
PREFACE

In applying Velocity Management (VM) to improve such key logistics processes as order and ship, repair, and stockage determination, the Army has uncovered anecdotal evidence that some delays and errors in these processes can be traced to the performance of the logistics financial management process. Improvements to the speed and accuracy of basic logistics processes should not be hampered by a financial management system that is slow and inaccurate, that creates errors and delays, and that places obstacles in the path of efficiency and effectiveness. Recognizing the need to improve the performance of the logistics financial management process, the Velocity Group (VG) formed a Financial Management Process Improvement Team (FM PIT). This report documents analysis conducted in support of the FM PIT. Following the VM methodology of Define-Measure-Improve (D-M-I), the research to date has focused on defining the process, conducting exploratory measurements to test the utility of some candidate metrics, and suggesting improvements to financial management processes.

A second RAND report by Ellen M. Pint et al., *Right Price, Fair Credit: Criteria to Improve Incentives for Army Logistics Decisions* (forthcoming), documents research on improving financial incentives to use resources wisely. It develops criteria for evaluating financial policies and draws implications for financial management policy.

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Deputy Chief of Staff for Logistics, U.S. Army, sponsored the research. The research should be of interest to logisticians and financial management personnel in all the military departments and the Office of the Secretary of Defense, especially those concerned with the services' working capital funds and the pricing of their goods and services.

Related logistics research is documented in other RAND publications listed in the bibliography. Readers interested in RAND publications listed there should contact RAND Distribution Services, 310/451-7002 [voice], 310/452-6915 [fax], or e-mail at order@rand.org.