

Building World-class Acquisition Excellence

In May, Dr. James I. Finley, deputy under secretary of defense for acquisition and technology, sat down for a roundtable discussion with the three Service acquisition executives: Claude M. Bolton, assistant secretary of the Army for acquisition, logistics and technology; Dr. Delores M. Etter, assistant secretary of the Navy for research, development and acquisition; and Sue C. Payton, assistant secretary of the Air Force for acquisition, research and development.

Q What initiatives are being taken for building world-class acquisition excellence?

Finley

This past year we have undertaken numerous initiatives focused on building a world class acquisition organization.

- **Concept Decision Reviews:** The Concept Decision initiative is designed to reduce the front end of our Joint Capabilities Integration and Development System process by two to five years, provide earlier decision-making for investment purposes, utilize bounded solutions for acquisition strategies, and converge investment decision making with trade-offs of resources, requirements, and technology maturity. This initiative is completely responsive to and in support of the Quadrennial Defense Review direction. Four pilots have been authorized and supported by DoD leadership and are on track for completion in 2007. Our first "Quick Look" Concept Decision for the Joint Air-to-Ground Missile Program was also accomplished earlier this year in approximately three months resulting in an investment decision approval utilizing the Tri-Chair Big "A" consisting of the under secretary of defense for acquisition, technology and logistics, vice chairman of the Joint Chiefs of Staff, and the director, program analysis and evaluation.

Overall progress has been very encouraging to the credit of the tremendous teamwork between our respective Services, the Joint Staff and the Office of the Secretary of Defense.

- **Acquisition of Services:** The Acquisition of Services initiative is designed to reduce the cycle time to contract

for services, increase competition, and improve the quality of services provided. Contracting services comprise approximately 50 percent of the annual DoD budget. Best practices utilizing Naval Facilities Engineering Command and Army Core of Engineers are planned to utilize a cadre of government multi-functional teams



Left to right: Claude M. Bolton, assistant secretary of the Army for acquisition, logistics and technology; Sue C. Payton, assistant secretary of the Air Force for acquisition, research and development; Dr. Delores M. Etter, assistant

for performance based contracting. In addition, strategic planning tools will be used to aid the team and provide an emphasis for small business opportunities.

- **Broadening Communications:** One of my three key objectives is broadening communications with industry, the Hill and my Pentagon colleagues. It has been greatly beneficial to meet with the Service acquisition executives on a regular basis, share our perspectives, discuss ongoing programs and initiatives, learn about their experience and approaches for acquisition excellence, and build on these opportunities to improve with a best-

of-best mindset for building world-class acquisition excellence.

- The Defense Acquisition Transformation Report, Section 804 of the John Warner National Defense Authorization Act of Fiscal Year 2007, was submitted in February 2007. The report provides an initial list of over 20 initiatives in support of the Defense Acquisition Performance Assessment (DAPA) Report. An update to that report will be provided in July 2007.

Bolton

The U.S. Army acquisition, logistics and technology community has a number of initiatives under way to fundamentally change how the Army conducts business. Our goal is to streamline or eliminate redundant operations



secretary of the Navy for research, development and acquisition; and Dr. James I. Finley, deputy under secretary of defense for acquisition and technology.

DoD photograph.

and free financial and human resources in order to redirect to our core warfighting missions. We are reengineering all our business processes to achieve greater efficiency, improve quality, decrease cycle time, and reduce cost. One of the methods we are using is Lean Six Sigma, which has already produced a marked improvement in manufacturing and repair processes at our depots, resulting in cost savings.

In conjunction with these efforts to realize efficiencies, boost productivity, and enhance readiness through business transformation, we continue to establish Life Cycle

Management Commands (LCMCs). Currently, we have four: the Aviation and Missile LCMC at Huntsville, Ala.; the Soldier and Ground Systems LCMC at Warren, Mich.; the Communications and Electronics LCMC at Fort Monmouth, N.J.; and the Joint Munitions and Lethality LCMC at Picatinny, N.J.

Our overarching motivation in all that we do is to provide enhanced capability to the warfighter—particularly those in the warfight right now—much faster. One way of doing that is to bring the acquisition and logistics communities together. That was the whole focus when the LCMC concept was formalized in August 2004. Our goal is to provide products to the soldier faster, make good products even better, minimize life-cycle costs, and enhance the synergy and effectiveness of our Army's acquisition, logistics and technology communities. To accomplish this, we are fostering a closer relationship between the Army Materiel Command major subordinate commands and the program executive offices (PEOs).

The benefits to the Army—and certainly to the soldier—are astronomical, both in terms of getting weapon systems and equipment to the warfighter more quickly and sustaining those items once they get there. And, for the Army and America's taxpayers, we'll also be getting these things done in a more efficient and cost-effective way.

Payton

With our vision of delivering war-winning capabilities on time, on cost, we are addressing integration of Life Cycle Management in a number of ways. First, we are actively supporting the Air Force-wide process improvement initiative of the secretary of the Air Force and the Air Force chief of staff: Air Force Smart Operations for the 21st Century (AFSO-21). Our source selection improvement team recommendations are resulting in much improved requests for proposal that drive negotiations for technical data early in the competition so we can move to more affordable organic and 50/50 sustainment in our depots. Acquisition professionals responsible for research and development, system design and development, and procurement are working closely with Air Force Materiel Command and our logistics and sustainment workforce as we plan acquisition strategies and develop life cycle management plans. We plan to measure the reduction in documentation and meetings, reduction in timelines, reduction in scrap and rework as we streamline the life cycle enterprise. I recently chartered thirteen initiatives, otherwise known as the "Baker's Dozen." Each initiative is carefully designed to drive us towards a desired end-state of lean acquisition with integrity and credibility while improving stability in three focus areas—process, people, and products. In terms of measuring success, each of my initiative owners is developing metrics that are in alignment with our vision of delivering war-winning capabilities on time, on cost.

Etter

In the Navy, we have had much success with our Independent Logistics Assessment (ILA) program. Required by Department policy, ILAs provide program managers a methodology to periodically and consistently assess the logistics support strategy for our systems.

Assessments are conducted by third-party teams of experienced logisticians on all our high-visibility programs prior to major acquisition decision points assessing the adequacy of integrated logistics support to sustain operations throughout the life of the program. We include our customers, the Fleet and Fleet Marine Forces, on ILA teams to strengthen the bridge between acquisition and operational aspects of the life cycle.

Our success is measured through risk ratings and certifications by PEOs of the program's readiness for the next program decision point. Logistics readiness reviews conducted with the user community at initial operational capability and full operational capability provide a means to compare actual versus expected system performance—the ultimate measure of success.

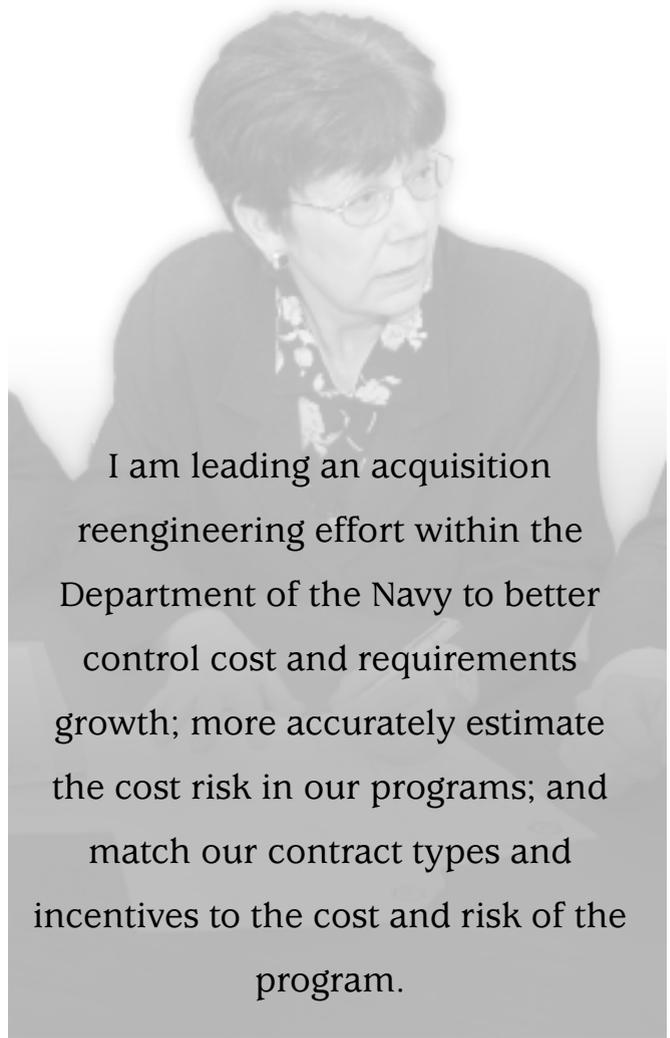
Q

Overall, what is your most promising initiative to improve teamwork?

Payton

A number of our initiatives are making sound progress, but I am especially proud of our progress in two areas. First, we have implemented a risk assessment and reporting methodology that builds upon DAU and the U.S. Army's Probability of Success model. Historically, much of what we track could be considered lagging metrics—good for measuring past performance and trends, but not for taking proactive programmatic management measures. Our Probability of Program Success (PoPS) arms program managers with a predictive tool to gauge the health of their programs, alert them to emerging problems, and facilitate early mitigating actions. Building upon the strengths of PoPS, we are now investigating the tool's applicability as an information point within portfolio investment decisions. The second area we are making progress in is proactive external engagement. We must work together with industry and Congress to make a reality of our vision of delivering war winning capabilities on time and on cost. I recently hosted a roundtable discussion with a number of industry chief executive officers to identify the Air Force's current state enterprise issues and discuss new approaches and ways of doing business. We plan to establish a rhythm for this event and we are looking forward to a more transparent, collaborative environment.

The AFSO-21 is serving to build teamwork across the entire Air Force, while a sub-process called Delivering and



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Sustaining Warfighting Systems is serving to bring our Life Cycle Management team together to include our major commands, R&D, acquisition, test and evaluation, logistics, and sustainment arms.

Bolton

The Army has set a new standard for teamwork with the Future Combat Systems "One Team." The FCS "One Team" has brought all stakeholders to the table from the very beginning of this important program. While FCS is an Army-run and Army-administered program, we have a lead systems integrator (LSI) that was competitively selected to help the Army manage high-risk complexity.

The Army's LSI management approach was devised to tackle today's program complexity and integration challenges; it is imperative for the creation of a joint networked force. Program complexity is reduced and made manageable by the high degree of commonality in systems and subsystems design. The LSI provides integrated program management, which makes large-scale systems integration achievable.

FCS performance to date confirms program management success. FCS is the most complex weapons procurement ever managed by the Army; yet the program—after four years of development—is on contract cost, on schedule, and performing to plan.

Etter

There are several promising initiatives in Navy Research, Development, and Acquisitions, but if I had to pick one that really stands out right now, it would be the Mine Resistant Ambush Protection (MRAP) vehicle program. This is a multi-Service initiative, led by Navy, to provide new vehicles for our deployed forces in theatre that will better protect them from the damaging effects of improvised explosive devices, rocket-propelled grenades, and small arms fire.

Our metrics for success on MRAP are rapid fielding of vehicles that, once in the hands of the warfighter, immediately begin to save lives. As a rapid, joint program, MRAP challenges us to use innovative, flexible acquisition, contracting, testing, production, integration, delivery, and sustainment approaches.



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Finley

All our initiatives rely on teamwork premises to establish trust and integrity, to make commitments for the creation of clarity, to accept that debate and differences are healthy, to hold one another accountable, to focus on collective results, and to conduct open and transparent communications. We have over 20 initiatives and all use teamwork principles to improve. Most recently, the Nunn McCurdy Certification process required an extensive amount of teamwork between the Services, Joint Staff and OSD, given a myriad of issues to sort out and structured questions to be answered.

The payoff for teamwork is witnessed every day that we conduct our respective jobs to protect our national security and be good stewards of our taxpayer dollars.

One of our most promising initiatives is Concept Decision. This initiative is planned to demonstrate that we can achieve significant reduction in our system acquisition time. An evolving tool kit is being utilized with the goal of reducing cycle times by 50 percent from program decisions to initial operational capability.

Q

What is your greatest challenge to improve leadership and competitiveness?

Etter

Our greatest challenge is getting the right resources where they need to be across our acquisition enterprise. Like most areas of the DoD, we are faced with the realities of being competitive in a fiscally constrained environment, and that means fewer people and less funding than we would optimally like. At the same time, we are a nation at war, and there is a true urgency to the programs we're working on. It is critical that we execute our programs well, and in a productive partnership with our industry counterparts.

I am leading an acquisition reengineering effort within the Department of the Navy to better control cost and requirements growth; more accurately estimate the cost risk in our programs; and match our contract types and incentives to the cost and risk of the program. As part of this effort, I am focusing resources where they are most needed, including ensuring that our higher-risk and most critical programs are resourced properly. A properly resourced program will have the right staffing levels of on-site government oversight better matched to construction schedules. It also means that we need to provide appropriate resources and manning to the acquisition program offices and supporting Systems' Command offices. And I am trying to improve the experience, training levels, and leadership skills of the program managers and their staffs.



In the Air Force, we are reviewing technology to ensure that it has been demonstrated in an operational environment before it is included in a program's technical baseline. This helps to preclude schedule slips and increased costs when optimistic technology promises are not met during system development and demonstration.

I am particularly excited about a series of workshops I am calling "A Dialogue on Acquisition Excellence." These workshops will be an opportunity for me to personally share the lessons learned from the recent Littoral Combat Ship cost overruns with each of our PMs.

Finley

I believe one of my greatest challenges is to provide an environment that encourages the will to change, a concept I strongly and actively encourage. We need a more flexible, agile, and frugal acquisition system; we all need to be open and receptive for change. In support of those needs we are streamlining and simplifying the acquisition system. We are building on what is working, using focused initiatives to implement changes toward acquisition excellence.

To help facilitate change, three books come to mind as excellent references. One of the first books presented to me when I came on board last year was Kerry Patterson's *Crucial Conversations: Tools for Talking When the Stakes Are High*. The book is a *New York Times* best seller. Another book that I recommend is *Lincoln on Leadership: Executive Strategies for Tough Times*, by Donald T. Phillips. A third book, *Easier Than You Think ... because life doesn't have to be so hard: The Small Changes That Add Up To*

A World Of Difference by Richard Carlson, offers insight for change. These books are examples from the many excellent sources of valuable perspective, insight, and experience to improve leadership and competitiveness, utilizing continuous learning.

Payton

You can improve leadership only by empowering acquisition leaders with the authority they need to do their jobs. My greatest challenge is delegating authority to the lowest level possible when government bureaucracies mandate all decisions be made by the most senior executives. On Sept. 7, 2006, I challenged our Air Force contracting officers worldwide to play the vital role necessary to shape acquisition decisions; to conduct business with integrity, fairness, and transparency; and to deliver the best-value products and services to our warfighters. They have responded magnificently.

To improve competitiveness we must reduce the number of sole-source contracts with thorough market research, develop our requests for proposals with fair and open competition in mind, and conduct our source selections without fear or favor.

Bolton

In answer to this question, I have three words: education, education, education! Our most important asset is our people. Our workforce focus is to develop flexible acquisition officers and civilian leaders who possess a diverse and well-rounded background; can effectively support all phases of acquisition; and are prepared to lead any complex, multifunctional acquisition command, agency, organization, or team.

It takes not only time, but a substantial investment of resources to develop the required depth of experience. The looming exodus of expertise resulting from pending retirements within the next three years keeps me awake at night. The question I struggle with is, "How do I grow the bench without additional resources?"



What are some examples of changes toward the simplification and streamlining of the acquisition process to deliver products with more predictable performance?

Finley

I am very strong advocate of Lean Six Sigma. One of the best examples that I can share with you is the restructuring of the Defense Acquisition Executive Summary (DAES) meeting, which utilized the tools of Lean Six Sigma process improvement.

Working with the Service acquisition executives, the Joint Staff, and OSD organizations, we have simplified and streamlined this meeting to include:

- Standard set of five charts
- Lean, shared leading metrics with defined criteria for contract and acquisition program baseline performance
- Known problem closure dates with 30-, 60-, 90-day horizons
- Risk management assessments for issues that include mitigation plans and closure dates
- Quad charts to compare cost drivers/key performance parameter compliance/cost trip wires, and technology maturity
- Interdependency chart to illustrate the program interfaces.

Over 50 percent of the supporting documentation for the DAES meeting was eliminated and all of the Services plan to have their databases electronically connected with OSD within this calendar year. We are continuously assessing improvements to the DAES process with the goal to achieve all programs with predictable performance.



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Bolton

In addition and to support the LCMC initiative that I discussed in answer to the first question, the Army is pursuing and promulgating the “Big A” and “little a” concept. Improved fielding of future integrated, joint capability will best happen with a total team (Big A) approach versus strictly relying upon the acquisition (little a) community. The Big A must include requirements/capability, re-sourcing, acquisition, test, fielding, and sustainment communities. All must be educated, trained, and experienced in order to meet the rapidly increasing demands of our current and future warfighters.

The following are some examples of our success to date:

- The Army Capabilities Integration Center, headquartered at Fort Monroe, Va., which is charged with the identification, design, development, and synchronization of capabilities into the Army’s Modular Force, both current and future, including our Future Combat Systems
- The Army’s Probability of Success (show cause) initiative to demonstrate program viability and health
- A rigorous Army Systems Acquisition Review Committee process for all programs
- A simplified program/contract termination process
- A determined effort under way to mandate a one page policy.

My metric—for myself and the organization I lead—is determining what has been done to better the protection, capability, safety, and well-being of the soldier in the field.

Payton

In the Air Force, we are reviewing technology to ensure that it has been demonstrated in an operational environment before it is included in a program’s technical baseline. This helps to preclude schedule slips and increased costs when optimistic technology promises are not met during system development and demonstration. We are conducting a zero-based review of all program documentation on several weapon systems to ensure that we do not waste time and money in duplication and review cycles. We are transitioning Advanced Concept Technology Demonstration prototypes such as the Joint Precision Air Drop System and the Network-Centric Collaborative Targeting capability as they are proven in military utility assessments.

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