U.S. Army Materiel Command

Transformation White Paper

July 2003

Commander's Foreword

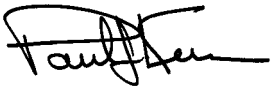
Transformation is about change, but it is much more than that. It is about creating a climate that fosters innovation, prudent risk taking and experimentation; one that enables smart changes. Change is inevitable. But how we mold and create change, not just respond to change, is the essence of transformation.

Our future is in: collaboration, shared knowledge, transparency, a common operating picture, agility, and adaptability to remain consistently ahead of our competitors. We need to be proactive and anticipatory; to think like the warfighters we support. The Army Materiel Command (AMC) is the lifeblood of the Army. Soldiers will live and die, succeed or fail based on how well we execute our mission.

Transformation is everyone's business. We must envision and anticipate the needs ahead of us and develop paths to find the best way to meet those needs – from doctrine to materiel. We must harness the power of technology more quickly to reduce lead times, providing our forces with unmatched capability and exploitable advantages. We must continue to improve our organizations and processes to more responsively support our Soldiers. Each of these efforts relies on people and so we must recruit and retain a workforce of continually educated, trained, experienced and highly skilled Soldiers, civilians and contractors today, while building the workforce for tomorrow.

These are formidable challenges but ones to which we have already begun to apply innovation and energy to achieve. We will continue to do so. This White Paper will help guide us as we transform, but it does not identify a final destination. As Secretary of Defense Donald H. Rumsfeld stated in the Department of Defense's *Transformation Planning Guidance*, "There will be no moment at which the Department is 'transformed.'" Transformation is a continuous, on-going process.

Let us continue together to transform this Command.



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THE AMC VISION

Dedicated and innovative people:

- ***Committed to continuously improving support to Soldiers.***
- ***Leading the development of new technologies and sustainment processes to transform the Army.***
- ***Reshaping the workforce for the 21st century.***

I. Introduction

Our world has changed dramatically. The early years of the 21st century have been marked by dramatic and tragic world events, particularly terrorist attacks directed at the United States and its allies. Our perspective on our national security has been altered significantly. Already, we are thinking and acting differently. We continue to seek better ways to protect our global interests, our freedom and ourselves.

Changes in our national defense strategies have been no less dramatic. The proliferation of information technology has affected how we fight wars. Operation Iraqi Freedom underscored the value of situational awareness, agility and speed and demonstrated why we must continue to apply technology and innovation to defeat the enemy. But, who and where is the enemy? The question has many answers, none of which are certain. Hence, transformation itself must be flexible and dynamic. The requirement to transform the Army is based upon the emerging security challenges of the 21st century and the need to respond more rapidly and decisively across the full spectrum of operations, a requirement reinforced by the continuing War on Terrorism. This dynamic environment with a high operations tempo demands transformation.

The strategic significance of the Army lies in its ability to seize, occupy, and hold territory for various lengths of time and along with the other Services, fight and win our nation's wars, while providing a means to shape the global environment to benefit our national security as well as that of our allies. Current and future war fighting constructs will require joint and combined operations. Transformation efforts will be directed to optimizing capabilities by flattening organizations; creating new ones where information sharing up, down and across the organization is the norm, where every member of the workforce is empowered with the collective knowledge of the whole. Through this transformation, AMC will reduce lead times, using technology, knowledge management and life-long learning, and increasingly focus on jointness. We will become more productive, merging efforts through shared services when it makes sense and adds value.

AMC's mission is ***to provide superior technology, acquisition support and logistics to ensure dominant land force capability for Soldiers, the U.S. and our Allies.*** This mission is inextricably tied to Army Transformation. To execute its mission, AMC is: (1) transforming its structure, (2) improving business processes, and (3) building a workforce for the future. The transformation roadmap will lead us in a direction that attains AMC's vision.

II. Transforming AMC Organizational Structures

A significant part of transformation means new and redefined relationships. Organizational structures and alignments essentially define not only how we relate to one another within our command but also how we relate to those who depend on us for materiel development and logistics support, as well as to strategic decision makers. It's no surprise that effective organizational alignments determine whether supply, maintenance, and services are provided on time and at the right place to keep vehicles running and aircraft flying wherever we confront the enemy. This will be no less true in our roadmap for transformation. Transformed organizational structures become the glue that will enable and hold our new missions, processes and the people that execute them, together.

We've embarked on a bold plan for transforming AMC's organizational structure. Our plan is built around three major thrusts – (1) the need for transitioning new, critical war fighting technologies from our laboratories to the field much faster and in a more integrated fashion to remain ahead of adversaries who attempt to exploit and use technology against us; (2) the need to revolutionize logistics in support of warfighters operating in asymmetric environments who depend on speed, agility, and superior situational awareness to overwhelm and destroy the enemy; and (3) the ability to defend against or counter adversaries who are heavily invested in weapons of mass destruction including chemical and biological weapons and to support civilian authorities in homeland defense. Each of these areas calls for organizational structures and relationships that ensure strong linkage with joint warfighters.

The Technology Thrust

We recently established the Research, Development and Engineering Command (RDECOM) whose mission is to develop and field technologies that will sustain America's Army as the premier land force in the world. RDECOM is committed to satisfying the urgent need to quickly transition technology to the field by restructuring our core research, development, and engineering capabilities. This new command will rapidly integrate, mature, and demonstrate all emerging technologies resulting in fielding the right equipment, in the shortest time, for our Soldiers. It will take advantage of the enormous potential and capitalize on the synergy that resides in research activities around the world by forging strong working relationships with other Army elements, industry, academia, our sister services, other government agencies, our allies – and capitalize on the synergy of all these elements.

The Logistics Thrust

Enhancing linkages between our warfighters and the national logistics base is a priority. The Army Field Support Command (AFSC) is another new organization designed to integrate logistics activities in each theater of operation. The AFSC is envisioned to become the Army Component of a global logistics system. It will create a simplified and streamlined logistics support structure at the strategic and operational levels that will allow the Army to more effectively respond to future operational challenges. The AFSC leverages the capabilities of the Army's Preposition Stocks located ashore and afloat in strategic worldwide locations to enhance

the rapid deployment and sustainment of today's Army. The AFSC performs the critical task of coordinating arrival, arranging for life support, and accounting for civilians, both government and contractors, who deploy to support Army materiel in the field. AFSC also manages the Logistics Civil Augmentation Program (LOGCAP) to augment the Army's ability to support the Soldier in the field. LOGCAP bridges the gap between required and authorized force structure for Combat Support and Combat Service Support operations. AFSC will manage the force development and training, including both individual and unit exercise training, to assure the Logistics Support Elements, Theater Support Elements and Logistics Assistance Representatives are technologically capable of supporting advanced weaponry and doctrine.

We have established the Joint Munitions Command (JMC) to provide ammunition procurement, production, storage, supply, stockpile management, quality assurance, safety, readiness inspection, maintenance, renovation, shipping, receipt, issue, and demilitarization. It will be the field-operating agency for the DoD Single Manager for Conventional Ammunition for all military services as well as foreign military sales. JMC will provide a quantum leap by creating a direct link to the warfighter enabling worldwide visibility of all ammunition stocks and storage.

We have set out to redesign our logistics support organizations to provide for product integration through the establishment of the Systems Support Command (SSC). The SSC will consist of the following elements – missiles and aviation, communications and electronics, ground systems and Soldier, biological, chemical systems. The SSC will be responsible for integrating all functional processes for the product line including contracting, materiel management, and industrial operations. It will also be responsible for an integrated focus on system sustainability decisions throughout the life cycle from technology development through systems retirement.

Weapons of Mass Destruction and the Homeland Security Thrust

The third organizational transformation thrust involves the creation of the Chemical Materials Agency (CMA) and the Guardian Brigade. The CMA combines the Army's chemical munitions demilitarization and storage functions under a single entity. Now all functions necessary to safely store and eliminate obsolete and aging chemical weapons are consolidated under a single command. The Guardian Brigade, when established, will provide the Army with a specialized response force in the event of an attack involving the use of a weapon of mass destruction (WMD). In addition it will deploy responders supporting DoD, federal, state, and local agencies to prevent, contain, stabilize or terminate a WMD incident.

Restructuring our organizations is more than redrawing organizational charts. We are changing to streamline them, make them flatter and more responsive to our clients. We are devising new organizations to be compatible with a transforming Army and to incorporate the best practices, processes and procedures from the corporate world. But restructuring alone is not sufficient for transformation; organizational change must be accompanied by changes in the attitudes, culture, and behavior of the Command and its personnel. It is not the charts but the processes, the attitudes and the behavior that will drive the change and transform our Command.

III. Transforming Business Processes

An Integrated Logistics Enterprise

The DoD vision to improve business processes consists of a shared knowledge environment that enables generation and sustainment of a war fighting capability through a fully integrated logistics enterprise based upon collaborative planning, knowledge management and best business practices. AMC has the mission to integrate all Army logistics functional requirements. Logistics, financial, acquisition and product data will be integrated in an environment that operates in a near seamless fashion to create a common logistics operational picture where we know what we have, where it is, what we need, who needs it and when. The Army cannot transform without transforming logistics. It is the business end of what this Command does. Logistics determines whether the Army is ready or not and is a force multiplier as important as the weapons it supplies. To transform business processes, AMC will become a learning organization, one that is constantly seeking to improve how we execute the logistics mission.

To achieve our goals we will integrate our logistics functions through knowledge management, creating an integrated enterprise. Information sharing will be key, using technology to facilitate knowledge management in the operational logistics environment. Logistics, finance, acquisition, and product data will be integrated to create a near-seamless information exchange between the Soldier, major commands, the other services, DoD and industry via a common operational logistics picture which will be essential to a robust, predictive capability in logistics transformation. It will enhance logistics management from the national level to the Soldier, supporting joint interoperability requirements while eliminating or improving legacy processes as appropriate.

The AMC Industrial Base

Transforming the command and logistics goes beyond information sharing and includes significant changes in our approach to sizing, managing, and sustaining our defense industrial base. The current Army industrial base consists of facilities and installations that produce ammunition, store munitions, manufacture components, and maintain and overhaul equipment. Under transformation, new strategies are being pursued to right size the capability of the base to address integration, consolidation, divestiture, innovative leasing arrangements, and affordability. The transformed industrial base will consist of a complimentary and synergistic mix of private sector and government capabilities. It will be multi-purpose and multi-use, and structured to provide the required capabilities and capacity to satisfy peacetime and war needs including reconstitution and replenishment. The lines between government-owned, government-operated facilities and the commercial sector are blurring, as innovative partnerships enable co-utilization of space and transfer of new technologies and capital equipment into the facilities. By leveraging the private sector's capabilities to the maximum extent practicable and economical, the Army will focus its resources on those manufacturing processes and products unique to the national security mission. The challenge is to determine the most efficient public-private partnership arrangements to provide for peactime, mobilization capability and capacity and

wartime support of both current and new systems. The establishment of the Ground Support Industrial Enterprise (GSIE) is one example of bold changes that are being implemented to transform the industrial base. The GSIE is a consolidation of all ground systems manufacturing and maintenance facilities into a single operating business unit to efficiently utilize the core capabilities of each facility while simultaneously transforming those core capabilities to meet the new technology and equipment demands under Army transformation. It will ultimately reduce the cost of products and services to a level comparable with industry without the need for subsidies.

Adopting Best Business Practices

Adopting "Lean Thinking" business practices will continuously improve AMC's organizational processes, to include manufacturing processes at our depots. Early results from our pilot teams have demonstrated improved use of space, reduced process times, waste, and costs, enhanced customer satisfaction, increased efficiency, and saved precious Army resources at our depots. In addition to Lean Thinking, a variety of other best practices and methodologies are being employed including: Performance Based Business Environment; balanced scorecard; enterprise product data management; enterprise resource planning; and enterprise-wide shared services. AMC will effectively assist translating requirements to improved systems and support for Army transformation through business alliances, evolutionary contracting strategies and best value business practices.

Fleet Readiness

Overall readiness of the Army's fleet of vehicles and weapon systems will be improved through a collaborative business process initiative with the Training and Doctrine Command (TRADOC) and the Installation Management Agency. Under the fleet readiness initiative AMC will perform all maintenance, supply, and related logistics functions for vehicles and weapons systems at Army installations. This initiative will result in significant improvements by reducing the size of the training fleet, removing the burden of equipment maintenance from TRADOC whose primary mission is training, reducing the logistics footprint through increased utilization of the Army's organic industrial base, and facilitating the introduction and integration of information technology and management of fleets using an enterprise life-cycle approach. Two pilot programs are currently underway demonstrating the technical, economical, and operational advantages of the fleet readiness initiative.

Performance-Based Logistics

In the dramatically changing logistics environment, we are increasingly more dependent on contractor logistics support. New approaches are required to ensure that support is flexible and adaptable and meets the needs of the warfighter whatever the circumstances. To achieve this**,** AMC is pursuing the concept of Performance-Based Logistics. The concept allows for weapon system product support as an integrated performance package designed to optimize system readiness based on performance agreements with product support providers and

contractors and clear lines of authority and responsibility. Under this concept AMC will support system program managers in designing products and incentivizing contractors to improve the entire readiness process through increased system supportability, reliability and maintainability. Contractors will be encouraged to partner with Army facilities to reduce costs and improve responsiveness. The goal is to focus on "what" system support the warfighter needs instead of concentrating on "how" support will be provided. It will allow us to tailor our efforts and focus our energy and assets on the very specific needs of each system supported.

Sustainment

Sustainment is a major part of logistics, the part that can make or break the Army in the field. This is why our organizational transformation included standing up the Army Field Support Command (AFSC), which supported Operation Iraqi Freedom and why we are proposing to establish the Systems Support Command (SSC), which is designed to provide integrated product management focus through the life cycle continuum from technology development to retirement. Transformation of our force structure and the weapons systems the warfighter takes to war makes the logistics mission even more complex because AMC continues to support and sustain the current force while we plan for actively supporting and sustaining the Stryker and Objective Force. A proven key component of sustainment is pre-positioning which enables a quicker response to contingencies. A major reason Operation Iraqi Freedom was so successful was the foresight to have had pre-positioned stocks on land and afloat immediately available in that critical theater of the world.

Logistics is the lifeblood of any military organization. An adapting, flexible, agile, and innovative military establishment will require a logistics footprint that is smaller, more agile and extraordinarily responsive to the warfighter, less vulnerable to an adversary and less cumbersome in its make up. Initiatives identified by the Logistics Transformation Task Force, range from two-level maintenance concepts to sustainment of the Objective Force and are key to transforming this effort.

Science and Technology

To meet the needs of the Objective Force, we must transform our science and technology business processes to get technology into the hands of the Soldier faster. We are pursuing several new transformational strategies to address this challenge that will result in improved survivability, lethality and operational effectiveness.

The Research, Development and Engineering Command (RDECOM) will take a systems-of-systems perspective to help ensure that properly balanced trade-offs are made across individual systems and technologies so that systems will be optimized and integrated for performance within cost and schedule constraints.

Effective partnerships with our other Army organizations will facilitate concurrent early planning and execution to expedite technology solutions and reduce acquisition cycle lead times. Partnership with other military services, government agencies and countries will allow us to

leverage their efforts and provide risk mitigation. In foreign markets, establishment of a one-stop shop and an International Science and Technology (S&T) knowledge base will streamline the International Agreement process and improve information sharing.

A key tenet in transforming the S&T enterprise is a collaborative modeling and simulation environment with standard component interfaces. Developing a common architecture for modeling and simulation across all labs within the RDECOM will facilitate development of new technologies and integration with the Army collaborative environment to support Modeling and Simulation (M&S) of warfighting concepts and experimentation, and improved interoperability across the Army.

Through the use of integrated product teams (IPTs) for capability management and technology integration, the Command will build fully integrated portfolios of technology programs that support key operational capabilities. Capability management IPTs will ensure linkage to the Army requirements process and provide technical focus on the development of Future Combat Systems and the Objective Force.

The establishment of the Agile Development Center (ADC) serves as an expeditor for technology deliveries to priority users. Science and Technology advisors and liaison elements linked with field operators from the Army, joint, or inter-agency communities will identify operational needs and technical solutions. The ADC will work with labs, Program Executive Offices, acquisition centers, Defense Advanced Research Projects Agency and others to leverage, exploit and harness the various "skunk works" activities and expedite the delivery of technical solutions from the laboratory to the field.

IV. Transforming the AMC Workforce

Key to the AMC transformation is people. The success of transformation depends on the adaptability of our workforce to a continual climate of change. Our Soldiers, civilians, and contractors who support them, must be able to adapt quickly to new challenges and unexpected circumstances. Our workforce must learn to think differently, to be proactive instead of reactive, to anticipate issues before they surface and preempt them. We are confident that our people will bring energy, creativity, and innovation to bear on the formidable challenges which lie ahead. They need to be flexible, innovative, willing to take risks, and experiment as we seek solutions to our ever-changing environment. We must become both multifunctional and joint in our execution and in our thinking. We must learn new skills, master new technologies, develop or refine enterprise management competencies, and continuously improve leadership skills. To accomplish this goal AMC has launched several major initiatives to recruit, retain, and re-train our future workforce.

AMC will field its work force planning system to forecast broad, long-range changes in jobs and competencies to guide human resource strategies. We will recruit from Army and local sources to assure succession in career program occupations, ahead of retirement-driven losses. To support this effort AMC is developing a "career plaza" web site, and leveraging Internet technology to market AMC careers. As part of the recruitment effort, AMC will expand its intern program, increase work-study student employment at the AMC unit level to expand school

outreach, institutionalize the civilian apprentice programs in skilled crafts and trades, and develop upward mobility programs for promoting and retaining capable individuals. AMC is also aggressively pursuing opportunities to revitalize the Science and Technology work force through participation in the DoD Laboratory Quality Improvement Program. To reshape the workforce, AMC will manage time-sensitive personnel actions and special buyout authority for restructuring.

AMC is in the process of developing and fielding several training programs for current and future leaders: the leadership development program for supervisors, managers, and executives; and specialty-training programs for senior logisticians, simulations experts, and other senior staff to develop their expertise and cross-functional perspective to keep them at state-of-the-art professional levels. Another initiative will be to reconstitute a world-class operations research and analysis capability to aid our efforts and programs. We are institutionalizing the AMC Fellows Program to develop multi-disciplined employees who can strengthen program integration across management, technical and professional lines in supply management, contracting, quality and reliability assurance, science and engineering, materiel maintenance, information technology, financial, and human resource management.

Additional training initiatives are directed toward military personnel. We are working with the Department of the Army to establish the Uniformed Scientist and Engineer area of concentration within the acquisition functional area. We are also setting up a depot/arsenal commander development program to include business management education and training with private industry.

AMC is transforming its ability to leverage the Army's Reserve Component forces. These are units recently assigned to AMC organizations that will deploy as needed to execute AMC missions in CONUS and overseas locations. In addition, headquarters AMC and its subordinate commands are aligning their Individual Military Augmentees to train Soldiers in positions where they can augment staff and contribute to support military operations and personnel shortfalls.

The rapidly evolving, highly technical nature of today's equipment, and rapid deployment requirements have significantly increased the need to properly integrate contractor support into future operations. Contractors have always accompanied our armed forces and have proven to be an indispensable asset for providing expedient logistic and support services to our warfighters. As a result of our changing threat environment, contractors may be required farther forward in the operations zone to provide the highly specialized support needed for systems maintenance, sustainment and technical support. We must improve how we integrate them in our planning and extend them force protection to provide individual security, particularly when they are working side by side with our Soldiers, DoD civilians and other members of our coalition war fighting forces. The AFSC element, forward deployed in Southwest Asia, is the prototype of a future model for integrating contractor support within AMC.

Whether it is at the front lines of battle or in distant depots, people make the difference. The three R's – *recruit* the best we possibly can, *retain* the best, and *re-train* our valued workers – will enable our progress in transformation.

V. Measuring Progress

It is imperative that we measure our transformation efforts and its progress and direction. At times there will be a need to reassess our course and make appropriate adjustments. Sharing common metrics makes sense. AMC has modeled its transformation efforts in concert with the Department of Army and is ensuring a common reference exists for commanders and staff members to measure progress within the various initiatives. Product and process owners are responsible for developing metrics and reports for their respective product lines. These metrics are reflected in the Strategic Readiness System, an Army wide management tool that enables Army leadership to manage and evaluate the readiness of the Army on a strategic level and make informed decisions that affect future readiness.

Likewise, the Army Materiel Command's balanced scorecard is designed to encompass the goals and objectives outlined in the commander's strategic plan as well as those defined in the Transformation Campaign Plan. The balanced scorecards are the primary tool in measuring implementation of the commander's vision and supporting transformation efforts.

Lastly, the appointment of change management czars at each command level along with change management agents throughout AMC as part of the MSCs' transformation campaign plans, will ensure continued focus on transformation and timely completion of the individual elements of the AMC Transformation Plan.

VI. Summary

AMC is committed to being an active partner in the Army's transformation. The initiatives and forward approach described in our transformation roadmap are evidence that we have taken and will continue to take aggressive steps to create organizational changes, incorporate lean thinking into our corporate culture to streamline processes and be good stewards of the nation's resources. We continue to exploit emerging technologies that enhance our current abilities and provide us with additional capabilities to defend our nation. Ultimately, our success depends on the skill and motivation of our people.

The Army's transformation and the times in which we live present us with some unique challenges. Never before has our nation been faced with such a direct threat to its national security. At AMC we embrace these challenges and will meet them with forward thinking, restructuring and redesigning our command and by reaffirming our unyielding support to the Soldier and the nation.