DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
2 NAVY ANNEX
WASHINGTON, DC 20380-1775

IN REPLY REFER TO:
CMC-L
30 Jan 98

WHITE LETTER NO. 2-98

From: Commandant of the Marine Corps
To: All General Officers
All Commanding Officers
All Officers in Charge

Subj: BETTER BUSINESS PRACTICES

1. Leading the Marine Corps into the 21st Century demands that we embrace a *revolution in business affairs*. This revolution has transformed the way private sector businesses operate by minimizing overhead, reducing costs, and increasing responsiveness. The Marine Corps must do the same. The reality of constrained resources, personnel cuts required in the Quadrennial Defense Review, and overhead reductions mandated by the Defense Reform Initiative requires that we aggressively seek greater efficiencies. To do less risks cuts in the operating forces and falling behind the demands of 21st Century warfare.

2. Paralleling this business revolution, the Marine Corps has launched initiatives such as Precision Logistics to cut supply and maintenance costs while maintaining high readiness. Now there is an opportunity to further these advances by expanding upon other initiatives such as regionalization, outsourcing, and privatization of services within the supporting establishment.

3. Regionalization refers to the grouping of services in a particular geographical area in order to draw from the unique strengths that each base or activity provides. When done well, regionalization produces economies of scale that are not available to our individual bases or activities. We are going to study these opportunities carefully to ensure that projected economies are real and that service does not decline. Where regionalization offers tangible advantages, we will move forward.

4. Outsourcing and privatization produce efficiencies through competition. In the process of competing with outside contractors, we scrutinize our internal practices and become as efficient and effective as possible. However, effective competitions do not just happen. They take hard work, thorough research, and detailed preparation. The Marine Corps is committed to maximizing the efficiencies achieved through the competitive processes of outsourcing and privatization.

5. To support regionalization, outsourcing, and privatization, we must build a foundation of better accounting policies and procedures. We cannot make wise and informed decisions unless we have the ability to track and compare costs accurately. Activity

Based Costing (ABC), one means to achieve this, is currently being implemented at our bases and stations. By carefully analyzing the lessons learned from previous business practices and associated performance data, and having the ability to accurately track and compare costs, we are better prepared to make the complex and difficult decisions required in the competitive process.

6. We have implemented a strategic plan which identifies internal business areas that may be better suited for regionalization, outsourcing or privatization. We must now carefully examine these areas to determine appropriate follow-on action. This broad effort, led by the Installations and Logistics Department at HQMC, will require the support of organizations and disciplines across the entire Marine Corps. The process will not be easy. We must ask ourselves hard questions and honestly evaluate our internal business practices. I ask all Marines, military and civilian, to participate fully in this work.

7. These initiatives will affect our entire Corps. While any reduction to the civilian work force must be handled in accordance with existing regulations and negotiated agreements, my intent is to use attrition, retraining, and reassignment to the maximum extent possible as the means to achieve manpower savings. I expect that a combination of advance planning, attrition, and aggressive outplacement will minimize the disruption to our civilian Marines.

8. Revolutions are not easy. They require hard work and creative thinking. However, the resulting transformation of our support functions will pay big dividends in the 21st Century. It will preserve our fighting power and position us for the demands of a new century. We owe our Marines nothing less.

C. C. KRULAK

We need to work this hard!