

## **Initial ABM results**

Seven of the eight departments were serious about the analysis and worked with GT and the core ABC/M team to better understand their business processes and move forward with integrating ABC/M into the management of their organizations.

The eight departments met with the Chief of Staff at the conclusion of the initial analysis. There were two objectives for this meeting: to provide the new Chief of Staff background on the ABC/M initiative and offer the departments a forum to present results to date of their ABM analysis. The results presented by the departments in this meeting did not completely reflect the numerous potential opportunities for efficiencies and cost savings that surfaced as a result of initial root cause analysis. These presentations and the discussion that followed offered valuable insight into the current environment, specific areas and concerns that senior Depot management and the core ABC/M team must address, and also provides a base of experience useful in tailoring continued ABC/M to the particular environment here at MCRD San Diego. Several of these issues are addressed in the *sustaining and expanding ABC/M* section of this document.

### *By departments*

The following are initial opportunities identified by individual departments as a result of their activity analysis. More thorough research to substantiate and justify the opportunities is the next step in the continuous process improvement cycle. The performance measures proposed by each department are provided as an attachment to this document (attachment C).

#### **G-1, CPAC, Substance Abuse, Military Post Office**

- automate counselor's progress notes and other required documentation (provide and coordinate treatment)
- increase professional training level of counselor's (provide and coordinate treatment)
- contract SACC services for the Depot
- enforce use of Federal Express (FedEx) by minimizing administrative burden placed on senders (employees currently prefer to use Express Mail); estimated savings \$100 per week
- explore automation in Postal area to automatically calculate correct postage, this would reduce error rates and allow the Depot to receive bulk mailing discounts
- continue review of CPAC with eye to short-term efficiencies (in light of long-term goal to consolidate this function into a single support center)
- continue ABM analysis to reduce resources consumed in sustaining activities

#### **Combat Visual Information Center (CVIS)**

- streamline requests for print job from reprographics by connecting all printers to the LAN

- update the paper-based job order system to a computer-generated database
- turn over control of the sub-accounts for the CMR to PCO
- train customers on setup of equipment to reduce man-hours spent on this activity at the location of setup
- analyze the job orders to see exactly how much time is spent on each activity
- produce and display a standard package for official portraits to reduce time spent on reprints
- digitally produce promotion photos to reduce re-shoots
- purchase an Avid, non-linear editor for ITV to reduce time spent on editing and reproduction
- reduce the amount of photographers and creating a civilian billet to handle all printing done in the photo section
- create a self-help area to reduce hours spent on small projects
- cross-train within all sections to become more efficient with fewer people

#### **Communications and Information Systems Department (CISD)**

- enforce the customer sign-off system design before application coding starts
- provide additional basic training to ISC to enable them to better analyze equipment failures and assess the scope of needed repairs
- develop an equipment distribution plan that requires the least mileage (to drive to location) and redundancy of effort
- monitor recalls and provide instruction to ensure repair is done correctly the first time
- Drmo any non-compliant equipment found to still exist aboard the Depot
- ensure that the object of time spend performing general administrative duties is really needed

#### **MCCS - non retail areas**

- streamline administrative costs without reducing quality of service to our customers
- coordinate with Depot management to streamline requisition process
- guard against rework by accomplishing the task right the first time
- reduce resources consumed in the General Administration activity

#### **Comptroller's Department**

- check claim for completeness prior to accepting the document
- establish in-house training to reduce the number of erroneously completed forms
- establish claim processing performance measure

#### **G-4 Service and Supply**

- continue working with RTR; RTR scheduling constraints are the root cause for several activities
- explore staffing options to handle seasonal recruit load
- analysis of resources engaged in core versus sustaining activities: core activities – 56%; sustaining activities – 44%
- continue analysis for improvement in the following areas:
  - staffing
  - procedures
  - equipment and software

#### **Recruit Training Regiment (RTR)**

- continue analysis of initial strength testing activity; explore ways to accomplish the same result with fewer resources
- research benefits of appointing a civilian to be responsible for maintaining barracks

#### **Weapons Field Training Battalion (WFTBn)**

WFTBn did not provide results of their analysis.

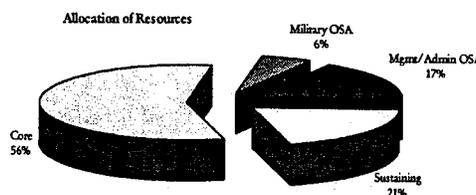
By Grant Thornton

There are several specific areas where GT believes there are efficiency and savings opportunities that were either not addressed by the department in their analysis or are Depot-wide initiatives. These areas offer the best short-term opportunities to achieve real process improvement advances at the Depot.

### Doing the right work

Organizational sustaining activities (OSA) are tasks and duties that do not directly contribute to the output or services provided by the department. These activities are traditionally referred to as *overhead*. The total cost of these activities in fiscal year 1999 was approximately \$ 14.8 million, or consuming about 17% of total Depot resources.

GT recommends that the Commanding General charge each department with analyzing and reducing the resources engaged in these activities. Overhead seldom improves performance or the value of goods and services provided to the customer or end user. Overhead activities are necessary to the functioning of an organization, but high OSA costs indicate opportunities to eliminate non-value-added tasks and reduce paperwork redundancy. This often is an area where work is done 'because we've always done it this way' and offers significant opportunities to reallocate human resources.



	Expense (000 <sup>5</sup> )		Expense (000)
Department Mgmt	\$8,115.5	Department Admin	\$6,635.2
Perform Military Personnel	3,925.1	Perform General Admin	2,650.3
Perform Dept Mgmt Duties	3,888.3	Maintain Office Equipment	894.6
Perform Civilian Personnel Action	172.8	Maintain IT Systems	890.0
Provide Required Civilian Training	129.3	Perform Purchasing/Requisition	513.7
		Perform Acctg and Budgeting Functions	414.5
		Perform Facility Support	368.0
		Contribute to Base Initiatives	348.7

<sup>5</sup> Expense data represented in thousands.

Additional detail on OSA, by department, is in Appendix D.

In future iterations of the model, departments will get better at apportioning resources to activities. This may reduce the costs of these activities, or it may increase the cost of these activities, but the changes probably will be incremental. The magnitude of resources reflected in the initial model is sufficient evidence that the Depot is devoting a large number of personnel to administrative tasks – tasks that are not directly contributing to making Marines or enhancing Marine capabilities.

As an example, WFTBn is allocating \$697.3K and 20 Marines to performing miscellaneous department administrative tasks (as example, reviewing correspondence, e-mail management). Can some tasks be eliminated – what would happen if it didn't get done? Is there redundancy in the work? Can it be streamlined with automation? Do you have Marines doing administrative work that they are not trained to do or don't do well?

The objective is to get Marines and employees to focus attention on their primary duties. Is MCRD San Diego going to significantly reduce staff by eliminating some administrative functions? Maybe, probably not. But, achieving a 10% reduction in department administration and department management would be comparable to hiring 30 new employees, new employees who could be providing better services to support recruit training and the quality of life of permanent personnel.

#### **G-4 Service and Supply**

##### *Recruit Uniform Fit*

Regulations and tradition require that every Marine have a perfectly tailored dress blue uniform prior to their departure from MCRD San Diego. This standard will continue. The challenge is to provide the end product, a perfectly tailored uniform, in a more cost-effective manner with no change in the quality of the end product.

Currently there are three fittings that take place during the 13-week training period. The first fitting takes place on training day (T)19 of the training cycle. At this time, the recruit is still undergoing physical transformation resulting from consistent meals and the rigorous exercise regimen. At T33, over 40% of the uniforms are altered, again, and at T60 another 43% of the uniforms are altered, again. In summary, there are three fittings with over 80% of the uniforms receiving at least two alterations.

The Depot should explore eliminating the first alteration of the uniform. The recruit does not need the dress uniform before T33. GT recommends the Depot partner with Parris Island, who also had a similar recommendation stemming from initial ABM analysis of this area, to enact this

change. An initial estimate of the savings possible from eliminating a second alteration is \$223.2K<sup>6</sup>.

The total cost of uniform fittings in fiscal year 1999 was \$1.1 million, according to the initial ABC model, with 19,085 recruits receiving a uniform and associated alteration. The cost to provide uniform fittings is about \$59 per recruit compared to \$55 per male recruit at Parris Island.<sup>7</sup> This is not an evaluation or indictment of this activity; it is not about whether a higher cost per recruit is bad or a statement that Parris Island is a more efficient operation in this area. But department management should explore and understand the reasons behind this difference, and take action, if warranted.

#### *Retail Sales*

Service and Supply operates a retail sales outlet. The outlet sells basic clothing items at cost and clothing items recovered from discharges to recruits and permanent personnel. The store is open Monday-Thursday 7:00 to 15:00 and Friday 7:00 to 14:00 and during fiscal 1999 the store had approximately 24,900 transactions (items sold).

The annual cost of this outlet is \$94.5K per year, employing 2 Marine FTE (based on initial model data). This cost is not recoverable. Also, the annual cost reflected in the current ABC model is understated as it does not include the cost of the facility, utilities, or the extensive overhead (cash control, accounting, and audit requirements) required by this activity<sup>8</sup>. Given the current level of demand, the Depot is subsidizing customers at a rate of \$4 for every item purchased at the outlet.

At a minimum, the volume of items sold (10 per hour) and availability of their primary customer (recruits), does not merit the current hours of the outlet. Longer term, the Depot should explore integrating this retail function into MCCA operations. MCCA has the infrastructure and personnel to perform this function. The transfer would also provide better service to the customer. Currently a customer receives no assistance in selecting the merchandise and is unable to return any item due to minimal cash register and accounting systems employed in the retail outlet store.

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<sup>6</sup> Based on initial ABC data for Uniform Fittings and Tailoring Services.

<sup>7</sup> Based on initial Parris Island ABC model data as of May 2000.

<sup>8</sup> Supply has estimated the total cost of the retail outlet at \$133.3K, including support personnel.

### *Idle Time*

Supply and Services attributed \$145.8K and 4.2 FTE to an Idle Time activity. A majority of the cost and FTE are due to personnel whose primary assignment is distributing clothing. This indicates significant down time for individuals in this activity.

There are several causes of idle time; the most significant are current staffing to peak ship periods and RTR scheduling. Supply and Services should explore reducing staff in this area by replacing some full-time employees with part-time staff and temporary staff during peak periods<sup>9</sup>. Also, RTR should explore scheduling changes to reduce the window of variability of when recruits arrive at the clothing distribution facility.

Some of the cost and FTE in this activity are due to the time of other individuals that could not be allocated to other activities and erroneous data in the initial model. The time apportioned to this activity will change as the model continues to be refined, but the magnitude of cost and personnel in this activity suggests significant opportunities in the scheduling and utilization of personnel.

### *Consolidate Warehousing Functions*

The annual cost to receive, store and transfer material is \$401.9K and 9.8 FTE. Supply and Services operates five warehouses. In four of the five warehouses, personnel perform the same tasks - receive, store, and transfer clothing items to the central distribution location.

A high-quality inventory management system has enabled the organization to significantly reduce inventory levels. The clothing issue activities should be reviewed to explore whether there are additional opportunities to consolidate items into fewer warehouses and reduce the number of personnel performing warehousing functions.

According to Supply and Services, there are plans to construct a central warehouse, with planning and design scheduled to begin in the fall of 2000. The Depot should aggressively move forward on this improvement and look to integrating the receiving and distribution functions.

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<sup>9</sup> Over 40% of the annual number of recruits are shipped during a three-month period (Jun-Aug).