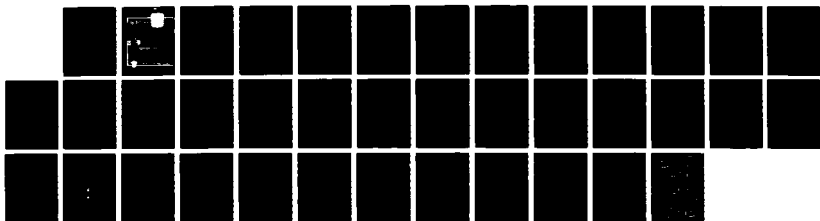


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THE PROGRAM EXECUTIVE OFFICER (PEO) CONCEPT

BY

COLONEL STEPHEN S. MacWILLIE

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THE PROGRAM EXECUTIVE OFFICER (PEO) CONCEPT

AN INDIVIDUAL STUDY PROJECT

by

Colonel Stephen S. MacWillie

Colonel Charles S. Palmer
Project Advisor

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U.S. Army War College
Carlisle Barracks, Pennsylvania 17013
23 March, 1988

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ABSTRACT

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The Defense Acquisition System is the largest business enterprise in the world. In the past a number of high level officials have criticized the Department of Defense (DoD) for its inability to capitalize on the efficiencies inherent in very large businesses. The two most important issues under consideration were the time required to develop and produce war fighting machines and the ultimate costs of the war fighting machine and its supporting equipment. Several studies were conducted by members of Congress, however these studies failed to resolve the issues under consideration. Consequently, the President established a Blue Ribbon Commission to conduct a comprehensive study on the management and organization of the Defense Department. This essay will examine the recommendations of the Commission as they relate to "the procurement system", and specifically, the five recommendations which support the Commission's objective to "streamline the acquisition organization and procedures". An examination of the PEO concept and its implementation provides an insight as to whether or not the Commission was able to make substantial headway in improving the efficiencies of the Army Acquisition System. The implementation of the Commission's recommendations has not made any significant impact on the two major issues under consideration, time and costs. A close examination of the implementation to date would lead one to believe that we are no better off today than we were 18 months ago.

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THE PROGRAM EXECUTIVE OFFICER (PEO) CONCEPT

SECTION 1

INTRODUCTION

Defense acquisition is the largest business enterprise in the world. Annual purchases by the Department of Defense (DoD) total almost \$170 billion--more than the combined purchases of General Motors, EXXON, and IBM. DoD's research and development (R&D) expenditures are more than fifteen times those of France, Germany, or the United Kingdom, and eighty times those of Japan. Defense acquisition involves almost 15 million separate contract actions per year--or an average of 56,000 contract actions every working day.¹

The DoD Materiel Acquisition System has grown so large and complex that many government officials are of the opinion that it is out of control. There are increasing numbers of allegations outlining cases of fraud, waste, and abuse. The case of the \$600 hammer, the \$112 metal washer that actually cost less than \$1, and the \$6,000 coffee pot are a few of the ones we've all heard about. It would be more interesting to know how much the government is overpaying or being overcharged on the other 56,000 contracts signed each day. Although all large businesses have a few "horror stories" hiding in the closet, DoD's share of these stories are well above the industry average. These management nightmares require careful investigation and timely resolution.

The most disturbing allegation concerns the distribution and fielding of other than the "state of the art" fighting equipment. Our research, development, and acquisition (RDA) cycle takes so long that by the time new equipment comes off the assembly line it either fails to counter the current threat or has fallen off the leading edge of technology. The American soldier, protector of our freedom, deserves better; the American taxpayer expects it.

In July, 1985, the President established a Blue Ribbon Commission (hereafter referred to as "the Packard Commission") to conduct a comprehensive study on the management and organization of the Defense Department. The study included:

"the budget process, the procurement system, legislative oversight, and the organizational and operational arrangements, both formal and informal, among the Office of the Secretary of Defense, the organization of the Joint Chiefs of Staff, the Unified and Specified Command System, the military Departments, and the Congress" 2

The results of the Commission's study were published in April, 1986, in the report titled "A Formula for Action". The recommendations of the Commission were based on the results of an indepth comparison of several very large and successful private businesses with the massive DoD procurement system.

Those policies, organizational structures, and functions which contributed to the success of the large commercial corporations were then shaped, molded, and recommended for inclusion into the DoD procurement program. Changes center around increased efficiencies, reduced costs, and decreased acquisition time.

The recommendations contained in "A Formula for Action", a Report to the President on Defense Acquisition, are outlined below:

A. Streamline Acquisition Organization and Procedures.

1. Create by statute the new position of Under Secretary of Defense (Acquisition) and authorize an additional Level II appointment in the Office of the Secretary of Defense (OSD).

2. The Army, Navy, and Air Force should each establish a comparable senior position filled by a top-level civilian Presidential appointee (Service Acquisition Executive).

3. Each Service Acquisition Executive should appoint a number of Program Executive Officers (PEO). PEO's would control a number of program managers who would report directly to them on all program matters.

4. Establishing this direct chain of management/command would substantially reduce the number of acquisition personnel.

5. Federal laws governing procurement should be recodified into a single, greatly simplified statute applicable government-wide.

B. Use Technology to Reduce Cost. Place a high priority on building and testing prototype systems to demonstrate that new technology can substantially improve military capability, and provide a basis for realistic cost estimates prior to a full scale development decision.

C. Balance Cost and Performance. The Defense Acquisition Board (DAB) should be co-chaired by the Under Secretary of Defense (Acquisition) and the Vice Chairman of the Joint Chiefs of Staff. The DAB should define weapon requirements for development, and thereby provide an early trade-off between cost and performance.

D. Stabilize Programs. DoD should fully institutionalize "baselining" for major weapon systems at the initiation of full-scale engineering development, and DoD and Congress should expand the use of multi-year procurement for high priority systems.

E. Expanding the Use of Commercial Products. DoD should make greater use of components, systems, and services available "off-the-shelf" and only develop new items when those that are readily available are clearly inadequate to meet military requirements.

F. Increase the Use of Competition. Federal law and DoD regulations should provide for substantially increased use of commercial-style competition, emphasizing quality and established performance as well as price.

G. Enhance the Quality of Acquisition Personnel. To attract and retain the caliber of people necessary for a quality acquisition program, an alternate personnel management system should be established to include senior acquisition personnel and contracting officers as well as scientists and engineers. 3

ENDNOTES

1. President's Blue Ribbon Commission on Defense Management, A Formula for Action, April, 1986, p. 3.

2. President's Blue Ribbon Commission on Defense Management, An Interim Report, February 28, 1986, p. 1.

3. President's Blue Ribbon Commission on Defense Management, A Formula for Action, April, 1986, pp. 15-28.

THE PROGRAM EXECUTIVE OFFICER (PEO) CONCEPT

SECTION 2

IMPLEMENTATION

On April 2, 1986, acting through a National Security Decision Directive (NSDD 219), the President signed a memorandum described by the White House press office as implementing "virtually all of the recommendations" of the Packard Commission.¹

In the President's communique with Congress he requested legislative restraint in the acquisition area when dealing with the implementation of the Packard Commission's recommendations. The President felt the Congress should only deal with establishing the position of Under Secretary of Defense for Acquisition and that all other changes should be left to the Executive branch. The end result was the passage of the "Goldwater-Nichols Department of Defense Reorganization Act of 1986" (1 October, 1986). This bill basically supported the President's request in the area of acquisition. The one additional legislative action contained in the "Goldwater-Nichols Act" was the establishment within the Army Secretariat of a single office or other entity to conduct the acquisition function.²

On July 8, 1986, the Deputy Secretary of Defense directed that the Military Departments establish Service Acquisition Executives (SAE), Program Executive Officers (PEO), and Program Managers (PM), in accordance with NSDD 219, "Implementation of the Recommendations of the President's Commission on Defense Management," (April 1, 1986). The

Defense directive outlined the responsibilities of the Defense Acquisition Executive (DAE) in carrying out DoD policies, guidelines, and practices, and provided direction to the SAE, PEO, and PM.

A. The SAE shall:

1. Administer acquisition programs in accordance with established DoD policies and guidelines.
2. Work with DAE to resolve issues and conflicts in major defense acquisition programs.
3. Serve as a member of the Defense Acquisition Board (DAB).

B. The PEO shall:

1. Administer a defined number of Military Department acquisition programs.
2. Be directly responsible to the SAE on all program matters.

C. The PM shall:

1. Administer a specific acquisition program.
2. Report directly to the PEO on all program matters.

D. There shall be no more than one layer of supervision between the PM and his/her SAE; however, the Secretaries of the military departments may shorten their reporting chain as they deem necessary.³

The Secretary of the Army, in a memorandum dated 30 January, 1987, established specific milestones for the implementation of the Program Executive Officer (PEO) concept. These milestones are:

- A. Identify programs and PEO structure within 30 days.
- B. Publish an implementation plan by 20 March, 1987.
- C. Publish necessary changes to regulations dealing with the acquisition process within six months.
- D. Major Defense Acquisition Board (DAB), Army Systems Acquisition Review Council (ASARC), and Designated Acquisition Programs (DAPS) should be operating under the PEO concept by 30 September, 1987.⁴

ENDNOTES

1. U.S. Congress, House, Committee on Armed Services, Duties and Authority of the Under Secretary of Defense (Acquisition), November 16, 1987, p 15.
2. U.S. Congress, The Goldwater-Nichols Department of Defense Reorganization Act of 1986, Public Law 99-43, 99th Congress, October 1, 1986, p 1036.
3. Department of Defense Directive, number 4245.1, Military Department Acquisition Management Officials, July 8, 1986, pp 1-3.
4. John O. Marsh, Secretary of the Army, Memorandum for Assistant Secretaries, Subject: Implementation of the Program Executive Officer (PEO) Concept, 30 January, 1987.

THE PROGRAM EXECUTIVE OFFICER (PEO) CONCEPT

SECTION 3

THE PEO CONCEPT

The PEO initiative, in reality, is an attempt to dismantle some of the bureaucratic network which has evolved to support the present acquisition system. The processes by which we operate have become so cumbersome that the acquisition system is no longer timely nor responsive to our needs. The Commission's recommendations set in motion those actions they believed necessary to accelerate and streamline the Acquisition Organization and Procedures. The current acquisition organization portrayed in figure 1 depicts a complicated multi-layered management organization which extends from the Program Manager (PM) up to the offices of the Secretary of Defense. The PEO Concept is an attempt by the Packard Commission and NSDD 219 to reduce or eliminate the layers of bureaucracy that exist between the PM and the offices of the Secretary of Defense. This essay will examine the recommendations of the Commission as they relate to "the procurement system", and specifically, the five recommendations which support the Commission's objective to "streamline the acquisition organization and procedures". An examination of the PEO concept and its implementation will provide some insight as to whether or not the Commission was able to make substantial headway in improving the efficiencies of the Army Acquisition System.

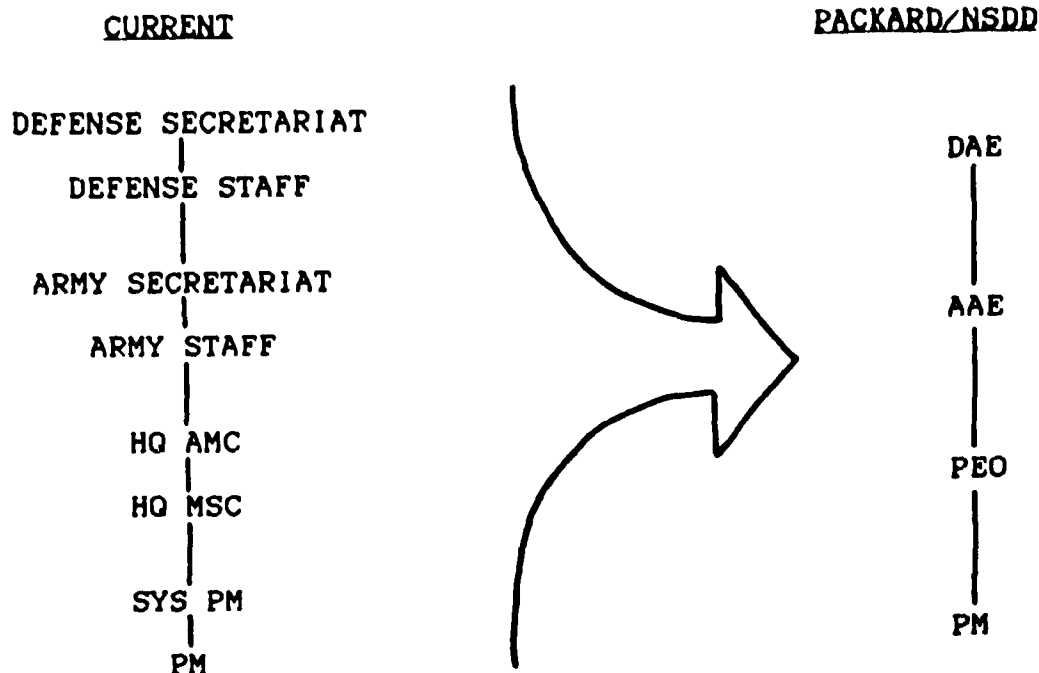


FIG. 1 PEO CONCEPT

Recommendation 1: By statute create a new level II authorization for the position of Under Secretary of Defense (Acquisition) within the office of the Secretary of Defense. (Defense Acquisition Executive (DAE)).

Congress authorized the level II position, and Richard Godwin, a long time businessman from California, was appointed, confirmed, and assumed his responsibilities as the Defense Acquisition Executive on September 30, 1986. Under his leadership the initial changes to the acquisition system encountered significant resistance. Unfortunately, he tendered his resignation on September 15, 1987, with less than a year in the job.

"My decision to resign rested simply upon my judgment that we were not prepared to move ahead vigorously with implementation of the

Packard recommendations and that the Institution was not prepared to change the status quo".¹

Under Secretary Godwin's resignation was viewed as a step backward in the overall effort to improve the acquisition system. The House Armed Services Committee began an immediate review to look into the reasons for his resignation. During this review these basic issues were examined:

A. What was the intention of the Packard Commission when it recommended the appointment of a level II executive?

B. Did Congress provide sufficient authority to the new position?

C. Do DoD regulations and charters reflect the powers provided by Congress?

D. Did the administration and DoD senior officials provide sufficient backing or was this a case of personality clashes?

E. What reforms can we expect during the remaining months of the administration?²

The answers to these issues would provide a focal point to the Committee for further implementation of acquisition reforms. The committee findings underscored the failure of the reforms to achieve the desired effects. The creation of an acquisition position was intended to lead to a fundamental change in the way DoD acquires materiel. This fundamental change did not take place and there was no one person to blame. On November 16, 1987, the Committee published the results of the review:

A. Under Secretary Godwin was severely handicapped by the lack of experience in the ways of government. He initially attempted to do too much and to seek more authority than was needed to accomplish his

mission. All this lead to lack of focus, vision, and understanding of priorities.

B. The Deputy Secretary of Defense provided excessive supervision and oversight while Under Secretary Godwin was carrying out his duties. This undermined Under Secretary Godwin's authority.

C. The Secretary of Defense provided little visible support to Under Secretary Godwin; the supervision and support was left almost entirely to his deputy. This lack of visible backing significantly reduced Under Secretary Godwin's power base and his ability to make major alterations in Pentagon procedures.

D. The Pentagon bureaucracy put up the usual resistance to new ideas which ultimately result in significant change. Although everyone recognized that change was necessary, no one wanted their turf stepped on or dug up. All changes were opposed at most levels, and therefore, progress was slow and painful.

The bottom line of the Committee's findings was that Under Secretary Godwin lacked the support or authority necessary to carry out his assigned responsibility of "establishing" policies for the acquisition system. This reduction of power resulted in the Under Secretary becoming a coordinator rather than the boss. The statute establishing the Office of the Secretary of Defense (Acquisition) was not deficient; it was the infighting and faulty regulations that plagued the execution of the statute.³

Thus, the initial efforts of the new Under Secretary failed to provide sufficient progress to change the materiel acquisition system. However, the recent high level personnel turbulence within DoD (Secretary of Defense, Under Secretary of Defense (Acquisition), Secretary of the Navy, and Under Secretary of the Army) should reduce the resistance to change within the Pentagon. The changes necessary to

support the intent of Congress will again be put into place and should begin to take hold as our political system transitions to a new administration.

Recommendation 2: The Army, Navy, and Air Force should establish a senior position similar to the position authorized at the Secretary of Defense level (Service Acquisition Executive). The position should be filled by a top-level civilian presidential appointee.

The Under Secretary of the Army, Mr. Ambrose, was designated as the Army Acquisition Executive by the Secretary of the Army on 1 April, 1987. In this role, Mr. Ambrose would supervise the Army acquisition organization and procedures.

The Assistant Secretary of the Army for Research, Development, and Acquisition (ASA(RDA)) provides the staff to support and assist Mr. Ambrose in executing his acquisition responsibilities. The office of ASA(RDA) consolidated its assets with the office of the Deputy Chief of Staff for Research, Development, and Acquisition (DCSRDA) and the Directorate of Contracting from the office of the Deputy Chief of Staff for Logistics (DCSLOG). The three-star military chief from DCSRDA remained in the ASA(RDA) reorganization plan as the deputy to ensure responsiveness to military needs (eg..Chief of Staff).⁴

The major personnel savings achieved in the reorganization of the acquisition system was a result of the consolidation of DCSRDA with ASA(RDA). DCSRDA was staffed with approximately 390 personnel. Only 210 were utilized in the reorganization resulting in a 47% manpower reduction. Within DCSRDA, the Department of the Army System Coordinator (DASC) was the Army's single point of contact responsible for combining and coordinating all facets of the Materiel Program (Figure 2).⁵

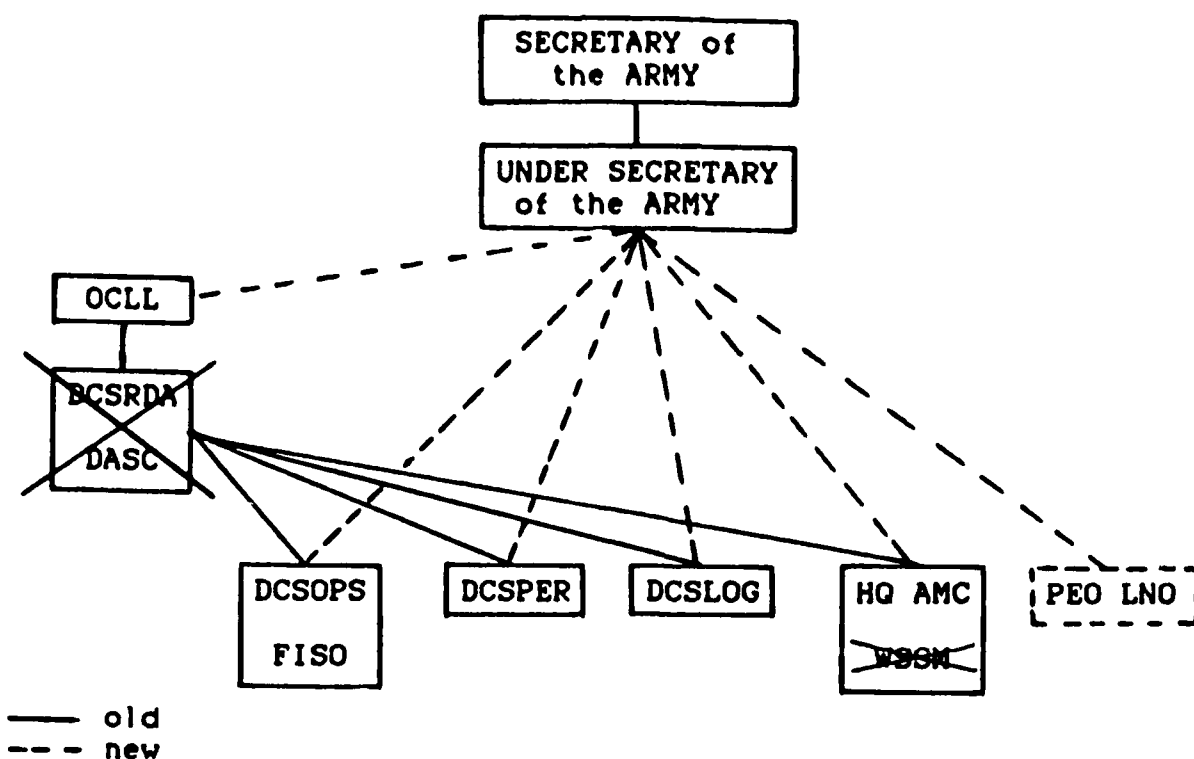


FIG. 2 DCSRDA and the DASC

The DASC was responsible for the program costs (budget), milestones, production schedules, distribution plans, personnel and unit activations and deactivations, and providing information to Congress through the Office of Congressional Legislative Liaison (OCLL). Originally, the DASC was a one-stop information center supporting a specific materiel program, but with the formation of the new acquisition organization, the single point of contact (DASC) would no longer exist. The responsibility for program costs (budget) would transfer to ASA(RDA); distribution plans would return to DCSOPS; personnel and unit activations and deactivations would return to DCSPER; program milestones, production schedules, and program information would be provided by the newly assigned Program Executive Officer (PEO) LNO located in the Pentagon. The reorganization and personnel savings were the result of a philosophical change from

centralized control to decentralized management, and an entire layer of program management was eliminated when the DASC disappeared. The Weapon System Staff Managers (WSSMs) located at Headquarters (HQ) Army Materiel Command (AMC) provided the same staff support to HQ AMC as the DASC did for the Army staff. The WSSM positions were also lost with the implementation of the PEO Concept. The loss of two high level staff officers, both dealing in the area of materiel acquisition, created a void in systems management information. This void could only be filled by the Force Integration staff officer (FISO) working within DCSOPS. The FISO already had a full plate and now his/her plate is overflowing. Although they are doing a yeoman's job, the FISO cannot accomplish the work previously done by three people. The programmatic impact to date is unknown; however, when an information void exists it is filled with something and that something is usually not what is wanted or needed. As a minimum, this situation will continue until the PEO liaison officers are resourced and present for duty within the Pentagon.

The resistance to change at the Army Secretariat level has resulted in the slowing down of the reorganization effort and a general muddying of the water as one attempts to define who is responsible for what. The resistance to organizational change began with Under Secretary Ambrose. He also recently resigned, and during an Army Times interview stated the following:

"The basic problems facing the Defense Department in the acquisition area are not organizational and reporting requirements. Nor are they issues of domineering or obdurate service relationships vis-a-vis [the office of the Secretary of Defense] or one another. Nor are they questions of reconciliation

or elimination of wasteful duplication or procurement malpractices".6

The importance given to Under Secretary Ambrose's opposition to change increases significantly when we look back to the Godwin resignation and the frustration he encountered in trying to carry out the will and intent of Congress. The new Under Secretary of the Army should conduct an indepth review of what has been accomplished in streamlining the acquisition organization and procedures. Once this review is completed, he should then direct the changes necessary to put the acquisition system back on course.

The implementation of the PEO Concept within the Navy and Air Force has progressed rapidly when compared to the Army. The Navy and Air Force reorganization took minimal effort since it only required several small adjustments to already existing organizations. The Army made several major organizational changes and expended considerable effort in establishing 22 new PEO offices. The basic difference between the services is the size of the reorganization effort. The Army placed 128 programs under the PEO Concept in comparison to the Navy's 24 programs and the Air Force's 15 programs.

Recommendation 3: The Service Acquisition Executive should appoint a number of Program Executive Officers (PEO). The PEOs would control a number of Program Managers (PM) who would report directly to the PEOs on all program matters.

The Initial Program Executive Officer (PEO) Concept was published on 15 January, 1987, and approved on 29 April, 1987. This concept outlined the procedures for establishing a number of PEOs who will provide management oversight for several (5-7) similar acquisition programs. Each of these programs will in turn be managed by a Program

Manager (PM). The proposed Army Acquisition organization to support the PEO Concept is outlined in figure 3. This organization will support 128 major and non-major programs managed by 22 PEOs and 3 PMs who report directly to the Army Acquisition Executive (AAE). 7

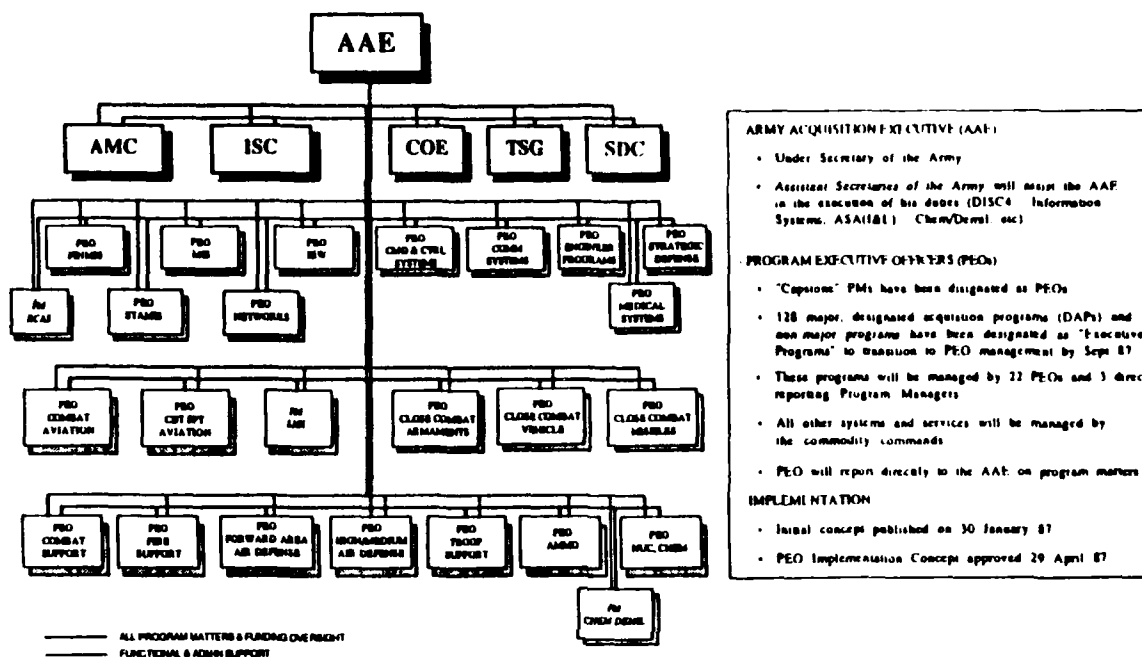


FIG. 3 ARMY ACQUISITION STRUCTURE

Each PEO will have a core staff of 25-30 senior personnel who will operate a program/budget office, a system integration office, a Pentagon liaison office, a review and analysis office, an International office (if required), and an administration office. The exact organization of each PEO will depend upon the number and type of PMs assigned to his organization. The PEO concept was designed to separate and accelerate programmatic decisions, fully realizing that functional and administrative support will still be provided by Headquarters (HQS) Army Materiel Command (AMC) and its Major Subordinate Commands (MSC). Figure 4 describes the responsibilities and functions provided to the PEOs and PMs by the HQS AMC and MSCs.

It is important to remember that the PEOs/PMs all require the same types of functional support, however, each one requires a different amount. Providing support of this type can usually be accomplished with less expense from a centralized organization such as HQ AMC and the MSCs.⁸

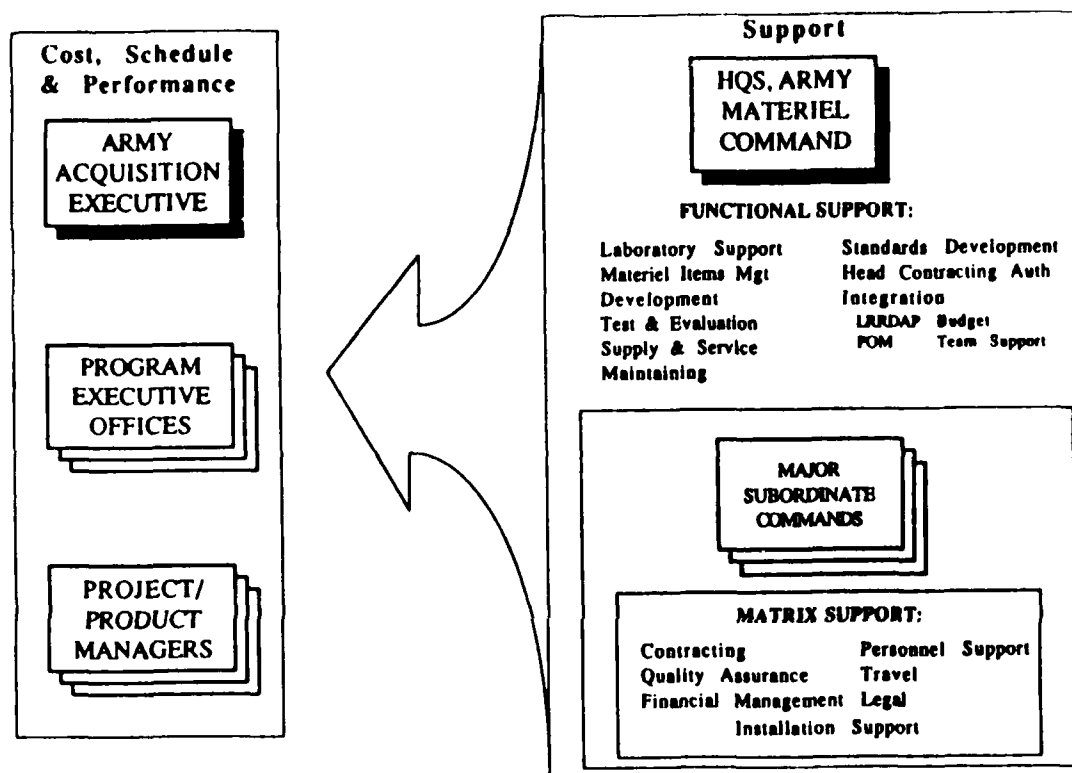


FIG. 4 ACQUISITION RESPONSIBILITIES

The full implementation of the PEO concept will not be realized until sufficient manpower is found to resource the desired number of PEOs. Although Congress did not require immediate across-the-board implementation, the AAE's implementation guidance did. Yet, until resources become available, the concept will remain only partially implemented. The working relationship between the PEOs, HQ AMC, and the MSCs is still based on an informal arrangement. PEOs should establish either Memorandum of Understanding (MOU) or Letters of Agreement (LA) outlining the support they require and who provides

what kind of support to whom. A PEO must have official access to resources in order to accomplish his/her mission. Finally, the PEO liaison officers who operate out of the Pentagon must be identified and assigned without any further delay. The liaison function is crucial to all programs, and to date less than 65% of the required LNOs are on board and working.

Recommendation 4: Establishing the direct chain of DAE - AAE - PEO - PM management/command would substantially reduce the number of required acquisition personnel.

The primary advantage of today's PEO concept over earlier acquisition systems is the separation of the program decision and support functions. (figure 1.) The PM can now receive program guidance and decisions directly from the PEO or AAE. The previous system required that the PM work his/her way through several additional layers of bureaucracy which often resulted in decisions that were either untimely or not in the best interest of the program. Basically, the new system is designed to put the acquisition programs back under the control of the PMs who are responsible for program management. Functional support would continue to come from the MSC's, HQ AMC, and the Army Staff. Separation of the decision function from the support function was considered the best of both worlds. The Army Staff, HQ AMC, and MSCs would provide the required system support and quality control functions while the DAE, AAE, PEO, and PM work the programmatic decisions. On the surface this appears to resolve many of the current acquisition issues. However, when coupled with a substantial personnel reduction and the reorganization of the Army Staff, the new concept will require additional assets and organizational adjustments prior to full implementation.

As the designated AAE, the Under Secretary of the Army's workload increased beyond that which can be accomplished by any one person or office. Although the office of ASA(RDA) is providing the lion's share of staff support, the Under Secretary is now responsible for the direct management of all program decisions moving upward through the PEO reporting chain. This additional workload results in an increase in the direct programmatic supervision of at least 22 to 24 general officers.

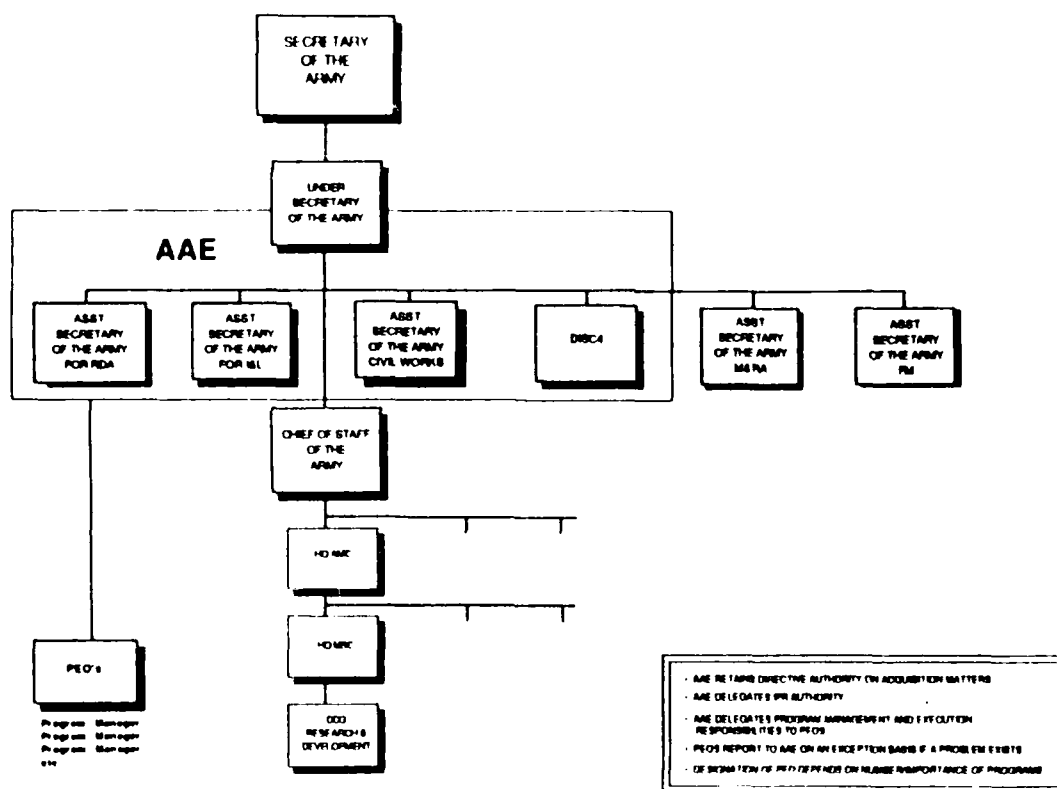


FIG. 5 PROGRAM REPORTING CHAIN

Figure 5 depicts the organizational diagram and the program reporting chain for executive programs.

The program reporting chain appears flawed because it no longer follows the directions provided by the Deputy Secretary of Defense when he stated that "there shall be no more than one layer of supervision between a PM and his/her Acquisition Executive."⁹

If the PEO Concept is to achieve its designed advantages, then the designation of the Under Secretary of the Army as the Army Acquisition Executive might be incorrect. The ASA(RDA) could be designated the AAE. This organizational adjustment would provide a clear chain of management and command for the PEO and PM and would still allow the Under Secretary of the Army oversight responsibility. Furthermore, it would meet the guidance provided by the Deputy Secretary of Defense. Although implementation of the concept is designed to simplify the acquisition process, in doing so, it redistributes the power of several high level offices within the Department of Defense and Army staff organizations. This redistribution of power has met with significant resistance from the incumbents and will only be overcome as new personnel rotate into these positions as a result of the upcoming change in administrations. Our continued inability to adapt to the PEO concept in a timely manner will once again result in Congress taking matters into their own hands and mandating change through legislation, a most undesirable and restrictive way to conduct the business of government. "Unless the Administration acts quickly to put the acquisition reform on track, Congress should be prepared to enact detailed legislation chartering the Under Secretary for Acquisition and restructuring DoD acquisition" ¹⁰

Recommendation 5: Federal laws governing procurement should be recodified into a single, greatly simplified statute which would apply throughout the government.

A streamlined organization for defense is not enough. It must be matched by streamlined procedures. During the Commission's review they found 394 different regulatory requirements in the Federal Acquisition Regulation (FAR); the DoD FAR Supplement contained some 62 different dollar thresholds, ranging from as little as \$15 to as much as \$100 million or more.¹¹ The recommendation to recodify federal laws governing procurement has not been acted on in a timely manner.

The process of changing Army regulations has also met with increased opposition. The DoD and Army regulatory requirements originate from the Office of Management and Budget (OMB) Circular A-109 as shown in figure 6. The offices responsible for the staffing of the regulation changes have not been successful in defining the issues and bringing them to a timely resolution. This is especially true at the Secretary

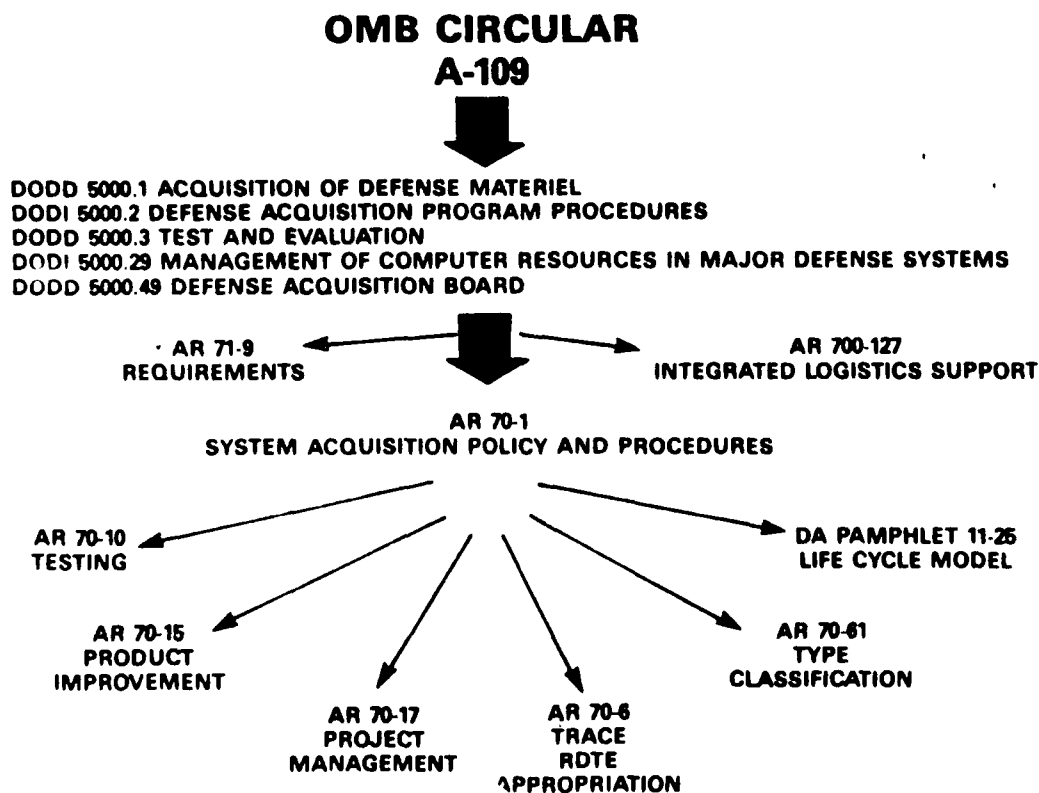


FIG. 6 POLICY GUIDANCE FLOW

of the Army level. Upon receipt of the PEO concept implementation plan, the office within ASA (RDA) responsible for policy development reduced its personnel requirements by 50% (original manning level of 4 was reduced by 2).¹²

The reorganization and staffing of the Acquisition system cannot be effectively accomplished without the concurrent development of new policies and procedures. These policies and procedures are the life blood of an organization or office charged with the responsibility to resolve current materiel acquisition issues. At present the Army has reorganized and appears to be waiting to see how everything is going before it rewrites the supporting policies and procedures. This reverse method of implementing new organizations or reorganizing old ones will cause considerable confusion for some time to come. An organization cannot be efficiently designed until you know what it is supposed to do and how it is supposed to do it. This type of organizational analysis was not accomplished in the implementation of the PEO Concept. Therefore, the initial implementation of the PEO Concept will not capitalize on the perceived organizational efficiencies.

ENDNOTES

1. Sarah Helm, staff writer, Resistance Not Reform At Pentagon, Washington Post, 23 September, 1987, p. A19.
2. U.S. Congress, House, Committee on Armed Services, Duties and Authority of the Under Secretary of Defense (Acquisition), November 16, 1987, p. 2.
3. Ibid., p. 4.

4. MG Jerry Max Bunyard, Assistant Deputy Chief of Staff for Research, Development, and Acquisition, Letter for Commander Army Materiel Command, Subject: Status of Army Acquisition Reorganization, 19 March, 1987.
5. Keith Carson, Memorandum for Record, Guest Lecture Remarks on AAE/PEO System. Army War College, January, 1987.
6. Tom Donnelly, staff writer, The Under Leaves A Permanent Mark, Army Times, 7 March, 1987, p. 8.
7. Secretary of the Army Reorganization Commission, Concept Paper, Functions of the Army Acquisition Executive, 15 January, 1987, p. 9.
8. Ibid., p. 10.
9. Department of Defense Directive, number 4245.1, Military Department Acquisition Management Officials, 8 July, 1986, p. 3.
10. U.S. Congress, p. 55.
11. President's Blue Ribbon Commission on Defense Management, A Formula for Action, April, 1986, p. 18.
12. Interview with Mr. Bruce Waldschmidt, Office of the Secretary of the Army, Policy Branch of Plans and Programs (SARD - RPP), Washington, 8 December, 1987.

THE PROGRAM EXECUTIVE OFFICER (PEO) CONCEPT

SECTION IV

CONCLUSION

This essay examined the recommendations of the Commission as they related to "the procurement system", and specifically, the five recommendations which support the Commission's objective to "streamline the acquisition organization and procedures". The examination of the PEO concept and its implementation provided insight on whether or not the Commission made substantial headway in improving the efficiencies of the Army Acquisition System. It is of course much easier to look back on a problem and determine what should have been done than it is to have made the original decisions. The decisions of a Monday morning quarterback are less difficult than those decisions made on Sunday and the Monday morning decisions also tend to be 100% accurate; In other words, hindsight is always correct.

To date there has been little headway made in improving the efficiencies of the Army acquisition system. The major reason for the lack of significant progress can be attributed to the Army's ambitious implementation plan. The Army's decision to implement the entire system at once rather than in segments was courageous and time consuming, however, it will require even more time in order to see improvements from such a large undertaking.

Sudden changes in key personnel have created some adverse effects on the PEO implementation plan. The recent changes in the key civilian leadership positions of Department of Defense and Army Acquisition Executives have resulted in a less than efficient transition to a new acquisition process. With the upcoming Presidential elections, additional changes in key civilian personnel will continue well into 1989. If the Army is really serious about the PEO concept, then all senior military personnel within the acquisition system should remain in place until the final senior civilian team is on board. Whenever possible personnel turbulence should be kept to a minimum.

Immediate attention should be given to the exact number of PEO's the Army can afford. The current implementation plan appears to be unaffordable; therefore, it should be revised now and implemented within the constrained resources. Failure to provide sufficient resources to the revised implementation plan could result in an acquisition system which is even less efficient than the original one. It is imperative that resources (time, people, and money) be provided to those who are responsible and will be held responsible. Resources must be given to the offices within the programmatic decision chain, and until this is accomplished, nothing significant will change. Essentially, the power has remained where the resources are which is within HQ AMC and the MSCs.

The Commission realized that the implementation of their recommendations would be no small task and would require a team effort. They made their feelings clear early on with the following statement:

"The recommendations of the Commission will bring only limited benefits unless a better spirit of teamwork can be developed among the participants - the OSD, the Service, the Administration, and, particularly, the Congress. In the past it has required a major international crisis to bring about good teamwork, particularly Congress."¹

Without teamwork the PEO concept and the implementation plan will fail to achieve the desired results.

Congress has already partially tied the hands of the Services through excessive acquisition reform legislation in the reorganization of the DoD acquisition system. The House Armed Services Committee recently stated that if the implementation of the PEO concept fails to achieve the desired results then Congress would create additional legislation to direct the necessary changes.

"Unless the Administration acts quickly to put acquisition reform back on track, Congress should be prepared to enact detailed legislation chartering the Under Secretary for Acquisition and restructuring DoD acquisition."²

The research contained in this essay clearly indicates that DoD and the Army must get their house in order soon, otherwise, Congress will surely do it for them!

ENDNOTES

1. David Packard, "Management of Americas National Defense", in American Enterprise Institute. Washington DC, 1987, p. 13.

2. U.S. Congress, House, Committee on Armed Services, Duties and Authority of the Under Secretary of Defense (Acquisition), November 16, 1987, p. 55.

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