

March-April 1997

# PROGRAM MANAGER

4th PEO/SYSCOM Commanders/PM Conference

Cost As an Independent Variable

Closure of Newark Air Force Base

1st ACTD Managers Conference

DEFENSE QUALITY INSPECTED 2

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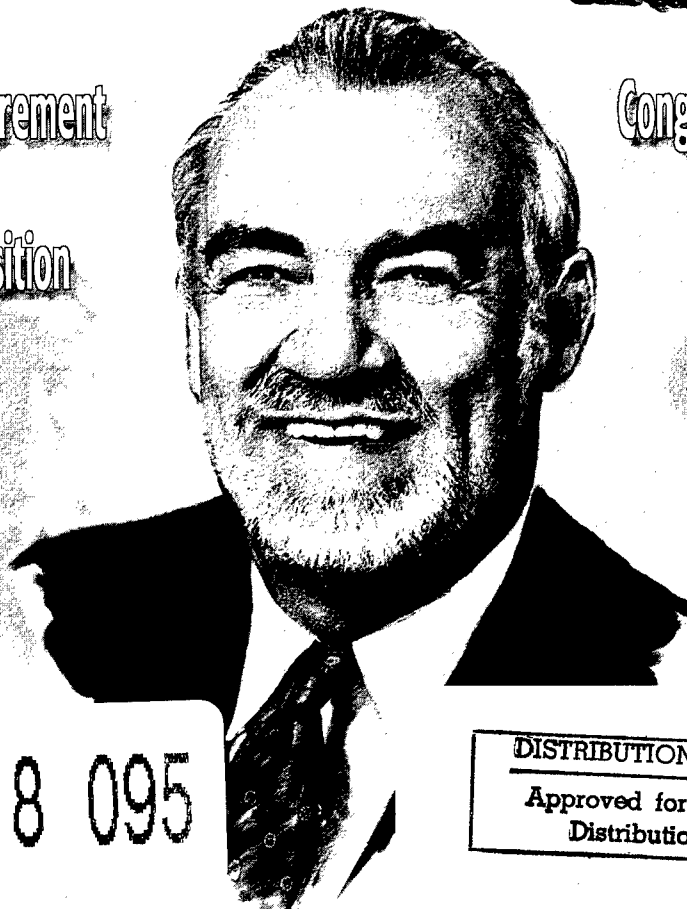
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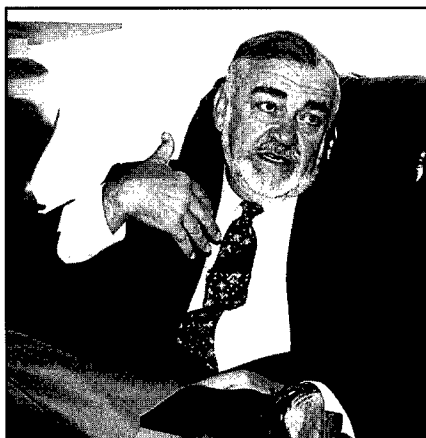
**"DO THE IMPORTANT THINGS WITHOUT COMPROMISE"**

Gil Decker - Army Service Acquisition Executive

A B I M O N T H L Y M A G A Z I N E O F T H E D E F E N S E

# PROGRAM MANAGER

Vol XXVI, No. 2, DSMC 137



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*Program Manager Interview*

"Do the Important Things Without Compromise"

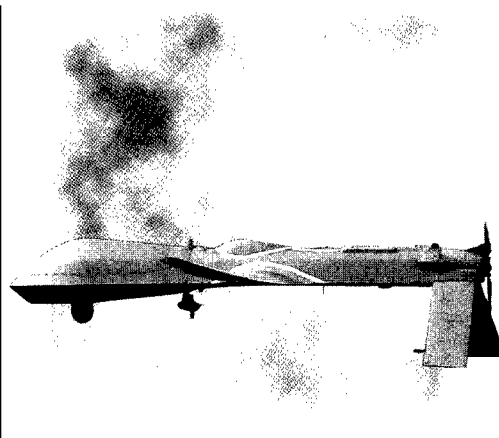


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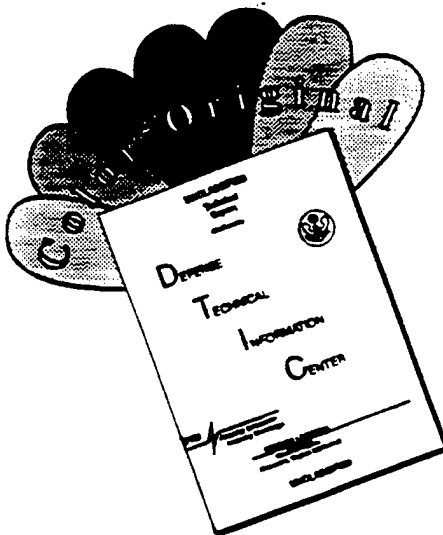
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Acquisition reform today and tomorrow.

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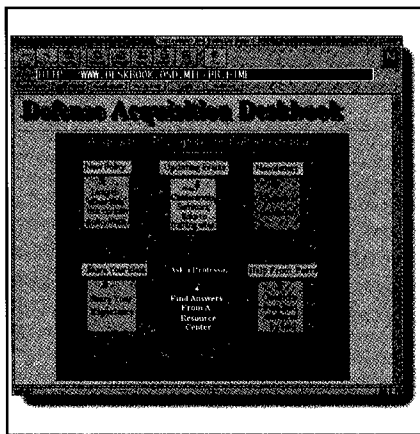


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# Program Manager Interviews

## Gil Decker, Army's Top Acquisition Executive

**"Do the Important Things Without Compromise"**

**N**ever squander. Always save. Don't be wasteful. That advice from Mom, forged in the hardships of the Great Depression, steadied Gilbert F. Decker in his rise through the executive ranks of private industry and government. Now serving as the Assistant Secretary of the Army for Research, Development, and Acquisition, today Decker frequently recalls his mother's words as he goes about the business of acquiring the most effective, affordable, and supportable military materiel for U.S. soldiers.

Decker, sworn in as Assistant Secretary in April 1994, carries the additional titles of Army Acquisition Executive, Senior Procurement Executive, Science Advisor to the Secretary, and Senior Research and Development official. He is also, he will tell you, "an Army brat...my father was a grunt soldier," and is himself a retired colonel in the Army Reserve.

Decker graduated from John Hopkins University with a degree in electrical engineering in 1958. After a stint on active duty as an Army Aviator, he joined ESL, Inc., a California high-tech firm created and led by future Defense Secretary William Perry. Decker assumed the presidency of ESL on Perry's departure in 1977, subsequently moving on to executive positions with TRW, Penn Central Federal Systems, and Acurex. He also served as a member and then chairman of the Army Science Board during the 1980s.



FROM LEFT: GILBERT F. DECKER, ARMY SERVICE ACQUISITION EXECUTIVE, SPEAKS TO PROGRAM MANAGER'S REPRESENTATIVE, JAMES WITTMAYER, FROM HIS PENTAGON OFFICE.

A self-professed member of the "Perry Mafia," Decker speaks of acquisition reform frankly and with great enthusiasm. Yet underlying his satisfaction with what has been accomplished thus far, one also senses his pride in the people who—now unencumbered by much red tape—are producing results once thought unachievable. Decker spoke to *Program Manager* in his Pentagon office.

**Program Manager:** *If we may, why don't we begin with your background. Please give us a sense of what your goals and objectives were coming into the position, and what qualifications you brought with you that, surprisingly or not, have really helped you in this position.*

**Decker:** I was very fortunate. My dad was a military career officer (he was an Army officer), and so I grew up as a military brat. I went to school at John Hopkins for an E.E. degree, took an ROTC commission, spent almost six years on active duty, and then resigned though I stayed on as a reservist. I then moved out to California to go to graduate school at Stanford, and then in 1965 met a gentleman named Bill Perry. The year before, he had started a small company as a spinout of the company he had been working for—it was the company where I had gone to work while I was at Stanford.

*James Wittmeyer, former editor, Acquisition Review Quarterly, conducted the interview with Assistant Secretary Decker on behalf of the DSMC Press.*

I joined his company in 1966, which was a company devoted to reconnaissance intelligence electronics and that aspect of defense electronics. So I stayed with that company and we had some really smart people; Bill had a very good sense of where the needs of the government were in those fields. The company prospered, we grew, and went public as a stand-alone company. I had become the Operations Vice President over the years as we grew. I



had maintained my activity in the Army Reserve (weekend warrior if you will), and went through the various Army Reserve schools. So I learned a lot about the military acquisition business.

I feel compelled to say that in my previous career experience, I hadn't thought much about ever being an appointed official in government, whether it be in acquisition or anything else, so that really wasn't an end goal. A great deal of serendipity occurred along the way, which I feel, if I look back, if I had ever said to myself, "Thirty years into my career I'd like to be the Acquisition Executive of the Army in the Defense Department," I don't think I could have mapped out a better path. That wasn't a pre-ordained thing. It happened that way.

**Program Manager:** *So you were staying current on the military in general as well as in acquisition?*

**Decker:** Exactly. It also helped a lot in business. I had gone through the U.S. Army Reserve version of Command and General Staff School (C&GS). I taught C&GS in a U.S. Army Reserve School for awhile. Then when I made O-6, I became a mobilization designee (IMA), and I spent two summers out at the Troop Support and Aviation Readiness Command in St. Louis as a logistics officer. There I learned a bit about materiel management and sustainment operations. Meanwhile the company [ESL, Inc.] was growing, and we were doing business with all three of the Services as well as the intelligence community. I began to clearly see how cumbersome the defense acquisition system had become—just a huge waste of processes, for example hundreds of pages in an RFQ that you could hardly understand. So I saw it from that dimension. I was also on a few study groups to look at that from trade associations' viewpoint. From all of that, I was able to really see both sides of the system and understand the military acquisition processes—I must say I enjoyed all that.

Bill Perry left ESL to become the Defense Acquisition Executive (the same job that Paul Kaminski has now) in the Carter Administration. So he had to sever all official ties with industry. I then became president of ESL, and the company was later acquired by TRW. All of that—aerospace and defense, some investment banking work, staying active in the military—was just a good pattern to really see how things worked, and in my opinion how they should work and weren't working. In early 1983, I was appointed to the Army Science Board so I had a chance to do studies for the Army, a great deal of them in technology and acquisition.

Then in 1988-89, I spent two years as Chairman of the Science Board. And that was a pretty exciting experience; that's kind of the whole rubric of my

career. Then in 1985 I had moved away from California and was back here [Northern Virginia] for about five years with the Penn Central Federal System Company, restructuring all of their government business operations. Then I went back to California in early 1990 and took over a diversified high-tech company named Acurex to restructure it and sell it. At the time, the owners really wanted to get out of the business. Bill Perry was on the board of that company, so I was continuing my association with Bill long after he had left the government.

I completed that restructuring in '92, and we then sold the company; the shareholders seemed really happy with the results. In the interim of course, Bill Perry had always been very active in national security matters even though he was out of the government. He was on the Defense Science Board; he was on the President's Foreign Intelligence Advisory Board; he did a lot of studies; he was a part-time, tenured professor at Stanford, mainly in things relating to international security and international economics. He's a very smart and capable man. He and a number of us that were friends, acquaintances, and business associates were of an opinion that we really needed to streamline the acquisition system in the government. But at the time that was mere idle chatter, because nobody ever streamlined anything in the government.

Then when he was asked to be Deputy Secretary of Defense, after Les Aspin had been named the Secretary of Defense by President Clinton, he accepted that. As Deputy Secretary of Defense that first year, his No. 1 bullet was acquisition. Right after he was confirmed in early '93, he called me (I had gone to his confirmation) and said, "Look, you're in a good position in life, and it's time for you to consider giving something back. I'm trying to pull an acquisition team together that has been in business and knows business, and knows how to fix the system." To make a long story short, I thought about it—that whole tortuous

## GILBERT F. DECKER

### Assistant Secretary of the Army for Research, Development, and Acquisition

**S**worn in as the Assistant Secretary of the Army for Research, Development, and Acquisition on April 21, 1994, Gilbert F. Decker serves as the Army Acquisition Executive, the Senior Procurement Executive, the Science Advisor to the Secretary, and the Senior Research and Development official for Department of the Army.

As the Assistant Secretary for Research, Development, and Acquisition, Decker is committed to acquiring the most effective, affordable, and supportable weapons and materiel for U.S. soldiers. He is leading the Army's acquisition and procurement reform efforts, with emphasis on eliminating non-value added government requirements throughout the acquisition process. By initiating ways to reduce government decision cycle times and administrative costs, Decker is making every defense dollar count. He actively seeks innovative ways to acquire the latest technologies from commercial sources using normal industry business practices, where possible, and through the use of performance specifications. He manages all Army acquisition programs, reviewing and approving the Army position at each decision milestone.

Formulating technology base strategy, policy, guidance, and planning, Decker provides direction for the development of new weapon systems. In the pursuit of advanced, high pay-off technologies, his intent is to leverage resources by cooperating in every way possible with academia, industry, national laboratories, and allies.

As the Army Acquisition Executive, Decker establishes and maintains the Army Acquisition Corps, acting as final authority on all matters affecting the Army's acquisition workforce. In addition, he provides testimony to Congress in support of the President's budget. Decker serves as spokesperson for assigned portions of the Army's budget requests; identifies programs for funding adjustments; and prepares congressional appeals and correspondence of a programmatic or technical nature.

From 1966 to 1982, Decker was employed by ESL, Incorporated, rising to the Presidency of that firm in 1977. Since then, he has headed the New Ventures Department of TRW, served as President and CEO of Penn Central Federal Systems Company, and as President and CEO of Acurex Corporation.

From March 1983 to November 1989, Decker served on the Army Science Board. He also served as Chairman from March 1987 until the end of his appointment on the Board.

Decker graduated from John Hopkins University in 1958, with a degree in Electrical Engineering and a commission in the U.S. Army as an armor lieutenant. Subsequently he attended flight school and served on active duty as an Army aviator until 1964. Upon leaving the active duty Army, he attended Stanford University earning a Master of Science Degree in Operations Research in 1966. He retained his commission and remained active in the Army Reserve until 1988, at which time he retired from the Reserve as a colonel. Decker is a graduate of the Industrial College of the Armed Forces.

Decker and his wife, Sandy, have three sons and two daughters. His permanent residence is in Los Gatos, Calif.



Photo courtesy Gil Decker



IRENE DECKER ON MANAGING WITHIN YOUR BUDGET: "YOU OUGHT TO NEVER SQUANDER YOUR RESOURCES. ALWAYS SAVE SOMETHING. YOU DO NEED SOMETHING TUCKED IN THE SOCK FOR A RAINY DAY. THINK AHEAD, AND DON'T BE WASTEFUL."

trail of the background I've had plus being associated with him—that was the kernel or the seed that got me into a position where I could be nominated by the White House. So there's a little bit of serendipity there; if John Doe had become the Deputy Secretary of Defense I probably wouldn't have this job.

**Program Manager:** For the most part, it sounds as though the selection was depoliticized. In the press at the time there was quite a bit of comment about that anomaly; when Mr. Perry went up to the position of Secretary of Defense and Mr. Deutch filled in behind him, that was the first time apparently in a long number of years that you had basically two non-political types.

**Decker:** Yes, generally one of those folks really comes out of the politics, be it elected politics or whatever. It usually works fairly well if you get one of the guys as an operator and one of the guys as a politician.

**Program Manager:** This seemed then to work very well?

**Decker:** Bill very much had the full support of Mr. Aspin, and he had the full support of Vice President Gore on reinventing government. Bill felt that we really needed to de-politicize the acquisition and procurement positions in particular.

In terms of political connections, Bill really convinced people that he should at least recommend the folks for these acquisition jobs. Neither John [Deutch] or Bill are politicians in the classic sense of the word.

**Program Manager:** Nor does Dr. Kaminski appear to be. That's what interests us about your background as well. All of you gentlemen appear to be cut from the same cloth. It's something that's a little different for government. This certainly leads us to believe that this may have something to do with the progress in acquisition reform.

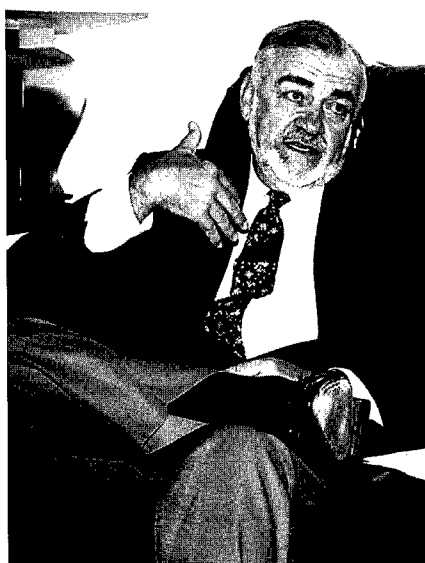


DECKER IS A SELF-DESCRIBED "ARMY BRAT. MY FATHER WAS A GRUNT SOLDIER." HE HIMSELF IS A RETIRED COLONEL IN THE ARMY RESERVE.

**Decker:** Bill [Perry], as the Secretary of Defense is not going to try to handle acquisition reform efforts in a hands-on way; he's got too much to do in the broader arena of national security. But it sure makes a difference when the Secretary of Defense says, "I've got a bunch of bullets on my screen, and I've got to handle them all. Acquisition reform and streamlining the procurement system is still a major bullet. I want it to happen." And he periodically does conduct reviews. He'll have us all in, and we'll go through what's happening on each of the different initiatives. As busy as he is, he lends it his personal attention. Even if it's an important project, if he doesn't like the way it's going, it doesn't progress. To a great degree, his academic, his business, and his national security background has made a great difference.

**Program Manager:** *You're all comfortable then with systems and systems engineering and that sort of thing. All of you have had business experience, and you've been on the other side of those cumbersome government acquisition processes. You all come from that experience. That strikes us as being somewhat unusual in this Administration.*

**Decker:** Yes, we have people in all these key positions that come out of a high-tech, business background—Art Money, myself. John Douglass, however, was never in business in the classic sense. But if you go back and look at his record, he was a staffer, and a pretty good one. Back in his pre-staff career, he was a senior Air Force officer involved in acquisition, and ran programs. So he knew the business from that vantage. So I would say that he is not the standard political appointee either. Kaminski, Art Money, Noel Longuemare, myself...yes, you could say we're cut from the same cloth. Most of us worked together and knew each other. A lot of this is a Bill Perry "Mafia"—a Mafia's OK if it's used for the right purposes. Bill really wanted to get people that he felt were known performers and understood the system, so he tried to do some "hand selects." To President Clinton's credit,



**"...if I look back, if I had ever said to myself, 'Thirty years into my career I'd like to be the Acquisition Executive of the Army in the Defense Department,' I don't think I could have mapped out a better path. That wasn't a pre-ordained thing. It happened that way."**

he supported that fully. A lot of the White House staff didn't like that, so there were some hassles getting through the staff part. But President Clinton backed Perry all the way on this.

The main thing is end results. I think we have made a lot of progress in streamlining the acquisition system. That was the main job we had.

**Program Manager:** *One of the items that is of particular interest to our readers at the College is a comment you made last year at AUSA in which you said, "Acquisition reform depends on education and training." Tying in with that, could you comment on the Acquisition Roadshow? We understand that you hoped this year to make about 15 presentations to 4500-5000 workers. Have you been able to get out to some of these and get a sense of how they're going? What type of feedback are you getting?*

**Decker:** Let me start by going back. This is Roadshow 5; Roadshows 1 and 2 started before my time. And I think there's a message there that people within the Army deserve some credit for. The thinking going on with people like Bud Forester, the former MILDEP that was here, and toward the latter phases of Steve Convers' tenure here, was that there were some things they could do. They believed we didn't need big proclamations of new ways of doing things to streamline things where we can streamline things. And certainly you can use commercial specs when you're buying commercial items. We had been doing dumb things, especially in the area of MIL-SPECs. So they started Roadshows 1 and 2 dealing with some of those issues, and saying, "Let's streamline our specs." I wasn't around for those two Roadshows, but I understand they were reasonably successful.

They got the vehicle established, put some funding in it, and created the agenda for a series of two and one-half day training courses. They then hit the major systems commands where the PEOs and PMs reside, as well as the systems commanders. And they made some progress. In fact, under the tenure of those guys, a big example of an acquisition reform success that I think was driven somewhat by the knowledge imparted by the Roadshows was the new training helicopter.

That was under contract when I got here. That's fundamentally a commercial machine that has some adaptation to be used for training pilots. It trains the raw pilots that have never flown before. It's not a warmaking machine. They essentially took a commercial system and added some minor mods to it. All the commercial specs, the entire RFU package—everything was less than 90 pages. And it worked. The first one was delivered 14 months after contract award.

**Program Manager:** *Then it can be done?*

**Decker:** It can be done. The training is quicker. The first year that I got here for Roadshow 3 was the year that, finally the big Process Action Team (PAT) chartered by Perry's administration, led to the revamping of MIL-SPECs, and in doing so struck the first major blow for freedom. It was an Army-led PAT team. Instead of MIL-SPECs, we used performance specs. To use performance specs, you have to use "best value" evaluation of your procurements. You can't just use lowest qualified bidder. So the theme of Roadshow 3, going out to 12 or 14 various places, as you pointed out, was not only having some discussions and panels, but conducting small group workshops. I got very involved in that, and I said that this was probably the best vehicle we have to teach something specific. I don't view that at all as competitive with what we're trying to do at DSMC. DSMC is fundamental underpinnings to get somebody equipped; to me it's sort of the difference between getting a college degree and learning the "how to" on the job. These were things that we needed to impart to the workforce. I figured one of the best ways that you can ever help change a culture is to get out and work with the people who are doing the work.

I also felt that it was critical that I and other senior acquisition leaders participate the full first day of each Roadshow, including giving a talk in the morning. We always had a senior execu-

tive speaker from industry; we had General Coburn coming to all of them; we had all the senior people. We also conducted question-and-answer panels, and stayed for some of the workshops in the afternoon to see how they were going over with the acquisition workforce. It was a good Roadshow that year.

If we fast forward to '96, the same pattern is there. (I had to miss three, I've made seven of them, we've conducted 10 so far, and I'm scheduled to go to the last two.) I've made almost all of them, and I've enjoyed each one. There are about 200 to 250 people at each one. This year we have had great support from Defense Contract Management Command and from Defense Contract Audit Agency. The head guys, General Drewes and Mr. Reed, have personally attended and talked about the new auditing processes, how they're working on an IPT basis, and how they're there to provide audit data to you, the acquisition people. They've been there; they're getting their message across; they sit on the panels with us. The case studies have been excellent. There's a mandatory case study the first afternoon and first morning of the second day that is really interesting, and it illustrates source selection strategy and how to set up your criteria for source selection. It's really interesting to sit in on these sessions and hear the debates that go on.

**Program Manager:** *You mentioned performance standards. People have been at some pains to define the difference between performance standards and commercial standards. What is it you want your people to understand about the difference?*

**Decker:** Performance specifications (let me put the word "standards" aside) is laying out a description of the purpose of the system and the few pages of fundamental performance requirements of that system. Now if there are any standards by which the system must be addressed, it's OK to put those in there. Ideally, you'd like to use commercial standards; I'll give you

an example. Say that you're going to put out a performance specification—and this is a real-world example—for the Single Channel Anti-jam Man-portable (SCAMP) terminal for the MILSTAR satellite (that's the terminal for light infantry forces and special operations). You can get down to describing all the nitty gritty and all the MILSPECs and the kind of parts you have to use and all of that. Then you get an RFQ back saying that it will cost you a fortune. Or you can state that here are the basic communications performance requirements this system must meet. It's got to be able to be carried by three people in its broken down configuration. It's got to have a certain amount of transmit power because the MILSTAR satellites are designed such that if they don't get enough power, then you won't be able to communicate. So it's got to have a stated power minimum. It's got to handle the required data rate; that's a performance spec—you don't say how to do it.

After you go through those kind of specifications, you end up with about two to two and one-half pages of performance specs. And that's it. And what you say to the bidders is, "You describe to us in the proposal how you plan to design this thing, what your proposed reliability standards are." That's a performance spec, whereas in the old days, you would pull out all the MILSPECs related to ground communications terminals, and would have already specified the kind of circuit boards you're going to use and the kind of metal you're allowed to use. The contractors are still welcome to bid that, by the way, if that's their solution—but it usually won't be very imaginative nor cost effective in my opinion.

**Program Manager:** *Mr. Decker, you're an engineer. Is it hard to get engineers to move away from MILSPECs to performance specs?*

**Decker:** Very hard. A good engineer, if you ever get him thinking, discovers it's a lot bigger challenge working in

an RD&E Center or in the government developing a spec package, to really think through a performance spec, and leave be all the "how to's" to the bidders. They've been so conditioned for so long; it's a recipe thing, and you say no. If you want to get involved in the nitty gritty of design and actually implementing the design, you really ought to go to work for the contractors. That's their job. Our job is to tell them what we want. Slowly but surely—and our Roadshows have all emphasized performance specs and "best value" procurement—we're starting to see the people get better and better at that. And it's working

**Program Manager:** *It seems that that kind of close communication, i.e., the IPTs, may relieve some of those concerns that, "I have to tell them [contractors] precisely how to do it because you can't count on them to know without extensive guidance."*

**Decker:** First of all, that statement is a completely incorrect statement. Let's say you form an IPT, and it develops a good, hard-hitting performance spec that has the salient things that must be described. The IPT gives reasons why, but doesn't say, "Here's precisely how we want you to do it." It's a "what," not a "how." If you believe that any of the contractors that bid are so incompetent in their role as engineering design and manufacturing contractor that they can't handle that kind of spec, I don't think you want them on the job anyway. That's a fundamental thing. How can you imagine (and I don't say this to be pejorative) that you—whether you are in a government program or a government lab, and these are bright people—are necessarily any brighter at how to implement something than the contractor who builds communications systems day in and day out? You probably are both very good.

**Program Manager:** *But that strikes us as extraordinarily revolutionary!*

**Decker:** Well it is. But it works! Now the IPT thing is critical because there are some differences in things you



**"DSMC is fundamental underpinnings to getting somebody equipped; to me it's sort of the difference between getting a college degree and learning the 'how to' on the job."**

have to do in procuring for the military. You can't just say, let's treat it like the open market. The consequences of a company not satisfying its customers when it designs an automobile—and I'm over-simplifying—are that if it's a shoddy product, nobody will buy it after the first year, so you suffer in the marketplace. With the exception of certain safety standards (if you don't design those type standards in the product, you can run into legal and liability troubles, and people will lose lives), commercial companies fail or succeed on open market acceptance.

But in our military equipment, we do have to have some type of assurance that the product really will do what it needs to do or you'll have a big hole in the battlefield. I don't care if it's a water supply truck or if it's a tank or a radio. If you've got the requirement for that system well established and you know why you need it on the battlefield, and it's been reasoned through that the whole system is vital to put on the battlefield, then the thing really does have to work to a fairly high degree of reliability.

So you do have to do some added assurance that you might not do in the open market. But that doesn't say that you will gain that by going to a hundred pages of technical and MIL-SPECS. That won't get you there anyway. Particularly in the area of information technology, information processing, computers and communications, the commercial-industrial marketplace is way ahead of us anyway. That stuff rolls over in new product generations about every two years. So you really need to get the contractors in the mode of bringing their thoughts on how to design this. And we have two great examples, and a third one on the way already. One was the single channel terminal for MILSTAR that I already mentioned, and the other was the multiple channel HMMWV-mounted MILSTAR terminal—highly streamlined performance specs. Before we made the final award, we wanted demo's of breadboard systems with test data just to see if the performance was being met, made a "best value" evaluation, and awarded the contract on both of those, saving enormous amounts of money compared to the original POM estimate. They are hard contracts. In both cases, because we worked the terms and conditions of the contract under conditions of normal usage, we got four-year, bumper-to-bumper warranty...a fine system, great technology!

**Program Manager:** *As the commercial market moves on in technology, then is it easier to replace the guts of these high-tech systems?*

**Decker:** Absolutely. Certainly that's true in the information, computer, and display part of the game because the software doesn't roll over that fast. We use streamlined specifications for the JSTARS ground station module. If you go inside that shelter on that truck, about two-thirds of the equipment in there is all commercial computers and commercial displays. The van has to be air conditioned anyway or the troops couldn't live in there. Once you do that, you eliminate any temperature requirements. Secondly, you shock mount it—that's fairly easy. You have a computer that looks somewhat like the one on my desk except it's shock mounted. Why should we MILSPEC it to death—it'll weigh five times as much and cost 30 times as much. So it just works. Is it as easy and Pollyanna-ish as I'm making it? No. There are some legitimate cases where you need, on occasion, to specify in a little more detail. But those in my mind are the exception rather than the rule.

**Program Manager:** *Staying on the subject of automation, would you comment on the Standard Army Automated Contracting Systems (SAACS) and Procurement Automated Data and Documentation Systems (PADS). Are your goals still to bring those online around the beginning of FY 97?*

**Decker:** That's still the goal. I must confess to you in all honesty I haven't looked at those in recent times. Those are critical support systems for us, as opposed to systems for the warfighter. I tend, probably incorrectly, to spend most of my program review time on the warfighter systems. But I know the last time I talked to Keith Charles and some of our folks, they're still pushing to get the first releases of those systems early next year. And I hope they make it.

**Program Manager:** *We understand that you're hoping to reduce contract award and delivery times by as much as 50 percent. Can you give us a sense of how that is coming?*

**Decker:** I can give you several specific examples where we have done it.

Therefore we have an existence theorem. Across the board, my guess is that we're batting about 50-50 in terms of actually seeing measurable reduction. A big help in reducing delivery times is the complete re-vamping of the DoD 5000 series. The basic message in DoD 5000.1 and 5000.2 is, "Streamline wherever you go; simplify the milestones, and eliminate milestones that aren't needed."

The reason I bring that up is that when you start into the first step of acquisition after approval to fund the system in the budget process, you may not go through all five milestones the normal way. At that point in time, what we're saying is that the system has been approved; now let's get the RFQ ready, get it cleaned up, make sure it's right, and get it released. We're big believers in acquisition reform as part of sort of a broader IPT process, big believers in getting draft RFQs out to all interested bidders, and big believers in soliciting their detailed feedback. Now that builds in a little extra time up-front, but we think that's a big time-saver downstream. We really want to have comments back from industry where they indicate we've got too many specs in here or whatever. We're really pushing our people to listen to those comments and adjudicate them, and truly simplify the final RFQ. It doesn't mean we'll always agree with those comments, but at least we'll think it through. And so we're trying to take a little more time up front to get industry involvement in the draft RFQ.

I think we're finding that if you get the first draft RFQ together fairly rapidly, even if it's got some warts on it, get it out in industry and get their comments back, it really improves the quality and clarity of the final RFQ. It's worth the extra 30-60 days for the draft RFQ feedback cycle. So, we've inserted an almost mandatory procedure of getting the draft RFQ out and getting the feedback necessary to submit to industry a really good RFQ. We are finding they respond faster, so the overall time is shorter.

Turning to another aspect of RFQs, "best value" procurement, I'm a believer that every single thing we buy ought to be "best value." That means Section M in the RFQ, which includes the evaluation criteria, must be carefully thought out. Section M was a big emphasis on the current Roadshow. Really think through both the legalities and what is really important in the different factors. Lowest qualified bidder is no longer a useful way of doing things in my mind. It's looking at the totality of the criteria, evaluating it, and picking the guy that scores the best, not the guy that has the minimum qualifications and is the low bidder. If you do that, then you really ought to be able to award the contract to the true "best value" bidder.

The old process caused formal written questions to be sent to all bidders, and then formal written answers. It used to be you would send out questions; you would then get answers back. You had to disseminate everything to everybody. You now don't have to do that. If you're a bidder, I can now legally have you in with my team for orals and discussion. As long as we don't swap information among bidders and don't tell bidders proprietary information or other aspects of other bidders' proposals, bidders can tell us anything we want to know about their individual proposal. We can ask you questions face to face; it used to be you couldn't do that. We can say that we don't understand how you've designed this thing; it's not much better. Through these discussions, we will clearly understand the proposals. So we're really encouraging those kind of communications. When you go through that process, my belief is that, at most you only have one best and final offer (BAFO) from the bidders, and often you don't even need the one best and final. We've had several instances where we told the bidders up-front not to play games; you give this proposal your best shot because we don't intend to do a BAFO. We intend to do "best value" on the original proposal. When you put all those things together, you can cut the total time from

approval, to solicit, to contract award dramatically.

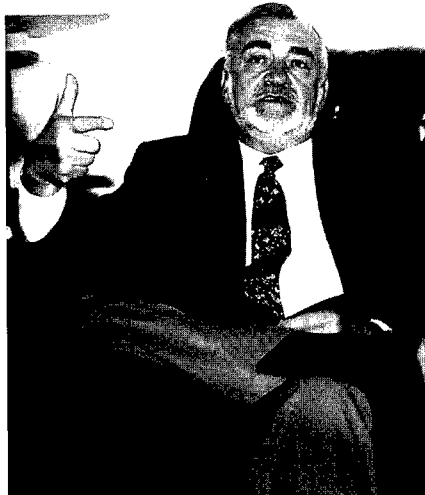
There is one issue in "best value" that we are emphasizing in our training, and that is "Don't try to level the competition. As an example, let's suppose there are three different companies competitively proposing on an RFQ. We, the government, have done all the things right; we've had industry comments on the RFQ, and the RFQ goes out. It's performance spec. Each of the three companies submits a proposal. You look at all three companies as a source selection team, and you say: Company A has far and away the best Seeker design, but the rest of the missile is only OK. Company B has got the best propulsion design, but is not quite as good as A's Seeker; Company C then has the best guidance link. So all three companies have no fatal flaws. The natural tendency is to consider marrying Company A's Seeker with Company B's propulsion design and Company C's telemetry link to attain the optimum missile. You can't do that. "Best value" is not leveling the competition; you've got to optimize. This is the hardest thing to get across. I'm convinced that in the past, one of the reasons we went through three, four, and five BAFOs was to try to merge designs and level the competition. You've got to select the overall "best value" among the three. In the long run, you'll have an overall satisfactory system at a more affordable cost.

**Program Manager:** *That's sort of the germ of gold-plating we would suppose. For example, "Hey, I just heard about this, and let's bring them in."*

**Decker:** You say no. You've gone to industry with a performance spec; you've received competitive bids; you pick the one that scores the best.

**Program Manager:** *Let's talk about the big success stories that you see in terms of projects, if you would be willing to identify a few for us and why they're doing so well.*

**Decker:** I can name a few off the top of my head. I'll start with one that I



**"A big help in reducing delivery times is the complete re-vamping of the DoD 5000 series. The basic message in DoD 5000.1 and 5000.2 is 'Streamline wherever you go; simplify the milestones; and eliminate milestones that aren't needed.'"**

think is one of the best weapon systems that we're dealing with in this decade. That's the Javelin missile. Javelin is an anti-tank, anti-armored missile for light infantry and early entry forces. It is one fine weapon system. It was pushing the envelope of technology. When it had gotten through all its pain and had completed initial operational test and evaluation (IOTE), and we were getting ready to go into low rate initial production,

Noel Longuemare said, "You now have gotten all the hurdles of technology solved; the missile has been approved for IOTE; you know precisely every part in it and how it's designed. Step back, and without messing anything up, can you do a cost reduction study to see if all the things that you can now do with that missile can still be done by reducing costs during production and sustainment?"

We put an IPPT together consisting of the government PM teams, the user, a government engineering team, and the two co-contractors—Lockheed Martin and Texas Instruments. They jointly looked at all the component parts and all the specific designs within the missile, and found they could redesign some of the circuit boards with far fewer parts because of new technology. They also found they could use dozens of commercial parts instead of MILSTD parts; they tested the commercial parts to validate reliability. They simplified the structure of number of parts of that missile without taking any risks whatsoever. It took about four or five months to do that. It would not have been done well without the IPPT process—everybody sharing with everybody, all seeking an optimal solution.

The net result is that we were able to shorten the production time of the missile quantities we intend to buy by two years. We also saved the cost per missile on an absolute basis, and we will save about a billion dollars over this eight-year period. But we could never have done that cost reduction study without acquisition reform. So Javelin is a real success story in terms of using acquisition reform methods to streamline the missile before it went into production.

**Program Manager:** *Was this a special team on the Army side? Is it critical, the people that are assigned there?*

**Decker:** Yes, quality of the people on the IPT is absolutely vital. In this particular case, George Williams, our TAC Missile PEO (who just retired recently)

and Colonel Roddy, the Javelin PM, were two guys that I personally felt were incredibly competent. They have pushed the system hard all along to produce a great and affordable missile. And they were two of the first ones to stand up and say, "We've really needed this acquisition reform for a long time." So they were already two of the best in the business. There's no question about it. Their performance on getting the missile to where it was, was a really tough technical challenge, plus the contractor team. So we didn't really have to say, "OK, I've got these stodgy old guys." Here were a couple of guys who were just waiting for somebody to say, "It is now legal and OK, and not only do I want to say it's OK to do it, I want you to go do this."

If you had people who were still molded to the old MILSPEC way of thinking, they'd probably say, "Oh no! I just got this missile through IOTE. Don't mess with it!" Their view was, "Now we know exactly what we've got in this missile, and we know where we can make tradeoffs. So sure, let's go do this." That attitude is absolutely vital. I believe that in the Army, managers on the program executive officer/program management side of the equation have this attitude. Now, it's really starting to move into the functional side. Do the important things without compromise whatsoever and get rid of the superfluous garbage.

Acquisition reform is not just one single thing. It's a total leadership and management philosophy whose code is: "Do things smart, and use good business practices. Don't spell out everything in great detail; have broad guidelines, and put qualified people on the job." One aspect of business practice that is outside the specific domain of acquisition management is our budget system (PPBS) and the OMB process which approves it, and the Congress which appropriates it. This process tends to change budgets within many specific programs, sometimes through reprogramming in a given year, and often on a year-to-year basis. This leads to big turbulence and

instability within programs. All the savings on a program that can be achieved through acquisition reform can be wiped out by one major budget change in midstream. Program stability (or more accurately, lack thereof) is 100 percent rated by PEOs, PMs, Systems Command Commanders, and the three Service Acquisition Executives as the biggest single problem we have that kills all our acquisition reform savings.

In this respect, Congress has been willing to authorize more multi-year funded programs than has been elements of Army and DoD leadership. We are working the stability issue along with streamlining of the PPBS system, but progress is slow. You know, if you go to a contractor and say, "I'm going to buy 100 of these a year, guaranteed for the next four years," then that contractor will invest and take advantage of pricing 400 rather than pricing 100 four different times. So multi-year contracts, which sort of give the contractor a guarantee (and you need a congressional OK to do that) are one of the big contributors to Javelin and the M1A2 tank cost reductions. We streamlined the acquisition procedures and the contracts, and we sold Congress on a four-year multi-year—all of this is part of acquisition reform. It's the awareness of stability of programs and pushing hard to make that happen. I, for one, would be in favor of having all of our major procurements be multi-year programs, and "fencing" them in defense budget guidance each year.

**Program Manager:** *So the feedback that you're able to give Congress on the multi-years that you have in place has been good?*

**Decker:** Excellent. I think we're good enough to know when the contractor is gaming us and when he isn't. We've had comparisons of what it would take to buy 100 tanks a year and do that for four years rather than a contract for four-year multi-year, and it's 10- or 15-percent savings at the bottom line. That's a \$100-, \$120-, or

\$130-million savings over a four-year period—in some cases more. We have that kind of data. It's not rocket science. Once you've taken all the non-value added processes out of a program and you have it down to its streamlined estimates, then if you can say, "Let's go buy the next four years' worth now," you'll get a far better price.

We have completed negotiations for a multi-year contract for the Army Apache D helicopter. That will be a four-year, multi-year for the initial LRIP. We will buy about 60 a year four straight years, at a savings of 20-25 percent of what it would cost one year at a time. I call all of this part of acquisition reform because of the emphasis and the way we've got people thinking now. And I mentioned the single-channel terminal for MILSTAR—that's just a model of acquisition efficiency, including warranty (we've got some real good experience on warranty provisions). There's a whole plethora that are really starting to show results.

**Program Manager:** *As they show results, then you build credibility with contractors who believe you really are going for "best value," and you build credibility with Congress? In other words, "This is OK, but take a little easier hand; don't make us come back every year."*

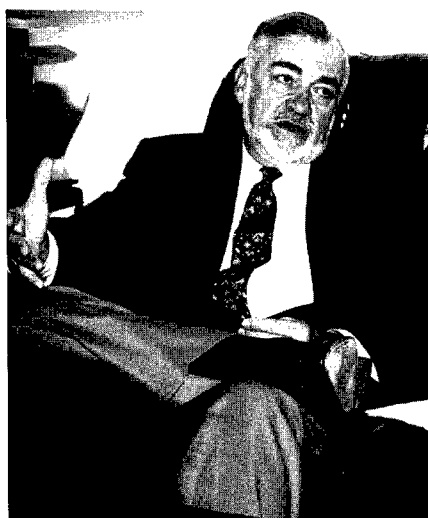
**Decker:** They won't do that across the board, so you have to really pick the high-leverage items and convince them. So far on the Javelin missile, on the Apache D model helicopter, on the M1A2 tank as three examples, we've had good success in demonstrating what we would save.

**Program Manager:** *Can we move you over to the personnel side and talk about, specifically, the acquisition workforce. They've been nailed about as hard as anybody in the government over the last three or four years or longer. Obviously, you're committed to training. The Roadshow shows that, in other words, "I want to get these people trained up; the better educated they are, the better they do." What's the morale like out there?*

*What's your perception of these people? Has the downsizing, rightsizing, whatever we want to call it—has that had an effect on the people that you're losing? Are you losing the wrong ones? Please give us a sense of where you feel you're at right now.*

**Decker:** That's a fair question. Some of this is perception. We've got some data, but I think the straightforward answer on the aspect of downsizing is, of course it has had a negative effect. However, people that come into the acquisition corps, particularly to get into program management as opposed to more general jobs, are very specifically goal-oriented. It's just the nature of these people to say, "Give me the training I need, give me the goals for my program, remove useless barriers, and I will deliver my program." So, the best thing for their leaders to say is, "I trust you to do a good job. My management reviews are going to be to check status and see where we can work together rather than play 'gotcha's'. You can make your own decisions." They like that environment and they, in turn, say, "The best thing I can do is to try to get this next milestone finished, tested, and delivered, and meet budget and have a good product." They take a lot of personal pride in doing that. So you get a cadre of high-caliber people in the PEO/PM business.

I really believe that's true of all the Services. And they're smart. So they clearly intellectually know that if our modernization budget for the Army in Research, Development, and Acquisition Procurement is down from \$15 or \$16 billion to \$10 billion now in terms of annual expenditure rate of programs, it's obvious that you're going to have to downsize. If you don't, then by definition you become inefficient. You've got too much overhead. So intellectually they accept that. And they help make it happen. Downsizing is not a happy environment, even though it's a necessary environment. So it has to be a morale depressant. But this depressant can be offset considerably by the kind of trust, leader-



**"We really want to have comments back from industry where they indicate we've got too many specs... We're really pushing our people to listen to those comments and adjudicate them, and truly simplify the final RFQ. It doesn't mean we'll always agree with those comments, but at least we'll think it through."**

ship guidance, and goal orientation that I described earlier. All in all, I think morale is reasonably good, in spite of the cutbacks and downsizing.

**Program Manager:** In other words, it's not only the people directly in your shop that are affected...

**Decker:** It's those that you depend on to support you, and you get them on your team. Sometimes they'll work full time on your program. Obviously you don't like to see that side of the matrix reduced, but it's necessary. And so I think if that was all that was happening and it was "business as usual," without IPTs and more delegation and more trust, which I think we have brought to the party in this Administration with Bill Perry, I think it would really be bad news. So, we end up with two counter-balancing forces here: the unpalatable problem of having to live with seeing associates laid off or moved or whatever; at the same time a great deal of success in acquisition reform with support from the very top, including willingness of Bill Perry, Paul Kaminski on down, to delegate trust.

When you look at training, I don't think any person, male or female, would have become a GM-15 or an SES or an O-6 and certainly couldn't be a program manager without the requisite experience and schools. Once they reach that par, some are better than others, but nobody is an abject loser. So, the training and education activities for maintaining a hyper-performing acquisition corps are indispensable. So, we take as a given that people who become key acquisition professionals at the senior levels are all at or above a par.

Once you've decided that this person is completely competent and motivated to do this job at a par or greater level (and you can measure that), then you just ought to get out of the way and say, "You know the ground rules; you know the size of the box you can't move outside of. Run your program." And I think the major thing that senior management has to do is to support those folks. Adding up all the decisions they make, they'll probably bat about 800. Some won't work out. But the bottom line of the program will work out fine.

In the past, we've had a tendency to try to measure them on every individual decision they make, whereas it's the overall program success that counts. I really think we are getting away from that in the Army, not just me but the senior leadership, including General Hite and the people that rule the careers of our professional acquisition workforce—I think we've really gotten across to them that we really trust you to do your job, and we'll try to help. If you make a mistake, a mistake is a lot different than fraud and abuse. Don't mix those up. I think we tended to do that too much. A mistake is a mistake. I think this changing management attitude has been a morale booster, whereas the downsizing and the fact that budgets have caused us to kill or delete some programs through no fault of the program managers or PEOs, has naturally been a morale depressant. But in spite of all that, it's my honest assessment that at the bottom line, the morale's pretty good.

**Program Manager:** *That's the tricky part—to lay people off and keep the morale high of the people that are left.*

**Decker:** Yes, and it's exacerbated when you have a low-morale environment and continue to go around and nit pick the workforce while they're in a layoff mode.

**Program Manager:** *We talked before about your background and how that led up to giving you the confidence and competence to do this job, and how well all of you work together. In terms of dealing with a big people organization, what has prepared you for that? How do you deal with people? How do you get things done?*

**Decker:** Part of that's a little bit of an art, and I may not practice it perfectly. I learned a lot from Bill Perry because I worked for him for so many years in a small company, which later grew quite large. Bill's a great visionary and a great strategist, and he has the total mental capacity and the fortitude to get involved in a lot of nitty gritty

operating problems, but he never really liked that. Because of that, he was very prone at ESL to really delegate and trust, and depend on us to bring forth problems where we really had to have his support. But in the main, he was more inclined to say, "OK, you know the boundaries; you know the goals of your job; you know the problems; just do it."

Bill is a great salesman, and I don't mean that in any derogatory manner whatsoever. He understood what we were doing in the company; he stayed on the road a lot; but he was the strategic guy, which is what senior guys ought to be as the president of the company, in my opinion. So you just got used to saying, "OK, I'll just do what I think is right; I know the rules—I know what's legal and illegal, and I know certain things that I've got to work with." Not only did I not feel like somebody was nit picking me to death, in some cases it was almost to a fault. I'd say, "I really think I ought to go talk to Bill, but I know this bores him, so I'll slug my way through it." And then I began to see, "You know, this works." Bill had put a team together in those days of the company that worked well together. And I think he felt like we were above the minimum threshold of competence, and still below the Peter Principle level of incompetence. Unless we were malfasant, we'd get the job done. Well we did, and the company prospered.

And I started looking at that and I realized I was not anywhere near as smart on any given topic as the program managers or the engineering managers or the marketing guys. I try to be an innovator, and sometimes I've got to make value judgments when these different folks are at odds with each other. But on the specifics of given activities, if I am smarter than the project manager, we're in deep trouble, and I had better get a new project manager. It's just that simple.

I worked for TRW for several years, and I ran a group with about \$800

million in sales. There was no possible way you could do anything except drive yourself to an early grave if you worried about all the details. So you had to get in the mode of goal setting, and defining constraints, and working with the managers who worked for you, and just delegate them to do the job, and depend a lot on their integrity and straightforwardness to come forth and say, "I've really got a problem; we're overrunning this program, and I've done this, and this, and this, and I'm going to need some help working with the customer." That process worked very well for me.

Now does that apply in government? Well, in spite of bureaucracy and a tendency to micromanage, I think it does. In fact, it's the management philosophy that is desperately needed by the government. For myself, I'm in acquisition, and I can define the boundaries of what I do. And I feel free to practice the management philosophy I espouse. As soon as I'm told I can't do it that way anymore, my usefulness will be at an end, and I'll leave. So far, I don't think I've had any insurmountable restraints.

**Program Manager:** *It strikes us that what you're telling us here is that you've found, just in your personal circumstance, that this principle led to a lot of personal growth for you.*

**Decker:** Well it certainly did!

**Program Manager:** *Our sense is that you assume that's exactly how it works for your people.*

**Decker:** In my opinion, it absolutely works well for our people. I can say for sure that, at least within the field of acquisition and the responsibilities I have here, I haven't had any colossal disasters. One example is the Crusader Advanced Field Artillery System. We made a major change on the Crusader that we had to sell all through Congress. We got to a point where the liquid propellant design was not maturing the way people thought it would. And we had a backup design of a new

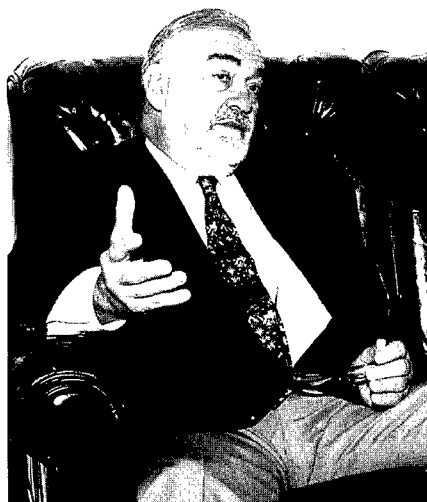
technology solid propellant. That's a tough call because you've got politics involved and everything. During the homework that led to the decision, I never, ever found that the PEO or the PM were shading the truth, or were exaggerating the problem. I got good steady, solid data, and they said, "Here's where we are." They needed some guidance in the final decision.

But I must tell you that the program team and one of the contractors had very different views of the risk associated with the liquid propellant design—honest views I might add. So, in this case, I brought in an Army Science Board team and I told our program team and the contractor, "Look, I want to get somebody that isn't wedded to the problem to give an assessment. They swallowed hard, but said, "We're probably too close to the problem." Well, we made the decision; the program is alive and well. It was all done in the spirit of openness, honesty, and integrity.

There's a cardinal rule that goes with that. If somebody knowingly and consciously distorts the truth, that's a matter of character, not a matter of competence, and you just can't tolerate those kinds of people. But you've got to set up a climate—you don't shoot the messenger. If you've got bad news, bring it in. I would go crazy if I worried about all the details in a \$14 billion program. I sleep well at night and I don't worry about it.

**Program Manager:** *Well tell us then, what is the philosophy behind your oft quoted statement, "I'll waive anything not required by law."*

**Decker:** The philosophy behind that is, "Look, there may be a bunch of rules. If they're laws, I can't waive the law. There may be some rules I can't waive, and I'll try to get them waived." The philosophy is that if you see something in your program that you can do better, I want you to do it. If there's a rule that is getting in the way, I'm happy to waive it or try to get it waived. That's not a license to steal.



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Nobody's taken advantage of it. Most of the people that have come in asking for waivers have had good, sound reasons, and I've granted most of them. I've gone up to Paul Kaminski where I don't have the waiver authority, and he's granted most of them. It's a statement of encouragement that says, "If this rule, as opposed to law, is in your way of being efficient, I'm going to get it out of the way." I'm glad that statement is being quoted; it makes people think. Interestingly enough, when I stated that I will waive anything if it makes sense that I'm entitled to waive, I didn't get floods of requests for waivers. I think what people are basically saying is that, "It may be a minor

nuisance, but I'll get through it. But if it really is a barrier, I've got supporters to eliminate it."

**Program Manager:** *What is the best advice that you ever received to prepare you for the job you have now, be it from a parent, friend, colleague, or mentor?*

**Decker:** That's a good question. There's probably two or three points in life that you get philosophy and advice transmitted to you. I think in terms of practice about what you ought to do with your life, the wisest counsel probably came from my mother. She was a Depression baby. My folks come from Georgia, and that was a pretty poor state during the Depression. She was born in 1916, so she was a teenager in the worst part of that. But somewhere in there—I think people that came out of that era, and watched their parents struggle, get laid off and have to find jobs doing just about anything—she really developed a philosophy that said, "You ought to never squander your resources. Always save something. You do need something tucked in the sock for a rainy day. Think ahead, and don't be wasteful." And she was hard over on that, almost to a fault. You talk about a woman who could find bargains—she just felt like you had to be responsible for yourself, and you really had to manage within the resources you had.

Now that transmits beyond just your personal finances. I kind of subliminally use that across the board. I take a look at what budget we do get from Congress and say, "OK, we've got to prioritize, work with the Secretary and the Chief of Staff, and package a program that will fit what we've got. We're not likely to get any more." Now we'll yell and scream and beat on them, and ask for more, but when the budget's finally settled, we've got to live with it. So we adopt an attitude of, "Let's just figure out a way, and we'll optimize. That means that we won't get everything we want." And I believe that, and I've always tried to run my own personal finances that way. But that was just the way she was.

# Defense Acquisition Executive Overview Workshop

**When You Need to Know Now!**

GREG CARUTH

**P**rogram Manager: Your course is relatively new and not widely advertised. We hope to change that. Why would a person take the Defense Acquisition Executive Overview Workshop (DAEOW) versus any other courses at DSMC? What is different about yours? What is the subject? And more importantly, what is the value?

**Burnes:** There are a couple of differences. The course ranges from a half day to two days. It's aimed at the general officer/flag level or SES for civilians.

And it's tailored. When participants call and ask for this course, we sit down together and develop a curriculum. Usually they want the course on their way to a new assignment. Believe it or not, people do go to new assignments at the O7 level in acquisition. If it's their first time in acquisition, they say "Tell me everything I need to know about acquisition in two days." We try to do that. Most requests for the course are requested through the Commandant for obvious reasons.

**Program Manager:** This is a high-level course. Two days isn't much time.

*Greg Caruth, Director, DSMC Visual Arts and Press, interviewed Dr. Bob Burnes, Defense Acquisition Executive Overview Workshop (DAEOW) Course Director, on behalf of the DSMC Press. Throughout the interview, Burnes highlights the course content; talks about student eligibility; discusses course progress, past and present; and encourages potential students to attend this unusual and innovative course offering.*

**"...the course was arranged and tailored specifically for me and my Deputy, and I truly appreciate the cooperative effort and spirit of your faculty and staff...DSMC is an outstanding resource and repository of knowledge..."**

**—Navy Rear Adm.**

**"...a superb job pulling together all the various aspects of contracting...gave me a great insight to the entire contracting process and pitfalls to avoid."**

**—Army Brig. Gen.**

**Burnes:** The course is not scheduled. It's given strictly on demand, and it's intensive.

**Program Manager:** How many people are at each offering?

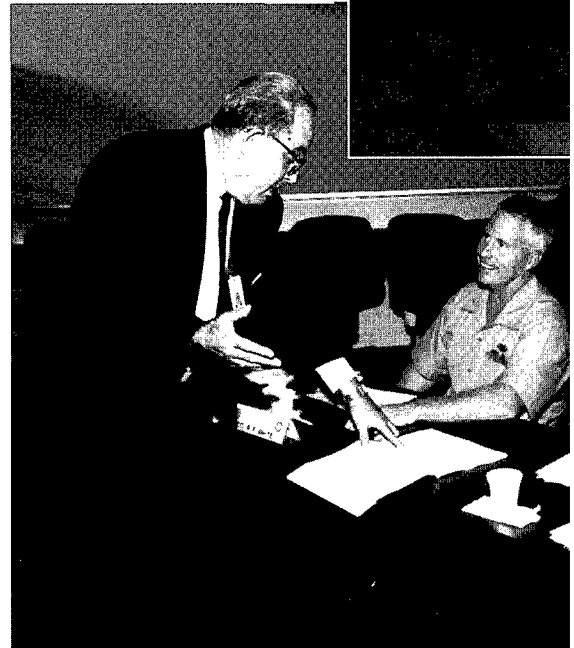
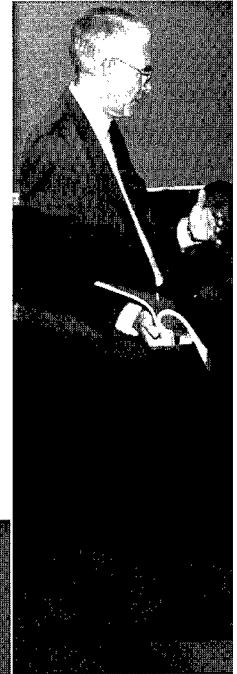
**Burnes:** It varies. We piloted this course in March 1995 for a political appointee. We were told that he was coming with three or four of his lieutenants. When they arrived, the class had grown to 25 or 30 of his staff. Fortunately, that has never happened again. In the other six classes we've held since then, we have had as few as one person and as many as five.

**Program Manager:** How do you generate additional students for a course if you know you're going to offer one, or do you try to do that?

**Burnes:** No. We don't.

**Program Manager:** So it's usually a group of people from the same office or the same area?

**Burnes:** Not necessarily. Sometimes that happens. Recently in June, for example, we had two brigadiers, com-



DSMC PROFESSOR AL BECK CONDUCTS A SESSION OF THE DAEOW. FROM LEFT: BECK; NAVY REAR ADM. STEVEN BAKER, COMMANDER, OPTEVFOR; NAVY CAPT. VANCE TOALSON, CHIEF OF STAFF AND DEPUTY COMMANDER, OPTEVFOR.



DSMC PROFESSOR DR. BOB BURNES CONDUCTS A RECENT SESSION OF THE DEFENSE ACQUISITION EXECUTIVE OVERVIEW WORKSHOP. FROM LEFT: BURNES; MARINE COL. SLADE BREWER, COMMANDER MCOTEA; MARINE COL. R. E. WHITE, MARCORSYSCOM.

mand level; both happened to be Army. But they were from different installations, doing different jobs. But both expressed an interest in contracting. They wanted a two-day version. The first day was general acquisition. The second day was contracting. So we tailored the course to meet their needs. Since they had "like interests," we brought them in together. They didn't even know each other, which is unusual.

On the other hand, we had a Navy commander attend with his chief of staff. That's more typical.

It's exciting, from our point of view, that we never know what's next in terms of when the class will be, how many people will be in it, who they'll be, or what they'll want to know. We've had O-7 to O-9 (promotables) in class. And it's been well received. Up until the 1997 DSMC Catalog, the course has never been advertised. Business has come strictly through word-of-mouth.

**Program Manager:** *So somebody could call you and—as one person, or as several people from a group—ask you to teach practically anything in program management that they wanted to know? And you tailor it for them?*

**Burnes:** Yes, anything in acquisition! Usually I work with their point of contact, develop a curriculum, send it to them; they mark it up, send it back, and finalize the date; then I schedule faculty experts to present the class.

**Program Manager:** *So this is basically education, but in many ways it's really one-on-one consulting*

**Burnes:** Yes. Because it's so tailored, you could call it consulting. You could call it continuing education. It's quite possible people could come back several times. In other words, if they go into an assignment in contracting, and don't know enough about contracting, they attend—then the next assignment is logistics, and if they don't know enough about logistics, they come

back. This is not necessarily a one-time shot.

We teach this course only on the main Fort Belvoir campus. For each specialty area, we get an expert—or several—from the faculty to tailor the subject.

We have gone to the Pentagon on one occasion. But, ideally, we'd like to have it at our main campus because, obviously, if we're going to run multiple professors in and out of a room, it's much easier to do that if we hold it here.

**Program Manager:** *Who initiated this concept?*

**Burnes:** I first heard about it in January 1995 in the former DSMC Executive and Short Courses Division under Air Force Colonel Andy Zaleski. Somehow, and I don't know how, the word came down to him through the Commandant's Office that there was a political appointee who wanted training in defense acquisition. To his credit, either he or somebody who worked with him said, "You need to go somewhere and find out about this thing called 'defense acquisition'." So he called us.

We put on a special one-time-only short course, two days—everything he needed to know about acquisition. Zaleski put it together and delivered it with his staff and other members of the faculty.

Then starting September 1995, six months later, folks started calling and coming. The Army, Navy, and Marines have shown great interest in all this.

So far, with only one exception, we've been able to address all the information using our own faculty. We've had the right expertise, and it was available at the right time. On one occasion, we brought in an expert from OSD. So that's another pool of expertise; we do that in our executive courses too.

When we start out, some don't know enough about acquisition to ask the

right questions—to say, “I need to know about...” I fax them a quick survey covering all the acquisition areas. That’s our starting point.

**Program Manager:** *What throughput are you prepared to deliver if this process takes off? That would have to be a concern.*

**Burnes:** Yes it is—kind of a two-edged sword. We’d like to see it take off. On the other hand, with a combination of drawdowns which we’ve experienced, and the tight availability of classroom space, I’d like to face the challenge of answering all the demand. That would be a nice problem to have.

**Program Manager:** *Do you have any big sticks in the fire at this point?*

**Burnes:** We have two more people who’ve expressed an interest, and I’ve gotten the heads-up that they are Navy types. I’ve gotten a heads-up through my Dean, Captain Vernon, to stand by for these folks. That’s usually the way the process starts. Keep in mind, we are doing this aside from our regular, officially mandated workload.

**Program Manager:** *These seem like requests you can’t ignore.*

**Burnes:** Interesting you should mention that. These are requests that we cannot afford to turn down—no matter what the situation.

I’m excited about the possibility to do this and help more people, because not only do we help them out, but, as indicated by some written endorsements from previous participants, they send others who work for them to take this course. Most requests we get come through the Commandant’s Office for obvious reasons.

**Program Manager:** *What does it cost the requesting organization?*

**Burnes:** There’s no tuition involved. The only expense to the organization or participant is TDY expenses, if any.

**Program Manager:** *At what grade do you start? You mention general officer/flag level. You’re not doing any colonels?*

**Burnes:** We’ve done one colonel, who came with a rear admiral. Each was a commander. It was a general officer/SES-level brief. What we do, because of the small audience—with the exception of the very first one—we do as a desktop, hard-copy interchange, rather than as a formal, stand-up slide show. Very informal. As an example of the flexibility and the extent to which we can go, the one O9 (promotable) who came in received the two-day agenda as a starting point. He came back and said it looked good except to “Remove all the breaks; take out the lunch hours!” We started at 8:00 in the morning and went until 4:30 in the afternoon, and then started the next morning at 8:00 and were done by noon. It was the ultimate fire hose. There was no stopping.

**Program Manager:** *Have you had any reactions from people that you can quote?*

**Burnes:** Off the top of my head, the only quotable quote that comes to mind is, “This was right on target for me.” The tone of the “attaboy” letters that have come to me through the commandant have been in the same vein.

**Program Manager:** *Can you think of anything I didn’t ask that you want to add?*

**Burnes:** What I think we need to do is recap. Let people know that there’s something a little different down here, that’s specialized, that’s one-on-one, that will bring them up to speed quickly in areas where they are lacking—through no fault of their own—particularly if they’ve taken on responsibilities they have not had an opportunity to experience. It’s a fire hose of information, experiences, lessons learned. It’s something they can get quickly in a

few days from experts, so that they have some idea what they’re facing and where others have been before them; and if we don’t have them [experts], we’ll get them. There’s probably no place else they can get that.

**Program Manager:** *If you were to describe a potential student or group of students, where do they get their bang for the buck and where do you get yours?*

**Burnes:** Let me say that probably a one-on-one is cost-effective in terms of what it may save the government on a program—but it’s not the way we think about doing business. Probably three to five people, up to 12, is reasonable; 30 isn’t.

**Program Manager:** *If this is continuing education, who do they contact? You directly or the DSMC Registrar?*

**Burnes:** In the advertising we’re doing now, I request they contact me directly at (703) 805-4563, DSN 655-4563, Fax (703) 805-2215, or on the Internet at burnesb@dsmc.dsm.mil.

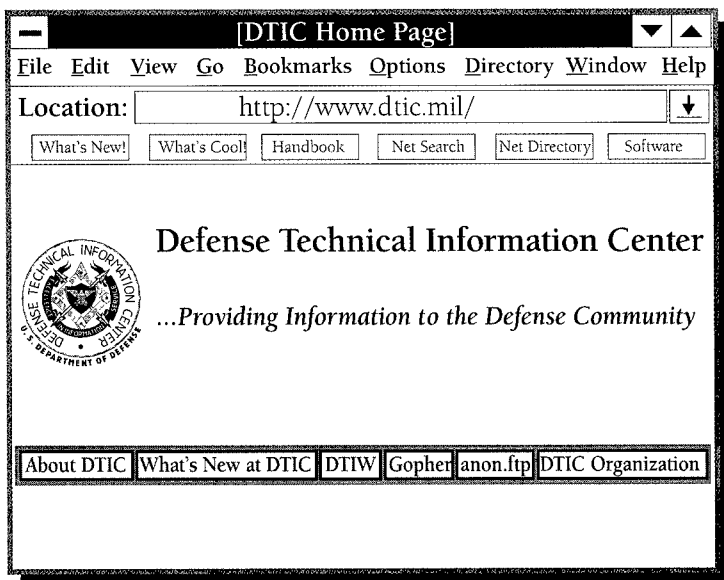
**Program Manager:** *Any last reflections?*

**Burnes:** I think, looking back over the ones we’ve done, which have indeed spanned the gamut from one to 30 people, I think the best interchange and learning occurs when the boss is there—that is, the general officer or commander—along with the chief of staff. We’ve had that in several situations, and we get two of them firing questions at us. That provides two perspectives because, obviously, the chief of staff has a different job than the commander.

**Program Manager:** *What they gain could mean substantial cost savings to the government.*

**Burnes:** Absolutely. At their level, mistakes could cost billions of dollars. That pays for a lot of two-day courses.

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# The Transition of ACTDs— Getting Capability to the Warfighter

## Demonstrating Utility is Only Part of the Job

THOMAS M. PERDUE

**T**he Advanced Concept Technology Demonstration (ACTD) initiative is a pre-acquisition activity that provides the user an opportunity to operate a prototype capability and to judge its military utility prior to an acquisition decision. Specifically, ACTDs focus on the question, "Is there a near-term solution, based on mature technology, that provides a useful and cost-effective response to this military need?" Demonstration managers typically structure ACTDs to be two to four years in duration and to be ready to move rapidly into the formal acquisition process if the user concludes that the proposed capability has significant utility and should be acquired. In the interim, the user retains the residual equipment from the ACTD, thus establishing a limited operational capability.

One set of challenges that the ACTD process faces is to enter the acquisition as far downstream as possible, and to do so with a quality product while maintaining the ACTD's established momentum. Another challenge is to transition effective and supportable residuals to the user, providing a useful interim capability. To respond to these challenges, the ACTD process includes development of a transition strategy during the initial planning phase for each ACTD, and the use of an integrated product team (IPT) approach during the ACTD to coordinate both the plan-

ning and preparations for these transitions.

### Classes of ACTDs

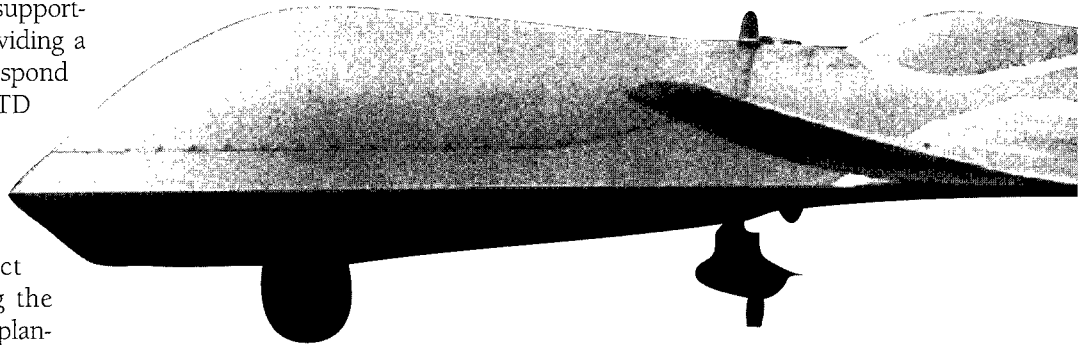
The wide variety of ACTDs and the broad spectrum of capabilities that they represent, make it difficult to be definitive about ACTD transitions without first identifying the type of ACTD involved and the post-ACTD objective. To distinguish among types of ACTDs that present quite different transition issues, the Department created a classification system. This classification system does not apply in all cases, but it does provide a useful starting point for discussion.

Based on the ACTDs DoD initiated in FY95 and FY96, three major classes emerged (Figure 1). The first, Class I, contains those ACTDs that are software-intensive and that employ commercial workstations as the computing platforms. Here, proliferating the capability demonstrated during the ACTD involves purchasing additional commercial platforms, duplicating the soft-

ware, and installing the system at additional sites. To maintain the system, the user will also require post-deployment software support. Class I ACTDs are generally the easiest to manage from a transition perspective.

Class II ACTDs are weapon, or sensor systems not unlike those found in the formal acquisition process. The unmanned aerial vehicles (UAV) are typical of ACTDs in this class.

Class III ACTDs are best described as systems-of-systems. They typically incorporate major elements (systems) in a high-level architecture that is intended to perform a specific mission. The individual elements may already be in the acquisition process and assigned to perform some other mission or missions. However, by acquiring additional elements or allowing joint use of the planned or existing assets, the ACTD architecture can provide a totally new capability. The transition of Class III ACTDs is the most difficult from a coordination perspective due to complexity and



*Perdue is the Principal Assistant, Deputy Under Secretary of Defense (Advanced Technology). He was the co-chairman of the Predator Transition Integrated Product Team (TIPT) and is currently the co-chairman of the Outrider, Counter Proliferation, and Rapid Force Projection Initiative TIPTs.*

lack of precedent for many of the activities.

### **Post-ACTD Objective**

Before a transition strategy can be established, the developer and user must define what they propose to do with the capability following completion of the ACTD, assuming that it is determined to have high military utility and is intended to be issued to the operating forces. First, is it appropriate to enter the formal acquisition process, and if so, what is the proper entry point? If the quantity and capability of the residual hardware are adequate to fully satisfy the military need, the objective should be to transition the residuals to the user and to acquire nothing more. On the other hand, for a specific Class I ACTD, there may be a need to install a small number of additional systems at designated locations. In this case, the post-ACTD objective would consist of acquiring and installing additional commercial workstations.

A third possibility for the post-ACTD objective would be to enter a final development phase. This would probably be a tailored Engineering and Manufacturing Development (EMD) program in which the ACTD configuration would be made more robust, smaller, less expensive, or would be integrated with an existing host system. While further development may be a legitimate objective, in some cases it will delay fielding and should be chosen only when a transition into production has serious drawbacks.

**Before a transition strategy can be established, the developer and user must define what they propose to do with the capability following completion of the ACTD, assuming that it is determined to have high military utility and is intended to be issued to the operating forces.**

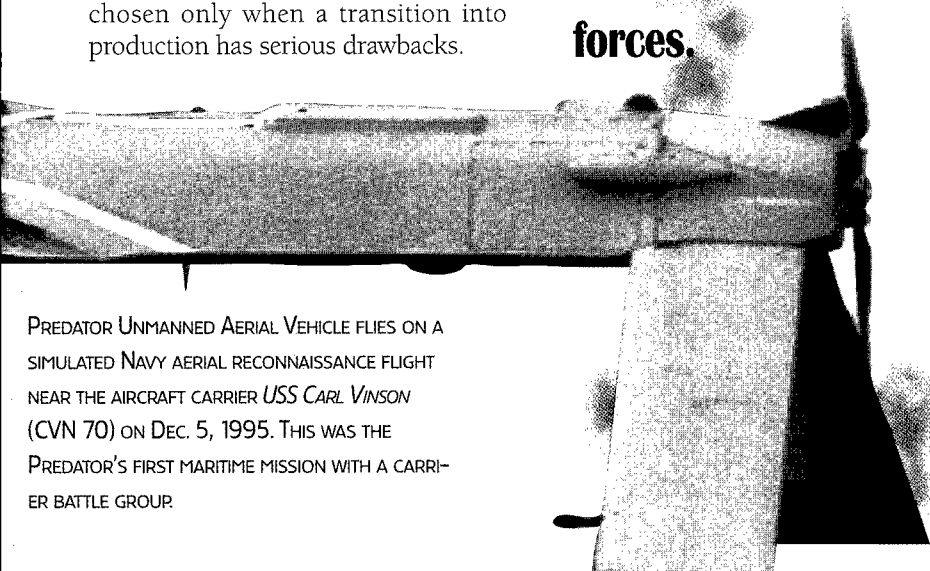
The fourth alternative is to enter directly into production following the ACTD. Entry into low rate initial production (LRIP) or, in some cases, into full rate production is a preferred objective when the hardware is required in quantity and unavailable commercially. Clearly, a major advantage exists in terms of getting capability into the hands of the warfighter quickly—a savings of three to five years. Aiming for LRIP is also fairly consistent with the demands associated with fieldable prototypes, since the design must already be suitable for the operational environment and for use by the intended operators. Admittedly, LRIP may not be the correct transition objective for all ACTDs, but for many Class II ACTDs, it will be.

### **Preparing for the Transition to Acquisition**

Within this framework of types of ACTDs and post-ACTD objectives, it is possible to address guidelines for planning the transition process. The specific example that will be discussed in this article is the transition of a Class II ACTD into LRIP.

### **Contracting Strategy**

Preparing for transition of a Class II ACTD into LRIP must begin as soon as DoD approves the ACTD. One of the first topics to consider is contracting strategy. It is important to obtain the benefits of competition early and to project those influences as far downstream as possible. One way to do this is to conduct a competition at the start of the ACTD and to retain multiple contractors during the early phases of the program. If multiple contractors cannot be retained, prior to the final downselect the government may choose to request bids for an option for LRIP, or may establish a unit price objective and make the production follow-on contingent upon meeting that objective. Regardless of the specific approach selected, it is important to develop a long-term contracting strategy and to communicate that strategy effectively to industry. Doing so will allow industry to judge both the risks and the rewards and to



PREDATOR UNMANNED AERIAL VEHICLE FLIES ON A SIMULATED NAVY AERIAL RECONNAISSANCE FLIGHT NEAR THE AIRCRAFT CARRIER *USS CARL VINSON* (CVN 70) ON DEC. 5, 1995. THIS WAS THE PREDATOR'S FIRST MARITIME MISSION WITH A CARRIER BATTLE GROUP.

make their investment decisions accordingly.

### Supportability Strategy

Planning to proceed into LRIP at the conclusion of the ACTD means that there will be only one cycle of development and test prior to the start of production. Therefore, any required supportability features must be included in the design of the prototype. For example, built-in test capability required for fault detection and isolation must be developed and tested as an integral part of the ACTD. There will be no later opportunity to add that capability prior to the start of production. The Request for Proposal for the system development contract should clearly define the goal of entry into LRIP and should ask the bidders to describe their approach to ensure that supportability of both the residuals and the production configuration is adequately addressed in the ACTD.

### Interoperability

In planning a fast-paced program to develop and demonstrate a solution to a critical military need, any tendency to adopt a stovepipe solution must be avoided. While ACTDs generally provide less than optimum solutions, they typically establish an early capability that will be improved upon over time. It is important that this initial capability recognize and respond to the need for interoperability. The preferred strategy is to define the interoperability for the objective system, to determine how many of those requirements are appropriate for the prototype, and then to define a credible growth path that leads to full interoperability.

### Preparing for the Transition of Residuals

The decision to transfer the ACTD residual capability to the user is a decision separate from the acquisition decision, but one that will also be based primarily on the issues of effectiveness and suitability. In this context, effectiveness relates to the performance of the ACTD prototype and the

Figure 1. **Classes of ACTDs**

| ACTD Class                                     | POST-ACTD PHASE |        |           |
|------------------------------------------------|-----------------|--------|-----------|
|                                                | EMD             | PROD   | FIELDING  |
| <b>I Software/ Workstation/ Communications</b> |                 |        | <b>R+</b> |
| <b>II Weapon/ Sensor System</b>                | ✓               | or ✓   | <b>R</b>  |
| <b>III System of Systems</b>                   | ✓               | &/or ✓ | <b>R</b>  |



**✓ - Likely Transition**

**R - ACTD Residuals**

quantity of prototypes required to achieve military significance.

The quantity will need to be large enough to enable commanders of receiving units to perform their missions more effectively than they could without the residuals. Otherwise, they are unlikely to be willing to accept the maintenance and training burdens imposed by the integration of new equipment into their units.

The developer and user need to address the quantity of residuals during the early planning for the ACTD. They also need to address the suitability of the prototypes for use by the intended operators in the operational environment. This means giving proper emphasis to such areas as reliability, maintainability, man-machine interface, and designing for the operating environment. These are the primary differences that distinguish the ACTD fieldable prototype from a more common functional prototype.

In addition to the issues of effectiveness and suitability, the preparations for the transition of residuals will also have to address the concept of operations, logistics support, safety, maintenance, manning, and training. In many cases, the approaches used during the ACTD can be extended either

as an interim or a long-term solution. For example, contractor logistics support may be a cost-effective alternative to organic maintenance prior to the fielding of the full operational capability. Where maintenance activities are located outside of the combat area, contractor logistics support may be the preferred solution for the long term. The specific solution to each of these issues will need to be developed jointly between the developer and user organizations and tailored to the individual ACTD.

### Assessing Military Utility

The objective of an ACTD is to respond to a critical military need by building a fieldable prototype and putting that prototype into the hands of the warfighter for assessment of its utility. The central question in an ACTD is the military utility of the proposed solution. Three key parts comprise the assessment:

- First, is the capability effective? In other words, does it do the job it is designed to do?
- Second, is it suitable for use by the intended operators?
- Third, how important is it to the overall warfighting capability?

The users determine military utility. They also ensure that the military

exercises used in making that determination are both realistic and representative of expected operational environments. The users can get significant assistance on the first two questions from the operational testers who have experience and expertise in evaluating effectiveness and suitability. The operational testers can assist in structuring the exercise, defining the data needs, and in characterizing the performance of the system. The third question, importance to overall warfighting capability, is a more subjective determination that must be made by the users. This question needs to be addressed because, normally no funds are programmed prior to this point for system acquisition. Obviously, if the lead Service decides to acquire the capability, it must program the necessary funds. Demonstrating that the system is effective and suitable is a necessary task, but it is not sufficient to justify funding. In a zero sum environment, many demands compete for funding. To obtain support for acquisition funding, users must also show that the new system makes a significant contribution to our total warfighting capability.

### Defining Operational Requirements

As mentioned earlier in this article, the Department initiates ACTDs based on broad statements of need. However, entering the formal acquisition process requires preparation of an Operational Requirements Document (ORD). At the time the Department approves an ACTD, it also designates a

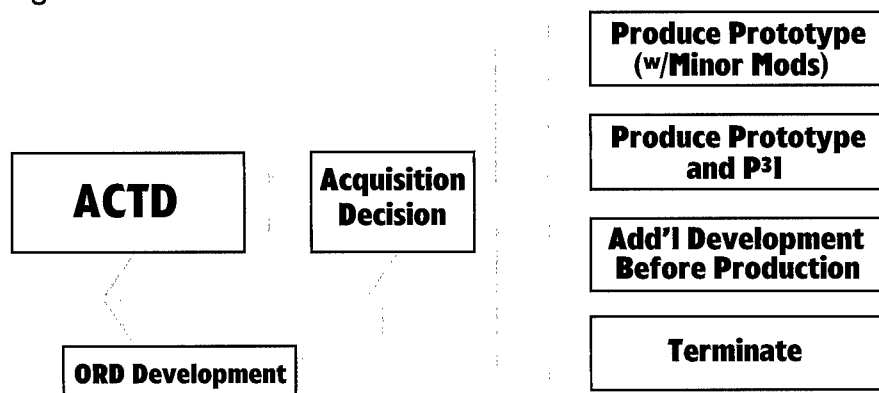
**Demonstrating  
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lead Service. During the ACTD, that Service develops the ORD. Although the ACTD process provides unique and very valuable inputs to the ORD development effort, it can also introduce complications into the task. The unique inputs come from the opportunity to "go to war" with a prototype capability and to judge its strengths and weaknesses under stressing operational conditions. The complications stem from the fact that the user must then choose from among several possible outcomes for the ACTD (Figure 2).

- If the prototype proves to be effective and suitable, the preferred course of action is to proceed directly into production, probably beginning with LRIP. Design refinements could be incorporated concurrently to correct minor deficiencies, if these refinements did not introduce significant risk into the program.
- A second outcome could be associated with a conclusion that the prototype is useful, but that specified upgrades could significantly improve its utility. Here, the approach could be to proceed directly into production with the prototype configuration (and minor modifications if needed), and to accomplish the upgrades via pre-planned product improvements (P<sup>3</sup>I).
- A third outcome could result from a conclusion that the prototype does not provide a useful capability, but with further development, it could eventually provide an effective and suitable capability. In this case, an EMD phase could be the appropriate follow-on activity.
- The fourth outcome reflects the conclusion that the prototype does not provide a useful capability, nor does it offer sufficient potential to justify further development.

The ORD for the first two outcomes would reflect the operational requirements for the prototype capability with specific changes or additions to address the minor modifications or P<sup>3</sup>I. The ORD for the third outcome may also differ only in terms of the

Figure 2. ACTD Outcomes



specific values for a few critical requirements. A suggested approach to the development of the ORD is to create a draft ORD early in the ACTD that reflects the expected capability of the prototype. If concerns exist with certain capabilities of the prototype, these capabilities could be flagged for detailed evaluation during the ACTD.

The first two-way arrow between the two activities (Figure 2) represents this interaction between the ORD preparation and the ACTD. The final interaction between these two occurs at the conclusion of the ACTD when the user knows the results and begins to contemplate changes in the operational requirements. This interaction takes place among the user, who operates the prototype during the exercises; the developer, who can address the implications of potential changes from the standpoints of cost and the schedule for fielding; and the operational testers, who can address the implications on readiness to enter production. One of the greatest benefits of ACTDs is the depth of knowledge and understanding that they provide users before they have to choose which of the outcomes best fits their needs, and before they have to issue an ORD that supports that choice.

### The Transition Planning Process

The actions taken during the early stages of an ACTD must reflect many of the elements of the transition process. For example, major procurement actions must reflect the contracting, affordability, interoperability, and supportability strategies. This requires that demonstration managers develop these strategies during the initial planning for the ACTD. Similarly, they must gear the demonstrations or military exercises to the basic issues that will determine military utility. The ACTD Management Plan then, should reflect these strategies and plans. As the Management Plan is taking form, and well before its approval, the demonstration manager should form a Transition Integrated Product Team (TIPT) to get the key stakeholders together and review the strategies and

plans. As shown in Figure 3, the TIPT serves as a bridge between planning activity at the start of the ACTD and the decisions that will govern transition to acquisition and to fielding of the residuals.

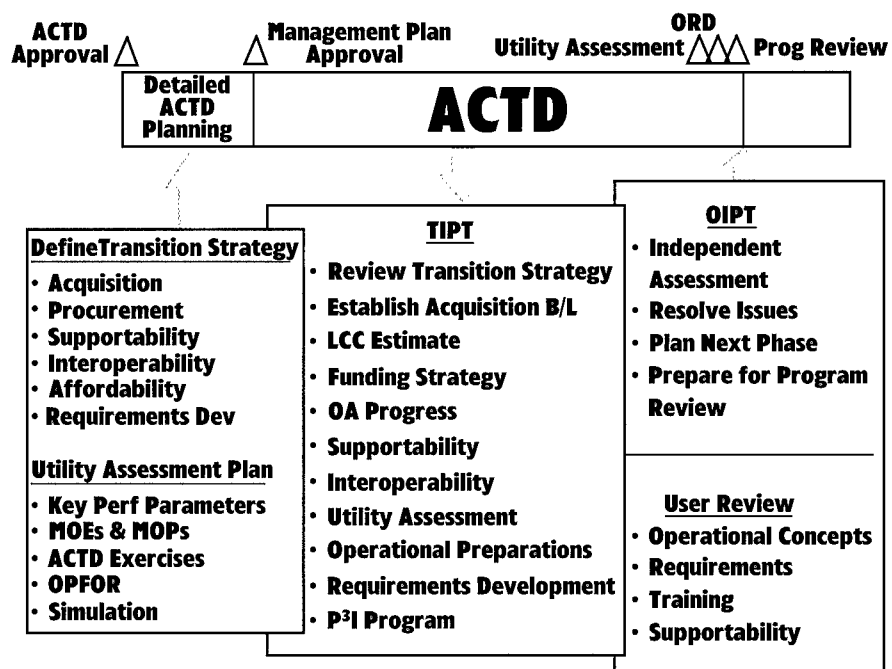
During the ACTD, the TIPT ensures that the transition planning activities include participation by the responsible Office of the Secretary of Defense (OSD) and Service organizations. The emphasis is on the identification and resolution of issues, as well as full coordination of the resulting plans. As the ACTD nears completion, the TIPT will hand off to an Overarching IPT (OIPT), which will complete a final review of the proposed acquisition and will prepare for a formal program review by the Defense Acquisition Executive. The TIPT will also prepare for and schedule a review with the user to confirm that the necessary preparations are on track for fielding of the residuals.

### Conclusion

The Predator ACTD is completed. The user judged the Predator's military utility to be very high, and one of the residual systems is currently operating in support of peacekeeping operations

in Bosnia. The Predator TIPT efforts are also completed, and the TIPT has now handed off the ACTD to an OIPT. A Program Review to consider initiation of LRIP is planned for mid-FY97. Based on experience with Predator, the Department developed and published guidelines for the transition of Class II ACTDs in the first update of the Acquisition Deskbook. This article summarizes these guidelines. Using these guidelines, demonstration managers can tailor the transition plans for other Class II ACTDs. The strongest lesson learned from the Predator experience was the importance of getting key stakeholders involved early in the development of a transition strategy. Also important is to keep them involved, through an IPT approach, in the detailed planning and preparations for the transitions. Currently, the Department has formed TIPTs for three additional ACTDs: Outrider, the tactical UAV, which is another Class II ACTD; Counter Proliferation (CP), a Class III ACTD; and Rapid Force Projection Initiative (RFPI), another Class III ACTD. The transition guidelines will be expanded to address the unique aspects of Class III ACTDs based on experience gained from CP and RFPI.

Figure 3. Transition Framework



# DSMC Professor Speaks at Vietnam Wall

**D**SMC professor and former North Vietnam prisoner of war, retired Air Force Col. Norman McDaniel, was one of the honored guest speakers at the Vietnam Memorial on Monday, Nov. 11. McDaniel's remarks

were carried live across the nation by CNN News and several leading networks, reaching an audience numbering in the millions. His words serve to remind us that freedom, indeed, is not free.

*On this special day as we celebrate and recognize the contributions and sacrifices of the men and women who have served our nation, let us never forget that it is because of their sacrifices and the grace of God that we, today, enjoy life, freedom, and the pursuit of happiness.*

*There is a wise and true saying that "those who forget the past are condemned to repeat it." Thus, we must not forget their sacrifices.*

*Today, Nov. 11, 1996, in America and Vietnam, is a very different day than Nov. 11, 1964, 1966, and 1968. In the Bible, the book of Ecclesiastes says, "To everything there is a season and a time to every purpose under Heaven: a time to kill, and a time to heal; a time to break down and a time to build up; a time of war, and a time of peace." With reference to Vietnam, now is a time to heal, a time to build up, a time for peace.*

*Those of us who went in harm's way to serve our nation and to help our friends, do not want our sacrifices to be forgotten or in vain.*

*Some of us endured, and still endure, mental and physical trauma.*

*Some of us endured long, painful, torturous years as prisoners of war.*

*And, some of those who served paid the ultimate price—their very lives—as represented by the thousands of names on these walls.*

*If those who gave their lives could speak, I believe their words would be similar to those penned by John McCrae when he wrote "In Flanders Fields." I can hear them saying, "To you, from failing hands, we throw the torch. Be yours, to hold it high. If you break faith with us who die, we shall not sleep, though life goes on, in Vietnam." Certainly, we want them to rest in peace.*

*So, let us make today and tomorrow a time of peace, a time of healing, and a time of continual rededication to the principles that made and keep our great nation free and strong. We owe no less to the men and women we honor here today.*



*Let each of us strive to make our life meaningful by being thankful for each day that we live, and by truly fulfilling the purpose for which we were created. God bless you, and God bless America!*

**Editor's Note:** McDaniel is a professor of Systems Acquisition Management, Principles of Program Management Department, Faculty Division, DSMC. He was held as a prisoner of war in North Vietnam for nearly seven years.

# Differences in Philosophy— Design to Cost vs. Cost As an Independent Variable

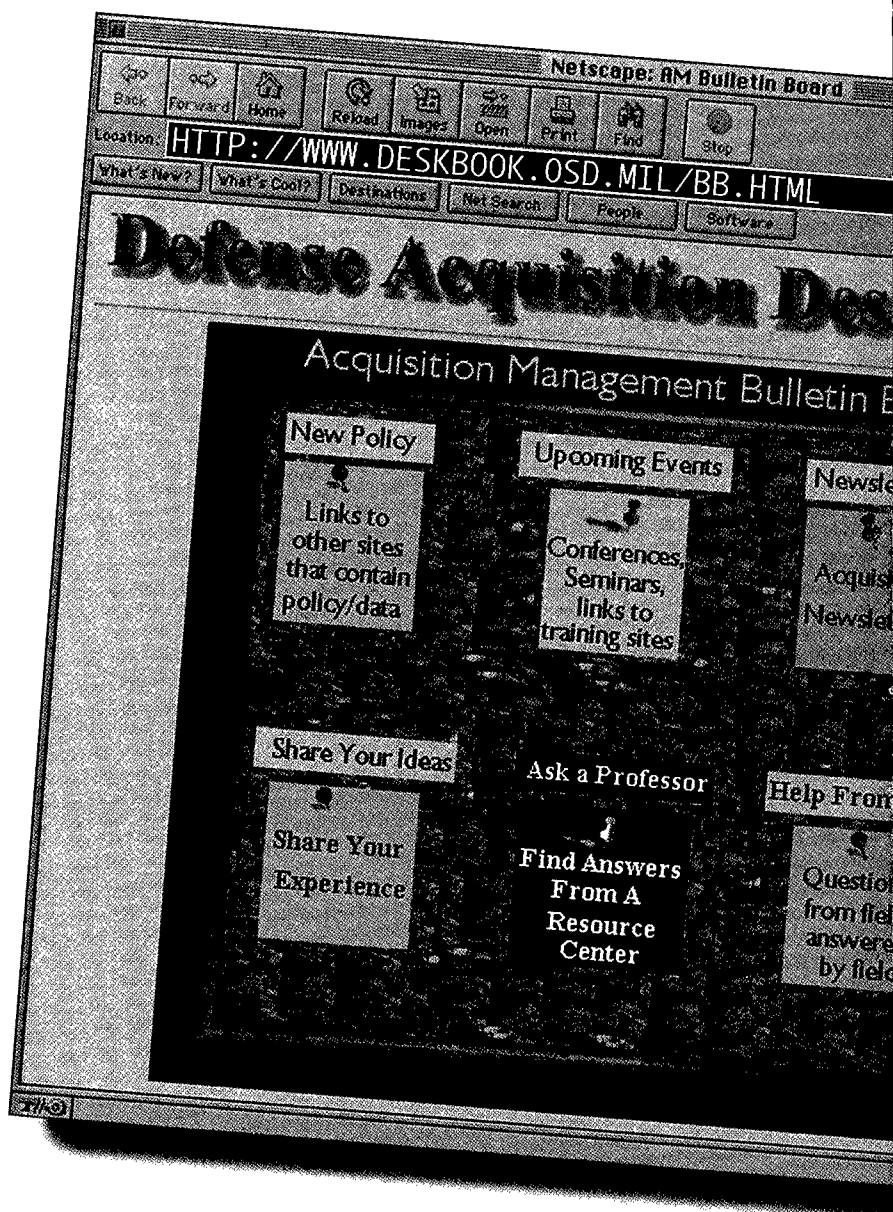
## New Focus on Total Program Costs Doesn't Mean Scrap All Previous Methods to Lower Production Costs

J. GERALD LAND

**A**n early question submitted to the "Ask a Professor" program concerned a relatively new philosophy with potential far-reaching implications for the Defense Acquisition community. The question pertained to the Cost As an Independent Variable (CAIV) philosophy and, specifically, differences between the Design to Cost (DTC) program and the CAIV philosophy.<sup>1</sup> This article is based on the response to that question.

**Q** Cost As an Independent Variable (CAIV) has many of the same tenets as the former Design to Cost (DTC) program. What differences exist between the programs? How will CAIV strengthen DTC shortcomings? One problem experienced with the DTC program was failure to adequately incentivize development program managers (both government and contractor) to "trade off" performance and schedule for downstream production and support cost considerations. Seldom do development managers remain on board after production has begun. Consequently, there is a tendency to defer the hard decisions.

**A** These comments/questions are not uncommon among individuals involved in acquisition for a lengthy period of time; others have noted the



*Land is the Faculty Chair, Funds Management Department, Faculty Division, DSMC.*

initial similarities of the two management techniques. The DTC Program goes back at least to the mid-1970s and, although it fell into disuse in the 1980s when program managers placed greater emphasis on using fixed price contracts for production contracts, DTC provisions and requirements remained in acquisition policy documents. In the late 1994, early 1995 time frame, the Deputy Secretary of Defense directed the Under Secretary of Defense for Acquisition and Technology (USD[A&T]) to, "...put in place a process for cost performance trades that permits day-to-day interaction between the Requirements and Acquisition communities by adopting an

Integrated Product and Process Development Team approach within DoD." Following work by an Office of the Secretary of Defense (OSD)-level steering group and working group, by memorandum, subject: "Policy on Cost-Performance Trade-offs," dated July 19, 1995, the USD(A&T) set forth the basic philosophy and policy that the cost of an acquisition program (as compared to performance parameters of the program) should be considered as an independent variable. Previously, program managers considered cost as the dependent variable (i.e., the one more likely to change in order for other variables to remain more constant). This memorandum formed the basis for the policy stated in the March 1996 DoD Regulation 5000.2-R relative to Cost As an Independent Variable (CAIV).

The OSD has not yet written all policy statements and detailed implementing instructions on the CAIV concept that will ultimately be published on this subject. As a result, this article is based on various published reports and discussions on the subject. The remainder of the article should not be considered the "final official DoD position" on the subject, but rather a discussion in the spirit of academic discourse on a current but evolving policy.

While the CAIV philosophy has the same ultimate goal as did the DTC Program,<sup>2</sup> the manner by which that goal will be achieved differs between the two concepts.

## **DTC—Primary Focus and Program Policy**

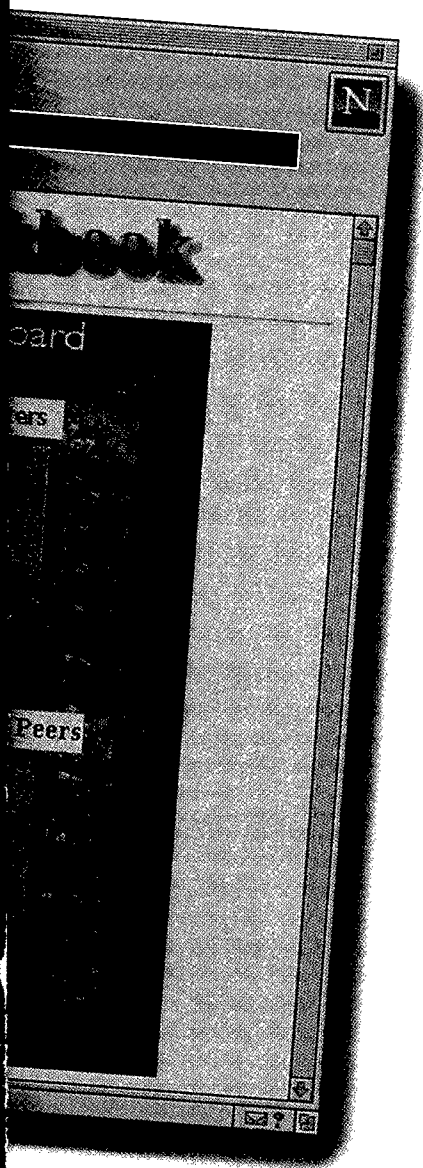
The DTC Program's primary focus centered on the projected average unit procurement costs (with secondary interest on projected operations and support [O&S] cost objectives). Although the idea was to identify cost drivers of the specific weapons system early in the life of that acquisition program and to consider ways to keep those costs under control, program managers (PM) were to give the greatest emphasis to production and O&S costs rather than the total life cycle cost of the program. Because PMs tended toward a greater interest in near-term problems, incentives for spending development funds to reduce production and O&S costs were often not as strong as some competing, near-term requirements.

Specifically, the DTC Program policy included statements such as the following:

*"...cost will be established as a design constraint early in the acquisition life cycle..."*

*"A design to average unit procurement cost objects shall be established for ACAT I programs beginning at Milestone I..."*

*"Initial design to cost activity shall focus on identifying cost drivers, potential risk areas..., and cost-schedule-performance trade-offs early in the development process."*



**This newly created program, known as the "Ask A Professor" program, operates in the following manner. An individual in the acquisition workforce can "post" a question pertaining to defense acquisition on the Defense Acquisition Deskbook Web site via a screen that identifies the inquirer, organization, location, phone number, and E-mail address.**

## "ASK A PROFESSOR" PROGRAM

### DAU Creates Web Site for Acquisition Dialogue

During the May-June 1996 time frame, in a series of meetings sponsored by the Office of the Deputy Under Secretary of Defense for Acquisition Reform (DUSD[AR]) pertaining to the handling of questions received through the Defense Acquisition Deskbook Web site bulletin board, the DUSD(AR), in cooperation with representatives from the Defense Acquisition University (DAU) consortium schools, made the decision to create a new process by which those questions would be answered. In essence, they divided the broad field of defense acquisition into 12 functional areas of expertise and, for most of those functional areas, also designated a Defense academic institution as the Center of Excellence (COE) for each area of expertise. While most of the COEs are consortium schools of the DAU, the representatives also identified and designated several non-DAU schools as COE for the functional areas closely associated with their individual training and education missions.

This newly created program, known as the "Ask A Professor" program, operates in the following manner. An individual in the acquisition workforce can "post" a question pertaining to defense acquisition on the Defense Acquisition Deskbook Web site via a screen that identifies the inquirer, organization, location, phone number, and E-mail address. To begin, the inquirer sends the question and identifying information electronically to the Joint Program Office (JPO) for initial screening. The JPO then posts the unanswered question on the bulletin board; simultaneously, JPO forwards the question to the appropriate COE. The COE prepares an answer and forwards that answer back to JPO, which then posts the answer together with the original question on the Deskbook Web site.

If a COE determines a question is better answered by another COE and should be redirected, it sends the question back to the JPO with an appropriate explanation. The responding COE may also recommend that the question and answer (Q&A) be incorporated into the Deskbook Information Structure. Thereafter, the Q&A remains posted on the Web site for a minimum of 90 days and is then either incorporated into the Information Structure, posted for an additional 90-day period, or archived into the Q&A database.

During these meetings, DUSD(AR) and the consortium school representatives also made the decision that answers provided through this program would not necessarily reflect official policy. Obviously, if a COE cites written official policy, the answer is simply re-stating that policy. Because Defense academic institutions do not normally have the authority to set official policy in their own right,\* the participants recognized that COEs should not set official policy through answers given to acquisition-related questions. In that regard, answers could be considered an extension of the academic environment in which there is a continuous flow of questions, responses, ideas, and concepts between faculty members and students. Such an environment is considered healthy for our academic institutions.

**Editor's Note:** You may access the "Ask a Professor" program at the following Web site:

**<http://www.deskbook.osd.mil/bb.html>**

\* An institution might be asked to either help develop policy or to recommend policy changes, but will not normally publish policy directives impacting activities outside its immediate command structure.

*"As development continues, efforts shall focus on identifying areas requiring corrective action because of excessive costs. Cost reduction techniques shall be applied to such areas to keep costs within acceptable tolerances."*

Primary policy emphasis was to "...identify cost [to include cost drivers] early in the life cycle; keep costs within acceptable tolerances; and, especially, to design to *average unit procurement costs*." In its implementation, the focus was to "agree on average unit procurement costs"; "design the program to stay within that cost figure"; and then "update/approve updated average unit procurement costs as the program transitioned from one phase to the next phase." Note the reference to "cost-schedule-performance," although there was not an established, practical process to actually achieve trade-offs among those program criteria.

While the primary focus of the DTC Program was for the PM to establish an objective for projected *average unit procurement cost* and then to stay within that cost objective, under the CAIV philosophy, the PM's focus becomes that of establishing aggressive, achievable objectives for the *total life cycle cost* of the program and then making management decisions to achieve those objectives. In addition to there being a different cost objective focus (i.e., average unit procurement versus total life cycle), there are other differences.

### CAIV-Primary Focus and Program Policy

Basically, CAIV is an acquisition philosophy intended to integrate proven successful, business-related practices with promising new DoD initiatives to obtain superior, yet reasonably priced, warfighting capabilities. Specifically, CAIV philosophy means that cost should be treated as an independent variable among the three variables traditionally associated with a defense acquisition program: cost, schedule, and performance. Simply put, an

independent variable is one that is "fixed," and other variables react to (or are dependent upon) the stability imposed by that independent (fixed) variable.

Previously, in practice, performance tended to remain relatively stable (i.e., it was treated as the independent variable), while cost increased (i.e., it became the dependent variable). While the total life cycle cost of a given acquisition program will not necessarily be absolutely fixed and never changed during the life of the program, under the CAIV philosophy, much stronger consideration must be given to stabilizing the costs of acquisition programs.

Probably the most significant difference between DTC and CAIV is that the latter's philosophy calls for establishment of a process wherein the PM gives a continuous and honest consideration to trading off performance requirements to stay within previously established total program fiscal constraints (i.e., complete life cycle costs, including development, production, O&S, and disposal costs). The PM gives this "continuous and honest consideration" at each milestone decision point, addressing specific ongoing actions to actively manage (e.g., by implementing cost reduction or cost containment actions) the total life cycle costs of the program. The PM sets aggressive cost objectives and then at each milestone, reports on the progress made toward achieving the objectives.

Under CAIV, there is specific recognition that the best time to reduce life-cycle costs is early in the acquisition process (e.g., it makes sense for the PM to spend development funds in order to save a greater amount of production costs and/or O&S costs when the program transitions to later phases). This recognition was not necessarily present in the DTC Program because of the focus on procurement (and, to a lesser extent, O&S) costs. Actions taken to contain or reduce projected future life-cycle costs are

considered as important as actions taken to meet the schedule and performance thresholds.

With regard to the concept that cost containment is as important as performance and schedule under the CAIV philosophy, there is the recognition (along with authority) that it may be necessary to trade off some elements of performance parameters in order to stay within the previously established cost objectives. Trading off performance parameters does not mean that the weapons system being acquired will fail to satisfy the user community's stated military operational requirement; rather, it means that a specific way of achieving that requirement may not be possible.

In order to do this (i.e., trading off performance in order to stay within cost objectives), the operational requirement must be stated in terms of overall system performance capability rather than in a detailed set of performance parameters. The key should be (and must be) that the required military performance capability be established and the acquisition community (both government and commercial) be allowed certain flexibility to achieve that capability (versus having the requirements document state that the requirement must be satisfied by the system having specific performance parameters).

### **Advantages of the CPIPT**

Another difference with the CAIV philosophy is that the PM is not alone in making decisions relative to implementing this philosophy. Early in the life of the program, the PM is to establish a Cost/Performance Integrated Process Team (CPIPT), which has representatives from the three primary communities involved in the business (i.e., the user, industry, and acquisition). The CPIPT is involved in recommending cost objectives for each of the acquisition phases, in the evaluation of the progress being made toward achieving those cost objectives and, when appropriate, in developing recommendations for the trade-offs

between performance parameters and costs in order to stay within the cost objectives.

As a primary CPIPT member, the user community is intimately involved in the various stages of this process, including developing recommendations for trade-offs. Basically, the PM has authority to make CPIPT recommended performance, engineering, and design changes that would not adversely impact the program's ability to satisfy the threshold performance capability set forth in the Operational Requirements Document/Acquisition Program Baseline (ORD/APB). If a CPIPT recommendation would result in the program failing to satisfy the ORD/APB threshold performance capability, the PM should pass the recommended changes to appropriate ORD/APB approval authorities for decision.

### **Other Initiatives**

The PM also has available several acquisition reform initiatives that may assist in efforts to lower program costs. Although some of these initiative tools may require a waiver from current statute(s), the PM should seek such waivers in order to meet established cost objectives. Such initiatives include using commercial standards and processes, commercial components, commercial best practices, performance capability specifications (as previously described), and contracting strategy techniques that will allow sharing of cost savings with contractors who bring in the program at or below previously established aggressive cost objectives.

One example of such a contracting strategy would be to include a Request for Proposal requirement for contractors to address how they will achieve cost objectives associated with CAIV philosophy, and then include specific incentives for the winning contractors to achieve those objectives (with appropriate "extra" fees given the contractors when they actually meet or exceed objectives stated in the contract).

Another example of a contracting strategy recently approved to reduce costs associated with acquisition programs is the Single Process Initiative, a coordinated action that allows contractors to use a single process within their own facilities to manage and report on all defense contracts (rather than having multiple different processes and reports called for in each separate contract). While this was not directed at "bringing in programs at established cost objectives," it is an example of smart contract strategy.<sup>3</sup>

Also available to help PMs in their efforts to stay within established fiscal constraints are other proven techniques such as value engineering and DTC; both of these have potential to control procurement costs through design considerations. Just because there is a new focus on total program costs does not mean that all previous methods to examine and lower production costs must be scrapped.

### **Creating a Climate of Risk Tolerance**

Under DTC, there were no specific incentives. By contrast, under the CAIV philosophy, incentives are key. A higher headquarters should be willing to accept risktaking when the potential for future payoff is high. Program managers need the encouragement of users, Component Acquisition Executives, and the Defense Acquisition Executive to accept risk associated with setting aggressive cost targets. Also, promotion policies must recognize and reward not only the major "success story," but also "best efforts" on the part of government acquisition managers (even though every best effort attempted will not necessarily result in a major success story); managers who take the risk and work hard in that risky environment must be recognized for both their successes and their attempts at successes.

### **Contractor Incentives**

Motivating and incentivizing industry must center on ensuring competition through the use of multiple sources, component breakout, leader/follower,

dual source, etc. In sole-source environments, cost savings may be realized through the use of value engineering, multiyear procurements, and, as mentioned earlier, aggressive sharing of cost savings between government and the contractor. Some future incentives may include various combinations of previous approaches as well as permitting the PM to retain internally generated savings within the program (for use on program enhancements or to improve operations of the program office). For government personnel (both civilian and military), there should be provisions for awards to individuals and groups within the organizations.

Government PMs of programs in the development phase will find it to their advantage to trade off detailed performance parameters of their system (if parameters exist rather than the preferred overall system performance capability) because of limited alternatives available to the MDA:

- Provide more funding to pay for desired performance parameters (difficult in today's environment of reduced funding for modernization efforts).
- Cancel the program (undesirable assuming the military requirement remains valid).
- Restructure the program through the trade-off process (most likely option).

Contractors of programs in the development phase will also be impacted by these same limited alternatives as well as the continued profit motivation. As stated previously, one potential initiative would be for the government to use a contracting strategy that would allow the sharing of cost savings with contractors who bring in the program at the set cost goals.

### **Development Manager Tenure**

With regard to the comment in the question that development managers seldom remain on board with the program after production begins and, therefore, there is a tendency to defer

the hard decisions (to spend development funding to save procurement and O&S costs), the totality of this comment is expected to be inaccurate under the CAIV philosophy. While the CAIV philosophy will not necessarily have an impact on the tenure and assignment actions of PMs, some other actions (such as tenure requirements in the Defense Acquisition Workforce Improvement Act statute) and assignment of civilian PMs to some programs may have such an impact. The "tendency to defer the hard decisions..." will hopefully become a moot point with the requirement (stated in ¶3.3.3.1 of DoD Regulation 5000.1-R) that, "...by program initiation, each ACAT I and ACAT IA PM shall have established life-cycle cost objectives...and at each subsequent milestone review, cost objectives, and progress toward achieving them shall be reassessed."

Again, this was not intended to be a "final official DoD position" on the details of the topic, but rather a discussion in the spirit of academic discourse on a current but evolving policy. The subject continues to be discussed within OSD, and an "official DoD position" describing specific techniques to ensure effective implementation of the CAIV philosophy will probably be published by OSD.

### **ENDNOTES**

1. The Defense Systems Management College is the COE for the "Business, Cost Estimating, and Financial Management" area of expertise.
2. The goal of the DTC Program is a proper balance among development, production, and operations and support (O&S) costs while providing the customer (user community) with superior warfighting capabilities that satisfy operational requirements according to an established schedule and within an overall affordable cost.
3. Our understanding is that a catalog of contract incentive techniques is being developed and will be made available online in the Acquisition Deskbook.

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# Army Hosts Conference for ACTD Managers

## Emphasis on Process Improvement

MICHAEL J. O'CONNOR

**T**he Department of Defense (DoD) initiated the first Advanced Concept Technology Demonstrations (ACTD) in 1995. Initially, the Department started 10 ACTDs in the first year, followed by another 12 in 1996. This innovative process, which accelerates application of advanced technology to solve important military needs, is proving its worth. A number of early successes show that it is possible to shorten the acquisition cycle with reduced technical risk.

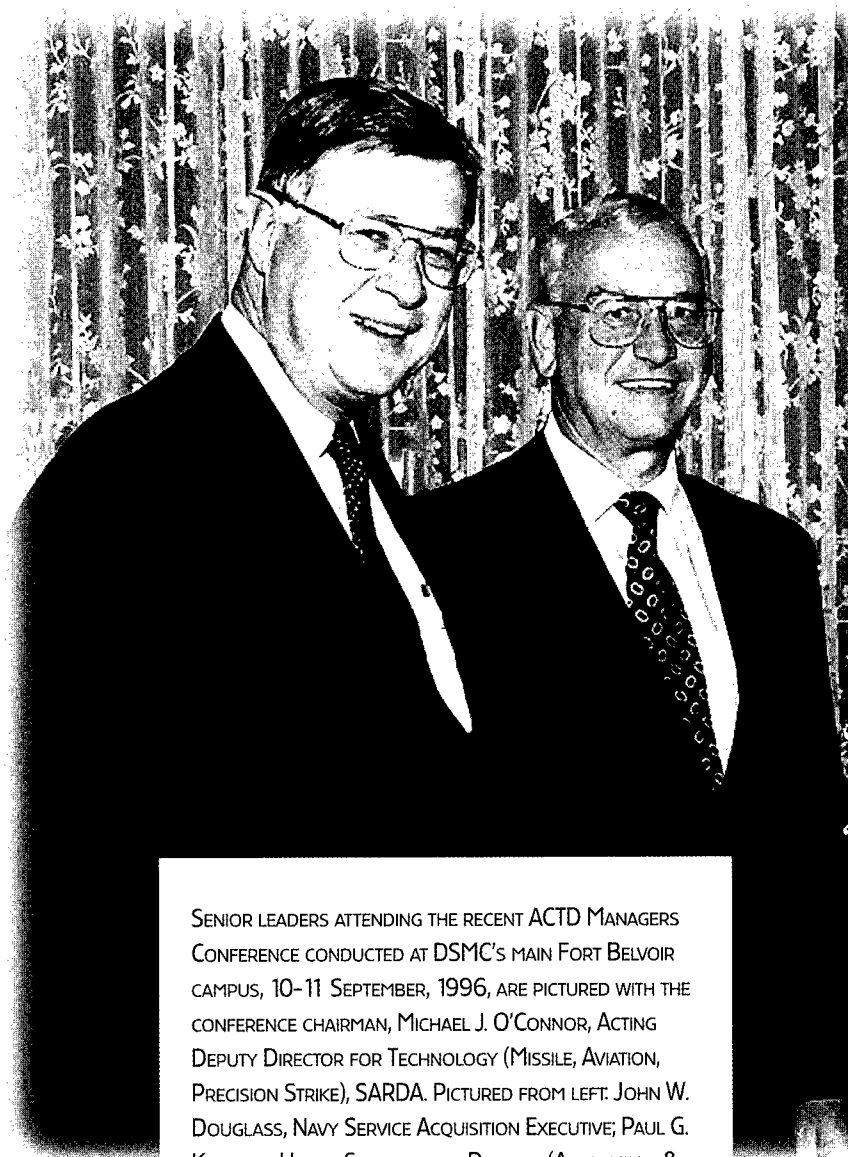
### Affirming What Works, Changing What Doesn't

With a solid experience base to examine, Jack Bachkosky, Deputy Under Secretary of Defense for Advanced Technology, concluded it was time to affirm procedures that work and change those that don't. The Army, as an early and enthusiastic supporter of ACTDs, agreed to plan, host, and conduct a conference for ACTD managers to examine the process and recommend improvements.

More than 200 ACTD managers and representatives from the Office of the Secretary of Defense (OSD), Joint Chiefs of Staff, Commanders in Chief (CINC), and Service staffs met at the Defense Systems Management College (DSMC) for two days in September to

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*O'Connor was the ACTD Managers Conference Chairperson. He is the Acting Deputy Director for Technology (Missiles, Aviation, Precision Strike), Office of the Deputy Assistant Secretary of the Army for Research, Development, and Acquisition (Research and Technology).*



SENIOR LEADERS ATTENDING THE RECENT ACTD MANAGERS CONFERENCE CONDUCTED AT DSMC'S MAIN FORT BELVOIR CAMPUS, 10-11 SEPTEMBER, 1996, ARE PICTURED WITH THE CONFERENCE CHAIRMAN, MICHAEL J. O'CONNOR, ACTING DEPUTY DIRECTOR FOR TECHNOLOGY (MISSILE, AVIATION, PRECISION STRIKE), SARDA. PICTURED FROM LEFT: JOHN W. DOUGLASS, NAVY SERVICE ACQUISITION EXECUTIVE; PAUL G. KAMINSKI, UNDER SECRETARY OF DEFENSE (ACQUISITION & TECHNOLOGY); O'CONNOR; AIR FORCE GEN. JOE RALSTON, VICE CHAIRMAN, JOINT CHIEFS OF STAFF.

participate in large and small group discussions. Based on participant feedback, the conference was a resounding success. Many ACTD managers commented that they benefited from discussing common issues and alternative approaches with their peers.

Participants also appreciated the opportunity to hear from senior members of the OSD staff and to communicate their own concerns and suggestions for process improvement to

those charged with providing direction and oversight.

### **A Bold Departure**

In his keynote address, Dr. Paul G. Kaminski, Under Secretary of Defense for Acquisition and Technology, repeated President Harry S. Truman's oft quoted line, "Progress occurs when courageous, skillful leaders seize the opportunity to change things for the better." Thus, he reminded everyone in attendance that ACTDs represent a

bold departure from the traditional research and development cycle that takes 12 to 15 years to field a new weapon system.

ACTDs typically have a two- to four-year life span. In this short time, a new technology is demonstrated in an operational context, a limited operational capability is transferred to a warfighting unit, and a proven technology is ready to transition to an acquisition program. Because the ACTD itself is proof of the technology and concept of operation (CONOP), formal acquisition can start at a later stage of the acquisition cycle, thereby shaving three to five years off the time required to field a production system.

### **Overview Presentations**

Representatives from the Services and defense industry presented a series of overview briefings on the morning of the first day of the conference. Dr. A. Fenner Milton, Deputy Assistant Secretary of the Army for Research, Development, and Acquisition (Research and Technology) and conference host, welcomed the attendees. In a brief overview of the Army's participation in ACTDs, he explained that this relatively new concept has become a major portion of the Army's Science and Technology program. Currently, the Army has five ongoing ACTDs and looks forward to starting three more in FY97. All of them emphasize "systems of systems" and CONOPs.

### **Keynote Address**

In his keynote address, Kaminski outlined three opportunities created by ACTDs: reduce operational risk early in the acquisition cycle; provide an approach for compressing the acquisition cycle time; and stimulate the innovations needed to implement a revolution in military affairs.

He also highlighted three challenges: do more to engage the operational test community; plan for smooth transitions of ACTDs to the formal acquisition process; and do a better job of getting the ACTD message to the Congress.



Kaminski concluded by noting that the ACTD process is new and that we are learning as we go. He solicited active involvement from the conference participants to share their experiences, insights, and suggestions to change things for the better.

### ACTD Program Status

Referring to current ACTD Program Status, Bachkosky then summarized progress to date. The program has grown rapidly since its inception. The Department of Defense initiated 10 ACTDs in FY95, and started another 14 in FY96 out of more than 50 proposed. For FY97, program managers proposed more than 100, and DoD ultimately placed 18 candidates on the priority list. He noted that U.S. Atlantic Command is the most active user sponsor of ACTDs with more than 70 percent of the total, followed by the Army with nearly 20 percent. He also noted that the Defense Agencies are the most active development sponsors with 55 percent of the total, again followed by the Army with more

than 20 percent. Our allies are also becoming involved. The United Kingdom, for example, is a participant in Synthetic Theater of War ACTD.

Four ACTDs have been completed with very different results. Boost Phase Intercept, for example, concluded that, while the concept was technically feasible, it was not affordable. On the other hand, DoD deployed Predator for operational use in Bosnia and is transitioning to the formal acquisition process. Program managers consider both ACTDs successful in that they provided a thorough assessment of military utility.

### Test Community Role

John Burt, Director Test, System Engineering, and Evaluation, and Phil Coyle, Director, Operational Test and Evaluation, presented the perspective of the Test and Evaluation (T&E) Community. Both emphasized that the T&E Community should be brought in early as members of the ACTD team.

Burt observed that an ACTD is not a test of hardware and software. Rather, it is an assessment of the military utility of a proposed solution to a military need. It is as much about doctrinal issues and CONOPs as it is about technology. Nevertheless, the hardware and software must work before the demonstration can proceed. This is one of the areas where developmental testers can add value as part of the team. A carefully planned data collection strategy can also optimize the value of data collected during the ACTD and avoid duplication of T&E later in the program, particularly if the program manager decides to transition to formal acquisition. Working together as part of the team, developmental and operational testers can contribute to risk reduction and better characterization/assessment of the system.

Coyle contrasted the DoD 5000 acquisition process and the ACTD process, highlighting the role of Operational Test Activities. He noted that, unlike formal acquisition where T&E focuses on confirming that system performance meets pre-defined requirements, the focus of ACTDs is on characterizing system capabilities. A central question he posed is, "How do we bring the advantages of techniques used in operational testing to ACTDs without slowing the ACTD process?" The answer lies in planning, coordination, and flexibility.

Operational Test Agencies must take a support role and be flexible. Early involvement in a consulting mode will help assure they achieve benefits that are within schedule and programmatic constraints. In some cases, operational test techniques can help accelerate the ACTD process. The T&E community



SEVERAL PANELS CONVENED DURING THE ACTD MANAGERS CONFERENCE. AMONG THEM WAS DISCUSSION PANEL 3, WHICH FOCUSED ON THE TOPIC OF "PLANNING THE DEMONSTRATION." SEATED FROM LEFT: NAVY LT. CMDR. WILLIAM M. LAPRISE, USACOM J32T (JOINT COUNTERMINE ACTD OPERATIONS MANAGER); RICHARD S. COZBY, USATECOM (TEST & EVALUATION COMMUNITY); ARMY LT. COL. JOHN ARTHUR, USACOM J32 (COMBAT ID ACTD OPERATIONS); DR. GERARDO MELENDEZ, PM COMBAT ID (COMBAT ID DEMONSTRATION MANAGER). STANDING FROM LEFT: GRAHAM LAW, ADUSD(AT) (TECHNICAL SYSTEMS INTEGRATION) (OSD REPRESENTATION); SQUADRON LEADER MARTIN J. BALL, RAAF (NAVIGATION WARFARE ACTD DEMONSTRATION MANAGER); ALAN WINKENHOFER, USAARMC (COMBAT VEHICLE SURVIVABILITY ACTD OPERATIONS MANAGER); NAVY LT. CMDR. BRUCE URBON, OFFICE OF NAVAL RESEARCH (PRECISION SIGINT TARGETING ACTD DEMONSTRATION MANAGER).

has well-developed expertise, equipment, and facilities. This is a resource available to ACTD managers to help reduce costs, shorten cycle times, gain early understanding of system capabilities, understand operational significance, and smooth transition to the next phase.

### **Transition to Acquisition**

Tom Perdue, Principal Assistant to the Deputy Under Secretary of Defense for Advanced Technology (DUSD[AT]), discussed ACTD transition challenges and opportunities. A smooth transition to the next step following a successful demonstration requires advanced planning and effort. Because there is so much variability in ACTDs, transition strategies must be highly tailored. In many cases, it may be appropriate to proceed directly to low rate initial production (LRIP). This could accelerate fielding by as much as three to five years by eliminating most of the engineering and manufacturing development phase. While this strategy is consistent with an ACTD that produces a working prototype, it must not ignore the need to address other aspects of fielding such as logistical support, training, and provisioning. The key to a successful transition is getting the acquisition community and the user working together early through an integrated product team (IPT).

### **Information Warfare Exercise**

Dr. Chuck Perkins, Assistant Deputy Under Secretary of Defense for Advanced Technology (Special Programs), introduced his topic by pointing to growing emphasis on information warfare, lack of awareness of vulnerabilities, and lack of training in realistic environments. The Secretary of Defense chartered the Joint Command and Control Warfare Center (JC<sup>2</sup>WC) to establish an Information Warfare Red Team (IWRT) to plan and conduct opposing forces exercises that target selected ACTDs. The JC<sup>2</sup>WC also provides oversight and supervision of the IWRT. The exercises will be pre-coordinated and conducted to assure minimal interference.

**In his keynote address, Kaminski outlined three opportunities created by ACTDs: reduce operational risk early in the acquisition cycle; provide an approach for compressing the acquisition cycle time; and stimulate the innovations needed to implement a revolution in military affairs.**

### **Acquisition Perspective**

John Smith, Deputy Director for Systems Management, discussed formal acquisition of hardware and software proven during the ACTD phase with emphasis on two major challenges—funding and program documentation.

He discussed three strategies to fund follow-on acquisition. Where there is high military value but no funds programmed, funds could be re-allocated to support near-term acquisition. In less critical situations, normal resource programming will result in a two-year delay. A third option is to assume success from the outset and program resources in anticipation of a follow-on acquisition. This strategy requires the sponsoring Service to assume greater risk—particularly when bud-

gets are tight. It also offers the potential for a relatively seamless transition. Smith's recommendation is to adopt a strategy tailored to each ACTD.

DoD 5000.2R specifies the documentation required to support follow-on acquisition. Statutory requirements apply to ACAT I programs. Other documentation requirements are regulatory. Milestone decision authorities have considerable flexibility to tailor individual programs. Program managers must plan ahead to assure they produce documentation required for later decision milestones and eliminate any unnecessary documentation to save time and money.

### **Discussion Panels**

Conference organizers separated the participants into five discussion panels. Each panel was asked to consider topics generally associated with phases of the ACTD process. After introductory discussions in front of the large group, panels adjourned to breakout rooms for more detailed discussion and formulation of panel recommendations. Panels then briefed the results of their discussions to the large group.

#### **Panel No. 1—Managing the Process**

Panel No. 1 examined the ACTD process and questioned how well it is understood. Panel members also examined efforts to streamline the process, definition of the warfighter's role, and utility of IPTs.

The panel concluded that more should be done to explain and communicate the ACTD process. Recommendations included use of the Internet to make ACTD process information available to a wider audience and to publicize lessons learned. Streamlining recommendations included earlier involvement of the T&E community and more emphasis on defining a baseline in the ACTD Implementation Directive. Warfighter participation, while an intrinsic element of the ACTD process, varies according to the ACTD. In all cases, the warfighter must be an active par-

ticipant in planning, executing, and evaluating ACTDs. The panel concluded that IPTs, while valuable, are not a cure-all. To be effective, IPTs must be scaled to fit the situation, and members must be carefully selected based on experience and authority to speak for the constituency they represent.

### **Panel No. 2—Initiating the ACTD**

Panel No. 2 discussed how needs are identified, why the focus on mature technology, selection of new ACTDs, and use and effectiveness of ACTD Implementation Directives and Management Plans.

The panel concluded that a better "impedance match" between warfighters and technologists is needed. While requirements originate from users, they need more effective communication to help guide them toward technically feasible opportunities. Definition of mature technology is imprecise. One criterion should be that the technology not contribute to the risk of the ACTD program. The ACTD selection process is not widely understood. To improve chances for funding, the Department should select ACTDs earlier in the budget cycle. While program managers need clearly defined Management Plans for all ACTDs, the content should be tailored and modified as program needs change. Likewise, they must tailor ACTD Implementation Directives to fit each specific situation. The panel recommended that guidelines for developing ACTD Management Plans and Implementation Plans be posted on the Internet.

### **Panel No. 3—Planning the Demonstration**

Panel No. 3 discussed elements of demonstration design, considerations for establishing decision/success criteria, implication of using prototype systems, and factors to consider when selecting available training exercises and ranges to conduct the demonstration.

The panel emphasized the value of establishing an IPT early to include user representation. Traditional met-

rics, such as measures of effectiveness and measures of performance, are problematic. The panel recommended creation of a new metric, military utility standard, to better facilitate evaluation of ACTDs. The cost of data collection and assessment should be specifically addressed when determining resource requirements. Modeling and Simulation (M&S) has value and should be used to augment live data whenever possible. "Test" and "evaluation" should be considered separate events and planned accordingly.

### **Panel No. 4—Conducting the Demonstration**

Panel No. 4 discussed proper use of M&S, role of the T&E and User communities, and details to consider during actual conduct of the demonstration.

The panel placed a great deal of emphasis on the need to identify and engage the user early in the process. While the user may not have technical expertise, the user is clearly best able to assess the results of the demonstration. Not all demonstrations need to incorporate a user-conducted field exercise. However, the operator must control the demonstration with the Demonstration Manager in a support role. The panel recommended that the Department formalize CINC buy-in by making them signatories on the ACTD Management Plan.

Models should be tailored and used with full appreciation of their strengths and weaknesses. Finding the right balance between simulation and real world experimentation is an art. The panel suggested that the T&E Community establish a web site to facilitate sharing of M&S experiences among ACTD managers.

The T&E Community has expertise and resources to help. However, unlike formal T&E, military planners must design data collection and analysis of an ACTD to assess capability rather than judge pass/fail criteria. The panel recommended that the DUSD(A&T) address T&E Community participation, including funding and definition

of assessment goals, when issuing ACTD guidance.

### **Panel No. 5—The Payoff**

Panel No. 5 discussed implications of residual equipment, transition planning, final evaluation of demonstration results, and what follows completion of an ACTD.

The panel concluded that detailed user coordination and developer's understanding of the deployment concept is required to ensure appropriateness, adequacy, and supportability of planned leave-behinds. Transition planning must begin with a clearly stated transition strategy in the ACTD Management Plan and early identification of the acquisition decision maker, as well as coordination with the acquisition program office expected to have follow-on responsibility. A transition strategy is needed, and aggressive action must be taken to garner broad-based support among users, lead Service, and OSD. Evaluation requires common definitions and understanding among developers, testers, and users with early resolution of differences and priorities.

The panel recommended a generic funding wedge at OSD to fund transition efforts. When LRIP is part of the transition strategy, an early decision is required so that it can be included as an option in the demonstration contract.

### **Conclusion**

The conference was a big success. Many of the ACTD managers commented that they learned a great deal from the senior executive presentations. They also commented that the greatest benefit was the sharing of experiences with their peers.

The discussion panels produced numerous recommendations to improve the ACTD process. These are being considered by OSD for implementation. The conference organizers accepted the oft repeated recommendation to schedule another similar conference, and planning is underway.

## Call for Authors

We are actively seeking quality manuscripts on topics related to Defense acquisition. Topics include opinions, lessons-learned, tutorials, and empirical research.

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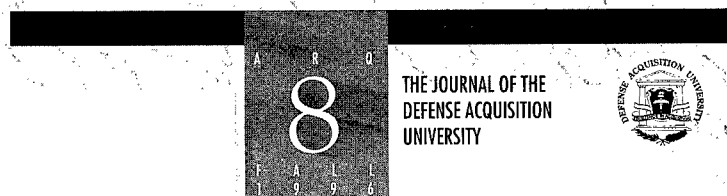
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## ACQUISITION

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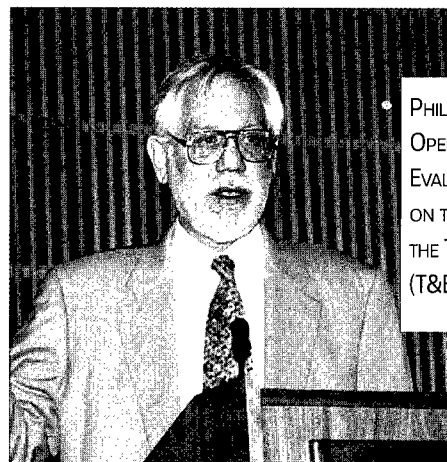
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# ADVANCED CONCEPT TECHNOLOGY DEMON

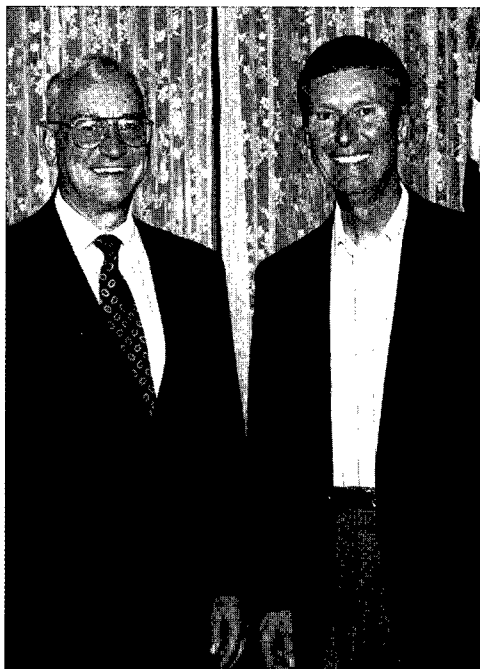
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“As we look ahead, our measure of success is not simply developing the best technology or even building the best equipment, but getting this combination in the field and using it wisely.”

Dr. Paul G. Kaminski  
Under Secretary of Defense,  
Acquisition & Technology



PHILIP COYLE, DIRECTOR, OPERATIONAL TEST AND EVALUATION, ALSO SPOKE ON THE PERSPECTIVE OF THE TEST AND EVALUATION (T&E) COMMUNITY.



FROM LEFT: DR. PAUL G. KAMINSKI, UNDER SECRETARY OF DEFENSE (ACQUISITION AND TECHNOLOGY), PICTURED WITH THE CONFERENCE CHAIRPERSON, MICHAEL J. O'CONNOR, ACTING DEPUTY DIRECTOR FOR TECHNOLOGY (AVIATION, MISSILES, PRECISION STRIKE), OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR RESEARCH, DEVELOPMENT, AND ACQUISITION (RESEARCH AND TECHNOLOGY).



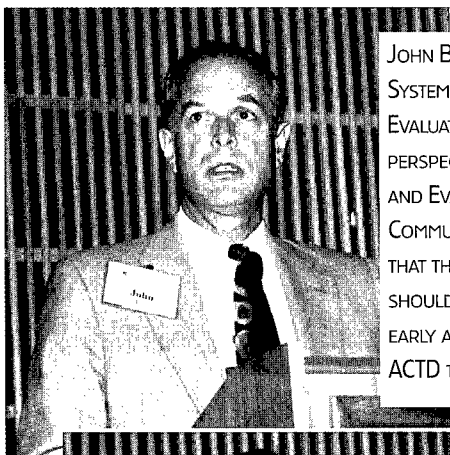
FROM LEFT: AIR FORCE GEN. JOE RALSTON PRESENTS THE ACTD OPERATIONS MANAGER OF THE YEAR AWARD TO ARMY COL. TIM FULCHER. FULCHER WAS STANDING IN FOR NAVY CMDR. GREG KOUMBIS, THE ACTUAL RECIPIENT OF THE AWARD.



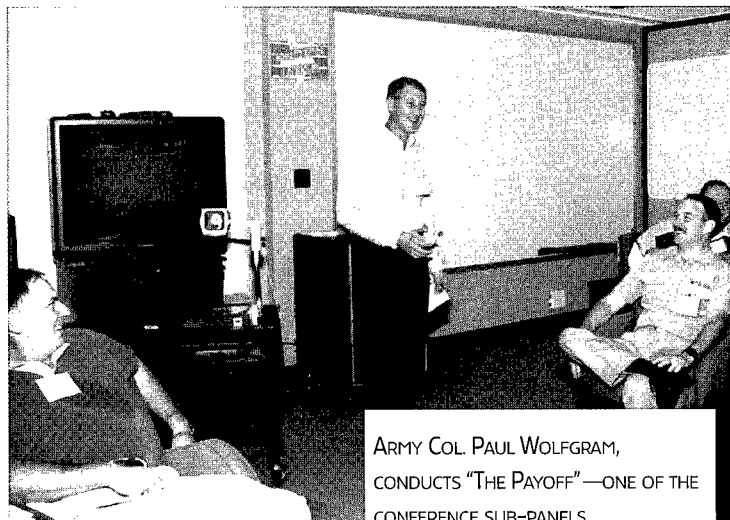
DR. A. FENNER MILTON, DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR RESEARCH, DEVELOPMENT, AND ACQUISITION (RESEARCH AND TECHNOLOGY) AND CONFERENCE HOST, WELCOMED THE ATTENDEES. IN A BRIEF OVERVIEW OF THE ARMY'S PARTICIPATION IN ACTDs, HE EXPLAINED THAT THIS RELATIVELY NEW CONCEPT HAS BECOME A MAJOR PORTION OF THE ARMY'S SCIENCE AND TECHNOLOGY PROGRAM.

# STRATION (ACTD) MANAGERS CONFERENCE

1, 1996



JOHN BURT, DIRECTOR TEST, SYSTEM ENGINEERING, AND EVALUATION, PRESENTED THE PERSPECTIVE OF THE TEST AND EVALUATION (T&E) COMMUNITY. HE EMPHASIZED THAT THE T&E COMMUNITY SHOULD BE BROUGHT IN EARLY AS MEMBERS OF THE ACTD TEAM.

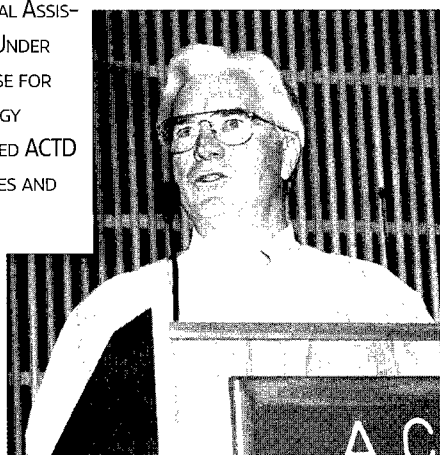


ARMY COL. PAUL WOLFGRAM, CONDUCTS "THE PAYOFF"—ONE OF THE CONFERENCE SUB-PANELS.

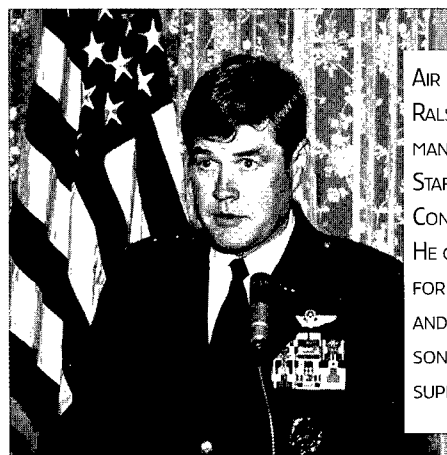


JACK BACHKOSKY, DEPUTY UNDER SECRETARY OF DEFENSE FOR ADVANCED TECHNOLOGY, VIEWED THE CONFERENCE AS A "TIME TO AFFIRM PROCEDURES THAT WORK AND CHANGE THOSE THAT DON'T."

TOM PERDUE, PRINCIPAL ASSISTANT TO THE DEPUTY UNDER SECRETARY OF DEFENSE FOR ADVANCED TECHNOLOGY (DUSD(AT)), DISCUSSED ACTD TRANSITION CHALLENGES AND OPPORTUNITIES.



FROM LEFT: DR. KAMINSKI PRESENTS THE ACTD DEMONSTRATION MANAGER OF THE YEAR AWARD TO NAVY CAPT. ALAN RUTHERFORD.



AIR FORCE GEN. JOE RALSTON, VICE CHAIRMAN, JOINT CHIEFS OF STAFF, SPOKE AT THE CONFERENCE BANQUET. HE GAVE HIGH PRAISE FOR THE ACTD CONCEPT AND EXPRESSED HIS PERSONAL COMMITMENT TO SUPPORT THE PROGRAM.

**R**eference your article on "Manufacturing Questions Program Managers Should Ask" by Air Force lieutenant colonels Robert Hartzell and Dave Schmitz, July/August 1996 *Program Manager*.

I was thrilled to read your article and find reference to Design of Experiments (DOE) applied to manufacturing. I daily apply DOE principles and practices to munitions testing in a hardware-in-the-loop lab. As a practicing systems analyst, I strongly encourage the use of designed experiments, and I appreciate your help in spreading the news. I am fully convinced that knowledge and use of statistical design are crucial to successful system development and production (whether managing ACAT III or even ID programs).

Dr. Stephen Schmidt, retired Air Force colonel, claims "Collecting data through the use of one-factor-at-a-time experimentation and/or a series of trial and error tests has resulted in very inefficient and ineffective attempts to understand and optimize product designs and processes. Managers should be interested in experimental design because it will assist their people in gaining knowledge to: (1) improve performance characteristics; (2) reduce costs; and (3) shorten product development and production time." Espe-

cially for smaller programs, DOE techniques help minimize test resources while not sacrificing the adequacy and credibility of the testing. It can be useful in providing the program manager information regarding the probable outcome of factory floor processes.

However, we have found educating managers in the benefits and pitfalls of DOE to be a formidable challenge. Awareness should be the first step and is probably sufficient for many program managers; training and understanding are necessary for application to an actual project. Perhaps detailed training is better suited to DSMC's test and evaluation curriculum. I recommend the "Design of Experiments" course by Air Academy Associates to your students. Let me note, also, that Sverdrup Technology is on our fourth series of technical education courses in DOE, having conducted university contract courses, in-house short courses, academic courses, and seminars.

Thank you for an interesting article, and good luck with the Program Managers Survival Course.

**Scott J. Smith**  
Senior Engineer  
Sverdrup Technology

**W**hen the November/December 1996 issue of *Program Manager* arrived, I was pleased to see an article on Cost As an Independent Variable (CAIV). I work in the area of acquisition logistics, so

it is encouraging to see renewed emphasis on Life Cycle Cost (LCC) with its important consideration of Operations and Support (O&S) costs. I read "Controlling Costs—A Historical Perspective," by B.A.

"Tony" Kausal IV, and was soon disappointed with the shortsighted view that was presented.

The article opened with the goal of CAIV being "Reduce the cost to acquire and operate the Department's equipment while maintaining a high level of performance for the user..." This broad goal was soon refocused on to the program development and production costs, with negligible mention of the larger O&S costs. The term "price" was used in conjunction with and instead of cost, leading the reader to believe that CAIV could be re-coined Price As an Independent Variable (PAIV). There was a lack of discussion on the importance of considering the O&S costs in the trade space with performance. The impacts of design decisions which are analyzed

against unit price may be significant when paying for the O&S of the system.

In Dr. Kaminski's policy letter "Reducing Life Cycle Costs for New and Fielded Systems," dated Dec. 4, 1995, with its two attachments, emphasis is placed on all aspects of LCC, including O&S costs. While the author addressed an important portion of the CAIV concept, maintaining focus on price goals, the ignorance of O&S costs in this focus will lead to premature celebration of cost avoidance. The author should review the Kaminski letter to expand the scope of his CAIV considerations.

**John J. Clark**  
Los Angeles  
Air Force Base, Calif.

I just finished reading the article "Privatization and the Defense Worker's Opposition" in the September/October 1996 issue of *Program Manager*. It is an excellent article and one that needs further dissemination.

Some other points that I believe should be addressed in the privatization issue are that when a private company performs a function for the government, they may do so with anyone they wish. While displaced government employees may be the ones that perform the work, who will they be replaced by? Will they be American citizens? I don't believe this can be guaranteed. Isn't it politically correct now for an administration to create jobs for the voters rather than eliminate them? This issue

could even play well in the current race for president.

Even more important is foreign ownership of American-based companies. Can you imagine a Chinese-owned firm managing the warehousing and/or shipment of U.S. military supplies used to support our mission in Taiwan or South Korea—during a military conflict there? I believe privatization would eventually open up our military forces, local and federal governments to increased international political influences.

The author mentioned labor strikes in the article but not as they may apply to privatization. Government employees may not strike if they are unhappy with their pay

and benefits. Private companies performing functions for the government could be subject to strikes that would adversely affect government operations that are now free from that threat.

In the privatization "in-place" issues I have been exposed to, I have not seen a discussion of the privatized government employees' benefits and how they will change. Will a privatized government employee get the same sick leave, annual leave, and retirement benefits? I doubt many companies would offer these benefits, especially if they operate with temporaries and part-time employees.

I have 20 years as a government employee, and I have stuck with it because of the benefits. If my position ended up being privatized, then I would feel double-crossed and betrayed by my own government. Is that the feeling "privatizers" are trying to instill in one-third of the American workforce?

Thanks for letting me express my views and opinions.

**Allen Easterly**  
Defense Logistics Agency

**J**ohn Brower's article "Privatization and the Defense Worker's Opposition," September/October 1996 *Program Manager*, was excellent! Privatization is not always a good idea. In fact, I am afraid that the fox is being let in the henhouse in too many instances.

I am an Air Force reserve major, with 10 years' active duty, for total service to date of 24 years. I am also a private defense contractor and work for the GTE Corp. I also was a former Fortune 500 company business manager. From this background, it is my personal opinion that corporate greed is incredibly dangerous to all workers, both government and private, and absolutely must be checked with a balanced approach to so called "Privatization." I do not personally believe that the "Bottom Line" is the primary consideration to be made by corporate America. The

Milton Freedman school of economics is shortsighted in its lack of social responsibility, and I believe that the present push for "downsizing" and "privatization" will not only ruin some companies and their stockholders in the long run, I think that it will seriously jeopardize our national security. Needless to say, I am angry at what I see going on with the treatment of blue and white collar employees in both the government and civilian sectors of the economy, and was happily surprised to read Brower's article addressing this issue. His insight and opinions in the article lead me to believe that, thank God, someone else understands what is going on as well. I guess I am not the Lone Ranger after all!

**John Primbs**  
Reserve  
U.S. Air Force Major

# Defense Acquisition Reform Teams Provide Feedback on Initiatives

**D**uring 1993-94, the Deputy Under Secretary of Defense for Acquisition Reform, Colleen A. Preston, formed numerous Process Action Teams (PAT), working groups, and drafting teams to begin generating major reforms in the Defense acquisition process. These teams represented a profound change in the policies, procedures, systems, and strategies by which DoD procures weapons systems and services to support the modern warfighter. They were front-line workers versus policy makers—people who actually engage in the business of acquisition on a day-to-day basis.

To gain a broader perspective that was representative of the Services, Components, and other government agencies, composition of the teams was intentionally cross-functional: military and civilian, DoD, and non-DoD. Together, they

75 percent to a great extent; and 100 percent to a very great extent.

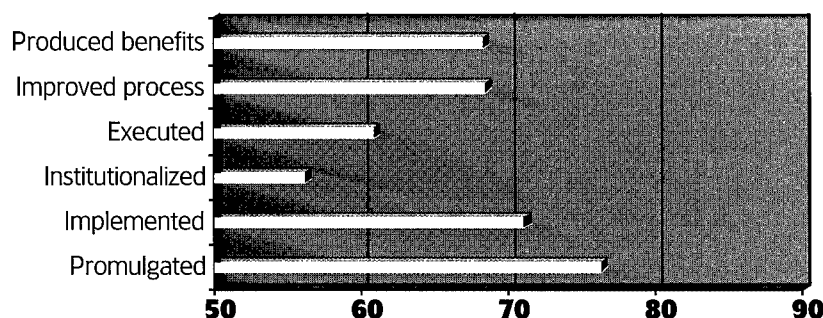
As would be expected, the methodology for getting the reform ideas, bringing in a cross section of workers from their respective work sites, received high ratings. When broken down by the major groups of PATs, working groups, and the drafting teams, the following areas reflected significant differences in agreement between the major groups:

- Comprised of the right players.
- Worked together as a team.
- Active participation of all members.

In terms of the questions on the status of reforms, the institutionalization and the execution of acquisition reform initiatives were rated lowest. This is to be expected since both execution and institutionalization require work over a long period of time. No significant differences between groups emerged in this section.

The overall perceptions of the team process and the status of the reforms were in the middle to high range. This confirms the assumptions that the way to effect reform is to get input from those who actually do the work, and those who work the processes are best suited to generate innovative improvements.

**Figure 1. Status of Reforms Generated**

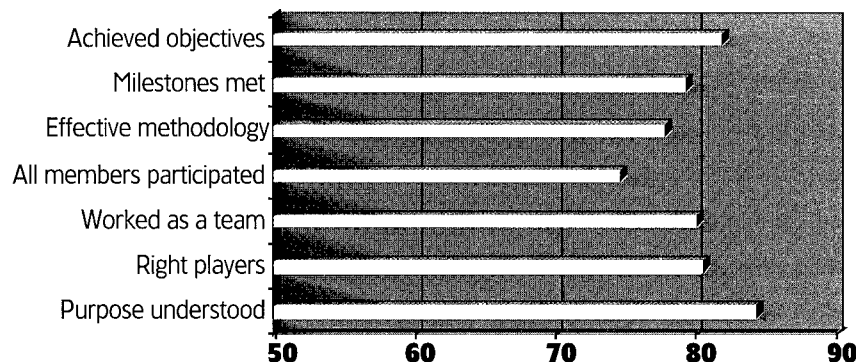


achieved their end goal—developing strategies for making acquisition better, faster, and cheaper for the customers. These strategies were then given to policy makers to promulgate.

Survey Developed by:  
Barb Affourtit, IRI; Jesse Cox, DSMC; M.J. Hall, DSMC  
Survey Analysis:  
Barb Affourtit; Jesse Cox

During September 1996, the teams reconvened to assess the status of the deployment of acquisition reform and to celebrate known results. During this session, OSD collected data from team members to assess their perceptions of the effectiveness of their teams and the extent of deployment for the reforms they generated. There were 136 feedback forms turned in. Figure 1 represents the status of reforms generated, and Figure 2 depicts the Acquisition Reform Team Process. Fifty percent on the scale of agreement for both figures reflects agreement to a moderate extent;

**Figure 2. Acquisition Reform Team Process**



# Privatizing an Air Force Depot

## Closure of Newark Air Force Base, Ohio

LT. COL. PAUL STIPE, USAF

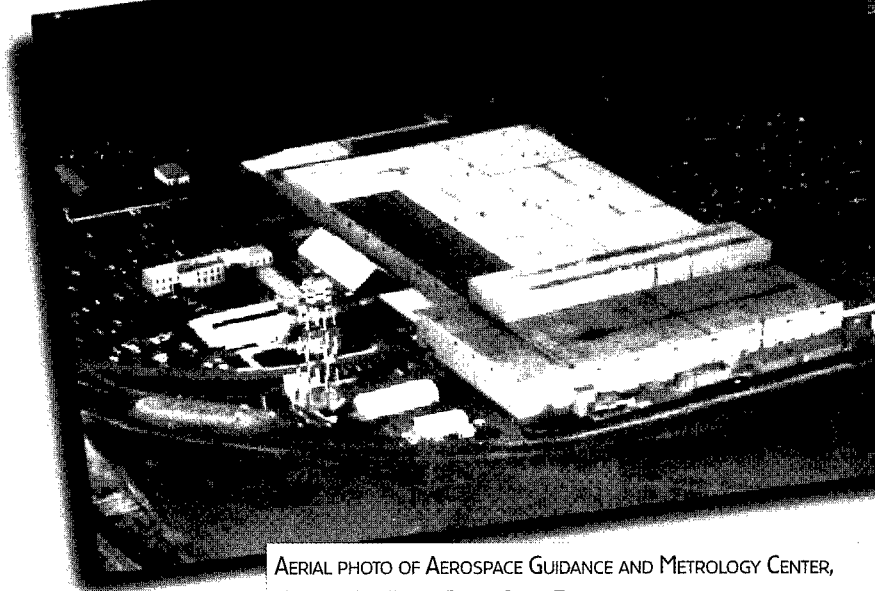
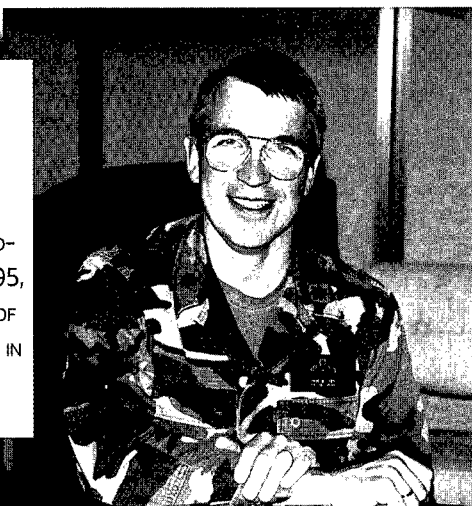
**T**he 1993 Defense Base Closure and Realignment Commission, commonly referred to as BRAC, recommended Newark Air Force Base, Ohio, for closure. In September 1993, when Congress enacted into law and the President subsequently approved the Commission's recommendation, Newark Air Force Base became the first Air Force depot slated for closure as part of the BRAC process.

### Privatization—The Chosen Method

As Headquarters Air Force and Headquarters Air Force Materiel Command (HQ AFMC) examined options and developed guidance for the closure, privatizing the depot's functions became the chosen method of closing the base. Privatizing Newark Air Force Base then became the task of HQ AFMC. HQ AFMC, in turn, directed the creation of a management office at the Ogden Air Logistics Center (OOLC), Hill Air Force Base, Utah, to develop the acquisition strategy and contracting approach.

In February 1994, Headquarters Air Force chartered this new office, called the Aerospace Guidance and Metrology Center (AGMC) Workload Transition Program Office, and gave them a mandate to close Newark Air Force Base by September 1996. This left 32 months to create a strategy, gain approval, create a request for proposal (RFP), conduct a source selection, and

AIR FORCE LT. COL. PAUL STIPE, PROGRAM MANAGER FOR THE AGMC WORKLOAD TRANSITION OFFICE, FORMED THE TRANSITION TEAM IN FEBRUARY 1994, AWARDED CONTRACTS IN DECEMBER 1995, AND STAYED THROUGH CLOSURE OF NEWARK AIR FORCE BASE, OHIO, IN SEPTEMBER 1996.



AERIAL PHOTO OF AEROSPACE GUIDANCE AND METROLOGY CENTER, NEWARK AIR FORCE BASE, OHIO. THE LARGE OUTSTANDING BUILDING IS BUILDING 4 WHERE ALL THE REPAIR AND METROLOGY PROCESSES ARE ACCOMPLISHED. THE SMALLER BUILDING TO THE LEFT OF BUILDING 4 THAT HAS VISIBLE WINDOWS IS BUILDING 2, THE HEADQUARTERS BUILDING FOR THE BASE, WITH AN ADJOINING WALKWAY, CONNECTS IT TO THE OFFICERS CLUB/CAFETERIA.

then manage the transition process as the winning contractors took responsibility for the current workloads.

*Stipe is Program Manager for the Aerospace Guidance and Metrology Center (AGMC) Workload Transition Office, Ogden Air Logistics Center (Air Force Materiel Command), Hill Air Force Base, Utah. He now works in the B-1B System Program Office at Wright-Patterson Air Force Base, Ohio.*

The entire process of privatizing the AGMC workloads would require significant new thinking, using the existing acquisition process while dealing with the unique challenges of

the Air Force's first depot privatization effort. This article looks at the key decisions that were made for AGMC, lessons learned, and then evaluates

how those decisions apply to other privatization efforts.

### Brief History

Newark Air Force Base is home of the AGMC, which has two primary missions. The Maintenance Directorate is the only complete organic repair capability established within the Air Force

for accomplishing depot-level repair of inertial guidance and inertial navigation systems. Because of its complete organic repair capability, the Center repairs virtually every Air Force Inter-Continental Ballistic Missile (ICBM) guidance system and aircraft inertial navigation system, as well as a number of Navy and Army inertial products. It

Force measurement standards. Much of the work is done only at AGMC and requires highly specialized facilities, many one-of-a-kind test stations, and a highly trained, technically skilled workforce.

Newark consists mainly of a single industrial plant. The entire base is situated on 56 acres in the town of Heath, Ohio, about 30 miles east of Columbus. The base does not have a



TO ACCOMPLISH THE PROGRAM OBJECTIVES, CONDUCT THE SOLICITATION AND SOURCE SELECTION, AND AWARD THE CONTRACT, PROGRAM MANAGER AIR FORCE LT. COL. PAUL STIPE PULLED TOGETHER A TEAM OF DIVERSIFIED SPECIALISTS. SEATED FROM LEFT: STEVE WALL, COST ANALYST; STIPE, PROGRAM MANAGER; JARED DUNN, CONTRACTS OFFICER. STANDING FROM LEFT: TERRY KILBURN, EXTERNAL COORDINATOR; ROCKY JURKIEWICZ, FUNDING MANAGER; KEITH GIBBY, CONTRACTS OFFICER; BRENT PARRISH, PROGRAM CONTRACT OFFICER; MARLA CAYWOOD, ADMINISTRATIVE ASSISTANT. (OTHER TEAM MEMBERS NOT PICTURED: AIR FORCE MAJ. WAYNE AIRMET, AIR FORCE CAPTAINS CRAIG PETERSEN, BRYAN TURNER, AND DAVE WILLIAMSEN. ALSO NOT PICTURED ARE SEVERAL AIR FORCE RESERVISTS WHO ASSISTED THE PROGRAM THROUGHOUT ITS DURATION.)



PUBLICITY PHOTO TAKEN ON THE EVENT OF THE FIRST ROCKWELL TURNKEY, MAY 6, 1996. PICTURED FROM LEFT HOLDING THE KEY: DWAYNE WEIR, ROCKWELL GUIDANCE REPAIR CENTER DIRECTOR; AIR FORCE COL. JOSEPH RENAUD, BASE COMMANDER, AEROSPACE GUIDANCE AND METROLOGY CENTER.

also houses the Air Force Metrology and Calibration (AFMETCAL) Program, which provides worldwide support to the Air Force's Precision Measurement Equipment Laboratories around the world. The Air Force Measurement Standards Laboratory, located within Metrology, maintains all Air

runway or other active Air Force missions. Newark's total workforce was approximately 1,500 when the decision for closure was made, with fewer than 100 active duty military members.

In January 1993, the Base Closure Executive Group recommended Newark Air Force Base be closed and the workload privatized-in-place (PIP); in July 1993, the BRAC forwarded their recommendation to Congress. Congress approved the BRAC recommendation on Sept. 29, 1993. The AFMC strategy for closure was to move non-inertial workloads—those not dependent on the AGMC infrastructure—to Air Force depots, and to maximize privatization-in-place for the remainder of the repair workloads, the metrology laboratory, and technical order writing functions. The AFMETCAL would continue on-site as an organic government function.

### Getting Started

The most daunting part of a project like this was to get it going in the right

direction, with the right resources, and with a plan that was likely to succeed. After Congress enacted the BRAC report into law, the responsibility to close the base fell to the Command. HQ AFMC quickly set up an integrated product team with membership from the headquarters staff, AGMC personnel, and people from each of the air logistics centers (ALC). This team looked at methods of accomplishing the Newark workload after the base closed. The team recommendation was briefed to the AFMC Mission Element Boards, where it was decided from an overall Command perspective that the best option was to try to implement PIP. The Command strategy was to ensure the senior HQ AFMC staff was an integral part of the acquisition and closure strategy.

In February 1994, HQ AFMC held the first of a series of roundtable meetings where the senior staff provided periodic guidance to carry out the closure and privatization of the AGMC.

The roundtable membership, as part of its first meeting, determined the primary management organizations of the AGMC repair work resided at the Ogden and Oklahoma City Air Logistics Centers. As part of its strategy, the membership designated Ogden to manage the overall privatization effort. The deadline for base closure was determined to be September 1996, less than three years away. That was the overall program guidance, and the commander at OO-ALC along with the weapon system managers, had to figure out how to manage and implement the program.

Since I had been involved in forming another team to handle meeting critical requirements for navigation satellites after the Space Shuttle Challenger explosion, the OO-ALC commander selected me to lead the AGMC privatization effort. With guidance to use whatever resources were needed to get the job done, I set out to form a small team to assemble the overall acquisition strategy and the contracting approach. I quickly pulled together a

half dozen acquisition and contracting experts, and we briefed HQ AFMC just seven weeks later on how we were going to do the job. The team soon grew to a dozen people.

The biggest issue in this entire program was the central idea of privatizing a DoD depot and whether the work should be privatized in place or privatized regardless of location. Newark Air Force Base was probably a very good choice for privatization since it was the smallest of the Air Force depots, and it had a specialized workload. The decision about whether to specify the location of future work was a tough one. There were good arguments to keep the AGMC workload where it was. There was an extensive amount of very complex, one-of-a-kind test equipment in place, much of which would not likely survive a move to another location. In addition, there was a highly skilled workforce at AGMC, which could be best retained if left in place.

Over the years, the facility had evolved into a specialized complex with extensive clean rooms and support services. Finally, the seismic stability of this part of Ohio was ideal for the precision test measurements and calibration work in the repair areas and the Air Force Measurements Standards Laboratory. After several months of discussion, industry's argument to allow proposals at other locations made good business sense, and HQ AFMC agreed to change that part of the RFP. The proviso was that any proposal on repair work must encompass all of the repair workloads.

### **The Community— A Necessary Partner**

A very central part of the privatization of AGMC was the plan to transfer title of the property to a local reuse authority (LRA). The requirements for closing bases demanded that the local community organize an LRA and that the LRA document how it would use the base facilities beneficially after closure. The neighboring cities of Heath and Newark then joined with Licking County to form an LRA, and found a

longtime civilian employee from Newark Air Force Base who would lead the efforts: Wally Horton.

With the cooperation of and help from Horton, we hammered out an approach where the LRA would take full ownership of the property, the buildings, and the essential equipment that had become an integral part of the facility, such as utilities and the heat and cooling systems. The Air Force would select the best contractors to perform our work at the LRA-owned facilities, and the LRA would lease the appropriate portions of the former Newark Air Force Base to our chosen contractors. The Air Force contractors would retain first right to use the appropriate facilities as long as needed. This solution gave the community the opportunity to keep a large percentage of the jobs in the community and its tax base. In addition, they would be able to solicit other business in portions of the base not needed by the Air Force contractors, and therefore bring new jobs to their community.

While there were challenges along the way, this proved to be a mutually beneficial approach. We had to help open contacts with state and federal organizations, and the LRA likewise pointed out changes to our approach to better reach our goals. Working as partners with a common goal, this approach worked well. But it depended a great deal on the expertise that Horton brought to the LRA from his long career as an AGMC employee and his skills at working with the Air Force hierarchy.

### **Dealing With Change**

Change was a constant in this program, as with so much of the acquisition community. We had to deal with a very basic change from PIP to privatization regardless of the location of the work. Fortunately, this change came about early enough that the RFP required only a few adjustments.

There were a number of changes to the workloads as we progressed with

the program. When the Air Force retired the F-111A airframes from its fleet early, we eliminated one organization from our team completely. After this decision, the managers from Sacramento ALC were no longer involved in the privatization of AGMC. Another change came when we contacted the Army and Navy about whether they wanted to include their navigation systems in our privatization effort. The Army decided to contract for all of their work separately, and the Navy agreed to include one of their workloads and to contract for the other on their own. Through this process, our list of repair workloads came down to the following Air Force guidance and navigation workloads, plus one navigation system for the Navy: Advanced Cruise Missile, Minuteman III and Peacekeeper ICBMs, A-10, B-1B, B-2, C-5, C-130, C-141, EH-60, F-4, F-15, F-16, F-117, KC-135, and MH-53.

As we neared completion of the RFP, Congress enacted the Federal Acquisition Streamlining Act (FASA). While the guidance for implementing FASA did not require us to use this streamlining approach, we seriously considered it. We subsequently made the decision not to apply the provisions of FASA because our timeline to award contracts was so short and because of the extreme need to leave time for an adequate transition period. This decision drove us to a very detailed set of work specifications, and included almost 3,000 pages listing the available government-furnished equipment and material.

### **Working With Industry**

Industry played a central role in much of this acquisition. As is often the case, differing perspectives in government and industry drive some unavoidable friction. The key for this program was to work together toward a sound goal, and to minimize that friction.

The Air Force issued its initial query as a request for information in April 1993. It was very open-ended and sought the opinion of industry on

*A major undertaking between us and industry was the identification of needed technical data and how we would gain access to that data once the contractor began repairs.*

how best to close the base. Industry's initial answer was to suggest moving the work to other locations where excess capacity existed. The Air Force, drawing upon its expertise with the specific facility and equipment, believed that moving the work away from Newark Air Force Base posed serious risks that had not been evaluated carefully by industry.

Our office worked very hard over the next year to fight the perception of indifference to industry's expertise. This started with a two-day industry conference in June 1994. We explained to industry what we intended to do, why we intended to do it a certain way, and asked for feedback on how we could improve our plans. Through this and a later series of discussions with industry, we ultimately reached the point where we had a good solicitation and were able to maintain good competition for the work.

We placed great importance on the draft RFP and the feedback we could gain from it. We pushed extremely hard to get the draft out in a hurry with enough material to allow constructive criticism, without holding up the show to wait for perfection. There were more than 300 comments from industry, and we made more than a dozen major changes to the RFP. These changes were as basic as whether to have a fixed price or a cost plus contract, and how many years the contract would cover. I am still amazed at how many improvements came out of the detailed industry review of the draft RFP.

To improve the communication process, we downloaded a series of files on the electronic bulletin board at Hanscom Air Force Base, Mass. This made our draft RFP available to industry far more quickly and we, in turn, received responses much sooner. Use of the bulletin board proved its merits many times over. Wherever possible, we included files outlining labor standards, material costs, operating procedures, and other internal AGMC information. On top of that, we continued to have face-to-face meetings at key points. The combination of the right exchanges at the right time allowed us to work faster and better in developing a final RFP that we could have confidence in as a way to get good proposals.

### **Proprietary Data**

A major undertaking between us and industry was the identification of needed technical data and how we would gain access to that data once the contractor began repairs. As a government depot, the Air Force had full rights to use the data for repair. Once this work transferred to a contractor's control, these rights no longer applied. This was the big issue that many people thought would prevent any significant privatization effort. It readily became apparent that much of the data needed for AGMC repair work was in fact marked as proprietary. Legal research showed the Air Force had to honor proprietary data mark-

ings until some type of definitive research or a cooperative agreement had been reached. A formal challenge of data rights could easily take two or three years and require massive amounts of research and legal support. We simply didn't have time for this with the tight schedule for closing Newark Air Force Base.

We initially identified 12 companies and divisions of companies that had proprietary data we needed to do the repair work. This is an area where the HQ AFMC staff played a major role. We invited senior members from all affected companies and divisions to discuss our desires and ideas on how to make the data available. A similar session at AGMC followed five months later. In the meantime, our contracts officer and deputy program manager traveled to each company and division facility to personally discuss the strategic importance of the data and how to best cooperate on this privatization effort. The results were very encouraging: six of the 12 groups agreed to allow use of the data at no charge through a Government Purpose License Rights agreement. The remaining companies at least agreed to deal fairly with all potential bidders in establishing some type of compensation for use of their data.

These results came about only after a lot of hard work. It took several man-years of effort at AGMC to identify the basic list of about 7,000 technical orders and drawings needed for the routine repair operations. After that, the weapon system managers and each of the original equipment manufacturers (OEM) was given the opportunity to modify the list of data used in routine repair and to identify which of that data contained proprietary data markings. Only after all of this work could we focus on that data marked as proprietary, whether we agreed with the markings or not.

The second part of the effort was to reason with each OEM on the specific data marked for proprietary use. We pointed out where newer technology

had far surpassed that used in the equipment repaired at AGMC. We also pointed out where there were no other logical applications for the technology. Our limited research on the massive list of data showed specific cases where the Air Force had been previously granted use for data, and we asked for the same type of permission. Finally, we always tried to protect legitimate claims of proprietary ownership and fully agreed to limit the ability of the winning AGMC contractor from using the data on any other efforts.

With the remaining list of needed technical data, the final step was for potential offerors to make business arrangements with the other OEMs for access. This proved to be a challenge, but one that was met successfully by those companies who were serious about submitting proposals on the Newark Air Force Base repair work.

While this approach proved to be successful for the Newark Air Force Base privatization, this is not necessarily a good match for workloads at other bases. There is no easy solution for the Air Force given the complex rules that govern rights for technical data. This issue should be central to any decision on how to, and even whether to, attempt to privatize a depot.

### **Source Selection**

We approached the source selection with great care. Our strategy up to that point had been to progress as fast as we reasonably could. This changed as soon as we started the formal source selection upon receipt of proposals in June 1995. The need to get on contract, start the transition period, and close the base was just as strong, but was tempered by our concern for protest either during or right after the source selection. We became meticulous in our attention to detail, documenting all of our actions thoroughly, and carefully considering the consequences with each step forward.

There were several principles that we established to guide our progress. Since we had by now decided to award

two separate contracts for the repair and metrology work, we had two separate teams, and really had two independent source selection decisions. We determined to keep them on the same schedule if at all possible, and to use a single source selection advisory council. The technical teams consisted of personnel from the AGMC Workload Transition Office, AGMC itself, and all of the weapon system managers. The total team was about 70 people. The advisory council consisted of senior personnel from the same organizations, plus senior members from HQ AFMC and from the Pentagon. The willingness of advisory council members to travel to the Ogden ALC when we called decision meetings stood as an example of the extraordinary cooperation that we received and vitally needed to stay on a tight schedule with such a high-visibility program.

The hard work leading to the final RFP and the extremely hard work during the source selection period showed up with a very good competition on both contract efforts. There was a mix of OEMs, companies with similar work experience, and those seeking new business to complement existing business activities. Both of the winning contractors were extremely competent and were expected to perform very well in the work previously done by Air Force personnel at AGMC. The other critical fact was that no other bidders lodged protests against the process or the final decision. I believe that our extra effort and cautious approach were right for these circumstances.

### **Transition and Preparation For Base Closure**

From the onset of the transition effort, we established the transition period as a way to reduce risks of a break in the repair lines. Our plan called for an ordered process to plan, document, and then be fully ready to take over a repair line. As the program schedule slipped a total of 10 weeks by the time of contract award, we shortened the transition period in kind. This made it even more important to prepare care-

fully for the final transition and base closure events.

The RFP required that the successful contractor plan and provide detailed documentation to show their readiness to conduct the transfer of responsibility (turnkey event) for each workload. Through careful planning on the part of the contractor, and thorough review by the Air Force, we all hoped to reduce the risks as the turnkey events approached. Another facet of the process was the requirement to actually demonstrate critical repair processes. If the documentation and planning was good enough, the Air Force intended to waive the demonstration events. Actual planning and documentation on the repair contract was so good that the Air Force waived 21 out of 29 planned demonstrations. For the metrology contract, the manager chose to conduct most of the demonstrations, and results at the time of the turnkey events were also very good.

Another concern during the transition phase was whether the winning contractors would be able to hire the highly skilled AGMC workers. Their plans were always to hire most of their workers from the existing workforce. This worked out very well. It was only during the final stages of filling out their workforce that the winning companies had to seek people from outside the

existing or recently retired AGMC workforce.

### **Sharing Our Knowledge**

We ultimately expended a lot of effort in transferring the lessons learned while privatizing Newark Air Force Base to the other DoD facilities slated for privatization. We certainly created one path toward successful award of contracts and transferring the work to private industry. Many of our lessons will apply to other depots, while others will serve as a benchmark to be improved upon or changed due to different circumstances.

Our team put together a summary level briefing of the lessons learned and used it with HQ AFMC and Pentagon personnel as they prepared to initiate other privatization efforts. We also worked directly with the next two depots slated for privatization: the San Antonio and Sacramento ALCs.

As more and more depots consider privatization, we respond to more and more inquiries from other offices who must develop and implement these plans. The Defense Logistics Agency is privatizing their operations at the San Antonio and Sacramento ALCs, and the Navy is privatizing two of their unique depots in Indiana and Kentucky. It's unclear just how many DoD depots will be seriously considered for privatization.

## **IN MEMORIAM**

The DSMC Visual Arts and Press recently learned of the death of longtime former employee, Frederick Hughes, Sr. Born in Johnstown, Penn., Hughes served in the Army and retired from the Air Force. He also retired from the Department of Defense as a graphic artist. Hughes was buried in Quantico National Cemetery with full military honors.

### **Privatization— Is It a Good Thing?**

The big question on the value of privatizing an Air Force depot will remain unanswered for some time. On the surface, we already proved that depot contracts can be planned and awarded. This can be done on a tight schedule when all levels of the Air Force are willing to go out of their way to help with the critical decisions. We demonstrated there is a way to transfer very complex repair operations to a competent contractor without causing a break in the flow of repaired items. What we won't know for some time to come is whether the results will prove to be significantly cheaper than the cost of operating an Air Force depot. Since the example of contracts at Newark Air Force Base are cost reimbursement contracts, it will be some time before we can truly evaluate how big the cost savings will be.

## **DSMC & FEDERAL ACADEMY OF DEFENSE ADMINISTRATION AND MILITARY TECHNOLOGY TO CONDUCT INTERNATIONAL SEMINAR**

**T**he Ninth Annual Acquisition/Procurement Seminar focuses on international acquisition practices and cooperative programs. The seminar is sponsored by the International Defense Educational Arrangement (IDEA) between defense acquisition educational institutions in Germany, France, the United States, and the United Kingdom.

Those eligible to attend are Defense Department/Ministry and defense industry employees from the four IDEA nations who are actively engaged in international defense acquisition programs. Other nations may participate by invitation. Nations participating in past seminars were Australia, Belgium, Canada, Denmark, Italy, The Netherlands, Norway, Portugal, Spain, and Switzerland.

This year the seminar will be held July 7-11, 1997, at the Federal Academy of Defense Administration and Military Technology (one hour from the Frankfurt Airport by train or bus). The last day of the

seminar, July 11, will be an optional day for those interested in the educational aspects of international acquisition.

The IDEA Seminar is by invitation only. Those desiring an invitation, who have not attended past IDEA Seminars, should contact the IDEA team at DSMC. Those U.S. DoD personnel receiving an invitation should submit an approved DD Form 1556 with a copy to DSMC by fax. Industry representatives should submit letterhead requests by fax. There is no fee for the seminar. Invitations and confirmations will be issued after May 1, 1997.

### **For more information, contact IDEA Team Members**

Prof. Richard Kwatnoski, Director, International Acquisition Courses  
or Sharon Boyd, Seminar Organizer

Commercial: (703) 805-5196/4592 DSN: 655-5196/4592

Fax: (703) 805-3175

# NINTH ANNUAL INTERNATIONAL ACQUISITION/PROCUREMENT SEMINAR



**JULY 7-11, 1997**

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*For further information contact DSMC's IDEA Team on (703) 805-5196*

## IRV BLICKSTEIN RECEIVES USD(A&T) PACKARD AWARD

IRVING N. BLICKSTEIN (RIGHT), FORMER DIRECTOR OF ACQUISITION PROGRAM INTEGRATION, OFFICE OF THE UNDER SECRETARY OF DEFENSE FOR ACQUISITION AND TECHNOLOGY, RECEIVES THE UNDER SECRETARY OF DEFENSE FOR ACQUISITION AND TECHNOLOGY'S DAVID PACKARD AWARD FOR INNOVATIVE PRACTICES IN DEFENSE ACQUISITION. BLICKSTEIN RECEIVED THE AWARD AT THE PENTAGON ON SEPT. 6. PRESENTING THE AWARD IS THE PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE FOR ACQUISITION AND TECHNOLOGY, R. NOEL LONGUEMARE. BLICKSTEIN IS CURRENTLY THE ASSISTANT DEPUTY CHIEF OF NAVAL OPERATIONS (RESOURCES, WARFARE REQUIREMENTS, AND ASSESSMENTS).



## APMC 96-2 GETS CRASH COURSE ON "MEETING THE MEDIA"



THE ARMY'S DEPUTY CHIEF OF PUBLIC AFFAIRS, COL. ROBERT E. GAYLORD, WAS THE LAST OUTSIDE SPEAKER TO ADDRESS THE DEFENSE SYSTEMS MANAGEMENT COLLEGE'S ADVANCED PROGRAM MANAGEMENT COURSE, CLASS 96-2. GAYLORD'S NOV. 21 PRESENTATION, PERHAPS THE MOST UNIQUE ON THE ARMY SERVICE DAY AGENDA, PRESENTED THE ARMY'S ROLE AND RELATIONSHIP WITH THE PRINTED AND BROADCAST MEDIA IN TODAY'S ENVIRONMENT OF ON-THE-SPOT NEWS COVERAGE. FROM LEFT: COLLIE JOHNSON, MANAGING EDITOR, PROGRAM MANAGER MAGAZINE; GAYLORD; ARMY COL. CHARLES W. WESTRIP, JR., DEAN, DIVISION OF COLLEGE ADMINISTRATION AND SERVICES, DSMC.

## Meets West at DSMC



**X**in Qi (pronounced "Chin She"), from the People's Republic of China, received a warm welcome at the Defense Systems Management College (DSMC), Fort Belvoir, Va., during his visit on Nov. 21. Qi is a Research Fellow, Center for Peace and Development; and Military Officer in the General Political Department's Liaison Division, People's Republic of China. He was in the United States to examine U.S.-China relations, U.S.-Taiwan policy, U.S. foreign policy in general, and Asian regional security. During his tour, Qi received a first-hand look at DSMC's computer classroom. Pictured from left: Army Brig. Gen. Richard A. Black, DSMC Commandant; Army Col. Charles W. Westrip, Jr., Dean, Division of College Administration and Services, DSMC; Ruben Fonseca-Torres, Automation Operations and Education Department, DSMC. Seated: Qi.

# 1996 Program Manager Magazine

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# DSMC Hosts Fourth Semiannual PEO/SYSCOM Commanders/PM Conference

## Acquisition Reform Today and Tomorrow

ROBERT O'DONOHUE

**T**he Defense Manufacturing Council, chaired by Principal Deputy Under Secretary of Defense for Acquisition and Technology, R. Noel Longue-mare, sponsored the fourth semiannual PEO/SYSCOM Commanders/PM Conference, which convened at the Defense Systems Management College, Fort Belvoir, Va., Oct. 29-30, 1996. The over 320 registrants represented a spectrum of disciplines, all the Services, Office of the Secretary of Defense, and a number of Defense Agencies.

### Fall Conference Objectives

As its theme for the fall conference, the Council chose "Acquisition Reform: Today and Tomorrow," with much of its content inspired by feedback from the Services about the first Acquisition Reform Acceleration Day, held on May 31. They also identified three main conference objectives:

- Assess how the professional acquisition workforce is responding to the many legislative changes and initiatives generated by Acquisition Reform.
- Focus future Acquisition Reform efforts on those areas that offer the greatest "yield."
- Identify implementation ideas as to how the professional acquisition workforce should proceed.

The Conference opened with status reports on action items from prior Conferences:

- PPBS (Planning, Programming, and Budgeting System) and Program Stability
- DoD IG (Inspector General) Audit/Inspection Reform
- Operational Requirements Process
- DFAS (Defense Finance and Accounting Service) Upgrade Status

The update briefings were followed by a Senior Executives panel, consisting of Under Secretary of Defense for Acquisition and Technology, Dr. Paul G. Kaminski; Assistant Secretary of Defense for Command, Control, Communications, and Intelligence, Emmett Paige; the six Component Acquisition Executives; the Deputy Comptroller for Program/Budget; the Director, J8, Joint Staff; the Director, Ballistic Missile Defense Organization; and the Commander, Defense Contract Management Command. This panel addressed Acquisition Reform Acceleration Day Feedback and Priorities for Future Acquisition Reform.

In addition, the conference presented two other major opportunities for question-and-answer sessions with DoD Senior Acquisition Executives.

Based on feedback from the professional acquisition workforce concerning the first Acquisition Reform Acceleration Day, the Conference convened two other major focus area

panels that addressed the top-ranked issues.

- The remaining barriers to effective and empowered IPTs (Integrated Product Teams).
- Communications (vertical and horizontal) within the workforce,



*O'Donohue is the Executive Secretary to the Defense Manufacturing Council and a member of the Senior Executive Service, Office of the Under Secretary of Defense for Acquisition and Technology.*

and education and training of the workforce.

(Here we mean "workforce" in the broadest terms, i.e., all persons or entities that can affect the outcome of a program. This includes Comptrollers/Budgeting personnel, Requirements writers/approvers, T&E community, Contracts personnel, Auditors, etc., in addition to the "regular" Acquisition Workforce.)

These panels were followed by a number of Breakout Groups that addressed issues arising from the various panels, with each Group giving its findings and recommendations to the rest of the conferees.

Parallel to the Breakout Groups, a number of topical briefings were available to those conferees (about half

who were not in Breakout Groups. Topics for these briefings were selected based on a survey of the Services regarding which topics they'd find most useful. The briefing topics included:

- Cost As an Independent Variable (CAIV);
- Integrated Baseline Reviews (IBR);
- Inserting New Technology in Legacy Systems;
- Integrated Data Environments (IDE);
- Military Products from Commercial Lines; and
- MIDS - an Example of Acquisition Reform in Action.

The third panel, comprising the senior DoD T&E (Test and Evaluation) Executives, addressed how the T&E community is changing the way it does

business in an era of Acquisition Reform, and what the T&E community needs from program organizations so both can accomplish their objectives.

Retired Air Force Gen. Michael McRaney, the first-day luncheon speaker, addressed "Effective Communications," one of the themes of the conference; the second-day luncheon included an address by Deputy Secretary of Defense, Dr. John White, who discussed the important roles in DoD cost reduction played by Acquisition Reform, Outsourcing/Privatization, and the Quadrennial Defense Review (QDR).

Based on favorable comments from the vast majority of those completing Conference Evaluation forms, this Conference was deemed a great success. The next Conference is slated for April 1997.

### **Acquisition Reform Acceleration Day Planned**

In response to the success of the first Acquisition Reform Acceleration Day, held on May 31, 1996, and to the favorable feedback received from the professional acquisition workforce about holding another one, Kaminski set a date of March 19, 1997, for the next Acquisition Reform Acceleration Day.



AMONG THOSE ATTENDING THE FOURTH PEO/SYSCOM COMMANDERS/PM CONFERENCE WERE SEVERAL OFFICE OF THE SECRETARY OF DEFENSE SENIOR LEADERS AS WELL AS SENIOR STAFF AND FACULTY FROM THE DEFENSE SYSTEMS MANAGEMENT COLLEGE. FROM LEFT: RICHARD REED, REPRESENTING THE PROVOST AND DEPUTY COMMANDANT, DEFENSE SYSTEMS MANAGEMENT COLLEGE; DEPUTY SECRETARY OF DEFENSE, DR. JOHN WHITE; PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE FOR ACQUISITION AND TECHNOLOGY, R. NOEL LONGUEMARE; DEPUTY UNDER SECRETARY OF DEFENSE FOR ACQUISITION REFORM, COLLEEN A. PRESTON.

# FOURTH SEMI-ANNUAL PEO/SYSCOM COMMANDERS/PM CONFERENCE

October 29-30, 1996

**T**he Fourth Semiannual PEO/SYSCOM Commanders/PM Conference focused on action items from the last conference, feedback from the May 1996 Acquisition Reform Acceleration Day, and special topics to support the theme of "Acquisition Reform: Today and Tomorrow."



Under Secretary of Defense for Acquisition and Technology, Dr. Paul G. Kaminski served as moderator of the Senior Executives Panel during the conference.

Three Senior Executive Panels convened during the conference. Pictured is the first, moderated by Dr. Paul G. Kaminski, the Defense Acquisition Executive. From left: Air Force Lt. Gen. David McCloud, Director for Force Structure, Resources & Assessments, Joint Staff, J8; Terry Ryan, Deputy Director, Defense Airborne Reconnaissance Office; Gary Smith, Acquisition Executive, Special Operations Command; John Douglass, Navy Service Acquisition Executive; Emmett Paige, Assistant Secretary of Defense for Command, Control, Communications, and Intelligence; Kaminski; Gil Decker, Army Service Acquisition Executive; Air Force Lt. Gen. Lester Lyles, Director Ballistic Missile Defense Organization; Art Money, Air Force Service Acquisition Executive; Air Force Maj. Gen. Robert Drewes, Commander, Defense Contract Management Command; Ron Davidson, Deputy Comptroller for Program/Budget.



Thomas Crean, President, Defense Acquisition University and panel moderator, spoke to the conferees on acquisition workforce training. From left: Ron Endicott, Senior Specialist, Acquisition Reform, Office of the Assistant Secretary of the Army for Research, Development and Acquisition; Dr. Margaret Myers, Director, Acquisition Oversight, Office of the Deputy Assistant Secretary of Defense for Command, Control, Communications, and Intelligence (Acquisition); Blaise Durante, Deputy Assistant Secretary of the Air Force (Management Policy and Program Integration); Jill Pettibone, Executive Director for Contract Management Policy, Defense Contract Management Command; Crean; Alex Dean-Bennet, Director of Communications, Education and Training, Navy Acquisition Reform Office; Army Col. De Voorhees, Military Deputy to the Acquisition Executive, Special Operations Command.

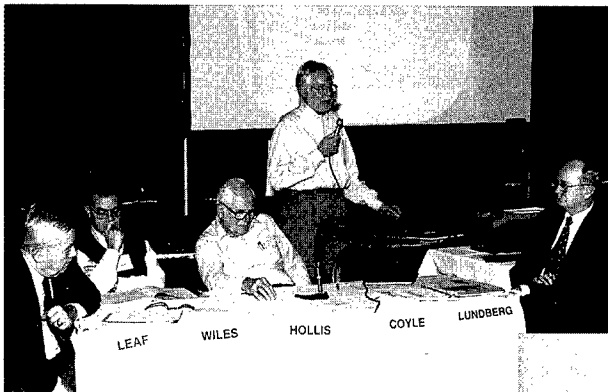


Air Force Brig. Gen. Claude Bolton, Jr., former DSMC Commandant, attended the conference in his new capacity as Director of Requirements, Air Force Materiel Command. From left: Dave Scibetta, Deputy Dean, Division of College Administration and Services, DSMC; Bolton; Army Lt. Col. Charles Westrip, Jr., Dean, Division of College Administration and Services, DSMC.

The Integrated Product Team (IPT) panel convened to discuss remaining barriers to effective and empowered IPTs. From left: Pete Blackledge, Director, Naval Warfare, Office of the Deputy Assistant Secretary of the Navy (Research, Development, and Acquisition); Navy Cmdr. Cameron Ingram, OPNAV N864D, Surface Warfare Land Attack Branch, Future Ships; Gary Nenninger, Deputy Program Manager, Apache; John Beach, Principal Deputy Assistant Secretary of the Air Force (Financial Management); Ric Sylvester, Office of the Deputy Under Secretary of Defense (Acquisition Reform), and panel moderator; Army Brig. Gen. Harry Gatanas, Assistant Deputy for Procurement, Office of the Assistant Secretary of the Army (Research, Development, and Acquisition); Ron Mutzelburg, Director, Air Warfare, Office of the Under Secretary of Defense (Acquisition and Technology); Navy Capt. Steve Fahrenkrog, Program Manager, H-1 Four Blade Helicopter Program; Air Force Col. Jeffrey Quirk, Deputy Program Director, Space Based Infrared Systems



# ANNUAL SENIORS/PM CONFERENCE



The Test and Evaluation (T&E) Panel, which included Philip Coyle, Director, Defense Operational Test and Evaluation and panel moderator, and the Service T&E Executives, convened to discuss T&E in an era of acquisition reform. From left: Retired Air Force Lt. Gen. Howard Leaf, Director, Air Force Test and Evaluation; Dr. John Wiles, Acting Director, Test, System Engineering and Evaluation, Office of the Under Secretary of Defense (Acquisition and Technology); Walt Hollis, Deputy Under Secretary of the Army (Operations Research); Coyle; Lewis Lundberg, Deputy Director, Navy Test and Evaluation and Technology Requirements.

The second Senior Executives Panel included Principal Deputy Under Secretary of Defense for Acquisition and Technology, R. Noel Longuemare (standing). Seated from left: Blaise Durante, Deputy Assistant Secretary of the Air Force (Management Policy and Program Integration); Gil Decker, Assistant Secretary of the Army (Research, Development, and Acquisition); Navy Vice Adm. Michael Sullivan, Principal Deputy Assistant Secretary of the Navy (Research, Development, and Acquisition); Gary Smith, Acquisition Executive, Special Operations Command; Emmett Paige, Assistant Secretary of Defense (Command, Control, Communications, and Intelligence); Air Force Lt. Gen. Lester Lyles, Director, Ballistic Missile Defense Organization.



The Army Service Acquisition Executive, Gil Decker, reviews conference material with DSMC conferees. From left: Decker; Army Lt. Col. Charles Westrip, Jr., Dean, Division of College Administration and Services, DSMC; Richard Reed, representing the Provost and Deputy Commandant, DSMC.



Army Col. Sharolyn Hayes (second from right), Director, Acquisition Reform Communications Center (ARCC), discusses the ARCC and its mission with conferees visiting the Defense Acquisition University exhibit.



Deputy Under Secretary of Defense for Acquisition Reform, Colleen A. Preston, provided concluding remarks at the close of the third Senior Executives Panel. To her right is Principal Deputy Under Secretary of Defense (Acquisition and Technology), R. Noel Longuemare. Other panel members not pictured included: Air Force Brig. Gen. Claude Bolton, Jr., Director of Requirements, Air Force Materiel Command; John Douglass, Assistant Secretary of the Navy (Research, Development, and Acquisition); Dr. Ken Oscar, Deputy Assistant Secretary of the Army for Procurement, Office of the Assistant Secretary of the Army (Research, Development, and Acquisition).

# Surfing the Net

## An Internet Listing Tailored to the Professional Acquisition Workforce

### **DEPARTMENT OF DEFENSE Under Secretary of Defense**

(Acquisition and Technology) (USD[A&T])  
<http://www.acq.osd.mil/HomePage.html>—  
Helps locate a specific office or  
USD(A&T) document.

### **Deputy Under Secretary of Defense**

(Acquisition Reform) (DUSD[AR])  
<http://www.acq.osd.mil/ar>  
Information on upcoming events, legis-  
lation, and DUSD(AR) organizational  
breakout. "Ask A Professor" link allows  
users to ask questions and receive  
responses within 10 business days.

### **Acquisition Systems Management (Defense Acquisition Board [DAB] Executive Secretary)**

<http://www.acq.osd.mil/api/asm/>  
Information on organization, mission,  
products, customers, and Frequently  
Asked Questions (FAQ).

### **DoD Acquisition Workforce Home Page**

<http://www.dtic.mil/acqed2/acqed.html>—  
Current legislation, regulations, critical  
acquisition positions, and FAQs for the  
acquisition workforce.

### **Defense Acquisition Deskbook**

<http://deskbook.osd.mil/deskbook.htm>  
Automated acquisition reference tool  
covering mandatory and discretionary  
practices as well as procurement wis-  
dom.

### **Defense Acquisition University (DAU) and Acquisition Reform Communications Center (ARCC)**

<http://www.acq.osd.mil/dau>  
DAU course and schedule information.  
ARCC provides extensive Acquisition  
Reform training information and materials.

**Army** (Deputy Chief of Staff for Acquisi-  
tion, Army Materiel Command)  
<http://www.dtic.mil/amc/acq/acqmenu.html>

Training and career opportunities,  
Army Acquisition Corps points of con-  
tact, materiel acquisition management,  
course schedule, and acquisition bul-  
letins.

### **Army Acquisition Executive**

<http://www.sarda.army.mil/>  
Links to other SARDA organizations;  
allows users to register for automatic  
E-mail notification of Home Page  
updates.

### **Navy Acquisition Reform**

<http://www.acq-ref.navy.mil/>  
Policy and guidance, resource lists,  
tools, and training opportunities.

### **Air Force** (Contracting)

<http://www.hq.af.mil/SAFAQ/contracting/>  
Business opportunities with the Air  
Force, various training options, and  
library of publications.

### **Air Force** (Acquisition)

<http://www.safaq.hq.af.mil/SAFAQ>  
Shop Talk; "Ask AQ" and receive  
answers within two business days.

### **Air Force Materiel Command (AFMC) Contracting Laboratory's Federal Acquisition Regulation (FAR) Site**

<http://farsite.hill.af.mil/>  
FAR search tool; information on open  
FAR and Defense Federal Acquisition  
Regulation (DFAR) cases; Federal  
Register; Commerce Business Daily  
Announcements, and Electronic Forms  
Library.

### **HQ AFMC/PK Training**

<http://www.afmc.wpafb.af.mil/>  
Access "Organizations," "PK Contract-  
ing," "PKX, Resource Management,"

and "Training" to obtain Air Force train-  
ing references, tools, guidebook, and  
link to Lightning Bolt #9 Training.

### **Coast Guard**

<http://www.dot.gov/dotinfo/uscg/welcome.html>  
General Coast Guard information.

### **Defense Advanced Research Pro- jects Agency (DARPA)**

<http://www.arpa.mil>  
Planned procurement examples avail-  
able for downloading.

### **Defense Information Systems Agency (DISA)**

<http://www.disa.mil>  
Structure and mission of DISA.

### **National Imagery and Mapping Agency (NIMA)**

<http://www.dma.gov>  
Geospatial and imagery information,  
publications, and business opportuni-  
ties.

### **Defense Modeling and Simulation Office (DMSO)**

<http://www.dmsomil>  
Focal point for information concerning  
DMSO activities.

### **Defense Systems Management College (DSMC)**

<http://www.dsmc.dsm.mil>  
DSMC educational products and ser-  
vices.

### **Defense Technical Information Center (DTIC)**

<http://www.dtic.mil/>  
Information on planned, ongoing, and  
completed defense-related research.

**DoD Electronic Commerce/Electronic Data Interchange Office (EC/EDI)**

<http://www.acq.osd.mil/ec/>

Information on Central Control Register, Value Added Networks, current EDI sites; online resources.

**Earned Value Management**

<http://www.acq.osd.mil/pm>

Information on implementation of Earned Value Management, including latest policy changes, standards, international developments, and an active noteboard.

**Open Systems Joint Task Force**

<http://www.acq.osd.mil/osjtf>

Open Systems education and training opportunities, standards selection, documentation, key briefings, and evidence of benefits

**FEDERAL CIVILIAN AGENCIES**

**ARNET** (Joint Effort of the National Performance Review and Office of Federal Procurement Policy)

<http://www.arnet.gov/>

Virtual library, procurement resources, best practices, business opportunities.

**Federal Acquisition Institute (FAI)**

<http://www.gsa.gov/staff/v/training.htm>

One-stop acquisition training shop. Federal Acquisition Streamlining Act resource materials; FAR and Federal Acquisition Reform Act.

**General Accounting Office (GAO)**

<http://www.gao.gov>

Investigative arm of Congress; examines matters relating to the receipt and disbursement of public funds. Allows users access to GAO reports, FAQs.

**General Services Administration (GSA)**

<http://www.gsa.gov>

Online shopping for commercial items to support government interests.

**Government Printing Office (GPO)**

[http://www.access.gpo.gov/su\\_docs/](http://www.access.gpo.gov/su_docs/)

Access to electronic government information products.

**National Performance Review (NPR)**

<http://www.npr.gov/>

Government cost saving advice; "how to" tools.

**National Technical Information Service (NTIS)**

<http://www.fedworld.gov/preview/preview.html>

Check out OrderNow for online products.

**Small Business Administration (SBA)**

<http://www.SBAonline.SBA.gov>

Communications network for small businesses.

**INDUSTRY AND PROFESSIONAL ORGANIZATIONS**

**Aerospace Industries Association**

<http://www.access.digex.net/-aia/>

Information about the most critical issues facing today's U.S. aerospace industry and access to related Internet sites.

**Commerce Business Daily**

<http://www.govcon.com/>

Access to current and back issues with search capabilities; business opportunities; interactive yellow pages.

**Consortium for Advanced Manufacturing—International**

<http://www.onramp.net/cami>

Activities of this non-profit manufacturing research organization include activity-based costing and activity-based management.

**Electronic Industries Association (EIA)**

<http://www.eia.org>

Government Relations Department includes links to issue councils.

**National Contract Management Association (NCMA)**

<http://www.ncmahq.org>

"What's New in Contracting?"; educational products catalog.

**Society of Logistics Engineers (SOLE)**

<http://www.telebyte.com/sole/sole.htm>

Online desk references that link to advice in solving logistics problems.

**TOPICAL LISTINGS**

**ACQWEB Index of Offices by Title**

<http://www.acq.osd.mil/acqweb/topindex.html>

Great launch pad to acquisition specific sites and topics.

**DoD Specifications and Standards Home Page**

<http://www.acq.osd.mil/es/std/stdhome.html>

DoD Source Selection Plan products and pricing information; military standards and specifications reform; standardization library; training opportunities; FAQs.

**Electronic Commerce Resource Center (ECRC)**

<http://www.ecrc.gmu.edu/location.htm>

Connects to other ECRCs across the United States.

**FAR, Circulars, and Supplements from GSA**

<http://www.gsa.gov/far>

The latest FAR information and specific references.

**GSA Advantage**

<http://www.fss.gsa.gov>

Assistance in using the government-wide purchase card.

**Single Process Initiative (SPI) Information**

<http://www.dcmc.dcrb.dla.mil>

SPI policy, guidance, procedures; information sheets; lessons learned.

**If you have questions about the above sources, or would like to add your Website to this list, please call the Acquisition Reform Communications Center (ARCC) at 1-888-747-ARCC.**

## DSMC HELPS MARINE CORPS COLLECT "TOYS FOR TOTS"

**T**he Marine Corps "Toys for Tots" Annual Christmas Drive received an early Christmas present from the staff, faculty, and students of the Defense Systems Management College, Fort Belvoir, Va. In addition to a large stash of new toys for Santa to deliver on Christmas Eve, the College Commandant, Army Brig. Gen. Richard A. Black (right) also presented Santa's representative, Marine Maj. Douglas F. Cromwell, a generous contribution toward the purchase of even more toys. Black presented the check at DSMC's Annual Christmas Party, held at the Fort Belvoir Noncommissioned Officers Club, Dec. 19, 1996. DSMC employee Shannon Walter-Saville coordinated DSMC's participation in this year's "Toys for Tots" Drive.



### ATTENTION SUBSCRIBERS

If your address changes, the Post Office will not automatically forward your copy of *Program Manager*, even though you may have filed a Notification of Change of Address with the United States Postal Service. To ensure uninterrupted delivery, please notify the DSMC Visual Arts and Press, in writing, of your new address. Our point of contact is Carrie Simpson. Contact Carrie at the following address, numbers, or via Internet.

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Fax: (703) 805-2917 or DSN 655-2917  
Internet: [simpsonc@dsmc.dsm.mil](mailto:simpsonc@dsmc.dsm.mil)

On behalf of the DSMC Press, many thanks for your continued readership and support.

—Collie Johnson  
Managing Editor

# DSMC's Home Page

## <http://www.dsmc.dsm.mil>

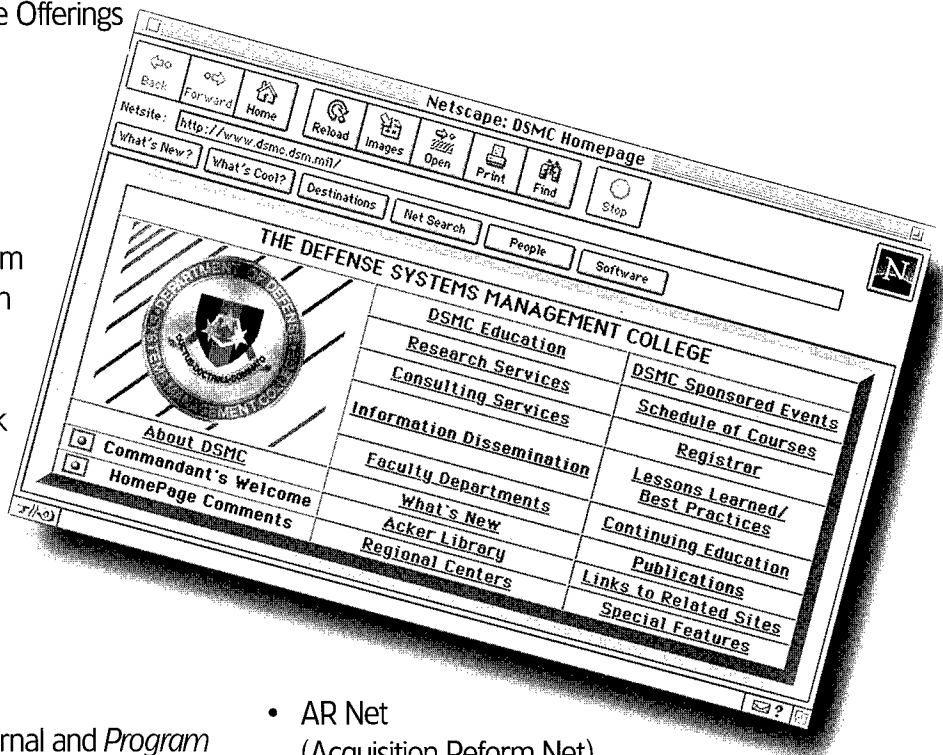
Your Online Access to Acquisition Research,  
Consulting, Information, and Course Offerings

### On DSMC Home Page Now

- About DSMC
- Educational Information
- Schedule of Classes
- Military Research Fellows Program
- Research on Ongoing Acquisition Research (ROAR)
- Ongoing Research Projects
- Technical Report and Guidebook Abstracts
- Staff and Faculty Expertise List
- Management Deliberation Center
- David D. Acker Library
- Learning Resource Center
- *Program Manager* Magazine
- *Acquisition Review Quarterly* Journal and *Program Manager* Magazine Index
- Best Manufacturing Practices
- DSMC Division Mission Statements
- Executive Institute
- Correspondence Courses
- DAWIA Requirements
- Special Bulletins
- Acquisition Reform Updates
- College Catalog and Schedule of Classes
- Updated Research Fellows Reports
- Best Practices
- Lessons Learned
- *Program Manager* Magazine PDF Files (1994 to Present)
- *Acquisition Review Quarterly* Journal PDF Files (All Issues)

### Links to Related Sites

- ACQ Web (Office of the Under Secretary of Defense for Acquisition and Technology)



- AR Net (Acquisition Reform Net)
- Manufacturing Practices
- Best Software Practices
- Continuous Acquisition and Life Cycle Support
- Defense Acquisition University (DAU)
- DoD Acquisition Deskbook
- Defense Technical Information Center (DTIC)
- National Institute for Standards and Technology (NIST)

### Under Construction

- Acquisition Research Symposium Proceedings

### Future Plans

- Faculty Bio Book
- All Current Guidebooks in PDF Format
- Surveys and Survey Results
- Subpages for Each DSMC Department
- Special Publications (e.g., Symposium Proceedings)
- Special Items of Particular Interest to the Acquisition Workforce

I am thrilled and feel as an individual, representative of the many thousands who were and have been involved in acquisition reform, who may have read the interview of Secretary Colleen Preston in the special January-February 1997 issue of *Program Manager*.

I am more than thrilled, actually flabbergasted at her total honesty, lack of false ego, and frank responses to the questions asked by Brig. Gen. Richard A. Black, DSMC Commandant.

To admit she is a self-professed plagiarizer, that she learns from other people, that she listens to both sides before implementation of ideas, not claiming them as her own, is beyond the comprehension of many managers past and present, particularly those leaders who believe in dictatorial-type management as opposed to participative management. One operates on a policy of fear; the other respect, which is the one she chose.

In fairness to fear-type managers (though I do not agree), many are sincere in their belief that a strong hand is required to accomplish their mission. This belief has always lacked effectiveness by comparison to participative managerial types. The proof of this are the results of the reforms initiated by Deputy Under Secretary of Defense Colleen A. Preston. It's been a long time in coming, but this is the leadership required and needed to be successful.

I and many others I'm sure, salute you. You are a leader who walks down, not talks down! You are a leader who gives respect and therefore receives it. You are a leader who shares success with people who earned and deserve it. By golly, Deputy Under Secretary of Defense Colleen A. Preston—you are a *leader*!

—Joseph Meaney  
Citrus Heights, Calif.

# FROM THE COMMANDANT

So many things have happened since I last wrote to you in this column. To name just a few: the reelection of the President; the nomination and recent Senate confirmation of the new Secretary of Defense and Secretary of State; the Defense Acquisition Executive and Army Acquisition Executive announcing their intent to depart in the springtime after the Quadrennial Defense Review; and most recently, the resignation of the Deputy Under Secretary of Defense (Acquisition Reform). As I quoted from Dean Rusk in the last issue, "The pace of events is moving so fast...that unless we can find some way to keep our sights on tomorrow, we cannot expect to be in touch with today."

As the many administration and personnel changes occur during the next few months, the truth of that statement becomes even more apparent and compelling. We must keep our sights on the reengineered and streamlined acquisition process and the more capable, but smaller, acquisition workforce that is described in the DoD Acquisition System Vision from the Office of the Under Secretary of Defense (Acquisition & Technology):

**DoD Will be Recognized as the World's Smartest, Most Efficient, and Most Responsive Buyer of Best-Value Goods and Services that Meet Our Warfighters' Needs.**

The beginning has ended. We are ready and now must *take the next steps* toward that vision. We must institutionalize the acquisition reform processes made possible by the new statutory and regulatory foundation laid by the Perry, Kaminski, Preston team. We must *exercise the flexibility* to tailor each acquisition to what is the smartest way to do that specific acquisition, and continue to instill in our workforce the desire to innovatively approach each day using all the new acquisition management tools available.

This issue amplifies previous discussions of two of those tools: Advanced Concept Technology Demonstrations (ACTD) and Cost As an Independent Variable (CAIV). These tools were discussed in two separate events here at the College: the ACTD Managers Conference hosted by the Army, September 1996; and the PEO/SYSCOM Commanders/PM Conference, hosted by the Defense Manufacturing Council, October 1996. Many of the participants—for the most part senior acquisition leaders and managers—left with a better understanding of how to incorporate these important acquisition reform initiatives into their respective programs. I hope you will find confirmation in the articles within this issue that these tools are really working and how you can further their implementation in your environment.

During the ACTD Conference, Dr. Kaminski emphasized that ACTDs are the foundation of our commitment to field equipment that provides superior military capability at an affordable cost. "ACTDs offer an opportunity to reduce risk early in the acquisition process; they enable compressed development and fielding cycles; and they stimulate innovative solutions to military problems." He also noted we need greater involvement of the opera-

tional test community in ACTDs; we need to improve the processes for transitioning ACTDs to formal acquisition, where appropriate; and we need to improve our communications with Congress regarding ACTDs.

Plans are already underway for the second ACTD conference.

The fourth PEO/SYSCOM Commanders/PM Conference focused on action items from the last conference, feedback from the Acquisition Reform Acceleration Day, and special topics to support the theme of "Acquisition Reform: Today and Tomorrow."

Described by Noel Longuemare as one of the more important acquisition reform strategies, CAIV was an item of particular interest at the conference. Under the CAIV concept, total life cycle cost is a key consideration in system requirements, performance characteristics, and schedules. This is a major conceptual change from the days when performance and schedule tended to drive a program's cost.

The Office of the Secretary of Defense is chairing a CAIV Flagship Program Workshop with participation from DSMC, the Institute for Defense Analyses, and representatives from eight major defense programs. One purpose of this workshop is to share problems and solutions in the implementation of CAIV. Our College is working to ensure appropriate information dissemination of this important concept and has integrated the concept into its various course offerings. This issue of *Program Manager*, as well as the two preceding issues, contains recent articles about the CAIV philosophy.

The PEO/SYSCOM Commanders/PM Conference closed with a dual recommendation: to expand participation in the second Acquisition Reform Acceleration Day (March 19, 1997), as well as participation in the next PEO/SYSCOM Commanders/PM Conference, to industry, users, auditors, and comptrollers.

This issue features an interview with the Army Acquisition Executive, Gil Decker. It was my pleasure to work for him as a PEO and as you read the interview, I am sure you will see the refreshing, supportive management philosophy that made it enjoyable to come to work each day. Working for what Mr. Decker termed the "Perry mafia" was a challenging opportunity I'm glad I had.



**Brig. Gen. Richard A. Black, USA  
Commandant**