

Field Supply & Maintenance Analysis Office

More than just analyses

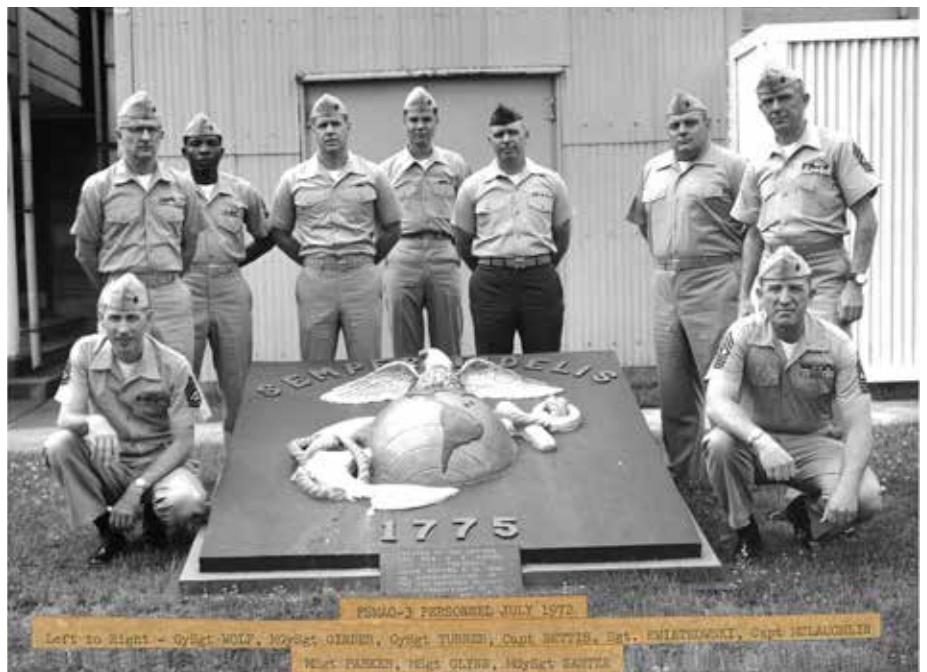
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If you walk into the Field Supply & Maintenance Analysis Office-Western Pacific (FSMAO-WP), you'll see FSMAO unit photos dating back to the 1970s. The Field Supply Analysis Office was established in 1968 and was designated as FSMAO in 1972. The FSMAO analysts and the teams in these photos during the 1970s through 1990s were primarily auditors focused solely on checklist compliance. Then, in the early 2000's a stark change: FSMAO ceased analysis in 2003 and was re-designated as the Logistics Modernization Team (LMT) in 2005.¹ After a few more redesigns in the 21st century, the LMT transitioned into FSMAO with the publication of MarAdmin 498/09, which promulgates policy for the FSMAO program.²

The identity of each FSMAO team throughout the last 50 years had one major thing in common: the construct, organization, and mission of each team existed to support current state operational requirements and anticipated future state logistical requirements enterprise wide.

Today's future state requirements for Marine Corps analysis organizations must include a goal of an unmodified audit-opinion for the Department of Defense (DOD), estimated by Pentagon financial leaders to potentially occur in 2028.³ To enhance the likelihood of a clean audit, today's FSMAO and other analysis organizations must more closely align with strategic analysis principles and standards to enhance

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The Field Supply Analysis Office was designated as FSMAO in 1972. (Photo provided by author.)

audit preparation and remediation frameworks.⁴

For this to be successful, today's Marine Corps analysis organizations must 1) transform specific, standardized data from comprehensive analyses of logistics functional areas into user-friendly tools and resources tailored to support command and activity decision making, 2) report trends analyses and

make policy change recommendations to HQMC, and 3) cultivate curiosity, experimentation, and collaboration with adjacent analysis organizations to support incremental change.

Perspective, Capabilities, Profit Potential

FSMAO teams provide more than just analyses.⁵ The FSMAO organiza-

tion supports future requirements for the Marine Corps focused on compliance by providing tactical-level organizations with robust and standardized analyses of their organizations to support operational availability of equipment, readiness, and accountability. Tactical-level touchpoints between regional FSMAO's and their supported units shape strategic-level product development and inform HQMC logistics audience communication strategies. This cycle provides trends-informed analysis to the Deputy Commandant, Installations and Logistics (DC, I&L) to influence the update of orders, directives, and technical manuals. In other words, today's FSMAO teams maximize value for the Marine Corps by supporting incremental progress towards improvement in compliance while simultaneously generating value for their consumers and customers.⁶

Harvard Business School professor Dr. Robert Simons presents a business model framework to help organizations maximize value by orienting organizational goals along three dimensions: perspective, capabilities, and profit potential.⁷ Dr. Simon's customer-centric model offers a unique lens to demonstrate how the FSMAO cycle of operations generates value for its supported organizations by transforming the structure of existing data points into meaning and insights necessary to support actionable decision making at multiple levels throughout the Marine Corps. Subsequent future analysis of perspective, capabilities, and profit potential can align the strategic direction and goals of adjacent analysis-organizations, and can enhance achievement of the Commandant of the Marine Corps' intent for audit compliance by supporting Marine Corps' compliance with logistics orders and directives.⁸

Perspective. In 2013, MCO 4400.160—FSMAO's foundational document—was signed by DC, I&L shaping FSMAO's current mission statement. This 2013 MCO tasks the tri-FSMAO team with conducting 1) comprehensive analyses and 2) improving equipment accountability and readiness. The aforementioned mission statement encompasses two distinct tasks—both

of which influence the FSMAO cycle of operations and relationships between regional FSMAOs, FSMAO's supported consumers, and the enterprise.

The conduct of FSMAO analyses emphasize tactical-level relationships between regional FSMAO's and their consumers. These tactical-level relationships emphasize logistics-centric compliance, education, and process improvement. However, FSMAO analyses are strategic-level oriented: the desired end state being to provide strategic-level trends analysis, shape enterprise-available tools and resources, and inform policy change at the HQMC level. This relationship between consumers, regional FSMAOs, and the customer enterprise is FSMAO's most important role. The following figure outlines specific considerations for both customer and consumer perspectives as related to the FSMAO organization and mission.

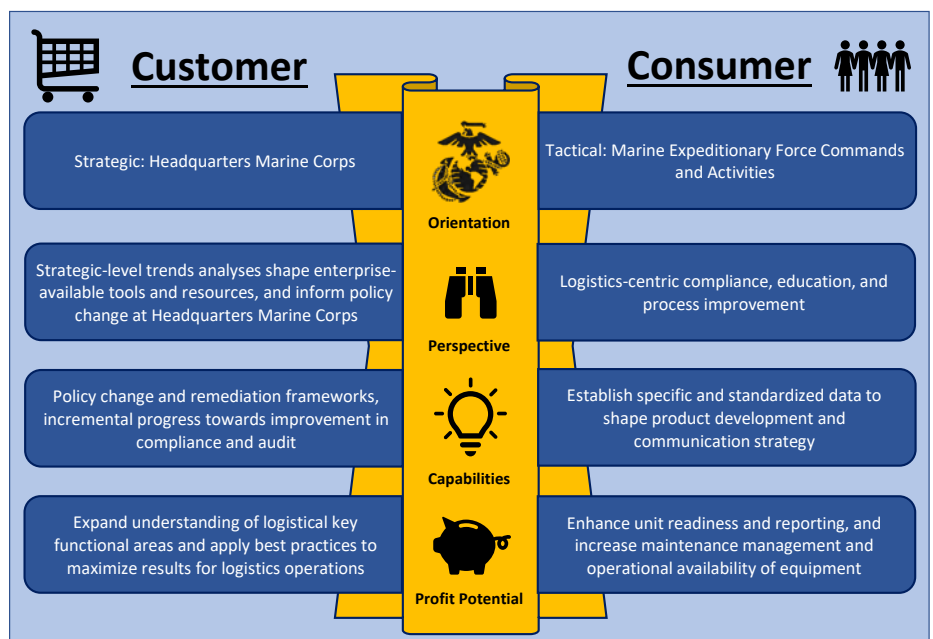
Key to Dr. Simons' view on the importance of perspective is that it provides executives opportunity to achieve legacy for their organization. For the Marine Corps, legacy equates to strategic direction. Fundamental to the strategic direction of FSMAO teams is to increase overall warfighting capability across the enterprise. This direction is influenced by the use of associated data points and subsequent objective analysis

to influence the update of orders, directives, and technical manuals.

This strategic direction has changed over time, and in light of the Commandant's intent for audit compliance, FSMAO's strategic direction must now account for analyzing processes necessary to improve audit readiness. By integrating testing between adjacent analysis organizations, the Marine Corps can 1) more closely align capabilities with support to incremental progress towards improvements in compliance, 2) maximize profit potential through the development of customer and consumer tailored products at tactical-levels, and 3) enhance trends analysis necessary to achieve strategic DOD audit goals.

Capabilities. According to Dr. Simons, capabilities are the resources of a firm and the products an organization creates to support their company's culture and mission. Using this definition, FSMAO's capabilities are policy change recommendations to HQMC. These capabilities exist to support compliance, remediate discrepancies identified during analyses, and measure the effectiveness of remediation framework implementation on the conduct of future analyses.

In *The Inevitable*, Kevin Kelly outlines the twelve technological forces that will shape the future. In his chapter



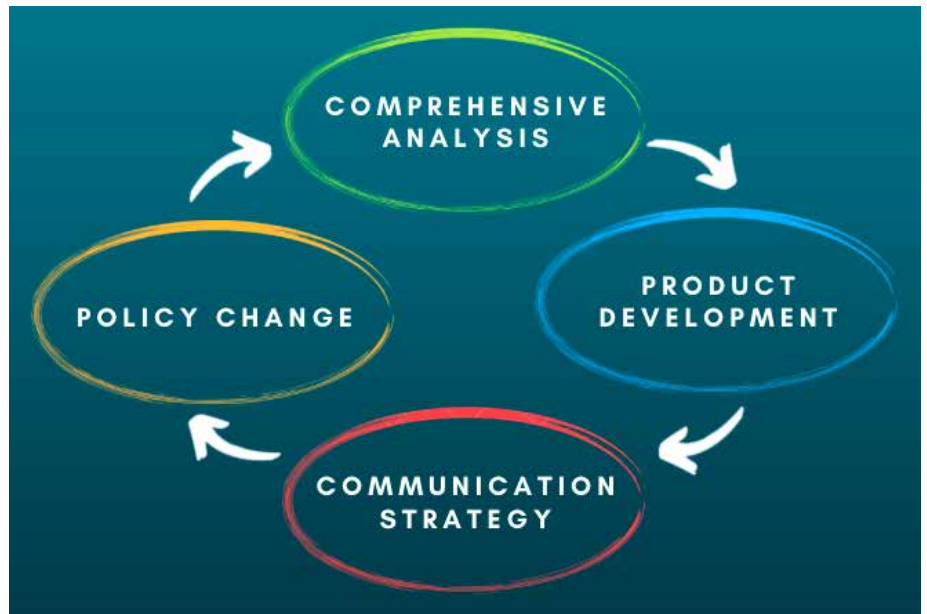
Business model frameworks help organizations maximize value. (Photo provided by author.)

titled “Becoming,” he demonstrates the value of continual upgrades, noting that neither dystopia or utopia is mankind’s destination: rather, protopia or the state of becoming. The state of protopia is defined as “incremental progress towards improvement, not perfection.”⁹ The FSMAO cycle of operations approaches compliancy from a perspective of incremental progress, fostering a model of cyclical change as it relates to data analysis.

FSMAO’s data-driven quality strategy begins with the comprehensive analysis of MEF commands and activities. Each year, FSMAO teams support the analysis of more than 40 organizations within their respective area of responsibility.¹⁰ These analyses support the consumer by allowing tactical-units to understand their deficiencies by addressing fundamental weaknesses and provide a touchpoint for training and process improvement. In terms of FSMAO’s cycle of operations, analyses establish specific and standardized data to shape FSMAO’s product development and communication strategy as depicted in the figure below.

For the Marine Corps, incremental progress towards improvements in compliancy requires a standardized, relevant, and recurring framework for improvements supported by data-driven quality strategies. Subsequent analyses demonstrate the effectiveness of developed products as they relate to the improvement of compliance and of overall Marine Corps equipment accountability and readiness. FSMAO-generated product development and communication strategies to MEFs and DC, I&L inform policy change. Policy change and remediation frameworks generate incremental progress towards improvement in compliance and support future iterations of comprehensive analyses.

Data-driven quality strategies emphasize key components of measuring and utilizing capability analysis to assess the ability of a process to meet specifications. These strategies support analysis of the frequency of problems and assist in determining root causes of variations and defects.¹¹ The distinction to incremental progress is that improvements as they relate to compliancy must address



FSMAO analyses provide strategic-level trends analysis and inform policy change at the HQMC level. (Photo provided by author.)

and eliminate the root causes of variances—and control future process performance by monitoring process behavior through statistical process control. Through formalized statistical process control, data feedback loops related to logistical processes can be measured and improved, enhancing the relationship between FSMAO’s cycle of operations and compliance during subsequent analyses.

Profit potential. Dr. Simons notes there are distinct linkages between an analysis of your customers, your customers’ needs, and the products you make—and getting your customer right is key to the profit potential of many successful organizations. Obsession over customers is a phrase coined by Jeff Bezos in a 1997 letter to his shareholders and was key to growing his customer accounts from 180,000 to 1.5 million during his pilot year of Amazon.com.¹²

For FSMAO teams, profit potential currently exists within the analysis of logistics functional areas. The desired end state is enhancing unit readiness and reporting while increasing maintenance management and operational availability of equipment. Successful profit potential considers FSMAO’s impact on its supported organizations. This is accomplished by expanding understanding of logistical key functional

areas, practicing business process frameworks, and applying industry best practices to maximize results for logistics operations.

Maximizing profit potential can enhance the success of FSMAO in the future, particularly in supporting the goal of an unmodified audit-opinion for the DOD. This can be achieved by building a strong network within Marine Corps analysis organizations and can serve to enhance achievement of FSMAO’s mission and encourage interoperability between adjacent analysis organizations. Interoperability between adjacent analysis organizations can emphasize key topics to include relationships and resources, strategy formulation, and process analysis. This interoperability can support 1) the FSMAO organization and mission, 2) the standardization of physical inventory controls, transactional controls, and operational controls, 3) DOD auditability through the improvement of equipment accountability and readiness, and 4) remediation of corrective action plans supporting compliancy and DOD audit requirements.

Curiosity, Experimentation, and Incremental Change

What does it mean to be “audit ready?” By definition, auditing provides

reasonable assurance through an opinion about whether a reporting entity's statements are presented fairly in all material respects and in conformity with generally accepted accounting principles.¹³ Per the Under Secretary of Defense for Acquisition and Sustainment, "successful audit is demonstrated through a financial statement audit performed by independent auditors resulting in an unmodified audit opinion on the Department's financial statements."¹⁴

Audit, in its very nature, is a snapshot in time blind by its purpose to desired future states. Audit mindset is a critical stage necessary to achieve future state goals. By finding linkages between Marine Corps analysis organizations and utilizing existing touchpoints to support Sustainment Branch proposed remediation frameworks, this critical gap is one area where adjacent analysis-organization teams can mutually support incremental progress towards improvement in compliance, improve equipment accountability and readiness, and support DOD audit goals. There are three areas the Marine Corps can focus efforts on now to immediately mutually support adjacent analysis organization goals.

Aligning Testing Integration Plans. The DOD recently completed its fourth annual department-wide financial audit statement in November 2021. This audit "covered more than \$3.2 trillion in assets and \$3.0 trillion in liabilities."¹⁵ Per DOD Fiscal Year (FY) 2020 Financial Statements dated 23 February 2021, auditors issued notice of findings and recommendations (NFRs) regarding inventory and related property that could have an operational impact, and identified that existence and completeness exceptions existed for 130 Marine Corps items. Per the aforementioned report, the 130 completeness exceptions indicate that the Marine Corps did not have the inventory reflected in their records or had inventory that was not recorded in their records. Per a DOD Inspector General report from 2021, there are improvements within Marine Corps processes required to support a clean audit by 2028.

Enhancing data collection by aligning testing integration plans between

adjacent analysis organizations maximizes support to long-term sustainment and validation of internal control deficiencies identified during existing accountability and audit requirements. The *38th Commandant's Planning Guidance* notes that "[data collection] is often accomplished through the heroic efforts of a few individuals rather than the organized and sustained effort required to transform how we sense, make sense, and act." Alignment of resources and targeting statistics between adjacent analysis organizations within the Marine Corps better supports achievement of the Commandant's intent for audit compliance, and supports the Marine Corps' compliance with logistics orders and directives. By combining analysis of NFRs and FSMAO analyses results, the Marine Corps can align causative research to support proposed remediation frameworks by addressing fundamental weaknesses identified during audit and formal FSMAO analyses.

Existing Touchpoints. In accordance with the Assistant Secretary of the Navy Audit Priority guidance—and to satisfy accountability and audit requirements—the Department of the Navy is actively conducting 100 percent physical inventory procedures on Operating Materials & Supplies, Military Equipment, and Garrison Property in FY22 via the Internal Controls and Audit Readiness Team (ICART). Readiness Reportable Ground Equipment (RRGE) inventories provide an existing touchpoint for FSMAO teams to support the performance of E&C testing (book-to-floor and floor-to-book procedures).¹⁶ Utilizing existing resources and already established touchpoints with MEF units, FSMAO teams can support the immediate correction of data plate errors identified during formal analyses of RRGE inventory.

In FY21, FSMAO-WP conducted a 100 percent RRGE inventory on 18 units within the Western Pacific region. In total, 5,324 pieces of equipment were reviewed, and 415 pieces of equipment (7.79 percent) were discrepant for data plate errors. In FY22, with collaborative efforts between FSMAO-WP teams and Item Unique Identification field service representatives (FSRs), data

plates are provided to commanders of analyzed units within the INDOPA-COM AOR. This has corrected 100 percent of known data plate discrepancies identified during FSMAO-WP formal analyses (440 within the first two quarters of FY22).

Enhanced collaboration with MEF Item Unique Identification FSRs can build momentum to correct inventory discrepancies related to data plate errors and support adjacent analysis organization goals regarding physical inventory control plans. Since each FSMAO analyzes their respective MEF units on a 24-month rotating cycle, all data plate errors on RRGE could be corrected within the next two years utilizing existing touchpoints, manpower, and resources. Future analyses can identify additional trends to support equipment accountability and readiness and enhance the effectiveness of other existing touchpoints between adjacent analysis organization constructs.

Remediation Frameworks. MCDP 4, *Logistics* notes that "Improvements in information processing and communications [permit] better management of resources—[and]—better management [leads] to greater efficiency." Consolidating and overlapping existing remediation frameworks between Marine Corps analysis organizations can transform the structure of existing data points and generate meaning and insights necessary to support actionable decision making. During FY22, FSMAO and ICART are coordinating to determine an effective approach to align testing reporting criteria in accordance with Office of Management and Budget Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, the Government Accountability Office (GAO) Green Book, *Standards for Internal Control in the Federal Government*, and GAO Fraud Risk Management framework.

Mutually proposed objectives between adjacent analysis organizations must include a focus on the identification of internal control deficiencies, alignment with Business Process Narrative efforts, and audit remediation. A structured and sustained remediation

framework can support establishment of an effective internal control program supporting proposed objectives and testing frameworks in accordance with FSMAO and ICART integration plans. This can enhance accountability and audit outcomes, ensure accurate data and information is available for leadership decision making, and support implementation of enterprise risk management to identify, assess, monitor, and address risks related to audit.

Conclusion

The Future Joint Force Development framework outlines the four principles of unity of effort, 1) a common understanding of the situation; 2) common vision, goals, and objectives; 3) coordination of efforts to ensure continued coherency; and 4) common measure of progress and ability to change course if necessary.¹⁷ Achieving unity of effort between Marine Corps analysis organizations requires a process of establishing standards and performing mutually beneficial internal controls to verify continuous improvement. This, in turn, leads to better accountability of Marine Corps assets and supports the active management of readiness related programs.

Audit and readiness are two sides of the same coin. In *White Letter 2-19*, the Commandant of the Marine Corps directed leaders at all levels to support the Marine Corps financial statement audit to get “the most out of every dollar Congress allocates to us, so that we know what we have and we can buy what we need to ensure Marines are ready to fight.”¹⁸ The *Supply Officer’s Internal Controls Handbook (2020)* asserts this same commitment to support audit objectives and to focus on audit readiness by prioritizing the accurate accountability of resources. The timely detection of inventory discrepancies or procedural errors related to logistics processes then, is critical to improving equipment accountability and readiness, and supporting the governance of supply, maintenance, and maintenance management procedures.

Today’s analysis organizations must support analysis of future state requirements for the Marine Corps by

1) remediating discrepancies identified during current analyses and audit, 2) testing and repeating results in a way that makes sense to MEFs and Marine Corps Forces Commands, 3) experimenting with building strong networks between adjacent analysis organizations, and 4) fostering teamwork with existing analysis organizations to support trends-informed recommendations to policy, doctrine, and training procedures.

Notes

1. MARADMIN 153/03 renamed the FSMAO program to the “Marine Corps Logistics Chain Analysis Team” effective 1 April 2003.

2. Headquarters Marine Corps, *MCO 4400.160*, (Washington, DC: January 2013).

3. Jared Serbu, “DoD targets 2028 for First Clean Financial Statement Audit,” *Federal News Network*, (May 2021), available at <https://federalnewsnetwork.com>.

4. Marine Corps analysis organizations are defined as ICART and the three FSMAO teams—this phrase is used synonymously with adjacent analysis organizations throughout this paper. The aforementioned organizations are the audit readiness and internal controls implementation and enforcement mechanism of the Enterprise Ground Equipment Manager per MARADMINS Number: 556/14. Strategic analysis principles are transparent, robust, and well-designed per Deputy SecDef Memo dtd 2 Feb 2022, Principles and Standards for Analysis Supporting Strategic Decisions.

5. Beyond comprehensive analyses, FSMAO teams generate data analysis of MEF command and activity compliancy trends, align supported units with tools and resources to improve supply and maintenance processes, and build awareness of Headquarters Marine Corps’ priorities.

6. Consumers are the end-users of an offering whereas customers invest in offerings.

7. Robert Simmons, “Choosing the Right Customer,” *Harvard Business Review*, (March 2014), available at <https://hbr.org>.

8. Headquarters Marine Corps, MARADMIN 106/20, Support to the FY20 Marine Corps Financial Statement *Audit*, (Washington, DC: February 2020).

9. Michael Shermer, “Utopia is a Dangerous Ideal: We Should Air for ‘Protopia,’” *Big Think*, (June 2018), available at <https://bigthink.com>.

10. FSMAO’s consumers consist of all the MSCs and subordinate units that are analyzed on a rotating 24/36-month cycle. This is the average number of organizations analyzed by each tri-FSMAO team in FY22, 124 total per *MARADMINS Number: 439/21*.

11. Staff, “The Define, Measure, Analyze, Improve, Control (DMAIC) Process,” *ASQ*, (n.d.), available at <https://asq.org>.

12. Jeff Bezos and his Amazon.com team grew sales 838 percent from 1996 to 1997. Reference Jeff Bezos, “Shareholder Letter,” (1997), available at <https://media.corporate-ir.net>.

13. Staff, “Financial Improvement and Audit Readiness (FIAR) Guidance,” Property & Equipment Policy Office, (n.d.), available at <https://www.acq.osd.mil>.

14. Ibid.

15. C. Todd Lopez, “Results of DOD Financial Statement Audit Supports Focus on People,” DOD, (November 2021), available at <https://www.defense.gov>.

16. RRGE sets consist of military equipment and mission essential equipment selected for equipment status reporting in DRRS-MC. This sampling of equipment is essential to the FIAR E&C construct, provides an existing inventory touchpoint between FSMAO teams and analyzed units, and represents the Marine Corps ability to perform its mission.

17. Joint Staff, “Unity of Effort Framework,” (PowerPoint presentation, 2013), available at <https://www.jcs.mil>.

18. MARADMIN 106/20.

