**INFORMATION PAPER**

AMSCC-DD 17 May 10

**SUBJECT**: U.S. Army Contracting Command Transformation – Moving Beyond Consolidation

1. Purpose: To provide the Under Secretary of the Army & Chief Management Officer (USA/CMO) a summary of the business transformation initiatives being developed and conducted by the U.S. Army Contracting Command (ACC)

2. Facts:

a. ACC Vision: A professional workforce providing quality contracting solutions in support of our warfighters. ACC Mission: Provide global contracting support to warfighters through the full spectrum of military operations.

b. Problem: The establishment of Army Contracting Command was the result of several external recommendations; however, it was not a complete solution to the Army's contracting delivery needs. Many components of "merger integration" have not been adequately addressed or resourced - organization, facilities and technology alignment and standardization; process standardization and integration; human capital/career development; culture change and strategic communication

c. Addressing the Problem: The ACC Executive Director established a team to (1) assess the organization gaps which prevent ACC from becoming the Army's contracting subject matter expert; (2) develop a "case for change"; and (3) identify alternative funding models that will provide sufficient and sustainable revenue to support modernization

d. Team Member Organizations: ACC – the Command Group, CG Action Group, G-8, G-1 and Contracting Operations, plus the Business Strategy Office, Office of the Deputy Under Secretary of the Army (DUSA)

e. Findings:

i. If the new Command is more than just a reorganization, ACC must transform in order to achieve its vision. Findings of the team were that current funding is not adequate to achieve the "spirit and intent" of several external recommendations. Areas that are underfunded include current and future staffing, opportunities to alter/adjust stationing, as well as opportunities to modernize contracting process and technology. Human capital and developmental needs are underfunded and developmental requirements are not being achieved at a satisfactory level. Army needs may drive new or expanded missions and expertise requirements (services contracting, strategic sourcing, internal audit, contract close-out). Upcoming workforce turn-over due to retirements, normal attrition and increased staffing provide the ACC a unique opportunity to create a culture of business transformation.

ii. Resources: The goal of an alternative to direct funding is to provide sufficient and self sustaining revenue to support modernization and strategic initiatives. The most likely alternative to direct funding is to pursue a revolving fund. A feasibility study to include a cost benefit analysis of contracting services as an additional activity group within the Army Working Capital Fund is appropriate to determine the degree to which current infrastructure

and expertise could be leveraged, presumably reducing implementation timelines and initial implementation funding requirements. Conversion to a revolving fund is a long term initiative and ultimately will require dedicated contractor and/or in-house resources.

f. The Case for Change:
   i. Human Capital competency gaps are causing an increasingly "under-experienced" workforce:
      1. Future drain - expected 35-45% "refresh" of the 1102 workforce due to retirements, BRAC, normal attrition and programmed growth
      2. Shortage of experience at the GS-11/12 level (mid-level/journeyman) – the "bathtub effect"
      3. Only 53% have met their continuous learning requirements
      4. Only 77% have met their certification requirements

   ii. Current funding model does not support basic operating costs, modernization, or integration:

   iii. Service delivery modernization – technology, process standardization, reorganization, etc.
      1. Current service delivery does not provide full potential to "the business" of contracting
      2. Need to refine/enhance capabilities: services contracting, strategic sourcing, cost/price analysis
      3. Be more adaptable – surge/workload capability, realign around customer, absorb inexperienced staff
      4. Standardize processes and technology
      5. Stop market share "leakage" to other Services and government agencies

g. What could ACC transformation look like? Possibilities include:
   i. Identifying new labor pools and locations to develop large scale contracting service centers
   ii. Migrating operations outside geographies with high costs or turn-over
   iii. Realigning ACC to better support changing customer needs and locations (co-location and service center reach-back due to BRAC)
   iv. Identifying and developing Centers of Expertise around emerging mission needs: (e.g., new global regions, strategic procurement, services contracting, contracting close-out, internal audit)
   v. Investing in virtual contracting to further increase adaptability

h. A new service delivery model based on the ACC's vision should be the cornerstone for ACC's transformation. Any transformation should address processes, organization, technology, resources, and people.

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