



UNITED STATES MARINE CORPS  
MARINE CORPS RECRUIT DEPOT/WESTERN RECRUITING REGION  
1600 HENDERSON AVENUE, SUITE 116  
SAN DIEGO, CALIFORNIA 92140-5001

DepO 5224.2  
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FEB 26 2003

DEPOT ORDER 5224.2

From: Commanding General  
To: Distribution List

Subj: ACTIVITY BASED COSTING AND MANAGEMENT (ABC/M)

Ref: (a) CMC White Letter No. 10-01 dtd 28 Sep 01  
(b) CMC Business Plan dtd 22 Nov 02

1. Situation. To promulgate the MCRD/WRR San Diego ABC/M policy.
2. Mission. ACMC directed an enterprise-wide implementation of Activity Based Costing/Management (ABC/M) during April 1999 across all Marine Corps installations. In July of 1999, OSD directed all services to implement ABC/M. References (a) and (b) explain the use of ABC/M to obtain visibility of true business costs, improve the justification associated with resource requirements, and assist in identifying efficiencies that can contribute savings to support the operating forces. Additional benefits of this tool include the ability to participate in benchmarking with similar business processes both Marine Corps and industry-wide, and to construct meaningful performance measures that are linked to operational and strategic objectives. Ultimately, the performance data provided by the ABC model will be tied to our Strategic Plan that will help in responding to a variety of resource mandates and efficiency targets, while equipping our work force with the knowledge to achieve and sustain organizational improvements.
3. Execution
  - a. Commander's Intent and Concept of Operations
    - (1) Commander's Intent
      - (a) Meet the Commandant's Business Plan outcomes for FY 03/04 in reference (b).
      - (b) Provide data to support our future budget justification requirements.
      - (c) Provide valuable resource data consisting of the visibility of true business costs, performance data relative to the actual work being done, and the identification of the costs and services provided to our customers tied to various cost objects.

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(d) Provide Departments and units with information to identify opportunities/efficiencies for process improvements within their functional areas; encourage staff to innovate based on comparing performance with similar functions; meet HQMC established savings goals; and improve customer satisfaction as defined by each units support plan.

(e) Provide reliable performance data upon request from higher headquarters.

(f) Provide data to support the administrative procedures at the Depot used for resource decisions.

(2) Concept of Operations. The ABC/M core team within the Business Performance Office (BPO) will provide each department/unit with an Excel Program that will display the necessary data after each model update. Upon request, the ABC/M core team will pass their modeling skills to the staff sections and departments so that each area will be able to use the full capability of the model. In the interim, the BPO will assist departments/unit with any data calls based on ABC data.

b. Subordinate Element Missions. Functional managers within the departments/units must take ownership of their model and use it for everyday business decisions. Specific areas for use of the model/tool will require updates to orders and manuals pertaining to these processes.

(1) Manpower Decisions

- (a) Change in staffing requirements.
- (b) Validation of civilian position descriptions.
- (c) Development of new position descriptions.

(2) Budget formulation/justification for Activity Based Budgeting (ABB)

- (a) Budget deficiency reviews.
- (b) Justification for increased budget requirements based on performance data.
- (c) Budget formulation for POM06 submission.

(3) Process Analysis

- (a) Comparative analysis and reviews.
- (b) Data calls for benchmark analysis.

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(c) Outsourcing/contracting decisions.

(d) Develop performance measures for strategic plan/unit support plans.

(e) Review inherently governmental work for Commercial Activity (CA) Inventory.

(4) Business Performance Office (BPO) (ABC/M Project Manager):

(a) Maintain centralized ABC Model for MCRD/WRR.

(b) Provide assistance and training to the Departments and units during data gathering procedures and required updates.

(c) Assist Departments and units in using ABC data to report performance data on the Commanding General's scorecard.

(d) Provide training to Departments and units that support ABC requirements.

(5) Staff Sections/Departments/Units. Effective immediately, use ABC data to:

(a) Support manpower, resource, and process analysis for decision-making.

(b) Establish procedures to maintain updated resource and activity module information (drivers) upon request by March 04.

(c) Support budgetary or funding requests throughout the Depot/WRR. Establish and publish procedures Mar 03. (AC/S Comptroller)

(d) Support a change in staffing requirements.

(e) Assist in the development or validation of position descriptions.

(f) Provide accurate data and information as required to support model updates.

5. Administration and Logistics. Questions concerning ABC/M can be addressed to Depot Inspector, Quality Management Section, MCRD, San Diego.

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6. Command and Signal

- a. Command. This Order is applicable for MCRD and WRR.
- b. Signal. This Order is effective the date signed.



T. W. SPENCER  
Chief of Staff

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