

# ***Headquarters U.S. Air Force***

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## ***Out of “Reform” School: Our Journey to Continuous Improvement***



***DAU Acquisition Insight Days***

**Mr Rob Pollock  
Chief Process Officer  
Acquisition Excellence and Change  
Management Office**

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**24 June 2015**







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# *Direction from AF Senior Leadership*



The Honorable Michael B. Donley  
Secretary of the Air Force, 2008-2013



General Norton A. Schwartz  
Chief of Staff of the Air Force, 2008-2012

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# *Direction from AF Senior Leadership*

## **Air Force Priorities:**

- *Continue to Strengthen the Nuclear Enterprise*
- *Partner with Joint and Coalition Team to Win Today's Fight*
- *Develop & Care for Airmen & Families*
- *Modernize Air and Space Inventories, Organizations and Training*
- *Recapturing Acquisition Excellence*



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# *Direction from SAF/AQ Senior Leadership*



The Honorable Sue C. Payton  
Assistant Secretary of the Air Force  
(Acquisition), 2006-2009



Lieutenant General Mark D. Shackelford  
Military Deputy, Office of the Assistant  
Secretary of the Air Force (Acquisition),  
2008-2011

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# Direction from AF Senior Leadership

## Air Force Priorities:

- *Continue to Strengthen the Nuclear Enterprise*
- *Partner with Joint and Coalition Team to Win Today's Fight*
- *Develop & Care for Airmen & Families*
- *Modernize Air and Space Inventories, Organizations and Training*
- **Recapturing Acquisition Excellence**

- **Acquisition Improvement Plan (AIP)**
  - Revitalize the Air Force acquisition workforce
  - Improve requirements generation process
  - Instill budget and financial discipline
  - Improve Air Force major systems source selections
  - Establish clear lines of authority and accountability within acquisition organizations



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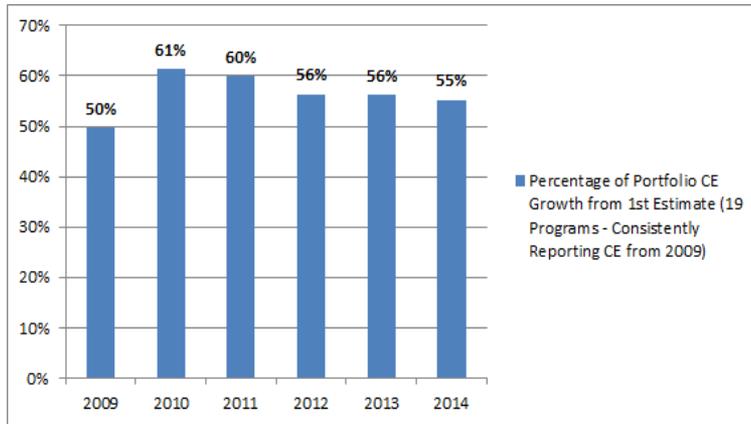




# Execution Performance: 2009-2014

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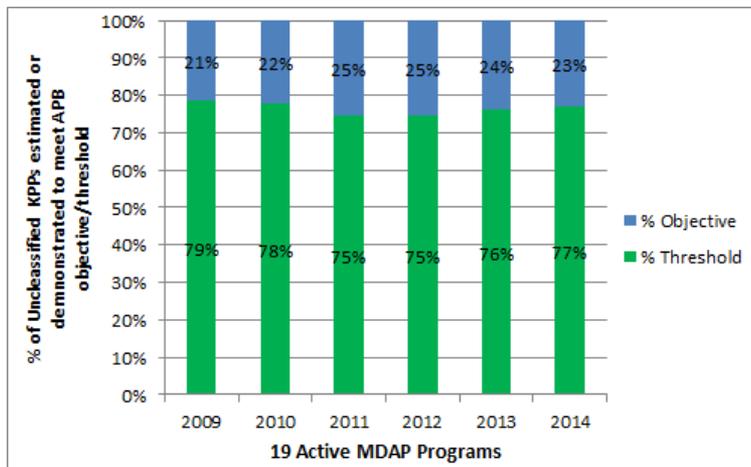
## Cost Performance



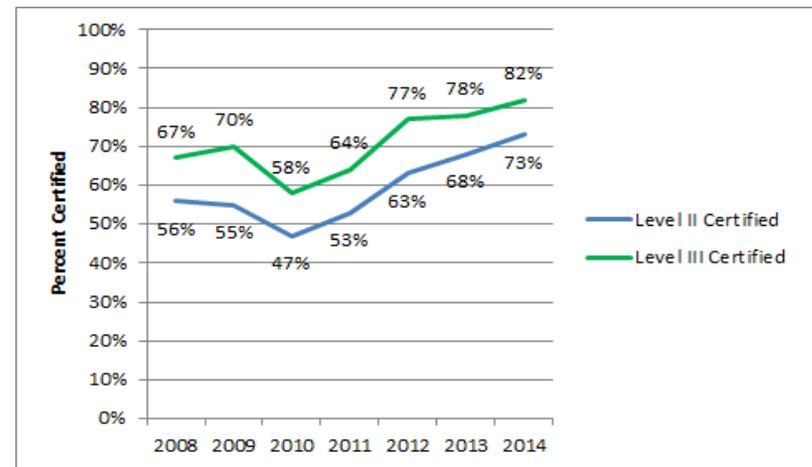
## Schedule Performance



## Technical Performance



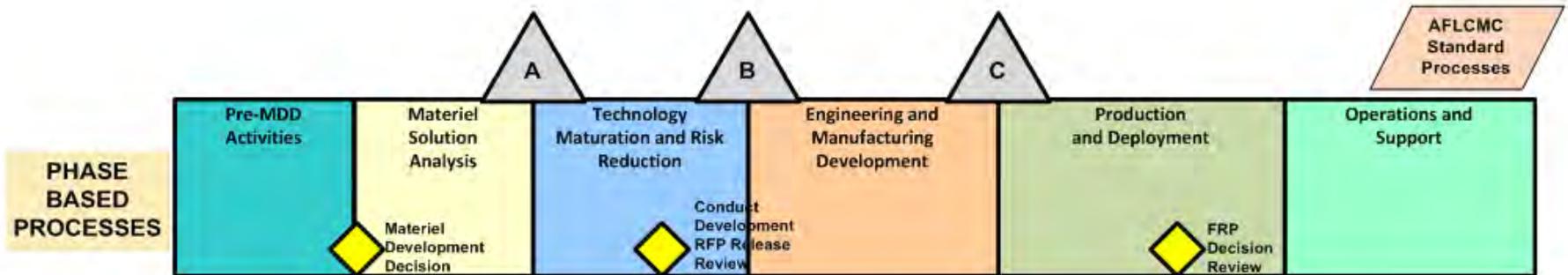
## Workforce Certifications





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# Acquisition Process

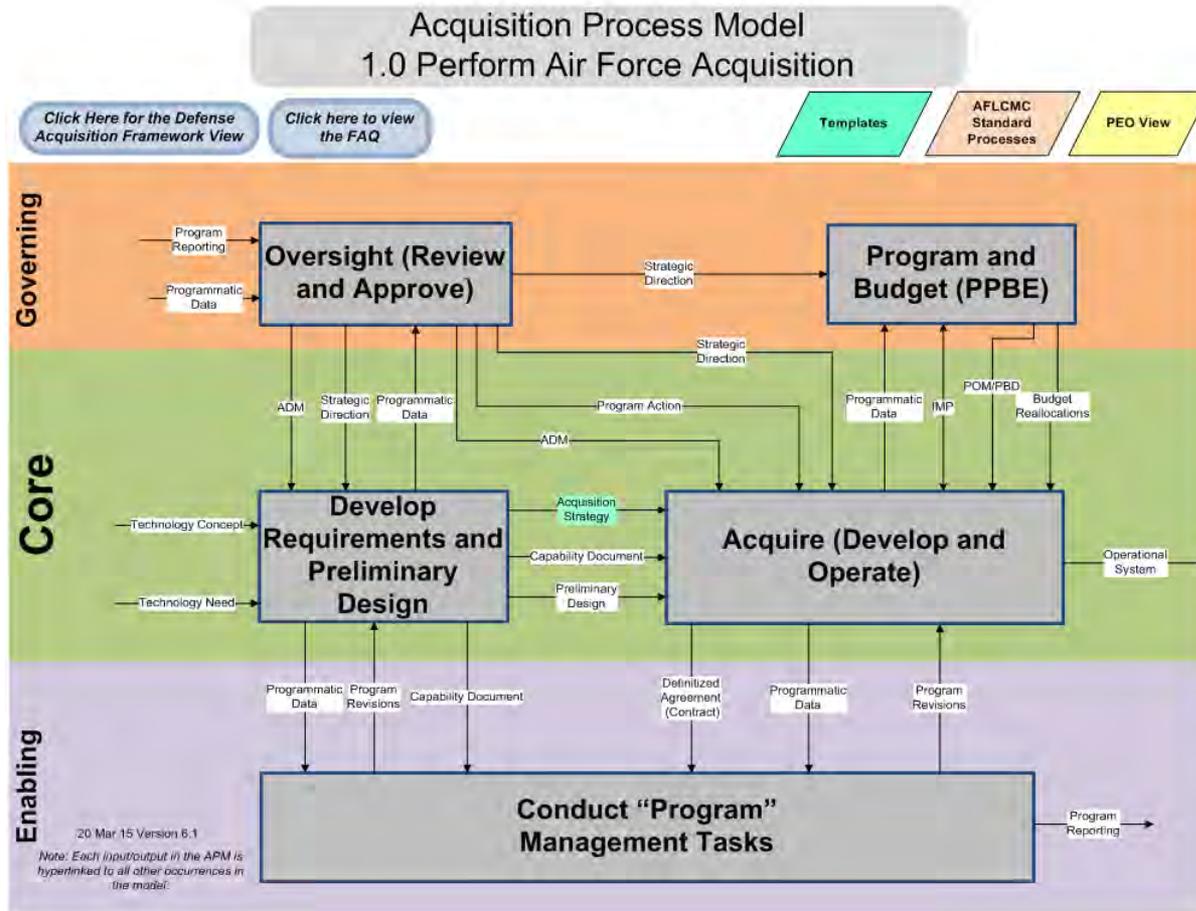


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# Acquisition Process is all-encompassing



<http://afacpo.com/acpo>



# *Highlights of 2014 Acquisition Performance*

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- **AF tracking performance over the last four years per FY11 NDAA.**
- **Improvement efforts are targeted based on performance data.**
- **Major FY14 findings include:**
  - **ACAT I MDAP/MAIS Cost Estimates remained comparatively stable (in equilibrium).**
  - **Schedule performance remains challenged, AF strategic agility initiatives aims to address and correct.**
  - **Contracting trends improved for Small Business Obligations and Actual Competition**
  - **Effective Competitions and UCA definitization are areas for improvement, ongoing initiatives addressing these areas.**
  - **Workforce trends improved for DAWIA Level II and Level III DAWIA certifications reflecting our commitment to workforce development.**



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# ***Assessment Measures***

- **Cost**
  - Cost Growth
  - Cost Variance
  - Unit Cost
- **Schedule**
  - Schedule Growth
  - Schedule Achievement
  - Cycle Times
  - Program Deliveries
- **Performance**
  - KPPs
- **Funding Execution**
- **Product Support Logistics**
  - Core Logistics Capabilities
  - Performance of Depot-Level Maintenance of Materiel
- **Contracting Performance**
  - Contracting Cycle Times
  - Competition
  - UCAs
  - Protests/Sustainment
  - Small Business Obligations
- **Workforce**
  - Professional Certifications
  - Key Leadership Pos. Fill
  - Professional Currency
- **MAR and DCMA PAR Trends**

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***Metrics are based on descriptive statistics using aggregated program performance***

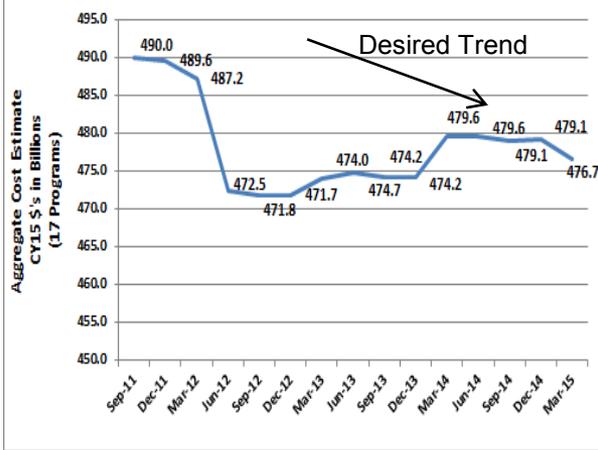
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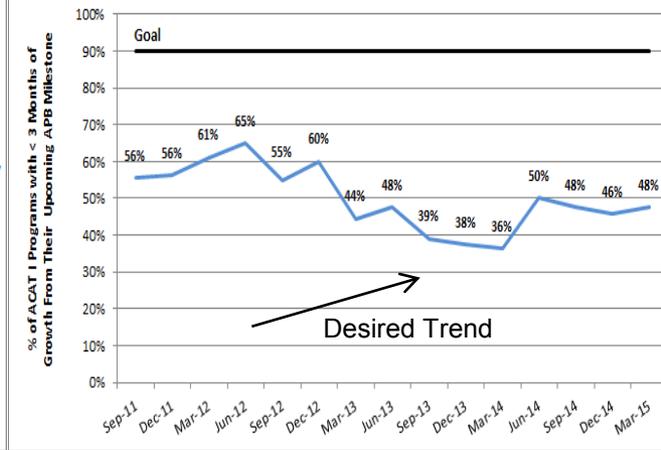
# US Air Force Acquisition Enterprise Dashboard FY15 Q2

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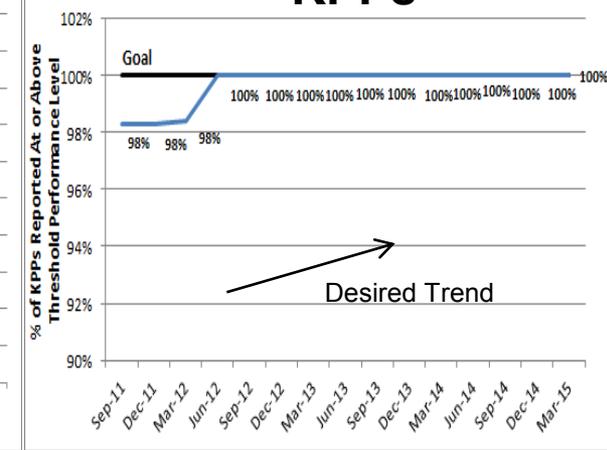
## Portfolio Cost Estimate



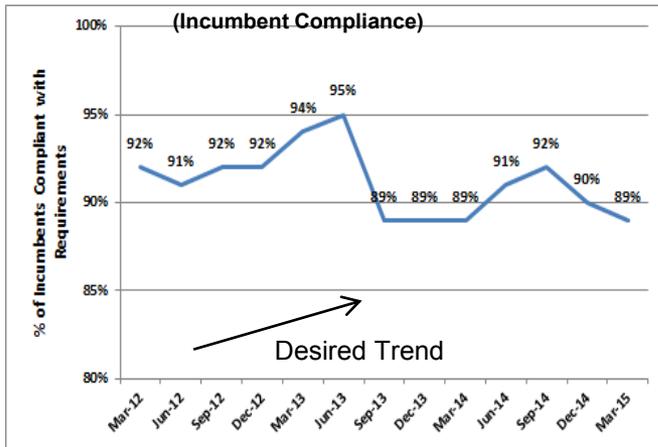
## Schedule Achievement



## KPPs

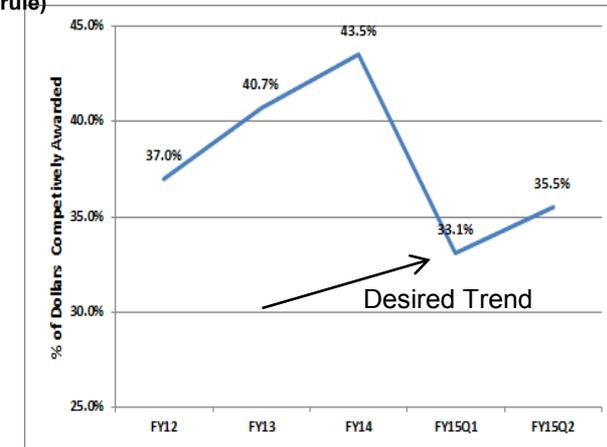


## KLP



## Product Lifecycle Logistics Contracting Performance

(Performance of Depot-Level Maintenance Materiel (50/50 rule))



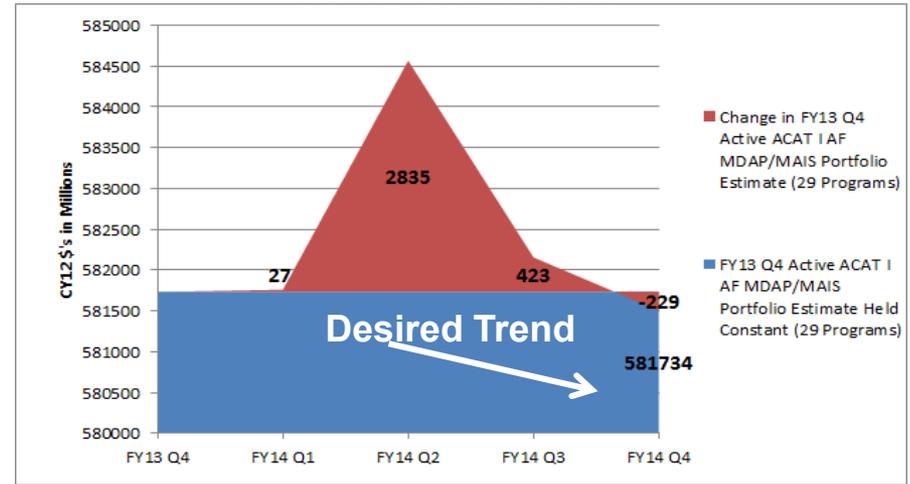


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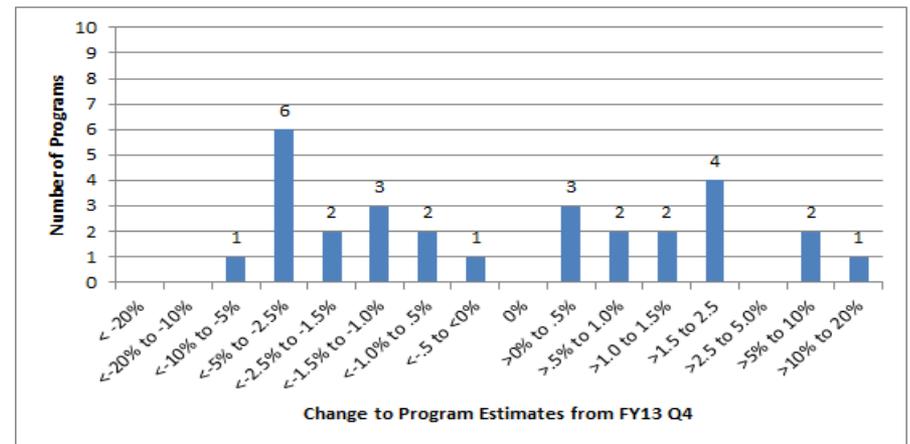
# Summary of 2014 Acquisition Performance (Cost)

- The ACAT I MDAP/MAIS Portfolio Cost Estimate have remained relatively stable
  - Average Change to a Program Cost Estimate in FY 14: **-.1%**
  - 14 Programs Increased Estimates
  - 15 Programs Decreased Estimates

Cost Performance



Estimate Increase, Increase in Quantities	Estimate Increase, Decrease in Quantities	Estimate Increase, No Change in Quantities	Estimate Decrease, Increase in Quantities	Estimate Decrease, Decrease in Quantities	Estimate Decrease, No Change in Quantities
AMRAAM		AOC WS Inc 10.2	EELV	AWACS Bik 40/45 Upgrade GBS	AEHF
JDAM		B61 Mod 12 LEP TKA	FAB-T		B-2 EHF Inc 1
		C-130J		MQ-9 Reaper	BITI Wired
		DEAMS Inc 1 F-35			C-5 RERP
					F-22 Inc 3.2B Mod
		GPS III			HC/MC-130 Recap
		GPS OCX			JASSM
		JMS Inc 2			KC-46A
		MPS Inc 4			SBIRS High
		NAS			WGS
		RQ-4A/B			
		Global Hawk			
		SDB II			

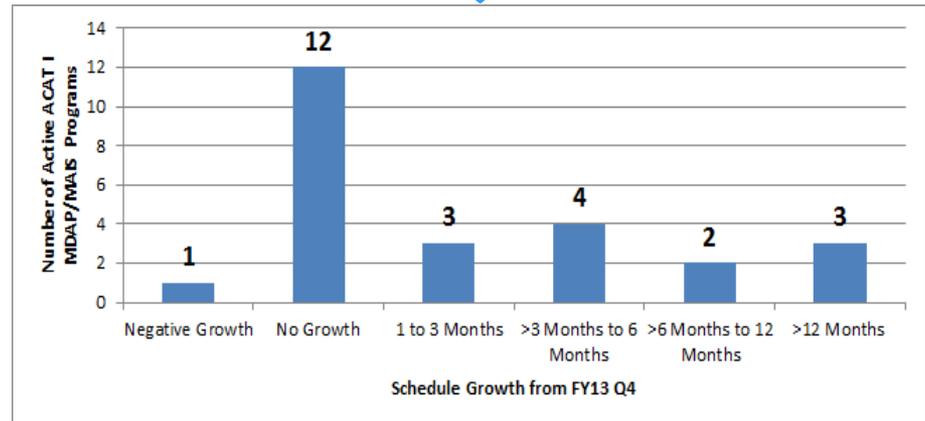
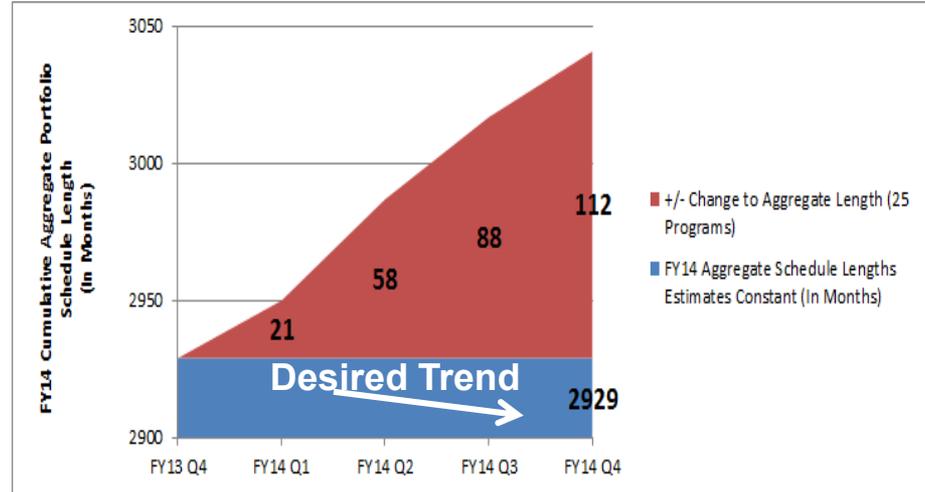




# Summary of 2014 Acquisition Performance (Schedule)

- The ACAT I MDAP/MAIS Portfolio Schedule Performance Remains Stressed:
  - Average FY14 Program Schedule Growth: 4.48 Months
  - Median Growth: 0 Months
- Average Annual Program Growth Rate: 4.5% to 6%
- Impact of Schedule Trends:
  - B to C Average Cycle Time:
    - Original Plan: 55 Months
    - Current Estimate: 74 Months
  - B to IOC Average Cycle Time:
    - Original Plan: 80 Months
    - Current Estimate: 104 Months

### Schedule Performance



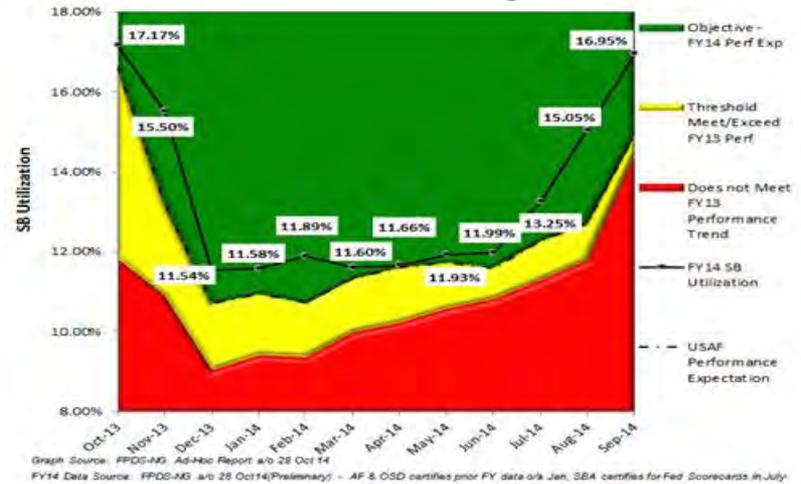


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# Summary of 2014 Acquisition Performance (Contracting)

- Emphasis on improving Contracting Starting to Pay Dividends
- Improvements observed in Percentage of Dollars Competitively Awarded and Small Business Obligations
- Effective Competitions and UCA definitization remains a challenge

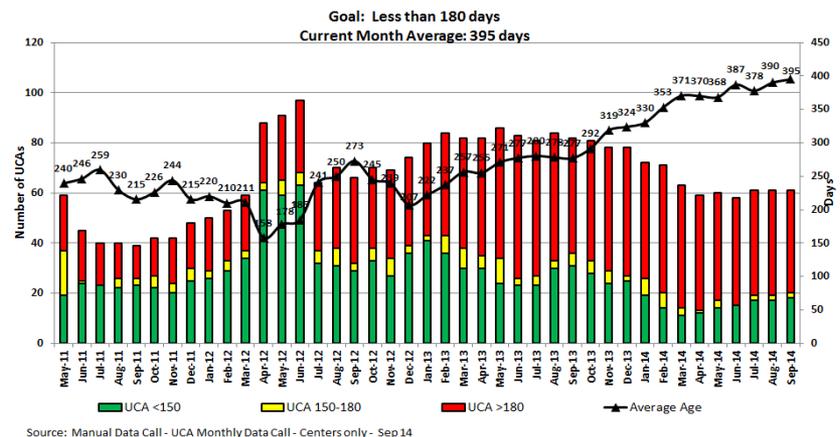
## Small Business Obligations



## Percentage of Dollars Competitively Awarded



## UCAs





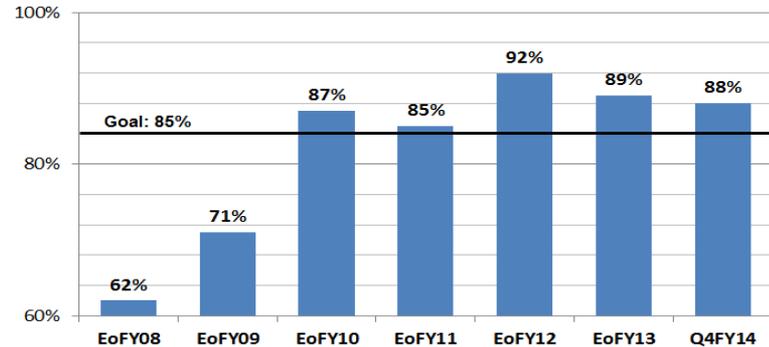
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# Summary of 2014 Acquisition Performance (Workforce)

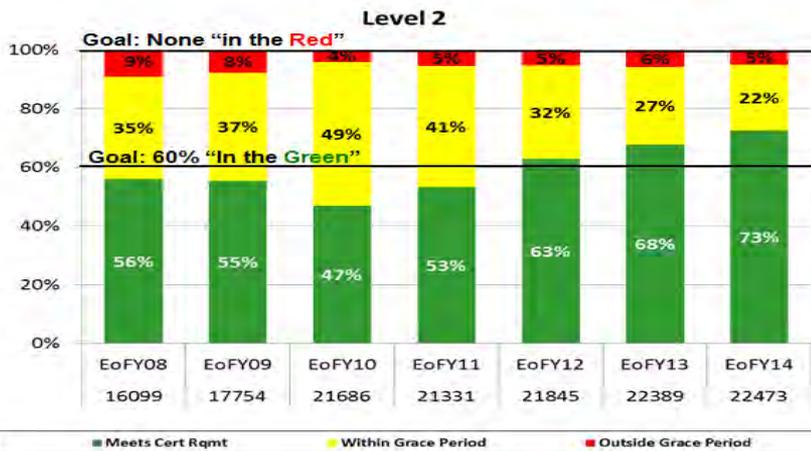
- Incumbent KLP Compliance relatively stable
- Workforce Certifications are improving

## Key Leadership Position Incumbent Compliance

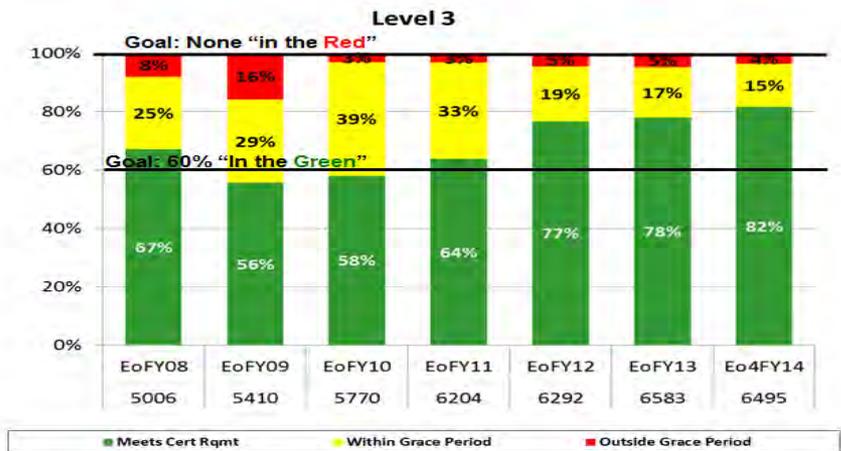
Incumbent Compliance with Position Requirements



## Level II Certifications



## Level III Certifications





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# Recent Acquisition Improvements

- AF is leading the change across DoD
- All eyes are on the AF efforts
- Bigger and broader across the entire acquisition enterprise

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Acquisition Improvement Plan

Guidance Roadmap

Better Buying Power 2.0

Better Buying Power 3.0  
Achieving Dominant Capabilities through Technical Excellence and Innovation

Continue Strengthening Our Culture of:  
Cost Consciousness, Professionalism, and Technical Excellence

Attachment 1

## BBP 1.0 Benchmarked from AIP



# AIP Overview

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Initiative 1 Revitalize Acquisition Workforce		Initiative 2 Improve Requirements	Initiative 3 Budget/Finance Discipline	Initiative 4 Improve Source Selection (SS)	Initiative 5 Acquisition Organization
1.1 Exploit expedited hiring authority	1.7 Succession plans for leadership	2.1 Ensure acq involvement in req	3.1 Baseline program after PDR	4.1 Strengthen SS governance	5.1 Reassess W/G/S structure
1.2 Increase & fund military & civilian authorizations	1.8 Estab. objectives for acquisition career paths	2.2 Require SAE, AFMC & AFSPC certify CDDs	3.2 Increase cost estimate CLs; realistic budgets	4.2 Improve SS training	5.2 Realign contracts function rating & reporting chain
1.3 Utilize 852 to recruit, train, etc	1.9 Assess mix of gov't & contractor	2.3 MAJCOM coord on SRD	3.3 Stabilize funding, or notify SAE	4.3 Require MIRTs	5.3 Reassess PEO construct
1.4 Recruitment & retention initiative	1.10 Examine lead acq W/F	2.4 Minimize KPPs, improve req	3.4 Review contractor overhead costs	4.4 On-call SS augmentation	5.4 Assess functional matrix mgt
1.5 Increase manning priority for mil/civ		2.5 Req. incremental acq strategies	3.5 Review contract profitability	4.5 Identify personnel w/ SS experience	
1.6 Examine mix of mil and civ		2.6 Freeze program requirements	3.6 Emphasize contractor EVMS	4.6 Review acq planning process	4.7 Simplify SS process

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# CPI 2.0 Dashboard

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Process Simplification		Requirements Sufficiency		Value Proposition	Workforce
1.1 Acquisition oversight process	1.5 Improve the competitive contract award process	2.1 Create group-level requirements review	2.5 Reevaluate OAS role, structure and resources	3.1 Improve business base forecasting	4.1 Realign positions and adjust future growth
1.2 Programmatic decision staffing process	1.6 Re-engineer acquisition strategy reviews/ reporting for ACAT III programs	2.2 Robust ICD generation	2.6 Robust HPT Process	3.2 Leverage CPARS to enhance contract performance evaluation	4.2 Improve skills and demonstrate proficiencies and capabilities
1.3 Programmatic decision documentation process	1.7 Establish center level integrated policy implementation team	2.3 Centralize AF DP Fund	2.7 Mandate cost/schedule vs. capability curves	3.3 Improve PM access to Business Intelligence	4.3 Expand CFETP and adopt OUSD (AT&L) qualification standards
1.4 Provide recommendations for improvements above the HAF level	1.8 Provide recommendations for improvements above the center level	2.4 Refine AoA Process		3.4 Field new courses in applied business acumen	4.4 Develop way to quickly and effectively rebalance work force across PEO UMDs

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# ***BBP 1.0 - Do More Without More***

- **5 focus areas & 23 initiatives**
  - **Target Affordability and Cost Growth**
  - **Incentivize Productivity and Innovation in Industry**
  - **Reduce Non-Productive Processes and Bureaucracy**
  - **Promote Real Competition**
  - **Improve Tradecraft in Services Acquisition**

**Strengthen DoD buying power, improve productivity, provide affordable capability to the Warfighter**

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# ***BBP 2.0 – A Guide to Help you Think***

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- **7 focus areas & 34 initiatives**
  - **Achieve Affordable Programs**
  - **Control Costs Throughout the Product Lifecycle**
  - **Incentivize Productivity and Innovation in Industry and Government**
  - **Eliminate Unproductive Processes and Bureaucracy**
  - **Promote Effective Competition**
  - **Improve Tradecraft in Acquisition of Services**
  - **Improve the Professionalism of the Total Acquisition**

**Workforce\***  
\* New focus area from 1.0

**Continuing pursuit for greater efficiency, productivity in defense spending**

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# ***BBP 3.0 - Dominant Capabilities thru Tech Excellence & Innovation***

- **8 focus areas & 34 initiatives**
  - **Achieve Affordable Programs**
  - **Achieve Dominant Capabilities While Controlling Lifecycle Cost**
  - **Incentivize Productivity in Industry and Government**
  - **Incentivize Innovation in Industry and Government\***
  - **Eliminate Unproductive Processes and Bureaucracy**
  - **Promote Effective Competition**
  - **Improve Tradecraft in Acquisition of Services**
  - **Improve the Professionalism of the Total Acquisition Workforce**

\* New focus area from 2.0

**Builds on BBP 2.0 – emphasis on technology and innovation**

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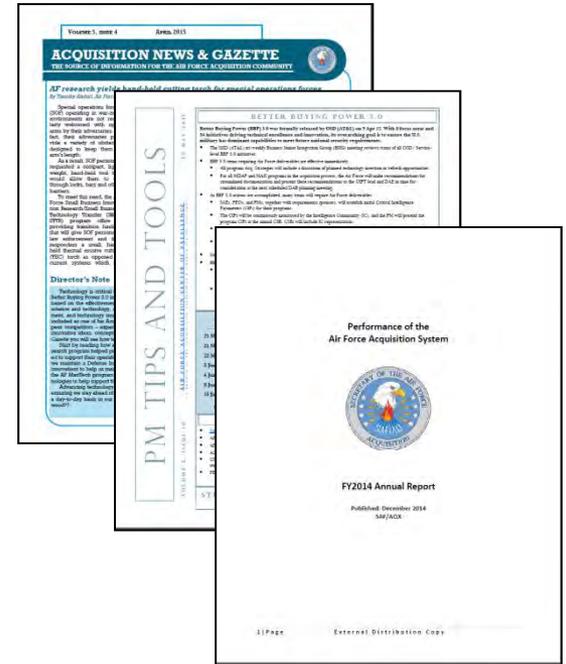
# Resources



USAF



SAF/AQ



SAF/AQXC

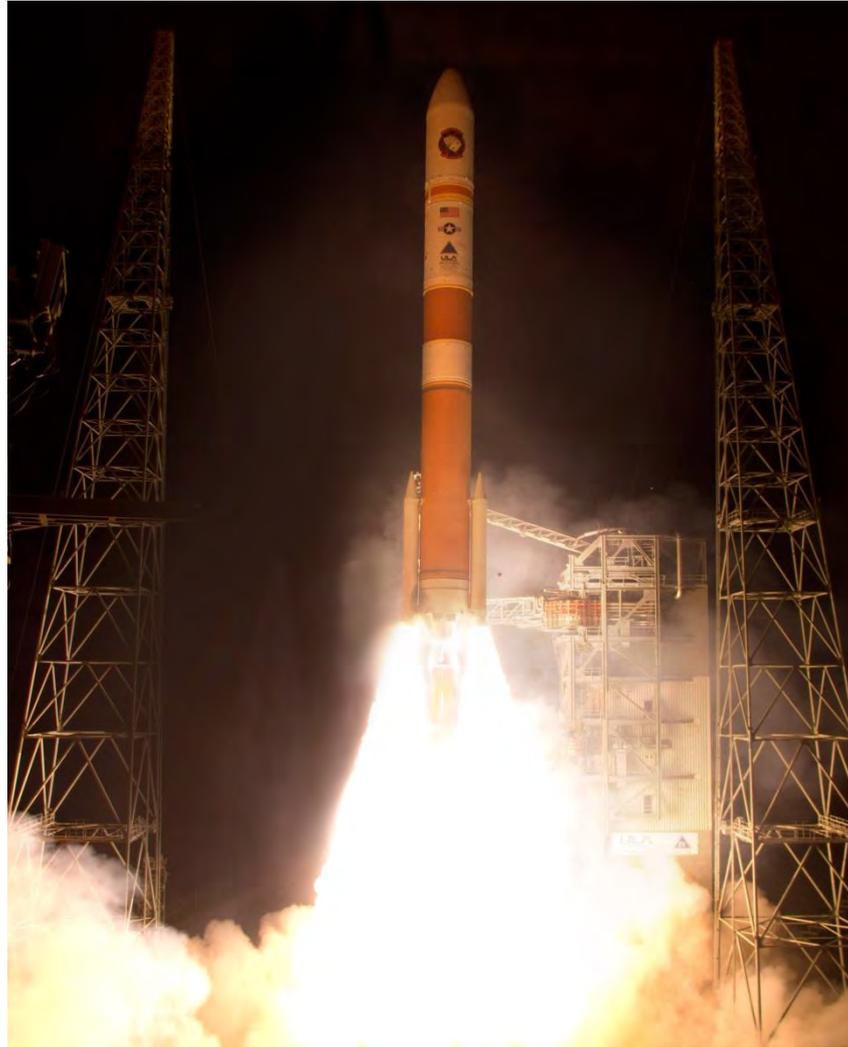
<https://www.my.af.mil>

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# *Where do we go from here?*



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# Questions?

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# *Backups*



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# ***USAF Acquisition Priorities*** ***2014-2016***

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- **SAE has five priorities for the Acquisition Enterprise:**
  - **Get the high priority programs right & keep them on track**
  - **Improve relationships & transparency with stakeholders**
  - **Own the technical baseline for important programs**
  - **Build on “Better Buying Power” to improve business acumen & small business to achieve best program outcomes**
  - **Build to the long term strategy – resiliency to peer competitors – experiment and innovate**



# CNA to AIP

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CNA Independent Assessment: Air Force acquisition		Acquisition Improvement Plan	
SECAF/CSAF directive to restore acquisition professionalism	1.a	Use expedited hiring authority to fill civilian vacancies	1.1
Provide acquisition corps with sufficient DAWIA-qualified leadership	1.b	Increase and fund authorizations	1.2
Ensure acquisition officers are promoted at rates equal or better than others	1.c	Fully utilize Section 852 of FY08 NDAA	1.3
Ensure acquisition officers have equal command selection	1.d	Develop and implement recruitment and retention initiatives	1.4
<b>HAF should establish a requirements summit process</b>	<b>2</b>	Increase manning priority for acquisition positions	1.5
<b>Establish quarterly program assessment review with SAF/AQ; CSAF; SECAF</b>	<b>3</b>	Examine personnel mix	1.6
<b>Designate AFMC/CC as DAWIA level III, with two 3-star (or SES) deputies</b>	<b>4.a</b>	Develop succession planning procedure for acquisition leadership	1.7
<b>AFMC Center Commanders should all be DAWIA level III KLPs</b>	<b>4.b</b>	Establish training and experience objectives as part of career paths	1.8
Immediately disestablish wing/group/squadron structure and return to matrix	5	Assess workforce to determine level of inherently governmental work	1.9
Create a program to manage acquisition career paths	6.a	Examine re-assigning responsibility for acquisition workforce to AFMC	1.10
<b>Create separate cost estimator job series</b>	<b>6.b</b>		
Pyramid structure of KLPs to support leadership succession	6.c	Ensure early acquisition involvement in development of requirements	2.1
Expediently fill existing vacancies and add the requested additional billets	6.d	Require SAE; AFMC/CC; AFSPC/CC certify CDD requirements can be fulfilled	2.2
Apply lean six and AFSSO21 to entire recruiting and hiring process	6.e	Require PEO to coordinate RFP with lead requiring MAJCOM/CC	2.3
<b>SECAF approval for experience and training waivers for CAPs</b>	<b>7</b>	Carefully minimize KPPs to the appropriate level	2.4
<b>Fund acquisition workforce through program funding</b>	<b>8</b>	Require incremental acquisition	2.5
Limit PEO to executive management and eliminate all other command jobs	9	Freeze program requirements at contract award	2.6
<b>Require that all CAP and KLP conduct continuous training as part of requirement</b>	<b>10</b>		
<b>AFMC/CC should establish review process to check implementation (maybe IG)</b>	<b>11</b>	Establish program baseline for C/S/P after Preliminary Design Review (PDR)	3.1
AFMC/CC should stand up teams of 15 to 25 acquisition source selection experts	12.a	Identify and implement means to increase cost estimating confidence	3.2
AFMC/CC should replace ACE with option above (12.a)	12.b	Stabilize program funding	3.3
Team should be augmented with outside experts (e.g., legal)	12.c	Establish review of contractor overhead costs	3.4
Reestablish functional/matrix at center level	13	Review development contract profitability to link profit to performance	3.5
Program control function should be restored and/or revitalised	14	Renew emphasis on EVMS	3.6
<b>SAF/AQ should assess NAVAIR model and determine its applicability to Air Force</b>	<b>15</b>		
<b>SAF/AQ should establish a policy and procedure for root cause analyses</b>	<b>16</b>	Modify AF source selection procedures to strengthen governance	4.1
<b>Reestablish a general officer position in SAF/AQC (contracts)</b>	<b>17</b>	Improve source selection training	4.2
<b>SAF/AQ and A3/5 establish SAF/AQ-led process of C/S/P trades</b>	<b>18</b>	Require the use of Multifunctional Independent Review Teams (MIRTS)	4.3
SAF/AQ and A3/5 establish policy to ensure evolutionary blocks to controlled rqt.s.	19	Appoint team of the most qualified AF source selection experts for consultation	4.4
<b>A3/5 with SAF/AQ policy reflecting preference to terminate program if KPPs not met</b>	<b>20.a</b>	Create designation in personnel records to identify source selection experience	4.5
Limit KPPs to a specific small number	20.b	Review current acquisition planning process as it relates to RFP and SS planing	4.6
<b>CSAF and SAF/AQ review of underperforming (C/S/P) programs</b>	<b>21.a</b>	Simply the source selection process wherever possible	4.7
<b>CSAF and SAF/AQ review of programs that do not significantly contribute</b>	<b>21.b</b>		
<b>CSAF and SAF/AQ review of programs that are simply unaffordable</b>	<b>21.c</b>	Reassess the wing/group/squadron structure	5.1
Ratify the decisions described in recommendation 21 (above 21.a-21.c)	22	Explore realignment of the rating and reporting chain for contracting	5.2
<b>SECAF and CSAF establishment of capital portfolio budgeting process</b>	<b>23</b>	Reassess the PEO construct	5.3
SECAF and CSAF direct reinstitution of the roadmap process to support recommendations	24	Assess the value of re-establishing functional matrix management at centers	5.4



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# AFAA AIP Evaluation

## ■ SecAF approved Acquisition Improvement Plan (AIP) completion at a formal briefing on 14 Nov 11

- AF implemented all 33 initiatives across AIP's 5 areas; yielded 170+ process improvements

## ■ SAF/AQ requested AFAA independent evaluation on AIP implementation

- AFAA completed report on Jul 11
    - Identified 9 areas for follow-up
  - SAF/AQ addressed all AFAA follow up areas
- Published an After Action Report dated 17 Nov 11

**“Air Force personnel made significant progress implementing AIP.” - AFAA**

Initiative 1 Revitalize Acquisition Workforce		Initiative 2 Improve Requirements		Initiative 3 Budget/Finance Discipline		Initiative 4 Improve Source Selection (SS)		Initiative 5 Acquisition Organization			
1.1	Expedit expedited hiring authority	1.7	Succession plans for leadership	2.1	Ensure acq involvement in req	3.1	Sealine program after PDR	4.1	Strengthen SS governance	5.1	Reassess W/O's structure
1.2	Increase 5 fund military & civilian authorizations	1.8	Establish objectives for acquisition career paths	2.2	Require SAE AFAC & AFSPD certify CDOs	3.2	Increase cost estimate C/Ls realistic budgets	4.2	Improve SS training	5.2	Realign contracts function using & reporting chain
1.3	Utilize 852 to recruit train, etc	1.9	Assess mix of gov't contractor	2.3	MAJCOM coord on SSO	3.3	Stabilize funding of study SAE	4.3	Require MTR's	5.3	Reassess PEO conduct
1.4	Recruitment & retention initiative	1.10	Examine seed acq W/P	2.4	Minimize KPPs improve req	3.4	Review contractor overhead costs	4.4	On-call SS augmentation	5.4	Assess functional matrix mgmt
1.5	Increase manning priority for m/civ	2.5	Req incremental acq strategies	3.5	Review contract profitability	4.5	Identify personnel w/ SS experience				
1.6	Examine mix of the acq civ	2.6	Freeze program requirements	3.6	Emphasize contractor EVMS	4.6	Review acq planning process			4.7	Simplify SS process

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# CPI 2.0 Initiatives

- Focus remains on high value initiatives
  - Requirements Sufficiency:  
Requirements/affordability trades
  - Value Proposition:  
Increasing business acumen
  - Workforce:  
Develop agile means to realign program staffing/skill mix to meet mission needs

