

Operations Centers: Ensuring Increased Mission Effectiveness During the Daily Grind

by Mr. Dick Cole, Chief, DCMA Public Affairs

Two years ago, the Defense Contract Management Agency (DCMA) began an effort to realign and create operational and mission support centers to transform the way it was doing business.

The realignment was not about moving people or cutting jobs, but, as DCMA Acting Director Keith Ernst told the employees in an April 2005 *Sight Picture*, “[it is] a rewiring of our current structure to make us more effective in executing the mission for our customers.”

First, separate functional groupings embedded in contract management offices (CMO) were formed into centers and realigned to existing headquarters and product divisions — formerly districts — in 2005. After further review, creating two operational centers within the Contract Operations and Customer Relations Directorate was determined to be the most effective alignment for most of the newly “centerized” functions. The organizational chart shows the newly created organizational structure. Nearly all of the center personnel are located away from DCMA Headquarters and all have people throughout the United States functioning together as a “virtual” center.

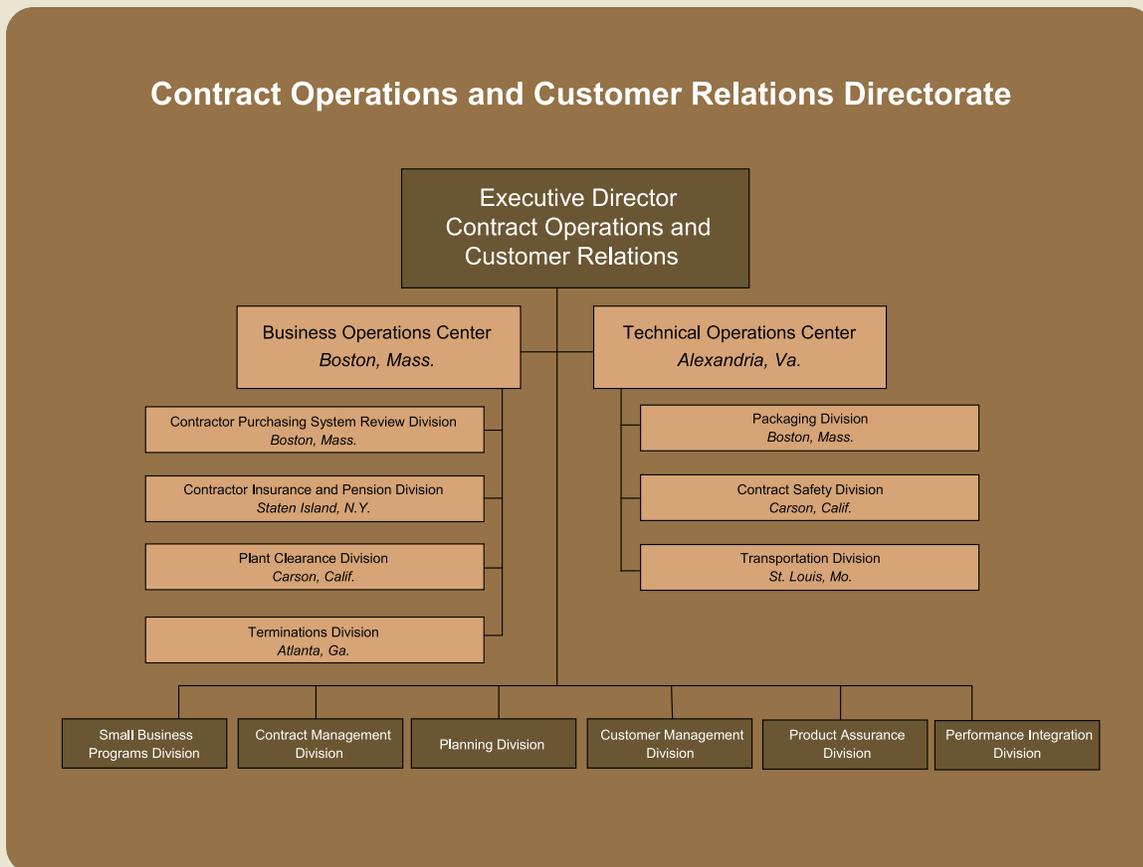
“We looked at every task and function,” said Mr. Dave Ricci, deputy executive director of the Contract Operations and Customer Relations Directorate. “We were really seeking opportunities to be more effective in

servicing our clients than we were in achieving specific efficiencies. While we have achieved some efficiency as a consequence of the new structure, that was not our primary focus.”

Mr. Ricci said that providing a “functional stovepipe” for each of the centers and providing promotion and progression opportunities within career fields were also the greatest byproducts of the creations of the new centers. “It has helped us to be more responsive and better adapt to workload surges unconstrained by geographic boundaries,” said Mr. Ricci. “The vast majority of the centers belonging to the Contract Operations and Customer Relations Directorate have the CMOs as primary customers.”

“The Contractor Insurance and Pension Division, one of the existing offices realigned under the Business Operations Center, was the model for how we envisioned that the new centers would be organized and function,” said Mr. Ricci. “We used that model very effectively, structuring the new centers and divisions and providing the streamlining and focus on the customer we desired.” He added, “The contract management offices must execute close to 100 different contract administration functions. That’s an awful lot to manage, especially as we’ve downsized over the last decade. The CMO commanders participating in the IPT [integrated product team] studying the center concept welcomed the measure of relief

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they gained by not having to manage these specialized functions.”

Technical Operations Center

Mr. Norris Nereng, Technical Operations Center director, agrees with Mr. Ricci. “We recognized that there were efficiencies to be had, but our primary focus when creating the structure for the centers and their subordinate divisions was, ‘Are we doing things more effectively?’ I believe we got our arms around the expected outcomes and are better focused on the customers.” He added, “We’ve focused on picking all the fruit, not just the low-hanging fruit.”

Mr. Nereng also stated that the structure has placed functions under single managers

regardless of product or geography, which has helped the organization to be responsive in surge situations. His divisions include the Packaging Division in Boston, headed by Ms. Marion Julian; the Contract Safety Division in Carson, Calif., headed by Mr. Jim O’Kane; and the Transportation Division in St. Louis, Mo., headed by Ms. Cynthia Kessler.

Packaging Division

*Ms. Marion Julian, division director
Boston, Mass.*

The Packaging Division is a tight-knit community of experts in the technical and ever-evolving field of military packaging and marking. These professionals, dispersed across the country, provide guidance, assistance and

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training. Additionally, they provide packaging support to the DCMA International Division.

The division facilitates the DCMA packaging management program. From methods of preservation, which are different on each contract, to radio-frequency identification (RFID), the Packaging Division disseminates extensive knowledge assisting customers in obtaining the right packaging products for the right price. They review, develop and implement techniques for educating internal and external customers about the importance of military and commercial packaging and markings. “We can spend a lot of money to build and supply an item, but if it is not properly packed or identified, it is all in vain,” said Ms. Julian.

“As a division, we developed training modules, which provide education, perform on-site assistance, review and interpret contractual requirements on hazardous and non-hazardous items, support performance-based processes and maintain a virtual global team of packaging professionals,” Ms. Julian said.

The center and division organizational concept is familiar to the Packaging Division. According to Ms. Julian, “Since the creation of the packaging field support representatives in 2001, the team members acted and performed as one. In essence, we had a head start in this reorganization.” Former packaging specialists from the old East and West Divisions combined, forming the new Packaging Division. “Using teaming, performance-based management and a desire to provide the best service possible to our customers gets them their supplies without packaging delays or defects,” said Ms. Julian.

The Packaging Division developed a new management tracking system to pull data directly from assistance calls, training requests

and other categories and provide an accurate accounting of the division’s business and worth. “Trending our assist calls helps identify where to focus our attention at any given time. Whether it is training, communication, changing specifications, regulations and directives, or new initiatives coming our way, we can gear our assistance to the most needed area at any given time,” Ms. Julian said.

In 2005, the packaging team devised a method of training DCMA personnel in the handling of hazardous materials using various Web and computer-based training software. This saved travel expenses for the Agency in temporary duty costs and boosted available manpower.

Contract Safety Division

*Mr. Jim O’Kane, division director
Carson, Calif.*

The Contract Safety Division supports our Agency with contract safety professionals focusing their efforts in three main areas: aircraft ground safety; ammunition and explosives safety; and industrial safety. The goal of the division is to ensure safe contractor operations and to identify and mitigate high-risk areas in contractor operations that could cause delays in delivery schedules, injury to government personnel or the loss of government property or critical industrial base items.

Becoming a division under the Technical Operations Center has provided “an increased flexibility to assess contract safety workload and contractor locations to determine the best utilization of the safety professionals to the skills needed for different types of contractors we review,” said division chief Mr. Jim O’Kane. “We have the ability to reassign work to people within the division and across teams in some instances where it was determined that different skill sets were better suited to support our customers based on their specific areas of

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expertise. In some instances we have been able to reshape the workforce by deleting positions at some locations where vacancies were created and reassigning the position to a different geographical location where greater needs have developed with workloads that have shifted or changed over the years.”

This ability to reshape the workforce has permitted the division to hire people into positions with the knowledge, skills and abilities more appropriate to Agency/division needs according to Mr. O’Kane.

Transportation Division

*Ms. Cynthia Kessler, Division Director
St. Louis, Mo.*

The Transportation Division’s mission is to facilitate the movement of requisitioned materiel from contractors’ facilities to its ultimate destination through commercial and Department of Defense (DoD) logistics systems. More than 175,000 shipment requests are processed each year, moving over 483 tons of cargo, with an overall annual freight charge of approximately \$126 million. These processes include shipment processing, carrier payment approval and certification, duty-free entry (customs), cost analysis, capability reviews and technical advice and assistance to procuring activities, financial activities, carriers, etc.

The center/division concept has been beneficial to the Transportation Division for a number of reasons. The Technical Operations Center provides a subject-matter chain-of-command operationally; an opportunity to standardize internal processes; and strategic oversight of Agency-wide responsibilities, customers and resources as they relate to the transportation function.

“We’ve seen an improvement in communications up and down the chain. Additionally, both internal and external customers now have a single point of contact, so important in our geographic diversity throughout the United States,” said Ms. Kessler. One classic example of this benefit is a recent incident in support of a major customer’s Friday surge requirement of export shipments that required expedited processing over a weekend. “As a center, we were able to pull from our 117 resources across the country and provide all the export shipping bookings to facilitate approximately 620 export shipments to support the warfighter,” Ms. Kessler said. “Under the previous alignment, this would have been a time-consuming approval process through 30 individual CMOs.”

Business Operations Center

The Business Operations Center in Boston, Mass., led by Ms. Molly Marshall, oversees the Contractor Purchasing System Review Division also in Boston, led by Ms. Noreen Cassaro; the Contractor Insurance and Pension Division in New York City, headed by Mr. George Matray; the Plant Clearance Division in Carson, Calif., headed by Ms. Marge Cunningham; and the Terminations Division in Atlanta, Ga., headed by Mr. Paul Slemmons.

Contractor Purchasing System Review (CPSR) Division

*Ms. Noreen Cassaro, Division Director
Boston, Mass.*

The CPSR Division reviews suppliers’ purchasing practices. During fiscal year 2006, the division completed 102 reviews for internal and external customers. Their fiscal year 2007 focus is upon ensuring critical and strategic suppliers use purchasing practices that include

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successful subcontracting processes and protect the government’s interests in addition to meeting the sales thresholds established by the Federal Acquisition Regulations.

Recent changes to the division include the establishment of two teams. Ms. Kay Hamilton is the focal point for the Aeronautical Systems and Space & Missile Systems Divisions, and Mr. Philip Steelman is the focal point for the Naval Sea Systems and Ground Systems & Munitions Divisions. The CPSR Division is also in the process of finalizing its performance commitments, focusing on supplier improvement in the areas of policy and procedures and public law compliance and conducting price analysis of subcontractors.

Contractor Insurance and Pension (CIPR) Division

*Mr. George Matray, Division Director
Staten Island, N.Y.*

The CIPR Division is an operations function supporting customer outcomes in the areas of negotiation, forward pricing and litigation support for the DCMA contract management community, Defense Contract Audit Agency (DCAA) auditors and technical specialists, and other contracting professionals throughout DoD and, to a lesser extent, the National Aeronautics and Space Administration, Department of Energy and other departments. Its staff is assigned at two locations, New York and Los Angeles, Calif., for purposes of geographical dispersion.

The CIPR Division director is responsible for planning and implementing all operations of the division and serves in the additional role of ultimate authority on all technical insurance and pension-related issues throughout DCMA with support as necessary from the Cost

Accounting Standards Board and the DCMA Office of Counsel.

“Most of our customers are not assigned directly to a CMO. They include defense corporate executives, DCAA auditors or technical specialists, contracting officers at the military services or at civilian agencies such as NASA and the Department of Energy or, in case of litigation, attorneys at DCMA, the military services or the Department of Justice,” said Mr. Matray. “We are also responsible for ensuring that our products support the expected outcomes of our customers and for providing technical expertise on the most complex insurance and pension-related issues facing DCMA, DCAA and other government departments.” He added, “We also annually develop the curriculum for the division’s technical development seminar, which is attended by private industry and government insurance and pension professionals.”

The division was responsible for realizing a savings/cost avoidance of \$237.5 million in fiscal year 2005 and \$531 million in fiscal year 2006.

Plant Clearance Division

*Ms. Marjorie Cunningham, Division Director
Carson, Calif.*

The Plant Clearance Division disposes of excess government-owned property at contractor facilities. In 2006, the division disposed of more than \$2 billion of excess property. Of that \$2 billion, \$300 million in property went to DoD, federal and state agencies for reutilization. Some \$4.5 million went to the government from the sale of property no longer needed by the government.

“Our total return on investment rose from nine percent in 2005 to more than 13 percent

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in 2006 — approximately an \$80 million additional savings to the government,” said Ms. Cunningham. “Being centralized under one division has allowed tremendous flexibility in assigning workload. We’ve been able to reassign workload to become more efficient and in the process have been able to offer opportunities for promotion that are no longer restricted by geographical boundaries,” she said. “We are currently planning to take over the contingency contracting administrative services plant clearance workload from the International Division with no increase in resources. This effort would not have been possible without a centralized plant clearance operation,” Ms. Cunningham concluded.

The Terminations Division

*Mr. Paul Slemons, Division Director
Atlanta, Ga.*

The Terminations Division settles contracts terminated for the convenience of the government. The center concept has proven beneficial according to Mr. Slemons. “From fiscal year 2005 to fiscal year 2006, the number of contracts settled increased from 557 to 652 and the dollars increased from \$1.46 billion to \$2.57 billion. As a consequence of becoming a center, and the implementation of other functional improvements, the average number of days to contract settlement has fallen from 430 days in fiscal year 2006 to 305 days for the first four months of fiscal year 2007.

The Terminations Division is positioned for the end of hostilities in Iraq and Afghanistan. When the first Gulf War ended, the Agency’s contract termination function faced a peak workload of more than 6,200 contracts involving 147 people. A new management tracking system to pull data directly from the data warehouses, eliminating the need for manual input and ensuring better data accuracy, was developed and handles all

requests for support delegations electronically and posts the final settlement modifications and invoices electronically. A new one-week training course has been developed, and the lessons learned from over 250 years of contract termination experience are being captured and placed on the Web to help increase the knowledge and experience of center personnel. “Monthly, a listing of contracts in terminations is sent to all of the administrative contracting officers and contract administrators. The status of plant clearance cases is worked with the Plant Clearance Center at least quarterly, thus speeding up this step to completion,” said Mr. Slemons.

On the Right Path ...

According to Mr. Ricci, “I think we’re on the right path and are getting our arms around our customers’ expected outcomes and our commitments to them. The new structure is working well in terms of increased quality and responsiveness.” Mr. Nereng agrees: “Our challenge will be to provide a seamless support system for all of our customers without renegotiating support agreements with individual customers. I would agree that the concept seems to be working well.”

For detailed information on Operations Centers, see the DCMA home page under “Centers,” then “Technical Operations” or “Business Operations.” Information available there includes organization charts, directory information and the concepts of operations for each division.

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