

# SECDEF and DAE Jump Start Acquisition Reform Week at Pentagon Press Conference

March 14, 1997

**Editor's Note:** Secretary of Defense William S. Cohen and Under Secretary of Defense for Acquisition and Technology, Dr. Paul G. Kaminski, held a joint DoD briefing as a prelude to Acquisition Reform Week, March 17-21, 1997. *Program Manager* is pleased to publish key excerpts for the benefit of our readers.

## Secretary Cohen's Remarks

I'm here today to help kick off Acquisition Reform Week, because I want to stress how important this subject matter is to me and what priority I place on it. It's important to the public, it's important to the Congress, suppliers, managers, workforce, and most especially, the troops.

Walter Lipman wrote an essay how he described where dramatic change occurs in the following fashion. He said, "A regime and established order is rarely overthrown by a revolutionary movement. Usually a regime collapses of its own weakness, and then a revolutionary movement enters among the ruins and takes over the powers that have become vacant."

I think that statement accurately portrays the status of our defense acquisition system, at least in the past, because for years it has been sliding of its own weight and weakness into a state of collapse. Suppliers have been shackled by overly prescriptive specifications and purchasing rules. I recall being in the Senate holding up 14 pages of regulations describing a cookie—what would qualify for an adequate cookie for the military. Buyers have been bound up by senseless red



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— William S. Cohen  
Secretary of Defense

tape. And of course, when the taxpayers saw how much money was being wasted, they saw more than red tape, they saw red.

Today the revolutionary movement has entered among the ruins. The movement has been fomented by the imagination, the energy, and the perse-

verance of former Secretary of Defense Bill Perry. He is what I would call the Thomas Paine of Acquisition Reform. He's been supported, and I should say he's also been supported very strongly by, maybe Sir Galahad, in the form of Paul Kaminski. Dr. Kaminski has been just an outstanding advocate for acquisition reform along with Gil Decker, Art Money, and John Douglass. These gentlemen have been in the forefront of acquisition reform in the Defense Department and have made an enormous contribution. It's been carried out by a very dedicated acquisition staff as well; much of it made possible by President Clinton and Vice President Gore, as far [as] reinventing government initiatives, and also by legislation adopted by Congress.

I'm pleased to say that during my years on Capitol Hill that I did play a role in the shaping of at least three pieces of legislation, three major pieces of legislation—the Federal Acquisition Reform Act, the Competition in Contracting Act, and most recently, the Information Technology Management Act. Having helped spark that revolution, I now intend to see it through as Secretary of Defense. That's a pledge—as being one of my top priorities.

I am firmly convinced this is absolutely critical to our maintaining a strong military into the 21st Century. We have an obligation to pursue it aggressively, because the public deserves it. When the public sees how much is being wasted in our acquisition system, they become justifiably outraged. So the public demands it, so we have an obligation to provide it.

We have an opportunity for reform because the marketplace is now providing it. The revolution in commercial technology and business practices has made us a global economic power. It also will help to sustain us as a global military power.

We have an urgency to reform it, because reality demands it. That reality is, that absent any kind of a major conflict in the world, our budgets are

likely to remain flat. But the fact is that our troops need new equipment to sustain the technological edge that we have, and therefore, more modernization money has to go into product and not into process.

The reality is that we're living in an era of very fast-paced change in technology and also in world events, so we need fast-paced acquisition systems that can seize upon the new technologies that are being developed that will enable our forces to respond to the exigencies of the moment.

Having the greatest and the most powerful forces in the world, we can prevail on any battlefield. We cannot, however, see over the horizon with any degree of clarity and precision. So we need business practices that can respond quickly, flexibly, cost effectively, in whatever comes over the horizon. In other words, we need an acquisition system that can quickly tap into the commercial marketplace for new technology, that can apply that new technology to new systems, but also to existing systems, to upgrade that combat capability. We need to quickly put this technology into the warfighters' hands to meet their needs while this technology is still new and very competitive.

So if we're successful, we're going to be positioned to meet those challenges that come over the horizon in whatever form they come. Already I think we can see some rather significant progress in this fast-paced acquisition system. We've seen the results in Bosnia. We are now using commercial computer equipment to download intelligence from commercial satellites in encrypted form. We also saw it in Bosnia with the monitoring of the peace process there, using the Predator UAV. That is among our first advanced concept technology demonstrators, and this, of course, develops and fine tunes new systems and the training and the tactics for their use.

Monday I'm going to get another glimpse into this acquisition revolu-

tion at the National Training Center at Fort Irwin in Calif. There, the Army is field testing Force XXI, a digitized maneuver brigade that's been developed through an integrated team process. That team includes everyone who has a stake in the final product: the contractor, the doctrine developers, the testers, evaluators, as well as the end users—ultimately the warfighters. And together, that team is developing the technology, but they're also going beyond simply developing the technology. They're also working the tactics and the training which used to be done after a system was fielded in the past. We're now doing it ahead of time.

So we're yielding a better system. It's at a better price, at a faster pace with better performance for the troops.

So it's very nice for me to be able to step in as Secretary of Defense to acquisition reform that's so far along in the process, but I also know that the greatest amount of work lies ahead. It's much easier to start a revolution than to establish a new order—not a new world order, but a new order as far as acquisition is concerned.

So the challenge really is to apply these new practices to all of our programs across the board—large and small. And we have to make acquisition reform a part of our everyday life. And we have to continue to develop an acquisition workforce, and that's also a challenge because they need to have the skills and the tools along with the motivation. Once we institutionalize this reform, we can truly say that the revolution has become successful and that we've turned the world upside down for the better.

Now I'd like to invite Paul Kaminski to talk about acquisition reform and Acquisition Reform Week.

#### **Dr. Kaminski's Remarks**

I believe we've come a long way now in acquisition reform. As Secretary Cohen said, we not only want to sus-

## WILLIAM S. COHEN

### Secretary of Defense

William S. Cohen was sworn in as the 20th Secretary of Defense on January 24, 1997, following a unanimous vote by the Senate. Cohen previously served three terms in the U.S. Senate from the State of Maine (1979-1997) and three terms in the House of Representatives from Maine's Second Congressional District (1973-1979). He served on the Senate Armed Services and Governmental Affairs Committees from 1979-97. He was a member of the Senate Select Committee on Intelligence from 1983-91 and 1995-97, serving as Vice Chairman from 1987-91.



As a U.S. Senator, Cohen helped create the modern national security command structure by playing a leading role in crafting the Goldwater-Nichols Defense Reorganization Act of 1986. He co-authored legislation to overhaul U.S. counterintelligence and improve congressional oversight of all intelligence activities. He was also a leading advocate for veterans' education programs, sponsoring the 1984 GI Bill.

In recognition of his work on behalf of U.S. national security and military personnel, in 1996 Cohen received the U.S. Special Operations Command Medal; in 1983 he received the L. Mendel Rivers Award from the Noncommissioned Officers Association; and in 1980 he received the organization's "Vanguard" award.

Cohen has also been in the forefront of reforming the Federal Government's procurement process and of bringing accountability and private sector "best practices" to government agencies, including the Department of Defense. He authored the Competition in Contracting Act of 1984, the Information Technology Management Reform Act of 1986, and played a key role in drafting the Federal Acquisition Reform Act of 1996.

Throughout his career, Cohen has demonstrated leadership in U.S. foreign policy matters. He served on the board of directors of the Council on Foreign Relations from 1989-1997, chairing its Middle East Study Group. He also chaired and served on groups at the Center for Strategic and International Studies, the School for Advanced International Studies at Johns Hopkins University, and the Brookings Institution on issues including DoD reorganization, NATO enlargement, and chemical weapons arms control. Since 1985, Cohen has led the American delegation to the Munich Conference on Security Policy, which brings together senior officials from NATO and Partnership for Peace countries. He also led American delegations to the American-Arab Dialogue in Cairo and the Pacific Dialogue in Kuala Lumpur—both regional conferences on security and economic issues.

Cohen was born August 28, 1940, in Bangor, Maine. He attended Bangor High School graduating in 1958. He received his B.A. in Latin from Bowdoin College in 1962, and his LL.B. cum laude from Boston University Law School in 1965.

Cohen has authored or co-authored eight books, including two books of poetry, three novels, and three works of non-fiction.

His wife, Janet Langhart, is president of Langhart Communications. Cohen has two sons, Kevin and Chris.

tain the momentum that we've built here over the past few years, but we want to move out full speed ahead to institutionalize this base throughout the whole department.

A good way to characterize the status of our acquisition reform efforts is to sort of compare ourselves with a runner today. That runner is just beginning the third lap of what I view to be at least a four-lap race. We're well into the race, but I think there's still much more to do.

Reforming DoD's acquisition system is really one of the principal reasons that I signed on to be the Department's Defense Acquisition Executive. Lasting acquisition reform means a commitment to a continuous process of improving a system which has been built now over the last 50 years. Our vision here is to be the smartest, most efficient, most responsive buyer of best-value goods and services to meet our warfighters' needs.

Today our defense acquisition system is not undergoing just a reform, but I think Secretary Cohen used the right word—this is a really wholesale revolution of how the Department is doing business.

We've set aside next week as Acquisition Reform Week to pull together our government/industry teams throughout the defense acquisition system to look at the way we're continuing to do business now, and to explore how we might improve the way we do business in the future. The major focus here is on teamwork and a reinvention of the process that we have underway.

Our success in pulling together and operating as a team with open communications and no surprises will in large part be the overall key, I believe, to our success. I want to talk about that and illustrate what's been done here.

I think together as a team we have to focus on getting and keeping our costs down. And we need to cut our acquisi-

tion cycle times—the time that’s required for us to conceive of, develop, and to field a system, and to field it ready for use. If we truly view cost as an independent variable, then our government contractor teams need to collectively agree on ways to incentivize cost reductions.

We in the government must be willing to trade off minor reductions and requirements for significant reductions in costs when those trades are available to us, and industry must work with us to identify such opportunities. I don’t think this will happen unless we’re all part of a team—from the warfighting operators and users, to the trainers and doctrine developers, to the testers and simulation experts, and finally, to the acquirers and our industry partners.

I’d like to share with you now where we’ve been and where we’re going in acquisition reform. I think it will form the basis for much of the top-down message that I and our senior leadership team will be communicating top-down to our workforce during the Acquisition Reform Week.

There are seven major focus areas which compose our work in acquisition reform. The first one, *supporting the warfighter*, is really building on this team concept that I was describing. It emphasizes that the warfighter is our customer in this system. We must work as a team with the warfighter involved to begin to visualize the



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— **Dr. Paul G. Kaminski**  
**Under Secretary of Defense**  
**(Acquisition & Technology)**

requirements, the opportunities, and to field equipment that works in the field: field equipment that has the

training built into it and anticipates the doctrine and the tactical application of the system. It doesn’t wait for that to be developed after the system is fielded. The issues here really involve getting together all the stakeholders as part of this team.

The next area is *improving our acquisition business processes*. I’ve talked about a few of those with you in the past. This, again, involves the issue of teaming and looking to fundamentally attack our cycle times.

We’ve fundamentally reengineered how we’re buying things like cookies, food items, and pharmaceutical products. We’re now doing that a whole

- Seven Major Focus Areas for DoD Acquisition Reform**
- Supporting the Warfighter
  - Improving Acquisition Business Processes
  - Reducing Weapon System Life-Cycle Costs
  - Incentivizing Program Stability
  - Implementing Statutory and Regulatory Reforms
  - Conducting Pilot Demonstrations
  - Managing the Acquisition Workforce

different way than we've done it in the past, really going to a commercial-virtual approach.

The issue of reducing *weapons system life-cycle costs* has become a bigger and bigger issue since 60 to 70 percent of the life-cycle costs of our weapon systems occur after fielding. It is something we need to be giving more and more attention to.

We have launched the commercial O&S savings initiative (COSSI)—the dual use applications initiative that I briefed in a press conference in January. That program looks like it will be off to a very good start with very high bidder interest. Recall, that was a program in which we were looking to introduce commercially developed components into our fielded systems to reduce their life-cycle costs.

*Incentivizing program stability* remains one of our biggest problems today. It's probably the number one item on my list that needs continuing work in acquisition reform. Improving this is the item that can make still the greatest potential improvement in how we spend our money to deliver product.

*Implementing statutory and regulatory reforms* is an area where we have a wonderful base through the pieces of legislation that Secretary Cohen mentioned. Our issue here has been first to convert the legislation into regulation. That's all been done. Now our issues ahead are to make our workforce aware of the opportunities and to push this down into the entire system to raise the awareness of the freedom that our workers now have available to them—[it's] one of the major emphasis items in our Acquisition Reform Week, to push that down, to improve that awareness across the whole system.

The next item is *conducting pilot demonstrations*. These pilots give us an opportunity to pull together all the pieces of acquisition reform to illustrate what can really be done.

The last item I want to talk about is *managing our acquisition workforce*. In the end, our people are our most important asset, giving attention to not only downsizing that workforce, but making a better workforce. Better does have to go with smaller. That, too, is a major initiative in our Acquisition Reform Week.

Last year my sense was that we were not propagating the full message of acquisition reform to our entire workforce. To really institutionalize the good things that had been done, we really had to bring the workforce in with us—gainful exposure throughout the workforce—and be able to propagate the ideas and the opportunities throughout that workforce. So we stood down our acquisition workforce for one day, on the 31st of May in '96. That day exceeded my expectations.

On that day we established three lines of communication. A top-down, the sort of message I've been delivering to you today, but done by our whole leadership team in a much more thorough way. We allowed for a bottoms-up—a 90-day period for everybody in the field to get back to us: what was working, what wasn't working, what could we do better together. But probably the most interesting thing we did was to allow for a horizontal communication path—sharing of best practices with peers. I probably got more comments back on that issue than any other in terms of changing a culture: people being able to see how their better peers were performing and the results that came from that. So we're going to be wanting to do that in a big way.

We will be kicking this off next Monday, on March 17th. The kickoff will start with a very good tape that Vice President Gore has taken the time to make for our workforce. This is a big deal to him. He's put a lot of time and energies into his whole reinvention program, and this is part of it. Secretary Cohen will be taking the time to participate in that, as well as General Ralston and myself. This team concept

that I'm talking about will really be emphasized.

We will be recognizing excellence with the award of the Packard Award for Distinguished Performance in Acquisition. It's a key part of this horizontal communication that I was talking about to really change our culture, to recognize the opportunities. We will also be providing a set of awards for the best performance in the single process initiative that I was describing.

There will be a number of conferences through the week, a set of Internet opportunities, and a whole number of online forums which I would invite you to participate in. Many of those are open for your participation.

We look forward here to a really great week of getting this message top-down, bottom-up, and horizontally communicated through the whole process.

As I said, I think we have now really done substantial work to improve our acquisition process. I believe we are now really making fundamental changes to the environment and the culture. We still yet have a lot to do. As we get smaller, we need to become better. We need more emphasis on training, education, continuing education for our workforce. We are now moving to electronic-based centers using our integrated product teams and focusing on our tactical business concerns, our strategic visions, bringing the warfighter's needs into this process with us. And also looking fundamentally at the affordability of the systems. Cost is a big factor in this process.

Next week should be a very significant milestone week. It's not a stand-down week; that is, we're not standing down our whole force for a week. What we've done, though, is given the workforce freedom to pick days in this week to be able to concentrate and to be able to work around their own schedules with these forums and various activities going on through the whole week.