



# BUSINESS TRANSFORMATION AGENCY

Improving the Bottom Line. Supporting the Front Line.

**STOVEPIPE** operations must be **eliminated** from solution design and deployment, so that the Department's historically narrow-focused approach to business gives way to an approach that seeks to optimize end-to-end processes, which represent the foundation for the way the Department actually delivers on its mission.

## Accomplishments

### 1. **Solution Design around End-to-End Processes instead of Individual Business Functions**

- **Challenge:** Like many organizations, the DoD business mission area is organized by discrete business functions, such as finance, personnel, logistics, acquisition, etc. As a result, the Department manages by these stovepiped functions, pursues improvement initiatives within these functions, and evaluates results based on the performance of these functions. However, business is not delivered by functions; it is delivered by end-to-end processes. All too often this functional orientation results in extensive manual reconciliation in support of cross-functional efforts. Technical challenges also arise when trying to implement systems that are designed to work end-to-end, but are hamstrung by DoD's functional stovepipes.
- **Approach:** BTA has taken on an almost evangelical role in pointing out the suboptimal results associated with this stovepiped model, communicating to all levels of the DoD about the need for business practices based on a holistic, cross-functional, end-to-end approach. This includes recommendations on appropriate governance structures, alignment toward process-oriented performance measures, and enhanced alignment of systems investments.

Examples include:

- Working with the Army, BTA identified business breakdowns that would occur based on a set of Information Technology (IT)-enabled transformation efforts that were acquired, designed, and being implemented in a completely stovepiped fashion (one by finance and one by logistics). The interdependencies between these two business functions were not adequately addressed by these separate programs. This was not a systems problem – it was a business problem that would lead to unending manual reconciliation when these systems were required to work together. Ultimately, the Army agreed with BTA's assessment, and has not only realigned the strategy for these programs, but has also instituted a new, senior-level governance structure to address future cross-functional issues.
- BTA has also aggressively pursued the suboptimal manner in which DoD manages its Procure-to-Pay business process. This complicated process spans several functional organizations, and often breaks down as execution goes from one functional stovepipe to the next. Recent attempts to automate this process using modern technology have been extremely limited in making progress because of entrenched business rules and the system integration requirements perpetuated by functionally aligned business owners. BTA is leading the effort to engage this broad community, including engagement with the DBSMC, to better understand the challenges of the DoD's current approach, and in recommending policy, process, governance, and technology changes to first overcome the stovepipe-induced limitations, and then deliver transformation results.

## Opportunities

Breaking down stovepipes cannot be a bottom-up activity; it must be top-down change based on strategic alignment by DoD's senior leadership. BTA has brought this issue to the fore, and will continue to make recommendations for improvement. Procure-to-Pay is just one end-to-end business process suffering from lack of alignment across functional stovepipes. Other issues need to be pursued under a common framework that has yet to be established. This is an ideal opportunity for the newly established Deputy Chief Management Officer to provide immediate leadership in bringing the community together to address a critical issue affecting so many organizations across DoD. BTA also recommends that cross-functional performance measures be identified and adopted to help drive behavior that is supportive of end-to-end process delivery of capabilities. Currently, most evaluations are based on metrics designed to optimize discrete business functions. If functions share interdependent performance measures, they may be more likely to view business in a more holistic manner, and define solutions to improve the entire delivery of services rather than their individual stovepipes.