



*Mission Japan  
Rightsizing Report*

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## Rightsizing U. S. Mission Japan

Secretary Rice's call for a global repositioning of our diplomatic resources was a welcome recognition of the tremendous impact a changing world order is having on the administration of American foreign policy. All of us must recognize that the end of the Cold War, the integration of Europe, the ascendancy of China and India, the instability of the Middle East and the threat of terrorism will make new demands on limited diplomatic resources. We must ensure that every dollar provided by the American taxpayer is put to its maximum and most beneficial use. By doing so we will have a greater chance of achieving the safer, more democratic and freer world that each of us works toward every day.

In that spirit Embassy Tokyo undertook a rightsizing exercise designed to increase productivity and efficiency while decreasing waste and duplication. While much of our attention was focused on the State Department as a result of the Secretary's call, we also looked at the whole mission with one question in mind- "What would best advance American interests in Japan regardless of what agency or department pursued them?" As a result we recommend that many functions could be improved if done in different ways. We also believe the efforts of different sections agencies or departments would be enhanced if approached in a more coordinated manner. In doing our work none of us should be bound by a distant past that is no longer relevant.

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**METHODOLOGY**  
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Early on in our study, we realized there was no set formula for getting rightsizing right. Time studies had a tendency to produce requests for more staffing and greater dollar allocations without strategic assessment of what an individual section, agency or department was really trying to do.

We decided to take a different path. In many ways, government has created a culture where an individual's success is measured in terms of getting additional budget and personnel. Seldom does one hear, "I can do it better if we do it differently". Fighting the cultural bias toward empire building can be a formidable undertaking. On the whole, however, we found most people eager to think of new ways of doing their jobs once they understood that there were no penalties for trying something different.

We discovered the best way to help people think differently was to ask them what they would do if they were just starting a mission here in Japan. This bottom-up approach lifted the burden of the status quo from our discussions and allowed us to think of performing functions in a more creative manner than we do today. As an example, if you begin with the proposition that you will need to have transportation to get people to and from the ministries where they will interact with their counterparts, then the first question you ask is, "Do we need a motor pool?" If the answer is yes, then you ask do we need one motor pool or the three that currently exist at Embassy Tokyo. Our conclusion was that one motor pool with a central dispatching mechanism would be more efficient and less costly.

We found the best method to advance our analysis was examination of the organizational chart. Every section, agency and department head was asked to explain his or her organizational chart as well as the duties and functions performed by each individual. As a result, we literally looked at every position that exists at post today. This allowed us to see overlap, duplication and inefficiencies in a clear and concise manner. It also gave supervisors and managers an opportunity to recommend changes that could increase productivity and reduce costs. The results were amazing.

We discovered for instance that we had 16 American and eight Locally Employed Staff (LES) positions that were unfilled billets, some of which had been vacant for years. When managers and supervisors discovered that interagency rules were taxing those billets whether or not they were filled they quickly moved to eliminate them. We also found that the International Cooperative Administrative Support Services (ICASS) was largely failing as a result of having priced itself out of the market for many agency services. For instance ICASS charges \$928 to pick up a visitor arriving at Narita International Airport. Private services can be employed for \$450. In addition, the Employee Welfare Association has a van primarily used to make stocking trips to area bases and commissaries that it will rent to agencies for \$350. This line of inquiry led us to conclude that there are a myriad of ICASS services that are going unused because agencies have discovered that it is simply cheaper to purchase them in the private sector than from the government. We found that government customers, like private customers, gravitate toward cheaper prices.

As a result of this exercise we are ready to recommend almost a hundred different changes for our mission here in Japan. Several of the items can be accomplished with little more than a change of practice authorized by the Chief of Mission. Where that was the case, we have already taken steps to do them.

Others will require State Department approval and still more will need interagency consent. Some of our recommendations ask that studies or pilot programs be instituted to test our ideas. We make no claim that everything we recommend will work or even be practical but we wanted to stimulate discussion and hopefully get people thinking of ways to better serve American interests abroad as well as the interests of American taxpayers.

We have chosen to present our recommendations in two ways. First, you will see General Recommendations that talk about ideas that will affect multiple sections, agencies, departments or the entire Post at once. Later, within individual sections, agencies and departments you will find Specific Recommendations that talk about things that affect them particularly. We have also included "before" and "after" organizational charts for each entity.

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ACKNOWLEDGEMENT  
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Hundreds of man-hours were expended in the preparation of this Rightsizing report. Literally every section, agency, department and consulate was involved in its preparation. As Ambassador I would like to thank everyone for their understanding and willingness to look at their jobs differently than they might have in the past. For the most part people seemed to be open to new ideas and new ways of fulfilling their missions abroad.

A special thanks goes to the Senior Management Group here at Post. They consist of the Deputy Chief of Mission, Joe Donovan, the Management Counselor, Dave Davison, the Deputy Management Counselor, Kay Gotoh, the Political Counselor, Mike Meserve, the Economic Counselor, Hans Klemm, the Public Affairs Counselor, Bill Morgan, the Consular Minister Ed McKeon, my Chief of Staff, Jan Vulevich, the Military Attaché, Captain Mark Welch, and the Agricultural Counselor Dan Berman. They contributed invaluable judgment to the process by offering insight gained from decades of government service. While I meet with them daily on Embassy business, their dedication to this project was extraordinary.

Many, many after-hour meetings and Saturdays gave us time to think about how a foreign mission should work. In almost every meeting all of us learned something that we had not known before. To the surprise of virtually everyone, the exercise proved intellectually stimulating and substantively fulfilling.

The American people are fortunate to have individuals serving overseas like the Senior Management Group. They are dedicated, hard working, innovative people who are trying to serve the best interests of their country. It was fun to me to see their creativity bloom through this process. I thank them personally for putting up with my eccentricities and bringing such dedication to their work.

J. Thomas Schieffer  
Ambassador

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 GENERAL RECOMMENDATIONS  
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1. ADJUST PERSONNEL REQUIREMENTS AT POST

Mission Japan has 300 American and 455 LES positions. Our study has identified 36 direct hire and 27 locally employed staff positions (63 in total) that we believe could be eliminated over the next five years. Once fully implemented this should amount to a total savings in Japan of approximately \$47.5 million dollars. This includes 27 State Department direct hires (including 13 billets that have been unfilled for sometime) and nine non-State Department direct hires. The 27 LES positions include eight that have been vacant for sometime. We recommend that five positions be reprogrammed and nine positions be added (DHS-5, RSO-2, Coast Guard-1, FBI-1). In some instances, we recommend that the grade of the position be raised or lowered. We attempt to justify our reasoning for recommending these changes in the specific recommendations made in the narratives for the individual sections, agencies, and departments.

Following are the positions we identified:

Section	Position	Action	Cost
Front Office	Speech Writer	Eliminate (GR 3)	\$505,000
Front Office	OMS	Reprogram	(\$30,000)
Political	Labor Counselor	Eliminate (GR 1)	\$505,000
Political	Pol Officer	Eliminate (Vacant)	\$60,000
Political	Pol Officer	Eliminate (Vacant)	\$60,000
Political	Pol Officer	Eliminate (Vacant)	\$60,000
Economic	Econ Counselor	Eliminate (GR 1)	\$505,000
Economic	Econ Officer	Eliminate (Vacant)	\$60,000
Economic	Econ Officer	Eliminate (Vacant)	\$60,000
Economic	Econ Officer	Eliminate (Vacant)	\$60,000
EST	EST M/C	Eliminate (GR 2)	\$505,000
EST	OMS	Eliminate (GR 3)	\$505,000
EST	Science Officer	Eliminate (Vacant)	\$60,000
EST	Science Officer	Eliminate (Vacant)	\$60,000
EST	Science Officer	Eliminate (Vacant)	\$60,000
Management	MGT Officer	Eliminate (GR 3)	\$505,000
Management	OMS	Eliminate (GR 2)	\$505,000
Management	LES OMS	Reprogram	(\$50,000)
FMC	Financial Officer	Eliminate (GR 1)	\$505,000

FMC	Cashier	Eliminate (GR 3)	\$85,000
GSO	Facilities Spec.	Eliminate (GR 2)	\$505,000
GSO	RPSO Procure.	Eliminate (GR 3)	\$85,000
GSO	Local Procure.	Eliminate (GR 3)	\$85,000
GSO	Off-set Press Op.	Eliminate (GR 3)	\$50,000
GSO	Laborer	Eliminate (GR 3)	\$40,000
IMO	Mailroom Sup.	Eliminate (GR 3)	\$85,000
IMO	Info Mgt. Clerk	Eliminate (GR 3)	\$55,000
IMO	Info Mgt. Clerk	Eliminate (GR 3)	\$55,000
IMO	Swthcbd. Operator	Eliminate (GR 3)	\$45,000
IMO	APO Clerk	Eliminate (GR 3)	\$30,000
RSO	Seabee	Eliminate (Vacant)	\$60,000
RSO	Regional Tech	New Position	(\$505,000)
RSO	Security Tech	New Position	(\$85,000)
PAS	OMS	Eliminate (GR 3)	\$505,000
PAS	Cultural Aff.	Eliminate (GR 1)	\$505,000
PAS	TAC Deputy	Eliminate (GR 2)	\$505,000
PAS	IRC Asst.	Eliminate (GR 3)	\$120,000
PAS	Art/Graphics	Eliminate (GR 3)	\$135,000
PAS	Media Research	Eliminate (GR 3)	\$147,000
PAS	Secretary	Eliminate (GR 3)	\$62,000
PAS	Info Officer	Reprogram (to Sapporo)	\$0
RAS.	Policy Coord.	Reprogram	\$0
FSI Yokohama	Language Inst.	Eliminate (Vacant)	\$0
FSI Yokohama	Language Inst.	Eliminate (Vacant)	\$0
Fukuoka	Cultural Aff.	Eliminate (Vacant)	\$0
Fukuoka	Commercial Asst.	Eliminate (GR 3)	\$120,000
Fukuoka	Econ Asst.	Eliminate (GR 3)	\$65,000
Naha	Admin Officer	Eliminate (GR 3)	\$505,000
Naha	Admin LES	Reprogram	(\$87,000)
Osaka	AGR Trade Officer	Eliminate (Vacant)	\$28,000
Osaka	Commercial Officer	Eliminate (Vacant)	\$28,000
Osaka	Commercial Spec.	Eliminate (Vacant)	\$0
Osaka	AGR Marketing Clerk	Eliminate (GR 3)	\$0
Osaka	IRC Asst.	Eliminate (GR 3)	\$88,000
MLCO	MLCO Director	Eliminate (Vacant)	\$60,000
MLCO	Deputy Director	Eliminate (Vacant)	\$505,000
MLCO	Staff Officer	Eliminate (Vacant)	\$60,000
MLCO	Staff Officer	Eliminate (Vacant)	\$60,000
FAS	AGR OMS	Eliminate (GR 3)	\$505,000
FAS	AGR Trade Officer(Tokyo)	Eliminate (Vacant)	\$505,000

DAO	Asst. Army Attache	Eliminate (GR 3)	\$505,000
DAO	Coast Guard Attache	New Position	(\$505,000)
DAO	Secretary	Eliminate (GR 3)	\$95,000
	Defense Tech Trade		
MDAO	Rep	Eliminate (GR 3)	\$505,000
NASA	Space Stn Director	Eliminate (GR 3)	\$505,000
NASA	Secretary	Eliminate (GR 3)	\$85,000
DHS	Mission Support Spec.	Eliminate (GR 3)	\$505,000
DHS	Liaison Specialist	New Position	(\$505,000)
	CBP Supervisory		
DHS	Officer	New Position	(\$505,000)
DHS	CBP Officer	New Position	(\$505,000)
DHS	CBP Officer	New Position	(\$505,000)
DHS	CBP Officer	New Position	(\$505,000)
Legatt	Language Analyst	New Position	(\$505,000)
FCS (Tokyo)	Commercial Officer	Eliminate (GR 3)	\$28,000
FCS (Tokyo)	Commercial Asst.	Eliminate (GR 3)	\$0
FCS (Tokyo)	Commercial Specialist	Eliminate (GR 3)	\$0
FCS (Tokyo)	Commercial Specialist	Eliminate (GR 3)	\$0

## 2. MERGE THE ENVIRONMENTAL, SCIENCE AND TECHNOLOGY SECTION WITH THE ECONOMIC SECTION

Japan is a scientific center for the world. At post we have separate sections for EST and Economics as well as representatives of the Department of Energy (DOE), the National Science Foundation (NSF) and the National Aeronautics and Space Administration (NASA). While much of what these various entities do is unique, there are areas of overlap. We make two recommendations in this regard.

First, we believe the EST section could be merged with the Economics section so that reductions could be achieved in both senior and administrative positions. Putting the Economic Minister in charge of both portfolios should reduce duplication and cost. It should also contribute to a clearer message being delivered to Japan since occasionally multiple voices are heard speaking for one America.

Second, we believe these agencies and sections should be moved. Closer physical proximity would enhance cooperation and reduce the need for overlapping personnel. It would also allow for easier access to each other's resources. Being "right down the hall" would help everyone.

### 3. COMBINE THE VARIOUS MOTORPOOLS AT POST INTO ONE

There are three different motor pools at Post operated by three different agencies or departments. We believe that this fracturing of the transportation function creates inefficiencies and causes under utilization. A single dispatching unit would go a long way toward solving this problem. As a result of this study, we have already instituted reforms that we think will increase productivity and save money. For instance we found that most State Department trips to Japanese agencies were one-way with officers taking cabs back to the Embassy. We now ask our dispatchers to have drivers pick up passengers at the conclusion of their meetings. We have also rescheduled work hours to increase availability and reduce overtime charges by drivers.

More can be done in this area through reform of the ICASS system. We found that private services are often used because ICASS has priced itself out of the market. We also found that individual agencies or departments are very sensitive when it comes to protecting their motor pool services. While many concerns are valid, we found no real reason why it is necessary to have multiple motor pools. We recommend a pilot program that could meet the peculiar needs and security concerns of various agencies and deliver a substantial savings to the American taxpayer.

### 4. CREATE A CENTRALIZED INFORMATION RESOURCE CENTER

The Public Affairs Information Resource Centers (IRCs) have long been a valuable tool of public diplomacy. They provide the means and resources for research on America. We strongly believe that the more Japanese understand America the better chance we have of achieving our foreign policy goals. We also believe we can find better ways to deliver our services.

Perhaps no part of public diplomacy has been affected more by technology than IRC's. Visitors no longer come to our centers in overwhelming numbers. Using the Internet they visit us online or over the phone. While we still get some visitors our IRC's must adapt to their changed circumstances by offering more service convenience and greater outreach.

We recommend that IRC presence in each consulate be reduced to no more than one. At the same time we would like to link offices together in such a

way that customers will always have someone to answer inquiries. We recommend having one telephone number for all IRC offices in Japan. In that way IRC offices could get out in the community more and increase the services available to the Japanese public. We need to be more creative in this area. In the past the customer has come through our door. Because of security and technological changes that is not occurring now and we must find ways to increase our outreach.

We envisage Embassy Tokyo being the central Informational Research Center for all of Japan with the Director performing a coordinating function to see that the workload is evenly distributed throughout the country.

#### 5. REORGANIZE OFFICE MANAGEMENT SPECIALISTS (OMS'S) INTO A VIRTUAL SECTION WITH A CHIEF OMS AS SECTION HEAD

The role of the Office Management Specialist has changed dramatically over the years. Once thought of as a clerical position, we realized that the modern OMS is the "how to" person in each office that basically manages the workflow in the section. Without his or her input things can quickly grind to a halt. Having said that, the expense of an overseas tour for an OMS is tremendous and we fear that budgetary pressures will continually argue for replacing them with either locally engaged Americans or LES. While this may work in some cases, we think it should be approached with caution. We found that workloads and training tend to be uneven. To even them out we recommend the conversion of the second OMS in the Front Office to a new position of Chief OMS for the Embassy. This person would be the senior-most OMS at post (excluding the OMS for the Chief of Mission and Deputy Chief of Mission) and would report directly to the DCM. While available to do work if needed in the Front Office, the primary responsibility of the Chief OMS would be to coordinate the various OMS functions in all sections. This would provide a surge capacity that is either lacking or performed on an ad hoc basis now. It would also emphasize the advantage of training. Technology is rapidly changing the work of OMS's. We simply must find a better way to keep them trained and up to date so that they can do their jobs. By having one person responsible for their training we believe it will make the OMS less subject to the whims of a supervisor who finds them too valuable to leave a section for more training. We also believe that creating a Chief OMS position would establish a senior position that would be viewed as a worthy career achievement.

In creating the Chief OMS position, we would link all the OMS's together in a virtual section that would be run by the Chief OMS. The idea would be to group functions in such a way that they could be performed by one person rather than many. For instance in meeting with all the OMS's we found that each estimated that they were spending 10% to 30% of their time on travel arrangements. If that function could somehow be organized so that it is done in one place we believe it would free up the individual OMS's to do other things.

Likewise country clearances take up a lot of every OMS's time. It is estimated that we issued approximately 4000 country clearances alone last year to support upwards of 20,000 visitors. In addition visitors requiring assistance constitute a hidden workload since taking care of visitor needs is not often thought of as "regular" work. By having a Chief OMS, the Embassy would have a point of contact for all OMS's that could redirect resources on a temporary basis to even out the workload. As you will see in our recommendation for small agency reform, we believe that OMS functions properly priced could also be made available to non-State agencies at a considerable overall cost savings to the American taxpayer.

In making this recommendation we do not/not envisage a scenario where all OMS's would be put in rover status. We believe that most OMS's would be permanently assigned to sections as they are today. We also believe that the Embassy would be better served if rovers themselves were assigned to the Chief OMS rather than to the Human Resources Section as they are today. We believe that linking people together through technology and a better management structure will increase their efficiency, productivity and job satisfaction as well as increasing their value to the mission as a whole.

Finally, we had extensive discussion on whether the Chief OMS should be the rater for all the OMS's with the reviewer being the section chief where they are physically located. We concluded that such a structure would be preferable but when asked to comment existing OMS's expressed strong reservations about changing their rating system. We suggest that a pilot program be started to test this idea. Realistically to have any chance for success, this recommendation would have to be adopted on a Department-wide basis.

## 6. OFFER AN OFFICE SUITE CONCEPT TO SMALLER AGENCIES TO REDUCE ADMINISTRATIVE AND CLERICAL COSTS OVERSEAS

There are currently nine agencies at post with three or fewer employees. We have found that six are organized into a policy implementer and an administrative or clerical person. We believe that it would be possible to gain greater efficiencies and overall operating savings if we put them into closer physical proximity. Provided that pricing could be properly gauged we see no reason why some clerical and administrative functions could not be shared. In essence we urge the adoption of an "office suite" concept similar to what can be found in the private sector. In virtually every major city, there are offices available for rent with administrative support. There is no need to duplicate over and over admin and support functions at post. Phones could be answered, budget functions performed and clerical work done with a central operating core.

We believe this would also make it cheaper and more desirable for agencies to have and keep overseas representatives. Agencies send people abroad to achieve policy goals. We should reduce as much as possible the time they must spend on non-policy matters.

Getting buy-in from the various agencies on this recommendation will not be easy. When we were discussing this concept one agency head commented that "We all have our own little kingdoms and they don't mix very well." In a nutshell that is why we need to do more to create incentives that encourage a mission approach rather than a kingdom approach to what we do.

We recommend a pilot program that could test this idea through experience.

## 7. MAKE BETTER USE OF THE SYNERGIES THAT EXIST BETWEEN THE FOREIGN COMMERCIAL SERVICE (FCS) AND THE ECONOMIC SECTION

Both the FCS and Econ sections must be generally aware of the same economic trends in order to do their jobs. In many cases the Econ officer takes the lead in reporting functions. We do not believe this is always necessary. In particular at consulates where there is an American FCS officer present and no American ECON officer we think it makes sense for the FCS officer to take the lead in economic reporting.

8. GIVE THE PRINCIPAL OFFICER (PO) OR CONSUL GENERAL (CG) AUTHORITY LIKE A CHIEF OF MISSION TO HOLD ALL PERSONNEL AT A POST ACCOUNTABLE

Currently some personnel at a consulate do not report through the PO or CG to their supervisor in Tokyo. We believe greater accountability and coordination would occur if they did. A clear chain of command always reduces friction and the potential for conflict. PO's and CG's should be held accountable for the actions of the people at their posts. This is inhibited when there is no clear line of authority. Where non-State Department employees are involved we recommend that each PO or CG be asked to provide an annual assessment letter of that non-State employee's work during the previous year to the agency or department for whom they work. In this way we hope to foster greater accountability and teamwork at the Consulate level.

9. WHERE MORE THAN ONE AGENCY OF THE SAME DEPARTMENT IS REPRESENTED AT POST A DEPARTMENT REPRESENTATIVE SHOULD BE DESIGNATED

We found that different department's responsibilities are increasing at Post. This is particularly true of the Department of Homeland Security (DHS).

While some have designated a person to be representative for the whole department others operate on a de facto basis.

It is important to have someone who can chair and coordinate the activities between agencies of the same department as well as act as overall Department liaison to the Chief of Mission.

With DHS especially, rapid growth will need to be managed. So far we have had absolutely no problems with DHS personnel but since many are off-site, we think it is important now to have clean lines of authority that are well established. For instance, we believe Container Security Initiative personnel should report directly to the POs or CGs where they are posted before reporting to their supervisor in Tokyo. This would foster a greater sense of one mission in each location.

Transportation Security Administration personnel would also have a chance to coordinate their policies with other DHS agencies if one person were designated as the DHS coordinator.

There are other departments with multiple agencies at Post that would also benefit from the Department Representative designation.

#### 10. ADD A COAST GUARD ATTACHE TO THE DEFENSE ATTACHE' S OFFICE

Japan is the only nation in the world with a pacifist constitution. Self-defense, however, is recognized as a legitimate means of exerting military force. As a result the Japanese Coast Guard is a robust quasi-military force in the area. With fishing and territorial disputes rampant in the area, the Japanese Coast Guard may be called upon from time to time to use force. The JCS is in fact the only Japanese institution that has fired a shot in anger since the end of World War II. While U.S. Coast Guard personnel are already present at U.S. Forces Japan Headquarters at Yokota AFB, we think it would be advantageous to have a U.S. Coast Guard representative on the military attaché's staff. We think there are sufficient differences in their potential responsibilities to merit this dual approach.

#### 11. REORGANIZE THE CONSULATES SO THERE ARE AT LEAST THREE AMERICANS AND ONE LES WHO IS A JAPANESE SPECIALIST AT EACH POST

This recommendation came to us as a bit of a revelation. The more we looked at the problem the more we realized the limitations of having only one or two American officers at a constituent post. The desirability of ship visits and greater advocacy of American foreign policy goals as well as consular services led us to realize that we always needed someone in the office and someone "on the road". When only one or two Americans are present, something will suffer when they are out. A third American becomes a force multiplier for all functions and concerns.

We also realized what innumerable POs and CGs over the years have already discovered. Namely there is always a "go to" locally engaged staffer who has the institutional and community knowledge, and the continuity necessary to make the Consulate work. We recommend making that person the Japanese Specialist directly answerable to the PO or CG.

## 12. CREATE FORMAL TASK FORCES THAT CUT ACROSS SECTION AGENCY AND DEPARTMENT LINES TO PRODUCE A MORE COORDINATED AND FOCUSED AMERICAN MESSAGE

We discovered in the course of our study that there are many issues that involve various section's agencies and departments. Nuclear energy might for instance involve the Department of Energy, the National Science Foundation, the Economic, Political, and EST sections from State. These issues will often have multiple people approaching the Japanese for the same purpose. We recommend creating a formal structure for handling such issues.

The DCM or Chief of Mission could designate Task Force issues, put somebody in charge and see that a mechanism is in place that would facilitate coordination and information sharing. This sort of Task Force approach would be especially helpful on scientific issues if our recommendation to merge the EST and Econ sections was followed.

It should also be noted that there is no reason why different agencies could not take the lead in heading up these Task Forces. This sort of thing is already done on an ad hoc basis. We believe it would work better if it were formalized. Clear lines of authority and responsibility reduce the potential for conflict and misunderstanding and increase oversight. They also increase our ability to speak with one voice.

## 13. INSTITUTE A FORMAL STUDY OF ICASS BY AN OUTSIDE CONSULTANT WITH THE AIM OF CREATING A BETTER PRICING AND COST RECOVERY SYSTEM

ICASS is not working as intended. Services are regularly priced above market rates. This results in underutilization and waste. We believe a formal study of ICASS services at Post by an outside consulting firm would result in recommendations that could affect enormous savings. We have, for instance, a print shop at post with equipment on hand that had original capital costs of \$500,000. We found, however, that individual agencies subcontracted their printing to private entities because they are cheaper and faster. Whether it is printing, transportation, administration or budgeting ICASS is not providing the services it could because it has priced itself out of the market. As one of our study group members said, "We have found over and over that when we

consolidate, the services get more expensive, not less". This ought not to be. A better method of determining costs and pricing structures must be found. The success of much of what we recommend in other areas depends on our ability to "fix" ICASS. We think an outside consulting firm would do this best, and we are confident that the cost of such a study could be recovered in a matter of months.

#### 14. CENTRALIZE BUDGET, FINANCE AND PROCUREMENT FUNCTIONS IN ONE PLACE FOR THE WHOLE EMBASSY

One Chief Financial Officer should be designated for the entire Embassy. There is no clear reason why agencies and departments should have separate budgeting, finance and procurement practices, yet we repeatedly found that they do. Here in Tokyo every agency has personnel doing these functions. Great efficiencies could be realized if they could all be combined in one place. Procurement savings could be realized if supply inventories were linked together electronically and dispensed from one central location. To achieve this end, however, interagency backing would be required. We therefore recommend that a pilot program be instituted to test this idea with experience.

#### 15. ENCOURAGE GREATER USE OF LOCALLY HIRED AMERICANS

There are approximately 50,000 registered Americans living locally as permanent residents in Japan. This does not include another 100,000 military personnel and their family members. Seeing this as a great potential resource, we are continually looking for ways to incorporate their presence in the Mission. The use of an American local resident rather than an overseas deployed American will save in the neighborhood of \$450,000 per employee, per year. When we lose our Management Direct Hire OMS in 2008, we will be replacing her with an American Local hire. Our Human Resources section is in the process of instituting an outreach program that will enhance this capability.