned with a particular Line of Service or Indirect function)

b. Programs: ACAT/Other Customers (when applicable).

c. Other National; Training and Travel (when applicable).

6. **POLICY RESOURCE WEB PAGE.** <https://home.dema.mil/policy/973r>

7. **EFFECTIVE DATE.** By order of the Director, DCMA, this Instruction is effective February 10, 2014, and all applicable activities shall be fully compliant within 60 days from this date.



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REFERENCES

- (a) DCMA-INST 972, "Assessment Architecture," July 2008 (hereby canceled)
- (b) DCMA-INST 974, "IBM Cognos Metrics Studio," January 2011 (hereby canceled)
- (c) DoDD 5105.64, "Defense Contract Management Agency (DCMA)," January 10, 2013
- (d) DCMA-INST 710, "Managers' Internal Control Program," September 12, 2011
- (e) DCMA-INST 808, "Data Management," May 1, 2009
- (f) DCMA-INST 614, "Performance Management," December 1, 2007
- (g) Risk Management Guide for DOD Acquisition, Sixth Edition, August 2006
- (h) DCMA-INST 219, "Supplier Risk Management Through Standard Contract Surveillance," May 22, 2013
- (i) DCMA-INST 203, "Software Acquisition Management," June 25, 2013
- (j) DCMA-INST 406, "Defense Acquisition Executive Summary (DAES)," July 1, 2013
- (k) DCMA DAES Assessment Guidelines, July 18, 2013

CHAPTER 1

POLICY

1.1. OVERVIEW. The goal of the Performance Architecture policy is to provide a consistent approach and standardized framework for measuring and analyzing organizational performance throughout DCMA.

1.1.1. Measuring and analyzing performance on a regular basis allows for informed decisions to be made based on objective data.

1.1.2. Establishing acceptable levels of performance, measuring and analyzing performance, and then if necessary, improving that performance is a critical process for Agency success.

1.1.3. Standardizing performance architecture throughout the Agency will enable management at all levels to make sound business decisions and execute a more efficient mission by connecting mission and business processes.

1.1.4. Thorough analysis of performance will help justify resources, aid the Agency in fulfilling stewardship responsibilities, identify competency or policy gaps, and prioritize and eliminate inefficiencies.

1.2. PHILOSOPHY. The overall strategy for consistent and effective performance architecture incorporates the following philosophy:

- Continuous Awareness - Well organized, real-time data provides immediate visibility on organizational performance
- Open Communication - Vital to building employee and stakeholder trust
- Standardized Focus - Everyone focuses on and measures the same factors
- Transparent Performance - Visibility of organizational performance at all levels
- Cultural Language - Performance discussions at all levels will have consistent terminology
- Accountability - Organizational performance will be measurable
- Process Improvement/Benchmarking - Inefficiencies, along with best practices, will be easily identifiable
- Fact Based Decision Making - Places emphasis on utilizing performance data to make informed business decisions

1.3. PERFORMANCE ARCHITECTURE. The performance architecture of the Agency will drive focused business discussions by measuring and analyzing the cost, competency, and performance at all levels throughout the organization.

1.3.1. Cost. Cost data will focus on the cost of doing business throughout the organization.

1.3.2. Competency. Competency should be established for each employee by comparing an employee's current knowledge, skills, and abilities to positional knowledge requirements. Establishing employee competency is vital to assessing organizational competency.

1.3.3. Performance. Performance will be assessed by gathering objective/measurable data and completing a thorough analysis. The results of the analysis will clearly reflect an organization's level of performance.

1.4. ANALYSIS. Analysis of data, measurements, and metrics is the key to understanding how an organization is performing.

1.4.1. The Agency's performance architecture maximizes the utilization of already existing management assessments and electronic data from a wide variety of sources, such as:

- Performance Labor Accounting System (PLAS)
- Training Competency Assessment Tool (TCAT)
- IBM® Cognos® Metrics Studio
- Mission Review Team (MRT) reports
- Managers' Internal Control Program (MICP) reports
- First Level Supervisor (FLS) reviews/assessments
- Contract Receipt and Review (CRR)
- Contract Technical Review (CTR)
- Supplier Risk System (SRS)
- Aircraft Operations Inspection (AOI) Reports
- Government Accountability Office (GAO)/Inspector General (IG) audits, reports, inspections, and/or investigations
- Enterprise Integrated Toolset (EITS)
- Other DCMA electronic tools (eTools)
- Component Specific Measures

1.4.2. Once the data is gathered, proper analysis of the data will be the key to ensuring sound business processes are in place and successful.

CHAPTER 2

ROLES AND RESPONSIBILITIES

2.1. STRATEGIC EFFECTS OFFICE (DE). The Strategic Effects Office personnel are responsible for monitoring and advising the Agency Director on organizational performance. Strategic Effects shall:

2.1.1. Review and process metric creation requests to:

2.1.1.1. Ensure the proposed measurement has been properly coordinated.

2.1.1.2. Determine if the proposed measurement should be an Agency-level indicator if not being requested that way.

2.1.2. Review and process metric deletion requests to ensure the proposed measurement is no longer needed throughout the Agency.

2.1.3. Recommend metric additions or deletions to the DCMA Council for approval as appropriate.

2.1.4. Review metric metadata sheet change requests to ensure the proposed change has been properly coordinated.

2.1.5. Coordinate with Information Technology on additions, deletions, or modifications to Agency-level indicators in IBM[®]Cognos[®]Metrics Studio as required.

2.1.6. Provide consultation to ensure scheduled Level I and Level II Performance Reviews follow the Agency performance architecture approach.

2.2 COUNCIL. The DCMA Council Members are responsible for ensuring that Agency level metrics are aligned with and support Agency strategies and goals. The Council shall:

2.2.1. Review proposed additions or deletions to Agency metrics and approve as appropriate.

2.2.2. Review Agency metrics every 2 years to ensure the validity, accuracy, and necessity of the measures.

2.3. COMPONENT HEADS.

2.3.1 The functional and indirect activity component heads are responsible for ensuring established policies, tools, and training are meeting expectations. Component heads shall:

2.3.1.1. Ensure policies, tools, and training being developed or improved are measurable and assess effectiveness.

2.3.1.2. Ensure policies, tools, and training in use are achieving expected results.

2.3.1.3. Ensure that the functional or indirect process component is operating effectively by performing periodic assessments that address overall functional health.

2.3.1.4. Establish internal processes for creation of performance indicators (PI), below the Agency-level, that will provide effective assessment information from which the component may analyze performance.

2.3.1.5. Coordinate with operational component heads in advance of Level I and Level II Performance Reviews to ensure issues hampering performance are known and being worked.

2.3.2. The operational component heads are responsible for executing performance as required under each line of service and indirect activity. The operational component heads shall:

2.3.2.1. Ensure that the mission is being executed satisfactorily.

2.3.2.2. Ensure that the operational component is operating effectively by conducting periodic assessments that address overall operational performance.

2.3.2.3. Establish internal processes for creation of PI, below the Agency-level, that will provide effective assessment information from which the component may analyze and assess performance.

2.3.2.4. Coordinate with functional and indirect activity component heads in advance of Level I and Level II Performance Reviews to ensure issues hampering performance are known and being worked.

2.4. SUPERVISORS, MANAGERS, COMMANDERS, AND DIRECTORS. Management at all levels has a responsibility to evaluate performance results and take actions to improve organizational health, effectiveness, and efficiency by ensuring data is accurate and input in a timely manner following the guidance in DCMA-INST 808, "Data Management" (Reference (e)). In addition, they will establish individual accountability. Supervisors, managers, commanders, and directors at all levels shall:

2.4.1. Ensure Data Integrity. Ensure data is accurately entered into corporate data systems and properly reflects the activity to which the data applies (e.g. PLAS, TCAT, IBM® Cognos® Metrics Studio, CRR, CTR, SRS, etc.).

2.4.2. Ensure Data Availability. Ensure timely input of data into corporate data systems to allow for accurate and up to date information. Ensure data, along with completed data analysis, is safeguarded for historical and future performance improvement comparisons.

2.4.4. Establish Accountability. Ensure the performance architecture elements related to cost, competency, and performance are developed and included in Individual Performance Plans (IPP) for management at all levels throughout the organization.

2.4.4.1. Ensure employee commitments found within IPPs reflect Agency expectations related to data integrity and data analysis following the guidance in DCMA-INST 614, “Performance Management” (Reference (f)).

2.5. EMPLOYEES. Data integrity is the responsibility of every employee. DCMA employees shall:

2.5.1. Collect and input data that accurately reflects the activity measured or performed.

2.5.2. Input data without delay to minimize data corruption or data loss.

2.6. INFORMATION TECHNOLOGY DIRECTORATE (IT). In support of the performance architecture program, IT shall:

2.6.1. Coordinate with DE staff to ensure any DCMA employee requesting access to IBM[®]Cognos[®]Metrics Studio is provided such access at the proper level.

2.6.2. Coordinate with DE staff prior to loading any updated or modified metadata sheets for Agency-level indicators into IBM[®]Cognos[®]Metrics Studio as requested by DCMA employees.

2.6.3. Coordinate with DE staff prior to adding, modifying, or deleting any Agency-level PI.

2.6.4. Work with Performance Indicator Owners to develop metrics in IBM[®]Cognos[®]Metrics Studio within appropriate hierarchy.

2.7. PERFORMANCE INDICATOR (PI) OWNER. PI owners are responsible for oversight, management, and reporting of their assigned PI within IBM[®]Cognos[®]Metrics Studio. PI owners shall ensure:

2.7.1. The metadata defining their assigned PI is accurate and available within the reports section of each supporting metric.

2.7.2. Accurate metric data (actual, target, and tolerance data) is entered each reporting period to calculate a metric status of red, yellow, or green.

2.7.3. Metric analysis comments are entered each reporting period following the guidance found in paragraph 3.3.1.

2.7.4. Metric creation requests are coordinated following the process on the instruction resource page.

2.7.5. Metric deletion or removal requests are coordinated with the chain of command, and the component PI owner, and submitted to the Strategic Effects Office for processing.

2.7.6. Metadata changes are coordinated with the affected component heads and the Strategic Effects Office.

CHAPTER 3

PROCEDURES

3.1. PERFORMANCE ARCHITECTURE. DCMA's leadership is committed to using a standardized corporate approach to promote more effective mission execution and foster greater organizational accountability. The Agency's performance architecture requires that organizational assessments are conducted at all organizational levels, including headquarters (HQ) DCMA, components, regions and contract management offices (CMO).

3.1.1. Purpose. The standardized performance architecture allows management to focus on the DCMA lines of service, indirect processes, and three assessable areas: cost, competency, and performance.

3.1.2. Benefits. The Agency's return on investment for this standardized approach to performance includes:

- Continuous mission readiness assessment at all Agency levels
- Providing data to assist organizations with prioritizing resources
- Improved organizational business decisions supported by data and analysis
- Support for the annual statement of assurance as required by DCMA-INST 710 (Reference (d)).

3.2. PERFORMANCE ARCHITECTURE COMPONENTS. Performance architecture mandates an independent analysis of three areas: cost, competency, and performance. Proper analysis of these three areas will provide an accurate assessment of an organization's overall performance.

3.2.1. Cost. Cost analysis will focus on the cost of doing business in the organization, line of service, or support process being assessed. Cost analysis will consider data from anywhere resources are expended and should include:

- PLAS data
- Manpower: requirements, authorizations, and onboard strength
- Overall budget execution
- Travel expenditures
- Premium hours

3.2.2. Competency. A competency analysis goes beyond mandated certification requirements. A competency analysis assesses mandatory certification requirements against an employee's knowledge, skills, and abilities. The results of the analysis for these criteria should represent a combination of corporate eTools and supervisory assessments. An analysis of competency of the workforce should include, but is not limited to:

3.2.2.1. Agency and/or DoD certification programs; i.e. Defense Acquisition Workforce Improvement Act (DAWIA) certification, position based training, DCMA career specific certifications.

3.2.2.2. FLS reviews.

3.2.2.3. Initial and periodic individual performance reviews.

3.2.3. Performance. Performance analysis will focus on an organization's ability to complete the assigned mission. Performance analyses will be different depending on the organizational level being assessed. For example, at the functional and indirect component level, the performance analysis should focus on the efficacy of policy, tools, and training while performance discussions at the operational component and CMO levels should focus on the execution of the lines of service and indirect support processes listed in Appendix A. The three levels of performance reviews are discussed in Chapter 4.

3.2.3.1. In evaluating performance, the Agency has a suite of tools and process evaluations available that can be used to gather data for analyses and gain insight into performance. These corporate tools and evaluations include, but are not limited to:

- MICP results
- MRT reports
- DoD IG reports
- GAO reports
- Special interest items or focused reviews/data points
- Customer feedback
- FLS reviews
- IBM[®]Cognos[®]Metrics Studio
- Aircraft Mishap Trending Data
- Aircraft Operations Inspections reports
- CMO Risk Advisory Board (CRAB)
- Aviation Program Team reports
- Occupational Safety and Health reviews
- Congressional reports or surveys
- Defense Acquisition Executive Summary (DAES) reports

3.3. PERFORMANCE MEASURES. Performance measures are measurable targets to assess progress toward accomplishment of identified goals and expected outcomes.

3.3.1. IBM[®]Cognos[®]Metrics Studio. The Agency uses IBM[®]Cognos[®]Metrics Studio to measure and track specific performance and refers to these measurements as PI. This eTool is a quantitative assessment which tracks performance over a specified period of time. This tool provides data but does not perform the analysis.

3.3.1.1. Employees responsible for managing PIs must be identified by management through the DCMA IT Service Center for proper software licensing and shall:

3.3.1.1.1. Ensure data is an accurate representation of a PI's metadata sheet.

3.3.1.1.2. Ensure metric analysis, along with a calculated status is accomplished each reporting period. Calculated metric status will be represented as red, yellow, or green and the interpretation of the color code rating will be defined following the criteria listed in paragraph 3.4.1.

3.3.1.1.3. Ensure detailed analysis comments to communicate the current status of the measure are entered during each reporting period. If a metric status is identified as yellow or red, the analysis shall:

- Provide details outlining the root cause that led to less than acceptable performance
- Provide concise comments on corrective actions to resolve the current issue to include:
 - A recovery date estimation for when performance can be expected to improve to an acceptable level
 - An end of the fiscal year forecasted status
- Provide a plan or strategy to prevent recurrence

3.4. ANALYSIS. Analysis is accomplished by compiling, reviewing, and comparing various sources of information; i.e., PLAS, EITS, TCAT. Information collected from a single tool or system and independently analyzed more than likely will not provide enough information to thoroughly analyze performance. The Agency's performance architecture provides a framework for focused analysis but requires organizational analysis of many independent systems to develop an informed assessment of current performance along with an estimation of future performance. Guidance on additional analysis techniques can be found in the Risk Management Guide for DOD Acquisition, Sixth Edition (Reference (g)); DCMA-INST 219, "Supplier Risk Management Through Standard Contract" Surveillance (Reference (h)); and DCMA-INST 203, "Software Acquisition Management"(Reference (i)).

3.4.1. Color Code Rating. The three color code criteria follows the DCMA DAES philosophy (DCMA-INST 406, "Defense Acquisition Executive Summary" (Reference (j)) and DAES Assessment Guidelines (Reference (k)) and will be used for communicating performance:

3.4.1.1. On-Track (Green). Performance is progressing satisfactorily in the given assessment area. Some minor problem(s) may exist, but appropriate solutions to those problems are available, and none are expected to affect overall performance with regards to cost, competency, and performance requirements; and none are expected to require higher-level attention or action.

3.4.1.2. Potential or Actual Problem (Yellow). Performance has slipped or has the potential to slip if proper attention is not given to the situation. Early reporting of issues that warrant a yellow rating is encouraged to give leadership the best possible understanding of the impact on Agency performance.

3.4.1.3. Critical (Red). Performance has degraded and if not corrected, poses a serious risk to the organization's ability to meet mission requirements.

3.4.1.4. Each undesirable event or situation that might affect the success of an organization should be communicated with a yellow or red rating. A yellow or red rating requires:

- An understanding of the root cause that led to less than acceptable performance
- A thorough corrective action plan to resolve the current issue that includes:
 - A recovery date estimation for when performance can be expected to improve to an acceptable level
 - An end of the fiscal year forecasted status
- A thorough plan or strategy to prevent recurrence

CHAPTER 4

PERFORMANCE

4.1. PERFORMANCE REVIEW. A performance review will evaluate an organization's ability to operate by following the three assessable focus areas of cost, competency, and performance. Throughout every organization in DCMA, a minimum of one performance review will be conducted during the fiscal year. Depending on the level of responsibility and the level of risk assigned to the owning organization, a performance review may be required more than once during a fiscal year. However, as performance will be continuously evaluated throughout DCMA, a performance review could occur at any time throughout the fiscal year with little or no advanced notice. (**NOTE:** Performance Scorecard Templates are located on the resource page for this Instruction.)

4.2. PERFORMANCE REVIEW LEVEL.

4.2.1. Level I Performance Review. This is the Agency's top level review. A Level I performance review will take place at the Agency HQs with the Director and the Senior Leadership Team (SLT) as the target audience.

4.2.1.1. The overall cost, competency, and performance of each line of service will be briefed by the responsible Executive Director listed in Appendix A.

4.2.1.1.1. The cost discussion will focus on the cost of doing business throughout the Agency.

4.2.1.1.2. The competency discussion will focus on the competency of the workforce throughout the Agency.

4.2.1.1.3. The performance discussion should focus on the overall health of the specific line of service/support process, discussing how performance was assessed for each line of service.

4.2.1.1.4. The execution of each line of service will be briefed by the the three operational components (Operations, International, and Special Programs) as required. This portion of the review will focus specifically on the performance of the mission, to include how performance was assessed for each line of service.

4.2.1.2. A minimum of two Level I performance reviews will occur each fiscal year.

4.2.2. Level II Performance Review. This is the component-level review. A Level II performance review will take place with the Agency Director and each component, to include the three operational components (Operations, International, and Special Programs).

4.2.2.1. The component head or designee will brief the cost, competency, and performance relating to each measurable line of service/indirect support process as referenced in Appendix A. Each component will brief the same elements for their headquarters staff also.

4.2.2.1.1. The cost discussion will focus on the cost of doing business for each line of service/indirect support process. An explanation of how the assessment was accomplished will be required.

4.2.2.1.2. The competency discussion will focus on the competency of the workforce throughout the enterprise associated with the line of service/support process. An explanation of how the assessment was accomplished will be required.

4.2.2.1.3. The functional and support components' performance discussions will focus on the overall health of the specific line of service/indirect support process, presenting the efficacy of performance of policy, tools, and training. A brief explanation of how performance of policy, tools, and training was assessed will be included in the briefing.

4.2.2.1.4. The operational components' performance discussions will focus on the execution and performance of the specific lines of service/ indirect processes, including how performance was assessed.

4.2.2.2. In addition to analyzing and briefing the health of cost, competency, and performance as individual categories, the component head shall analyze the overall health of the organization and provide a red, yellow, or green rating, following the criteria established in paragraph 3.4.

4.2.2.3. A minimum of two Level II performance reviews will occur each fiscal year.

4.2.3. Level III Performance Review. This is the tactical level review. A Level III performance review will take place either at the CMO/region or via video teleconference (VTC). The location of the Level III will be at the discretion of the operational leadership.

4.2.3.1. The CMO commander and/or deputy or designee will brief the cost, competency, and performance relating to each line of service/indirect support process.

4.2.3.1.1. The cost discussion will focus on the cost of doing business for the CMO/region. An explanation of how the assessment was accomplished will be required.

4.2.3.1.2. The competency discussion will focus on operational competencies of the workforce. An explanation of how the assessment was accomplished will be required.

4.2.1.1.3. The performance briefing will focus on the execution of the specific line of service/indirect support process, discussing the specific operational-level performance. A brief explanation of how performance was assessed will be included in the briefing.

4.2.3.2. In addition to analyzing and briefing cost, competency, and performance as individual categories, the operational commander shall analyze overall health and provide a red, yellow, or green rating, following the criteria established in paragraph 3.4.

4.2.3.3. The frequency of the Level III performance review will be determined by identified operational risk; however, a minimum of one performance review per year will be required.

APPENDIX A

Lines of Service and Indirects

Lines of Service	Component
Contract Administration Support & Services	AQ
Contractor Purchasing System Reviews	AQ
Cost and Pricing Services	AQ
Property Management and Plant Clearance Services	AQ
Small Business Support	AQ
Contract Termination Services	AQ
Quality Assurance Services	QA
Contract Safety Services	QA
Transportation Services	QA
Engineering and Manufacturing Services	EA
Major Program Support	PM&I
Supply Chain Support	PM&I
Earned Value Management	PM&I
Industrial Base Analysis Services	PM&I
Aircraft Operations Services	AO
Indirects	
Director/Chief of Staff	DC
Independent Assessment	DM
Corporate Support	DS
Financial Management	FB
General Counsel	GC
Human Capital	HC
Information Technology	IT
Other Support Cost Measures	
Training	HC
Contingency Contracting (CCAS)	DC
Leave (Taken during this period)	FB

GLOSSARY

ACRONYMS

AOI	aircraft operations inspection
CMO	contract management office
CRAB	CMO Risk Advisory Board
CRR	contract receipt and review
CTR	contract technical review
DAES	Defense Acquisition Executive Summary
DAWIA	Defense Acquisition Workforce Improvement Act
DCMA-INST	DCMA Instruction
DE	Office of Strategic Effects
EITS	Enterprise Integrated Toolset
eTools	electronic tools
FLS	first level supervisor
GAO	Government Accountability Office
HQ	Headquarters
IBM	International Business Machines Corporation
IG	Inspector General
IPP	Individual Performance Plan
IT	Information Technology Directorate
MICP	Managers' Internal Control Program
MRT	Mission Review Team
PI	performance indicator
PLAS	Performance Labor Accounting System
SLT	Senior Leadership Team
SRS	Supplier Risk System
TCAT	Training Competency Assessment Tool
VTC	video teleconference