



# *Army Performance Management and Integration*

**New Horizons in Costing and Performance Measurement  
37th Annual DoD Cost Analysis Symposium  
Army Session**

**Williamsburg, Virginia  
10-13 February 2004**

**Programs & Strategy Directorate  
(SAFM-CE) 703-614-4003**



# Topics



- **Purpose:**

- Review Army's Implementation of Budget and Performance Integration
- Discuss Implications for Acquisition and Costing Communities

- **Topics:**

- Overview of Performance Management
- MID 901, 910 and 913
- Acquisition Performance Measures
- Summary



# Overview of Performance Management



President's Management Agenda

Track Results to improve Decision making

*Establish & Invest in Strategy*

*Translate Strategy to Budget*

*Incentivize & Track Performance*

<b>Strategy</b>	<b>Plan</b>	<b>Program, Budget &amp; Execute</b>		<b>Evaluate Results</b>
QDR SPG	DPG TAP  FYDP	Annual Defense Report = GPRA Performance Plan  Performance & Accountability Report = GPRA Performance Report		OSD Balanced Scorecard
<i>Enabling Information Systems (Improving Tools)</i>				

Strategy → **Input**

Input → Execution

Execution → **Results**





# Overview of Performance Documents

- Secretary's Strategic Planning Guidance (SSPG)
  - Establishes *performance outcomes* for the FYDP period
  - Due annually in December

- Annual Defense Report /GPRA Plan
  - Sets *annual performance targets* for next budget year
  - Due annually in February (to be submitted w/PresBud)
  - Maps component strategies to DoD goals and metrics

- Budget Justification Materials
  - Documents *program-level performance trends*
  - Sets *program-level performance targets* for budget
  - Due annually in February

- Strategic Programming Guidance (SPG)
  - Establishes *program-level performance targets* for FYDP
  - Due annually in April-May (?)

- PAR/GPRA Report
  - Documents *actual budget-year performance results*
  - Due annually in November (beginning in CY04)

Guidance

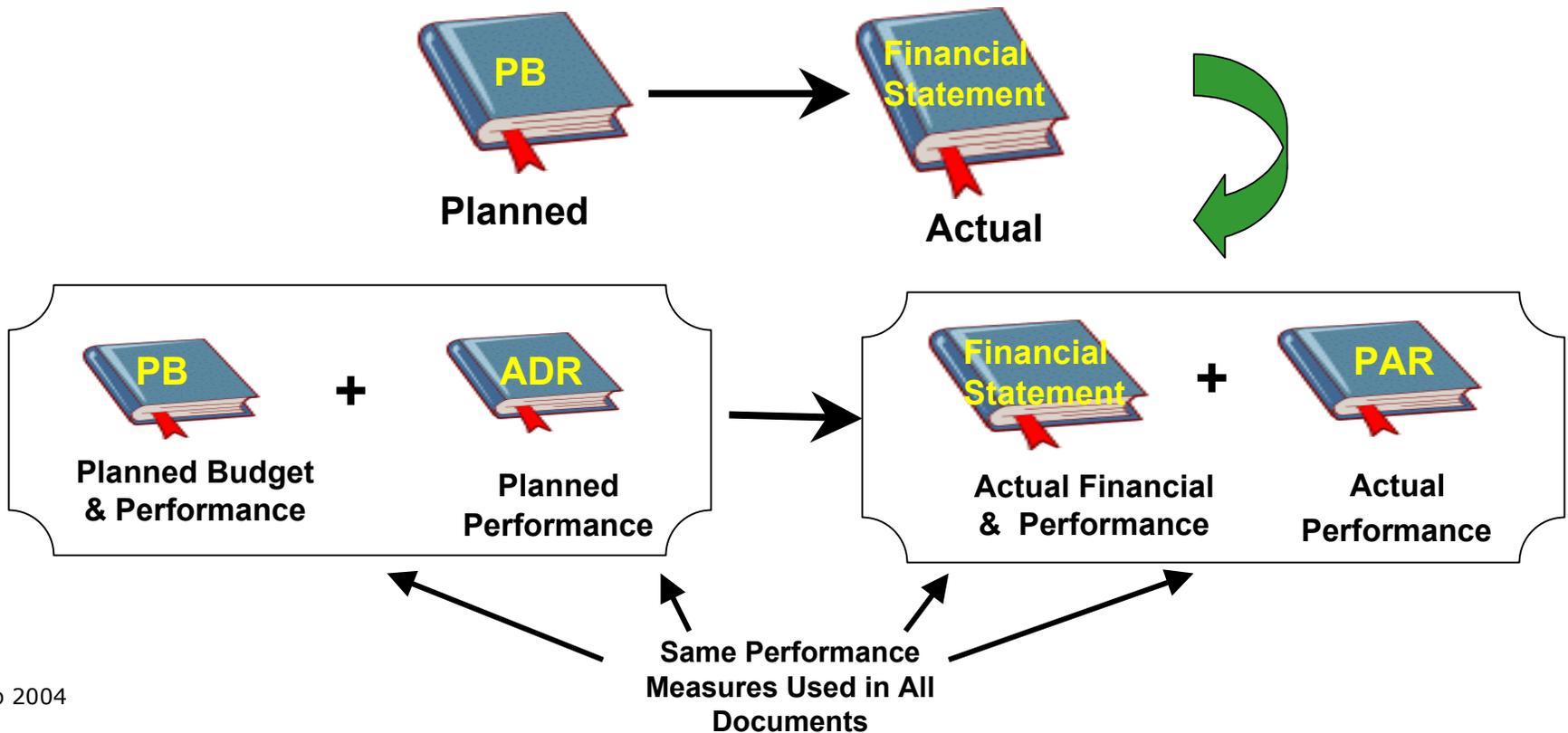
Reporting



# Overview of Performance External Reporting



- Implements the President's Management Agenda and Holds Managers Accountable for Expenditures
- Will Provide Evidence of Results Achieved for Funds Invested
- Documents That Show Cost or Performance Will Become Documents That Show Cost and Performance





# Management Initiative Decision (MID) 901



- **DoD Will Assess Performance Outcomes and Track Results**
- **Linked to Objectives Under OSD Risk Management Framework Using a Balanced Scorecard Approach**

- Force Management Risk
- Operational Risk
- Future Challenges Risk
- Institutional Risk



- **Framework Measures Defense Outputs Vs. Strategic Goals**
- **DoD Components Responsible for Cascading / Refining Metrics**
- **SECDEF Will Use Metrics to Monitor Performance Results**



# Management Initiative Decision (MID) 910



- **DoD Must Improve Budget and Performance Integration**
- **Metrics Evaluate If Performance Achieves Levels Expected From Resource Expenditure**
- **Goal: Associate Metrics With Resources Requested in Budget**
  - 60% of TOA in FY05 Budget
  - 80% of TOA in FY06 Budget
  - 100% of TOA in FY07 Budget
- **What Army Accomplished for PB 05**
  - Metrics Tied To Programs
  - Identified Performance Measures For 71% Of TOA
  - Developed Metrics through Program Evaluation Groups
  - Reviewed / Approved Metrics Through PPBE Process
  - Collected Program Performance Data and Conducted Initial Program Assessments



# Metrics by Appropriation

(FY05 Data)

APPN	Total (\$M)	With Metrics	Without Metrics	APPN	Total (\$M)	With Metrics	Without Metrics
ACFT	\$1,815	81%	19%	MPA	\$29,603	87%	13%
AFHC	\$626	38%	62%	MSLS	\$1,312	75%	25%
AFHO	\$891	94%	6%	NGPA	\$5,895	92%	8%
AMMO	\$1,427	0%	100%	OMA	\$25,940	63%	38%
AWOA	\$201	0%	100%	OMAR	\$2,008	54%	46%
BCA2	\$100	100%	0%	OMNG	\$4,483	52%	48%
CHEM	\$1,457	100%	0%	OPA	\$4,068	24%	76%
ERA	\$402	100%	0%	RDTE	\$10,490	55%	45%
MCA	\$1,969	78%	22%	RPA	\$3,772	88%	12%
MCAR	\$87	95%	5%	WTCV	\$1,564	63%	37%
MCNG	\$267	61%	39%				

**KEY**

- Program/Budget = Execution
- Program/Budget ~ Execution
- Program/Budget ≠ Execution
- No Metrics



# MID 913 Implementation of Execution Reviews



- **Army Making Performance Information an Integral Part of FY04 Execution Reviews**
- **Developed an Assessment Tool**
  - Uniform Assessment of Metrics Across Programs
  - Benchmarked to Program Execution
- **Army Integrating Cost & Performance Data To Support Execution Reviews through Performance Management Warehouse**
  - Feeds Monthly / Quarterly Execution Reviews
  - Initial Programs: Installation Services, OPTEMPO (Ground & Flying Hours), Spares

**ADMIN SETTINGS**

QUESTION WEIGHTS:	WEIGHT:
1. Has the program achieved its annual performance goal within budgeted costs and established schedules? If not, describe its current status.	1
2. Do performance evaluations indicate that the program is effective and achieving results?	1
3. Given FY03 performance, is there confidence that FY05 performance goals will be met?	2

**ANSWER WEIGHTS:**

Contribution of "Yes"	1	Contribution of "LARGE EXTENT"	0.75
Contribution of "NO"	0	Contribution of "SMALL EXTENT"	0.5

When finished, hit this button---->

**MID 913 Places Cost Review at the Center of PPBE Cycle**



# Metric Improvement for the FY 06-11 PPBE Cycle

Moving Metrics From Input → Output → Outcome Is Difficult,  
However Program Sponsors Have Made Progress.

## O&M Example

Old Metric Description – Measures  
% of Funded End-Item Workload  
in Army Depots

Maint / Repair Req'ts Funded /  
Items Required to Repair = % Req'ts  
Funded

New Metric Description - % of Actual  
vs. Planned Depot Maintenance  
End Item Repair Output

## RDA Example

Metric Description –

- a) assess requirements (Capability Document)
- b) compare program's current position against approved milestone schedule; and
- c) assess funding against approved cost position

Performance goals are to fully  
resource “on-track” programs .....



# New RDA Metric Approach



- **Probability of Success Metric - ASA(ALT) Initiative Being Developed for ACAT I & II Programs**
- **Method to Enhance Executive Insight and Decisions by Conveying PM's Assessment of Program Health**
- **Broad Categories Are: Requirements (KPP), Resources, Execution, Program Fit (Capability, Transformation), and Advocacy**
- **Expected Outcome -**

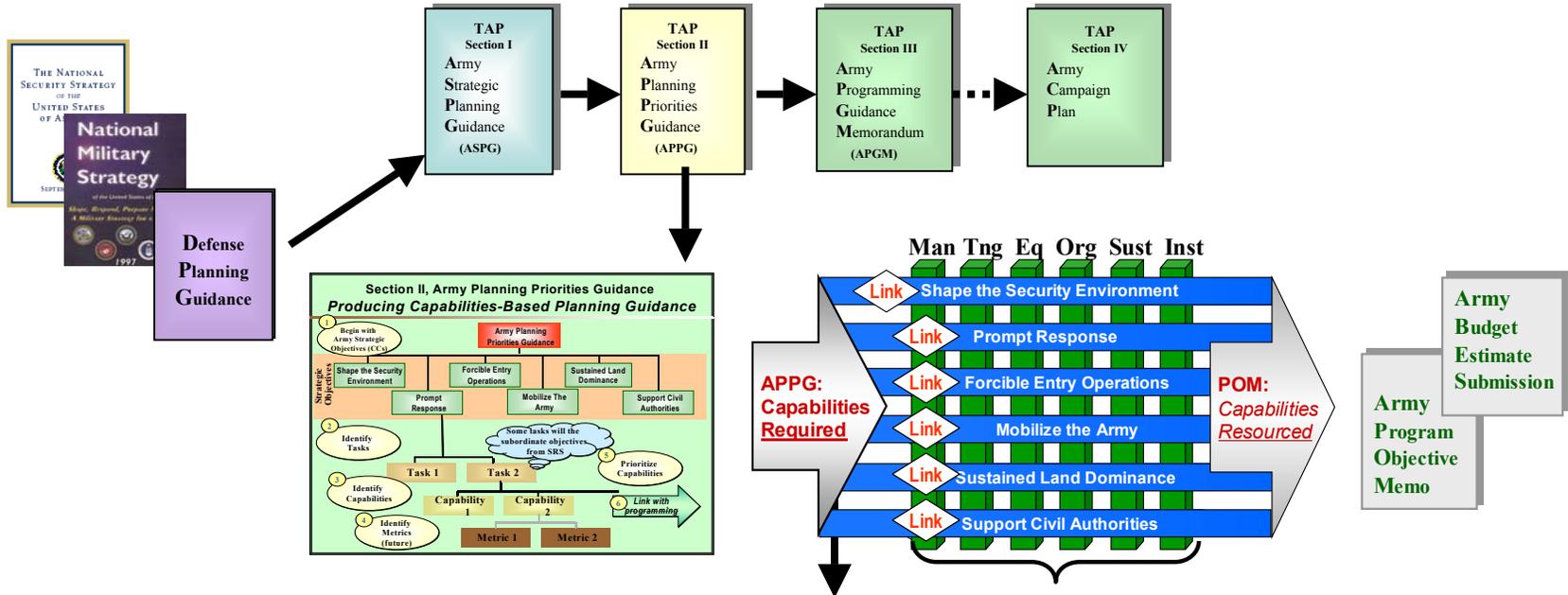
Program Success Probability Calculation:

Prob(PS): (100 pts max) =

Values((Prog Reqmt: 20 pts max) + (Prog Resources: 20 pts max)  
+ (Prog. Execution: 20 pts max) + (Fit in Vision: 15 pts max) +  
(Advocacy: 25 pts max))



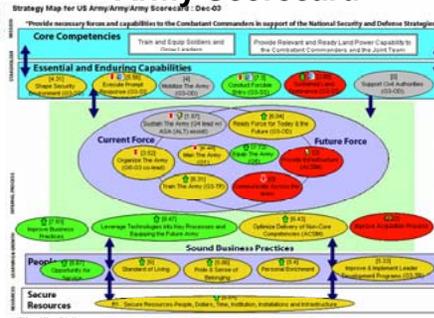
# More Alignment Needed with Army Scorecard, Army Planning, and DoD Scorecard



## OSD Scorecard



## Army Scorecard



## Issues

- Use of DoD Framework
- Linkage of SRS with TAP
- Linkage with cost information



# The Way Ahead



- **Performance Management Has Grown From a Series of MIDs to an Active Program**
  - Integrated in POM and Budget
  - Good Start on Integrating It Into Management Decisions
  - Performance Measures Are Now Institutionalized in ADR, PAR, Annual Financial Statements, PMA, and Other Reports
- **Senior Leadership Supports Performance Management; OSD and Army Are Committed**
- **The Army Has Made a Good First Attempt Last Year, We Must Pursue Developing More Outcome Measures**