

Innovative Program Office Restructuring — Where to Begin

EELV Program Director Relates His Experiences in Developing a Streamlined Organizational Structure

ROBERT K. STEELE

The pace of change in the acquisition environment is continuing to accelerate. At times it's difficult to keep up with the latest innovations and streamlining opportunities, and yet we must take advantage of them in order for our programs to survive and prosper in the new climate. More and more program directors are being pushed toward smaller, more streamlined program office manning structures. This push toward reduced manning is not an arbitrary desire to shrink government manning levels, but is a result of personnel drawdowns, budget reductions, and a need to redefine the role of the government in acquisition to focus our efforts where we will have maximum impact. As has been stated by senior management, we are now being asked to do less with fewer resources.

Acceptance — The Beginning

When a program director begins the process of analyzing how to reduce the program's resource requirements in the case of an existing program, or what the structure will look like for a new program, there are several phases the organization's management will pass through. First is denial — the mid-level managers will simply refuse

to accept the mandate for change and will assert that it is impossible to dramatically reduce the manpower required to manage the given program. This is clearly the wrong answer. However, after the expressions of anger and outrage and with great consternation and hand wringing, the managers will begin to progress to the next phase of the analysis: token reductions. Here, minor reductions will be proposed, but these changes do nothing to alter the fundamental program management role. Rather than innovation, these proposals for reduction are a mere "belt-tightening." Without being unduly pejorative, they are mainly cosmetic.

Finally, the realization sets in — this is no longer the old way of doing business. Many of the managers will fall on their swords and decry the new environment, but there will also be the positive thinkers that will embrace the change as a new challenge. Once the organization's management reaches this point, the important decisions can now be made with respect to those activities that are required and necessary for the program to function.

As the managers enter discussions of the new structure, senior management

must provide the ground rules for the exercise. We defined a minimum set of rules as follows:

- No area is exempt from examination/re-examination of its needs and requirements.
- We defined the new paradigm as a shift away from government oversight of contractor products to government insight into the contractors' processes. Fundamentally, if we have confidence the contractors are using the appropriate processes, regardless of the area of the program (whether in a technical sense or budget development, configuration management or earned value measurement), we will feel some level of comfort that the products will be acceptable.

Start with a Clean Sheet

The best way to go about the analysis necessary to devise a streamlined structure is to start with a clean sheet. This approach is preferable to taking the current organization and trying to pare down the positions, which most often leads to concerns about individuals — not the new approach to acquisition management. The clean sheet affords the opportunity to lay out the tasks that must be accomplished and

Mr. Steele is the Deputy Program Director for the Evolved Expendable Launch Vehicle (EELV) program at Los Angeles Air Force Base, Calif. The program has been designated an Air Force Lead Program for acquisition streamlining. Currently, it is a \$2 billion development program with a production potential of \$20 billion.

then at a later time, match people with positions.

As we went through this process, we found the best way to start is by identifying the basic needs. We accomplished this by asking each functional area to develop a listing of what they believed were the mandatory tasks that must be accomplished to support the program and meet all statutory and regulatory requirements. Once these lists of tasks or functions were developed, the group met to begin defining the level of manning that would be available for each functional area.

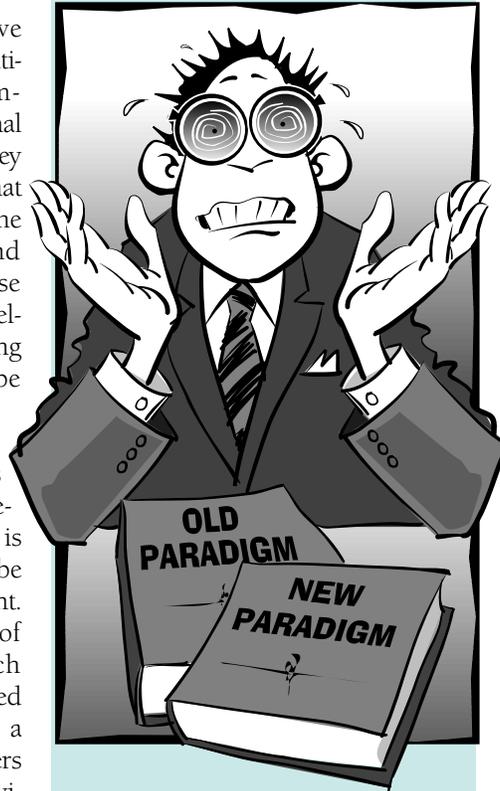
Obviously, there are numerous mandatory administrative requirements for which each organization is responsible. Clearly, these have to be accounted for and addressed up front. But rather than blindly accept all of the current overhead burden, each office should evaluate these perceived mandatory requirements as well. In a world of shrinking resources managers must determine which of these activities has limited value or benefit, and look to reduce this burden as well. We found there were numerous “nice-to-have” requirements for personnel that are actually good candidates for not only streamlining, but also finding other ways to get these tasks accomplished. There are numerous examples of resources that program directors feel more comfortable with, but are not required (e.g., computer support and manpower/manning).

The Pain Begins

Once the specific functional tasks have been identified, the pain begins. When entering this restructuring process, the program director will undoubtedly be given some guidelines as to the threshold of total manning permissible or deemed reasonable by senior management. The initial breakout of manning levels will be dependent on the overall number of people allowed as well as the specific acquisition phase of the program.

In our case, we were given a specific manning threshold for a program that

Denial



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was entering a combination of concept development and demonstration/validation. With the limited numbers of spaces available to programs, few if any will be able to have the level of technical expertise that has been traditionally enjoyed by defense acquisition programs. We made the conscious decision that we needed to empower the contractors on technical issues regardless of how many individuals we targeted for inclusion in the technical element of the program office. With this in mind, we ensured that enough people were allocated to the contracting, program control, and acquisition development areas to minimize those risks as the program progressed.

Sorting out The Work

After the initial allocation of spaces, the functional managers took the lists of tasks and first prioritized these activities, then evaluated the impact of the manning numbers on their defined workloads. We developed a common set of terminology to identify the level of responsiveness the office would be able to achieve with the manning constraints identified. The terminology included: robust, minimally acceptable, degraded, severely degraded, and defer/transfer.

After the functional managers completed the prioritization and evaluation of activities, the group met again. This time the goal was to ensure the level of detail of activity definition was consistent across functional areas and that the rating of work that could be accomplished seemed to correspond to the manpower constraints identified.

By using the ratings of sufficiency, we were able to do a rational, fair comparison of the priority of tasks across the program. Based on these results, the group then made some modifications to the manning levels tentatively assigned to each functional area. At this point, some functions were actually transferred between

elements of the organization to gain benefit from synergy and reduce the requirement for manning.

The Concept of “Off-Loading”

For those elements that the program would not have sufficient resources to address, other ways had to be found to accomplish them. When pressed to accomplish the task, and constrained in resources, we found numerous opportunities to find help in getting the tasks done. We identified those activities that could reasonably be deferred to a later phase of the program, and those that could be “off-loaded” to other organizations.

Our group identified the majority of the off-loading activities in the technical support areas dealing with detailed specialty functions, specifically engineering. When identifying elements for off-loading, we are not talking about abdicating responsibility or “hiding” personnel in other organizations. We defined this approach as limited support or help in critical program areas where we lacked resident program office personnel. In other words, when the group surfaced a specific issue that needed to be addressed, we asked for consultation help from the experts. This can be thought of as a “Distributed Organization.”

Outside activities will be asked for support when specific critical activities requiring functional expertise not contained in the program office are required. This will keep the program from relying on underutilized specialists that might not be fully employed during the entire phase of the program and necessarily keeps the program office from becoming too involved in the details of the contractor’s work. Not only does this fall in line with the mandate to move from oversight to government insight, but it has the added benefit of providing support and validation to laboratories and other organizations where this specialty work rightfully belongs.

Reluctance



However, after the expressions of anger and outrage and with great consternation and hand wringing, the managers will begin to progress to the next phase of the analysis: token reductions.

In the spirit of innovation and streamlining, the lists of activities on those items that cannot be actively pursued or completely covered within the manning constraints also provide an excellent breeding ground for ideas on how to eliminate or minimize activity. We were amazed at the number of opportunities we saw to reasonably streamline out of the program activities that we had previously accepted as necessity simply because we have always done them and had never before considered elimination. One very good example of an opportunity to streamline is in reporting. With only minor tailoring (and of course the wherewithal to convince the report recipients of the change), multiple, previously unrelated reports can be satisfied with a single report format, saving countless hours of developing independent but similar reports.

Defining The Risks

By completing the process of task identification, prioritization, and rating, a clear picture emerges of the programmatic areas that present the most risk. At this point it is the responsibility of the program director to assess this risk and determine its acceptability. Risk resides in every program; the key is to ensure the risk lies in areas that are reasonable and that the level of risk is acceptable. The program directors’ evaluation may lead to some further minor refinements in the distribution of resources.

With this information in hand, the senior decision makers have a clear view of the issues and what is to be accepted if the program structure is approved. Additional benefits accrue in that the rankings and ratings of the tasks provide a roadmap for risk mitigation as well as an already defined blueprint for future increases in resources or decrements in available personnel. Rather than the thrashing through of activities when personnel are added (or deleted), marginal increases or decreases have already been planned for, and the senior deci-

sion makers have superior insight into the impact of changes to personnel resources for the programs.

Clearly, the activities and risks will not remain constant. Programs change, the contractors' activities change, and the areas of risk within the program fluctuate on a constant basis. Thus, the reassessment of activities, priorities, and responsibilities must be accomplished from time to time. This should come as no surprise, although as a general rule, tradition tells us that programs add personnel to areas that become more critical without ever reducing the resources in areas that became less critical. The present environment will not allow for the continual growth of program offices. As programs transition from one acquisition phase to another, these are excellent opportunities for revision to the task lists.

Challenges to Management

The actual steps outlined are relatively easy to accomplish. A certain amount of soul searching and stubby pencil work is involved, but defining the tasks is simply a matter of defining the job responsibilities. The major challenge to management will come from changing the mindset of the individuals involved. Most often, the senior levels of management in a program office have been sensitized to the need to reduce and innovate. Our experience is that the mid-level managers don't understand the pressures to streamline. As was discussed, the steps of denial, reluctance, and ultimately acceptance of the new paradigm are necessary.

The revolution in program management is to trust the contractors. This thought is the most difficult for many to accept, particularly in light of some of the individual's past experiences with the same contractors. But the reality is that in the new order, not only will the government acquisition personnel be more trusting, but it is also incumbent on the

Acceptance



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contractors to do everything in their power to engender more trust and accept responsibility for the technical aspects of the program. Under this construct, program directors must learn to manage the new organization model much the way a conductor leads an orchestra, ensuring that the diverse parts work together harmoniously.

One other point needs to be made. When the exercise is to restructure an existing organization, senior management must understand that when the organization is finalized, there will likely be individuals who do not fit into the new framework. Constraining the number of people working on a program requires each individual to be more experienced. Those already in place in existing organizations may not have the correct grade/rank, experience, or skill. In order to avoid decimating morale during the perturbations, program directors must carefully explain that manning changes are based on the new organization and not on the worth of the individuals involved. This will likely be the most painful part of the whole process, but it is a necessary activity to achieve the streamlined results that have been mandated.

The Final Reality

The reality is there will be difficulties on acquisition programs. Risks will not be mitigated as planned; areas that were not evaluated as "risky" will in fact create problems; people will make mistakes. But rather than be paralyzed by the fear of mistakes, we need to trust ourselves, our superiors, and our subordinates — trust they have the knowledge and experience to avoid the major program-threatening catastrophes. The job of program directors is to minimize the opportunities for mistakes and optimize the resources at their disposal. Every function is subject to scrutiny and analysis in this effort, but the long-term benefits are critical — *continued survival in a changing acquisition environment.*