



All Things Financial Management

Leveraging Category Management at the Army Materiel Command with Ms. Christina Freese

INTRO: Welcome to All Things Financial Management, an ASMC podcast sponsored by Guidehouse, where we discuss all things under the auspices of the comptroller's office and address top of mind issues in the financial management community.

TOM RHOADS: Good morning. My name is Tom Rhoads. I'm a partner with Guidehouse where I work with clients across the DOD and other government agencies to transform and optimize their financial management functions. I'll be your host for today's podcast.

For those of you who may be new to this podcast series, let me take just a moment to provide some background on the American Society of Military Comptrollers. The American Society of Military Comptrollers, or ASMC, is the nonprofit, educational and professional organization for individuals, military, civilian, corporate, or retired, involved or interested in the field of defense financial management.

ASMC promotes the education and training of its members and supports the development and advancement of the profession of defense financial management. The society provides membership, education and professional development and certification programs to keep members and the overall financial management community abreast of current issues and encourages the exchange of information, techniques and approaches.

And with that, I'd like to introduce our guest for today. Today we have with us, Ms. Christina Freese. Ms. Freese has been a member of the Senior Executive Service since February 2020. She currently serves as the Deputy Chief of Staff for Resource Management G8 for the US Army Materiel Command. In this position, she serves as the lead in managing the command's day-to-day resource operations. Ms. Freese oversees an annual budget of over \$40 billion, which is comprised of appropriate funds and working capital fund activity. Ms. Freese directs, controls and monitors work through six division chiefs with a staff totaling 90 individuals.

Thanks for being with us today, Ms. Freese.

CHRISTINA FREESE: Thank you. It's my pleasure to be here.

TOM RHOADS: We're excited to have you. Really, we'd like to start with a question about yourself. Would you mind sharing a little bit about your background with us, and what brought you to your current position at the Army Materiel Command? In other words, can you share with us your story?

CHRISTINA FREESE Absolutely. I began my government civilian career over 30 years ago. It's hard to believe really that it's already been that long, but I started out in a junior role as a GS-3 clerk typist. I wasn't an intern, nor was I hired on a career ladder promotion type position. So really my approach to advancement was to look around for positions and responsibilities that I thought I would enjoy and to develop myself to compete for those jobs. I sought out training and volunteered for special projects or temporary assignments to learn and expand my professional network. I also then navigated my way through positions of greater responsibility, including administrative, budget analyst and program analyst roles, as well as program integration and project management.

I took opportunities to work in organizations with different functional roles like engineering, contracting or logistics. And equally important, worked at the tactical level or the subordinate command organizations as well as staff positions at headquarters, commands and army level. Those experiences shaped my path to my current role as a senior executive. In this position, I am motivated by our mission and I'm passionate about it. I get to be part of organizational change and modernization and transformation of our facilities, the organic industrial base and weapon systems.

It's my team's job to ensure that we have the resources, both money and people, to achieve these things and more. I'm part of ensuring that our soldiers are ready and equipped with the very best to defend our nation's interest, both in the US and around the world. And that is absolutely what I love about my job because it matters today and for decades to come.

TOM RHOADS: Ms. Freese, I understand the Army Materiel Command is leveraging category management. And for those of our listeners that aren't familiar with category management, can you explain a little bit about what it is?

CHRISTINA FREESE: Yes. Category management is really a structured approach to create categories for common goods and services, and that enables the federal government to eliminate redundancies, increase efficiency and effectiveness, to achieve cost savings and actually to enhance the war fighter capabilities. And those overarching goals are to be achieved through 10 government-wide common categories of spend, and those categories include things like information technology, facilities and construction, professional services, transportation and logistics, human capital and more.

And the category management governance starts with the Office of Management and Budget, or OMB. And OMB and their Office of Federal Procurement Policy have issued guidance instructing government agencies on how to approach category management and general services administration is the lead and they have a category management program management office, and they represent the government wide interests.

Their category management leadership council consists of representatives from really the largest buying agencies and acts as the government body for category management activities. So, there are engagements across government agencies, within military departments and subordinate organizations to make sure that they achieve the specified metrics and the improvement goals.

And so, category management should matter to us in the comptroller community because we are charged with stewardship of resources and managing this type of spend, which culminates in a contract. So, when we focus on the goal of setting standard levels of service, eliminating redundancies and generating savings, this ultimately permits us to resource other critical needs, and we know that there are always persistent and emerging needs.

TOM RHOADS: It sounds like the strategy is moving away from more of a leverage spending model to embracing value drivers, technology innovation, risk management, strategic sourcing. How do you see that the Army Materiel Command is using category management to support its mission in these new initiatives?

CHRISTINA FREESE: Sure. I'll start by explaining a little bit about AMC's mission, or Army Materiel Command's mission and breadth, if that's all right?

TOM RHOADS: Yeah, sounds great.

CHRISTINA FREESE: Okay. AMC is really very similar to a Fortune 100 global company. We execute nearly \$50 billion annually. AMC relies on a global workforce of about 175,000 military, army civilian and contractor employees, and we manage the Army's installations, post camps and stations where soldiers and families not only live, but where they train, mobilize, and deploy from, and where the day-to-day business of the army is conducted.

So, Army Materiel Command also has 10 major subordinate commands and two separate reporting activities. We manage about 95 Army installations and an organic industrial based facilities, and that's where we use 23 depots, arsenals and ammunition plants to overhaul, modernize, and upgrade major weapon systems.

So, there is an AMC presence really in all 50 states and hundreds of countries around the world. The command leads and directs the sustaining war fighting functions from the installation to the battlefield, to meet the Army readiness

requirements during competition, crisis and conflict. And truly operations don't happen without the installation and materiel readiness that AMC provides.

So how do we use category management in support of this diverse mission set? That's really the question. So, there are really three fundamental ways. There's three category management performance metrics, and those are spend under management, competition and demand management. So first, spend under management, or SUM, is the percentage of an organization's spend that is actively managed according to category management principles, which are really just smart decision-making where agencies buy the same types of goods and services using best value solutions. So, increasing SUM eliminates redundancies, increases efficiencies and delivers that value while reducing acquisition times most frequently.

The second, competition, creates an incentive for the contractor to provide goods and services at lower price or more economic efficiency. And the Army has been successful in creating competition, but at times the winner of the competition becomes locked in as the sole source provider indefinitely.

The third area is analyzing and where possible influencing the demand for common goods and services. Examples of demand management are adjusting, we're implementing army wide standards for common levels of service, performance work statement standardization, and leveraging smart technology or industry best practices for service delivery. Contracts are grouped into three different tiers and are measured accordingly. Tier three are really those best-in-class contracts where they are highly optimized, OMB approved contracting solutions. Tier two is a government-wide solution, with tier one being utilization of required agency solutions, or an OMB approved small business spend. Then there's tier zero, which is the area that we try to minimize and intensively watch, and that is spend that is not aligned to this category management philosophy.

So really, using this framework, Army Materiel Command has established an internal governance that generates category intelligence reports, and we site market analysis and opportunities, as well as create strategic initiatives to get after improvements. So, this is really about actively managing requirements and all of the resulting spending decisions.

TOM RHOADS: That's really helpful, Ms. Freese, and what benefits are you seeing from category management and how are you measuring progress?

CHRISTINA FREESE: To achieve the desired strategic outcomes, we focus first on our capacity, and so that is appropriate personnel, policy, governance and procedures. Second is our capability, which is performing data analytics, conducting business intelligence using appropriate contract structure, training, et cetera. And third are the processes to plan and generate savings, conduct service requirement review boards, enforce spend under management and sustain training.

AMC has implemented a senior level category management business council and used category intelligence reports specifically related to our largest categories, which are facilities and transportation and logistics to achieve results including year over year improvement in part through the standardization of services provided and reduction in the total contracts.

I'll give you a couple of examples. In FY 21, we achieved \$18.4 million in overall savings. We moved \$41 million from that tier zero unmanaged category that I talked about to tier one, and \$435 million from tier one to tier two. And we also streamlined and reduced the total facilities contract actions by \$20,543 so that's definitely a substantial improvement.

In FY 22, we continued that success by reducing overall service contract spend by another \$561 million, and we improved \$609 million from tier one to tier two. Streamlining also reduced the contract actions again by another 3,300 actions. So, Army is leveraging the defense business board metrics feedback to implement Army enterprise level business health metrics across priority areas and intend to finalize those over the next several months.

The hundreds of key performance indicators being used by the Army today will be distilled down basically on quality and measurability to those that are most influential to outcomes. And this will certainly include measures related to areas like auditability and reform. Category management fits cleanly in that line of effort, so this will continue to evolve there.

When we multiply what Army Materiel Command has achieved by the potential of the entire federal government, there may be billions of dollars in potential savings and efficiencies. And finally, if not already engaged, I challenge our listeners to learn more about category management and business health metrics and embrace them as essential tools to stretch your resources further while continuing to build the confidence of Congress and the taxpayer in our financial stewardship and accountability.

TOM RHOADS:

Wow, that's great. Ms. Freese, it sounds like the Army Materiel Command is already realizing significant cost savings in both resources and times, so thank you for sharing that with us.

For our closing question, we usually like to ask each of our guests if you would be willing to share some advice for early careers that are listening. In other words, knowing what you know now, what advice would you share with those who are just starting out in their federal careers?

CHRISTINA FREESE:

That's really one of my favorite questions and I love to talk about things like this. I believe it is important to know that almost certainly you will have opportunities and experiences in your career that are different than any that

you can dream or imagine for yourself right now. So don't put yourself in a box that's smaller than what you can achieve.

That said, don't place unnecessary expectations on your accomplishments either. And most of all, don't set strict timelines. I encourage you to set goals for yourself about what you would like to do in your next job and maybe the job after that and prepare yourself to be competitive to do those jobs. Just don't say, I want to be in this job or that job two years from now, or I want to rise to a certain level of responsibility in five years. Measure your success by your achievements toward the goals, not the calendar, because it will come to you.

Also, as your life and career move forward your goals will likely change, and a full career is over many decades. Honestly, propelling yourself forward too quickly can put you in a place where you have so much responsibility that you can't see room for your life outside of work. Balancing and keeping time for the rest of your life is so essential and it's easy to get lopsided, and once you're there, it is not easy to fix it.

A few other nuggets that have helped me and that I continue to strive toward are first, have mentors and be a mentor. Your mentors don't have to be formal, but they should be people that you value and see things in that you wish you could emulate or learn from. Also, you can mentor no matter how junior you are, because there are always people that can learn something from you.

Also, I think it's important to be inclusive and ask for feedback. Valuing different perspectives and diversity of background or experiences strengthens your organization and the results that you achieve. So many times, other people bring ideas and perspectives that I would never have thought of, and even if their recommended solution doesn't resonate with me, I find myself or the team thinking of yet another idea that does, and we might never have come to that solution if not for a respectful difference of opinion.

Last, and people often say it, don't take things too seriously. At times we deal with very serious problems or decisions, but it's incredibly important to have fun, get to know your teammates personally, care about them, and have a few laughs along the way. Those connections will keep you together when the workplace is challenging and will heighten your joy and the successes that are sure to come.

TOM RHOADS:

Thank you, Ms. Freese. That's excellent feedback and hopefully our listeners can put it to use. I agree with you, I think collaboration and looking at problems through different lenses really brings a benefit to everything we're trying to do. And those connections that you mentioned, as I look back on my career, it's really the people that I work with that have meant the most in my career as well, so thank you for sharing that.

CHRISTINA FREESE:

My pleasure.

TOM RHOADS: And thank you for your time. I know how busy you are. And on behalf of ASMC, really want to thank you for taking time out of your schedule to do this podcast with us. Thank you.

CHRISTINA FREESE: Thank you so very much.

OUTRO: Thank you for tuning in to All Things Financial Management, an ASMC podcast series sponsored by Guidehouse. You can find all our episodes on ASMC's Engage Platform, and at our website, Guidehouse.com, All Things Financial Management.

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