Aligning Resources to Performance and Strategy: The Imperative for the "New Normal"

May 30, 2014

Commander, Navy Installations Command

Deloitte Consulting LLP
Agenda

Introduction

About CNIC

Imperative for the “New Normal”

Building Analytical Maturity

N8 Financial Management Journey Map

Example: Financial Execution Dashboard

Example: DD Form 577
About Commander, Navy Installations Command (CNIC)
Supporting the Fleet, Fighter, and Family

CNIC is responsible for worldwide shore installation support for the United States Navy under the Chief of Naval Operations (CNO)

CNIC's mission is to support the three F's: Fleet, Fighter, and Family

Established in 2003
$6.7 billion annual budget
50,000 people (MIL, CIV, CTR)
70+ installations worldwide
122 products and services
31 programs
The Imperative for the "New Normal"
Doing More with Less

Shrinking budgets
Growing customer requirements
Aging workforce
Changing demands from regions & installations

Desire to Improve Cost Management
The ability to understand, manage, and control the total cost of operations across the enterprise and enable leadership to make trade-off decisions
The Imperative for the “New Normal”
Doing More with Less

Employ analytics to collect and analyze data to discover meaningful patterns

Desire to Improve Cost Management
The ability to understand, manage, and control the total cost of operations across the enterprise and enable leadership to make trade-off decisions

Provide products and services that have high value for CNIC’s customers while reducing budgets and outputs of those that have less utility
Deloitte Analytics Framework

Predictive and Prescriptive
- Optimization algorithms
- Simulation and modeling
- Quantitative analyses
- Advanced forecasting

Insight
- Role-based performance metrics
- Exceptions and alerts
- Slice and dice queries and drill-downs
- Management reporting
- Enterprise data management

Hindsight

Increasing business advantage and sophistication
### Building Analytical Capacity

#### Phased Approach to Analytical Maturity

<table>
<thead>
<tr>
<th>Phase</th>
<th>Activity</th>
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<tbody>
<tr>
<td>Phase 1 – Infrastructure</td>
<td>Build Enterprise Data Warehouse (EDW), Business Intelligence (BI) platform, and workflow applications</td>
</tr>
<tr>
<td>Phase 2 – Gathering Data</td>
<td>Populate EDW with data from authoritative data sources, establish Integrated Product Teams (IPTs) that enable programs and leadership to monitor, measure and manage service delivery</td>
</tr>
<tr>
<td>Phase 3 – Using Data</td>
<td>Add applications, functionality and reporting that address controls and help CNIC achieve its goal of a clean opinion on its financial statements</td>
</tr>
</tbody>
</table>

With the analytical capability in place, next how do we decide what tools to build?
Choosing a Planning Process
Reacting Incrementally vs. Focusing on a Plan

**Incremental planning process**

- **Where we are now**
- **Actions taken in response to circumstances**
- **Where can we be next year?**

**Choosing projects in response to short term taskers, ad hoc requests, and “low hanging fruit”**

**Dynamic strategic planning process**

- **Vision of where we need to be five years from now**
- **Actions driven by strategy**
- **Where are we now**

**Strategically driven portfolio focused on mid- and long-term business goals with goal of having near term impacts**
CNIC N8 Financial Management Strategic Planning Framework
Actions Driven by Strategic Goals

<table>
<thead>
<tr>
<th>Time</th>
<th>Goal</th>
<th>Actions Driven by Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N8 Current State</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Standardized, Low Cost (Optimized), and Controlled Financial Management</td>
<td>Standardize</td>
</tr>
<tr>
<td></td>
<td>Optimize</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Control</td>
<td></td>
</tr>
</tbody>
</table>

- **Standardize**: Synchronize process around leading practices to drive similarities between regions and allow for more efficient and effective fiscal oversight.
- **Optimize**: Improve N8 processes to reduce costs. Better support customers (Programs, Leadership, etc.) in managing their financials.
- **Control**: Improve transparency, enforce business processes, and meet clean regulatory requirements while reducing risk for fraud, waste, and abuse.

Strategic Goals Aligned with Both IPTs and Requirements Driven By FMO
FY14-15 Journey Map

<table>
<thead>
<tr>
<th>FY14 -Phase I</th>
<th>FY14 -Phase II</th>
<th>FY15 &amp; Beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standardize</td>
<td></td>
<td>Standardized, Optimized, and Controlled</td>
</tr>
<tr>
<td>Optimize</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

N8 Information Management Strategy

Optimize Control
FY14-15 Journey Map – As of Today

- **Standardize**
  - DD577 Automation
  - PBIT CIVPERS Y/N by ELH
  - RAM Region Realignments
  - Enterprise Standard Brief

- **Optimize**
  - Invoice Management Solution (IMS) 2.0
  - REGCOM Conference Facilitation
  - CFMS-DR/Update Trans/POC
  - RAM Updates

- **N8 Information Management Strategy**
  - CFMS-DR/CAMIS Integration COA
  - Field Level Journal Voucher Log

- **Optimize**
  - PBIS-to-Execution Report (ECMF)

- **Control**
  - Unsubmitted Vouchers (DTS)
  - Financial Ops Scorecard Report

**Delivered**
- Green

**In Progress**
- Light Green

**Proposed Solution**
- Blue

**Leadership**
- N6 Lead
- N83 Lead
- N6-N83 Joint Leads

**On Hold / To Discuss**
- Budget Formulation
- GPC
- N82N Reports
- RAM, PBIT, FMIDPT
- SharePoint Tool COA
- SLDCADA Access Request Form
- WYPC-to-STARS Reconciliation

*The Imperative for the "New Normal"*
# Project Execution
Following a Controlled Process

## Standard EIM Capability Lifecycle

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify</td>
<td>Identify N8 business need. Submit description to N8-N6 CCB for authorization to proceed to Analyze Phase.</td>
</tr>
<tr>
<td>Analyze</td>
<td>Conduct analysis of business need to determine scope of project. Document high-level requirements, a rough level of effort estimate, and project risks/dependencies.</td>
</tr>
<tr>
<td>Authorize</td>
<td>N8-N6 CCB reviews high-level requirements and LOE, authorizes project to begin.</td>
</tr>
<tr>
<td>Plan</td>
<td>Develop detailed project schedule and identify resources for project. Conduct working sessions with business owners to document requirements. Receive sign-off of requirements before moving into Design Phase.</td>
</tr>
<tr>
<td>Design</td>
<td>Document technical design of solution (includes high-level architecture design, report design, data model design, and ETL design.) Review technical design to check if design conforms to CNIC standards and leading practices.</td>
</tr>
<tr>
<td>Build</td>
<td>Build solution components. Conduct unit testing and technical reviews of code to confirm that solution addresses agreed upon requirements.</td>
</tr>
<tr>
<td>Test</td>
<td>Conduct detailed functional and data testing using defined test scenarios and scripts to confirm that solution addresses requirements.</td>
</tr>
<tr>
<td>Deploy</td>
<td>Document test results and deployment plan for the System Change Request (SCR) process for CNIC. Upon CNIC CCB approval, deploy solution to Production environment and validate.</td>
</tr>
<tr>
<td>Operate</td>
<td>Maintain technical solution. Address user questions, issues and feedback through standard CNIC support process.</td>
</tr>
</tbody>
</table>
Financial Execution Dashboard

Tracking execution to plan
Financial Execution Dashboard
Standardized Financial Reporting

**Issue**
- Limited financial reporting capabilities
- Data-driven decisions about financial execution difficult
- Labor-intensive to provide financial data to N8’s customers

**Solution**
- Help Regions/Programs plan more carefully
- Early warning notifications when Regions/Programs are under-executing so they can liquidate obligations earlier in the year
- Streamline process for reviewing unfunded priorities
- Provide financial reporting targeted to Program Managers

**Next Steps**
- Standard financial reports for Region and Installation Commanders
- Less time debating numbers and more time analyzing
User Story
Tracking execution for a Region this fiscal year

It’s a few months into the FY. I need to keep track of my execution across the Region.

It looks like overall CNRH is under-executing vs. our plan. Where does this occur?

We’ve executed well below our obligation plan for the last three months.

CNRH Regional Commander

Execution Trending Graph

Execution vs. Obligation Plan Graph

Execution Trending Table

Execution Snapshot Graph

Using the Execution Trending table and Execution Snapshot graph, I can see exactly where we are over or under executing vs. our plan and compare that to last year at this time.

The Story: The Region Hawaii Commander is interested in tracking execution in his or her region for the current fiscal year.
DD Form 577
Controlled and automated forms
DD Form 577
Controlled and Automated Forms

**Issue**
- Records managed locally with limited visibility
- Hard to identify staff authorized to perform financial functions
- In a sample of 150+ forms, 0 completed correctly
- CNIC unable to meet Navy FMO standards

**Solution**
- Paperless solution uses digital signatures and workflows
- Simplified and controlled data entry process
- Form fields adapt based on previous answers
- System creates correct DD577, like tax software builds personal income tax returns
- Data stored securely and metrics reported in dashboard

**Next Steps**
- Add controls to govern who may have fiduciary roles
- Integrate with DFAS to send forms automatically
- Build a “controls center” that leverages the data to grant access to systems
User Story
A user applies for positions with fiduciary responsibilities

The Story:
A user accesses CNIC's portal fill out a new DD577 form, which is routed to a reviewer who signs and approves it electronically. The form is stored securely and data is available for reporting.
Appendix
Demo: Financial Execution Dashboard
Tracking Commander, Naval Region Hawaii’s (CNRH) current execution trend

Through January, CNRH is under-executing against its Obligation Plan.

This graph compares actual execution to planned execution. CNRH’s Execution Rate is below 100% through January, indicating that it has executed less than what was planned so far this year.

For comparison, the light blue line indicates that CNRH was executing below plan, but only by a few percentage points, at this same time last year.
Demo: Financial Execution Dashboard
Analyzing execution breakdown across your Installations

By scrolling down in the same report, Regional Commanders can view execution, plan and control data for each of their Installations to pinpoint which Installations may be over or under executing this year.

Joint Base Pearl Harbor Hickam has a total Execution of $114M and an Obligation Plan of $170M by January; therefore, Joint Base Pearl Harbor Hickam has only executed 67% of what it had planned to obligate by this point in the year.
Port Operations Program at Naval Station Norfolk

There were spikes in overtime spending in Pay Periods 1 and 14, which should be explained.

Using the Select Measure box, Regional Commanders can choose to analyze OT and Comp Time data from the last four years as well as 3-year averages.

Using this report, Regional Commanders can filter to a specific program at an installation to understand how OT is being used within their Region.
DD Form 577
Common Errors Discovered

Sample DD Form 577

Appointees did not provide Social Security Numbers

Multiple roles selected, sometimes roles that are not even compatible

No standardized process for terminating appointments

Unsigned or multiple blocks signed by the same person

Roles and responsibilities inconsistent

Lack of proper regulatory citations
Demo: Data Entry Form
Easier-to-Use, Adaptive Forms

**DD Form 577 Creator**

**Basic Information**
Please complete this form to apply for a position. Required fields are marked with a (*). Grayed out fields may only be updated via TWMS self-service.

- **First Name:** ROBERT
- **Middle Initial:** K
- **Last Name:** STREICKER
- **Title:** ISHORE SUPPORT
- **Organization:** Deloitte
- **Region:** CNIC HQ
- **Official Installation:** CNIC HQ
- **Email:** rstreicker@deloitte.com

*Data is populated automatically from personnel system, if available.*

*Drop-down menus allow for more consistent data.*
Demo: Data Entry Form
Easier-to-Use, Adaptive Forms

* Address Line 1:

Address Line 2:

* City:

* State:

* Zip/Postal Code: 20374-5140

* Country: United States of America

* Work Phone: (include dashes)

DSN: (include dashes)

* Social Security Number or DOD ID Number: 123-45-1234

Proper formatting of SSN or DoD ID number is enforced
Demo: Data Entry Form
Easier-to-Use, Adaptive Forms

* Select up to six positions sought and provide an email address for the person approving each request. Keep in mind that different positions may require different approvers.

<table>
<thead>
<tr>
<th>Position</th>
<th>Appointing Authority’s Email</th>
</tr>
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<tbody>
<tr>
<td>Paying Agent</td>
<td><a href="mailto:robin.farley1@navy.mil">robin.farley1@navy.mil</a></td>
</tr>
<tr>
<td>Certifying Officer – Government Purchase Card</td>
<td><a href="mailto:sally.carpenter@navy.mil">sally.carpenter@navy.mil</a></td>
</tr>
</tbody>
</table>

Can apply for 1-5 positions at a time

The appointee will receive questions on subsequent screens that are applicable to the roles he or she selected here

Back

Next
Demo: Data Entry Form
Easier-to-Use, Adaptive Forms

The next screen will show the user a preview of the form.
Data flows into the actual form before review
Demo: Sample workflow
Adobe LiveCycle routes forms automatically

Once submitted, the form follows an approval workflow that determines proper approval and storage of the data. The workflow logic relies on answers provided by the user and approvers.
The final forms, along with their metadata, are stored in a SharePoint site that is accessible only to authorized individuals due to the PII on the forms.

**Demo: SharePoint Site**

Form and data repository
Dashboard reporting allows the organization to make observations about the distribution of positions within the organization by many dimensions, including UIC, SIC, and employee type (CIV, MIL or CTR)

### DD Form 577 Analysis Dashboard

**Currently Displaying Data for:** All Regions, All Installations, All Programs, All Organizations, All Positions, All Roles, All N-Codes, All Manpower Types

<table>
<thead>
<tr>
<th>Certifying Officers</th>
<th>C1RK</th>
<th>C1NC HQ</th>
<th>C1NRH</th>
<th>C1RJ</th>
<th>C1RM</th>
<th>Enterprise</th>
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<tbody>
<tr>
<td>Civilian Employee Supervisor</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Invoice/Voucher Certifier, Manual</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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<td>Invoice/Voucher Certifier, WAWF</td>
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<tr>
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<tr>
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<table>
<thead>
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<th>C1NRH</th>
<th>C1RJ</th>
<th>C1RM</th>
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<table>
<thead>
<tr>
<th>Collection Agents</th>
<th>C1RK</th>
<th>C1NC HQ</th>
<th>C1NRH</th>
<th>C1RJ</th>
<th>C1RM</th>
<th>Enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collection Agents</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Departmental Accountable Officials</th>
<th>C1RK</th>
<th>C1NC HQ</th>
<th>C1NRH</th>
<th>C1RJ</th>
<th>C1RM</th>
<th>Enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invoice/Voucher DAO, Manual</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
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<td>Purchase Card Cardholder</td>
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<td>18</td>
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**Total Active Appointments**: 0 1 0 19 21

**Dashboard reporting on active & pending forms**