

DAU Hosts Second Business Managers' Conference

Evolution of the Acquisition/Financial Management Workforce

JONI FORMAN

Department of Defense (DoD) business management professionals gathered at the Fort Belvoir campus of Defense Acquisition University (DAU) for the second annual Business Managers' Conference. Held June 12-13, the conference theme was "New Era of Innovative Business Management: Evolution of the Acquisition/Financial Workforce." This two-day Conference brought together senior DoD acquisition and comptroller executives as well as Program Executive Officer/Program Manager/Systems Command (PEO/PM/SYSCOM) Business Managers/Program Control Chiefs, and Service Headquarters business staff for wide-ranging discussions on acquisition and financial topics.

The Conference objectives were to provide an exchange of best practices and processes used within the acquisition and comptroller communities and to provide updates/discussions on acquisition, financial management, and legislative initiatives. Each presentation included ample time for questions, while conference speakers and the audience engaged in spirited give-and-take throughout the conference.

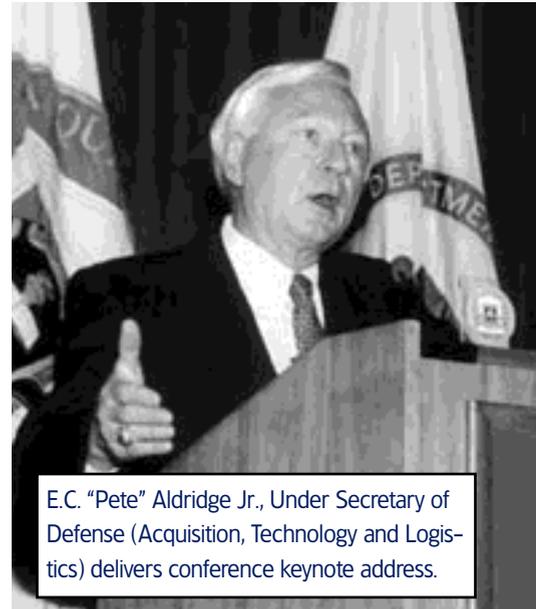
Keynote Address

Hosting this year's conference was Dr. Nancy Spruill, Director, Acquisition Resources and Analysis, Office of the Under Secretary of Defense (Acquisition, Technology and Logistics). She opened the

conference by welcoming and introducing E.C. "Pete" Aldridge Jr., the conference keynote speaker. Aldridge was confirmed May 8, 2001, as the Under Secretary of Defense (Acquisition, Technology and Logistics). His presentation provided one of the first opportunities for the acquisition community to become acquainted with the new Defense Acquisition Executive. Aldridge summarized his five key goals:



Achieve credibility and effectiveness in the acquisition and logistics support process. High-priority actions in this area include improving the Defense Acquisition Board (DAB), promoting spiral development, budgeting to realistic cost es-



E.C. "Pete" Aldridge Jr., Under Secretary of Defense (Acquisition, Technology and Logistics) delivers conference keynote address.



From left: DAU Commandant, Army Col. (P) James R. Moran; Joni Forman, Chair of the Acquisition/Financial Management Certification Panel; and Aldridge.

Forman is Deputy Executive Director for the Curriculum Development and Support Center, Defense Acquisition University, Fort Belvoir, Va.



Dr. Nancy Spruill, Director, Acquisition Resources and Analysis, OUSD(AT&L), welcomes the conferees.

force – what kind of skills mix do we need?”

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Improve the health of the defense industrial base. Aldridge noted, “If we’re to have the best weapons in the world, we need to have the strongest industry to support them.” Actions he intends to take in this area include eliminating barriers to commercial companies entering the defense business, developing a plan to share savings from reducing excess capacity, and re-examining DoD profit policy.

“We need to recognize that companies have a choice with whom to do business. We have to make DoD a better cus-



Mary Starks (left) visits the DAU Exhibit. Greeting her is Sharon Richardson, Director, DAU Center for Business.

tomizer, reducing cycle time, and reinvigorating e-Business.

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Revitalize the quality and morale of the DoD acquisition, technology, and logistics workforce. Aldridge noted that half of the acquisition workforce is expected to retire in the next five years, which will require significant recruitment and training of new acquisition professionals and managers. He stated that, “We need to have a strategic plan for the acquisition work-

tomer. We need to look to bring in more commercial practices. And we should recognize profitability for high performance,” he stated.

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Rationalize the weapons systems and infrastructure with defense strategy. This includes ensuring that the soon-to-be-released defense strategy is properly supported, both by the weapons systems procured and the infrastructure maintained.

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Initiate high-leverage technologies to create the warfighting capabilities, systems, and strategies of the future. Aldridge stated that, “We need to initiate new ideas and war-winning technologies.” He cited the need to provide increased funding for the Defense Advanced Research Projects Agency and for Advanced Concept Technology Demonstrations; and the need to encourage more widespread use of non-defense technologies.

Aldridge emphasized the importance of looking at total systems costs, not just acquisition costs, for new and existing systems. He stated: “Life cycle cost [LCC] has to be part of the decision process, up front. It has to be part of the requirements process for consideration of alternatives. It has to be considered by the DAB. A key question has to be: *Has the program done all it can to reduce LCC?*”

Aldridge stated that pricing is key to stability in weapons programs. “If you properly price a program when you start it and put in adequate reserves, you have stabilized the program. You do not have to go back and ask for more money, which robs other programs.”

He also discussed the importance of modernizing DoD financial systems. “We have an archaic financial system in DoD. The DoD financial system has been a budgeting system, not a system for financial management.” Aldridge stated his belief that Activity Based Costing is a key DoD reform in the coming years.

Acquisition/Financial Management Panel

Robert Nemetz, Deputy Director, OSD Acquisition Resources and Analysis, chaired a panel on Acquisition and Financial Management. Panel members included:

- Blaise Durante, Deputy Assistant Secretary of the Air Force, Management Policy and Program Integration
- Joseph Kammerer, Deputy Assistant Secretary of the Air Force, Cost and Economics

- Robert Young, Acting Principal Deputy and Deputy for Cost Analysis, Assistant Secretary of the Army for Financial Management
- Gladys Commons, Principal Deputy Assistant Secretary of the Navy (Financial Management and Comptroller)
- Tracy Goldstein (Army Plans, Programs, and Resources).

Each of the panel members gave an overview of key acquisition and financial management issues affecting his or her organization. Durante stated that retirements will cause significant dislocations in the acquisition workforce in the next few years. "One day you wake up and all the experience is out the door," he stated.

Kammerer noted that the new Secretary of the Air Force has made Activity Based Costing/Activity Based Management (ABC/ABM) one of his top priorities. He said that the Air Force went to each major command and requested that each select one base to experiment with ABC/ABM. As an incentive, participating organizations are allowed to retain any savings they identify for the first year after the savings are received.

Young agreed that ABC will be beneficial. "To do the job, our managers need managerially relevant information; the current system does not provide it ... Putting ABC systems in place will give the financial manager information to support his or her requirements," he said.

Commons discussed the potential benefits of Enterprise Resource Planning (ERP), which can "bring together all the information a commander needs to have about the organization he or she runs." She emphasized the importance of the business and financial manager (BFM). "We're looking to you to put together a program that is defensible, that can go forward to OMB [Office of Management and Budget] and Congress." However, constrained spending is a reality. "We do not have enough money to modernize our equipment," she said. "Our inventory is old and it costs more to sup-

port, so our O&M [Operations and Maintenance] budgets are increasing at the expense of modernization."

Commons also mentioned the implications of changes in the workforce and the need for workforce planning. "The future workforce will not be like me, working 30 years for the government. The future workforce will be much more mobile, [and] will move in and out of government," she said. She noted that as the current workforce retires, "There will be tremendous opportunities for the new workforce," including quicker promotions. Training will become increasingly important in the future, she said.

Acquisition Workforce of the Future

Keith Charles, Director of DoD's Task Force on the Acquisition Workforce of the Future, presented an overview of the Task Force's final report. He noted that the acquisition workforce has already been cut in half in the past decade, and that "50 percent of the workforce will leave in little more than four years."

Charles stated that this represents a major challenge for managers, who will soon be experiencing significant shortfalls of experienced personnel. It will also force workforce planners to adopt innovative methods to attract and retain personnel. "Is there any other function in DoD that touches the warfighter more closely?" he asked.

Charles argued that strategic planning for human resources is the key to effective workforce management, including needs identification, workforce supply and demand analysis, investment analysis, and career development planning. He described several potential remedies for workforce shortfalls, including recruitment, retention, or relocation bonuses to attract and retain the right skills mix of people; exchange programs with industry; and acquisition demonstration projects that provide increased authority for the hiring managers.

The Task Force report can be found at: <http://www.acq.osd.mil/yourfuture/>.

DoD 5000 Update

Mona Lush, OSD Acquisition Resources and Analysis, provided an update on the new DoD regulation on major systems acquisition. The principal purposes of the revised acquisition policy are to:

- *Deliver advanced technology to the warfighter more quickly.* The new acquisition process provides for rapid acquisition with demonstrated technology and full-system demonstration before there is a commitment to production.
- *Reduce total ownership costs and improve affordability.* Cost is recognized as a requirement that drives design, procurement, and support.
- *Deploy interoperable and supportable systems.* Interoperability should be demonstrated prior to production, and logistics concerns should be integrated into the acquisition process.

The old acquisition process only addressed systems acquisition, rather than addressing the entire acquisition system. It treated evolutionary approaches as a "non-traditional" excursion rather than as the preferred acquisition approach, and it failed to provide firm decision criteria and amplifying guidance for tailoring acquisition approaches. New features of the redefined acquisition process include a focus on ownership costs (rather than only on acquisition costs), affordability, supportability, and interoperability.

The new DoD leadership has been briefed and is strongly supportive of the new policy changes. No substantive changes in law are required, though the attitude of Congressional leadership toward any new DoD policy is an important consideration. Lush reported that the new 5000 does not make changes in key areas of traditional Congressional concern, such as Congressional oversight and control of funds.

DCMA Initiatives

Army Brig. Gen. Edward M. Harrington, Director, Defense Contract Management Agency (DCMA), described how DCMA supports the acquisition process. He noted that DCMA is now

an independent agency, reporting directly to the Principal Deputy Under Secretary of Defense (Acquisition, Technology and Logistics). Its mission has evolved considerably over the years. "Lots of people still see us in the old post-award, contract administration role, and that is still a core function, but we are engaged across the entire system life cycle," he stated.

Harrington noted that Earned Value Management (EVM) is one area where DCMA plays an especially important role. DCMA is the DoD Executive Agent for Earned Value Management Systems (EVMS). It is DCMA's role to:

- Ensure that there is consistent DoD policy implementation of EVM
- Address EVM issues across and between DoD and industry
- Partner with industry to ensure EVMS ownership at the corporate level.

DCMA also has been active in the formation of Management Councils, which are a coalition of the customer, DCMA, the Defense Contract Audit Agency, and contractors. Management Councils are an outgrowth of the effort to implement the Single Process Initiative, and they serve as a forum to communicate ideas and accelerate process improvements. "Where we've done these Management Councils, we get a lot of break-even very quickly," stated Harrington. "But the real benefit is over the long run. Over future contracts, it pays back big benefits."

DCMA has also been active in stimulating electronic commerce throughout DoD, analyzing industrial capabilities, reviewing overhead rates, and stimulating the transition to performance-based payment systems.

Joint Strike Fighter

Air Force Col. Robert P. Lyons Jr., Director, Joint Strike Fighter Engineering and Manufacturing Development, described how cost management has influenced the development of the Joint Strike Fighter (JSF). "It all started with a four-star warfighter saying 'This is all I'll pay,'" Lyons said. "We spend all our

time trying to keep this affordable to buy and own. Nobody has ever done that before."

Lyons stated that the target Unit Recurring Fly-away cost "has been the biggest driver of our decisions." Logistics cost and supportability have also been major concerns to the system's developers. Lyons noted that three of the eight system Key Performance Parameters are based on logistics:

- Reduced logistics footprint
- High sortie generation rate
- High mission readiness rate.

He concluded that the experience of the JSF shows that a system acquisition placing emphasis on acquisition and support cost can be successful, but it takes a lot of work. Pre-defined goals and constraints on cost and performance are important; without them, both users and designers are likely to revert to "business as usual," with increasing requirements and a decreased attention to cost and supportability. The users and developers must work together continuously as a team to fully understand the cost and performance issues they are facing. Lyons said that "...these Cost As an Independent Variable (CAIV) concepts have driven the JSF development program from the beginning."

Acquisition/Financial Management Certification

Conference planners originally planned to discuss the topic of certification in a breakout session, but interest ran so high that it was presented to the entire group. Joni Forman chaired the panel, which consisted of:

- Frank Arcari, Associate Director for Certification, American Society of Military Comptrollers (ASMC)
- Wilett Bunton, Program Manager – Comptroller Proponency Office, Office of the Assistant Secretary of the Army (Financial Management)
- Debbie Eschmann, Acting Director for Professional Development, Office of the Assistant Secretary of the Air Force, Comptroller Support (Financial Operations)

Exhibits

Before and after the conference sessions and during breaks, attendees viewed a number of exhibits on knowledge management, financial management, career management, and other subjects of interest to business managers. The exhibits included:

- Army Knowledge Management Initiative (Wes Welch)
- Navy Knowledge Management Initiative (Jim Kantner)
- Army Cost and Economic Analysis Center (Mike Matthews and Stephen Pawlow)
- Defense Acquisition University (Sharon Richardson)
- Naval Financial Management Career Center (Tom Steinberg and Sandi Palmer)
- Information Assurance Training and Awareness (Nancy McClellan and George Bieber)
- Army Acquisition Information Management (Sheila Wyatt)
- Army Acquisition Career Management (Patricia Hobson)
- Enterprise Software Initiative (Rex Bolton and Navy Cmdr. Jim Clausen).
- Thomas Steinberg, Director, Naval Financial Management Career Center.

Forman introduced the panel members and briefly described the Business, Cost Estimating, and Financial Management (BCEFM) certification process. The BCEFM process is one that the acquisition business workforce is most familiar with, but many workers are concerned with possible overlap with the Services' Financial Management certification programs. The BCEFM certification program requires eight courses to become Level III-certified, and also encourages the taking of other business courses to meet a continuous education requirement. Several courses are now available through distance learning to

DoD Acquisition/Financial Managers Convene Second Business Managers' Conference

Acquisition/Financial Management Panel . From left: Blaise Durante, Deputy ASAF, Management Policy and Program Integration; Robert Young, Acting Principal Deputy and Deputy for Cost Analysis, ASA, Cost and Economics; Gladys Commons, Principal Deputy ASN (Financial Management and Comptroller); Tracy Goldstein (Army Plans, Programs, and Resources); Joseph Kammerer, Deputy ASAF, Cost and Economics; and Robert Nemetz, Deputy Director, OSD Acquisition Resources and Analysis.



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1. Keith Charles, Director of DoD's Task Force on the Acquisition Workforce of the Future, presents an overview of the Final Report .

2. Don Barker, Deputy PEO, Tactical Missiles, and Marie Greening, Program Manager, Aviation Support Equipment, participate in PEO/PM/BFM Panel.

3. Air Force Col. Robert P. Lyons Jr., Director, Joint Strike Fighter Program.

4. Dr. Robert Bohls, Professor of Financial Management, DSMC, speaks on Data Analysis at a Breakout Group session.

5. John Hickok, DAU Knowledge Management Officer, speaks on Knowledge Management during a breakout group session.

6. Army Brig. Gen. Edward M. Harrington, Director, Defense Contract Management Agency.

7. Mona Lush, OSD Acquisition Resources and Analysis.

8. Dr. Jay Mandelbaum, Office of the Deputy Under Secretary of Defense for Acquisition Initiatives, discusses Knowledge Management during a breakout group session.

9. Navy Cmdr. Jim Clausen and Emily Urban review handouts at Navy Chief Information Officer exhibit.

10. Pat Zarodkiewicz, Director, Budget Investments, U.S. Air Force, speaks on New Starts.



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“New Era of Innovative Business Management: Evolution of the Acquisition/Financial Workforce”



Certification Panel: Joni Forman, OSD Acquisition Resources and Analysis; Wilett Bunton, Program Manager – Comptroller Propensity Office, Office of the ASA (Financial Management); Thomas Steinberg, Director, Naval Financial Management Career Center; Debbie Eschmann, Acting Director for Professional Development, Office of the ASAF, Comptroller Support (Financial Operations); and Frank Arcari, Associate Director for Certification, American Society of Military Comptrollers.



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help reduce travel costs and time away from the office. Modifications to the BCEFM curriculum are being considered to reduce overlap with other certification courses.

The BCEFM web site is found at: http://center.dsmc.dsm.mil/Topical_Sessions_templates/FM_Main/template.htm/.

Steinberg described the Navy's certification process. The objectives of certification are to establish an objective measure of an individual's knowledge and competence, encourage higher educational standards, and encourage continued professional development. But, Steinberg noted, "We don't see it as a requirement [for promotion]; it's a selection factor."

Bunton described the Army program, which is applicable to all individuals involved in the Comptroller career program, whether military or civilian. "The Comptroller Accreditation Program guides the career development of Army financial management civilian and military professionals. Accreditation assesses Comptroller careerists' credentials by identifying achievement levels in education, training, and experience requirements. The program formally recognizes an individual's demonstrated performance and capabilities. The Comptroller Accreditation Program ensures that financial management professionals possess and maintain identified core competencies in Financial Stewardship, Financial Decision Support, and Leadership and Organizational Management." The Army Comptroller Accreditation Program is described more fully at www.asafm.army.mil/.

Eschmann stated that the Air Force program emphasizes "continuing professional education and broadening skills." Level certification is the measure of merit of Air Force Financial Management professional development. Each level builds on the other until Level III is obtained. Levels are based on general education, professional/military education, experience, relevant test-based certification, and continuing professional education. All levels require 80 hours of continu-

ing professional education every two years, with concentration on broadening one's knowledge of Defense Financial Management.

Arcari described the American Society of Military Comptrollers (ASMC) program, which has created the Certified Defense Financial Manager (CDFM) initiative. He said that the program should appeal to anyone who wants to become more competent at what they do, become more eligible for promotions and available incentives, or carry a professional credential beyond government service. Certification provides the employee a road map for personal growth and an opportunity to learn and understand a broad array of FM issues and topics.

Arcari stated that certification is also beneficial for DoD. Today's FM workforce needs expertise in a broader range of skills. "The workplace is more complex and we have fewer people, but the work hasn't gone away," he said. Traditionally, professional certification levels within DoD have been low compared to the private sector, and the public has a low level of confidence in DoD financial management. "We need to have the public more confident in our ability to manage public funds," he stated, "and certification is one way to do that."

The CDFM is examination-based and covers three modules:

- Resource Management Environment
- Budgeting and Cost Analysis
- Accounting and Finance.

A variety of opportunities exist to provide training for these examinations, including self-study options, group study at ASMC chapters, the Enhanced Defense Financial Management Training Course (41-hour class), and Web-based training. More information on the ASMC certification program is available at www.asmc certification.com/.

PEO/PM/BFM Panel: Recipe for Strong BFM

The last general session of the conference was the PEO/PM/BFM Panel. Panel members were:

- Don Barker, Deputy PEO, Tactical Missiles
- Dr. Robert Buhrkuhl, Senior Program Analyst, Acquisition Resources and Analysis and a former Assistant/Deputy PEO
- Marie Greening, Program Manager, Aviation Support Equipment.

Barker stressed the importance of the BFM to the PM and PEO. "You have to tell it like it is – you can't sugarcoat it. BFM is the one area where we can get in the most trouble, and the area where most PMs have the fewest tools. The BFM's keep us straight."

Greening added, "You have the potential to be the PM's most valued asset. You know all the people in the finance and budget areas and the BFM's for other programs. You can use this to your program's benefit. Whether it's at the SYSCOM level or at OSD, it's critical for you to know the players."

Buhrkuhl agreed with this assessment. "When the PM or the PEO goes on the road, to OSD or to the Hill, nine times out of 10 the key person he or she takes is the BFM, more so than the Deputy PM, more so than the technical advisor. The BFM issues are the key issues."

Buhrkuhl added that the BFM is also vital for internal decision-making. "You should be the PM's confidante. Rarely did a decision go by that I didn't involve the BFM. I knew I would get straight answers. Requirements change, budgets change, [and] schedules slip. It's very difficult for a PM to keep a program going without a strong BFM."

Greening said the challenges faced by the BFM have changed. "All the woes of the acquisition community come to rest with the BFM. No longer is it enough to say a budget cut will delay a program by so many months or cost so many million dollars in the long run. You have to show the cost to the warfighter and how the program cut will keep a necessary improvement out of his or her hands."

According to Greening, these changes in the acquisition system require differ-

ent skills. "Cross training is going to become more important. If you've ever worked with an engineer who knows a little bit about logistics or a logistician who knows a little bit about engineering, you know what an advantage it can be. For BFMs, a little bit of knowledge about, for example contracting, can be a big help, even if your specialty is budget. Ideally, the BFM should be able to attend an IPT [Integrated Product Team], understand the underlying issues, and present them to the PM."

Conference Closing

After the panel, Nemetz closed the conference by noting that the attendance and discussions had been excellent. He thanked the audience for their participation in the Second Business Managers' Conference and said OSD would consider continuing the conference in the future.

Participants Rate the BMC a Success

To ensure that the conference continues to meet the needs of the attendees, an extensive questionnaire was included with the registration materials. More than 60 percent of the attendees completed the questionnaire. Attendees strongly agreed that the Business Managers' Conference fills a need for the business and financial manager community. More than 85 percent rated the overall effectiveness of the conference "very useful" or better. The most frequently cited benefits were "obtaining insight on policy thrusts" and "learning things useful in my job."

The majority of the attendees favored continuing to hold the conference once a year, and most attendees favored the current two-day format. Most attendees also agreed that the right amount

of time was set aside for the question-and-answer session following each presentation or panel. Conference attendees generally agreed that the size and composition of the audience was about right. Over 95 percent were in favor of continuing to schedule training breakout sessions, with many favoring more time for these training sessions.

About 90 percent agreed that the exhibits were useful, and there was almost unanimous agreement that the conference should continue featuring exhibits. These questionnaire results will be factored into planning for the 2002 Business Managers' Conference.

More information on the Business Managers' Conference, including the agenda and copies of presentations, can be found at the conference Web site: <http://bmc.ida.org/>.

Training Breakout Sessions

Twice during the conference, the plenary sessions adjourned so that conferees could attend a set of parallel training breakout sessions. The breakout sessions were in-depth discussions of specific topics of interest to segments of the business management community. These sessions covered the following topics:

- Clinger-Cohen Act Status (William May and John Laychus, Acquisition Oversight Officers, Deputy DoD Corporate Information Officer)
- Enterprise Resource Program Initiatives – Pilot Programs (John Pracchia, Business and Financial Integrated Product Team Leader, Enterprise Solutions, Naval Air Systems Command)
- Procurement Initiatives (Domenic Cipicchio, Deputy Director, Defense Procurement [Foreign Contracting])
- Operations and Support (O&S) Update (Jim Wilson, Research Staff Member, Institute for Defense Analyses)
- *Performance Based Payments Guide* (Leslie Blackmon, Senior Acquisition and Procurement Specialist, Office of the Deputy Under Secretary of Defense for Acquisition Initiatives)
- Knowledge Management Initiative (Dr. Jay Mandelbaum, Executive Secretary, Defense Systems Affordability Council, Office of the Deputy Under Secretary of Defense for Acquisition Initiatives; John Hickok, Knowledge Management Officer, Defense Acquisition University [DAU]; and Navy Cmdr. Stacy Azama, Professor of Financial Management, DSMC)
- Data Analysis (Dr. Robert Bohls, Professor of Financial Management, DSMC)
- New Starts (Pat Zarodkiewicz, Director, Budget Investments, U.S. Air Force)
- Contract Cost Data Report/Software Metrics (Marine Lt. Col. David Robinson, Director, Contractor Cost Data Report Project Office)
- Command, Control, Communications, Computers and Intelligence Support Plan (Navy Cmdr. Roger Thorstenson, Office of the Director of Program Analysis and Integration, Assistant Secretary of Defense for Command, Control, Communications and Intelligence, ASD C3I)
- Joint Requirements Oversight Council (JROC) – Requirements Generation System (Navy Capt. Kevin Peppe, Branch Chief, Strategic and Tactical System Requirements, J-8).