DEFENSE LOGISTICS AGENCY
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June 16, 2015

MEMORANDUM FOR DLA EXECUTIVE BOARD

SUBJECT: Directive-Type Memorandum (DTM) [15-012] – Defense Logistics Agency (DLA) Enterprise Process Management (EPM)

References: (a)   DLA General Order #06-14
      (b)   DLA EPM Concept of Operations (CONOPS)
      (c)   DLA Strategic Plan (2015)
      (d)   DLA Supply Chain Integration Charter (March 18, 2014)
      (e)   DLAI 5025.01, DLA Issuance Program
      (f)   Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control

PURPOSE. This DTM establishes policy, assigns responsibilities, and prescribes high-level procedures for EPM in accordance with Reference (a). Implements the EPM Governance Model as described in Reference (d). This DTM is effective immediately. A DLA Instruction will replace it within 12 months from the date of its issuance.

APPLICABILITY. This DTM applies to all DLA activities.

DEFINITIONS. See Glossary.

POLICY.   It is DLA policy to:

  a.   Institutionalize EPM through the establishment of a process program office (PPO) to plan, organize, direct and manage the EPM effort.

  b.   Utilize the Supply Chain Integration (SCI) council to formulate process change strategy to include evaluation, synchronization and integration of process change activities in support of DLA Strategic Goal plans as described in References (c) and (d). The SCI will function as DLA's EPM governance structure enabling and encouraging process innovation.

  c. Utilize the Agencies functionally aligned business units to standardize and integrate approved process changes.

RESPONSIBILITIES. See Attachment 1.

PROCEDURES. See Attachment 2.

INFORMATION REQUIREMENTS.

a. Process change ideas will be proposed using the Process Excellence Idea template located in eWorkplace, by contacting the SCI Chair directly, or by sending an email to process@dla.mil. Process change ideas will go through an induction process in which J52 will work with subject matter experts, sponsors, or champions to develop the idea into an initiative.

b. Process change initiatives must have a completed charter or business reason for change assessed at the SCI level or above prior implementation.

c. A forthcoming DLA Instruction and/or manual will describe additional EPM information and requirements, including End-to-End definitions and metrics.

RELEASABILITY. UNLIMITED. This DTM is approved for public release and is available on the DLA Issuances Website at http://www.dla.mil/issuances.

EDWARD J. CASE
Vice Director
Defense Logistics Agency

APPENDIX A – RESPONSIBILITIES

a. <u>DLA Vice Director, as the Chief Process Owner must</u>:

    (1) Chair high-level Process Councils and appoint Enterprise Business Cycle Owners (EBCOs).

    (2) Integrate cross-process activities at the Executive level.

    (3) Ensure that the Agency manages its end-to-end processes in accordance with this DTM.

    (4) Appoint the Chief Process Officer.

b. <u>The Director, DLA Strategic Plans and Policy (J5), as the Chief Process Officer under the authority, direction, and control of the Chief Process Owner, must</u>:

    (1) Integrate EPM and other process communities to develop and sustain an enterprise process model.

    (2) Establish and oversee the PPO.

c. <u>J52, Enterprise Process Integration, as the PPO, must</u>:

    (1) Chair the SCI council.

    (2) Use the SCI council to standardize and integrate the Agency's process change activities, including both innovation and improvement ideas.

    (3) Ensure plans for advancing enterprise capabilities align with the strategic direction of the Agency.

    (4) Develop, manage, and coordinate activities for end-to-end, cross-process integration.

    (5) Use the following program offices to provide oversight and guidance to organizations, teams, and individuals executing processes: J521, Enterprise Process Management; J522, Enterprise Risk and Controls; J523, Enterprise Policy Management; and J524, Continuous Process Improvement.

d. <u>Directors of DLA Human Resources, Logistics Operations, Acquisition, Financial Operations, and the DLA Chief of Staff, as EBCOs must</u>:

    (1) Direct, guide, and approve all matters related to a specific end-to-end process, its sub-processes, and its business cycles.

    (2) Document and maintain end-to-end processes in a process cycle memorandum, IAW DLA Issuance Policy in reference (f.)

(3) Assign the Process Cycle Integrators (PCIs).

(4) Assign the Process Owners (POs).

(5) Champion process innovation and improvement opportunities.

(6) Participate in the Alignment Group and Stewardship Committee to review, select, and prioritize process change initiatives.

(7) Remain accountable for executing Corrective Action Plans (CAPs) in coordination with field level EPM teams.

e. <u>Primary Level Field Activity Commanders/Directors, Chief of Staff and J/D Code Directors must:</u>

(1) Participate in Alignment Group and Stewardship Committee to review, select, and prioritize process change initiatives.

(2) Appoint a O6/GS-15 level employee to represent their interests on the SCI council as voting members.

f. <u>Supply Chain Integration council must:</u>

(1) Execute all aspects of the Agency's EPM strategy.

(2) Function as the DLA EPM governance forum for the DLA Vice Director and execute EPM strategy as an extension of the PPO.

(3) Review, prioritize, coordinate, and integrate process management, process change efforts, and process control measures in Process Cycle Memorandums (PCMs).

(4) Evaluate the impact of process changes using the defined set of criteria, see Reference (d).

(5) Provide direction and focus to ensure process management efforts contribute to financial, systemic, and operational enterprise architecture.

(6) Review, vet, collaborate, and concur on changes to End-to-End process documentation.

(7) Voting Members are empowered to make decisions having the full force and effect of the Alignment Group Principals they represent.

(8) Resolve issues that affect process changes and internal controls.

g. <u>Process Integrator(s) must:</u>

(1) Integrate and develop cross-functional, and cross process strategies.

(2) Optimize and support business process performance, program implementation, and business operations.

(3) Manage and execute joint IT / functional implementation of design/build/test efforts.

(4) Track system performance measures and business performance assessments.

(5) Oversee implementation engagement in all programs and projects.

(6) Acts as gatekeeper for POs and stakeholders.

(7) Integrate Process Areas from a functional, business cycle, and end-to-end business process.

(8) Resolve cross-process issues.

(9) Serve as Functional Coordinator for Process Area Reviews between J3, J7, J8 and Primary Level Field Activities (PLFAs).

(10) Lead multifunctional efforts related to systems access and systems changes and reviews deficiencies and validates corrective action plans.

(11) Utilize, collect, aggregate, analyze and track information derived from audits, policy compliance and process reviews.

(12) Coordinate Enterprise Operations Planning Council.

(13) Provide input to appropriate forums on Human Capital Integration, workforce planning and competency development.

(14) Attend PPO forums and provide process configuration change information to Process Council.

h. Process Cycle Integrator must (Process Health):

(1) Integrate and develop cross-functional end-to-end strategy.

(2) Collaborate with cross-process counterparts for considerations/impacts and facilitates cross-functional and cross-process solutions with the SCI, Process Integrator (PI), POs, other J codes, Military and Federal Services, Field Process Managers, and Field Process Cycle Managers.

(3) Resolve cross-process issues.

(4) Review, prioritize, coordinate, and integrate cross-process change requests.

(5) Sponsor process improvement and innovation opportunities.

(6) Approve cross-functional end-to-end metrics and goals. Additionally, manage process metrics and goals set by the EBCO.

(7) Manage and execute OMB Circular A-123 Management's Responsibility for Internal Control requirements, reference (f).

(8) Develop PCMs and support CAP development.

(9) Ensure accurate reporting for OMB A-123 requirements to include Internal Controls over Operations (ICONO), Internal Controls over Financial Reporting (ICOFR) and Internal Controls over Financial Systems (ICOFS) and the support of DLA's Annual Statement of Assurance (SOA) and coordinate activities with field level EPM teams.

(10) Conduct process compliance reviews and testing with applicable field level EPM teams.

i. Process Owner must (Process Management):

(1) Develop functional strategy and sets functional policy and procedures in accordance with Reference (e).

(2) Establish functional metrics and goals.

(3) Maintain cross-process and End-to-End business cycle awareness of process changes.

(4) Manage functional business process performance.

(5) Lead development and maintenance of enterprise process documentation with applicable field level teams.

(6) Collaborate with the SCI, other J codes, Military and Federal Services, PI, PCI, Field Process Managers, and Field Process Cycle Managers on cross-functional solutions.

(7) Sponsor process improvement and innovation opportunities.

(8) Ensure accuracy and update process documentation in accordance with Reference (e).

(9) Support CAP execution in coordination with field level EPM teams.

j. Field Process Cycle Manager (Process Health):

(1) Maintain expert, broad knowledge of all functions in support of the End-to-End they support.

(2) Collaborate with PCI on cross-functional End-to-End policy and procedures and other process documentation.

(3) Ensure cross-functional End-to-End metrics and goals are met in cost, time, and quality of performance and monitor local performance.

(4) Target handoffs and fragmentation, conduct internal control planning, testing, and prepares statement of assurance.

(5) Facilitate cross-functional solutions with the SCI, PI, PCIs, POs, Field Enterprise Process Managers and other Field Process Cycle Managers.

(6) Execute local end-to-end process metrics and goals set by the EBCO.

(7) Perform PCM execution, CAPs tracking, internal control planning, testing, annual statement of assurance reporting.

 (8) Supports accurate reporting for OMB A-123 requirements (ICONO, ICOFR, ICOFS) and supports DLA's Annual Statement of Assurance (SOA) and coordination activities with field level functional teams.

k. Field Enterprise Process Managers must (Process Management):

(1) Maintain a functional, deep working knowledge of all cross process functions they support.

(2) Collaborate with POs on functional policy and procedures and other process documentation.

(3) Collaborate with the SCI, PI, POs, PCIs, Field Process Managers, and Field Process Cycle Managers on cross-functional solutions.

(4) Locally implement approved process changes and corrective actions, support local end users, and advise CPI groups.

(5) Support accurate reporting for OMB A-123 requirements (ICONO, ICOFR, ICOFS) and support DLA's Annual Statement of Assurance (SOA) and coordination activities with field level EPM teams.

(6) Support executing corrective action plans (CAPs) in coordination with field level EPM teams.

APPENDIX B – PROCEDURES

a. Process Change Submission and Evaluation:

    (1) Process change ideas will be proposed using the Process Excellence Idea template located in eWorkplace, by contacting the SCI Chair directly, or by sending an email to process@dla.mil. Process change ideas will go through an induction process in which J52 will work with subject matter experts, sponsors, and champions to develop the idea into an initiative.

    (2) If the process change idea has the necessary level of detail and has appropriate EBCO, Field Commander, PO, PCI, or other Senior Executive level support, then the submitter can request to go directly to step b.

    (3) If the process change requires more detail and the appropriate Process Owner is known, then submitter should go through their Field Enterprise Process Manager (Site Lead) and/or Process Owner channel. If the Process Owner or Field Enterprise Process Manager is unknown, then J52 will collaborate and coordinate the process change idea with the submitter and appropriate POs and PCIs to facilitate the development of the necessary level of detail to prepare a recommendation for the SCI.

b. Process Change Vote at SCI:

    (1) The SCI will vote to execute ("just do it"), pursue, modify, or abandon process change ideas.

    (2) If consensus is to modify or abandon, the submitter will refine their idea and re-submit or determine another, more appropriate course of action at a lower level.

    (3) If consensus is to pursue, the submitter will plan the next steps such as developing a business reason for change or charter while scheduling appropriate situational awareness briefings to other forums and councils as needed.

    (4) If there is no consensus, the SCI Chair will request resolution at the Alignment Group.

 c.   Provide regular reports / updates to the Alignment Group on ongoing SCI business.

d.   The forthcoming DLA Instruction or manual will describe additional procedures as lessons are learned and solutions determined.

e.   Please see the attached "Process Change Steps" summary on pages 11 and 12 for more information.

GLOSSARY

Enterprise Process Change (PC). A formal proposal to implement core and enabling process change in a DLA standard business process in support of DLA's goal to achieve Process Excellence that will impact multiple business cycles (Enterprise Business Cycles i.e., P2P, P2S, O2C, A2R, B2E etc.) and/or Functional Process Areas (Disposal, Financial, Procurement, Order Management, Inventory Management, Planning, Technical/Quality, Real Property and Planning).

Enterprise Process Management (EPM). The design, implementation and measurement of multi-disciplinary and cross-functional processes to enable improved enterprise performance through alignment, visibility, and collaboration among business units and functional areas.

End-to-End Process. A process that starts with a customer requirement and ends with satisfactory delivery to the customer of the needed product or service.

Process. End-to-End work across the enterprise; a designed group of related tasks that together create customer value; structured, purposeful work in context.

Cross process / cross functional. Process change that involves three or more functional process areas, and may cross a single or multiple End-to-End processes.

Process control measures. A tool to help program managers achieve results and safeguard the integrity of their programs (policy, procedure, etc.).

Process documentation. Formal catalog of documentation relating to a specific End-to-end process, including: process mappings, metrics, policy, Standard Operating Procedures, Process Cycle Memorandums, internal controls, Continuous Process Improvement charters, change management and communication plans, Position Descriptions, General Orders, Missions and Functions, Organizational Alignment charts, and job aids.

Process Excellence. Well designed, high performing, end-to end business cycle processes with measurable outcomes ensuring efficient and effective operations. Further defined, Process Excellence means much more than just achieving a positive financial statement audit. It ensures effective and efficient outcomes to the Warfighter, the Whole of Government, and our Nation.

Process Health. The application of knowledge, skill, tools and techniques that confirm the proper functioning of process to include activities that utilize data collection and analysis techniques to help ensure availability, reliability, auditability and sustainability of Enterprise processes.

Process improvement. Disciplined approach to identify, analyze, and improve existing business processes within an organization. Process improvement is synonymous with the phrase "continuous process improvement."

Process innovation. The implementation of a new or significantly improved process. Innovation refers to the implementation of a new idea, method, or technology and differs from process improvement, which focuses on doing the same process only better.

Process Management. The application of knowledge, skill, tools and techniques and systems to define, visualize, measure, control, report and improve processes with the goal of meeting customer requirements.

Process maturity. Overall measure of the Agency's orientation to process; its capability to deliver higher performance and to respond to new or emerging requirements, while maintaining appropriate process controls.

Significant change. When a PCM, manual or Standard Operating Procedure is impacted.
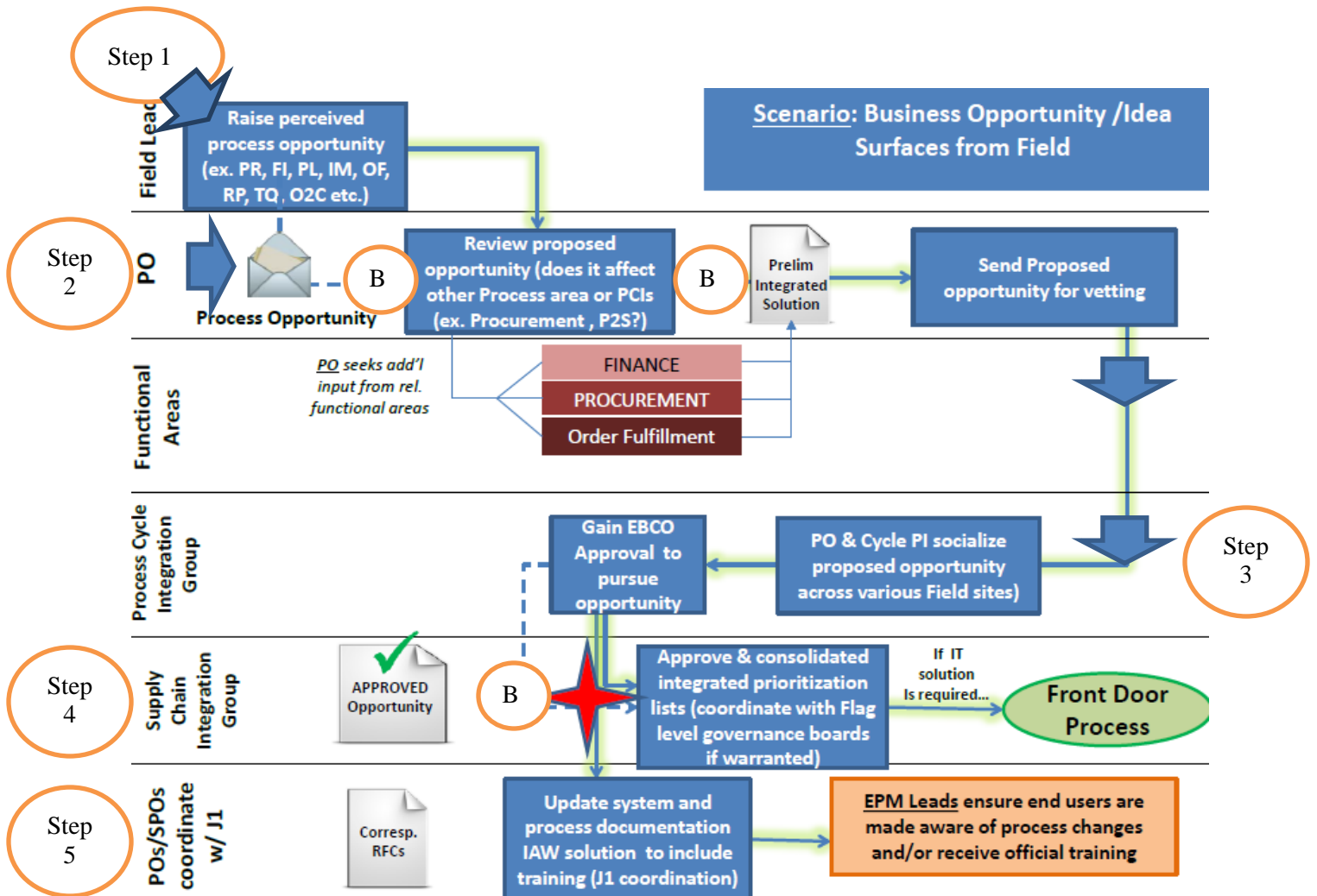
Process Change Steps

Step 1) An opportunity or idea to improve process can come from any employee. The most readily apparent example is an opportunity from someone close to the problem at the Field level as used in the example above. (Idea Phase).

Step 2) The Field Subject Matter Expert (SME) socializes the idea within their process area communities of interest (COIs) including Headquarters Process Owners (PO) to ensure proper evaluation at a functional level (Idea Phase).

Step 2B) The PO and field SMEs collaborates within their cross-functional COIs to assess upstream and downstream impacts to functional Cost, Time and Quality. POs and field SMEs also develop a preliminary solution (paper drill, Business Reason for Change, 1 page charter) for Process Cycle Integrators (PCI)/Process Integrators (PI) review (Preliminary Solution Phase).

Step 3) The PCI analyzes and socializes the preliminary solution to a broader audience of PCIs (P2P, P2S, O2C, A2R, B2E etc.) as needed prior to requesting approval to pursue the preliminary solution from their EBCO. Key attention will be paid to ensure audit compliance, potential resources needed to ensure sustainability, business cycle cost, time and quality implications prior

to requesting approval of their EBCO. The PCI/PI provides the proposed solution to the SCI for coordination via process@dla.mil (Preliminary Solution Phase).

Step 4) The SCI reviews the proposed solution, consolidates, prioritizes and coordinates with General/Flag Officer/SES level governance boards (AG/EB), if required, and seek approval for "End to End" process change resourcing and project plans. The EBCO sponsored and approved business reasons for change will be reviewed and prioritized IAW this EPM DTM to ensure proper information requirements are met prior to AG endorsement and EB approval. The SCI also recommends touch-points to additional COI networks (if needed) to support of the change, for instance change management activities (J1), system change activities (J6 Front Door process) or other COIs impacted by the recommended process change (Preliminary Solution Phase).

Step 4B) A visual of the SCI governance process is attached below. This Deliberate Decision Making Process ensures solutions take the voice of the customer (e.g. effective/efficient ends), voice of the business (e.g. efficient/auditable) and prioritized and formatted sufficiently for executive level assessment and disposition.
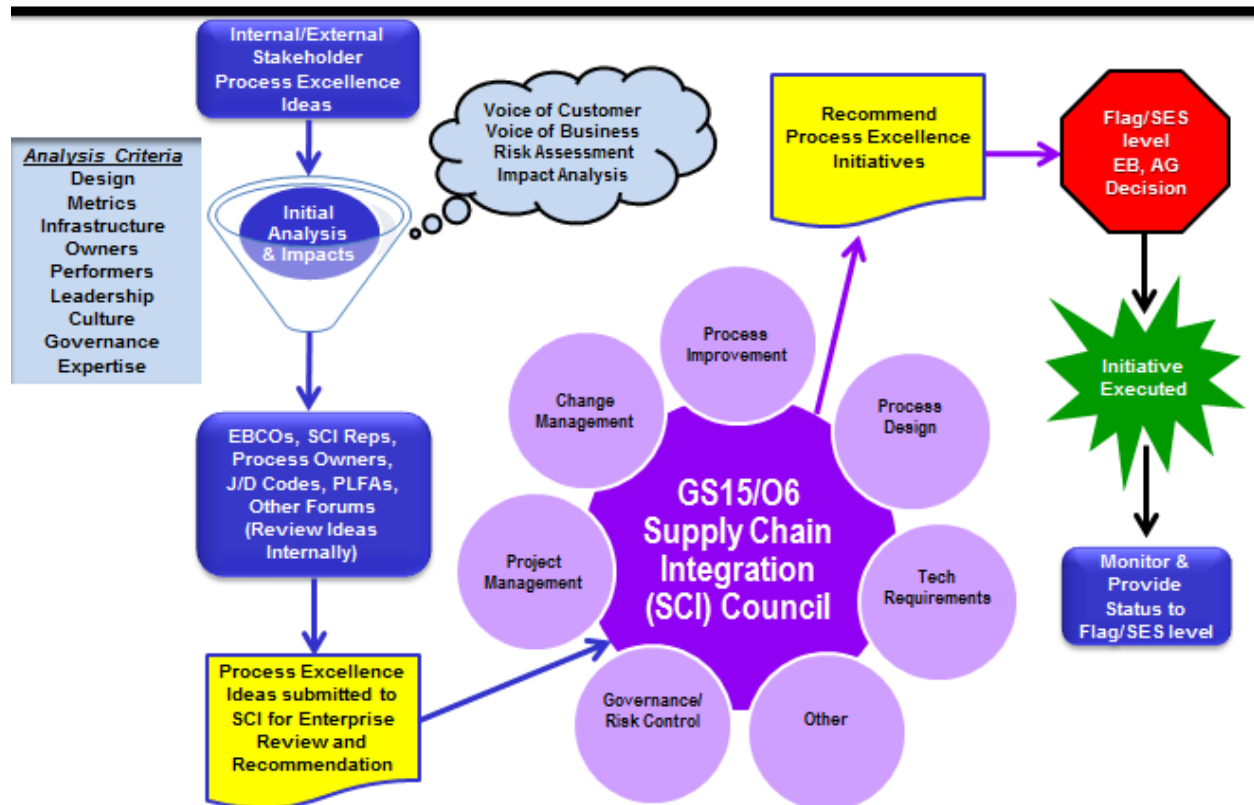
Step 5) Once SCI coordination, Alignment Group endorsement and Executive Board approval are achieved; champions, sponsors and resourced teams responsible for execution will provide status updates on process change activities through their COIs and if requested updates will be provided to the SCI, AG or EB to ensure barriers to progress are removed, appropriate Process Excellence tenets are achieved and project goals are attained.