

Chapter 12 – Lessons Learned and the Way Ahead

The ability of shore infrastructure to provide the requisite support to the operational forces and other mission commanders has fundamentally and positively changed in recent years, including those significant initiatives and actions undertaken in FY 2003. This change has been essential in meeting readiness and support requirements in an era of ever-tightening fiscal pressures and Navy's transformation from that of a "rotational Navy" to a "surge Navy that rotates." Under this operating construct, our naval forces will need to be kept more ready, and for longer sustained periods in order to meet the requirements of a rapidly changing world scene. Installation support of the warfighter under the surge concept also means that SIM accelerate its own transformation to support a "surge Navy". Those of us supporting the warfighter in SIM must continuously interact with the operating forces to ensure that we link SIM service delivery to the mission as it evolves. SIM must be flexible and adaptable; adjusting services to the needs of the operating forces as those needs change. Not only must SIM strive to become less resource-intensive through increased effectiveness and efficiency, the SIM enterprise must also do its part in contributing to recapitalization of our Navy. Notwithstanding, the many significant improvements, the status quo, even the "new" status quo of the past five years, will not get the job done. We cannot stay where we are, but rather, continue to move rapidly forward to keep pace with the transformational demands of the Fleet and the Shore Establishment.



With CNI, we are better aligned to meet these challenges, to let mission commanders focus on their core missions while CNI focuses on shore support of those missions. Our job in CNI is to do the best at what we do in managing and operating shore installations, so that our mission customers can be the best at what they have to do: meet the Navy's mission.

Lessons Learned

- A major area of concern in last year's 2002 report was the inability to track the existing 20 components of OBOS from the programming phase all the way through execution. We have fixed this in 2003. During this past year, successful steps were taken towards establishing one seamless system through the creation and use of specific Program Elements for most all of IMAP 2003 functional areas. Specifically, the establishment of individual special interest item (SII) codes for IMAP functional areas should provide more timely execution visibility of program execution information. These changes took place in IMAP in FY 2003, for FY 2003 obligations, and will be used in developing the POM-06 Capability Plans.

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- Another challenge is the one of migration of funds from one SIM functional area to another during the execution year. A key concern is the potential masking of other fundamental problems, such as the under-funding of certain “must-pay” functional areas, or “paying back” funds very late in the year of funds “borrowed” earlier in the year, which of course, serves only to exacerbate the problem. This practice is inefficient and greatly reduces a program director’s ability to plan and to make optimum program decisions. Migration has typically occurred in the facilities (SRM) area, as well as functional areas with large (often front-end loaded) must-fund contracts. The stand up of CNI as the single installation claimant and process owner in the Navy has already enabled us to address this challenge straight on, with CNI determining the degree of fund reprogramming, if any, that is necessary (based on specific risk analysis of SIM functions), e.g., from SRM to other base operating support functional areas.
- The impact of the IPTs in establishing Capability Levels, Metrics, Objective Matrices, and Navy-wide standards has been significant. The CNO’s review and approval of the Capability Levels for the major SIM functions in March 2003, and using them to make decisions in both PR 05 and in the early stages of FY 2004 (used in performing risk analysis) is a considerable achievement. They will be used as well in POM-06 and future POM/PR evolutions to assess risk vs. requirements. Much has been accomplished, and new work remains. New IPTs are being formed for the remaining SIM functions, and the present ones will continue functioning as Subject Matter Experts for Navy-wide issues within their respective business areas. They will continue to focus on benchmarking and best practices to help lower costs. Importantly, at the direction of the CNO in his 2004 guidance, each IPT will work to link the mission/operational capabilities of our installations with the installation services provided on those installations – the linkage of required operational capabilities (ROC) with installation service capability levels (CL). This is an on-going process. The role of the IPTs as institutionalized bodies will remain a key priority to help support this new organization in its mission to support the warfighter and other mission commanders.
- An effort should be considered by each IPT to examine and better understand how areas such as MPN/RPN, OPN, MILCON, and Facilities Investment (SRM) impact and influence the various inter-relationships and cross-over issues among each of the other IPT functional areas.
- The establishment of a consistent methodology (SIM Objective Matrices) for developing Capability Levels, Navy-wide Standards, and associated metrics has been integral to building better credibility and confidence in a robust SIM capabilities-based assessment process. It is imperative that these processes and developed Navy-wide standards be implemented across the Navy for consistency and constancy of purpose.
- Resource sponsors need to possess the capability to track functional area dollars from programming through execution. By FY 2004, however, the new Commander, Navy Installations Command should have full visibility and the necessary steps in place to monitor execution in this manner.
- In consonance with the need to optimize collaboration with the CNI customer, we must work with customers on the front end mission requirements part of the PPBES process; and develop and implement a customer feedback system at each Region to ensure we get timely feedback on how we are doing in delivering SIM services and meeting their needs during and at the end of each fiscal year.
- We shall incorporate productivity data (cost per unit of output) into the Stockholders’ Report and other performance measuring systems, including trends, to track the success of effectiveness and effectiveness actions.

Impact on POM-06 and Future Programs

- To effect decisions in the future, the Navy needs to have a quicker data turnaround at all levels to have a more targeted impact on planning and programming. The results of the SIM Performance Data Calls conducted during the fall of 2003, have provided much of the basis for this year's report on performance (outputs). CNI and the IPTs will need to continue to develop these data calls to allow for more rapid evaluation during the course of execution – not just as a once a year snapshot. This ability to see the results of the programming and budgeting cycle in its execution phase will permit CNI leadership to make more informed and timely decisions with respect to execution year adjustments. This ability to evaluate performance in terms of productivity as a function of output divided by cost will also feed directly into the next cycle of the POM process and into CNI's Capability Based Budget (CBB) efforts.
- Recommendations for SIM leadership are contained herein, in each chapter, and summarized in the Executive Summary. In particular, the functions within the Installation Core Business Areas comprising the Operating Forces Support portion of IMAP should be weighed carefully in determining appropriate resource allocations to support the validated Capability Plan requirements.

The Way Ahead

We can and should take great pride in the many improvements made in SIM support of the war fighter and other mission commanders in 2003. Our Regions have done magnificent things, under difficult circumstances, to generate efficiencies while maintaining the highest possible Capability Levels to their customers. And in a real way, they have done this with “a hand tied behind their backs” – with savings projections taken out in advance. Despite this, we recognize that continuous improvement in SIM effectiveness and efficiency is part of our mission every day. The more we've learned about better business practices, and the more

that each of us succeed, the more opportunities we have for emulating each other's success in achieving increased effectiveness and decreased expenditures of material, financial and human resources. With the standup of Commander, Navy Installations Command, we have been afforded both the opportunity and challenge of leaping ahead in process, cultural and business change. The CNO has told us that the past is not prologue—that we can and must challenge all the old assumptions and ways of doing business. It is a daunting task, but what an opportunity to retool the SIM business to help meet the overarching needs of the Navy to support the war fighter and other mission commanders.



Commander, Navy Installations Command (CNI), with the support of an aggressive and business-oriented regional command structure, will play a key role in enabling the transformation of our Operating Forces from a tradition of regular rotation to surge ready. We will accomplish this by:

- Implementing/improving standard business processes at all Navy regions for the delivery of SIM support to operating forces and key shore components around the world.
- Reducing the cost of SIM processes by streamlining service delivery models and eliminating duplication of effort and staffing.
- Focusing on metrics-based, output-driven resource investments that maximize return on investment and leverage business relationships between and among 1) Navy-Marine Corps, 2) Navy and other Joint Services and 3) Navy and other federal, state and local agencies.

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- Relying on trust, confidence and communication between and among CNI and the Navy's Regional Commands to enable standardization of processes as well as innovation of improving business practices.

Our priorities are to:

- Stand up the new CNI command without losing the forward momentum gained in SIM business process improvement over the past few years. Positive movement in change management is Job 1.
- Get Capability Level resource management into perspective and on track, and get the new customer base onboard and comfortable with Service Delivery Models.
- Achieve "quick hit" savings in the near term by reevaluating existing processes and harvesting savings in execution. Money, manpower and materiel are all fair game for these savings. This search for resources must precede reducing Capability Levels.
- Get a Business Enterprise Architecture in IT into operation.

The stand up of CNI as the single process owner for Navy installations will enable the Navy to take an enterprise wide view of installation management and resources, guiding regions toward top Navy strategic objectives as articulated in the CNO's guidance. This centralized approach will have a focus on regional, national and even global approaches to program delivery versus the past installation-centric model, as well as alignment with other organizations in Navy that have expertise that CNI can leverage off of to support installation services, such as NAVSUP and NAVFAC for supply and contract specialist competencies, as well as leveraging capabilities from the other military services and other governmental agencies. Such partnerships with others will help minimize internal CNI staffing requirements by leveraging

In furtherance of CNO Guidance to better link installation to readiness, CNI is now focusing on aligning its shore installation services directly with its mission customers. In 2004, CNI has embarked on an initiative to identify, in consultation with the mission customers, the required operational capability (ROC) by function for each installation, and then aligning that with the potential installation service performance levels (called capability levels) that enable regions and their installations to deliver the right services to help meet that mission. Four varieties of ROC are being identified for each of the major installation functions (categorizing each installation into its appropriate ROC), and then evaluate the level of service or capability level that the installation can apply to help accomplish this mission within the resources allocated. CNI has called this the installation ROC "4x4" and it is demonstrated in the below notional "4x4" chart:

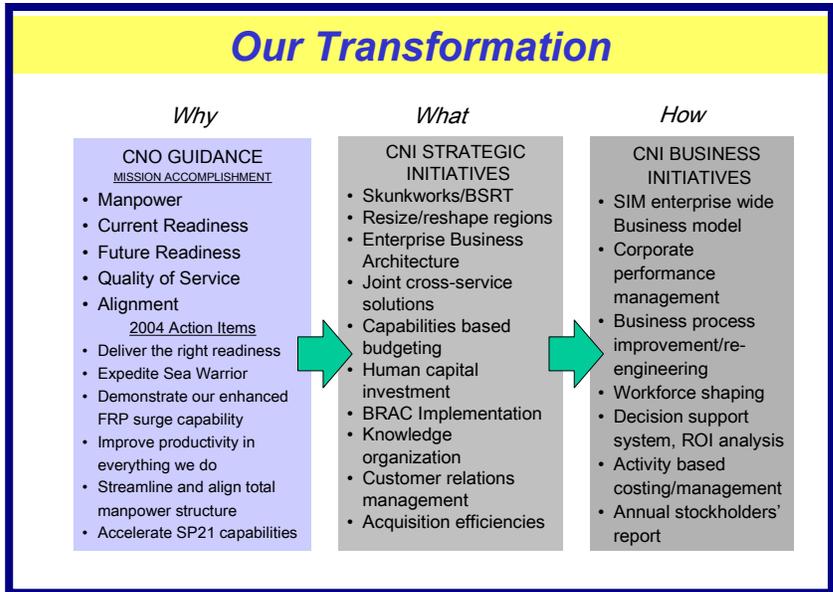
ROC	CL 1	CL 2	CL 3	CL 4
1	Installation A			
2	Installation B	Installation C Installation D		
3		Installation E	Installation F Installation G	
4			Installation H	

The CNI organizational architecture and philosophy is one of: providing overarching major business principles and resource allocations to Regional Commanders, and for Regional Commanders to consolidate business processes into regional programs and then efficiently execute them in support of operational and non-operational mission tenants.

Our main goal is to maintain a high level of Common Operating Support to our customers while reducing the resource demands!



The chart sums up our priorities and graphically portrays the why, what, and how for our roadmap of the future. CNI has already made an impact on SIM with CBB initiatives.



To summarize, we are at a crossroads in the transformation of the Navy. Our operating forces of the future and the elements ashore that support them and other mission commanders must be able to rely on an agile and transformational shore infrastructure in order to meet the increased demands of a “surge ready” posture. At the same time, the shore establishment that supports the operating forces must also be beneficiaries of improved common support services that accrue from best business practices. *SIM must rapidly adapt itself in responsiveness, process improvement and cost-effectiveness to keep pace with and even lead this change.*

In support of this, CNI will be process driven, program-centric, and output focused. We will be the best at what we do so our mission customers can be the best at what they do!