Strategy Focused
Workforce Transformation

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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

DFAS TODAY
- 12.5K employees
- 19 sites
- $1.63B in Revenue

OUR BUSINESS
- Accounting Services: 57M general ledger accounts maintained
- Commercial Pay: 13.8M commercial invoices paid
- Military & Civilian Pay: 5.9M people paid

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DFAS TRANSFORMATION

FY 2005

- 30 locations
- 13,8792 employees
- 92 systems
- $1,615M operating costs
- 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$
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:
  - Vision, Mission, Goals, Objectives

Office of Strategy Management (OSM)
- Reviews current strategy & provides analysis to Director, SBM

Director, Strategic Business Management
- Reviews strategy & environment with DFAS leaders
- Mission, Vision
- Strategic goals, objectives in line with four BSC perspectives

Executive Council Advisory Group
- Recommends changes to DFAS Corporate Strategy

Executive Council
- Approves final strategy
- Mission, Vision, Goals, Objectives

Phase # 2
- Based on new strategy & current BSC results, SBM recommends revisions
- ECAG & EC approve new BALANCED SCORECARD:
  - Measures, Targets

Office of Performance Management
- Reviews current measures & provides analysis to Director, Policy & Performance Management (P&PM)

Director, P&PM with Proponents
- Recommend changes to measures
- Baseline measures and recommend targets

Executive Council Advisory Group
- Recommends measures and targets to EC

Executive Council
- Approves final scorecard
- Measures & Targets

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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

Customer Perspective
- Support Customers in the Global War on Terror

Support DoD in winning the Global War on Terror

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

Lead transformation of finance and accounting functions throughout DoD

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

Perform the DFAS mission at best value for DoD

Learning & Growth Perspective
- 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

Attain operational excellence in finance and accounting services

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

OBJECTIVES

Support DoD in winning the Global War on Terror

Customer Perspective
- Establish business requirements for DoD transformation initiatives related to finance and accounting activities
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Internal Perspective
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Financial Perspective
- Optimize processes to meet or exceed industry and government standards
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Learning & Growth Perspective
- Raise the level of relevant skills and competencies to meet anticipated needs
- Attract and retain employees with needed skills and competencies

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COMMUNICATING FOR ACTION

ó Continually communicate the strategy to the workforce

ó Link Individual Performance Plans to Strategy

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<tr>
<th>Customer Solutions</th>
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<tr>
<td>Support DoD in Winning the Global War on Terror</td>
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<tr>
<td>Lead Transformation of Finance and Accounting Functions Throughout DoD</td>
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To Satisfy Customers...

<table>
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<th>Financial Stewardship</th>
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<td>Perform the DFAS Mission at Best Value for DoD</td>
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Needed to Deliver Results to Stakeholders...

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<th>Internal Capabilities</th>
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<td>Attain Operational Excellence in Finance and Accounting Services</td>
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To Build the Capabilities...

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<th>Workforce Development</th>
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<td>Attract, Develop, and Retain a Highly Capable Workforce with Relevant Skills and Competencies</td>
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Preparing Our People...

I will pursue the credentials and experience I need for my career

I will monitor budget expenditures and milestones for my projects

I will identify ways to improve processes in my area

I will deliver the type of service I would like to receive as a customer
ACHIEVING RESULTS

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

People
• Human Capital Strategy: Leadership development program at DFAS is a DoD highlight

Information
• Business Intelligence: Dashboards allow for EVM and other analysis
• Information Security: Effective data sharing without loss or theft

Technology
• ERP: Providing requirements, testing and implementation teams for 16 DoD cross-component systems

Structure
• BRAC: 11 sites closed on time with no mission impact
• Centers of Excellence: Program Management and Financial Management CoEs established in 2007

Process
• HPO: Pilot provided 600 competitive sourcing credits
• Lean 6: $21M ROI for projects in 2007
• ERM: Cross-organizational management of all core processes
• Seven consecutive clean audits

Vision and Leadership

Making Every Day Count

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## 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

### Gap Assessment
- Leadership Development

### Succession Planning

### Leadership Development / Competency Management

### Leadership / Competency Training

### Number of Employees and their skill sets

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### OAS Survey Results

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SUPPORTING OUR WORKFORCE TRANSFORMATION

ó 221 critical manager positions identified. 68% have at least three successors identified – 82% have at least one successor identified

ó 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.

ó Increased degreed employees by 11.5% since 2001

ó 27 employees enrolled in agency-funded degree program

ó 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%)

ó Training expenses are 2.2% of our overall budget - $11.8M for FY 08