



DEPUTY SECRETARY OF DEFENSE  
1010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1010

AUG 08 2014

MEMORANDUM FOR UNDER SECRETARIES OF DEFENSE  
DEPUTY CHIEF MANAGEMENT OFFICER  
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION  
DIRECTOR, OPERATIONAL TEST AND EVALUATION  
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE  
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE  
ASSISTANT SECRETARIES OF DEFENSE  
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER  
ASSISTANTS TO THE SECRETARY OF DEFENSE  
DIRECTOR, NET ASSESSMENT  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Implementation Guidance for the Business Process and Systems Review

The Department is on track to implement the Secretary of Defense-directed action to reduce the cost of management headquarters by 20 percent over the next five years. However, that work has largely been in the context of each major staff element/agency conducting an examination of its own process and structure. In the face of continued challenges impacting the nation; the need for the Department to play a key role in meeting those challenges; the need for the Department to maintain readiness while modernizing capability; and limitations on the DoD budget topline, the Office of the Secretary of Defense (OSD) staff and associated Defense agencies as a whole should continue to scrutinize activities to identify ways to improve effectiveness and agility. Moreover, changes within OSD and the Defense agencies must be synchronized with the Military Departments to improve overall performance, move toward auditability and standardization, and strengthen business and IT systems and processes.

It is in this context that I have directed the Deputy Chief Management Officer (DCMO) and the DoD Chief Information Officer (CIO) to co-lead a review of business processes and the supporting information technology systems within the organizations of the Principal Staff Assistants (PSA) and their associated Defense agencies and DoD Field Activities. This review will provide the PSAs with information to help them to clarify whether their organizations are aimed at Departmental outcomes, identify resources allocated to outcomes, identify obstacles to achieving those outcomes (e.g., resource shortfalls, policy/legislative issues, process obstacles), and identify activities that might be improved or eliminated.

The process will begin with an introductory meeting between Business Process and System Review Team (BPSRT) and the PSA for the activity under review. The initial BPSR review will begin after Labor Day on September 2, 2014. The process will end with the PSA presenting a "State of the Portfolio" briefing to me and the Vice Chairman that includes a summary of the organization's priority activities, the resources allocated (and planned to be



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allocated) against those activities, a statement of the measureable objectives of those priorities, and a summary of how that organization measures progress toward those outcomes.

In order to standardize this process throughout OSD, I have instructed the BPSRT to create a web-based, sustainable tracking and measurement tool that will be used by all PSAs and the DCMO to record and report quarterly progress on their implementation plans with associated organizational changes and actual savings.

The DCMO and DoD CIO co-leads for this effort are Mr. Andrew Haeuptle, at [andrew.s.haeuptle.civ@mail.mil](mailto:andrew.s.haeuptle.civ@mail.mil) or (571) 372-2861 and Ms. Betsy Freeman, at [betsy.l.freeman.civ@mail.mil](mailto:betsy.l.freeman.civ@mail.mil) or (703) 614-2778.

PSAs shall provide a single point of contact to interface with the BPSRT no later than two weeks from the date of this memorandum via email to [richard.w.palermo.ctr@mail.mil](mailto:richard.w.palermo.ctr@mail.mil).

I appreciate your full support and cooperation in this effort.

A handwritten signature in black ink, appearing to read "R. Palermo", with a large, stylized initial "R" at the beginning.

cc:  
Secretaries of the Military Departments  
Chairman of the Joint Chiefs of Staff