



DEPARTMENT OF THE NAVY
THE ASSISTANT SECRETARY OF THE NAVY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

MAY 5 2004

MEMORANDUM FOR ACTING UNDER SECRETARY OF DEFENSE (ACQUISITION,
TECHNOLOGY AND LOGISTICS)

SUBJECT: Final Review of the Joint Cross-Service Group (JCSG)
Military Value Analysis Reports

Per the Under Secretary of Defense (Acquisition Technology & Logistics) (USD (AT&L)) tasking memo of April 21, 2004, the following comments are provided from the Department of the Navy (DON) Infrastructure Steering Group (ISG) members on the final Joint Cross-Service Group (JCSG) Military Value Reports and draft memoranda provided by the Office of the Secretary of Defense (OSD) on April 23, 2004.

Most of the issues raised in the memoranda have been satisfactorily addressed. Outstanding issues and concerns are specifically noted below for the applicable JCSG.

Technical

The memorandum addresses all known issues. However, we continue to be concerned with the Technical JCSG's current Military Value Analysis Approach to evaluate military value for 39 separate "functions". The report does not adequately reflect the value of the scoring relationships for multi-functional technical centers. While no change in the military value report is required, the Technical JCSG's plan for its scenario development process should explain how any synergies of multi-functional activities will be considered.

Additionally, since the recommended amendments to the Technical Military Value report may substantially change the JCSG's approach, we recommend an additional review of the report before it is pronounced final and approved. In particular, eliminating the use of out-year dollars, measuring personnel qualifications as absolute numbers, and eliminating qualifications of on-site contractors will necessitate development of an alternate approach to assess military value. The ISG should be given an opportunity to review that approach.

Supply & Storage

We understand that the military value weights and scoring plan have been revised to address and capture distinct difference in kinds of capacity. With regard to location as it applies to distribution centers, we continue to believe that there is value in measuring the complete delivery cycle from the distribution center to the customer as an indicator of response time or value of distribution center to customer. Although the existing data point of measuring the time to deliver product from the distribution center to the transportation node is a good data point, it does not completely capture the measure of getting the product to the customer. We request that the JCSG pursue determining the ability to capture data that will complete the analysis of the delivery cycle and include such a metric if the data is available. Notwithstanding this comment, we concur with the Supply and Storage report subject to incorporation of the comments, contained in the OSD memorandum.

Industrial

The memorandum addresses all known issues. However, we are aware of a newly identified concern with the Munitions and Armaments sub-function. There are certain Munitions Storage and Distribution military value questions that have been refined in the weeks since the publication of the March 25, 2004 version of the Military Value Analysis Report. Some of these changes are in amplification to the questions, while others are changes to the questions themselves. The nature of these changes could affect the ability of the Industrial JCSG to properly analyze all of the activities that perform storage and distribution functions. We recommend an additional review of the questions before they are issued to ensure they conform with the approach the ISG approved.

Education and Training

Two issues, the inclusion of graduate flight training in the JCSG and the lack of clarity in training requirements for Unmanned Aerial Vehicles (UAVs), remain unresolved. On April 23, 2004, the ISG directed formation of groups of senior aviators from the Services to recommend approaches to analysis for both of these issues. The DON supports this solution.

Cross-cutting Issues

Although we successfully addressed several cross-cutting issues, the issue of collecting data related to "condition codes" of the assets remains unresolved. The current data calls do not consistently define "condition codes." We do not believe this should necessarily delay the release of data call questions in their entirety but it is clear that more a consistent definition needs to be developed if this information is going to be utilized in analysis.

The issue of use of out-year data was addressed adequately in relation to the military value data call. However, use of out-year data to project the force structure capacity requirements can be useful in structuring a capacity analysis approach. Additional clarification of this point may be helpful. Similarly, the ISG addressed the issue of recalculating the scoring of military value at its April 2, 2004 integration meeting and concluded that military value should be a "one-time" value. Clear guidance on this point should be issued to the JCSGs.

Finally, the Military Departments Deputy Assistant Secretaries discussed the formulas within several scoring plans with a suggestion of developing a separate Questions and Answers process to review scoring formulas. We recommend that the JSCG's be made aware of an overall concern that formulas work as intended, but hold the individual JCSGs responsible for ensuring their adequacy and relevance to the scoring plan.


H. T. Johnson