



UNITED STATES MARINE CORPS  
MARINE CORPS AIR STATION  
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AirStaO 5224.2A  
BPO  
14 Apr 03

AIR STATION ORDER\_5224.2A

From: Commanding General, Marine Corps Air Station, Cherry Point  
To: Distribution List

Subj: BUSINESS REFORM (BR) PROGRAM

Ref: (a) CMC WASHINGTON DC 110126Z of Jun 97  
(b) White Letter No. 2-98 of 30 Jan 98  
(c) CMC White Letter No. 10-01 of 28 Sep 01  
(d) United States Marine Corps Business Plan of 14 Jul 00  
(e) CMC ltr 11000 LFF of 1 Apr 98  
(f) ACMC ltr 5320 LR of 26 Apr 99  
(g) Under Secretary of Defense Memo of 8 Jul 99  
(h) CMC WASHINGTON DC 28243Z of Jul 99  
(i) AirStaO 4860.2 w/Ch 1 of 28 Dec 98  
(j) AirStaO 5223.2 of 13 Jan 00  
(k) COS ltr CAR 5200 of 24 May 00  
(l) MARADMIN 401/00 of 16 Aug 00

Encl: (1) Glossary of Business Reform Initiatives

1. Situation. To provide guidance and establish responsibilities for conducting/implementing BR aboard MCAS Cherry Point. Enclosure (1) defines the programs associated with BR.
2. Cancellation. AirStaO 5224.2
3. Mission. To lead the Marine Corps into the 21st century by responding to the challenges set forth by the Commandant in references (a), (b), and (c), and embracing a revolution in business affairs by seeking and implementing better business practices to reduce costs and improve responsiveness and readiness. Reference (d) is the plan by which to execute and maintain better business practices at this Command.
4. Execution
  - a. Commander's Intent and Concept of Operations

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(1) Commander's Intent. To support ongoing operations and the national defense strategy, resource stewardship must be exercised through BR. Additionally, the "savings wedge" of \$9.6 million sustained savings levied by HQMC through fiscal year 2007 must be met, per reference (e). To reach this goal, the Command must identify savings and reductions in manpower, materials, processes, and services. The references and enclosure will be the guiding influence in implementing BR at this Command.

(2) Concept of Operations

(a) Per reference (f), BR initiatives will be implemented in an attempt to realize savings and reductions through prudent personnel management; adoption of better business practices, e.g., eliminating redundancies and duplications, streamlining processes, and modifying organizations to achieve greater efficiencies; conservation of limited resources; and consolidation of activities and/or processes where it makes good business sense.

(b) The strategies outlined above will enable the Command to realize savings in the short term, meet identified reductions in funding, and help the Command prepare for possible future strategic sourcing initiatives.

(c) Per references (g) and (h), Activity-Based Costing/Activity-Based Management (ABC/M) will be the primary tool utilized by this Command to identify BR initiatives. The ABC base-wide model will be used as a tool to depict total cost visibility and performance data of actual work performed (activities), of services provided, and the customers for whom services are performed (Cost Objects). ABC will be used to baseline data for process improvements and reengineering initiatives, to benchmark against other activities, and to measure how well the strategic objectives are met.

(d) In time, functional managers within the Directorates will take ownership of the Directorate model and make its utilization part of managing business.

b. Tasks

(1) Chief of Staff (COS), MCAS Cherry Point

(a) Represent the Commanding General in support of the BR effort.

(b) Increase emphasis on managing business processes and activities and approve and enforce implementation of identified initiatives.

(2) Business Manager

(a) The Director of the Business Performance Office (BPO) is designated as the Business Manager and is responsible for all BR policy.

(b) To formulate, advise and assist in development, implementation and operation of the BR Program, and develop and recommend policies and procedures as they relate to the following initiatives:

- 1 ABC/M.
- 2 Business Processing Improvement (BPI).
- 3 Business Processing Reengineering (BPR).
- 4 Competitive Sourcing (reference (i)).
- 5 Efficiency Review (reference (j)).
- 6 Functional Economic Analysis (FEA).
- 7 Preliminary Functional Economic Analysis (PFEA).
- 8 Privatization.
- 9 Regionalization.
- 10 Reorganization.

(c) Develop and maintain a website, a hotline, and other media to disseminate current information regarding BR efforts.

(d) Provide liaison and request technical assistance from the cognizant functional staff offices at higher headquarters to include U.S. Marine Forces, Atlantic (MARFORLANT) and USMC Center for Business Excellence (CBE).

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(e) Monitor progress, compile, and maintain process improvement information relating to BR ensuring that better business practices are planned, completed, and continually reviewed for each organization.

(f) Provide liaison and assist the Comptroller in the validation of savings and reductions identified that may result from ABC/M studies or other BR initiatives, and ensure Program Objective Memorandum (POM) issues are properly addressed within the ABC base-wide model.

(g) Identify and coordinate training requirements with G-3 Operations, and provide training and assistance to Directorates/ Department Heads and their staff as it relates to BR.

(h) Create, manage and maintain the ABC base-wide model per the references. BPO will have the final decision as to the level of detail to be collected and displayed.

(i) Develop and support a Strategic Plan utilizing the Installation Scorecard to ascertain directorate progress toward the established goals of the Command.

(j) Develop, support, and maintain the Installation Scorecard that will be used to gauge organizational performance as it relates to Command established goals in support of mission, strategies, and objectives included in the Strategic Plan.

(k) Ensure security of sensitive data, as it relates to BR, per references (k) and (l), to include maintaining a master file of signed non-disclosure statements for command personnel, contractors, and others on a need-to-know basis.

(l) Provide assistance concerning improvements, savings and reductions opportunities, other initiatives, maintenance of organizational models, and through the use of the ABC/M and Performance Desk Guide, assist with interpreting and analyzing data and identifying process improvements.

(m) Plan and conduct BPR/BPI studies and provide assistance, as needed, with the facilitation of study teams.

(n) Maintain the OROS Software Table of License.

(3) G-1

(a) Advise the CG/COS and other leaders/supervisors on regulations, procedures, and policies relating to personnel actions for appropriated fund employees as it relates to ABC/M and other BR efforts.

(b) Coordinate with designated union representatives on the impact of proposed personnel actions resulting from ABC/M and other BR efforts.

(c) Coordinate with the Comptroller regarding manpower labor dollars.

(d) Provide Table of Organization (T/O) changes to HQMC.

(e) Ensure Equal Employment Opportunity (EEO) Program requirements are met during implementation of initiatives identified by better business practices.

(f) Provide BPO with an active list of organizational codes and subsequent updates. Ensure list is provided for use with model updates, currently scheduled for May, July, and October 2003.

(4) Comptroller

(a) Serve as scorekeeper for savings attributed to BR initiatives and report savings and reductions quarterly utilizing the Baseline Reporting System (BRS) database.

(b) Provide BPO a copy of the quarterly reports on the status of savings as a result of BR initiatives.

(c) Ensure savings in excess of the wedge are retained by the command.

(d) Provide year-end report of expenditures to BPO enabling the validation of the next fiscal year ABC base-wide model. Coordinate with BPO to map Standard Accounting and Budgeting Reporting System (SABRS) data to the Resource Module of the ABC base-wide model.

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(e) Provide BPO with an active list of the Budget Execution Activities/Budget Execution Sub-Activities (BEA/BESA) and subsequent changes. Ensure list is provided for use with model updates, currently scheduled for May, July, and October 2003.

(5) AC/S, Marine Corps Community Services (MCCS). The MCCS Comptroller will ensure that fiscal year-end (October 1 through September 30) report of expenditures is posted to the Corps Knowledge Network (CK.net). Coordinate with BPO to map Computon data to the Resource Module of the ABC base-wide model.

(6) AC/S, G-6

(a) Per BPO, install/set up OROS software and any other ABC/M related software on desktops designated by the ABC Core Team. Provide technical support to the ABC Core Team and other users as it relates to the operation of software.

(b) Provide security to ensure that proper safeguards are in place to prevent unauthorized access to the server where the OROS software resides and assign appropriate access rights, as identified by BPO.

(7) Headquarters and Headquarters Squadron (H&HS). Provide BPO with an active list of platoon codes and all subsequent changes. Ensure list is provided for use with model updates, currently scheduled for May, July, and October 2003.

c. Subordinate Element Missions

(1) Commanding Officers, Directors/Department Heads and Principal/Special Staff

(a) Champion/foster a positive environment for the BR effort. Review and become familiar with the content of the references and all other pertinent guidance regarding increased efficiency through better business practices. Using ABC/M, assess current organization and identify areas for improvement that will result in creating a less costly, more effective organization.

(b) Directors/Department Heads will ensure that they, along with their staff and those involved with BR efforts, attend training. Further, if there are other classes or resources that

would be beneficial, provide that information to BPO for action. Identify BR training requirements to BPO and G-3.

(c) Provide subject matter experts, as required, to serve on study teams to assist in the implementation of better business practices.

(d) Identify potential savings, track/monitor, and report actual savings and reductions to the Comptroller, and submit all T/O changes to G-1.

(e) Support and use the Installation Scorecard as an indicator of performance and to identify areas where process improvement could be implemented.

(f) Coordinate changes and/or updates to the ABC base-wide model with the ABC/M Core Team. Submit updates/changes to BPO to be validated and included in the ABC base-wide model.

(g) Create and maintain an organizational model structure that can be rolled up into the ABC base-wide model.

(h) Use the ABC/M and Performance Desk Guide tools to analyze model data and to generate reports for continued process improvements.

(i) Ensure model security. Identify to BPO those individuals who have the authority to view the model and have them sign a non-disclosure statement per references (k) and (l).

(j) Back up and archive organizational models, i.e., saving and storing versions of organizational models to include different scenarios created.

(2) All Personnel, Military and Civilian. When opportunities for improving efficiency or effectiveness are recognized, the following options are available: identify them to the chain of command, submit through the Great Idea Program hotline (466-4332), submit preprinted form directly to BPO, access Cherry Point Online Intranet site and select BPO, or, from the MCAS Cherry Point Internet Home Page, select 'Looking for Your Ideas.'

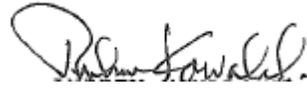
5. Administration and Logistics. None.

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6. Command and Signal

a. Signal. This Order is effective the date signed.

b. Command. This Order is not applicable to the Marine Corps Reserve.



ANDREW KOWALSKI  
Chief of Staff

DISTRIBUTION: A

GLOSSARY OF BUSINESS REFORM INITIATIVES

Activity-Based Costing/Management (ABC/M). ABC/M is the costing and tracking of how business is done. It is a methodology that measures the cost and performance of activities, resources, and cost objects. Resources are assigned to activities, then activities are assigned to cost objects based on their use. ABC recognizes the causal relationships of cost drivers to activities. ABM is a discipline that focuses on the management of activities as the route to improving the value received by the customer. This discipline includes cost driver analysis, activity analysis, and performance measurement. ABM draws on ABC as its major source of information.

Business Processing Improvement (BPI). BPI is responding to customer needs, searching for quality materials and making processes more efficient and effective by using available resources wisely.

Business Processing Reengineering (BPR). BPR is the fundamental rethinking and radical redesign of business processes and culture to achieve dramatic improvement in critical contemporary measures of performance, such as cost, quality, service and speed.

Competitive Sourcing (CS). CS is making the determination to source a commercial activity function(s), in-house or contract, with the most efficient and cost effective method.

Efficiency Review (ER). An ER is an in-depth study of the mission, organizational structure, workload, personnel, technology/equipment, facilities, processes and procedures in an effort to produce the most efficient organization.

Functional Economic Analysis (FEA). A FEA is a structured proposal that serves as a principal part of a decision package for enterprise leadership. It includes an analysis of functional process needs or problems, proposed solutions, assumptions and constraints, alternatives, life-cycle costs and benefits, and investment risk analysis.

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Preliminary Functional Economic Analysis (PFEA). The preliminary FEA is the principal document in the Evaluation Decision Package. It is used to conduct an initial "rough order of magnitude" assessment of proposed alternatives to the AS-IS process, data, and system baselines based on readily available information.

Privatization. Privatization is the process of changing a public entity or enterprise to private control and ownership.

Regionalization. Regionalization is the grouping of services in a particular geographical area in order to draw from the unique strengths that each base or activity provides.

Reorganization. Reorganization is the restructuring of an organization to improve efficiency through elimination of redundant functions and streamlining remaining functions through standardization, consolidation and elimination of unnecessary overhead costs.