

Department of the Army, Performance Management Users' Guide – July 2016

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DEPARTMENT OF THE ARMY



Performance Management:  
Improving Organizational Performance

Users' Guide

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**DEPARTMENT OF THE ARMY**  
**OFFICE OF BUSINESS TRANSFORMATION**  
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WASHINGTON, DC 20310-0102

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Performance Management Users' Guide

1. Army Performance Management (PM) is a process by which leaders objectively assess progress in achieving the objectives of their strategic plans and use key findings to drive continuous process improvement. This users' guide outlines the official PM construct, its purpose and components. It provides direction and guidance for performance assessment and improvement and offers examples of how PM is being used to improve operations across the Army.

2. The point of contact for this action is COL Clement S. Coward, Director, Business Operations Directorate, Army Office of Business Transformation, at [clement.s.coward2.mil@mail.mil](mailto:clement.s.coward2.mil@mail.mil) or (703) 614-5245.

A handwritten signature in blue ink, reading "Thomas W. Spoehr", is positioned above the typed name.

THOMAS W. SPOEHR  
LTG, U.S. Army  
Director, Office of Business Transformation

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## Performance Management Users' Guide

### 1. Introduction

#### 1.1 References.

1.1.1 Under Secretary of the Army Memorandum for Record, subject: The Strategic Management System, dated 11 January 2016

1.1.2 Army Doctrine Reference Publication No. 1-02 Terms and Military Symbols: dated 07 December 2015

1.1.3 Army Regulation 5-1 Army Business Processes: dated 05 November 2015

1.1.4 Field Manual 6-0, C1 Commander and Staff Organization and Operations; dated 05 May 2014

1.1.5 2015-2016 Baldrige Performance Excellence Framework (Education), Criteria Category and Item Commentary; accessed 28 January 2016

1.1.6 The Performance-Based Management Handbook (Volumes 1-6), Department of Energy Performance Based Management Special Interest Group: dated September 2001

1.1.7 Secretary of the Army Memorandum for Distribution, subject Army Directive 2016-16 (Changing Management Behavior: Every Dollar Counts): dated 15 April 2016

1.2 Purpose. This guide officially documents the Army Performance Management (PM) construct to provide a common structural framework for generating performance improvement across the Army.

***Legacy thinking, not legacy systems, is the biggest threat to an effective and efficient U.S. Army Generating Force.***

- *paraphrased from Transformation Under Fire, Douglas A. Macgregor*

1.3 Scope. This document details the PM construct and describes how to implement it across the Army. Further, it explains the interaction between PM, Performance Assessment (PA), and Performance Improvement (PI).

## **2. Performance Management Definition**

**2.1 Process definition.** PM is the process whereby organizational goals are consistently met in an effective and efficient manner and resources, systems and personnel are aligned to maximize attainment of strategic objectives and priorities. PM combines the organization's plans, activities, measure development, assessments and analyses, and improvement priorities to enhance organizational effectiveness and efficiency. It provides focus across the organization to include individual employees, teams, and processes to create or sustain an effective, results-oriented culture. PM is a continuous and iterative process that promotes best practices to achieve strategic goals. PM is a top-down driven process that aligns resources and assessment with decision making to achieve organizational outcomes or objectives.

**2.2 Key process components.** PM is continuous and starts with senior leader vision that outlines how the organization's existing plan and mission should evolve in response to the changing environment. The leader defines processes critical to organizational success with metrics that will validate mission accomplishment and assist in determining whether key processes are being accomplished in an effective and efficient manner. Periodic assessment of performance validates whether the organization is progressing toward intended outcomes and objectives, and identifies those processes that require action to improve effectiveness and/or efficiency. As this action is taken, the assessment process verifies whether the intended improvement has been achieved, and whether further steps are necessary. This measurement-assessment-improvement action cycle continues until the senior leader's vision has been realized and outcomes are achieved.

**2.3 Desired outcome.** The desired outcome of this users' guide is to provide a deliberate, structured construct for any organization to achieve organizational objectives in an effective, efficient and resource-informed manner.

### **3. Authorities and Responsibilities**

Performance Managers' Responsibilities. Performance Managers improve their organizations through the application of the PM construct (Figure 1). They ensure their implementation framework documents the leader's vision, guidance, and strategy to drive resource informed decisions that enable the organization to accomplish its mission in the most effective and efficient manner possible. Performance Managers develop and select a limited number of measures to continuously assess the organization's progress toward its objectives. Performance Managers focus on process effectiveness and efficiency by selecting and implementing PI techniques to identify and address performance gaps through various methods and tools (e.g., Business Process Reengineering (BPR), Continuous Process Improvement (CPI), Value Engineering (VE), etc.). Performance Managers use customer and stakeholder input and deliberate PA to prioritize their PI (CPI and BPR) efforts and adjust their strategic plans and business architectures.

### **4. Performance Management Procedures**

4.1 Performance Management Steps (Figure 1). The Army PM construct enables senior leaders to effectively manage their organization's processes using periodic assessments and resource-informed decision making toward defined objectives. In doing so, a determination can be made as to how effectively they achieve the desired outcomes and how efficiently they use scarce organizational resources.

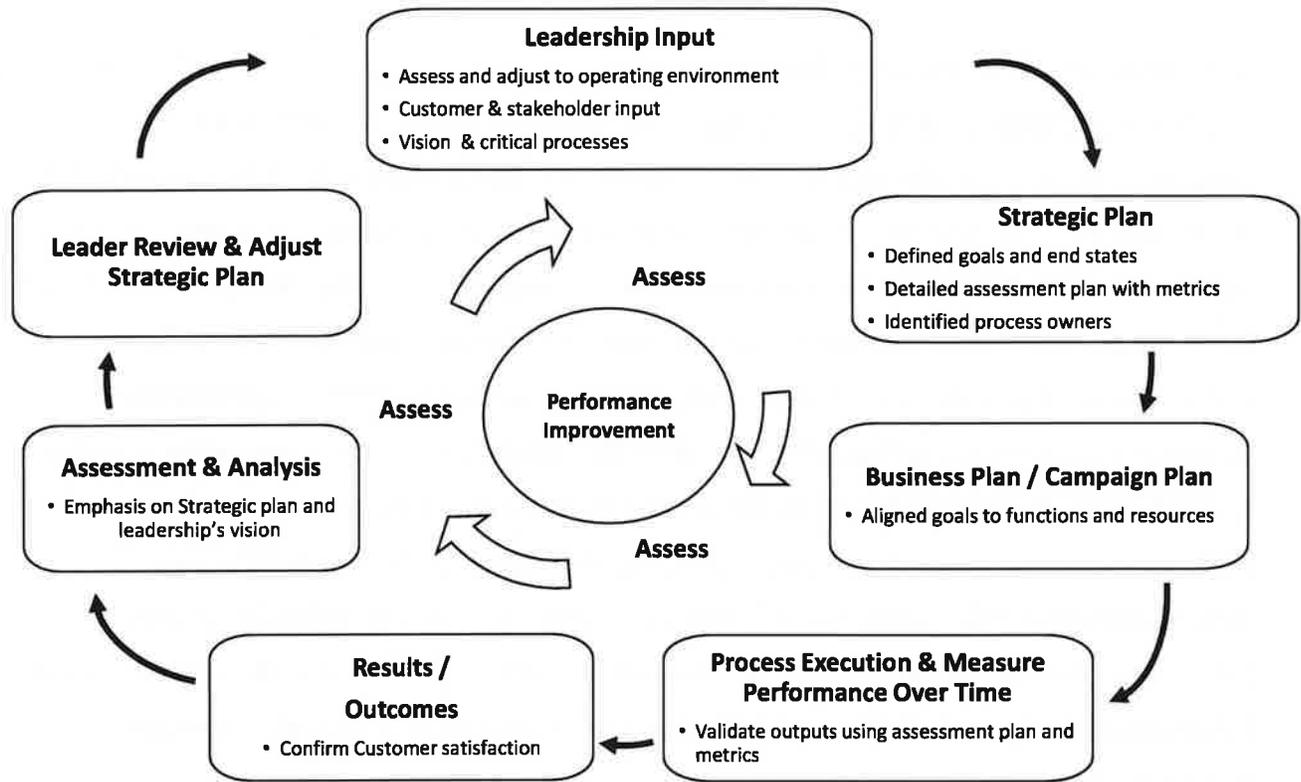


Figure 1: The Performance Management Construct

4.1.1 Leadership input: Senior leader input is critical to PM. It describes, in general terms, how the organization must adapt current execution of its mission to meet evolving requirements or changes in resources. The organization's operating environment is evaluated to identify any constraints or limitations, and obtain input from affected customers and stakeholders. This informs and refines senior leader vision; validates the assessment of the operating environment; assists in identifying critical processes that must be assessed, and how; and provides recommendations for implementation timelines to successfully adapt the organization.

4.1.2 Strategic Plan: Once the need for change has been identified, it is documented in the strategic plan which describes how the organization will evolve from its current state to that which is required by the changing environment or mission. The strategic plan provides concise, defined goals that focus the organization toward an identifiable end-state to provide a shared understanding as to what is to be accomplished. It identifies

who is responsible, and how success will be measured for every process that must be created or modified. It includes an assessment plan, incorporating clearly-defined metrics for the key processes, a decision cycle for implementing modifications to the strategic plan and a common operating picture that provides situational awareness regardless of geographic location or organizational affiliation. The strategic plan serves as the staff focal point when informing leadership on the organization's ability to reach the desired outcome.

**4.1.3 Business Plan or Campaign Plan:** While the strategic plan specifies how the organization intends to evolve in response to the changing environment or mission, the campaign or business plan translates the strategic plan into objectives and action plans to achieve the desired end state. The business or campaign plan is the detailed linkage of the stated goals contained in the strategic plan to the current functions and available resources of the organization.

**4.1.4 Process Execution and Performance Measurement Over Time:** As the organization executes its critical processes over time, it must measure their outputs based on cost, performance, and/or schedule metrics which validate whether those outputs are consistent with expected outcomes. Organizations should measure performance as frequently as necessary to support the organization's decision cycle. The data should be sufficient to provide enough data points to confirm whether a process is performing consistently before asking leaders to change how it is being executed or resourced. Today, collected data can and should be archived and readily available in real-time to leaders using automated data visualization tools. The enterprise-wide tool that the Army uses to accomplish this is the Strategic Management System (SMS) (see Appendix A).

**4.1.5 Results / Outcomes:** The organization collects and compiles information on the results that were achieved during process execution. These measurements provide insight as to whether the organization is successfully executing the critical processes contained in its business plan or campaign plan, and whether those results are

indicative of progress toward the required changes identified by the strategic plan. The results/outcomes should also verify whether customers and stakeholders are satisfied with the measurable outcomes.

**4.1.6 Assessments & Analysis:** In this phase, leadership focuses on identifying required changes, commensurate with the level of responsibility of the leader concerned, to the processes they are responsible for executing. In a complex organization, leaders measure and assess the outcomes of critical processes and initiatives whose successful accomplishment are essential to the organization's business or strategic plan. This assessment provides an indication of whether resource allocation for a particular process (or task) is sufficient and consistent with organizational priorities, and the degree to which process outcomes are met or exceeded leader expectations for its accomplishment. The Assessments & Analysis phase starts to identify effectiveness and efficiency as well as opportunities for risk mitigation, and is further described section 4.2. Senior leaders should focus the purpose of their assessments on making data-informed resourcing decisions rather than just a review of performance.

**4.1.7 Leader Review and Adjustment of Strategic Plan:** With conclusions derived in the Assessments & Analysis phase, leaders have the opportunity to adjust their strategic plans to provide corrective action for underperforming processes. Leaders eliminate or modify those processes whose continued execution has no apparent impact on the overall strategic plan. Leaders adjust resource allocation in response to outcomes that exceed the required level of performance by shifting resources to processes that are under performing due to lack of resources. Finally, leaders modify and configure the organizational architecture to the necessary corrective action.

**4.1.8 Performance Improvement:** PI is continuous and should be part of the organizational culture at all levels, occurring through two primary methods – CPI and BPR. CPI focuses on incrementally improving processes that are not meeting the organization's goals. Business Process Reengineering focuses on redesigning or eliminating processes that are not meeting the organization's outcome goals. The

organization will determine which method to use based on how well the process or initiative achieved the desired outcome. These PI methods are discussed in detail in section 4.3.

#### 4.2 Performance Assessment.

4.2.1 PA is a critical aspect of the PM construct whereby the organization's outputs and outcomes are periodically assessed and reviewed to determine whether its goals are being met in an effective and efficient manner. Figure 1 depicts the periodic strategic level assessment in relation to the other steps. Accordingly, leaders make strategic decisions, ensuring resources are properly aligned and prioritized to achieve organizational objectives. All organizational elements should continue to use internal assessments to evaluate and improve their progress. Appendix A has an example of organizational sub-units' internal assessments using the SMS.

4.2.2 In this deliberate process step, outcomes of the processes (tasks) and initiatives (functionally-related tasks) whose successful accomplishment are essential to the organization's business or strategic plan are measured (by metrics) and assessed. The Performance Assessment phase answers four primary questions for leaders:

- Did results achieved meet the intended outcome (were they effective)? Did results achieved meet the intended outcome at the lowest possible commitment of resources (were they efficient?)
- Are results achieved over time consistent in their performance, or did the results suggest that a process requires further examination as to how it is executed (application of BPR or CPI)?
- Did results achieved by the current allocation of resources suggest that certain outcomes exceeded required expectations, and that a reallocation of resources might improve overall performance of the enterprise without compromising successful accomplishment of the original outcomes (mitigating risk by resource

reallocation from those outcomes that exceeded expectations to those that are potentially under-resourced)?

4.2.3 While effectiveness assesses whether the results met requirements, efficiency requires that the resource implications of achieving the outcome, such as cost per outcome achieved, have been integrated. An organization can compare the cost per outcome achieved against similar organizations who are measuring the same results with the same criteria, a technique known as benchmarking. Organizations can use benchmarking to determine areas that may be opportunities for improvement in effectiveness and efficiency.

4.2.4 With the answers to the four questions provided in this phase, leaders have the opportunity to review and adjust their strategic plan as well as their business enterprise architecture through the following steps: continue to sustain the execution of successful processes; eliminate those processes whose continued execution has no apparent impact on the overall strategic plan; mitigate risk by examining outcomes and shifting resources to critical under-performing processes as applicable; prioritize and employ the appropriate BPR or CPI techniques to improve under-performing processes.

#### 4.3 Performance Improvement.

4.3.1 No Army organization is immune to funding unpredictability as resource constraints and strategic shifts force constant change. The existence of any organization's non-value added costs should gravely concern all leaders. We need to accelerate the pace at which we streamline processes. Organizations achieve streamlined processes by two distinct but complementary methods of Army PI. These PI methods are CPI and BPR. The organization will determine which method to use based on the how well the process or initiative achieves the desired outcome.

#### 4.3.2 Leadership responsibilities for Performance Improvement.

4.3.2.1 Improve the organization. PI, applying CPI methods, is a hallmark of high performing organizations. Leaders should not tolerate wasteful, ineffective or unsafe ways of doing business. They should foster a culture of innovation within their organizations, and constantly challenge inefficiencies. Leaders must make information and knowledge based decisions and manage risk while ensuring their organizations' authorities, missions, plans and goals remain aligned. Leaders establish and follow a process for identifying and closing performance gaps. A robust self-assessment program identifies the root cause of performance gaps and enables sharing of best practices with other organizations. Leaders inspect their organizations and subordinates to maintain optimum effectiveness, efficiency, economy, and momentum for continued process improvement. Leaders should strive to leave their organizations better than they found them.

4.3.2.2 Strategic alignment. Leaders must pursue strategic alignment within their organizations. This includes aligning authorities with mission requirements. Vision and mission statements should lead to strategic plans supporting yearly calendars and annual budgets. Performance measures should also be established and monitored to enable data-driven decisions. In addition, measures should be reviewed in light of updated mission requirements to ensure the organization is measuring relevant mission outputs.

4.3.2.3 Process operations. Leaders must be aware of critical processes and constantly seek to standardize and improve those processes to produce results that are more repeatable and reliable. They should remove any bottlenecks or limiting factors and apply risk management principles during daily operations. All risks, including safety and risks to personnel, should be considered when analyzing and improving processes.

4.3.2.4 Leader's inspection program. Leaders have the legal authority and responsibility to inspect their subordinates and subordinate organizations. A robust leader inspection

program finds performance gaps and improves mission readiness. Part of this effort must be a self-assessment program where individual soldiers and civilians report their compliance with guidance. An independent verification of those reports provides leaders with additional confidence in their validity. Findings from self-assessments and inspections should drive root-cause analysis.

4.3.2.5 Data-driven decisions. While they are sometimes forced to make decisions with limited data, using experience, judgment and available resources to guide them, leaders are expected to make data-driven decisions.

#### 4.3.3 Performance Improvement Overview

4.3.3.1 Performance Improvement and the Army Performance Management Process. PI is an integral part of the Army PM construct. Quality management frameworks and criteria in combination with strategic objectives and Title 10 responsibilities are appropriate sources in the selection of performance measures. Leadership reviews results against performance metrics and determines performance gaps. Identified performance gaps are addressed by integrated Performance Improvement approaches for performance gap closure.

4.3.3.2 Performance Improvement and Army Quality Management Frameworks and criteria. The Army employs different quality management frameworks and quality criteria that support performance improvement including, but not limited to, the Malcolm Baldrige National Quality Award (MBNQA) Criteria, International Standards Organization (ISO) standards and Shingo Award Criteria (Figure 2).

<b>Army Process, Discipline Criteria, and Frameworks with Performance Improvement Components</b>	
▪ Performance Management Process (PM)	▪ Business Process Reengineering (BPR)
▪ Value Engineering (VE)	▪ Better Buying Power 3.0 (BBP 3.0)
▪ Lean and Six Sigma	▪ Military Decision Making Process (MDMP)
▪ Cost Benefit Analysis (CBA)	▪ Army Community of Excellence / Malcolm Baldrige National Quality Award (ACOR / MBQA)
▪ Operations Research / System Analysis (ORSA)	▪ International Standards Organization Standards (ISO)
▪ Enterprise Architecture (EA)	▪ Shingo Criteria and Award (Shingo)
▪ System of Systems Approach (SoSA)	



Figure 2: Army Approaches to Performance Improvement

4.3.3.3 Performance Improvement and the Army Operations Process. Army Doctrine provides procedures for conducting the Army operations process. It establishes a common frame of reference and offers intellectual tools for Army leaders' use to plan, prepare for, execute, and assess operations. By establishing a common approach and language for exercising mission command, this doctrine promotes mutual understanding and enhances effectiveness during operations. Approaches for Army PI link Army design methodology with Performance Improvement effort planning, MDMP with solution decision making and troop leadership procedures with project management.

## 5. Updates

5.1 Frequency. The Office of Business Transformation will update the Performance Management Users' Guide during each update to AR 5-1, Army Business Processes; dated 05 November 2015 or earlier if deemed necessary.

5.2 Location. This User Guide will be maintained on the Office of Business Transformation milSuite portal at <https://www.milsuite.mil/book/groups/army-obt>, the SMS milSuite portal at <https://www.milsuite.mil/book/community/spaces/orion/sms>, and the CPI milSuite portal at <https://www.milsuite.mil/book/community/spaces/orion/obt/armycpi>.

## **Abbreviations**

**BBP**

Better Buying Power

**BPR**

Business Process Re-Engineering

**BSA**

Business Systems Architecture

**CBA**

Cost Benefit Analysis

**CE**

Continuous Evaluation

**COP**

Common Operating Picture

**CPI**

Continuous Process Improvement

**IMS**

Integrated Management System

**LSS**

Lean Six Sigma

**OBT**

Office of Business Transformation

**PA**

Performance Assessment

**PI**

Performance Improvement

**PM**

Performance Management

**SMS**

Strategic Management System

**VE**

Value Engineering

## **Army Business Strategy**

The ABS governs the business operations of the Army. Business operations are those activities that enable the Army to execute its U.S.C. Title 10 functions to organize, man, train, equip, and sustain forces for the conduct of prompt and sustained operations. The ABS supersedes the Business Systems Information Technology (BSIT) Strategy and the

BSIT Implementation Plan (2012 ACP). The ABS serves as the business systems architecture and transition plan required by the National Defense Authorization Act of 2009. The ABS provides implementation direction to Army Major Objectives 9-1 (Improve Business Processes) and 9-3 (Optimize Army Business Systems Portfolio) of 2014 ACP. The ABS presents the overarching strategy for the Army's approach to business system investment and management through the Future Years Defense Program (FYDP).

### **Army Business System**

A business-oriented information system, operated by, for, or on behalf of the Department of the Army, including financial systems, mixed systems, financial data feeder systems, and IT and information assurance infrastructure, used to support business operational activities, such as acquisition, financial management, logistics, strategic planning and budgeting, installations and environment, and human resources management.

### **Authoritative Data Sources**

A source of data or information that is recognized by a specified HQDA authority to be valid or trusted because it is considered to be highly reliable or accurate or is from an official publication or reference

### **Baselining**

The method of baselining is a measurement, calculation, or location used as a basis for comparison of a specific snapshot in time. Generally, baselining is the act of measuring and rating the performance of a business process against the chosen target. Baselines calculate from standard definitions and formulas across the enterprise to ensure, when used for benchmarking, that organizations performance outcome comparisons are transparent and relevant to the selected peer.

### **Benchmarking**

Benchmarking is the process of comparing an organization's business processes and performance metrics to industry or other federal agency best practices. Dimensions typically measured are quality, time, and cost. In the process of benchmarking, leadership identifies the best-performing organizations where similar processes exist and then compares organizational results and processes to those studied best practices.

### **Benchmarking Methodology**

The method for conducting a Benchmarking Analysis typically consists of the following steps: 1) select subject, 2) define the process, 3) identify potential partners, 4) identify data sources, 5) collect data and select partners, 6) determine the gap, 7) establish process differences, 8) target future performance, 9) communicate, 10) adjust goal, 11) implement, and review and recalibrate.

### **Best Practices**

The processes, practices, and systems identified in public and private organizations that performed exceptionally well and are widely recognized as improving an organization's

performance and efficiency in specific areas. Successfully identifying and applying best practices can reduce business expenses and improve organizational efficiency.

**Business Operations**

Those activities that enable the Army to execute its Title 10 functions to organize, man, train, equip, and sustain forces for the conduct of prompt and sustained operations.

**Business Process Re-engineering**

A logical methodology for assessing process weaknesses, identifying gaps, and implementing opportunities to improve the efficiency and effectiveness of processes. At the enterprise level, BPR focuses upon cross-organization functions within end-to-end architectures. At the organizational level, BPR focuses upon sub-processes within end-to-end architectures and upon continuous process improvement of selected functions.

**Business System Architecture**

The Army BSA is an extension and major sub-component of the DoD BEA. The Army BSA is scoped to include the Army's Business Mission Area and defines interdependencies and relationships among Army mission-support operations, information needs, and its associated IT environment. The BSA consists of the operational activities and processes of the Business Mission Area Domains.

**Business Transformation**

Overall process to implement fundamental changes in business processes and operating environments required to make business operations more agile, efficient, and effective.

**Campaign Plan**

A joint operation plan for a series of related major operations aimed at achieving strategic or operational objectives within a given time and space. (JP 5-0) See FM 6-0.

**Continuous Process Improvement**

Continuous Process Improvement (CPI) is a strategic approach for developing a culture of continuous improvement aimed at process simplification, the reduction of unnecessary process variation, the elimination of process waste, and improved effectiveness.

**Cost-Benefit Analysis**

CBA is a narrowly focused economic analysis that applies rigorous analytical techniques to complement, but not replace, experience, judgment, and subject matter expertise. It is a structured methodology for estimating and comparing the anticipated costs and benefits of alternative courses of action in order to identify the optimum solution for achieving a stated goal or objective. The purpose of a CBA is to produce a strong value proposition, which is a clear statement that the benefits of a recommended course of action justify the costs and risks associated with that course of action.

**Cost Avoidance**

Any reduced net total Life Cycle Cost (LCC). The amount of the cost avoidance is determined as the difference between two estimated cost patterns, the one before the change and the one after.

**Cost Savings**

Funding with an existing cost target that already resided within the Army POM or command budget from which the amount of savings can be measured and reallocated. Cost savings result in a smaller-than-projected level of costs to achieve a specific, budgeted objective with a cost target.

**Critical Process**

A process that relates directly to the organizations mission and/or customer needs and must be restored immediately after a disruption to ensure the affected organizations ability to protect its assets, meet its mission needs, and satisfy mandatory regulations and requirements.

**Cycle Time**

Time elapsing from the beginning to the end of a process.

**Effective**

Effective described the ability to produce the decided, decisive, or desired results.

**Efficient**

Efficient described the capability to produce desired results without wasting materials, time, or energy.

**Efficiencies**

Efficiencies are actions or initiatives that reduce dollar costs. There are three categories of efficiencies. Category 1 efficiencies reduce the cost of performing a given function with no degradation in mission accomplishment or customer satisfaction, and they do so in a manner that enables managers to allocate the funds to other functions. Category 2 efficiencies reduce the cost of performing a given function with no degradation in mission accomplishment or customer satisfaction, but they do so in a manner that does not enable managers to allocate the funds to other functions. Category 3 efficiencies reduce the cost of performing a given function with no regard to mission accomplishment or customer satisfaction, and they do so in a manner that enables managers to either allocate the funds to other functions or satisfy an imposed funding reduction.

**Fully Burdened Cost**

The total amount of resources (direct and indirect to include time, money, personnel, etc.) applied by the Army to achieve an output or outcome.

**Integrated Management System**

The IMS captures the totality of Army decision making and creates assessment mechanisms through the Army Campaign Plan. The IMS enables Army leadership to make resource-informed decisions that provide our Nation with a trained and ready force at best value. The IMS assigns responsibility and focuses effort, provides direction and a means to monitor execution of the ACP, ensures synchronization of resources, and defines progress as a basis for resource allocation.

### **Lean Six Sigma (LSS)**

Lean Six Sigma is a disciplined, data-driven approach and methodology for eliminating defects (driving toward six standard deviations between the mean and the nearest specification limit) in any process. The Army's Lean Six Sigma program maintains a cadre of continuous improvement practitioners who can sustain the Army's ability to execute enterprise-level and local Lean Six Sigma projects.

### **Lean Six Sigma Black Belt (LSS BB)**

Army LSS Black Belts establish, coordinate and provide leadership for LSS projects. These projects should meet the guidelines and priorities established by the organization's senior leadership, the Lean Six Sigma Steering Council, the Deployment Director and the Process Owner/Project Sponsor.

### **Lean Six Sigma Excellence Award Program**

The Army's LEAP recognizes organizations and practitioners who demonstrate excellence in the building, sustainment and employment of CPI/LSS capabilities.

### **Lean Six Sigma Green Belt**

Army LSS practitioners who have completed the two-week certification course and possess an understanding of LSS principles and tools, as well as project management fundamentals. Green Belts are responsible for managing and leading improvement projects on a day-to-day basis. Green Belts are trained in basic problem-solving techniques and receive regular guidance and direction from Black Belts assigned to their projects, as well as from Master Black Belts when available.

### **Lean Six Sigma Master Black Belt (LSS MBB)**

The Lean Six Sigma Master Black Belt is a full-time dedicated position reporting to the Deployment Director (or in some cases, to the Process Owner). The MBB is the organization's in house expert for disseminating knowledge and training/coaching Black Belts (and Green Belts when appropriate). Additionally, the Master Black Belt takes a direct leadership role in leading complex, enterprise-wide or strategic-level LSS projects. Only Army certified MBBs are eligible to teach the Army LSS programs of instruction.

### **Legacy Army Business Systems**

Legacy ABS are those systems which will be discontinued within three years of the year of execution of the published annual certification. For portfolio review purposes, ABS are defined as Core, Legacy, and Target.

### **Measure**

A routine assessment of performance against declarative statements of goals, outcomes, or objectives. Performance measures maintain time-specific targets and previous levels of performance toward meeting goals and objectives. Measures usually refer to the outputs or outcomes of activities.

**Metric**

Indicators that measure progress compared to an established standard and can be analyzed to assess progress towards achieving desired outcomes. Metrics are usually defined in terms of cost, performance, and Schedule.

**Mission Areas**

Mission Areas represent the major capability areas of the Army, including interfaces to the Department of Defense other National Security activities. For portfolio management (PfM) purposes, DoD operations, IT, and National Security Systems are categorized into the following mission areas: 1) Warfighter Mission Area (WMA), 2) Business Mission Area (BMA), 3) DoD portion of the Intelligence Mission Area (DIMA), and 4) Network Mission Area (NMA). Army PfM aligns to DoD mission areas: 1) Warfighter Mission Area, 2) Business Mission Area, 3) Defense Information Mission Area, and 4) Enterprise Information Environment Mission Area (EIEMA).

**Problem Statement**

The Problem Statement is the foundation of the business case that ensures that the process owner has performed an analysis to consider whether a business need can be solved without a materiel solution (result of DOTMLPF analysis; external influences have been identified; performance measures have been identified and follow SMART criteria; and that the recommended solution is worthy of investment). The Problem Statement serves as the requirements document to support the Materiel Development Decision in the acquisition process for a DBS.

**Process**

A set of activities that produce product and/or service for customers.

**Process Champion**

Process champions are senior business leaders whose role is to facilitate business processes and systems alignment through the end-to-end business process value chain, to defend the interests and requirements of Army customers who depend on end-to-end business processes to conduct business. The process champion is the person or organization responsible for the daily promotion and encouragement to use the process improvement throughout the end-to-end process. Process champions are also responsible for the ongoing training, assessment, and continuous improvement of their assigned process. For Acquire to Retire (A2R), Service Request to Resolution (SR2R), and Proposal to Award (P2R), multiple process champions are assigned to facilitate systems alignment by specific functions.

**Process Owner**

An individual held accountable and responsible for the workings and improvement of one of the organization's defined processes and its related sub processes.

**Program Evaluation**

Program evaluation has several distinguishing characteristics relating to focus, methodology, and function. Evaluation (1) assesses the effectiveness of an ongoing program in achieving its objectives, (2) relies on the standards of project design to distinguish a program's effects from those of other forces, and (3) aims at program improvement through a modification of current operations.

**Resources**

Any commodity that could limit your ability to achieve the desired outcome.

**Root Cause Analysis**

A technique used to identify the conditions that initiate the occurrence of an undesired activity or state.

**Stakeholder**

An individual or organization having an ownership or interest in the delivery, results, metrics, and improvement of the quality, system, framework, or business processes.

**Strategic Plan**

A plan that establish national and multinational military objectives and include ways to achieve those objectives.

**System**

An organized assembly of resources and procedures united and regulated by interaction or interdependence to accomplish a set of specific functions. Within the context of the Army Enterprise Architecture, systems are people, machines, and methods organized to accomplish a set of specific functions; provide a capability or satisfy a stated need or objective; or produce, use, transform, or exchange information. For the purpose of reporting to the Army Information Technology Registry (AITR), the terms "application" and "system" are used synonymously - a discrete set of information resources organized for the collection, processing, maintenance, use, sharing, dissemination or disposition of information (that is, the application of IT).

**System of Systems Engineering methodology**

SoSE seeks to optimize network of various interacting legacy and new systems brought together to satisfy multiple objectives of the program. SoSE enables the decision-makers to understand the implications of various choices on technical performance, costs, extensibility, and flexibility over time. Effective implementation of the SoSE methodology prepares decision-makers to design-informed architectural solutions for System-of-Systems problems.

**Value Added**

**Value Added** is a deliberate process, marketing, or manufacturing that increases a product value at a definable cost.

**Appendix A: Using the Strategic Management System (SMS) to Conduct a Performance Assessment Example.**

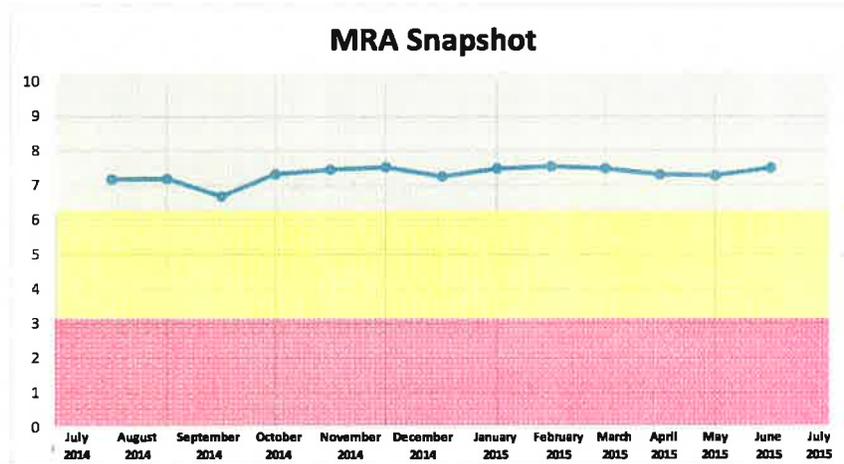
A.1 The Army Field Support Brigade (AFSB), stationed at Fort Hood, Texas, created a performance management and assessment framework using SMS. Each of their ten, geographically separated subordinate organizations (Logistics Resource Centers, or LRC) measures and assesses the Title 10 missions assigned by the parent headquarters using identical metrics and specified expectations of accomplishment, or targets. As the overall mission of the AFSB cannot be measured by a single metric, it is assessed by an overall normalized score, which is the weighted aggregation of all the underlying tasks assessed by scored metrics. In SMS, normalization is expressed as a standard number between 0 – 10, and interpreted as follows:

<b>Normalization Range</b>
<b>0-3.3</b>
<b>3.4 – 6.6</b>
<b>6.7 – 10</b>

Unsuccessful: is a normalized score between 0 – 3.3 and visually portrayed as RED;

Partially Successful: has a normalized score range between 3.4 – 6.6 and is portrayed as AMBER;

Successful: has a normalized score between 6.7 – 10 and is colored GREEN.

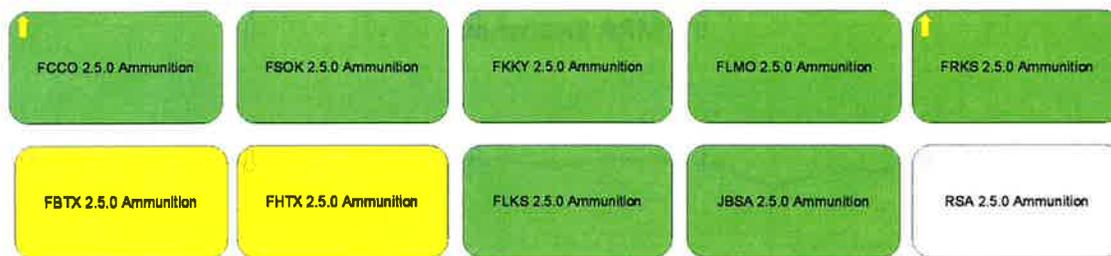


Series Color	Hierarchy Node	Organization Node	Series	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	July 2015
	1.0 Mission R&A	Unit Mission R&A	Score	7.18	7.2	6.69	7.33	7.46	7.53	7.26	7.49	7.55	7.49	7.31	7.28	7.5



Figure 3: AFSB Mission Review and Analysis (MRA) Snapshot.

A.2 As portrayed in Figure 3, seven logistics-related processes are assessed by AFSB leadership each month. The monthly assessment frequency is designed to provide situational awareness to leaders so that changes in resource allocation or prioritization of efforts can be made and acted upon by subordinate unit decision cycles. Although the brigade can be assessed as successful overall (as represented by the normalized score depicted as 7.5 for July 2015), the ammunition mission is only partially successful and requires further examination by leadership. Using the drill-down capabilities of SMS, the status of the ammunition mission by each one of the subordinate units is portrayed in Figure 4.



**Ammunition Task Scores**

**Comments – 2.5.0 Ammunition**

Hierarchy Node Name	Number of Hits : 12	
	July 2015	
	Score	Value
2.5.1.0 Stock Status	6.35	
2.5.1.1 # DODIC's O/H		3,640
2.5.1.2 STON O/H		11,795,726.52
2.5.1.5 Total Dollar Value O/H		\$670,779,605.91
2.5.3.0 Transactions	3.17	
2.5.3.0 Inspections	10	
2.5.4.0 Inventory	10	
2.5.4.1 100% Accountability		
2.5.5.5 Brass Recycling		N/A
2.5.6.0 Manning	3.47	
2.5.7.0 Facilities and Equipment	6.75	
2.5.8.0 OM&S Ammo Audit Test Sample Results		

**New Comment**

Topic: 2.5.1.8 % Un-Serviceable | By: Mr. David Spatzler | 2 months ago

Per AIC Memorandum (SUBJECT: Ammunition Supply Plant (ASP) Surveillance Procedures for Quality Assurance Specialist Ammunition Surveillance (QASAS)/Amm Inspectors to conduct unserviceable lot Consolidation, dated 09 SEP 2014) states: "In effort to reduce cost, DA Joint Munitions Command (JMC) have authorized ammunition activities to Consolidate unserviceable conventional ammunition." This policy forces all ASPs to hold onto unserviceable munitions for longer periods of time to Consolidate and then ship them out.

July 2015 | 2.5.0 Ammunition | Mr. David Porter | 2 months ago

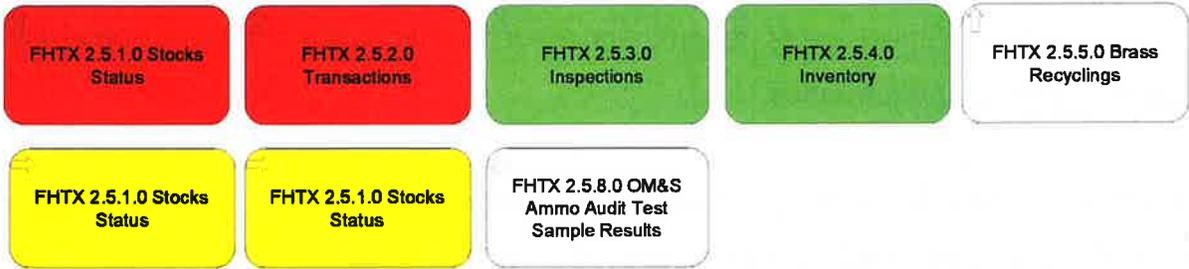
FHTXLRC Comment: Short one (1) of three (3) authorized QASAs, expect to fill

**Reply**

**Figure 4: Ammunition Assessment by Subordinate Organization Assessment.**

A.3 In Figure 4, AFSB leadership notes that two LRCs are only partially successful with the Ammunition mission. Using the trend information (arrows) and normalized scores portrayed, they decide to conduct a detailed assessment of the ammunition mission at the Fort Hood, Texas LRC (Figure 5), as its trend data appears to be getting worse. Although leaders can focus on any aspect of performance, limited time available to key leaders requires a performance assessment to prioritize attention on the most critical issues, first.

FHTX Ammunition 2.0



FHTX Ammunition Manpower 2.0

		Number of Hits: 3	
Hierarchy Node Name		July 2015	
	Score	Value	
FHTX 2.5.6.3 % of Military On Hand			
FHTX 2.5.6.5 DAC On Hand		4	
FHTX 2.5.6.9 % of Contractors On Hand	4.44	86.75%	

FHTX Ammunition Stock Status 2.0

		Number of Hits: 3	
Hierarchy Node Name		July 2015	
	Score	Value	
FHTX 2.5.1.1 # of DODIC's O/H		1,637	
FHTX 2.5.1.2 S/Ton O/H		412,704.32	
FHTX 2.5.1.5 Total Dollar Value O/H		\$496,619,077.69	

Comments - Ammunition Stock Status 2.0

**New Comment**

This comment was posted on 2 months ago by **2.5.1.8 % Un-Serviceable** written by **Mr. David Spatzler**

Per ASC Memorandum (SUBJECT: Ammunition Supply Point (ASP) Surveillance Procedures for Quality Assurance Specialist Ammunition Surveillance (QASAS)/Amm Inspectors to conduct unserviceable lot Consolidation, dated 09 SEP 2014) states: "In effort to reduce cost, DA Joint Munitions Command (JMC) have authorized ammunition activities to Consolidate unserviceable conventional ammunition." This policy forces all ASPs to hold onto unserviceable munitions for longer periods of time to Consolidate and then ship them out.

This appears on July 2015 by **2.5.0 Ammunition** written by **Mr. David Porter**

FHTX LRC Comment: Short one (1) of three (3) authorized QASAS; expect to fill

Reply

FHTX Ammunition Inventory 2.0

		Number of Hits: 3	
Hierarchy Node Name		July 2015	
	Score	Value	
FHTX 2.5.4.1 100% Accountability	10	Yes	
FHTX 2.5.4.2 # of IAR Gains		0	
FHTX 2.5.4.4 Cumulative IAR Gain Value		\$0.00	

Figure 5: Fort Hood Ammunition mission assessed by Functionally-related Tasks (Initiative).

A.4 As part of performance assessment, accountable individuals inform leaders as to reasons for less-than-successful performance, and indicate corrective action to be taken. That corrective action (feedback) is shown in the Comments portion of Figure 5. Feedback should describe the problem causing under performance and recommend corrective action for leader decision, such as (but not limited to):

A.4.1 Determine whether process performance can be optimized given the resources it is allocated. When it cannot, recommend to leadership that amount which will be required.

A.4.2 Consider BPR and / or CPI techniques to improve under-performing processes.

A.4.3 If process performance is acceptable, and additional resources are not available for reallocation to this process, recommend leadership consider accepting some risk in approving lesser performance.

A.5 Before leadership acts upon these recommendations, it should use the capabilities of SMS to examine whether the process is being reliably executed over time (Figure 6).

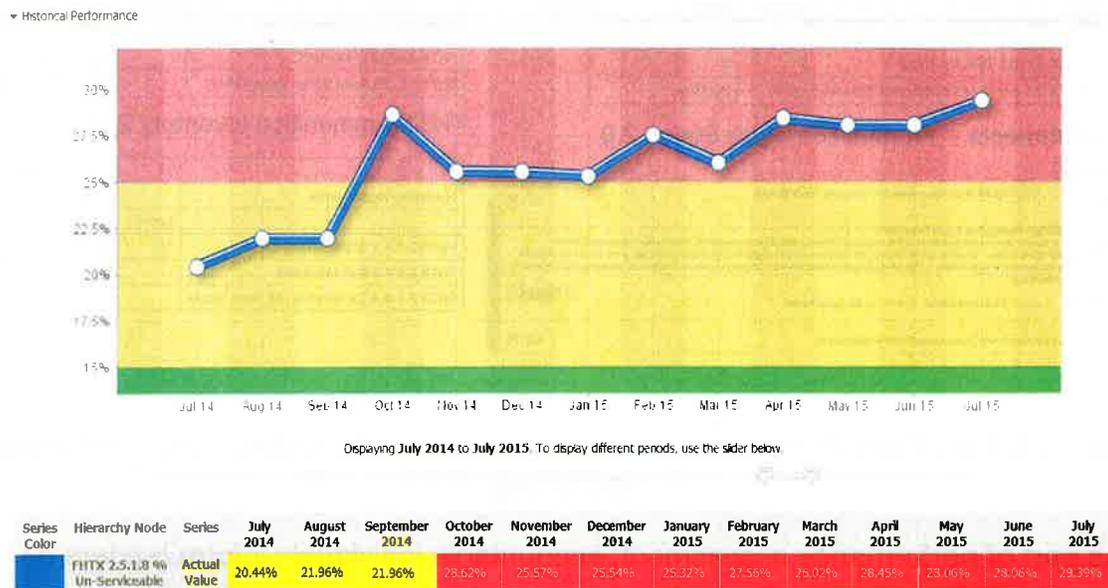


Figure 6: Percent of Unserviceable Ammunition Trend Data over Time.

A.6 As depicted in Figure 6, performance has worsened over time, with a significant negative trend that started in October 2014. Using this trend data in the performance assessment process, leaders should direct that a more detailed examination occur, which could involve BPR techniques to ensure reliable performance of the process in question.

A.7 Assessing Effectiveness and Efficiency

A.7.1 When like requirements are measured among multiple organizations using the same criteria, effectiveness can easily be evaluated during the performance

assessment process. In Figure 7, six organizations are effectively executing the Retail Supply mission (those depicted in GREEN), while three are not (depicted in AMBER). The normalized score clearly depicts how effective each organization is in comparison to the others. The LRCs at White Sands Missile Range (WSMR- score of 9.1) and Fort Riley Kansas (FRKS-score of 8.61) are clearly the most effective, and could be used to benchmark procedures for the other LRCs required to perform the Retail Supply mission.

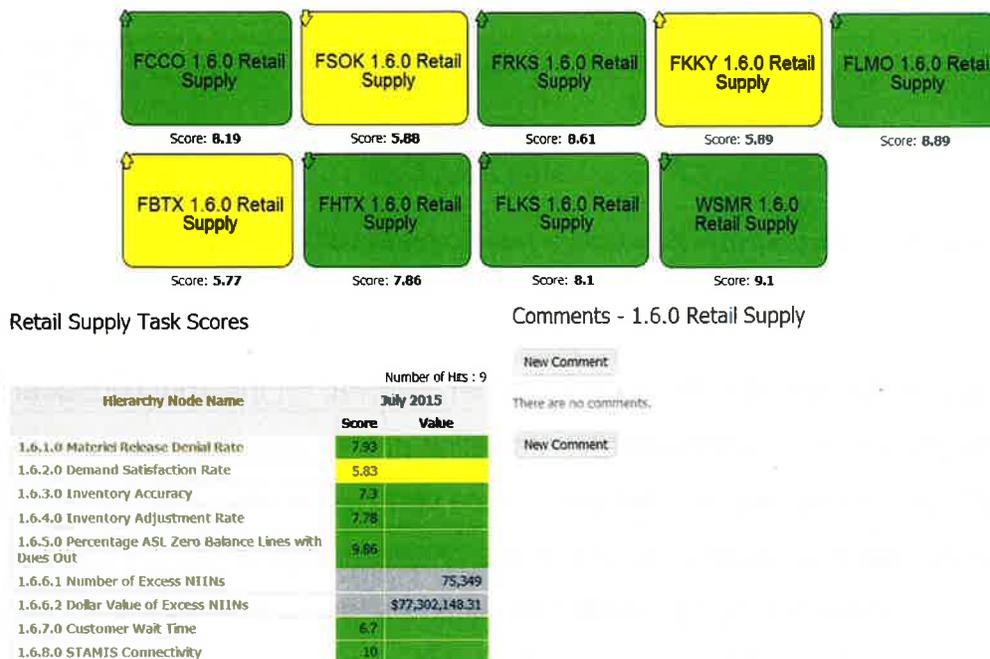


Figure 7: AFSB Retail Supply Command Assessment.

A.7.2 When resources are integrated into PM, then the PA can evaluate efficiency of execution. Figure 8 portrays the other-than-Civilian Pay costs associated with accomplishing the 131QLOG mission among ten different LRCs, expressed as the dollar amount per soldier assigned to the respective installation. The infrastructure component of accomplishing this mission varies widely by installation, from a high of \$2,609.18 at Fort Leavenworth, Kansas to the lowest amount of \$111.70 at Fort Bliss, Texas. While factors such as age of facilities and utilities costs might have some bearing on the different amounts, the 131QLOG mission is clearly not being efficiently executed throughout the command. The performance assessment process can then direct further examination into this issue, for brief-back at a future session.



Figure 8: AFSB Non-Pay Costs per Soldier (131QLOG).

A.7.3 As issues are surfaced in the PA, they are either resolved on the spot by leader action, or targeted for further examination and resolution at a subsequent session. In this manner, the performance assessment exemplifies continuous process improvement, where real-time situational awareness of mission execution, provides a forum for informed decision-making by leaders, whether that decision involves sustaining the current path, exploring alternate strategies, reallocating resources to mitigate risk, or improving process execution through BPR or CPI.