

# Secretary Cohen, Deputy Secretary Hamre Publish Defense Reform Update 1999

## Element Six — A Vision for the 21st Century Acquisition System and Workforce

**T**o build a 21st century military capable of meeting 21st century missions, we must equip our Armed Forces with the latest technologies and tools. This, in turn, requires an acquisition system that provides our forces with the highest quality goods in the most affordable and efficient fashion possible. To that end, Secretary Cohen envisions a reengineered acquisition system that focuses on:

- Managing suppliers, rather than supplies
- Providing high-quality support with fewer organizations based on tough performance parameters
- Ensuring the public's trust and confidence in DoD

While reducing the acquisition workforce by over 45 percent since Fiscal Year 1989, the Department of Defense has also reengineered a number of processes and undertaken a series of initiatives to provide the best-value systems, goods, and services.

These initiatives span three critical areas: Reengineering the Infrastructure; Improving the Acquisition Process; and Enhancing Acquisition Workforce Education and Training

### Streamlining RDT&E Infrastructure

The Department of Defense has been streamlining our research, development, test, and evaluation infrastructure for several years. But, Joint Vision 2010, the Department's conceptual template for joint warfighting, depends on our abil-

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*Secretary of Defense William S. Cohen and Deputy Secretary John Hamre recently published Defense Reform Update 1999. This excerpt from the report, Element Six, "A Vision for the 21st Century Acquisition System and Workforce," is published for the benefit of our readers. To read the entire report, visit <http://www.defenselink.mil/dodreform/1999update> on the World Wide Web.*



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ity to leverage new and emerging technologies at a reduced infrastructure cost.

We've accomplished this by cross-servicing and co-locating certain functions. At the same time, DoD's industrial partnerships have demonstrated leadership in areas key to our warfighting capabilities, such as information technology.

In order to maintain the technical superiority of our Armed Forces while reducing infrastructure cost, DoD will rely more and more on competitive sourcing for the technology we need.

We will publish an implementation plan exploring ways to further streamline our research, development, test, and evaluation infrastructure. The plan will identify the best place for work to be performed, and allow DoD to continue harnessing leading-edge technologies on behalf of the warfighter.

### Improving the Acquisition Process

The Department of Defense must meet the challenge of providing America's military with systems, goods, and services in a manner [that] is better, faster, and cheaper.

To achieve this objective, we must access commercial technology and adopt business practices characteristic of world-class suppliers. But with current budget restrictions, we must also reduce the total cost of acquiring and operating the systems we purchase. It's critical, then, to maintain a competitive environment and an acquisition process that is attractive to potential industrial partners.

New defense reform initiatives are designed to reengineer and improve our acquisition process. One such initiative, actually a set of initiatives, is Civil Military Integration, or CMI. The aim of CMI is to enhance our access to world-class suppliers by applying best commercial business practices, while removing barriers at all stages of the acquisition process [that] prevent the Department from accessing commercial technology and products.

In addition, we must incentivize industry to merge their civil and military facilities and practices. Implementation of CMI initiatives will leverage access to leading-edge technologies and practices.

The Single Process Initiative, or SPI, has helped us move toward the goals of Civil Military Integration. Through SPI, we can convert existing contracts at a facility to

a contractor's common process. To date, we've converted hundreds of contracts.

SPI has saved DoD nearly \$500 million. At the same time, it has promoted industry consolidation, plant modernization, and subcontractor reform.

To eliminate the remaining barriers to Civil Military Integration, DoD is developing a package of reform proposals and initiatives. This package is designed to improve our ability to reach technology and other providers who currently will not engage with DoD, particularly in the crucial research and development arena.

Removing barriers to commercial technology through CMI is only one initiative targeted at improving the acquisition process. Another initiative, one that focuses on cost reduction, is designed to reduce the total ownership cost of weapons systems.

Cost As An Independent Variable, or CAIV, is a continuous, user-oriented, overarching acquisition strategy. With this strategy, we trade off performance requirements against affordable costs to maximize value to the warfighter.

But our costs are still too high. While continuing to attack acquisition costs,

we need to reduce logistics support cost as well. As the Performance Scorecard for Logistics Cost Reduction shows, in 1997 our logistics costs were about \$83 billion. To date, our costs have dropped to approximately \$80 billion. By 2005, we hope to reduce costs to about \$66 billion. That's a 20-percent reduction from our 1997 costs. We will achieve this reduction by streamlining our infrastructure, reengineering logistics processes, and increasing the reliability and maintainability of systems.

The Department is committed to reducing the cost of delivering support through smart and aggressive process reengineering. Through initiatives such [as] these, we reduce costs and improve our readiness.

### **Enhancing Acquisition Workforce, Education, And Training**

Reform of the acquisition process requires a skilled workforce. In fact, our ability to provide our warfighters with the equipment they need – at an affordable price – rests with the quality of the acquisition workforce.

The Department of Defense is targeting the training and education of the acquisition workforce in several areas, including: enhancing basic skill training; institutionalizing continuous learning; teaching the concepts of the commercial business environment; recruiting, developing, and retaining technology leaders; and managing the acquisition workforce.

Under the Defense Acquisition Workforce Improvement Act, DoD provides acquisition personnel with the skills and knowledge they need to function in a rapidly changing environment, and to understand commercial practices necessary for increasing system performance and lowering costs.

As a result of that Act, the Defense Acquisition University (DAU) now educates approximately 35,000 acquisition personnel each year. DAU has 81 courses, all of which incorporate DoD's acquisition reform initiatives.

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## The Department is committed to institutionalizing continuous high-quality education and training for the acquisition community.



The University is taking advantage of new distributed learning technologies to modernize the DAU curriculum. The Performance Scorecard for Courses Enhanced by Technology shows that in 1997 10 percent of the DAU curriculum was modernized and delivered by distributed learning technologies, like the Internet and CD-ROM.

The goal is to have 25 percent of the courses modernized by the end of fiscal year 1999. And by 2003, DAU plans to complete the modernization of all its courses through technology enhancements.

Using new technologies we can reduce training time, train across functions, and significantly reduce costs. It's not enough to train our workers in basic job skills ... we must be sure they maintain the high-level skills and knowledge they need in today's changing acquisition environment. Consequently, the Department is committed to institutionalizing continuous high-quality education and training for the acquisition community.

To meet this need, the Department is deploying training for our acquisition workforce through a continuous

learning program. As the Performance Scorecard for Continuing Education shows, in 1997 20,000 acquisition personnel participated in an average of 40 hours of continuing education. In 1999, we expect that number to increase to 80,000.

Our policy is to provide all acquisition professionals with an average of 40 hours per year of continuing education by the year 2000. This will raise the performance levels of our workforce to meet the challenges of the future, implement acquisition reform, and protect the public trust.

In addition to enhancing the educational and training offerings within DoD, future efforts will include access to appropriate courses at top business and other academic institutions, as well as innovative training and educational partnerships with the private sector. For instance, in December 1998 an online pilot course was initiated by a partnership with two associations.

The Department has also launched a commercial business environment training program for senior managers with the University of Virginia's Darden

School of Business. And, an integrated implementation plan for commercial business training will be published this spring.

Also, as the Department adopts the commercial practice of purchasing services instead of supplies, we are training our workforce to structure acquisitions more effectively and acquire performance-based service.

In the future, essential acquisition expertise may well reside in industry or academia. This is particularly true in fields where technology changes rapidly.

Unfortunately, the rules and regulations that make it difficult for senior DoD managers to pursue employment in the private sector when they leave the government, also make it extremely difficult for DoD to bring individuals from the private sector into the Department. As a result, we are evaluating policies that would permit a more mobile government-industry workforce, one that would continually refresh technology and management skills and provide incentives to maintain those skills in a smaller workforce.

One way to retain the best personnel is to implement human resources policies that benefit both DoD and our employees. With this in mind, the Department is preparing to implement an Acquisition Workforce Demonstration Project designed to enhance the quality, professionalism, and management of the workforce.

Specifically, the Demonstration Project will evaluate new systems of payment and reward, more streamlined hiring systems, delegation of classification authority to managers, avenues for employee education and training, and the need for sabbaticals. This demonstration project will help DoD identify critical personnel and work to meet their needs.

Through measures like these, we continue to give our acquisition workforce the skills necessary to face the challenges of the 21st century.