CDFM, LSS, and the Future Resource Manager

Managing change can be a particular challenge for resource managers. Certified Defense Financial Managers can use Lean Six Sigma to help the military make necessary changes more effectively.

By Major Mark W. Lee

Major organizational change occurs when an organization changes its overall strategy for success, adds or removes a major section or practice, or wants to change the way it operates. It also occurs when an organization progresses through its lifecycle. For an organization to develop, it often must undergo substantial change at various points in its development. To accomplish this change, an organization needs a highly capable manager.

Certified Defense Financial Manager

To address the need for high-performing managers in the resource management field, the Department of Defense teamed up with the American Society of Military Comptrollers to develop a certification for defense financial managers—the Certified Defense Financial Manager (CDFM). Personnel who achieve CDFM certification have met an established standard of excellence for professional managers of defense resources.

CDFM resource managers (RMs) in the Department of Defense (DOD) are using Lean Six Sigma (LSS) to manage DOD-level organizational change and development to link communications with everyday business solutions.

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Meeting the Need for Competent RMs

It is time for RMs to be CDFM and LSS qualified so that they can meet the demands of managing change. RMs continually try to implement successful and significant change; it is innate in their jobs. Some are very good at this effort, but others often struggle and fail. That is often the difference between RMs who thrive in their roles and those who are shuttled around from job to job eventually settling into roles where they are frustrated and ineffective.

Many schools have educational programs about organizations, business, leadership, and management. Unfortunately, not enough schools have programs about how to analyze organizations and identify critically important priorities to address systemic problems.

The Challenges to Managing Military Resources

The many financial management systems used by the military services are not uniform or designed for overseas contingency operations. DOD recognizes the pressing need to reduce the costs of their nonwarfighting support organizations and to expand the quality of the products and services those organizations deliver to the field. Accordingly, DOD has initiated LSS business transformation programs at the division, and sometimes brigade, level to augment and simplify business processes.

The RM plays the key role in lessening costs. At the operational level, the lack of system integration and support results in the use of manual procedures to account for costs and in incomplete reporting of total costs. It also results in major delays in reporting costs because of the requirement to send transaction information "up the chain" for input into the Resource Management Tool, the General Fund Enterprise Business System, and the Standard Finance System. These practices ultimately lead to deficiencies in determining future budget requirements.

RMs are carrying out their responsibilities by integrating CDFM and LSS responsibilities as the fat is cut from the budget and the overseas contingency operations wind down.

Lean Six Sigma

LSS, DOD's tactic for continuous process improvement, merges two approaches to business transformation. The "Lean" approach simplifies processes by eliminating or reducing waste and non-value-added activities. Lean focuses on improving quality while reducing cost and time. The "Six Sigma" approach seeks to improve quality performance in repetitive processes. In doing this, Six Sigma focuses on minimizing variation in these processes.

Together, Lean and Six Sigma provide a set of analytical tools that business process owners can use to define their processes, identify the value-added and non-value-added activities, and transform processes to produce desired changes in quality, cost, and time. By incorporating the "define, measure, analyze, improve, control" method of LSS, RMs encourage creative thinking within set boundaries, such as keeping the basic process, product, or service.

The RM's Role in LSS

In supporting the LSS role, an RM's most important task is to develop the project cost estimate, which determines whether the project will generate savings and identifies the dollar value of the benefit. Developing cost estimates can be challenging because cost and economic analyst positions were removed from many DOD RM organizations several years ago. Combining LSS and CDFM is the procedural and technical tool that is intended to help fill this gap by giving RMs the guidance and instruction they need to prepare cost estimates.

To carry out the LSS project support role, an RM must be a member of the project team (a part-time job). Keeping in mind that the RM's principal function is to ensure that an accurate cost estimate is developed, his participation must be sufficient to provide an understanding of how the business process under review is executed at present and how it will be performed after LSS project implementation. Once the RM has a thorough understanding of the before and after views of the process, developing the cost estimate becomes relatively straightforward.

Obtaining a CDFM credential and LSS qualification produces a roadmap for organizational and personal growth. It allows an RM to become the person in his organization that senior leaders go to in tight situations. It also allows him to promote within the organization and with senior leaders an understanding of a broad array of financial management issues and topics, which makes him more valuable to leaders and the organization. Obtaining both the CDFM and LSS qualifications, and encouraging other RMs to do the same, demonstrates that our military financial leaders are committed to improvement.

Joint Financial Management

The progressively more multifaceted workplace demands a broader range of expertise. The military services should formally combine financial management training and education opportunities in order to develop personnel who are more capable of operating in a joint financial management environment. Short of establishing a joint financial management course, cross-training could be achieved simply by inviting members from the other services to attend service-specific financial management courses. Operations Iraqi Freedom, New Dawn, and Enduring Freedom have taught us that future operations will by and large be joint endeavors. The education and training of our financial management professionals should reflect this changing dynamic by making CDFM and LSS certification requirements for RMs.

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Although the military can expect the same level of dedication and support from its financial management professionals in future overseas contingency operations, it cannot expect those operations to be any easier or less complex than those it is fighting today. Improving financial management systems and training and educating financial management professionals will go a long way toward enabling the military to accomplish its financial management objectives for joint operations and meet the operational challenges that lie ahead. Having RMs who are CDFM and LSS qualified is the key to managing change in resource management.

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