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POINT PAPER

12 November 1997

SUBJECT: Common Threads to AMC Business Process Re-engineering Initiatives

PURPOSE: Provide information on systemic issues with AMC's Business Process Re-engineering Initiatives

FACTS:

< AMC has several large ongoing business process re-engineering initiatives, including the **Apache Life Cycle Management Pilot**, the **M109 Family of Vehicles Life Cycle Management Pilot**, and CECOM's **Logistics Automation Privatization Pilot**.

< These initiatives are still in early stages, but some common threads are appearing. Those common threads include:

< **OMB Circular A-76 cost comparison** requirements apply unless (a) there is an applicable exemption, (b) a waiver is granted by the Assistant Secretary of the Army (Installations, Logistics & Engineering), or (c) the initiative meets the requirements of privatization. Privatization requires that the government convert a public function to private control and ownership. Examples include utilities and housing. Many functions in which the Government must maintain responsibility and control do not lend themselves to privatization. In those cases, we look for an applicable exemption, seek to justify a waiver on cost or technical grounds, or perform the cost comparison.

< **Competition in Contracting Act (CICA)** requirements apply to the initiatives unless a sole source justification, such as proprietary information, exists. In addition, to the extent that requirements which have been accomplished by small businesses are "bundled together" for efficiency, we must be prepared to document the government need for the efficiency and protect small business participation through incentives and evaluation criteria.

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- < **Restrictions on contracting out depot maintenance** apply to those initiatives which impact depot maintenance. We believe that we can accomplish the objectives of our initiatives through partnering agreements with our depots and industry which provide for maintaining levels of employment at the depots while incorporating the benefits of best industry practices.

- < The larger initiatives generate **significant political interest**. As a result, they have all required briefings for individuals up to and including the Secretary of the Army, and detailed Congressional briefings. These briefings have resulted in political support. Extra time must be built into initiative schedules to provide for these briefings.

- < All of the larger initiatives have significant potential impact on readiness and on Army financial management. To allow for exploration and resolution of these issues, formalized **General Officer Steering Committees** with subordinate **Integrated Process Teams** have been formed. This process has been very successful in raising and resolving very complex issues impacting Army-wide processes.

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