
“REENGINEERING” THE AIR FORCE SECURITY ASSISTANCE CENTER (AFSAC)

By
Roger Reynolds and Larry Shaw

BACKGROUND

In March 1995 the Defense Security Assistance Agency (DSAA) elected for the first time to provide the Military Services with a five-year administrative budget (FY96-FY00). The Air Force had long argued that past problems with unexpected budget reductions followed by the inability to make major personnel adjustments in the execution year could be overcome by extending the budget process over a longer time period. While this change in the administrative budget process was welcomed by the Air Force, it brought to light a long term declining sales forecast and the need to make a major reduction in administrative expenditures.

The AF Materiel Command (AFMC) generally receives 80 percent of the AF FMS administrative budget and those funds are predominately (80 percent) used for civilian payroll. Any reduction in the flow of administrative funds to AFMC translates directly into the loss of people. When AFMC completed the FY 1996-2000 budget allocation process, the Air Force Security Assistance Center (AFSAC) was faced with the problem of implementing a 22 percent budget cut and adjusting to projected increases in “must pay” costs. Additionally, a major portion of AFSAC’s information systems office was targeted for a capitalization/reduction to support the Defense Security Assistance Management System (DSAMS) development. As AFSAC started FY 1996 the challenge was to reduce 153 people, maintain quality customer support, and have a totally reorganized center up and running by October 1997.

The following article deals with the strategy AFSAC is using to meet the drawdown challenges driven by a declining budget. The project is not complete. Both problems and solutions continue to evolve; but an approach is now in-place to deal with unexpected changes, breakthroughs in process design, and changing customer requirements.

START UP

In December 1995, AFSAC’s Strategic Planning Steering Committee chartered a *Reengineering Process Action Team (REPAT)* to consider and recommend alternatives for dealing with the declining FMS administrative budget. The REPAT was given wide latitude to look at all aspects of the AFSAC mission, manning, responsibilities, external relationships, customer requirements, and current organizational structure. The Steering Committee’s only specific requirement was that every alternative proposed by the group had to ensure that Core FMS Functions could be accomplished with the resources remaining after taking the mandated budget reductions. A group of 14 first line supervisors, representing every organization and functional discipline in AFSAC, was assembled to reinvent the AFSAC organization. The team was led by one of our most experienced information systems managers, which proved to be a key factor in maintaining a systematic process focus. The REPAT had 90 days to complete its review and brief the Steering Committee.

Initially, 90 days seemed like a long time for the task. But, as the REPAT began to develop a team methodology for resolving everything from group dynamics, data analysis, collecting expert opinions and customer interviews, to something as seemingly simple as a

standard vocabulary, the task appeared to be almost overwhelming. Early on, some key decisions helped the team overcome the constraints to deliver their proposals on time.

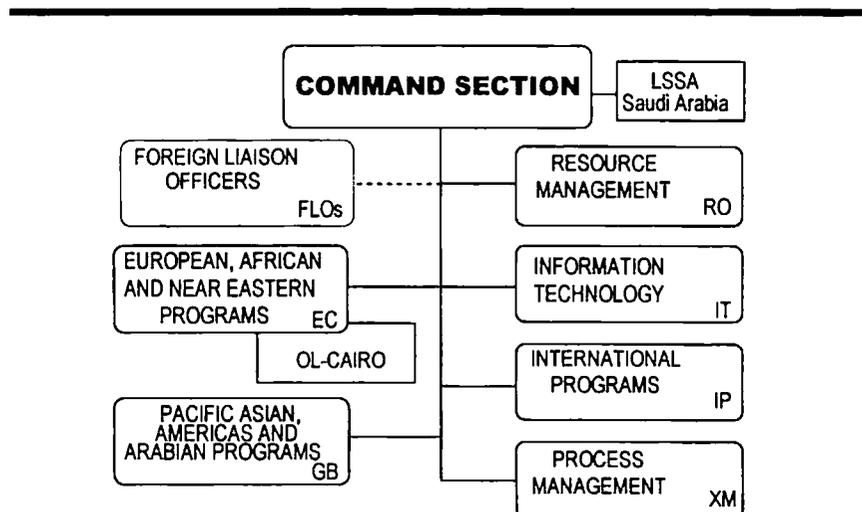
First, the team took advantage of the AFSAC PC-NET to quickly disseminate information to, and ask for help from, all AFSAC employees. While far from eliminating the fear and stress associated with a major personnel reduction and re-organization, this step did go a long way in keeping the communication lines open and in generating hundreds of ideas and suggestions from the folks who work the day-to-day processes with our customers. Everyone in AFSAC had an opportunity and was encouraged to provide input and ask questions about the REPAT work.

Second, the team worked as a single unit in the early stages to collect information and build a common understanding of how the current organization actually got work accomplished. Sometimes the methods were a surprise. In the later stages, the REPAT divided into three sub-teams, each tasked to independently develop a fully documented alternative (organization structure, functions to be performed, manpower positions to be eliminated, etc.). The decision to approach the problem in this manner ensured more than one alternative would be available for the steering committee. It also reinforced the idea that more than one right answer was possible so the group didn't require 14 people to agree on every point. Further, this approach overcame the common team problem of "group think," and inspired a bit of friendly competition among the three sub-teams (i.e., "if they can do it, so can we").

Third, the team jointly considered the issue of whether an AFSAC was actually needed—should it or could it be eliminated? Seriously considering the closure of one's own organization is neither popular nor easily done while maintaining an objective view of the circumstances. The reason this step was so critical is that it produced and reinforced a very strong commitment on the part of the team members that AFSAC did have a major role in the AFMC FMS mission and that it was absolutely essential for the REPAT to successfully complete its task. In the eyes of the team, this was no longer just a paperwork special assignment to be filed away and never used—they really did have the future of AFSAC in their hands.

Figure 1

***AFSAC ORGANIZATION
(current)***



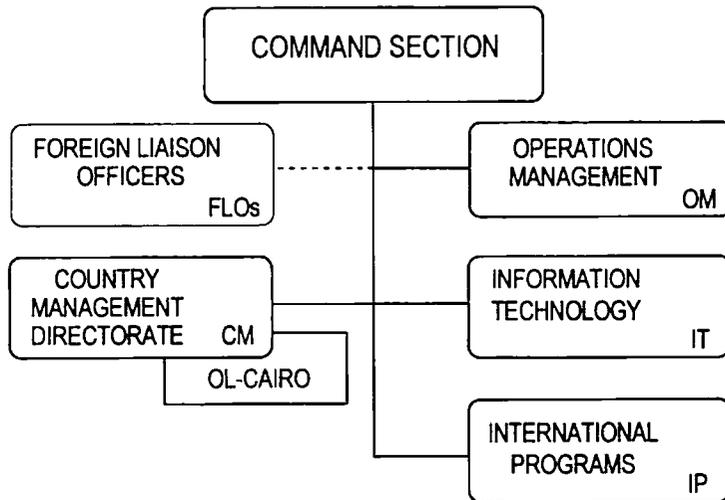
ANALYSIS

In April 1996, the REPAT provided three organizational design options for a “new” AFSAC. The document contained over 1000 pages of narrative and charts showing the supporting rationale, results of their data collection and analysis effort, and a recommended location for every manpower position (administrative or case) in all three design alternatives. Over the course of several weeks the Steering Committee reviewed the options, considered the associated recommendation and built a “hybrid” organization structure that was based on the best features of the three proposals. Figure 1 shows a macro view of the current AFSAC organization.

The target organization is founded on the following factors, and analysis derived from the REPAT final report led to the proposed organization structure shown in Figure 2 (to be implemented in the summer of 1997).

Figure 2

AFSAC ORGANIZATION (proposed)



1. It is extremely difficult, if not impossible, to accurately size the administrative funded resources that should be dedicated to a specific country team. In our current structure we have country teams that range from a fraction of one manpower position to a maximum of 40 people. What drives the team size? Is it the number of FMS case/lines or the dollar value or the weapon systems the country supports or the number of requisitions? The answer is obviously a combination of all these factors plus many others that are not so easily measured. Inevitably, the team will rarely be exactly the right size—it is either a bit too large or a bit too small. If the team is too large, a wide variety of miscellaneous tasks show up to absorb the time available (work expands to fill the allotted time). These tasks could be generated by higher headquarters, other centers, the foreign liaison officer, and in some situations, our own internal taskings to report, measure, and brief on country information. These “extra tasks”

soon become part of the day-to-day business and are routinely expected by the country and other USAF team members.

On the other hand, if the team is undersized, we often find routine administratively funded work does not meet the country expectations nor does it meet what AFSAC would consider an acceptable performance standard. In this case there is a constant effort, regardless of the tasks that need to be done, to add additional case or admin funded manpower positions. Since the manpower process does not respond in a real time manner to changing needs in the work place, the approval and staffing process often produces the extra authorizations after the real critical need for help has occurred.

2. Dedicated country teams prevent the development of a mobile, flexible workforce that moves and adjusts to the ebb and flow of work across the organization. The result is that some country teams are extremely busy while others may be in a slack period waiting for their country to sign new LOAs or to establish the next round of requirements for a program review. As explained above, during those slack periods the dedicated country team members either pick up extra country related tasks (usually things that don't meet the strict definition of admin work) or else work their programs beyond what would be considered a "normal" support mode. While this is not inherently bad, if other country programs can't meet "normal" support expectations, then it is inappropriate for some countries to receive this 'exceptional' support.

3. While AFSAC has a good training and education program with well defined procedures, the most common way for new employees (new country team members) to learn their job is through on-the-job training. OJT is provided by the "old hands" on the country team or by following the examples in the country files. As normal employee turnover takes place on the country team, the current OJT tends to drift further away from a standard process and takes on a country unique flavor. More employee turnover on any given team, generally results in more nonstandard day-to-day working procedures for that particular team. This is not to say that every country team must operate exactly the same way. However, it seems reasonable to expect that 75-80 percent of the country team work would be fairly standard while the remaining portions would be flexible to adjust to the peculiarities of a particular program.

4. Today's organization and workflow contribute to an uneven level of admin funded support across the various customer programs. It is not that one country receives consistently poor or consistently outstanding support; but as you look at various performance measures, they are clearly not the same for all customers. In some areas, country A is doing well but in other areas that same country might receive below the average level of support. No one country leads in all areas of support. After reviewing the data, our view is that administrative work should be at the same performance level for all countries regardless of program size. While this statement might initially seem somewhat disturbing to our largest customers the point to keep in mind is that when the goal is to maintain equal performance rates for all open requisitions, a country with 10,000 requisitions is going to get considerably more admin funded attention than a country with 1000 requisitions.

5. Over the past several years AFSAC has moved selected FMS tasks out of the dedicated country team to process focused groups. Prime examples include document preparation (LOAs, amendment, and modifications), financial analysis, supply operations and Reports of Discrepancy (RODs). In each case, performance improved and the resources to do the job decreased. These results are not hard to understand. First, the process team is working to meet the expectations for all customers, and second, a much broader experience base yields better trained and more knowledgeable staff than can be achieved in any single dedicated country team.

Figure 3

IMPLEMENTATION PLAN

FOCUS TO ENSURE CORE FUNCTIONS ACCOMPLISHED

CORE FUNCTIONS

- INTERNATIONAL PROGRAMS SUPPORT
- COMMAND COUNTRY MANAGEMENT
- COMMAND INTERNATIONAL POLICY
- COMMAND FOREIGN DISCLOSURE
- SUPPLY ANALYSIS/SUPPORT & REQUISITION MANAGEMENT
- ROD MANAGEMENT
- INFORMATION SYSTEMS MANAGEMENT
- FMS CONTRACTING
- DOCUMENT PREPARATION
- CASE/LINE MANAGEMENT
- FINANCIAL PLANNING/MANAGEMENT
- RESOURCE MANAGEMENT
- INFRASTRUCTURE SUPPORT
- PROCESS, PROCEDURAL ANALYSIS/PROBLEM RESOLUTION

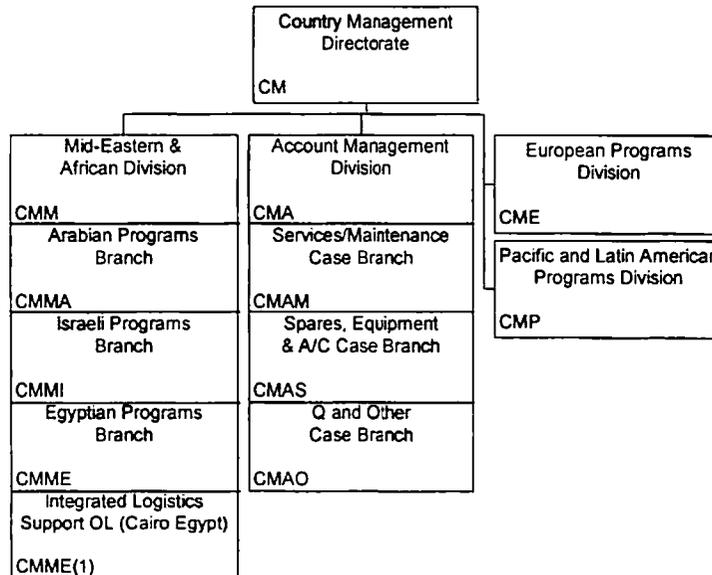
THE NEW ORGANIZATION

The new AFSAC organization will accomplish AFSAC's core tasks (see Figure 3) and meet the budget "glideslope" for the FY 1996-2000 time-frame. As shown in Figure 2, two major structural changes will be made to the AFSAC organization. First, and most significant, is a reduced size and merger of our two geographic directorates. The "heart" of the Country Management Directorate (Figure 4) is still the Command Country Manager (CCM). The CCM is the AFSAC face to the customer and in that capacity serves as the entry point for all country problems, concerns, requests, issues, etc. that affect the health and well being of the overall country program. The CCM is also the integrator of the country's program, chief financial planner, advisor and advocate for the country in dealing with other DoD activities and associated contractors. This is not to say that the country can only deal with AFSAC—to the contrary, representatives from the country are encouraged to deal directly with their AFMC counterparts on specific program issues. However, when the customer does come to AFSAC or if the issues involve crossing program lines, the CCM is the primary point of contact. In the "new" AFSAC, most country programs will have one dedicated administratively funded position—the CCM. However, the CCM will be supported with teams of process experts focused on insuring equitable support for all countries. These process experts can be used by the CCM to resolve program problems, attend Security Assistance Management Reviews, build status reports on program performance, brief country visitors, and in general, help the CCM take care of his customer. We want the CCMs to be decision makers with a clear picture of the total country program. For the most part, the "doing" is performed in the support offices. The role of the CCM is to use the results of those actions to drive both current and future decisions that keep the country program on track and within financial expectations. At the country's discretion, the CCM can be augmented with case funded manpower to meet any specialized support needs defined by the country.

In addition to the CCMs, the Country Management Directorate will also contain the Account Management Division. This division is made up of three branches that contain AFSAC's Account Managers—previously referred to as case or line managers. They are the procedural experts and owners of the various processes required for a country to obtain FMS material and services, e.g., munitions, equipment items, contract services, FMSO-I & II cases, etc. Instead of managing a particular type of material or service line by country, the Account Management Division will manage those lines by process for all country programs. One major advantage of the new structure is that it will be far easier and more efficient to deal with AFMC centers as an advocate for all countries instead of each country team working independently with the supplier to improve support for just one country. The CCM and the Account Management Division will form a working partnership to insure reliable and equitable support for all countries.

Figure 4

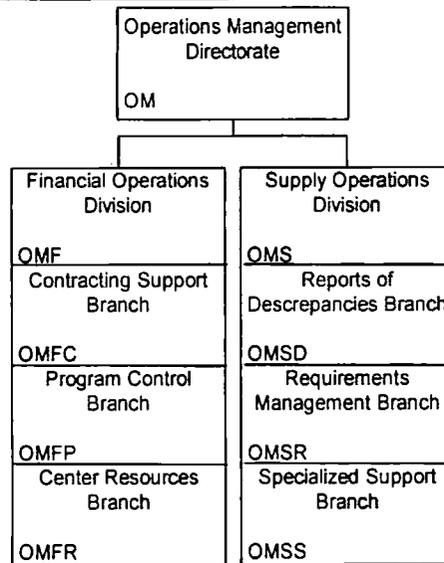
**AIR FORCE SECURITY ASSISTANCE CENTER
COUNTRY MANAGEMENT DIRECTORATE**



The second major structural change in the organization is the creation of an Operations Management Directorate (OM)—Figure 5. The primary purpose of this organization is to build on the past successes of the process focused groups (like RODs, document preparation, and supply operations) we have in place today. OM will be deeply involved in the day-to-day details of the FMS process. Their relationship with the Country Management Directorate (CM) will be defined in a series of Service Level Agreements (SLA). The SLA is a business like contract that spells out the CM's expectations for the type and level of support to be provided. When appropriate, the SLA will be renegotiated to consider changing program conditions and crisis situations. OM is built on the idea of a flexible workforce that can adjust to short notice, unexpected changes in workload and priorities. Most important in this concept is that the process experts in OM are part of the CCM's country team. During the various country reviews (Security Assistance Management Review, etc.) OM, along with the Account Managers, will augment the CCM to field a country team with the right tools, experience and FMS expertise to work with the country counterparts to answer questions, work action items, and in general, keep the country program on track.

Figure 5

**AIR FORCE SECURITY ASSISTANCE CENTER
OPERATIONS MANAGEMENT DIRECTORATE**



Upon completion of REPAT I, the remaining big question was how to decide what functions and processes belong in the restructured AFSAC—particularly in the new OM Directorate. In the new phase, REPAT II, every core function is undergoing a business process re-engineering (BPR) effort to streamline and automate as much of the core work as feasibly possible. The results of the BPR will identify the improvement opportunities and allow us to finalize the CCM, Account Management and Operations Management relationships. While the BPR is still in its early stages, we are confident that the approach will allow us to continue to perform our core functions equal to or better than what we do today.

REENGINEERING PROCESS ACTION TEAM II

REPAT I was successful in defining an organizational concept. The next task, getting there, will also be a major challenge in the coming months. REPAT II was formed in June 1996 to lead our efforts in bringing up a fully operational organization by the summer of 1997. REPAT II is composed of three separate teams—Figure 6.

Team 1 is the placement/personnel team. In addition to all the paper work and coordination required to get the reorganization approved, this team keeps everyone in AFSAC up to speed on what's happening, e.g., apprised of key dates and related events that might impact our personnel. Their primary focus is on helping people make it through some of the difficult transitions coming over the next year or so. Some of our folks will retire or voluntarily separate from the government, some will be surplus and moved to new jobs, some will be RIFed, and some will be survivors asked to make the new organization work. Each personnel situation requires a different approach and in most cases it takes planning and some outside help to get people successfully through the process and functioning smoothly again. Team 1 is working with the Wright Patterson AFB Transition Assistance Programs and external outplacement offices to gather information about the job market and sponsor how-to work shops on interviewing, resume writing, and job development. Every person we can help make

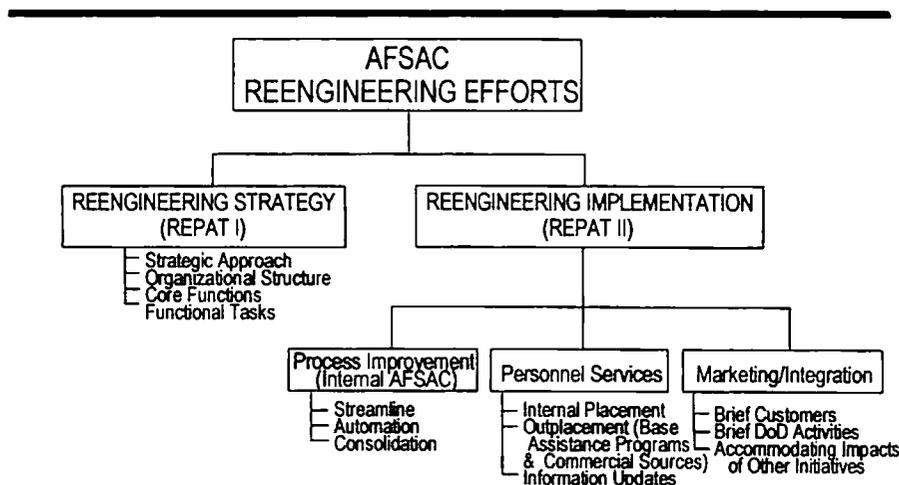
a successful voluntary job change is one less person who will be forced to move or permanently displaced from the government.

Team 2 is the home for our business process reengineering work. This team is dissecting every core process and rebuilding it from the ground up—not an overnight accomplishment and probably a task that will continue long after the new organization is put in place. This team has an ambitious agenda. One of its prime objectives is to build processes that insure equal support for all customers across all administratively funded tasks. To make this happen, the process teams will write Service Level Agreements with the Country Management Directorate to guarantee the desired level of support is achieved. The CCMs and the customers will have a continuing say in what gets priority attention, the trade offs to be made with limited resources, and the performance goals to be achieved. A lot has been said and written about BPR, and it usually takes a crisis (like losing 22 percent of your workforce) before an organization gets serious about making radical changes. It is not our objective to review the theory, but it is worth noting again that a real management commitment and a significant investment in resources are needed if you expect more than a token payoff. It may sound as easy as “cheaper, better, faster” but in reality you are talking a total change in the thinking process that involves every employee, major suppliers, and your customers. We have a long way to go in a short period of time, but it does look achievable.

Team 3 is the integration team. It has the task of pulling the various pieces together so that we have a coherent game plan for executing the reorganization plan and most important, for insuring that everyone understands their role in the process. The Team 2 tasks vary from working with our facilities manager to develop a move plan, to preparing the briefings that will be given to both our external foreign customers and our DoD partners. We’re trying to avoid the “working in a vacuum” tendency and that means sharing as much information as you can with all the affected stakeholders. There is a tendency to skip this process because it allows you to avoid outside opinions and confrontations that take time to resolve. However, if you don’t take them on upfront, the likely outcome is that you will spend even more time trying to undo decisions or selling a poorly designed plan later in the process.

Figure 6

AFSAC REENGINEERING EFFORTS



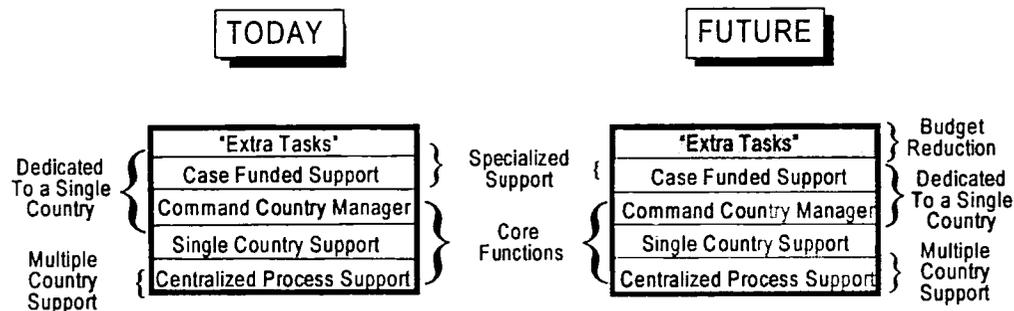
SECRET INGREDIENTS

Some readers may be skeptical that we can provide better support with fewer people. Two critical ingredients bring it together and make it possible "to do more with less." First, fast and reliable communication links must exist throughout the organization. Our information systems office will provide all of the "doing" people with the latest computer technology to enable them to tell the complete story behind the myriad of FMS actions (e.g., requisitions, amendments, overcommitted cases, case closure, etc.) that when rolled up for the CCM represents a current view of the "total country program." The outcome of the BPR will be a defined package of tools, information, reports, and measures required by the CCM and the customer on a continuous basis to run their programs. The information systems folks are going to make it easier to update (in many cases automatically doing today's manual tasks) and share core program data in an on-line, easily manipulated format. Without such computer systems support, we cannot achieve our budget reductions and reorganization objectives.

The second and most important ingredient is people. People who are well trained on basic job skills, understand how the organization works, and who take responsibility for getting the job done fast and right. And, people who will challenge the status quo, try new ideas, and develop a mindset of constantly looking for new and better ways to meet the customer's requirements. These culture changes takes a concerted effort on the part of every manager to acknowledge and reward the creative thinker and the risk taker. Of all the things we have to do in the coming months this one will be the most difficult. However, it also has the greatest potential payoff.

Figure 7

AFSAC COUNTRY TEAM COMPARISON



THE CUSTOMER

We haven't forgotten our customer as we work our way through the budget reduction and reorganization process. In fact, we've created several entry points along the way for customer input. REPAT I met with the foreign liaison officers (FLOs) to explain their approach to the

budget changes and to ask for their input. REPAT II has provided each of our FLOs with a list of the processes in the BPR. The FLOs have an opportunity to work as a community or individually to identify the areas that are most critical to them and they are invited to offer their process suggestions for improving performance levels. Those customers without a FLO were sent a package of information and also asked to participate in the BPR effort. We're hopeful that our customers will use these opportunities to help us better support their FMS requirements.

Based on input so far, it is worth mentioning that our customers are concerned about the changes being proposed. Today, they have dedicated country teams and know those teams on a personal basis. Tomorrow, most countries will have only one or two dedicated admin funded people, and as required, process experts will be called in to help resolve issues, prepare for program reviews and work the day-to-day country program details—the “doing” work—Figure 7.

This represents a significant change and it's understandable that we have a skeptical customer. For now, all we can do is make sure the customer understands our plans, our determination to maintain performance levels, and ask for their patience and cooperation as we develop the concept. We have assured our customers that nothing is locked in place. As we sort through the options and experiment with new ideas we will make adjustments and fine tune both the organization and the work process design.

What we need now is for the customer to think along the reengineering lines with us so we can improve the whole process and not just what takes place inside AFSAC. We are undoubtedly performing many repetitive tasks (reports, meetings, statistics, etc.) that were requested by the customer to solve problems that occurred years ago. Most likely, many of those tasks have no value-added today, or at a minimum, do not take advantage of today's technology. We need the customer's help in identifying those outdated or poorly designed tasks so they can be eliminated and allow us to concentrate on the core issues in today's programs.

SUMMARY

In March 1996, AFSAC hosted the AFMC Inspector General for a Quality Air Force Assessment (QAFA) using the Malcom Baldrige criteria. AFSAC received the highest score awarded among the 11 AFMC Centers completing the QAFA in this format. A primary factor that allowed us to score so well in the QAFA was a very strong customer focus (heavily weighted in the Malcom Baldrige National Quality Award/ QAF Criteria) throughout all aspects of AFSAC work. While we were pleased with the results, there were many recommendations and significant comment about the variability and lack of hard measurements for controlling current work processes.

Our REPAT II teams are building a new AFSAC organization with re-engineered work processes that will allow us to overcome the deficiencies reported in the QAFA. But, can we do this without losing the strong customer focus that has long been an AFSAC trademark and meet the DSAA budget reductions? Today the answer to that question is a definite “yes.”

Winston Churchill once said, “the further backward you look, the further forward you can see.” We believe that's true, and part of our strategy is to carefully examine our past failures and successes to take advantage of those lessons learned. Our past experiences, combined with a vision of where we need to go will enable us to meet the challenges on the road to the year 2000.

ABOUT THE AUTHORS

Roger E. Reynolds (B.S. Ohio State University, M.B.A. Wright State University) is the Executive Director for the Air Force Security Assistance Center (AFSAC). He has over 22 years of experience in Security Assistance and has worked and managed all aspects of the FMS program. Mr. Reynolds is an adjunct faculty teacher for the University of Dayton and has spoken on many occasions to DISAM classes.

Larry L. Shaw is the Chief of the Security Assistance Management Information System (SAMIS) Division for the Air Force Security Assistance Center. He has over 20 years of Security Assistance experience and 32 years as an Information Systems professional. For the past 12 months, Mr. Shaw has served as the project manager and designer for the AFSAC process re-engineering effort.