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

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

Strategy → Input → Execution → Results

13 Feb 2004
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)
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)

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<th>Total ($M)</th>
<th>With Metrics</th>
<th>Without Metrics</th>
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**KEY**
- 🟢 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

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:

  \[ \text{Prob(PS)}: \text{(100 pts max)} = \text{Values((Prog Rqmt: 20 pts max) + (Prog Resources: 20 pts max) + (Prog. Execution: 20 pts max) + (Fit in Vision: 15 pts max) + (Advocacy: 25 pts max))} \]
More Alignment Needed with Army Scorecard, Army Planning, and DoD Scorecard

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