

Getting PBM to Become Second Nature

By Char Ivey, Director, PBM Division

Since becoming the director of the performance-based management division of contract operations and customer relations for the agency, I have heard many colleagues and friends say, “PBM is going away,” or, “It’s just a ‘flavor’ that will change soon.” Others have said, “We’re already doing PBM.”

I “Googled” PBM and was surprised to receive 236,000,000 hits. There is information on how to do PBM and white papers on those using PBM as well as their results. You might find the recent Office of Management and Budget memorandum directing civilian chief acquisition officers to report their use of PBM systems for acquisition programs.

U.S. Department of Energy data reveals that PBM is a key ingredient in much of the recent economic successes in U.S. industry. California state workers say PBM helps their employees focus on and respond to customer needs, measure and evaluate service delivery, and base program

and funding decisions on valid performance data. Well, that certainly sounds like what I have heard in DCMA. I know many of you think this is yet another propaganda article, but those who know me know I believe this can help our agency.

When DCMA began its PBM journey in 2004, employees heard that PBM was a process to focus them on where they fit into the “big picture” and help them understand what drives the enterprise. It became the agency’s solution for achieving customer outcomes. PBM assists contract management offices with supporting their customers as well as other CMOs. We will have reached PBM’s full potential when we link performance management to individual performance assessments, or ratings.

We got a slow start using customer-centered culture as the tool to help us articulate customer-desired outcomes. Next, quality function deployment assisted us with becoming more analytical and

structured for defining outcomes and determining paths to achieve them.

PBM is an integrated management system with many different tools to help us meet the needs of distinctly different customers. There is not just one way to reach DCMA’s objective. Therefore, policy had to adopt changes to accommodate them all. Will there be more changes? Certainly. As we mature in our use and understanding of PBM, processes will change and new tools will be adopted. Are more changes needed to the automation tools we are using? Yes, and we’re working to improve our use of automation.

The most exciting part is the results of recent mission review team inspections of CMOs indicating 50 percent of our performance commitments are valid; 62 percent of letters of delegation and 82 percent of strategies supporting agency-level performance commitments are valid; and 79 percent of our employees’ individual performance plans are linked to performance commitments. We are achieving our stated goals. My personal goal is no longer being needed as DCMA’s director of PBM because PBM has become second nature to us all. 

We will have reached PBM’s full potential when we link performance management to individual performance assessments, or ratings.

Climbing an Unexplored Mountain — Implementing PBM at DCMA Boeing Long Beach

By Deborah Corsini and Paul McFadden, DCMA Boeing Long Beach

For Defense Contract Management Agency Boeing Long Beach, implementing performance-based management was much like climbing an unexplored mountain. Each time we thought we were almost to the top, we encountered an obstacle. We'd hike back down, gather more supplies and then plot another trail. Our third venture got us where we wanted to go, but, that said, once we made it to what we thought was the top, we found another mountain range ahead of us.

We are now planning how to conquer those higher peaks — learning from and building on our past success.

That third time up the mountain we followed the “Dick Horne Trail.”

We planned and studied the route, selected a fearless guide — our PBM facilitator Air Force Maj. Drew Rolph — and developed a game plan — our PBM process model. We pulled together, trained and hiked up those switchbacks one more time.

This time we made it.

Some of the things we learned along the way were simply common sense. We pulled everyone together, went over our philosophy and sent our teams off to work. We quickly discovered that sharing a philosophy and providing a few tools was not enough. We also needed to develop a process, or a model, of how to work through that philosophy to achieve results.

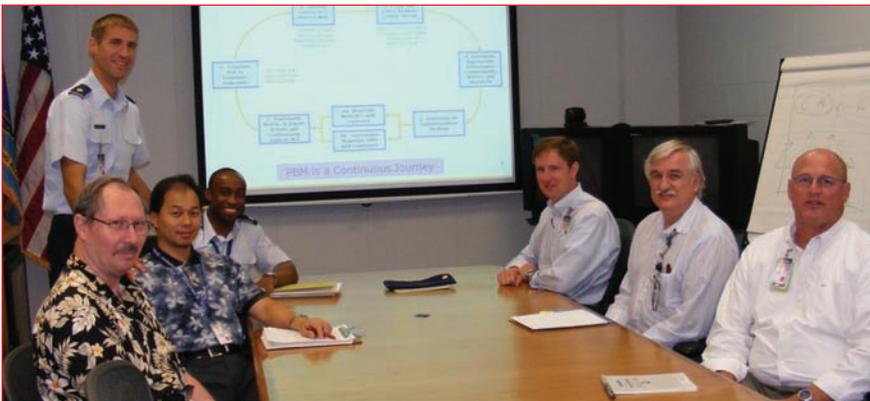
We learned that by selecting a

facilitator to help guide us through the process we got better results. We learned that bringing everyone together on a frequent basis to share issues and accomplishments enabled us to help each other through the rough spots. We built momentum. We could see progress and, this time, we knew we were going to make it.

We kept our customers informed of our progress. We briefed them at the beginning of our venture. We briefed them again midway through and sought their feedback. We briefed them once we had developed our performance commitments, and we worked with them to translate all of it into our memoranda of agreement for the C-17 *Globemaster II*, the B-1B *Lancer* and the C-130 *Hercules* avionics modernization programs.

Then came the final obstacle, but could we pass the test?

We had little more than 30-days notice that we were going to be the recipient of the next mission review team inspection. There was little time, if any, to prepare. All we could do was rely on the process that we'd followed, and that process carried us through. The mission review team validated 98 percent of our performance commitments and, finally, we had found success. **C**



Finalizing the CMO PBM process model, clockwise from left: John Canafax, PIO; Tim Cheung, C-17 production program integrator; Air Force Capt. Nate Douglas, C-130 Avionics Modernization Program program integrator; Air Force Maj. Drew Rolph, standing, CMO PBM facilitator/B-1 program integrator; Paul McFadden, C-17 operations chief, Rick Coutu, B-1/C130 AMP team supervisor; and Jerry Shipp, C-17 production team supervisor

DCMA Lockheed Martin Marietta Finds PBM Success

By Henrietta Snow, Deputy Commander, DCMA Lockheed Martin Marietta, and Air Force Maj. Mark A. Johnson, DCMA Lockheed Martin Marietta

Defense Contract Management Agency Lockheed Martin Marietta earned a 93 percent validation score from the mission review team in April 2007 with some teams scoring as high as 100 percent. This was evidence of the success of our effort to implement performance-based management, no doubt, but how did we get there?

As with most difficult projects, our successful implementation of PBM required hard work, overcoming resistance to change, learning curve adjustments, teamwork, persistence, benchmarking off another contract management office and more.

DCMA LMM oversees a number of high-visibility acquisition programs. Among these important programs are Air Force F-22 *Raptor* and C-130J *Hercules* production. The CMO also manages the manufacture of

C-130 center wing boxes — the structure that fastens the wings to the aircraft — and C-130J foreign military sales contracts. Also under DCMA LMM's oversight are the Air Force's C-5M *Galaxy* modernization and sustainment and C-27 *Spartan* programs, the Navy's P-3 *Orion*, S-3 *Viking* and SH-3 *Sea King* helicopter programs, Air Force spares, Navy spares and the Air Force Plant 6 Facility in Marietta, Ga.

One of our implementation challenges was that Lockheed Martin had no codes describing the breakdown of labor tasks required by PBM's work breakdown structure. Instead, we had to interpret Lockheed Martin's "aero codes" — the company's system for managing and integrating policies and core processes.

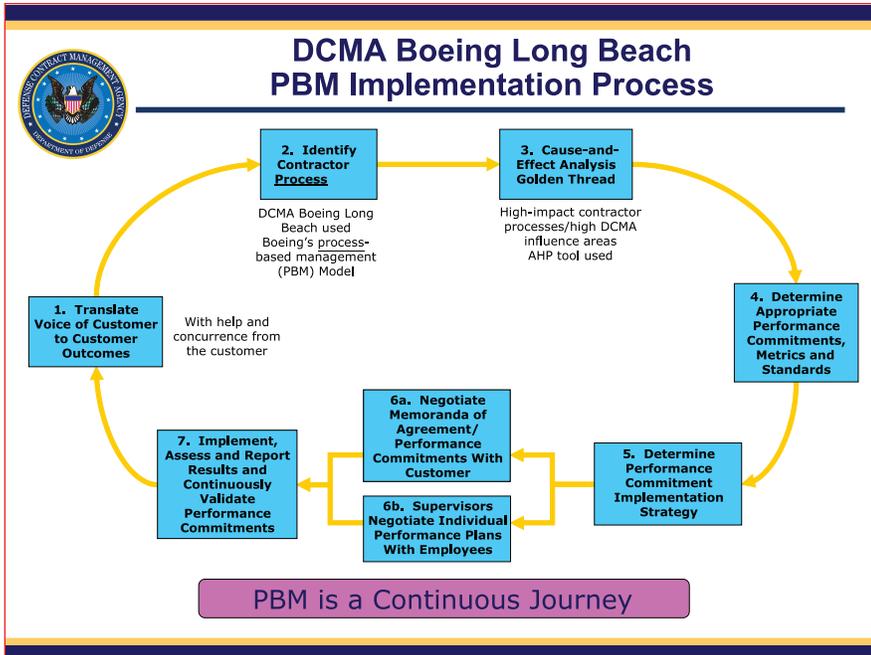
We also examined the system used by DCMA Boeing Long Beach, Calif. Since this organization is also

involved with aircraft production, we quickly adopted its model into our PBM formula: activities and outcomes, memoranda of agreement, letters of delegation, historical data, risk assessments, fishbone and metric charts, analytical hierarchy process, performance commitments and connections to employees' individual performance plans.

DCMA LMM institutionalized the PBM process in November 2004 after team members at every level received proper training, direction and appropriate tools. From the beginning, employees were encouraged to provide feedback from each of their areas of expertise.

CMO leadership promoted teamwork through challenging projects, vision, goal setting, people skills and high standards and led us through to PBM success shared by all the teams. Having seen the transformation firsthand, Carol Bowlin, DCMA LMM's senior management analyst, stated, "The implementation of [PBM] at DCMA Lockheed Martin Marietta helped employees to realize their individual contributions to customer outcomes and focus their efforts." This is evident in the

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DCMA Lockheed Martin Marietta adopted DCMA Boeing Long Beach's performance-based management implementation process into its own PBM formula: activities and outcomes, memoranda of agreement, letters of delegation, historical data, risk assessments, metric charts, analytical hierarchy process, performance commitments and connections to employees' individual performance plans.

employees' individual performance plans, feedback session content, evolved performance commitments and involvement with their customers.

The memoranda of agreement stressed customer care and the warfighters' needs, capturing the importance of supporting customer goals and objectives. Each team had programmatic elements in common, which facilitated crosstalk and the sharing of similar concepts, plans, etc.

For example, a common target for a performance commitment is the "on-time delivery of safe and reliable aircraft — at the right cost." Each team also seeks improved mission capability for its aircraft through sustainment, modernization and/or spiral development efforts, depending on

the current timeline in production/acquisition phase/milestone events.

The teams used the following steps in the CMO's PBM implementation plan: identify all key customers; identify program/organizational elements; determine performance commitments; construct employee individual performance plans; and establish multiple databases for organizational and individual performance data.

The first step affected relationships between the primary contracting officer, engineers, product assurance personnel, software teams and program managers. This allowed us to ascertain customer needs and expectations and determine the level of performance or commitment that DCMA needed or desired.

The CMO used a seven-step process for determining its performance commitments. Further, the process served to identify contractor processes, perform an analysis of the contractor's processes, identify high- and medium-risk processes that impact outcomes, determine DCMA's impact or influence on the contractor's processes, create strategies for high-influence areas, develop performance commitments and, finally, implement, assess and report results and validated performance commitments.

As customer-focused organizations, both Lockheed Martin and the CMO leadership value these types of communications that encourage close cooperation between the contractor and customer. One of the most important elements in fostering communication is the joint advisory group in which key items of concern can be turned into initiatives and shared goals and then submitted to the next level.

Within the complex framework of PBM, change is expected. It is integrated into every area of expertise and has proven to be adjustable for new activities, performance commitments and focus areas. This flexibility is required across the PBM spectrum so that we are ready to measure, monitor and, ultimately, minimize cost and risks for the customer.

The DCMA LMM CMO continues to meet PBM objectives and to satisfy our customer's goals. **C**

DCMA Hartford — Working to Make PBM a Part of Everyday Processes

By Air Force Col. David A. Simms, DCMA Hartford

The concept was simple: focus Defense Contract Management Agency efforts on what the customer wants, but getting there was not easy. More than 20 teams had to understand the task and pull in the right direction.

It has been a roller-coaster ride understanding and implementing performance-based management. What really made the difference were the professionals who were willing to be creative, share and serve others. That is where DCMA Hartford began to pave its way ahead.

DCMA Hartford, Conn., a large geographic contract management office that encompasses the majority of New York, Vermont, Connecticut and western Massachusetts, began the PBM journey in earnest when the commander published an implementation strategy in April 2006. The strategy directed all levels of management to be trainers,

facilitators and communicators of the vision.

The CMO prioritized its PBM efforts by focusing on major program customer outcomes, sustainment of those outcomes and internal customer outcomes. Next, it established a performance review process with a review hierarchy including a metrics manager working group chaired by the team leader, a performance review panel chaired by the tertiary commander or group chief and a CMO management review chaired by the commander. In the meantime, the CMO leadership arranged for agency-sponsored PBM training and division assistance in implementation.

In May 2006, DCMA Hartford presented DCMA's acting director and attending CMO commanders and deputies with examples of program, sustainment and internal customer decomposition and translation of customer outcomes,

as well as contributions to mission accomplishment. The challenge was communicating this methodology to the rest of the workforce. DCMA Hartford realized that issues still surrounded the understanding and implementation of PBM throughout the workforce.

In August 2006, DCMA Hartford initiated an effort to create an understandable and repeatable documented PBM methodology. The effort included a systematic checklist adopting a quality function deployment approach using its two primary components — cause-and-effect analysis and the analytical hierarchy process. Two individuals were assigned this task. They created integrated process flow diagrams and self-contained, self-standing electronic workbooks for major programs, agency-level performance commitments and internal customers.

The metrics manager working group had a product ready for presentation to the performance review panel for approval. The e-Workbook tool provided guidance for operational implementation through a checklist, definition of terms and faster understanding and documentation of decomposition (cause and effect) decisions through

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DCMA Hartford achieved a 75 percent first pass score for valid performance commitments — possibly the best geographical organizational results in the agency and best overall CMO score in the Naval Sea Systems Division.

the process, and it produced consistent results between the teams. The e-Workbook tool has been adopted by DCMA's Naval Sea Systems Division as a recommended performance commitment development tool and is being used in some form at many of the agency's CMOs.

In February 2007, DCMA's senior leadership directed that all major programs utilize the e-Workbook tool in lieu of existing documented formats of decomposing and translating customer outcomes. DCMA Hartford also appointed a performance advocate — a PBM coordinator or advisor reporting directly to the commander. This individual acted as the single PBM focal point to coordinate and advise the command efforts relative to implementing PBM strategy and the e-Workbook tool.

Last June, the mission review team conducted a review of DCMA Hartford's implementation of PBM. The review provided a focused operational assessment of the highest impact area — establishing performance commitments — for accomplishing goal two in DCMA's strategic plan: "embracing a performance-based culture."

During that visit, DCMA Hartford achieved a 75 percent first pass score for valid performance

commitments — possibly the best geographical organizational results in the agency and best overall CMO score in the Naval Sea Systems Division.

The CMO monthly management review using metrics manager provides the senior leadership team the opportunity to review and make decisions relative to command-level performance commitments. They requested that team supervisors "walk the talk" and share the performance management process with every member of their teams. The commander personally went out monthly to walk with a different itinerant quality assurance specialist to ascertain his or her level of PBM understanding.

DCMA Hartford has collaborated with supporting CMOs in assessing key supply chain management production capability and quality issues and identified V-22 *Osprey* safety of flight remedies. DCMA Hartford ensured delivery of weapon systems, spare parts and equipment of the highest quality, within projected cost or price, and on time or ahead of schedule. The program executive officer for the Counter Radio-Control Improvised Explosive Device Electronic Warfare II and Lightweight Counter-mortar Radar programs summed it up as, "by far, the best team that I have worked with in over 24 years."

DCMA Hartford continues on its PBM journey. The organization has made great strides in understanding and implementing PBM but still has a way to go until the PBM philosophy is operating throughout it. DCMA Hartford will continue to train, encourage and emphasize the importance of PBM to its workforce so that employees may immerse themselves in a PBM culture until it becomes second nature. **C**



A flight deck director watches over crewmembers as they exit the rear of an MV-22 *Osprey* aboard USS *Nassau* (LHA 4) while under way. DCMA Hartford has collaborated with supporting CMOs in assessing key supply chain management production capability and quality issues and identified V-22 *Osprey* safety of flight remedies. (U.S. Navy photo by Mass Communication Specialist 3rd Class Steven Scott Smith)

PBM for Space and Command Control Communications, Computers and Intelligence Surveillance and Reconnaissance Systems

By Air Force Col. Jonathan Wright, DCMA Space Satellite Operations commander

Defense Contract Management Agency Space Satellite Operations has contract management responsibility over the prime contractors that develop our nation's space and command control communications and computers and intelligence surveillance and

reconnaissance systems. The customer base includes both Department of Defense and NASA services/agencies, and delegations from our customers often take the form of directed activities.

After our March 2007 mission review team inspection, two challenges were evident: we needed

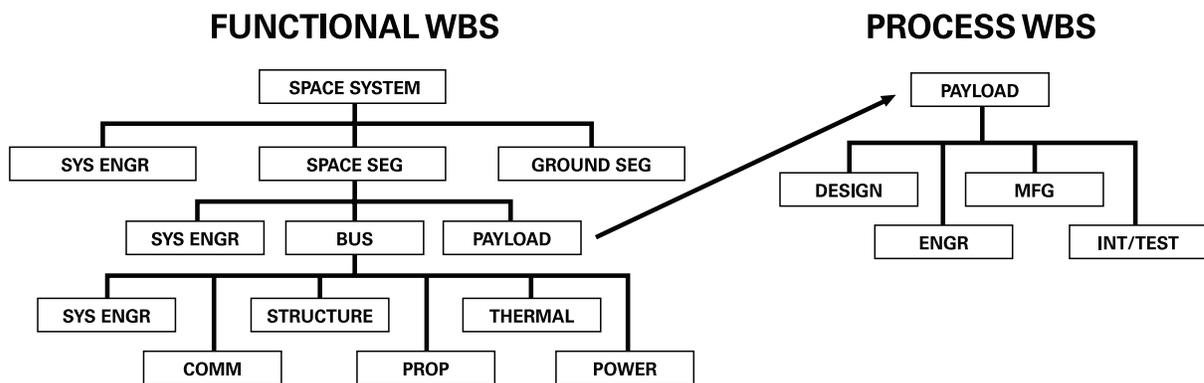
to complete the transition from quality function deployment-based "voice of the customer" decompositions to process-based decompositions; and we needed a consistent, systematic approach to address the complex systems and diverse customer base we support.



"4 Steps to PBM Success" - Step 2

Do a decomposition; then do processes

Use functional work breakdown structure down to an area of focus, then break down your focus area into the contractor's processes for that area



Graphic 1 - Using a functional work breakdown structure is essential to PBM success.



Performance-Based Management Missile Operations

*By James Flowers, John Strauch, Frank Dicosola and
Jimmie Nichols, DCMA Space and Missile Systems Division*

When Defense Contract Management Agency missile operations received notice of its impending mission review team evaluation from the commander, Navy Capt. Michael Kompanik, all involved realized it to be a monumental undertaking for the newly established contract management office.

Prior to the functional realignment, each of the new tertiary contract management offices was already implementing performance-based management. Kompanik decided not to follow the standard approach for PBM implementation. Rather, he decided to take advantage of the existing independent and diverse methodologies within the tertiary commands — a decision that is paying and will continue to pay dividends.

A Workbook is Born

In late 2006, tertiary CMO DCMA Lockheed Martin Orlando faced the challenge of implementing PBM for a wide range of programs and customers, including two separate Lockheed Martin companies. While much PBM work was complete, it did not comply with the agency's latest PBM guidance. To achieve a structured, repeatable and compliant PBM process in a relatively short period of time, as well as the simultaneous implementation by so many different teams, the tertiary CMO decided a standard cause-and-effect and analytical hierarchy process analysis tool was needed. The CMO developed an automated Microsoft Excel™ workbook for that purpose.

The PBM spreadsheets developed utilize the Excel “group” function to arrange the various company

command media processes into a hierarchical work breakdown structure arrangement. The most useful feature was probably the integration of analytical hierarchy process data into hidden areas of the spreadsheets, which eliminated the need to create and manage many different analytical hierarchy process tables. The analytical hierarchy process macros allowed the team to open a table for any process quickly, in a separate window, simply by double-clicking the process block. Once the analytical hierarchy process analysis had been completed, the team saved this data back into the hidden sections of the process spreadsheets.

Following the development of the PBM spreadsheets, work began on implementation. The CMO assigned the lead program integrators the task of training all program support teams on the tool's use. From there,

(Background) The Integration software of Lockheed Martin's upgraded M20B1 UK launcher fires its first GMLRS rocket at the White Sand Missile Range, N.M., earlier this year. (Lockheed Martin photo)



Management Successes in

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all CMO program integrators led their teams through the cause-and-effect and analytical hierarchy process analysis for their programs. The overall effort also required much command leadership and management integration. A weekly PBM status meeting, chaired by the commander, enabled the team to track each step of the PBM process for each program and document across-the-board progress on a “Mission Review Team Tracker” spreadsheet.

DCMA Lockheed Martin Orlando’s efforts resulted in the validation of 46 of 51 performance commitments — 90 percent. The MRT also identified their PBM workbooks as a best practice and posted them on the agency’s PBM Web site.

The PBM Journey

At tertiary DCMA Lockheed Martin Dallas, the PBM journey began as a response

to numerous quality problems found in outsourced products. DCMA Lockheed Martin Dallas, Lockheed Martin Missiles and Fire Control and Army Aviation and Missile Command established a joint supply management and assessment of risk team to develop an integrated supply management improvement plan.

The objectives of this plan were to improve or increase the quality of deliverable products and components; reduce program risk by improvement in waiver quantity, on-time delivery and cost of quality; and enhance horizontal communication between functional organizations and/or programs, including suppliers.

To accomplish these goals, a thorough analysis of the contractor’s procedures and command media was required. The supply management and assessment of risk team successfully identified many areas requiring

improvement and became familiar with the contractor’s command media, which the team was able to use easily to conduct the required cause-and-effect analysis that flowed from customer outcomes to performance commitments.

In April 2007, however, the team discovered that their approach was somewhat flawed. The MRT’s initial review of the DCMA Lockheed Martin Dallas data netted zero valid performance commitments. Since the employees at this CMO grasped the fundamentals of the PBM process, they immediately embarked on a painful three-day odyssey to meet the five criteria of valid performance commitments:

1. Quantifiable results
2. Influence on supplier performance
3. Based on cause-and-effect analysis
4. Includes a performance standard
5. Agreed to by the customer

When the dust settled, DCMA Lockheed Martin Dallas was able to achieve an 80 percent validity rate on its performance commitments. This would have left many commands doing cartwheels, but

for this CMO's employees, it was a hollow accomplishment because, in their opinion, it was harder and more painful than it should have been. The men and women of DCMA Lockheed Martin Dallas had expended a tremendous amount of effort, and even though they exceeded their goal, they were not satisfied.

Following the out-brief, DCMA Lockheed Martin Dallas management conducted its own root cause analysis and determined that there were two significant contributing factors: the use of Lockheed Martin's command media and insufficient oversight over DCMA PBM products before submittal for review.

Holding up the Mirror

Sometimes it is possible to be too close to a situation to see the problems. It took an external entity — the MRT — to hold the mirror up to DCMA Lockheed Martin Dallas so the personnel could see that they were not as fashionable as they thought. Lockheed Martin's command media is a very elaborate series of processes that reflect how it does business. Many members of the DCMA Lockheed Martin Dallas team knew the command media verbatim, but the MRT, as an external observer unfamiliar with the procedures, made them realize that it did not flow logically from one level to the next.

In response to this shortcoming, Susan Soule, quality assurance functional system surveillance team lead and supply management and assessment of risk team

member, took up the challenge with the Lockheed Martin supply management and assessment of risk team members and developed a process-oriented work breakdown structure from the command media. This new structure flowed much better and even pointed out some deficiencies in the command media that Lockheed Martin subsequently addressed.

DCMA Lockheed Martin Dallas' program support teams began using the new structure to conduct their cause-and-effect analysis and identified further weaknesses, which they reported to Lockheed Martin. The analysis reflected a more logical path that allowed for the generation of true causal analysis that led to performance commitments on which DCMA Lockheed Martin had an impact and the influence necessary to effect change.

The DCMA Lockheed Martin Dallas commander, Army Lt. Col. Quenton Rashid, established a procedure called the "murder board," comprising seasoned managers acting as an internal MRT to analyze performance commitments deemed by a program support team as ready to be evaluated.

The murder board ensured that each performance commitment met the five criteria and that the members of a program support team adequately could communicate each level of causal analysis that drove them to the eventual performance commitment. The boards were effective in proofing material

before sending performance commitments forward and gave teams an opportunity to practice in an evaluative environment.

Although the primary CMO and its tertiaries had all achieved better than 50 percent validity on their performance commitments during the April review, the MRT decided to conduct a follow-up due to the large number of programs in the missile operations portfolio. When the MRT conducted its re-visit in August, DCMA Lockheed Martin Dallas' results were much more effective and satisfying.

The team was able to evaluate its performance commitments in a much more logical manner, and the analysis data that they submitted spoke for itself. This time, they effectively pitched a perfect game, achieving 100 percent performance commitment validity that contributed immensely to missile operations' ability to demonstrate its PBM understanding and ability to implement PBM effectively as such that the CMO can now self-validate its remaining performance commitments.

Implementation at DCMA Raytheon Tucson

As with the other two tertiary CMOs, DCMA Raytheon Tucson's PBM implementation has not been easy since it first began in May 2005. The guidance was not clear, and the path was uncharted. The single most important tool the CMO had was the determination to get it right. DCMA Raytheon Tucson assembled a cadre of highly qualified members to chart the



From left: DCMA Space and Missile Systems Division employees Tony Geonnotti, Jimmie Nichols, Matt Leonard, Navy Capt. Mike Kompanik and Dr. Jim Schauer listening in to a PBM conference call.



The Javelin™, a Lockheed Martin/Raytheon joint venture, is a lightweight, portable, shoulder-fired, medium antitank weapon system designed to provide high lethality against all known and projected threat armor. It has been combat-proven in Operation Iraqi Freedom both in that role and as an urban assault weapon against alternative targets. (Lockheed Martin photo)

path and gather information to determine how best to meet the requirements of complying with the agency vision for PBM.

Their first step was to discuss the issues they felt were unique to the CMO, such as not having a contractor-developed work breakdown structure. In July 2006, the CMO developed a generic contractor work breakdown structure that they used to build their “golden threads,” which, in PBM lingo, means common themes. DCMA Raytheon Tucson’s first attempt was mildly successful with the MRT validating 14 out of 18 performance commitments presented — 77 percent. Based on the MRT’s feedback, the CMO was not satisfied with the generic work breakdown they had generated.

As a result, DCMA Raytheon Tucson went back to the drawing board and used the contractor’s integrated product development system to establish a much more robust work breakdown structure, which allowed more options to perform meaningful analytical hierarchy process

“golden thread” analysis. Using this methodology, the CMO was able to export this process to DCMA Raytheon Louisville and train the DCMA Boeing St. Charles office in developing a robust work breakdown structure based on Boeing’s own system. These efforts paid off with the CMO catapulting their percentage of valid performance commitments from 77 percent to 97 percent in 90 days.

DCMA Raytheon Tucson’s path forward is to continue validating performance commitments for the remaining programs using an internal review board and tracking the effectiveness of the metrics validated to ensure they are engaged at the most strategic influence points.

Lessons Learned

In the beginning, missile operations’ various approaches and strategies to meet the agency’s PBM requirements consisted of some very diverse and, in some cases, fragmented processes. However, as missile operations employees went through the

review process with the MRT, a golden thread emerged: without a solid understanding of a contractor’s work breakdown structure, the analytical hierarchy process analysis will not produce the most strategic influence points necessary for effective PBM.

The CMO commander says, “PBM is a journey, not a destination,” and the journey requires various maneuvers to master the course. Kompanik believes the CMO is on course: “We have mastered the fundamentals, we are confident that we are headed in the right direction and that we are able to make any necessary adjustments along the way on our PBM journey. From the missile operations perspective, our PBM success lies in the diversity of our command (Dallas, Orlando and Tucson), the commitment of our management team and, last but certainly not least, valued feedback from the other key member of the PBM team — the mission review team.”

Continuous Process Improvement and Lean Six Sigma — a Secretary of Defense Initiative

By Lisa Haptonstall, Combat Support Liaison Officer

By now, several of you are beginning to hear about Lean Six Sigma, green belts, black belts and master black belts and are wondering what this is all about, how it will affect your job and whether LSS will replace performance-based management.

Before we explore the latest department initiative to continuously improve its processes, let's address the bottom line up front — how does this initiative affect you and the Defense Contract Management Agency's pursuit of a performance-based culture?

Lean Six Sigma and PBM

Fundamentally, there is no change; while there are similarities between PBM and LSS, it is not a choice of one or the other. PBM is a management philosophy allowing the agency to focus scarce resources in areas where we have the most

influence on our customers' critical needs and providing accountability for those results. LSS is one of many tools available to facilitate continuous process improvement.

DCMA remains committed to PBM. Establishing a sound PBM program is not a short or easy task. As a matter of fact, getting a program firmly established takes years. Many of you are becoming comfortable with PBM, and mission review team findings are evidence of this. We are building momentum as we shift from a compliance-based to a performance-based culture.

Continuous Process Improvement — a DoD Initiative

In a May 11, 2006, memo, Gordon England, deputy secretary of defense, established a Department of Defense-wide CPI program to improve the operational, administrative and support functions

across the department. On April 30, 2007, England issued a memo creating the DoD CPI/LSS program office and established program guidelines that addressed focal points, training objectives, individual performance objectives, support to the new DoD CPI/LSS program office and reporting requirements.

LSS — a CPI tool

Lean and Six Sigma are both process improvement techniques. Lean is about eliminating waste and improving speed and efficiency; Six Sigma is about quality, precision and accuracy. LSS integrates the statistical tools of total quality management and process improvement methods into a rigorous and disciplined change methodology that achieves quality without waste.

While both approaches are rooted in the manufacturing arena, virtually any process can incorporate the methodology because the ideals apply everywhere. LSS, with its disciplined approach to internal process improvement, will allow DCMA to prevent errors, minimize hand-offs and eliminate reworks and workarounds.

CPI is not new to DCMA. In fact, we began embracing CPI

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tools — TQM, in-plant quality evaluation, benchmarking/ best practices, process-oriented contract administration service, Lean manufacturing and process reengineering — in the early 1990s when we began to look for more effective and efficient methods to perform our mission as we reduced our workforce. We continue to find better ways to do things today.

LSS Focal Points – Who are you Going to Call?

Army Lt. Col. Phil Martinson, acquisition program integration specialist, and I are managing the integration of this program at DCMA. In addition to continuing the ongoing reporting requirements, we will serve as DCMA’s representatives on the under secretary of defense’s acquisition, technology and logistics CPI/LSS

leadership development team. In the coming months, we will also be working with human resources and the product divisions to devise an overarching implementation strategy that addresses training, certification, project selection and performance objectives.

LSS Training – a Cadre of Project Leaders

DoD objectives include training 5 percent of its workforce as green belts and 1 percent as black belts. Based on our current resource picture, this translates to approximately 486 green belts and 97 black belts dispersed across DCMA.

LSS requires extensive training in the use of quality tools and statistical measures. Certification as a green belt, black belt or master black belt is based upon not only the completion

of the appropriate level of training but also the satisfactory management of an assigned project. To obtain certification, trained associates will be tapped to lead approved LSS projects.

Twenty-eight DCMA employees received green belt training at the end of September 2007 and Keith Ernst, DCMA acting director, committed to training an additional 30 green belts this fiscal year.

LSS Project Selection – Impacting the Bottom Line

Careful project selection is critical to the success of LSS. Selected projects will have goals that relate to bottom-line improvement and customer satisfaction. Priority projects will have a high impact throughout DCMA, contribute to meeting strategic goals and target processes that span divisional or functional boundaries.

While other process improvement approaches like process reengineering may take years, the results from LSS projects are typically achieved in a relatively short period of time. The payback from an LSS project often occurs in fewer than six months; however, companies and agencies that routinely apply these methods experience significant benefits beyond the quick-win process improvements. They also report that the LSS approach promotes new ways of thinking and, as a result, drives operations to ever higher levels of effectiveness and efficiency.

Using LSS to redefine principles and improve speed, quality and cost will require the collaboration of both management and employees. **C**



The processes and layout of Boeing’s production facility in St. Louis are based on Lean Six Sigma principals. Here, a T-45 *Goshawk* training aircraft is being assembled. (Photo by Pete George, Boeing)