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Readings in Global Organization Design  
2009 Conference Proceedings

White Paper:  
The Synergies of RO and Lean Six Sigma  
in the World's Largest RO/LSS Project  
by Dr. Stephen Clement

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# **U.S. Army Transformation Update:**

## **The Synergies of RO and Lean Six Sigma in the World's Largest RO/LSS Project**

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# **U.S. Army Business Transformation**

## **Three Major initiatives:**

### **1. Organizational Design and Development**

**(Applied to the Headquarters Department of Army Agencies)**

- Reorganizing the warfighting support army
- Introducing a new corporate governance system

### **2. Lean Six Sigma**

**(Applied to the Army's generating force processes)**

### **3. Outsourcing**

**(Privatization)**



# Business Transformation Goals

- Known as a well managed organization
- Good stewards of the nations resources
- Provide the front-line soldier and unit with cutting edge technology
- Adapt “on the fly” to rapidly changing situations
- Behave responsibly and ethically in tough situations
- Eliminate non-value adding work and waste
- Concentrate on our core business
- Build and sustain a culture of innovation and continuous improvement



# Paths You Can Take

## Operational Excellence

### Lazy Path



- Fire People & Cut Services
- Continue Current Way of Managing
- Continue Current Processes & Organization Structure

### Stupid Path

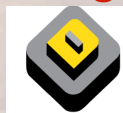


- Just Cut—Based on Across-the-Board Targets
- Cut Without Analyzing Cost, Waste, or Capability

### Smart Path



- Organizational Analysis & Redesign
- Introduce Continuous Process Improvement Tools
- Situational Awareness
- Senior Leaders Champion Change





# The Relationship Between Effectiveness and Efficiency

Effectiveness  
(Revolutionary)

Operational  
Excellence

Efficiency  
(Evolutionary)



# Innovation

**Looking for ways to do something  
fundamentally different**

- Challenging all assumptions
- Taking nothing for granted
- Not afraid to ask why not?

**Revolutionary in Nature**



# Reorganize the Warfighting Support Army

**Organizational Design Principles:**  
**Organize Around the Work**  
**Concentrate on the Core Business**

Established an Installation Management Command (IMCOM) (\$12 billion annual budget)

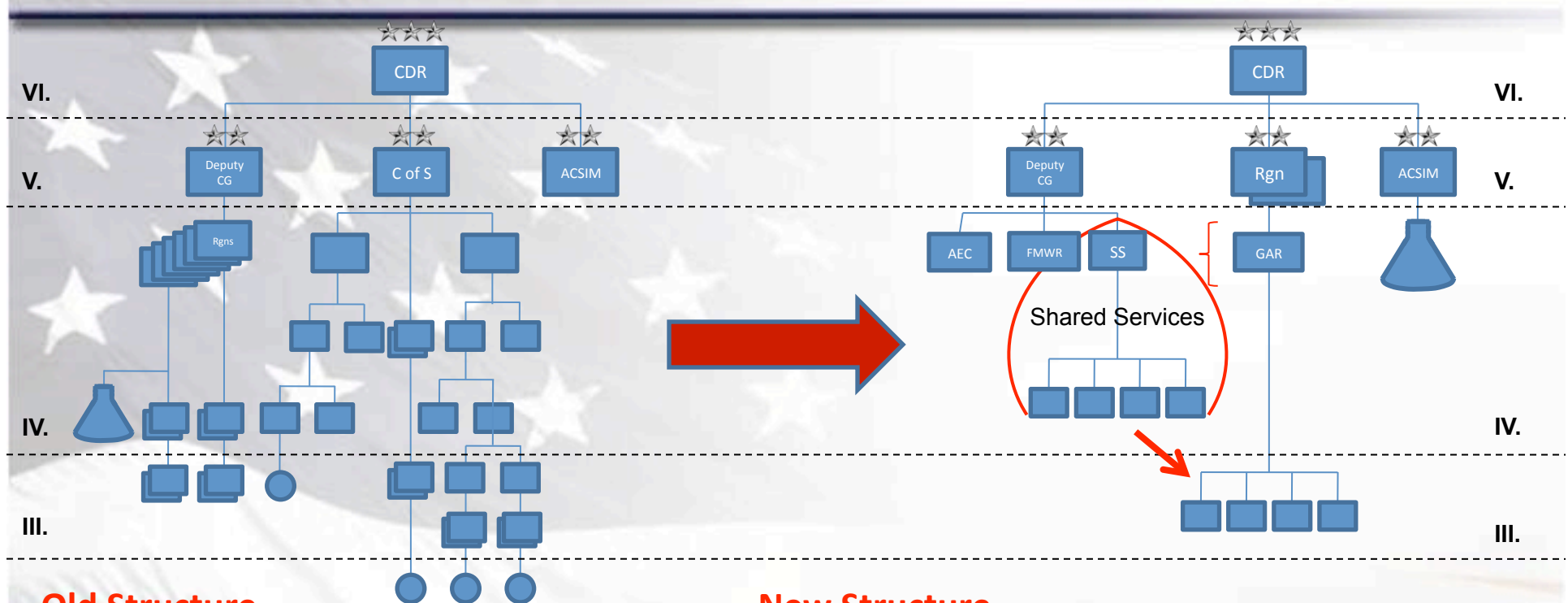
- Integrated all garrison functions under a single command
- Established clearly defined product/service units (level V organizations)
- Consolidated multiple geographic regions into HQ shared service organization
- Dramatically reduced the size of HQ staff
- Outsourced selected services through strategic partnerships (housing, guest house/hotels, utilities)

**SAVED \$700 Million Dollars**  
**Dramatically Improved Customer Satisfaction**





# Innovation – Doing Things Radically Different



## Old Structure

- HQ and Regions had duplicate staff (replicated in 6 regional locations)
- HQ provided overseas services (duplicating the respective business unit)
- Too many roles in multiple organizational layers

## New Structure

- 1 shared service organization (replaced 6 current units)
- Enfranchised sub-commands to provide worldwide service (eliminating duplicate HQ staff)
- Elevated grade of Regional Directors to level V (2-star equivalent) to provide proper mgr-sub separation, facilitate MoR leadership role



# Continuous Improvement

**Taking something we already do and figuring out ways to do it better, cheaper and faster!**

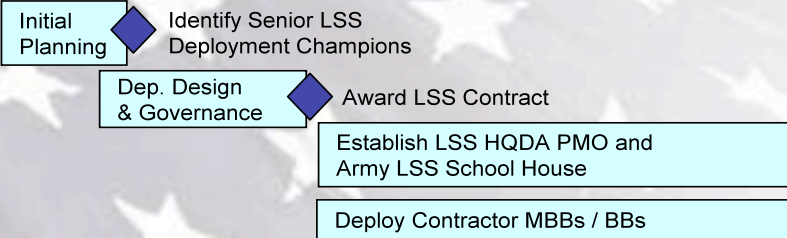
- Driving down costs
- Improving productivity
- Reducing waste

**Evolutionary in Nature**



# Army LSS Deployment Strategy

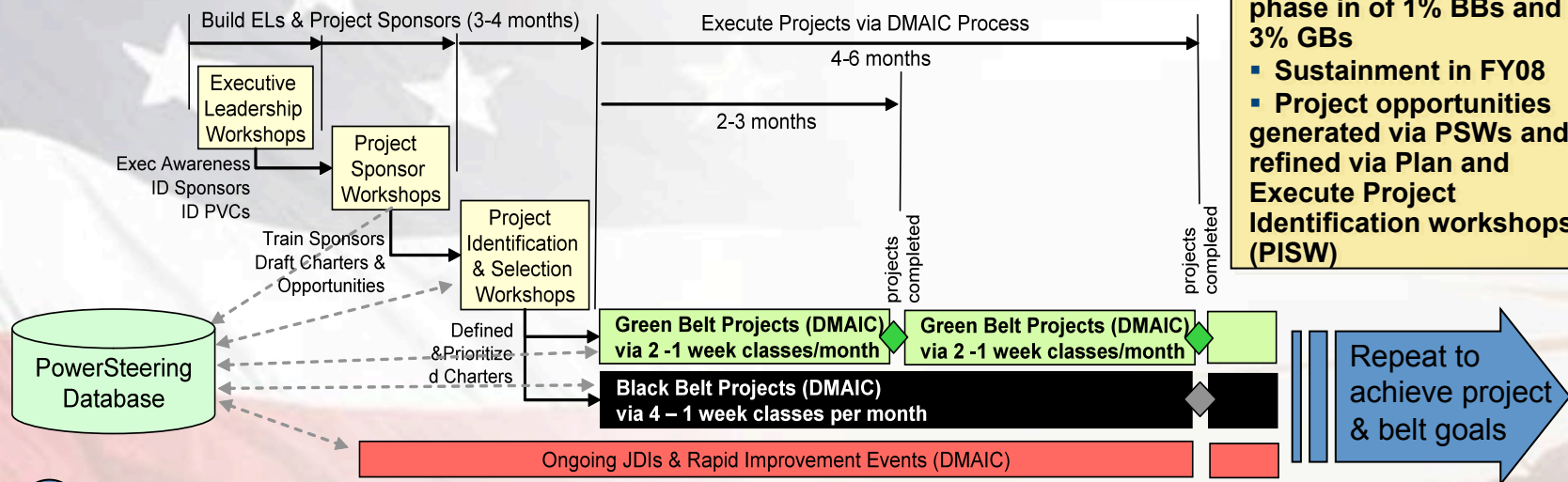
## 1 Design and Build Initial Deployment Infrastructure



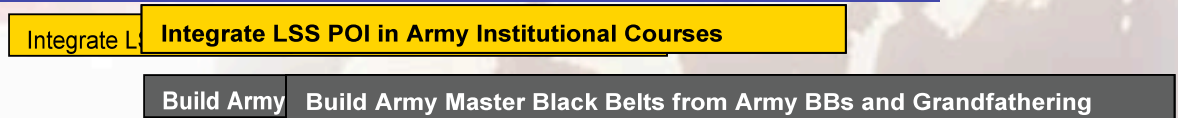
### Army Deployment Characteristics

- Top down – Bottom up
- Army wide (Active, Res, NGB)
- One central system of record - PowerSteering
- Decentralized execution – central policy, training, and IT support
- BB centric with 3 year phase in of 1% BBs and 3% GBs
- Sustainment in FY08
- Project opportunities generated via PSWs and refined via Plan and Execute Project Identification workshops (PISW)

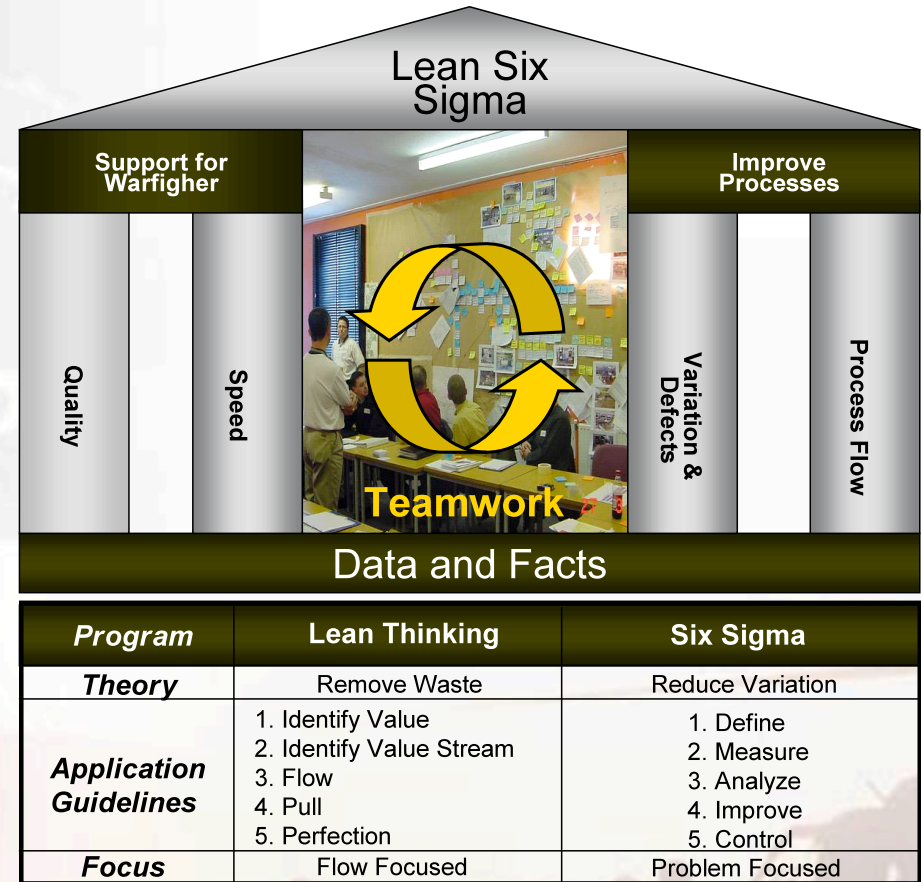
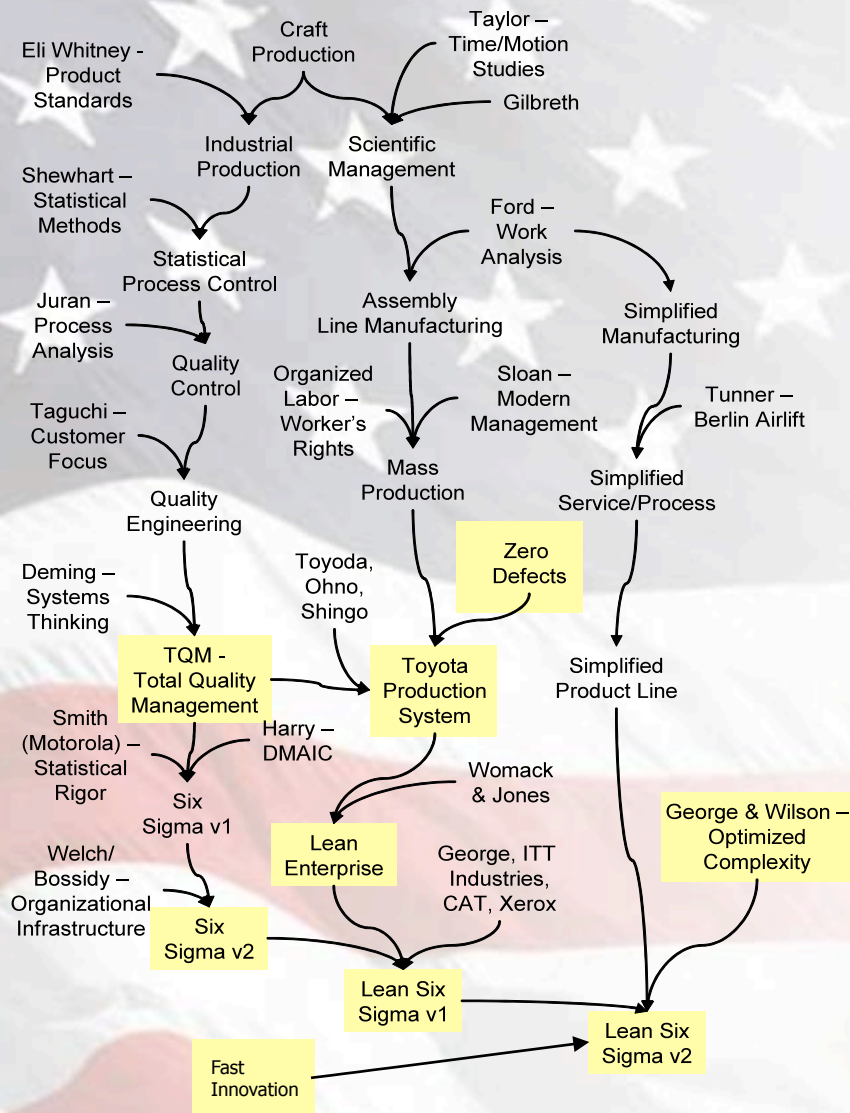
## 2 Build Skills and Execute Projects



## 3 Integrate and Sustain the Effort

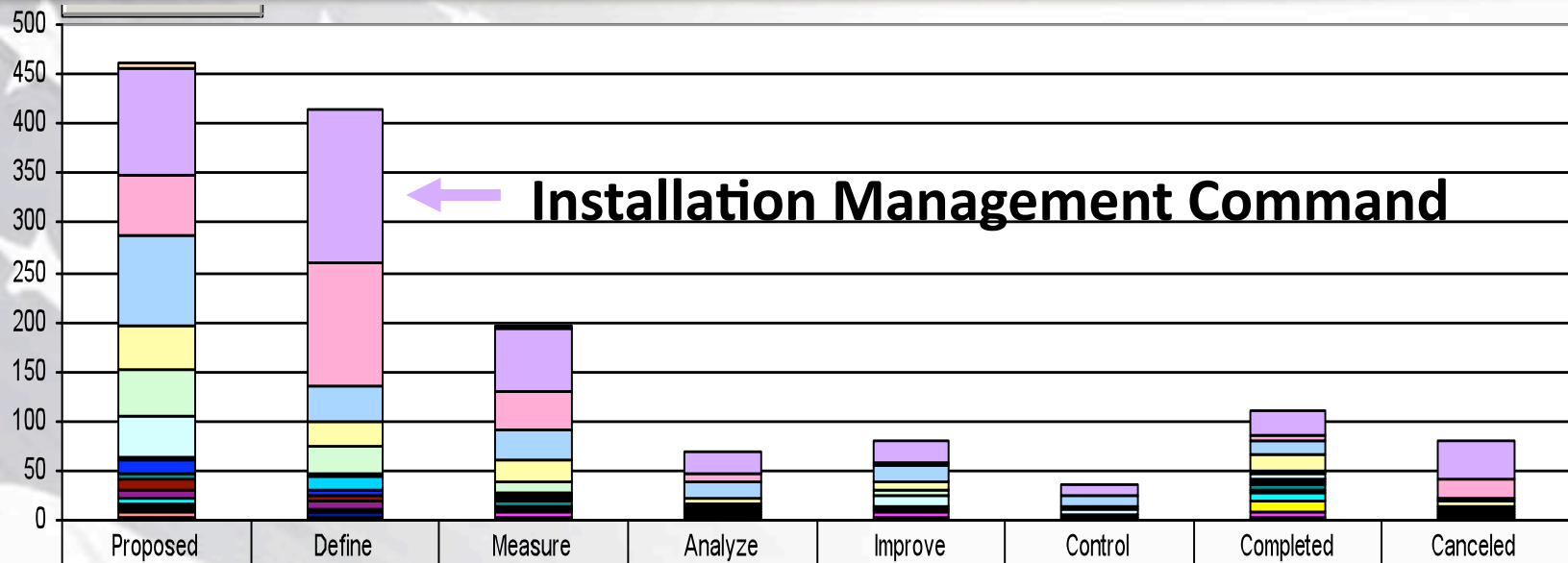


# Built Upon a Foundation of Continuous Improvement





# HQDA LSS Projects



	Proposed	Define	Measure	Analyze	Improve	Control	Completed	Canceled
■ DUSA			1					
■ HQDA Other	6	1		1				
■ ACSIM/MCOM	109	154	65	21	23	9	24	39
■ ARNG	59	124	38	10	3	2	5	18
■ CSA	93	35	29	16	16	10	14	4
■ TSG/MEDCOM	44	25	24	6	9	4	16	5
■ ASA (ALT)	46	27	9	2	6		4	1
■ DCS G1	41	3	5	1	11	4	6	3





# IMCOM Projects:

## FMWR

- Assistance Teams
- Certification Frontline Employees
- Communication Plan
- Construction Interior Design
- Continuity of Operations (COOP) Process
- CR Photo Contest
- CRC Reduced Labor & Associated Costs
- Deployment Menu
- ERP Execution & Training Plan
- FM Travel
- Future State Org
- Implementing NAF Use of DTS
- Improve Bd of Dir Process
- Improve MWR Career Referral Process
- Improve Public Private Venture Projects Approval
- Improve Timeliness of Employee Ratings
- Improved Gathering VOC
- Institutionalize Multi-Component Family Support Network (MCFSN)
- Leisure Survey
- NAF Centralized Procurement / Contracting
- NAF Contracting Training Cert
- Records Management
- Reduce Cycle Time for CR training
- Staff Transfer & Relocation
- Standardized Promotional Items
- Std Acquisition of NAF Vehicles
- Streamline BP Staffing
- Streamline IT Procurement

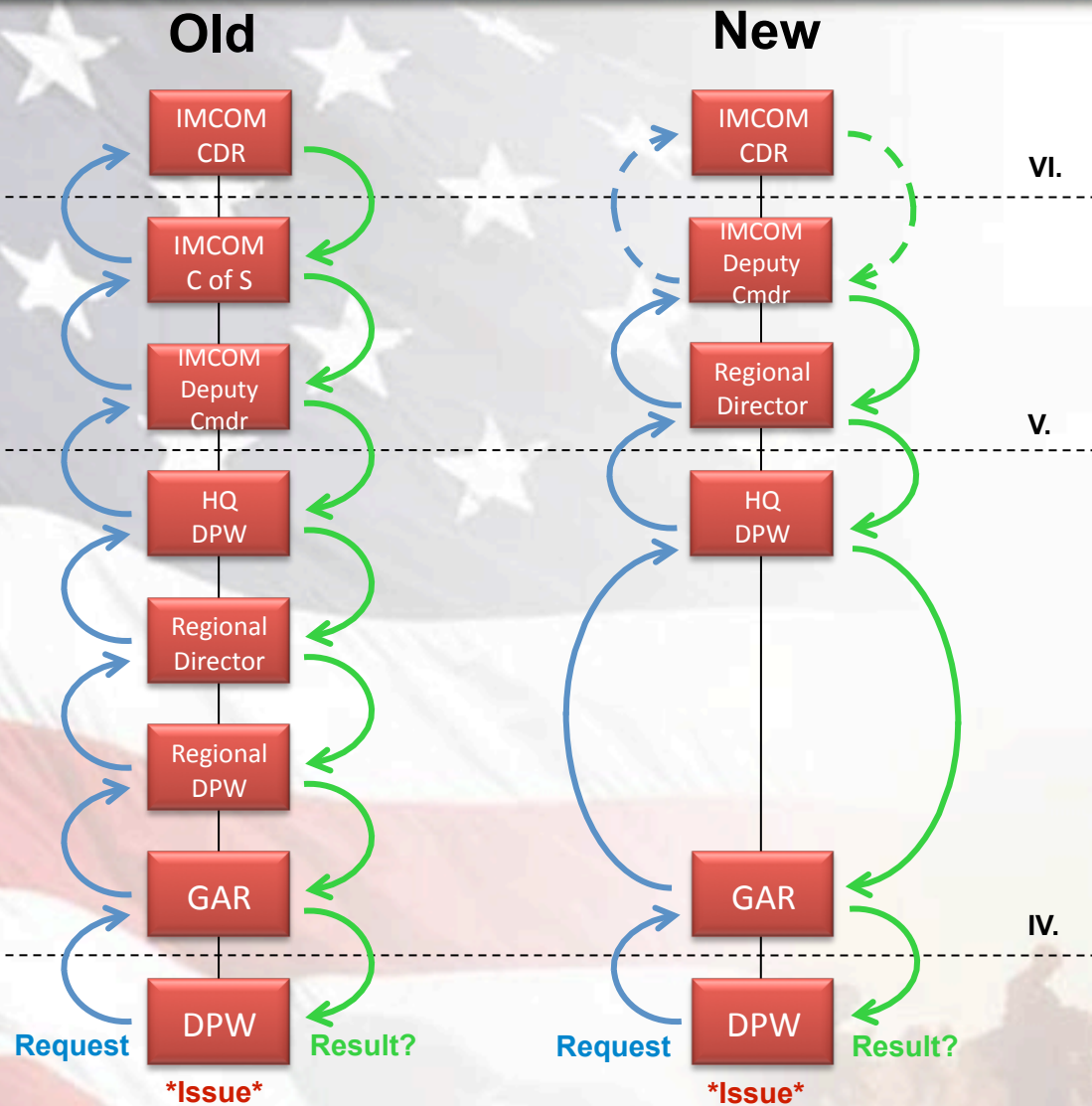
## ACSIM

- Analyze the EPAS Protocols for Cost Effectiveness (ED)
- ARID Mission, Function & Staffing Requirement Review (AR)
- Army Family Housing Staff Reduction (FD)
- Army Installation Management Team -- Task Force (ZA)
- BMMP for NEPA -- Environmental Impact Statement (ED)
- CBM Barracks Inventory Alignment (FD)
- Centralization of GFOQ Management
- Centralized Barracks Management (FD)
- Command Group Information Flow (ZB)
- Common Operating Picture (ZS)
- Define RPLANS (FPS/RPLANS/ACTS) to be capabilities (ZS)
- Diversion of Army family housing (FD)
- Family Housing Inventory (FD)
- Hazardous Material Management Program Transition
- II PEG POM Build (ZR)
- Improve the Effectiveness and Efficiency of the RLB Approval Process (FD)
- Installation Geospatial Information and Services
- IT Life-Cycle (ZS)
- Joint Personal Effects Depot Facility (FD)
- MILCON Project Review Board Process (FD)
- Paying Base Operations Bills at BRAC Installation (BD)
- Refined Housing Market Analysis (HMA) Process
- Reporting BRAC Environmental Liabilities (BD)
- Reserve RPX Viable Parcel Selection Process (AR)
- Review, approval, resourcing of HQ, O contracts (MSD)
- Roles and Responsibilities (ZB)
- Space Requirements Generation Process (ZS)
- Spend Plan Efficiencies (MSD)
- The Housing Market Analysis (HMA) Process (FD)



# Continuous Improvement

## Simplify the Reporting Process



- Empowered decision making
- Eliminated non-value added reviews
- Reduced cycle time



# 2007 Award Recipients

## Red River Army Depot



HMMWV  
Production

 **Gold**

Bradley Power-train

 **Silver**

HEMTT

 **Silver**



## Letterkenny Army Depot

HMMWV Recap

 **Silver**



Power  
Generators

 **Bronze**

## US Army Rock Island Arsenal – Joint Mftg & Tech Ctr

Forward Repair  
System

 **Gold**



Shop Equipment  
Contact Maintenance

 **Silver**



**SHINGO  
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PUBLIC SECTOR RECIPIENTS  
ARMY MATERIEL COMMAND

## Corpus Christi Army Depot



HH-60 Pavehawk

 **Bronze**

## ACL/AMCOM – Fort Rucker



C20J Engine Line  
TH-57 Sea Ranger

 **Bronze**



**Malcolm Baldrige National  
Quality Award**  
Armament Research,  
Development and Engineering  
Center (ARDEC)

## Tobyhanna Army Depot

AN/TPQ-36  
Firefinder  
Antenna

 **Gold**



## Anniston Army Depot



FAASV

 **Silver**



AGT 1500  
Turbine Engine

 **Bronze**



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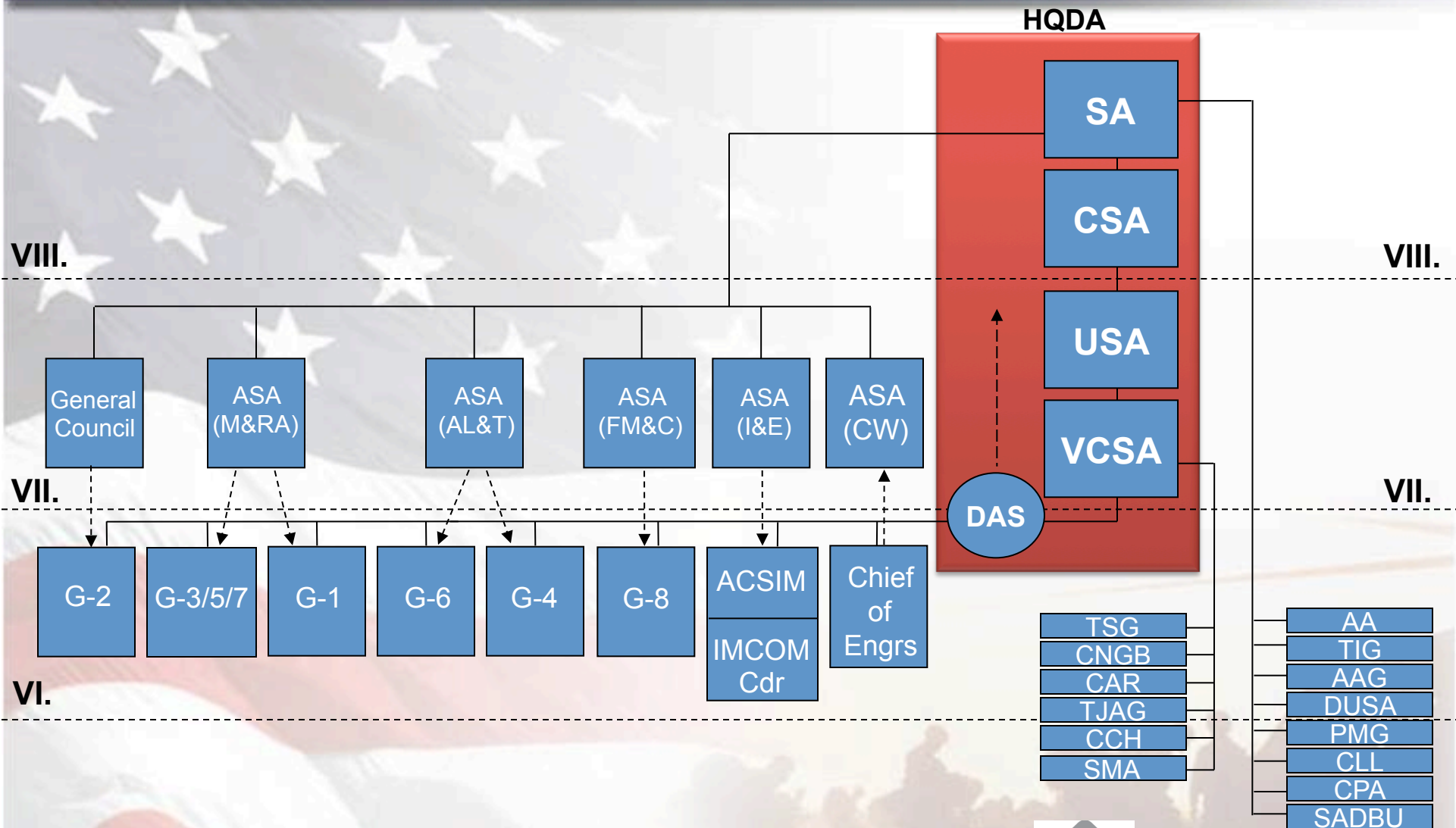


# New Governance System

- Established clearly defined work at successive organizational layers
- Clarified nature of diagonal/horizontal working relationships
  - Replaced 84 “authority” verbs with 7
- Defined concept of “oversight” for Political chain of command
- Trained senior leadership in underlying concepts and principles



# Federal Law Establishes a Dual Chain of Command to Run the Army





# Historically HQDA Governance (GO-3 - 2002) Provided No Enterprise Guidance

## ➤ No Uniformity of Meaning (84 Verbs)

Assisting   Assessing   Defining   Analyzing   Carries Out  
Administering   Advising   Defending   Drafting   Ascertaining  
Delegating   Approving   Co-chairing   Communicating  
Advocating   Convening   Distributing   Directing   Coordinating  
Developing   Conduct   Designating   Acts As   Direction

- Laundry List of Responsibilities (A ... Z; a ... z; aa ... zz; aaa ... zzz)
- One Dimensional – Only Responsibilities
- Doesn't Address Problems Identified by the Army Science Board
- Static – Hasn't Changed with the Mission or Environment
- HQ Work Blurred



# Seven Precisely Defined Authorities

**Prescribing**



**Overseeing**



**Collaborative**



**Monitoring**



**Coordinative**



**Advisory**



**Service**



# Authority Bases for Working Relationships

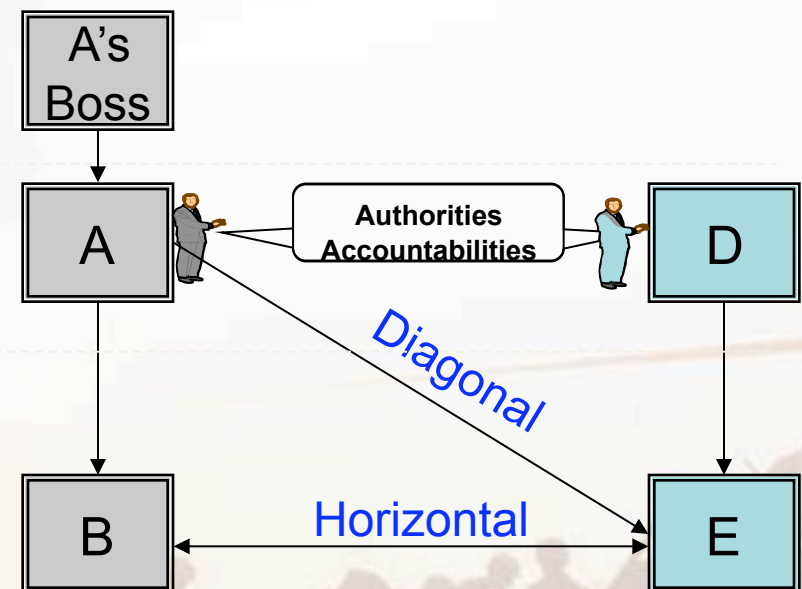
## *“Overseeing”*

### Definition:

- An individual (A) who is assigned accountability and authority to stop another individual (E) from performing his/her work because the work being done is outside the rules / regulations / policies / tolerances or other limits governing it.
- The overseer (A) does not have the authority to instruct the other individual (E) on how or what to do.
- Overseeing is the strongest of the Overseeing – Monitoring – Advising authority base because an overseer can stop work.

### Examples:

- The ASA (M&RA) has an “overseeing” line of authority with the Deputy Chief of Staff, G-1’s Well Being Directorate.

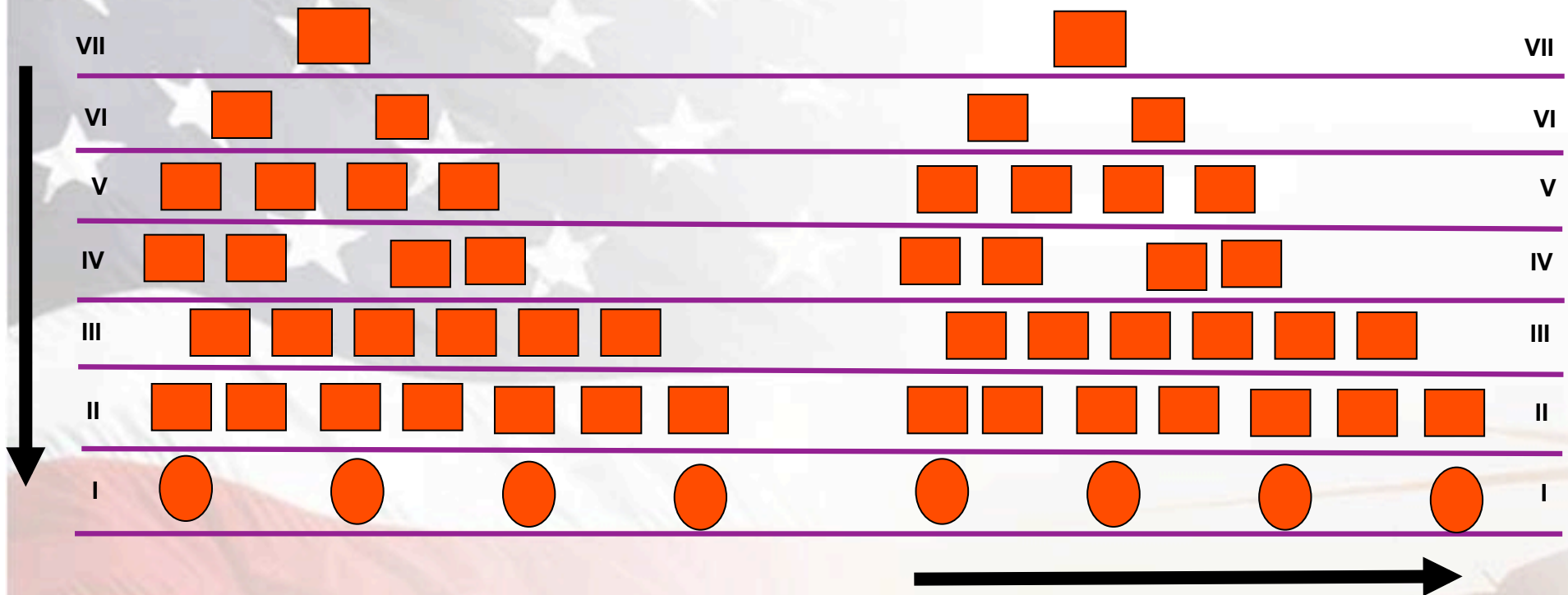


# The Integration Challenge

## Lessons Learned

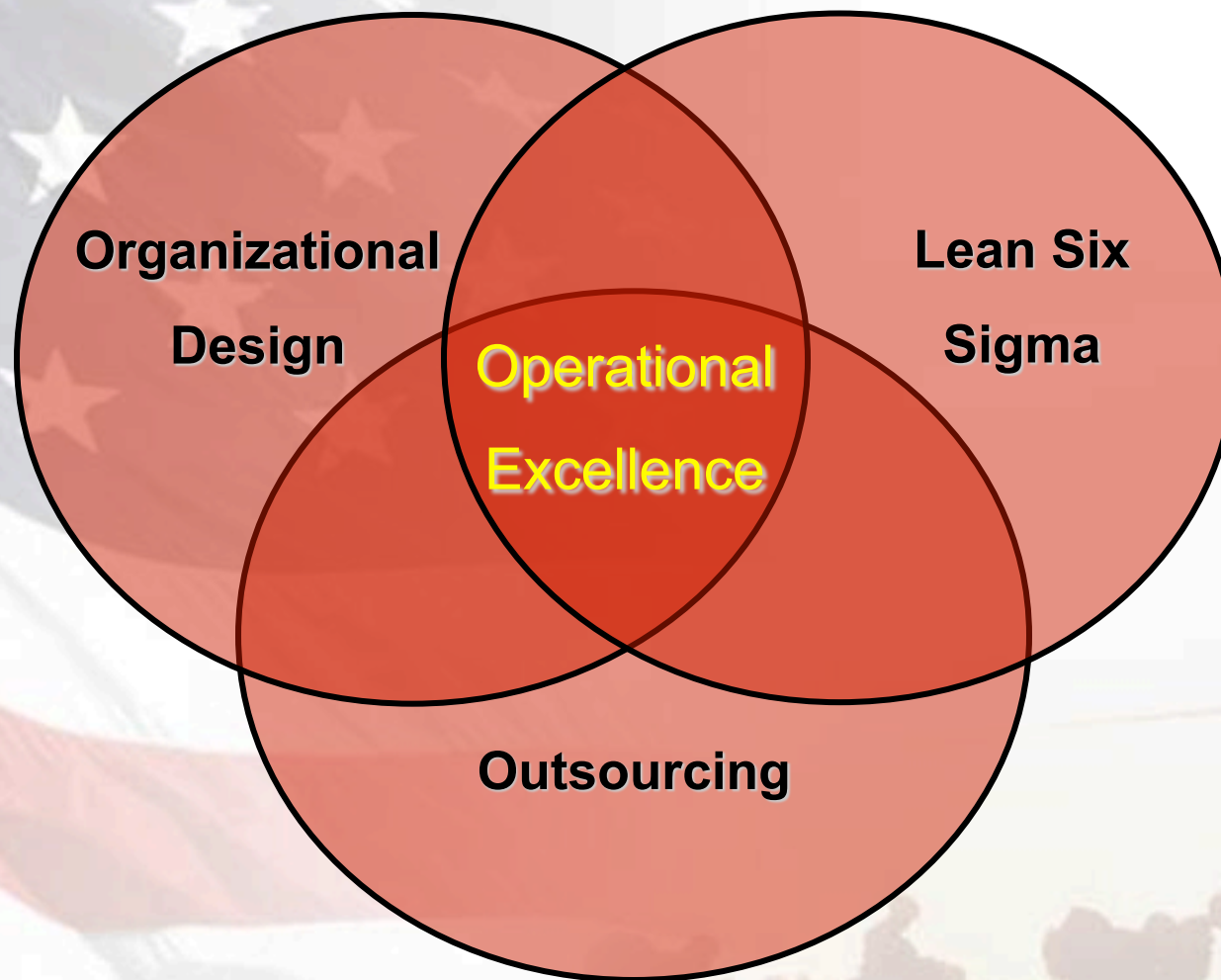
### STRUCTURE #1

### PROCESS #2





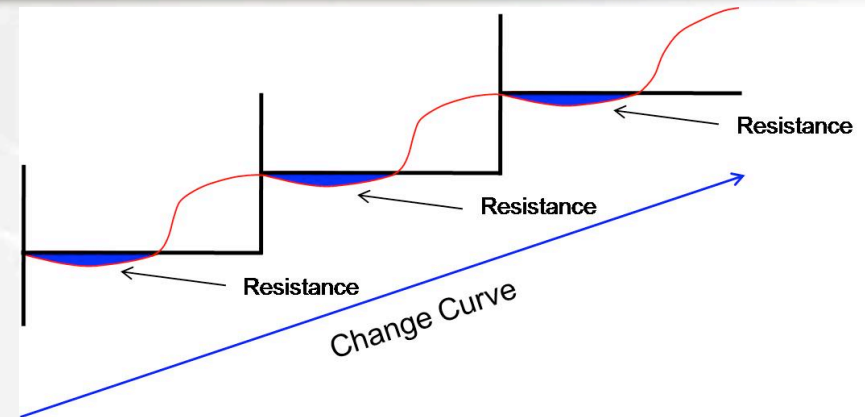
# Lessons Learned



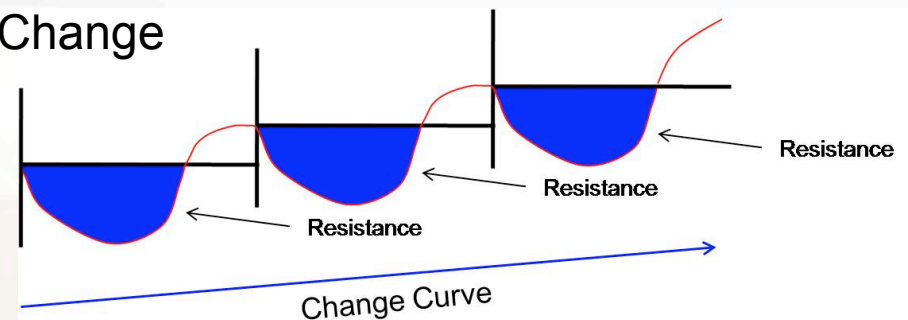


# The Impact of Culture on Change

Warfighting Culture: Adapt or Die  
(Culture of Innovation)



Warfighting Support Culture: Incremental Change  
(Culture of Continuous Improvement)



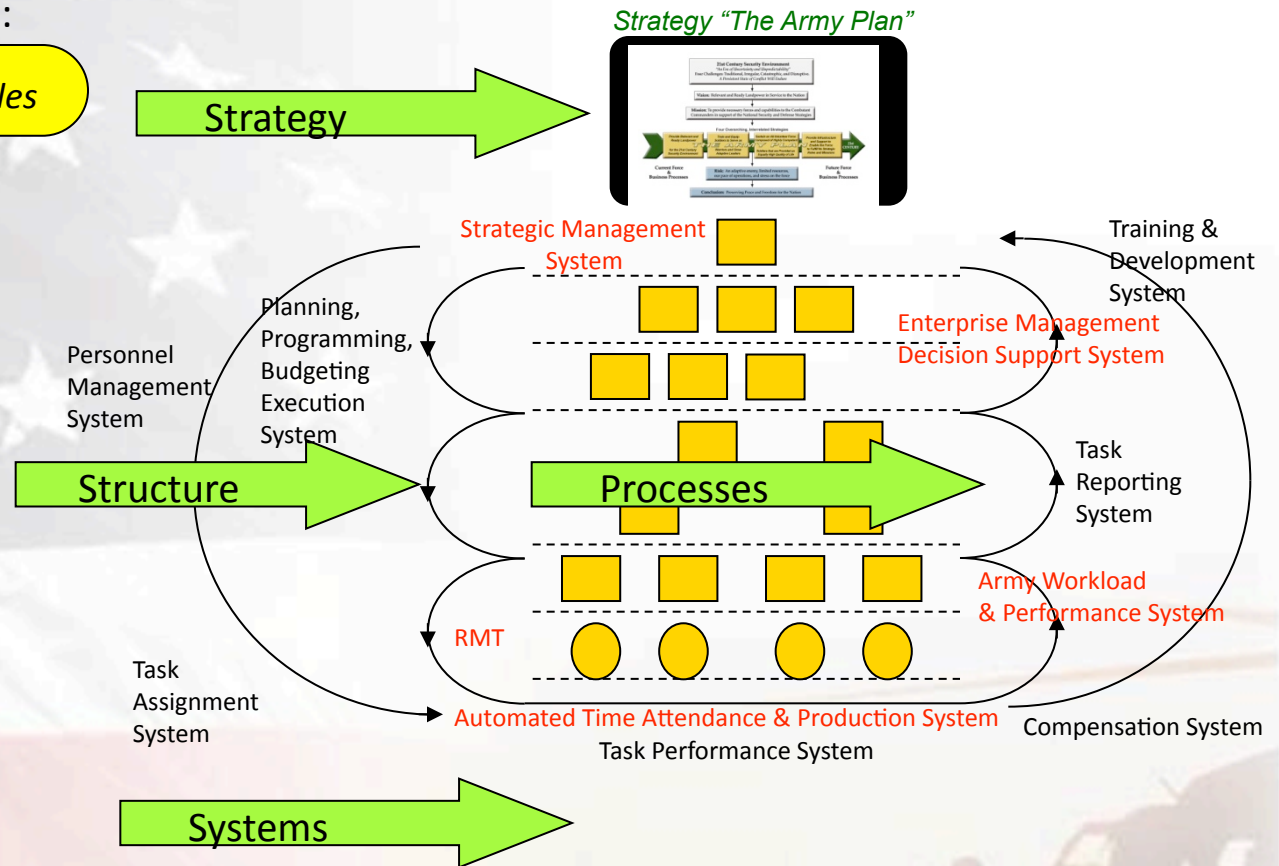
# Organizational Design

Organizations exist to get work done; that is what they are all about! And work gets done by people who occupy roles in an organizational structure. Structure sets the context for each individual's behavior. That context includes role accountabilities, authorities, working relationships, and critical work systems.

Creating the right structure requires the systematic application of a set of fundamental organizational design principles. These principles produce:

## Organizational Design Principles

1. Focus on the customer
2. Concentrate on the core business
3. Organize around the work
  - Eliminate "non-value added" work
  - The Hog won't butcher itself
  - Strategy drives structure
4. Differentiate between strategic level staff work and operational work
  - The present will always drive out the future
5. Establish the correct number of organizational layers
  - Align functions at the correct layer
6. Establish clear accountabilities, authorities and critical systems
  - Delegate decision making to the correct organizational level
7. Define the nature of required working relationships
8. Develop and implement a change management strategy



***"World Class" organizations start with a requisite structure supported by "world class" processes and systems!***



# Questions?

**For additional information, please contact:**

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The Global Organization Design Society is a not-for-profit corporation registered in Ontario, Canada to promote the following objective:

The establishment and operation of a world-wide society of academics, business users and consultants interested in science-based management to improve organizational effectiveness for the purposes of:

Promoting among existing users increased awareness, understanding and skilled knowledge in applying concepts of Levels of Work Complexity, Levels of Human Capability, Accountability, and other concepts included in Requisite Organization and/or Stratified Systems Theory.

Promoting among potential users of the methods, appreciation of the variety of uses and benefits of science-based management, and access to resources.

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