



Defense Finance and Accounting Service
STRATEGIC PLAN





Defense Finance and Accounting Service

MESSAGE FROM THE DIRECTOR

As the Defense Finance and Accounting Service (DFAS) moves into our 21st year, we are proud to serve our Nation and all elements of our Armed Forces. The coming years will continue to be demanding for our Warfighters and all of us who support them. We must confront and respond to the complex challenges of being a country at war, sustaining our military capabilities, while facing a difficult economic and fiscal situation at home, within an evolving global context. DFAS welcomes the opportunity to play a major collaborative and leadership role in financial management for the Department of Defense (DoD) while delivering excellence in our daily support.

As a service support agency, DFAS must be poised to assist the DoD in balancing mission requirements with fiscal constraints. Decision makers will continue to look to DFAS to provide first-class business operations to deliver finance and accounting services. We are in a unique position to not only provide critical mission support, but to also inform and foster financial stewardship. In addition to providing Warfighter support and becoming more efficient, we will play a key role in ensuring auditable financial statements within DoD and successfully implementing enterprise resource planning (ERP) systems.

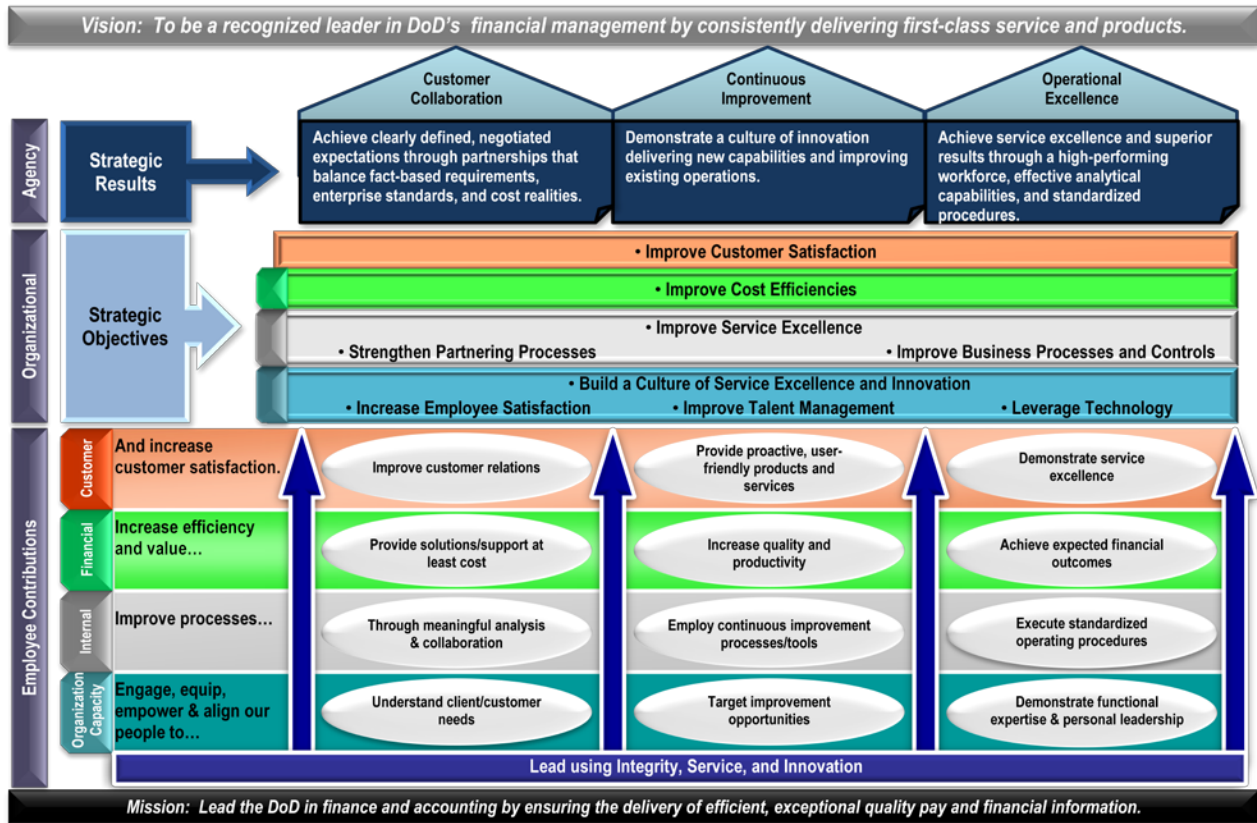
The DFAS 2011-2016 Strategic Plan explains our strategy to achieve our Vision. It revalidates our core values and emphasizes our commitment to customer collaboration, continuous improvement, and operational excellence. It also clearly describes our strategic objectives. This allows all of us within DFAS, as well as our stakeholders and customers, to understand our strategic direction and make informed decisions today that will ensure our success tomorrow.

DFAS stands ready to build upon past successes as we anticipate the events that will shape our future. We are dedicated to serving America's heroes in our continued support of the DoD, the Armed Forces, and the Warfighter. We have the opportunity and the obligation to serve them well and proudly.

Teresa McKay
Director

A FOUNDATION OF EXCELLENCE

DFAS 2011–2016 Strategy Map



Since our founding in 1991, DFAS has been charged with providing superior finance and accounting support to the Department of Defense (DoD) and its various components throughout the world. Every day we contribute to the national defense through timely fulfillment of the important fiscal responsibilities entrusted to us. We ensure accurate, timely, and reliable financial transactions and information are delivered to decision makers in support of our customers. It is our privilege to provide high quality support to the Warfighter today, but it is also our responsibility to play a collaborative, leadership role to anticipate and be ready for tomorrow.

In fiscal year (FY) 2010, over 12,000 DFAS staff members made \$578 billion in disbursements to pay recipients, processed 168.9 million pay transactions for 6.4 million customers, made 8.1 million travel payments, and paid 11.4 million commercial invoices. We maintained 255.2 million General Ledger accounts, managed \$487.9 billion in military retirement and health benefits, managed \$31.9 billion in foreign military sales, and accounted for 1,129 active DoD appropriations.

The DFAS Strategic Plan will allow us to stay consistent in our support to the DoD as it adapts to rapidly changing resource and personnel requirements. As the DoD continues to ensure our Nation retains ready and relevant military capabilities, DFAS remains committed to providing first-class business operations with a focus on service excellence and customer support. The DFAS Strategic Plan incorporates significant insights from stakeholders and customers to reflect the needs of the Department. Further, it embodies our commitment to customer collaboration, continuous improvement, and operational excellence in all that we do as a Defense service support agency. This Plan sustains our mission, establishes our vision, and revalidates our core values.

Mission

Lead the DoD in finance and accounting by ensuring the delivery of efficient, exceptional quality pay and financial information.

As the world's largest finance and accounting operation, DFAS supports military and civilian DoD customers throughout the world. Our mission emphasizes the importance of DFAS' leadership role in standardizing and improving finance and accounting activities across the Department. We have been charged to provide superior services to our customers. Our strategy supports us in continuing to meet this mandate now and in the future.

Vision

To be a recognized leader in DoD's financial management by consistently delivering first-class service and products.

Our vision captures what we must be in the future to meet our stakeholders' needs. The DoD and Armed Forces continue to adapt to rapid changes while deployed worldwide. At the same time, the Department is focused on business efficiency to be able to invest in the operational readiness of our military in a resource-constrained environment. To best serve DoD, we must partner with the Department, the Services and Defense Agencies to provide leadership in all aspects of financial management. This means helping the DoD make cost-effective decisions, implement technology solutions, and achieve audit readiness.

Values

Integrity – Service – Innovation

Our values represent who we are and what we do. They are our guiding principles, which help us accomplish our mission, pursue our vision, and drive the DFAS culture in support of the Department, the Services, and the Warfighter.

- *Integrity:* Doing what is right

We strive to maintain integrity in everything we do. This means providing dependable support to our customers and interacting with character and honesty. We emphasize doing what is right in all circumstances, whether seen or unseen.

- *Service:* Remain a trusted financial partner

We are constantly aware of and dedicated to our role in serving our Nation and the Warfighter. We must understand our customers and have an unflinching commitment to their needs.

- *Innovation:* Applying creativity to increase value to DoD

We cannot rely on current practices to provide the highest quality service and products in the future. Our culture must encourage creative approaches and solutions.

A FRAMEWORK FOR SUCCESS

The strategic themes and strategic objectives are described in the DFAS strategic plan. They serve as the foundation for the development, alignment, and execution of our strategic initiatives and organization priorities.

Strategic Themes

Customer Collaboration – Continuous Improvement – Operational Excellence

We identified three strategic themes in 2010 that were based on leadership assessments, customer inputs, Comptroller priorities, and mandates from the President and Secretary of Defense. They are sustained in this guidance as essential to our strategy and areas where we must excel to be successful. Each theme has a defined strategic result that, when combined, focuses our efforts toward the high-level effects of achieving our vision. The synergies generated from the combination of these strategic results ensure the products and services we develop and deliver are repeatable, sustainable, and exceed the customers' expectations.

- *Customer Collaboration:* Achieve clearly defined, negotiated expectations through partnerships that balance fact-based requirements, enterprise standards, and cost realities.

- *Continuous Improvement:* Demonstrate a culture of innovation delivering new capabilities and improving existing operations.
- *Operational Excellence:* Achieve service excellence and superior results through a high-performing workforce, effective analytical capabilities, and standardized procedures.

Strategic Objectives

We developed nine strategic objectives that are grouped within four perspectives (organizational capacity, internal business processes, financial stewardship and customer satisfaction) and form the building blocks of the strategy. These objectives identify necessary performance gaps to be closed to achieve the Agency Vision. Actionable and measurable objectives cascade throughout the agency helping to align our efforts. Whether through organizational units or individual contributions, the objectives provide the framework for us to achieve strategic success.

The objectives describe continuous improvement actions and are linked by cause and effect relationships. Each objective is assigned a Senior Executive Objective Owner to ensure sufficient visibility and sponsorship. Additionally, the progress in closing performance gaps against these objectives is measured quarterly through the use of Balanced Scorecard reporting. The Balanced Scorecard measures our progress against four perspectives. The perspectives of Organizational Capacity and Internal Business Processes measure our progress against our strategic **inputs** or internal investments. The perspectives of Financial Stewardship and Customer Satisfaction measure our progress in our outputs or **outcomes** of our strategy execution.

Organizational Capacity: These objectives focus on the human and technology capital necessary to enable our Agency's Organizational Capacity to achieve our Strategic Results.

- *Increase Employee Satisfaction:* Engage and empower the workforce to increase employee job satisfaction.

- *Improve Talent Management:* Forecast, develop, hire, and align talent to prioritized Agency requirements.

- *Leverage Technology:* Implement effective solutions enterprise-wide to eliminate duplicative, manual, and inefficient processes. Explore tools and technology that will ensure consistency between processes, improve internal controls, and ensure integrity of financial data.

- **Build a Culture of Service Excellence and Innovation:** Build a DFAS way of life where service excellence and innovative successes are rewarded and celebrated at all levels of the organization.

Internal Business Processes: These objectives focus on the internal business improvement efforts necessary to achieve our Strategic Results. They establish specific levels of performance and capabilities that generate effectiveness and efficiencies across the agency.

- **Strengthen Partnering Processes:** Foster proactive and vested partnerships by consistently collaborating with, responding to, reporting out, and following up with customers (authorizers) and stakeholders.

- **Improve Business Processes and Controls:** Strategically improve business processes and controls to increase efficiency and quality.

- **Improve Service Excellence:** Meet and exceed agreed upon customer expectations by consistently delivering first-class services and products, while preventing and promptly recovering from service defects.

Financial Stewardship: This objective ensures DFAS achieves the financial performance level that our customers recognize as best value for the services and products we deliver.

- **Improve Cost Efficiencies:** Provide services at least cost by forecasting, prioritizing, and programming financial resources.

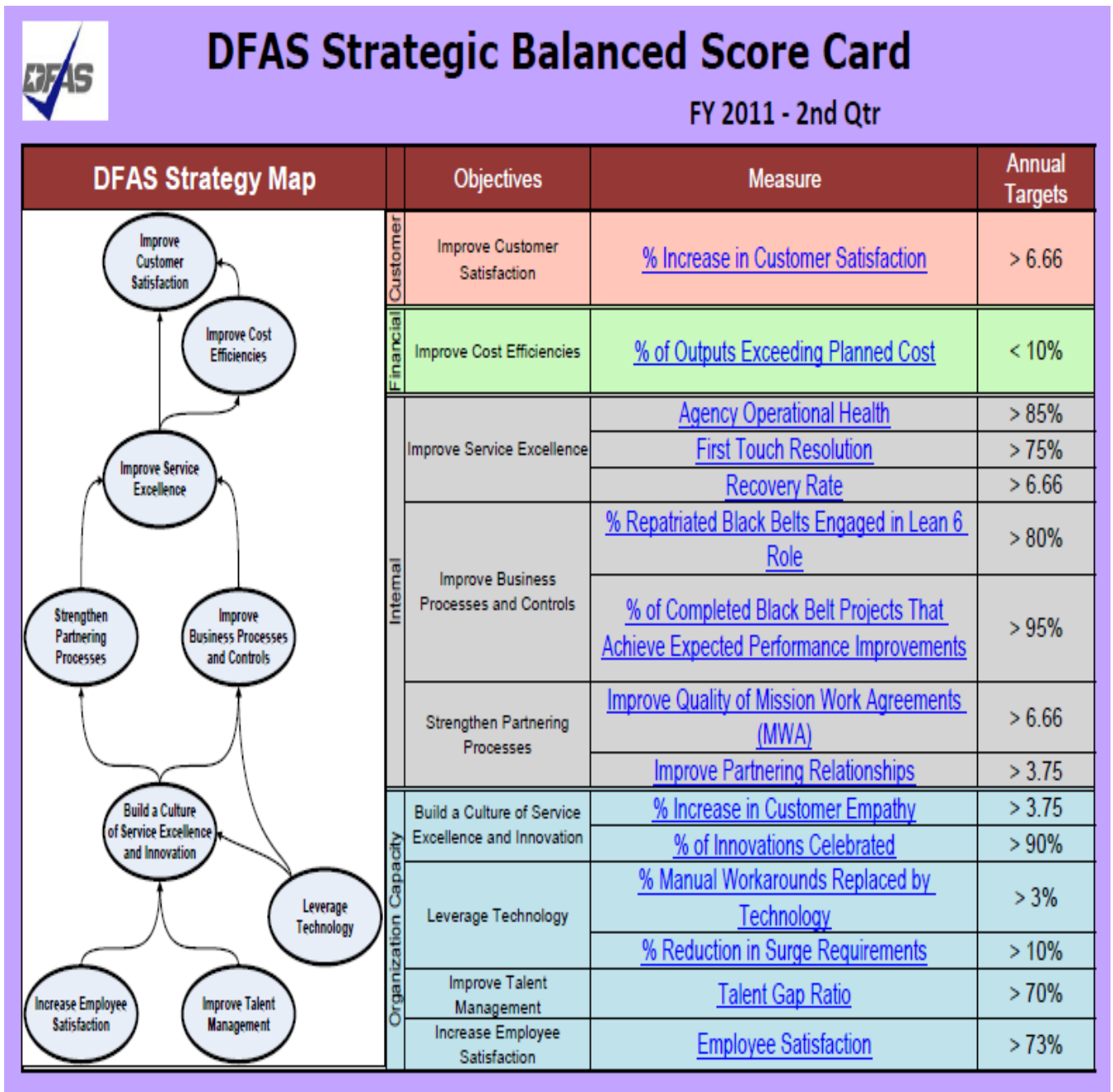
Customer Satisfaction: This objective ensures DFAS exceeds the sustained satisfaction levels that our customers recognize as first-class for the services and products we deliver.

- **Improve Customer Satisfaction:** Create a positive customer experience by consistently providing quality products and services, anticipating customer needs, and contributing to the success of the customer mission. Interactions with customers are positive and services and products satisfy customer needs, to include unique requirements.

Strategic Balanced Scorecard

Since adopting the Balanced Scorecard (BSC) in early 2001, DFAS has continually improved its ability to track its performance against stated goals and objectives. In fact, the Agency recently modified its approach to using the scorecard, thereby increasing transparency and accountability among employees and the executive team. Unlike previous years when DFAS' monthly BSC reporting focused primarily on performance measures and targets, this new performance reporting scheme (see sample figure

below) draws clear linkages between the expectations, goals, objectives, measures, targets, initiatives, and resources required to execute the approved portfolio of initiatives.



Strategic Initiatives

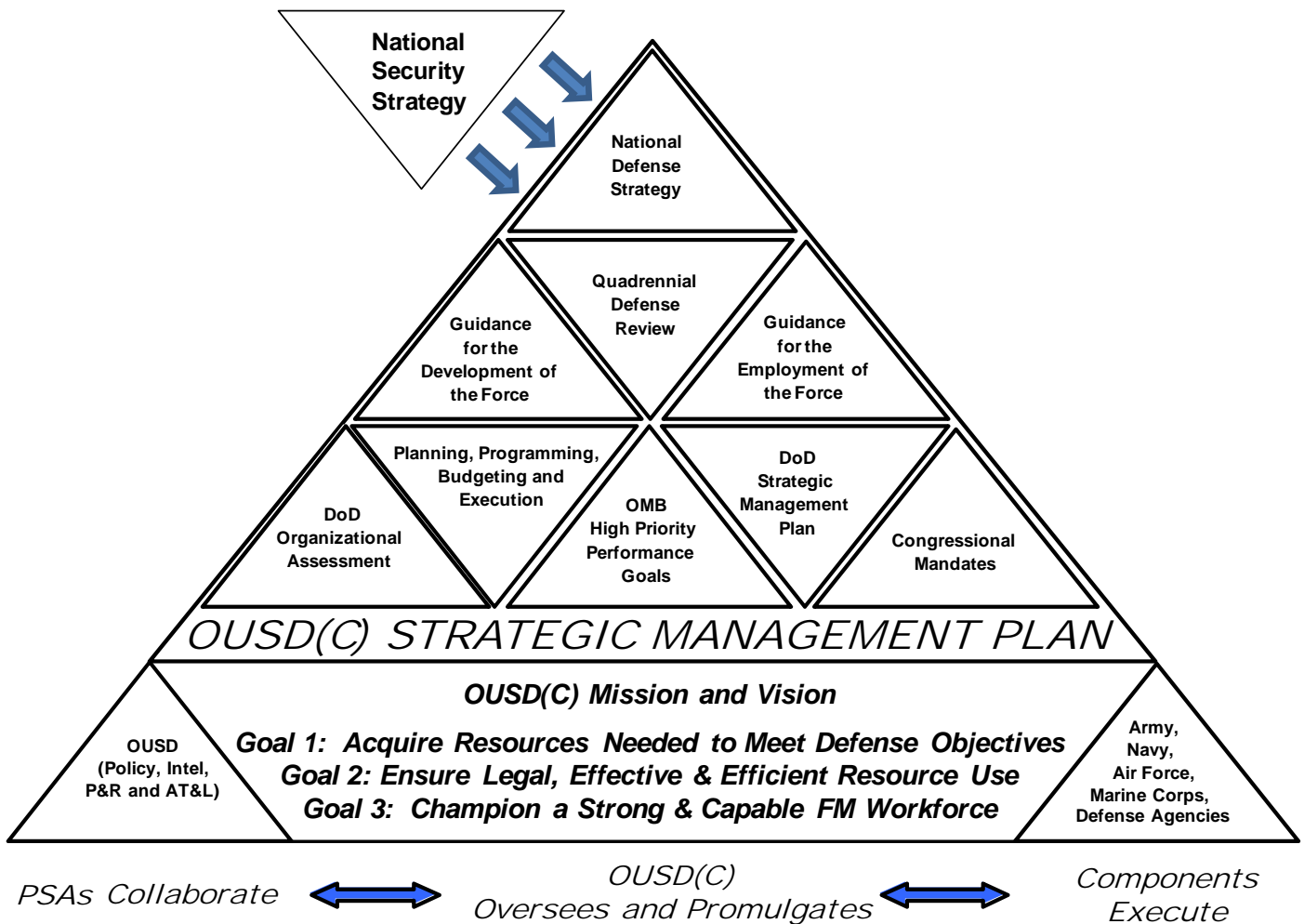
The strategic themes and objectives tie directly to enhancing mission support at best value – balancing effectiveness and efficiency to best meet requirements in a period of complex challenges and resource constraints. They are supported by a portfolio of internal initiatives that drive the agency's continued performance improvement against each of the nine objectives and result in the following expected actions:

- Distribute surveys that solicit external customer feedback across strategic objective dimensions that are indicators of problem areas and will lead to improved customer service and satisfaction.
- Mature the Productivity Initiative by continuing to develop workload, productivity, performance, and quality measures. Ensure employee labor is appropriately mapped to measure effectiveness, efficiency, productivity, and labor.
- Increase customer service aptitude. Ensure customer communications channels are active & effective.
- Improve the way Customer Care Centers operate, including processes, procedures, people and technology.
- Align Lean6 with the strategic efforts of business units to increase value and impact of projects.
- Establish Agency-standard idea management work flow for processing ideas. Proactively solicit input and involvement of workforce in solving problems.
- Foster stronger customer relationships through consistent communication and increased transparency to the customer. Engage in mutual strategy-based discussions at senior management level.
- Ensure a reliable, repeatable, sustainable process for Mission Work Agreements that are fully documented for all customers. All work for which DFAS receives revenue will be covered by a negotiated and signed customer agreement.
- Implement Customer Performance Reporting capability to increase collaboration and provide leaders with information to make informed decisions.
- Celebrate innovations and recognize employees who model innovative behavior and inspire others.
- Identify manual workarounds and related micro-applications; Document and assess interface issues; Identify and implement corrections to close identified gaps that have an impact on process efficiency and audit readiness.
- Implement robust Human Capital Initiatives to include a leadership development program for future senior leaders, DoD's Competency Management Program to

integrate competencies and proficiencies into employment lifecycle, robust Employee Recognition and Organization Assessment analytics, and employ an integrated capability to forecast, prioritize and execute the management of talent in mission critical occupations consistent with customer service and product requirements.

SUPPORTING DoD PRIORITIES

Our strategic themes and objectives position us to play a collaborative and leadership role in achieving important Department priorities.



The OUSD(C) Strategic Management Plan supports higher-order strategies and guidance through collaborative interaction with Principal Staff Assistants (PSAs) and executing Components.

DFAS directly supports the Under Secretary of Defense (Comptroller) goals as follows:

Goal 1: Acquire the Resources Necessary to Meet National Defense Objectives

OSD Objective 1C: Promote efficiencies and savings in budgetary and financial operations throughout the Department.

DFAS is committed to the Secretary of Defense's Efficiency Initiative and is identifying efficiencies throughout its organization. Additionally, DFAS serves as a key advisor to the Comptroller in looking across the Department, enterprise-wide, to identify efficiency opportunities.

Expected actions include:

- Implement DFAS 2012, which includes various cost savings opportunities.
- Identify Department-wide efficiency opportunities.
- Engage in collaborative customer improvement opportunities to increase efficiencies.

Desired outcomes include:

- Increased cost savings associated with finance and accounting services.
- Increased savings realized across the Department.

Goal 2: Ensure the Legal, Effective, and Efficient Use of DoD Resources

OSD Objective 2A: Improve business processes, internal controls, and budget flexibility to meet Warfighter needs, particularly in wartime theaters such as Afghanistan.

The DFAS Expeditionary Support Organization (ESO) provides deployable general finance and accounting expertise to Military Components during contingent operations while delivering critical, personalized, accurate, real-time pay account support/education to Wounded Soldiers and their family members.

Expected actions include:

- Outreach to improve communication links.
- Enhance user operational knowledge.
- Establish a financial repository.
- Employ reporting mechanisms.

Desired outcomes include:

- Ensure operational sustainment during Contingency Operations.
- Identify future needs regarding personnel, functions, and support.
- Comply with regulatory guidelines.
- Network system with Customers.
- Provide quality financial services.

OSD Objective 2B: Achieve full auditability of the budgetary and financial information that is most valuable in managing the Department of Defense.

The goal of the Office of Audit Readiness is to ensure that DFAS is ready to support its customers when they assert for a financial statement audit and to be prepared for Standards for Attestation Engagements (SSAE) 16 examinations on specific end-to-end processes that will contribute to customer assertions.

Expected actions include:

- Educate and train employees for audit readiness.
- Understand the end-to-end processes for the assertions.
- Support customers during the pre-assertion, the audit, and the post-audit phases.
- Complete control testing and verification of documentation prior to the assertion.
- Assess lessons learned and implement improvements.

Desired outcomes include:

- Issue memoranda to customers stating DFAS is ready for the audit of a specific assertion.
- No impediments by DFAS to an audit opinion on customer financial statements.

OSD Objective 2G: Ensure continued high levels of service, accuracy, and cost-effectiveness in the accounting and finance activities of DFAS.

Consistent with the DFAS Vision, the Agency's Strategic Plan captures the full intent of this objective. Through the development and execution of the DFAS Strategy, DFAS will continue to enhance performance levels and identify efficiencies to ensure its value to the Department.

Expected actions include:

- Rigorous execution of the DFAS 2011-2016 Strategy.
- Organizational and individual accountability established.
- Increased feedback mechanisms to identify opportunities to increase performance.

Desired outcomes include:

- Achieve clearly defined, negotiated expectations through partnerships that balance fact-based requirements, enterprise standards, and cost realities.
- Demonstrate a culture of innovation delivering new capabilities and improving existing operations.
- Achieve service excellence and superior results through a high-performing workforce, effective analytical capabilities, and standardized procedures.

OSD Objective 2I: Oversee the implementation of improved military pay systems and promote implementation of ERP systems in the Components.

The goal of the DFAS' Financial Management Center of Excellence is to develop customer-centric solutions to stabilize and optimize the post-legacy ERP environment to achieve efficiency, effectiveness, and auditability.

Expected actions include:

- Establish full-scale ERP sustainment models for all deployed ERP systems through the implementation of Joint Solutions Teams.
- Finalize configuration of the DFAS Enterprise Performance Management Tool (EPMT) and populate with ERP issues, risks, lessons learned, and related trend data for all deployed ERPs.
- Integrate Business Intelligence (BI) as a center of excellence into the Component Systems organization and expand requirements, standardization, and development actions for the General Fund Enterprise Business Systems (GFEBs), Defense Enterprise Accounting and Management System (DEAMS), Navy Converged Enterprise Resource Planning (NERP), Global Combat Support System – Army (GCSS-A) and Defense Agencies Initiative Enterprise Resource Plans (DAI ERPs).
- Test, train, deploy, and conduct stabilizing activities, in concert with DFAS Operations Enterprise Readiness Offices, for the next increment of production releases and improved functionality for the Component ERP solutions to include; GFEBs, GCSS-Army, DAI, EBS, DEAMS, ECSS, and Navy ERP.
- Complete prototype development of the ERP Training Simulator (ERPTS) and implement first complete set of training scenarios into the training programs for the component ERPs.
- Develop and maintain Finance and Accounting Enterprise Standards for Integrated Personnel and Pay System (IPPS) development.

- Develop and facilitate the Agency business transformation and standardization way forward for finance and accounting "to be" Business Processes in support of each IPPS deployment.
- Support Deputy Chief Management Officer (DCMO) Enterprise Information Web (EIW) development way forward for "to be" Financial Management (FM) reporting for IPPS.
- Translate DoD and DFAS policy and procedures into standards that are performed by people and systems.
- Integrate and standardize business rules, functional requirements and the DFAS Operational Architecture.
- Direct and oversee support provided for the development, testing, implementation and sustainment of enterprise wide automated solutions (Enterprise Systems).

Desired outcomes include:

- Leverage best practices across customer initiatives.
- Drive greater efficiencies through enterprise-wide solutions.
- Deliver expert guidance to meet Department audit objectives.
- Develop and maintain the DoD library of financial requirements and associated test scenarios.
- Provide business intelligence to optimize the customer's post-legacy operating environment.

Goal 3: Champion a Strong and Capable Financial Management Workforce

OSD Objective 3B: Support initiatives to strengthen the FM workforce.

DFAS leads the Challenge Fund training project. The ERP Training Simulator (ERPTS) project will illustrate and simulate real-world, transaction-based finance and accounting and allow users to understand the impact of their decisions on real-event scenarios related to the procure-to-pay (P2P) environment. This project takes learning to the next level, creating a hands-on, immersive, and interactive learning experience. The ERPTS will build on today's available training by giving students tools for the successful application of this knowledge, accurate analysis on the available data, and synthesizing of these skills.

Expected actions include:

- Increase awareness of DoD innovative and creative solutions for financial management learning opportunities.
- Increase understanding of ERPTS benefits and impacts.

- Complete Challenge Fund training projects by the end of 2011.

Desired outcomes include:

- Measure learner knowledge, application, and retention through a controlled learning environment, and reviewing impact to productivity.
- Enhance existing training tools.
- Provide scenarios that are limited to solving very specific unmatched disbursement issues.
- Deliver systems design, development, test results and recommendations.
- Simulate system processes (technical competencies) with core business competencies in a safe learning environment creating transparency, collaboration, and healthy competition.

Proudly Serving America's Heroes

The coming years will no doubt present challenges for the Nation and its Armed Forces. We will sustain our commitment to achieve our vision through the framework of our strategic themes and objectives. This will allow us to play a collaborative and leadership role in financial management, while ensuring service excellence and contributing to achieve the Department's priorities.

The DFAS Strategic Council, composed of the Agency's most senior leaders, meets monthly to review our strategic progress, assess other critical issues, and guide the implementation of the Department's and DFAS' priorities and strategic initiatives.

I urge each of you to do your part to help us succeed. If you are a part of the DFAS workforce, I challenge you to understand our customers and provide dedicated support. If you are a customer, we look forward to collaborating with you to creatively solve your toughest issues and meeting or exceeding our agreed upon levels of service.

Whatever your role, we value your partnership in doing what is right for our Warfighters, the Department of Defense and the American taxpayers.

Yvonne McKay

