



ACQUISITION RESEARCH PROGRAM SPONSORED REPORT SERIES

Addressing Internal Control and Role Misalignments in the Marine Corps Defense Agencies Initiative Implementation: A Structural Perspective

December 2025

Capt Paul R. Armijo, USMC

Maj Colton L. Rasche, USMC

Thesis Advisors: Philip J. Candreva, Senior Lecturer
Dr. Edward H. Powley IV, Associate Professor

Department of Acquisition, Finance and Manpower

Naval Postgraduate School

Approved for public release; distribution is unlimited.

Prepared for the Naval Postgraduate School, Monterey, CA 93943.

Disclaimer: The views expressed are those of the author(s) and do not reflect the official policy or position of the Naval Postgraduate School, US Navy, Department of Defense, or the US government.



ACQUISITION RESEARCH PROGRAM
DEPARTMENT OF ACQUISITION, FINANCE AND MANPOWER
NAVAL POSTGRADUATE SCHOOL

The research presented in this report was supported by the Acquisition Research Program of the Department of Acquisition, Finance and Manpower Naval Postgraduate School.

To request defense acquisition research, to become a research sponsor, or to print additional copies of reports, please contact the Acquisition Research Program (ARP) via email, arp@nps.edu or at 831-656-3793.



ACQUISITION RESEARCH PROGRAM
DEPARTMENT OF ACQUISITION, FINANCE AND MANPOWER
NAVAL POSTGRADUATE SCHOOL

ABSTRACT

The Marine Corps' transition from the Standard Accounting, Budgeting, and Reporting System (SABRS) to the Defense Agencies Initiative (DAI) brought needed improvements in financial control, audit trails, and data integration. The change fixed long-standing gaps in SABRS, but the fast turnover also exposed structural problems in how the financial management resource analyst (3451) and supply administration and operations specialist (3043) communities were organized. Work that had been handled under one system was split across several roles in DAI, but billets, training, and workforce alignment were not updated to match. This created operational friction and made it challenging to keep people, processes, and internal controls aligned. The purpose of this study is to assess how DAI affected the structure and responsibilities of the Marine Corps' 3451 and 3043 communities. The research uses a qualitative case study supported by organizational change and alignment frameworks to examine role conflicts, segregation of duties (SoD) waivers, and workflow issues across the force. The findings highlight ongoing reliance on waivers and inconsistent DAI processes, leading to a higher workload and audit risk. Recommendations include reorganizing positions, adjusting role assignments, and enhancing governance and training to better align the workforce with DAI's needs. These steps will help create a sustainable environment where auditability is a normal outcome of daily operations.



THIS PAGE INTENTIONALLY LEFT BLANK



ACQUISITION RESEARCH PROGRAM
DEPARTMENT OF ACQUISITION, FINANCE AND MANPOWER
NAVAL POSTGRADUATE SCHOOL

ACKNOWLEDGMENTS

We would like to thank our thesis advisor, Professor Philip J. Candreva, for his steady guidance and support throughout this process. His knowledge and experience helped shape our research and gave us a clearer understanding of how structure and accountability impact the Marine Corps.

We are also thankful to our co-advisor, Professor Edward H. Powley IV, for his perspective on organizational behavior, and to our second reader, Professor Juanita M. Rendon, for her deep understanding of internal controls. Their advice and feedback made this study stronger and more complete.

We appreciate the Marines and civilians across the financial management and supply administration communities who shared their experiences and perspectives. Their input gave this study depth and realism it needed to connect research to operations.

Finally, we want to thank our families for their patience and encouragement. To our wives, Natasha and Sarah, your constant support and understanding made this work possible. We are truly grateful for your love and for being by our side through every challenge along the way.

The thesis represents the combined effort of many who shared their time, knowledge, and guidance. We are proud to contribute to the U.S. Marine Corps and the financial management and supply administration communities, which continue to serve with dedication and professionalism.



THIS PAGE INTENTIONALLY LEFT BLANK



ACQUISITION RESEARCH PROGRAM
DEPARTMENT OF ACQUISITION, FINANCE AND MANPOWER
NAVAL POSTGRADUATE SCHOOL



ACQUISITION RESEARCH PROGRAM SPONSORED REPORT SERIES

Addressing Internal Control and Role Misalignments in the Marine Corps Defense Agencies Initiative Implementation: A Structural Perspective

December 2025

Capt Paul R. Armijo, USMC

Maj Colton L. Rasche, USMC

Thesis Advisors: Philip J. Candreva, Senior Lecturer
Dr. Edward H. Powley IV, Associate Professor

Department of Acquisition, Finance and Manpower

Naval Postgraduate School

Approved for public release; distribution is unlimited.

Prepared for the Naval Postgraduate School, Monterey, CA 93943.

Disclaimer: The views expressed are those of the author(s) and do not reflect the official policy or position of the Naval Postgraduate School, US Navy, Department of Defense, or the US government.



ACQUISITION RESEARCH PROGRAM
DEPARTMENT OF ACQUISITION, FINANCE AND MANPOWER
NAVAL POSTGRADUATE SCHOOL

THIS PAGE INTENTIONALLY LEFT BLANK



ACQUISITION RESEARCH PROGRAM
DEPARTMENT OF ACQUISITION, FINANCE AND MANPOWER
NAVAL POSTGRADUATE SCHOOL

TABLE OF CONTENTS

I.	INTRODUCTION AND BACKGROUND.....	1
A.	PROBLEM STATEMENT	4
B.	PURPOSE OF STUDY.....	4
C.	PRIMARY RESEARCH QUESTION.....	4
D.	SECONDARY RESEARCH QUESTIONS.....	4
E.	METHODOLOGY	5
F.	RESEARCH IMPORTANCE.....	6
G.	BENEFITS OF THE RESEARCH.....	6
H.	LIMITATIONS OF THE RESEARCH.....	7
I.	SUMMARY	7
II.	LITERATURE REVIEW	9
A.	KURT LEWIN’S THREE-STEP CHANGE MODEL.....	9
B.	MCKINSEY 7-S MODEL.....	11
C.	HOLLAND AND LIGHT’S CRITICAL SUCCESS FACTORS FOR ENTERPRISE RESOURCE PLANNING IMPLEMENTATION	15
D.	AUDITABILITY TRIANGLE	19
E.	MILITARY OCCUPATIONAL SPECIALTY FRAMEWORK	22
1.	Financial Management Resource Analyst	22
2.	Supply Administration and Operation Specialist	23
F.	SUMMARY	24
III.	CASE STUDY: PROCUREMENT TRANSACTIONS IN STANDARD ACCOUNTING, BUDGETING, AND REPORTING SYSTEM AND DEFENSE AGENCIES INITIATIVE	27
A.	CONTRACT EXECUTION IN STANDARD ACCOUNTING, BUDGETING, AND REPORTING SYSTEM.....	27
B.	CONTRACT EXECUTION IN DEFENSE AGENCIES INITIATIVE.....	29
IV.	ANALYSIS OF THE MARINE CORPS TRANSITION FROM STANDARD ACCOUNTING, BUDGETING, AND REPORTING SYSTEM TO DEFENSE AGENCIES INITIATIVE	33
A.	EVALUATING THE DEFENSE AGENCIES INITIATIVE IMPLEMENTATION PROCESS.....	33
1.	Organizational Readiness and Change Management.....	34



2.	Alignment with Enterprise Resource Planning Critical Success Factors.....	35
3.	Governance, Oversight, and Auditability	36
4.	Interoperability and Systemic Constraints.....	36
5.	Summary.....	37
B.	ORGANIZATIONAL REALIGNMENT	37
1.	Strategy: Enterprise Control Without Organizational Reform	38
2.	Structure: Fragmented Authority and Role Ambiguity	38
3.	Systems: Strong Controls, Weak Integration.....	39
4.	Style: Command-Driven Change Versus Collaborative Leadership	40
5.	Staff and Skill: Evolving Competencies in Two Communities.....	40
6.	Shared Values: Balancing Compliance and Mission Execution	41
7.	Summary.....	41
C.	INTERNAL CONTROLS AND AUDITABILITY.....	41
1.	People: Competence, Role Alignment, and Training	42
2.	Processes: Standardization and Compliance Integration	43
3.	Internal Controls: Automation, Monitoring, and Assurance.....	43
4.	Synthesis: Balancing the Triangle	44
D.	ERP CRITICAL SUCCESS FACTORS	45
1.	Strategic Drivers: Vision, Governance, and Legacy Systems.....	45
2.	Tactical Enablers: Leadership, Team Integration, and Change Management.....	46
3.	Lessons and Comparative Insights.....	48
4.	Synthesis Enterprise Resource Planning Critical Success Factors.....	48
E.	CHALLENGES AND LESSONS LEARNED.....	49
1.	Change Management: Unfreezing Was Achieved, Refreezing Remains Elusive.....	49
2.	Structural and Cultural Misalignment	50
3.	Processes and Control Challenges.....	50
4.	Tactical Execution Gaps.....	51
5.	Institutional Lessons	51
F.	SUMMARY	52
V.	RECOMMENDATION.....	55



A.	RATIONALE	55
B.	ALIGNMENT WITH THE MCKINSEY 7-S MODEL	56
C.	ORGANIZATIONAL CHANGE THROUGH LEWINS THREE-STEP MODEL	58
D.	BALANCING THE AUDITABILITY TRIANGLE	59
E.	EXPECTED OUTCOMES	59
	1. From Audit Readiness to Audit Sustainment.....	59
	2. Improved Workforce Efficiency	60
	3. Institutional Alignment and Culture.....	60
F.	FOLLOW-ON RESEARCH	60
	1. Manpower	60
	2. Audit Readiness and Performance Measurement	61
VI.	CONCLUSION	63
	LIST OF REFERENCES.....	65



THIS PAGE INTENTIONALLY LEFT BLANK



ACQUISITION RESEARCH PROGRAM
DEPARTMENT OF ACQUISITION, FINANCE AND MANPOWER
NAVAL POSTGRADUATE SCHOOL

LIST OF FIGURES

Figure 1.	Auditability Triangle Source: Rendon (2016).	20
-----------	--	----



THIS PAGE INTENTIONALLY LEFT BLANK



ACQUISITION RESEARCH PROGRAM
DEPARTMENT OF ACQUISITION, FINANCE AND MANPOWER
NAVAL POSTGRADUATE SCHOOL

LIST OF TABLES

Table 1.	Shift of Procurement Roles from Standard Accounting, Budgeting, and Reporting System to Defense Agencies Initiative	31
Table 2.	Lewin’s Change Management Process Evaluation.....	34
Table 3.	McKinsey 7-S Framework Evaluation.....	38
Table 4.	Auditability Triangle Evaluation	42
Table 5.	Enterprise Resource Planning Evaluation.....	45



THIS PAGE INTENTIONALLY LEFT BLANK



ACQUISITION RESEARCH PROGRAM
DEPARTMENT OF ACQUISITION, FINANCE AND MANPOWER
NAVAL POSTGRADUATE SCHOOL

LIST OF ACRONYMS AND ABBREVIATIONS

3043	supply administration and operations specialist
3451	financial management resource analyst
CSF	critical success factors
DAI	Defense Agencies Initiative
DFAS	Defense Finance and Accounting Service
DoD	Department of Defense
DoDIG	Department of Defense Inspector General
DTS	Defense Travel System
ERP	Enterprise Resource Planning
FFMIA	Federal Financial Management Improvement Act
FIAR	Financial Improvement and Audit Readiness
FM	financial management
FY	fiscal year
GAO	Government Accountability Officer
GCSS-MC	Global Combat Support System–Marine Corps
HQMC	Headquarters, Marine Corps
MARADMIN	Marine Administrative Message
MCO	Marine Corps Order
MOS	military occupational specialty
MAL	mechanized allowance list
NAVMC	Naval Marine Corps Manual
NDAA	National Defense Authorization Act
OMB	Office of Management and Budget
P&R	Programs and Resources
P2P	Procure-to-Pay
PR Builder	Purchase Request Builder
SABRS	Standard Accounting, Budgeting, and Reporting System
SoD	segregation of duties
SPS	Standard Procurement System
T&R	Training and Readiness



USMC

U.S. Marine Corps



ACQUISITION RESEARCH PROGRAM
DEPARTMENT OF ACQUISITION, FINANCE AND MANPOWER
NAVAL POSTGRADUATE SCHOOL

I. INTRODUCTION AND BACKGROUND

The U.S. Marine Corps (USMC) has made progress in modernizing its financial management systems; however, its organizational structure has not kept pace with the system's requirements. In 1994, the USMC implemented the Standard Accounting, Budgeting, and Reporting System (SABRS) to automate budgeting and accounting processes. SABRS provided standardization but lacked the internal controls, audit trails, and integration needed to support audit readiness. Responsibilities were assigned broadly, segregation of duties (SoD) was not enforced by the system, and most controls relied on local manual workarounds (Government Accountability Office [GAO], 2011). As stated in a 2011 Government Accountability Office (GAO) report, auditors found that "the lack of SoD allowed a user to both authorize and approve payment of transactions within SABRS," (p. 10) which highlighted serious weaknesses in internal controls. These findings confirmed that SABRS could not meet long-term compliance requirements and that manual workarounds were not a viable solution. Due to these recurring deficiencies, change became inevitable. Congress responded by directing the Department of Defense to achieve full audit readiness. The fiscal year (FY) 2010 National Defense Authorization Act (NDAA) codified this requirement, mandating that all DoD components be audit-ready by FY2017 (Public Law 111-84, 2009).

SABRS lacked role-based access controls, risk management tools, and standardized internal controls, thereby preventing the Marine Corps from meeting audit-readiness goals. It also failed to comply with the Federal Financial Management Improvement Act (FFMIA) and the GAO's Green Book standards (Government Accountability Office [GAO], 2014). The GAO Green Book is the United States Government's official framework that establishes standards for internal controls to help federal agencies ensure accountability, compliance and effective operations. These weaknesses left the Marine Corps vulnerable to financial errors, recurring audit findings, and daily inefficiencies. Meeting audit requirements required more than a new system and demanded structural changes to the Marine Corps' financial management organization.



The Department of Defense (2022) explained that in 2022, the Marine Corps moved from the SABRS to the Defense Agencies Initiative (DAI) as part of its effort to modernize financial management across the service. In that guidance, the Department of Defense noted that DAI introduced several capabilities that SABRS lacked, such as automated SoD controls, system-generated audit trails, real-time financial visibility, and connections to enterprise systems, including the Defense Travel System (DTS), the Global Combat Support System–Marine Corps (GCSS-MC), and the Standard Procurement System (SPS). These updates aimed to correct long-standing internal control weaknesses and strengthen the Marine Corps’ ability to meet federal audit and transparency standards.

The same source clarifies that the transition occurred in a single step. They took SABRS offline and immediately designated DAI as the authoritative system, without any gradual rollout or user-level testing period. The Government Accountability Office identified this type of rapid fielding as a recurring risk in major enterprise system implementations, explaining that organizations often experience process instability, higher error rates, and user confusion when new systems are deployed without incremental training or staged adoption (GAO, 2012). Somers and Nelson (2004) also emphasize that successful enterprise resource planning efforts require careful change management, early workforce preparation, and alignment of duties well before cutover. Bradley (2008) notes that when organizations skip phased implementation or fail to realign processes and responsibilities, they often encounter performance issues after the system goes live because personnel, controls, and workflows do not fully synchronize with the new environment.

These sources demonstrate that while DAI delivered important improvements, its introduction created challenges that mirrored patterns observed in other enterprise resource planning efforts. With no phased rollout, billet adjustments, or a structured plan to shift responsibilities between Financial Management Resource Analysts (3451) and supply administration Specialists (3043), Marines had to learn and perform duties that did not always align with their training or previous experience. As the Department of Defense (2022) noted, these early difficulties influenced the Marine Corps’ adaptation to DAI. They underscored the need for structural, procedural, and workforce changes to integrate the new system fully.



With DAI, duties that a single Marine once managed were split across multiple system roles, each requiring separate credentials, training, and provisioning. This change created a serious gap. Financial Management (3451) Marines no longer had access to key fiscal functions such as obligation creation, receipt certification, and invoice validation. Those responsibilities were shifted to the supply administration (3043) community, whose training and experience are rooted in logistics rather than finance. This left both fields out of alignment with their billets and training pipelines. For 3043 Marines in particular, who had previously played only a limited role in the financial transaction life cycle, the sudden addition of fiscal duties expanded their responsibilities well beyond their traditional expertise.

This misalignment not only created confusion in daily operations but also led to significant inefficiencies. It increased audit risk by placing financial duties in the hands of Marines who were not trained for them and by diverting financial managers away from the tasks directly tied to compliance and oversight. Without proper alignment between billets, system roles, and training, the Corps faced a situation where SoD existed in the system but not in practice. The result was a structure that satisfied access rules on paper, but exposed vulnerabilities in execution and audit readiness (DoDIG, 2012).

To maintain operations, the Marine Corps relied on short-term measures. Marine Corps Administrative Messages (MARADMIN) 577/23 and 090/25 allowed commands to request SoD waivers and explain role conflicts to maintain mission continuity (Headquarters, Marine Corps [HQMC], 2023; 2025). These measures kept daily functions moving but did not address the structural problem. The Marine Corps deserves credit for earning a clean audit opinion, but several material weaknesses still exist, including some tied to SoD and control issues (United States Marine Corps, 2024). These weaknesses point to structural gaps that increase the risk of audit noncompliance, slow down execution, and leave Marines working in roles where their training and skills aren't fully matched to the job.



A. PROBLEM STATEMENT

The implementation of DAI has improved internal controls and audit readiness across the Marine Corps, but it has also exposed serious structural misalignments. These include role and access conflicts between the 3451 and 3043 communities, increased reliance on SoD waivers, and a growing skills gap as Marines are placed into roles without appropriate training. The Marine Corps has yet to address these issues through a deliberate, systematic realignment of billets, access roles, and workforce development. If left unaddressed, these gaps will continue to create operations inefficiencies, hinder compliance, and reduce the Marine Corps' ability to execute financial operations effectively.

B. PURPOSE OF STUDY

The purpose of this study is to assess the structural implications of DAI implementation on the United States Marine Corps Financial Management and Supply Administration communities. Specifically, this thesis evaluates how the current organizational structure supports or hinders effective financial execution under the DAI framework. This study identifies structural, procedural, and training deficiencies that prevent Marines from operating in a compliant and audit-ready environment. By analyzing role conflicts, SoD waiver trends, and best practices from other DoD components, this study proposes solutions and recommendations to improve alignment across people, processes, and internal controls.

C. PRIMARY RESEARCH QUESTION

Are the roles and responsibilities established under SABRS for financial and logistics personnel misaligned with requirements of the SoD's embedded in DAI?

D. SECONDARY RESEARCH QUESTIONS

The secondary research questions in this thesis include:



- What are the current role and responsibility allocations between the 3451 and 3043 communities within the DAI environment, and how do they deviate from effective segregation-of-duty principles?
- What internal control weaknesses and SoD violations have been documented in the USMC DAI implementation, and what risks do these present to auditability and financial compliance?
- How do structural, policy, and manpower constraints limit the USMC's ability to execute SoD-compliant role alignment within DAI?
- What best practices or models from other DoD components or USMC units demonstrate successful role alignment under DAI that may mitigate SoD conflicts and improve audit readiness?

E. METHODOLOGY

This thesis uses a qualitative research design, combining a case study approach with document analysis (e.g., SoD waiver logs, DAI access control matrix, military occupational specialty [MOS] billet descriptions, training records) to examine how the DAI has impacted the structure, roles, and responsibilities within the United States Marine Corps' financial management and supply administration communities. Data sources include publicly available audit reports, policy documents, implementation guidance, and literature on ERP adoption. The research draws on organizational behavior and change management theory to assess how structural misalignments, system transitions, and role reassignments have influenced auditability and internal controls.

To guide the analysis, the study employs several complementary frameworks. Kurt Lewin's Three-Step Change Model (Unfreeze–Change–Refreeze) and the McKinsey 7S Model provide a lens to assess cultural resistance, leadership engagement, communication challenges, and the alignment between formal policy and on-the-ground behavior. Holland and Light's Critical Success Factors (CSFs) for ERP implementation will serve as a benchmark to evaluate the Marine Corps' DAI transition against widely accepted ERP best practices. Finally, the Auditability Triangle, emphasizing the interplay between people,



processes, and internal controls (Rendon & Rendon, 2015). This will serve as an overarching framework to assess how well the Marine Corps is positioned to sustain compliance, accountability, and audit readiness through structural realignment.

This study critically examines role misalignments, SoD conflicts, training deficiencies, and the operational effects of DAI implementation on key MOS communities. It places particular emphasis on understanding how these factors contribute to audit-identified material weaknesses in internal controls, SoD enforcement, and oversight functions. By applying organizational change models and ERP implementation frameworks, the research aims to move beyond descriptive analysis and develop targeted, evidence-based recommendations. These recommendations will assist Marine Corps leadership in addressing structural deficiencies, strengthening internal controls, enhancing compliance with SoD requirements, and improving oversight to support long-term audit readiness.

F. RESEARCH IMPORTANCE

This research is important because it examines how system changes can outpace the necessary structure to make them effective. The Marine Corps implemented DAI to strengthen accountability and improve financial transparency; however, the organizational alignment did not keep pace. This gap affects both audit readiness and daily operations in financial management and supply administration. It is important to understand how these changes impact roles, training, and internal controls to maintain effective oversight. The analysis shows that success with major systems like DAI relies on how well people, processes, and structure work together. It also contributes to a broader discussion within the Department of Defense on how to integrate modernization efforts with genuine organizational reform.

G. BENEFITS OF THE RESEARCH

The benefit of this research is that it provides Marine Corps leaders with a clearer understanding of where DAI's design and the existing structure do not align. The findings can inform updates to training, manpower planning, and policy, enabling Marines to operate more effectively within an audit-ready environment. It also helps identify ways to



reduce reliance on SoD waivers and improve the flow of financial transactions from start to finish. Beyond the Marine Corps, these insights can help other services and agencies avoid similar challenges as they transition to enterprise-wide systems and stricter internal control standards.

H. LIMITATIONS OF THE RESEARCH

This study focuses only on the Marine Corps Financial Management and Supply Administration communities. It does not include other occupational fields affected by DAI or evaluate technical system performance. The research relies on publicly available reports, policy documents, and subject matter expertise rather than classified data or full system access logs. Because the study uses qualitative analysis, it cannot capture every numerical or operational trend across the enterprise. The intent is to highlight structural patterns and workforce impacts rather than system functionality.

I. SUMMARY

This chapter explains how the United States Marine Corps switched from the SABRS system to the DAI to improve financial management and prepare for audits. While DAI offered better controls, system integration, and automated oversight, its quick rollout highlighted significant issues between financial and logistics functions. These issues caused inefficiencies and increased reliance on SoD waivers, suggesting that the speed of system updates exceeded necessary organizational changes.

To investigate this issue, the study uses a case study approach based on Lewin's Three-Step Change Model, the McKinsey 7S Model, and the Auditability Triangle. This method looks at how people, processes, and controls work together in the DAI system. It clearly evaluates how the Marine Corps can adjust roles, change access permissions, and improve internal governance. These steps will help ensure compliance and efficiency in financial management.



THIS PAGE INTENTIONALLY LEFT BLANK



II. LITERATURE REVIEW

This literature review examines the key models and theories that inform the analysis of internal controls and role misalignments in the Marine Corps' implementation of the DAI. Drawing from organizational behavior and change management frameworks, it establishes a foundation for identifying the structural and cultural challenges embedded within the current DAI environment. The Auditability Triangle further underscores the importance of organizational design, illustrating how misaligned roles and weak internal controls can erode auditability and long-term compliance. Additionally, the review outlines the roles and responsibilities of the Financial Management Resource Analyst and the Supply Administration and Operations Specialist to clarify how functional duties intersect within DAI. It also evaluates ERP best practices to determine whether critical steps were overlooked during the Marine Corps' DAI transition—decisions that may have contributed to SoD conflicts and operational inefficiencies. Collectively, these perspectives illuminate existing gaps in current processes and provide a structured foundation for recommending role realignments that enhance both organizational effectiveness and audit readiness. Ultimately, this review clarifies the complexities of DAI's roles and responsibilities, ensuring that future reforms are grounded in both theory and practical insight.

A. KURT LEWIN'S THREE-STEP CHANGE MODEL

Kurt Lewin first introduced his Three-Step Change Model to help explain how groups adapt and respond to challenges. Over time, it became a core framework for leaders studying and managing organizational change (Burnes, 2019). The model provides organizations with a straightforward way to understand how change begins, takes hold, and becomes part of daily operations (Evans, 2025). It divides the process into three phases: unfreeze, change, and refreeze, each representing a step that helps people move from old habits to new, lasting behaviors.

Evans (2025) notes that the unfreeze stage starts when leaders point out what needs to change and explain why the current approach is no longer effective. Evans explains that this step requires being upfront about the issues and giving a clear reason for moving in a



different direction. Evans highlights that the challenging phase of change often arises from individuals clinging to their routines, leading to resistance. He stresses the necessity of regular communication to link the change to the organization's mission, aiding in the understanding of its importance. Building on this idea, Wojciechowski, Pearsall, and French (2016) add that when individuals see the purpose behind the change and trust the process, they are more willing to take the first step toward adopting new behaviors (Evans, 2025; Wojciechowski et al., 2016)

The change stage is when people begin using new methods in their daily work and start to adjust to the new system (Evans, 2025). It is when plans are put into action and real change begins to happen. Success during this stage depends on solid planning, open communication, and keeping everyone engaged throughout the process. In this stage, leadership means understanding the team's current position and guiding them toward the goal. Strong leaders earn trust, keep everyone focused, and help their people work through the challenges that come with change (Paglis & Green, 2002). During the change stage, leadership focuses on how people adapt to new ways of working and how the organization can build on what it already knows (Evans, 2025). Real progress often comes from taking familiar ideas and applying them in new ways, a process Berger (2014) calls combining what already exists to create something better. In this part of the process, leadership looks closely at what is working and what needs to change. It uses those lessons to guide the team and keep everyone moving in the same direction. As Berger (2014) explains, progress often comes from reworking what is already known and using it in a new way. While this stage can bring uncertainty, steady communication and a clear vision help the team stay focused until the new approach becomes routine.

The refreeze stage marks the point where the organization works to make change stick and prevent a return to old habits (Evans, 2025). This phase turns new behaviors into part of the daily routine so that they support long-term goals and become the normal way of operating. Leadership strengthens this phase by creating a framework for change and reinforcing it with clear guidelines, updated procedures, and ongoing support to maintain stability (Evans, 2025).



Lewin's Three-Step Change Model lays out a basic process for how organizations adapt and maintain change over time. It focuses on the human side of transformation and how people let go of old habits, learn new behaviors, and turn those behaviors into lasting routines. The model's three stages (unfreeze, change, and refreeze) show that successful change depends on preparation, support, and reinforcement throughout the process (Burnes, 2019; Evans, 2025). This framework will later help evaluate how the Marine Corps transitioned from SABRS to DAI and whether any parts of the process need to be repeated to ensure the change takes hold.

Lewin's model explains how people respond to and move through change but offers less focus on the structural pieces that keep an organization running. Expanding on this idea, the McKinsey 7 S Model examines in greater depth how success depends on alignment across key areas such as strategy, structure, systems, shared values, skills, style, and staff (Peters & Waterman, 1982). The model ties the people side of change to the structure that supports it, showing that when both are aligned, the organization is set up for steady progress and long-term success (Peters & Waterman, 1982).

B. MCKINSEY 7-S MODEL

The McKinsey 7 S Model was created in 1978 by Tom Peters, Robert Waterman, Richard Pascale, and Anthony Athos as they studied why some organizations, especially in Japan, consistently performed at a higher level than others (Peters & Waterman, 1982; Kumar & Geetika, 2019). Their research found that long-term success came from how well all parts of an organization worked together rather than focusing on one single area. The resource-based view of the firm builds on this idea, explaining that lasting success depends on managing resources and capabilities that are valuable, rare, hard to imitate, and difficult to replace (Barney, 1991, as cited in Kumar & Geetika, 2019). The McKinsey model identifies seven areas that must stay aligned for an organization to operate effectively: strategy, structure, systems, style, staff, shared values, and skills. When these elements work together, organizations are better able to reach their goals and adapt to change. The next sections discuss each of these factors in more detail.



According to The Strategy Institute (2024), “strategy” refers to the deliberate plan of action or long-term direction an organization pursues to achieve its goals and secure a sustainable competitive advantage. Within this model, strategy provides overarching guidance that shapes decisions about structure, systems, and other organizational elements, ensuring that all components align with the ultimate objectives. Mintzberg (1987) further enriches the understanding of strategy by framing it as the “five Ps”: plan, ploy, pattern, position, and perspective. Mintzberg describes strategy in several ways: sometimes it is a planned approach, sometimes a tactic, and sometimes it shows up in the patterns of behavior that emerge over time. It can also reflect how a group fits into its surroundings or the outlook that guides its choices. When combined with the McKinsey 7-S Model, these views explain that strategy comes from both planning and the broader culture and environment that shape how an organization works.

Structure refers to how an organization arranges its tasks, people, and responsibilities. Structure encompasses the distribution of authority, the grouping of reporting relationships, and the mechanisms used to coordinate activities across the organization (The Strategy Institute, 2024). Traditional businesses operate in a hierarchical manner; however, more companies are moving towards a flatter structure. In contrast to the rigid, top-down chains of command found in hierarchical organizations, a flatter structure reduces layers of management, promotes open communication, and empowers employees at all levels to make decisions and collaborate more directly. This factor evaluates the best structure for maximizing the organization’s flexibility and effectiveness.

According to Kumar and Geetika (2019), a system is the set of practices and processes, and organization relies on to run its operations. They cover everything from planning and budgeting to resource allocation, performance oversight, and information management. Kumar and Geetika (2019) describe systems as the formal and informal procedures organizations use to manage operations, including management control systems, performance measurement and reward systems, planning, budgeting, resource allocation processes, and management information systems. These systems serve as the standard operating procedures that enable organizations to function efficiently and effectively. Within the McKinsey 7-S Framework, systems play a critical role by ensuring



that strategic objectives are consistently supported through well-defined processes and feedback mechanisms. When systems are aligned with strategy, structure, and leadership style, they provide the stability and accountability necessary for long-term organizational success.

Style refers to the leadership approach and management practices that shape an organization's culture (The Strategy Institute, 2024). This dimension encompasses the values, beliefs, and norms that collectively define how an organization operates (Kumar & Geetika, 2019). The way managers interact with employees and customers, what they emphasize in decision-making, and how they communicate expectations all reflect the organization's style. Importantly, leadership style directly influences organizational culture, which in turn drives employee motivation and overall performance. For example, the Burke–Litwin Model highlights leadership as a key driver of cultural change, linking managerial behavior with shifts in systems, structures, and work-unit climate (Burke & Litwin, 1992). Similarly, Nadler and Tushman's Congruence Model emphasizes the role of management behavior in aligning organizational components, stressing that mismatches between leadership style and other subsystems can create performance gaps (Nadler & Tushman, 1980). Within the McKinsey 7-S Framework, “style” interacts with staff, structure, and systems to ensure that organizational strategy and shared values are reinforced in practice (Kumar & Geetika, 2019; The Strategy Institute, 2024). In practice, many organizations adopt a hierarchical style resembling military culture, where authority flows from senior leadership and strict adherence to directives is expected. While this model can foster discipline and accountability, it can also limit innovation if not balanced with participative leadership approaches.

An organization's success or failure largely depends on the capabilities and commitment of its workforce, as employees provide the knowledge and skills necessary to achieve strategic objectives. Recruitment, training, evaluation, and promotion practices directly influence how effectively these objectives are achieved. Building employee confidence through visible career advancement paths and professional development opportunities strengthens engagement and organizational loyalty. This focus on aligning individual and organizational needs reflects Nadler and Tushman's (1980) congruence



model, which underscores the importance of matching people's competencies and motivations with the organization's goals. In essence, long-term effectiveness relies on integrating workforce growth and career development with strategic planning (Kumar & Geetika, 2019).

Shared values lie at the heart of the McKinsey 7-S Framework, encompassing the beliefs, principles, and attitudes that define an organization's culture and sense of purpose (The Strategy Institute, 2024). These values create a unified foundation for decision-making, guiding how employees understand their responsibilities and connect to the organization's mission. When clearly communicated and consistently upheld, they function as the cohesive force that integrates strategy, structure, and systems. According to Kumar and Geetika (2019), shared values foster organizational unity by embedding behavioral norms and expectations that align employee actions with strategic goals. Likewise, Nadler and Tushman's (1980) congruence model highlights that cultural alignment between values, people, tasks, and structures is essential to minimize friction and enhance effectiveness. Ultimately, shared values shape not only what the organization represents but also its capacity to adapt and remain resilient during periods of transformation or external challenge (The Strategy Institute, 2024).

Skills refer to the collective capabilities and core competencies that give an organization its unique advantage (Kumar & Geetika, 2019). These encompass both the technical proficiencies of employees and the organizational-level expertise that enable effective execution of strategy. The Strategy Institute (2024) emphasizes that skills must be continuously developed and adapted in response to changing environments, as outdated competencies can create barriers to innovation and performance. Nadler and Tushman's (1980) congruence model similarly stresses the importance of aligning individual skills with task demands and organizational processes, noting that mismatches often result in inefficiencies and reduced effectiveness. Ensuring that employees' skills evolve with organizational needs not only strengthens performance but also builds resilience in the face of transformation. Ultimately, skills function as a critical bridge between strategy and execution, ensuring that an organization possesses the capabilities required to sustain competitive advantage (Kumar & Geetika, 2019).



In summary, the McKinsey 7-S Model offers a holistic framework for analyzing organizational effectiveness by emphasizing that strategy, structure, systems, style, staff, shared values, and skills must work in harmony rather than in isolation. The model demonstrates that misalignment in even one area can create ripple effects across the entire organization, leading to inefficiencies and performance gaps (Peters & Waterman, 1982; Kumar & Geetika, 2019). By integrating perspectives from complementary frameworks such as Nadler and Tushman's congruence model and the Burke–Litwin model, the 7-S framework highlights the importance of congruence between people, culture, processes, and leadership. This systems-based approach not only provides a diagnostic tool for identifying organizational strengths and weaknesses but also establishes a foundation for guiding successful change initiatives.

Within the context of the Marine Corps' transition from SABRS to the DAI, the 7-S model is particularly useful for evaluating how structural realignments, role-based access, leadership style, and staff training must be synchronized to reduce SoD conflicts and improve audit readiness. Ultimately, the 7-S framework provides an analytical lens to examine whether the Corps' people, processes, and cultural values are aligned with the requirements of the new ERP environment. Building on this, the next section introduces the Auditability Triangle, which asserts that genuine auditability is achieved only when an organization maintains equilibrium among skilled personnel, well-designed processes, and robust internal controls (Rendon & Rendon, 2015; Rendon, 2016). Together, the 7-S model and Auditability Triangle provide complementary perspectives for analyzing how the Marine Corps can achieve long-term alignment and accountability during ERP implementation.

C. HOLLAND AND LIGHT'S CRITICAL SUCCESS FACTORS FOR ENTERPRISE RESOURCE PLANNING IMPLEMENTATION

ERP systems are enterprise-wide platforms designed to integrate core functions such as finance, logistics, supply chain management, and human resources into a single standardized environment. These systems provide efficiency, data consistency, and internal control improvements but are also complex undertakings that require both organizational and technical transformation (Swanier, 2016). The challenge is not simply installing



software but aligning people, processes, and technology to realize strategic benefits. To address these challenges, Holland and Light (1999) introduced a widely cited CSF model that organizes the requirements for ERP success into strategic drivers and tactical enablers. Their framework provides a structured roadmap that helps organizations anticipate and address the many interdependent factors that influence ERP outcomes.

Strategic drivers set the foundation for ERP implementation by providing clarity, direction, and organizational legitimacy for the effort. Holland and Light (1999) emphasized three strategic areas:

1. **Clear business vision and justification.** Organizations must articulate why ERP is necessary, what benefits are expected, and how success will be measured. A robust business case, with key performance indicators and governance structures, helps sustain momentum through the life cycle (Holland & Light, 1999).
2. **ERP implementation strategy.** A phased, disciplined approach is essential to manage risk and complexity. Strategic scoping decisions, such as whether to standardize processes or accommodate local variations, directly affect long-term cost, sustainability, and control (Umble et al., 2003).
3. **Legacy systems assessment.** Existing systems often dictate the scale of change. Complex, fragmented legacy environments increase integration challenges, while more standardized platforms ease migration (Holland & Light, 1999). Careful assessment of legacy systems informs data migration, process reengineering, and interface planning.

Where strategic drivers set the stage, tactical enablers determine execution. Holland and Light's model identifies several critical operational factors:

- **Executive leadership and project advocacy.** Active involvement from senior management is essential to ensure projects receive adequate resources, clear direction, and consistent oversight. In the absence of



strong executive backing, initiatives are likely to lose focus, momentum, and organizational trust (Somers & Nelson, 2001).

- **Competent cross-functional team.** ERP requires collaboration across finance, supply, IT, and other domains. Building a diverse project team with organizational knowledge and technical expertise ensures both business alignment and technical accuracy (Umble et al., 2003).
- **Effective project management.** Formal methodologies, milestone tracking, risk registers, and scope control are indispensable. Project governance should enforce accountability and prevent scope creep that leads to overruns (Holland & Light, 1999).
- **Business process reengineering.** ERP success depends on aligning organizational processes with system standards rather than customizing software to fit outdated practices. This requires deliberate process redesign and an openness to adopt embedded best practices (Swanier, 2016).
- **Robust training and change management.** Resistance is common in ERP rollouts. Structured training tailored to user roles, combined with continuous communication, mitigates pushback and promotes adoption (Somers & Nelson, 2001).
- **Data quality and governance.** Poor master data undermines ERP effectiveness. Organizations must invest early in cleansing, migration, and stewardship mechanisms to maintain integrity and prevent systemic errors (GAO, 2005).
- **Technical infrastructure and configuration.** Choosing configuration over heavy customization reduces risk, supports auditability, and ensures smoother upgrades. Attention to system interfaces, cybersecurity, and testing is equally critical (Umble et al., 2003).

Expanding on Holland and Light, other scholars have added nuance to these CSFs:



- **Knowledge management.** ERP implementation is highly knowledge intensive. Li et al. (2017) argue that organizations must manage tacit and explicit knowledge through training, documentation, and supply chain collaboration. Shared learning with partners can help reduce rework and disruption.
- **Realistic expectations.** Many ERP projects fail due to overpromising. Umble et al. (2003) stress the importance of setting achievable timelines and performance goals. Unrealistic expectations can demoralize teams and erode confidence.
- **Cultural alignment.** Organizational culture can either enable or undermine ERP adoption. Chockalingam and Ramayah (2013) found that cultures resistant to change amplify user resistance, while adaptive cultures facilitate adoption.
- **External consultants and partnerships.** Consultants provide valuable expertise, but long-term success requires deliberate knowledge transfer to internal teams. Overreliance on external vendors can create dependency and hinder post-implementation sustainability (Umbel et al., 2003).

Holland and Light's CSF framework highlights that ERP is not a technology project but a comprehensive organizational transformation. Success depends on:

- A compelling vision and enterprise-wide strategy.
- A commitment to strong governance and leadership.
- Competent, cross-functional teams empowered to redesign processes.
- Investments in data governance, training, and change management.
- Technical discipline favoring standardization and embedded controls.
- Continuous learning through internal and external knowledge exchange.

By expanding on these factors, the literature shows that ERP implementation must be treated as both a strategic realignment and a tactical project management exercise.



Together, these insights form a benchmark against which any ERP transition can be evaluated for completeness and rigor.

For the purposes of this study, Holland and Light's CSF framework will serve as a benchmark to assess the Marine Corps' transition to DAI by examining whether strategic drivers were effectively established and whether tactical enablers, such as cross-functional collaboration, data governance, and training, were adequately implemented. The model provides a structured framework for assessing the effectiveness of strategic drivers, including business vision, governance, and legacy system evaluation. It also examines whether key tactical enablers, including cross-functional collaboration, data governance, and training, were properly implemented. By applying this model, the study will identify where CSFs were met and where gaps in leadership, process redesign, or technical rigor contributed to operational inefficiencies or auditability challenges. In doing so, Holland and Light's framework enables a systematic evaluation of the DAI implementation, ensuring that lessons from the broader ERP literature are directly applied to the Marine Corps context.

D. AUDITABILITY TRIANGLE

The Auditability Triangle shown in Figure 1 is a model used to judge whether an organization can sustain audit readiness. It centers on the relationship between people, processes, and internal controls. Each component depends on the others, and a weakness in one component will cause the whole system to fail. This framework is practical because it ties audit readiness to everyday operations instead of treating it as a stand-alone requirement (Rendon & Rendon, 2015; Rendon, 2016).



Auditability Triangle

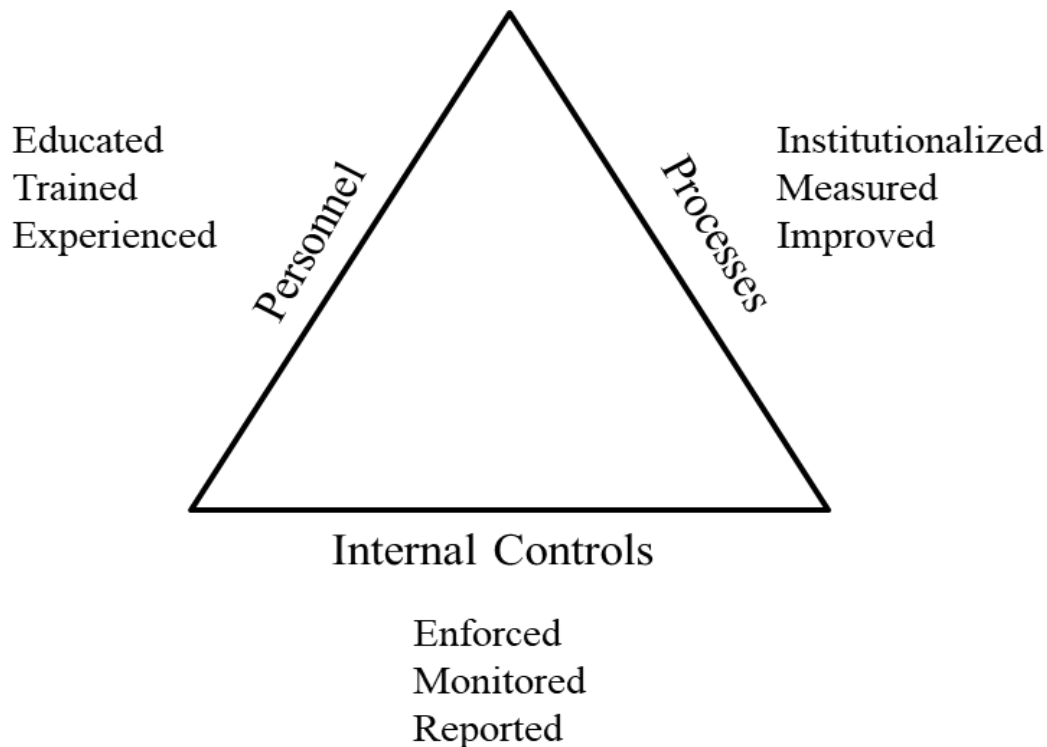


Figure 1. Auditability Triangle Source: Rendon (2016).

The first component of the triangle is people. For an organization to stay audit-ready, individuals must be placed in roles that match their skills, training, and responsibilities. When duties are mismatched, mistakes and delays increase, and units fall back on workarounds to keep moving. Even the most capable Marines cannot succeed if their roles do not line up with their qualifications (Rendon & Rendon, 2015). Leadership also plays a role by reinforcing accountability and ensuring the training pipeline develops a workforce that can meet audit standards over time (Rendon, 2016). Without this foundation, the human component of the system becomes a weak link.

The second component is processes. Audit readiness depends on clear, documented, and standardized workflows that keep financial and supply functions

consistent across the force. When each unit develops its own methods or relies on local fixes, gaps and inefficiencies appear. Errors multiply and records lose reliability. Strong processes prevent this by setting one way of doing business and building those steps directly into the system where possible (Rendon, 2016). Standardized processes ensure that procurement, payment, and funds management are executed in a way that produces audit-ready records as a normal outcome of operations (Rendon & Rendon, 2015).

The third component of the triangle is internal controls. These are the checks that make sure the right people perform the right tasks. Examples include SoD, role-based access, automated approvals, and audit trails (Rendon, 2016). When controls are weak or missing, leaders end up relying on manual reviews, which slow the work and increase the chance of mistakes. Strong internal controls not only enforce compliance but also provide the evidence needed to pass an audit (Rendon & Rendon, 2015). They work best when built directly into the system rather than added later as local fixes.

The triangle only works when all three components are in balance. Skilled people cannot succeed without strong processes, and clear processes are useless without effective controls. If one component breaks down, the other component quickly weakens. Audit readiness becomes sustainable only when people, processes, and controls support one another and create a balanced system (Rendon, 2016). This shift in auditability moves it from a last-minute scramble before inspections to a steady state built into daily work (Rendon & Rendon, 2015).

The model can be used at different levels. At the design level, leaders can check whether roles, responsibilities, and workflows are aligned. At the execution level, they can look for breakdowns in transactions, recurring errors, or reliance on workarounds. At the evidence level, they can test whether records are timely, accurate, and reliable enough for audit review (Rendon, 2016). By applying the triangle this way, leaders can identify weaknesses and make targeted corrections rather than broad or unfocused changes (Rendon & Rendon, 2015).

The triangle also highlights measurable indicators of audit readiness. These include cycle times for transactions, error or exception rates, violations of SoD, and the number of



workarounds still in use. Training results and workforce assessments are additional indicators for the people component of the triangle (Rendon & Rendon, 2015). Tracking these measures gives leaders a clear picture of progress and shows where more attention is needed (Rendon, 2016).

The Auditability Triangle points leaders toward three clear priorities. People must be trained and assigned to roles that match their expertise. Processes must be standardized and consistently followed across the organization. Internal controls must be strong and built into the system so compliance is enforced and evidence is generated automatically (Rendon, 2016). When all three sides reinforce one another, audit readiness is not an extra burden but the natural product of routine operations (Rendon & Rendon, 2015).

E. MILITARY OCCUPATIONAL SPECIALTY FRAMEWORK

This section examines the roles of the Financial Management Resource Analyst and the Supply Administration and Operations Specialist within the Marine Corps' organizational framework. By outlining their core duties, training standards, and functional responsibilities as defined in their relevant manuals. It provides a clear picture of how each community contributes to financial stewardship, accountability, and audit readiness. Understanding these occupational fields in detail is essential to evaluating how their respective tasks interface within each systems, and how current role design either supports or constrains compliance with SoD principles. This overview establishes the foundation for the follow-on analysis of structural, procedural, and training considerations that intersect to influence overall financial management effectiveness.

1. Financial Management Resource Analyst

Within the Marine Corps financial management Occupational Field, the financial management resource analyst serves as the core enlisted billet responsible for accounting, financial analysis, and execution oversight of appropriated funds. According to the Marine Corps Military Occupational Specialties Manual (NAVMC 1200.1L, 2025), 3451 Marines perform a range of functions that ensure the lawful, effective, and efficient use of financial resources. Their primary duties include maintaining accounting records, analyzing budget execution, preparing financial reports, reconciling discrepancies, and implementing



internal controls to promote audit readiness. These analysts are often assigned to comptroller sections where they perform accounting tasks on SABRS and now DAI (NAVMC 1200.1L, 2025).

Beyond core accounting responsibilities, Financial Management Resource Analysts play a vital role in operational and strategic financial management. The Financial Management Training and Readiness (T&R) Manual (NAVMC 3500.69C, 2018) outlines standardized individual events for the MOS, such as recording transactions, loading financial data into feeder systems, managing the Tri-Annual Review, conducting financial management inspections, and applying appropriation law principles. These structured tasks ensure consistency across commands and align with Department of Defense Financial Improvement and Audit Readiness (FIAR) objectives.

Collectively, the NAVMC directives establish the 3451's role as the technical expert in accounting and financial analysis. These Marines must apply sound fiscal principles, enforce regulatory guidance, and maintain a comprehensive understanding of financial systems and reporting processes to ensure the effective management of Marine Corps resources (NAVMC 1200.1L, 2025; NAVMC 3500.69C, 2018).

2. Supply Administration and Operation Specialist

The supply administration and operations specialist (3043) is an enlisted billet within the Marine Corps supply administration and Operations Occupational Field. As described in the Military Occupational Specialties Manual (NAVMC 1200.1L, 2025), Marines assigned to this MOS perform the full range of supply administration and logistics operations required to maintain accountability of material resources. Their primary responsibilities include processing requisitions, managing inventory records, maintaining property custody documentation, and ensuring accurate accounting of supplies and equipment at both the retail and wholesale levels. They utilize automated and manual systems to generate supply documents, reconcile supply discrepancies, and prepare reports for higher headquarters. The MOS is established across all enlisted grades and functions as the foundation for Marine Corps supply operations, emphasizing procedural accuracy,



adherence to supply policy, and the proper use of information systems that support material readiness (NAVMC 1200.1L, 2025).

The Ground Supply T&R Manual (NAVMC 3500.64A, 2019) further defines the duties and expected performance standards for the 3043 billet. It identifies specific training events such as reconciling unit allowances, maintaining the Mechanized Allowance List (MAL), processing requisitions, validating receipt and issue transactions, and performing causative research to resolve inventory discrepancies. Additional tasks include updating stock control records, maintaining supply documentation in accordance with Marine Corps policy, and preparing accountability reports for property records. The manual establishes proficiency requirements across both basic (1000-level) and advanced (2000-level) skill events to ensure Marines can execute all administrative and operational functions associated with supply chain management. Emphasis is placed on maintaining data accuracy, following proper audit trails, and upholding accountability standards for government property (NAVMC 3500.64A, 2019).

Together, these directives define the 3043 billet as a critical enabler of logistics accountability within the Marine Corps. Supply Administration and Operations Specialists are responsible for ensuring that all materials are properly documented, inventoried, and managed in accordance with established procedures, thereby supporting operational readiness and compliance with institutional supply management standards (NAVMC 1200.1L, 2025; NAVMC 3500.64A, 2019).

F. SUMMARY

This literature review has examined the major theories and frameworks that inform organizational change, strategic alignment, and enterprise resource planning implementation. Lewin's Three-Step Change Model underscored the behavioral and psychological dimensions of initiating, managing, and sustaining change. The McKinsey 7-S Framework emphasized the importance of achieving alignment across strategy, structure, systems, style, staff, skills, and shared values to secure durable outcomes. Mintzberg's five Ps of strategy further expanded the understanding of how organizations balance deliberate planning with emergent patterns and perspectives.



Building on these foundations, the review also considered best practices from the ERP literature. Holland and Light's CSFs provided insight into the strategic and tactical conditions that determine whether ERP projects succeed or fail. Complementary studies reinforced the necessity of leadership support, organizational culture, and inter-organizational collaboration to sustain complex system transitions. At the same time, models such as the Auditability Triangle and enterprise risk management frameworks highlight that accountability and compliance depend on having the right workforce, consistent processes, and internal controls that work in practice.

The review also analyzed the billet descriptions, duties, and responsibilities outlined in the Marine Corps Military Occupational Specialties Manual and related T&R Manuals for 3451 and 3043. These sections clarified how each occupational field contributes to financial accountability and resource management within the enterprise system environment.

Together, these perspectives create a comprehensive lens for evaluating structural, cultural, and procedural alignment in complex organizations. The next stage of this research study will draw on these models and theories as analytical tools to assess case studies, applying them to real-world processes to determine how well theory explains practice and identify where gaps remain. In this way, the literature establishes both a conceptual foundation and a practical benchmark for the empirical analysis that follows.



THIS PAGE INTENTIONALLY LEFT BLANK



III. CASE STUDY: PROCUREMENT TRANSACTIONS IN STANDARD ACCOUNTING, BUDGETING, AND REPORTING SYSTEM AND DEFENSE AGENCIES INITIATIVE

This chapter provides a side-by-side case study of how a representative procurement contract is executed in the SABRS and in the DAI. For the SABRS portion, roles and responsibilities are outlined using the guidance contained in Marine Corps Order (MCO) 7300.21B, which established the standard operating procedures for Marine Corps financial management. For the DAI portion, the description draws on the authors' subject matter expertise and professional experience with the system, supplemented by billet responsibilities defined in the SoD Matrix. This approach ensures that the SABRS analysis is grounded in doctrinal authority, while the DAI discussion reflects the realities of current practice and the structural role definitions enforced in the ERP environment. It is important to note that this chapter is descriptive in nature, focused solely on documenting the processes by which procurement transactions occur. An analytical evaluation of these processes will follow in the next chapters. This discussion will examine their implications through the lens of organizational change theories and ERP implementation models introduced in the literature review.

A. CONTRACT EXECUTION IN STANDARD ACCOUNTING, BUDGETING, AND REPORTING SYSTEM

The SABRS system functioned primarily as a financial recording and reporting platform, relying on feeder systems such as PR Builder and the SPS to process procurement actions. MCO 7300.21B outlines the responsibilities of financial management personnel in executing SABRS transactions, including the flow of funds, certification, obligation, receipt, and payment (MCO 7300.21B, 2015). Contract execution in SABRS followed six key steps that involved both financial and supply personnel working together to complete the transaction cycle.

The first step began with the identification of requirements and the entry of requisitions. A requisitioning activity generated a requirement in PR Builder, which



transmitted a commitment transaction to SABRS and sent the same requirement to SPS for contracting action.

The second step involved distributing funds and obtaining certification. Headquarters Marine Corps Programs and Resources (P&R) allocated and allotted funds through SABRS. At the unit level, the 3451 financial management resource analyst created funding documents and certified the availability of funds. Acting as the Fund Manager, the 3451 ensured each obligation complied with fiscal law requirements of purpose, time, and amount (MCO 7300.21B, ch. 1).

The third step covered contract award and obligation recording. Once the contracting office awarded a contract in SPS, SABRS automatically converted the commitment into an obligation using the same document number. The 3451 Fund Manager then verified and recorded the obligation in SABRS to ensure accuracy.

The fourth step involved receipt and acceptance. Delivery of goods or services was acknowledged in SABRS, and this task could be performed by either a 3043 supply administration Clerk or a 3451 Fund Manager. In practice, comptrollers often entered receipts to meet quarterly execution benchmarks. MCO 7300.21B assigns the responsibility for validating that goods or services were received before payment was authorized to the Resource Manager and Fund Manager (MCO 7300.21B, ch. 4).

The fifth step consisted of invoice processing and payment. Vendor invoices were matched against recorded obligations and receipts. The 3451 Fund Manager prepared the expense and payment transactions, which DFAS then processed. Under SABRS, the same individual could certify availability, obligate funds, record receipts, and validate invoices, consolidating multiple functions within a single billet.

The final step addressed error resolution. When mismatches occurred between SPS and SABRS, either the 3451 Fund Manager or a 3043 clerk corrected them through manual adjustments. These corrections required deleting the incorrect transaction, reposting the obligation, and reconciling balances to meet execution and fiscal year closeout requirements.



In summary, SABRS concentrated financial responsibilities primarily within the 3451 community in accordance with MCO 7300.21B, creating a structure that relied heavily on a small number of personnel to execute the full financial transaction process.

B. CONTRACT EXECUTION IN DEFENSE AGENCIES INITIATIVE

The Marine Corps transitioned to the DAI, a Department of Defense-wide enterprise resource planning (ERP) system in order to achieve a clean audit. Unlike SABRS, which concentrated transactional authority within financial managers, DAI enforces role-based SoD. Each step in the contract execution process is assigned to a billet role defined in the SoD Matrix. These billets, spread across both the financial management and supply administration communities, ensure that no single user completes the entire transaction.

The following roles are central to procurement execution in DAI:

- P2P Procurement Analyst (3451) – Responsible for validating funds, ensuring fiscal law compliance, and overseeing invoice processing. Equivalent to the Funds Certifier and Invoice Validator functions.
- P2P Procurement Officer (3043) – Responsible for obligation recording, ensuring awarded contracts are properly reflected in DAI. Equivalent to the Obligations Processor.
- P2P Receipts (3043) – Responsible for recording receipt and acceptance of goods or services. Equivalent to the Receiver.
- P2P Requisition Approver (3043) – Reviews and approves requisitions created in iProcurement before they are routed to certification and obligation stages. Equivalent to the Requisition Approver.

A representative DAI procurement transaction follows these steps:

Contract execution within the DAI follows a standardized seven-step workflow from requisition entry to payment authorization. Unlike SABRS, which often has a single



billet performing multiple functions, DAI separates these duties across different roles to enhance audit compliance.

The process begins with requisition entry. Any user with the Requisition Preparer role can create a requisition in iProcurement, and this access is not limited to a single MOS community. Once the requisition is entered, it automatically routes to a P2P Requisition Approver, typically a 3043 supply administration Marine, for validation and review.

Next, the P2P Procurement Analyst, generally a 3451 financial management Marine, certifies the availability of funds. This step ensures the request complies with the fiscal law requirements of purpose, time, and amount before the requisition can move forward in the system.

After a contract award in the SPS, the data is transmitted back into DAI, marking the third step in the obligation recording process. The P2P Procurement Officer, usually a 3043 Marine, records the obligation in DAI and verifies that all contract data matches the certified requisition.

The fourth step is receipt and acceptance. Once goods or services are delivered, a user with the P2P Receipts role, also a 3043 Marine, records delivery and acceptance within DAI. This establishes a system record of performance and initiates the process for invoice matching.

The fifth step involves invoice validation. Vendor invoices are submitted electronically and matched against requisition, obligation, and receipt records. The P2P Procurement Analyst, a 3451 Marine, validates the three-way match in the system and confirms that the invoice data is accurate and complete before further processing.

The sixth step is payment authorization. Once validated, DAI routes the transaction to the Defense Finance and Accounting Service for disbursement. While DFAS performs the final payment, the 3451 Procurement Analyst ensures all authorizations are properly recorded within the system.

The final step is error resolution. When mismatches occur, such as incomplete contract data, interface issues, or misaligned requisition and obligation data, DAI requires



coordinated correction between multiple roles. The 3451 Procurement Analyst re-verifies funding or invoice data, while the 3043 Procurement Officer or Receipts user adjusts obligations or receipt entries. Unlike SABRS, which allowed for quick manual corrections, DAI enforces strict data integrity. Each contract field must be accurate before posting, and the correction process can involve more than two hundred workflow steps to achieve full system compliance. The table below shows how procurement execution roles evolved from SABRS to DAI, outlining the redistribution of fiscal and logistics duties across the 3451 and 3043 communities.

Table 1. Shift of Procurement Roles from Standard Accounting, Budgeting, and Reporting System to Defense Agencies Initiative

Function	SABRS Environment	DAI Environment	Organizational Effect
Requisition Creation and Approval	Typically initiated and approved by 3451 and 3043 Financial Manager; limited system validation.	Requisition created by any user and routed to a 3043 P2P Requisition Approver for validation and approval.	Introduced workflow control but shifted review authority from finance to supply.
Funds Certification	3451 Financial Manager certified availability of funds and recorded transactions manually.	3451 P2P Procurement Analyst certifies funds electronically in DAI with embedded fiscal law checks.	Increased compliance and visibility but limited flexibility for quick adjustments.
Obligation Recording	3451 Financial Manager entered obligations directly in SABRS after fund certification.	3043 P2P Procurement Officer records obligations once contract award data is received from SPS.	Separated fiscal and contracting duties but created a skills gap in fiscal understanding for 3043 Marines.
Receipt and Acceptance	3451 Financial Manager often confirmed receipt manually using local documentation.	3043 P2P Receipts role records receipt and acceptance in DAI.	Improved documentation but moved accountability away from finance.
Invoice Validation	3451 Financial Manager verified and processed invoices manually; limited system-based matching.	3451 P2P Procurement Analyst performs electronic three-way match (requisition, obligation, receipt).	Strengthened internal control and audit trail; increased reliance on cross-MOS coordination.
Payment Authorization	3451 Financial Manager prepared payment vouchers and submitted to DFAS; manual oversight.	DFAS disburses after DAI validation; 3451 ensures transaction authorization in system.	Automated controls improved accuracy but reduced direct Marine Corps control.
Error Correction	Manual adjustments by 3451 Financial Manager; minimal system restrictions.	Requires multi-role coordination between 3451 and 3043 users with strict workflow controls.	Improved data integrity but slower correction process; increased training demand.



In summary, the execution of procurement transactions in SABRS and DAI demonstrates a significant organizational shift in how the Marine Corps manages contracting and financial processes. SABRS, as outlined in MCO 7300.21B, functioned as a recording and reporting system where the 3451 financial management community carried the bulk of transactional responsibility. A single billet could certify funds, record obligations, process receipts, and validate invoices with only limited system restrictions. When mismatches occurred, correction was relatively straightforward: a 3451 Fund Manager could manually adjust transactions through a ten-step process. This design emphasized speed and operational flexibility but allowed for shortcuts and inconsistent practices across commands.

DAI, by contrast, introduces an enterprise resource planning environment that enforces role separation and data integrity through its SoD Matrix. Billets such as the P2P Procurement Analyst (3451), P2P Procurement Officer (3043), P2P Receipts (3043), and P2P Requisition Approver (3043) each carries distinct responsibilities, preventing any one individual from executing an entire transaction. However, this added control comes with a substantial increase in time requirements. Correcting errors or resolving unmatched transactions in DAI requires a 250+ step process in which every contract data field must be entered completely and accurately before the system will accept the transaction. While this design ensures that records are comprehensive and audit-ready, it also greatly increases the time required for manual input compared to SABRS. The contrast highlights the Marine Corps' move from a system optimized for expediency to one that prioritizes compliance and auditability. The next chapter will apply organizational change theories and ERP implementation models from the literature review to evaluate this transition, examining both the benefits and the operational challenges associated with DAI in its current state.



IV. ANALYSIS OF THE MARINE CORPS TRANSITION FROM STANDARD ACCOUNTING, BUDGETING, AND REPORTING SYSTEM TO DEFENSE AGENCIES INITIATIVE

This chapter applies the models and frameworks discussed in Chapter II to analyze the Marine Corps' transition from SABRS to DAI. The analysis begins with the implementation phase and progresses through the current operational state of DAI within the Marine Corps. Using Lewin's Three-Step Change Model, the McKinsey 7-S Framework, and the Auditability Triangle, this chapter evaluates how organizational structure, processes, and culture have been affected by the new ERP environment. The assessment draws on audit reports, discussions with subject matter experts, and the authors' professional experience during the transition. Together, these sources provide the foundation for evidence-based recommendations aimed at improving financial management alignment and strengthening internal controls, enabling the Marine Corps to not only continue to receive a clean audit but one with no material weaknesses.

A. EVALUATING THE DEFENSE AGENCIES INITIATIVE IMPLEMENTATION PROCESS

When DAI launched, it transformed how the Marine Corps managed finances, shifting to a mindset where financial responsibility and audit expectations were integrated into the normal workflow rather than assessed at the end. This shift exposed gaps in structure and training but also led to the Marine Corps earning a clean audit opinion, meeting its main objective despite lingering issues with efficiency and workforce alignment. Chapter 1 explained why the transition was necessary; this section examines how well it was carried out and whether it achieved the intended alignment of people, processes, and controls. The table below evaluates the implementation phase using Lewin's framework, CSFs, and observed operational results.



Table 2. Lewin's Change Management Process Evaluation

Element	Evidence from analysis	Stoplight
Organizational Readiness and Change Management	Unfreeze succeeded; refreeze inconsistent across units	Yellow
Strategies Divers	Clear vision and senior sponsorship	Green
Tactical Enablers	Governance in place but uneven execution and coordination	Yellow
Legacy Integration	Feeder systems underestimated; manual reconciliations	Red
Governance, Oversight, and Auditability	Vertical accountability strong; horizontal integration limited	Yellow
Interoperability and Systemic Constraints	Interfaces cause delays and rework	Yellow
Summary	Technical success with uneven adoption	Yellow

1. Organizational Readiness and Change Management

Using Lewin's Three-Step Change Model as an interpretive lens, the DAI rollout demonstrates that the Marine Corps succeeded in "unfreezing" legacy practices but encountered friction in the "refreeze" stage. The initial urgency for change was established by statutory audit mandates and the recognition that manual workarounds under SABRS were unsustainable and unacceptable. However, once DAI went live, the Marine Corps struggled to sustain the new behaviors that supported compliance. Limited user training, uneven communication between Headquarters and the operating forces, and the absence of a phased adoption plan delayed the stabilization of new norms (Evans, 2025; Burnes, 2019). In Lewin's terms, the system change occurred faster than the cultural change required to support it, leading to partial refreezing and inconsistent adherence to DAI workflows across units.

This imbalance between technical and behavioral readiness underscores the importance of the people dimension within Rendon and Rendon's (2015) Auditability Triangle. Although DAI enforced stronger system-based controls, it did not guarantee that trained personnel were assigned to the right roles or that those roles aligned with their occupational competencies. The continued use of SoD waivers demonstrates that the



transformation focused heavily on technology while underestimating workforce adaptation, a factor frequently overlooked in unsuccessful ERP change efforts (Somers & Nelson, 2004; Holland & Light, 1999).

2. Alignment with Enterprise Resource Planning Critical Success Factors

When viewed through Holland and Light's framework, the Marine Corps had both successes and setbacks with DAI. Leadership support and a clear plan helped reach goals tied to modernization and compliance. The real issue was how well people, systems, and structure worked together, and that alignment was never consistent. The design of the program did not match how the Marine Corps operates, which led to gaps in coordination and uneven results across commands. DAI met its main goals on paper but did not create the lasting alignment needed for a mature and stable ERP system.

- **Strategic Drivers:** The program benefited from a clearly defined business vision, achieving auditability through standardized, role-based financial management, and strong top-level sponsorship from HQMC (P&R). However, the strategic scope lacked explicit milestones for post-implementation workforce restructuring and training sustainment, both of which are essential to realize long-term benefits.
- **Tactical Enablers:** The formal governance structure demonstrated strong project management discipline; however, gaps emerged during execution, especially in how different functional areas coordinated and how data governance was enforced. Coordination between the financial management and supply administration communities was reactive rather than planned, and early data migration errors required extensive manual reconciliation, an issue that undermined confidence in system reliability (GAO, 2005; HQMC, 2023).
- **Legacy Integration:** As Holland and Light note, legacy systems determine the starting point of change. The Marine Corps underestimated the degree to which feeder systems such as PR Builder, CWS, and GCSS-



MC would constrain DAI's interoperability. This left portions of the transaction cycle dependent on manual intervention, thereby continuing the very issue DAI was designed to eliminate.

These gaps suggest that DAI met its technical success criteria but fell short of the organizational benchmarks that define sustainable ERP adoption, a finding repeated by the Navy ERP program (GAO, 2005).

3. Governance, Oversight, and Auditability

The Marine Corps established a formal governance structure consistent with MCO 7300.21B (2015), designating HQMC P&R as the functional authority and Defense Finance and Accounting Service (DFAS) Indianapolis as the accounting service provider. This arrangement provided vertical accountability, but it lacked horizontal integration across occupational communities. Oversight mechanisms focused on compliance reporting rather than performance analytics, leaving leadership without quantitative metrics to gauge user proficiency, transaction accuracy, or audit trail reliability, metrics the GAO (2005) identifies as prerequisites for enterprise-level assurance.

From the perspective of the Auditability Triangle, DAI strengthened the “process” and “control” components through system automation but exposed a persistent imbalance on the “people” side. Controls functioned as intended only when users understood their role and purpose. In areas where training or role clarity was weak, users developed local workarounds, an indicator that process design had beaten organizational learning. From the perspective of the 7-S lens, this reflects a misalignment between systems, skills and organizational culture, where structural reform advanced faster than workforce development. As a result, audit exceptions that stemmed from dual-role conflicts or untimely document approvals illustrate how deficiencies in one side of the triangle can erode the integrity of the others (Rendon & Rendon, 2016).

4. Interoperability and Systemic Constraints

DAI's integration promise remains partially realized. Interface limitations with contracting and logistics systems required repetitive data entry and delayed obligation



posting. These inefficiencies reflect Holland and Light’s point that when system interfaces are not fully mapped, the overall integrity and coordination of an ERP system begin to break down. Although the Marine Corps has begun interface modernization initiatives under the DoD Business Mission Area, evidence indicates that the ERP continues to operate as a hybrid environment, rather than a fully integrated financial environment.

5. Summary

Collectively, these observations reveal a transition that achieved structural modernization but not full organizational maturity. The Marine Corps effectively “unfroze” outdated processes and deployed an enterprise platform with robust internal controls, yet it has not fully “refrozen” the human systems that make those controls reliable in practice. Governance and process reforms delivered measurable compliance gains, but workforce adaptation, cross-functional collaboration, and data governance remain incomplete. In short, DAI succeeded as a system implementation but remains an unfinished organizational transformation.

B. ORGANIZATIONAL REALIGNMENT

The implementation of DAI fundamentally altered the Marine Corps’ financial management structure, redistributing functions that had long been concentrated within the 3451 financial management resource analyst community. By applying the McKinsey 7-S Model, this section reveals that while the DAI transition aligned technological “systems” with federal audit standards, the supporting “soft” elements (staff skills, leadership style, and shared values) did not evolve at the same pace. The result is an organization that meets compliance requirements on paper but remains misaligned in practice. The table below evaluates the degree of alignment across the seven elements under the McKinsey 7-S Framework.



Table 3. McKinsey 7-S Framework Evaluation

Element	Evidence from analysis	Stoplight
Strategy	Clear enterprise control and auditability aim	Green
Structure	Fragmented authority between 3451 and 3043	Red
Systems	Strong role-based controls; integration gaps remain	Yellow
Style	Command-driven; limited cross-community collaboration	Yellow
Staff	Two communities with divergent pipelines	Yellow
Skills	Training not fully updated for DAI roles	Yellow
Shared values	Compliance vs. speed tension persists	Yellow
Overall	Hard elements ahead of soft elements	Yellow

1. Strategy: Enterprise Control Without Organizational Reform

DAI introduced a deliberate strategy to achieve end-to-end financial visibility and enforce SoD through automation. This strategy succeeded in integrating processes across procurement, accounting, and funds distribution, yet it did not include a parallel workforce-realignment plan to sustain those controls. In effect, the system's design outpaced organizational adaptation. As McKinsey's framework emphasizes, a strategy that changes how decisions are made must be accompanied by structural and cultural mechanisms that reinforce new behaviors (Peters & Waterman, 1982). Without those reinforcements, Marines continued to operate within legacy role expectations, creating tension between the new ERP logic and traditional command structures.

2. Structure: Fragmented Authority and Role Ambiguity

Under SABRS, financial execution authority was formally assigned to the 3043; however, in practice, 3451 Marines frequently completed the transactions due to their greater familiarity with fiscal systems and controls. Because SABRS lacked embedded SoD safeguards, a single user could initiate, obligate, and certify transactions without system level restrictions. This arrangement, while expedient, concentrated authority and blurred accountability across occupational fields.

With the implementation of DAI, these responsibilities were redistributed. The system now enforces SoD through role-based access controls, assigning certification, obligation, and receipt functions primarily to the 3043 community within the Procure-to-



Pay workflow. Although this structural realignment satisfied audit and compliance requirements in design, it created fragmented authority between two distinct communities governed by separate training pipelines and career management structures (NAVMC 1200.1L, 2025).

Viewed through the McKinsey lens, the Marine Corps replaced its functional hierarchy with a matrix-style model that blurs lines of responsibility and weakens centralized accountability. Neither occupational field fully owns the end-to-end financial transaction cycle, forcing coordination to rely on local relationships rather than standardized governance. As McKinsey cautions, when structural reform moves faster than leadership and communication can adapt, “loose coupling” tends to emerge. In the Marine Corps’ case, this has led to rising coordination costs, uneven performance, and persistent local workarounds, clear signs of structural misalignment.

3. Systems: Strong Controls, Weak Integration

The “systems” element of the 7-S Model encompasses formal procedures and technological enablers. DAI’s embedded role-based access, automated approvals, and audit trails represent major advances over SABRS. Yet, as GAO (2005) observed in similar DoD ERP programs, strong system design cannot offset weak integration with human workflows. Within the Marine Corps, the separation of fiscal and logistical responsibilities requires constant cross-system coordination among DAI, GCSS-MC, and contracting platforms. Interface delays and mismatches in data elements continue to cause reconciliation errors, particularly during the obligation and goods receipt stages.

The system enforces compliance but has not achieved the leadership’s vision. The “hard” elements are misaligned with the “soft” human systems that depend on experience and communication for effective execution. To bridge this gap, the Marine Corps has implemented SoD waivers that directly alter or bypass the formal control systems. When commands issue waivers, they are creating exceptions within the system design to maintain operational tempo despite misaligned access roles or manpower shortages.



4. Style: Command-Driven Change Versus Collaborative Leadership

Leadership “style” in the Marine Corps traditionally reflects a hierarchical, directive culture that emphasizes compliance and discipline. While this command-driven style ensures accountability, it can inhibit the collaboration and iterative learning necessary for ERP adaptation (Kumar & Geetika, 2019). The DAI transition required horizontal cooperation between finance, logistics, and information-technology personnel, yet cultural norms encouraged vertical reporting and minimal deviation from established chains of command.

According to the McKinsey model, leadership style must reinforce the new strategy’s behavioral expectations. In the DAI environment, effective adaptation demands a coaching-oriented approach that encourages shared ownership of processes across MOS communities. Without a cultural shift, Marines might meet procedural requirements but fail to internalize the larger purpose of auditability and transparency.

5. Staff and Skill: Evolving Competencies in Two Communities

The redistribution of duties exposed disparities in training and professional identity. 3451 Marines, trained in fiscal law, budget analysis, and reconciliation, now perform oversight and recording tasks requiring policy interpretation rather than data entry. Conversely, 3043 Marines gained more financial responsibilities that required more manpower for data entry without the support of 3451. In addition, financial management duties are outside of their primary logistical expertise (NAVMC 3500.64A, 2019). Neither community has received a fully updated T&R pipeline tailored to DAI’s competencies.

This misalignment between “staff” and “skills” mirrors Nadler and Tushman’s (1980) concept of incongruence: people’s capabilities and motivations no longer match organizational demands. Without targeted cross-training, the Corps risks extending a skills gap that undermines both efficiency and compliance. The Auditability Triangle’s “people” component thus remains the system’s weakest link, even as processes and controls strengthen (Rendon & Rendon, 2015).



6. Shared Values: Balancing Compliance and Mission Execution

Shared values within Marine Corps financial management have historically emphasized mission accomplishment and speed of support. DAI introduced a competing value: strict adherence to processes to maintain auditability. Reconciling these priorities requires reframing audit readiness not as an administrative constraint but as an operational enabler. Units that internalize this connection demonstrate fewer SoD violations and higher transaction accuracy. However, where the cultural narrative still equates compliance with bureaucracy, users revert to shortcuts that undermine system integrity. As the McKinsey framework predicts, cultural realignment is the slowest yet most decisive factor in sustaining transformation (The Strategy Institute, 2024).

7. Summary

The Marine Corps' DAI realignment shows partial alignment in the 7-S Model, with strong "strategy" and "systems," but weak "structure," "skills," and "shared values." This inconsistency accounts for the gap between SoD compliance in design and its absence in daily practice. The use of SoD waiver exposes system weaknesses and underscores a misalignment between the systems, structure and staff. To find balance, the organization needs to bring its people, structure, and technology into better alignment, increasing cross-training, clarifying what is expected of leaders, and making auditability a normal part of daily mission execution. When all seven elements work in concert, DAI can move beyond a compliance exercise and become a lasting enterprise capability.

C. INTERNAL CONTROLS AND AUDITABILITY

DAI was designed to correct the internal control weaknesses that plagued the SABRS. Under SABRS, audit findings repeatedly cited the lack of SoD, insufficient documentation, and inconsistent transaction review procedures (GAO, 2011; DoDIG, 2012). DAI addressed these deficiencies by embedding automated controls, audit trails, and workflow approvals aligned with the COSO framework. While these technical improvements represent significant progress, the Marine Corps' experience shows that internal controls are only as strong as the people and processes that sustain them. Applying the Auditability Triangle highlights that maintaining audit readiness over time requires a



balanced integration of skilled personnel, standardized procedures, and robust system controls. (Rendon & Rendon, 2015). The table below evaluates how effectively DAI balances people, processes, and controls.

Table 4. Auditability Triangle Evaluation

Element	Evidence from analysis	Stoplight
People	Role clarity and training gaps; waiver reliance	Red
Processes	Standardized in policy; practice varies by unit	Yellow
Controls	Embedded SoD and audit trails; waiver workarounds	Yellow
Overall	Controls and process improved; people lags	Yellow

1. People: Competence, Role Alignment, and Training

The “people” component of the Auditability Triangle remains the most vulnerable side of the Marine Corps’ internal control structure. Although DAI enforces SoD at the system level, effective control still depends on users possessing the training, judgment, and accountability to execute their assigned roles correctly. As the Marine Corps cemented procurement and certification duties to the 3043 community, the training infrastructure did not evolve in parallel. Many supply Marines entered DAI with a limited understanding of fiscal law, commitment accounting, or the documentation standards required to sustain audit trails. On the other hand, financial management Marines, previously responsible for all fiscal actions, lost access to transactional authority but retained responsibility for compliance oversight. This split created uncertainty over who ultimately “owns” financial accountability.

From an internal control standpoint, these gaps undermine the principle of controlling environment (the foundation of COSO’s model), which depends on personnel competence and clearly defined responsibilities. When talking to units with strong training and oversight, transactions were documented appropriately and reconciled in a timely manner. In some cases, a lack of knowledge regarding system workflows resulted in incomplete receipts, postponed approvals, or dependence on waivers. As a result, the ability to audit varied not due to intentional design but rather to the varying levels of



expertise, indicating that the control environment is not consistent across the organization. The FY 2023 Agency Financial Report states that the Marine Corps achieved a clean audit, but still faced significant material weaknesses related to waivers (United States Marine Corps, 2024). Public entities would have failed to secure a clean audit with the same issues.

2. Processes: Standardization and Compliance Integration

The second side of the Auditability Triangle, processes, represents the procedural framework that connects people to controls. DAI standardized many financial workflows, embedding them in system logic through automated routing, role-based approvals, and status validations. These features improved visibility of commitments, obligations, and expenditures. However, the transition also exposed inconsistencies in how units interpreted or executed these standardized processes.

Under SABRS, units developed their own workarounds and documentation practices to meet mission demands. In DAI, those informal norms carried forward into a system built for uniformity, creating conflict between automated workflows and local operating culture. For example, some commands bypassed sequential approval steps to expedite payments or delayed goods receipts when supply and fiscal sections were out of sync. These deviations illustrate what COSO defines as “control activity failures”: instances in which processes exist in policy but not in consistent practice.

While DAI provides transactional transparency, it does not inherently ensure process discipline. The system can record the “who” and “when” of an action but not the “why” or “how well” the process adhered to regulatory guidance. Sustained audit readiness therefore requires continuous process validation through tri-annual reviews, SoD monitoring, and exception reporting, to ensure compliance is not degraded over time. The Marine Corps has begun implementing these checks through Headquarters-level oversight and quarterly reviews, but they remain unevenly enforced across major commands.

3. Internal Controls: Automation, Monitoring, and Assurance

The “controls” side of the Auditability Triangle represents the system-based mechanisms that enforce compliance and generate evidence for audit examination. DAI



incorporates multiple layers of embedded control, including automated pre-validation, approval hierarchies, and permanent audit logs. These features align with the COSO components of control activities and information systems, ensuring that financial data can be traced and not altered from initiation to disbursement.

In theory, this framework resolves the deficiencies that undermined SABRS. In practice, however, control effectiveness is constrained by the configuration of roles and interfaces. For instance, while DAI prevents a single user from performing all steps of a transaction, it cannot prevent a unit from assigning multiple roles to a single Marine when manpower shortages exist, creating functional SoD violations even within a compliant system design. The recurring need for MARADMIN-directed SoD waivers illustrates that internal controls are being overridden to sustain daily operations (HQMC, 2023; HQMC, 2025).

Additionally, system integration with external platforms remains a constant risk. Because DAI interfaces with contracting and logistics systems that do not share identical control architectures, data mismatches and duplicate postings occasionally occur. These gaps represent information and communication weaknesses in COSO terms, where data integrity across systems is not guaranteed solely by control design. Continuous monitoring and interface reconciliation are therefore essential to preserve the audit trail across systems.

4. Synthesis: Balancing the Triangle

The Marine Corps' experience with DAI demonstrates that audit readiness cannot be achieved solely through system design. The Auditability Triangle reveals an imbalance: the Marine Corps has strengthened its controls and improved its processes, but the people component has not kept pace. This imbalance explains the inconsistent transaction quality, recurring audit exceptions, and the continued need for SoD waivers. Achieving real balance takes more than qualified personnel; it also depends on having systems in place that hold people accountable and promote consistent compliance across all levels of the organization.

The units that perform best are those that treat auditability as part of their mission culture, showing what's possible when the right balance is struck. They combine technical



proficiency with disciplined processes and active leadership involvement, transforming audit readiness from a checklist requirement into an enduring operational habit. Until that balance exists across the force, DAI will remain a system that enables auditability but still relies on people to make it real.

D. ERP CRITICAL SUCCESS FACTORS

ERP systems succeed or fail not because of technology alone but because of how well leadership, structure, and organizational behavior align with implementation goals. Holland and Light's (1999) CSFs framework divides these influences into strategic drivers, which establish vision and governance, and tactical enablers, which ensure operational execution. When viewed through this model, the Marine Corps' transition from SABRS to DAI demonstrates partial success: strategically consistent in purpose, but tactically inconsistent in execution. The table below evaluates the Marine Corps' ERP implementation through Holland and Light's framework, highlighting strategic consistency but tactical shortfalls.

Table 5. Enterprise Resource Planning Evaluation

Element	Evidence from analysis	Stoplight
Business vision and sponsorship	Clear vision and HQMC leadership	Green
Implementation strategy	Big-bang cutover limited learning	Yellow
Legacy systems assessment	Interface complexity underestimated	Yellow
Cross-functional collaboration	Persistent finance-supply silos	Yellow
Training and change management	Insufficient training	Yellow
Data governance and quality	Early mismatches and stewardship gaps	Yellow
Overall	Strategic alignment strong; tactical gaps remain	Yellow

1. Strategic Drivers: Vision, Governance, and Legacy Systems

The Marine Corps entered the DAI transition with a clear strategic vision: achieve end-to-end financial transparency and clean audit readiness through a standardized ERP environment. This vision aligned with DoD enterprise reform initiatives and satisfied the



statutory intent of the Chief Financial Officers Act and the FY2010 National Defense Authorization Act (Public Law 111-84, 2009). Senior leadership provided visible sponsorship, and Headquarters Marine Corps (P&R) acted as the functional proponent, ensuring top-down authority over funding and policy. These actions fulfilled the business vision and justification component of Holland and Light's model.

However, the ERP implementation strategy, specifically, the "big-bang" go-live approach, undermined the advantages of that vision. Instead of phasing deployment to allow user testing and gradual adoption, the Marine Corps executed an immediate system cutover. This accelerated timeline limited feedback loops, increased user confusion, and forced commands to rely on short-term workarounds. The GAO (2005) warned that such compressed rollouts often sacrifice sustainability for speed, a pattern mirrored in the early DAI stabilization period.

The third strategic driver, legacy system assessment, also reveals critical oversight. SABRS and its supporting feeder systems contained decades of embedded data structures and local business rules. The Marine Corps underestimated the scale of data cleansing and interface reengineering required to integrate these systems into DAI's Oracle-based architecture. As Holland and Light emphasize, the influence of legacy systems defines the scope of organizational change; insufficient analysis at this stage predicts downstream complexity. The persistence of interface errors between DAI, GCSS-MC, and contract writing systems confirms that the transition addressed technological obsolescence but not systemic interdependence.

2. Tactical Enablers: Leadership, Team Integration, and Change Management

At the tactical level, the most decisive factors in ERP success are leadership engagement, cross-functional teamwork, project management discipline, and change communication (Somers & Nelson, 2001; Umble et al., 2003). Each factor were apparent within the DAI implementation but with uneven depth and consistency.

Leadership and project advocacy were strong during early deployment but declined during sustainment. Senior endorsement ensured funding and policy direction, yet mid-



level leaders often lacked the authority or expertise to translate strategic objectives into day-to-day practices. In units where commanders prioritized auditability and accountability, DAI adoption proceeded smoothly; in others, operational tempo took precedence, leading to incomplete documentation or untimely approvals. This variation demonstrates what Holland and Light describe as a breakdown between strategic intent and operational leadership continuity.

Cross-functional collaboration, critical in ERP projects integrating finance, supply, and contracting, remained a persistent weakness. The 3451 and 3043 communities operated under distinct chains of command and professional cultures. The absence of a unified project team during the transition allowed functional silos to persist, impeding shared ownership of financial data. The GAO (2005) identified similar barriers during Navy ERP development, where separate communities pursued parallel processes instead of a cohesive enterprise model. The Marine Corps has faced a similar issue: succeeding on the technical front but falling short of cross-functional coordination.

Training and change management were among the most visible shortfalls. According to Holland and Light, ERP initiatives must include structured, role-specific training and ongoing communication to mitigate user resistance. Although DAI introduced formal e-learning and webinars, the programs focused on system navigation rather than the fiscal accountability concepts underlying each workflow. Many Marines learned procedures in isolation with 200+ page step-by-step instructions, without understanding how their tasks fit into the broader internal control framework. The result was compliance in form but not in substance, users could execute transactions but not interpret audit implications.

Data governance and quality control also proved inconsistent. ERP success depends on reliable master data and disciplined stewardship. During DAI's initial deployment, multiple commands reported mismatches in obligations, duplicate vendor records, and incomplete document links between the logistics and accounting modules. These errors forced manual corrections and delayed reconciliations, highlighting the need for standardized data ownership policies and automated validation tools. As Li et al. (2017) found in large-scale ERP research, inter-organizational knowledge sharing and data



transparency are essential for long-term system effectiveness, an area where DAI governance remains underdeveloped.

3. Lessons and Comparative Insights

Comparisons with other DoD ERP programs underscore both the progress and limitations of DAI. The Navy ERP case, reviewed by the GAO (2005), revealed that even when best practices are formally adopted, success depends on continuous monitoring, quantitative performance metrics, and independent verification and validation (IV&V). The Marine Corps has implemented portions of these recommendations, such as establishing centralized access controls and audit logs, but lacks a standing IV&V function external to HQMC oversight. Without independent validation, leadership relies on internal reporting that may not fully capture system performance or SoD risk trends.

Furthermore, as Holland and Light note, the period after implementation is critical for learning. Organizations that build in feedback loops, capture lessons learned, track data errors, and maintain active user councils are better able to stay resilient and adapt over time. The Marine Corps has begun moving in this direction through its DAI User Forum and MARADMIN guidance updates, yet the process remains ad hoc rather than embedded. Until feedback becomes a systematic input into governance, DAI will continue to evolve reactively rather than strategically.

4. Synthesis Enterprise Resource Planning Critical Success Factors

Viewed through Holland and Light's framework, the Marine Corps achieved strategic alignment but only partial tactical execution. Leadership established a compelling vision and mobilized resources to deliver a compliant ERP system, but shortfalls in phased planning, user integration, and data governance diluted the return on investment. The Corps now operates within an environment where system controls are strong, yet organizational enablers (training, communication, and collaboration) remain incomplete.

The overarching lesson is that ERP modernization is not a singular event but a continuing process of alignment. Sustained auditability will depend on how effectively the Marine Corps converts DAI from a compliance tool into a learning organization, one that



continuously strengthens its people, processes, and information through structured governance. Only then will the system's technical capabilities translate into enduring financial transparency and institutional accountability.

E. CHALLENGES AND LESSONS LEARNED

The Marine Corps' transition from the SABRS to the DAI represents a landmark effort in enterprise modernization. Yet, as with many large-scale ERP initiatives, the transformation exposed deep interdependencies among people, processes, and controls that technology alone could not resolve. A synthesis of the preceding analyses reveals that while DAI corrected long-standing control deficiencies, the Marine Corps continues to struggle with organizational alignment, workforce adaptation, and cultural integration, issues that reflect enduring patterns identified in both organizational behavior and ERP literature.

1. Change Management: Unfreezing Was Achieved, Refreezing Remains Elusive

Through the lens of Lewin's Three-Step Change Model, the Marine Corps successfully executed the unfreeze and change stages of transformation but remains incomplete in refreezing the new norms. The urgency for change was well communicated, driven by audit findings and legislative mandates, and leadership effectively mobilized the organization toward DAI implementation. However, once the system went live, the momentum of change subsided before behavioral reinforcement occurred.

The "refreeze" stage requires sustained communication, incentives, and continuous training to normalize the new operating model. Instead, commands fell back on local workflow variations to maintain efficiency under operational pressure. These workarounds highlight how both habits and procedures tend to drift when system changes aren't anchored by cultural stability. As Burnes (2019) emphasizes, enduring change depends on embedding new behaviors into the daily fabric of the organization, not merely enforcing compliance through technology.



2. Structural and Cultural Misalignment

Applying the McKinsey 7-S Model shows that DAI made progress in the “hard” elements (strategy, systems, and structure) but lags in the “soft” dimensions (style, staff, skills, and shared values). Strategically, the Marine Corps aligned its financial management objectives with DoD-wide auditability goals, and structurally, it implemented SoD-compliant workflows through DAI’s role-based architecture. Yet, the human system did not evolve in step with the technical system.

Leadership style remained largely hierarchical, emphasizing control and compliance over collaboration and learning. The 3451 and 3043 communities, governed by separate occupational pipelines, continued to function as distinct professional cultures rather than as integrated elements of a unified financial system. This separation inhibited knowledge sharing and reinforced an “us versus them” dynamic, particularly where system roles blurred traditional boundaries of fiscal and supply authority.

Shared values further complicated adoption. Marine culture prioritizes mission accomplishment and responsiveness, values that can conflict with the slower, documentation-heavy pace of ERP processes. Where leaders framed auditability as mission-enabling, compliance improved; where it was perceived as administrative overhead, resistance persisted. This tension underscores McKinsey’s assertion that sustainable performance arises only when shared values align with organizational systems and strategy.

3. Processes and Control Challenges

The Auditability Triangle provides a diagnostic lens to examine how people, processes, and controls interact in the DAI environment. Technically, DAI strengthened the “process” and “control” legs through automation, embedded SoD, and audit trail generation. Yet, the “people” dimension, ensuring that qualified and trained personnel execute those processes, remains the weakest link.

System-generated controls cannot fully compensate for human capacity shortfalls. Commands frequently resorted to SoD waivers, dual-role assignments, or manual reconciliations when personnel with the proper credentials were unavailable. These



practices, while expedient, reintroduce audit risk and erode the integrity of internal controls. Moreover, recurring interface issues between DAI and legacy feeder systems produce data errors that require human correction, further stressing the control environment. Rendon and Rendon (2016) caution that auditability must be designed into both the system and the organization; otherwise, compliance becomes conditional rather than continuous.

4. Tactical Execution Gaps

From Holland and Light's (1999) perspective, the Marine Corps met several strategic drivers including clear vision, senior leadership support, and system standardization, but struggled with tactical enablers such as training, communication, and cross-functional collaboration. The "big-bang" implementation approach compressed the timeline for user adaptation and left limited opportunity for iterative learning.

Training programs emphasized system navigation rather than the underlying fiscal principles that govern each workflow. Consequently, users became proficient in following steps without understanding their compliance rationale. Cross-functional communication also lagged. The lack of a unified project team bridging finance, supply, and IT communities meant that issues often surfaced only after implementation, leading to reactive rather than preventive problem-solving. In ERP literature, these deficiencies are among the most common predictors of post-deployment instability (Somers & Nelson, 2004; Umble et al., 2003).

5. Institutional Lessons

Several key lessons emerge from the Marine Corps' DAI experience:

- Technology cannot substitute for structural alignment. Automated controls improve compliance only when paired with properly trained personnel, clearly delineated responsibilities, and integrated career development pipelines.



- Change must extend beyond system implementation. Sustainable transformation requires continuous “refreezing” through training, mentorship, and performance feedback loops that reinforce new norms.
- Auditability is cultural, not procedural. Units that view audit readiness as integral to mission success demonstrate greater discipline, accuracy, and timeliness than those treating it as an external requirement.
- Feedback mechanisms are essential for learning organizations. DAI governance must institutionalize independent verification, lessons learned processes, and user forums to capture and act on operational insights.
- Cross-community collaboration determines enterprise success. The divide between fiscal and supply personnel must narrow through joint training, integrated leadership structures, and shared accountability for financial execution.

F. SUMMARY

The Marine Corps’ transition from the SABRS to the DAI represents both progress and unfinished reform. This chapter has evaluated that transformation using four complementary frameworks, Lewin’s Three-Step Change Model, the McKinsey 7-S Framework, Holland and Light’s ERP CSFs, and the Auditability Triangle, to determine whether the Marine Corps’ modernization efforts have achieved alignment across people, processes, and controls. The analysis reveals that while DAI successfully modernized the system architecture and strengthened the internal control environment, it has not yet produced full organizational equilibrium.

From a change management perspective, the Marine Corps achieved the “unfreeze” and “change” phases of Lewin’s model but has not fully “refrozen” the new way of operating. The behavioral, cultural, and procedural adjustments needed to normalize DAI practices remain uneven across commands. Similarly, the McKinsey 7-S analysis shows that while strategy and systems are clearly defined, structural and cultural elements, skills, leadership style, and shared values lag behind. The redistribution of fiscal roles between



the 3451 and 3043 communities, though compliant with SoD principles, has fragmented accountability and introduced workforce skill gaps that hinder consistency.

Through the lens of Holland and Light's ERP CSFs, the Marine Corps demonstrated strategic alignment and leadership commitment but struggled with the tactical enablers that sustain enterprise success: cross-functional collaboration, phased training, and data governance. Finally, the Auditability Triangle underscores that audit readiness requires equilibrium among people, processes, and controls, a balance DAI has not yet achieved. The system has embedded the necessary controls and standard workflows, but inconsistent user training and manpower shortfalls continue to weaken the human component of the auditability framework.

Taken together, these findings confirm that the Marine Corps has achieved compliance in design but not yet compliance in practice. DAI has provided the technological foundation for audit readiness, but sustainable success will depend on aligning organizational structure, workforce competencies, and leadership engagement with that technology. The challenges identified in this chapter, role fragmentation, training deficiencies, cultural resistance, and inconsistent process ownership, reflect an organization that is evolving but not yet stabilized.

Closing these gaps will require deliberate, evidence-based action. The next chapter builds on these findings by outlining recommendations to realign billets, strengthen cross-functional collaboration, improve training and data governance, and embed auditability as a lasting part of Marine Corps culture. Together, these proposals translate the lessons from DAI's implementation into practical reforms aimed at sustaining compliance, improving efficiency, and building organizational resilience.



THIS PAGE INTENTIONALLY LEFT BLANK



V. RECOMMENDATION

The previous analysis demonstrated that the Marine Corps' transition from the SABRS to the DAI achieved important gains in transparency, internal control, and system standardization, yet it also created structural and cultural misalignments that continue to impede full audit readiness. The redistribution of financial execution responsibilities between the 3451 financial management resource analyst and the 3043 supply administration and operations specialist communities solved certain SoD issues in theory but introduced new operational inefficiencies in practice. Because each occupational field retains distinct training pipelines, governance structures, and professional cultures, DAI's embedded controls have not been supported by a unified human framework capable of executing those controls consistently.

To address this central problem, this chapter recommends a single, high-impact organizational reform: the establishment of Supply Fiscal Marine that consolidates the knowledge of the 3451 under the supply organization. This reform would realign personnel, training, and professional development within a shared occupational identity focused on end-to-end financial accountability. It directly responds to the study's primary research question by eliminating the role misalignments inherited from SABRS and aligning workforce structure with DAI's SoD-driven design. The chapter explains the rationale for the proposed unification, examines it through multiple theoretical lenses, and discusses its long-term implications for audit readiness, organizational efficiency, and cultural cohesion across the Marine Corps' financial management enterprise.

A. RATIONALE

The Marine Corps currently operates two complementary but disconnected communities that manage different aspects of the same financial life cycle. The 3451 Marines serve as the technical specialists for accounting, funds control, and fiscal compliance, while the 3043 Marines manage the material side of the transaction, initiating purchases, certifying receipts, and maintaining accountability for goods and services. Under SABRS, these roles overlapped, and financial managers often performed the entire



transaction from initiation through payment. DAI's introduction separated those duties to comply with federal SoD standards, assigning execution to 3043 personnel and limiting 3451s primarily to oversight and reconciliation. Although this change improved control segregation on paper, it fractured responsibility for the financial transaction cycle.

This structural division has had several unintended effects. It dispersed ownership of fiscal outcomes, reduced opportunities for cross-functional learning, and fostered cultural boundaries between financial and supply personnel. The 3451 Marines now oversee processes they no longer fully control, while the 3043 community executes fiscal tasks without comprehensive financial training. The result is an enterprise where accountability exists in fragments rather than as an integrated chain. Creating a new MOS and shifting the 3451 career field under the supply hierarchy would consolidate these functions, ensuring that the end-to-end processes are conducted by Marines responsible for certifying or approving transactions who are trained in both the fiscal and logistical dimensions of resource execution. Such integration would align occupational competencies with DAI's process design and restore coherence to the financial management structure.

The integration would also eliminate the need for recurring SoD waivers. Many commands currently request exceptions because their available manpower cannot satisfy DAI's strict role separation within two separate communities. This shift would provide greater flexibility in assigning certified personnel across functions while maintaining compliance and would also increase manpower. In effect, the reform would build SoD integrity into the workforce rather than relying on administrative compensations. This shift from procedural enforcement to structural alignment offers the most direct route to sustainable audit readiness.

B. ALIGNMENT WITH THE MCKINSEY 7-S MODEL

Structural systems and the more intangible "soft" elements of style, staff, skills, and shared values. These components are especially critical for reforms that depend on human behavior and cultural adaptation rather than technology alone.

Realigning 3451 personnel under the 3043 hierarchy would directly enhance the staff and skills dimensions of the organization. The 3043 community brings operational



proficiency in requisitioning, inventory, and receipt processes, while the 3451 community contributes analytical expertise in accounting, funds management, and compliance. Combining these competencies within one professional lineage would produce a workforce capable of managing the complete P2P process with both technical precision and contextual understanding.

Cross-training programs could ensure that Marines entering the new structure develop dual competencies, understanding how transactions affect both financial statements and material readiness. This broader skill set would reduce errors, strengthen internal controls, and cultivate professionals capable of operating at the intersection of logistics and finance. Over time, this integration would generate a more adaptable workforce and reduce the Marine Corps' reliance on ad hoc coordination between separate communities.

The leadership “style” and “shared values” within the new framework must evolve to reinforce a culture of enterprise accountability. Under the current system, leadership in both communities tends to focus inward, supply leaders prioritize material readiness, while financial leaders emphasize compliance and reporting accuracy. By consolidating the communities, leaders at all levels would be responsible for both dimensions simultaneously, promoting a balanced leadership style grounded in collaboration and problem-solving rather than division of labor.

Shared values would also shift toward a unified ethos of resource stewardship. Marines in the integrated structure would see financial integrity and operational efficiency as mutually reinforcing rather than competing priorities. This shared identity would help wear down cultural barriers, promoting teamwork among those who execute transactions, certify them, and audit them. As these values take hold, the organization would move closer to the institutional alignment envisioned by the McKinsey framework, where culture supports systems rather than resists them.



C. ORGANIZATIONAL CHANGE THROUGH LEWINS THREE-STEP MODEL

For any major organizational reform to endure, it must progress beyond implementation and become embedded in daily behavior and institutional norms. The refreeze stage ensures that the new structure, values, and practices are fully absorbed into the organization's culture. The creation of a new will only be successful if the change is formally codified, continuously reinforced, and socially internalized across the force.

Refreezing requires reinforcement through leadership and communication. Leaders at all echelons must consistently model and promote the behaviors expected under the new structure, shared accountability, cross-functional cooperation, and fiscal discipline. Commanders can reinforce this message by highlighting how the integration supports audit readiness and resource stewardship, linking the new MOS directly to mission assurance. Recognition programs or incentives that reward units demonstrating measurable improvements in DAI accuracy, SoD compliance, and process efficiency can further strengthen adoption. Over time, these positive reinforcements make the new norms both desirable and self-sustaining.

Finally, the refreezing process depends on cultural internalization, the point at which the Supply Fiscal Marine identity becomes part of the Marine Corps' collective understanding of financial and logistical operations. As Marines train, deploy, and operate under the new structure, the distinction between fiscal and supply roles will gradually diminish. Cross-trained personnel will begin to view financial accountability and material readiness as inseparable components of the same mission. This shared professional identity transforms the reform from a structural adjustment into a cultural standard.

Once policy, leadership reinforcement, and cultural internalization align, the new MOS will be fully refrozen into the organization's fabric. At that point, the Marine Corps will have created not only a new occupational specialty but a new way of thinking about stewardship, one that embeds fiscal precision and logistical efficiency within the same professional discipline. This durable state of alignment marks the true success of the reform, ensuring that the Supply Fiscal Marine becomes a lasting foundation for enterprise accountability and audit readiness across the Corps.



D. BALANCING THE AUDITABILITY TRIANGLE

The Auditability Triangle, which emphasizes equilibrium among people, processes, and controls, underscores why unification offers the most efficient route to long-term audit readiness.

Combining the 3451 and 3043 workforces under a single community would create a single population of professionals whose training, authority, and responsibilities are inherently aligned. This directly addresses the “people” side of the triangle, where misalignment has historically undermined system effectiveness. With a unified field, each Marine would understand both the fiscal rationale behind DAI’s controls and the logistical implications of each transaction, reducing the likelihood of errors or policy violations.

The reform would also standardize processes by integrating financial and supply procedures into a continuous, end-to-end workflow. Instead of multiple handoffs between separate communities, transactions would move through clearly defined steps owned by a single team. This process coherence would enhance timeliness and traceability, two metrics that auditors frequently cite as indicators of effective internal control systems.

Finally, the new structure would reinforce system controls by ensuring that organizational design supports, rather than circumvents, SoD principles. Currently, the need for waivers reflects a mismatch between DAI’s role architecture and Marine Corps manpower realities. A unified field with cross-trained personnel could maintain proper role segregation without sacrificing operational continuity. In essence, it would embed compliance within the organization’s DNA rather than rely on compensating mechanisms.

E. EXPECTED OUTCOMES

Implementing a unified financial management career field would produce cascading benefits across all dimensions of the Marine Corps’ financial management enterprise.

1. From Audit Readiness to Audit Sustainment

By aligning manpower, authority, and accountability, the reform would significantly reduce the structural causes of SoD violations and audit exceptions. Cross-



trained Marines would understand the fiscal implications of each logistical action, ensuring accurate documentation and traceability of transactions. Over time, the Corps could expect measurable reductions in waiver requests and audit findings related to internal control deficiencies.

2. Improved Workforce Efficiency

Consolidation would eliminate duplication of effort between fiscal and supply sections, freeing manpower for higher-value analytical and oversight tasks. Commands would gain flexibility to assign personnel based on workload rather than MOS boundaries, improving responsiveness and overall productivity. A unified career path would also enhance retention by offering broader professional development and promotion opportunities.

3. Institutional Alignment and Culture

Perhaps most importantly, the reform would foster a culture of shared accountability and enterprise thinking. Marines would no longer view finance and supply as separate domains but as integrated functions supporting operational readiness. This cultural shift aligns directly with the Marine Corps' broader modernization efforts, which emphasize agility, efficiency, and ethical stewardship of resources. The unified field would embody those principles, transforming financial management from a support activity into a strategic capability.

F. FOLLOW-ON RESEARCH

As this study outlines a framework for strengthening the Financial Management and Supply communities, several avenues for future research could further validate and expand upon these findings. Examining these areas would clarify the long-term impacts of the proposed reform and provide a stronger foundation for its implementation.

1. Manpower

Restructuring military MOSs and consolidating the Financial Management and Supply communities will have significant long-term implications for Marine Corps



manpower planning and force design. Future research should examine how such a reform would affect accession, promotion, and retention patterns across the enlisted and officer ranks. Particular attention should be given to workforce balance, ensuring that the unified career field maintains sufficient depth in both fiscal and logistical expertise without creating unintended shortfalls in critical support functions. Longitudinal studies could also evaluate how the integration of these communities influences career progression, training pipelines, and billet distribution across operational and supporting establishments. Understanding these manpower dynamics will be essential to sustain readiness while implementing structural realignment on an enterprise scale.

2. Audit Readiness and Performance Measurement

The success of the proposed reform ultimately depends on whether it improves audit outcomes and financial accountability. Future research should therefore focus on developing quantitative metrics that link organizational structure and training improvements to measurable gains in audit performance. Possible areas of study include longitudinal analysis of SoD waiver reductions, transaction timeliness, and reconciliation accuracy before and after workforce integration. Researchers could also design performance dashboards or scorecards tailored to DAI data, allowing leadership to track progress in real time. Beyond compliance, studies might explore how a unified workforce influences enterprise decision-making, whether increased cross-functional understanding leads to more efficient resource allocation and reduced rework. Such evidence would provide the empirical foundation needed to validate the reform's effectiveness and guide continuous improvement.



THIS PAGE INTENTIONALLY LEFT BLANK



VI. CONCLUSION

The Marine Corps' experience with DAI has underscored that technology can modernize systems, but only structural and cultural alignment can sustain reform. The persistence of role confusion, SoD waivers, and inconsistent audit outcomes points to a deeper organizational imbalance that cannot be solved by additional policy adjustments or incremental training alone. Establishing a unified financial management career field offers the most comprehensive and enduring solution. It aligns organizational structure with strategic intent, integrates fiscal and logistical expertise within a single professional identity, and restores coherence to the financial transaction cycle.

Viewed through the McKinsey 7-S Framework, the reform synchronizes strategy, structure, skills, and shared values. Through Lewin's model, it provides a clear pathway for unfreezing legacy boundaries, implementing controlled change, and refreezing new norms. And within the Auditability Triangle, it brings the three pillars of people, processes, and controls into durable balance. The result is an enterprise that can meet audit standards not episodically but continuously force where accountability is embedded in both system design and human behavior.

The success of DAI and future enterprise initiatives ultimately depends on the Marines who execute them. By unifying the financial management workforce, the Corps invests not only in stronger controls but in a stronger culture, one capable of sustaining transparency, efficiency, and integrity across every level of command. This structural reform, though ambitious, represents the most direct route to achieving the enduring audit readiness and institutional alignment envisioned at the outset of this study.



THIS PAGE INTENTIONALLY LEFT BLANK



LIST OF REFERENCES

- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120. <https://doi.org/10.1177/014920639101700108>
- Bradley, J. (2008). Management based critical success factors in the implementation of enterprise resource planning systems. *International Journal of Accounting Information Systems*, 9(4), 175–200. <https://doi.org/10.1016/j.accinf.2007.07.001>
- Burke, W. W., & Litwin, G. H. (1992). A causal model of organizational performance and change. *Journal of Management*, 18(3), 523–545. <https://doi.org/10.1177/014920639201800306>
- Burnes, B. (2019). The origins of Lewin’s three-step model of change. *Journal of Applied Behavioral Science*, 56(1), 32–59. <https://doi.org/10.1177/0021886319892685>
- Chockalingam, A., & Ramayah, T. (2013). Organizational culture and ERP implementation: Moderating effects on success. *Journal of Enterprise Information Management*, 26(4), 465–482. <https://doi.org/10.1108/JEIM-05-2012-0029>
- Department of Defense. (n.d.). *Defense Agencies Initiative*. Retrieved August 21, 2024, from <https://www.dla.mil/Information-Operations/Services/Defense-Agencies-Initiative/>
- Department of Defense Inspector General. (2012). *Financial management: Weaknesses in DoD enterprise resource planning system implementation*. <https://www.dodig.mil/reports.html/Article/1111943>
- Department of the Navy, Headquarters United States Marine Corps. (2018). *NAVMC 3500.69C: Financial Management Training and Readiness Manual*.
- Department of the Navy, Headquarters United States Marine Corps. (2019). *NAVMC 3500.64A: Ground Supply Training and Readiness Manual*.
- Department of the Navy, Headquarters United States Marine Corps. (2025). *NAVMC 1200.1L: Military Occupational Specialties Manual*.
- Evans, S. (2025). *Change management in practice*. Routledge
- Government Accountability Office. (2005). *DoD business systems modernization: Navy ERP adherence to best business practices critical to avoid past failures* (GAO-05-858). <https://www.gao.gov/products/gao-05-858>



- Government Accountability Office. (2011). *DoD financial management: Implementation weaknesses in the Army's General Fund Enterprise Business System and the Marine Corps' Standard Accounting, Budgeting, and Reporting System* (GAO-11-830). <https://www.gao.gov/products/gao-11-830>
- Government Accountability Office. (2012). *DoD financial management: Challenges in attaining audit readiness and improving business processes and systems* (GAO-12-642T). <https://www.gao.gov/products/gao-12-642t>
- Government Accountability Office. (2014). *Standards for internal control in the federal government (Green Book)* (GAO-14-704G). <https://www.gao.gov/products/gao-14-704g>
- Headquarters, Marine Corps. (2015, May 18). *Financial management (MCO 7300.21B)*. <https://www.marines.mil/News/Publications/MCPPEL/Electronic-Library-Display/Article/900441/mco-730021b/>
- Headquarters Marine Corps. (2023, September 28). *Defense Agencies Initiative (DAI) role assignments and waiver guidance (MARADMIN 577/23)*. <https://www.marines.mil/News/Messages/Messages-Display/Article/3535363>
- Headquarters Marine Corps. (2025, February 14). *Follow-on guidance for DAI role alignment and waivers (MARADMIN 090/25)*. <https://www.marines.mil/News/Messages/Messages-Display/Article/4061223>
- Holland, C. P., & Light, B. (1999). A critical success factors model for ERP implementation. *IEEE Software*, 16(3), 30–36. <https://doi.org/10.1109/52.765784>
- Jenkins, A., & Koval, G. (2024). United States Marine Corps – First to fight, first to auditability! *Armed Forces Comptroller*, 69(2), 13–18.
- Kumar, S., & Geetika. (2019). The McKinsey 7S model helps in strategy implementation: A theoretical foundation. *Tecnia Journal of Management Studies*, 14(1), 7–20. <https://ssrn.com/abstract=3993590>
- Li, Y., Wu, F., Zong, W., & Li, B. (2017). Supply chain collaboration for ERP implementation: An inter-organizational knowledge-sharing perspective. *International Journal of Operations & Production Management*, 37(10), 1327–1347. <https://doi.org/10.1108/IJOPM-12-2015-0732>
- Mintzberg, H. (1987). The strategy concept I: Five Ps for strategy. *California Management Review*, 30(1), 11–24. <https://doi.org/10.2307/41165263>
- Nadler, D. A., & Tushman, M. L. (1980). A model for diagnosing organizational behavior: Applying a congruence perspective. *Organizational Dynamics*, 9(2), 35–51. [https://doi.org/10.1016/0090-2616\(80\)90039-X](https://doi.org/10.1016/0090-2616(80)90039-X)



- Paglis, L. L., & Green, S. G. (2002). Leadership self-efficacy and managers' motivation for leading change. *Journal of Organizational Behavior*, 23(2), 215–235. <https://doi.org/10.1002/job.137>
- Peters, T. J., & Waterman, R. H. (1982). *In search of excellence: Lessons from America's best-run companies*. Harper & Row.
- Public Law 111-84. (2009). *National Defense Authorization Act for Fiscal Year 2010*. U.S. Government Publishing Office. <https://www.congress.gov/111/plaws/publ84/PLAW-111publ84.pdf>
- Rendon, J. M., & Rendon, R. G. (2015). Auditability in procurement: An analysis of DoD contracting professionals' procurement fraud knowledge. In *Proceedings of the Twelfth Annual Acquisition Research Symposium* (pp. 588–603). Naval Postgraduate School.
- Rendon, J. M., & Rendon, R. G. (2016). Procurement fraud in the Department of Defense: Implications for contracting processes and internal controls. *Managerial Auditing Journal*, 31(6/7), 748–767. <https://doi.org/10.1108/MAJ-12-2015-1283>
- Somers, T. M., & Nelson, K. (2001). The impact of critical success factors across the stages of enterprise resource planning implementations. In *Proceedings of the 34th Annual Hawaii International Conference on System Sciences*. IEEE. <https://doi.org/10.1109/HICSS.2001.927129>
- Swanier, W. A. (2016). *Strategies for implementing a successful enterprise resource planning system* (Doctoral dissertation, Walden University). ProQuest Dissertations Publishing.
- The Strategy Institute. (2024). *The McKinsey 7-S model for organizational alignment and success*. <https://www.thestrategyinstitute.org/insights/the-mckinsey-7-s-model-for-organizational-alignment-and-success>
- Umble, E. J., Haft, R. R., & Umble, M. M. (2003). Enterprise resource planning: Implementation procedures and critical success factors. *European Journal of Operational Research*, 146(2), 241–257. [https://doi.org/10.1016/S0377-2217\(02\)00547-7](https://doi.org/10.1016/S0377-2217(02)00547-7)
- Wojciechowski, E., Murphy, P., Pearsall, T., & French, E. (2016). A case review: Integrating Lewin's theory with lean's system approach for change. *Online Journal of Issues in Nursing*, 21(2), Manuscript 4. <https://doi.org/10.3912/OJIN.Vol21No02Man04>





ACQUISITION RESEARCH PROGRAM
NAVAL POSTGRADUATE SCHOOL
555 DYER ROAD, INGERSOLL HALL
MONTEREY, CA 93943

WWW.ACQUISITIONRESEARCH.NET