USTRANSCOM Personal Property Pilot Programs Evaluation

INTEGRATED RECOMMENDATIONS REPORT

15 June 2002

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Executive Summary

Background

The Secretary of Defense Reform Initiative Report, dated November 1997, and Under Secretary of Defense (Comptroller) Management Reform Memorandum #6, dated June 1997, highlighted the need to improve, streamline and simplify the movement of household goods (HHG) for Service members as a Quality of Life (QOL) initiative. As part of this effort, United States Transportation Command (USTRANSCOM) was tasked by the Office of the Secretary of Defense (OSD) in August 1997 to maintain oversight of a series of HHG reengineering pilots either already underway or planned within the Department, evaluate those pilots using consistent criteria, and recommend the follow-on course of action for improving Department of Defense's (DOD) Personal Property Movement and Storage Program. This report forwards the results of that evaluation.

The impetus behind this reengineering effort was DOD's concern about the quality of service and Service member dissatisfaction with the current Personal Property program, to include damages and the long cumbersome process associated with filing the claim and depreciated compensation. Currently, the Department spends in excess of $1B annually to move and store personal property around the world. Our goal is a program that emulates best commercial business practices to the maximum extent possible, provides our Service members and their families the quality services they deserve, and is affordable to the DOD.

The pilot programs evaluated in this process were:

- The Military Traffic Management Command's (MTMC) Reengineered Personal Property Program (MTMC pilot);
- The DOD Full Service Move Project (FSMP); and,
- Navy's Service Member Arranged Move (SAM) pilot.

Throughout this effort, USTRANSCOM has worked closely with OSD, the Services, the General Accounting Office (GAO) and other agencies to ensure a comprehensive, analytically sound

approach to evaluating these pilot programs, and deriving recommendations for the DOD. The process included assessments of the impacts of the pilot programs (and individual reengineering features within each pilot) on quality of life (QOL), costs, small business participation, and process improvements.

Particularly critical was ensuring that the primary objective – improved quality of service for, and as defined by, the Service member - was consistently measured throughout the process. A worldwide Pre-Evaluation Survey identified those features considered by Service members of all ranks to be critical for a successful move, the top five being: 1) Condition of their property, 2) Extent of loss, 3) Careful handling, 4) Quality of packing and, 5) Fair payment for damaged or lost goods.

The MTMC and FSMP pilot program offices provided USTRANSCOM with data from their Quality of Life Post-Move Surveys to calculate the QOL results against the current (baseline) program. Each Pilot Program also provided data necessary to determine cost and small business participation, and qualitative information on which to assess process improvements. Since the Navy's SAM pilot did not conduct quality of life surveys or collect data in a method consistent with the other programs, it was evaluated using the Navy's 1999 SAM Report.

Summary of Quality of Life Results

Analysis of QOL data determined that, overall, the pilots showed some improvements in performance compared to the current program, with the most noticeable improvements occurring in the MTMC pilot. The largest improvements in the QOL results in both MTMC and FSMP programs were clearly linked to liability-related features, specifically, simplified claims filing process and fair (and timely) compensation when damage occurred.

Summary of Cost Results

Data from both the MTMC and FSMP pilots showed an overall substantial increase over the current program, with the FSMP pilot program consistently most expensive, both on a per shipment and a per pound basis. FSMP pilot costs ranged from 51-54% higher than the current

program; the MTMC pilot was 31-32% higher. Notably, the MTMC pilot program showed a significant decrease (26-28%) in overseas-unaccompanied baggage (UB) costs compared to the current program. This was primarily due to use of commercial lift in lieu of Air Mobility Command (AMC) services for overseas air movement. Storage in transit (SIT), accessorial charges, and Move Manager fees accounted for the highest percentage increases in cost in the FSMP pilot.

It is USTRANSCOM's belief that the comparison of pilot costs to the current program may not reflect exact cost increases for a full DOD program rollout. Pilot costs were compared to the current program as if the current program used business rules similar to the pilots. Even though there are no statistical measures, the expectation is, based on the expected competition generated by the volume of DOD business and efficiencies gained in improved business processes, cost increases in a full DoD program rollout would not rise to the level reflected in the constructed cost data.

Pilot Cost Increases/Decreases vs. Baseline Current Program

	MTMC	FSMP
Overall CONUS	34-35%	66-70%
CONUS HHG	34-35%	66-70%
Overall OCONUS	18%	11-15%
HHG	33-34%	18-21%
UB	(26)-(28)%	1-(5)%
OVERALL	**31-32%**	51-54%

A cost-benefit analysis of specific program features was conducted in an effort to determine "return on investment" by implementing any one or combination of those features in the future program. Features reviewed included full replacement value (FRV), Move Manager (FSMP only), ability to settle claims directly with moving company, toll free number, relocation services

(FSMP only), one-on-one counseling, and performance based carrier selection. Analysis showed that FRV was demonstrably a top feature identified by Service-members as improving their overall moving experience, and appears to be a cost-effective improvement over the current program. Closely associated with FRV was the ability to settle claims directly with the moving company. Under the current program, it takes on average 146 days to settle a claim and recover costs from the carrier. Under the pilots, this was reduced to an average of just 30 days, with the SAM pilot program claiming less than two weeks to settle a claim. Implementing increased liability coverage in some manner must be a high priority in the future DOD Personal Property Program.

Summary of Small Business Participation Results

The Small Business Act (Public Law 85-536) establishes a government-wide goal for small business participation at 23%. This was established as the minimum that each pilot had to meet based on revenue calculated from the shipment data. Each pilot exceeded this goal. Analysis indicated small business participation was 48% for MTMC and at least 72% for FSMP, while SAM reported 100% participation.

Summary of Process Improvements' Results

Each pilot program provided a list of improvements, which in all cases were qualitative in nature rather than calculated, measurable data. Process improvement analysis was based on information provided by the respective program offices, or derived from site visits and interviews with personnel involved in the pilots.

A review of the information provided identified several processes within the pilot programs that yielded discernable benefits over the current program:

- Acquisition: The Federal Acquisition Regulation (FAR) based strategy used by both the MTMC and FSMP pilots greatly contributed to the reduction of many labor-intensive processes, including carrier screening, submission of letters of intent to shipping offices worldwide and the number of rate solicitation cycles.

- Quality control: Giving Service-members the opportunity to provide immediate feedback on their moving experience via surveys provided a more comprehensive picture of carrier performance, thus allowing the Transportation Officers (TOs) to exercise performance - based awards on a more timely basis to the best performing carriers.
- Web-based management system: The FSMP and MTMC pilots utilized a web-based system which, when compared with the current Transportation Operational Personal Property Standard System (TOPS) system, significantly improved communication among government and industry personnel involved in the move. The ability to get a "complete" picture of the member's move from start to finish -- including cost and claims information -- is critical to improving the future program.

Additional Insights

The evaluation methodology included an analysis of additional qualitative and quantitative information from various Personal Property - related initiatives throughout DOD, as well as the Navy SAM pilot. These included Navy's SMART*WebMove*, the Army's Hunter pilot program initiative, and the Air Force's personal property shipping office realignment initiative.

- While data was not available for SAM pilot shipments, a qualitative assessment was conducted on the pilot features which included member participation in carrier selection, member rating of carrier performance, and recommending full replacement value for lost and damaged goods, and authorized use of government purchase cards to pay for shipments. The SAM Pilot emphasized proactive participation by Service members in their move.
- Review of lessons learned from the Army Hunter Pilot Program, conducted in the 1996-97 timeframe, indicate that changes in the role of the Move Manager under the FSMP pilot may have affected the analysis of the Move Manger concept. Specifically, the Hunter Pilot included a "true" relocation concept/Move Manager whose responsibilities included oversight of the transportation providers, as is generally done in the commercial sector. The FSMP program split the relationship, diluting the Move Manager role with

the transportation provider and creating additional process "seams" (claims settlement, focal point for issues, etc). In the Hunter Pilot, the role of the Move Manager was only tested on a very limited scope; outbound shipments from Hunter Army Airfield, Georgia. Under FSMP, the Move Manager concept did not appear to be effective but it cannot be fully determined whether this was influenced by such factors as the pilot truncation and/or the diluted role of the Move Manager.

- The Navy SMART*WebMove* provides Service members the opportunity to make movement applications and receive move counseling via a web-based counseling module, which provides an excellent alternative to lengthy visits to the transportation office.
- The Air Force Personal Property Shipping Office Realignment Initiative is focused on improving customer service by consolidating redundant back-office functions in a phased-in approach of twenty-eight Air Force bases at JPPSO-Colorado Springs and JPPSO-San Antonio. The intent is by combining the back office functions, local level personnel can concentrate on counseling and quality control. In addition to increased emphasis on counseling, the initiative targets an increase in on-site inspection rates. Air Force personnel have reported the inspection rate has increased from 50 to 80 percent.

Recommendations

Based upon analysis of the features offering the most significant potential to improve the quality of service afforded to our Service members in moving their household goods, the following key actions are recommended for immediate incorporation into DOD's Personal Property Program:

1. Re-engineer the liability/claims process, including adopting commercial practices of minimum valuation, simplifying the filing of claims, and providing direct settlement with the carrier. Data from the QOL analysis shows the most noticeable improvement was in the liability-related areas of expected compensation and claims filing process; currently Service members moving Outside the Continental United States (OCONUS) cannot purchase FRV. Shipment data revealed that the pilot programs dramatically reduced the time to settle claims and recover costs from carrier from 146 days under the current program to an average of 30 days

with the pilot programs. The benefits of direct settlement are not limited to the Service members –it also reduces the government infrastructure required for non-core functions.

2. Change the acquisition process to implement performance-based service contracts (PBSC). By implementing performance-based contracting, the focus is on outcome and execution according to clearly defined measures. PBSCs offer better value, enhanced performance, and reduced risk to the government. The current process would be streamlined by eliminating detailed statements of work and place the burden for successful performance on transportation providers, allowing the government to focus on outcomes rather than process. The process of PBSCs allows the government to pre-screen the carriers for financial viability and more importantly institutes a quality assurance process, which would allow the transportation industry to determine the "how", and to focus on results.

3. Implement information technology improvements, which could interface functions across such areas as personnel, transportation, financial, and claims. Even though the pilot programs did not utilize some of these interfaces, implementing web-based technology would enhance government access to shipping data both for cost and Service demographics, improve communications among carriers, customers, and the Military Services, and provide in-transit visibility for shipment tracking by the Service member. Based on the technology upgrades required at the Transportation Office (TO) levels as observed during field visits, it is necessary to implement a multi-medium, integrated end-to-end HHG management system. It is recommended that this integrated data environment include a counseling function similar to the Navy SMART*WebMove*.

Many of the problems faced by Service members today are related to carrier quality control. As noted in the Pre-Evaluation Survey, the most important issue of concern for Service members was damage and loss to their personal property. Quality control will be improved as a by product of the three recommendations outlined above: FRV provides the carrier an economic incentive for stricter internal quality measures; PBSC will reward good performers; and a web-based management system will permit timely and accurate feedback on performance to permit immediate adjustments to shipment allocations.

Outside the scope of this evaluation, USTRANSCOM was also responsible for Management Reform Memorandum #15 which directed the reengineering of the Defense Transportation Documentation and Financial Processes. In 1999, the DOD transportation and financial communities, working closely with the commercial transportation industry, completely reengineered those business processes and implemented a fundamental change in the way DOD pays for freight transportation by adopting the use of a commercial third party payment system. This electronic billing system was successfully demonstrated and resulted in the payment of freight bills in 3 days versus 60-90 days. Although the nuances of freight shipments are different than those of personal property, USTRANSCOM believes that DOD should capitalize on lessons learned from the reengineered freight processes implemented under MRM #15, and reap the same benefits of a third party electronic payment system for personal property. Since there are potential ramifications of such a transition across Service lines and in both the transportation and financial communities, implementation should be pursued in incremental steps starting with identification of pilot locations followed by process testing, before developing long-term strategies. Serious consideration should be given to the implementation of an electronic payment process for DOD personal property shipments.

SUMMARY: Our Vision for the Future

Our Service men and women are entitled to the same level quality of service in their moving experience as is available to the private sector. As an institution, DOD must continue to identify and adopt best business practices that streamline processes, provide quality service at affordable cost, and promotes Service member retention through improved quality of life. Simply stated, Service members must be treated as valued customers by both government and industry organizations involved in the process.

DOD's future Personal Property Program must move beyond the weaknesses of the current program by building upon the successes and lessons learned from the pilot programs, utilizing commercial standards that minimize damage to the Service members personal possessions through use of quality carriers for every move. When damage does occur, DOD must ensure prompt and adequate compensation using commercially accepted practices such as full replacement value and direct claims settlement. Personal property movement must be a

streamlined process for all stakeholders – the Service member, our industry partners, and the government. The new program should be one that leverages technology to permit proactive management of the end-to-end move experience through an integrated data environment and collaborative work environment, providing immediate feedback from customers to ensure quality moves. These elements are essential to increasing the quality of life for our Service members and their families.

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1.0 Introduction

The United States Transportation Command (USTRANSCOM), in coordination with the Assistant Deputy Under Secretary of Defense, Transportation Policy (ADUSD (TP)), the Services, and the Military Traffic Management Command (MTMC), has completed a comprehensive evaluation of three personal property pilot programs established to provide Service members with increased services and alternatives to the existing Department of Defense (DOD) Personal Property Movement Program (PPMP). In response to a DOD initiative to improve the quality of service provided to military personnel and their families when shipping or storing personal property during permanent change of station (PCS) moves, USTRANSCOM was tasked to evaluate MTMC's Reengineered Personal Property Program (MTMC pilot), the DOD Full Service Move Project (FSMP pilot), and the Navy Service Member Arranged Move (SAM pilot). Data from each pilot program was evaluated independently, in comparison with the other pilot programs, and with the current ("as-is") program. This analysis was based on quality of life (QOL) survey data, cost information, small business participation, and process improvements. In addition, the evaluation appraised features of the individual programs to determine which offered the greatest benefits over the current program for the money spent. This Integrated Evaluation Report contains the results of the evaluation including methodology, the analysis of baseline and test data, conclusions, and integrated recommendations for an improved DOD Personal Property Movement Program (PPMP).

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2.0 Background

The Secretary of Defense Reform Initiative Report, dated November 1997, and the Under Secretary of Defense (Comptroller) Management Reform Memorandum #6 of June 1997, identified the importance of improving, streamlining and simplifying the movement of household goods (HHG) for Service members as a Quality of Life (QOL) initiative.

USTRANSCOM, responsible for the Personal Property Movement Program, was tasked by the Deputy Under Secretary of Defense for Logistics (DUSD(L)) to maintain oversight of the tests and assure consistency in evaluation criteria and assessment of pilot program results. DUSD(L) further tasked USTRANSCOM to recommend the follow-on course of action. The USTRANSCOM goal was to ensure an independent, auditable evaluation of the pilots and in July 1999, USTRANSCOM contracted with American Management Systems, Inc. (AMS) to provide independent analytical and conceptual support for the evaluation, and to compile and analyze baseline and pilot program data.

To identify the key measures required to access the pilot programs performance, AMS first undertook a literature review of past GAO and the Department of Defense Inspector General (DODIG) audit reports and conducted interviews with flag/general officers, Office of the Secretary of Defense (OSD), transportation specialists, subject matter experts and pilot program managers. The next step of the evaluation was to identify the criteria Service members sought in their household goods move to consider it "successful." AMS developed and implemented a Worldwide Household Goods Survey (known as the Pre-Evaluation Survey). The survey was mailed to nearly 20,000 Service members who had moved during the previous three years (1996-1999). The results became the basis for the evaluation of the pilot program QOL initiatives. The methodology and results of this initial survey are fully detailed in the March 2000 *Results of the Department of Defense Household Goods Survey Report* (Appendix A).

Using the outcome of the Pre-Evaluation Survey and working with ADUSD(TP), the Services, HQ MTMC, DODIG, and GAO, USTRANSCOM developed the *Personal Property Pilot Programs Evaluation Plan*, (Appendix B). The Evaluation Plan, finalized and approved in May 2000, provides USTRANSCOM's approach and methodology for a standardized and comprehensive evaluation of the different pilot programs as they relate to each other and to the

existing personal property program. This report contains the results of the evaluation including the analyses of baseline and test data, conclusions, and integrated recommendations for an improved DOD Personal Property Movement Program (PPMP). Using guidance from DODIG and GAO, it was determined the evaluation should use consistent time periods and include an analysis of summer months (peak season) when the system is most stressed.

2.1 Current or "As-Is" Program

Each year, the DOD moves over 600,000 personal property shipments at a cost of over $1 billion. DOD is the moving industry's single largest customer. The current program relies on over 1,200 domestic commercial carriers and more than 150 freight forwarders for international traffic to provide movement and storage services. Headquarters MTMC (HQ MTMC) centrally manages the program and transportation offices administer it locally. The current program requires complex processes to qualify carriers, solicit rates, distribute traffic, evaluate performance, pay invoices, and settle claims. In addition, since the majority of Service members move during the summer peak season, HQ MTMC finds it difficult to ensure adequate year-round capacity.

A 1997 survey conducted by HQ MTMC of 3,000 moves revealed 65% of shipments suffered loss and/or damage. However, not all incidents of loss and/or damage result in a claim since claims are filed for only approximately 35% of the moves, costing DOD about $100 million per year. A comparison of industry best in class revealed claims are approximately 8-10%.

The current household goods (HHG) moving program has continued unchanged for nearly 40 years and involves a complex process for the Service member, transportation office, and HQ MTMC. Services provided to the member include counseling, booking and storing of personal property. The Carriers' liability for claims is limited to $1.25 per pound, which must be recovered by the government. Service members receive the depreciated value of items destroyed or damaged in transit, with a maximum amount of $40,000 that the government can pay on a claim. Provisions for payments up to $100,000 are authorized in certain cases involving

[1] GAO *Briefing to Congressional Committees*, 25 January 2002
[2] ***

emergency evacuations and extraordinary circumstances. Service members also have the option to purchase increased protection at 64 cents per $100.00 of additional valuation, or the member may purchase full replacement value (FRV) protection at $3.50 per pound (minimum of $21,000.00). Cost to the member for FRV under the current program is 85 cents per $100 of the stated value.

The current program is cost driven and the government tariff is nearly twenty years old. Domestic and international rates are submitted every six months. The carrier qualification process is complicated. Carriers approved by HQ MTMC must submit a Letter of Intent (LOI) to each transportation office (TO) where participation in DOD traffic is desired. The local TO must maintain the LOIs for each carrier. In addition, LOIs must be reviewed with rate submissions. Carriers who create paper companies to increase their market share of the traffic are also a problem for HQ MTMC and affect quality and capacity. The TO maintains and distributes traffic for every traffic channel or destination state according to a traffic distribution roster. Appendix C provides flow charts for the current program process. These charts are the result of interviews with the current program process owners.

2.2 MTMC Pilot Program

The MTMC pilot program commenced operations in January 1999 and focused on improving the quality of life for Service members and their families by incorporating commercial best practices and standards of service. Surveys conducted by MTMC and GAO revealed world-class companies negotiate longer-term contracts with fewer contractors than DOD and award business to companies proposing the best service, not the lowest cost. Once awarded, they monitor performance through customer satisfaction surveys. MTMC included this approach in their pilot program and additionally offered personalized service through greater interaction with the contractor, in-transit visibility (ITV) via a toll free number, inconvenience claims, full replacement protection, direct claims settlement with the contractor, direct contractor communication with Service members for arranging shipments, and quality assurance through member input/feedback and performance reviews.

Ten pilot goals were established between industry and MTMC.

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1. Provide quality service
2. Improve on-time pick-up
3. Improve on-time delivery
4. Achieve high customer satisfaction in relationship to entire move process
5. Adopt corporate business practices leading to world-class customer service
6. Lower loss/damage and lower claims frequency and claims averages
7. Simplify the system, including reducing administrative workflow
8. Ensure capacity to meet DOD's needs for quality moves
9. Provide opportunity for small businesses offering quality service to compete for DOD business as a prime contractor
10. Provide best value moving services

The test included 50% of military and Coast Guard outbound shipments originating from North Carolina, South Carolina and Florida to 48 states and Washington, D.C. (13 Continental United States (CONUS) regions) and 5 overseas (OCONUS) regions. The remainder of the shipments from these locations moved within the current program.

MTMC's aim was to provide improved service through competitive "best value", long-term contracts, to reduce the administrative burden at Personal Property Shipping Offices (PPSO) and ensure the program was responsive to the needs of Service members, DOD and industry. Forty-one Federal Acquisition Regulations (FAR)-based, Firm Fixed Price (FFP), indefinite delivery, indefinite quantity (IDIQ) contracts were awarded covering 53 channels (i.e. origin and destination pairs). The MTMC pilot made major changes to the existing carrier/forwarder approval, rate solicitation, and traffic distribution processes. The existing approval process was eliminated and replaced by a contract award process. Prices were submitted, prior to contract award, for the base year and each of the two one-year options, and there was no provision for rate increases during the contract period. Awards were made only to responsible contractors whose offers conformed to the solicitation and represented the best overall value.
MTMC evaluated contractor performance monthly and contractor compliance with the terms and conditions of the contracts continually. Performance reviews were conducted based on customer

satisfaction survey results and claims data, and after companies received their minimum guarantee of business, future awards were placed with the best performers. Feedback was also given monthly to the contractors on all performance metrics and performance violations by letters from the contracting officer, and data collected by the Billing and Customer/Contract Auditor (BCCA). The contractor was then able to respond to information and make necessary corrections to their business processes. The BCCA was also designated as the billing office for all transportation invoices submitted by the contractors under the pilot program and preformed pre-payment audits as well as conducting customer satisfaction surveys and providing management reports to HQ MTMC and transportation offices.

The MTMC pilot employed a Web-based information management system to assist the Service member, the carrier, and transportation and claims specialists. The system, Pilot Transportation Operational Personal Property Standard System (PTOPS), incorporated all aspects of the move process from initial Service member entitlement counseling to loss and damage claims settlement. PTOPS stored all shipment data in a central database accessible to origin Personal Property Shipping Offices (PPSOs)/Personal Property Processing Offices (PPPOs), destination PPSOs, contractors, certifying officers, pre-payment auditors, military services' headquarters, military services claims offices, and the finance centers and provided real-time management data availability. PTOPS also employed reporting capabilities, which served as management tools enabling MTMC to make business decisions. Further, contractors could interface with this system in order to receive and accept orders, provide shipment status, and request needed services. Contractors could also communicate with PPSOs/PPPOs through PTOPS by recording comments about the shipments and the system would notify PPSOs and contractors when action was required.

Specific MTMC pilot features are contained in Table 3.1-1

2.3 FSMP Pilot Program

The FSMP pilot program commenced operations in January 2001, continuing until early termination in September 2001. Originally intended to be an extension of the Army Hunter Pilot Program, the FSMP pilot was a modified version of its originally proposed scope. Pilot program

objectives were three-fold: 1. Improve Service member satisfaction, 2. Fix the Acquisition process, and 3. Streamline infrastructure.

In addition, the pilot tested the use of commercial relocation companies (Move Managers) for outsourcing traditional transportation services performed by the PPSO on a wider scope than the Army Hunter Pilot. However, as a result of industry concerns and protests, a number of compromises were made which radically changed the original scope of FSMP. FSMP awarded two separate agreements one to Move Managers (MM) and one to transportation providers rather than just to the MM as the Hunter pilot. The compromises diluted the Move Manager role and the pilot became a mix of commercial moving and existing DOD practices. A further discussion of the scope of the Hunter pilot and the differences between the Hunter and FSMP pilots can be found in section 9.2.

The FSMP pilot program included all military services and the Coast Guard and was conducted on outbound domestic and international shipments in the National Capital Region, Georgia (excluding Robins AFB) and Minot AFB, North Dakota to all CONUS locations (48 states plus Alaska) plus negotiated rates to 14 overseas locations (including Hawaii). Basing shipments on pilot criteria, approximately 90% of outbound shipments originating from the pilot locations were included in the program.

Specific features included "one touch" relocation services for entitlement counseling, commercial transportation, and move management services provided by a Move Manager who provided personal move coordination and acted as a single point of contact for the Service member throughout their move. The program provided guaranteed pick-up/delivery, inconvenience claims, binding cost estimates, toll-free telephone service, ITV, quality control over carriers' performance through a satisfaction survey, full replacement value, direct claims settlement, a carrier selection process which emphasized best value, and optional relocation services. Specific FSMP pilot program features are identified in Table 3.1-1.

The program utilized best value acquisition with full and open competition. For transportation providers, multiple FAR-based transportation service agreements were made with a one-year rate cycle. Rates were based on a discount from the commercial tariff for domestic shipments and negotiated a single factor rate for 14 international locations. Entry into the pilot program required a Dun and Bradstreet financial review and an evaluation of past performance in order to

eliminate paper companies and high-risk carriers. Move Managers were awarded two year FAR-based contracts with 1-year options and move management companies competitively bid their move fees as flat rates depending on claims settlement or single or multiple shipment with different fees for domestic versus international shipments. The FSMP pilot allocated shipments based on the Best Value Distribution Database (BVDDb) (weighted 70% quality and 30% cost). Quality scores were obtained through surveys given to participating Service members. To begin the distribution system quality scores were established. After the initial scores were established, Move Managers based distribution solely on the BVDDb system. There were some instances where Move Managers were told to deviate from the BVDDb, for example, group moves, meeting small business requirements, lack of transportation provider (TP) capacity, multiple shipments to a single TP, international shipments to areas without an established rate, or mobile homes/International boats over fourteen feet.

2.3.1 Early Termination of the FSMP Pilot Program

In April 2001, the Navy ceased participation in all pilot programs citing funding shortages due to pilot cost overruns and concerns about whether the potential improvements were cost effective. Subsequently, all Services decided to terminate participation in the FSMP pilot effective 30 September 2001, also citing funding and improvement concerns. The early termination of the pilot program caused concern for evaluators – there was a possibility the lack of pilot maturity and general malaise due to cessation of the program could influence the evaluation results. The actual effects caused by pilot termination and lack of maturity cannot be established or measurably evaluated, but must be taken into account when reviewing the FSMP pilot program results.

FSMP data integrity was an issue. A number of pilot data problems surfaced during the evaluation. However, it cannot be determined if these problems were due to ineffective pilot procedures, early pilot termination, and/or insufficient time for the pilot and systems to mature. The FSMP pilot and data collection began simultaneously in January 2001. As a result, there was no operational experience prior to the commencement of data reporting to evaluators. Multiple examples exist of omissions of elements such as demographic data (origin and destination address information), weight and incorrect cost. These elements were critical in the

construction of baseline costs. The majority of data was predicated on the Move Manager entering the information into the Best Value Distribution Database (BVDDb). Since there were limited edit functions to catch data entry errors, transposed numbers were common, as were misspellings of towns, states, and counties which resulted in numerous data re-transmissions and possible undetected errors in the database.

There are also concerns regarding FSMP quality of life (QOL) data. The QOL survey was not administered as prescribed by the Evaluation Plan. FSMP surveys were administered in multiple parts according to each segment of the move process (for example: pickup to storage then storage to delivery), and by type of shipment household goods (HHG), unaccompanied baggage (UB)). This methodology resulted in some Service members completing multiple surveys, which could result in respondent fatigue. The effects of multiple surveying, however, cannot be determined. Multiple surveys were administered to facilitate the BVDDb traffic distribution process. The BVDDb required each shipment, rather than the entire move experience, to be surveyed resulting in multiple records for some Service members. To adjust for multiple surveys, weighted averages were calculated for evaluation purposes, using the following methodology: the weight of each shipment was multiplied by the response on each survey, and the sum of the "weighted" survey response was divided by the total move weight. The result was a survey response for the Service member considering shipment size. The weighted average methodology avoided distorted results where, for example, poor service on a UB shipment did not drive the overall perception the Service member had for a move, which may have included a positive experience on the HHG portion of the move.

2.4 SAM Pilot Program

The SAM pilot was initiated in April 1997 and commenced operations in January of 1998. A fundamental driver of the pilot was the adoption and use of commercial practices in the process of moving the HHG of military personnel. It was a voluntary program designed to increase Service member quality of life and satisfaction through increased member involvement in the HHG move process by allowing the Service member a choice in carrier selection. The SAM pilot was a 100% small business participation program, involved Navy-only CONUS outbound intrastate and interstate shipments and was available at Puget Sound (WA), San Diego (CA),

Norfolk (VA), New London (CT), and Whidbey Island (WA). The specific program features included member participation, full value replacement, and payment transaction improvements for carriers. The SAM pilot had commenced operations prior to the USTRANSCOM effort and did not adopt the quality of life survey or an automated process of collecting data required in the evaluation plan. As such, the pilot could not analyzed with the same granularity as the MTMC pilot or the FSMP pilot. The pilot was evaluated qualitatively using the 1999 Navy SAM Program Evaluation Report. A further discussion of the SAM pilot attributes can be found in section 9.1 of this report. Specific program features are contained in Table 3.1-1.

3.0 Evaluation Methodology

The Pre-Evaluation Survey results detailed the criteria Service members considered essential to the success of a personal property move and identified the most common problems experienced in the current system. The survey revealed the top five factors important to the Service members move process related to the treatment and condition of their personal property and fair payment when loss or damage occurs. The results of this survey became the basis for developing both the Evaluation Plan and the survey instruments used to establish the current program baseline and measure QOL performance in the pilot programs. Table 3.0-1 maps the importance factors identified in the Pre-Evaluation Survey to the QOL Post-Move Survey questions used in this evaluation.

Table 3.0-1: Pre-Evaluation Survey Results and Corresponding QOL Post-Move Survey Questions

Service Member Ranking	Factors	% Very Important	Survey Question number*	QOL Survey Question
1	Condition of Personal Property	97%	Q8	Condition of personal property upon delivery
2	Extent of Loss of Personal Property	96%	Q8	Condition of personal property upon delivery
3	Careful Handling of Personal Property	95%	Q5	Care taken by moving crew at pickup
			Q9	Care taken by moving crew at delivery
4	Quality of Packing	94%	Q3	Quality of packing
5	Fair Payment for Damaged or Lost Goods	93%	Q17	How satisfied are you with expected payment?
6	Timely Receipt of Personal Property Once Request Delivery	86%	Q7	Timeliness of delivery
7	Accuracy of Information About Entitlements	86%	Q2	Clarity and completeness of move instructions
8	Meeting Scheduled Delivery Time	85%	Q7	Timeliness of delivery
9	Meeting Scheduled Pickup Time	83%	Q4	Timeliness of pick up
10	Responsiveness of Government Transportation Office	80%	Q14	How satisfied with the responsiveness of staff?
11	Simplicity of Claims Submission Process	79%	Q18	How simple or complex do you think the claims process will be?
12	Ease of Dealing with Moving Company when Problems Arise	78%	Q12	Ease of dealing with moving company
13	Clarity/Completeness of Move Instructions	75%	Q2	Clarity and completeness of move instructions

Service Member Ranking	Factors	% Very Important	Survey Question number*	QOL Survey Question
14	Responsiveness to Moving Company to Requests/Needs	73%	Q12	Ease of dealing with moving company
15	Simplicity of Pre-move Process	68%	Q1	Simplicity of pre-move process
16	Time required to settle a claim	N/A	N/A	N/A
17	Quality of Unpacking	68%	Q8	Condition of personal property upon delivery
			Q9	Care taken by moving crew at delivery
18	Professionalism of Moving Crew	65%	Q5	Care taken by moving crew at pickup
			Q9	Care taken by moving crew at delivery
19	Availability of Information During the Move	62%	Q6	Availability of information during the move
20	Accuracy of information about the cost of excess weight	N/A	N/A	N/A
21	Pre-Move Counseling that Addresses Individual Needs	59%	Q1	Simplicity of pre-move process
			Q2	Clarity and completeness of move instructions

***** Survey question numbers used in this table and throughout the document are based on the Control Group survey numbering system - pilot program surveys included pilot-specific questions resulting in different question numbers.

The QOL survey used to evaluate the current and pilot programs consisted of a set of "core questions" common to each of the three surveys: the current or "control group" (used to establish the baseline for the evaluation), and the MTMC and FSMP pilots. All comparative statistical analysis of data in this evaluation uses the core questions as its foundation. The MTMC and the FSMP pilot programs had unique, pilot-specific questions for pilot based analyses and are not part of the USTRANSCOM evaluation. References to survey questions in this report are based on the control group question numbers and in some instances are referred to as control item #. Actual questions have been abbreviated when cited. The core questions, presented in Table 3.0-2, had five-point Likert scale response values to increase the granularity of the analysis.

Table 3.0-2: Quality of Life Post-Move Survey Questions

Survey Question #			Question	Scale
Control	MTMC	FSMP		
1	1	1	Simplicity of pre-move process	1-5, 0

Survey Question #			Question	Scale
Control	MTMC	FSMP		
2	2	2	Clarity and completeness of move instructions	1-5, 0
N/A	N/A	3	Responsiveness of moving company who assisted move process	1-5, 0
N/A	N/A	4	Timeliness of pre-survey by moving company	1-5, 0
N/A	N/A	5	Timeliness of packing by moving company	1-5, 0
3	3	6	Quality of packing	1-5, 0
N/A	4	N/A	Was your shipment picked up on the agreed upon date?	Y/N
4	5	7	Timeliness of pick up	1-5, 0
5	6	8	Care taken by moving crew at pickup	1-5, 0
N/A	7	N/A	Was your shipment delivered on the agreed upon date?	Y/N
6	8	9	Availability of information during the move	1-5, 0
7	9	10	Timeliness of delivery	1-5, 0
8	10	11	Condition of personal property upon delivery	1-5, 0
9	11	12	Care taken by moving crew at delivery	1-5, 0
10	12	13	Who was responsible for resolving problems with your move?	a-e
11	13	14	How satisfied were you with the way *(answer from above)* resolved your problem?	1-5, 0
12	14	15	Ease of dealing with moving company	1-5, 0
13	15	16	How likely to use moving company again?	1-5, 0
14	16	17	How satisfied with the responsiveness of s taff?	1-5, 0
N/A	N/A	18	How satisfied are you with the relocation services provided?	1-5, 0
15	17	19	Overall how satisfied with the service of that office?	1-5, 0
16	18	20	Do you plan to file a claim?	a-c
17	19	21	How satisfied are you with expected payment?	1-5, 0
18	20	22	How simple or complex do you think the claims process will be?	1-5, 0
19	21	23	Overall, how satisfied are you with most recent move?	1-5, 0
20	22	24	How much time were you/spouse personally involved?	a-c
21	23	25	Can we share?	a-d

3.1 Data Collection

For the evaluation, each pilot Program Management Office (PMO) provided data according to the elements detailed in the Evaluation Plan, which included QOL surveys, shipment records containing demographics, cost, and small business information, and process improvements experienced by the pilots. Both quantitative and qualitative data have been used for the analysis: Quantitative data was used to assess cost and QOL results. Since the pilots did not measure process improvements, these have been assessed qualitatively. The pilot programs were comprised of both common and specific features. The evaluation assessed pilot specific features

identified by Service members in the Pre-Evaluation Survey as important to improving the HHG moving process. These are highlighted in Table 3.1-1.

Table 3.1-1: Features of the Personal Property Pilot Programs

	FSMP	MTMC	SAM
Single Relocation Coordinator	✓		
Relocation Package – Relocation Services	✓		
Quality Carrier/Contractor Selection	✓	✓	✓
Full Replacement Value	$75K MAX	$63K MAX	$72K MAX
Direct Claims Settlement with Contractor	✓	✓	✓
Toll-Free Communication/In-Transit Visibility	✓	✓	✓
One-on-One Counseling	✓	✓	
Moving Assistance Package (General Move & Claims Info)		✓	✓
Best Value (Based on Contract Award)	✓	✓	
Guaranteed On-Time Pick-Up & Delivery (Penalty)	✓	Carriers measured by survey	
Binding Estimate to Ship Items Not Covered	✓		
Commercial Bills of Lading	✓	✓	✓
Reduced Invoicing – Fair & Reasonable	✓	✓	✓
Contract Vehicle	FAR Part 12	FAR Part 12	FAR Part 12,13
Guaranteed Claims Settlement	Within 45 days	Within 60 days	Within 60 days
Inconvenience Claims	✓	✓	
Commercial Business Practices	✓	✓	✓
Small Business Participation (Goal)	30%	45%	100%
Commercial Tariff for Domestic Moves	✓	✓	
Streamlined System Simplification	✓	✓	✓
Long-Term Industry Partnership	✓	✓	
Payment Via IMPAC Card			✓
Direct Communication Between Service Member & Contractor	✓	✓	✓
Customer Satisfaction Surveys	✓	✓	✓
PowerTrack Payments	✓		
Invoice Auditing	✓	✓	

3.2 Tiered Analysis

As shown in the overall process diagram of Figure 3.2-1, a three-tiered approach was developed to assess each test program on its own merits and determine the cost and QOL attributes, where possible, of the features specific to each pilot program.

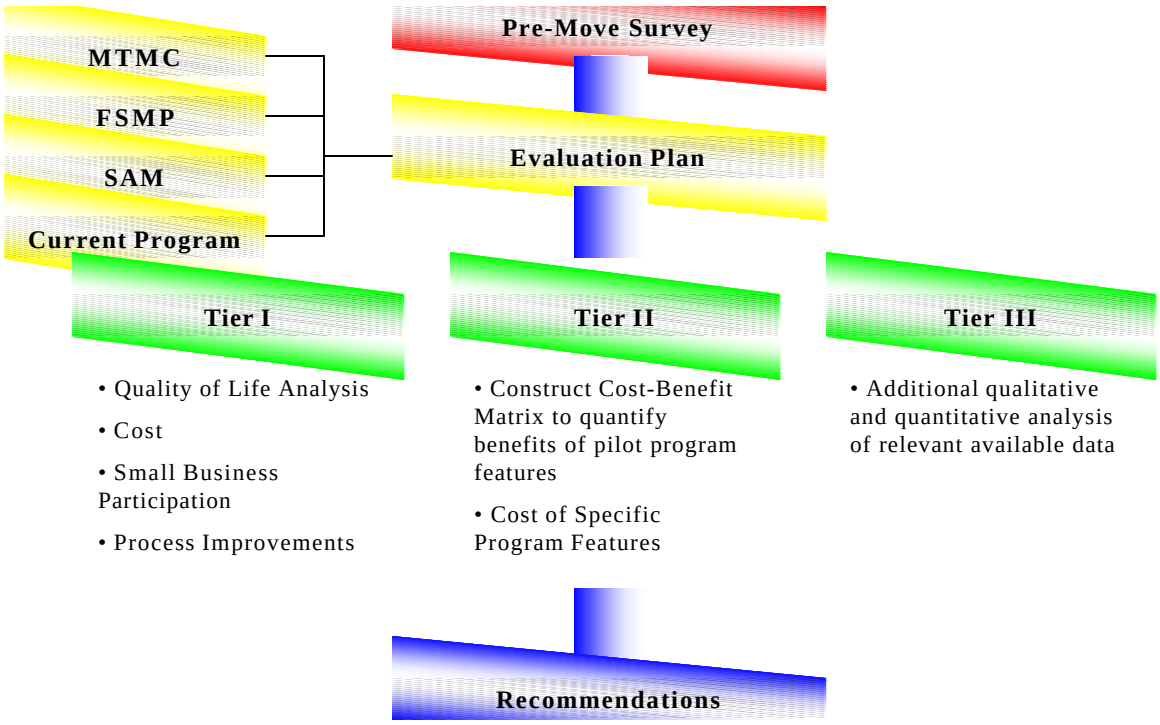

Figure 3.2-1: Evaluation Methodology

3.2.1 Tier I Analysis

The relative performance of the FSMP and the MTMC pilot programs was measured and compared with each other and the current program in terms of four criteria: quality of life, cost, small business participation, and process improvements. The objective of this analysis was to ensure sufficient information was available to determine if the pilot programs offer benefits over the current program. Originally, the Navy SAM pilot was to be evaluated under this tier, however, because quantitative cost and QOL data, as specified in the Evaluation Plan, were not available to allow a true comparison, the SAM pilot evaluation is included under Tier III.

3.2.1.1 Quality of Life

In each pilot program the goal was to increase the level of service military personnel and their families receive when relocating and shipping their personal property. For the purposes of this evaluation, quality of life refers to factors influencing a Service members' perception of their move.

A Quality of Life Post-Move Survey was administered to all Service members who participated, from initial counseling to final delivery of personal property, in the FSMP, MTMC pilot, or the current "as-is" program. The survey efforts included a peak June to September moving season. The survey results were used to evaluate and compare the pilot programs and the "as-is" program from a QOL perspective and included a representative sample of officer/enlisted, CONUS/OCONUS and branch of service.

3.2.1.2 Total Cost

This portion of the evaluation compared the total costs of pilot initiatives to each other and to the current "as-is" program. Total costs consisted of (1) direct costs, (2) indirect costs, (3) other direct costs/third party services, (4) fees paid to Move Manager, (5) direct cost of claims to the government minus costs recovered, (6) claim processing costs incurred by the government, and (7) cost of specific program features. The purpose of this level of detail was intended to provide a more in-depth analysis and the ability to recognize the contribution the specific program features made to the total cost. In some cases, the pilot Program Management Offices could not provide the granularity originally required by the Evaluation Plan due to proprietary industry information.

3.2.1.3 Small Business Participation

In response to Congressional concerns as to the effect pilot practices would have on small businesses, an assessment of small business participation (SBP) was conducted. A 23% SBP goal of the total value of all prime contract awards for each fiscal year was used. The criterion for qualifying as a small business in this evaluation was less than $18.5 million in average annual gross revenue over the three consecutive years prior to contract award. The pilot programs identified participating primary contractors who self-certified as small businesses, and SBP was derived from cost data supplied by the pilot program PMOs.

3.2.1.4 Process Improvements

An objective of each pilot program was to identify process improvements over the current program. Metrics were not established to collect quantitative data and as a result, process improvements could not be measured against a quantifiable score. The pilot programs supplied qualitative data pertaining to process improvements. Where possible, the evaluation qualitatively assessed improvements and benefits as a result of pilot program changes and implementations.

3.2.2 Tier II Analysis

A cost-benefit evaluation was conducted to measure and quantify the specific pilot program features identified by Service members during the Pre-Evaluation Survey. These features are provided in Table 3.2.2-1. The purpose of this analysis was to determine pilot-specific features offering the greatest benefit for the money spent.

Table 3.2.2-1: Seven Program-Specific Features Included in the Cost-Benefit Evaluation

	FSMP	MTMC
Single Relocation Coordinator	✓	
Relocation Package – Relocation Services	✓	
Quality Carrier/Contractor Selection	✓	✓
Full Replacement Value	$75K MAX	$63K MAX
Direct Claims Settlement with Contractor	✓	✓
Toll-Free Communication/In-Transit Visibility	✓	✓
One-on-One Counseling	✓	✓

3.2.3 Tier III Analysis

Additional qualitative and quantitative analysis was undertaken on relevant pilot program data. The SAM pilot program was included in this tier of analysis based on the *Service-Member Arranged Move Program Evaluation Report*, prepared by the Navy in June 1999. In addition, lessons learned from the Army Hunter Pilot Program, and ongoing Service initiatives including the Navy SMART*WebMove* and the Air Force Realignment Initiative have been appraised.

3.3 Evaluation Records

Each pilot program electronically transferred data records directly to AMS. The following information and tables provide the breakdown of the QOL survey records, the collection period for each pilot program, and sub-population breakdowns according to CONUS/OCONUS, branch of Service and officer/enlisted. (Summer data was collected on deliveries made June through September to test the moving system when it was most stressed.) Data has been "normalized" to account for the difference in the number of records between the programs. Each pilot was responsible for the performance of a non-response analysis to demonstrate there were no substantial differences between respondents and non-respondents on key variables, such as their satisfaction with overall performance.

Based on the number of responses, it was determined a non-response analysis was not required for the Control Group or MTMC pilot. GAO agreed sufficient representation from the sub-populations in each case had been obtained. The FSMP pilot PMO did not conduct a non-response analysis as required for the QOL data, therefore, the adequacy of response coverage could not be ascertained.

Evaluation Period	Control Group	September 2000
	FSMP	January 2001 to September 2001
	MTMC	June 2000 to December 2000

Table 3.3-1: Breakdown of QOL Records According to Branch of Service

	Army	Air Force	Coast Guard	Marines	Navy	TOTAL
Control Group	214	292	72	126	180	**884**
FSMP Overall	1448	675	108	363	211	**2805**
FSMP Summer	1174	558	88	271	131	**2222**
MTMC Overall	998	747	73	512	742	**3072**
MTMC Summer	648	487	62	325	422	**1944**

Table 3.3-2: Breakdown of QOL Records According to CONUS/OCONUS and Officer/Enlisted

		Subtotal	Total
Control Group	**CONUS**	645	884
	OCONUS	239	
	Officer	324	884
	Enlisted	560	
FSMP Overall	**CONUS**	2424	2805
	OCONUS	381	
	Officer	1467	2805
	Enlisted	1338	
FSMP Summer	**CONUS**	1879	2222
	OCONUS	343	
	Officer	1213	2222
	Enlisted	1009	
MTMC Overall	**CONUS**	2838	3072
	OCONUS	234	
	Officer	1213	3072
	Enlisted	1859	
MTMC Summer	**CONUS**	1836	1944
	OCONUS	108	
	Officer	884	1944
	Enlisted	1060	

Table 3.3-3: Shipment Records used for Cost and SBP Evaluation

	FSMP	MTMC
Total number of records	5194	3822

4.0 Roles & Responsibilities

4.1 USTRANSCOM

USTRANSCOM's primary role has been to ensure a valid and auditable evaluation of the household goods pilot moving programs as a basis for recommendations to the Secretary of Defense for improvements in the DOD Personal Property Movement Program of the future. Throughout the evaluation period USTRANSCOM has been responsible for maintaining oversight of the test programs and acting as a liaison for the various parties involved in the effort including AMS, the Program Management Offices (PMO), ADUSD(TP), Services representatives, industry, GAO, and DODIG.

USTRANSCOM has provided periodic progress reviews and briefings. Neither USTRANSCOM nor AMS were responsible for verifying or assuring the accuracy of the data supplied by the pilot programs, however, efforts have been made to ensure a high standard of quality was maintained throughout the project.

4.2 MTMC Pilot PMO

HQ MTMC was the Office of Primary Responsibility (OPR) for the MTMC pilot program and as such was responsible for liaising with USTRANSCOM and AMS and responding to requirements throughout the evaluation period. Besides managing and executing the MTMC pilot, the program office was responsible for ensuring all the required data elements detailed in the Evaluation Plan necessary to adequately conduct the evaluation were supplied to AMS. These included the QOL data, cost data, small business participation information, and process improvements. Collecting the QOL data required MTMC to conduct the Quality of Life Post-Move Survey with pilot participants. Additionally, MTMC was responsible for providing and conforming to a quality assurance plan to ensure quality collection and transmission of all data associated with the evaluation.

4.3 FSMP Pilot PMO

ADUSD(TP) was the OPR for the FSMP pilot and as such managed and executed the program and provided oversight for the PMO. The FSMP PMO was responsible for liaising with USTRANSCOM and AMS and responding to requirements throughout the evaluation period. Additionally, the FSMP PMO was responsible for ensuring all the required data elements detailed in the Evaluation Plan necessary to adequately conduct the evaluation were supplied to AMS, including QOL data, cost data, small business participation information, and process improvements. Collecting the QOL data required the FSMP PMO to conduct the Quality of Life Post-Move Survey with pilot participants. Additionally, the FSMP PMO was responsible for providing and conforming to a quality assurance plan to ensure quality collection and transmission of all data associated with the evaluation.

4.4 SAM Pilot PMO

The Naval Supply Systems Command (NAVSUPSYSCOM) was the OPR for the SAM pilot program and was responsible for liaising with USTRANSCOM and AMS and responding to requirements throughout the evaluation period. Besides managing and executing the SAM pilot, the program office was responsible for ensuring required evaluation data was supplied to AMS and for ensuring data quality.

4.5 Roles of Other Parties

4.5.1 GAO

GAO provided guidance and consultation regarding pilot data collection and AMS's overall approach to ensure the evaluation was conducted according to sound methodological practice. This included reviewing and overseeing survey design and implementation, data collection, and baseline cost collection to ensure the surveys and evaluation were conducted in a manner consistent with GAO criteria and standards. GAO also reviewed and concurred with the Constructed Cost Database (CCDB) design used to compare cost data from the current "as-is" program to the MTMC and FSMP pilot programs.

4.5.2 DODIG

DODIG provided guidance ensuring the evaluation was conducted according to sound methodological practice. DODIG also reviewed the initial baseline and indirect cost methodology to compare data from the current "as-is" program to the MTMC and FSMP pilot programs.

4.5.3 Military Service Representatives

Service subject matter experts participated in methodological discussions for data collection and AMS's overall approach to the evaluation. Service representatives reviewed the integrated recommendations to improve the PPMP.

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5.0 Quality of Life

5.1 Current Program - Establishing the Baseline (Control Group)

The QOL Post-Move Survey was administered to 884 Service members who did not move within a pilot location and who received delivery of their personal property during the peak month of September 2000 to record and evaluate their perception of their latest move. This survey is referred to as the Control Group or baseline and was conducted to establish a measure of the current program by which the pilots could be compared. The delivery records used to establish this baseline were obtained from the Transportation Operational Personal Property Standard System (TOPS). Table 5.1-1 and Table 5.1-2 provide demographics (i.e. branch of service, CONUS/OCONUS, and Officer/Enlisted). Using a sample of nearly 40,000 moves from the TOPS database, a sampling plan was developed to ensure equal distribution among the branches of Service, CONUS/OCONUS, and Officer/Enlisted. This assured the experiences of all Service members, moving under varying conditions, were captured for comparison with the pilot programs.

Table 5.1-1: Breakdown of Control Group QOL Records According to Branch of Service

	Army	Air Force	Coast Guard	Marines	Navy	TOTAL
Control Group	214	292	72	126	180	884

Table 5.1-2: Breakdown of Control Group Records According to CONUS/OCONUS and Officer/Enlisted

		Subtotal	Total
Control Group	CONUS	645	884
	OCONUS	239	
	Officer	324	884
	Enlisted	560	

5.1.1 Mean Value of Responses

The mean value of Control Group responses was calculated to develop the baseline for comparing FSMP and MTMC pilots' results. The arithmetic mean, or the average score, refers to the sum of all the scores divided by the number of scores. In this case, it is a good measure of

central tendency for roughly symmetric distributions, but can be misleading in skewed distributions since it can be greatly influenced by extreme scores. The "overall" calculation is of all responses and includes a 3 response which may be neither good nor bad/neither satisfied nor dissatisfied and does not necessarily document the extent of positive or negative responses.

The general expectation prior to conducting the baseline survey was the Service members would indicate a very low satisfaction with the current program. As Figure 5.1.1-1 indicates, the results of the Control Group QOL Survey shows the majority of Service members considered the service they received as average and no marked deviation from this range supports Service members' low expectations. Two assumptions can be made from these results. One is the current program was not as "broken" as always assumed. The second assumption which could be made is average responses were due to the low expectations Service members have regarding their HHG moves. Expectations are important to recognize. Anecdotal responses and information collected during the telephone surveys indicate, in many cases, Service members' believed their move "could have been worse" and the fact the whole HHG shipment was not lost, did not fall off a truck, or was not left in the rain indicated a relatively good move. Almost every Service member knew of another member who had a far worse experience. In addition, Service members considered damage a fact of life and, as a result, having a move with low damage was considered a "good move". Therefore, it was not unusual for a Service member to answer all questions with low scores and then give a 3 or 4 for the overall quality.

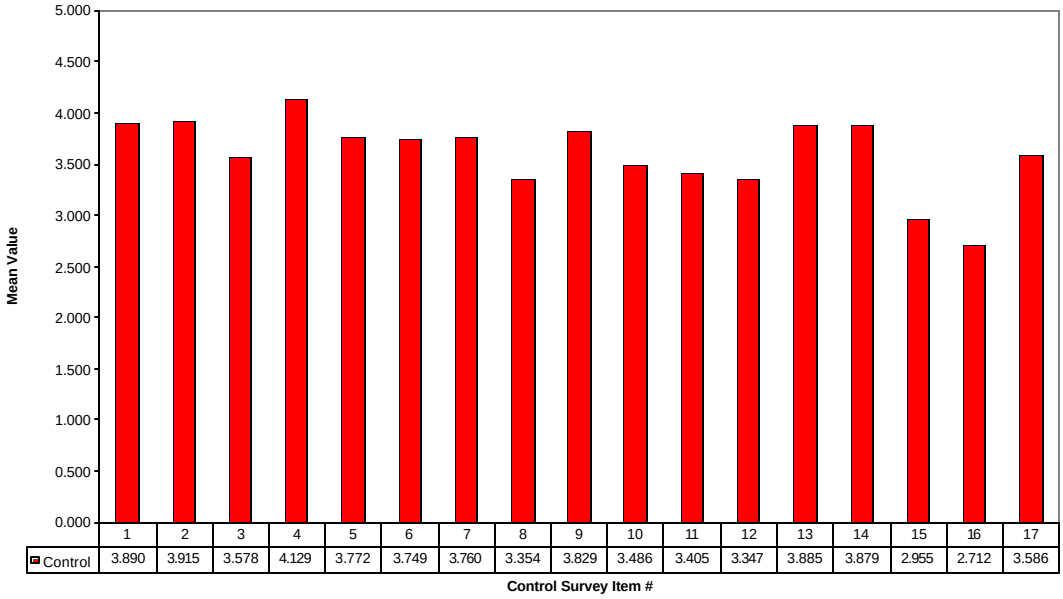


Figure 5.1.1-1: Mean Responses of the Control Group QOL Responses

The expected payment for damaged personal property and the complexity of filing a claim elicited the most negative responses and are consistent with the importance identified in the Pre-Evaluation Survey as fair payment for lost or damaged goods. In developing the baseline results, Service members who received deliveries of HHG during a summer (peak) month were surveyed. Because the summer months have a reputation for poorer quality moves, it can be surmised the baseline mean value responses represent the "worst case results" to compare the pilot programs against.

After the baseline was established, a comparative analysis between the MTMC and FSMP pilot programs and the current program was conducted. Without this comparison the pilot survey results would be an inconclusive internal examination of the data. By comparing the pilot programs to the Control Group baseline, it is possible to understand the relative strengths and weaknesses of each pilot.

5.1.2 d-Statistic Results

The d-statistic, or d-score, is a statistical measure allowing comparison between the Control Group and the pilot programs on a common scale. Although it is acceptable to compare mean

values to one another, this does not provide for an analytical comparison—it doesn't take into consideration such factors as the size of the unique population for each question, or the variance within a sub-population. By considering the number of responses for each question, the pooled standard deviation for each question, and the mean value of each response, the d-statistic indicates the *level* of improvement, or deterioration, due to the implementation of the new program. The result is the size of the effect of implementing the particular pilot program *compared with the current program.*

The evaluation was conducted as a simulated experiment. With the Control Group as the baseline, the d-statistic indicates the *effect* of the changes the pilot programs' implementation had.

In the results, if a large effect occurs it would indicate a noticeable and substantial increase in Service member satisfaction with the pilot programs over the current program (~ 0.650 or greater). A large effect can be considered the most *immediate result/outcome* of implementing a pilot program.

Medium effects would indicate a noticeable, but not dramatic, impact on Service member satisfaction with the pilot programs over the current program (~ 0.350 - 0.650). This effect level is *typically expected* in social science experiments.

Small effects would indicate a *minor* improvement in Service member satisfaction with the pilot programs over the current program (less than ~ 0.350).

5.2 MTMC Quality of Life

Quality of life analysis was conducted to quantitatively assess the overall performance of the MTMC pilot and compare it to the current or "as-is" program. Service members who moved under the MTMC pilot program were surveyed and their perceptions recorded.

MTMC pilot records for the months of June 2000 to December 2000 were supplied and used to calculate the QOL responses. The following tables provide the breakdown of the QOL records according to the branch of service, CONUS/OCONUS, and officer/enlisted, and collection period for the pilot program. Summer delivery data (June – September 2000) was collected in order to test the system when it was most stressed.

Table 5.2-1: Breakdown of MTMC Pilot Program QOL Records According to Branch of Service

	Army	Air Force	Coast Guard	Marines	Navy	TOTAL
MTMC Overall	998	747	73	512	742	**3072**
MTMC Summer	648	487	62	325	422	**1944**

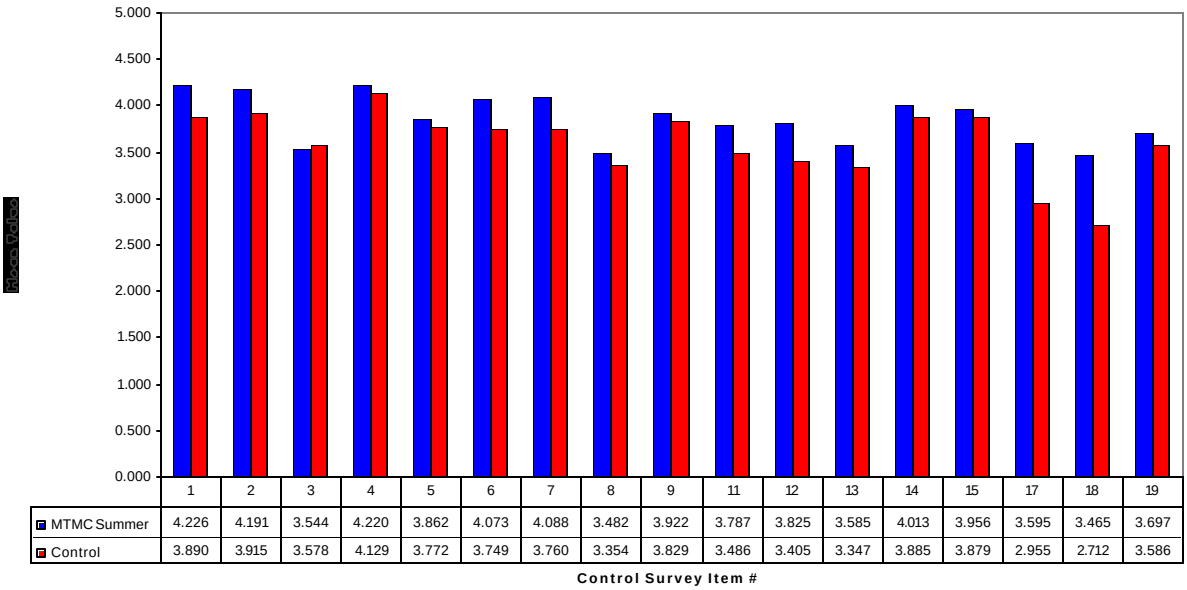
Table 5.2-2: Breakdown of MTMC Pilot Program Records According to CONUS/OCONUS and Officer/Enlisted

		Subtotal	Total
MTMC Overall	**CONUS**	2838	3072
	OCONUS	234	
	Officer	1213	3072
	Enlisted	1859	
MTMC Summer	**CONUS**	1836	1944
	OCONUS	108	
	Officer	884	1944
	Enlisted	1060	

A surface analysis of the data shows the MTMC pilot had improvement on every item of the QOL Post-Move Survey and indicates an overall improvement in the level of Service member satisfaction with the test pilot. Further analysis presented below details the impact of these improvements in Service member satisfaction.

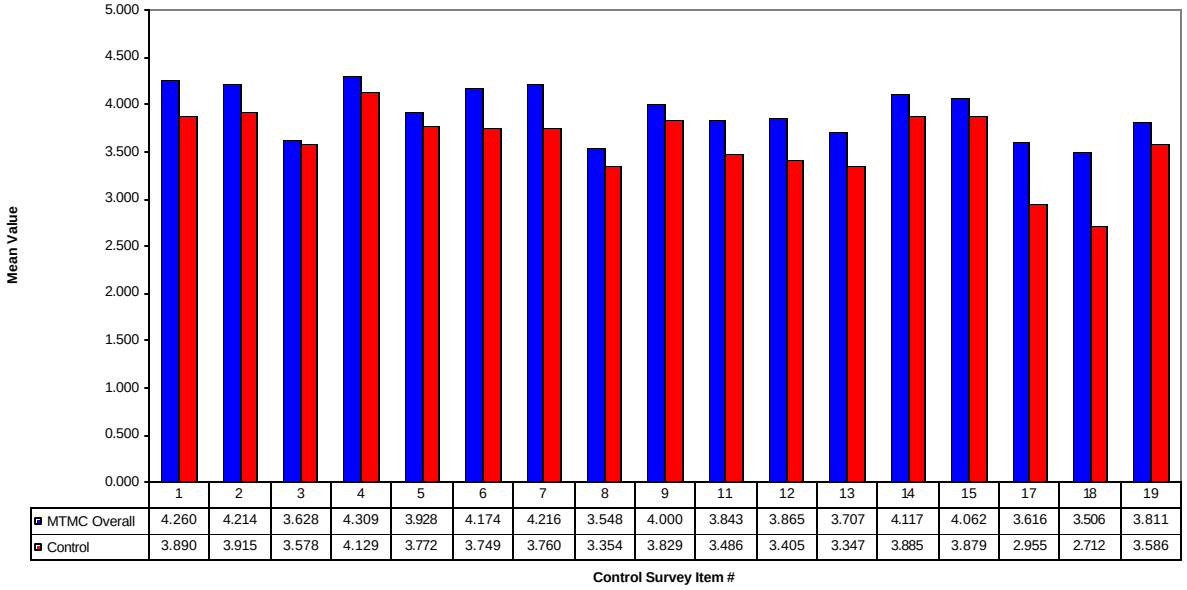
5.2.1 Mean Value Comparison

The MTMC QOL data was evaluated in two parts: The overall results, which are the combined QOL survey responses for the evaluation period, June – December 2000 and the summer only data where peak season records were identified and evaluated independently. An examination of the mean responses for the core survey questions revealed the MTMC pilot program achieved an improvement in all areas for both sets of data. Presented in Figure 5.2.1-1 are the summer mean responses. Figure 5.2.1-2 provides the overall results.



	1	2	3	4	5	6	7	8	9	11	12	13	14	15	17	18	19
MTMC Summer	4.226	4.191	3.544	4.220	3.862	4.073	4.088	3.482	3.922	3.787	3.825	3.585	4.013	3.956	3.595	3.465	3.697
Control	3.890	3.915	3.578	4.129	3.772	3.749	3.760	3.354	3.829	3.486	3.405	3.347	3.885	3.879	2.955	2.712	3.586

Figure 5.2.1-1: Mean Responses of MTMC Pilot Program Summer Data



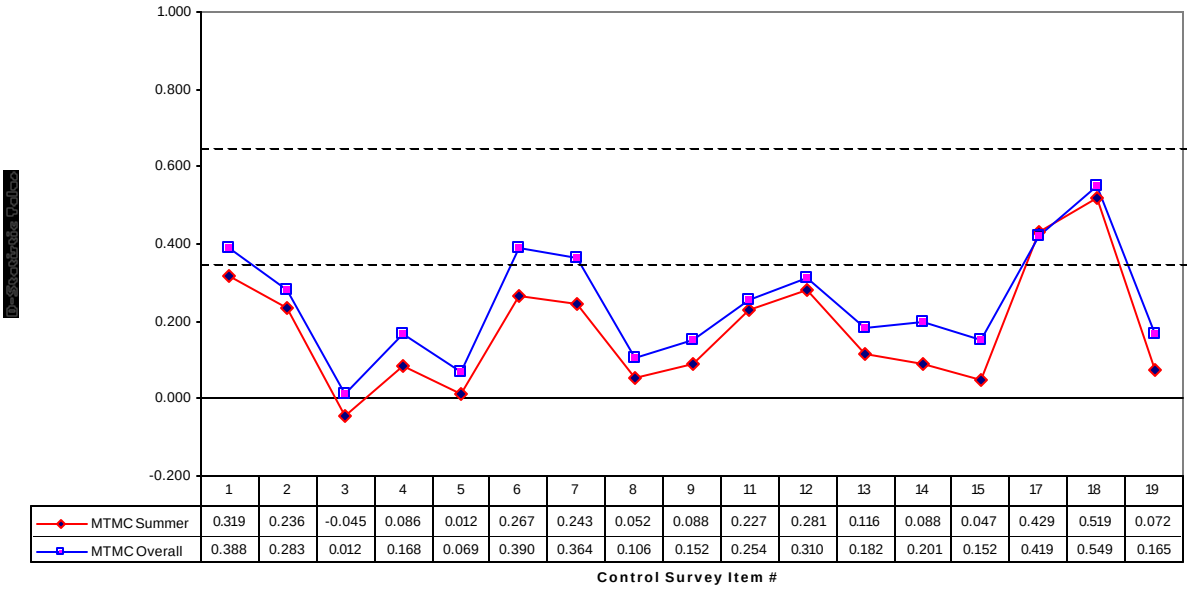
	1	2	3	4	5	6	7	8	9	11	12	13	14	15	17	18	19
MTMC Overall	4.260	4.214	3.628	4.309	3.928	4.174	4.216	3.548	4.000	3.843	3.865	3.707	4.117	4.062	3.616	3.506	3.811
Control	3.890	3.915	3.578	4.129	3.772	3.749	3.760	3.354	3.829	3.486	3.405	3.347	3.885	3.879	2.955	2.712	3.586

Figure 5.2.1-2: Mean Responses of MTMC Pilot Program Overall Data

5.2.2 d-Statistic Results

The MTMC overall results, which pertain to the full period of evaluation (Jun – Dec 00), and the summer results, Jun-Sep 01 (peak period), are presented in Figure 5.2.2-1. The d-statistic results

indicate the majority of the effects were small. There were some medium effects, but no large effects on Service member satisfaction. Large effects only occurred when further analysis was conducted between CONUS/OCONUS. The summer data reflected fewer improvements than the overall period.



	1	2	3	4	5	6	7	8	9	11	12	13	14	15	17	18	19
MTMC Summer	0.319	0.236	-0.045	0.086	0.012	0.267	0.243	0.052	0.088	0.227	0.281	0.116	0.088	0.047	0.429	0.519	0.072
MTMC Overall	0.388	0.283	0.012	0.168	0.069	0.390	0.364	0.106	0.152	0.254	0.310	0.182	0.201	0.152	0.419	0.549	0.165

Figure 5.2.2-1: MTMC Pilot Program d-Statistic - Overall v. Summer Deliveries

Large Effects

There were few large effects (0.650 or greater) indicated in the Control Group / MTMC pilot comparison. Large effects only occurred in the OCONUS analysis, however, absences of large effects do not necessarily indicate the program was not successful since medium effects are the desired outcome of social science experiments.

Medium Effects

Medium effects (0.350 – 0.650) indicate a noticeable, but not dramatic, impact on Service member satisfaction with the MTMC pilot. Most successful social science experimentation seeks to achieve a medium effect and five overall and two summer questions indicated a medium

effect in these results. The difference between summer performance and overall is important to note. The level of service perceived by Service members during the peak period dropped substantially which is consistent with HHG program history. The following QOL items indicated a medium effect**:**

Overall	**Summer**
(Q1) *Simplicity of pre-move process*	
(Q6) *Availability of information during move*	
(Q7) *Timeliness of delivery*	
(Q17) *Expected payment for damaged property*	(Q17) *Expected payment for damaged property*
(Q18) *Simplicity of claims filing process*	(Q18) *Simplicity of claims filing process*

Service members indicated the most improvements in the MTMC pilot occurred in the claims process and expected payment for damages where there was a noticeable improvement in both the overall and summer data. These improvements reflect the Service members' expected results. Since the period of evaluation did not allow for the claims process to be fully evaluated, both questions deal with the members' perception of their *expected* claims filing process and compensation. In contrast, the Control Group data indicated although damage and loss occurred, Service members often did not file claims due to the complication of the claims process. As a result, damage in the current program may be understated if based solely on the number of claims filed.

The MTMC pilot d-stat analysis for overall data also revealed pilot participants considered the pre-move process noticeably simpler than the current program, and the availability of information during the move and timeliness of delivery were improved.

Small Effects

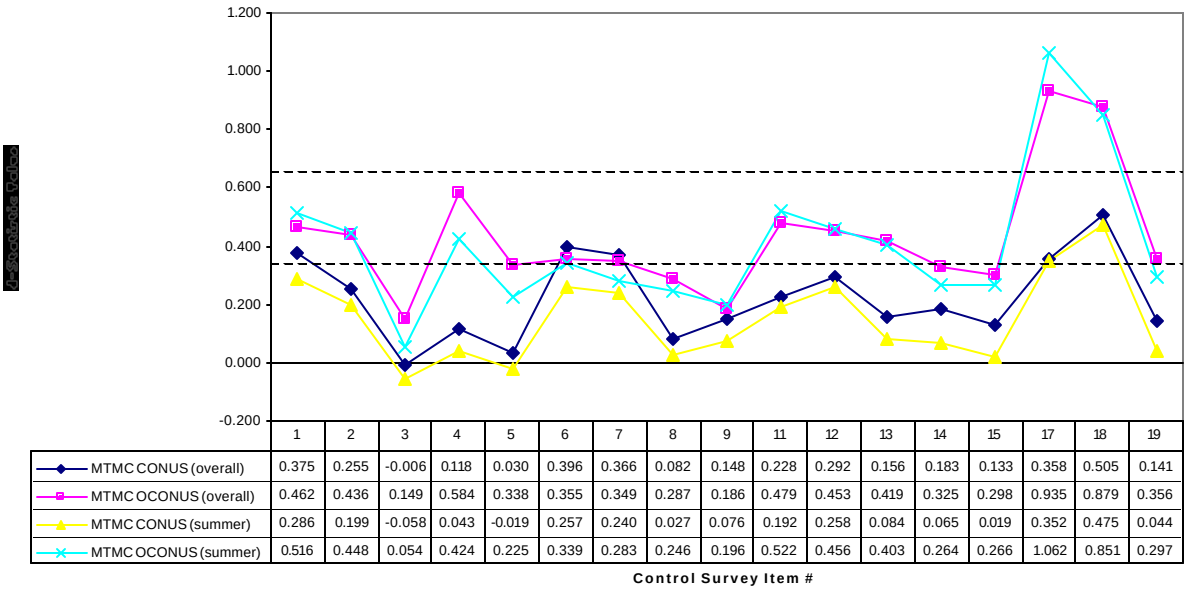
As indicated in Figure 5.2.2-1 the majority of the MTMC pilot effects were small (less than 0.350) which shows a minor improvement in Service member satisfaction. Though there were improvements, the level of this effect would usually be considered too small to warrant the expansion of resources.

Negative Effects

A negative effect can occur and indicates the level of satisfaction was less than the current program. Although, the overall comparison between the Control Group and MTMC pilot indicates improvements, the summer analysis showed a negative d-statistic for *Quality of Packing (Q3)* since Service members rated this aspect as performing worse than the current program for this question.

5.2.3 CONUS v. OCONUS

Figure 5.2.3-1 presents the d-statistic results for the CONUS/OCONUS sub-population of the MTMC data. To understand the effect the pilot had on the CONUS/OCONUS moves, provide greater granularity, and evaluate any noticeable results, the data for the CONUS/OCONUS sub-population was broken out of the total d-stat. Service members involved in OCONUS moves had a higher level of satisfaction than CONUS moves. The results of the overall OCONUS data show eight medium and two large effects indicating a strong improvement in Service member satisfaction with OCONUS moves under the MTMC pilot program. The medium effects showed improvement in Service member satisfaction with pre-move and the communication aspects of the pilot. In addition, the d-stat results showed large improvements in liability-related questions for both the overall and summer data. These were the only large effects recorded in the evaluation.



	1	2	3	4	5	6	7	8	9	11	12	13	14	15	17	18	19
MTMC CONUS (overall)	0.375	0.255	-0.006	0.118	0.030	0.396	0.366	0.082	0.148	0.228	0.292	0.156	0.183	0.133	0.358	0.505	0.141
MTMC OCONUS (overall)	0.462	0.436	0.149	0.584	0.338	0.355	0.349	0.287	0.186	0.479	0.453	0.419	0.325	0.298	0.935	0.879	0.356
MTMC CONUS (summer)	0.286	0.199	-0.058	0.043	-0.019	0.257	0.240	0.027	0.076	0.192	0.258	0.084	0.065	0.019	0.352	0.475	0.044
MTMC OCONUS (summer)	0.516	0.448	0.054	0.424	0.225	0.339	0.283	0.246	0.196	0.522	0.456	0.403	0.264	0.266	1.062	0.851	0.297

Figure 5.2.3-1: MTMC Pilot Program CONUS/OCONUS d-Statistic – Overall v. Summer Deliveries

Large Effects (OCONUS)

Overall

(Q17) *Expected payment for damaged property*

(Q18) *Simplicity of claims filing process*

Summer

(Q17) *Expected payment for damaged property*

(Q18) *Simplicity of claims filing process*

Medium Effects (OCONUS)

Overall

(Q1) *Simplicity of pre-move process*

(Q2) *Clarity of move instructions*

(Q4) *Timeliness of pick-up*

(Q6) *Availability of information during move*

(Q11) *Satisfaction with problem resolution*

(Q12) Ease of dealing with moving company

(Q13) *How likely to use moving company again*

(Q19) *Overall satisfaction*

Summer

(Q1) *Simplicity of* pre*-move process*

(Q2) *Clarity of move instructions*

(Q4) *Timeliness of pick-up*

(Q11) *Satisfaction with problem resolution*

(Q12) *Ease of dealing with moving company*

(Q13) How *likely to use moving company again*

The breakout of the CONUS data also indicates improvement in the program. While not as strong as the OCONUS results, the CONUS effects are most noticeable in the liability-related questions. The overall data indicated five medium effects and the summer data showed two medium effects. There were no large effects in the CONUS data. There were negative effects in both the overall and summer data for packing (Q3) and care taken at pick-up (Q5) in the summer results.

Medium Effects (CONUS)

Overall	**Summer**
(Q1) *Simplicity of pre-move instructions*	
(Q6) *Availability of information during move*	
(Q7) *Timeliness of delivery*	
(Q17) *Expected payment for damaged property*	(Q17) *Expected payment for damaged property*
(Q18) *Simplicity of claims filing process*	(Q18) *Simplicity of claims filing process*

5.2.4 Time in Service

An analysis of time in service was performed on the MTMC pilot QOL data to test if the number of years a Service member has spent in the military affected their responses. The association between time in service for personnel, irrespective of Officer/Enlisted status, indicates the longer a Service member is in the military the more negative their responses to the survey were. The assumption is made that the length of time in service affects responses because the Service member has moved more frequently and is moving more weight/personal property than junior members due to increased weight allowances. That is, the more "experienced" a member is, the more discerning a customer they appear to become.

Time in service had a significant effect on the following questions.

(Q3) *Quality of packing*

(Q8) *Condition of personal property upon delivery*

(Q13) *How likely to use moving company again*

(Q14) *Satisfaction with responsiveness of TO staff*

(Q19) *Overall satisfaction*

5.3 FSMP Pilot Quality of Life

Records for the months of January 2001 to September 2001 were provided and used to evaluate the FSMP pilot QOL responses. Summer data was collected on deliveries made June through September 2001. Table 5.3-1 provides the breakdown of FSMP pilot data according to branch of service, and Table 5.3-2 provides a CONUS/OCONUS, and Officer/Enlisted breakdown.

Table 5.3-1: Breakdown of FSMP Pilot Program QOL Records According to Branch of Service

	Army	Air Force	Coast Guard	Marines	Navy	TOTAL
FSMP Overall	1448	675	108	363	211	**2805**
FSMP Summer	1174	558	88	271	131	**2222**

Table 5.3-2: Breakdown of FSMP Pilot Program Records According to CONUS/OCONUS and Officer/Enlisted

		Subtotal	Total
FSMP Overall	**CONUS**	2424	2805
	OCONUS	381	
	Officer	1467	2805
	Enlisted	1338	
FSMP Summer	**CONUS**	1879	2222
	OCONUS	343	
	Officer	1213	2222
	Enlisted	1009	

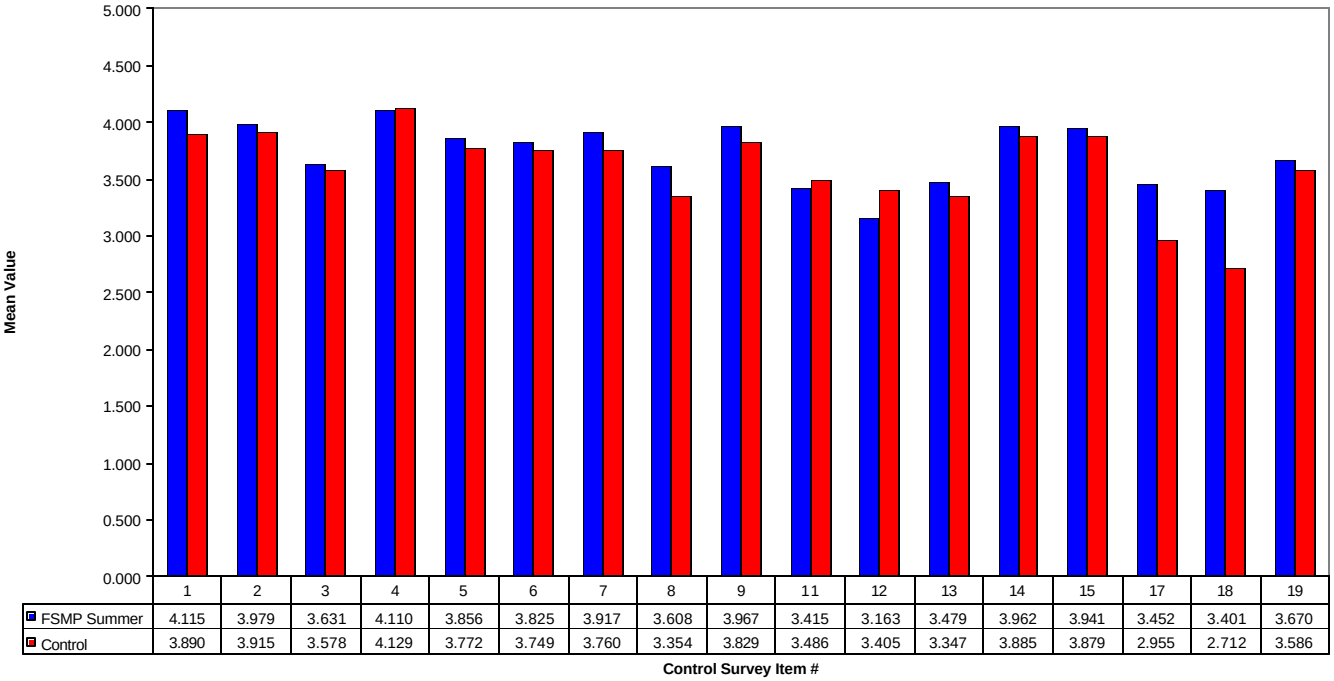
As with the MTMC pilot program, similar quality of life analyses were conducted to quantitatively assess the overall performance of the FSMP pilot program and compare it to both the MTMC pilot and the current program.

5.3.1 Mean Value Comparisons

Mean value analysis of the data shows the FSMP pilot showed some improvement on every item on the QOL Post-Move Survey excepting questions 11 and 12 which indicated, in these areas,

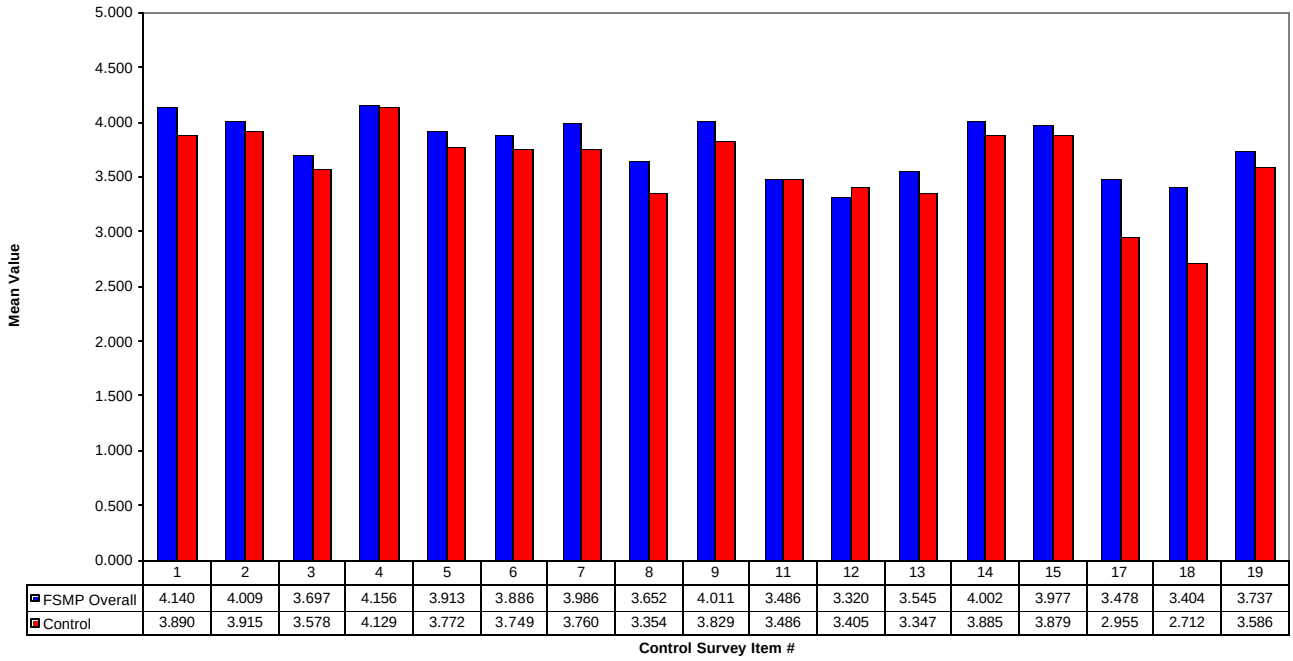
Service members considered the pilot performed worse than the current program. Figure 5.3.1-1 provides the mean value comparisons.

- *How satisfied were you with the way the Move Manager resolved your problem* (Q11)
- *Ease of dealing with the moving company (Q12)*



	1	2	3	4	5	6	7	8	9	11	12	13	14	15	17	18	19
FSMP Summer	4.115	3.979	3.631	4.110	3.856	3.825	3.917	3.608	3.967	3.415	3.163	3.479	3.962	3.941	3.452	3.401	3.670
Control	3.890	3.915	3.578	4.129	3.772	3.749	3.760	3.354	3.829	3.486	3.405	3.347	3.885	3.879	2.955	2.712	3.586

Figure 5.3.1-1: Mean Responses of FSMP Pilot Program Summer Data

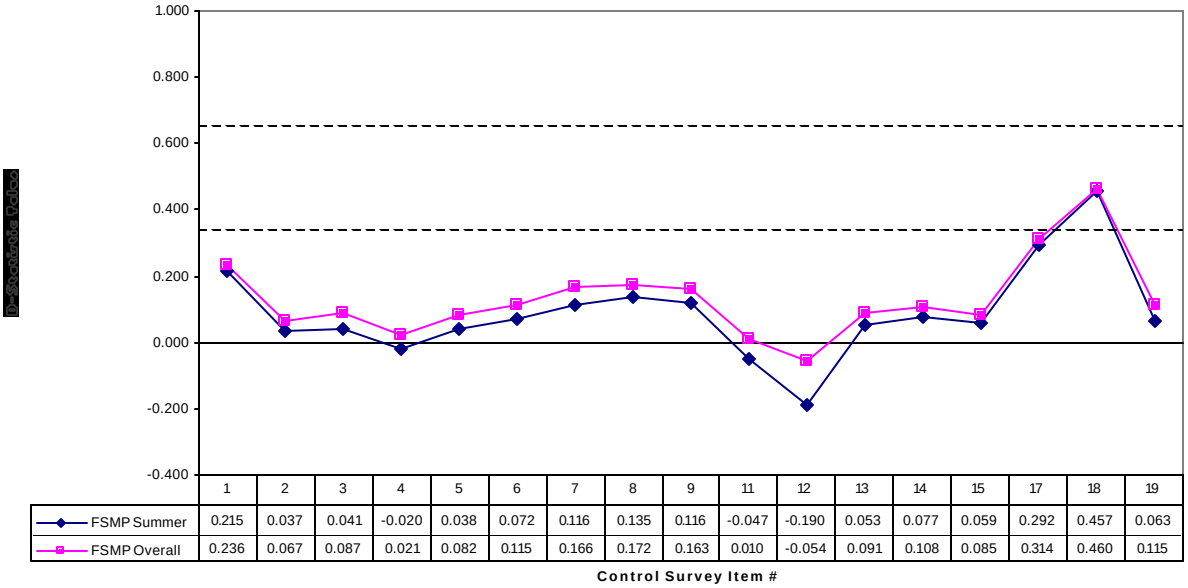


	1	2	3	4	5	6	7	8	9	11	12	13	14	15	17	18	19
FSMP Overall	4.140	4.009	3.697	4.156	3.913	3.886	3.986	3.652	4.011	3.486	3.320	3.545	4.002	3.977	3.478	3.404	3.737
Control	3.890	3.915	3.578	4.129	3.772	3.749	3.760	3.354	3.829	3.486	3.405	3.347	3.885	3.879	2.955	2.712	3.586

Figure 5.3.1-2: Mean Responses of FSMP Pilot Program Overall Data

5.3.2 d-Statistic Results

As with the MTMC pilot program, a d-statistic was calculated to ascertain the level of improvement the FSMP pilot had over the current program. Figure 5.3.2-1 reflects these d-statistic results. The majority of the effects in the comparison with the current program were small effects. There was one medium effect in both overall and summer data and no large effects on Service member satisfaction. In addition, there was one negative effect in the overall analysis and three in the summer. The data varies between the overall and summer periods, with the summer months showing less improvement than the overall period.



	1	2	3	4	5	6	7	8	9	11	12	13	14	15	17	18	19
FSMP Summer	0.215	0.037	0.041	-0.020	0.038	0.072	0.116	0.135	0.116	-0.047	-0.190	0.053	0.077	0.059	0.292	0.457	0.063
FSMP Overall	0.236	0.067	0.087	0.021	0.082	0.115	0.166	0.172	0.163	0.010	-0.054	0.091	0.108	0.085	0.314	0.460	0.115

Figure 5.3.2-1: FSMP Pilot Program d-Statistic – Overall vs. Summer Deliveries

Large Effects

There were no large effects (0.650 or greater) indicated in the comparison between the current program and the FSMP pilot.

Medium Effects

The overall and summer data indicated a medium effect (0.350 – 0.650) in simplicity of claims filing (Q18). This is a noticeable, but not dramatic, impact on Service member satisfaction. Most successful social science experiments seek to achieve medium effects.

Small Effects

There were a number of small effects (less than 0.350) that indicate a minor improvement in Service member satisfaction as can be seen in Figure 5.3.2-1. Although there is an improvement, the level of this effect is usually too small to warrant the expansion of resources to achieve the desired end.

Negative Effects

Although the overall comparison of FSMP pilot data generally indicated some improvement, there were some cases, especially with the summer data where Service members considered the pilot performed worse than the current program. In particular, ease of dealing with the moving company performed poorly in both overall and summer data.

Overall	**Summer**
	(Q4) *Timeliness of pick-up*
	(Q11) *Satisfaction with problem resolution*
(Q12) *Ease of dealing with the moving company*	(Q12) *Ease of dealing with the moving company*

5.3.3 CONUS v. OCONUS

Figure 5.3.3-1 presents the results of the breakout of CONUS/OCONUS sub-population data under the FSMP pilot. The data indicates Service members involved in OCONUS moves had a lower level of satisfaction than members moving within CONUS, the opposite of the MTMC data. In the overall OCONUS data there were eight negative effects. All other effects for the pilot were small, excepting a medium effect for liability-related question. The CONUS data indicated greater Service member satisfaction than overseas moves. The CONUS overall results showed small effects and a medium effect for simplicity of claims filing process (Q18). There were no negative effects in the overall results. The summer CONUS moves had all small effects except for 1 medium, again Q18, simplicity of claims filing process, and 3 negative effects. Simplicity of claims was the only medium d-stat effect across all the FSMP pilot data, and this appeared in both CONUS/OCONUS, overall and summer results.

Medium Effects (OCONUS)

Overall	**Summer**
(Q18) *Simplicity of claims filing process*	(Q18) *Simplicity of claims filing process*

Negative Effects (OCONUS)

Overall	Summer
(Q6) *Availability of information during move*	(Q6) *Availability of information during move*
(Q7) *Timeliness of delivery*	(Q7) *Timeliness of delivery*
(Q11) *Satisfaction with way M. M. resolved problem*	(Q11) *Satisfaction with way M. M. resolved problem*
(Q12) *Ease of dealing with moving company*	(Q12) *Ease of dealing with moving company*
(Q13) *How likely to use moving company again*	
(Q14) *How satisfied with responsiveness of MM staff*	(Q14) *How satisfied with responsiveness of MM staff*
(Q15) *Overall satisfaction with MM office*	(Q15) *Overall satisfaction with MM office*
(Q19) *Overall satisfaction*	

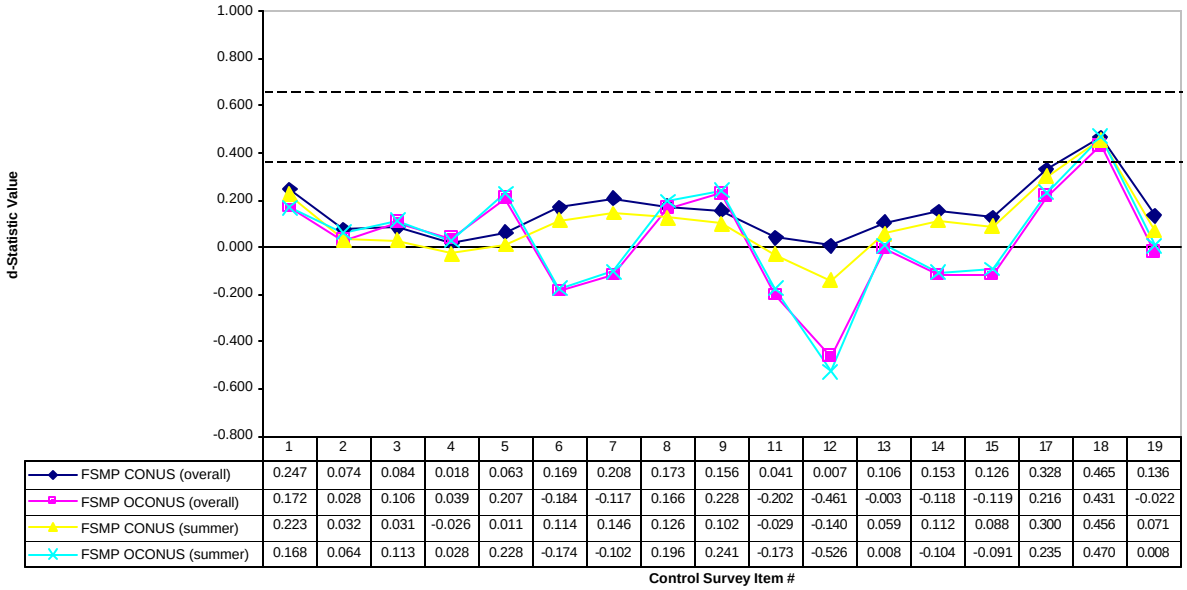
Medium Effects (CONUS)

Overall	Summer
(Q18) *Simplicity of claims filing process*	(Q18) *Simplicity of claims filing process*

Negative Effects (CONUS)

Overall	Summer
	(Q4) *Timeliness of pick-up*
	(Q11) *Satisfaction with way MM resolved problem*
	(Q12) *Ease of dealing with moving company*

The breakout of the CONUS/OCONUS data showed dissatisfaction with Move Manager services, a key component of the FSMP pilot program. The results indicated there were improvements overall, however, the CONUS/OCONUS analysis reflected little improvement, and in many cases a strong decrease in satisfaction.



	1	2	3	4	5	6	7	8	9	11	12	13	14	15	17	18	19
FSMP CONUS (overall)	0.247	0.074	0.084	0.018	0.063	0.169	0.208	0.173	0.156	0.041	0.007	0.106	0.153	0.126	0.328	0.465	0.136
FSMP OCONUS (overall)	0.172	0.028	0.106	0.039	0.207	-0.184	-0.117	0.166	0.228	-0.202	-0.461	-0.003	-0.118	-0.119	0.216	0.431	-0.022
FSMP CONUS (summer)	0.223	0.032	0.031	-0.026	0.011	0.114	0.146	0.126	0.102	-0.029	-0.140	0.059	0.112	0.088	0.300	0.456	0.071
FSMP OCONUS (summer)	0.168	0.064	0.113	0.028	0.228	-0.174	-0.102	0.196	0.241	-0.173	-0.526	0.008	-0.104	-0.091	0.235	0.470	0.008

Figure 5.3.3-1: FSMP Pilot Program CONUS/OCONUS d-Statistic – Overall v. Summer Deliveries

5.3.4 Time in Service

As with the MTMC pilot data, an analysis of time in service was performed on the QOL data for the FSMP pilot program to observe the effects the length of time in service had on members' responses. By mapping ranks of both Officers and Enlisted personnel the effect of time in service was determined.

The results indicated the FSMP pilot participants with longer service lengths responded more negatively. An assumption can be made the impacts of previous/multiple moves and increase in actual property account for the relationship between time in service and negative responses. The more senior a Service member is, the more discerning a customer he/she is expected to be due to the experience.

In the FSMP pilot data, time in service had a significant effect on 12 of the questions indicating members with lower time in service were more satisfied with the program.

(FSMP specific) *Responsiveness of moving company*

(FSMP specific) *Timeliness of packing*

(Q3) *Quality of packing*

(Q4) *Timeliness of pick-up*

(Q5) *Care taken at pick-up*

(Q6) *Availability of information during move*

(Q8) *Condition of personal property upon delivery*

(Q12) *Ease of dealing with moving company*

(Q13) *How likely to use moving company again*

(FSMP specific) *Satisfaction with relocation services provided*

(FSMP specific) *Overall satisfaction with service from relocation office*

(Q19) *Overall satisfaction*

5.4 Comparison of MTMC & FSMP Pilot Programs' Quality of Life

5.4.1 d-Statistic Analysis

Each question in the Quality of Life Survey was designed to address the factors identified by Service members in the Pre-Evaluation Survey. The pilot programs were evaluated against these factors, and pilot success regarding quality of life equates to Service members' satisfaction improvement. The following table (Table 5.4.1-1) provides an overall summary of the d-statistic analysis for each program.

In the table, the factors identified in the Pre-Evaluation Survey are listed in order of importance and the top ten are highlighted. Results for the overall evaluation period and the specific summer period for each pilot are displayed. More than one set of results listed against a particular factor (e.g. ranking 10), indicate more than one survey question addressed that factor. The corresponding survey question numbers from the Control Group Survey are included in the last column. Numbers in red reflect negative pilot d-stats (-), green are small (0-.350), and blue are medium (.350-.650) effects.

Table 5.4.1-1: QOL d-Statistic Comparisons

Ranking	Factor	FSMP Summer	FSMP Overall	MTMC Summer	MTMC Overall	Control Item #

Ranking	Factor	FSMP Summer	FSMP Overall	MTMC Summer	MTMC Overall	Control Item #
1	Condition of Personal Property	**0.135**	**0.172**	**0.052**	**0.106**	Q8
2	Extent of Loss of Personal Property	**0.135**	**0.135**	**0.172**	**0.052**	Q8
3	Careful Handling of Personal Property	**0.038**	**0.082**	**0.012**	**0.069**	Q5
4	Quality of Packing	**0.041**	**0.087**	**-0.045**	**0.012**	Q3
5	Fair Payment for Damaged or Lost Goods	**0.292**	**0.314**	**0.429**	**0.419**	Q17
6	Timely Receipt of Personal Property Once Request Delivery	**0.116**	**0.166**	**0.243**	**0.364**	Q7
7	Accuracy of Information about Entitlements	**0.037**	**0.067**	**0.236**	**0.283**	Q2
8	Meeting Scheduled Delivery Time	**0.116**	**0.166**	**0.243**	**0.364**	Q7
9	Meeting Scheduled Pickup Time	**-0.020**	**0.021**	**0.086**	**0.168**	Q4
10	Responsiveness of Government Transportation Office	**0.077**	**0.108**	**0.088**	**0.201**	Q14
10		**0.059**	**0.085**	**0.047**	**0.152**	Q15
11	Simplicity of Claims Submission Process	**0.457**	**0.460**	**0.519**	**0.549**	Q18
12	Ease of Dealing with Moving Company when Problems Arise	**-0.190**	**-0.054**	**0.281**	**0.310**	Q12
13	Clarity/Completeness of Move Instructions	**0.037**	**0.067**	**0.236**	**0.283**	Q2
14	Responsiveness of Moving Company to Requests/Needs	**-0.190**	**-0.054**	**0.281**	**0.310**	Q12
15	Simplicity of Pre-Move Process	**0.215**	**0.236**	**0.319**	**0.388**	Q1
16	Time Required to Settle a Claim	**0.457**	**0.460**	**0.519**	**0.549**	Q18
17	Quality of Unpacking	**0.135**	**0.172**	**0.052**	**0.106**	Q8
17		**0.116**	**0.163**	**0.088**	**0.152**	Q9
18	Professionalism of Moving Crew	**0.038**	**0.082**	**0.012**	**0.069**	Q5
18		**0.116**	**0.163**	**0.088**	**0.152**	Q9
19	Availability of Information During the Move	**0.072**	**0.115**	**0.267**	**0.390**	Q6
20	Accuracy of Information about Cost of Excess Weight	**0.037**	**0.067**	**0.236**	**0.283**	Q2
21	Pre-Move Counseling that Addresses Individual Needs	**0.215**	**0.236**	**0.319**	**0.388**	Q1
21		**0.037**	**0.067**	**0.236**	**0.283**	Q2
22	Ability to have Door-to-Door Move	**0.037**	**0.067**	**0.236**	**0.283**	Q2
23	Number of Persons/Offices You Have to Deal With During Move	**0.077**	**0.108**	**0.088**	**0.201**	Q14
24	Personal Involvement in Selecting Moving Company	No corresponding question in QOL survey				

Of the factors identified as most important, only the MTMC pilot showed a medium (or noticeable effect) in the top five factors—Fair Payment for Lost or Damaged Goods (Q17) showed in both overall and summer data. In the pre-survey, 93% of respondents indicated this feature was “very important” to them.

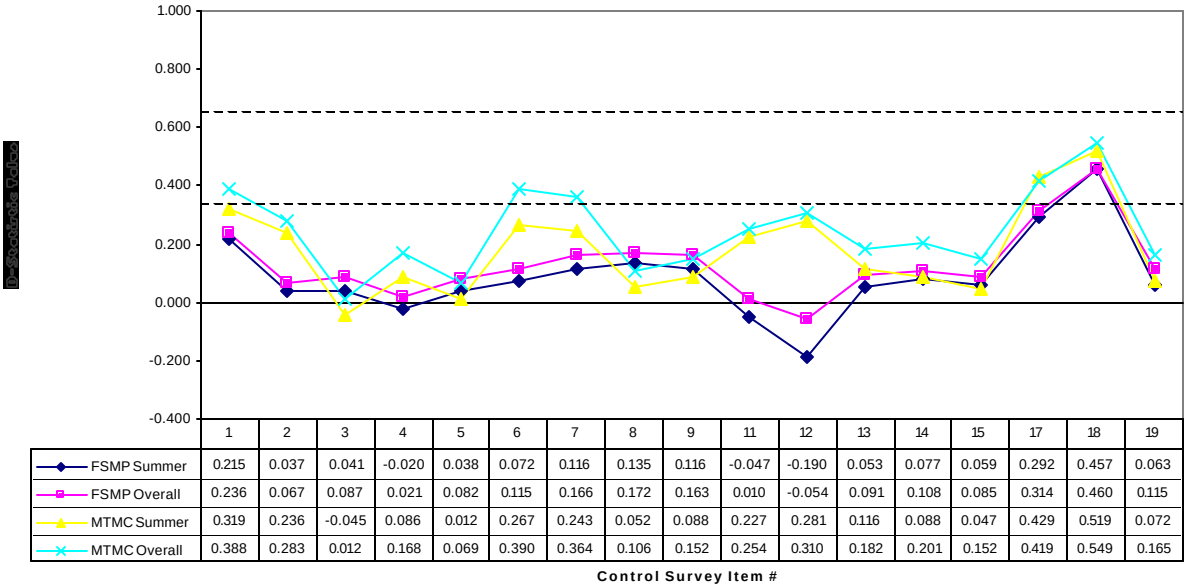
Expanding the analysis to the ten most important features, the MTMC pilot had a medium effect on two delivery related factors – Timely Receipt of Personal Property Once Delivery is Requested and Meeting the Scheduled Delivery Time. In the Pre-Evaluation Survey these factors were rated as 86% and 85%, respectively, in importance.

Of the top 10 factors, the MTMC pilot indicates a negative effect on quality of packing during the summer period and the FSMP pilot had a negative effect in meeting scheduled pick-up time during the summer. Of the remaining factors, ease of dealing with the moving company and responsiveness of moving company also performed poorly in the FSMP pilot.

The largest increases in member satisfaction were related to simplicity of claims submission process and time required to settle a claim. Both factors showed medium improvements in overall and summer data for both pilot programs.

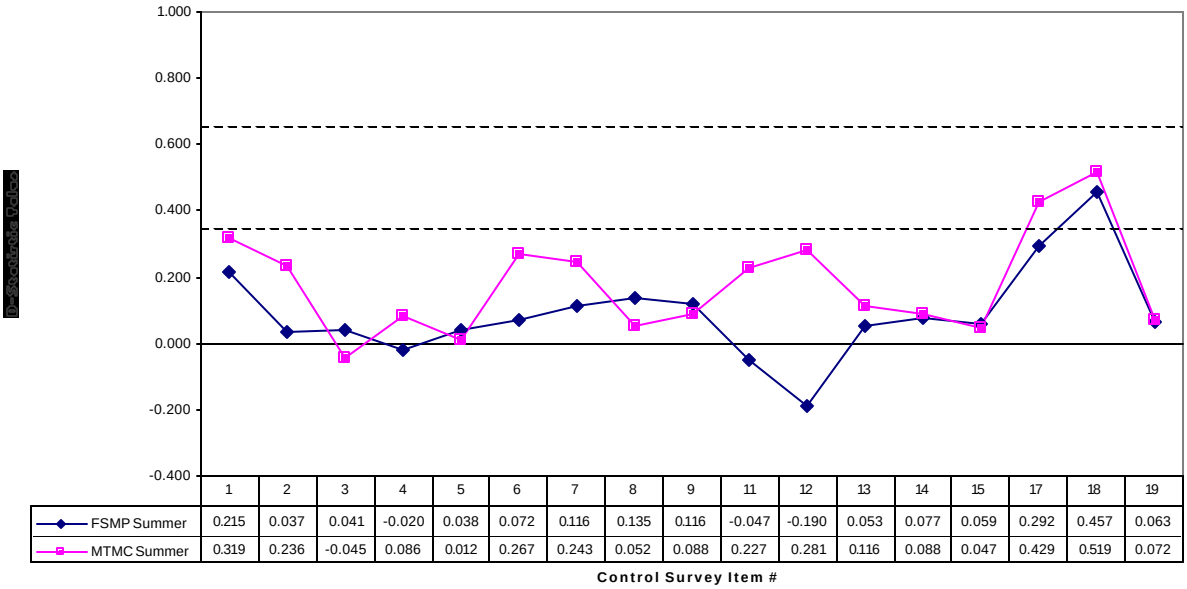
Comparison of the MTMC and FSMP pilot data reflect limited improvement in the factors identified as most important to Service members in the Pre-Evaluation Survey. Despite pilot program efforts to improve the Service member's experience, survey results do not support any substantial (large) improvements, and noticeable improvements (medium) are most prevalent in claims and compensation-related issues.

The following figures show the d-statistic results for both the MTMC and FSMP pilot programs.



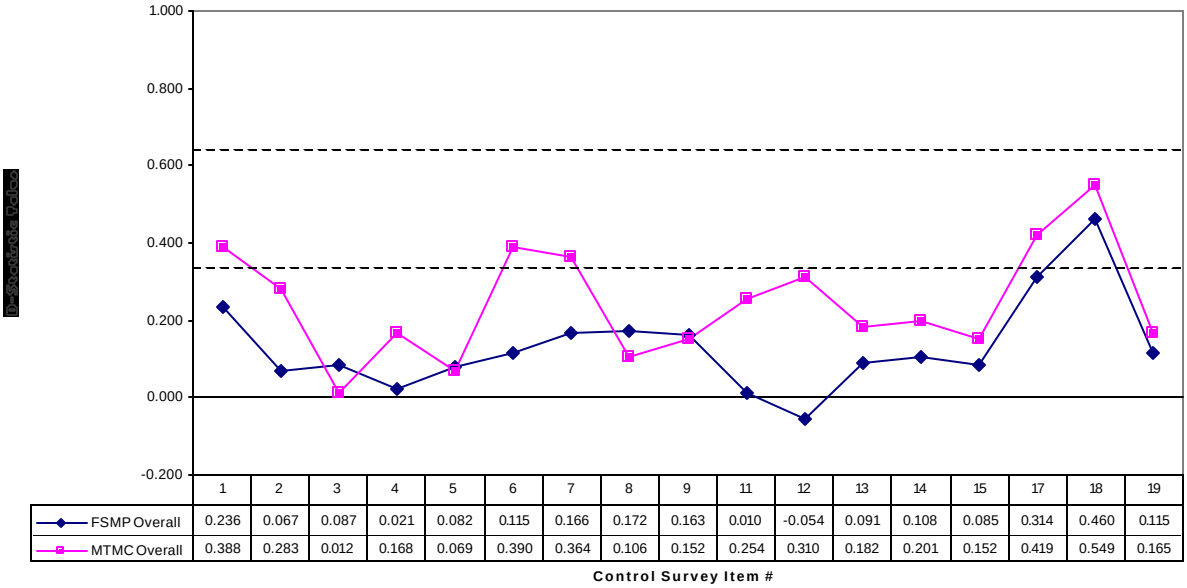
	1	2	3	4	5	6	7	8	9	11	12	13	14	15	17	18	19
FSMP Summer	0.215	0.037	0.041	-0.020	0.038	0.072	0.116	0.135	0.116	-0.047	-0.190	0.053	0.077	0.059	0.292	0.457	0.063
FSMP Overall	0.236	0.067	0.087	0.021	0.082	0.115	0.166	0.172	0.163	0.010	-0.054	0.091	0.108	0.085	0.314	0.460	0.115
MTMC Summer	0.319	0.236	-0.045	0.086	0.012	0.267	0.243	0.052	0.088	0.227	0.281	0.116	0.088	0.047	0.429	0.519	0.072
MTMC Overall	0.388	0.283	0.012	0.168	0.069	0.390	0.364	0.106	0.152	0.254	0.310	0.182	0.201	0.152	0.419	0.549	0.165

Figure 5.4.1-1: d-Statistic Comparison – Overall and Summer Data



	1	2	3	4	5	6	7	8	9	11	12	13	14	15	17	18	19
FSMP Summer	0.215	0.037	0.041	-0.020	0.038	0.072	0.116	0.135	0.116	-0.047	-0.190	0.053	0.077	0.059	0.292	0.457	0.063
MTMC Summer	0.319	0.236	-0.045	0.086	0.012	0.267	0.243	0.052	0.088	0.227	0.281	0.116	0.088	0.047	0.429	0.519	0.072

Figure 5.4.1-2: d-Statistic Comparisons – Summer Data



	1	2	3	4	5	6	7	8	9	11	12	13	14	15	17	18	19
FSMP Overall	0.236	0.067	0.087	0.021	0.082	0.115	0.166	0.172	0.163	0.010	-0.054	0.091	0.108	0.085	0.314	0.460	0.115
MTMC Overall	0.388	0.283	0.012	0.168	0.069	0.390	0.364	0.106	0.152	0.254	0.310	0.182	0.201	0.152	0.419	0.549	0.165

Figure 5.4.1-3: d-Statistic Comparison – Overall Data

5.4.2 CONUS v. OCONUS Comparisons

The CONUS/OCONUS sub-population breakout for the pilot programs indicated participants in the MTMC pilot program experienced a greatly improved OCONUS move during both overall and summer time periods. In contrast, the FSMP pilot participants registered great dissatisfaction with the OCONUS portion of the HHG moves.

5.4.3 Time in Service Comparison

The comparison between the MTMC and FSMP pilot for time in service indicated, in both programs, senior personnel responded more negatively than junior Service members. The FSMP pilot displayed a larger number of negative responses significant to time in service. The assumption is the more senior personnel are more "experienced" movers and as a result, are more discerning customers. It must be noted, however, these conclusions are assumptions and cannot be quantitatively substantiated.

6.0 Cost

6.1 Current Program Baseline Cost

In 1999, MTMC contracted with PriceWaterhouseCoopers LLP (PwC) to establish a baseline cost for the current Personal Property Movement Program. The original DOD plan was to use the data from this study to compare and quantify the pilot programs against the current program. To begin the study, MTMC directed PwC to use a 1995 activity based costing (ABC) study to avoid duplication of previous efforts. To update the data from the 1995 baseline report, PwC collected data on the number and size of PPSOs, PPPOs, Service headquarters personnel, Service claims office personnel, and local claims office personnel. MTMC/PwC published a report of their findings in 2000. [4]

After reviewing the PwC report, the DODIG determined the results from this study could not be used by USTRANSCOM in the evaluation of the MTMC and FSMP pilot programs. DODIG cited the following:

- There were no documented attempts to verify the 1995 ABC study, therefore, the foundation of the current PwC study was questionable
- The inflation of cost from 1995 to 2000 did not account for work-force structure changes
- Starting with over 600,000 shipments, a number of constraints reduced the number of shipments in the analysis to 241,000; therefore, there were no measures of whether the sample was statistically valid

DODIG's recommendation to USTRANSCOM was to develop a baseline cost using a constructed cost methodology (i.e. develop "should costs" as if the pilot shipment moved within the current program). Subsequently GAO reviewed the report and DODIG's findings and also recommended the development of a constructed cost methodology. In addition, GAO developed a prototype constructed cost methodology to illustrate the feasibility.

6.1.1 Constructed Cost Methodology

[4] PricewaterhouseCoopers LLC, *Current Program Evaluation Report*, 24 August 2000.

As a result of the recommendations from DODIG and GAO, USTRANSCOM directed AMS to develop a constructed cost model for the evaluation. AMS examined both the GAO constructed cost model and a manual constructed cost methodology jointly developed by the Services and the FSMP PMO. The Services methodology was developed and used to estimate cost over-runs for the FSMP program subsequent to the Services terminating the pilot. Incorporating elements from both methodologies and using the expertise of current program subject matter experts, AMS developed a hybrid costing methodology to produce a constructed cost for each pilot shipment. The following section details the constructed cost methodology used in the Constructed Cost Database (CCDB). The CCDB constructs a pilot shipment cost as if it was moved within the current personal property program.

AMS developed the hybrid model using rules developed by the Military Services and current program transportation specialists. CCDB business rules are provided in Appendix D. The CCDB calculates linehaul costs using the MTMC rate tables for domestic and international shipments. AMS used the average of the linehaul rates in the analysis. The calculation of accessorials and storage-in-transit (SIT) were also automated in the CCDB. Using the MTMC rate tables and the Service-approved business rules, accessorial and storage charges were constructed for each pilot shipment. The CCDB also incorporates a fuel surcharge on each shipment and factors the Air Mobility Command (AMC) charge for OCONUS UB shipments and the Military Sealift Command (MSC) charge for Code 3 shipments to Japan, Okinawa, and Korea.

Pilot and current program comparisons show the level of cost increases by constructing a cost for a pilot program shipment as if it were moved under the current program. Business rules were established to minimize assumptions. However, based on observations of the pilot programs, it is USTRANSCOM's belief that the extrapolation of constructed costs cannot be used as an exact projection of the cost of implementing either pilot in a full rollout across DOD. Some examples of differences between the pilot programs and the current program are: a) current program rates are negotiated every six months while pilot rates were negotiated for twelve month periods, with option years; b) current program rates are established by channels (military base to a destination state/county), while pilot rates are negotiated from an origin state to multiple states/countries

(destination regions); and, c) rates were not negotiated/established under identical circumstances in the current program or the pilot programs – each used different rules.

6.1.2 Analysis Methodology

Applying the approved business rules, AMS used the shipment data provided by the pilot programs to construct the "should cost" for all records. Although the data provided by each pilot was consistent in format, some manipulation was required. The first step was to normalize/standardize the shipment data into the same format for both pilots. The unique identifier in the combined dataset was the pilot name (MTMC/FSMP) and the shipment tracking number. AMS created a macro within the CCDB to correct common errors, such as spelling mistakes of cities, counties, and states that could be corrected without affecting the integrity of the data. After running this macro, the remaining records with problems were placed into one of the following categories of incalculable records:

- CONUS UB (badconusub)
- Domestic HHG without Bids (badDomesticWithoutBids)
- HHG with no mileage (badHHGwithnomileage)
- No Destination (badnodestination)
- Neither HHG nor UB (badNonHHGandUB)
- Overseas without Bids (badOverseasWithoutBids)
- Unidentified Origin GBLOC (badunidentifiedorigingbloc)

Records without errors were placed into the appropriate shipment category type – domestic household goods (dHHG), overseas household goods (oHHG), and overseas-unaccompanied baggage (oUB). The next step in the costing process was to match constructed records to the certified cost for shipments provided by each pilot. If a certified cost did not exist for a constructed record, it was not included in the comparative analysis. By application of these rules, the constructed/current value is not overestimated in comparison to the actual/certified cost of the pilot.

The matched dataset was then analyzed using a covariate regression analysis to identify outliers in the dataset. In this analysis, the interactions between storage time, mileage, and shipment weight were used to predict shipment cost. A variable was assigned to each shipment based upon these interactions. If the variable value was greater than +2.00 or less than –2.00, the predicted cost (using the predictors above) was sufficiently different from the actual cost to be declared an outlier with a 95% confidence level. This analysis suggests that the accuracy of cost data for the outlier observations should be considered suspect. These identified outliers were removed from the final dataset included in the comparative analysis in this section.

6.2 MTMC Pilot Program Costs

The CCDB constructed direct cost using data received from the MTMC pilot support contractor, SRA International. The following steps were taken to ensure constructed cost accuracy.

AMS received a final shipment data transmission from SRA/MTMC in January 2001. This data was transmitted in XML format, and AMS used an SQL-based custom application to convert the data into an MS Access Database. MTMC pilot PMO included sufficient information regarding accessorials and SIT as well as the appropriate mapping of these elements to the current program. Of the 5,082 shipment records received, 1,260 were not calculated primarily because the shipments were in SIT at time of final data transmission (i.e., - not delivered). In addition, 21 records were removed as outliers after performing a multivariate regression analysis of cost; 3,822 records were used in the final cost analysis. No data integrity issues were noted.

6.2.1 Indirect Costs:

Indirect costs, as defined by the Evaluation Plan, were provided by the MTMC PMO ($346 for current program baseline and $236 for pilot). Unless otherwise identified, all indirect cost data elements outlined in Appendix 10 of the Evaluation Plan are included in the cost tables. Indirect costs were not calculated or verified by the USTRANSCOM/AMS team.

The following tables provide cost calculations for the MTMC pilot program and the constructed costs for the current program. Pilot certified costs were provided by SRA, and constructed costs were developed using the CCDB.

6.2.2 Assumptions and Results

Assumptions

The following assumptions were made for the cost analyses of the MTMC pilot program:

- Billing and Customer/Contract Auditor (BCCA) cost – MTMC estimated 1.5 invoices per shipment
- Indirect costs used in cost comparisons are valid and were provided to AMS by the pilot PMO ($346 for baseline and $236 for pilot). All indirect data elements required in Appendix 10 of the Evaluation Plan are included in indirect costs figures provided by the PMOs, unless specifically identified separately. Indirect costs were not developed or validated by USTRANSCOM or AMS
- Pilot Transportation Operations Personal Property System (PTOPS) maintenance costs are included in indirect cost provided
- One-time costs for the MTMC pilot program (Appendix E) are not included in the comparisons since it is assumed these would not be duplicated in a "fully operational" program
- Other Direct Costs (ODCs) used in pilot program would have been required in the Current (baseline) program
- Cost of Specific Features provided by the PMOs
    - One-on-One Counseling: included in indirect costs provided by the MTMC PMO
    - Full Replacement Protection: 7.2% of pilot linehaul costs
    - Direct Claims settlement: 2.2% of pilot linehaul charges
    - ITV (1-800 number): 2.2% of pilot linehaul charges
- MTMC indicates the BCCA costs of $100.00 per invoice (option A) is projected to be $75.00 per invoice in full rollout (option B). This allows comparisons between the current pilot and a full roll-out across DOD

Results

MTMC totals, Table 6.2-1, indicate the pilot program costs are approximately 31-32% greater than the current program. Again, option A (current program costs) include BCCA cost of $100 per invoice. Option B projects a reduction to $75 per invoice due to the volume of invoices. This estimate allows for a comparison between the scope of the current pilot and a full rollout of the pilot.

It is USTC's expectation that, based on the competition generated by the volume of DOD business and efficiencies gained in improved business processes, cost increases in a full DoD program rollout would not rise to the level reflected in the constructed cost data.

Table 6.2-1: MTMC Pilot Program Total Costs

MTMC Totals	Pilots (Certified)		Current (Constructed)	% Difference	
	A	B		A	B
- Direct	$ 18,897,857.95	$ 18,897,857.95	$ 14,067,881.28	34.33%	34.33%
- Linehaul	$ 11,151,901.95	$ 11,151,901.95	$ 8,298,481.06	34.38%	34.38%
- Accessorial	$ 5,165,695.00	$ 5,165,695.00	$ 4,220,220.91	22.40%	22.40%
- SIT	$ 2,580,261.00	$ 2,580,261.00	$ 1,230,449.30	109.70%	109.70%
- Other*	$ -	$ -	$ 318,730.00	-100.00%	-100.00%
- ODC	$ 119,629.00	$ 119,629.00	$ 119,629.00	0.00%	0.00%
- BCCA***	$ 573,300.00	$ 429,975.00	$ -		
Indirect **	$ 901,992.00	$ 901,992.00	$ 1,322,412.00	-31.79%	-31.79%
Total Overall	$ 20,492,778.95	$ 20,349,453.95	$ 15,509,922.28	32.13%	31.20%
Shipments	3822	3822	3822		
Total Moves	3627	3627	3627		
Cost/shipment	$ 5,361.79	$ 5,324.29	$ 4,058.06	32.13%	31.20%
cost/move	$ 5,650.06	$ 5,610.55	$ 4,276.24	32.13%	31.20%

* Other charges represent applicable MSC, Fuel Surcharge, and AMC charges

** Indirect Costs provided by MTMC (Current: $346.00/shipment, Pilot: $236/shipment)

*** BCCA is calculated on a per invoice basis. (MTMC assumes 1.5 invoices per shipment) current pilot charge is $100/invoice (option A), projected $75.00 per invoice in full rollout (option B)

Tables 6.2-2 through Table 6.2-4 provide a breakdown of the shipment costs, for (dHHG) shipments, (oHHG) shipments, and (oUB) shipments. As reflected in these tables, domestic and overseas household goods shipments cost from 34% to 35% more than the current program. However, costs for overseas-unaccompanied baggage shipments demonstrate a significant reduction in costs from the current program. The major reduction factor is in the "other charges" category, which includes Military Sealift Command (MSC), fuel surcharges, and Air Mobility Command charges.

Table 6.2-2: MTMC Pilot Program Domestic Household Goods Shipment Costs

MTMC dHHG	Pilots (Certified)		Current (Constructed)	% Difference	
	A	B		A	B
- Direct	$ 16,346,612.10	$ 16,346,612.10	$ 11,935,808.44	36.95%	36.95%
- Linehaul	$ 9,927,554.10	$ 9,927,554.10	$ 6,970,510.25	42.42%	42.42%
- Accessorial	$ 4,004,306.00	$ 4,004,306.00	$ 3,717,874.06	7.70%	7.70%
- SIT	$ 2,414,752.00	$ 2,414,752.00	$ 1,163,532.00	107.54%	107.54%
- Other*			$ 83,892.13	-100.00%	-100.00%
- ODC	$ 33,552.00	$ 33,552.00	$ 33,552.00	0.00%	0.00%
- BCCA***	$ 493,350.00	$ 370,012.50			
- Indirect	$ 776,204.00	$ 776,204.00	$ 1,137,994.00	-31.79%	-31.79%
Total dHHG	$ 17,649,718.10	$ 17,526,380.60	$ 13,107,354.44	34.66%	33.71%
Shipments	3289	3289	3289		
Cost/shipment	$ 5,366.29	$ 5,328.79	$ 3,985.21	34.66%	33.71%

* Other charges represent applicable MSC, Fuel Surcharge, and AMC charges

** Indirect Costs provided by MTMC (Current: $346.00/shipment, Pilot: $236/shipment)

******* BCCA is calculated on a per invoice basis. (MTMC assumes 1.5 invoices per shipment) current pilot charge is $100/invoice (option A), projected $75.00 per invoice in full rollout (option B)

Table 6.2-3: MTMC Pilot Program Overseas Household Goods Shipment Costs

MTMC oHHG	Pilots (Certified)		Current (Constructed)	% Difference	
	A	B		A	B
- Direct	$ 2,276,122.24	$ 2,276,122.24	$ 1,685,470.11	35.04%	35.04%
- Linehaul	$ 1,054,908.24	$ 1,054,908.24	$ 1,167,535.82	-9.65%	-9.65%
- Accessorial	$ 1,073,703.00	$ 1,073,703.00	$ 441,657.26	143.11%	143.11%
- SIT	$ 147,511.00	$ 147,511.00	$ 59,442.28	148.16%	148.16%
- Other*			$ 16,834.76	-100.00%	-100.00%

- ODC	$ 922.00	$ 922.00	$ 922.00	0.00%	0.00%		
- BCCA***	$ 42,900.00	$ 32,175.00					
- Indirect	$ 67,496.00	$ 67,496.00	$ 98,956.00	-31.79%	-31.79%		
Total oHHG	$ 2,387,440.24	$ 2,376,715.24	$ 1,785,348.11	33.72%	33.12%		
Shipments	286	286	286				
Cost/shipment	$ 8,347.69	$ 8,310.19	$ 6,242.48	33.72%	33.12%		

* Other charges represent applicable MSC, Fuel Surcharge, and AMC charges

** Indirect Costs provided by MTMC (Current:$346.00/shipment, Pilot:$236/shipment)

*** BCCA is calculated on a per invoice basis. (MTMC assumes 1.5 invoices per shipment) current pilot charge is $100/invoice (option A), projected $75.00 per invoice in full rollout (option B)

Table 6.2-4: MTMC Pilot Program Overseas Unaccompanied Baggage Shipment Costs

MTMC oUB	Pilots (Certified)		Current (Constructed)	% Difference	
	A	B		A	B
- Direct	$ 275,123.61	$ 275,123.61	$ 446,602.73	-38.40%	-38.40%
- Linehaul	$ 169,439.61	$ 169,439.61	$ 160,435.00	5.61%	5.61%
- Accessorial	$ 87,686.00	$ 87,686.00	$ 60,689.60	44.48%	44.48%
- SIT	$ 17,998.00	$ 17,998.00	$ 7,475.02	140.78%	140.78%
- Other*			$ 218,003.11	-100.00%	-100.00%
- ODC	$ 85,155.00	$ 85,155.00	$ 85,155.00	0.00%	0.00%
- BCCA***	$ 37,050.00	$ 27,787.50			
- Indirect	$ 58,292.00	$ 58,292.00	$ 85,462.00	-31.79%	-31.79%
Total oUB	$ 455,620.61	$ 446,358.11	$ 617,219.73	-26.18%	-27.68%
Shipments	247	247	247		
Cost/shipment	$ 1,844.62	$ 1,807.12	$ 2,498.87	-26.18%	-27.68%

* Other charges represent applicable MSC, Fuel Surcharge, and AMC charges

** Indirect Costs provided by MTMC (Current:$346.00/shipment, Pilot:$236/shipment)

*** BCCA is calculated on a per invoice basis. (MTMC assumes 1.5 invoices per shipment) current pilot charge is $100/invoice (option A), projected $75.00 per invoice in full rollout (option B)

Tables 6.2-5 and 6.2-6 provide cost comparisons at the **move level**. To develop the move level, shipments were consolidated by matching the move identification number with the shipment identification number. Most domestic household goods moves are made up of one shipment, while OCONUS moves generally include multiple shipments (oHHG, oUB). CONUS pilot moves were approximately 34-35% more costly than the current program while OCONUS moves were approximately 17-18% more costly.

Table 6.2-5: MTMC Pilot Program CONUS Move Costs

MTMC CONUS	Pilots (Certified)		Current (Constructed)	% Difference	
	A	B		A	B
- Direct	$ 16,342,336.91	$ 16,342,336.91	$ 11,932,265.20	36.96%	36.96%
- Linehaul	$ 9,924,801.91	$ 9,924,801.91	$ 6,967,838.05	42.44%	42.44%
- Accessorial	$ 4,002,764.00	$ 4,002,764.00	$ 3,716,205.86	7.71%	7.71%
- SIT	$ 2,414,771.00	$ 2,414,771.00	$ 1,163,561.97	107.53%	107.53%
- Other*			$ 84,659.32	-100.00%	-100.00%
- ODC	$ 33,870.00	$ 33,870.00	$ 33,870.00	0.00%	0.00%
- BCCA***	$ 493,050.00	$ 369,787.50			
Indirect **	$ 775,732.00	$ 775,732.00	$ 1,137,302.00	-31.79%	-31.79%
Total Overall	$ 17,644,988.91	$ 17,521,726.41	$ 13,103,437.20	34.66%	33.72%
Shipments	3287	3287	3287		
Total Moves	3273	3273	3273		
Cost/shipment	$ 5,368.11	$ 5,330.61	$ 3,986.44	34.66%	33.72%
cost/move	$ 5,391.08	$ 5,353.41	$ 4,003.49	34.66%	33.72%

* Other charges represent applicable MSC, Fuel Surcharge, and AMC charges

** Indirect Costs provided by MTMC (Current:$346.00/shipment, Pilot:$236/shipment)

*** BCCA is calculated on a per invoice basis. (MTMC assumes 1.5 invoices per shipment) current pilot charge is $100/invoice (option A), projected $75.00 per invoice in full rollout (option B)

Table 6.2-6: MTMC Pilot Program OCONUS Move Costs

MTMC OCONUS	Pilots (Certified) A	Pilots (Certified) B	Current (Constructed)	% Difference A	% Difference B
- Direct	$ 2,555,521.04	$ 2,555,521.04	$ 2,135,616.08	19.66%	19.66%
- Linehaul	$ 1,227,100.04	$ 1,227,100.04	$ 1,330,643.02	-7.78%	-7.78%
- Accessorial	$ 1,162,931.00	$ 1,162,931.00	$ 504,015.05	130.73%	130.73%
- SIT	$ 165,490.00	$ 165,490.00	$ 66,887.33	147.42%	147.42%
- Other*			$ 234,070.68	-100.00%	-100.00%
- ODC	$ 85,759.00	$ 85,759.00	$ 85,759.00	0.00%	0.00%
- BCCA***	$ 80,250.00	$ 60,187.50			
Indirect **	$ 126,260.00	$ 126,260.00	$ 185,110.00	-31.79%	-31.79%
Total OCONUS	$ 2,847,790.04	$ 2,827,727.54	$ 2,406,485.08	18.34%	17.50%
Shipments	535	535	535		
Total Moves	354	354	354		
Cost/shipment	$ 5,322.97	$ 5,285.47	$ 4,498.10	18.34%	17.50%
cost/move	$ 8,044.60	$ 7,987.93	$ 6,797.98	18.34%	17.50%

* Other charges represent applicable MSC, Fuel Surcharge, and AMC charges

** Indirect Costs provided by MTMC (Current:$346.00/shipment, Pilot:$236/shipment)

*** BCCA is calculated on a per invoice basis. (MTMC assumes 1.5 invoices per shipment) current pilot charge is $100/invoice (option A), projected $75.00 per invoice in full rollout (option B)

6.3 FSMP Pilot Program Costs

In the following section detailed cost comparisons between the FSMP pilot program and the current program are outlined. Pilot certified cost data was transmitted to AMS in mid-April 2002. Direct baseline costs for FSMP were developed using the CCDB.

AMS received an initial data transmission of 6,375 shipment records in March 2002. These records were updated and re-transmitted in April 2002 by FSMP due to concerns regarding accurate cost and shipment data from the FSMP Best Value Database (BVDDb). These records included shipment characteristics (weight, distance, origin, destination, etc.), certified cost data (linehaul accessorial, SIT, ODCs), demographic and contractor information, and claims data. After 815 records were removed due to missing data, 5,560 FSMP records were matched to certified cost records. Subsequently, 366 records, were determined to be outliers, were removed. After performing a multivariate regression analysis of cost, 5,194 records remained for the final analysis.

These records provided sufficient data to calculate linehaul costs for each pilot shipment. Data necessary to construct accessorial costs were provided by separate data transmission by the Move Managers.

6.3.1 Indirect Costs

To obtain indirect costs, AUSD(TP) contracted with Arthur Andersen, LLC. Arthur Anderson captured offsets related to infrastructure, claims, and the DFAS financial processing costs for the DOD Personal Property Program. The results of this study were approved by the Services for use in the evaluation to estimate current program indirect costs and indirect costs for the FSMP pilot. Indirect costs were neither calculated nor verified by the USTRANSCOM/AMS team.

Tables 6.3.1-1 and 6.3.1-2 present the calculations in the FSMP Offset report in greater detail. Unless otherwise identified in this report, all indirect cost data elements outlined in Appendix 10 of the Evaluation Plan are included in these figures.

Table 6.3.1-1: Indirect FSMP Pilot Program Baseline Costs
(Data from FSMP Offset Report)

Indirect FSMP Pilot Program Baseline Costs		
Per Figure 1a of Offsets Report		
Process Cost per Shipment	$	300.37
Claims	$	22.83
DFAS	$	54.68
Total	$	377.88

Table 6.3.1-2: Indirect Cost FSMP Pilot Program
(Data from FSMP Offset Report)

Indirect Cost FSMP Pilot Program		
	Option A	**Option B**
NBR Shipments (Appendix B)	30,000	551,354
Indirect (Figure 1A)	$ 377.88	$ 377.88
	$11,336,400.00	$ 208,345,649.52
FSMP Offsets	$ (396,101.00)	$ (84,085,486.00)
Claims	$ (492,600.00)	$ (9,995,928.00)
DFAS	$ (1,415,400.00)	$ (26,012,929.00)
	$ 9,032,299.00	$ 88,251,306.52
Indirects	$ 301.08	$ 160.06

In subsequent cost tables, Option A uses an indirect cost of $301.08 (current pilot scope costs) while Option B uses the indirect cost of $160.06 (DOD rollout - based on business rules in the

[6] Department of Defense, Full Service Moving Project (FSMP), *Offset Report*, September 18, 2001

FSMP offset report – anticipate approximately 90% of shipments would fall into this category). This allows comparisons between pilot and potential savings for full rollout.

6.3.2 Assumptions and Results

Assumptions

In constructing the FSMP pilot baseline cost, the following assumptions were made:

- All indirect data elements required by Evaluation Plan (Appendix 10) are included in the indirect costs figures provided by government unless specifically identified separately by the pilots
- Other Direct Costs used in Pilot Programs would have been required in the Current (baseline) program
- Cost of Specific Features provided by the FSMP PMO were:
    - One-on-One Counseling: 15% of Move Manager's Fee
    - Full Replacement Protection: 33% of Move Manager's Fee if Move Manager settled claim; 7.2% of pilot linehaul costs if transportation provider settled claim
    - Direct Claims settlement: included in Move Manager's fee above or 3.9% of pilot linehaul charges if transportation provide settled claim.
    - ITV (1-800 number): 4% of Move Manager's Fee and 3.4% of pilot linehaul charges for transportation provider.
- Other recurring costs included in cost comparisons as provided by FSMP PMO:
    - Database maintenance cost: $205,102 per year
    - Dun &Bradstreet Financial Risk Monitoring: $10,000 per year
    - Gallup surveys: $18.79 per survey increasing to $19.33 per survey in DOD rollout option; also assume one survey per shipment and survey cost is per survey basis rather than per shipment basis
    - PowerTrack Fee: 1-2% processing fee (this fee is included in the Move Manager's fees and the transportation provider rates)

Results

The following tables provide the cost calculations for the pilot program and the constructed costs for the current program per the CCDB and the business rules approved by the evaluation participants.

Database monitoring (DB), Dun and Bradstreet (D&B) financial risk monitoring, and surveys account for approximately 1% of the FSMP pilot program total costs. A breakdown is provided in table 6.3.2-3. Per the PMO DB maintenance and D&B monitoring are fixed costs and are independent from the number of shipments/moves. It was decided not to include them in per shipment/move cost tables for this reason. Surveys are done per shipment; therefore survey costs were annotated in tables 6.3.2-4 through 6.3.2-8.

Table 6.3.2-3, indicates the pilot program costs are from 50-54% greater than the current program.

It is USTC's expectation that, based on the competition generated by the volume of DOD business and efficiencies gained in improved business processes, cost increases in a full DoD program rollout would not rise to the level reflected in the constructed cost data.

Table 6.3.2-3: FSMP Pilot Program Total Cost

FSMP Totals	Pilots (Certified)		Current (Constructed)	% Difference	
	A***	B****		A***	B****
- Direct	$ 24,514,167.00	$24,514,167.00	$ 17,235,091.08	42.23%	42.23%
- Linehaul	$ 16,502,684.00	$16,502,684.00	$ 11,433,799.99	44.33%	44.33%
- Accessorial	$ 5,071,145.00	$ 5,071,145.00	$ 3,812,778.72	33.00%	33.00%
- SIT	$ 2,940,338.00	$ 2,940,338.00	$ 941,133.10	212.43%	212.43%
- Other*			$ 1,047,379.27	-100.00%	-100.00%
- ODC	$ 36,060.00	$ 36,060.00	$ 36,060.00	0.00%	0.00%
Indirect **	$ 1,563,792.03	$ 831,366.57	$ 1,962,708.72	-20.32%	-57.64%
Move Manager	$ 3,259,549.00	$ 3,259,549.00			
DB Maintenance******	$ 205,102.00	$ 205,102.00			
D&B Monitor******	10000	10000			
Surveys*****	$ 97,595.26	$ 100,400.02			
Total Overall	$ 29,686,265.29	$28,956,644.59	$ 19,233,859.80	54.34%	50.55%

Shipments		5194		5194		5194	
Total Moves		4907		4907		4907	
Cost/shipment	$	5,715.49	$	5,575.02	$	3,703.09	54.34% 50.55%
cost/move	$	6,049.78	$	5,901.09	$	3,919.68	54.34% 50.55%

* Other charges represent applicable MSC, Fuel Surcharge, and AMC charges

** Indirect Costs provided by FSMP (Baseline: $377.88/move, current scope: $301.08, Full Rollout: $160.06/move)

*** Option A: FSMP offset Report 12/18/01 – per calculations in indirect cost ($301.08)

**** Option B: FSMP offset Report 12/18/01 – per calculations in indirect cost ($160.06)

***** FSMP Assumes 1 survey per shipment - Option A: $18.79, Option B: $19.32 (provided by FSMP PMO)

****** DB Maintenance/D&B Monitoring: cost provided by the FSMP PMO

Tables 6.3.2-4 through Table 6.3.2-6 provide a breakdown of the shipment costs between dHHG shipments, oHHG shipments, and oUB shipments. Domestic household goods shipments are approximately 66-70% more than the current program and overseas household goods cost increases are 18-21% over the current program. Pilot program costs for oUB shipments demonstrate a very small reduction over the current program in the full rollout (Option B) over the current program while Option A costs are comparable. Savings as a result of FSMP indirect cost reductions were more than offset by the Move Manager fees.

Table 6.3.2-4: FSMP Pilot Program Domestic Household Goods Shipment Costs

FSMP dHHG	**Pilots (Certified)**		**Current (Constructed)**	**% Difference**	
	A* **	**B**** **		**A*** **	**B**** **
- Direct	$ 18,948,638.00	$18,948,638.00	$ 11,761,391.21	61.11%	61.11%
- Linehaul	$ 11,280,798.00	$11,280,798.00	$ 8,140,628.12	38.57%	38.57%
- Accessorial	$ 5,068,296.00	$ 5,068,296.00	$ 2,537,649.09	99.72%	99.72%
- SIT	$ 2,599,544.00	$ 2,599,544.00	$ 866,869.73	199.88%	199.88%
- Other*			$ 216,244.28	-100.00%	-100.00%
- ODC	$ 31,856.00	$ 31,856.00	$ 31,856.00	0.00%	0.00%
- Indirect**	$ 1,141,682.59	$ 606,958.42	$ 1,432,920.96	-20.32%	-57.64%
Move Manager	$ 2,389,035.84	$ 2,389,035.84		100.00%	100.00%
Total dHHG	$ 22,511,212.43	$ 21,976,488.26	$ 13,226,168.17	70.2%	66.2%
Shipments	3792	3792	3792		
Cost/shipment	$ 5,936.50	$ 5,795.49	$ 3,487.91	70.2%	66.2%

* Other charges represent applicable MSC, Fuel Surcharge, and AMC charges

** Indirect Costs provided by FSMP (Baseline: $377.88/move, current scope: $301.08, Full Rollout: $160.06/move)

*** Option A: FSMP offset Report 12/18/01 – per calculations in indirect cost ($301.08)

**** Option B: FSMP offset Report 12/18/01 – per calculations in indirect cost ($160.06)

Table 6.3.2-5: FSMP Pilot Program Overseas Household Goods Shipment Costs

FSMP oHHG	Pilots (Certified)		Current (Constructed)	% Difference	
	A	B****		A	B****
- Direct	$ 4,383,066.00	$ 4,383,066.00	$ 3,894,167.99	12.55%	12.55%
- Linehaul	$ 4,100,146.00	$ 4,100,146.00	$ 2,681,684.64	52.89%	52.89%
- Accessorial	$ 2,849.00	$ 2,849.00	$ 1,043,815.30	-99.73%	-99.73%
- SIT	$ 280,071.00	$ 280,071.00	$ 66,329.43	322.24%	322.24%
- Other*			$ 102,338.62	-100.00%	-100.00%
- ODC	$ 3,954.00	$ 3,954.00	$ 3,954.00	0.00%	0.00%
- Indirect**	$ 190,581.51	$ 101,319.80	$ 239,198.04	-20.32%	-57.64%
Move Manager	$ 393,055.02	$ 393,055.02		100.00%	100.00%
Total oHHG	$ 4,970,656.53	$ 4,881,394.82	$ 4,137,320.03	20.7%	18.0%
Shipments	633	633	633		
Cost/shipment	$ 7,852.54	$ 7,711.52	$ 6,536.05	20.7%	18.0%

* Other charges represent applicable MSC, Fuel Surcharge, and AMC charges

** Indirect Costs provided by FSMP (Baseline: $377.88/move, current scope: $301.08, Full Rollout: $160.06/move)

*** Option A: FSMP offset Report 12/18/01 – per calculations in indirect cost ($301.08)

**** Option B: FSMP offset Report 12/18/01 – per calculations in indirect cost ($160.06)

Table 6.3.2-6: FSMP Pilot Program Overseas Unaccompanied Baggage Shipment Costs

FSMP oUB	Pilots (Certified)		Current (Constructed)	% Difference	
	A***	B****		A***	B****
- Direct	$ 1,182,463.00	$ 1,182,463.00	$ 1,579,531.87	-25.14%	-25.14%
- Linehaul	$ 1,121,740.00	$ 1,121,740.00	$ 611,487.22	83.44%	83.44%
- Accessorial			$ 231,314.34	-100.00%	-100.00%
- SIT	$ 60,723.00	$ 60,723.00	$ 7,933.95	665.36%	665.36%
- Other*			$ 728,796.37	-100.00%	-100.00%
- ODC	$ 250.00	$ 250.00	$ 250.00	0.00%	0.00%
- Indirect**	$ 231,527.93	$ 123,088.35	$ 290,589.72	-20.32%	-57.64%
Move Manager	$ 477,502.86	$ 477,502.86		100.00%	100.00%
Total oUB	$ 1,891,743.79	$ 1,783304.21	$ 1,870,371.59	1.1%	-4.7%

Shipments	769	769	769		
Cost/shipment	$ 2,460.00	$ 2,318.99	$ 2,432.21	1.1%	-4.7%

* Other charges represent applicable MSC, Fuel Surcharge, and AMC charges

** Indirect Costs provided by FSMP (Baseline: $377.88/move, current scope: $301.08, Full Rollout: $160.06/move)

*** Option A: FSMP offset Report 12/18/01 – per calculations in indirect cost ($301.08)

**** Option B: FSMP offset Report 12/18/01 – per calculations in indirect cost ($160.06)

Tables 6.3.2-7 and 6.3.2-8 provide the cost comparisons at the **move level**. By matching the move identification number with the shipment identification number AMS was able to determine the cost of the FSMP pilot and the current program at the move level. Generally, domestic household goods moves are made up of one shipment while overseas moves generally include multiple shipments (oHHG, oUB, etc). FSMP pilot program CONUS moves are between 66-70% more costly than the current program while overseas moves are only 11-15% more costly.

Table 6.3.2-7: FSMP Pilot Program CONUS Move Costs

FSMP CONUS	Pilots (Certified)		Current (Constructed)	% Difference	
	A***	B****		A***	B****
- Direct	$ 18,929,219.00	$18,929,219.00	$ 11,761,110.06	60.95%	60.95%
- Linehaul	$ 11,271,748.00	$11,271,748.00	$ 8,131,539.76	38.62%	38.62%
- Accessorial	$ 5,060,045.00	$ 5,060,045.00	$ 2,538,328.85	99.35%	99.35%
- SIT	$ 2,597,426.00	$ 2,597,426.00	$ 865,396.92	200.14%	200.14%
- Other*			$ 225,844.53	-100.00%	-100.00%
- ODC	$ 31,856.00	$ 31,856.00	$ 31,856.00	0.00%	0.00%
**Indirect ** **	$ 1,140,177.21	$ 606,158.11	$ 1,431,031.56	-20.32%	-57.64%
Move Manager	$ 2,385,882.00	$ 2,385,882.00			
Total CONUS	22,487,134.21	21,953,115.11	13,223,997.62	70.05%	66.01%
Shipments	3787	3787	3787		
Total Moves	3752	3752	3752		
Cost/shipment	$ 5,937.98	$ 5,796.97	$ 3,491.95	70.05%	66.01%
cost/move	$ 5,993.37	$ 5,851.04	$ 3,524.52	70.05%	66.01%

* Other charges represent applicable MSC, Fuel Surcharge, and AMC charges

** Indirect Costs provided by FSMP (Baseline: $377.88/move, current scope: $301.08, Full Rollout: $160.06/move)

*** Option A: FSMP offset Report 12/18/01 – per calculations in indirect cost ($301.08)

**** Option B: FSMP offset Report 12/18/01 – per calculations in indirect cost ($160.06)

Table 6.3.2-8: FSMP Pilot Program OCONUS Move Costs

FSMP OCONUS	Pilots (Certified)		Current (Constructed)	% Difference	
	A***	B****		A***	B****
- Direct	$ 5,584,948.00	$ 5,584,948.00	$ 5,473,981.02	2.03%	2.03%
- Linehaul	$ 5,230,936.00	$ 5,230,936.00	$ 3,302,260.23	58.40%	58.40%
- Accessorial	$ 11,100.00	$ 11,100.00	$ 1,274,449.87	-99.13%	-99.13%
- SIT	$ 342,912.00	$ 342,912.00	$ 75,736.19	352.77%	352.77%
- Other*			$ 821,534.74	-100.00%	-100.00%
- ODC	$ 4,204.00	$ 4,204.00	$ 4,204.00	0.00%	0.00%
Indirect **	$ 423,614.82	$ 225,208.47	$ 531,677.16	-20.32%	-57.64%
Move Manager	$ 873,667.00	$ 873,667.00			
Total CONUS	$ 6,886,433.82	$ 6,688,027.47	$ 6,009,862.18	14.59%	11.28%
Shipments	1407	1407	1407		
Total Moves	1155	1155	1155		
Cost/shipment	$ 4,894.41	$ 4,753.40	$ 4,271.40	14.59%	11.28%
cost/move	$ 5,962.28	$ 5,790.50	$ 5,203.34	14.59%	11.28%

* Other charges represent applicable MSC, Fuel Surcharge, and AMC charges

** Indirect Costs provided by FSMP (Baseline: $377.88/move, current scope: $301.08, Full Rollout: $160.06/move)

*** Option A: FSMP offset Report 12/18/01 – per calculations in indirect cost ($301.08)

**** Option B: FSMP offset Report 12/18/01 – per calculations in indirect cost ($160.06)

6.4 Cost Comparisons Between the MTMC & FSMP Pilot Programs

In the pilot program cost discussions, trends were identified within each shipment category and also at the move level. In this section, comparisons are made between the pilot programs. The comparisons are used in the development of recommendations for future Personal Property Movement Program.

6.4.1 Overall

In Table 6.4.1-1, an overall summary of pilot program cost is presented. The values in this table combine all three-shipment types – dHHG, oHHG, and oUB – and both CONUS and OCONUS moves. In the subsequent subsections of this discussion, the specific shipment types and move types are detailed. Both pilots had fairly large samples of cost data included in this analysis. After the removal of outliers, determined by performing a multivariate regression analysis of cost, and matching to certified cost, there were 3,822 MTMC pilot records and 5,194 FSMP pilot records included in the analysis. These shipments correspond to 3,627 MTMC and 4,907 FSMP moves (CONUS moves are made up of one shipment while OCONUS moves are made up of multiple shipments).

In Table 6.4.1-1, the average costs per shipment for each pilot are comparable - $5,324.29 – 5,361.79 for the MTMC pilot and $5,575.02 – 5,715.49 for the FSMP pilot. However, the average cost per pound shows the disparity in costs. The MTMC pilot average is $0.81 – 0.82 per pound, representing a 31-32% increase over the current program, whereas the FSMP pilot average cost per pound is $1.16 – 1.18, indicating a 50-54% increase over the current program. This same differential is shown in the cost per move.

Table 6.4.1-1: Overall Percentage Increases

Totals	MTMC					FSMP				
	A	B	Current	A % Increase	B % Increase	A	B	Current	A % Increase	B % Increase
# Shipments	3822	3822	3822			5194	5194	5194		
Avg Wt/Shipment	6535.4	6535.4	6535.4			4824.2	4824.2	4824.2		
Avg Cost/ Shipment	$5,361.79	$5,324.29	$4,058.06	32.13%	31.20%	$5,715.49	$5,575.02	$3,703.09	54.34%	50.55%
Cost/lb shipment	$ 0.82	$ 0.81	$ 0.62	32.13%	31.20%	$ 1.18	$ 1.16	$ 0.77	54.34%	50.55%
# Moves	3627	3627	3627			4907	4907	4907		
Avg Wt/Move	6886.8	6886.8	6886.8			5106.4	5106.4	5106.4		
Avg Cost/Move	$5,650.06	$5,610.55	$4,276.24	32.13%	31.20%	$6,049.78	$5,901.09	$3,919.68	54.34%	50.55%

Cost/lb move	$ 0.82	$ 0.81	$ 0.62	32.13%	31.20%	$ 1.18	$ 1.16	$ 0.77	54.34%	50.55%		

6.4.1.1 Domestic Household Goods Shipments

In examining the dHHG costs of each pilot, it is clear the FSMP pilot shipments were consistently more expensive than MTMC pilot shipments. Table 6.4.1.1-1, reflects FSMP pilot costs are approximately 66-70% more expensive than the current program; MTMC pilot shipments are roughly 34-35% more than the current program. The detailed breakdown of direct cost indicates the components, which provide cost increases. For both the MTMC and FSMP pilots, the linehaul cost increases were comparable (42% MTMC/39% FSMP), however, accessorial and SIT costs reflect significant differences between the pilots. Accessorial increases are only 8% for the MTMC pilot but were a 100% increase in the FSMP pilot. SIT costs also account for a large increase in cost: 108% increase for the MTMC pilot and nearly a 200% increase for the FSMP pilot. FSMP Move Manager fees negated savings in indirect cost.

Table 6.4.1.1-1: dHHG Percentage Increases

	Percentage Increase Over Current Program			
	MTMC		FSMP	
dHHG	% Difference		% Difference	
	A	B	A	B
- Direct	36.95%	36.95%	61.11%	61.11%
- Linehaul	42.42%	42.42%	38.57%	38.57%
- Accessorial	7.70%	7.70%	99.72%	99.72%
- SIT	107.54%	107.54%	199.88%	199.88%
- Other*	-100.00%	-100.00%	-100.00%	-100.00%
- ODC	0.00%	0.00%	0.00%	0.00%
- Indirect	-31.79%	-31.79%	-20.32%	-57.64%
Move manager	-	-	100.00%	100.00%
Total dHHG	34.66%	33.71%	70.2%	66.2%
Cost/shipment	34.66%	33.71%	70.2%	66.2%

Table 6.4.1.1-2 provides greater pilot comparison detail.

Comparing the average cost per dHHG shipment, the MTMC pilot is over 30% less than FSMP average costs. The average weight of a MTMC shipment is 7,101 lbs while the average weight of an FSMP shipment is 5,773 pounds. The average cost per pound ($0.75 – 0.76 per pound for

MTMC pilot shipments and $1.00 – 1.03 per pound for FSMP shipments) reiterates the fact the MTMC pilot is less expensive than the FSMP pilot.

Table 6.4.1.1-2: dHHG Average Percentage Increases

dHHG	MTMC					FSMP				
	A	B	Current	A % Increase	B % Increase	A	B	Current	A % Increase	B % Increase
# Shipments	3289	3289	3289	0.00%	0.00%	3792	3792	3792	0.00%	0.00%
Avg Wt/Shipment	7101.7	7101.7	7101.7	0.00%	0.00%	5773.8	5773.8	5773.8	0.00%	0.00%
Avg Cost/ Shipment	$5,366.29	$5,328.79	$3,985.21	34.66%	33.71%	$5,936.50	$5,795.49	$3,487.91	70.2 %	66.2%
Cost/lb shipment	$ 0.76	$ 0.75	$ 0.56	34.66%	33.71%	$ 1.03	$ 1.00	$ 0.60		

Key Findings: dHHG

- FSMP pilot shipments were consistently more expensive for dHHG
- Savings from the FSMP indirect costs reductions is more than offset by the Move Manager's fee
- MTMC pilot average cost increase per shipment: $1381 (Option A); $1343 (Option B)
- FSMP pilot average cost increase per shipment: $2449 (Option A); $2308 (Option B)
- Most significant influences on the cost increases for FSMP pilot were SIT, Accessorial charges, and the Move Manager's fee
- MTMC pilot average dHHG shipment: 7101 lbs; $5328 - 5366; $0.75 – 0.76 per lb
- FSMP pilot average dHHG shipment: 5773 lbs; $5795 – 5936; $1.00 – 1.03 per lb
- **MTMC pilot is less expensive than FSMP pilot on a per pound basis and represents a smaller increase over current program cost**

6.4.1.2 Overseas Household Goods

In contrast to the higher costs seen in dHHG shipments, the MTMC pilot cost increases for oHHG shipments are generally higher than the FSMP pilot. The direct cost increase for the

MTMC pilot of approximately 33% corresponds to an 18 - 21% increase under the FSMP pilot. The components of this cost are quite different between the pilots (Table 6.4.1.2-1). The MTMC pilot linehaul cost decreases under the pilot by 10%, while FSMP increases by 53%. The opposite relationship is displayed for accessorial cost, where a 143% increase in cost for the MTMC pilot corresponds to a 100% decrease in cost for the FSMP pilot. Additionally, the SIT cost increases of 148% under the MTMC pilot relate to a 322% increase under the FSMP pilot. Again, the Move Manager's fees offset the indirect cost reductions gained in the FSMP pilot.

Table 6.4.1.2-1: oHHG Percentage Increases

	Percentage Increase Over Current Program			
	MTMC		FSMP	
oHHG	**% Difference**		**% Difference**	
	A	**B**	**A**	**B**
- Direct	35.04%	35.04%	12.55%	12.55%
- Linehaul	-9.65%	-9.65%	52.89%	52.89%
- Accessorial	143.11%	143.11%	-99.73%	-99.73%
- SIT	148.16%	148.16%	322.24%	322.24%
- Other*	-100.00%	-100.00%	-100.00%	-100.00%
- ODC	0.00%	0.00%	0.00%	0.00%
- Indirect	-31.79%	-31.79%	-20.32%	-57.64%
Move Manager			100.00%	100.00%
Total oHHG	33.72%	33.12%	20.7%	18.0%
Cost/shipment	33.72%	33.12%	20.7%	18.0%

With the 33% increase for the MTMC pilot over the current program, the conclusion could be reached the FSMP pilot is more cost effective in delivering oHHG. However, analysis of the average cost per pound per shipment reflects the most cost effective program is the MTMC pilot.

In Table 6.4.1.2 -2, the MTMC pilot average shipment cost is $8,310 – 8,347 the average shipment weight is 5,151 pounds and the average cost per pound is $1.61 – 1.62. The FSMP pilot average shipment weight is 4,306 pounds, resulting in a $1.79 – 1.82 cost per pound.

Table 6.4.1.2-2: oHHG Average Percentage Increases

oHHG	MTMC					FSMP				
	A	B	Current	A % Increase	B % Increase	A	B	Current	A % Increase	B % Increase

# Shipments	286	286	286	0.00%	0.00%	633	633	633	0.00%	0.00%
Avg Wt/Shipment	5150.9	5150.9	5150.9	0.00%	0.00%	4305.6	4305.6	4305.6	0.00%	0.00%
Avg Cost/ Shipment	$8,347.69	$8,310.19	$6,242.48	33.72%	33.12%	$7,852.54	$7,711.52	$6,536.05	20.7%	18.0%
Cost/lb shipment	$ 1.62	$ 1.61	$ 1.21	33.72%	33.12%	$ 1.82	$ 1.79	$ 1.52		

Key Findings: oHHG

- MTMC pilot average cost increase per shipment: $2105 (Option A); $1067 (Option B)
- FSMP pilot average cost increase per shipment: $1316 (Option A); $1175 (Option B)
- Move Manager's fee offsets reductions in the FSMP pilot indirect costs
- MTMC pilot average oHHG Shipment: 5150 lbs; $8310 – 8347; $1.61 – 1.62 per lb
- FSMP pilot average oHHG Shipment: 4305 lbs; $7712 - 7853; $1.79 – 1.82 per lb
- MTMC pilot cost increase over current program: 34% (Option A); 33% (Option B)
- FSMP pilot cost increase over current program: 21% (Option A); 18% (Option B)
- **MTMC pilot is less expensive than FSMP pilot on a per pound basis and represents a smaller increase over current program cost**

6.4.1.3 Overseas Unaccompanied Baggage

Although each pilot program displayed varying levels of cost increase in both dHHG and oHHG, the MTMC pilot oUB shipments actually cost less than the current program and FSMP. The FSMP pilot program showed a potential reduction in costs over the current program under Option B and Option A was comparable. Table 6.4.1.3-1, reflects overall direct costs decreased by approximately 38% for MTMC and 25% for FSMP. The analysis of each direct cost component explains how this decrease is achieved. The MTMC pilot's linehaul cost increased by only 6% compared to an 83% increase for the FSMP pilot. This linehaul increase for FSMP is offset by the single factor rate (SFR) for oUB under FSMP, which included all applicable accessorials. Thus, there was a 100% reduction in accessorial cost under FSMP. In the same category, the MTMC pilot's accessorial cost increased by 45%. Both pilots saw large cost

increases in SIT with MTMC increasing by 141% and FSMP increasing dramatically by 665% over the current program. Again, the Move Manager's fee more than offsets the indirect cost reductions in the FSMP pilot program.

Table 6.4.1.3-1: oUB Percentage Increases

	Percentage Increase Over Current Program			
	MTMC		FSMP	
oUB	% Difference		% Difference	
	A	B	A	B
- Direct	-38.40%	-38.40%	-25.14%	-25.14%
- Linehaul	5.61%	5.61%	83.44%	83.44%
- Accessorial	44.48%	44.48%	-100.00%	-100.00%
- SIT	140.78%	140.78%	665.36%	665.36%
- Other*	-100.00%	-100.00%	-100.00%	-100.00%
- ODC	0.00%	0.00%	0.00%	0.00%
- Indirect	-31.79%	-31.79%	-20.32%	-57.64%
Move Manager			100.00%	100.00%
Total oUB	-26.18%	-27.68%	1.1%	-4.7%
Cost/shipment	-26.18%	-27.68%	1.1%	-4.7%

The FSMP pilot is 1% more expensive overall per shipment than the current program. Under Option B (full DOD rollout) the FSMP pilot was approximately 5% less costly than the current program. The MTMC pilot is less expensive by approximately 26-27% because of the huge reductions in "other costs" category.

Looking at averages for oUB in Table 6.4.1.3-2, the average weight of a MTMC pilot shipment is comparable to an FSMP pilot shipment. The direct costs and indirect cost reductions of the FSMP pilot are offset by the Move Manager's fee, making the FSMP pilot less cost effective.

Table 6.4.1.3-2: oUB Average Percentage Increases

oUB	MTMC					FSMP				
	A	B	Current	A % Increase	B % Increase	A	B	Current	A % Increase	B % Increase
# Shipments	247	247	247	0.00%	0.00%	769	769	769	0.00%	0.00%
Avg Wt/Shipment	598.6	598.6	598.6	0.00%	0.00%	568.9	568.9	568.9	0.00%	0.00%
Avg Cost/ Shipment	$1,844.62	$1,807.12	$2,498.87	-26.18%	-27.68%	$2,460.00	$2,318.99	$2,432.21	1.1%	-4.7%
Cost/lb shipment	$ 3.08	$ 3.02	$ 4.17	-26.18%	-27.68%	$ 4.32	$ 4.08	$ 4.28		

Key Findings: oUB

- Savings in the MTMC pilot are 26-28% for the oUB shipments
- The primary driver of this result was the use of commercial air freight
- AMC approximately doubles the linehaul cost for current program shipments
- MTMC pilot average oUB Shipment: 598 lbs; $3.02 – 3.08 per lb
- FSMP pilot average oUB Shipment: 568 lbs; $4.08 – 4.32 per lb

6.4.1.4 CONUS

In the analysis of CONUS data, both pilots resulted in cost increases over the current program (Table 6.4.1.4-1). The 61% increase in direct cost over the current program for the FSMP pilot compares to a 37% increase for the MTMC pilot. All three major components of the FSMP pilot direct cost contribute to this increase, with a 39% increase in linehaul, 99% increase in accessorial cost, and 200% increase in SIT costs. In the same components, the MTMC pilot cost increase was less substantial for linehaul (42%) and accessorial (8%), but SIT increased significantly by 108%. These increases result in a 34-35% cost increase for the MTMC pilot and a 66-70% increase for the FSMP pilot.

Table 6.4.1.4-1: CONUS Moves Percentage Increases

	Percentage Increase Over Current Program			
	MTMC		FSMP	
CONUS	% Difference		% Difference	
	A	B	A	B
- Direct	36.96%	36.96%	60.95%	60.95%
- Linehaul	42.44%	42.44%	38.62%	38.62%
- Accessorial	7.71%	7.71%	99.35%	99.35%
- SIT	107.53%	107.53%	200.14%	200.14%
- Other*	-100.00%	-100.00%	-100.00%	-100.00%
- ODC	0.00%	0.00%	0.00%	0.00%
Indirect **	-31.79%	-31.79%	-20.32%	-57.64%

Move Manager			100.00%	100.00%
Total CONUS	34.66%	33.72%	70.05%	66.01%
Cost/shipment	34.66%	33.72%	70.05%	66.01%
cost/move	34.66%	33.72%	70.05%	66.01%

Referencing Table 6.4.1.4-2, CONUS average costs per move indicate dramatic differences between the pilots. An average MTMC pilot domestic move weighs 7,133 pounds with an average cost of $5,353 – 5,391. With an average cost per pound (move) of $0.75 – 0.76, MTMC pilot CONUS moves are 34 - 35% more expensive than the current program. For the FSMP pilot, an average move weighs 5,824 pounds with a cost of $5,851 – 5,993. The FSMP pilot average cost per pound of approximately $1.00 per pound indicates a 66 - 70% increase over the current program.

Table 6.4.1.4-2: CONUS Moves Average Percentage Increases

CONUS	MTMC					FSMP				
	A	B	Current	A % Increase	B % Increase	A	B	Current	A % Increase	B % Increase
# Shipments	3287	3287	3287			3787	3787	3787		
Avg Wt/Shipment	7101.7	7101.7	7101.7			5773.8	5773.8	5773.8		
Avg Cost/ Shipment	$5,322.97	$5,285.47	$4,498.10	18.34%	17.50%	$5,937.98	$5,796.97	$3,491.95	70.05%	66.01%
Cost/lb shipment	$ 0.75	$ 0.74	$ 0.63	18.34%	17.50%	$ 1.03	$ 1.00	$ 0.60	70.05%	66.01%
# Moves	3273	3273	3273			3752	3752	3752		
Avg Wt/Move	7133.6	7133.6	7133.6			5824.9	5824.9	5824.9		
Avg Cost/Move	$5,391.08	$5,353.41	$4,003.49	34.66%	33.72%	$5,993.37	$5,851.04	$3,524.52	70.05%	66.01%
Cost/lb move	$ 0.76	$ 0.75	$ 0.56	34.66%	33.72%	$ 1.03	$ 1.00	$ 0.61	70.05%	66.01%

Key Findings: CONUS

- FSMP pilot was significantly more expensive overall for CONUS moves
- FSMP pilot overall cost increase of 70% (Option A) and 66% (Option B)
- MTMC pilot overall move cost 35% (Option A) and 34% (Option B)
- The primary drivers for the increased costs for FSMP were significant increases in SIT, accessorial costs, and the Move Manager fee
- MTMC pilot average CONUS Move: 7133 lbs; $5353.41 – 5391.08; $0.75 – 0.76 per lb

- FSMP pilot average CONUS Move: 5825 lbs; $5851.04 – 5993.37; $1.00 – 1.03 per lb

6.4.1.5 OCONUS

In the analysis of OCONUS moves, Table 6.4.1.5-1, both pilots result in modest cost increases over the current program. The FSMP pilot's cost increase is slightly less than the MTMC pilot (approximately 11-15% vs. 17-18%, respectively), which can be accounted for by FSMP pilot accessorial cost reductions. Whereas the MTMC pilot linehaul component decreases by 8% while FSMP pilot cost increases by 58%, the MTMC pilot accessorials increase by 130% while the FSMP pilot represents a 99% cost reduction over the current program. The reduction in accessorial cost for the FSMP pilot counterbalances the 353% increase in SIT cost contributing to the cost increases being less than CONUS moves. The FSMP pilot's reductions in indirect costs are offset by the Move Manager's fee.

Table 6.4.1.5-1: OCONUS Percentage Increases

	Percentage Increase Over Current Program			
	MTMC		FSMP	
OCONUS	% Difference		% Difference	
	A	B	A	B
- Direct	19.66%	19.66%	2.03%	2.03%
- Linehaul	-7.78%	-7.78%	58.40%	58.40%
- Accessorial	130.73%	130.73%	-99.13%	-99.13%
- SIT	147.42%	147.42%	352.77%	352.77%
- Other*	-100.00%	-100.00%	-100.00%	-100.00%
- ODC	0.00%	0.00%	0.00%	0.00%
Indirect **	-31.79%	-31.79%	-20.32%	-57.64%
Move Manager			100.00%	100.00%
Total OCONUS	18.34%	17.50%	14.59%	11.28%
Cost/shipment	18.34%	17.50%	14.59%	11.28%
cost/move	18.34%	17.50%	14.59%	11.28%

Table 6.4.1.5-2 details average costs for OCONUS moves, which often consist of both an oHHG and oUB shipment. A MTMC pilot average move, weighing 4,605 pounds, costs $7,987 – 8,044. The $1.73 cost per pound corresponds to approximately an 18% cost increase over the current program. A 2,772 pound FSMP pilot move, costing $5,790 – 5,962, results in an average cost per pound of $2.09 – 2.15. This indicates an 11- 15% increase over the current program.

Table 6.4.1.5-2: OCONUS Average Percentage Increases

OCONUS	MTMC					FSMP				
	A	B	Current	A % Increase	B % Increase	A	B	Current	A % Increase	B % Increase
# Shipments	535	535	535			1407	1407	1407		
Avg Wt/Shipment	4605.0	4605.0	4605.0			2772.3	2772.3	2772.3		
Avg Cost/ Shipment	$5,322.97	$5,285.47	$4,498.10	18.34%	17.50%	$4,894.41	$4,753.40	$4,271.40	14.59%	11.28%
Cost/lb shipment	$ 1.16	$ 1.15	$ 0.98	18.34%	17.50%	$ 1.77	$ 1.71	$ 1.54	14.59%	11.28%
# Moves	354	354	354			1155	1155	1155		
Avg Wt/Move	4605.0	4605.0	4605.0			2772.3	2772.3	2772.3		
Avg Cost/Move	$8,044.60	$7,987.93	$6,797.98	18.34%	17.50%	$5,962.28	$5,790.50	$5,203.34	14.59%	11.28%
Cost/lb move	$ 1.75	$ 1.73	$ 1.48	18.34%	17.50%	$ 2.15	$ 2.09	$ 1.88	14.59%	11.28%

Key Findings: OCONUS

- Both MTMC and FSMP pilots provided modest cost increases for overseas moves
- FSMP pilot had dramatically reduced accessorial charges for its overseas moves (99%)
- MTMC pilot linehaul charges were 8% cheaper than the current program
- SIT Charges increased for both moving programs for both the MTMC and FSMP pilots
- "Other Costs" category reductions where a significant factor in making the pilots more competitive; the AMC charge was the dominant component in other costs
- MTMC pilot average OCONUS Move: 4605 lbs; $7987 – 8044; $1.73 – 1.75 per lb
- FSMP pilot average OCONUS Move: 2772 lbs; $5790 – 5962; $2.09 – 2.15 per lb

6.5 Cost-Benefit Evaluation

A cost-benefit analysis was conducted to measure and quantify the benefits of the specific pilot program features. Seven specific features, five common to both the MTMC and FSMP pilots, are provided in Table 6.5-1. The analysis combines pilot program QOL and cost data. This illustrates the features offering the greatest benefit for the money spent. Details of the analysis are provided after the table. Since quantitative data was not available for all features, qualitative data was also used. The "Cost-benefit of the Feature" column in Table 6.5-1 has been assessed according to QOL results and available cost information. Where a determination could not be made, due to lack of data, the result was considered inconclusive.

Table 6.5-1: Seven Program-Specific Features Included in the Cost-Benefit Evaluation

***Tier II* Analysis**				
Feature or Performance Rating and Corresponding Survey Question	**% of Service Members Regard Feature as Important**	**MTMC *d-score* for Feature**	**FSMP *d-score* for Feature**	**Cost-benefit of Feature (yes/no/ inconclusive)**
1. Full Replacement Value for Lost or Damaged Goods (see 6.5.1)				
Q17: How satisfied are you with the expected payment for your damaged personal property?	93%	.419 (medium effect)	.314 (small effect)	Yes – MTMC Yes - FSMP
2. Single Point of Contact to Coordinate Move (Move Manager) (FSMP Only) (see 6.5.2)				
Q14: How satisfied were you with the responsiveness of the *move management staff* throughout the relocation process?	Government Transportation Office – 80%	N/A	.108 (small effect)	No
Q12: Ease of dealing with the moving company when problems arose	78%	N/A	-.054 (negative effect)	No
Q6: Availability of information during the move	62%	N/A	.115 (small effect)	No

Tier II Analysis				
Feature or Performance Rating and Corresponding Survey Question	**% of Service Members Regard Feature as Important**	**MTMC *d-score* for Feature**	**FSMP *d-score* for Feature**	**Cost-benefit of Feature (yes/no/ inconclusive)**
3. Ability to Settle Claims Directly with Moving Company (see 6.5.3)				
Q18: Based on your understanding of the process that you will use to file a claim, how simple or complex do you think it will be?	79%	.549 (medium effect)	.460 (medium effect)	MTMC – Yes FSMP - Yes
4. Toll-Free Number to Provide 24-Hour Information on Move (1-800 Information Access) (see 6.5.4)				
Q6: Availability of information during the move	62%	.390 (medium effect)	.021 (small effect)	MTMC – Yes FSMP - No
5. Relocation Services (FSMP Only) (see 6.5.5)				
Q18 of FSMP : How satisfied were you with the relocation services provided by the Move Manager?	Survey Question - Not included in Pre-Evaluation Survey	N/A	Not scored	Inconclusive - Member pays for this service
6. One-on-one Counseling About Entitlements and Move Process (see 6.5.6)				
Q2: Clarity and completeness of move instructions such as your options and entitlements you received from the (*Move Manager or personal property shipping office*)	75%	.283 (small effect)	.067 (small effect)	MTMC – Yes FSMP – inconclusive
Q1: Simplicity of pre-move process such as the paperwork, instructions, and counseling you received from the (*Move Manager or personal property shipping office*)	68%	.388 (medium effect)	.236 (small effect)	Same as above
7. Selection of Carrier (by Pilot Program Management) Based on Performance (see 6.5.7)				

Tier II Analysis				
Feature or Performance Rating and Corresponding Survey Question	**% of Service Members Regard Feature as Important**	**MTMC *d-score* for Feature**	**FSMP *d-score* for Feature**	**Cost-benefit of Feature (yes/no/ inconclusive)**
Q8: Condition of your personal property upon delivery	97%	.108 (small effect)	.172 (small effect)	MTMC – yes FSMP - inconclusive
Q5: Care taken by moving crew in handling your personal property at pick- up Pre-Evaluation Survey asked about careful handling of personal property – no distinction was made between pick-up and delivery	95%	.069 (small effect)	.082 (small effect)	Same as above
Q9: Care taken by moving crew in handling your personal property at delivery Pre-Evaluation Survey asked about careful handling of personal property – no distinction was made between pick-up and delivery	95%	.152 (small effect)	.163 (small effect)	Same as above
Q3: Quality of packing such as labeling, wrapping, organizing	94%	.012 (small effect)	.087 (small effect)	Same as above
Q7: Timeliness of delivery of your personal property	85%	.364 (medium effect)	.166 (small effect)	Same as above
Q4: Timeliness of pick-up of your personal property by moving company	83%	.168 (small effect)	.021 (small effect)	Same as above

Tier II Analysis				
Feature or Performance Rating and Corresponding Survey Question	**% of Service Members Regard Feature as Important**	**MTMC *d-score* for Feature**	**FSMP *d-score* for Feature**	**Cost-benefit of Feature (yes/no/ inconclusive)**
Q15: Overall, how satisfied were you with your most recent personal property move?	Survey Question - Not included in Pre-Evaluation Survey	.152 (small effect)	.085 (small effect)	Same as above
Q19: Overall, how satisfied were you with your most recent personal property move?	Survey Question - Not included in Pre-Evaluation Survey	.165 (small effect)	.115 (small effect)	Same as above

6.5.1 Full Replacement Value for Lost or Damaged Goods

A central component of both pilot programs were Full Replacement Value (FRV) protection provided to all pilot participants. In the current program Service members may receive a maximum amount of $40,000 from the government for lost or damaged items but reimbursement is based on depreciated value. The carriers' liability is $1.25 per pound. The member may elect FRV (for CONUS moves only), but only a portion of the coverage is paid by the government. Coverage for FRV under the current program, if the member elects to purchase, is $21,000 or $3.50 times the net weight of the shipment (whichever is greater) and is capped at $63K. The government pays a small share of this cost (approximately 23-27%) and the remainder must be paid by the Service member out of pocket. The Service member also has the option to purchase private insurance to provide additional coverage past the $63K cap. This section discusses and compares the cost of FRV for the pilots and the current program. As FRV is a function of weight, distribution of pilot shipment weight is elaborated in Tables 6.5.1-1 and 6.5.1-2.

Table 6.5.1-1 shows the weight distribution of the 3,822 shipments under the MTMC pilot cost comparison calculations. Excluding outliers, we can observe the majority of MTMC pilot shipments were less than 20,000 pounds.

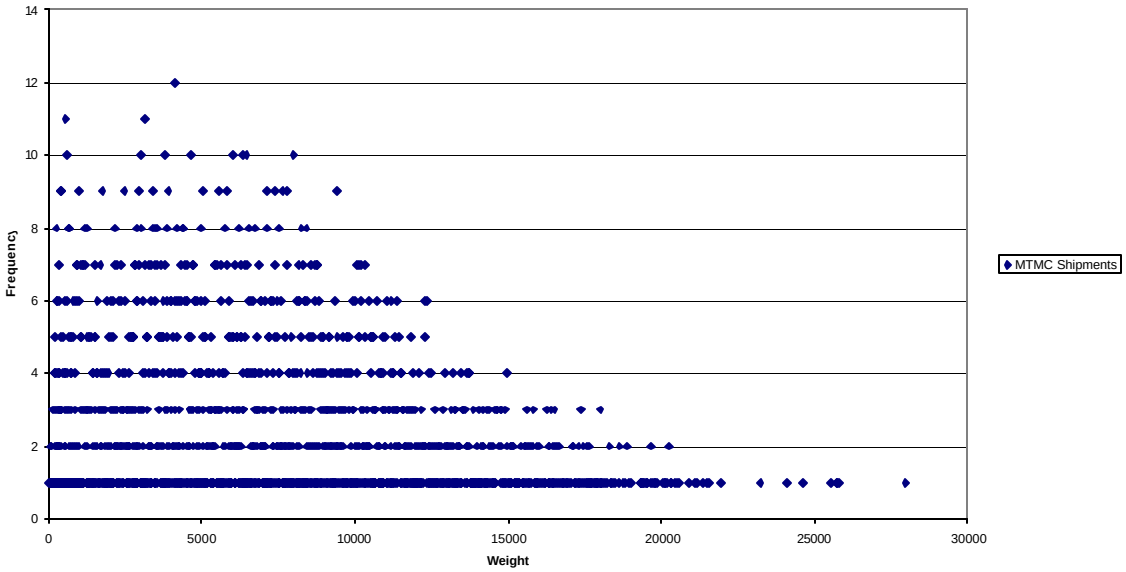


Figure 6.5.1-1: MTMC Pilot Program Weight Distribution

Figure 6.5.1-2 displays the weight distribution for the 5,194 FSMP pilot shipments. Excluding a few outliers, most FSMP pilot shipments were also less than 20,000 pounds. The weight distributions displayed here correspond to the normal distributions discussed later in this section.

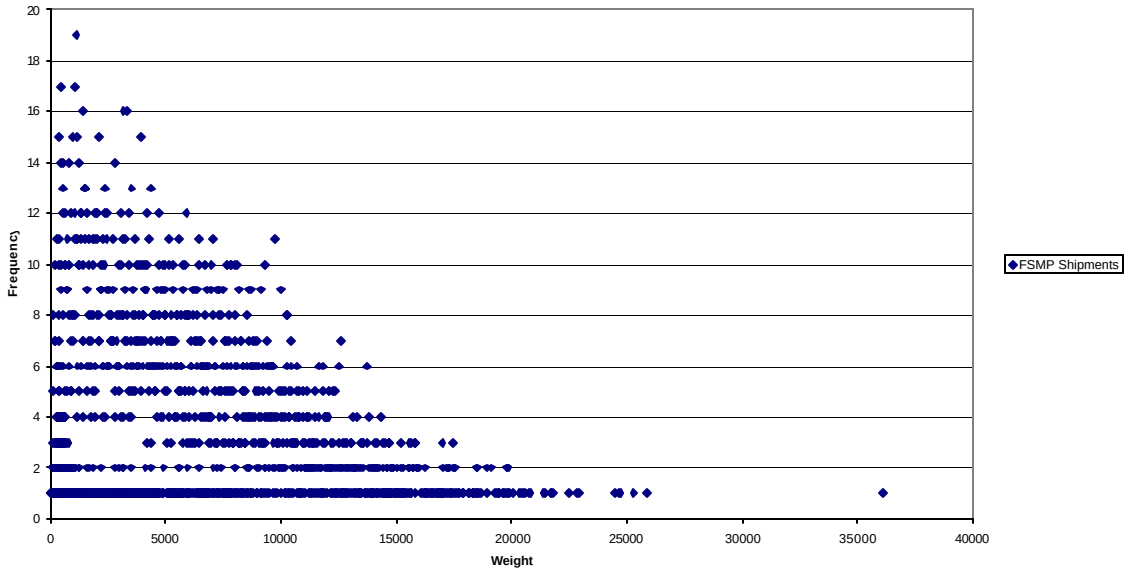


Figure 6.5.1-2: FSMP Pilot Program Weight Distribution

Under the MTMC pilot each shipment was protected at $3.50 per pound with a maximum limit of $63,000. The FSMP pilot offered coverage of $6.00 per pound with maximum coverage of $75,000. Figure 6.5.1-3 displays the coverage offered by each pilot, and the carrier liability coverage under the current program. Using the maximum limits for each pilot, every shipment under the MTMC pilot, up to the 18,000 pounds entitlement limit, was fully covered with this liability protection. Under the FSMP pilot, shipments up to 12,500 pounds were covered up to $6.00 per pound. Shipments over 12,500 pounds received a smaller per pound coverage – at 18,000 pounds with a maximum liability of $75,000, a 18,000 pound shipment received $4.17 coverage per pound. Smaller shipments, conversely, received better "value coverage" (i.e. a 10,000 lb shipment was covered to $60,000 under FSMP and to %35,000 under MTMC.

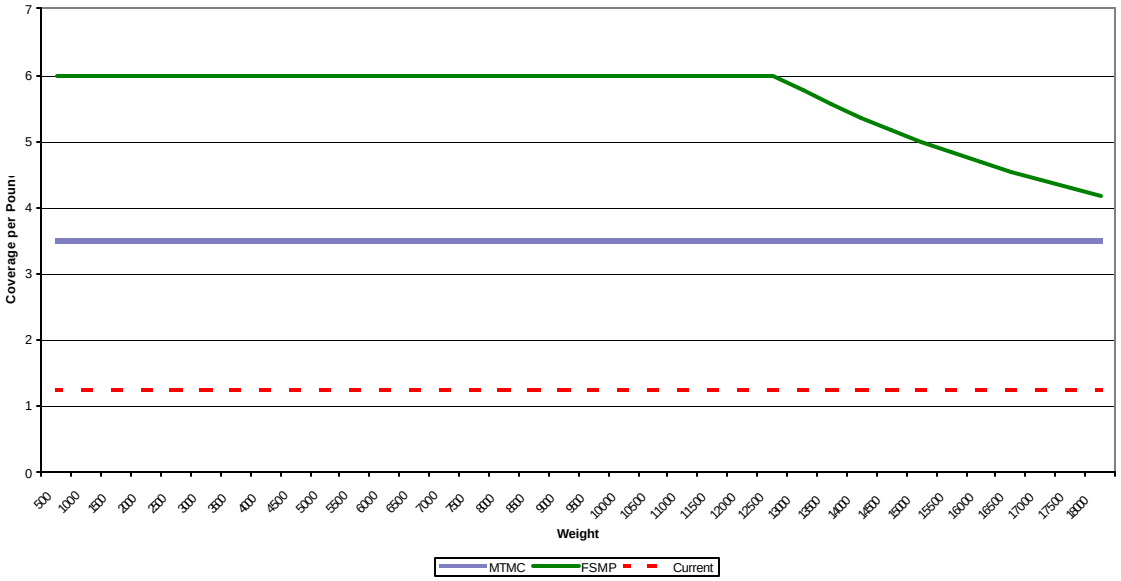


Figure 6.5.1-3: Full Replacement Protection

Figure 6.5.1-4 displays the weight distributions for both pilots, assuming a normal distribution. The removal of obvious outliers from the analysis corresponds with a normally distributed sample of shipment weights in each pilot. The figure clearly indicates nearly all shipments are below 20,000 pounds, and approximately 90% of the total shipments were less than 12,500 pounds.

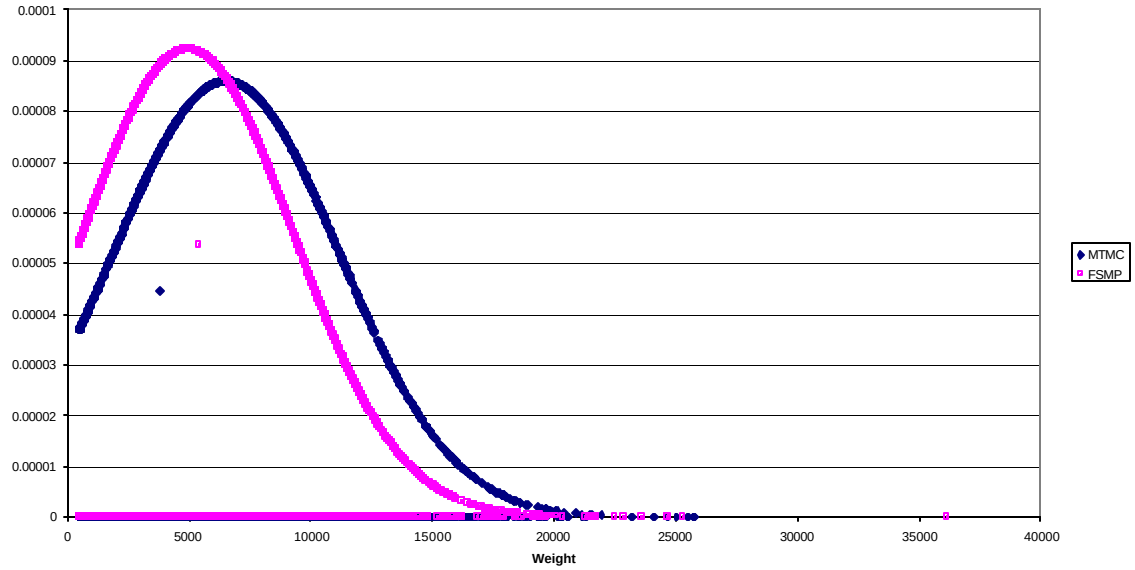


Figure 6.5.1-4: Normal Weight Distribution

Using the shipment information provided by the pilot programs (shipment weight) and the Professional Movers Commercial Relocation Tariff Replacement actuary table, it is possible to develop a constructed cost of what FRV should cost the government under the current program. In Table 6.5.1-1 , the basic carrier liability in the current program is compared to the certified FRV cost under the pilot plus the calculated cost of FRV using the actuary table cited above. The certified pilot cost of FRV is based upon the percentages reported by Move Managers / transportation providers in a survey conducted by the PMOs.

Table 6.5.1-1: Cost of Full Replacement Value

	Actuary Table Predicted Cost to Provide $1.25 per lb Coverage	Actuary Table Predicted Cost to Provide FRV and coverage to $3.50 or $6.00 per lb	Cost of Pilot Program FRV Based on Data Provided by the PMO	Difference Between Predicted FRV and Pilots Certified Cost FRV (column 2 – column 3)
MTMC Pilot	$511,935.00 ($1.25/lb)	$959,227.60 ($3.50/lb)	$802,936.94 ($3.50/ lb)	$(156,290.66)
FSMP Pilot	$624,965.00 ($1.25/lb)	$1,452,700.40 ($6.00/lb)	$570,755.50 ($6.00/lb)	$(881,944.90)

MTMC Pilot: According to the actuary tables, the cost to provide $1.25/lb coverage for the shipments in the MTMC pilot (3,822 shipments) is $511,935.00. Using the same actuary tables, to increase the coverage from the minimum liability of $1.25/lb to the pilot coverage of $3.50/lb and add FRV would increase the cost to 4959,227.60. The pilot was able to leverage better costs: $802,936.94 for FRV ($3.50/lb) a reduction of $156,290.66.

FSMP Pilot: According to the actuary tables, the cost to provide $1.25/lb coverage for the shipments in the FSMP pilot (5,191 shipments) is $624,965.00. Using the same actuary tables, to increase the coverage from the minimum liability of $1.25/lb to the pilot coverage of $6.00 per pound and add FRV for those same shipments would increase the cost to $1,452,700.40. The pilot was able to leverage better costs: $570,755.50 for FRV ($6.00/lb) a reduction of $881,944.90.

The cost for the 3,822 MTMC pilot shipments is approximately $210.00 per shipment. The cost of the liability under the current program using $1.25 per pound coverage is approximately $134 per shipment.

A 1999 MTMC study, conducted by PwC, indicated 65% of individuals had damage/loss of goods. Of those with damage, the MTMC study indicated only 35% actually took time to file a claim. This disparity between the high incidence of damage and the claims filed by the Service member can be explained by the complexity of the filing process and the length of time to receive settlement. The MTMC study reported that 146 days are expended between the time a claim is filed by the member to recovery of costs from the carrier by the government. The average value of each claim during the FY 1997-1998 timeframe was $667.00 ($707.80 inflated to FY00 dollars). It should also be noted this claim value is based upon $1.25 per pound liability and not FRV.

Based on the survey results of the control group almost 66% of the respondents indicated they had damage or loss of goods. Of those members with damage, 42% indicated they planned to file claims. In analyzing the data provided by the MTMC pilot PMO, 69% of members surveyed reported damage with 57% planning to submit a claim. Certified cost data provided by the MTMC pilot indicated the average claim value of the 509 claims submitted was $741.50. Settlement of these claims took, on average, 29 days. While FRV was a feature of the MTMC pilot program it would appear the dollar value of claims has not increased over historical levels.

Of the FSMP survey respondents, 49% indicated they had damage/loss and 41% planned to submit claims. Certified data provided by the FSMP pilot indicated 1,065 claims had been submitted with an average value of $630.93. Settlement took place, on average in 34 days. It is important to note during the evaluation period there were limited observations of claims actually being submitted/settled. This feature was considered as the most critical element of a successful move by service members (93%) in the Pre-Evaluation Survey and the results noted by MTMC and FSMP pilot survey respondents indicated a noticeable impact on Service member satisfaction of this feature. The cost increases over the current program are minimal (FSMP was actually less than current program). Based on these results FRV should be a standard feature in any improved DOD Personal Property Movement Program.

6.5.2 Single Point of Contact to Coordinate Move (Move Manager) (FSMP Only)

The Move Manager fee included the cost to perform as the single relocation coordinator, absorbing the tasks of the PPSO and providing the single "face-to-the-customer" arranging all aspects of the move. Based on the FSMP pilot QOL survey responses little improvement in Service member satisfaction was achieved with this feature. Although there was a minor improvement, the level of this effect is considered too small to warrant the expansion of resources to achieve the desired end. Additionally, the Move Manager's fee more than offsets any indirect cost savings realized by the FSMP pilot program.

6.5.3 Ability to Settle Claims Directly with the Moving Company

The costs associated with the ability to settle claims directly for the MTMC pilot was 2.2% of the linehaul charges. This accounts for approximately $246K of the increase to the MTMC pilot linehaul charges, or approximately $64.00 per shipment. Using data from the FSMP Offset Report it is estimated the current program's costs for claims processing is $56.00. Settlement took, on average, 29 days in the MTMC pilot and an average of 34 days under the FSMP pilot. If implemented, this feature would reduce non-core infrastructure and, Service members would realize immediate improvement in the time it takes to settle claims. The QOL survey results indicate a noticeable impact on Service member satisfaction with this feature in both pilot programs.

6.5.4 Toll-Free Number to Provide 24-hour Information on Move (1-800 Info Access)

The costs associated with ITV (1-800 number) were estimated by the MTMC PMO to be 2.2% of the linehaul charges for the MTMC pilot. This is approximately $64.00 per shipment. For the FSMP pilot the costs were the sum of the transportation provider costs (3.4%) and the Move Manager cost (4%). ITV accounts for $176K of the costs of the FSMP pilot program. In the MTMC pilot a noticeable improvement was noted but in the FSMP pilot participants did not perceive a benefit. In view of the improvement noted by the participants of the MTMC pilot this feature should be considered, as part of an improved DOD Personal Property Movement Program based on QOK results and cost.

6.5.5 Relocation services (FSMP Only)

This service was provided to Service members on a user-pay basis. There is insufficient information to determine whether Service members found this feature beneficial. No cost data was provided for this feature and the number of Service members who used these services was not recorded.

6.5.6 One-on-One Counseling About Entitlements and Move Process

The indirect cost figures provided by the MTMC PMO included counseling. According to the FSMP Offset the cost of counseling per shipment in the current personal property program is approximately $93.00.

The cost for one-on-one counseling in the FSMP program was estimated to be 15% of the Move Manager fee. On a per shipment basis this was approximately $100. Based on reductions in the indirect costs of the MTMC pilot and the small improvements noted by the pilot participants improved counseling service provides Service members some benefit and should be continued.

6.5.7. Selection of Carrier (by Pilot Program Management) Based on Performance

The MTMC pilot made major changes to the existing carrier/forwarder approval, rate solicitation, and traffic distribution processes. The existing approval process was eliminated and replaced by a contract award process. Prices were submitted, prior to contract award, for the base year and each of the two one-year options, and there was no provision for rate increases during the contract period. Awards were made only to responsible carriers whose offers conformed to the solicitation and represented the best overall value to the government.

MTMC pilot evaluated contractor performance monthly and contractor/industry compliance with the terms and conditions of the contracts continually. Performance reviews were conducted based on customer satisfaction survey results and claims data. After contractors received their minimum guarantee of business, future awards were placed with the best performers.
The FSMP pilot utilized best value acquisition with full and open competition. For transportation providers, multiple FAR based transportation service agreements were made with a one-year rate cycle. Rates were based on a discount from the commercial tariff for domestic shipments and negotiated single factor rates for 14 international locations. Entry into the pilot program required a Dun and Bradstreet financial review and evaluation of past performance in order to eliminate paper companies and high-risk carriers. Move Managers were awarded two-year FAR based contracts with 1-year options and move management companies competitively bid fees depending on claims settlement, single shipment, or multiple shipment with different fees for domestic versus international.

7.0 Small Business

Small business participation was identified in the Evaluation Plan as one of the criteria to be evaluated. A goal of 23% participation by small businesses was set for each pilot program. This is based on the Small Business Act, Public Law 85-536, as amended, which states the government-wide goal for participation by small business concerns shall be established at no less than 23% of the total value of all prime contract awards for each fiscal year. For purposes of this evaluation, as detailed the Evaluation Plan, compliance with the 23% minimum level of small business participation was calculated according to what percentage of prime contracts (revenue) were awarded to small businesses per fiscal year. In the motor freight and transportation industry, firms with annual gross revenue of $18.5 million or less, over the three consecutive years prior to contract award, are classified as small businesses.

In both pilot programs only prime contracts, which were awarded to the transportation providers, were eligible for small businesses status, as opposed to agents who act on behalf of the carrier. The MTMC and FSMP pilot used self-certification to determine a company's small business status. Solicitations issued under the FAR 19.102.3 require solicitors to complete representations and certifications at the time the offer was submitted to the government for consideration. The pilot solicitations set forth the size status requirements. All small business representations and certifications were kept on file by the pilot programs and could be challenged by other transportation providers. The pilots did not verify or audit small business status and participating carriers were not confirmed with the Small Business Administration. Transportation providers were identified as small business concerns by unique Standard Carrier Alpha Code (SCAC) and provided by the pilots with shipment data.

The small business percentages discussed in this report account only for small business awards as prime contractors. All large businesses were required to submit a subcontracting plan for the MTMC pilot and the pilot had specified goals in the solicitation. Therefore, small business percentages may have been higher than reflected.

7.1 MTMC Pilot Program

The MTMC pilot program initially contracted with a total of 41 transportation providers of which 17, representing 41%, were self-certified small businesses. Three transportation providers were removed from the MTMC pilot program in option years 1 and 2, leaving a total of 14 small businesses. The contracting office sent letters inviting carriers to challenge small business size of the successful solicitors on the small business set aside portions of the contract. As a result of these letters, two contractors were determined to be large businesses and these small business set-aside awards were cancelled. Additionally, one contractor was removed from the pilot entirely.

The MTMC pilot program also had 17 small business set-aside channels. These channels represented 100% of the traffic volume in these channels, and approximately 48% of the total estimated contract value (i.e. dollars based on historical data). Table 7.1-1 represents the 17 small business set-aside channels.

Table 7.1-1: MTMC Pilot Program Small Business Set-Aside Channels

From	To Region	State
North Carolina	2	California, Nevada
	5	Colorado, Kansas, Missouri, Nebraska
	8	Illinois, Indiana, Ohio
	9	Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont
	11	Alabama, Kentucky, Mississippi, Tennessee
	12	Georgia, North Carolina, South Carolina
	13	Florida
South Carolina	6	Arkansas, Louisiana, Oklahoma, Texas
	9	Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont
	12	Georgia, North Carolina, South Carolina
	13	Florida
	-	Germany
Florida	1	Idaho, Oregon, Washington
	3	Arizona, New Mexico, Utah

From	To Region	State
	5	Colorado, Kansas, Missouri, Nebraska
	8	Illinois, Indiana, Ohio
	-	Germany

Of the 3,822 MTMC shipment records included in the evaluation 1,711 records indicated the prime contractor was a small business (45% of all shipments). The total revenue for the small business records was $9,095,124.96, representing 48%. Both total shipments and total revenue exceeded the government-wide goal of 23%.

Table 7.1-2: Calculation of MTMC Pilot Program Small Business Participation

Total number of shipments	3,822	
Number of small business shipments	1,711	45%
Total value of all shipments	$18,897,857.95	
Total value of small business shipments	$ 9,095,124.96	48%

Additional analysis was conducted to identify the proportion of small business shipments originating in each state. This data is presented in Table 7.1-3.

Table 7.1-3: MTMC Pilot Program Small Business Participation According to Origin State

State	Total SB Contract Value	% SB Total	Total Contract Value in State	% Total State $	SB Shipments	Total Shipments
North Carolina	$4,225,148.86	46%	$6,999,672.82	60%	851	1481
Florida	$2,122,109.81	23%	$6,490,299.18	33%	350	1271
South Carolina	$2,625,010.44	29%	$4,891,159.09	54%	495	973
Georgia	$122,855.85	1%	$516,726.86	24%	15	97
Total	$9,095,124.96	100.00%	$18,897,857.95		1711	3822

7.2 FSMP Pilot Program

The FSMP pilot program awarded 192 Transportation Provider Agreements, of which 149 were small businesses (78%). By pilot termination, of the 186 transportation providers remaining, 143 of them were small businesses, representing 77% of all providers.

In addition, to the transportation service agreements, FSMP awarded ten Move Manager contracts to provide single point of contact for Service members throughout their move. This acquisition included a small business set-aside awarded to the Parsifal Corporation for Moody AFB, Augusta, GA and the Marine Corp Logistics Base in Albany, GA.

The FSMP pilot, in conjunction with the Small Business Administration, established a monthly minimum goal of 30% small business participation for domestic and international shipments by origin area. In order to meet this goal, Move Managers were instructed to deviate from the Best Value Distribution quartile allocation by screening out all large business transportation providers until the requirement was met. Small business participation was the percentage of shipment costs for small business participants against the total shipment direct costs. As actual shipments costs were reported, small business participation was validated and adjusted as required in the quartile allocation for assigning shipments.

In conjunction with the Small Business Administration, the FSMP pilot required small business minimum requirements be revisited at the end of the first year. In addition, prior to future solicitations of the FSMP Transportation Service Agreement, Small Business Administration concurrence would be sought via DD Form 2579. Due to the early termination of the pilot program, this was not completed.

To satisfy the small business participation in the FSMP pilot, the evaluation was provided a list of transportation providers with an indicator as to whether they were a small business and the total revenue amounts awarded to that particular company. The make-up of the data, such as the number of records included or any additional shipment data was not provided.

To verify the total revenue value provided by the FSMP PMO, shipment records were matched against the available SCACs. The accessorial cost data transmission provided the SCACs. This data was compared to the certified cost data and small business revenue was determined. Of the total 5,194 shipment records used in the FSMP program, there were 3,125 matching records. The 2,069 records that did not match were missing the SCACs. While this exercise did not determine the total value or percentage of small business participation in the program, it did

confirm *at least* 71.99% of revenue was awarded to small business concerns, which achieved the government wide evaluation goal of 23% and the FSMP goal of 30%.

Table 7.2-1: Verification of FSMP Pilot Program Small Business Participation

Total number of shipments	5,194	
Number of shipments with small business data	3,125	60.17%
Total value of all shipments	$24,514,167.00	
Total value shipments with small business data	$17,646,592.00	71.99%

Additional analysis presented in Table 7.2-2, shows the proportion of small businesses according to state of origin.

Table 7.2-2: FSMP Pilot Program Small Business Participation According State

State	Total SB Contract Value	% SB Total	Total Contract Value in State	% Total State $	SB Shipments	Total Shipments
Georgia	$8,357,727.00	47%	$11,573,524.00	63%	1712	2771
Virginia	$5,403,708.00	31%	$ 6,646,261.00	64%	737	1114
Maryland	$3,062,026.00	17%	$ 4,481,059.00	53%	509	861
North Dakota	$ -	0%	$ 662,344.00	72%	0	173
District of Columbia	$ 328,480.00	2%	$ 371,960.00	52%	55	81
Alabama	$ 130,530.00	1%	$ 248,452.00	80%	31	59
Tennessee	$ 165,523.00	1%	$ 216,503.00	47%	32	48
West Virginia	$ 45,950.00	0%	$ 92,796.00	86%	9	17
South Carolina	$ 46,392.00	0%	$ 48,485.00	71%	10	12
Texas	$ 22,025.00	0%	$ 26,416.00	77%	4	7
Pennsylvania	$ 13,677.00	0%	$ 16,681.00	31%	3	5
Florida	$ 17,968.00	0%	$ 26,681.00	56%	3	5

State	Total SB Contract Value	% SB Total	Total Contract Value in State	% Total State $	SB Shipments	Total Shipments
California	$ 9,599.00	0%	$ 11,292.00	29%	3	4
North Carolina	$ 5,292.00	0%	$ 9,269.00	80%	2	4
New York	$ 4,083.00	0%	$ 8,386.00	62%	2	4
Minnesota	$ 3,418.00	0%	$ 9,324.00	24%	2	4
New Jersey	$ 1,277.00	0%	$ 4,265.00	79%	1	3
Illinois	$ 5,055.00	0%	$ 6,718.00	71%	2	3
Louisiana	$ -	0%	$ 11,070.00	100%	0	2
Oklahoma	$ 5,209.00	0%	$ 7,267.00	0%	1	2
Missouri	$ 4,524.00	0%	$ 4,524.00	67%	2	2
Iowa	$ 3,351.00	0%	$ 3,351.00	100%	1	1
Colorado	$ 4,702.00	0%	$ 4,702.00	0%	1	1
Connecticut	$ -	0%	$ 2,544.00	100%	0	1
Delaware	$ -	0%	$ 649.00	100%	0	1
Washington	$ -	0%	$ 2,944.00	100%	0	1
New Hampshire	$ -	0%	$ 3,346.00	0%	0	1
South Dakota	$ 2,188.00	0%	$ 2,188.00	0%	1	1
Kansas	$ 1,389.00	0%	$ 1,389.00	0%	1	1
Kentucky	$ -	0%	$ 1,670.00	0%	0	1
Ohio	$ -	0%	$ 700.00	100%	0	1
New Mexico	$ -	0%	$ 3,170.00	100%	0	1
Mississippi	$ -	0%	$ 1,738.00	0%	0	1
Idaho	$ 2,499.00	0%	$ 2,499.00	100%	1	1
Total	**$17,646,592.00**	**100.00%**	**$24,514,167.00**		**3125**	**5194**

Small business shipments out of Georgia made up almost half the total small business award in the pilot program, 47%, which constituted 63% of the state's award. Shipments from Georgia, Virginia, Maryland, and the District of Columbia represented 97% of small business participation from the available data. The remaining 3% was made up of 23 additional states where pick-ups from these locations were part of the PCS moves originating at the pilot sites.

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8.0 Process Improvements

The Evaluation Plan identified process improvements as one of the four criteria included in the assessment. The pilot programs were required to supply a list of process improvements for review in the evaluation. In all cases, these lists were qualitative in nature rather than calculated, measurable data. Process improvement analysis is based on information provided by the PMOs, site visits, and interviews with personnel involved in the different programs.

8.1 MTMC Pilot Program

The MTMC pilot program was implemented for 50% of the shipments in NC, SC, and FL. Field observations indicated the partial rollout was a detriment to fully realizing MTMC pilot improvements due to change management and training issues. Continuing to administer shipments under the current program, when combined with staffing shortages, led to reduced commitment to the program and utilization of the features offered. A field observation indicated some of the reporting features built to assist transportation officers in their duties were not used. The individual interviewed did not know how to access or effectively use tools provided. Extensive training was offered under the MTMC pilot but, since individuals initially trained were responsible for continued training at the unit level, some expertise and knowledge were lost through attrition.

Demonstrations of the MTMC pilot program system, PTOPS, reflected a well-designed and user-friendly web-based system that provided quality information. The system provided real-time access to shipment records for the PPSO, industry, certifying officers, prepayment auditors, military Service HQs, military Service claims offices, military Service finance centers, and the Service member through the PPSO.

The MTMC pilot program's acquisition approach also provided a distinctive improvement to the current system based on discussions and interviews with personnel involved in both the pilot and the current program.

A list of MTMC pilot process improvements and results follow. The MTMC PMO provided these.

Table 8.1-1 MTMC PMO Document		
FY00 "AS-IS" Current Program Process	**MTMC Pilot Program Process**	**Result**
Carrier approval function includes: • Validating insurance and bonding requirements • Monitoring Common Financial and Administrative Control • Collecting Tender of Service Signature Sheets and updates thereof • Updating Carrier Approval Pamphlet on MTMC Homepage • Updating "How to do Business" Book on MTMC Homepage • Maintaining paper files and scanning documents • Policy and Publication responsibility • Correspondence regarding approval or disapproval Qualification process will be streamlined to only 4 electronic/faxed forms. Approval process will no longer be manual (Effective Apr/May 02)	Utilized formal source selection/risk analysis for a performance based contract. • Use of best value acquisition strategy includes: 1. Evaluation of financial performance. 2. Elimination of high-risk carriers. 3. Long term contractor commitment. 4. Past performance/ experience rated in addition to cost. • Automated files - retained in PTOPS module for Contractor or PPSO use.	• Restructures carrier approval process from non-FAR based to a FAR-based requirement. • The pilot program focuses on best commercial practices and standards of service. • The contract provides for long-term commitment, ensures capacity and streamlines manual processes. • Eliminates the administrative workload of the carrier approval functions as a result of the one time source selection process.

Table 8.1-1 MTMC PMO Document		
FY00 "AS-IS" Current Program Process	**MTMC Pilot Program Process**	**Result**
Six month rate process includes: • Updating and maintaining solicitations for domestic intrastate moves, domestic interstate moves, international moves, mobile home (MH) moves, boat one-time-only (BOTO) moves, one-time-only (OTO) moves, DPM commercial air moves, special solicitation moves, volume moves • Receiving and processing rate submissions every six months for intrastate, interstate, and international. Receipt of rates is based on initial filing, me-too rate, and cancellation rate cycles • Determining/evaluating reasonableness of rates • Providing technical guidance on rate issues and functional guidance on automation processes • Verifying carrier's Letters of Intent (LOIs) • Daily solicitations and awards of OTO's, BOTO's, MH moves • Policy and Publication responsibility • Correspondence regarding any of the rate issues	Rates were submitted for a Federal Acquisition Regulation (FAR) Based Contract: • Best value based on performance and cost. • In the MTMC pilot rates were submitted for a base year with 2 one-year options. • The pilot includes Domestic and International Household Goods (HHG) and Baggage shipments. • It was limited to FL, NC, and SC using 50% of the shipments from 17 PPSOs to 13 CONUS Regions and 5 International regions. • The pilot used the commercial tariff, frozen as of May 1996 with negotiated exceptions. • No LOI's were required. • Contract had a $25,000 guaranteed minimum per contractor per year. Once that was met the government was no longer obligated to offer additional traffic.	• Performance Work Statement (PWS) requires only minimal adjustments throughout the life of the contract. • One time rate submission eliminated the need for 6-month rate cycle process to include administrative workload associated with processing rates. • Elimination of LOI process resulted in decreased administrative workload for PPSOs, Industry and HQ MTMC. • Using non-DOD-approved agents provided more flexibility for the contractor. • Poor performers identified quickly. • Frozen tariff helped control cost.

Table 8.1-1 MTMC PMO Document		
FY00 "AS-IS" Current Program Process	**MTMC Pilot Program Process**	**Result**
Operational function includes: • Planning movements of affected shipments during emergency situations (i.e., fire, floods, strikes) • Interpreting, clarifying, and providing guidance on operational issues • Tracing of frustrated shipments • Approval of additional agent representation (5th carrier)	• Contractor is responsible for operational issues. • Guidance is provided in the PWS with additional guidance provided by HQ MTMC, if needed. • Contractor is responsible for tracking/tracing shipments. • Agent approval did not apply.	• Reduces PPSO workload. • More timely actions by the contractor. • Commercial practices. • Contractor responsible for selection of his agents (sub-contractors).
Total Quality Assurance Program includes: • Managing carrier nonuse, disqualification, suspension, and notification messages • Researching and replying to carrier appeals • Updating TQAP rules and PPSO inquiries on TQAP	• The best value award process relies on performance data collected from customer satisfaction surveys conducted by an independent third party. • Surveys measure on-time pick up, on-time delivery and customer satisfaction (origin/destination/ overall). Claims frequency and average dollar amount of claims is based on submission of claims data from the contractors. • Contractors that become poor performers are no longer offered traffic. • Feedback is given monthly on all performance metrics/deficiencies.	• Replaced TQAP with customer satisfaction surveys. • The PPSOs are empowered to make business decisions for assigning shipments based on the contractor's performance data, DOD requirements and priorities established by the service member. • Service member satisfaction impacts contractors' future business. • Continuous monitoring of contractors' performance allows MTMC to identify potential problems. • Provides ability to suspend or eliminate contractors based on poor performance.

Table 8.1-1 MTMC PMO Document		
FY00 "AS-IS" Current Program Process	**MTMC Pilot Program Process**	**Result**
Carrier Review Board (CRB) includes: • Researching and gathering performance/financial information • Developing agendas and preparing and dispatching correspondence to carriers • Putting together carrier review books for each board member • Recommending hearings, investigations and debarments • Implementing board decisions • Coordinating actions with other branches within DCSPPP • Updating MTMC Regulation 15-1	• The FAR provides guidance for contract non-compliance. • Contractors whose performance falls below the standards of the contract can be removed or placed in non-use.	• Reduces number of contractor appeals. • Reduces administrative workload. • Replaces CRB with Alternate Disputes Resolution Process. It is less time consuming and paper intensive. • Builds a stronger partnership between the government and industry. • Non-compliance with the provisions within the contract is grounds for removal or placement in non-use.

Table 8.1-1 MTMC PMO Document		
FY00 "AS-IS" Current Program Process	**MTMC Pilot Program Process**	**Result**
Transportation Operational Personal Property Standard System (TOPS) includes: • Hotline support • Software development • Technical support and telephone charges • TOPS data for historical reference • Receipt of payment data from DFAS for historical reference • TOPS System Administration to include: (1) Back-ups and downloads, approx. 22 hours per week (2) System messages, approx. 5 hours per week (3) Administering passwords	• Pilot Transportation Operational Personal Property Standard System (PTOPS) incorporates all aspects of the personal property process from initial service member entitlement counseling to loss and damage claims settlement. • PTOPS is a Web-based information management system with a graphical user interface.	• PTOPS is user friendly and stores all shipment data in a central database accessible to all process owners, including PPSOs, contractors, certifying officers, pre-payment auditors, military service headquarters, military service claims offices and finance centers. • Provides real-time management data to all users. • Minimizes use of multiple systems and data entry. • Streamlines system administration.
Bond Recovery re-procurement program includes: • Monitoring program • Updating re-procurement procedures • Research, analyze, compile and calculate excess re-procurement and administrative costs. • Prepare and coordinate correspondence and documents to insurance agents for recoupment.	• Not utilized in the pilot program.	

Table 8.1-1 MTMC PMO Document		
FY00 "AS-IS" Current Program Process	**MTMC Pilot Program Process**	**Result**
Personal Property Shipping Office (PPSO) process includes: • Counseling/clarifying service member entitlements, shipping restrictions/prohibitions, codes of service, and various personal property programs (ITGBL, Interstate, Intrastate, DITY, etc.) • Offering shipments to carriers' agents via telephone or fax • Maintaining, updating, verifying and filing of Letters of Intent (LOIs) • Processing GBL's, TCMD's, GBL Correction Notices, DD619, DD619-1 and weight tickets, to include filing of all individual documentation • Processing changes to the shipment (i.e., date, address, destination). • Clearing shipments with the appropriate clearance authority for code 5's and code T's • Subsequent inspection of local storage facilities • Processing and mailing shipping documents	Personal Property Shipping Office Pilot Process: • Members are counseled by PPSOs. • Shipments are offered and booked electronically using PTOPS. • LOI's are not utilized. • Pilot process utilized an automated task order in place of the GBL along with commercial documents. • Direct communication between contractor and service member. • No codes of service, only Domestic and International HHGs and UB. • Contractors access shipment records via the WEB. • Shipment records are stored in a central database. • Direct communication between the contractor and member provides necessary delivery information and changes etc. • Accessorial approvals are performed using automation.	• Automation has simplified the PPSOs processes in monitoring and maintaining shipment history. • Eliminates LOI's. Makes contractor responsible for selection of agents. • Privy of Contract is with the Contractor not the agent. • Eliminates DTR agent requirements. • Reduces administrative workload. • Eliminates GBLS (Mandated). • Adopts commercial paper where practical. • Reduces government unique forms. • Direct communication between contractor and service member eliminates need for PPSO corrections. • Contractor has the ability to input changes into the system. • No codes of service, reduces and simplifies the administrative workload.

Table 8.1-1 MTMC PMO Document		
FY00 "AS-IS" Current Program Process	**MTMC Pilot Program Process**	**Result**
Personal Property Shipping Office Process includes: (cont.) • Maintaining shipment records • Obtaining contact and delivery information from service members • Attempting to locate service members, clearing shipments by phone or fax before issuing storage in transit (SIT) control numbers and placing shipments into SIT • Tracing of shipments • Certifying charges on DD619's and DD619-1's to include: (1) Comparing charges manually to the shipment file (2) Returning to carriers for correction as needed. (3) Returning to carriers for billing purposes • Processing DD1840's and DD1780's in conjunction with the TQAP program to include: (1) Mailing of 1840's from the inbound to the outbound office. (2) Placing carriers in non-use or suspension	• Commercial documents provided by the contractor are used to report loss and damage; inspections by the government are performed as needed. • DD 1840 and 1780 no longer required. • Performance data was collected from customer satisfaction surveys conducted by an independent third party. • Contractors that become poor performe rs are no longer offered traffic. • In the direct claims settlement process, the contractor provides loss and damage assistance.	• Full automation, simplifies administrative workload. • Reduces need for paper copies. • Better working relationship between contractor and member. • Facilitates direct delivery, lowers incidences of SIT. • Provides member with 800# to call for tracking his shipment. • Reduces workload on PPSO and contractor; streamlines process, approvals available to all authorized users. • Commercial business practice reduces workload on PPSO. • Commercial business practice; reduces workload on PPSO (No DD 1840 or 1780 requirement). Replaces TQAP with customer satisfaction surveys. • Empowers PPSOs to make business decisions for assigning shipments based on the contractor's performance data, DOD requirements and priorities established by the service member.

Table 8.1-1 MTMC PMO Document		
FY00 "AS-IS" Current Program Process	**MTMC Pilot Program Process**	**Result**
Personal Property Shipping Office Process includes: (con.t) (3) Developing hundreds of individual shipment scores (4) Processing hundreds of carriers' semi-annual scores (5) Required number of inspections for a specific type of shipment • Loss and damage claims assistance (i.e. documents, inspection damage, etc.) • Government personnel coordinating with destination Traffic Management Offices		• Service member satisfaction impacts contractors future business. • Continuous monitoring of contractors performance allows MTMC to identify potential problems. • Provides ability to suspend or eliminate contractors based on poor performance. • Uses commercial paper. • Reduces administrative workload. • Reduces need for assistance on loss and damage claims from the claims office. • Reduces time spent coordinating with the PPSO to get shipment information.
Inconvenience Claims: • Based on local per diem rates	• Mandatory and based on reasonable costs with receipts provided.	• Increases customer satisfaction.

Table 8.1-1 MTMC PMO Document		
FY00 "AS-IS" Current Program Process	**MTMC Pilot Program Process**	**Result**
Billing and Payment: • Carrier paid by 4 payment centers • Payment data feed to TOPS comes from 2 payment centers • Pre-payment audit not conducted on carrier bills • Payment data and shipment data reside in separate data bases	• Contractor is paid by 2 payment centers (DFAS-IN and Coast Guard). • Centralized database contains payment data for all services. • 100% pre-payment audit. • Single point of access for both shipment and payment data.	Process streamlines with fewer paying offices • Web provides accessibility of payment data for all authorized users. • Ensures all services were authorized and performed and any overcharges are returned to the military services' transportation accounts. • Better accessibility for users. • Meets the mandatory requirement for pre-payment audit.
Loss and Damage: • Depreciated coverage with option for service member to buy full replacement • Military Claims Offices settle claims • Loss and Damage on 35% of shipments • Average dollar amount of claims based on depreciated coverage was $740	• Full replacement coverage at no additional charge to the member. • Contractor settles claims with the service member within 60 days but member retains the right to file with the government. • Loss and damage on 12% of shipments. • Average dollar amount of claims based on full replacement coverage was $710.	• Increases loss/damage protection. • Higher customer satisfaction. • Reduces workload at Military Claims Offices. • Faster claims settlement. • Simplifies the claims process. • Lowers frequency of claims. • Reduces unrecovered claims cost.

8.2 FSMP Pilot Program

The observations of FSMP pilot by evaluators were limited to interviews with two Move Managers. From discussions with FSMP PMO, the Move Managers, and representatives from the carrier industry the main improvements observed were: (1) FSMP acquisition process, which, like the MTMC pilot improved the workload on HQ staff, and (2) the implementation of PowerTrack, which required some modifications to support the HHG moving invoices. PowerTrack appeared to be a welcome alternative to the traditional and slow invoicing procedures.

Many of the process improvements identified by the FSMP pilot program were not observed for two reasons. First the function of a Move Manager meant many current program PPSO processes were "back room" functions for the Move Manager and part of a proprietary commercial process. Secondly, the early termination of the pilot program resulted in many of the improvements being unobserved.

The following is a list of the improvements identified by the FSMP pilot program PMO.

Table 8.2-1 FSMP PMO Document		
FSMP PROCESS IMPROVEMENT	**CURRENT PROGRAM**	**ACTUAL RESULTS**
Provide Service Members with commercial relocation processes through use of professional relocation companies (Move Managers) providing single point of contact for Service Member throughout the move process. Move Managers are responsible for all counseling services, processing and booking personal property shipments, coordinating packing, pickup and delivery dates with Service Member and carrier, single point for claims submission, in-transit visibility, providing toll-free access to Move Managers, arranging and controlling storage in transit, etc.	Both origin and destination installation transportation offices responsible for Service Member personal property movement including: counseling; offering and booking shipments; quality control; inspections; handling and processing claims; inputting TOPS data; producing GBLs and GBL correction notices; preparing TCMDs (for overseas and hardlift area shipments); maintaining TQAP; maintaining shipment files (paper documentation); clearing shipments with appropriate clearance authority for Codes 5 and T. Destination installation offices burdened with tracing inbound shipments. Maintains SIT control program including attempting to locate Service Member prior to SIT authorization, issuance of SIT control number when SIT authorized at origin or destination. Performs warehouse inspections.	• During the pilot, tasks normally performed by PPSO personnel, such as counseling and shipment booking, were conducted by MM personnel. Some PPSO personnel provided oversight of the MMs as Contractor Officer Representatives (CORs). Based on FSMP business rules, some shipments still moved under the current program; therefore, some counseling and booking services were performed by Government personnel. The training of personnel was identified as a key component in the results achieved by different MMs.As implemented by some MMs, the Single POC in reality, were a number of personnel to assist customers. The single phone number to call yielded the desired results,however, in some cases, Service Members could not contact the individual with the single phone number. MMs were directed to change the call design to alleviate this problem. Due to time differences and communications limitations it was sometimes difficult for customers to contact MM POCs on overseas shipments. 800 numbers sometimes did not work from overseas locations. If a DSN line was also not available, MMs

Table 8.2-1 FSMP PMO Document		
FSMP PROCESS IMPROVEMENT	**CURRENT PROGRAM**	**ACTUAL RESULTS**
		provided customers with alternate means of contacting them. For instance, some Move Managers took the initiative to provide alternative means for customers to contact them, this sometimes took the form of pre-paid calling cards. At destination, FSMP customers sometimes forgot or decided to go to local TMO. In some cases the customer made the decision to go to the local TMO after having difficulties reaching the MM contact. The FSMP web site was a good tool for providing information, such as POC phone numbers and email addresses, to several different audiences, including Service Members. MM personnel with previous experience in government entitlement counseling appeared to be more knowledgeable and effective. • Data provided by MMs, to indicate when relocation services were provided, was inconclusive

Table 8.2-1 FSMP PMO Document		
FSMP PROCESS IMPROVEMENT	**CURRENT PROGRAM**	**ACTUAL RESULTS**
• Provide Service Members with additional relocation services such as home buying/selling, and rental assistance at origin/destination. • Eliminate government conducted shipment inspections. • Provide alternative times and locations for Service Members to receive counseling (i.e., after work hours, on weekends, or telephonically).		services were provided, was inconclusive. • FSMP reduced the number of inspections needed by government personnel. To the knowledge of the FSMP PMO, only one Move Manager was inspected (NCR shipments). • Flexible counseling hours and alternative locations worked well for some customers.
Use of Best Value Acquisition Strategy to include: • Perform risk analysis on FSMP offerors to include past performance and financial risk analysis. Analysis also performed to identify "paper companies".	Carriers submit Letters of Intent. MTMC validates insurance and bonding requirements. Updating and maintaining solicitations for domestic intrastate moves, interstate moves, international moves, mobile home (MH) moves, boat one-time-only (BOTO) moves, one-time-only (OTO) moves, DPM commercial air moves, special solicitation moves, and volume moves. Receive and process rate submissions every 6 months for	• Carrier financial risk analysis was effective: only a handful of carriers experienced financial difficulties during the program. Evaluation of three years of financial data rather than the one year used would have provided further insight to the financial status of TPs. Analysis of Transportation Providers' financials did not always identify "paper" companies.

Table 8.2-1 FSMP PMO Document		
FSMP PROCESS IMPROVEMENT	**CURRENT PROGRAM**	**ACTUAL RESULTS**
• After contract award, provide on-going financial risk monitoring to identify potential problems. • Rank and allocate Transportation Providers based on Best Value Distribution (weighted 70 percent quality and 30 percent cost). • Providing one-year rate cycle to stabilize rates. • Adoption of commercial business practices to include commercial tariff and commercial bills of lading.	intrastate, interstate, and international. Receipt of rates is based on initial rate cycle, me-too rate cycle and LOI/cancellation rate cycle. Verification of LOIs. Daily solicitations and awards of OTOs, BOTOs, and MH moves. Requires management of carrier nonuse, disqualification, suspension, and notification messages. Personnel required to approve additional agents, research and reply to carrier appeals, and update Total Quality Assurance Program (TQAP) rules and inquiries on TQAP. In preparation for Carrier Review Boards, research and gather performance/financial information; develop agendas; compile carrier review books for each board member; conduct board hearings; and implement board decisions. Shipments assigned based on Tonnage Distribution Roster (TDR). Current process is non-FAR based. Maintaining and inputting data into TOPS. TOPS support includes: Hotline and technical support, writing system requirements, software development, maintaining data for historical reference, updating financial data from DFAS, and TOPS System Administration.	"paper" companies. • D&B could only provide information on public companies, unless the company gave them specific information. The only way the D&B could perform up-to-date financial analysis, is if TPs are required to provide data to D&B as a condition for doing business with DOD. • The Quality component of a TPs best value score was based on a customer survey. The split of 70, 30 on Quality vs. Cost appeared to work well. Top quartile carriers had the best average Quality scores and best average Rates. 65% of shipments were given to top quartile carriers. • The concept of annual rate filing created stability in the rates and required less paperwork and administration burden for TPs and the government. • Use of commercial tariff for domestic shipments was easily adopted by TPs. Higher rates filed by Transportation Providers

Table 8.2-1 FSMP PMO Document		
FSMP PROCESS IMPROVEMENT	**CURRENT PROGRAM**	**ACTUAL RESULTS**
• Ability to suspend or eliminate carriers based on poor performance. • FAR-based contract. • Open communications with industry to avoid potential conflict during the solicitation process.		in part were due to uncertainty about costs of operating under FSMP. Some elements identified as cost drivers were: full replacement value, lack of a fuel surcharge option, on-time compensation, and mandatory filing of UB rates. Another factor that may have resulted in higher final rates was the lack of a "me too" period during which transportation providers could re-file their rates to be more competitive. • Use of agreements tied to commercial tariffs made it easier for Contracting Officer to cease use of Transportation Providers (TP) that did not perform adequately. • FAR based contract and agreements allowed Contracting Officer to enforce terms and conditions. • The open communication during the solicitation process contributed to the avoidance of many industry protests. During the entire pilot, FSMP had 2 minor protests from Industry, and both were quickly denied.

Table 8.2-1 FSMP PMO Document		
FSMP PROCESS IMPROVEMENT	**CURRENT PROGRAM**	**ACTUAL RESULTS**
Domestically FSMP created fewer rate channels by consolidating them into large regions (groups of states), thus reducing the number of rates to be filed.FSMP utilized a partnering agreement to resolve disputes. • FSMP incorporated an Alternative Dispute Resolution Process to provide structure to the complaint process and to resolve other disputes.		Fewer regions may have resulted in higher rates due to uncertainty of costs to deliver to a larger region. • The ADR process was not needed during the pilot period, disputes were resolved under partnering agreement. • During the post solicitation conference the Government, MMs, and TPs voluntarily signed a partnership agreement stating their willingness to utilize an alternative dispute resolution (ADR) process. • The PMO and its contractors were successful in assisting TPs in the application of new technologies (e.g. EDI, email, electronically submitting proposals, etc.
• Provide a Web based (graphical user interface (GUI)) environment utilizing new technology.	TOPS is a distributed database, which stores data for each operating location, at that location only. Distribution of shipment information between installation transportation offices is made via a switcher causing delays	• The BVDDB had a GUI that utilized newer technology resulting in easier navigation between the various screens used throughout the moving process. Although Screen navigation may have been viewed as easy, data entry was hampered by multiple data entries of the same information, i.e.,

Table 8.2-1 FSMP PMO Document		
FSMP PROCESS IMPROVEMENT	**CURRENT PROGRAM**	**ACTUAL RESULTS**
• Provided access to a wide group of people from any location. • BVDDb will be the single source for all historical and financial data for personnel across DOD.	causing delays	phone numbers, addresses, etc. The algorithm ensured equitable distribution of shipments and that MMs working in geographically different locations would not assign different shipments to the same TP. The BVDDb provided standard reports as well as the ability to pull data using SQL. The FSMP PMO used this SQL functionality to compile their own ad hoc reports, which were used internally and provided to HQ MTMC, Services, The Office of the Secretary of Defense (OSD) and General Accounting Office (GAO). A lack of sufficient data edit checks, resulted in data integrity problems for certain data elements. The use of seven MMs, each with their own internal systems for rating and tracking shipments, added complexity to the process of implementing data feeds with the BVDDb and PowerTrack. • The speed with which the BVDDb and PowerTrack were able to provide data varied with variations in the Internet bandwidth available at different times of the day. Slow speed could sometimes be traced to local bottlenecks, and sometimes were the result

Table 8.2-1 FSMP PMO Document		
FSMP PROCESS IMPROVEMENT	**CURRENT PROGRAM**	**ACTUAL RESULTS**
		of Internet or NIPRNET traffic. • Personnel at varying levels of DOD hierarchy, and at geographically distributed locations, all had access to data through the BVDDb's web interface. Use of a web based system with a central database made it very easy to obtain data for multiple installations at the same time.
Implement Binding Estimates to identify potential excess cost for the customer prior to shipment pickup.	Excess Costs are computed after all shipments are completed. Notification to Service Member of excess cost is lengthy (normally 1-2 years after move). Service Member may obtain an estimate on excess cost at origin PPSO (based on customer or counselor estimated weight or weight of last move).	• Binding estimates were beneficial to the customer as they identified excess cost prior to the move. Parameters for binding estimates were extremely difficult with the difference between commercial practice (binding the cost of the shipment) versus known origin services and adding destination charges should any occur. MM who did not correctly employ the Binding Estimates concept were required to absorb the excess cost rather than the customer.
Guaranteed on-time arrival for packing, pickup and	Carrier required to arrive between the hours of 0800-	• Customers received compensation when TPs

Table 8.2-1 FSMP PMO Document		
FSMP PROCESS IMPROVEMENT	**CURRENT PROGRAM**	**ACTUAL RESULTS**
delivery of personal property. Failure to meet date/time can result in compensation payment to member. Payment due to member within 7 calendar days. Calculation is based on maximum daily local Government per diem rate or receipted expenses whichever is greater.	1700 to perform services. Failure to meet date/time can result in inconvenience payment to member. Calculation is based on receipted expenses not to exceed the local per diem rate. Carrier must acknowledge receipt within 15 calendar days and payment due to Service Member within 30 calendar days after receipt.	missed packing, pick up, or delivery. The initial guaranteed window was two hours. After being identified as an excessive cost driver by the Transportation Providers; the window was changed to an AM/PM four-hour window.When a TP missed a window, it was usually by more than 4 hours. Per the contract, use of a per diem rate for OCONUS shipments sometimes yielded a compensation dollar amount, which was greater than the inconvenience to the customer.
D&B performed a financial risk analysis prior to any TP being authorized to participate in the program, therefore the Bond Recovery program was not considered to be needed under FSMP.	Bond Recovery re-procurement program includes: monitoring program; updating re-procurement procedures; research, analyze, compile and calculate excess re-procurement and administrative costs; and prepare and coordinate correspondence and documents to insurance agents for recoupment. Applicable to international carriers.	• When a company folded, it was not always possible to obtain replacement funding; therefore in the future the bond recovery program should be used. 33 companies were not awarded as a result of being classified as high risk. If moderate risk were employed, an additional 87 Transportation Providers would have been excluded from participation in FSMP. Based on problems that surfaced, it may have been beneficial to exclude these moderate risk TPs from the program. Even though Dunn and Bradstreet reviewed TPs past

Table 8.2-1 FSMP PMO Document		
FSMP PROCESS IMPROVEMENT	**CURRENT PROGRAM**	**ACTUAL RESULTS**
		performance, it did not weed out all the bad performers. While the potential for a review of past performance and financials resulted in fewer "paper companies" bidding, the review process used did not successfully identify all paper companies. Under FSMP, 2 companies folded while participating in the program. However, FSMP was able to obtain financial work-arounds for both companies.
Adopt Customer Satisfaction Survey, by an independent third party, to measure Transportation Provider and Move Manager performance. Impacts transportation provider ranking and assignment of shipments.	TQAP is based on three factors: 1) On-time pickup; 2) On-time delivery; and 3) Reported loss and damage through DD Form 1840 and 1840-R (Notification of Loss and/or Damage) to deduct points from carriers. Scoring: 40 points maximum – reported loss and damage, 20 points each for on-time pickup and 40 points maximum on-time delivery.	• Results of the Customer Satisfaction Surveys impacted the quality scores of Transportation Providers. Inaccurate or missing customer contact information recorded in the BVDDb resulted in some customers not being contacted. FSMP used a uniform methodology for obtaining customer satisfaction data. There was one source (Gallup) for conducting the survey, and all surveys were conducted via phone. As a result there were no variations in scores that could be attributed to different survey methods. Under FSMP Move Managers and Transportation Providers were not allowed to conduct their internal surveys until after 30 days from shipment

Table 8.2-1 FSMP PMO Document		
FSMP PROCESS IMPROVEMENT	**CURRENT PROGRAM**	**ACTUAL RESULTS**
		delivery to residence. The customer's input directly affected the quality scores of the TPs, which impacted the number of shipments TPs received. Due to the fact that SIT can sometimes last 90 days or more, customers were surveyed upon both delivery to SIT and delivery to residence. The survey questions asked were tied only to the services most recently performed. At the beginning of the program, surveys also were performed on PPM and NTS shipments. This may have resulted in too many calls to the customer, so the surveys were scaled back. NTS shipments were handled under a separate contract; therefore surveys on them did not provide insight into FSMP performance.
• Provide Full Value Protection for loss and damage to property ($6.00 per pound times net weight of shipment capped at $75K).	Depreciated value at $1.25 x the net shipment weight capped at $40K. Additional insurance available at Service Member's expense. Maximum coverage available for CONUS shipments is $3.50 per pound capped at $63K (option not available for OCONUS shipments). Service Member has option to purchase private insurance to provide additional protection.	• Based on customer communications to the PMO, customers viewed full replacement coverage as a positive feature of FSMP. The impact of the full replacement value on Transportation Providers rates and MM fees could not be directly determined.

Table 8.2-1 FSMP PMO Document		
FSMP PROCESS IMPROVEMENT	**CURRENT PROGRAM**	**ACTUAL RESULTS**
• Provide an option for quick claims settlement (paid within 5 business days) if damage is less than $500 per shipment.		• Information regarding quick claims settlement cannot be adequately analyzed due to insufficient data.
• Direct claims settlement with mandated timeline (45 days from receipt of claim) to settle and pay claims. • Reduce the workload for the Military Claims Office by having MMs and TPs settle claims.	Service Member deals with Military Claims Office who processes and pays at depreciated value. Claims Office then asserts demand against carrier.	• TPs were given the option to settle claims at time of rate filing. MM claims settlement sometimes resulted in a faster payout to the customer. If customer had multiple shipments tendered to different TPs, the MM was required to settle claims to provide single point of contact for claims settlement. • The Military Claims Office workload was reduced.
Reduce Service Member upfront out-of-pocket expenses for obtaining estimates for claims, by making the party responsible for settling claim (MM or TP) responsible for obtaining replacement and/or repair estimates.	Service Member required to obtain estimates and submit to Military Claims Office. Service Members pay for estimates and then file as part of the claim process.	• Repair and replace concept worked well when TP and MM followed contract terms.
Adoption of commercial payment system using U.S. Bank's PowerTrack (PT) system to pay Move Managers and Transportation Providers.	Army and Air Force personal property payments processed through DFAS-Indianapolis; Navy through NAVTRANS at Norfolk then DFAS-Norfolk; Marine Corps through Transportation Voucher Certification	• Modifications were made to PT for FSMP, however further modifications will be needed to accommodate Personal Property shipments in the future; e.g. ability to handle multiple invoices for a

Table 8.2-1 FSMP PMO Document		
FSMP PROCESS IMPROVEMENT	**CURRENT PROGRAM**	**ACTUAL RESULTS**
	Branch at Albany then DFAS-Kansas City; and Coast Guard through Finance Center at Chesapeake VA. Auditing and certification performed on line haul costs and DD 619-1 and any other supporting documentation. EDI invoices paid by DFAS Indianapolis, Accessorials are paid on demand with post payment audits performed by GSA.	BOL, and addition of certain fields to ad hoc reporting. PowerTrack had edit checks in place to confirm consistency on key data elements. However, it relies on systems feeding it to provide accurate data; e.g., LOA, CBL#, Move ID, etc. TPs needed to be better trained on PowerTrack processes. Better understanding of processes would have resulted in faster payment for transportation providers. Although PT was easily accessible some users did complain about the system response time during peak hours. MMs rated shipments in their own system and fed the data into PT. PT matched the MM fee with the TP invoice. This is what constituted the pre-payment audit. There were rating inconsistencies across the MMs.
• Streamline accounting data used for payment of personal property shipments (Marine Corps		• It was difficult to develop a process for MMs to select the correct LOAs for the type of move being made because there was no standardization of accounting data between the services.

Table 8.2-1 FSMP PMO Document		
FSMP PROCESS IMPROVEMENT	**CURRENT PROGRAM**	**ACTUAL RESULTS**
and Navy both reduced the number of LOAs by making greater use of TACs). • Provide easy access to a centralized source of financial data via the Internet for users across DOD.		accounting data between the services. Lack of standardization for civilian Lines of Accounting created problems for both Move Managers and Certifying Officials. Standardization would have prevented numerous problems. The Marine Corps improved their LOA structure for FSMP by reducing the overall number of LOAs from 159 to 69. This made it easier for the MMs to understand and select the correct LOA. Navy also reduced their LOA structure from 3,288 to 178. • PT was a good tool that allowed the Services personnel, at all levels, to monitor what they were spending on transportation costs. PT was successful at providing users complete visibility to all shipment costing information. Monthly Bank Statement Preview was a valuable tool in validating and certifying Monthly Bank Statements. Some DFAS payment centers requested access to PowerTrack to perform prevalidation and payment process to US Bank. •

Table 8.2-1 FSMP PMO Document		
FSMP PROCESS IMPROVEMENT	**CURRENT PROGRAM**	**ACTUAL RESULTS**
• Reduce time to pay Transportation Providers. • Reduce DFAS processing costs to the Services by reducing DFAS workload.		Average time from notification of service completion (i.e., submission of Notice of Delivery and Invoice) to payment approval is 4 days.Average time from notification of service completion to TP payment is 5 days. • • DFAS paid U.S. Bank based on one monthly bank statement per installation vice individual shipment invoices. If there were errors in the LOA on the Monthly Bank Statement, they needed to be resolved before DFAS could pay U.S. Bank. Time taken for Move Managers to receive documentation, perform prepayment audit, rate shipment, and feed data to PowerTrack led to TPs voicing concerns about late payments. Communication problems between MMs and TPs regarding data/paperwork necessary to rate a shipment sometimes resulted in delayed MM feeds to PowerTrack.
Provide a web site for use by all stakeholders to obtain key information.		• The Q&A functionality facilitated the collection, tracking, and assignment of industry questions to the PMO staff to be answered. However this

Table 8.2-1 FSMP PMO Document		
FSMP PROCESS IMPROVEMENT	**CURRENT PROGRAM**	**ACTUAL RESULTS**
		the PMO staff to be answered. However this functionality was never fully utilized due to time constraints on PMO personnel. The ability to search the Q&A for key words greatly reduced the time required to find answers to questions that were previously addressed. Contact lists were designed to enable users to find important contact information for MMs, TPs, FSMP PMO, etc. A dynamic database was very efficient at allowing MMs and TPs to update their contact information. However, the FMSP PMO sometimes had to remind MMs and TPs to update their contact information. The Library area of the web site provided a portal to important Government and Industry sites and information. This was well received by the customers and industry.

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9.0 Additional Analysis

In this section additional qualitative and quantitative analysis was undertaken on relevant pilot program data under the Tier III level of the evaluation methodology. The SAM pilot program was included in this tier of analysis based on the *Service-Member Arranged Move Program Evaluation Report*, prepared by the Navy in June 1999 because the quantitative data required for a detailed comparison with the MTMC and FSMP pilot programs was not available. In addition, lessons learned from the Army Hunter Pilot Program, and ongoing Service initiatives including the Navy SMART*WebMove* and the Air Force Realignment Initiative have been included and appraised.

9.1 SAM Pilot Program

Background

According to the *USTRANSCOM Personal Property Pilot Programs Evaluation Plan*, ("Evaluation Plan") dated 5 May 2000, the Navy Service Member Arranged Move (SAM) Pilot Program was evaluated using the June 1999 NAVSUP Internal *Service-Member Arranged Move (SAM) Program Evaluation* Report ("SAM Report"). The Navy SAM Report, a NAVSUP Internal document and the official review document for the program, details shipments during the period January 1998 to May 1999 and includes 198 completed moves.

Since the completion of the report, approximately 8,600 additional moves were conducted until pilot termination in April 2001. The data pertaining to these additional moves was not compatible in type or format to be included in an "apples-to-apples" comparison with the MTMC and FSMP pilot programs. As a result, the evaluation of the SAM pilot remains limited to the scope of the Navy SAM report. The SAM pilot program specific features were member participation, full value replacement, and payment transaction improvements for carriers. The pilot objectives were as follows:

1. Offer Navy Service members a set of moving choices to fit his/her specific need
2. Give the Navy Service member more control over the move process
3. Provide the Service member a better quality move
4. Reduce loss and damage claims

The pilot was initiated in April 1997 as a HHG reengineering initiative in response to Management Reform Memorandum #6 "Streamlining and Simplifying Member-Arranged Movement of Household Goods." It was a voluntary program designed to improve quality of life through increased Sailor involvement in the movement of their personal property and emphasized Service member satisfaction through greater member involvement in their move choices. The pilot also sought to apply commercial best practices to the military HHG moving process. It involved CONUS outbound intrastate and interstate shipments and was available at Puget Sound WA, San Diego CA, Norfolk VA, New London CT, and Whidbey Island WA. It was a 100% small business participation program and was not intended as a replacement to the current moving program, but rather implemented to provide Service members with enhancements and choice.

The majority of the features, offered by the pilot, were tested under the MTMC and FSMP pilots. Not tested under either the MTMC or FSMP pilots was payment by credit card, pager option for delivery, and the options of the Service member to choose the transportation provider.

The SAM pilot program provided full replacement value for lost or damaged goods to a maximum of $72,000. A single point of contact coordinated the Service members' moves and under the pilot, the PPSO move counselor acted as the single point of contact and remained throughout the move to handle all issues including claims. A SAM counselor was available at all participating sites. In addition, Service members had the option to be given a pager to notify them of delivery. The pager option began with the SAM program and subsequently has been expanded to all Navy PPSOs. The ability to settle claims directly with moving company was provided and a toll-free telephone number to provide 24-hour information on the move. The SAM program offered Service members initial tailored one-on-one counseling providing them with information about their entitlements, and move instructions. Carriers were selected based on performance.

An important feature of the SAM pilot program was to provide Service members with the opportunity to choose their carrier. The importance of member choice was reflected in three of the four program objectives: Offer Navy Service members a set of moving choices fitting his/her specific need, give the Navy Service member more control over the move process, and provide the Service member a better quality move. Service members who chose to participate in this program were offered a selection of transportation providers to choose from through Vendor

Quality Books. The Vendor Quality books provided carrier information and marketing materials and completed surveys by previous pilot participants. Participation in the program was entirely voluntary, however, the Service members had to review or contact at least three carriers if he chose to participate. In addition, the member was encouraged to have direct contact with the carrier throughout the move process.

The Government Purchase Card was used to pay invoices associated with the program. According to the PMO this practice resulted in a streamlined and efficient use of resources and a quick turnaround for participating contractors. All SAM pilot contractors were paid using the Government Purchase Card.

Evaluation

The evaluation of the personal property pilot programs was designed to examine the pilot programs and the "as-is" program based on QOL, cost, small business participation, and process improvements. Quantitative survey and shipment data was used in this evaluation. Although the SAM Report does contain data collected by the SAM PMO, it does not represent a validated, statistically defensible sample and was not provided according to the Evaluation Plan criteria. The SAM Report discusses the lessons learned from 198 completed moves. Seven specific lessons were identified and may be applied to the HHG evaluation and to an improved future program. The report lessons learned are:

1. Member participation
2. Member satisfaction
3. Loss and damage claims
4. Carrier participation
5. SAM cost comparison with GBL shipments
6. Member workload assessment
7. Personal property shipping office workload assessment

The lessons learned document was written to assess the pilot in its early stages and make timely changes where identified as required to improve the program. Of significance, is the role of the Service member in their move. This was an important aspect of the SAM pilot. The member was able to select what they considered best value and provide feedback and review. Because the pilot was a voluntary program, the education of the Service member in choosing to participate in the program was extremely important to its relative success. The lessons learned in

the SAM Report focused on educating the Service member to play an active role in their move and understand the time they needed to commit to ensure a successful move—from initial participation to understanding how to identify best value in a carrier, and providing feedback. The report also focused on improved quality through tightly managed carrier performance by the PMO in a swift and timely manner, which was possible due to the program's size. According to the program administrators they adopted a very "hands-on" approach to the pilot's day-to-day operations. As a result, when problems arose they were resolved quickly, insurance claims were reviewed and quickly processed, and contractor performance was evaluated. The PMO reported the approach offered a streamlined and efficient business practice due to simplified business processes. Letters of Agreement (LOA) were adopted to streamline the contracting process. According to the SAM program report, the LOAs provided commercial best practices and enabled the lessons learned from the Hunter Program and industry to be incorporated into the SAM pilot program. Bilateral agreements were made with American Moving and Storage Association (AMSA), freight forwarders, and individual carriers. According to the SAM program office, the LOAs created a 100% competitive environment for contracted carriers and awards were made on a case-by-case basis based on the best value decision for each move. The PMO reported better better rates and increased support from the transportation providers. In addition, it gave a guaranteed opportunity for transportation providers to compete evenly. Linehaul rates were determined by surveying industry for discounts from the commercial tariff. The 400L and 400M tariffs were used, and the ranges were set based on geographical locations. Discounts ranged from 45% - 65% and the average discount, according to the program office, was 47%. As no minimums or maximums to the line haul were used, there was no grievance process associated with rates.

According to the PMO and the Navy SAM report, improvements in the claims process through direct settlement with the carrier and FRV resulted in claims settlement in less than 2 weeks. An important feature of the pilot program, which was not included in the SAM Report, was the use of the Government Purchase Card to pay invoices. According to the program office this resulted in a streamlined and efficient use of resources and a quick turnaround for participating contractors. To use the Purchase Card in this context required changes in wording to the FAR. Until June 2000 GSA stipulated transportation services could not be acquired using the card – they were contracted via a GBL. The same issue applied to drayage and handling of goods from

SIT once they were converted to commercial accounts. As a result of the program, these rules were changed enabling this process improvement to be implemented. All SAM pilot contractors were paid using the Government Purchase Card.

It can be concluded the SAM pilot program provided a number of unique and innovative features and possible improvements to the personal property moves of a number of Navy Service members. The SAM pilot features were a precursor to the MTMC pilot program, which adopted some of these attributes including full replacement value for lost or damaged goods. Navy SAM pilot program cannot be quantifiably measured based on the current data available. However, the SAM Report highlights the importance of Service member participation in improving their HHG moving experience. The role of the Service member was key to carrier choice and ensuring quality carriers by providing accurate, timely feedback through quality of life survey responses. Additionally, the program, due to its size, was able to focus on carrier performance and improving quality through contracting arrangements and monitoring which provided results such as reduction in claims settlement time for the Service member.

9.2 Hunter Pilot Program Lessons Learned

A review of the Lessons Learned from the Hunter Pilot Program was conducted to understand the similarities and differences between it and the FSMP pilot program. In particular the Hunter Pilot Program's outsourcing feature was evaluated and compared with the FSMP pilot program. Because this evaluation was not anticipated in the original Evaluation Plan, it has been included in the evaluation as a Tier III (additional qualitative data) review.

The Lessons Learned review has been based on qualitative data only. Source data has extended to examining pilot program documents and literature including the final report, Army Audit Agency report, and GAO official reports. Interviews were conducted with key personnel who were involved in the Hunter program to discuss the processes and specific features and included Ms. Lisa Roberts, OSD, Ms. Robin Baldwin, MTMC, and Mr. William Neal, USA.

The Hunter Pilot Program was conducted between July 1997 and May 1998 at the Hunter Army Airfield, Georgia, and included 1,349 Army shipments. The Department of the Army contracted with a relocation services contractor, Cendant Mobility to outsource household goods moves, thus divesting the Army of this function. This was the first test of outsourcing personal property transportation services for military families. The goal of the pilot was to improve the relocation and moving process for the Service member and their family, particularly with respect to cost, small business impact, and the overall quality of life.

The relocation company provided point-to-point arrangement of household goods moves, and was intended to reduce administrative and overhead costs to the government. Most importantly it was to provide a single Personal Move Coordinator to the member to ensure on-time pick-up/delivery, maintain continuous in-transit shipment visibility, provide quality control over carriers' performance to decrease damage and loss claims, manage claims processing, and provide full replacement compensation for damages and losses within 30 days of claim receipt.

Additionally, the Personal Move Coordinator provided relocation services such as home finding for buyers and renters, mortgage services, marketing service for home selling, and property management at no additional charge to the Army or Service member.

Specific features of the Hunter pilot program included:

- Individual entitlement and move process counseling

- On-site or optional residence counseling
- Toll-free assistance for tracking household goods
- Guaranteed on-time pick up and delivery
- Direct delivery upon request
- Guaranteed 30 day claim settlement directly with service member
- Full replacement value protection for damaged household goods up to $75,000.00
- Relocation services for marketing home sales
    - Mortgage assistance
- Connection with Housing Referral, Army Community Services, Personnel, Commercial Travel, and Finance offices

The goal of the FSMP pilot program was to enhance qualification criteria for transportation providers, provide in-transit visibility, and offer full replacement value for lost and damaged goods. Originally intended to be an extension of the Hunter pilot program, the FSMP pilot was a modified version of its originally proposed scope.

The FSMP pilot program commenced operations in January 2001 after a number of delays and continued until early termination in September 2001. Launched as a quality of life initiative, the program's objectives were three-fold: 1. improve Service member satisfaction, 2. fix the acquisition process, and 3. dtreamline infrastructure.

The pilot focused on testing the Move Management concept for outsourcing transportation services on a wider scope and included all military services and the Coast Guard and was conducted on outbound domestic and international shipments in the National Capital Region, Georgia (excluding Robins AFB) and Minot AFB, North Dakota. Basing shipments on pilot criteria, the pilot goal was to include about 90% of the shipments originating from the pilot locations. It also sought to enhance qualification criteria for transportation providers, provide in-transit visibility, and offer full replacement value for lost and damaged goods.

Specific features of the program included "One touch" relocation services for entitlement counseling, commercial transportation, and move management services provided by a move manager. The Move Manager would provide personal move coordination and act as a single point of contact for the Service member throughout their move. Additional features included:

- Full Replacement Value for Lost or Damaged Goods
- Single Point of Contact to Coordinate Move (Move Manager)
- Ability to Settle Claims Directly with Moving Company
- Toll-Free Number to Provide 24-hour Information on Move
- Relocation Services
- One-on-One Counseling About Entitlements and Move Process
- Selection of Carrier (by Pilot Program Management) Based on Performance

Table 9.2-1 shows the Hunter Pilot and FSMP pilot program features.

Table 9.2-1: Features of the Personal Property Pilot Programs

	FSMP	Hunter
Single Relocation Coordinator	✓	✓
Relocation Package – Relocation Services	✓	✓
Quality Carrier/Contractor Selection	✓	
Full Replacement Value	$75K MAX	$75K MAX
Direct Claims Settlement with Contractor	✓	✓
Toll-Free Communication/In-Transit Visibility	✓	✓
One-on-One Counseling	✓	✓
Moving Assistance Package (General Move & Claims Info)		
Best Value (Based on Contract Award)	✓	✓
Guaranteed On-Time Pick-Up & Delivery (Penalty)	✓	✓
Binding Estimate to Ship Items Not Covered	✓	✓
Commercial Bills of Lading	✓	✓
Reduced Invoicing – Fair & Reasonable	✓	One monthly invoice
Contract Vehicle	FAR Part 12	FAR Part 12
Guaranteed Claims Settlement	Within 45 days	Within 30 days
Inconvenience Claims	✓	✓
Commercial Business Practices	✓	✓
Small Business Participation	30%	33%
Commercial Tariff for Domestic Moves	✓	✓

	FSMP	Hunter
Streamlined System Simplification	✓	
Long-Term Industry Partnership	✓	✓
Payment Via IMPAC Card		
Direct Communication Between Service Member & Contractor	✓	✓
Customer Satisfaction Surveys	✓	✓
Powertrack Payments	✓	
Invoice Auditing	✓	

Whereas the FSMP pilot program was originally intended to be extension of the Hunter pilot program across all Services. Implementation of the pilot was substantially delayed by industry concerns and protests and as a result a number of compromises were made with the transportation industry that changed the nature of the program dramatically. What had been intended as an expanded test of the Hunter pilot, radically changed, and in many ways, became a new pilot program.

Industry raised nine issues with the pilot program:

1. Pricing – The transportation providers did not want their rates established in contract with the Move Managers. In response a two-pronged approach was adopted establishing a contract with Move Managers with a flat fee per shipment. Service agreements were established with the transportation providers using the industry tariff baseline for domestic shipments and single factor rates for international shipments.
2. Contract length – Transportation providers considered a one year base contract with 9 options years too long. The response was to limit the Move Managers' contracts to two base years with three 1-year options. Transportation agreements were renewable yearly.
3. Quality criteria distribution – Transportation Providers wanted DOD or an independent 3rd party to distribute traffic. It was agreed that first Dun & Bradstreet would perform a risk analysis and identify high risk carriers and paper companies for elimination. The Gallup Corporation would perform customer surveys measuring carrier performance and input the data into the BVDDb. The Move Manager would feed shipment data into the Best Value Distribution Database, which the Move Manager would then use to award traffic based on a weighted split (70% quality score, 30% cost).

4. Claims – Both the relocation companies and the transportation providers wanted the responsibility to settle claims directly with the Service member. The compromise was both the transportation providers and Move Managers would bid with and without claims. Upfront the transportation providers would decide to use either their own liability insurance or the Move Manager's. The transportation provider would be responsible for liability on moves with a single shipment or multiple shipments with one transportation provider. The Move Manager would handle liability on moves with multiple shipments and multiple transportation providers.

5. Payment – industry wanted timely settlement of invoices to transportation providers. It was agreed timely settlement of invoices would be achieved through the PowerTrack billing and payment system.

6. Commissions – Transportation providers did not want to pay commissions for services provided to them by Move Managers. It was agreed there would be no commissions. Move Managers would offer a flat fee per type of shipment.

7. Primes – Transportation providers wanted a direct relationship with the government rather than sub to Move Managers. The solution was transportation providers would have a direct relationship with the government through the Transportation Service Agreement. The Move Manager would act as a government agent.

8. Accessorials – Transportation Providers required simplification of accessorials in the domestic tariff. In response the industry tariff and current commercial practices were adopted.

9. Inbound/outbound – Transportation Providers wanted to exclude NTS and DPM shipments from the FSMP test. The Move Manager was responsible for all outbound shipments in FSMP pilot program areas and NTS and local shipment were excluded from the pilot program.

The major differences in implementing the FSMP pilot program as an extension of the Hunter pilot program occurred as result of these industry concessions. The proof of concept that had previously been tested to apply commercial practices, in particular outsourcing, to the DOD

environment was diluted. The FSMP pilot program became a compromise of existing DOD and commercial moving practices

The pivotal difference between the two programs was the role of the Move Manager in the FSMP pilot program. Whereas in the Hunter pilot program the Move Manager was the sole figure responsible for the Service member's move, negotiating rates with carriers and distributing traffic, and enforcing quality standards, in the FSMP model the role of Move Manager was weakened by the concessions made to industry. The sole moving authority was replaced with a hybrid system of shared responsibilities and authority. This compromised the commercial outsourcing concept. In the Hunter pilot program the Move Manager was the sole liaison with the Service member, industry, and the government. In the FSMP pilot, responsibilities were split between the Move Manager and transportation provider that resulted in ineffectual authority and a confusing relationship for the Service member–the Move Manager was not able to act as their exclusive agent.

Other lessons learned that created the major differences between the Hunter Pilot Program and FSMP pilot stem from this shared responsibility and diluted Move Manger role. Under the Hunter pilot program quality control was the responsibility of the Move Manager who "owned" the contractual relationship with the carriers. Under this arrangement the government had a high-level oversight of carrier performance, with the Move Manager performing the day-to-day monitoring and enforcement. The Move Manager's compensation was performance-based and Service members provided input via a quality control survey. This added great impetus to ensuring quality service and provided leverage for the Move Manager to obtain quality service from their carriers.

Similarly the diluted role of the Move Manager in the FSMP pilot program changed the efficiency of claims settlement. The Move Manager was responsible for settling claims if there was one or more transportation provider involved. With this arrangement the Move Manager was settling with the Service member at $6.00 per pound and a carrier's responsibility was $1.25 per pound. As a result, there was little incentive for a carrier to spend hours locating a missing box. It could be argued it was cheaper to accept the liability.

The strength of the Hunter Pilot Program was in the centralized role of the Move Manager. The dilution and split responsibility of this role created a difficult and possibly unworkable situation

with the FSMP test. As a result, the FSMP pilot cannot be viewed as an extension of the Hunter Pilot nor can it be seen as an effective test of commercial business practices, especially outsourcing, in a DOD environment. The FSMP pilot was a hybrid of commercial and uniquely government practices.

9.3 Navy SMART*WebMove*

SMART*WebMove* is an interactive, customized entitlement-counseling module developed by the Navy to provide sailors the opportunity to arrange a household goods move over the Internet. As a web-based program it provides sailors access 24 hours a day, 7 days a week from home, work, on board ship or anywhere there is Internet connection.

Currently, SMART*WebMove* serves active-duty Sailors and their families who have household goods located in, and PCS orders from, eight Navy areas to a new duty station or homeport within the Continental United States (CONUS). The eight areas include San Diego, Port Hueneme, and Seal Beach in California; the Fleet and Industrial Supply Center Jacksonville and Mayport in Florida; Kings Bay, Ga.; Charleston, S.C.; and Norfolk, Va.

SMART*WebMove* is the first interactive program in the Department of Defense to provide move application forms and tailored entitlements counseling online. It is designed to service routine moves. To determine eligibility, the Sailor or spouse visits the SMARTWebMove site at www.smartwebmove.navsup.navy.mil and answer questions about the specifics of the move.

SMART*WebMove* is easy to use and takes an average of 40 to 60 minutes to complete a move application online with customized pathways through the system and automatic formatting and auto-fill of repetitive data. The system provides multi-session access if the application cannot be completed in one session. Move arrangements for up to 3 shipments can be prepared with a single application at least 30 days in advance of the move date. The Service member receives an email response confirming carrier selection and other pertinent information and is assigned a personal representative who emails information and is available for assistance throughout the process. The Service member follows up the application with mailed or faxed copies of orders to the PPSO.

Information in the system is protected and is stored on a secure server. Personal information is encrypted as it is being transmitted. Each user's account is password protected so only individual users can access their records.

For Service members who are experienced in HHG moves, SMART*WebMove* provides a timely and accessible alternative to preparing an application during PPSO office hours. The system has been designed to process up to 80% of routine HHG moves for the Navy. Additional

information is provided on the Navy web site that pertains to shipment limitations, destination arrival checklist, and a reference library of applicable regulations.

To access SMART*WebMove*, go to www.smartwebmove.navsup.navy.mil

9.4 Air Force (AF) Realignment Initiative

The Personal Property Shipping Office Realignment Program (also known as the Air Force Realignment Initiative) is an ongoing effort launched in response to concerns by senior AF leadership to implement improvements for Service members' moves by insuring quality. The intent is to restructure the personal property offices while continuing to reengineer the business processes. Since the DOD household goods (HHG) reengineering has been ongoing since 1994, the AF plan was to begin introducing near term improvements compatible with both current program rules and recommendations occurring as a result of the USTRANSCOM evaluation. The initiative is currently being phased-in at JPPSO-Colorado Springs, CO and JPPSO-San Antonio, TX.

In the current Personal Property Program there are numerous offices involved in the movement of Service member personal property. This creates confusion for both the customer and carrier industry. There is the Personal Property Processing Office (PPPO), the Personal Property Shipping Office (PPSO), the Consolidated Personal Property Shipping Office (CPPSO), and the Joint Personal Property Shipping Office (JPPSO). All of these activities have varying responsibilities, from the PPPO, whose only responsibility is to counsel the member, process the move application and forward the application to the responsible PPSO, JPPSO or CPPSO, to the PPSO, JPPSO or CPPSO whose responsibilities include all aspects of the members' move. The worldwide presence of all these offices makes it difficult to maintain consistency, reduce redundancy and provide effective contact with the carriers.

The AF initiative is to strengthen both the face-to-the-customer and the face-to-industry by separating the front office tasks from the back office tasks. The realigned front office (PPPO) will perform inbound and outbound counseling and quality assurance. The realigned back office (JPPSO) will perform carrier and agency management, booking, documentation, and billing and

payment services. The AF hopes to realize many improvements by these consolidations. Paperwork and management tasks will be reduced for the PPMO, thereby, freeing manpower to work customer and quality issues. In addition, the consolidation of carrier management will provide greater leverage for carrier quality since the area of responsibility of the JPPSO increases within the initiative. In the current program carrier quality is measured at the local level which reduces not only the effectiveness of the quality assurance program, but also the level of influence the Services have in increasing quality service.

Again, by concentrating on consolidating the administrative functions, the primary objective is to increase the level of service offered Service members by improving counseling and enforcing quality standards. The proposed structure provides a two tiered safety net for the Service member. First tier is local assistance from the counselor and quality assurance personnel. This local workforce will be dedicated to counseling and quality issues and documenting the transportation providers' service in the database for payment and quality assessment. The second tier will be to establish a 1-800 call center for clarification of entitlements, carrier service issues and tracking the members' shipment.

Key to the AF initiative is a modernized computer system to support personal property. The current program, TOPS, is outdated and contributes to the overall inefficiencies of the HHG moving system. In addition, it is paper-intensive which further reduces staff availability to interact with Service members during their move.

The AF Initiative centers on educating and preparing the Service member for their move through increased entitlements knowledge and move options (i.e. preparing the Service member for their role in a successful move). Through their increased counseling role, the PPPO can reinforce the Service members' role in the moving process and require the member to take a more proactive stance in insuring their HHGs are properly packed and making sure their goods are packed and moved in an appropriate manner. Additionally, the PPPO provides an advocacy role to ensure the member is prepared and represented during any problems that may be experienced. The initiative also targets an increase in move inspections from 50% to 80% and greater on the spot corrective actions, thus, increasing the role and responsibility of the carrier to provide enhanced quality service.

Although currently limited in scale, the emphasis of the AF initiative is to provide increased level of service and quality to the Service member through more specialized and personalized interaction to provide potential increases in customer satisfaction. By consolidating back office functions resources can be dedicated to service and quality.

10.0 Conclusions

Quality of Life

As indicated by the baseline QOL data, Service members have very low expectations regarding the current DOD personal property program. Poor performance, damage, and a drawn-out claims process are expected and, to a certain extent, accepted as a normal consequence of the move experience. Surveys clearly indicated that the poorest performing features under the current program are related to the claims compensation and reimbursement processes.

In the overall analysis, Service members who participated in either the MTMC or FSMP Pilot Programs perceived an improved level of service, with the MTMC pilot showing the greatest degree of improvement across the board. In the important area of liability-related issues, both programs realized noticeable improvements. Noticeable results were also obtained by the MTMC pilot regarding the simplicity of the move process and availability of information. Although the intent of the FSMP Move Manager feature was to improve information availability and the move process, FSMP did not show improvements in these areas.

When tracking quality of life survey results back to factors identified by the Service member as most important to their move, the MTMC pilot showed noticeable improvement in five of the top fifteen areas (fair payment for damaged or lost goods, timely receipt of personal property, meeting scheduled delivery times, simplicity of claims submission process, and simplicity of the pre-move process). In contrast, the FSMP pilot only showed visible improvement to two factors (fair payment for lost and damaged goods and simplicity of claims submission process).

When reviewing the CONUS/OCONUS analysis separately, there were few CONUS improvements offered in the FSMP pilot while the MTMC pilot reflected much the same results as in the overall MTMC analysis. However, there was significant divergence between the pilots in the OCONUS arena. Service members moving overseas considered the MTMC pilot performance to be greatly improved over the current program and the FSMP pilot. Again, the most significant MTMC pilot improvements were in the liability related areas, but the pilot also greatly improved service related issues (availability of information, simplicity of pre-move process, timeliness of pick-up, clarity of move instructions, problem resolution and over-all satisfaction with the move). In contrast, analysis of FSMP OCONUS results showed very poor

results, actually performing worse than the current program in several areas. The pilot negatively impacted service related issues - regarding availability of information, satisfaction with and problem resolution by the Move Manager, ease of dealing with the moving company, timeliness of delivery and overall satisfaction with the move.

A "time in service" analysis of the quality of life data determined that more senior Service members (i.e. members with a longer time in the military) were more negative in their collective responses than more junior members. This may be attributed to the fact that senior members have a longer history of unsatisfactory experience with the current program, and the pilots did not live up to their expectations for dramatic improvement. This dissatisfaction was most prevalent in the FSMP pilot

Cost

Both pilots showed fairly significant cost increases over the current program, with FSMP consistently more costly both on a per pound basis and an overall shipment basis than the MTMC pilot shipments. The primary cost drivers were SIT and accessorial costs; in addition, indirect cost savings realized under FSMP were more than offset by the Move Manager fees associated with that program. Notably, the MTMC pilot costs for overseas-unaccompanied baggage shipments (26-28%) demonstrated reductions over the current program primarily due to the use of commercial carriers in lieu of Air Mobility Command (AMC) services.

It is USTRANSCOM's belief that the comparison of pilot costs to the current program may not reflect exact cost increases for a full DOD program rollout. Pilot costs were compared to the current program as if the current program used business rules similar to the pilots. Even though there are no statistical measures, the expectation is, based on the expected competition generated by the volume of DOD business and efficiencies gained in improved business processes, cost increases in a full DoD program rollout would not rise to the level reflected in the constructed cost data.

Pilot Cost Increases/Decreases vs. Baseline Current Program

	MTMC	FSMP
Overall CONUS	34-35%	66-70%
CONUS HHG	34-35%	66-70%
Overall OCONUS	18%	11-15%
OCONUS HHG	33-34%	18-21%
OCONUS UB	(26)-(28)%	1-(5)%
OVERALL	**31-32%**	**51-54%**

Cost Benefit Analysis

A cost benefit analysis of the specific program features was conducted to determine the "return on investment" by implementing one or more of the pilot features in the future program. The features reviewed in the cost benefit analysis from both FSMP and MTMC were full replacement value, ability to settle claims directly with the moving company, toll free number, one on one counseling, and performance based carrier selection. The FSMP unique features - - the single relocation coordinator/Move Manager and Relocation Services were also analyzed. Analysis of the pilot specific features indicated that adequate, fair compensation (full replacement value) was clearly the number one feature identified by Service members as noticeably improving their HHG pilot move, and appears to be a cost effective improvement over the current program. The Pilot Program Offices estimated the cost of FRV to be 7% of shipment linehaul cost. Closely related to FRV and overall liability coverage improvement is the ability to settle claims with the moving company (estimated at 2-3% of shipment linehaul costs by the pilots). In addition, enhanced communications between the Service member and the carrier and access to shipment information (cost, claims, demographics, ITV) performed well in the QOL results and also warrant inclusion into the future program.

Small Business Participation Results

The Small Business Act (Public Law 85-536) establishes a government-wide goal for small business participation at 23%. This was established as the minimum that each pilot had to meet based on revenue calculated from the shipment data. Each pilot exceeded this goal. Analysis indicated small business participation was 48% for MTMC and 72% for FSMP, while SAM reported 100% participation

Process Improvements

Process improvement analysis was qualitatively based on documents provided by the pilot PMOs, interviews with pilot PMO personnel or observations from pilot site visits. A review of this information identified that both the MTMC and FSMP pilots, through use of performance based contracts, successfully reduced burdensome paperwork associated with carrier approval, rate solicitation, and the solicitation processes and appeared to provide significant benefits over the current process.

All three pilots (MTMC, FSMP, and SAM) incorporated Service member feedback to obtain a comprehensive picture of performance and quality assurance and used this information to directly impact carrier awards by giving shipments to carriers with the highest performance and best value. The feedback by the participants provided an up-to-date, continual review of contractor performance and appears critical to insuring quality in the future program.

Both the FSMP and the MTMC pilots utilized web-based systems, which significantly improved communication among government and industry personnel involved in the move. The ability to get a "complete" picture of the member's move from start to finish – move application to claims submission -- is critical to improving the future program. In addition, a web-based system could provide the ability to interface across functional areas such as personnel, transportation, financial and claims. Finally, such a system would provide the environment to include a counseling function reducing time spent for both the transportation office and the member in arranging HHG moves.

It is important to also note that change management and training of personnel require close attention in the future program rollout. The importance of training was demonstrated at the select PPSOs visited that were managing the MTMC pilot. It was apparent that the staff did not

use and was not aware of reporting tools built to assist in the management of HHG shipments. While it cannot be determined whether this was due to the fact that only 50% of the shipments from these sites were included in the MTMC pilot or whether it negatively impacted the MTMC pilot performance overall, it is important to note.

Additional Analysis

The evaluation methodology included an analysis of additional qualitative and quantitative information from various Personal Property related initiatives throughout DOD, as well as the Navy SAM Pilot Program. These included lessons learned from the Army's Hunter Pilot Program, and the Air Force's personal property shipping office realignment initiative, and the Navy's SMART*WebMove.*

The Navy SAM Pilot: Quantitative data was not available for SAM pilot shipments, however, a qualitative assessment indicates that several features were reported as successful from the SAM Pilot Report and PMO interviews. The report and PMO interviews indicated that, in addition to Service member feedback on performance and full replacement value for lost and damaged goods, Service member participation in carrier selection provided noticeable improvement results in the SAM pilot.

The Army Hunter Pilot: A review of lessons learned from the Army Hunter Pilot Program was conducted. The interviews and document research indicated that the scope of the Hunter pilot was changed as it evolved into the FSMP pilot. Changes in the role of the Move Manager under the FSMP pilot affected the Move Manger concept. The Hunter Pilot included a relocation company concept/Move Manager whose responsibilities included oversight of the transportation providers, as is generally done in the commercial sector. The FSMP program split that relationship, diluting the Move Manager role with the transportation provider and creating additional process "seams" (claims settlement, focal point for issues, etc). Conclusion: In the Hunter Pilot, the role of the Move Manager was only tested on a very limited scope, outbound shipments from Hunter Army Airfield, Georgia. Under the FSMP Pilot, the Move Manager concept did not appear to be effective, but it cannot be fully determined whether this was influenced by such factors as the pilot truncation and/or the diluted role of the Move Manger.

Therefore, the FSMP Pilot may be considered inconclusive in ascertaining whether the Move Manager concept was successfully applied in this pilot.

The AF Realignment Initiative: The Air Force Personal Property Shipping Office Realignment Initiative is focused on improving customer service by consolidating redundant back-office functions in a phased-in approach of twenty-eight Air Force bases at JPPSO-Colorado Springs and JPPSO-San Antonio. The intent is by combining the back office functions; local level personnel can concentrate on counseling and quality control. In addition to increased emphasis on counseling, the initiative targets an increase in on-site inspection rates. Air Force personnel have reported the inspection rate has increased from 50 to 80 percent.

The Navy SMART*WebMove*: SMART*WebMove* is an interactive, entitlement-counseling tool developed to provide sailors the ability to arrange a HHG move over the Internet. After the member determines eligibility by answering questions about their move, the member uses customized pathways to fill out and input a move application to the participating Navy transportation office. In addition, the system provides multi-session access if the application cannot be completed in one session. After the Service member submits their application, the member receives an email confirmation of carrier selection and is assigned a PPSO representative to assist throughout the process. The SMART*WebMove* appeared to be a welcome tool for the personal property shipping offices and for the Service member, providing a timely and accessible alternative to preparing an application during normal PPSO office hours and appeared to significantly reduce the time spent by the member to arrange their move.

11.0 Recommendations

Our Service men and women are entitled to the same corporate level quality of service in their moving experience as is available to members moving in the private sector. As an institution, DOD must continue to identify and adopt best business practices that streamline processes, provide quality service at affordable cost, and promote improved quality of life for the Service member. Simply stated, Service members must be treated as valued customers by both government and industry organizations involved in the process.

DOD's future Personal Property Program must move beyond the weaknesses of the current program by building upon the successes and lessons learned from the pilot programs, utilizing commercial standards that minimize damage to the Service members personal possessions through use of quality carriers for every move. When damage does occur, DOD must ensure prompt and adequate compensation using some commercially accepted practice such as full replacement value and direct claims settlement. Personal property movement must be a streamlined process for all stakeholders, Service member, industry partners, and the government, and one that leverages technology to permit proactive management of the end-to-end move experience through an integrated data environment and collaborative work environment, providing immediate feedback from customers to ensure a quality move.

Capitalizing on the successes of the pilot programs the following key actions are recommended for incorporation into DOD's personal property program. All future efforts require coordination and input by stakeholders, government and industry. Additionally, in order to facilitate timely implementation of these recommendations USTRANSCOM strongly suggests that the Services pursue necessary funding in budget submissions.

1. **Re-engineer the Liability/Claims Process**

   - Provide adequate compensation such as full replacement value or adopt commercial standards for minimum valuation
   - Simplify the filing of claims
   - Provide direct settlement with the carrier

The claims/liability processes were high concerns for Service members in both the Pre-Evaluation Survey were the poorest performers in the QOL baseline survey of the current program. These areas in the MTMC and FSMP pilot QOL analysis show the most noticeable improvements. The analysis indicated the benefits achieved instituting increased liability coverage support the marginal cost to include this improvement in the new program.

Shipment data revealed pilot programs dramatically reduced the time to settle a claim. Under the current program the average time is estimated at 146 days from Service member claim filing to recovery of costs from the carrier. This time was reduced to an average of 30 days in the MTMC/FSMP pilot programs, and the Navy SAM Report indicated Service members settled in less than 2 weeks. In addition, direct settlement with the carrier performed well in the QOL analysis and reduces the government infrastructure required to provide this service. It can be expected improved liability coverage along with performance based contracts and quality assurance initiatives will encourage carriers to improve the quality of the move, especially in packing and handling of HHG due to the vested interest of the carrier.

2. <u>Acquisition Process Review: Implement performance-based service contracts (PBSC)</u>

Both pilots successfully streamlined the current process by adopting commercial like acquisition processes (FAR based agreements) while incorporating minimal government unique requirements. An acquisition process review must include effective business rules, contracting with carriers offering best value rather than lowest price, implementing the best available pricing mechanisms, establishing strong carrier qualifications standards, and awarding traffic based on performance.

Implementing performance-based contracting focuses on outcome and execution according to clearly defined measures and offer reduced risk to the government. This shift in contracting requires a culture change in the current acquisition process and concerted up front effort to clearly define "success" and develop metrics. The current process would be streamlined, placing the burden for successful performance on transportation providers and allowing the government to focus on outcome. Of critical importance in the PBSC process are the pre-screening of carriers for financial viability and most importantly the instituting of quality assurance processes.

The key to success in this area will be a strong partnership between industry and government.

3. Implement Information Technology Systems Improvements

Develop an integrated end-to-end HHG process

- Interface systems related to personal property (personnel, transportation, financial, and claims)
- Provide government enhanced access to shipping data both for cost and Service demographics
- Improve communications between carriers, customers, and government
- Develop in-transit visibility functions for accurate tracking of shipments by Service member
- Provide toll-free customer service support

Technology upgrades are required to implement a multi-medium integrated end-to-end HHG process. It is recommended this integrated environment adopt a counseling function, similar to the Navy SMART*WebMove*, which could act as the first step in the HHG moving process. Web-based systems were successfully implemented in both the MTMC and FSMP pilot programs providing improvements over the current legacy system (TOPS). In particular, the MTMC pilot system, PTOPS, established business rules incorporating commercial practices, which could be used to provide a starting point for future systems.

In-transit visibility is an important feature for the Service member. In addition it provides the government the opportunity to reduce costs associated with HHG moves. For example, increased communications could increase the incidence of direct deliveries, thereby; reducing SIT and SIT related costs.

Accurate Service member contact information was also a major problem experienced while conducting surveys during the evaluation and pilot operations. By providing web based counseling and access, the Service member could provide changes to contact or delivery address and satisfaction surveys could also be administered and completed efficiently and cost-effective. The SAM pilot program provided members the opportunity to view previous carrier surveys when preparing their move. While this feature was not quantifiably scored, on-line surveying capabilities could provide Service member access to similar performance information.

Implementation of kiosk or similar facilities could provide easy web access to all Service members and may be worth exploring.

Many of the problems faced by Service members when moving relate to the actual quality of their move. In the Pre-Evaluation Survey, the most important issue of concern for Service members was damage and loss to personal property. Quality control will be improved as a result of the three previous recommendations: liability coverage provides an economic incentive for the carrier to provide increased internal quality measures; PBSCs will reward good performers; and a web-based management system will permit timely and accurate feedback on performance to permit immediate adjustments to shipment allocations and removal of poor performers.

Outside the scope of this evaluation, USTRANSCOM was also responsible for Management Reform Memorandum #15 which directed the reengineering of the Defense Transportation Documentation and Financial Processes. In 1999, the DOD transportation and financial communities, working closely with the commercial transportation industry, completely reengineered those business processes and implemented a fundamental change in the way DOD pays for freight transportation by adopting the use of a commercial third party payment system. This electronic billing system was successfully demonstrated and resulted in the payment of freight bills in 3 days versus 60-90 days. Although the nuances of freight shipments are different than those of personal property, USTRANSCOM believes that DOD should capitalize on lessons learned from the reengineered freight processes implemented under MRM #15, and reap the same benefits of a third party electronic payment system for personal property. Since there are potential ramifications of such a transition across Service lines and in both the transportation and financial communities, implementation should be pursued in incremental steps starting with identification of pilot locations followed by process testing, before developing long-term strategies. Serious consideration should be given to the implementation of an electronic payment process for DOD personal property shipments.

List of Acronyms

ABC	Activity Based Costing
ADUSD(TP)	Assistant Deputy Under Secretary of Defense, Transportation Policy
AFB	Air Force Base
AMC	Air Mobility Command
AMS	American Management Systems, Inc.
AMSA	American Moving and Storage Association
BCCA	Billing and Customer/Contract Auditor
BVDDb	Best Value Distribution Database
CCDB	Constructed Cost Database
CINCTRANS	Commander-in-Chief USTRANSCOM
CONUS	Continental United States
DEPSECDEF	Deputy Secretary of Defense
DHHG	Domestic HHG
DFAS	Defense Financial & Accounting System
DOD	Department of Defense
DODIG	Department of Defense Inspector General
DUSD (L)	Deputy Under Secretary of Defense for Logistics
EWG	Executive Working Group
FAR	Federal Acquisition Regulations
FFP	Firm Fixed Price
FSMP Pilot	DOD Full Service Move Project
FRV	Full Replacement Value
GAO	General Accounting Office
HHG	Household Goods
HQ MTMC	Headquarters Military Traffic Management Command
IDIQ	Indefinite Delivery, Indefinite Quantity
IPPT	Integrated Product Process Team
ITV	In-Transit Visibility
LOA	Letters of Agreement

LOI	Letter of Intent
NAVSUPSYSCOM	Naval Supply Systems Command
MM	Move Manager
MSC	Military Sealift Command
MTMC	Military Traffic Management Command
MTMC Pilot	Military Traffic Management Command's Reengineered Personal Property Program
OCR	Office of Collateral Responsibility
OCONUS	Outside Continental United States
oHHG	Overseas HHG
OPR	Office of Primary Responsibility
OSD	Office of the Secretary of Defense
PBSC	Performance-Based Service Contract
PCS	Permanent Change of Station
PMO	Program Management Office
PPMP	Personal Property Management Program
PPPO	Personal property Processing Offices
PPSO	Personal Property Shipping Office
PTOPS	Pilot Transportation Operations Personal Property System
PwC	Price Waterhouse Coopers
PWS	Performance Work Statement
QOL	Quality of Life
SAM Pilot	Navy Service Member Arranged Move
SBP	Small Business Participation
SCAC	Standard Carrier Alpha Code
SIT	Storage in Transit
TO	Transportation Office
TOPS	Transportation Operational Personal Property Standard System
TP	Transportation Provider
UB	Unaccompanied Baggage
USTRANSCOM	United States Transportation Command

List of Appendices