



Acquisition Workforce: Understanding Industry
DAU Board of Visitors
September 16, 2015

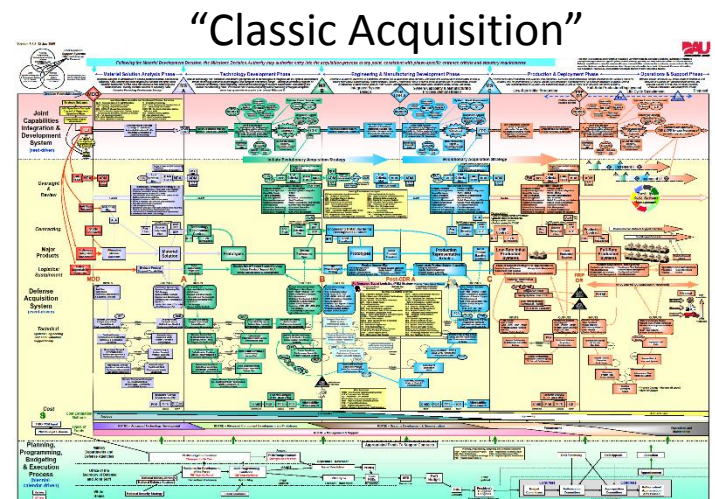
Personal Perspectives

- Gene Fraser
 - Bill Phillips
 - Wally Massenburg
 - Charlie Williams
 - Anne Reed
 - Erv Lessel
-
- Presentation: 1345-1500
 - Break: 1500-1515
 - Discussion: 1515-1615

Issues

"The extensive learning, industry and government board experience will be applied in coming meetings to advise the president regarding persistent unfavorable analysis of the acquisition workforce pertaining to critical thinking, risk aversion and industry understanding."

- Critical thinking and decision making
- Risk aversion
- Understanding industry
- Perceptions or reality?
- What are the impacts?
- What are the solutions?



Gene Fraser

- Increase collaboration throughout the proposal process
 - Keep dialogue open until final RFP is released
 - Release and discuss the business deal and pre-ATP schedule prior to final RFP
- Increase continuity of acquisition workforce assignments
- Increase acquisition workforce understanding of industry fiduciary responsibilities and operating constraints
- Increase focus on “lowest price, best value” rather than “lowest price, technically acceptable”

Gene Fraser

- Thoroughly analyze for unintended consequences
 - COTS
 - Small business set-asides
 - Tools
 - Volume and period of performance
- Competition does not always lead to reduced costs

Bill Phillips

- Knowledge of industry financials
- Timelines and milestones driving behaviors
- Quality of RFPs
- Quality of proposals
- Deliberate vs rapid acquisition
- Ethics and the “legality” of discussions
- Understanding industry use of IRAD investments
- Incentivizing innovation

Bill Phillips

- Margin and acceptable level of profit
- Taking advantage of innovation and disruptive technologies
- Accounting and impact of industry's reliance on revenues IAW planned profiles

Wally Massenburg

- Increased Bid & Proposal costs
 - Increased B&P cost burdens due to unconstrained competitive proposal requirements
 - Continue to partner in a changing environment to achieve cost savings
- Complexity of bidding scenarios
 - BBP initiatives have increased the examination of Economic Order Quantity pricing requirements
 - Need to balance benefits of EOQ pricing scenarios with the implementation of supporting proposal artifact demands
- Integrated cost model complexity
 - RFPs require specific stand alone Integrated Cost Models
 - Cost model developments are a large driver in B&P costs for large proposals

Wally Massenburg

- Extent of data requested is unconstrained
 - Detailed data deliveries that are usually delivered during program execution are being required as part of the proposal delivery
 - Increased proposal data requirements significantly increase B&P costs
- Volatility in acquisition/proposal process
 - Protracted source selection process with multiple draft RFPs
 - Seeking improved insight into acquisition timeliness to better optimize contractor resource planning

Charlie Williams

- Problem: DoD officials misunderstanding of industry strategies & mechanics...shortcomings
 - Financial and incentive strategies
 - Technical oversight and quality assurance
 - Indirect allocations and cost strategies
 - IR&D investment strategies
- Aggravating Factors:
 - Separation of contract management function from the services and creation of DCMA
 - Inconsistent communication across the industry/government divide

Charlie Williams

- Joint training can be a mitigation strategy
 - Current DAU offerings not focused on industry mechanics...how to courses based on regulations
 - Current DAU offerings not designed for meaningful industry participation...industry invited but no input to design or content
 - Declining industry participation: Classroom FY11: 772 FY15: 369
- A couple possibilities...
 - Joint Industry/Government developed courses/content
 - Government Industry Educational Exchange opportunities..ie EWI
- Need for a comprehensive strategy to fix this problem...DAWDF dollars should be available

Anne Reed

- The Business of Business:
 - Acquisition workforce lacks industry understanding
 - How companies are organized to deliver products and services
 - Impact of metrics (corporate, Wall Street, customer)
 - Human capital management and incentives
 - How budgets are set and costs managed
 - Differences between large and small businesses
 - How decisions are made and risks managed
 - Using these understandings to set realistic expectations for outcomes, creating incentives and differentiating businesses

Anne Reed

- Category management: generalists vs specialists who know the industries and vendors
- Setting requirements: collaboration, focus on outcomes and setting rapidly changing technical requirements
- Communications: more open exchange of information
- Post award debriefs: lack substance and value
- Program and contract management: focus on achieving end goals and build trust relationships

Erv Lessel

- Understanding industry
 - Players and processes
 - Business financials
 - Motivation and incentives
 - Decision making processes
 - Acquisition outcomes and best value
 - Flexible requirements that encourage innovation and transformation
- Critical thinking and decision making
 - Knowledge of laws, policies, regulations, processes, industry, products
 - Critical thinking and decision making require deep understanding
 - Risk aversion requires comprehensive understanding and incentives
- Running acquisition as a “business”
 - Running acquisition as a “business”
 - Measuring acquisition costs and acquisition outcomes
 - PEO, PMO and Contracting accountability for outcomes

Erv Lessel

- Potential actions and outcomes:
 - Increasing understanding by reducing acquisition **complexity**
 - Measuring and decreasing the **cost of acquisition**
 - Identifying and reducing **unnecessary competition**
 - Pushing and expanding the **acquisition envelope** through better use of existing authorities
 - Incentivizing **appropriate risk taking**
 - Incentivizing and encouraging **innovation, flexibility and agility**
 - Increasing **communication, coordination, collaboration and engagement** with industry
 - Increasing understanding of **roles, constraints and trade space**
 - Valuing **outcomes** over process
 - Building institutional and personal **relationships and trust**
 - Running acquisition as a **business**

15 Minute Break

Discussion Questions

- How are acquisition processes and outcomes impacted by inadequate workforce **understanding of industry**?
- What should acquisition professionals know about industry partners and their business operations?
- How can **critical thinking skills and appropriate risk taking** be improved and incentivized?
- What actions are needed to address these issues?
 - How can government assist industry?
 - How can industry assist government?
- What is **DAU's role** and how can DAU address these issues?
- **What are the next steps?**