



Competitive Sourcing Working Group (CSWG)

Realigning Marines to Core Combat Capabilities

4 November 2003

DAVE CLIFTON
Marine Corps Business Enterprise



Purpose

Seek MROC's approval of:

1. Core/non-core designations
2. Directional guidance/course of action regarding
 - a) Realignment candidates
 - b) Competition candidates
3. Competitive sourcing implementation strategy
4. Commitment of resources to carry out COA

Maximize core combat capability and non-core support capability effectiveness through a competitive sourcing strategy with no change to end strength.



Background

- **ACMC tasked CSWG to brief MROC on:**
 - Marines that can be realigned to OPFOR
 - Competitive Sourcing Strategy
 - Impacts of strategy, e.g. maintaining manpower mix
- **ACMC advised OSD that CSWG will identify:**
 - Maximum potential to realign Marines to OPFOR w/o compromising structure or supporting services
- **TFSD reports 9,000 Marine shortfall**
- **USMC required to compete 3,000 FTEs (MID-907)**



Overview

- **Scope:**
 - Original: All Supporting Establishment (SE) processes
 - Revised: Marine Corps enterprise wide
- **Assumptions/Parameters**
 - Marine end-strength will not be reduced
 - Realignment “forcing factors”
 - Internal factor: 9,000 shortfall in operating forces
 - External factors: SecDef’s 300,000, DHRB, Navy Audit
 - Manpower managers can support COA’s
 - Competition can be used to offset costs
 - MID 907 directed additional competitions
 - 45% average labor savings achieved in 13 USMC competitions



Competition Math

CAMP SWAMPY LAWN SERVICE

100 Billets in Lawn Service Prior to Competition
70 civilian billets
30 marine billets



Competition is conducted and saves 30-40% of labor
100 billets x 30% savings = 30 billets saved
70 billets remain

70 remaining billets are civilian billets in Lawn Service
30 Marine billets are realigned to operating forces
No net increase in O&M dollars.

35% savings estimate used in COA assessment is a conservative, lower estimate than the average 45% USMC installations experienced in first 13 competitions.



The Competition Challenge

- **Difficult Process**
 - Paying to replace many Marines assigned to non-core, commercial processes is expensive
 - O&M savings at one location must support military realignments at another
 - Creates significant anxiety in civilian workforce
 - Requires up front investment
- **We don't do service contracting very well**
 - A-76 competitions are service acquisitions
 - *Large portion of A-76 challenge is due to lack of service contract skills*



CSWG Approach

- **Review military/civilian manpower mix using core/non-core concepts**
- **Define what must remain governmental and what can be competed and/or realigned**
- **Assess risks**
 - Readiness impact from civilianizing/contracting
 - Manpower impact (M&RA/MCCDC) from realignment
- **Identify competition/conversion candidates**
 - Low risk
 - No requirement for military skills
 - High civilian component (competition only)
 - Supportable business case



Core/Non-Core Designations Installation Processes

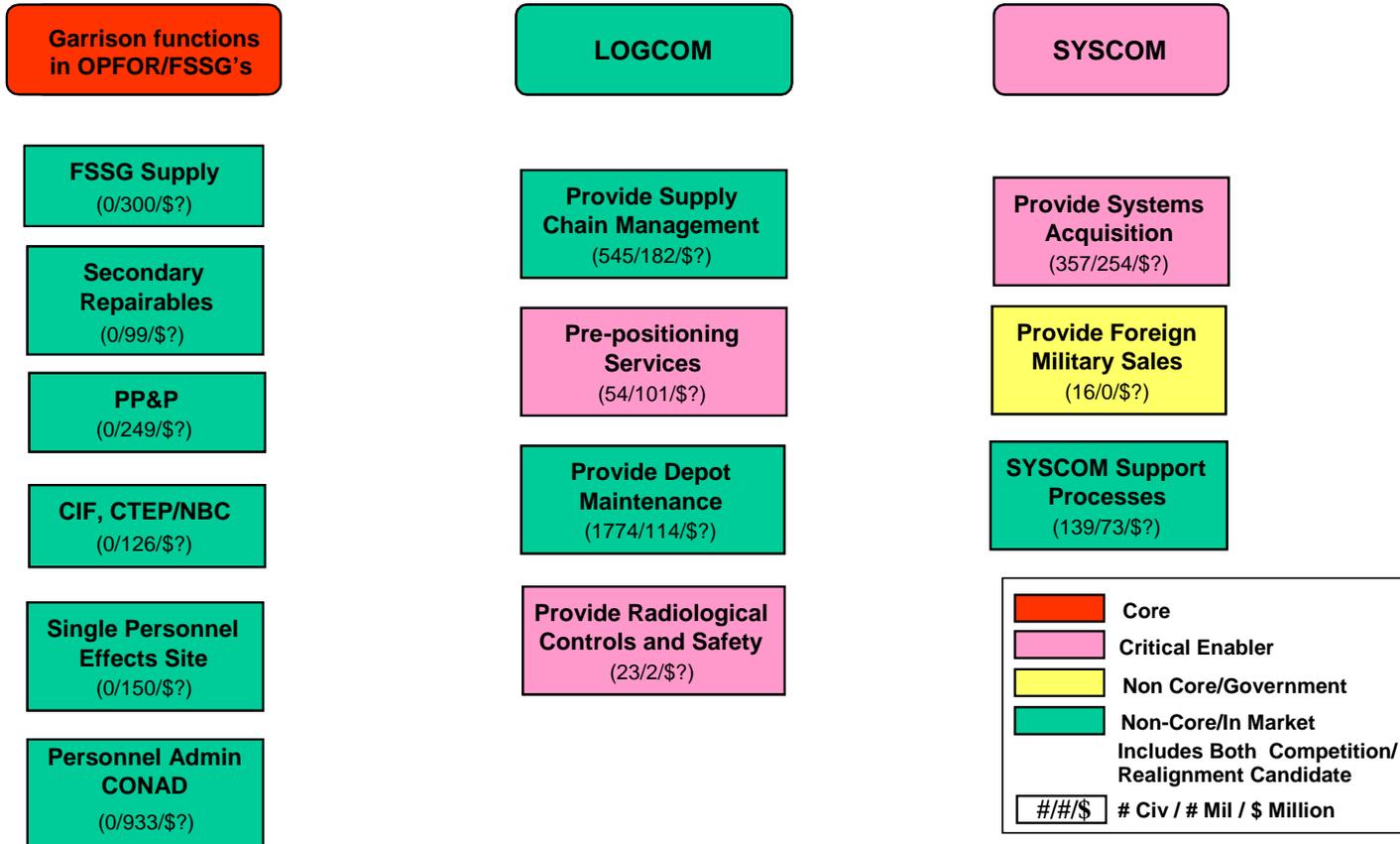
FACILITIES & LAND MGMT	COMMUNITY SERVICES	SECURITY & SAFETY	COMMAND & STAFF SUPT	INFO TECH	LOG SUPT	TRAINING & OPS SUPT
Real Prop. & Land Mgmt (349/215/\$205)	Family Readiness (234/7/\$26)	Manage Safety Programs (112/146/\$13)	Legal (138/566/\$31)	Voice Svcs (222/535/\$39)	Provide Transportation (811/891/\$103)	Military Training (181/3117/\$193)
Facilities Services (434/151/\$98)	Recreation (282/53/\$62)	Provide Security (88/2608/\$144)	Cmd Supt (612/1402/\$65)	Data Svcs (668/650/\$75)	Supply Ops (733/1171/\$256)	Civilian Training (14/9/\$3)
Sustain, Restore, and Mod Facilities (1336/180/\$303)	Physical Wellness (97/50/\$19)	Fire Prot. & Emergency Services (650/551/\$65)	Community Relations (27/249/\$50)	Ground Electronic Maint (111/476/\$25)	Procurement Services (337/57/\$13)	Aviation Ops Supt (106/765/\$134)
Provide Utilities (703/31/\$146)	Retail/Resale Goods & Svcs (244/90/\$366)		Religious Support (6/8/\$13)		Food Svcs (42/402/\$153)	Range Mgmt (41/540/\$38)
Environmental Services (398/79/\$91)	Lodging Svcs (6/6/\$10)		Finance (718/669/\$48)			Simulation Support (14/9/\$3)
Provide Housing (416/74/\$175)	Information and Referral Services (137/14/\$13)		Manage Business Practices (131/53/\$13)			
	Provide Personal & Prof. Development (28/9/\$6)		Personnel Support (423/1486/\$95)			

Core
 Critical Enabler
 Non Core/Government
 Non-Core/In Market
 Includes Both Competition/Realignment Candidate
##/##/\$ # Civ / # Mil / \$ Million

Designations are based on preponderance of competencies in the process. Processes may include sub processes of other designations. Although the CSWG reviewed processes at the next level of detail, additional review will be required to obtain increased granularity.

Core/Non-Core Designations

Other Processes



Note: Designations are based on preponderance of competencies in the process. Processes may include sub processes of other designations. Although the CSWG reviewed processes at the next level of detail, additional review will be required to obtain increased granularity.



Competition Candidates

I&L Processes: (3905 FTEs)

- **Supply Services (1684)**
 - Retail Supply Ops/DSSCs (1053)
 - Storage & Warehousing (283)
 - Fuels Storage & Dist (235)
 - Military Clothing (113)
- **Transportation (693)**
- **Laundry Services (29)**
- **Utilities (282)**
- **Base Ops & Facilities O&M (re-competitions) (1217)**

FTE = full time equivalent = one full time Marine or civilian.

All Other Processes:

- **Telephone Systems (C4)**
 - 249 FTEs
- **EAP Maint (MCCDC)**
 - 40 FTEs

Each COA includes different mix /numbers of candidates. Total number of Marines in all these processes is about 1,200.



Realignment Candidates

I&L Processes: (1023 FTEs)

- Personnel Effects (488)
- Deployed Support (100)
- PP&P (250)
- CIF (125)
- Secondary Repairables (100)

Non-IL processes

- M&RA (1018 FTEs)
 - Personnel support (436)
 - Admin/CONAD (547)
 - MCCS (35)
- MISC - Cat III FAPS
 - 977 FTEs

The processes on this chart include about 3,000 Marines, which are in addition to 1,200 Marines included in competition candidates on previous slide.



Courses of Action

- **COA 1: Minimum Realignment**
 - Realigns a company of Marines
 - Competes a portion of slide 10
- **COA 2: Affordable Realignment**
 - Realigns a battalion of Marines
 - Competes all of slide 10
- **COA 3: Maximize Realignment**
 - Realigns a regiment of Marines
 - Competes all of slide 10
 - Examines maximum opportunities in slide 11

All COA's use competition to improve efficiency at current level of effectiveness.



COA Summary*

	COA 1	COA 2	COA 3
# Marines Realigned	300	900	4,200
# Civilian Competitions	2,600	2,800	2,900
Net Sustained Cash Flow (Savings begin in FY 08, sustained savings are reached in FY 12)	+\$20M	\$0M	-\$170M

*Numbers are approximate. Actuals will depend on detailed implementation plan TBD in coordinated with chain of command and on execution results.



Cash Flow Summary

Required Implementation Resources

	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>
COA 1 ANNUAL SAVINGS & REALIGNMENT								
Total Costs	\$887	\$1,774	\$1,774	\$8,294	\$12,040	\$18,577	\$17,545	\$17,289
Net Savings (for this year)	(\$887)	(\$1,774)	(\$1,774)	(\$8,294)	\$137	\$3,792	\$13,340	\$16,742
AMOUNT REALIGNED FROM FIELD	\$0	\$0	\$0	\$0	\$12,040	\$18,577	\$17,545	\$17,289
HQMC FUNDING	\$887	\$887	\$1,774	\$8,294	\$0	\$0	\$0	\$0
COA 2 ANNUAL SAVINGS & REALIGNMENT								
Total Costs	\$1,147	\$2,394	\$2,394	\$12,599	\$17,998	\$32,861	\$39,756	\$46,042
Net Savings (for this year)	(\$1,147)	(\$2,294)	(\$2,294)	(\$12,599)	(\$4,713)	(\$8,792)	(\$5,451)	(\$7,318)
AMOUNT REALIGNED FROM FIELD	\$0	\$0	\$100	\$0	\$13,285	\$24,068	\$34,304	\$38,723
HQMC FUNDING	\$1,147	\$2,294	\$2,294	\$12,599	\$4,713	\$8,792	\$5,451	\$7,318
COA 3 ANNUAL SAVINGS & REALIGNMENT								
Total Costs	\$1,246	\$28,845	\$67,412	\$117,480	\$156,904	\$194,526	\$213,525	\$219,310
Net Savings (for this year)	(\$1,246)	(\$28,845)	(\$67,412)	(\$117,480)	(\$143,620)	(\$170,457)	(\$179,221)	(\$178,764)
AMOUNT REALIGNED FROM FIELD	\$0	\$0	\$0	\$0	\$13,284	\$24,069	\$34,304	\$40,546
HQMC FUNDING	\$1,246	\$28,845	\$67,412	\$117,480	\$143,620	\$170,457	\$179,221	\$178,764

Detail cost figures and assumptions coordinated with P&R.



COA 1 Pros & Cons

Minimum Realignment

- **Pros**

- **Realigns a company of Marines**
- **Meets MID-907 competition goal**
 - **Competes over 2,900 billets**
 - **Scores other initiatives (e.g. 300 billets privatized)**
- **Incurs no O&M sustained costs**
 - **Uses competition to create positive cash flow by FY 08**
- **Disrupts military manpower management least**

- **Cons**

- **Realigns fewest Marines**
 - **Assumes greater risk in meeting MID-907**
-

COA 2 Pros & Cons

Affordable Realignment



- **Pros**

- Realigns a battalion of Marines
- Exceeds MID-907 competition goal
 - Competes over 3,700 billets
- Incurs no sustained O&M cost
 - Uses competition to achieve “breakeven” by FY 12
- Standardizes support levels

- **Cons**

- Misses opportunities to realign additional Marines
 - Requires complex funding management
 - \$40M investment over POM period
 - Increases impact on selected MOS pyramids
-

COA 3 Pros & Cons

Maximize Realignment



- **Pros**

- **Realigns a regiment of Marines**
 - Partially offsets cost through competition & reengineering
- **Exceeds MID-907**
 - Competes over 3,700 billets
- **Standardizes support levels throughout USMC**

- **Cons**

- **Requires complex fund management**
 - **Incurs additional, sustained, O&M cost (\$170M year)**
 - **Creates complex implementation for manpower mgrs**
-



Preferred COA: COA 2

- **Frees up a battalion of Marines**
- **Meets MID-907 target**
- **Funds sustained realignment costs**
- **Accepts manageable risks**

The greatest benefits for the investment with acceptable risk



Risk Mitigation

• Risks

- Won't achieve savings
- Poor implementation results in low quality service
- Creates negative MOS impact
- Program shifts
 - A-76 moratoriums
 - Privatization efforts
- Creates "fixed budget" level for services competed

• Risk Mitigation

- Conduct periodic progress reviews
- Compete civilian intensive processes first
- Reduce # Marines realigned
- Maintain flexible implementation
- Increase training in service contracts
- Centralize execution of competitions
- Focus on internal re-engineering with no competition component
 - Savings still achievable



Implementation Strategy

Capitalize on Lessons Learned

- **Improve service acquisition skills**
 - **Centralize implementation**
 - **Develop in-house expert capability using centralized tiger teams**
 - Requirements development and re-engineering
 - **Partner with DoN Centers of Excellence**
 - For contract / acquisition support
 - **Phase execution**
 - **Develop prototypes vs. all-at-once approach**
 - **Realign savings to offset Mil conversion costs**
 - **Audit performance and costs**
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Recommendations

- **MROC Approve**
 - COA 2
 - Additional realignment of Marine admin billets in COA 3
 - Analysis of additional opportunities for competition/realignment
 - Core/non-core process designations
 - Implementation strategy
- **MROC Direct**
 - I&L
 - Coordinate COA 2 implementation
 - Coordinate CSWG review of additional opportunities
 - Submit POM 06 initiative
 - M&RA/MCCDC
 - Respond to OSD on realignments by Nov 2003
 - Assess potential of additional opportunities
 - P&R provide FY 04/05 implementation resources



Next Steps

- **Develop detailed implementation plan**
 - Based on MROC approved COA
 - Coordinated annual competition and realignment plan supported by tactical analysis
 - Organize tiger teams
 - **Improve ability to acquire services**
 - **Submit POM 06 Initiative**
 - To fund competitive sourcing program support
 - To fund initial cost of military conversion/civilian personnel transition
 - **Continue CSWG to identify future opportunities**
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Future Opportunities?*

- **Competition Opportunities:**
 - Finance & Accounting (962 FTEs)
 - Depot Maintenance/Supply (2222 FTEs)
 - Social Svcs/MWR (2258 FTEs)
 - Systems Acquisition Supt (825 FTEs)
- **Re-engineering Opportunities:**
 - Intermediate Maint. (2012 FTEs)
 - Military Training (1547 FTEs)
 - Aviation Supt (971 FTEs)
 - Range Maint (581 FTEs)
 - Ground Elec Maint (587 FTEs)

*Opportunities are based on functions identified across DoD as commercial/competable in the IGCA Inventory. Numbers are totals (civ/mil) and do not represent specific candidates.

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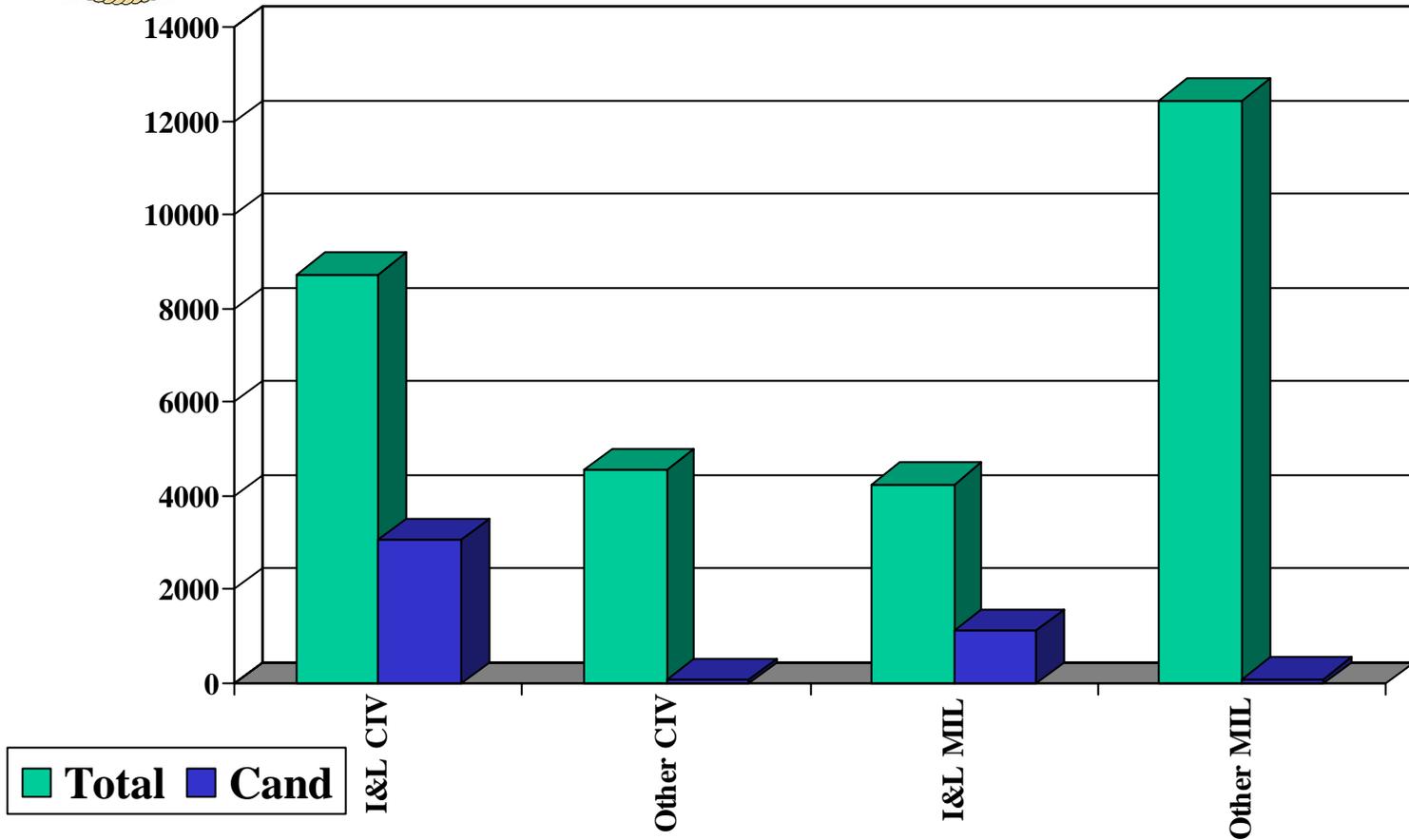
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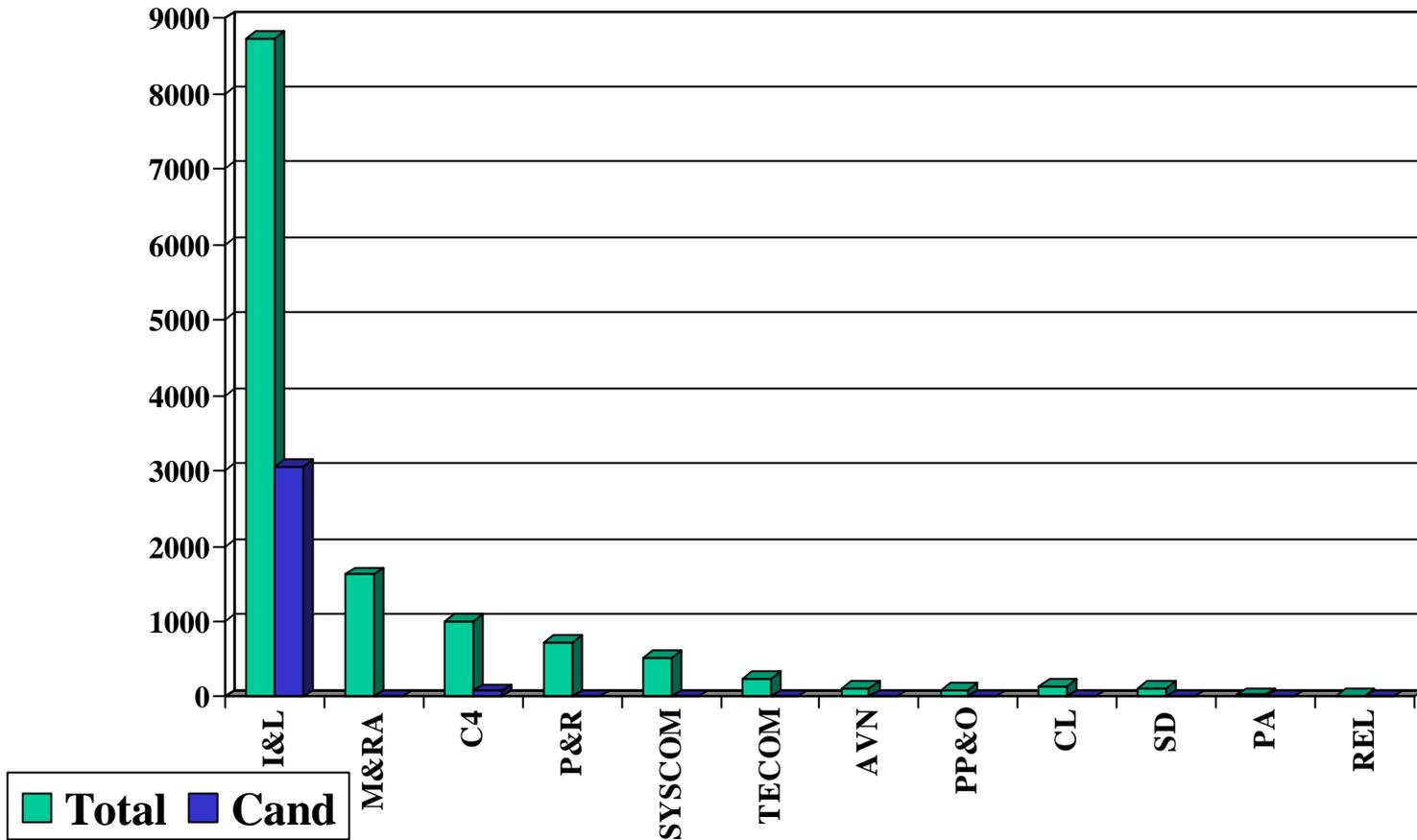
Naval Audit Service

- **NAS identified 1426 Marines filling admin billets that should be realigned or eliminated**
- **ACMC requested CSWG to include in briefing**
- **933 admin billets in CSWG COA3**
 - **758 TFSD defined relevant billets**
 - **334 (0151's) convert now recommendation (\$16M)**
 - **424 (0131's + some 0151's) study for later conversion**

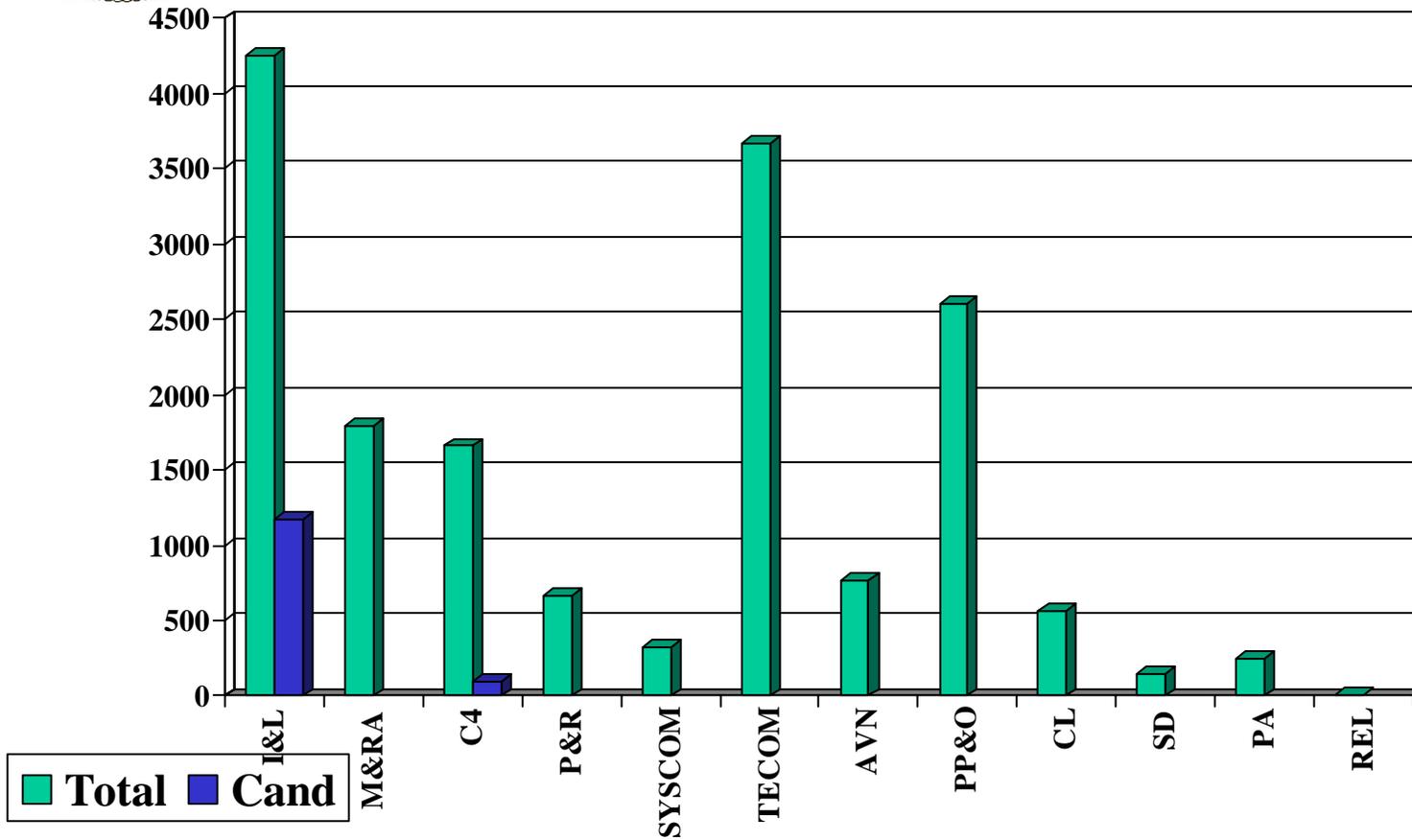
COA2 Candidates



COA2 Candidates Civilian Competitions



COA2 Candidates Military Conversions





A-76 Study Results

Base (yr study ann.)	Areas Studied	CIV	MIL	Total	Decision	Transition	Sourcing	Est. Ann.	1 Year
					Date	Date	Decision	Sav.(\$M)	Rev.
MARFORPAC									
Pendleton (03)	Fac./Util./Veh. Maint.	413	13	426	est.11/3/2004	est. 5/2/2005	In Progress	na	
29 Palms (00)	Fac./Util./Veh. Maint.	113	25	138	Jun-03	est. 11/5/2003	In-House	4.1	
Hawaii (00)	Fac./Utilities	203	35	238	Sep-03	est. 1/2/2004	In-House	5.2	
Yuma (99)	Fac./Veh. Maint./Data	103	114	217	Aug-01	Jan-02	In-House	5.8	yes
MARFORLANT									
Cherry Point (99)	Facilities/Utilities	361	10	371	Jan-02	Oct-02	In-House	5.5	In Prog
Beaufort (99)	Facilities/Veh. Maint.	94	6	100	Nov-01	Mar-02	Contract	2.3	na
Lejeune (03)	Fac./BQ/Veh. Maint.	531	84	615	est. 11/3/2004	est. 5/2/2005	In Progress	na	
Lejeune Direct Conv. (00)	Issue/Fuel/Range	7	65	72	Feb-01	Mar-01	Contract	0.1	na
LOGBASES									
Albany (99)	Fac./Utilities	142	15	157	Jul-03	Oct-03	In-House	5.6	
Barstow (99)	Fac./Utilities	293	23	316	May-01	Oct-01	In-House	7.2	yes
TECOM									
Parris Island (00)	Fac./Utilities	201	5	206	Nov-02	Mar-03	In-House	3.6	<1 yr
San Diego (99)		92	5	97	Oct-02	est. 1/1/2004	In-House	1.3	
Other - HQ									
Quantico (99)	Fac./Log./Veh. Maint.	426	117	543	Nov-02	Apr-03	In-House	17.0	<1 yr
HQBN - MRP (00)	Fac.	16	7	23	Jan-04	est. 7/17/2004	In Progress	na	
	Total	2995	524	3519				\$57.7	