DEPARTMENT OF THE ARMY
COST AND ECONOMIC ANALYSIS CENTER
1421 JEFFERSON DAVIS HWY SUITE 9000
ARLINGTON VA 22202-3259

REPLY TO
ATTENTION OF

SFFM-CA-FI (11-18a)

31 OCT 2001

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Cost Management/Activity Based Costing (CM/ABC) Quarterly Review to the VCSA

1. References:

a. Memorandum, VCSA, 26 Oct 01, subject: CM/ABC Implementation.

b. Memorandum, SECARMY, 10 Nov 99, subject: Strategic Plan for Implementing CM/ABC.

2. The Army leadership has endorsed the furtherance of Cost Management/Activity Based Costing which is vital to Army goals and objectives of establishing best business practices, gaining efficiencies, and improving performance. It has been directed that the 11 Business Areas develop CM/ABC plans and implement to the fullest, reference b.

3. In order to actively monitor the progress of CM/ABC across the Army, the VCSA has directed the Army Cost & Economic Analysis Center (CEAC) to provide Quarterly CM/ABC Reviews of the 11 Business Areas, reference a. For the first Quarterly Review, all Business Areas are required to report status (thru FY01) using the enclosed form and provide to CEAC by 30 Nov 2001.

4. Minimum essential information is being requested to adequately provide status of implementation and execution. We will remain open to better metrics that may more accurately reflect execution and results. Any additional information, suggestions for improvement of forms, or examples of efficiency, process improvement or increased quality would be helpful in providing the overall status.

5. All future Quarterly Reviews will follow the FY calendar and input will be required 30 days past quarter end. Information requested will be consistent in format and only changed with ample notice to Business Areas. Briefings by CEAC to the VCSA are to be scheduled for 45 days after quarter end. Individual business areas will be responsible to brief a more in depth status, as shown on attached schedule, for selected quarterly reviews.

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6. An initial meeting will be scheduled in mid November, with all 11 Business Area proponents, to further discuss the information being requested and the process for consolidating and coordinating the final report to the VCSA. We will be contacting each Business Area with more detail on this requirement.

7. Point of contact for this action is Steve Barth, 703-601-4150 or Richard Ayers, 703-601-4149.

ROBERT W. YOUNG
Director

Encl
Form

DISTRIBUTION: 31 OCT 2001

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