

Pushing for a Sense of Urgency

*Dr. James I. Finley
Deputy Under Secretary of Defense
(Acquisition and Technology)*

In March of 2006, Dr. James I. Finley was confirmed as the deputy under secretary of defense (acquisition and technology). In that capacity, he advises the secretary of defense and the USD(AT&L) on matters relating to acquisition and the integration and protection of technology. He is responsible for policies and procedures governing the Department's procurement and acquisition processes. Finley brings a new perspective to

the position, joining the federal government after over 40 years of experience in industry. In July, 2006, retired Adm. Lenn Vincent, DAU industry chair, sat down with Finley in his Pentagon office to find out what initiatives and goals Finley hopes to realize during his tenure, and his view of the similarities and differences between the private sector and the Department of Defense.

Q
Just to start off, can you give us an overview of the duties and tasks of your position as the deputy under secretary of defense for acquisition and technology?

A
My duties and responsibilities are to support the secretary, the deputy secretary of defense, and the under secretary of defense for AT&L with matters relating to acquisition and the integration and protection of technology, including oversight of the policies and procedures governing the DoD acquisition system. I believe that it is my job to support the Army, Air Force, Navy, and Marines in equipping our warfighters to give them the best that we can affordably provide.

Q
What are some of your major goals and objectives?

A
I have three major goals. One, to reduce cycle time; two, to increase competitiveness; and three, to broaden communications.

The acquisition system we have today takes over 10 years, end-to-end, to field major systems. Our technology is rotating every 18 months, and the bad guys are reinventing themselves every six months; there's something wrong between the

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landscape of 10-plus years to get something fielded and the bad guys reinventing themselves every six months.

Our goal is to cut the cycle in half: to take it from 10-plus to five-minus years. We're focusing on the front end of the acquisition process: consolidating studies; evaluating alternatives with cost, requirements, and technology trade-offs; converging those evaluations with bounded solutions; and making decisions for an investment strategy. The Services, joint staff, and the Office of the Secretary of Defense—OSD—are all on board and supporting it to move forward using pilots to evaluate the process changes.

Our cycle time reduction goals cover a broad range from the Big A acquisition to simple things such as office memos. Time to staff and publish memos is being reduced an order of magnitude, from 40 to four days as a goal for some cases, using Six Sigma processes.

The second objective is to increase competitiveness. We want to improve the overall competitiveness of our industrial base, and I believe through reshaping the enterprise and acquisition, we will get dividends for a higher level of competitiveness. John Young [*director, defense research and engineering*] and I are joined at the hip in this process because DDR&E represents our science and technology incubation and leadership.

Traditionally, if you look at the DAPA [*Defense Acquisition Performance Assessment Project*] Report, the QDR [*Quadrennial Defense Review*], the CSIS [*Center for Strategic and International Studies*] Report, the Defense Science Board reports, you learn that big drivers in terms of cost growth and schedule delays are the fact that technology has to come into the mainstream prematurely and that requirements creep has escalated in inordinate ways.

Our methodology is to harden the requirements early and bring technology in when it's ready. We will structure programs into blocks or increments, keeping the requirements steady and pulling only mature technology into each block so we can be more certain to deliver capability on time, within budget. We call this "time-certain acquisition."

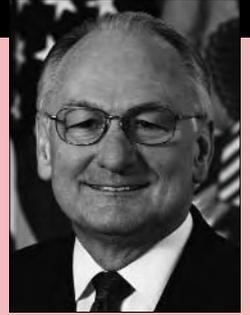
My third goal is to broaden our communications—listen; learn; identify our goals; get feedback within the building, with industry, with our coalition partners, with the Hill, up the chain, down the chain, side to side. It's important to communicate what we are trying to do and to listen. We need to continue to establish a working relationship with openness and transparency, to roll up our sleeves and adopt "the will to change" attitude.



You mentioned "Big A." Could we revisit that concept for a moment?

James I. Finley

Deputy Under Secretary of Defense (Acquisition and Technology)



The Senate confirmed James I. Finley to his position as deputy under secretary of defense (acquisition and technology) in February 2006.

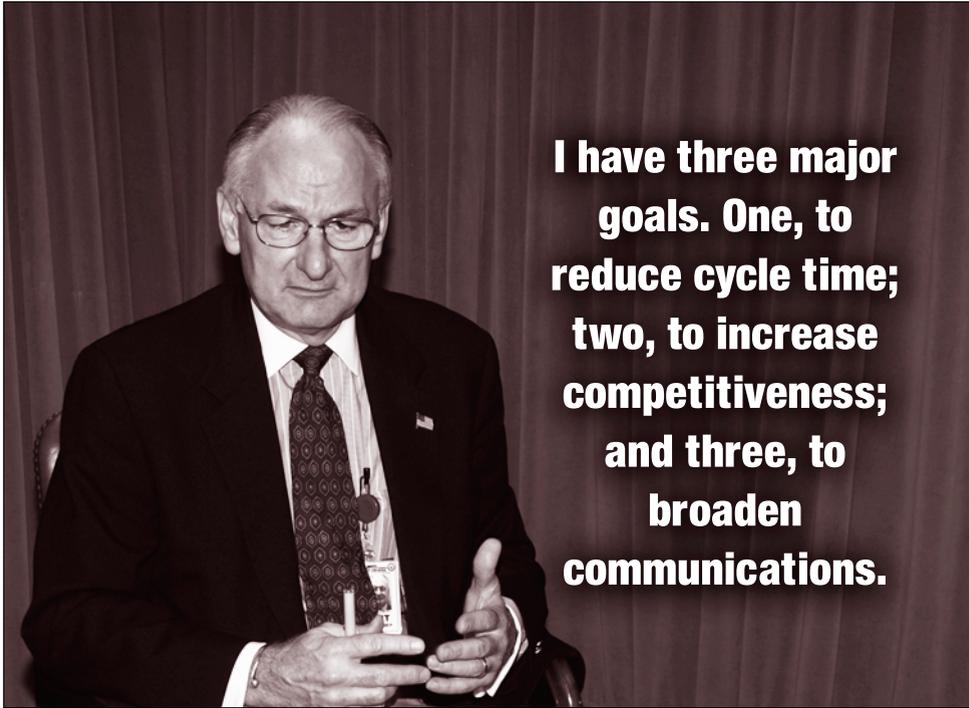
Finley is responsible for advising the secretary of defense and the under secretary of defense (acquisition, technology and logistics) on matters relating to acquisition and the integration and protection of technology. He is responsible for Department policies and procedures governing the Department's procurement and acquisition process.

Prior to joining the DoD in his current position, Finley spent over 30 years in the private sector. He held a variety of operational and management positions with GE, Singer, Lear Siegler, United Technologies and General Dynamics, where he was a corporate officer, president of information systems and chair of the Business Development Council. His business experience spans air, land, sea, and space programs for the DoD and includes the Federal Aviation Administration's Automatic Surface Detection Radar systems and the National Aeronautics and Space Administration Space Shuttle Program. Systems and subsystems experience includes mission analysis; design, development and deployment of weapon delivery; flight control; navigation; information management; C4ISR; battlespace management; and chemical/biological defense systems. Finley has over two decades of joint program experience including: Air/Land Battle demonstrations integrating the Airborne Warning and Control System with 9th ID ground radar systems leading to Joint C4, utilizing the Joint Tactical Information Distribution System; deployment of the Joint Surveillance and Target Attack Radar System to Desert Storm, leading to the tracking of critical mobile targets and the "mother of all retreats"; system-of-systems battlefield awareness and data dissemination demonstrations leading to information-centric warfare doctrine for joint operations.

Leadership examples of performance awards are the Boeing Gold Certification Award, Honeywell Preferred Supplier Award, Northrop Grumman Blue Achievement, Lockheed Martin Best In Class Rating, Defense Security Service "Outstanding" Achievement Award, and the George Westinghouse Award.

In 2002, Finley formed his own consulting company, The Finley Group, LLC, to provide business assistance and advice for all facets of the business cycle, including start-up, growth, acquisition, and divestiture. Those market initiatives focused on information technology, retailing, and golf.

Finley received his bachelor's degree in electrical engineering from the Milwaukee School of Engineering and his master's degree in business administration from California State University, Fresno.



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schedule, and performance after years of chasing the 100 percent solution. We're trying to make better decisions on what to invest in and realistically structure a program in terms of requirements, cost, and schedule much earlier in the decision-making process. The goal is starting programs that are affordable and with solid requirements and mature technology so that the program has predictable performance, and the warfighter gets what he needs, when he needs it.

Q *Your position has immediate responsibilities and huge challenges. What unique experiences and skill sets do you bring to this position?*

A Big A integrates the traditional, independent processes of requirements, budgeting, and programmatic.

Requirements are provided by the Services and COCOMs [combatant commands], through the JCIDS [Joint Capabilities Integration and Development System] process and are driven by military strategy and capability gaps.

Second is the budget: Where's the money? That stovepipe tends to operate independently of the requirements. They historically come together maybe once a year, when they have to put the budget together, and then they depart—to say they are integrated is an overstatement.

The third stovepipe is what we call "little a." That is where the program comes together: the cost/schedule/performance of programs that are typically running on a day-to-day basis. So little a is all those things you have to do to successfully execute a program and field capability, things like an acquisition strategy, source selection, contracting, systems engineering, testing, manufacturing, and so on.

Part of the new process is to make the convergence of the three elements—requirements and money and acquisition programs—so we can strategically decide and target a solution that the warfighter can use.

Traditionally, we've gone after 100 percent of the capability. Anybody who has been in the acquisition business knows that going after 100 percent is sometimes going to cost you a lot more money than you expected at the beginning. Typically, you will end up overrunning on cost,

A I have 40 years of broad industry experience—air, land, sea, and space. I came up the old-fashioned way; I started at the bottom and worked my way up. I came out of college with a bachelor's degree in electrical engineering, and I wanted to be where the most challenging problems were. That was my goal—to be part of solving challenging problems.

I learned that I had an ability to synthesize problems, to work with people towards solutions. What really excited me was to turn things around. I picked up my master of business administration degree in the process, complementing my technical background. I worked under the mentorship of a lot of excellent leaders in corporate America, at leading companies like GE, Singer, United Technologies, and General Dynamics. I've been very blessed to work with and for people I consider to be some of the finest leaders in the world.

I learned that getting the right people in the right place with the right support tools was an excellent formula for success. I learned it's important to recognize people. A simple "thank you" goes a long way.

I have been fortunate to be exposed to a very wide array of technology and manufacturing programs from the space shuttles' advanced development, to radar systems, to joint C4ISR [command, control, communications, computers, intelligence, surveillance, and reconnaissance] programs; the fundamentals have one common denominator—people.

Reshaping the enterprise with the support and the quality of the team that we have is awesome. I tell people, “This is a doable do: to reshape the enterprise, to meet the objectives we’ve laid out.” It is a major team effort, and great traction was certainly established before I came. I see myself as part of the team to help carry the ball across that goal line.

Q

You began your tenure with a 90-day plan to work towards forwarding Under Secretary Krieg’s six AT&L goals. Can you give us a picture of these first three months?

A

I was sworn in March 2, 2006. The first thing I did was a 90-day plan. I started out with a lot of questions of people within AT&L, people outside AT&L, civilian and military. My goal was to listen, process, ask questions; listen, process, ask more questions. We also took the QDR, DAPA, CSIS, and DSB [*Defense Science Board*] reports, and we sliced and diced those recommendations for short-term actions. By the end of those first 90 days, we formed our vision, strategy, and objectives.

Q

You’ve mentioned your experience in the private sector, which includes operational and managerial experience with General Dynamics, GE, and United Technologies. With all that business background, how would you compare the AT&L workforce with the industry workforce? DoD practices with industry practices?

A

The ability to move people around in industry is probably a little more agile and flexible than it is in the government. The interesting thing I’ve seen is that the reward and recognition system in the government is moving in the right direction. I think reward and recognition systems and performance-based human resource planning are the foundations for world-class performance. I am very impressed with the direction the AcqDemo [*Acquisition Workforce Personnel Demonstration* project] and the NSPS [*National Security Personnel System*] are taking.

I would strongly encourage people of all age groups to come work at DoD where appropriate because I think it is a great place to work. Every day for me is awesome, and the AT&L workforce as well as all the military and civilian personnel are excellent.

Q

And how do DoD practices compare with industry practices?

A

The DoD practices, I’d say, need some help. We are applying Six Sigma, which I think is an excellent process. I’m a Six Sigma process thinker, and I believe there are

a lot of benefits to having a process orientation because it tends to take the personalities out of the loop and keeps the focus on the business at hand. It has been an excellent way of reshaping companies in my industry experience.

We have a lot of opportunities to reshape this enterprise. We have a lot of opportunities to save money and to take that saved money and reapply it to areas where we can do better—for the warfighter and for the taxpayer. I feel that we are on the right track. We have a very high sense of urgency. As Norman Augustine said in his foreword of the DAPA report, the bottom line is the will to change.

I shared with Mr. Augustine that I’m going to utilize the “will to change” because I think for me, personally, that equates to what we have to do. Everybody has to change, including Jim Finley. My solutions that have worked in industry don’t necessarily work for the government, and government solutions that are working within the government, don’t necessarily work in industry. We get the best of the best, we put them together, we debate in an open and transparent forum, we make decisions, and we move forward with a sense of urgency.

I think we are on the right track. I think we’ve got great people to work with and we have alignment in the Pentagon. We need to keep reaching out to the Hill. The cuts that are coming in PB07 [*the 2007 President’s Budget*] are going to be challenging. We need to work together to understand how we can make things happen, more so with collaboration than legislation.

That’s part of our outreach program—to listen, to process, to work with the facts, and be proactive. We need to ask the questions for things we don’t understand and keep the ops tempo going at high gear.

Q

You mentioned Lean Six Sigma, and there is a renewed focus on the effort to make the Defense Acquisition Board—the DAB—more effective and efficient in conducting their milestone reviews and positioning programs to meet their schedule and performance targets. What kind of changes are being considered under this Lean Six Sigma process?

A

The kinds of changes being considered under Lean Six Sigma include reshaping meetings such as IIPs [*integrating integrated process teams*], OIPs [*overarching integrated process teams*], and DAES [*Defense Acquisition Executive Summary*].

For example, IIPs: I heard from day one that IIPs are a waste of time, add no value, and the amount of time we spent preparing for them was wasted—simply not a good

use of time. Time is a valuable commodity, and we've eliminated IIPTs. I have asked each of the Service acquisition executives to provide me their perspectives on how much money and time we have saved by eliminating IIPTs.

The defense acquisition executive summaries are another of the process change examples. We are streamlining and simplifying the process. For example, our objectives are to get things done in half the time with half the people. We want to go from 30-plus-page presentations to three-page presentations, standard formats instead of non-standard formats, and focusing on decision making instead of status reviews.

Trust, integrity, and data transparency are the cornerstones to make this successful with a greater sense of urgency. As we work through this, we will begin to provide predictable performance for the warfighter and the taxpayer.

Q *The DoD has spent a great deal of effort to create a business enterprise architecture, to create the framework to strengthen leadership oversight, realign major business systems programs, and apply private sector best business practices. What sort of progress do you see being made on the AT&L side regarding implementation of these practices?*

A I see progress being made within AT&L and across OSD, the JCS [Joint Chiefs of Staff], the COCOMs and components. It is coming from the leadership and transcends our civilian and military workforce. Broader communication needs to be continuously improved; everybody needs to be a participant in open and transparent communication. I am delighted to be a part of that process.

Q *In this particular area, do you see some areas that require greater focus than others?*

A Yes, my number one focus area is to reduce the cycle time of our acquisition system—streamline and simplify. We have taken excellent work from the QDR and the DAPA report to the next step of implementation. In particular, we are tailoring our JCIDS and Milestone decision-making process with the goal to reduce the cycle time in half—from the FAA/AoA [functional area analysis/analysis of alternatives] to the IOC [initial operational capability] timeframe.

The net result will be higher levels of predictable performance, faster fielding times for the warfighter, and better use of our taxpayer dollars.

Q *One of Mr. Krieg's imperatives is customer service, and you've been quoted as saying that customer service is "providing solutions with a sense of urgency." Can you expand on what you mean by that?*

A One thing that I've noticed that's different in the government from industry is that here, we don't use closure dates very often. When we do, they are often in terms of 18 months or 24 months—years instead of weeks. We have to set closure dates on projects and initiatives that impart a sense of urgency. To me, 18 months just doesn't do that. In industry, the norm from my experience was 30-, 60-, 90-day windows. That's a sense of urgency. If problems have timed outside that timeframe, I suggest to people that we may not be looking at the right problem. We have to break that problem down into digestible pieces so that we can measure our progress, and we'll be happier for it and be rewarded accordingly.

I view everybody as a customer. I tell people that the organizational construct for me is upside down. I learned this from Deputy Secretary [Gordon] England some time ago; we support the organization, we flip it upside down, and everybody is the customer. Everybody is important.

Q *How do you communicate this sense of urgency through the rest of the acquisition workforce?*

A I believe a sense of urgency starts with leadership. People need to feel empowered and supported. It comes back to the will to change, for all of us. You have to walk it, talk it, and demonstrate it. If you don't, you probably won't be very successful.

Q *There has been much discussion analyzing and evaluating the possible impact of the Quadrennial Defense Review within the acquisition community. Can you provide the perspective on how the QDR will affect the workforce?*

A We are addressing the impact of the QDR within the acquisition workforce: for example, systems engineering, software engineering, contract management, pricing analysis, cost analysis. We have a mandate to improve the competencies in acquisition and technology.

For example, we need to put systems and software engineering excellence back into our mainstream. We need to address the loss of critical pricing analysis and cost analysis skills. We need to stand these groups up as centers of excellence in the Department of Defense, not just for AT&L, but to serve the larger DoD community.

Q

We're currently well-positioned to make lasting changes because of the alignment you mentioned between DoD, the Services, Congress, and having the spirit of communication be open and transparent. What transformational changes are needed to facilitate this improved communication?

A

I think we need to reach out. I see a need for more collaboration with the Hill and with industry. I believe we know what we have to do. If we are missing things, we need to discuss them and be responsive.

I haven't talked to anybody who doesn't appreciate this sense of urgency. I remember reading a column on Jack Welch, former chairman of GE. They asked him, "If you could change one thing, what would you do differently during your tenure at GE?" As I recall, his response was that if he could change one thing, he'd do things faster.

I have a very high sense of urgency as it is; doing it faster could be a challenge. The big difference here between industry and the Pentagon is the scale, the enormity of this enterprise. As a result, your communication process takes longer. We have to buy into the fact that everybody needs to be made familiar with what we want to change and why we want to change it. We have to get the debate going and make the decisions. I'm encouraged at progress so far.

Q

In December 2005, the Government Accountability Office wrote a report entitled "Defense Acquisition: DoD Has Paid Millions in Awards and Incentive Fees Regardless of Acquisition Outcomes." In March, you issued a memorandum regarding the award fee contracts, and in the memo, you incorporated four of the seven recommendations that GAO had commented on. Can you give us a view of how that memo is affecting the acquisition workforce in this particular area and how it will improve the award fee process.

A

I believe our memo is a positive first step. The GAO report is a good place to start. We need to go further. We need to look at all the Services' award fee processes. We need to identify the best practices, get our DFARS [*Defense Federal Acquisition Regulation Supplement*] updated and get them incorporated into our acquisition training at DAU.

I think we are on the right track. We need to address the issues of requirements creep and technology maturity, to improve overall predictable performance this year.

Q

Dr. Finley, thank you for your time.

New Senior Acquisition Executive on Board

WASHINGTON (AFP), Aug. 22, 2006—Air Force officials recently named the new assistant secretary of the Air Force for acquisition.

As the Air Force's new senior acquisition executive, Sue C. Payton is responsible for all Air Force research, development, and non-space acquisition activities. She provides direction, guidance, and supervision on all matters pertaining to the formulation, review, approval, and execution of Air Force acquisition plans, policies, and programs.

Speaking at her confirmation ceremony, Secretary of the Air Force Michael W. Wynne said Payton would re-define integrity in the Air Force acquisition system upon assuming her new leadership role.

"Sue brings with her a mandate for integrity," Wynne said. "By infusing utmost integrity and transparency into our acquisition processes, she will restore credibility and confidence in our Air Force acquisition system, ensuring we husband resources to bring the best value products and services to our warfighters."

During her career, Payton has served in both industry and government. Most recently, she served the Department of Defense as the deputy under secretary of defense for advanced systems and concepts. She has extensive experience leading government and industry partnerships focused on maturing and applying technology, operations concepts, tactics, techniques, and procedures to solve worldwide national security problems.

"With acquisition experience in industry and government, guided by impeccable character, she will restore our acquisition community to greatness," Wynne said.

Former Deputy Under Secretary of Defense for Advanced Systems and Concepts Sue Payton briefs reporters on advanced capabilities technology demonstrations under review during a Pentagon press briefing on March 5, 2002.

DoD photograph by Helene C. Stikkel.

