

Acquisition Logistics in a Program Management World

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We all know that the program manager (PM) has one of the best and worst jobs in the acquisition world. The PM whose team brings in the project on time, under budget, and performing as it's supposed to is a hero. Life is good. However, when the team is way over budget, the clock is still ticking, and no one can get even one line of software code to execute, then the words "execute" and "PM" might be used by the team in the same sentence.

The PM has a myriad of acquisition regulations, guidance, rules, regulations, handbooks, charters, and historical data to follow—or ignore at his or her peril. Contrary to popular belief, delivering a successful project is not a cookbook process; each program is different, requiring a different mix of ingredients. One of those very important ingredients is acquisition logistics. If acquisition logistics is not blended into the program when called for, the project is liable to fall flat and not rise to success.

Pay Now or Pay Later

What is acquisition logistics—acq log? Correctly analyzed, determined, and performed, acq log is a cost-effective approach to supporting equipment throughout its entire life cycle while meeting user requirements.

Unfortunately, most PMs don't see it that way. Acquisition logistics is too

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often viewed as an expensive accoutrement to the program requirements (hardware, software, and so forth). Logistics products are typically considered nice to have but expendable, especially if the program is short of money. This is a dangerous and expensive way to think. Remember the car mechanic in the motor oil TV commercial: “You can pay me now, or you can pay me later”? It’s the same thing with acquisition logistics. If the PM doesn’t make the necessary investment up front obtaining the required products, the program will eventually pay the price in terms of nonsupportability.

Acquisition logistics, formerly known as integrated logistics support, comprises functional processes (configuration management, facilities, maintenance planning, manpower and personnel, training, packaging, handling, storage, transportation, supply support, support equipment, and technical data); design interface elements (environmental/hazard materials, human systems integration, quality assurance, reliability, maintainability and availability, risk management, safety, standardization, and survivability); and other considerations (direct vendor delivery, outsourcing, and total ownership cost). These products are defined and determined at program initiation, and their development continues throughout the acquisition process. Would a savvy PM really want to ignore these ingredients?

The acquisition logistics functional processes are also referred to as the components of operational support—that is, supportability. It should be obvious, looking at the many elements of supportability, why it accounts for between 65 and 75 percent of most systems’ budgets. This fact alone scares many PMs and causes them to decide (often at program peril) that program dollars will be saved by heroically cutting out these niceties. Wrong!

And what about total ownership cost (TOC)? TOC is all the costs associated with an asset’s life cycle, plus the cost of the supporting infrastructure. TOC encompasses research, development, acquisition, maintenance, warehousing, inventory (spares), operations and support (O&S), deactivation, and disposal. O&S—supportability—costs account for the lion’s share of a system’s budget; estimates are in the 70 to 75 percent range. Given all of that, why is acquisition logistics so critical to the success of a program? Simply put, it’s critical because if it’s correctly developed and executed, it will reduce TOC.

Dump and Run

Then what’s the problem? If we know what makes a program successful in terms of cost, schedule, performance, and supportability, why are so many programs in trouble as a result of cost overruns, longer schedules, and/or performance set-backs? Why are there so many drive-by fieldings performed (systems are developed and then just dumped on the user without a support package)? Why

do PMs seemingly permit problems to develop and flourish?

It’s easier for most PMs to meet cost, schedule, and performance (C-S-P) requirements as best they can, then dump the system and run. Let the sustainment folks worry about how they will find spares or tools and test equipment to fix (by then) antiquated equipment. Who needs to be trained to operate the system? That’s what the contractor logistics support staff is paid to do, right? The contractors say they can do the work, so let them prove themselves. Buy a technical data package? Who reads it? Who would ever want drawings? So what if the original equipment manufacturer (OEM) goes out of business? If need be, the sustainment group can pay to have reverse engineering performed—it can’t cost that much, and besides, who cares? Not my problem right now. I’ve got a system to get out the door.

So goes the thinking, and therein is the problem. Too often, PMs are concerned only with here and now and what’s directly ahead—just like working on an assembly line. Build it, deploy it, and then on to the next project. This must not be allowed to continue to happen.

Reducing TOC

The PM who cares about total program success already realizes that acquisition logistics is critical and that one of its initiatives, performance-based logistics (PBL), will help reduce total ownership cost. PBL is a performance-based acquisition strategy versus a traditional transaction-based approach. Instead of buying quantities of spares, repairs, and so on, PBL buys a predetermined level of system performance to meet the warfighter’s objectives. Ideally, PMs work with users to develop and implement PBL agreements that then allow the contractor to offer cost-effective and innovative solutions to meet PM and user requirements (a far cry from the days of rigid military standards and specifications requirements). This is a very practical way to reduce TOC—through mutual assessment of requirements and solution determination.

Holding PMs Accountable

PMs will never get it right until they understand the importance of reducing TOC and until the Department of Defense (DoD) holds them accountable. PMs are typically concerned only with staying within budget, meeting the schedule, and delivering the performance agreed upon by the intended user—or in other words, establishing “program goals” per DoDD 5000.1. Yes, the assistant secretary of the Army for acquisition, logistics and technology decreed in 2000 that supportability was of equal importance to cost, schedule, and performance. Reality is that many PMs see dollar signs instead of the benefits of supportability, and when a program is in trouble, the easiest fix seems to be cutting logistics products, which in turn will reduce (if not eliminate) supportability.



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All the C-S-P integrated process teams, all the partnering and teaming with the contractor, and all of Defense Acquisition Workforce Improvement Act Level III program management certifications in the world won't ensure that a successful program is developed and deployed unless acquisition logistics is taken seriously, and its precepts are adequately and efficiently applied.

At the very least, cost, schedule, performance, and supportability should be equally weighted. A public report card should be published on each program detailing the "grades" the PM receives in these areas at designated reporting periods. The PM has to meet each of these four parameters before a system's delivery is termed successful. We're always hearing how DoD spends approximately 75 percent of a system's cost in sustainment. If we want that number to drop, then we should change the way we grade supportability as an intricate part of system delivery. What do we have to lose? Status quo isn't working. Change comes only when a metric has to be met.

When are we, the entire project team (but especially the PM), going to change our rigid C-S-P mindset and realize that by trying to cut corners and save program dollars, we're wasting many more resources over the life of the program because we're not utilizing acquisition logistics as we should? When is DoD going to realize that the success of the entire program should rest squarely on the PM, and the PM "report card" should reflect performance in obtaining TOC reductions over the system's life cycle?

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