



Strategy Focused Workforce Transformation

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Integrity - Service - Innovation

OUTLINE



- Profile
- Background
- Reorganizing for Strategy
- Developing Strategy & BSC
- DFAS Strategy
- Translating Strategy into Action
- Communicating for Action
- Results



PROFILE – World's Largest Finance and Accounting Operation

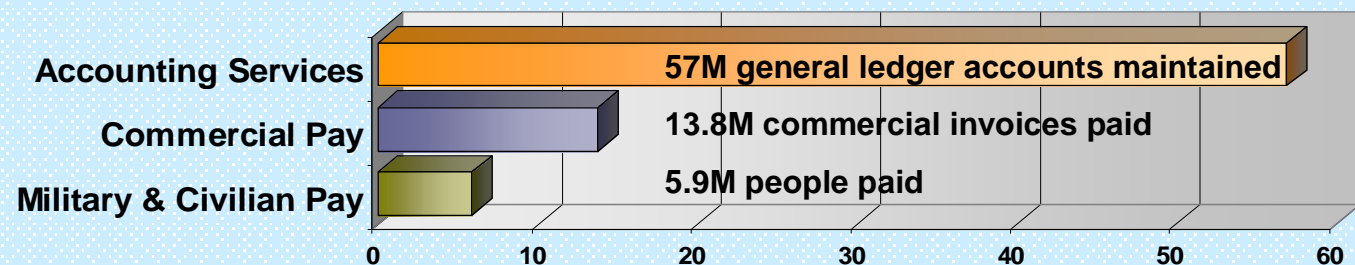


Mission: Direct, approve, and performance finance and accounting activities for DoD

OUR ORGANIZATION



OUR BUSINESS



DFAS TRANSFORMATION



FY 2005

- 30 locations
- 13,8792 employees
- 92 systems
- \$1,615M operating costs³
- **70% technicians / 30% professional**
- Aging workforce
- General Schedule Pay System

FY 2011

- Fewer locations: 10¹
- 9,915² employees
- 18 systems
- \$1,368M operating costs³
- **70% professional / 30% technicians**
- Right employees with right skills
- Optimum number and mix of civilians/contractors
- Pay for performance under NSPS

¹ Includes Europe & Japan

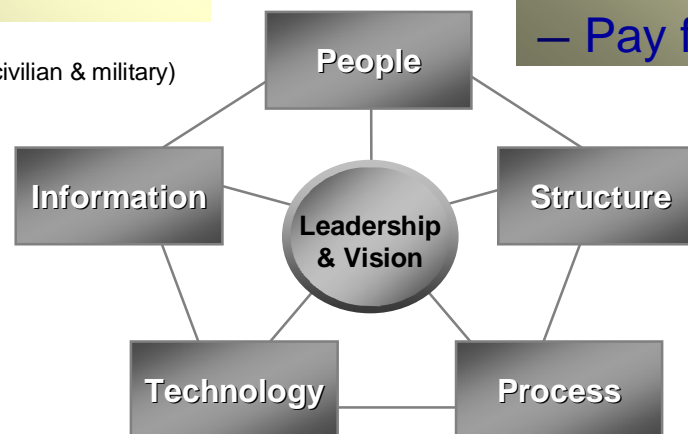
² Source: HR Flash Report September 2005 (civilian & military)

³ Current\$

¹ Includes Europe & Japan

² Projected Civilian & Military

³ Current\$



DEVELOPING THE STRATEGY & BSC



Governance structure ensures that leadership is involved at all stages of development, and that there is meaningful linkage between the top level strategy and the BSC measures

Phase # 1

- SBM reviews the current strategy and recommends revisions
- ECAG & EC approve changes to corporate **STRATEGY**:

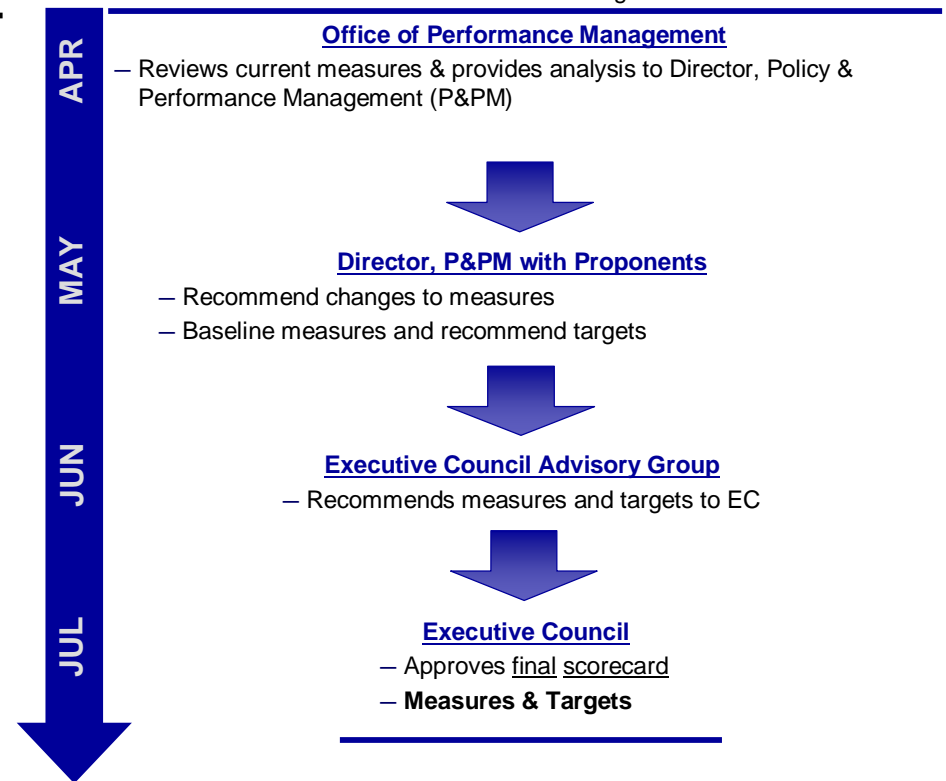
ü Vision ü Mission ü Goals ü Objectives



Phase # 2

- Based on new strategy & current BSC results, SBM recommends revisions
- ECAG & EC approve new **BALANCED SCORECARD**:

ü Measures ü Targets



DFAS STRATEGY 2008-2013



MISSION

Direct, approve and perform finance and accounting activities for DoD

VISION

Transforming with the Warfighter to remain the trusted financial partner for DoD

GOALS

OBJECTIVES

Customer Perspective

Support DoD in winning the Global War on Terror

- Support Customers in the Global War on Terror

Lead transformation of finance and accounting functions throughout DoD

- Establish business requirements for DoD transformation initiatives related to finance and accounting activities
- Execute and/or support deployment of DoD transformation initiatives

Financial Perspective

Perform the DFAS mission at best value for DoD

- Use DFAS resources efficiently and effectively to achieve expected results
- Achieve expected financial results from transformation initiatives

Internal Perspective

Attain operational excellence in finance and accounting services

- Optimize processes to meet or exceed industry and government standards
- Increase productivity, reduce errors, and deliver products and services on time
- Identify and mitigate risks to improve processes and internal controls

Learning & Growth Perspective

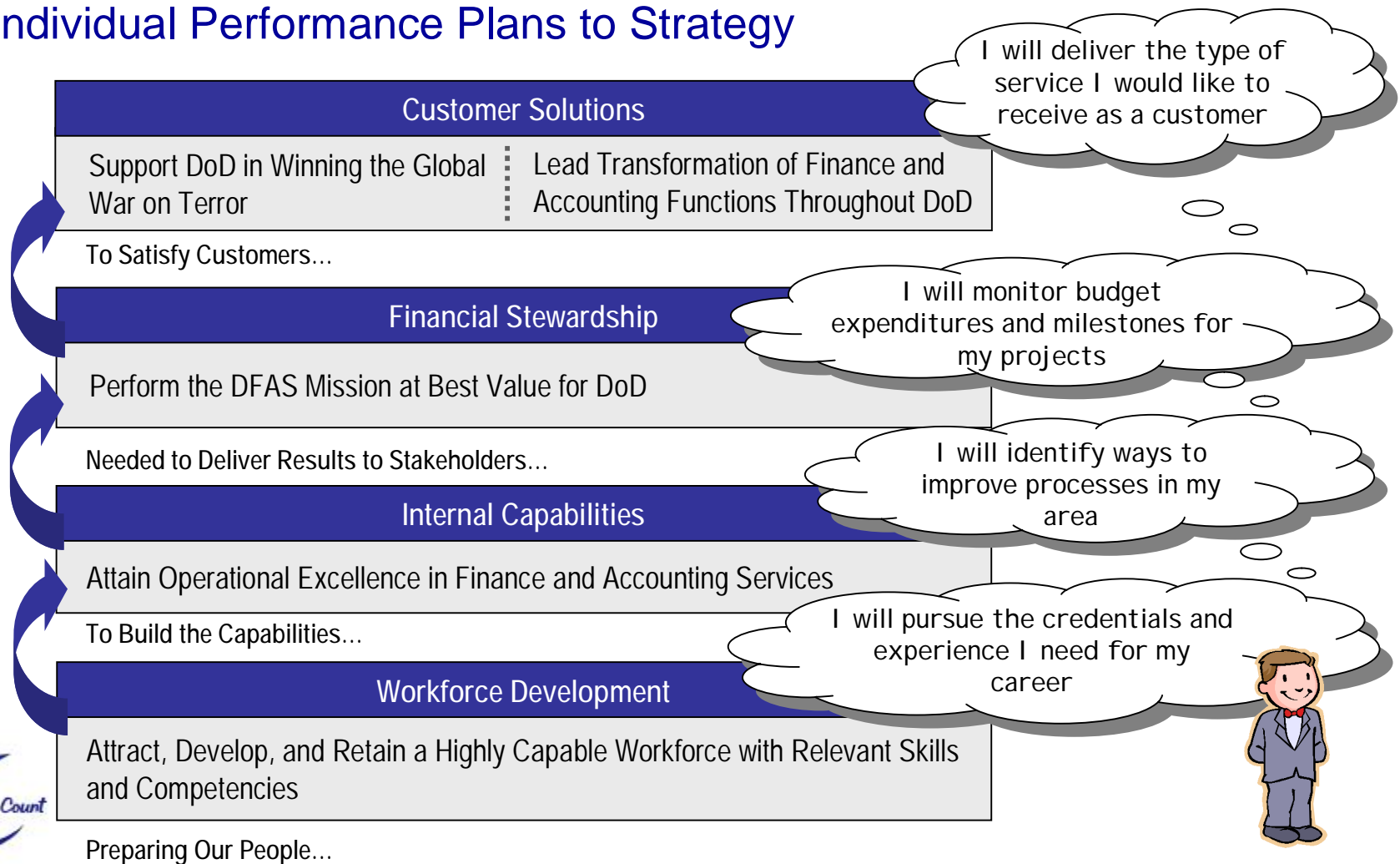
Attract, develop, and retain a highly capable workforce with relevant skills and competencies

- Raise the level of relevant skills and competencies to meet anticipated needs
- Attract and retain employees with needed skills and competencies

COMMUNICATING FOR ACTION



- Continually communicate the strategy to the workforce
- Link Individual Performance Plans to Strategy



ACHIEVING RESULTS



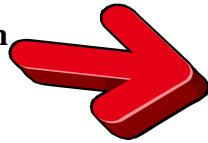
2001-2007: Productivity up 46% -- Cost Savings of \$285M



WORKFORCE TRANSFORMATION



Leaders In Motion Program



- Right People, Right Positions, Right Time
- Attract "best fit" candidates

National Recruitment Strategy

- Workforce Readiness
- Increase Professionalization of Workforce

Workforce Credentialing

Workforce Certifications



Number of Employees with Degrees

- Compensation Philosophy

Compensation Strategy

- Gap Assessment
- Leadership Development

Succession Planning

NSPS

- Market Based Pay
- Pay for Performance
- Results Oriented Performance Culture

Leadership Development / Competency Management

- Leadership / Competency Training

Employee Value Proposition

- Branding OAS Enhancements
- Addressing attraction and retention Gaps

Lean

- Workforce Profile
- Efficient / Effective Organization
- Workforce Requirements



Number of employees and their skill sets

Integrated Human Capital Strategic Initiatives



OAS Survey Results

SUPPORTING OUR WORKFORCE TRANSFORMATION



- 221 critical manager positions identified. 68% have at least three successors identified – 82% have at least one successor identified
- Leader's in Motion (LIM) Program a “pocket of brilliance” (Vice Admiral Lou Crenshaw, quoted in *Federal Computer Week*). 675 LIMs recruited to date - retention rate of over 87%. National Association of Colleges and Employers survey indicates 25% of recruits in private industry leave within the first five years.
- Increased degreed employees by 11.5% since 2001
- 27 employees enrolled in agency-funded degree program
- Exceed American Society for Training & Development (ASTD) standards
 - P** Production time spent on training is 2.6% (ASTD standard 2.3%)
 - P** Employees attending training is 98.3% (ASTD standard 90.1%)
- Training expenses are 2.2% of our overall budget - \$11.8M for FY 08



SUMMARY



QUESTIONS?

