



Achieving Defense Acquisition Excellence

Challenges for the 21st Century

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Dayton, Ohio



DoD Acquisition is Front and Center

- **President Obama on new helicopters** -- “...I think it is an example of the procurement process gone amok. And we're going to have to fix it.”
- **Sen. John McCain, R-Ariz.**, said addressed procurement cost overruns -- “We have to make some tough decisions about not only what we procure, but how we procure it.” (24 Feb 09)
- **Sen. Carl Levin, D-Mich.** -- “We are going to do everything we can legislatively to put an end to these ***horrific cost overruns*** that we have seen ... We plan to introduce a bill, a Levin-McCain bill, to put in place requirements on weapons spending.” (21 Feb 09)
 - “Weapon Systems Acquisition Reform Act of 2009”
 - Panel on Defense Acquisition Reform, HASC
- **Secretary Robert Gates** Made Acq. Reform a Huge Focus of Recent QDR
 - Complex Requirements - Far Limit of Current Technology
 - Workforce Atrophy
 - Overly Optimistic Cost Estimates
 - End-to-end Supply Chain Lacks Velocity and Cost Control



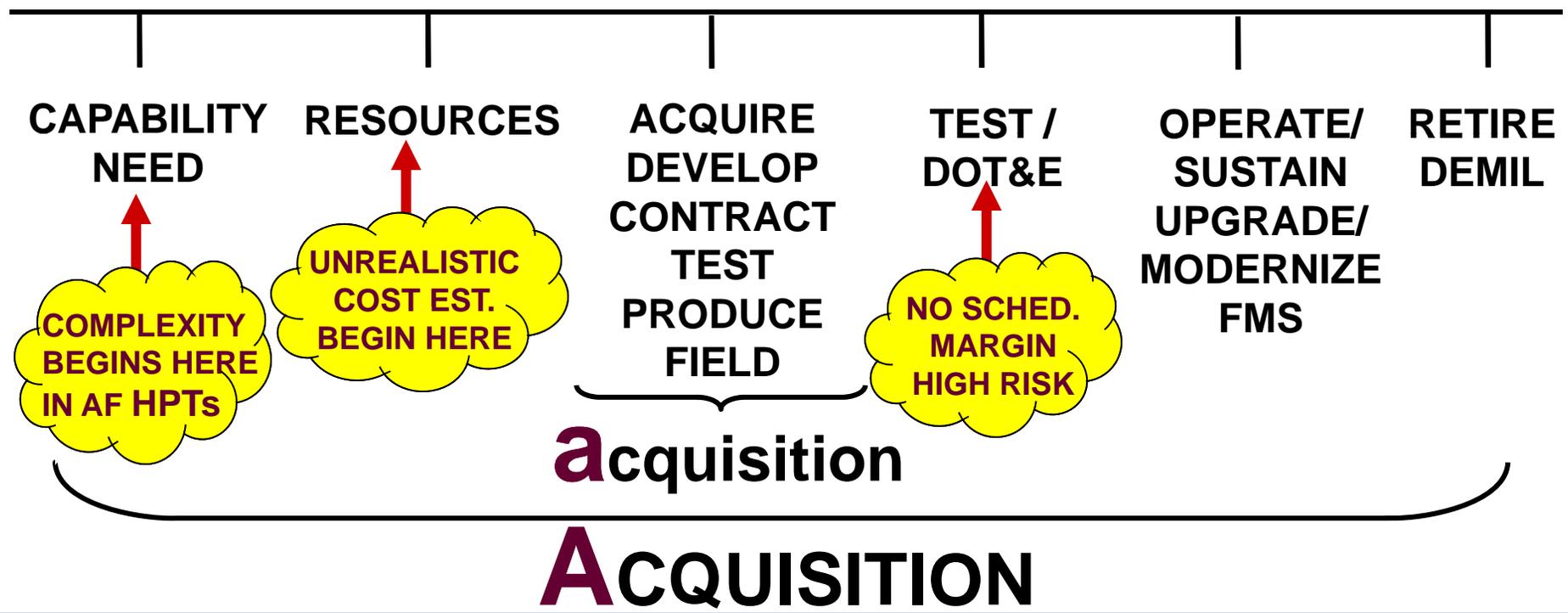
“Let’s Skip Acquisition Reform This Time”

Dr. Harvey M. Sapolsky, Professor of Public Policy and Organization, Emeritus at MIT, thinks complexity is the culprit: Defense News (8 February 09)

“It is a charade to tell the tax payer on the 85th or 86th attempt that we will now be able to reform acquisition.... Only a few contractors can qualify; only a few firms understand our complex regs and have sufficient talent in engineering and contracting to **manage the complexity”**



“BIG A – little a” One Process – One Team*



Acquisition Excellence = “BIG A” Supports “Little a” Success:
 Strong Influence Early by Acquirers, Testers, Sustainers, Financial Managers
 Prioritized, Stable Requirements -- Realistically Funded for Block Upgrades

* Sec. Claude Bolton “BIG A – little a” Chart



Complex Nature of DoD Acquisition

AKA: **“Can We Make This Any Harder?”**

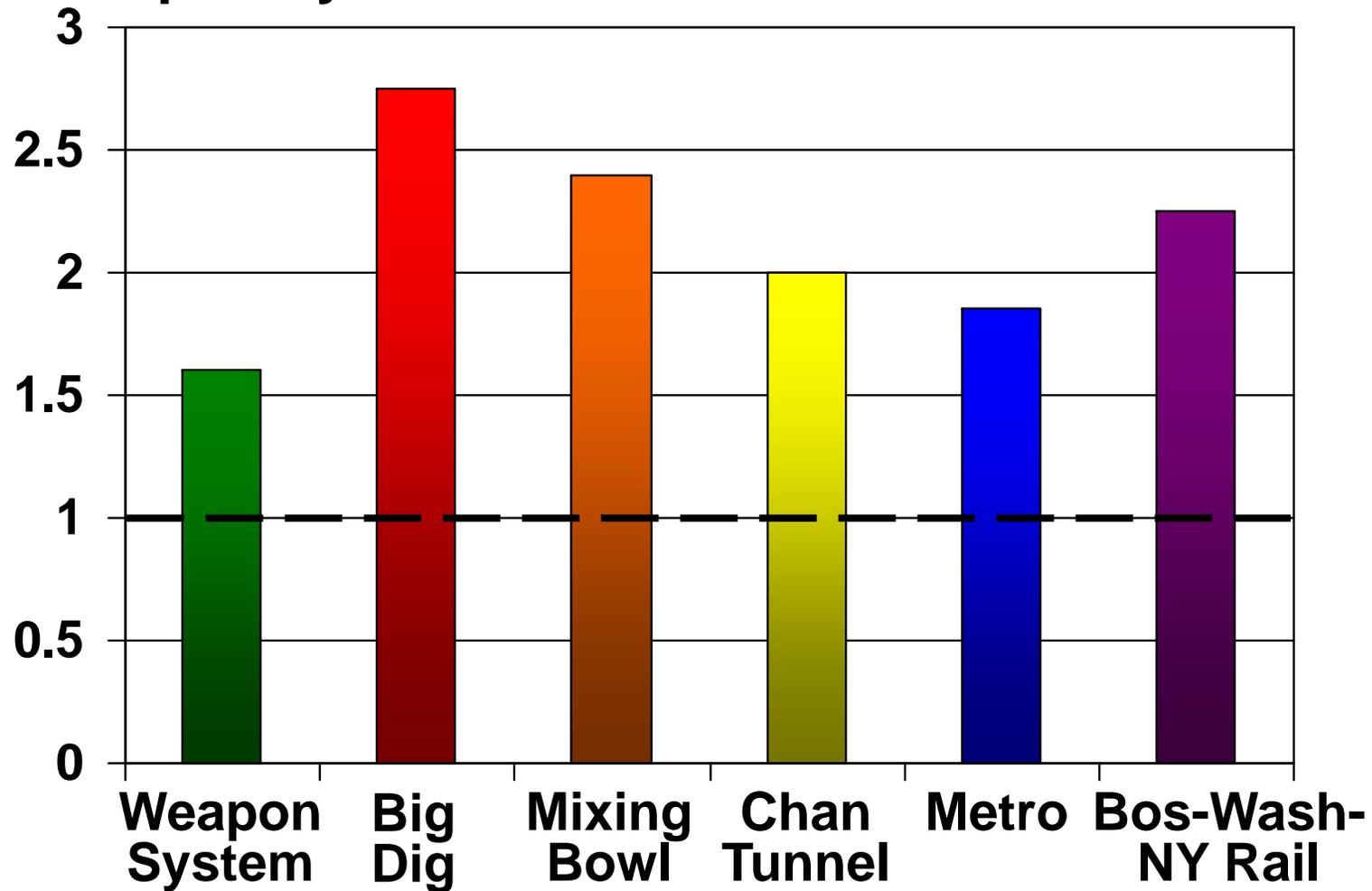
- **Protect the Taxpayer Dollar from Waste, Fraud/Abuse**
RESULT: Complex Regulations and Layers of Oversight
- **Improving on Our Already Superb Weapon Systems**
RESULT: Large number of Complex Requirements Drive Complex Architectures, Integrated Master Schedules, Complex System Engineering and Software Integration
- **System of Systems Interoperability**
RESULT: Increased Number of Complex Interfaces and Much More Complex Development & Operational Test Environment

Must Find Acquisition Leaders Who Seek to Simplify in This Crisis



RAND Cost Growth Study (2006)

Weapon System Cost Growth vs. Brick & Mortar





Ten Simple Steps

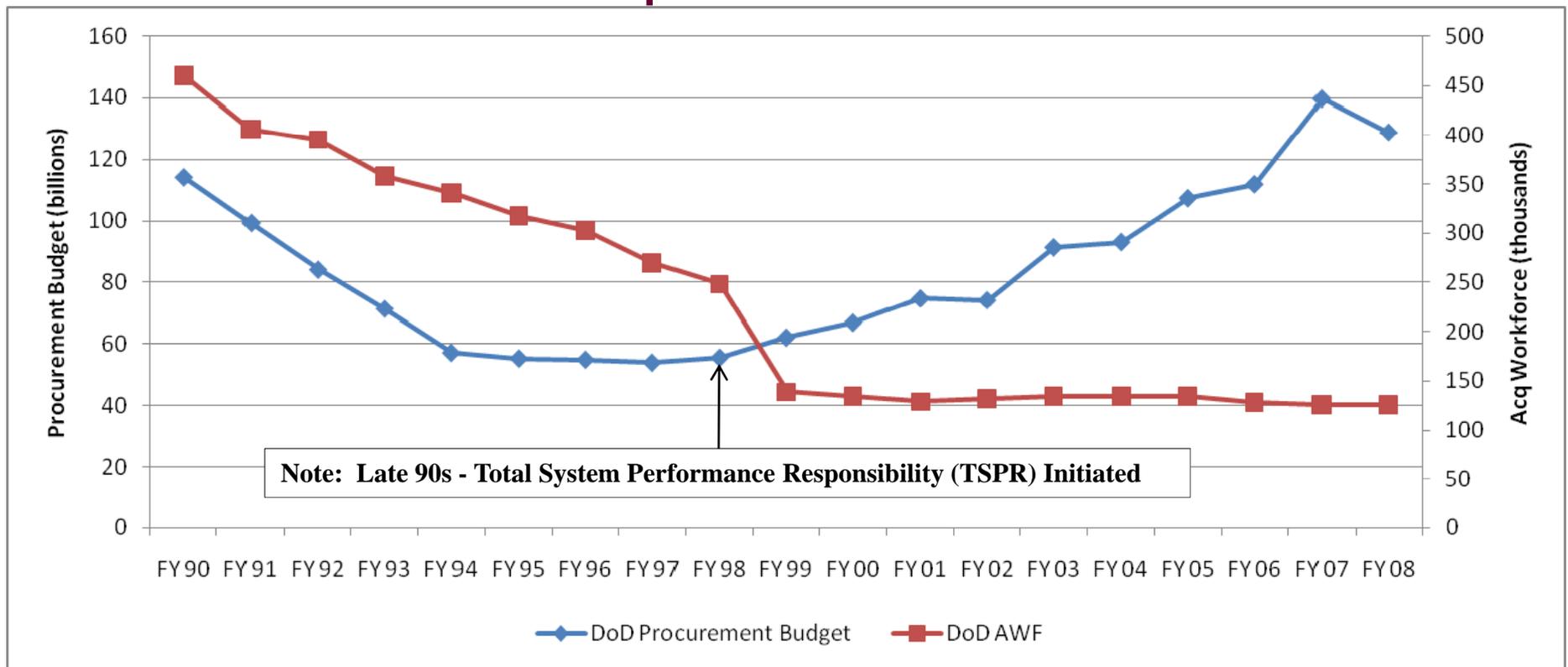
Running DoD Acquisition Like a Business**

1. Allow the SAE to Non-Concur on the CDD if Rqts Are Not Affordable, Evaluateable and Testable – Improve Requirements Generation Process
2. Execute Fewer Programs BUT Properly Fund Them (80% Confidence after Preliminary Design Complete – Schedule Margin for T&E) – Cost Realism
3. Allow the SAE to Non-Concur on Budget Cuts that Leave Programs Un-executable – Instill Budget and Financial Discipline
4. Execute Multi-Year Budgets
5. Procure Systems At Economic Quantities
6. Reduce the Number of Unaccountable People Who Review and Slow the Acquisition Process – Clear Lines of Authority and Accountability
7. Reduce the Number / Size / Review Chain of Acquisition Documents
8. Allow Program Managers Control of Requirements, Budget & Schedule
9. Request Greater Budget Flexibility From Congress - ATRs / New Starts
10. MOST IMPORTANT: Revitalize and Expand Our Acq., TE, and FM Workforce

**** The Result of Many Discussions With Acquisition Leaders Over 7 Years**



Procurement Budget VS. DoD Acquisition Workforce



***Increasing # of Procurements & Complex Systems
Coupled With Huge Decrease In Acquisition Workforce***



Recapture Acquisition Excellence: Revitalize The Acq., TE and FM Workforce

- **Problem**
 - Outsourcing gvt. workforce has slowly atrophied our capabilities
 - Organic Workforce reductions - 23% since 1999
 - Force shaping, reduced training, retirements of critical cost estimators, price analysts, experienced system engineers, program managers, contracting officers, and T&E experts
 - **Initiatives***
 - FY2010 Budget in-sourcing initiative – will hire 33,000 federal employees over next 5 years
 - Lowers the percentage of contractors in DoD support activities from 39% to 26%
- * Hon. Bob Hale quote from Armed Forces Comptroller, Fall 2009, page 10.

It Is All About Our People.....



Acquisition Excellence Goal Agile, Affordable Joint and Coalition War-winning capabilities ... On time, On cost

