

March 2004

Dear Navy Stockholder,

I am very pleased to present the second annual Shore Installation Management (SIM) Stockholders' Report - the "Product of the Plan" for Fiscal Year 2003. This has been indeed a year of extraordinary challenge and accomplishment for the Nation, our Navy and Shore Installation community of practice. The war in Iraq the on-going operations in Afghanistan (and other areas of global instability), and the war on terrorism have been met superbly by our combat ready naval forces forward deployed and sustained so ably by our world-wide total force team.



The year's global challenges notwithstanding, the progress keeping with CNO's transformational roadmap has in many ways revolutionized the manner and effectiveness of our support to the war fighter. We have, for example, capitalized on initiatives that leverage the "genius of our people" by engaging our Integrated Process Teams (IPTs) in the "business of the business" to ensure that every practice and key SIM process is a model for efficiency and effectiveness. Models that were developed initially for programming continue to be refined to assist as budget and in-year execution tools for "output-based" performance measurements, developing capabilities-based budgets, and quantifying risk vis-à-vis resource allocations. Considerable progress has been made in establishing Navy-wide standards for service delivery, regional alignment and standardization, and linkages to readiness. This report will describe these efforts in detail, as well as other actions and initiatives undertaken pursuant to CNO's 2003 Guidance and top five priority areas.

A major 2003 Navy alignment initiative that has been a major driving focus and area of considerable attention has been the establishment of a single headquarters organization "to provide consistent, effective and efficient shore installation services and support to sustain and improve current and future fleet readiness and mission execution". Commander, Navy Installations (CNI) stood up on 1 October 2003. Effective with the standup of CNI, all responsibilities that were performed previously by eight major Installation Management Claimants (IMCs) were shifted under the new Echelon II CNI headquarters. Moreover, this new alignment and transfer of responsibilities was taken to enable the eight divesting IMCs to focus exclusively on primary mission execution. I view the CNI mission as pretty straight forward: to provide operating forces support, community support, base support, and mission support to enhance the Navy's combat power. We in CNI will do the best at what we do, so our customers can be the best at what they do!

The fiscal year 2004 Stockholders' Report accordingly will be refocused to describe the "Product of the Plan" from the CNI (single claimant perspective) rather than the current report based on the organizational alignment under the eight claimant alignment. Under CNI, Navy has been better aligned to focus squarely on installation effectiveness including the incorporation of "best

business practices”, and other opportunities for cost-saving efficiencies. Appendix H is a great summary of the many successes and efficiencies the regions have achieved already.

Today, unlike any time in our past history, our Navy Shore Installations and associated infrastructure are squarely aligned as key and integral components of our Naval and Joint combat power. This alignment has been further reinforced with the establishment of CNI. The body of this report, then, provides a comprehensive look at the FY 2003 plans and programs. It highlights the major accomplishments in each core business area including new and improved business practices, any associated savings, and contributions to fleet readiness. It is entirely appropriate that we reflect on the past year, our successes and shortcomings, not to “steer by our wake”, but rather set a course that accelerates in new and revolutionary ways, our transformation in meeting CNO’s challenge to “Be Ready” to protect our nation, bases, ships and Sailors.

A handwritten signature in black ink, appearing to read "C. Weaver", with a long horizontal flourish extending to the right.

CHRISTOPHER WEAVER
Rear Admiral, U. S. Navy
Commander, Navy Installations