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IN REPLY REFER TO AQOG

APR 11 1997

MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT DISTRICTS
COMMANDERS, DCMC CONTRACT ADMINISTRATION OFFICES

SUBJECT: DCMC Memorandum No. 97-42, Using Command Level Metrics at the Contract Administration Office (CAO) (INFORMATION)

This is an INFORMATION memorandum. It provides insight into the use of metrics from the Headquarters to the CAO level and responds to an action item from the DCMC Group Leaders Conference (Dec 96). Target Audience: All DCMC personnel.

As we are all aware, metrics are the heart of DCMC performance management. The DCMC Group Leaders Conference in December 1996 was aimed primarily at achieving a greater understanding of our performance metrics and the focus of our performance improvement efforts. During the very productive discussions that took place at the Conference we all came to see a need for something that illustrated the concepts and practices we were discussing -- something that would tie together, in graphical form, those concepts and practices with selected business documents and organizational entities.

Attached are several charts that provide an illustration of the hierarchy of performance metrics (an example) and their applicability to the different organizational levels in DCMC. Additionally, the graphic shows the relationship of processes and "process drivers." The illustrations show how both workload management and performance management metrics come together at the CAOs and how the issues of "control" and "influence" are applicable. There is much more "insight" in these illustrations/graphics than quickly meets the eye. We have packed it with what we believe to be helpful in understanding vice just general information.

Please feel free to use the graphics in your presentations or documents in any fashion you deem helpful. For more information, contact Richard Horne, AQOG, (703) 767-2359, richard_horne@hq.dla.mil.

Jill E. Pettibone

JILL E. PETTIBONE
Executive Director
Contract Management Policy

Attachment

Federal Recycling Program Printed on Recycled Paper

Performance Management

in

DCMC

Quality -- Commitment -- Satisfaction

Headquarters
to
Contract Administration Office (CAO)
to
Headquarters

(With an Eye on Metrics)

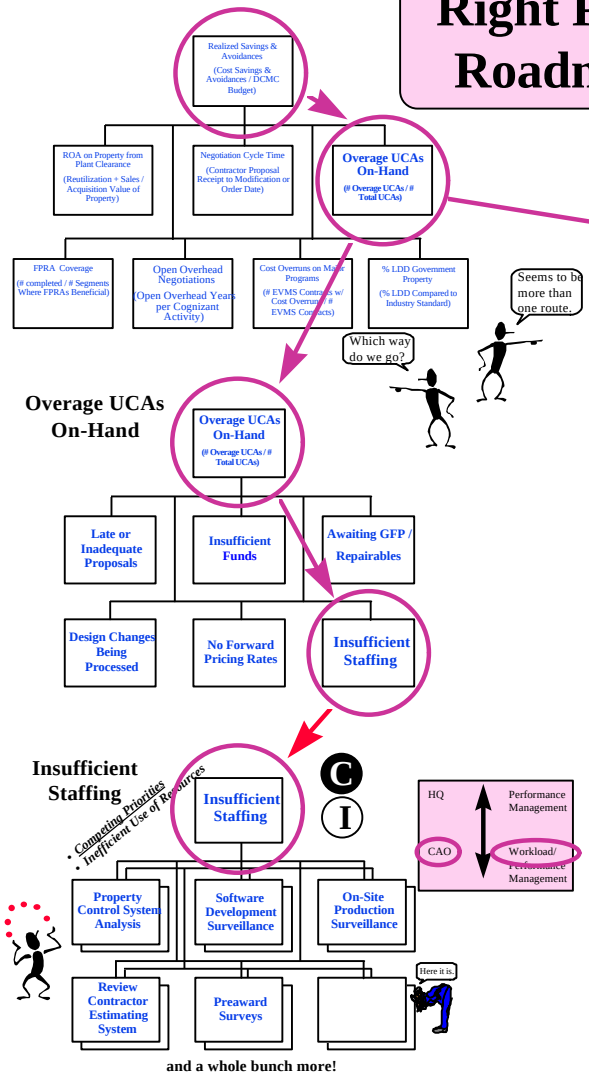
DEFENSE CONTRACT
MANAGEMENT COMMAND

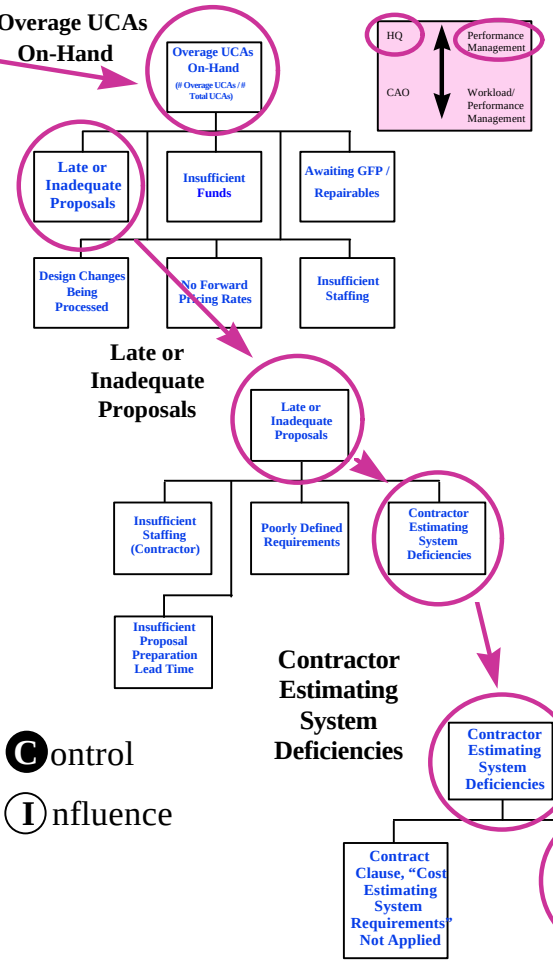
Right Price Roadmap

An example of metrics and managing performance - from top to bottom (to top)

Try drawing the map for your metric(s).

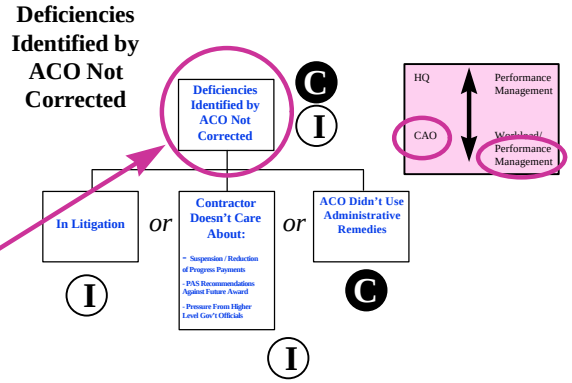
Words
Pictures





Control

Influence



So Where Do I Fit In?

One of the ways we contribute to Right Price (i.e., ensure that our customers receive the savings and avoidances they are due because of the way we administer their business arrangements) is through definitizing undefinitized contractual actions (UCAs). In other words we have firmed up who owes what, when.

First, we need to agree on a couple of things about UCAs:

- The fewer the better
- The quicker they are definitized, the better

So what are we going to do to achieve fewer and quicker?

One of the reasons that we can't finalize the deal is that the contractor hasn't submitted his proposal, or it is inadequately supported. Why?

Because among other reasons, the contractor's estimating system doesn't consistently produce verifiable, supportable and documented cost estimates. Why?

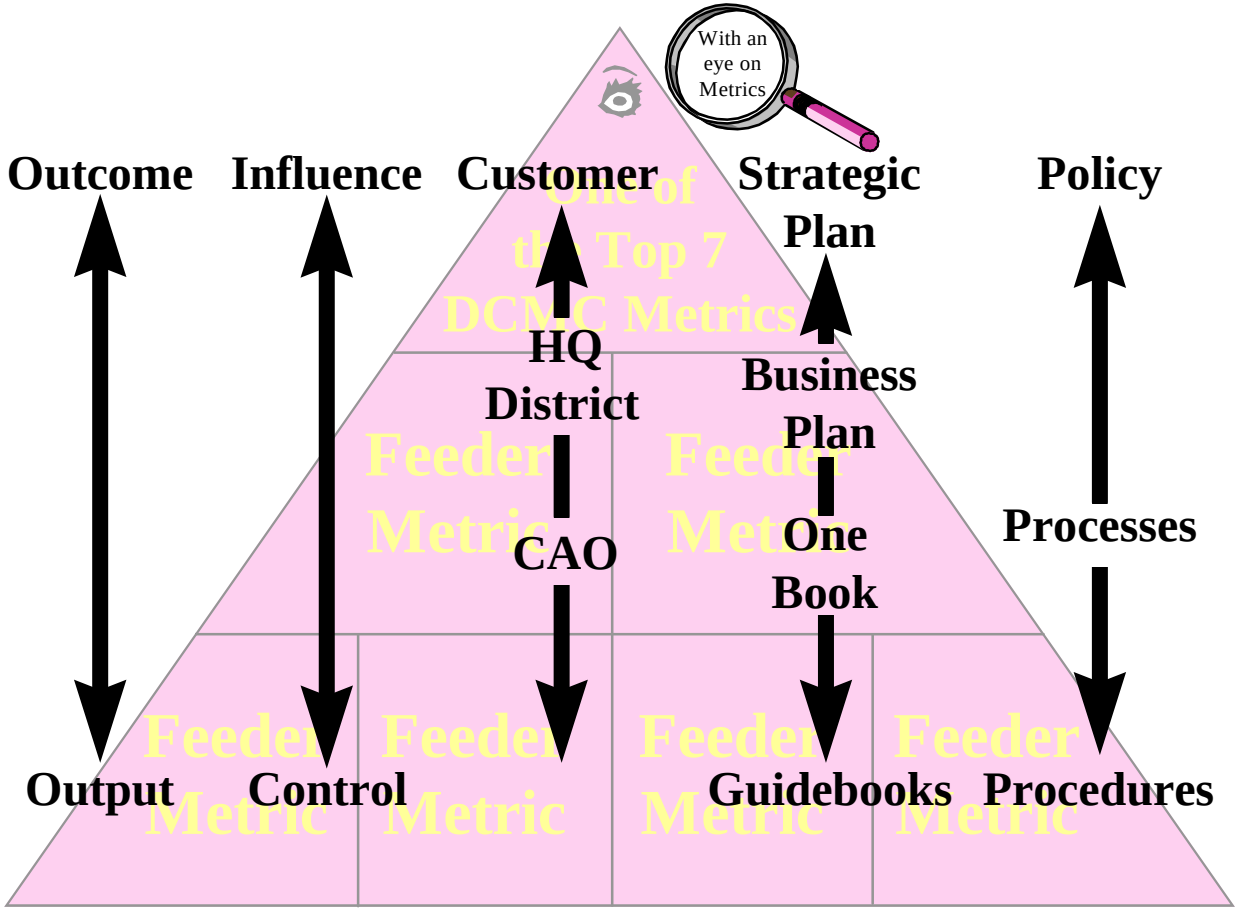
Because among other reasons he has never corrected the deficiencies in that system that we directed him to fix. Why?

Because among other reasons we didn't use any of the administrative remedies we have for recalcitrant contractors and he doesn't seem to be bothered by the prospect of... Well?

That does it! Up goes the ante! Prepare a letter disapproving his estimating system (control). Take steps toward reducing progress payments (control). Also, get the Boss on the phone. We'll see what he can do to "influence" the contractor back into the fold.

But I don't have time to do the letter or call the Boss (no one has enough of anything). So with the current process it's a matter of priorities. But we can use risk analysis to help us determine where we need to concentrate our forces and what low risk areas don't need much attention now.

Important Relationships
for
How the Command Manages Business Performance
(The "Hierarchy" of Things - What Leads to What - Cause and Effect)



While these may not be perfect alignments, the overall picture is clear regarding the relative hierarchy of the various concepts, organizational responsibilities, and planning and execution of the mission.

FAQs
(Frequently Asked Questions)

Q: What's the real difference between "influence" and "control?"

A: The really big point about this issue is that we have to take some responsibility for those outcomes over which we don't have absolute control if we are to help our customer achieve what they are trying to achieve. The notion of responsibility without control (normally viewed as authority) is not something that's easy to accept. However, if we only work with those things we directly control we will surely develop tunnel vision and customer insensitivity resulting in "run-of-the-millitis" (a terminal illness in business).

Q: Does every organizational element or person have the same influence?

A: No. Consider the question, "How much influence does DCMC have?" We can exert influence at every level of the Command but would see the greatest effect of that influence if it were exerted at the highest level. For instance, the DCMC Commanding General sends a note on some subject to the Director of Defense Procurement (the controlling entity) who thinks it's a good idea and changes OSD policy the next day. Your note might not have exactly the same impact but nevertheless, everyone has influence and can be very productive in achieving what the organization is trying to do if they use it wisely.

Q: Will the person who thought up the color scheme for this brochure get an award for it?

A: Definitely not!

Q: What if I have more questions?

A: The Command has established an advisory group for each of our top level metrics - Right Item, Advice, Time, Price, Efficiency, Talent and Reception. You will find their spot on the DCMC Homepage ("www.dcmc.dcrb.dla.mil") along with the name, phone number, fax and e-mail address for every member. Each group has representatives from DCMC Headquarters, District Headquarters and selected Contract Administration Offices.