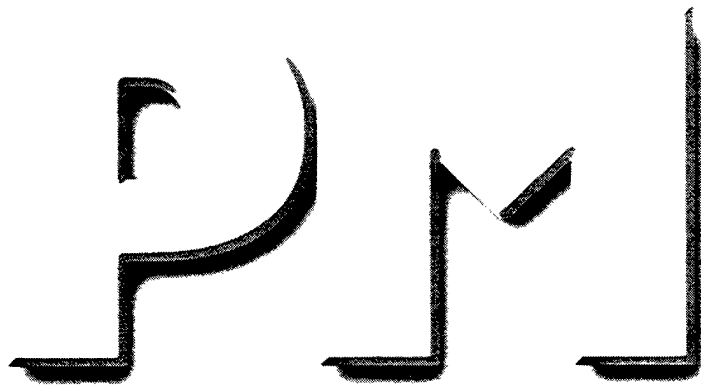


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DSMCAA 15TH ACQUISITION SYMPOSIUM

PROGRAM MANAGER

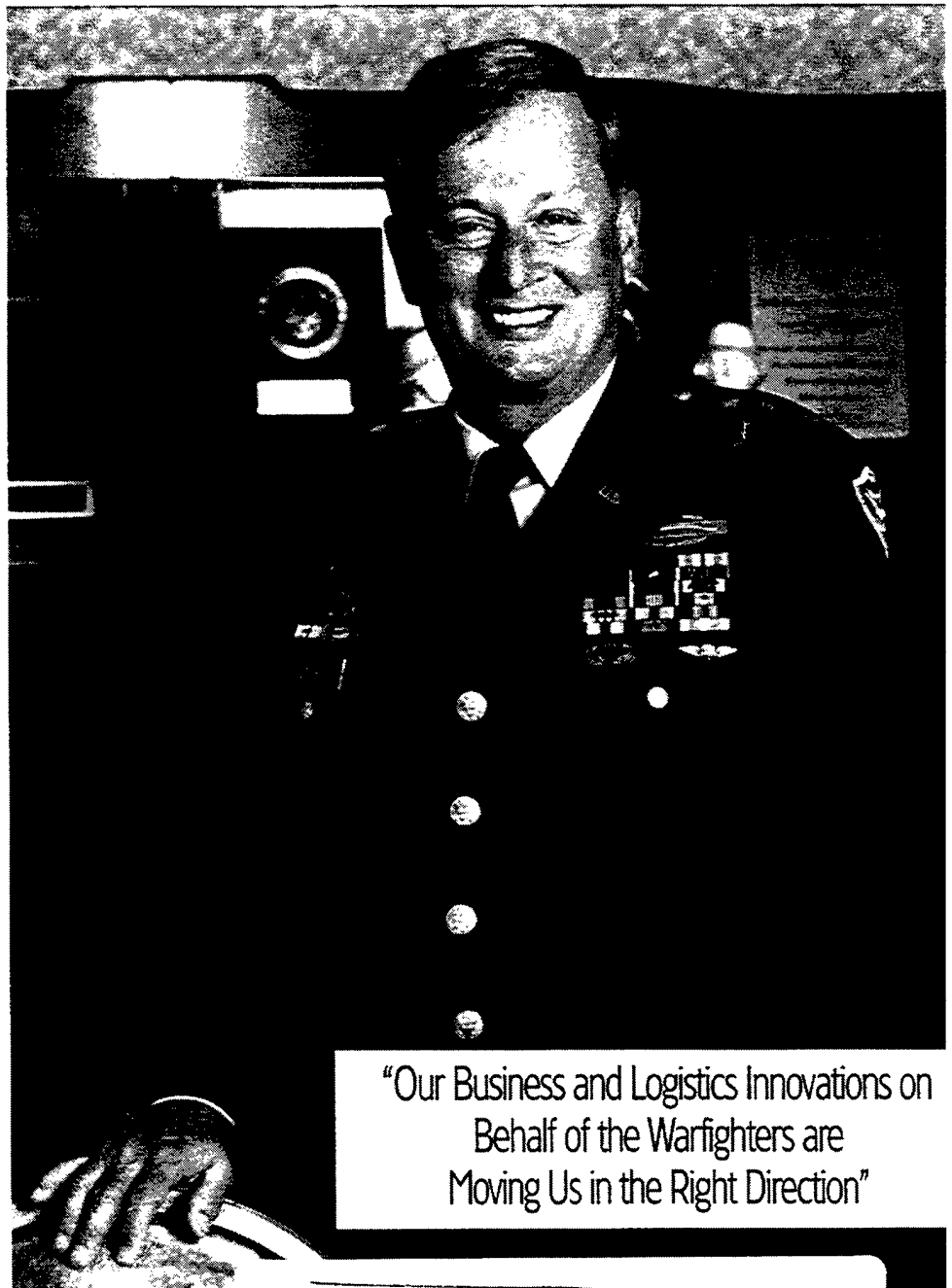


Greg Giddens
*Director, DoD Acquisition
Workforce Personnel
Demonstration Project*

Process Action Team
Nearing Start-up of DoD
Acquisition Workforce
Personnel Demo

ALSO IN THIS ISSUE:

Army Lt. Gen. Henry T. "Tom" Glisson
Director, Defense Logistics Agency



**"Our Business and Logistics Innovations on
Behalf of the Warfighters are
Moving Us in the Right Direction"**

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PROGRAM MANAGER

Vol XXVII, No. 4, DSMC 145



DLA Director Speaks to Program Manager

Program Manager Interview

Army Lt. Gen. Henry T. Glisson is spearheading a "Revolution in DoD Logistics" — and enjoying it!



Civilian Acquisition Workforce Listen Up!

Terry Bain • Greg Caruth • Collie Johnson
Compensation, appraisals, classification, hiring, training, retention — big changes may be coming your way!



Effects of Collocating Integrated Product Teams

Mark E. Gindele • Richard Rumpf

Can close physical proximity make a difference in program cost, schedule, and risk?



Lockheed Martin Forges Relationships with Best-Value Suppliers

Monty W. Dickinson

Uncle Sam stands to reap substantial, auditable savings from Lockheed Martin's push to acquire best-value suppliers.



DCMC Professionals Providing Basic Services to Hungary, Former Yugoslavia

Patrick A. Swan

Helping the economy and teaching locals that Americans aren't that bad.



DSMCAA Sponsors 15th Annual Acquisition Symposium

Frank Varacalli • Collie Johnson

Hosted by DSMC, "Developing the People Who Develop the Systems" was the theme of the 1998 Symposium.

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DLA Director Speaks to Program Manager

Interviewed by Dan McGinty, Managing Editor, Program Manager Magazine

From "om" Glisson and the Defense Logistics Agency (DLA) workforce needed little acclimating to one another when he took over that agency in July 1997. After 30 years of Glisson being either a customer of DLA or part of what he calls "this extraordinary agency," both felt fairly comfortable working together.

A personable officer who laughs easily and works tirelessly, Glisson is hitting his stride in a job he's prepared for over the course of his entire career. Described by DLA Staff Director for Congressional and Public Affairs, Dan McGinty as "a superb leader who can't wait to tackle the hardest problems; he cuts quickly to the crux of the toughest issues," Glisson and his 46,000-employee workforce face an abundance of current and future logistics challenges worldwide.

His tenure at DLA just happens to coincide with the biggest shake-up in government military affairs and DoD acquisition and logistics practices that the nation has ever seen. Secretary of Defense William S. Cohen coined the phrase, "Revolution in DoD Logistics," and Glisson and his staff are making it happen.

ARMY LT. GEN. HENRY T. GLISSON, DIRECTOR, DEFENSE LOGISTICS AGENCY, IS INTERVIEWED IN HIS FORT BELVOIR, VA., OFFICE BY COLLIE J. JOHNSON, MANAGING EDITOR, *PROGRAM MANAGER* MAGAZINE.



And they've made a lot of progress it would seem. Glisson readily acknowledges he has a workforce of "dedicated, selfless professionals." In fact, his pride in DLA's talented workforce pervades the interview.

Program Manager, in this issue attempts to present our readers a glimpse into the leadership policies of a man who runs, literally the world's largest mercantile.

Can you tell us a little about your background and the qualifications and types of jobs that led to your appointment as the Director of the Defense Logistics Agency?

For a career logistician, this is as good as it gets! From my commissioning as a second lieutenant in the Quartermaster Corps, each of my military as-

LT. GEN. HENRY T. GLISSON, U.S. ARMY

Director, Defense Logistics Agency

LT. Gen. Henry T. Glisson became the 13th Director of the Defense Logistics Agency on July 25, 1997.

The Defense Logistics Agency, headquartered at Fort Belvoir, Va., is responsible for providing the Army, Navy, Air Force, Marine Corps, and other federal agencies with a variety of logistics, acquisition, and technical services in peace and war.

These services include inventory management, procurement, warehousing, and distribution of spare parts, food, clothing, medical supplies, and fuel; administration of all military service weapon systems acquisition contracts; and reutilization of surplus military materiel. This worldwide mission is performed by approximately 46,000 civilian and military personnel around the world.

Glisson was commissioned a second lieutenant, Quartermaster Corps, in 1966 through the Reserve Officer Training Corps program at North Georgia College, where he also earned his Bachelor of Science Degree in Psychology. He received his Master's Degree in Education from Pepperdine University in Calif. His military educational background includes the Quartermaster Officer Basic and Advanced Courses, the Command and General Staff College, and the Army War College.

Selected as a Regular Army Officer in 1967, and detailed to the Infantry for 18 months, his early years included assignment as a Platoon Leader for the 549th Quartermaster Company (Air Delivery), and Aide-de-Camp for the Commanding General, U.S. Army, Japan; Advisor in the U.S. Military Assistance Command, Vietnam; and S4 (Logistics) and Commander, Headquarters Company, 2nd Battalion, 5th Infantry; Commander, Company C, 425th Support Battalion; Commander, 25th Supply and Transport Battalion; Executive Officer/S3, 25th Supply and Transport Battalion; and Assistant Chief of Staff, G4 (Supply), 25th Infantry Division, Hawaii.

From 1974 to 1977, Glisson was the Officer-in-Charge of the Cadet Mess, U.S. Military Academy, West Point, N.Y. From 1978 to 1982, he served as the S3, Division Support Command; Executive Officer, 701st Maintenance Battalion; and Commander, Materiel Management Center, 1st Infantry Division, Fort Riley, Kan. His next assignment was Commander, 87th Maintenance Battalion, 7th Support Group, U.S. Army, Europe. He served as Chief, Quartermaster Branch, U.S. Army Military Personnel Command in Alexandria, Va., from 1985 to 1987.

He was assigned to the Pentagon from 1987 to 1989 where he served first as Chief, Readiness Team, and then Chief, Troop Support Division, Office of the Deputy Chief of Staff for Logistics, Washington, D.C.

In 1989 he became Commander, Division Support Command, 4th Infantry Division, Fort Carson, Colo. He returned to the Pentagon in 1991, serving as the Executive Officer and Special Assistant to the Deputy Chief of Staff for Logistics; and then as Deputy Director, Directorate for Plans and Operations, Office of the Deputy Chief of Staff for Logistics.

In 1993 Glisson became the Commander, Defense Personnel Support Center, Defense Logistics Agency. In 1994, he was assigned as Commander, U.S. Army Soldier Systems Command, Natick, Mass. In 1996, he became the 44th Quartermaster General and Commandant of the U.S. Army Quartermaster Center and School in Fort Lee, Va., where he served until assuming his current position.

His decorations include the Defense Superior Service Medal, the Legion of Merit with Five Oak Leaf Clusters, the Bronze Star with "V" Device, the Bronze Star, the Purple Heart, the Meritorious Service Medal with Four Oak Leaf Clusters, the Army Commendation Medal, the Air Medal, the Combat Infantryman Badge, the Parachutist Badge, the Parachute Rigger Badge, and the Army Staff Identification Badge.

Glisson and his wife, Sherry, have one daughter, Shannon.



signments has built upon the previous one to help me learn the many aspects of military logistics — from retail to wholesale.

Several assignments have had a particular impact. My 18 months detailed to the Infantry in combat, for example, gave me the perspective of the soldier in the field. My assignments in operational supply, maintenance, and

materiel management gave me a “users or customer” perspective. My staff assignments in the Pentagon gave me the “big picture” of the role of logistics in the defense of the United States. Overseas assignments in Japan, Vietnam, and Europe gave me a global view of how we interact with our allies and the unique challenges of supporting warfighting around the world. Lastly, an assignment with the Defense Personnel Support Center, DLA gave me a joint perspective.

So after 30 years of being either a customer of DLA or part of this extraordinary agency, I feel fairly comfortable to serve as its director.

Q Did you find that DLA had changed considerably since you served as Commander of DLA’s Defense Personnel Support Center three years ago? Any surprises?

A Yes and no. I had become a real fan of DLA and its outstanding workforce during my assignment in the Defense Personnel Support Center. I had never seen such an innovative, customer-focused organization; dedicated, selfless professionals who truly did everything they could to support our nation’s armed forces. Plus, they were so adept at dealing with change and consistently searched for ways to provide better, faster, cheaper support. I found that none of that had changed.

With the Quadrennial Defense Review, Revolution in Military Affairs, Revolution in Business Affairs and Military Logistics, Defense Reform Initiative Report, Joint Vision 2010, and a host of other initiatives — all aimed at meeting the challenges that we face today — I found that the amount and pace of change had increased dramatically.

The implications for DLA were clear. Doing logistics the old way would not meet the needs of a 21st century armed forces. The nature of warfare, the operational environment, the armed forces were changing, and DLA had to change to keep pace — and it has.



Garrison on his July 1997 assignment as Director, DLA: “For a career logistician, this is as good as it gets. After 30 years of being either a customer of DLA or part of this extraordinary agency, I feel fairly comfortable to serve as its Director.”

This DLA is “not your father’s Oldsmobile.” It is a dramatically different organization than I left three years ago. DLA has continued to re-engineer its organization and business processes and embrace information technology. It is much leaner, more agile and flexible, and more focused on warfighters and partnerships with industry. It has become an integral part of the warfighting team — forward stationed today in Bosnia and on the CINCs’ staffs, and part of the Services’ warfighting team at installations around the world.

Lastly, DLA has continued to be the catalyst for change in logistics in DoD. Initiatives like Prime Vendor, Virtual Prime Vendor, Electronic Catalogs, Electronic Mall — all originated in DLA. It is a fast paced, exciting, dynamic environment. So while the great workforce hasn’t changed, DLA’s approach to supporting and sustaining warfighters has changed dramatically.

Q You were given one of the toughest jobs in the government — to reform the DoD logistics system. With 46,000 civilian and military staff at over 500 sites, processing more than 30 million annual distribution actions, administering over \$900 billion of DoD and other agency contracts, and managing over four million consumable items, how did you approach this monumental undertaking?

A First, as I stated earlier, I knew that I had the best workforce in the Department of Defense! I am blessed with absolutely outstanding field organizations and commanders, and three exceptional major subordinate commanders: Air Force Maj. Gen. Tim Malishenko, Commander of the Defense Contract Management Command; Navy Rear Adm. Dave Keller, Commander of the Defense Logistics Support Command; and Pat White, Acting Director of the Defense Automated Printing Service. They have ensured that we have good, solid processes and business plans in place.

We also have great leadership and support from my boss, Dr. Jacques Gansler, Under Secretary of Defense (Acquisition & Technology), and the entire OSD staff. I couldn’t ask for better tools with which to lead DLA.

My job was to provide the vision for the agency — developing a strategic plan to take the agency from today into the next millennium. That has been done with the publication of our 1998 Strategic Plan. Given strong leadership, support, and an extraordinary workforce, my job is easy. I set challenging goals with clear measures, then stand back and let the people perform.



What do you see as the biggest challenge facing DoD in the area of logistics reform?



The answer is simple. We will not be able to achieve a Revolution in Military Affairs unless there is a complementary Revolution in DoD Logistics. The United States' ability to modernize our armed forces so they are ready for the changing nature of warfare and the operational environment in the 21st century depends heavily on us. We simply must leverage information and the commercial marketplace, and adopt more effective, efficient ways to support and sustain our armed forces in peace and war.

What we do *will not change*. How we do it and what we do it with *will change*. If we do not, there will not be enough funding to modernize our forces, and we will be unable to provide required logistical support on the modern battlefield. It is a mandate for change and we must all have a sense of urgency to reach this goal.



In 1961, DLA's mission was providing centralized management of consumable items of supply, the federal supply catalog, the DoD industrial plant equipment reserve, and the surplus disposal program on behalf of all the military services. In 1998, DLA is a logistics combat support agency with broader and more complex DoD and joint missions, political mandates, military operations and emergency relief. How are you managing this new mission?



Our role has changed, and DLA has reorganized itself to accommodate this change. I think our vision statement says it best:

America's logistics combat support agency — the warfighter's choice for integrated life cycle solutions through teamwork and partnership. One team — one focus, around the clock, around the world.

We want to be the logistics provider of choice for U.S. servicemen and

women, wherever and whenever they need us, anywhere in the world. We want to be an integral part of the warfighting team.

When you list all the operations U.S. forces have been involved in over the past few years, from hostile to humanitarian operations, it vividly illustrates that our servicemen and women are called to every corner of the globe. We have found that the best way to optimally support U.S. forces is to step up to the front lines with them, wherever those front lines happen to be. DLA now has multifunctional Contingency Support Teams (DCST) that give us a forward presence, side-by-side with America's deployed troops. And that means quicker and more effective logistics support.

Such support can include everything from arranging for contingency contracting to in-country fuel support for multinational missions to setting up an excess property disposal function at the mission site or providing administration of support and logistics contracts.

Two DLA activities — DLA Europe and DLA Pacific — provide in-theater logistics planning and support directly to the Commander in Chief, European Command, and Commander in Chief, Pacific Command, as well as their components and field organizations in their overseas theaters.

We are also increasing our number of Customer Support Representatives in the field and using customer-focused metrics to improve weapons systems support; and are reorganizing our supply centers along a weapons and personnel support focus that better aligns us with our customers. The Defense Supply Center Columbus will be devoted to supplying items for land and sea weapons systems. The Defense Supply Center Richmond will provide items for air, aviation, and space support. The Defense Supply Center Philadelphia will provide troop support and general commodity items. The Defense Energy Support Center will provide all forms of facility and mobility energy, and the Defense Contract Management Dis-

tricts provide a single face to industry for DoD contracts.

The DoD Combat Support Agency Review Team recently evaluated this global support role. It was very gratifying to have them report that DLA's operations are effectively supporting our warfighting customers. I think this endorsement shows that our business and logistics innovations on behalf of the warfighters are moving us in the right direction.



Has Congress recognized your vastly increased responsibilities and funded your agency accordingly?



Overall funding has generally remained constant despite increased missions. This has not been a problem; however, DLA has a history of absorbing new missions with no additional resources and funding better, faster, cheaper ways to perform them. Our innovative, creative, extraordinary workforce makes it happen. So funding is not currently a problem.



What new logistics technologies and tools are you putting into your business practices?



Prime Vendor business arrangements, corporate contracts, electronic catalogs, and our Electronic Mall, or E-Mall, the Single Process Initiative, and early involvement by contract administration are just a few examples. Each combines emerging technology and best business practices to give purchasing power, choice of product, and on-scene support directly to our customers. Our role is changing from managing supplies to managing the business arrangements that will give our customers the best American business has to offer.

Another area we are concentrating heavily on is better integration of logistics support throughout the supply chain. For many years, DLA was a wholesaler whose support mission was essentially

one discrete link in a long chain to the ultimate customer. As the military services continue to downsize, and as we continue to take on more logistics support missions, we are taking on a bigger role in the overall logistics support. We need to make sure we take care of a couple of areas:

Making decisions that work well across the entire supply chain, which means from the first time a requirement is recognized until the needed items are delivered into the hands of the soldier in the foxhole. That also means we are **getting involved up-front** when weapons systems are first designed and produced to determine how best to provide logistics support throughout the life cycle of the weapon. It also means **having our experts assist program managers in designing their acquisition strategies** so there is less risk in bringing programs in on time, at the right cost, and performing as required.

In our internal operations we're **partnering with the Defense Advanced Research Projects Agency to implement the latest in distributed computer systems**. The most notable example is the DLA Electronic Commerce Mall, the E-Mall I mentioned earlier. Distributed systems architecture is the foundation of the E-Mall, which empowers DLA customers to go to one Internet site to search, locate, compare, and order material. They can order those items from DLA stocks, other Defense Department or Federal Agency electronic "stores," or directly from vendors via electronic catalogs. This technology arms customers with near real-time visibility into public and private sector inventory levels and lead-times. It also gives them the opportunity to select the ordering and payment method that suits them best: traditional MILSTRIP or the convenience of an IMPAC credit card.

Our **Combat Rations Manufacturing Science and Technology Program** is working on higher-quality, more cost-effective operational rations. We are working with Rutgers University and the military rations producers on new systems that will increase the variety of



Garrison on
managing
DLA: "Because I'm
blessed with strong
leadership support and
an extraordinary
workforce, my job is
easy. I set challenging
goals with clear
measures, then stand
back and let the people
perform."

meals provided, add more whole-meat items, and make sure everything leaving the plant is of the highest quality.

Our **Apparel Research Network** is integrating the supply chain from the Marine Corps Recruit Induction Centers (RIC) back to the manufacturer. This has allowed the Marines to make significant reductions in inventory held at the RIC

while improving the fill rate. We have demonstrated that an automated, whole-body scanner can identify the clothing size of a recruit, leading to a better fit and less need to stockpile huge amounts of uniforms.

Let me give you an example of how technology can help the warfighter on the battlefield. The surge caused by the rapid deployment of more than 500,000 troops during Operation Desert Storm caused thousands of seavan containers and air pallets to stack up at in-theater ports. We couldn't always tell what was in those containers. We recognized that a better system was needed to provide instant access to information regarding what we had on hand, so we helped develop an **Automated Manifest System (AMS)**.

AMS, which uses a laser optical memory card (OMC) as the data storage media, provides detailed information on the contents of each multipack and container. The general concept is that the card will accompany the shipment to the final destination and provide a ready source of computerized information on the contents, allowing us to immediately search and retrieve high-priority items.

DLA has recently been designated as the DoD Lead Organization for implementing the **Automatic Information Technology Program, or AIT**. This is a follow-on approach that includes such devices as the OMC, radio frequency identification tags, smart cards, and barcodes like you see in the grocery store. We are testing these AIT devices in the European Command theater for air, seavan, unit moves, and ammunition movements. Eventually, AIT will provide information to the Joint Total Asset Visibility System we operate, helping us track, trace, and assure accountability of materiel for our military service customers around the world.

One final tool I want to discuss involves a very successful partnership with private industry to leverage transportation in lieu of inventory investment: **Premium Service**. In partnership with Federal Express, DLA's customers can receive

direct, door-to-door delivery of select mission-critical or readiness-driver items in 24 to 48 hours, seven days a week.

DLA and the Services have positioned items at a 120,000-square-foot Premium Service facility at a FedEx hub, thus taking advantage of the company's extensive transportation system. Orders for continental U.S. customers are delivered within 24 hours after the Premium Service warehouse receives the requisition. Requisitions for overseas customers are delivered to an in-country airport within 48 hours. The warehouse currently houses more than 5,000 specific items for the Army, Navy, Air Force, and DLA activities. Requisitioners can find out exactly where their items are just by checking the FedEx tracking system on the Internet.



Please tell us about your latest responsibility — as head of business developments for the new JECPO. What is the JECPO all about?



On June 5, 1998, the Secretary of Defense officially chartered a newly formed Joint Electronic Commerce Program Office (JECPO). The office is organized under the directors of the Defense Logistics Agency and the Defense Information Systems Agency and is responsible for accelerating the application of electronic business practices and associated information technologies to the way we buy and pay for the supplies the military needs. Our goal is to improve DoD acquisition processes and supporting sustainment life cycle practices.

DLA will take the lead on business developments. We will coordinate the full business cycle requirements and functional integration; identify best business



practices; handle functional industry outreach; and integrate Continuous Acquisition Life Cycle Support to DoD's business processes.

My partner, Army Lt. Gen. David Kelley, the Director of DISA, will oversee technical developments, providing cross-functional integration, technical architecture, and systems engineering solutions; setting up enterprise licensing approaches; and testing the infrastructure.

DLA's Office of Congressional and Public Affairs recently jump-started its bimonthly periodical, *Dimensions*. Glisson hanks it as an ideal forum for communicating information on policies, trends, events, and current thinking affecting the Defense Logistics Agency worldwide.

This is a true "joint partnership" involving all of the Services, and we hope to achieve real breakthroughs in how we do business in the months and years ahead.



How has electronic commerce empowered DLA?



It has improved communication and procurement processes throughout the supply chain. Potential vendors can now view solicitations on-line and bid on them electronically; contractors can receive payment electronically; customers can order on-line from contracts established by DLA, and then follow up on the status of their shipments.

According to the Deputy Secretary of Defense, the adoption of electronic commerce and its related technologies, such as the Internet and World Wide Web to perform business operations, will be heralded as one of the major revolutionary logistics changes of this century. From the foxhole or deck of a ship, airfield, maintenance depot, or any place in the world that a soldier, sailor, airman, or Marine serves today, a customer with access to a computer and credit card will be able to shop comparatively for products; make a selection based on quality,

price, and availability; place the order directly with a supplier without having to go to a procurement office; and pay for it with an IMPAC card. This puts the buying options in the hands of the customers who actually need the products.

Get on the Web at <http://www.emall.dla.mil> and you'll see where we are headed. But there is a lot more coming.

In the future, we will be able to use electronic commerce to keep better visibility over stock and production levels, from the factory and vendor side, the DLA depot side, and the military services' retail side. This comprehensive view will aid war planners and logisticians at all levels in contingency planning and forecasting.

I am convinced that we are only now beginning to tap the immense power of electronic commerce. That's why one of our major goals in the DLA Strategic Plan is to "Rapidly exploit technology to provide agile, responsive, interoperable solutions." An objective of that goal is to achieve 25 percent of sales through the electronic marketplace by the end of FY 2002.

C From what you've told us so far, logistics has changed from a supply-based system relying on large stockpiles, and is quickly becoming a Web-enabled, distribution-based system exploiting improvements in commercial information systems to gain total asset visibility and management of the entire supply chain. What does this mean to the clerk sitting at a desk in a tent in Bosnia?

A Well, if you are talking about a supply clerk who is facing a long list of needed items to keep his troops supported, it probably sounds like so much gobbledygook. His concern is that he gets what he needs, when he needs it, and never mind the business methodology that gets it to him. But our new systems will give him the tools to access the supply system via the World Wide Web.

He'll have electronic catalogs to do comparative shopping based on price, quality, delivery modes. He'll push a button



Gilsson on "Life After DLA": "I would hope that I have provided the vision, ethos, leadership and resources necessary to ensure DLA remains relevant; an integral part of the warfighting team; is prepared to continue its support of America's armed forces in a new millennium; and that we served as the catalyst for a "Revolution in DoD Logistics."

on his keyboard to make a selection and pay for it with his IMPAC card. The orders will go directly to the supply source, who will be paid electronically. All in a paperless environment and without having to go through several systems or offices. Better, faster, cheaper!

If he doesn't understand this and needs assistance, that's why we deploy DCSTs now with American forces. Our own personnel are on the ground with the warfighter, to show him how to operate the systems or with the reach-back capability into the DLA logistics system to ensure responsive support.

We also operate our Emergency Supply Operations Centers (ESOC) to provide around-the-clock support to our deployed forces. They are a link to the thousands of dedicated employees around the world who make sure that clerk gets exactly what is needed — and on time.

That's DLA's foremost core competency. In Desert Storm we provided \$2.9 billion worth of food, clothing, medicines, medical items and repair parts, earning the Joint Meritorious Unit Award for our support.

C As DLA becomes a more civilianized support operation, contingency support teams, customer service representatives, and liaison officers will be employed more often, further into the area of operations, and become more of an integral part of the warfighting team. How have DLA civilians fared "closer to the fray"?

A They have done very well. Use of civilians by DLA in forward deployed locations is not new. They have been part of our DLA Contingency Support Teams for the past several years.

DCSTs deploy forward into a contingency Joint Operations Area and establish themselves as the focal point for all DLA support to the Unified Command or Joint Task Force Commander. In terms of the civilian members of our DCSTs, we ensure that everybody assigned to a DCST position is technically skilled and

receives individual and team training in order to perform the mission. This training includes the basics of DCST operations, DLA wholesale to Service retail system interface, automated tracking systems, computer systems, communication requirements, hazardous materiel management, quality assurance, and other functional areas that may be needed in theater.

We also provide individual training to prepare the team members to live, function, and operate in the environment to which they are deployed. It includes such training as wear and care of uniforms and personal equipment, chemical protection, individual and force protection, and first aid training.

Finally, we also do training to prepare them to function smoothly and efficiently when it comes to staff procedures, reporting, security and force protection, and the use and maintenance of team equipment.

Another way we help the DCSTs to prepare is to employ members in certain military exercises. This participation, coupled with intensive functional, individual, and team training, ensures our civilians are prepared for the mission of any DCST.

Lastly, we integrate them into the support force, where they exemplify our vision of "one team, one focus."



DLA wants to be a "single face to industry for administration of DoD contracts." What does that encompass? Are you succeeding?



In the late 1980s, the decision was made to consolidate the Army, Navy, Air Force, and DLA plant representative offices with the Defense Contract Administration Services into the Defense Contract Management Command (DCMC). A primary motivation for this decision was to establish one "standard" way of doing business. Our internal emphasis on "one team, one focus" is about achieving that "standard" so that industry doesn't have to cope with multiple procedures, mul-



Garrison on DSMIC:
 "[DSMIC] is an
 essential, value-added
 institution upon which
 our future success in
 logistics depends. I
 strongly endorse
 attendance by all as we
 build our 21st century
 workforce."

multiple sets of policies, and so on, each being unique to a specific agency or department. One standard set of procedures and policies lowers costs for both government and industry.

In connection with its new role, DCMC has taken the lead to target specific DoD acquisition processes that have historically inhibited the adoption of commercial practices and contributed to extended cycle times, higher costs, and excessive oversight.

Some of these reform initiatives include the Single Process Initiative, which facilitates the consolidation of existing multiple DoD and commercial processes into a single common process to be used

across a contractor's entire facility or even corporation-wide; the Acquisition Pollution Prevention Initiative to eliminate or reduce the use of hazardous materials in the production of DoD items; Earned Value Management System, a method for proactively managing both costs and schedule for DoD programs; and PROCAS, which improves contractor production processes through application of total quality management by integrated product teams comprised of contractor and government representatives. They are all making a real difference!



Could we briefly discuss three initiatives that are having a profound impact on the way DLA does business:

- Paperless Contracting by Year 2000
- Reducing Government Property in the Possession of Contractors
- Reducing Government Source Inspection



Paperless Contracting by the Year 2000.

Anybody working around Government contracting knows the job is very paper-intensive. The need to fill in forms and document actions complicates our processes and slows down our people. If we can cut down or eliminate the need for so much paper, we will simply support our customers better. We are working on behalf of the entire Defense Department on a number of projects, and are working to a January 1, 2000, target date for fully implementing paperless contracting. There are four particular items we are concentrating on right now.

The first is progress payments to contractors. We're paying over 40 percent of all progress payment dollars electronically now, which is up substantially from what we did last year. Overall, we have paid \$3.2 billion in progress payments electronically since October 1997. It's a lot faster — two to four days versus 10 to 14 days. That's good for contractors because it helps their cash flow. But, it's also good for us because it is a much more efficient way of doing business.

Our overall objective is to pay 90 percent of the dollars and 70 percent of transactions electronically.

The second project is coming up with a way to modify contracts in a paperless way. There's a high potential return on investment there because, for example, DCMC alone issued about 97,000 contract modifications last year. DCMC is already posting over 90 percent of its modifications on the World Wide Web. This requires an awful lot of work by a lot of contracting offices to make this successful, but there is great payoff in savings of time and paper.

Thirdly, when we receive and accept a product for the government, our people execute a DD Form 250. We do this almost 1.2 million times a year. That's a lot of paper! So we're looking at re-engineering the DD 250 process. The initiative to improve this area evolves from a Defense Reform Initiative Directive (DRID) which calls for re-engineering this process.

That same DRID also calls for our fourth item, re-engineering the paper-intensive contract close-out process. We closed out almost 370,000 contracts last year, and have roughly 128,000 contracts in close-out status now. We can re-engineer, streamline, and simplify the paperwork associated with them to get the job done quicker and better.

Long-term, paperless contracting is about not only doing current processes paperless, but it is also about re-engineering and linking all business processes to take full advantage of what we can do with new information technology

Reducing Government Property in the Possession of Contractors. DoD's goal is to dispose of about \$7 billion worth of excess property currently in the hands of contractors by January 2000. We are well on our way — about \$1 billion had been disposed of through the end of March 1998. We've introduced the kind of improvements that will accelerate the disposition process, thus lowering contractor overhead costs and DLA management costs. DLA has also funded a

new automated (paperless) disposition system that will save time for defense contractors and us.

Reducing Government Source Inspection. We are making great progress in reassessing the need for Government Source Inspection (GSI). Out of about 4 million items we buy, there are about 1.8 million items that are coded source inspection. Recently, our Defense Supply Center Philadelphia removed GSI on 95 percent of their medical items and our Supply Center Columbus removed GSI on some 44,000 national stock numbers.

In addition, systems changes are being worked to reduce the amount of automatic requirement for GSI on small-dollar, low-risk commercial purchases. This is all part of our re-engineering the way we do business. We are also developing alternative methods of assuring quality. Industry tries to select responsible suppliers up-front with the goal of "Dock to Stock," i.e., no inspection at either the source or destination at all. DoD, likewise, needs to move to managing suppliers not supplies. DCMC has a team developing the approach DoD would need to adopt to accomplish this.

Your agency appears to have taken as its theme "The right advice to get the right item, at the right price, at the right time." Where do you go for the right advice?

The short and best answer is simple: I ask the warfighter. Whenever I have one of our commands brief me on a new proposed product or service, I always give the concept one simple litmus test: Is this something our troops need to get their jobs done...better, faster, and cheaper? If the idea gets past this hurdle, I listen. If not, back to square one. Frankly, it's the only way DLA can do the job our customers need us to do: providing them world-class logistics support, around the world. How we do that shapes every part of our daily operations.

What mark do you want your leadership of DLA to leave? How do you want to be

remembered when your title becomes "former Director, DLA"?

I would hope that I have provided the vision, ethos, leadership, and resources necessary to ensure DLA remains relevant; an integral part of the warfighting team; is prepared to continue its support of America's armed forces in a new millennium; and that we served as the catalyst for a Revolution in DoD Logistics.

General Glisson, one last question. You have been a consistent supporter of the Defense Systems Management College, its activities and programs. Is there a specific message you'd like to leave with our students, or the DoD logistics workforce at large?

We are at a critical juncture in DoD. There can't be a Revolution in Military Affairs unless we have a Revolution in DoD Logistics. One of the tenets of this Revolution is a mandate to reduce total life cycle cost — most of which occur prior to the time a weapons system is actually fielded.

The biggest challenge we face is how to understand and improve the acquisition management process so we can reduce these costs and provide additional funding for force modernization. It also allows us the opportunity to improve weapons systems designs to reduce operating, maintenance, and logistical support costs.

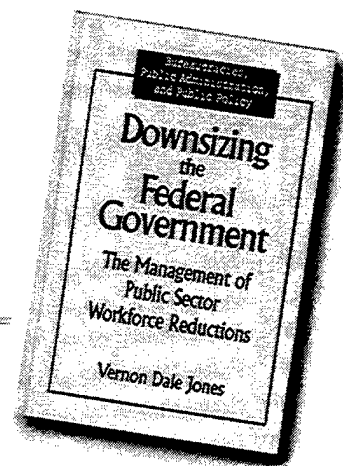
DSMC provides this essential training and the tools to enable its graduates to achieve the Revolution in DoD Logistics. It is an essential, value-added institution upon which our future success in logistics depends. I strongly endorse attendance by all as we build our 21st century workforce.

Editor's Note: Wherever masculine pronouns appear throughout the interview, other than with obvious reference to named individuals, they were spoken in the generic sense.

Air Force Academy Professor (Author) Visits DSMC for Book Presentation

Downsizing the Federal Government: The Management of Public Sector Workforce Reductions

JOAN L. SABLE • CALVIN BROWN



On Monday, July 20, Air Force Lt. Col. Vernon D. Jones, Associate Professor, U.S. Air Force Academy, presented a copy of his book, *Downsizing the Federal Government: The Management of Public Sector Workforce Reductions*, to Navy Rear Adm. "Lenn" Vincent, DSMC Commandant. Jones presented his book in a ceremony hosted by the DSMC David D. Acker Library, with DSMC faculty and staff members in attendance. During the ceremony, those attending also had the opportunity to hear comments from the author concerning his research.

In support of DSMC's research mission, DSMC and the U.S. Air Force Academy (USAFA) entered into a Memorandum of Agreement (MOA) in October 1989. This agreement established a joint effort by DSMC and the faculty of the USAFA to encourage the conduct and dissemination of defense acquisition-related research to enhance the education and training of both USAFA cadets and the DoD acquisition workforce. "It is under this MOA," said Vincent, "that DSMC was proud to sponsor, in part, Lieutenant Colonel Jones' research effort."

Jones is a graduate of the USAFA. He received his M.B.A. in Management from Wright State University, an M.A. in Public Policy from The George Washington University, and a doctorate in Public Administration from Syracuse University. In addition, Jones is a graduate of the DSMC Program Management Course (PMC-87).

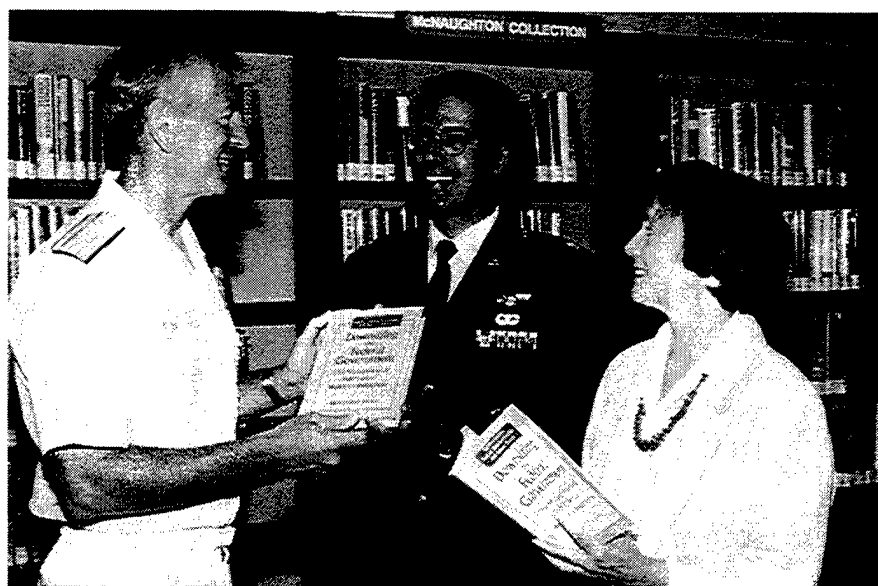
Sable is a Research Associate and Brown, the Associate Dean for Research, respectively in the Research, Consulting and Information Division, DSMC

For those who may be interested in reading Jones' book, a brief synopsis follows:

The main focus of downsizing has shifted from the public to the private sector. The cutbacks began in the Department of Defense. Now, the goal is a federal civilian workforce reduction of 12 percent by the year 2000. This pioneering study looks at the management of workforce reductions in the public sector both in theory and in practice. Three case studies - of the Defense Logistics Agency, the Bureau of Reclamation, and the Food and Drug Administration - illustrate the organizational, managerial, and human dimensions of attempting to improve performance

with reduced resources. The author draws on extensive interviews with senior executives and middle managers in the three agencies; the General Accounting Office; the Office of Personnel Management and the National Performance Review; the Senior Executives Association and the Federal Managers Association; and diverse scholars and researchers.

Helen Haltzel, Director of DSMC's Acker Library, notes that Jones' book will be available through the library. Others may obtain Jones' book by contacting M.E. Sharpe, Inc., 80 Business Park Drive, Armonk, N.Y. 10504; or by faxing a request to M.E. Sharpe, Inc., at (914) 273-2106.



AIR FORCE LT. COL. VERNON D. JONES, ASSOCIATE PROFESSOR, U.S. AIR FORCE ACADEMY, PRESENTS A COPY OF HIS BOOK, *Downsizing the Federal Government: The Management of Public Sector Workforce Reductions*, to NAVY REAR ADM. "LENN" VINCENT, DSMC COMMANDANT (LEFT). ALSO RECEIVING A COPY OF JONES' BOOK IS HELEN HALTZEL, DIRECTOR, ACKER LIBRARY.

Civilian Acquisition Workforce — Listen Up!

Compensation, Appointment, Classification, Hiring, Training, Discontent — The Changes May Be Coming Your Way!

TERRY BAIN • GREG CARUTH • COLLIE JOHNSON

A little-heralded notice recently published in the *Federal Register* is about to turn the cherished, 50-year-old General Schedule (GS) compensation system for most DoD acquisition workforce employees, literally upside down. That's not all. Read on. There's more — much more.

Personnel Demo? What's It All About?

Back in 1996, the Department of Defense, seeking ways to improve efficiency and enhance the quality and professionalism of its civilian workforce, was granted legislative authority by Congress to develop a personnel Demonstration Project for the civilian acquisition workforce. For those of you unacquainted with the term "Personnel Demonstration Project," it is a means given the Office of Personnel Management (OPM), under the authority of the Civil Service Reform Act, to conduct Demonstration Projects that experiment with new and different personnel management concepts.

Based on the outcome of the Demonstration Project, OPM can determine whether such changes in personnel policy or procedures would result in improved federal personnel management.

Last year, Congress expanded the scope of DoD's proposed Demonstra-



At a Pentagon ceremony on Friday, April 17, Project Manager Greg Giddens from the Office of the Under Secretary of Defense (Acquisition and Technology), delivered a copy of the *Federal Register* to former Acting Deputy Under Secretary of Defense (Acquisition Reform), Donna Richbourg and Deputy Assistant Secretary of Defense (Civilian Personnel Policy), Dr. Diane Disney. By announcing DoD's proposed Civilian Acquisition Workforce Personnel Demonstration Project in the *Federal Register*, Giddens and the Office of Personnel Management fulfill an obligation, by law, to publish a Notice of Intent to implement the demonstration project. Pictured from left: Pat Stewart, Civilian Personnel Management Services; Dr. James McMichael, Director, Acquisition Education, Training, and Career Development; Giddens; Richbourg; Disney; Helen Onufrak, OPM Project Manager, Demonstration Project Team; Richard Childress, Deputy Director, Acquisition Workforce Personnel Demonstration Project; Thomas Garnett, Principal Director, Office of the Deputy Assistant Secretary of Defense (Civilian Personnel Policy).

Bain is a freelance writer under contract periodically to Program Manager magazine. Caruth is the Director, Visual Arts and Press Department, Division of College Administration and Services, DSMC. Johnson is Managing Editor, Program Manager magazine, Visual Arts and Press Department, Division of College Administration and Services, DSMC.

AN INFORMAL PUBLIC HEARING ON THE ACQUISITION WORKFORCE PERSONNEL DEMONSTRATION PROJECT ON APRIL 30, AT ESSAYONS THEATER, FORT BELVOIR, VA. PANEL MEMBERS PICTURED FROM LEFT: HELEN C. ONUFRAK, OPM DEMONSTRATION PROJECT TEAM LEADER; DR. JAMES S. McMICHAEL, DIRECTOR, ACQUISITION EDUCATION, TRAINING, AND CAREER DEVELOPMENT, ODUSD(AR); ROBERTA PETERS, PRESIDING OFFICER, FORT BELVOIR, VA., PUBLIC HEARING; DICK CHILDRESS, CO-LEADER, DoD CIVILIAN ACQUISITION WORKFORCE DEMONSTRATION PROJECT PAT, OUSD(A&T); THOMAS F. GARNETT, JR., DIRECTOR, WORKFORCE RELATIONS, OASD (CIVILIAN PERSONNEL POLICY), OUSD(P&R).

MARCIA HONGSERMEIER, SAF/AQX, TESTIFIES AT THE FORT BELVOIR PUBLIC HEARING ON APRIL 30.



DOD Civilian Acquisition Workforce Personnel Demonstration Project

KEITH CHARLES, U.S. ARMY DEPUTY DIRECTOR OF ACQUISITION CAREER MANAGEMENT, TESTIFIES AT THE FORT BELVOIR PUBLIC HEARING ON APRIL 30.

TERESA WRIGHT JOHNSON, REPRESENTING THE AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, ARMY CORPS OF ENGINEERS, TESTIFIES AT THE FORT BELVOIR PUBLIC HEARING ON APRIL 30.

GREGORY L. "GREG" GIDDENS BRIEFS CONFEREES ON THE ACQUISITION WORKFORCE PERSONNEL DEMONSTRATION PROJECT AT THE SEVENTH PEO/SYSCOM COMMANDERS CONFERENCE, APRIL 15, AT THE FORT BELVOIR NCO CLUB, FORT BELVOIR, VA. GIDDENS WAS THE FEATURED LUNCHEON SPEAKER.

Department of Defense Acquisition Workforce Personnel Demonstration Project

RAY KELLY, SARDA, TESTIFIES AT THE FORT BELVOIR PUBLIC HEARING ON APRIL 30.

Why AFGE is Opposed to the Demonstration Project



The heart and soul of the demonstration project is a new pay and classification plan that DoD has named the "Contribution-Based Compensation and Appraisal System," or "CCAS."

Of all the changes proposed by the project, the CCAS would undoubtedly have the greatest impact on the working lives of acquisition employees. AFGE has problems with other elements of the demonstration project, but our most serious concerns are directed at the CCAS.

Briefly, the CCAS combines broadbanding—a regrouping of the current 15 GS grades into 3 broad career paths, or "bands"—with a strong pay-for-performance element. Under CCAS, an employee's contribution to organizational goals is evaluated by a supervisor and assigned a numerical score. That score is ranked against the scores of all other employees, and everyone is ultimately classified as "overcompensated," "undercompensated," or "appropriately compensated." Employees judged "overcompensated" will have their general pay increase (ECI) reduced or denied altogether. Management can award employees a salary increase based on performance—this is called a "Contribution Rating Increase"—but there is a finite pot of money for these increases and no new funding is available. In other words, larger salary increases for some employees means smaller or no increases for others.

AFGE has several objections to the CCAS pay and classification system:

1. The project provides no meaningful role for the union and puts far too much discretion over pay in the hands of management. AFGE agrees with the Defense Department that management flexibility is needed to meet the growing demand for better government performance. But we believe that flexibility without accountability invites abuse. AFGE has been a vocal and persistent critic of the government's out-dated and inflexible personnel systems, but we have always maintained strong opposition to any reforms that deny the legitimate role of labor as a workplace partner. As we see it, real accountability comes when the flexibilities given to management are carefully balanced with expanded bargaining and partnership opportunities.

Sadly, that is not the path taken by the Department in this demonstration project. Under the CCAS, managers unilaterally make all the critical decisions about pay. Pay matters

Excerpt from a March 9, 1998, memorandum from Bobby L. Harnage, National President, American Federation of Government Employees (AFGE), to the AFGE National Executive Council, DoD AFGE Bargaining Council Presidents, and DoD AFGE Local Presidents, titled "DoD Acquisition Personnel Demonstration Project."

that once were covered by governmentwide laws and regulations—ensuring at least a measure of consistency and fairness—will now be controlled by local managers operating with wide, virtually unrestricted li-

censee. What's more, the usual safeguards of the collective bargaining agreement have been scrapped by the Department. Pay decisions will be made by a management-only pay panel, and bargaining unit employees will have *no right* to challenge these determinations through grievances or arbitration.

We believe that simply turning pay authority over to local managers without any of the checks and balances provided by collective bargaining and the grievance procedure is exactly the wrong approach to personnel reform. It smacks of the spoils system of the past, and is bound to generate distrust and cynicism among the very employees whose support is critical to the project's success. AFGE is convinced that the "management knows best" approach chosen for this demonstration project is seriously misguided and doomed to fail.

2. One of the project's goals is to foster and encourage teamwork. Unfortunately, with its overemphasis on the contribution scores of individual employees and a best-to-worst ranking of employees' performance, the project crudely pits one employee against another for a limited share of money. We cannot see how teamwork, group accomplishments, or morale can flourish in this kind of every-man-for-himself environment.

3. The process for evaluating employee performance and adjusting pay under CCAS is hopelessly complicated. The CCAS system is a bewildering tangle of contribution scores, compensation charts, pay "rails," and other unwieldy pay-setting mechanisms. Managers and employees alike will struggle to make sense out of the project's maze of pay and performance requirements. We believe that the CCAS system will be poorly understood and have little credibility in the workplace.

4. Finally, we don't think that the Department could have chosen terms any worse than "overcompensated," "appropriately compensated," and "undercompensated." Not only are these terms degrading, but they send an unmistakable message that employees covered by the project are really in competition with one another and not working together for a common goal.

DoD Acquisition Personnel Demonstration Project Director Responds to Union Concerns



In a March 26, 1998, letter to Jeff Sumberg, Director of Field Services, American Federation of Government Employees (AFGE), Gregory L. Giddens, the DoD Acquisition Personnel Demonstration Project Director, responded to the concerns expressed by AFGE National President, Bobby L. Harnage. The following text is an excerpt from Giddens' letter.

I am responding to President Harnage's memorandum to various AFGE officials. In the spirit of partnership and cooperation with

your officers and members, I would like to address some of your concerns on the DoD Acquisition Personnel Demonstration Project.

After many discussions with AFGE and other union partners, we realized agreement was not possible on some of the initiatives, including the Contribution-based Compensation and Appraisal System (CCAS). Nonetheless, the dialogue was most helpful. Many of labor's recommendations were adopted and contributed greatly to the project's design. We understood AFGE's concerns that annual, general pay increases would be in the CCAS pay pool. I would like, however, to clarify some points in President Harnage's memo and note changes made during the course of our work with our partners.

As to funding levels, we believe our project is more generously funded and has a larger "pot" of money for pay-outs than the other projects now underway. True, the pay pool includes monies from quality step increases, within-grade increases, certain awards and promotions, and the general pay increase. On balance, however, the aggregate funding floors are above the current system, and the funds are fenced to ensure their availability at pay-out time — a feature not found in the Government-wide system.

As to labor's role in pay matters, we believe CCAS accommodates bargaining to include union involvement at every step of the CCAS process. We understand such involvement would be essential to employee confidence in the total system. With respect to perceived inequities, we do not believe the demonstration would diminish employee protections. Rather, we had agreed

to apply the same grievance and arbitration procedures with respect to overall contribution scores under CCAS that apply to performance appraisals. Thus,

employees can grieve their scores under the negotiated grievance procedure or, if there is none, under the administrative grievance procedure. The parties could also agree to expand arbitration rights to CCAS pay decisions.

As to the project's ability to foster and promote teamwork, we in the acquisition community are making great strides in fostering teamwork among the many workforce contributors helping to make government purchases cost-effective. We would not be making changes to our personnel system that did not include team cooperation. The CCAS process is built around six required factors, one of which is "teamwork." All employees evaluated must be rated annually on the teamwork factor.

In conclusion, we hope to persuade local AFGE officials to embrace this project. We see it as a new system that can reward the vast majority of our hard-working employees in ways not otherwise available. During continued downsizing, employees will benefit from an opportunity to earn more for the additional workload being placed upon them. I hope employees and their AFGE and other labor organization leaders will elect to participate and attain these rewards. I truly believe that the DoD Acquisition Workforce Demonstration Project contains the ingredients for success.

tion Project to include support personnel who work directly with the acquisition workforce. As a result, the Under Secretary of Defense (Acquisition & Technology) and Under Secretary of Defense (Personnel & Readiness), appointed a Process Action Team (PAT) to develop the Acquisition Workforce Personnel Demonstration Project Plan.

No 100-Percent Solution

Beginning their task, the PAT, led by Gregory L. Giddens, the Acquisition Workforce Personnel Demonstration Project Director, established a project goal of designing new personnel and human resource management systems that would achieve and maintain the best workforce for the acquisition mission.

Giddens stresses that one thing was readily apparent to the team before they started their efforts: They knew they could not build something as a first Demonstration Project that would cut across all the Services and make that a 100-percent solution for anybody or everybody.

This article is the story of the team's successes, failures, and things they would like to have done, perhaps better. It also outlines the basic plan that evolved from their efforts.

Says Giddens, "We have Army, Navy, Air Force, Marines, Defense Logistics Agency, Defense Information Systems Agency, and Office of the Secretary of Defense (OSD) participation...This is not a perfect system. There are some things in here that, if we had a magic wand, we'd do differently. We tried to do as much as we could, to push the envelope so to speak, as much as we could, while simultaneously being aware of and sensitive to union concerns."

A Word About the Integrated Product Team

One of the key reasons for setting up the Demonstration Project was to create a working environment that fostered Integrated Product Team (IPT) performance. Fittingly, the Demonstration Project was designed by an IPT.

"This is not a perfect system. There are some things in here that, if we had a magic wand, we'd do differently. We tried to do as much as we could, to push the envelope so to speak, as much as we could, while simultaneously being aware of and sensitive to union concerns."

According to Giddens, "We've brought together a group of functionals and personnelists, along with personnel from OSD and OPM, to form a true IPT in every sense of the word. This is truly a team effort, and we worked on the Demonstration Project, primarily based on the input that we got from the field.

"There's about a dozen core members, and we meet once a week. We're all here in the Washington, D.C., area, and we have an expanded group to advise us, made up of people out in the field in the different Services and agencies. That group probably numbers about 60."

Richard Childress, Deputy Director, Acquisition Workforce Personnel Demonstration Project, Office of the Deputy Under Secretary of Defense (Acquisition Reform), adds, "Usually on a team effort, you'll see people representing their own Service; now they look more to the purple. When something is purple, that means that it is not dark Navy blue, light Navy blue, Army green, or Marine Corps

green. Purple means that there is no designation other than DoD. A purple Demonstration Project to us [PAT] means one that is not just one entity, one Service, one agency."

As an institutionalized process and one of DoD's preferred ways of doing business, an IPT improves a process that was formerly compartmentalized into different steps. For example, one group of people completes Process A, and upon completion of the process, takes the product and "throws it over the wall" to those responsible for Process B.

The Process B group, left out of the first process, get the product and typically wonder, "I'm not really sure what they meant, but I'm going to take this product and press on. If only they had done this a little differently, it would have made my life a lot easier." They complete Process B and then "throw the product over the wall" to those responsible for Process C.

In other words, each group in the process optimizes their particular function, but they may sub-optimize the total system.

An IPT breaks down those walls. Everybody looks at the process from stem to stern. Everybody knows what is coming and gets a chance to affect the outcome during the process, versus waiting until the process is completed. The IPT tries to make smart decisions in real-time, versus bouncing documents and decisions back and forth.

Compensation — The Pocketbook Issue

Giddens readily acknowledges that compensation is the issue that, understandably, draws the most interest and most comments, both positive and negative.

Many members of the Acquisition Workforce are understandably uncomfortable about changes to the familiar GS classification system. "We had a lot of people who were very wary of what we were saying," according to Childress.

"We had some who were downright hostile," Giddens adds, "but what we found

BUSINESS MANAGEMENT & TECHNICAL MANAGEMENT PROFESSIONAL			
Broadband	Normal		
Level	GS Bands	OCS Range	Salary Range
I	1-4	0-29	\$12,960-\$23,203
II	5-11	22-66	\$19,969-\$47,589
III	12-13	61-83	\$43,876-\$67,827
IV	14-15	79-100	\$61,656-\$94,287
TECHNICAL MANAGEMENT SUPPORT			
Broadband	Normal		
Level	GS Bands	OCS Range	Salary Range
I	1-4	0-29	\$12,960-\$23,203
II	5-8	22-51	\$19,969-\$35,610
III	9-11	43-66	\$30,257-\$47,589
IV	12-13	61-83	\$43,876-\$67,827
ADMINISTRATIVE SUPPORT			
Broadband	Normal		
Level	GS Bands	OCS Range	Salary Range
I	1-4	0-29	\$12,960-\$23,203
II	5-7	22-46	\$19,969-\$32,150
III	8-10	38-61	\$27,393-\$43,319

FIGURE 1. **OCS & Salary Ranges by Broadband Level**

was, that over a period of time, we had more and more people saying 'Hey, this really makes sense. It looks like a good way to go.'

Basically, Giddens explains, the proposed changes to the way GS employees are compensated are best understood when viewed as cultural changes—from an *entitlement-based culture* to a *contribution-based culture*.

"Currently, the pay raises that we give out annually (and thereafter based on longevity) through the GS step system," says Giddens, "only have two basic requirements: be on the books and be breathing. If you meet those two requirements, you get paid more money next year than you did this year, no matter what your job is." (Promotions, Giddens is careful to point out, are different than pay raises. The promoted employee takes on a new job with new responsibilities, and thereafter receives a pay raise commensurate with the increased responsibilities.)

"What we've tried to do," explains Giddens, "is change that from an entitlement, longevity-based culture to a

contribution culture where we encourage employees to contribute. Our obligation, then is to compensate them for their contribution to the mission and for what they bring to the organization."

The current system lays out a set of performance standards, and a person's evaluation is then determined by a *job well done*—how well that person does their particular job.

The new Contribution-Based Compensation and Appraisal System (CCAS) designed by the PAT, takes that evaluation one step further: a *well-done job*. In other words, a person may have done well in their own job, but how did the job contribute to the mission of the organization as a whole?

In this regard, the system doesn't look at the job as the end. Yes, it evaluates performance, but it also looks at the contribution to the mission of each employee in the organization, taking into account a *well-done job* at increased levels of responsibility.

As the PAT travels around the nation explaining the CCAS, at this point in their

briefings they consistently hear the same question: *How are you going to make sure this thing is fair and reduce favoritism?"*

Explains Giddens, "We have a process within this contribution-based system where peer reviews are conducted through a pay pool review process; this is where you really have a chance to get some engaging dialogue between peer supervisors so that there's a good mechanism to come up with fair and consistent appraisals."

The pay pool review process is a feature the team deliberately inserted in the process to try to reduce favoritism. They're realistic, however, and realize that favoritism will not disappear entirely; they believe the pay pool review process will certainly make it much harder for supervisors to exert undeserved favoritism.

According to Giddens, CCAS will allow agencies to look at people in the organization that are overpaid, people that are underpaid, and then use these mechanisms (CCAS and the Pay Pool Review Process) to move for equity based on contribution, for each employee's compensation.

"That's something that the current system really does not link into," he notes. "And when I talk about equity, I mean *internal* equity, not *external* equity between the public and private sector. That's an entirely different issue."

To illustrate equity, Giddens uses a simple analogy: "The current system looks at employees as a slice of bread—pay raises as a big jar of peanut butter. You dip your knife in the peanut butter and you give everybody the same pay raise. That's the current system. A lot of people will present to you that that's good," Giddens says, "...That giving everyone the same pay raise is equitable; therefore, it's a good system."

"We disagree with that. We think what that does is promote sameness. It does *not* promote equity. What it does is treat everybody the same, no matter whether one person is working hard on all the

tough projects in the office; they're putting in their hours, they're getting calls on the weekend. They may be sitting next to someone who puts in (almost) their 40 hours a week. And that's it. Both people get the same raise. This situation," Giddens asserts, "is certainly not equitable. We want to try to change that."

Broadband Levels Versus GS Structure

To achieve that equity, the PAT used what they call broadband levels. These broadband levels are broken out by three career paths: business and technical professional, technical support, and administrative support. In actuality, the career paths act as placeholders to allow different breakpoints for the broadband levels (Figure 1).

For example, if a supervisor has a GS-12 employee who's in Level 3, that broadband level covers the pay range GS-12, Step 1, to GS-13, Step 10. Based on the employee's contribution, the supervisor has the leeway to adjust compensation to match the employee's overall contribution to the organization, *without the paperwork, delays, and misunderstandings with position classifiers that may arise during the promotion process.*

"Managers," according to Giddens, "can now look at what they need to support their organization, and then compensate their people for what they actually bring to the table and what they contribute to the mission."

He points out that adjusting salaries within the same broadband level is a pay adjustment action. However, that doesn't mean the promotion system is scrapped. Quite the contrary — the promotion system is still alive and well. The difference is that the employee would move, say from broadband level 2 to level 3, versus moving from GS-11 to GS-12. Such a move could be competitive or non-competitive — just as in the GS system.

A Word About the Pay Pool

The amount of money available within a pay pool is determined by the general increase and the money that would have been available under the GS system for

quality step increases, within-grade increases, performance-based awards, and promotions between grades.

The general increase is the full general pay increase, agreed to by the President and Congress, that federal employees normally receive each January. It is not tied to a cost index and is not a Cost Of Living Allowance (COLA) as some people mistakenly believe.

A Contribution Rate Increase, which is an adjustment to salary similar to the step increases under the GS system, ties the increase (as the name implies), to the employee's contribution. They're not automatically made based on the calendar.

Giddens notes that locality pay was not figured in the numbers the PAT used. All the numbers used in the Demonstration Project are base pay figures; locality pay is then figured on top of that (as in the current GS system).

Classification & Appraisal — Inextricably Linked

The current GS system is classified using the OPM classification guidance, and it's been around for a little more than 50 years. Further, the current system uses two different mechanisms: one for classifying a job and another for evaluating the employee's contribution to the job.

The PAT took a hard look at these two divergent mechanisms and asked, "Why don't we take the same factors we use to classify a job and use those to evaluate

the contribution in the job?" As a result, the PAT merged the two to form one system, and agreed on six factors¹ representing areas where people working in the acquisition environment should be making a significant contribution:

- Problem Solving
- Teamwork/Cooperation
- Customer Relations
- Leadership/Supervision
- Communication
- Resource Management

In the current system, personnel managers (classification specialists) do the classification. "We believe," says Giddens, "that the proper role for personnel in the classification process is as advisors — *advising* managers, not *deciding* their requirements.

"We would encourage people," says Giddens, "to continue to use personnel as advisors. We believe that's the proper place for their role — that they should be advising managers, not making decisions on the organization's internal grade structure."

Under the Demonstration Project, supervisors will look factor by factor at what the employee is doing and rate their contributions according to where they're at within those factor descriptions.

Explains Giddens, "Perhaps the supervisor has someone who's great on problem solving, but their teamwork and cooperation skills really are lacking. This

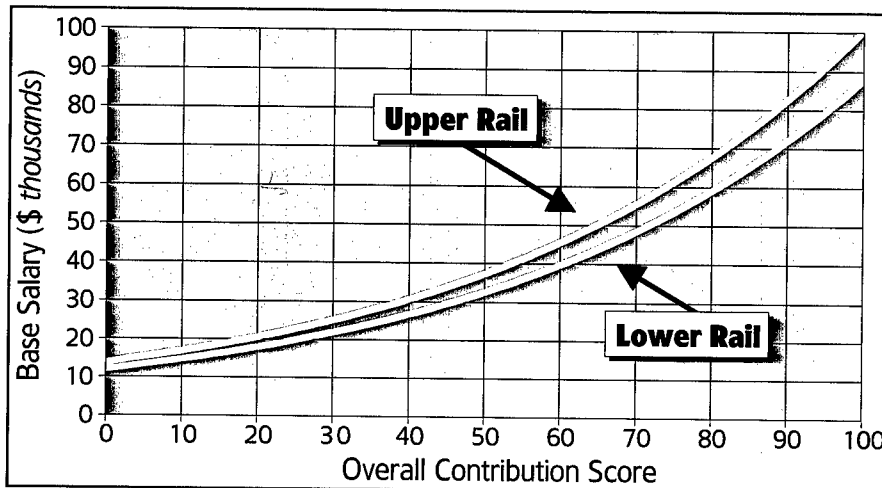


FIGURE 2. Normal Pay Range

allows you, the supervisor, to identify those strengths and weaknesses and work with the employee. Recognizing their strengths and weaknesses, the supervisor can then get a better feel for how the employee fits into the overall organization."

Currently, the team is trying to provide some automated software tools to simplify the factor evaluation process for supervisors. Giddens notes that the automated software tool was an idea that the Air Force implemented about March 1997. The PAT is simply piggybacking off that idea.

Once the supervisor completes the factor evaluation process, the next level is a peer review meeting, where peer managers also provide input to the evaluation process along with their second-level managers. And according to Giddens, that's really where the balancing, fairness, and consistency come in.

For example, all managers at the peer review see the names filled out in the boxes. They may see that Fred is in a box with Joe, Harry, and Sally; but Fred really performs at a level above the others, or Joe performs at a level below. What the review does is engage people in dialogue, and compel them to consider: "Do we have the people rated comparatively that are performing at, comparatively the same level?"

In other words, if a supervisor is going to exert favoritism toward an undeserving employee, this is the part of the process where that supervisor must, in essence, co-op other managers at the peer review to join in perpetuating an undeserved evaluation. "We've found," Giddens adds, "that this mechanism is a source of some assurance to employees that the process will be done fairly and consistently."

Once the supervisor and peer review group assign employees to the appropriate boxes, each employee receives a numerical rating for each of the factors, and a resulting Overall Contribution Score (Figure 2). That number is really key to the process.

"You wouldn't want to be paying people too much for what they do or too little for what they do. Either one of those gets to be bad for the organization."

Once the employee receives an Overall Contribution Score, that score is plotted on a graph that depicts salary ranges on the vertical axis and the Overall Contribution Score at the bottom of the graph across the horizontal axis. Lines on the graph represent the rails of nor-

malcy, which mean that if the employee was compensated comparable with their level of contribution, they would lie within those rails.

In Figure 3, Employee A is below the rails. That identifies to you, the supervisor, that they're being undercompensated. They're contributing at a level higher than what would be indicated by their compensation. To appropriately compensate Employee A, their salary would need to increase to the normalcy range.

Employee B is within the rails. That person is appropriately compensated. They're properly being paid for what they're contributing to the mission of the organization. "I think if you were running a company, says Giddens, "that's pretty much where you'd want your folks to be. You wouldn't want to be paying people too much for what they do or too little for what they do. Either one of those gets to be bad for the organization."

Employee C is overcompensated — the employee's level of contribution does not match their salary. So the supervisor's concern, then should be to 1) increase the employee's contribution to the organization; and 2) recognize that, right now, the employee is overcompensated.

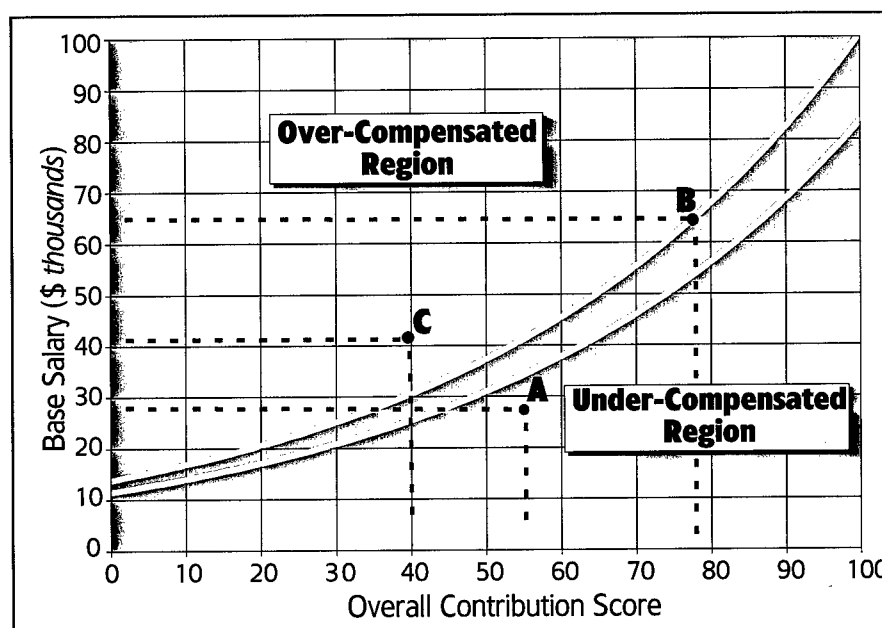


FIGURE 3. CCAS Compensation Categories

Giddens notes that Appropriately Compensated and Undercompensated ratings have limits on the maximum Contribution Rate Increase. For people within the normalcy rail, the maximum Contribution Rate Increase is 6 percent. For those below the rail, the maximum is 20 percent. Employees with Appropriately Compensated and Undercompensated ratings are also eligible for cash awards.

Late last summer, the PAT did about 20 test runs on CCAS with all the different Services and agencies. As expected, every agency had people outside the normalcy rails. "This kind of information," says Giddens, "tells us that a lot of organizations have no helpers. All they really have are senior people."

"We believe your organizations really need some helpers," he continues. "You need some journeymen, and you need some senior leaders. By plotting on a graph the variances in employees' Overall Contribution Scores, supervisors can see information about their workforce that will help them manage their organizations better."

At the conclusion of the Seventh PEO/SYSCOM Commanders Conference, conducted at the Defense Systems Management College, Fort Belvoir, Va., April 14-15, Dr. Jacques S. Gansler, Under Secretary of Defense (Acquisition and Technology), told the conferees, "I believe the [DoD] Acquisition Workforce is clearly No. 1." The redesign of the classification system is aimed at not only keeping it No. 1, but recognizing and rewarding those who make it No. 1.

Reducing Pay

On the downside [or upside, depending on a person's point of view], Giddens notes that the project also incorporates a process (as does the GS system) to reduce pay and move people to a lower broadband level. The Demonstration Project includes that process, Giddens maintains, because "Managers wanted that flexibility, even though they may infrequently use it."

As the PAT travels the country briefing the Demonstration Project, a common

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complaint surfaces: "I'd like to reduce an employee's pay or [even] demote a person, but with 10 years' service, with ratings of 'Fully Successful' or 'Excellent,' I can't."

He notes that although there are ways built in the current system to withhold step increases, the federal system has been institutionalized to the point where that is rarely done. (Although OPM is still collecting the data, the number of people who do not get within-grade increases on time appears to be very close to a point zero decimal percentage.)

Under the current GS system, supervisors reduce an employee's pay through an adverse action. Under the system, if an employee is Overcompensated, supervisors can elect not to give pay increases. "You can stop the bleeding with this process," says Giddens, "if you have a person that's getting paid way above what they're contributing. You can at

least not give them a raise next year...that's at least a first step."

He notes that Overcompensated employees aren't eligible for an increase above their current level, and they aren't eligible to receive a cash award. However, Overcompensated employees can receive a part of the general increase for federal employees. (That flexibility is left with the local commanders and local installations.)

As the team travels and briefs the Demonstration Project, they often hear the question, "What's in it for the 13, Step 10 who's performing over and above? Under this system, supervisors can't increase the employee's base salary, but they can reward the employee with a cash award versus an increase in salary."

Essentially, these employees are no worse off under the Demonstration Project than they are in today's GS system where they're "capped out" at their Step 10 salary unless they receive a promotion. "This system puts money in the pot for everybody in the Demonstration Project," Giddens says, "with the expectation that everybody is going to be working to increase their contributions. Our obligation is to be able to compensate them for their contributions."

Giddens notes that today's environment of scarce dollars fosters a climate where there's no minimum to what needs to be set aside to compensate employees. It's something some organizations do after they plant trees, paint buildings, or pave parking lots.

"Decisions get hard," he says, "when money is tight. Under the Demonstration Project, we've made compensating employees, and having that money available to compensate employees, a requirement. It's in the *Federal Register*, which has the same effect as Title 5 under the law."

Agencies that participate in the Demonstration Project will be required to set aside 2.4 percent of their civilian payroll for the first year and at least 2 percent for the remaining years, and use that to

compensate employees with salary increases. "This is a positive thing for the unions," Giddens adds. "Unions see that management is really stepping up to an obligation for setting aside money to compensate employees."

Also included in the pay pool are monies set aside for awards. The same rule applies. Agencies must set aside 1.3 percent the first year for awards, and a minimum of 1 percent a year thereafter. All told, agencies must front about 3 percent of civilian salaries to support this system, and on top of that is the annual general pay increase. Says Giddens, "We worked hard to keep the general pay increase...You need to have enough money at the end that it is truly worth going through the process."

Workforce Realignment Initiatives

A constant refrain the PAT heard from civilian personnel managers across the nation was that they needed a workforce shaping tool: "The only workforce management tool we [civilian personnel managers] have now is Reduction in Force [RIF]. That's a pretty blunt instrument."

Recognizing the urgent need for just such a workforce management tool that would indeed allow civilian personnel managers to conduct fair and equitable realignments, the PAT also included provisions in the Demonstration Project that reshape the process of downsizing and realigning the workforce.

Basically, workforce shaping under the Demonstration Project will limit RIF competition to one round by essentially combining the two rounds found in the current system. Besides simplifying RIF rules, the Demonstration Project eliminates grade retention, but keeps pay retention, and is designed to reduce disruption to the workforce.

The project also de-links the current Voluntary Separation Incentive Plan (VSIP) authority from a RIF. Under the current system, for every VSIP an agency gives someone, they must abolish a slot. Essentially, the agency cannot hire back. VSIPs add little, Giddens commented,

to workforce shaping for demographics or a particular skills balance.

"All you can do with a VSIP is get people out the door. You can't bring anybody in the door. So if you're always attriting and you're never bringing anybody in, you're not going to be able to manage the workforce to meet not only today's needs, but tomorrow's needs."

The Personnel Demonstration Project changes those restrictions. It allows agencies to offer VSIPs and then hire back behind them, based on what the organization needs. An agency can offer 10 VSIPs and hire 10 people back, even if it has reached its civilian strength ceiling.

Another workforce shaping tool developed by the PAT is modification of the existing Priority Placement Program. Under the current GS system, if agencies are downsizing, they have the authority to fill vacancies with people already employed in their agencies before they go to the Priority Placement Program (stopper list). However, this authority is restricted to an agency's employees who reside in the commuting area.

Under the Personnel Demonstration Project, that area would be broadened. For example, if a supervisor at the U.S. Army Tank-Automotive Command in Warren, Mich., has vacancies and there are employees who are excess at Picatinny Arsenal, qualified to fill those vacancies, then the supervisor in Michigan can offer those people a job and move them laterally without going to the stopper list.

Under today's GS system, the people at Picatinny Arsenal would go on the stopper list, and the supervisor in Warren, Mich., would get a different stopper list. "What we're trying to do here," Giddens explains, "is allow organizations to offer those jobs to people that are already familiar with the organization, familiar with the environment and the systems, and allow them to sort that out internally. Then supervisors could still go to the stopper list to fill any remaining vacancies."

"Again, it's a workforce shaping tool. It gives the supervisor some flexibility on how to fill vacancies when an agency is reorganizing or downsizing. We [PAT] haven't been to a lot of places over the last month [May 1998] where these options are not under consideration."

Giddens said that the PAT was pleasantly surprised to gain agreement from Civilian Personnel policy makers on its workforce realignment initiatives.

Training and Sabbaticals

Under the Demonstration Project, local-level authorization allows payment for critical skills training, including degree training authority. The Defense Acquisition Workforce Improvement Act (DAWIA) authorizes degree training authority for acquisition-coded positions through 2001. Employees are encouraged to grow into new areas of expertise.

OPM's *Federal Register* notice of March 24, 1998, stated that organizations participating in the Acquisition Personnel Demonstration Project will have the authority to grant sabbaticals without application to higher levels of authority. The sabbatical provides opportunities for employees to acquire knowledge and expertise that cannot be acquired in the standard working environment. It can be used for training with industry or on-the-job work experience with public, private, or nonprofit organizations.

Sabbaticals, under the Demonstration Project, will become available to GS employees, rather than just SES employees. However, employees must have seven years of federal service; and the sabbatical must be from three to 12 months' duration, job-related, and advantageous to the employee and the organization. Of the many benefits offered by sabbaticals, this allows a full-time effort to technical or managerial research that will keep the employee and the government on the cutting edge.

According to Giddens, one of the big resource drainages under the current GS system is having somebody out of the office for three months or longer. "You don't have to send somebody four

states away to do a sabbatical," says Giddens.

"Some organizations have already indicated to us that they are gearing up to send employees to a local academic institution or a local private business" he added, "to focus some energies on studying particular elements of a business or industry. Managers see this as a quick way to get employees the training they need, and get them back on the job sooner."

What About Union Participation?

For close to a year, staff from the Field Services Department at the American Federation of Government Employees (AFGE) National have been working on the acquisition project with representatives from the Department of Defense and the various Services.

They met frequently and worked through several successive drafts of the project. AFGE's goal was to develop a Demonstration Project that is consistent with the union's vision of intelligent and effective personnel reform, and that meets the needs of employees and the Department.

Despite the best efforts of everyone involved, AFGE and the Department of Defense could not agree on a number of key details. As a result, the AFGE National President, on March 9, 1998, in a memorandum to the AFGE National Executive Council, AFGE DoD Bargaining Council Presidents, and AFGE DoD Local Presidents, strongly recommended against AFGE bargaining unit employees participating in the DoD Acquisition Workforce Personnel Demonstration Project.²

Says Bobby L. Harnage, AFGE National President, "We want you to know that the Department's representatives sought sincerely and in good faith to find common ground with AFGE on the project's design. Some revisions were made along the way, and all points of view were given a fair hearing"

The Department of Defense and AFGE did agree on one crucial issue. Acquisition

employees in bargaining units will not be included under the Demonstration Project unless a written agreement is ratified between the union and management allowing these employees to be covered.

Giddens anticipates that there will be some local unions that view this in a not-so-positive light, and they will not want to participate. "We cannot implement the Demonstration Project with bargaining unit status employees at the local level without the local union group's approval," he stresses.

Giddens regrets that after many discussions with AFGE and other union partners, the PAT realizes agreement is probably not forthcoming on some of the initiatives, including the Contribution-based Compensation and Appraisal System (CCAS). Nonetheless, he confirms that the dialogue is ongoing, and as modifications are made to the project, the changes are briefed to the National Unions. Giddens and the PAT are hopeful that before the second *Federal Register* is published, more agreements can be reached.

DoD hopes to persuade local AFGE officials to embrace this project. "It is a new system that rewards the vast majority of hard-working employees in ways not otherwise available," says Giddens. "During continued downsizing, employees will benefit from an opportunity to earn more for the additional workload being placed upon them. There is hope that employees and their AFGE and other labor organization leaders will elect to participate and attain these rewards."

"We have got to draw together and find a way to work out some agreements with the unions to get them on board," says Darleen Druyun, Principal Deputy (Acquisition and Management), Office of the Assistant Secretary of the Air Force (Acquisition), speaking at the Service Acquisition Executives Panel at the Seventh PEO/SYSCOM Commanders Conference.

Pat Stewart, Civilian Personnel Management Services, says "I think that it's an

exciting and valuable opportunity. I think that the acquisition leadership has worked very hard to do very extensive studies to come up with initiatives that will benefit the workforce. This is something that has undergone a great deal of careful consideration before being launched."

Demonstration Project Not the Easy Way Out

Giddens, Childress, and the rest of the PAT who have worked so hard and diligently to develop a viable Demonstration Project, do not view it as the *end* of change. They view it as the *beginning* of change. "I encourage everyone to look at this process, not as the end product for managing the workforce, but the beginning of change to a new process in a new environment."

Says Giddens, "This Demonstration Project is not the easy way out. If you're an organization and you want to manage people the easy way, don't do the Acquisition Personnel Demonstration. We did not set it up to establish it as the easy way out.

"Rather," he countered, "we set it up to establish it as the best way we could devise to manage a workforce, be fair and equitable to the employees, and allow them to be rewarded for the contribution they're making as we draw down and expect them to do more."

Editor's Note: The project has a Web site at <http://www.demo.wpafb.af.mil> that includes briefings, the *Federal Register* detailing the proposed changes, and a Q&A section.

ENDNOTES

1. The *Federal Register*, Vol. 63, No. 56, Notices for Tuesday, March 24, 1998, contains detailed guidance on the factors for each broadband level within each career path, to help supervisors determine how an employee is contributing

2. See "Why AFGE is Opposed to the Demonstration Project," and "DoD Acquisition Personnel Demonstration Project Director Responds to Union Concerns," pp. 14-15.

As a military manager/supervisor in the DoD of talented managers, scientists and engineers, I also have several individuals who are ACAT managers, and others who are leaders of supporting teams. During one of our recent office staff meetings, we reviewed meaning and implementation of the PM's Bill of Rights, related personal segments of the DoD 5000 Policy, Acquisition Reform, and federal/OSD policies on Ethics, Morals and Values. The discussion became very heated when one of my team leaders brought up his "real" situation and the lack of leadership's support and compliance with these "meaningless," "esoteric," and "theoretical" matters. I was stymied when the matter focused to his "so what am I supposed to do now, become a whistle-blower and end my military career?"

The specific issue is as follows. A high-level, very senior civilian executive verbally "imposed" on the ACAT PM the immediate conversion of a critical weapon system acquisition strategy, from an ongoing production methodology based on the one and only proved technique, to one which, in reality, is different only by its title. The latter acquisition strategy will deliver the same product through the same manufacturing source and the same technique, with only a substantial increase in training/combat risk to the soldier and substantial unit cost increase (spread over 5-10 years will add up to hundreds of millions of dollars). This executive then shortly retired, leaving his imposed strategy to continue on, unchallengeable, under its own bureaucratic momentum.

I have read the *Program Manager* article by Lon Mehlman (January-February 1998), "NAVSTAR GEMS Project - A Total Digital Environment Success Story," and have the following comments.

First, I am a user of GEMS, a government configuration/data management specialist. I was one of the government personnel that worked with CSC to develop the requirements for GEMS.

In my opinion, to date GEMS falls far short of what the system needed to accomplish its intended function. I have a letter from one of the GPS Pro-

gram Office contractors, [whose company] has been put on contract to deliver all contractual data [via] GEMS, and this particular contractor is "VERY UNHAPPY" with GEMS.

Editor's Note: I forwarded your comments to Eleanor Hill, Department of Defense Inspector General (DoDIG). Section 1034 of Title 10, United States Code, and DoD Directive 7050.6, "Military Whistleblower Protection," address the rights and protections afforded all members of the armed forces. (The DoDIG also investigates defense contractor and nonappropriated fund employee whistleblower complaints under different statutes and directives. Federal employee whistleblowers file allegations through the Office of Special Counsel.)

For copies of the two publications cited or information on how to obtain them, call the Directorate for Administration and Resources Acquisition, Office of the Assistant Inspector General for Administration and Information Management: (703) 604-9898.

Any member of the armed forces may also call or write the DoD Hotline to report instances of fraud, waste, or mismanagement:

DoD Hotline

Pentagon

Washington, D.C. 20301-1900

Comm: (703) 604-8569
Toll-Free: (800) 424-9098
DSN: 664-8569

gram Office contractors, [whose company] has been put on contract to deliver all contractual data [via] GEMS, and this particular contractor is "VERY UNHAPPY" with GEMS.

At this time, I am working on two new proposed contracts and I "WILL NOT" use GEMS. I plan to go back to the "OLD U.S. MAIL HARD COPY" for data delivery due to all the problems with GEMS.

Bill McKinzey
Los Angeles, Calif.

APMC Industry Graduates Join DSMC Staff, Faculty for 1998 Industry Managers Field Trip

**Former Students Relish Opportunity to Observe
First-hand the Products and Processes
Only Recently Studied in the Classroom**

GEORGE MERCHANT • JANET VINCENT • GREG CARUTH

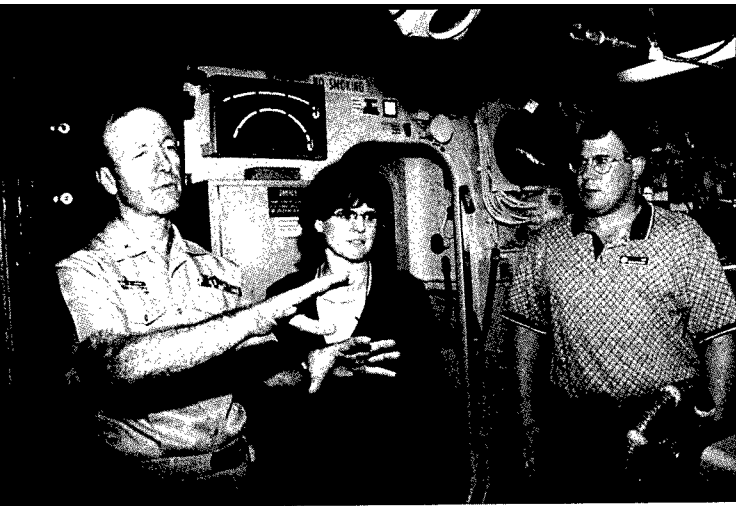
Important lessons can be learned when program managers meet with the soldiers, sailors, airmen, and Marines who depend on the weapons systems they develop. Seventeen APMC Industry graduates — representing nine Defense industry corporations and seven DSMC faculty and staff members, including DSMC Commandant Navy Rear Adm. Leonard Vincent — were given that opportunity in April when they participated in DSMC's 1998 Industry Managers Field Trip.

**DSMC's industry students
enjoy unique access to
military installations and
feedback from the user's
perspective.**

THE BRIDGE AREA, ABOARD
THE *USS COMSTOCK*.
PICTURED FROM LEFT: NAVY
REAR ADM. "LENN" VINCENT,
DSMC COMMANDANT; DON
TEAGUE; NAVY CMDR.
GREGG JACKSON,
COMMANDING OFFICER,
USS COMSTOCK, LSD-45;
JANET KENDRICKS.

Merchant and Vincent are the Associate and Assistant Directors, respectively of the Advanced Program Management Course, School of Program Management Division, DSMC. Caruth is the Director, Visual Arts and Press Department, Division of College Administration and Services, DSMC. The details of the trip were initially recorded by several of the industry travelers.





THE BRIDGE AREA, ABOARD THE *USS Comstock*. PICTURED FROM LEFT: NAVY CMDR. GREGG JACKSON, COMMANDING OFFICER, *USS Comstock*, LSD-45; JANET KENDRICKS; JON BUCKINGHAM.



THE BRIDGE AREA, ABOARD THE *USS Comstock*. PICTURED FROM LEFT: NAVY CAPT. BOB VERNON, DEAN, SCHOOL OF PROGRAM MANAGEMENT DIVISION, DSMC; NAVY LT. CONVENTO; MARK PASIK.



NAVY CAPT. JON MCTIGHE, CHIEF OF STAFF FOR THE NAVAL SPECIAL WARFARE COMMAND IN SAN DIEGO, BRIEFS INDUSTRY MANAGERS ON THE NAVY SEALs' MISSION AND TRAINING.



MARINE TECHNICIAN AT THE MARINE CORPS AIR COMBAT CENTER, TWENTY NINE PALMS, CALIF, EXPLAINS FEATURES OF THE PIONEER UNMANNED AERIAL VEHICLE. PICTURED FROM LEFT: GEORGE MERCHANT, ASSOCIATE DIRECTOR, ADVANCED PROGRAM MANAGEMENT COURSE, DSMC; JODY WILKERSON; JOHN ALTRICHTER; GREG BADER; JON BUCKINGHAM; JIM WOOLEY.

As recent APMC graduates, these industry managers and former students relished the opportunity to observe firsthand the products of the acquisition process they had recently studied in the classroom.

DSMC's industry students enjoyed a unique opportunity of access to these military installations and to feedback from the user's perspective. By participating in the College-sponsored Industry Managers Field Trip, they were able to cap their education in the new government acquisition policies by gaining first-hand information from the customer's perspective.

Another added benefit of the trip was the shared camaraderie and increased teaming between industry and government managers who participated. As an extra-curricular activity — one that industry managers (former APMC students) returned to DSMC to experience — the trip enriched their defense industry overall knowledge and gave them a heightened awareness of what it actually means to meet, or fail to meet, the customer's expectations.

Over the years, student feedback consistently reflects feedback that many APMC students from industry typically characterize the Industry Managers Field Trip as an extremely valuable experience at DSMC — an opportunity that cannot be emulated in courses at non-military universities and colleges. This article is an attempt to impart these experiences to you, the industry manager, and encourage you to seek out what we refer to as "the DSMC educational experience."

San Diego, Coronado, LCAC Simulators

Arriving at Naval Station San Diego, Naval Surface Forces Base, Destroyer Squadron One, the trip began with a tour of the *USS Wadsworth*, FFG 9, of the Oliver Hazard Perry class of Guided Missile Frigates. Navy Cmdr. D.W. Keiler, Commanding Officer of the *Wadsworth*, provided an overview of the ship, its capabilities, typical missions, and manning. Afterward, several of the ship's officers gave the DSMC group a brief

rundown on the *Wadsworth's* layout and primary systems:

- Torpedo Handling and Launching Systems
- Ship's Stores, Spares and Provisioning System
- Berthing and Galley Areas
- Engineering Spaces
- Combat Information Center (CIC)
- The Bridge
- Electronic Warfare Capabilities
- Helicopter and Antisubmarine Systems
- Gun and Missile Launching Systems

At the conclusion of the *Wadsworth* visit, ship's officers left the group with a clear understanding of the pressing need for industry to consider maintenance reduction and Total Life Cycle Cost in any equipment destined for the fleet.

At the Naval Amphibious Base, Coronado, Navy Capt. Thomas Hayes, Commanding Officer of the Expeditionary Warfare Training Group, Pacific, assisted by Navy Lieutenants Stowell and Hillier, led the group on tours of Coronado's diversified facilities, followed by briefings and training videos on the importance and significance of Littoral operations, the mission of Expeditionary Forces, and typical operations and equipment used.

Next on the agenda was a tour of Coronado's training center for small craft engines, Boatswain and Coxswain training, and the operator-training simulator for the huge Landing Craft, Air Cushioned, (LCAC) hovercraft (discussed more fully in subsequent paragraphs).

Invited to participate in a training simulation in the LCAC operation simulator, several industry managers characterized the simulated training as highly realistic and informative.

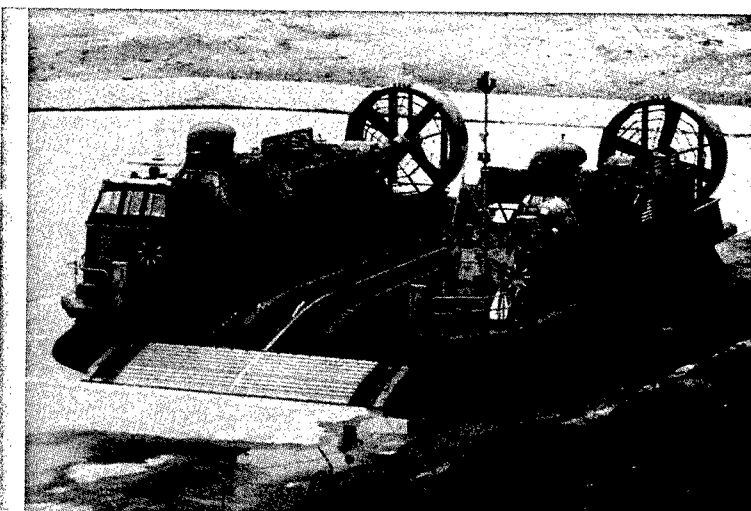
AN OFFICER STATIONED AT NAVAL AIR STATION NORTH ISLAND (SECOND FROM LEFT), DISCUSSES NAVY MUNITIONS WITH NAVY REAR ADM. "LENIN" VINCENT, DSMC COMMANDANT; FRANK SWOFFORD, DSMC FORRESTAL-RICHARDSON MEMORIAL INDUSTRY CHAIR; JOHN ALTRICHER; PAM MITCHELL; DAVID PHILLIPS.



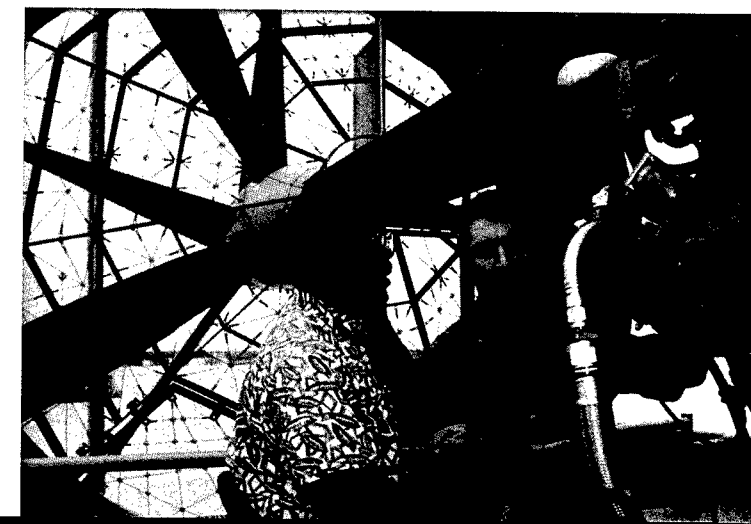
MARINE LT. COL. GARY WARNER, MARINE CORPS AIR COMBAT CENTER, TWENTY NINE PALMS, CALIF, EXPLAINS THE 26-HORSEPOWER, 2-CYCLE GASOLINE ENGINE OF THE PIONEER UNMANNED AERIAL VEHICLE. PICTURED FROM LEFT: WARNER; ANDY MUNZER; GREG BADER; GEORGE MERCHANT, ASSOCIATE DIRECTOR, ADVANCED PROGRAM MANAGEMENT COURSE, DSMC.



DURING THEIR VISIT TO ASSAULT CRAFT UNIT (ACU) 5 AT MARINE CORPS BASE CAMP PENDLETON, CALIF, INDUSTRY MANAGERS FROM THE DSMC GROUP MADE BEACH LANDINGS IN THE LANDING CRAFT, AIR CUSHIONED (LCAC), ALLOWING THEM TO "EXPERIENCE THE RIDE" AS THE CRAFT TRAVERSED THE BEACH AND SURF.



JODY WILKERSON DISCUSSES THE LCAC ENGINE WITH NAVY LT. CMDR. RODACKI, EXECUTIVE OFFICER OF ASSAULT CRAFT UNIT (ACU) 5 AT CAMP PENDLETON, CALIF.



At North Island, Talks with Experienced Pilots

At HSLT 10, Replacement Air Group, Naval Air Station, North Island, Navy Capt. David Landon explained the SH60-B Fleet Replacement Squadron (FRS) mission — to teach pilots to fly and fight. With a primary focus on safety, as demonstrated by their 90,000 hours of accident-free flying, Landon emphasized that training is a process, and noted philosophically that "You make a living out of what you get, but you make a life out of what you give."

Today, 85 percent of the unit's mission is antisurface warfare. Other missions include search and rescue, medical evacuation, and vertical replenishment.

Following a command overview, the DSMC group visited one of North Island's aircraft hangars for a hands-on look at one of the unit's well-worn "birds." Later discussion of past missions with experienced, multiple-deployment pilots gave members of the DSMC group a valuable user perspective in the areas of readiness, combat

capability, and repair and maintenance support.

Naval Special Warfare Center — SEAL Training and Underwater Demo

Not too many civilian managers get an inside look at any type of special warfare training, so this leg of the trip certainly captured the group's attention. The Special Warfare Command (SPECWARCOM) Chief of Staff, Navy Capt. John McTighe, and the Center Executive Officer, Navy Cmdr. Dave Lan-



DAVID PHILLIPS ATOP THE M-88 RECOVERY VEHICLE WITH A MARINE FROM MARINE CORPS AIR GROUND COMBAT CENTER, TWENTY NINE PALMS, CALIF.

dis, presented a command briefing outlining the Navy SEALs' (Sea-Air-Land Teams) special warfare mission. Outside, SEAL students near graduation performed calisthenics while new students began work on an extreme obstacle course.

USS Comstock, LSD-45 — Moving the Big Guys

The DSMC group was welcomed aboard the USS Comstock (LSD 45) — a U.S. Marine transport ship that can carry soldiers, armored vehicles, and up to four LCACs — by Navy Cmdr. Gregg Jackson, the Comstock's Commanding Officer.

A tour of the Comstock included the Bridge, the CIC (to be renovated to accommodate the RAM-SSDD system), the LCAC well [which, the ship's officers noted, could double as a swimming pool and a fishing pond], and the boat/landing deck

Ship Handling Simulator Generates New Appreciation for Steering Big Ships

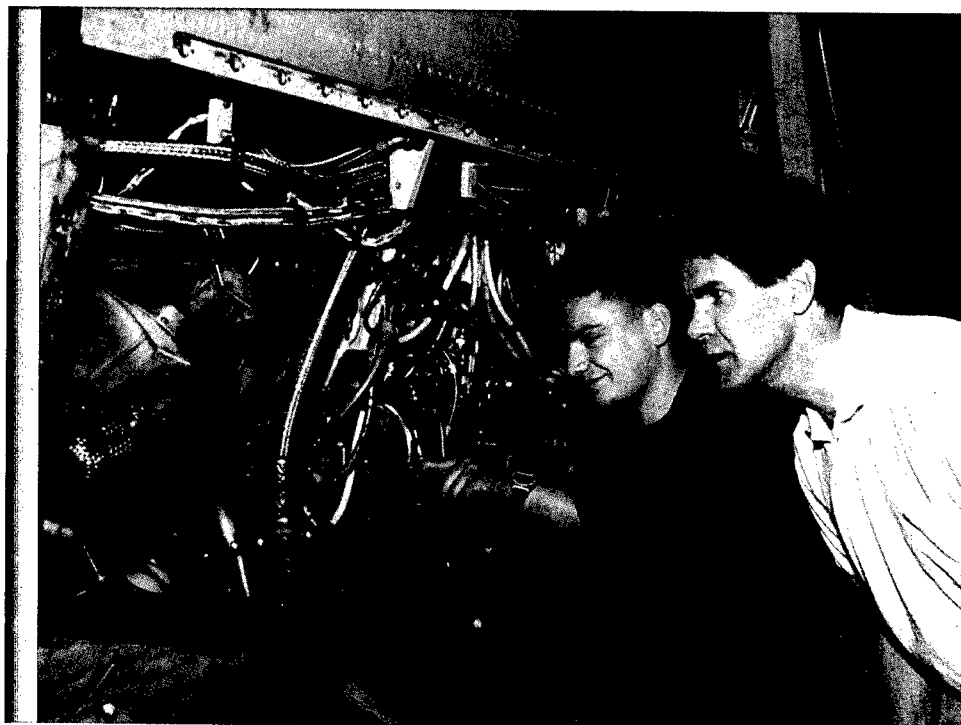
Retired Navy Capt. Robert Lynch of Marine Safety International (MSI) welcomed the group to the Ship Handling Simulator facility at the Naval Station National City. Featuring four simulators (two full-

Over the years, student feedback consistently reflects that many APMC students from industry typically characterize the Industry Managers Field Trip as an extremely valuable experience at DSMC — an opportunity that cannot be emulated in courses at non-military universities and colleges.

up bridges, one docking, and one vessel traffic simulator), each simulator at the National City facility can operate independently or interactively for ships ranging from 133-foot mega-yachts to 265,000-ton tankers.

After touring the facility, the group went inside an operational simulator, programmed to show a Navy ship navigating through fog. The simulator has a

AN ENGINE TECHNICIAN
(LEFT) AT MARINE WING
SUPPORT SQUADRON 11,
MARINE CORPS AIR STA-
TION, MIRAMAR, CALIF., EX-
PLAINS ENGINE
MAINTENANCE TECHNIQUES
TO GREG BADER.



225-degree by 35-degree screen that can look in various directions. Actually being in the simulator, surrounded by the ship's noise, and seeing how ships respond to steering commands, gave the group a better appreciation for the skills involved in navigating ships.

ACU 5, Camp Pendleton — Riding on Air

Arriving at Assault Craft Unit (ACU) 5, the group viewed a video of the Landing Craft, Air Cushioned (LCAC) hovercraft. Navy Capt. Ned Herbert, Commanding Officer of ACU 5, explained the unit mission — to provide operational commanders with fully manned, fully trained, and well-maintained LCAC support.

This air-cushioned craft provides for the high-speed transfer of personnel, equipment, and supplies from ship-to-shore, as well as over-the-beach, fully amphibious landing carrying a 60- to 75-ton payload. Its major components include: engine modules, lift fans, skirt, propellers, bow thrusters, loading ramp, and command module. Reaching over 70 percent of the world's coastline, the LCAC is a major improvement over previous landing craft that could only reach 15 percent of the coastline.

The DSMC group performed a close-up inspection of the LCAC on dry land and

viewed a demonstration as it traversed the beach and surf. In the LCAC maintenance area, they observed components up-close, and heard maintenance personnel describe their challenges. Crew members were on hand during the inspection and demonstration to describe LCAC features and answer any questions.

A chance to sample the local cuisine was an unexpected benefit of the Pendleton visit. The DSMC group was treated to some good old fashioned Navy chow in the dining facility. In fact, the group was

so well fed [including the best cookies of the entire trip], they gave the entire dining facility staff a standing ovation!

MCAS — The BRAC Challenge

Marine Brig Gen. William A. "Bill" Whitlow, Assistant Wing Commander, 3rd Marine Air Wing, Marine Corps Air Station (MAW MCAS), gave the command briefing, followed by Marine Maj. Ross Scanio, current Operations Officer, Marine Aircraft Group (MAG) 11. Scanio described the U.S. Marine Corps as "America's 911 force" and stressed that every Marine, including every Marine aviator, is a ri-

Scanio described the U.S. Marine Corps as "America's 911 force" and stressed that every Marine, including every Marine aviator, is a rifleman, and their primary mission is direct support to the Ground Units — the customer being the infantryman.



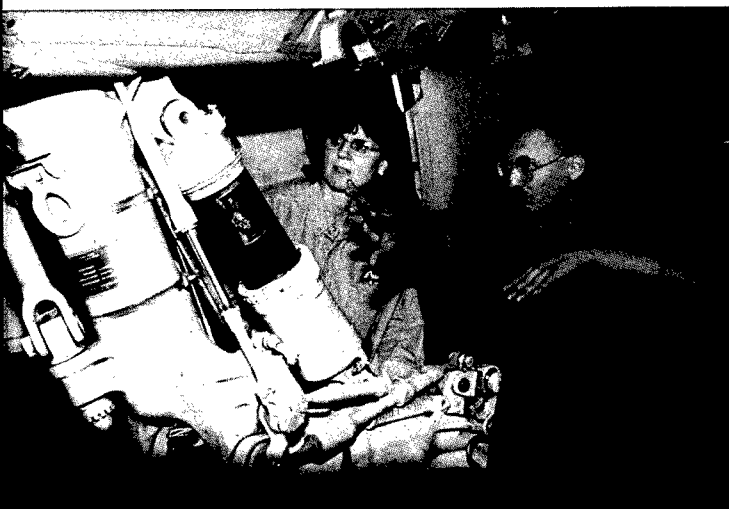
JANET KENDRICKS
AND MARK PASIK WITH
MARINE MAJ. PATCH
FROM MARINE CORPS
AIR GROUND COMBAT
CENTER, TWENTY NINE
PALMS, CALIF.



STEVE PAPE, JOHN AL-
TRICHTER, AND DAVID
PHILLIPS GET A HANDS-
ON LOOK AT THE M-88
RECOVERY VEHICLE,
MARINE CORPS AIR
GROUND COMBAT CEN-
TER, TWENTY NINE
PALMS, CALIF.



NAVY PILOT (RIGHT) AT
THE HSLT 10, REPLACE-
MENT AIR GROUP AT
NAVAL AIR STATION
NORTH ISLAND,
DISCUSSES FEATURES OF
THE SH-60B
HELICOPTER. ALSO PIC-
TURED FROM LEFT: NAVY
CAPT. BOB VERNON,
DEAN, SCHOOL OF
PROGRAM
MANAGEMENT DIVISION,
DSMC; CHERI
BARBAROW.



A CREW CHIEF (RIGHT)
FROM MARINE
FIGHTER/ATTACK
SQUADRON 235 AT MA-
RINE CORPS AIR STATION,
MIRAMAR, CALIF, SHOWS
JANET KENDRICKS THE
LANDING GEAR OF AN
F/A-18 AIRCRAFT.

fleman, and their primary mission is direct support to the Ground Units — the customer being the infantryman.

Marine Lt. Col. George Martin then provided DSMC with a briefing on Base Realignment and Closure (BRAC) and the transition of the Air Station from the Navy to the Marine Corps.

Following Martin's BRAC presentation, the group met with Marine 2nd Lt. Dan Colvin, Maintenance Officer for the GE-F404 Turbofan Engine. Colvin took them on a tour of the maintenance facilities and explained the levels of maintenance done at the MCAS. The shop is qualified to perform both scheduled and unscheduled maintenance, at the Intermediate, Direct Support, and General Support levels.

Following the maintenance tour, Colvin escorted the group to the engine test facility to witness an F404 test, followed by a static display of the F/A-18.

Out to the Desert — MCAGCC

Marine Maj. Gen. Ron Richard, Commander, Marine Corps Air-Ground Combat Center (MCAGCC), and Marine Lt. Col. Scott Nelson, Operations Officer, MCAGCC, welcomed and briefed the DSMC group on the mission of the MCAGCC. They were particularly proud of the role the Center plays as the Marines Corps' unique live-fire training area for its ground forces.

At the Modeling and Simulation Center, Marine Maj. Robert Armstrong explained how units save time and funds by practicing fire and maneuver at the simulation center prior to actual live-fire exercises. The Modeling and Simulation Center is networked to similar sites at other Marine bases.

Moving on to the Enhanced Equipment Allowance Pool (EEAP), Fred Bryant, Deputy Director, spoke of the challenges of the EEAP mission, followed by a thorough briefing on the M1A1 tank and the M88A2 recovery vehicle from Marine Maj. Patch, the Executive Officer of one of the two tank battalions in the active duty Marine Corps.

Visiting the Light Armored Vehicle (LAV) area, Marine 2nd Lt. Cockhill, assisted by the LAV operators and maintainers, briefed the group on the roles and capabilities of each of the five different LAVs currently in the Marine Corps inventory. Later, the group had the opportunity to ask questions, followed by hands-on time with the equipment and Marines.

At the conclusion of Cockhill's briefing, Marine Lt. Col. Gary Warner spoke on the mission and logistics challenges of the Pioneer Unmanned Aerial Vehicle (UAV). Carrying either a daylight or night vision video camera, the Pioneer is effectively used for low-risk reconnaissance missions.

NTC — Lots of Enthusiasm, Esprit de Corps

Army Col. J.D. Thurman kicked off the DSMC group's Army Day visit to the Fort Irwin National Training Center (NTC) with the NTC Command Briefing. Following the briefing, the DSMC Commandant, Navy Rear Adm. "Lenn" Vincent, noting the enthusiasm and esprit de corps of the soldiers said, "It's a great day to be a soldier," to which Thurman responded, "Every day is a great day to be a soldier!"

Civilians and military alike were impressed to see the enthusiasm and pride of the military on display.

NTC's mission is threefold: to provide realistic joint and combined arms training focused on developing soldiers, leaders, and units of America's Army for success on the 21st century battlefield; to maintain a safe environment and quality of life for the entire Fort Irwin community; and to provide a vital source of experience-based data and information to improve and train each fighting force, providing a realistic training environment for the 21st century battlefield.

NTC's comprehensive "Road to War" training includes: contingency-based scenarios; dedicated opposing force; instrumented battlefields; full-time observer controllers; doctrine-based training; live-fire training; joint training; and

MEMBERS OF THE DSMC GROUP TOUR MARINE WING SUPPORT SQUADRON 11, MARINE CORPS AIR STATION, MIRAMAR, CALIF. PICTURED FROM LEFT: DAVID PHILLIPS; JON BUCKINGHAM; RON WETMORE; JANET KENDRICKS; JIM WOOLEY; PAUL LIOSIS.



AN ENGINE MAINTENANCE TECHNICIAN (LEFT) AT MARINE WING SUPPORT SQUADRON 11, MARINE CORPS AIR STATION, MIRAMAR, CALIF., EXPLAINS THE ENGINE MAINTENANCE FACILITIES AND SHOWS AN ENGINE MODULE TO ANDY MUNZER AND CHERI BARBAROW.



VIEWING THE REBUILT PARTS OF AN ENGINE AT THE ENGINE MAINTENANCE FACILITIES OF MARINE WING SUPPORT SQUADRON 11, MARINE CORPS AIR STATION, MIRAMAR, CALIF., ARE AIR FORCE COL SAM BROWN, FORMER DEAN, ACADEMIC PROGRAMS DIVISION, DSMC; JON BUCKINGHAM; PIERRE MONACELLI.



ARMY COL. J.D. THURMAN KICKED OFF THE GROUP'S ARMY DAY VISIT TO THE FORT IRWIN NATIONAL TRAINING CENTER (NTC) WITH THE NTC COMMAND BRIEFING.



training processes consisting of an after-action review (AAR). The AAR is key to the training process.

The Center's philosophy emphasizes that "You can't train yourself." The need exists for training heavy forces for the high spectrum of conflict. According to NTC's briefing on OPFOR (Opposing Force), the intent is for brigades training at NTC to face the toughest force they could ever face.

Toward that end, the OPFOR uses actual threat equipment: BRDMs, BMPs, MT-12s, MT-LBs, BMP-2s, and ACRVs. Other equipment has been visually modified to emulate threat equipment, including T-80, BMP, Hind, BRDM, 2A45

(AT Gun), ASETIV-S14, SA8, SA9, and ZSUs. Training exists for high-end conflict with direct fire fights and tank-on-tank engagements.

At NTC, according to Thurman, there is no shame in losing the conflict; the ultimate intent of the training is that it be an invaluable learning experience.

Fort Irwin has trained 724,000 troops since 1982. There are 10 yearly rotations of combined-arms forces including infantry, artillery, armor, aviation, air force, chemical, logistics, air defense, engineer, military police, signal corps, electronic warfare, military intelligence, and special operations forces.

Moving on to NTC's state-of-the-art Star Wars facility, which houses the command and control of the training exercise, the DSMC group learned about the Multiple Integrated Laser Engagement System (MILES) and viewed a demonstration of its capabilities. MILES [for today's warfighters who, for the most part, came of age during the proliferation of video and computer games], provides the world's largest game of laser tag.

During a warfighting exercise, each vehicle is outfitted with laser transmitter and receivers, GPS, and a main processor to provide interface. Direct fire conflict is simulated by offensive and defensive forces and their weapon systems. Select soldiers (typically forward



AT THE NATIONAL TRAINING CENTER MILITARY INTELLIGENCE YARD, ARMY SGT. 1ST CLASS OLIVER EXPLAINED FEATURES OF VARIOUS SOVIET-STYLE TANKS AND ARMORED VEHICLES TO THE DSMC GROUP. PICTURED FROM LEFT: NAVY REAR ADM. "LENN" VINCENT, DSMC COMMANDANT, CHERI BARBAROW, PIERRE MONACELLI, MARK PASIK, ANDY MUNZER.

observers) are fitted with vests containing a smaller version of the MILES system.

Introducing the Center's OPFOR concept was Army Col. Swan, followed by Army Lt. Col. Wallace, who briefed the group on the 11th Armored Cavalry/60th Guards Motorized Rifle Division, NTC's robust opposing force that trains the principles of Army operations, and challenges the battlefield operating systems of U.S. Army brigades. The OPFOR players assume the role of Krasnovians, a nation hostile to U.S. interests. The doctrine is based on combined-arms operations, and the goal is to provide a near-peer competitor to the U.S. Army. They represent a known enemy with field

Navy Rear Adm. "Lenn" Vincent, noting the enthusiasm and esprit de corps of the soldiers said, "It's a great day to be a soldier," to which Thurman responded, "Every day is a great day to be a soldier!"

MARINE AIRCRAFT GROUP (MAG) II AIRCRAFT

Type	Nickname	Role
FA-18	Hornet	Fighter
KC-130	Hercules	Refueling
AV-8B	Harrier	Attack, Vertical Take-off
CH-53E	Super Stallion	Heavy Lift Helicopter
CH-46E	Sea Knight	Medium Lift Helicopter
AH-1W	Super Cobra	Fire Support, Anti-Tank Helicopter
UH-1N	Huey	Airborne Command and Control
MV-22	Osprey (Future)*	Will replace CH-53 and CH-46 roles

manuals and after-action reviews available to the Blue Forces (BLUEFOR).

Touring the C/203rd Military Intelligence yard with Army Sgt. 1st Class Oliver, the group learned that the yard provides training for the OPFOR in the employment of equipment, and provides a "technical intelligence" team to identify modifications to equipment in the field. Oliver provided details on Soviet, Chinese, and South African anti-aircraft guns, howitzers, mortars, tanks, trucks, radars, missile launchers, and armored tracked vehicles in the yard.

Now That We Have Your Attention!

As a long-term investment, DSMC views the Industry Managers Field Trip as a unique opportunity to increase government-industry teaming, and inspire industry managers and leaders to accelerate their own efforts at Acquisition Reform.

Are you an industry manager interested in attending DSMC's Advanced Program Management Course? Don't miss this tremendous opportunity. Call today.

Normally, defense industry students desiring to take a course at DSMC would register through the Council of Defense and Space Industries Association (CODSIA). Temporarily, however, the DSMC Registrar is registering potential industry students.

For more information on specific application procedures, catalog requests, or general information about DSMC courses or schedules, visit the DSMC Home Page at <http://www.dsmc.dsm.mil> or the Defense Acquisition University Home Page at <http://www.acq.osd.mil/dau>.

DSMC INDUSTRY MANAGERS FIELD TRIP PARTICIPANTS

—APRIL 1998—

Name	Organization
Industry Managers, Government Civilians (Representing APICs 97-2, 97-3, and 98-1)	
ALTRICHTER, John K.	United Defense, LP
BADER, Gregory W.	Rolls Royce Allison
BARBAROW, Cheri A.	Pratt & Whitney
BUCKINGHAM, Jon B.	Robbins-Gioia, Inc.
ERICKSON, Donald E.	Lockhead Martin Aircraft Center
KENDRICK, Janet M.	General Dynamics Information Systems
LIOSIS, Paul A.	TRW
MITCHELL, Pamela M.	Lockhead Martin Michoud Support Systems
MONACELLI, Pierre	Robbins-Gioia, Inc.
MUNZER, Andrew A.	Pratt & Whitney
PAPE, Steven G.	United Defense, LP
PASIK, Mark A.	General Dynamics Land Systems Division
PHILLIPS, David A.	United Defense, LP
TEAGUE, Don E.	Boeing Guidance Repair Center
WETMORE, Ronald W.	Lockhead Martin Michoud Support Systems
WILKERSON, Joseph W. II	Honeywell
WOOLEY, James H.	Lockhead Martin Vought Systems

DSMC Staff and Faculty

Navy Rear Adm. Leonard Vincent	Commandant
Frank Swofford	Industry Chair (Forrestal-Richardson)
Navy Capt. Robert Vernon	Dean, School of Program Management Division
Air Force Col. Sam Brown	Former Dean, Academic Programs Division
Dr. James Price	Dean, Research, Consulting, & Information Division
George Merchant	Associate Director, APMC
Janet Vincent	Assistant Director, APMC
Richard Mattox	College Photographer

Those interested may also call the DSMC Registrar at the following numbers:

Toll Free: (888) 284-4906
Commercial: (703) 805-3003
DSN: 655-3003



Joint Electronic Commerce Program Office Opens

Secretary of Defense William S. Cohen and Deputy Secretary of Defense John J. Hamre today officially opened the Department of Defense's Joint Electronic Commerce Program Office during DoD Electronic Commerce Day events at Defense Logistics Agency headquarters, Ft. Belvoir, Va. Electronic commerce is one of the best business practices identified in the Defense Reform Initiative, announced by Cohen last November to streamline the management and support structure of the Department of Defense.

The program office, formed in January 1998, is chartered to accelerate the use of electronic commerce within the Department of Defense. It brings together experts from DoD's business and technology arenas to jointly develop electronic commerce processes.

"The Joint Electronic Commerce Program Office will help to take defense business operations into the 21st century —in addition to improving efficiency and reducing costs," said Hamre. "By capitalizing on 'the revolution in business affairs,' we can help pay for the 'revolution in military affairs' and expand the use of electronic catalogs and electronic shopping malls," he added.

The JECPO is organized under both DLA and the Defense Information Systems Agency (DISA) and receives policy guidance from the DoD Chief Information Officer. Lt. Gen. Henry T. Glisson, DLA director, and Lt. Gen. David J. Kelley, DISA director, defined their agencies' roles in the project. DLA will take the lead for business developments. It will coordinate the full business cycle requirements and functional integration, identify best business practices, and work with private industry outreach, among other measures. DISA's role is to lead the technical architecture, coordinate standards, and develop enterprise licensing. It will also conduct tests, carry out technical integration, and handle systems engineering.

The office will have points of contact with each of the Services and agencies to help coordinate electronic commerce programs. The Defense Finance and Accounting Service will be represented at the JECPO owing to the importance of electronic commerce in the Department's financial reforms.

Co-directors of the JECPO will be Scottie Knott of DLA and Diann McCoy of DISA. The office will draw its resources and manpower from both DISA and DLA, and is formally located in the Jefferson Building in Tysons Corner, Va.

Editor's Note: This information is in the public domain at <http://www.defenselink.mil/news> on the Internet.

DoD Focusing on Year 2000 Computer Fixes

JIM GARAMONE

WASHINGTON — Jan. 1, 2000, is a deadline staring all of DoD in the face.

That's when DoD military and civilian workers find out if years of hard work have been successful. DoD is working to solve its Year 2000 problem.

The Year 2000 problem, its nickname "Y2K" becoming more familiar every day, came from the early days of automated data processing.

Then, computer memory was precious. To save memory, programmers for decades used only the last two digits of years rather than all four — 1998 would be written "98." In 2000, however, when computers see "00," they may not know whether it's 2000 or 1900.

So why is this a problem? The United States runs on computers, mostly linked together. Almost every computer and computer program contains some type of clock or date function. A date error might not affect much in some cases. The results could be disastrous, however, if the date controls electronic bank deposits or critical equipment.

For high-technology, computer-dependent DoD, a Y2K computer glitch might cause an F-15 fighter pilot to crash. A date error in a pay computer system may mean thousands don't get paid on time — or get paid wrong amounts. Telecommunications, transportation, the electric power grid, the movement of gas through pipelines: All these and more are controlled through computer networks. A date error could shut them all down.

"This is really the first major engagement of the information warfare age," said William A. Curtis. He is director of DoD Y2K oversight and contingency planning in the Office of the Assistant Secretary of Defense for Command, Control, Communications and Intelligence.

"We know what the enemy is, and we know when it's going to strike," he said. "We know what's going to happen. We know what to do to fix it. We're not going to have that sort of perfect intelligence in the next engagement. But how we handle this one will really set the stage for how we handle attacks in the future."

Curtis said DoD expects to spend \$1.9 billion correcting the Y2K problem. All told, the U.S. Government will spend about \$4.3 billion.

According to some estimates, he said, fixing the problem in every automated system in the United States could cost about \$30 billion.

In DoD, the Year 2000 problem is also a readiness issue. The U.S. military mission is to defend the United States and its critical interests before, during, and after 2000. There are 25,000 computer systems in DoD. Of these, officials said 2,800 are mission-critical.

"We must make sure the American people know that they are safe and that our potential adversaries know that the Year 2000 does not pose a vulnerability that they can exploit," Curtis said.

Recent reports by the General Accounting Office, the Office of Management and Budget, and the DoD Inspector General found the Department is about four months behind schedule. But DoD is making progress: A congressional committee assigned DoD a grade of "D" for the last quarter — up from an "F" last time. OMB assigned DoD to "Tier One" — its red zone, meaning DoD must do more, more, more.

"The technology behind this is not tough. We know how to fix it. It's not a technical problem," Curtis said. It is a tremendous management problem. The year problem could be hiding in so many applications, machines, and systems that weeding out every instance is a massive effort, he said.

The goal, simply, is to have computer systems work. To get there, DoD is developing what officials call an Enterprise Level Strategy. At the heart of this strategy are three vectors: report and evaluation, programmatic oversight and coordination, and test and contingency planning.

The report and evaluation vector will help senior management see where problems lie and learn lessons from past experiences. Agencies will report monthly instead of quarterly.

"There are only six quarters left until the year 2000," Curtis said. "We need information monthly so we can see where we need the effort." He said officials have designed the reporting system to be useful and not just a bureaucratic exercise. The core of this effort is a DoD Web site at <http://www.disa.mil/cio/y2k/cioosd.html>. Links to the Department's recently updated Year 2000 Management Plan and much more Y2K information are at this public site. DoD will share information with the GAO, OMB, the DoD Inspector General, and other federal agencies.

The programmatic oversight and coordination vector looks at Year 2000 progress in functional areas and the interfaces among systems, agencies, and allies. Part of this effort is certifying systems as Y2K-compliant. The GAO report found some agencies were confused about the certification process. DoD will change this process so it is uniform across its agencies.

DoD does not operate in a vacuum. DoD systems connect with systems in other federal agencies, private industry, and allies.

Defense Secretary William S. Cohen discussed the Year 2000 problem with NATO defense ministers during the recent NATO Ministerial in Brussels, for example.

U.S. regional commanders in chief are also sensitive to the operational aspects of the Year 2000 problem, and they are working with regional allies to work it out, Curtis said.

The test and contingency vector will be the primary focus in fiscal 1999, Curtis said. Enterprise testing is the hot topic. DoD uses three levels of testing: Systems-

centric tests individual systems; functional-centric tests ensure Year 2000-compliant systems throughout a functional area; and enterprise tests — or mission-centric tests — assure end-to-end performance of systems and interfaces across the range of U.S. military missions.

Enterprise testing extends systems tests to functional area testing and beyond. The regional commanders in chief will combine all these functional areas in enterprise systems tests during exercises. An enterprise system is all functional systems that work together. These tests will begin as soon as possible, Curtis said.

Agencies must, however, develop contingency plans in case the fixes do not work. "There may be unanticipated disruptions," Curtis said. "The U.S. military still has to be ready to accomplish its mission. Contingency plans must be in place."

Other initiatives on the Year 2000 problem are:

- A moratorium on modifications to any computer system that is not Year 2000-compliant.
- Establishing a High Risk Systems Board that will meet with senior leadership of every system in Year 2000 jeopardy.
- Ensuring all mission critical systems have contingency plans.

Also, DoD will establish a Y2K Augmentation Force. This group will man hotlines and update Web sites. It will support mission testing and functional-centric tests. The group will also provide emergency-response teams based at critical areas during the rollover to the new millennium.

"We have redirected our efforts by keeping our eyes on the goal," Curtis said. "The Department of Defense is focused on ensuring we have on Jan. 1, 2000, a force that is able to execute the National Military Strategy, unaffected by a date-related failure of its computer systems."

Editor's Note: This information is in the public domain at <http://www.dtic.mil/afps/news> on the Internet.

Effects of Collocating Integrated Product Teams

Impact on Cost, Schedule, and Risk

MARK E. GINDELE • RICHARD RUMPF

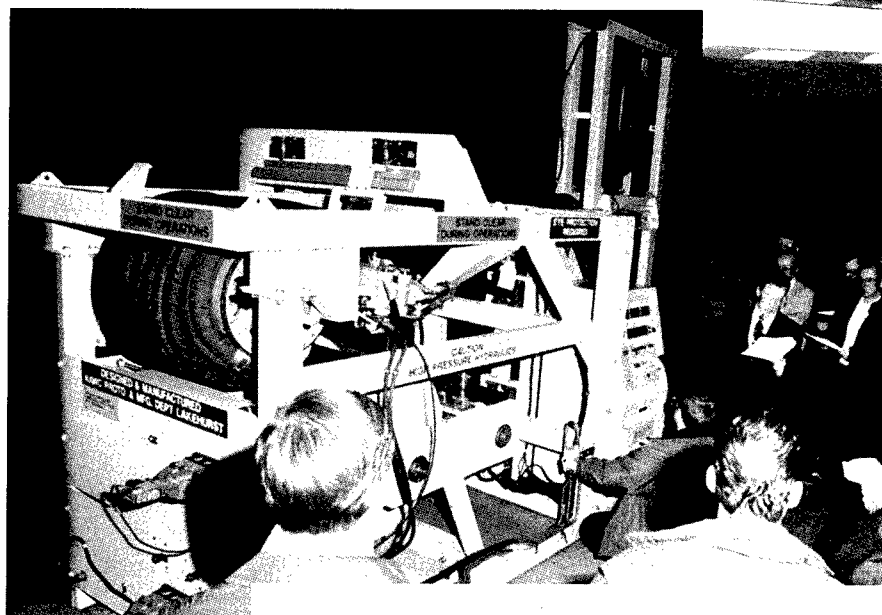
Following the end of the Cold War and the successful military actions in the Persian Gulf, Congress assigned the Base Realignment and Closure (BRAC) Commission the formidable task of evaluating DoD recommendations for realignment to determine how best to downsize military departments without jeopardizing efficiency. Toward this end, BRAC analysts examined commercial industry trends to identify potential ways to reengineer the future military infrastructure.

During the mid-1990s, we participated in an assessment study sponsored by the Navy at its Air Warfare Center in Lakehurst, N.J. We found that while some industry concepts and technological advancements may seemingly offer effective templates for reorganization, other factors need to be considered for maximum efficiency in operations.

Impact of Technology

Technology has permitted many organizations to survive, and in many cases increase efficiency. Layers of management have been removed and the organizations have become leaner and "flatter," suggesting that the organizational chart is losing its traditional pyramid shape.

In particular, the evolution in information technology, including electronic mail, video conferencing, and fax machines has enabled the establishment of links across entire organizations, laying the groundwork for a completely differ-



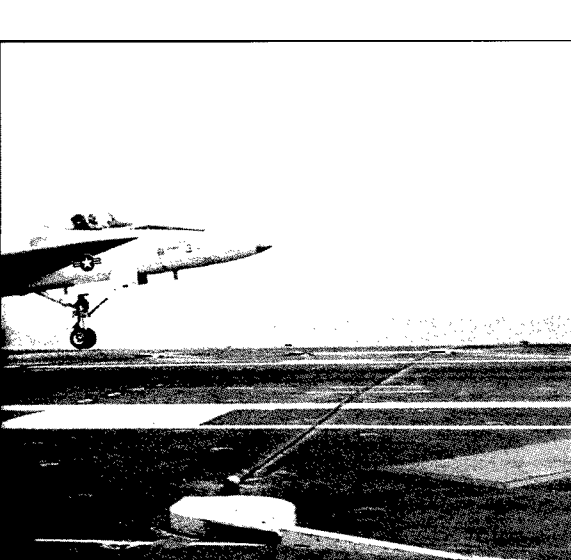
IN-FLIGHT REFUELING HOSE REEL TEST STAND. AN INTEGRATED PRODUCT TEAM DEVELOPED A PROTOTYPE KC-130 TEST STAND TO BETTER TEST REFUELING HOSE REELS, AFTER MALFUNCTIONING EQUIPMENT LED TO LOSS OF AN F/A-18 AND AN A-4. THE STAND WAS COMPLETED IN 30 MONTHS.



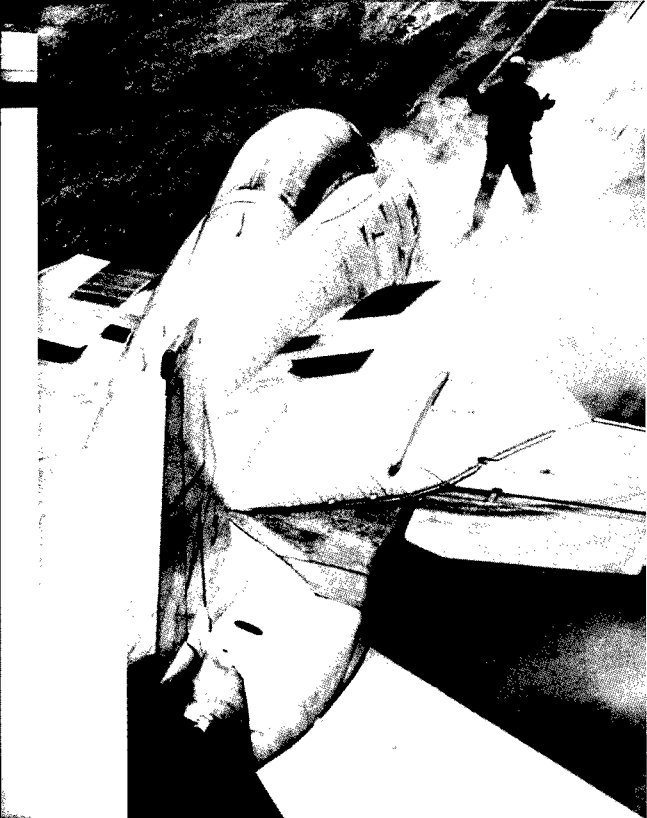
F/A-18 AIRCRAFT TESTING A MODERN BARRICADE AT THE LAKEHURST FACILITY. BARRICADES MADE AT LAKEHURST ARE THE LAST OPPORTUNITY TO STOP A PLANE FROM GOING OFF THE END OF A CARRIER.



Gindele is a manager in the U.S. Navy Prototyping and Manufacturing Department, Lakehurst, N.J. Rumpf, a former Principal Deputy Assistant Secretary of the Navy for Research, Engineering and Systems, is currently president of Rumpf Associates International of Alexandria, Va.



AN F/A-18 SAFELY CATCHES "THE WIRE" ABOARD THE CARRIER. THE RETRACTABLE SHEAVE HOUSING AND COVERS CAN BE SEEN AT THE END OF EACH WIRE.



AN AVIATION BOATSWAIN MATE SIGNALS AN F-14 TO PREPARE FOR LAUNCH. AS ONE AIR BOSS TOLD THE MANUFACTURING ARTISANS AT LAKEHURST AFTER A RECENT TOUR, "WE JUST ASSUME THAT THE LAUNCH AND RECOVERY SYSTEMS WILL WORK. WE NEVER STOP TO THINK HOW COMPLEX OR CRITICAL THESE SYSTEMS ARE TO COMPLETING OUR MISSION."



LONNIE WHITE (LEFT), ALRE ENGINEERING, CONFERS WITH ROBERT WIGGINTON, QUALITY ASSURANCE TEAM LEADER, ON A CORRECTIVE REPAIR PROCEDURE FOR RETRACTABLE SHEAVE HOUSING AND COVERS.

ent approach to organizational management.

Physical proximity is no longer a major contributing factor in coordinating the location of functions. Members from different disciplines can be located irrespective of geography and still maintain equal levels of productivity. The electronic sharing of information promises the look, feel, and synergy of working at the same site, enhancing and improving teamwork.

Technology has also improved manufacturing, with tool packages such as computer-aided-design and computer-aided-manufacturing software programs.

Reorganization of the Prototype and Manufacturing Department

The Navy's Prototype and Manufacturing Department (PMD) in Lakehurst is a \$200-million manufacturing facility staffed by 214 manufacturing engineers and artisans. The mission of the department, which has evolved over 20 years, is to provide emergency manufacturing, prototype manufacturing support, producibility analysis, and drawing package validation, and to apply new manufacturing technologies to the design, development, and product verification of flight-critical Aircraft Launch and Recovery Equipment (ALRE), support equipment, and similar hardware systems.

When the Navy recognized that the PMD's traditional organizational structure could no longer support the product demand cycle, it redesigned the PMD Lakehurst organization based on the business process, focusing on the department's core competencies, that is, the specific capabilities or activities fundamental to a Service or agency role. This alignment was radically different from the previous organizational system, which senior management basically had designed merely by moving blocks and lines on an organizational chart.

The use of technology facilitated some organizational changes at the PMD. The department adapted well to the new business environment, dramatically im-

proving its operations. The new business process redesign affected the culture and behavior of all involved.

Key to the improved organization was identifying the labor required to perform the tasks necessary to deliver quality equipment and the coordinating activity between different labor disciplines. Analysts determined that a concurrent engineering framework for organizational design was the only structure that would: 1) permit increased responsiveness in terms of shorter cycle times; 2) lower costs; and 3) capitalize on Lakehurst' experienced and proven approach. Using integrated product teams (IPT) to design, prototype, and test equipment represented a major change to the traditional development process.

The Lakehurst Program Studies

With several technological breakthroughs in mind, BRAC analysts proposed separating the departments collocated at Lakehurst and transferring the prototype department to a Naval Depot in Jacksonville, Fla., while keeping the engineering and testing disciplines at Lakehurst to reduce infrastructure and overhead.

The argument was that a virtual ALRE organization could meet the needs of the fleet and be more cost effective by not collocating the multiple disciplines. The virtual organization could use electronic technology to coordinate and control the work. Information could be passed along from engineering departments to dislocated manufacturing facilities. Close physical proximity was not critical to successful manufacturing.

This proposal raised the question of whether the ALRE team *could* operate effectively as a virtual organization with a team player located 1,000 miles away. Could electronic technology be used to coordinate and control ALRE work efforts? Could the physical separation of the ALRE team save money yet not introduce undue risk into flight critical parts?

To answer these questions, Navy Lakehurst conducted a study of five ALRE

FIGURE 1. LLLV Program Interactions between IPTs — January 1998 through January 1999

Category	Number/Duration
Number of valves reviewed:	16
Number of repairable parts per valve:	31
Communication actions (average):	25
Request for Engineering Information:	1 per valve
Number of written issues:	16.3 per valve
Requests for Salvage Action:	8 per valve
Total number of written communications actions:	25.3 per valve
Days to resolve all communications actions:	73 days per valve
Days to resolve each written action:	10 days
Other engineering time spent in PMD (not accounted for in above):	5.23 hours per week

and support equipment manufacturing programs using IPTs. The particular programs were selected because auditable data were available, and their quality standards and length of schedules represented typical projects found in the prototype department. The programs included the Low Loss Launch Valve (LLLV), the Fresnel Lens Optical Landing System, the In-Flight Refueling Test Stand, the catapult power cylinders, and the retractable sheave housing and covers.

Data collected on the five programs emphasized identifying the time, frequency, nature, and duration of interactions between team members. Program complexity was identified in terms of phase of life cycle, quantity of parts, and number of hours to complete the program.

The Low Loss Launch Valve Program

This article focuses on the findings from the LLLV program study, which provided

the most extensive data for analysis. The valve, which is used on conventional (CV) and nuclear-powered carriers (CVN), admits and shuts off the flow of steam to the launching engine cylinders for the catapults launching aircraft. Only 96 LLLVs exist, of which 57 are actively in service. The remaining 39 valves are either waiting to be overhauled or are not usable.

The LLLV's procurement history is significant. The last three companies awarded the contract to build this valve either went out of business or defaulted on delivery. Because of the lack of continuous supply of LLLVs, Navy Lakehurst became responsible for overhauling or replenishing the valves.

When a catapult fails, the ship requests an LLLV from the supply system. Because a carrier is not fully operational without the catapult, the request for the valve is considered a fleet emergency. The Navy's inventory control point tries

to maintain a supply of three LLLVs, but the supply system often does not have any available because overhauling and testing a valve takes about 12 months.

All valves, whether new or overhauled, are fully tested by Navy Lakehurst before being certified "Ready-for-Issue." The testing procedure is extensive, and includes launching equivalent weights at the Lakehurst facility, which has a land-based catapult system.

Figure 1 charts the type, nature, and duration of interactions between the IPT members on the LLLV program for the period January 1993 through January 1995.

Effects of Collocated Teams

The study showed that the number of written communications actions between team members during testing and evaluation averaged more than 25 for each valve. Communications actions included requests for salvage action, additional information, or inspection reports.

What is particularly worth noting is the time that engineering personnel spent in the PMD informally directing work, changes and so forth, which is not included with other communications actions and visits. This engineering time, which averaged 5.23 hours weekly, is an indication of how often available team members had to address problems and provide direction.

Analysts determined that this immediate availability of engineering support to address problems and provide direction was essential to efficient manufacturing. As the Figure 1 data show, contact intervals between team members were numerous and of short duration. This process led to completion and documentation of success on smaller work units, which, in turn, led to overall success.

Thus, communication is critical to the successful design and manufacture of equipment. Communications between team members must be clear and frequent. Various methods can be used to conduct communications; regular joint

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visits by the team members to the common sites are important. The communication methods used in Lakehurst PMD project studies were varied and extensive. The review also indicated that more technically complex programs and "flight critical" equipment require and receive the maximum amount of communications actions.

Insufficient communication leads to product failures and dissatisfaction. We have read construction industry studies indicating that 25 percent of problems and failures are directly attributable to poor coordination and poor communication. Further, studies conducted by insurance companies indicate people involved in construction projects resort to legal action when unexpected events or surprises occur, and there is a lack of

positive personal relationships and concerns among the parties.

A U.S. House of Representatives Science and Technology subcommittee examining failures determined that communications elements were critical in preventing structural failures.

The Lakehurst studies showed that closely interrelated with the need for good communication between IPT members working on programs involving complex or flight-critical equipment is the need for the team members to be collocated. A multi-discipline team needs to develop a uniformed approach to complete a program; this is facilitated by the availability of all team members and the relationships established between team members. Collocation offers the greatest opportunity of collaboration from IPT members. It allows for a cohesive set of unique disciplines that work toward the common goal of maintaining military readiness.

The Lakehurst products are not conducive to a virtual environment. By its very nature, a prototype is not a mature product. The evolution process to final design requires feedback and interaction between engineering, testing and fabrication. Locating fabrication 1,000 miles away from other team members would minimize this interaction and introduce the opportunity for entering into production a product that has not been through the design maturation process, which increases the possibility of under-designed equipment entering into the fleet and resultant failure. The findings in the Lakehurst studies suggest that the separation of functions may have been a contributing element in the failure of commercial sources to adequately deliver valves.

Our study indicated that dislocation of disciplines not only would not be effective, but also would adversely introduce risk into the ALRE systems. Electronic transfer of information only works when the transfer is complete. For example, when transferring technical information packages via electronic means, the paper document generated must be of

sufficient quality to be reviewed, interpreted, and understood by different personnel. Questions are more easily and quickly answered if all the team personnel are present to immediately address the issue. If they are not present, either the questions don't get addressed, get interpreted [correctly or not], or get written and forwarded to the originator for resolution. Collocation offers the environment for faster and more efficient resolution.

Any beneficial cost savings obtained by separating manufacturing from engineering and testing departments needs to be compared to any increase in risk. For the LLLV, a cost-benefit analysis showed that the overhaul schedule increased by 42 percent, and cost increased by 48 percent. For prototype products, cost and schedule increases were even higher. Using return on investment evaluation techniques, separating the IPT had no positive payoff. Figure 2 charts the calculated impact on the schedule of several Lakehurst products if the IPTs were dislocated.

Non-defense-related industries are also discovering the importance of collocation to gaining improvements, such as product cost, quality, and schedule. Ford Motor Company, in its goal of improving upon America's most popular car, the Ford Taurus, considered all aspects of designing and building cars for its 1996 redesigned car. An obvious and important innovation on managing this program was collocating the entire Taurus team of 700 people in the same building. By having the engineers, designers, and factory-floor workers working side by side, each discipline was able to critique each other's work as the project went along. According to *Business Week* magazine (July 24, 1995), the new Taurus avoids the mix and match dissonance of many American cars.

At the engineering firm of Day & Zimmerman, Inc., headquartered in Philadelphia, Pa., senior management decided to relocate one-fourth of the company staff outside the city and electronically connect the two sites. However, after a five-year trial period, they realized the virtual

office wasn't working. As reported in the *Philadelphia Inquirer* (Dec. 19, 1995), electronic technology turned out to be no match for random conversation, spontaneous interaction, and the ideas that spring from them. Day & Zimmerman moved the entire company back to one location.

A Summary of Study Findings

The success in manufacturing was directly attributable to the use of IPTs. Extensive communication between engineering, manufacturing, and testing teams led to the resolution of problems quickly. Face-to-face meetings were frequent, and issues were resolved in minutes without resorting to technical memoranda or other protracted written documents. Collocating the team members was the most critical factor for benefiting from concurrent engineering.

Having design engineers working closely with the manufacturing team led to savings from identifying problems during the design phase rather than on the manufacturing floor. The IPT structure led to savings in schedule length and material savings because fewer prototypes had to be fabricated. Similar savings have been presented on the F/A-18 E/F, the Joint Advanced Strike Technology Program (JAST), and other defense programs.

Properly employing concurrent engineering and integrated product teams can reduce schedule, risk, and final cost.

Physical and durable products that require collaboration from multiple disciplines benefit tremendously by being collocated. Evidence indicates that the more complex a system is, the greater the need for more frequent and local communication, which, in turn, increases the need to collocate disciplines.

Changing an organization that has worked well deserves a fair and careful analysis. Suggesting theoretical approaches and unproved technologies as the answer to cost reduction is naive and sophomoric. The cost of ALRE item failure usually is the loss of an aircraft, a life, or both. Moreover, just a marginal decrease in quality (.00001 decrease) will result in the annual loss of four planes, costing an average of \$55 million each. As these figures attest, no economic model supports separating the concurrent engineering organization found at Navy Lakehurst.

Editor's Note: The author acknowledges the critical role Navy Lakehurst provides in supporting the carrier fleet, particularly Navy Vice Adm. John A. Lockard, Commander, Naval Air Systems Command, who implemented the Aircraft Launch and Recovery Equipment Acquisition and Life Cycle Support Plan, dated Sept. 24, 1996. This plan allows the Navy to maintain the organic core workforce at Lakehurst to do research, development, test and evaluation, and limited manufacturing for ALRE systems.

FIGURE 2. Impact of Dislocating IPT Members

Project	Percent of Schedule Increase
Low Loss Launch Valve	42
Critical Item Manufacturer	42
Prototype Programs	105
Fleet Emergencies	30
Engineering Investigations	30
Rework	40
Manufacturing Engineering	30



Roger W. Kallock Appointed Deputy Under Secretary of Defense for Logistics

Secretary of Defense William S. Cohen today announced that Roger W. Kallock has officially assumed duties as the Deputy Under Secretary of Defense for Logistics (DUSD[L]). Kallock was named in May to head that office, and his position became effective June 24.

As the DUSD(L), Kallock is the principal advisor to the Under Secretary of Defense (Acquisition & Technology) for policy and oversight of the military departments' logistics activities. He also oversees policy for the DoD in the specific functional areas of materiel management, maintenance, transportation, logistics systems development, continuous acquisition life cycle support, and electronic commerce/electronic data interchange.

Kallock brings more than 30 years of private sector logistics consulting experience to his new job. Before joining the DoD, he was a managing partner at Computer Sciences Corporation (CSC). He is an international leader in the field of reengineering business logistics processes. As co-founder and chairman of Cleveland Consulting Associates (CCA), Kallock led more than 50 major account relationships, assisting clients in improving supply chain-related business processes that included distribution, transportation, manufacturing, and customer service.

Kallock's professional career began at Procter and Gamble, where he had line responsibility for managing two major warehouses and a shipment planning office, as well as staff responsibilities in industrial engineering. His consulting career started with A T Keaney's new Chicago-based Transportation and Distribution Practice. For the last seven years, he has been involved with the integration of CCA into CSC. Before leaving CSC he served on the corporation's opportunity review council as a mentor to members of the management team and as an advisor to senior client management.

Kallock graduated from the University of Michigan in 1961 with an M.B.A. and a B.S.E. (Industrial Engineering). His educational interest continues as a guest lecturer and author of articles on commercial logistics issues. Kallock has long been active [on] the Council of Logistics Management, serving as president in 1984 and receiving the Council's Distinguished Service Award in 1990.

Editor's Note: This information is in the public domain at <http://www.defenselink.mil/news> on the Internet.

DSMC & Boeing Cultivate An Unconventional Educational Partnership Beyond the Norm

DR. BERYL A. HARMAN, CPCM • DANIEL G. ROBINSON

The Research, Consulting, and Information Division (RCID) of the Defense Systems Management College (DSMC), in partnership with the Boeing Company – Office of Lifelong Learning, has just developed a new educational product to support the current initiative of just-in-time training. This product is a three-day workshop, assembled around an in-depth case study on Acquisition Reform, to assist in implementing change in the acquisition process.

A Joint, Interactive, Unique Learning Experience

This joint effort between DSMC and Boeing is designed to develop a unique learning experience to help individuals and Integrated Product Teams (IPT) learn and apply Acquisition Reform prin-



PANEL OF JDAM GOVERNMENT AND INDUSTRY PROGRAM MANAGERS. PICTURED FROM LEFT: CHARLES DILLOW, INDUSTRY JDAM PROGRAM MANAGER, THE BOEING COMPANY; DR. PAUL G. KAMINSKI, FORMER UNDER SECRETARY OF DEFENSE (ACQUISITION & TECHNOLOGY); OSCAR SOLER, GOVERNMENT JDAM PROGRAM MANAGER, AERONAUTICAL SYSTEMS CENTER; RIC SYLVESTER, ACTING ASSISTANT DEPUTY UNDER SECRETARY OF DEFENSE (SYSTEMS ACQUISITION); DAN ROBINSON, ASSOCIATE DEAN FOR CONSULTING, RCID, DSMC.



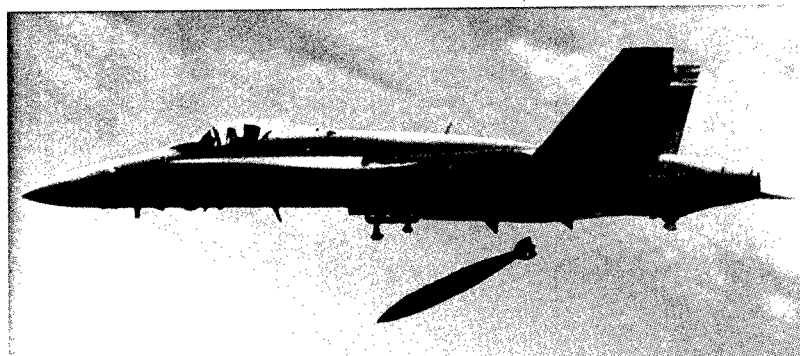
DSMC MANAGEMENT DELIBERATION CENTER.

DR. CYNTHIA INGOLS, A MANAGEMENT CONSULTANT AND GRADUATE OF HARVARD SCHOOL OF EDUCATION, DEVELOPED AND COMPLETED THE JDAM CASE STUDY USING THE HARVARD METHOD OF CASE STUDY RESEARCH.





THE JOINT DIRECT ATTACK MUNITION (JDAM) ON DISPLAY. PICTURED FROM LEFT: DR. JAMES PRICE, DEAN, RCID, DSMC; DR. CYNTHIA INGOLS, MANAGEMENT CONSULTANT; LISA BREM, ASSISTANT TO DR. INGOLS; NAVY CAPT. BOB VERNON, DEAN, SPMD, DSMC.



DEVELOPED BY BOEING, THE JOINT DIRECT ATTACK MUNITION (JDAM) IS A GUIDANCE KIT THAT CONVERTS EXISTING UNGUIDED FREE-FALL BOMBS INTO PRECISION "GUIDED MUNITIONS." Photo courtesy The Boeing Company



THE BOEING COMPANY EXHIBIT AT THE SEVENTH SEMI-ANNUAL PEO/SYSCOM COMMANDERS CONFERENCE, DSMC, APRIL 1998. PICTURED FROM LEFT: NAVY CAPT. BOB VERNON, DEAN, SPMD, DSMC; DR. JAMES McMICAL, DIRECTOR OF EDUCATION, TRAINING AND CAREER DEVELOPMENT, OFFICE OF THE DEPUTY UNDER SECRETARY OF DEFENSE (ACQUISITION REFORM); BARBARA HETHCOTE, PRINCIPAL SPECIALIST OF [THEN] McDONNELL DOUGLAS LEARNING CENTER; DR. JAMES PRICE, DEAN, RCID, DSMC.

ciples and practices. Built around a case study using the Joint Direct Attack Munition (JDAM) program as the centerpiece, this learning experience will demonstrate how technology can be used to help change the way we educate the Acquisition Workforce (AWF).

The interactive learning experience can be held in DSMC's Management Deliberation Center (MDC), which incorporates the latest interactive hardware/software capabilities, providing students a state-of-the-art interactive learning environment.

The Center is currently used for compiling group session quantitative and qualitative data as an aid to complex problem solving. The tools resident on the systems, along with experienced facilitators, will provide students a fully interactive learning environment.

By using interactive software, videos, case studies, and other learning tools like action research, students have the opportunity to draw on their experiences and the experience of others as a means of stimulating their own learning environment. Assisted by experienced process facilitators, students can use the latest education and information technology to process current innovations and apply them to program issues on a real-time basis. Videos, for example, can be used to provide real-time good news stories as a learning tool, and case studies can stimulate creativity in dealing with the issues and realities of real-life situations.

A Case Study in the Making

So how did this all come about? The impetus for developing the workshops came from the Spring 1997 PEO/SYSCOM Commanders Conference held at DSMC. At that conference, James Sinnett, Vice President-Technology, Advanced Systems and Technology, McDonnell Douglas Corporation, spoke actively in support of government-industry training in the area of Acquisition Reform and recommended the government institute an outreach program on education and training.

Dr. James McMichael, Director of Education, Training and Career Development for the Deputy Under Secretary of Defense (Acquisition Reform), intrigued by this idea, discussed with Sinnett the possibility of an educational partnership using experiential case studies as a stimulant to educational success.

Sinnett, impressed by the achievements of the teaming process between McDonnell Douglas Corporation and the government on the JDAM program, suggested that government and industry form an alliance to develop a JDAM case study.

Since the Defense Acquisition University was also interested in the use of case studies as a means to share lessons learned and to provide insight to all sides of an acquisition relationship, McMichael concurred and suggested that DSMC could add value to the project. Dr. James Price, Dean of RCID, was contacted shortly thereafter and asked to develop, in conjunction with the McDonnell Douglas Corporation, a learning experience drawing on the JDAM program that would benefit both industry and government.

Development began in May of 1997 with a core team consisting of Dr. James Price, Dean RCID; Dan Robinson, Associate Dean of Consulting, RCID; and Dr. Beryl Harman, Professor of Systems Acquisition Management, RCID, representing DSMC. Representing McDonnell Douglas Corporation were Barbara Hethcote, Principal Specialist of [then] McDonnell Douglas Learning Center; and Cheryl Kerr, Engineering Manager, Advanced Systems and Technology. Shortly thereafter, McDonnell Douglas Corporation became part of the Boeing Company.

The Case Study Selection — Why JDAM?

Why is JDAM considered an interesting case study and potential learning tool? The entire acquisition community faces challenges to reduce or eliminate military requirements that mandate unique processes within defense production facilities. The desire is to take advantage of the commercial marketplace by de-

livering new systems into the hands of warfighters within commercially available cycle times, not the previous average of 12 to 18 years' development time for a major DoD weapon system.

DoD and industry's senior acquisition executives and leaders firmly believe that future military advantage will belong to those who capture state-of-the-art technology, get it into weapon systems, and successfully field those systems first. Toward that end, the Federal Acquisition Streamlining Act (FASA) of 1994 charged the Services to identify specific, unique military systems as Defense Acquisition Pilot Programs (DAPP). These pilot programs are test beds for the use of commercial processes, practices and procedures, and are charged to demonstrate new and innovative approaches.

The JDAM program was selected as a DAPP and afforded statutory relief under FASA to accomplish these objectives. As a result, the processes and the collaborative techniques the industry-government IPTs used to implement JDAM epitomize how the philosophy of Acquisition Reform can be put into practice and contribute to reduced contract costs, improved development and delivery schedules, and gains in efficiencies.¹

The JDAM program (converting dumb bombs to smart weapons using commercial practices) started as a traditional procurement process in 1991. In 1994, the program was streamlined using the principles, practices, and processes of Acquisition Reform, with extraordinary results. Through a performance-based partnership approach between government and industry, the program was able to cut development costs by 25 percent and program staff by 60 percent, and projected a 33-percent savings in production and delivery schedule, and 67-percent savings in product price.

This potentially reduced the overall program cost from \$5.5 billion in 15 years to \$2.5 billion in 10 years. Managing this program required a complete change in mind set for both industry and govern-

ment. As the Boeing Company assumed responsibility for performance, both parties recognized two key management strategies: *that fewer people get better results because they don't create extra work for each other; and collaboration, to be successful, requires an open commitment to shared goals.*

The JDAM approach to Acquisition Reform is not considered a model in steps and methods. Rather, the approach is a philosophy with certain goals that can be applied to any program; i.e., manage at the performance level, have few requirements and targets, emulate commercial practices, have a collaborative relationship with contractors, be a coach not a policeman, and create a sense of urgency by committing to ambitious goals.

Using the JDAM experience as a learning tool and starting point is a way to help students explore innovative ways to accomplish their own programs and motivate students to use good business sense in their day-to-day operations.

The major objective of the learning experience is for students to benefit from the study of lessons learned throughout all aspects of the JDAM program. Specifically, students learn how to:

- maximize the overall benefits of Acquisition Reform when planning and managing a military program;
- develop, as members of new program teams, an understanding of the Acquisition Reform philosophy;
- apply Acquisition Reform principles and practices early in the planning process; and
- accelerate the implementation of innovation within their own program structures.

In fact, this learning experience is a multi-purpose package designed to provide just-in-time training to acquisition teams planning and executing individual programs, and as a way to gain insight into the latest DoD initia-

tives as part of a continuing education process.

A Word About the Workshop

The government and Boeing will offer two different versions of the workshop. The one offered through the Boeing Company will primarily focus more on the prime/subcontractor relationship, and how teaming and collaboration can significantly aid the execution of the program. The one offered through DSMC will focus more on the government-industry teaming process as it relates to strategies and managing an acquisition program.

In either case, Boeing and DSMC will aim at providing the three-day workshop to intact program teams. The idea is to move away from a paradigm of attending a class at a specific point in time, to one of providing the tools to the people just-in-time, when they are needed the most.

Benefits Expected

Specific benefits are achievable through this type of workshop:

Realism, Live Scenarios. Primarily, the teams participating in these workshops—a combination of government and industry personnel—experience real applications, using live scenarios.

Development of In-house Expertise. Through joint development, the teams receive multi-perspective insights into the application of commercial practices and the implementation of Acquisition Reform. This allows them to collectively develop in-house experience and use that in-house expertise for realism, accuracy, and connection to the business.

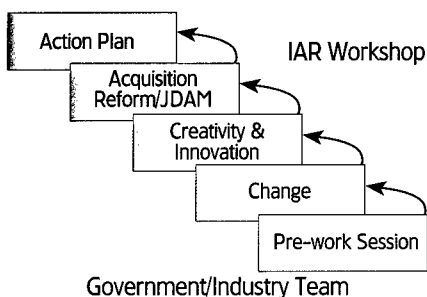
Case Study Method. The workshop uses the case study method and a series of videos to focus on this real-time application and to nurture collaborative relationships between the government and industry.

Accelerated Implementation of Acquisition Reform. Lastly, the workshop is an aid to accelerated implementation of

Acquisition Reform by affording students an opportunity to gather and capture the essence of lessons learned.

Ultimately, these workshops will provide students an understanding of what works, and what does not work in an Acquisition Reform environment.

Defining the Workshop Structure



How did DSMC and Boeing go about developing the workshop, and what does it include? The core development team met at both DSMC and the Boeing Life-long Learning Center to brainstorm and develop a workshop structure that will be applicable to the learning needs of both industry and government AWF professionals. The need was to develop a learning experience to help these professionals understand, apply, and accelerate innovation through the implementation of Acquisition Reform.

In attempting to make this a total learning experience, the core team obtained inputs from members of the Office of the Secretary of Defense, industry, the JDAM Program Office, and the DSMC faculty. These activities assisted the development team in determining the needs of the AWF, developing objectives, and determining a meaningful structure for the experiential workshop.

Each workshop begins with a “pre-work session.” This provides the team members time to review the case study and determine their acquisition needs. This pre-work session is important because it introduces the student to the concept of the case study method and explains how that method will be beneficial to the learning environment.

Part I. The pre-work session also prepares the student to step forward into Part I of the workshop, which focuses on the issue of “change” and covers such topics as the change agent, change sponsorship, change strategy, and changing paradigms. Instructors lead students into the various aspects of change by discussing such topics as the partnering process, identifying barriers, and clarifying major interrelationships.

Part II. The team then steps to Part II, “creativity and innovation,” which is a set of exercises designed to help team members understand the meaning of thinking beyond the norm and opening their minds to possibilities within their own planning process.

Part III. Stepping to Part III, the team then focuses on the issues and methods available through “Acquisition Reform.” Using experiential video clips, technology, and the case study method, the team develops an understanding of the reform philosophy, the latest initiatives, current innovations, business barriers, and the consequences or unintended consequences of various applications.

Part IV. Once understood, the team steps to Part IV where they collectively develop new, innovative approaches for future program actions or strategies on their program. Over half of the program is devoted to working on the team program itself.

Adding Meaning Through the Case Study Method

What exactly does a case study truly lend to the process? In essence, a case study methodology requires three fundamental shifts in perspective:²

- First, a shift in the balance of power—it moves students from an autocratic classroom environment where the instructor is all powerful, to a more democratic environment where students share in the decision-making process.
- Second, a shift in the locus of attention—it moves students from a concern with the material alone to an equal focus on the content, classroom

process, and the learning environment. This allows students to obtain knowledge for themselves and to begin to understand potential possibilities for implementation.

- Third, a shift in instructional skills — it moves students from declarative explanations to questioning, listening, and responding, which helps to develop interpersonal skills and establishes a sensitivity to the need for team development.

Recognizing that JDAM is an on-going program, it was considered important to document in a case study the history, changes, and measures of effectiveness that were most instrumental to the execution of JDAM.

The Case Study

Dr. Cynthia Ingols, a management consultant with Corporate Classrooms, Inc., Cambridge, Mass., developed and completed the case study. Ingols specializes in developing relationships, creating highly interactive training and meeting events to parallel participative management strategies, and diagnosing organizational barriers to innovation and change. She is a graduate of Harvard School of Education and schooled in the Harvard Method of case study research.

To begin, Ingols performed the data collection by developing a structured interview guide, followed by one-on-one interviews with JDAM personnel from both government and industry. This included perceptions as well as historical information from select personnel within OSD and Office of the Secretary of the Air Force. This case study forms the apex of the experiential learning environment.

Video Presentations

Recognizing that the case study is just one medium with which to introduce the idea of change, DSMC and Boeing decided to supplement the presentation though a series of video clips that document good news stories and the current thrust of Acquisition Reform within DoD.

The participants in the video clips were: a team from the F-15 Program; Dr. Paul

G. Kaminski, former Under Secretary of Defense (Acquisition and Technology); Bill Mounts, Director of International and Commercial Systems for the Deputy Under Secretary of Defense (Acquisition Reform); David Drabkin, Assistant Deputy Under Secretary of Defense for Acquisition Process and Policies; and a panel consisting of the JDAM industry and government program managers — Charles Dillow, industry JDAM Program Manager; Oscar Soler, government JDAM Program Manager; Kaminski; and Ric Sylvester, Acting Assistant Deputy Under Secretary of Defense (Systems Acquisition).

Beta Test

On March 12-13, an abbreviated workshop was piloted at the Boeing Office of Lifelong Learning. Dr. Ingols presented the case study using the Harvard Method, supported by the original program managers responsible for the JDAM strategy — Charles Dillow, The Boeing Company; and Terry Little, Joint Air-to-Surface Stand-off Missile (JASSM) Program Manager. The presentation was an unmitigated success.

At the conclusion of the presentation, participants submitted helpful comments and suggestions, which were evaluated and taken into consideration as part of the final workshop design.

Change is Constant

So what was learned as a part of this process? *That change is constant.* As DoD embarks on a cultural shift in its way of doing business, both DSMC and Boeing are keenly aware of the ever changing climate of Acquisition Reform, and the need to constantly change and adapt their education and training to an increasingly sophisticated and technologically advanced AWF.

DSMC and Boeing have stepped up and taken the risk of developing non-traditional methods of training and education to meet the needs of the AWF.

Expected Outcomes

Perhaps you're wondering when and where you can sign up for this interactive, educational experience. Intact, established teams, or even teams currently

in the making, may contact Flo Brueser at DSMC (703-805-2728) to schedule a workshop. This includes teams at the beginning phase of a program, teams about to embark on a major modification, or teams merely interested in restructuring an existing program.

Whatever phase of your program, if your team is interested in some just-in-time training in implementing Acquisition Reform principles and practices, pick up the phone. And in the words of David Drabkin, "Just do it!" Start now so that Acquisition Reform can be a part of your acquisition strategy in the near future.

As for the future, DSMC anticipates offering the JDAM case study effort as a part of its Advanced Program Managers Course and as an elective for its Executive Program Managers Course.

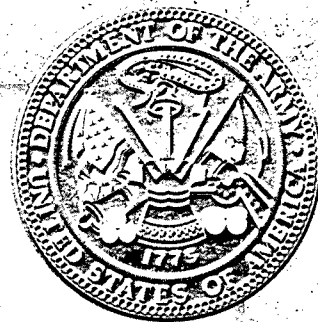
One Last Word

A new motto is taking shape within the educational environment: "Just in Time, Just for Me, Just Enough, Anytime, Anywhere, Anyone." This motto recognizes the need to leverage technology to provide the best experiential methods and learning experiences when needed by acquisition teams.

This is not an easy transition, but a step-by-step process, using all of the knowledge and techniques available. In the words of Terry Little, JASSM Project Manager, "People are the key. We have to find the ways to work together." This is one instance where educators and industry are not waiting for things to happen — they are, in fact, partnering to make them happen!

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2. Garvin, David A. (1991). *Barriers and Gateways To Learning*. In C. Roland Christensen, David Garvin & Ann Sweet (Eds.), *Education for Judgement: The Artistry of Discussion Leadership* (pp. 3-13). Boston, Mass.: Harvard Business School Press.



Paul J. Hoeper Sworn In As Assistant Secretary of The Army

Paul J. Hoeper was sworn in Friday [May 29, 1998] as Assistant Secretary of the Army (Research, Development and Acquisition) (ASA[RDA]) by the Acting Secretary of the Army Robert M. Walker.

In this position, Hoeper will serve as the Army Acquisition Executive, the Senior Procurement Executive, and the Science Advisor to the Secretary. Also, he will serve as the senior research and development official for the Department of the Army. Among his responsibilities as ASA(RDA) are: appointing, managing, and evaluating program executive officers and program managers; managing the Army Acquisition Corps; and overseeing research, development, test, evaluation, and acquisition programs.

Formerly Deputy Under Secretary of Defense (International and Commercial Programs), Hoeper's association with the Department of Defense and the defense industry dates to the mid-1970's, when he served as consultant to the U.S. Navy on major missile and anti-submarine system procurement. Hoeper has also consulted to private companies in the aerospace industry on numerous defense programs, strategic issues, and corporate restructurings.

In 1993, he was selected to serve on the Defense Science Board (DSB) Task Force on Acquisition Reform. As a member of the Task Force, he served on several panels, including the Oversight Cost Panel and the Large-Scale R&D Commercial Practices Panel. He was the DSB representative to the Integrated Dual Use Commercial Companies Working Group, sponsored by the Deputy Under Secretary for Acquisition Reform.

Hoeper also served on the faculty of Stanford Law School and as Adjunct Professor at the University of Southern California (USC) Law Center. In 1989, he developed a course entitled What Lawyers Should Know About Business for the Stanford Law School, and taught the course at USC from 1991-1995. He was a member of the Los Angeles High Technology Council and served as a panelist at the Berkley Roundtable on the International Economy, focusing on the defense industry transition.

In December 1996, Secretary of Defense William J. Perry awarded Hoeper the Secretary of Defense Medal for Outstanding Public Service. Hoeper received his B.S.E. in Basic Engineering from Princeton University in 1968, and his M.A.T in Mathematics from Harvard University in 1972. In his leisure time, Hoeper enjoys playing competitive tennis, flyfishing, and playing the piano. He and his wife, Barbara Fowler, are the parents of two children.

Editor's Note: This information is in the public domain at <http://www.dtic.mil/armylink/news> on the Internet.

Using Commercial Suppliers — Barriers and Opportunities

MICHAEL HEBERLING • J. RONALD MCDONALD
R. MICHAEL NANZER • ERIC REBENTISCH • KIMBERLY STERLING

educating acquisition costs by using commercial instead of military-unique practices and technologies is an increasing goal of government. A pilot project presently leveraging the commercial electronics manufacturing base is the Military Products From Commercial Lines (MPCL) program, a four-year project designed to demonstrate that high technology military hardware can be built on a highly automated commercial production line, with equivalent durability, functionality, and reliability, and at a significantly reduced price.

Sponsored by the Air Force Research Laboratory's Manufacturing Technology Division, TRW Avionics Systems Division was the prime contractor of the MPCL program, supported by the TRW Automotive Electronics Group — North America.

The initial phases of the MPCL program involved producing military products from commercial lines and then conducting two surveys of commercial industry to identify commercial manufacturers' receptivity to producing military products on their production lines.

Integrated teams of military and commercial professionals developed with commercial suppliers a partnering methodology that encompassed processing technology enhancements, im-



The partnerships necessary for the future success of commercial item acquisitions by DoD customers depend on both parties understanding the new rules of the game.

proving manufacturing infrastructure flexibility, and streamlining business practices. Following the initial phases of the pilot program, the program team conducted market research on the transferability of the military products from the commercial lines concept to the commercial sector. This article reflects the results of that research.

Production Project Yields Significant Savings

In the initial production test phase, avionics modules for the Air Force's F-22 Raptor Fighter Aircraft and the Army's RAH-66 Comanche Helicopter were redesigned using largely commercial off-the-shelf parts (Figure 1). A computer integrated manufacturing (CIM) system implemented at the TRW Automotive Electronics Group's Marshall, Ill., plant ensured minimal line interruption for the set-up and change-over between military and commercial products.

The team implemented a rigorous component reliability program, conducting "design-of-experiment" testing to prove that the redesigned hardware was as durable and reliable as the baseline military hardware. Most important, given the government's military Acquisition Reform processes, the MPCL team established a process for acquiring military-unique modules as commercial items, relying on price analysis instead of cost analysis.

Heberling is President, Center for Graduate Studies at Baker College in Flint, Mich.; McDonald is with TRW Avionics Systems Division (ASD), San Diego, Calif.; Nanzer is the Business Practices IPT Lead, TRW ASD; Rebentisch is a research associate for the Massachusetts Institute of Technology, Cambridge, Mass.; and Sterling is Director of Marketing and Communications, IPC, Northbrook, Ill.



FIGURE 1. **Key Features and Benefits of MPCL Concept**

FEATURES

- Exploit Proven Quality and Cycle Time on High-Volume Commercial Lines
- Design for Manufacturability AND Commercial Practices
- Maximize Adoption of Best Practices via Team-Based Approach

BENEFITS

- 30-50% Cost Savings for F-22 and RAH-66 Electronic Modules
- Demonstrated Manufacture of Military Modules Using Commercial Processes and Practices
- Process and Model for Subcontracting to Commercial Suppliers

The Air Force and Army program beneficiaries realized a greater than 50 percent cost avoidance over the baseline military hardware versions. Additionally, the technology enabling the commercial redesign of additional F-22 modules resulted in recurring cost reductions.

Facilitating the MPCL success in implementing the commercial contract was a model contract similar to contracts used in TRW's commercial automotive business, and a performance-based business practices handbook that replaced canceled military standards. Integrated teams of personnel from both the military and the commercial sector developed the handbook. The teaming approach helped to ensure that the practices outlined in the handbook were both acceptable to TRW's commercial automotive group and satisfied the military's requirements. The handbook requirements, which could be tailored cafeteria-style to individual procurement, included the best practices from industry and government, and non-government standards, such as ISO-9001.

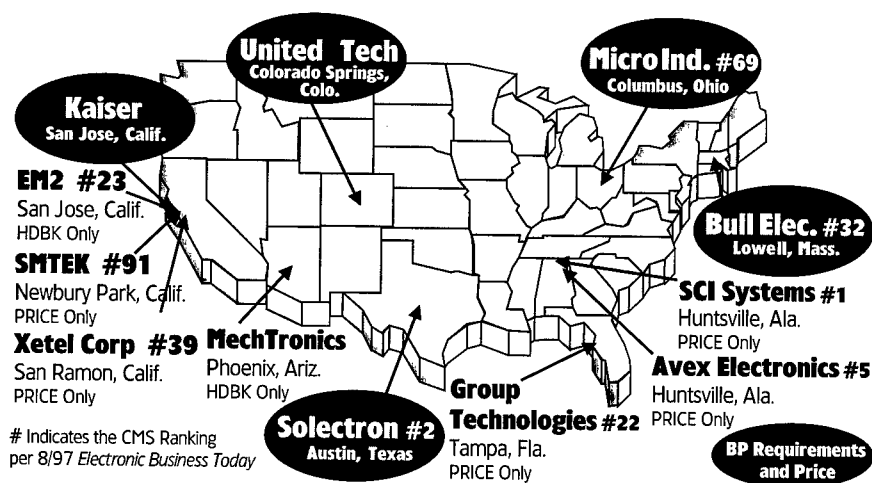
Going Beyond Demonstration to Transfer

Having demonstrated the benefits gained from producing military products from commercial lines, the program team turned its attention to the next MPCL strategy, transferring the technology to industry. The team recognized that additional commercial industry input to the handbook and model contract was necessary to achieve the transfer process.

To obtain the necessary input, the MPCL team conducted two surveys: an in-depth requirements validation survey of a small number of commercial electronic manufacturing service (EMS) firms, and a broad-based commercial impact survey of more than 1,340 EMS and printed wiring board (PWB) companies.

Business Practices Requirements Validation Survey. To validate the transferability of the military products from commercial lines, the team surveyed major EMS industry firms identified from industry trade journals and Internet searches. The survey was modeled

FIGURE 2. Requirements Validation Survey Participants.



after a typical commercial transaction for EMS services. The MPCL team constructed a request for quotation package (RFQ) that included the business practices handbook requirements, the model contract terms and conditions, and a representative build and test quantity of MPCL modules.

The MPCL team provided each participant with a full technical data package. Each firm received the same material pricing data to avoid needlessly exercising component suppliers. In addition to pricing information, participants were asked for qualitative feedback on the producibility of the commercial redesign and the commercial acceptability of the handbook and model contract.

The five surveys involved a half-day business meeting to review supplier comments, and a brief plant tour. Participants were told that the purpose of the survey was only for research, and that the RFQ package would not result in a contract. Additionally, participants were offered compensation for their participation; however, each one participated voluntarily. Many firms related that the benchmark pricing data they were provided was well worth the time spent responding to the survey.

The companies surveyed represented a cross-section of the EMS industry, from very small (<\$30 million/year sales) to very large (>\$1 billion/year sales) firms (Figure 2). The firms identified in the ovals were the primary validation par-

ticipants who provided quantitative and qualitative feedback, and accommodated a site visit. The other firms either provided pricing information or handbook and model contract feedback.

The requirements validation survey results were important in that they suggested that many key aspects of the MPCL process were transferable to other commercial firms. Of all 76 requirements in the handbook, 53 (or 70 percent) were acceptable. Validation survey participants said that, while they would add cost, 17 requirements (or 22 percent) were acceptable. Participants considered only six requirements (8 percent) unacceptable.

The program team used the participants' comments in modifying the cost-adding and unacceptable requirements to make

the handbook commercially acceptable. The handbook revision was done with the consensus of the original team that developed the requirements and was reviewed by key survey participants.

What was noteworthy about the survey findings was the lack of consensus among the survey participants about the 17 cost-adding and six unacceptable requirements (Figure 3). One EMS firm not having a design capability considered Notification of Product Phase-out an unacceptable requirement. The firm stated that the designer should know more about the product life than the manufacturer. This firm, however, also indicated that it would perform this function for a customer with which it had a strategic alliance.

This position was common among many suppliers, which indicates that they are just as particular about their customer bases as many customers are about their supplier bases. This finding suggests that the Department of Defense (DoD) may want to revisit its role as a customer in the commercial sector.

The participant lacking a design function also expressed concern about the reliability program requirement, which applies only to firms that do some design work. Three suppliers surveyed were opposed to flowing down requirements to subcontractors, stating that this was not commercial practice. Three firms said Cost of Quality reporting was ob-

FIGURE 3. Handbook Requirements Validation Survey Results

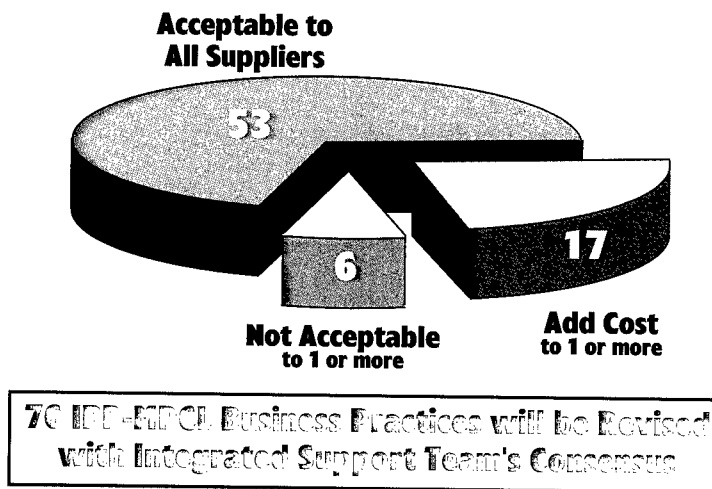
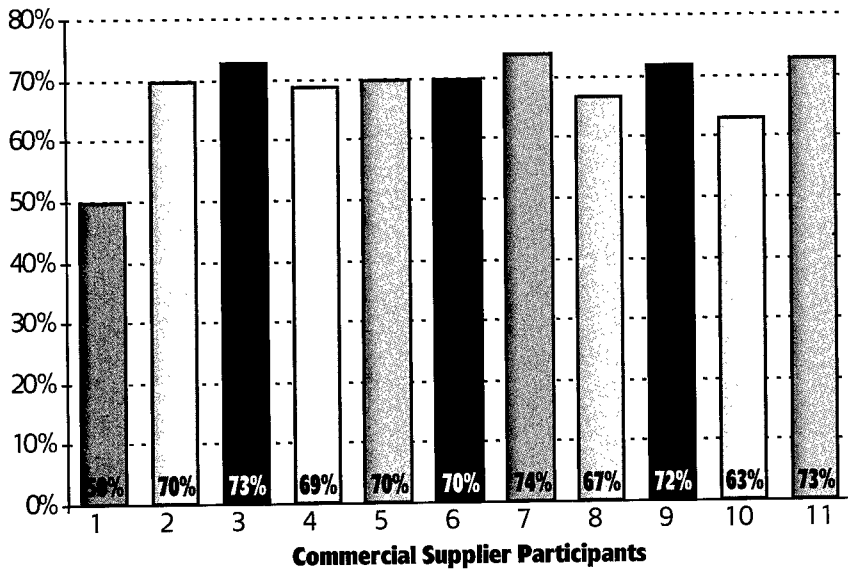


FIGURE 4. Requirements Validation Pricing Validates MPCL Savings Potential



Average Price Represents a 68% Savings over Military Baseline

solete, having been replaced by Statistical Process Control (SPC) and real-time process monitoring capabilities.

The Defense Priorities and Allocation System (DPAS) requirement resulted in the largest number of unacceptable responses from the survey participants. EMS firms do not want government involved in setting their priorities and scheduling their factories, which is required by DPAS.

Figure 3 also provides the cost-adding requirements identified by the EMS suppliers. It is important to note that these firms are positioned to accommodate unique customer requirements. Consequently, some would argue that they do not represent a good industry for testing the acceptability of replacements for military requirements.

The consensus feedback from the survey participants was that requirements accommodation occurs in all industries. It is dependent upon the level of customer commitment. That is, firms will do what you want if you commit to a long-term relationship. Many MPCL requirements were acceptable to the participants if they came from a strategic customer. However, for a one-time customer, these requirements were identi-

fied as out of the norm, and therefore viewed as contributors to cost.

The MPCL team did not ask the survey participants to quantify the added cost for each requirement, recognizing that the requirements costs vary from customer to customer, depending on the nature of the supplier-customer relationship. Some firms might perform a requirement for some customers at no additional cost. Military customers with fiscal-year funding constraints could have difficulty dealing with commercial suppliers. Many commercial firms view the lack of multi-year funding associated with most military programs as a key barrier to commercial-military partnerships.

Of particular interest among the cost-adding requirements shown in Figure 3, are the following:

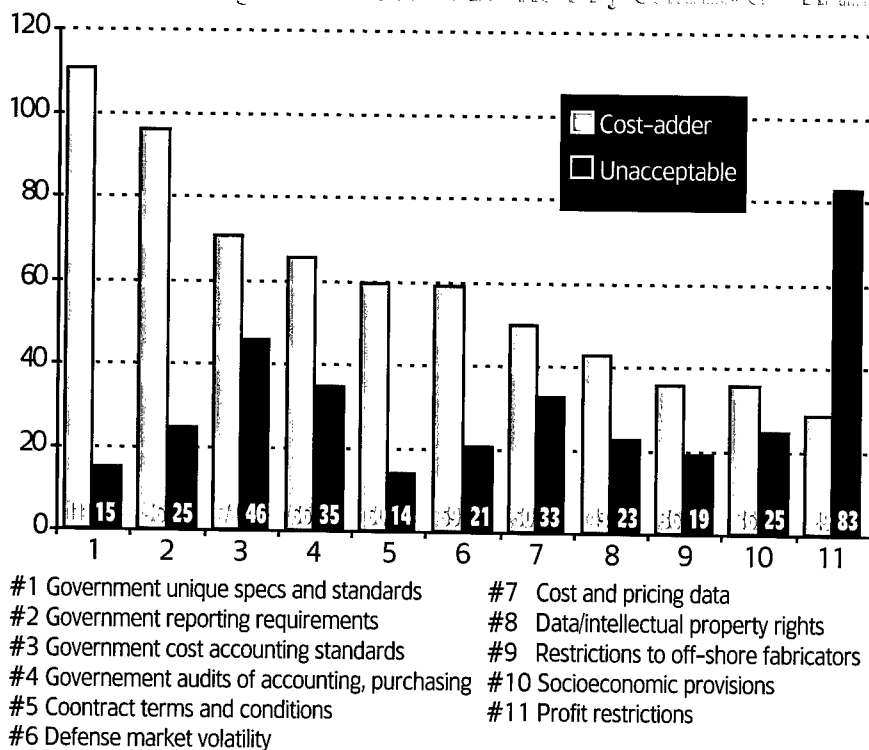
- Customer Verification at Production Verification with Physical Configuration Audit
- Customer Verification at Manufacturing Readiness Review with Functional Configuration Audit
- In-process Inspection Witnessed By Customer
- Final Acceptance Inspection Witnessed by Customer
- Each of these requirements involves the customer in the supplier's production process.

In general, the participants expect these, accommodate them, and only a small percentage of them charge customers extra for them. In other words, it is acceptable commercial practice to accommodate customer audits and inspections. The key distinction here is customer. The commercial world generally does not have the equivalent of the military's large customer structure. The type of audits and inspections are those done by the direct customer (not the Defense Contract Audit Agency, not the Defense Contract Management Command, and not prime contract representatives).

By and large, the fairly tight distribution of pricing that the validation survey respondents provided (Figure 4) indicated the real measure of the transfer-

The consensus feedback from the survey participants was that requirements accommodation occurs in all industries...firms will do what you want if you commit to a long-term relationship.

FIGURE 5. Ranking of Contractual Barriers by Commercial Firms



cial firms prefer to deal with customers who can commit to a long-term relationship.

Interestingly, the general feedback was that the commercial model contract was too favorable to the customer and was largely unacceptable to the suppliers. It is important to note that the MPCL team used typical commercial automotive industry terms and conditions. This indicates that some business practices in commercial contracts are not universally acceptable. To ensure a win-win contractual approach, the MPCL team will revise these practices based on the feedback from the validation participants.

Market Research — Commercial Impact Survey. To get a better sense of the commercial electronics suppliers' understanding of the impact of recent Acquisition Reforms, and to gauge their willingness to bid on military business,

ability and acceptability of the MPCL commercial redesign and streamlined business practices. The average price represents a 68-percent savings over the military baseline cost for the F-22 and RAH-66 versions of these modules. A less-than-20-percent standard deviation from average price attests both to the competitive nature of this market and the transferability of the MPCL commercialization approach.

The MPCL validation survey demonstrated that several commercial suppliers could build the redesigned military hardware at a competitive price. The team was initially concerned that the low volumes associated with military products might deter many firms. A few very large firms declined to participate because of the low volume associated with a military product. However, most firms considered the level of customer commitment in total, not merely one business opportunity.

Strategic alliances and partnerships are important in the EMS industry. The commercial sector's emphasis on partnerships runs counter to the standard government practice of funding programs on a fiscal-year basis. Commer-

FIGURE 6. Requirements Survey Feedback — Unacceptable and Cost-Adding Requirements

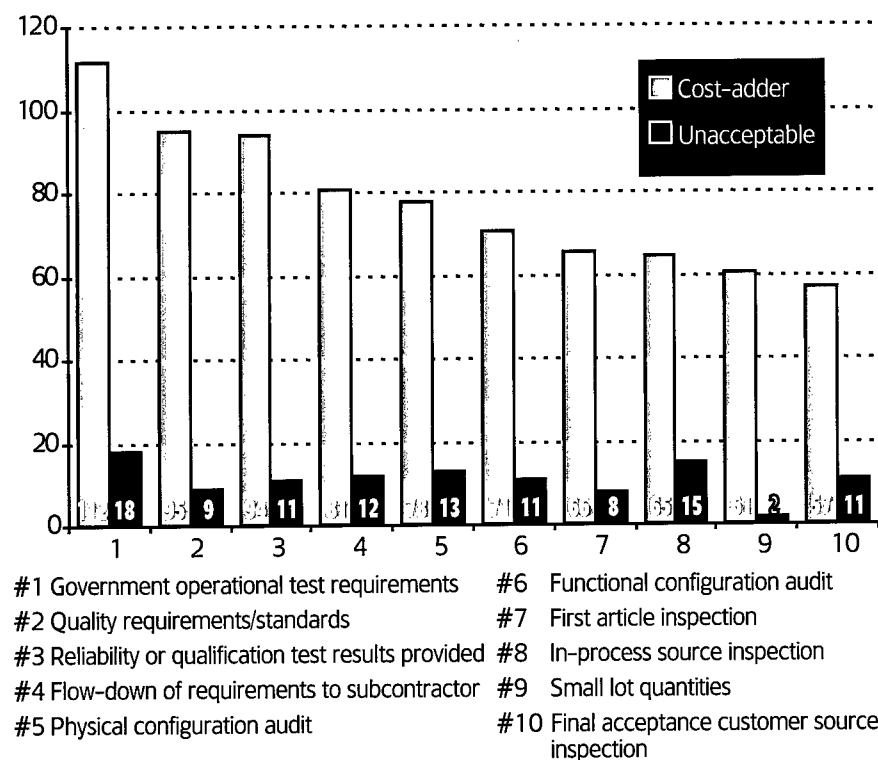
Specific Requirements Determined Cost-adding by Survey Participants

Requirements Description	No. of Firms
Operational Requirements Matrix	1
Program Control Plan	1
Customer Verification @ Manufacturing Readiness	
Review w/Functional Configuration Audit	1
Customer Verification @ Production Verification	
w/Physical Configuration Audit	2
Parts Control Program	1
Configuration Status Record	1
As-Built Configuration Report	1
Functional Configuration Audit	1
In-process Inspection Witnessed by Customer	1
Final Acceptance Inspection Witnessed by Customer	1
Control of Non-Conforming Product	1
Customer-Owned Property (Tracking/Reporting)	1
Bar Code Symbology	1
Reporting of Manufacturing Process Controls	2
Control of Process Parameters & Key Characteristics	1
Reliability Program	2
Product Failure Reports	1

Specific Requirements Determined to be Unacceptable by Participants

Requirements Description	No. of Firms
Notification of Product Phaseout or Process Change	1
Subcontractor Flowdown of Configuration Management	3
Cost of Quality Demonstration or Reporting	3
DPAS Ratings on Purchase Orders	4
Customer Property Recording & Reporting	1
Reliability Program	1

FIGURE 7. Ranking of Technical Barriers by Commercial Firms



the MPCL team conducted a broad-based survey of both the EMS and PWB industries. This research covered issues not addressed in earlier surveys focusing on commercialization barriers, such as the Coopers & Lybrand/TASC study that highlighted areas in which additional Acquisition Reforms may be necessary.

Participating in the survey with TRW were the Institute for Interconnecting and Packaging Electronic Circuits (IPC) and the Massachusetts Institute of Technology (MIT). IPC Director of Market Research, Kimberly Sterling provided access to the member and non-member mailing lists for both the EMS and PWB industries. The MIT Lean Aircraft Initiative (LAI) representative on the team, Dr. Eric Rebentisch, tabulated and analyzed the results of all the completed surveys. Dr. Michael Heberling, formerly a researcher for Anteon Corporation, assisted TRW's Ron McDonald and Mike Nanzer and the other team members with the survey questionnaire content. The survey received an 11-percent (153/1,340) response rate, a good percentage for a cold-survey, according to IPC, which frequently surveys its membership firms.

Prior IPC surveys show that the EMS industry in the United States (a \$14 billion industry in 1996) earned only 2 percent of its CY 1996 sales from government customers, which agrees with the authors' data. Because of data collection limitations, we can't conclude whether that number has changed appreciably in the time period since Congress enacted major Acquisition Reforms.

The survey also sought to establish answers to the following questions:

- Are commercial suppliers aware of the significant government Acquisition Reform changes? The Federal Acquisition Streamlining Act (FASA) and the Federal Acquisition Reform Act (FARA) hold great promise for increased sales to the government by commercial firms.
- If commercial suppliers are aware of reforms, are they even interested in doing government work?
- Do they see the military as a potential strategic customer?
- What are the barriers that prevent more commercial involvement in military programs?

The survey participants indicated that the word is not getting out on Acquisition Reform. While the majority (65 percent) have heard about military specifications and standards cancellation, only 10 percent were aware of the contractual changes (FASA and FARA) offering the best inducement for increased partnering between commercial suppliers and military customers.

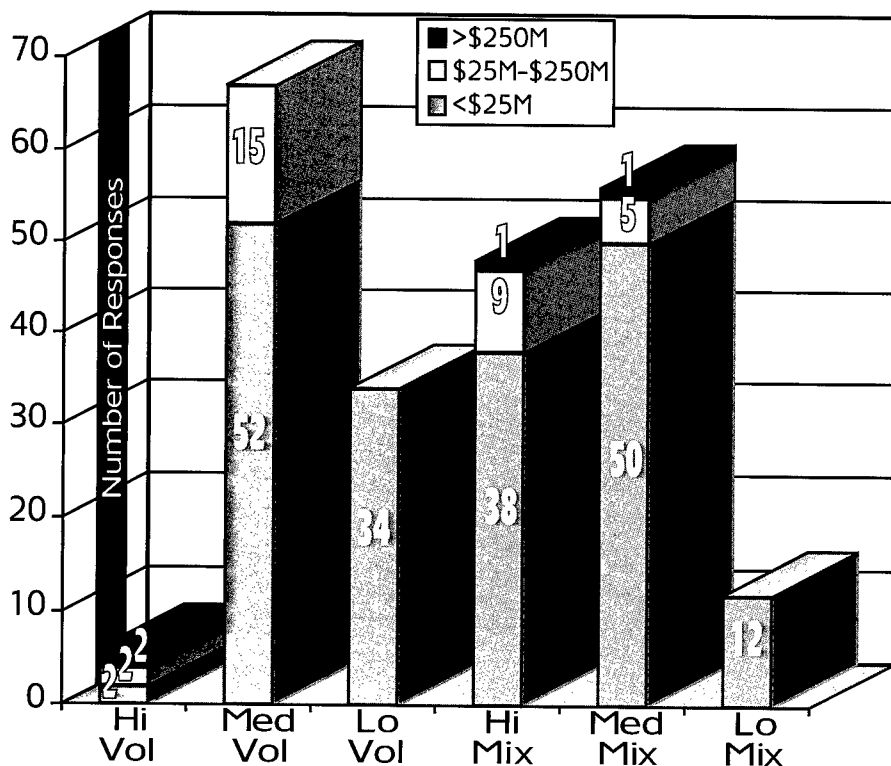
The survey also addressed contractual barriers (Figure 5) to commercial success, such as cost accounting standards (CAS), Truth in Negotiations Act (TINA), and unique reporting requirements. In contrast to other studies focusing on the defense contractors' view of barriers to using commercial suppliers, this survey addresses only commercial firms.

Figure 6 lists cost-adding or unacceptable barriers to commercial access by military customers. The responses indicate that commercial suppliers are adamantly opposed to any profitability restrictions imposed by government contracting regulations. Other practices that the commercial firms considered unacceptable include the imposition of government CAS and the requirement for cost and pricing data. These, of course, all represent significant deviations from general practice in the commercial marketplace.

The findings also indicate that many commercial suppliers still perceive as barriers government requirements, such as CAS and TINA, that have been eliminated by expansion of the commercial item definition. As a result of FASA and FARA, commercial item suppliers should no longer be holding up CAS and TINA as barriers on commercial item contracts.

This situation suggests an education problem exists. We could not determine from this survey whether the problem lies with the commercial supplier who is not seeking this information, or with the military customer who is not implementing the changes brought about by FASA and FARA. But clearly, these ground-breaking changes have not filtered down to the commercial suppliers, who would be among the primary beneficiaries.

FIGURE 8. Commercial EMS and PWT Firm Sales Volume/Firm Data



low-volume, high-mix products are more likely to consider DoD sales "vital" than do larger firms. This suggests, perhaps, that military products don't provide enough of a revenue stream for large, high-volume firms with large capital asset structures. While this may preclude the firms with the greatest scale economies from producing defense products, it does indicate clearly where DoD contract solicitation and education efforts should be directed.

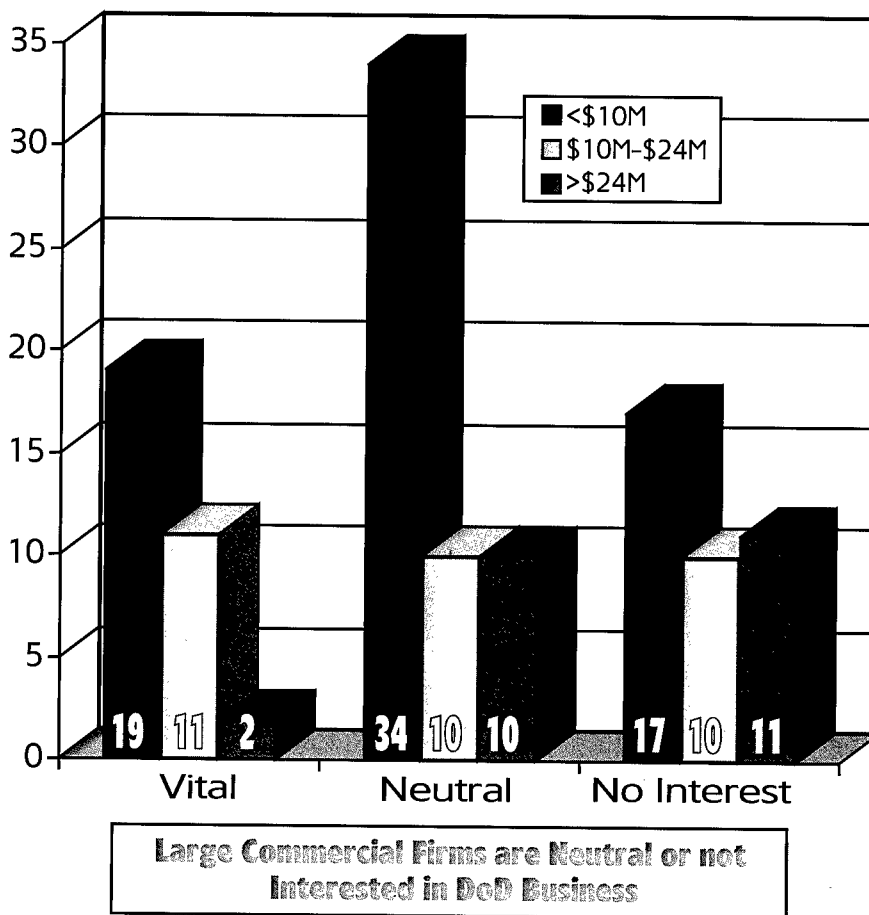
Additionally, the firms most likely to view DoD sales as vital produce a medium to high mix of products in low to medium volume. Given that most DoD customers have a high mix of low-volume products, this finding is important. So the good news is that a commercial market segment is interested or potentially interested in DoD work, and can bring the DoD many advantages in commercial items, specifically lower cost, quicker time to market, and higher quality lev-

The survey also asked participants to rank technical barriers, such as special test, quality and reliability requirements, to doing military contract work (Figure 7). Significantly, fewer suppliers consider these technical requirements unacceptable. Though this may seem like good news, it illustrates that commercial suppliers are now more willing to contract for unique customer (commercial or military) requirements, but at a price. The military customer will have to expect to pay higher prices for imposing any unique specifications, regulations or oversight.

This suggests that some of the beneficial cost reductions that the DoD had hoped to realize through using the commercial supplier base will not occur if the military customer doesn't fully embrace general commercial contracting and oversight practices. Those practices ranked most frequently as unacceptable by the survey respondents include special operational test requirements, in-process source inspection, and physical configuration audits.

The data in Figures 8 and 9 show that smaller firms, and firms specializing in

FIGURE 9. Interest in DoD Business by Firm Size



els. The bad news is that commercial suppliers do not realize that significant changes have taken place that now make doing business with the DoD far more attractive.

The data showed that the biggest EMS and PWB firms were generally not interested in DoD work; small firms showed the greater interest levels. Among the government's many streamlining measures, the area of small business preference was largely unchanged. So a good match would appear to be in place between military customers looking to "go commercial" and small commercial suppliers.

Three Key Findings & One Important Message

The MPCL team's experience with the requirements validation surveys of EMS firms highlights the importance of customer-supplier partnerships. Commercial suppliers are much more likely to cater to those customers who can provide long-term commitments. Military customers wishing to engage in such partnerships must find ways of overcoming fiscal year funding constraints of military programs.

Participating EMS firms in the validation surveys also found that the military-unique MPCL modules are producible. This indicates that the key to gaining access to the commercial supplier base is for military customers to use more commercial parts and practices. The resulting prices bid by the EMS participants validated the significant cost savings potential of the military products from commercial lines concept.

The broad-based survey results can be summarized with three key findings and one important message for military contractors.

First, military customers may be better served by smaller commercial firms because they seem willing to do military work and can offer increased flexibility along with the desired cost savings. They also offer the benefit of assisting the military customers' socioeconomic purchasing objectives.

Second, the commercial supplier base still perceives barriers in place to doing military work. They feel that many of the contractual barriers are unacceptable and therefore deal-breakers, while technical barriers primarily just add cost. Military buyers must recognize this problem of perception as they increasingly attempt to access the commercial market.

Finally, the survey results clearly show that both DoD customers and suppliers can benefit from basic market research. A mixed message on knowledge of Acquisition Reform was evident from the survey results. Apparently the word is out on knowledge of the cancellation of large numbers of military specifications and standards, due largely, we think, to the press coverage for former Defense Secretary Perry's initiative in 1994. How-

ever, the streamlining measures that stand to offer commercial suppliers the greatest access to military work (FASA and FARA) are largely unknown to these suppliers.

Is the military buyer at fault for failing to educate the supplier base, failing to implement such FASA and FARA measures, and so forth? Or, are suppliers at fault for failing to learn more about their changing customer environment? A key lesson to be learned from this survey is that both DoD customers and suppliers can benefit from basic market research. The partnerships necessary for the future success of commercial item acquisitions by DoD customers depend on both parties understanding the new rules of the game.

BETTER LATE THAN NEVER...

WHEN CLASS 97-2 GRADUATED FROM THE ADVANCED PROGRAM MANAGEMENT COURSE, DEFENSE SYSTEMS MANAGEMENT COLLEGE (DSMC) IN MID-1997, THEY FOLLOWED THE TIME-HONORED TRADITION OF LEAVING BEHIND A MEMENTO OF THEIR CLASS. IT RECENTLY ARRIVED — ONE FULL YEAR LATER. THE BEAUTIFUL, PERMANENTLY MOUNTED SUNDIAL IS A WELCOME ADDITION TO THE COLLEGE'S LANDSCAPE AND NOW GRACES THE LAWN OF THE MAIN CAMPUS, FORT BELVOIR, VA.



RETURNING TO THE COLLEGE IN JUNE 1998 FOR THE PRESENTATION WERE SEVERAL GRADUATES OF APMC 97-2. PICTURED FROM LEFT: GEORGE MERCHANT, ASSOCIATE DIRECTOR, APMC; AIR FORCE MAJ. NANCY COMBS; JOHN ACTON, MARINE CORPS CIVILIAN; DR. MARY-JO HALL, PROFESSOR OF MANAGERIAL DEVELOPMENT, DSMC; ARMY MAJ. BOB HEATHCOCK; NAVY CAPT. SCOTT GRAVES; KATHY MILLS, NAVY CIVILIAN; ANDREW SCHUTT, ARMY CIVILIAN; AIR FORCE LT. COL. DAVE BACHMAN; NAVY CIVILIAN SUSAN LINN; ARMY LT. COL. MIKE BONHEIM; AIR FORCE MAJ. ANITA LATIN.



DoD Value Engineering Achievement Awards for 1998 Presented

The 1998 Department of Defense Value Engineering Achievement Awards were presented today during a ceremony held at the Pentagon. DoD's Director of Test, Systems Engineering and Evaluation, Patricia A. Sanders made the presentations.

Value engineering is a systematic functional analysis leading to actions or recommendations to improve the value of systems, equipment, facilities, services, and supplies. The objectives are to improve quality and to reduce cost. The awards are intended to recognize significant achievements in value engineering during the past fiscal year and to further the use of value engineering by DoD personnel and its contractors.

During the last fiscal year, 4,168 in-house value engineering proposals were accepted with reported savings of \$661 million. Another 221 contractor-initiated value engineering change proposals were accepted with additional savings of \$45 million.

The value engineering award program is a highly visible acknowledgment of exemplary achievements and encourages additional projects to improve in-house and contractor productivity. An award winner from each DoD component was eligible for selection in the following seven categories: (1) program management, (2) individual/team, (3) procurement/contract administration, (4) value engineering professional, (5) field command, (6) installation, and (7) contractor. Additional "special" awards were given to recognize innovative applications or approaches that expanded the traditional scope of value engineering use.

The 1998 Value Engineering Achievement Awardees are:

Program Management Individual/Team

Multiple Launch Rocket System Project Office Rosemary Lomba and Carole Winterhalter; U.S. Army Soldier Systems Command

Professional

Procurement/Contract Administration

John Vogel; U.S. Army Engineer District, Baltimore Sheri Patton, Bryce Atkinson, Tommy Snurr, and Julie Stammen; Defense Contract Management Command General Dynamics Lima

Field Command

Installation

Contractor

Special

U.S. Army Soldier Systems Command

Anniston Army Depot

Hughes Aircraft Co.

Timothy Karcher; U.S. Army Industrial Operations Command

Program Management

Advanced Amphibious Assault Vehicle Auxillary, Suspension, Automotive Drive Train Integrated Product Teams

Individual/Team

Combat Systems Consolidation Business Strategy for AEGIS Ships Team

Drawing the Line

Three Case Studies in Procurement Ethics

FRANK KENDALL

All business relationships, perhaps all human relationships, if they are to succeed must be built on some level of trust.

Throughout my careers in government and the defense industry, the subjects of ethics and trust, as they relate to defense procurement, have surfaced repeatedly, but never with more relevance than today. Competitive pressures on industry, and budget pressures on the Defense Department, are stronger now than ever. In this climate, the temptation to cut corners can be intense. The three incidents described in this article all occurred recently, and in just this climate.

When I left government service to join industry in 1994 after a career in the military and in the civil service, I was unsure about the ethical environment I would enter. My friends include many military officers and government civilians who made the transition to industry successfully. They assured me that despite the pressure that the profit motive places on people in industry, the ethical climate in industry was not an issue. Generally, they were right. This article is about ethics violations committed by government employees. In fact, they were all committed by military officers.

No Gain May Not Mean No Pain

The three incidents all have another important point in common. In each case, the individual involved probably believed that he or she acted in the best interests of the government and their military service. There is no direct evidence that suggests any personal gain was involved in

any of these incidents. This common thread makes these three experiences especially worthy of our consideration.

Although the incidents are factual, pseudonyms will be used and details altered sufficient to avoid any embarrassment. One individual was relieved and retired early as a result of an infraction. In another case, the investigation was mishandled, and the individual has retired without any sanction. In the last case, no wrongdoing was reported, and it isn't even clear that there was, in fact, an actionable ethics violation. Readers are invited to form their own opinions, not so much about these incidents or the people involved, but about how they should or would act in similar circumstances, and where, in general, the line between ethical and unethical conduct should be drawn.

The Letter Better Unseen

The first incident is very straightforward and involves an officer passing a document marked "Competition Sensitive" by one contractor, to another competing contractor.

During the winter of 1996, I was with another executive from my firm aboard a company jet leaving National Airport. The company's proposal manager for a key competitive program, who had been to the Pentagon, boarded the aircraft with a manila envelope given to him by one of our Washington employees. That employee had received it from the field grade officer who was the Service's program manager. The program was in competition, although only a draft Request for

Proposal (RFP) had been issued so far. Our employee had been told that the document was "something you need to see."

At that time, we were engaged in a fierce debate with the Department of Defense (DoD) over the terms of the RFP. The argument was about the legal and policy implications of some factors that the government included in the draft RFP and intended to use in the proposal evaluation. If the government proceeded as planned, we believed we would be at a significant competitive disadvantage in a program of enormous importance to the company. We believed the government's plan was a matter of poor policy and possibly inconsistent with procurement law.

Apparently, the government program manager agreed with us. The document marked "Competition Sensitive" that he provided us was a legal analysis, prepared by our competitor, supporting retaining the proposed language in the draft RFP. The program manager's intent [and I'm speculating here] was to give us an opportunity to respond to our competitor's position.

Although we fumbled around more than we should have, we as industry employees acted appropriately. At the time of the incident, none of us on the plane was certain of our legal obligation. A government employee had given us the document. Despite the markings on the envelope, we reasoned that perhaps the program manager simply made the determination that the material in the en-

Kendall, currently a private consultant, was Director of Tactical Warfare Programs in the Office of the Under Secretary of Defense (Acquisition & Technology), from 1989 to 1994. From 1994 to 1996, he held executive positions in the defense industry. Kendall is a graduate of the U.S. Military Academy and holds advanced degrees in engineering and business administration.

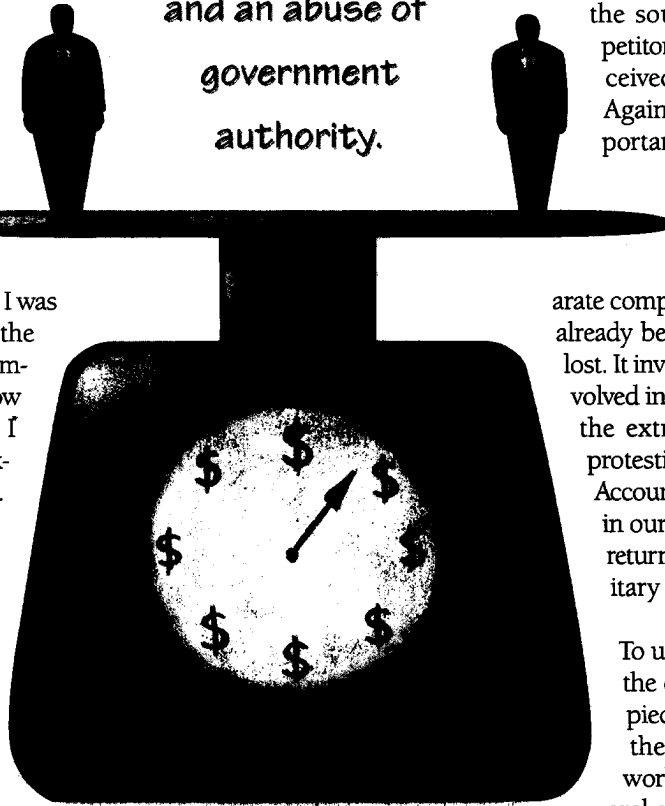
velope really wasn't "protected" because of its content. Since we hadn't solicited the document or provided anything in return, what was our obligation? The answer [and I'm embarrassed to admit my own ignorance in this regard] is that under procurement law, it's a felony to pass or receive such a document. The law is simple and clear. The circumstances are not relevant. *It is a felony.*

The next day, our proposal manager passed the document to our legal and contracting people, and they promptly returned it to the government. An investigation ensued, and the officer involved was relieved of his position as program manager and retired from military service. As for the industry executives, our proposal manager, and the other executive on the plane with me, we were removed from the program as a precautionary measure while the investigation was conducted.

I had declined to look at or touch the document until I understood how the rules applied to this very unusual situation. The other two people had skimmed it to determine its contents. As a result, I was merely chewed out by my boss, the Chief Executive Officer of the company [and a person who knows how to do that sort of thing], because I did not stop the others from looking at the contents of the envelope. We were all culpable because we did not appreciate the seriousness of receiving or passing such information, *under any circumstances.*

I believe the officer involved in this incident meant well, but he used poor judgment, and committed what could have been classified a felony. I doubt that he understood the severity of what he had done, or he wouldn't have taken the risk. In my view, his big mistake was to put his own views about what was fair and reasonable above the rules of the acquisition process. If he believed the markings were inappropriate, and that we had a right to respond to the document, then

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he could have asked his legal and contracting support staffs to review it. Instead, he chose to act on his own.

Politics and Practicalities

The second incident is less straightforward. It happened in the same time-frame, and it involves a flag officer

attempting to coerce a contractor into withdrawing a protest of an award to a competitor. Let us call him General Jones.

General Jones visited our company, where he received a day of briefings on various programs. After formal presentations, a smaller meeting was held, at which only seven or eight people were present. Three of us were from the company, and four or five were from the government. General Jones was the ranking military service representative. He was accompanied by another flag officer, General Smith, whose story will come later. This meeting was a semi-private session to discuss two sensitive issues.

Remember the draft RFP from the first incident? That was one of the issues on the table. We were fighting hard to get the government to change the rules of the source selection so our competitor wouldn't have what we perceived as an unfair advantage. Again, this was an extremely important program to the company, with a multi-billion-dollar value.

The second issue was a separate competitive procurement that had already been competed, which we had lost. It involved the same competitor involved in the RFP issue. We had taken the extraordinary step [for us], of protesting the loss; the Government Accounting Office (GAO) had found in our favor on the protest and had returned the protest case to the military service for resolution.

To us, resolution meant giving us the contract — or at least a major piece of it. The government had the option to recompet, but work had been ongoing for several months already. This was a small program in terms of revenue, but it had "sentimental" value to my company because we had been the sole source on this program for a decade before we lost the competition. The government, for its part, wanted us to withdraw the protest because it didn't want the program disrupted for practical and political reasons.

What did General Jones do? One can describe his actions in various ways. According to a memorandum he later provided to the investigator, he offered us a deal. It would be less kind, but perhaps more accurate, to say he tried to bribe or blackmail us. His deal was that if we withdrew our protest on the small program, then he was "confident" the language we objected to in the draft RFP for the multi-billion-dollar program would be removed. His actual words were, "Which of these two issues is more important to you? Don't you understand that there is a linkage between these two decisions? Which of them is more important to you?"

As company representatives, we did nothing wrong at the meeting. We all simply ignored the offer and continued to present our case on both issues, based on the merits. After General Jones left, in some apparent frustration, we met privately to discuss the meeting. It would be a serious understatement to say we were offended by the offer from General Jones. We had a right to have both of these issues decided on their merits.

The very idea of coercing a contractor into giving up the right to fair resolution of a protest based on its merits, in return for a more favorable set of source selection rules on a separate competitive procurement was, in our minds, totally unethical and an abuse of government authority. I wondered at the time how our competitor would react if he knew the government was offering us this deal. [Since it was the same competitor in both cases, I expect their priorities would have been different from ours!]

When we were alone, I asked one of the other company executives if the general's conduct had been illegal as well as unethical; he told me it was. As a result, I took the extraordinary step of reporting the incident anonymously to the DoD ethics hot line. This was not a particularly loyal act as an employee. In fact, one of my concerns was the potential for retaliation against my company by the military service. I didn't think this was likely, and I hope I wasn't naïve in

that regard. There had been a number of people present, including a representative of another military service, so I anticipated some ambiguity about the source of the report.

I accepted the risks because I felt it was my duty as a citizen and a former acquisition official to make the report. Frankly, I was also angry that a prominent flag officer, from the acquisition system that I had worked for years to strengthen, could have abused his authority this way.

An investigation was conducted some months later. I was aware it was ongoing, but I was never contacted by the investigating officer. About a year later, I requested the investigation report under the Freedom of Information Act. I was curious about the result and why I hadn't been contacted. As I mentioned, the investigation was [in my view] mishandled. The report confirmed this.

Besides General Jones, the investigator talked to only three of the people present. He also wrongly assumed, or was led to misunderstand or, in fact, simply misunderstood, the nature of the complaint. He was looking for evidence that General Jones had promised us the actual contract for the large program as opposed to improving our competitive position by altering the source selection rules in our favor. The report indicates that General Jones denied making us the offer of an actual contract, but admitted making us the offer I described. The reported language General Jones used is instructive. He is reported to have said that "the intent was to obtain the best business deal for the government and that [his civilian supervisor] was aware of the objectives of the visit to [my company] and concurred with the course of action."

In Whose Best Interests?

Is it ever in the best interests of the government to coerce a contractor into withdrawing a protest by threatening to hurt the company's chances on another competition if the protest is not withdrawn? An act of this type destroys trust in the acquisition process and thereby en-

courages unethical conduct by industry. Industry is naturally suspicious of the government's closely held source selection process anyway, and this sort of occurrence tends to confirm our worst fears. Executives in my company were sincerely afraid of retaliation by the Service because the incident was reported.

"Legal" Depends On Who You Ask

Is the situation with General Jones technically illegal? I discussed this question with government contracting officials, former and current officials in the DoD Inspector General's Office, and former members of the DoD General Counsel's staff. No one knew the answer. All agreed that this type of conduct is highly unethical, but surprisingly it took several attempts before someone researched the question of its legality and obtained an authoritative answer. My colleague in the company seems to have been mistaken. *It was not illegal conduct.*

General Jones retired and went to work for our competitor as a senior executive. The investigator's report found my complaint, which the investigator understood to be that we had been offered an actual contract in return for withdrawing our protest, to have been "unsubstantiated."

A Grayer Shade of Unethical

This brings us to the third incident and General Smith. This is the most "gray" of the three cases. It involves the possible misleading of the investigator in the case of General Jones.

General Smith was interviewed under oath during the investigation into General Jones' conduct. He apparently did not explain what really happened in the meeting to a seemingly confused investigator, and may have actually contributed to the confusion.

He is reported to have said that General Jones did not offer the contractor a contract, or part of a contract, in return for withdrawing the protest. This is true. He reported that he did not hear any linkage such as "If you do this for me, then I will give you business here." Again, this

is true if the specific example is read narrowly.

He did state, however, that at some point in the meeting the RFP issue became a "springboard" to settle the protest issue on the other program. It is not clear what he meant by a "springboard" or why a "springboard" falls short of "linkage." Apparently, the investigator did not challenge the meaning behind this choice of words. One has to wonder about General Smith's motivation in choosing such a nebulous term.

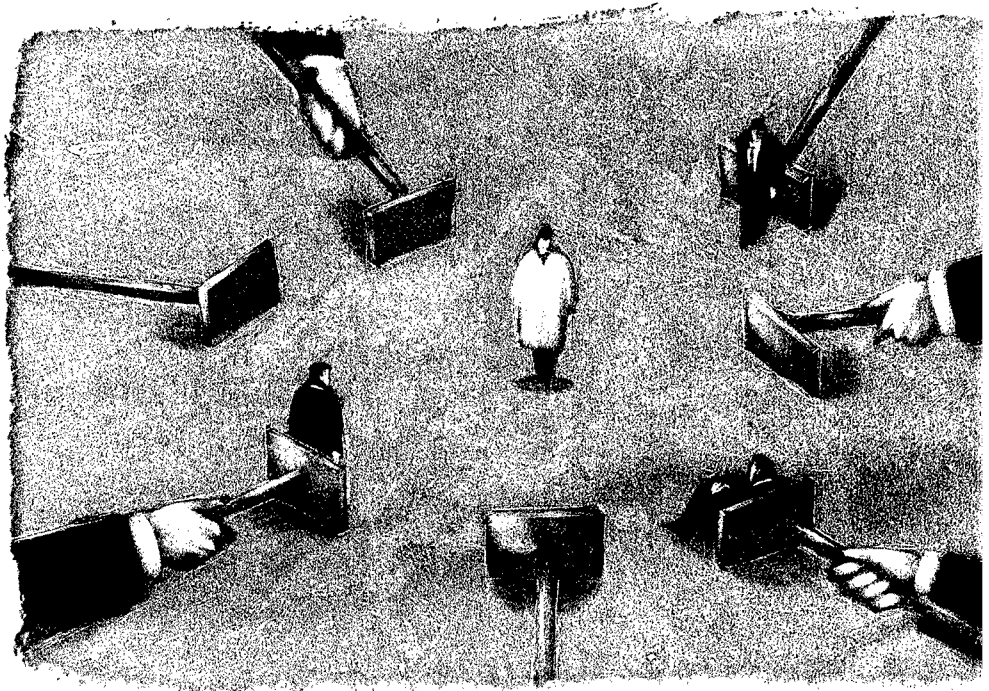
General Smith's statements, as summarized in the investigation report, are not necessarily lies. Neither do they seem to be the truth. Did General Smith have an ethical obligation to correct any misunderstanding in the mind of the investigator or not? If he understood the investigator's confusion, it seems to me that he did have such an obligation.

It is impossible to know what was in General Smith's mind. At worst, he was trying to defend his superior and fellow flag officer, and avoid a scandal for the military service. At best, he simply didn't remember the details of the meeting or recognize the inappropriateness of General Jones' offer of a deal. My reaction, however, is that in the future it will be very difficult for me, as a contractor, to place much trust in General Smith. General Smith remains on active duty.

Lessons to be Learned

What should government acquisition officials take away from all this? Three things come immediately to mind.

First, we all need to be careful about understanding the legal and ethical aspects of government procurement. Most of us think we're ethical people and if we act according to our principles, we won't have any problems. As the first two incidents described indicate, the rules (and the legal severity of breaking the rules) aren't always just a matter of common sense. It pays to carefully read those guidelines we're periodically required to review — not just skim over them. If we're



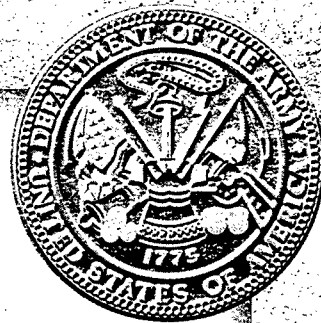
You, as government employees, represent the full power and authority of the United States, and the balance of power is all on your side. We [defense industry] can't survive without you as our customer. Abusing your power and authority, regardless of the immediate goal, simply demonstrates that the government can't be trusted.

not sure about the rules, people are available who know or will find the answers for us *before* we make a mistake.

Second, before breaking or bending the "rules" to achieve a near-term goal, it's important to be aware that there may be consequences beyond the expedencies of the moment. It does not take too many events like those described in this article to destroy industry's faith in the integrity of the acquisition system. This includes such fundamentals as full and open competition, the expectation that sensitive documents will be protected, and the right of a contractor to have issues involving separate procurements decided individually on their merits. These principles are the basis of the entire defense acquisition system.

Third, people representing the government to industry need to be keenly aware of how industry perceives them. Working in industry for the last few years has opened my own eyes on this subject. Despite the fact that we in industry try to build close, cordial relationships, we always see you as representatives of the government. You, as government employees, represent the full power and authority of the United States, and the balance of power is all on your side. We [defense industry] can't survive without you as our customer. Abusing your power and authority, regardless of the immediate goal, simply demonstrates that the government can't be trusted.

We in industry didn't see these individuals as helpful or reasonable. We saw them as something else entirely.



New Digital Publications Standard Paves Way for Integrated Future

ALEXANDRIA, Va. (ARNEWS, May 23, 1997) — "A feeling of victory is in the air at the U.S. Army Publishing Agency," said John Czekner, chief of Publishing Management Division, U.S. Army Publishing Agency (USAPA), Alexandria, Va. Their innovative and far-reaching Digital Publications Development (DPD) Military Standard was recently approved for the Army, with optional use available for the Department of Defense.

"We developed the highly visible DPD Program and published MIL-STD-2361(SC) to streamline the development, acquisition, and management of publishing information and to reduce costs and errors," said Hope Robinson, the DPD Program Manager. The Army's vision of an integrated environment for electronic, digital publications required different tools and some standardization. This recently published product gives new insights and methods for automatic storage, retrieval, processing, reuse, and sharing of publications information from different sources. MIL-STD-2361 also implements the Army Standard Generalized Markup Language (SGML) Registry and Library, which transforms the sharing and reusing of information from vision to reality.

MIL-STD-2361 resulted from several years of hard work, persistence, and testing and validation at government and industry sites in the United States. This recently distributed standard establishes the SGML requirements for Army digital publications and offers tailored, custom-made work packages. The separation of SGML requirements by publication types means that developers, trainers, and users will find specified sections for administrative, training and doctrinal, and technical and equipment publications. "USAPA is trying to ride the wave of the future, but we must accept progress in ripples and phases," said Czekner, a 24-year veteran in publishing. This initial publication of the standard has SGML requirements for Army technical manuals (TMs) developed under MIL-STD-40051 (TM Preparation); it includes electronic technical manuals (ETMs), which are paper-based, and interactive electronic technical manuals (IETMs).

"The Army and USAPA are already working on future versions of the standard that will include SGML requirements for Army administrative, and training and doctrinal publications," Robinson added.

The DPD Program has supported the Bradley Fighting Vehicle and has been the basis of the publications management part of the Combat Mobility System and the Abrams (M1A2/3) Main Battle Tank. Without the DPD Program and standard, the Bradley Fighting Vehicle Project Manager would have to publish over 44,000 pages of TM data over the next five years using conventional, camera-ready copy at significantly higher costs.

This standard is based on application of SGML and its tools: Document Type Definitions (DTDs) and Formatting Output Specification Instances (FOSIs). DTDs prescribe the publications content

and structure according to this standard. Developers and users can identify specific portions of the TM such as operating instructions, maintenance, or troubleshooting procedures. Since DTDs will be modular, the developer can select the maintenance module and develop that information separate from troubleshooting. "Time and accuracy are vital for soldiers in the field and save lives. He or she can isolate and access specific information or instructions for maintenance, repairs, or other work," Robinson said. The FOSI – with the DTD – establishes the style and format of the publication. FOSIs can adapt the same data to a paper presentation or to a computer screen display. Specific DTDs will be available later by request through the World Wide Web (<http://www-usappc.hoffman.army.mil>) and the USAPA Bulletin Board or by mail.

USAPA's MIL-STD-2361 is the first major step by any DoD publications organization to comply with the Joint Computer-Aided Acquisition and Logistics Support (JCALS) system. JCALS is the standard-based DoD information management initiative that supports development, management, and exchange of technical information using digital technology. Developers of USAPA's standard focused on compliance with DoD, Army, and international policy requirements.

Col. Michael Mayer-Kielmann, USAPA commander, said, "We are mobilized to digitize. We are one step closer to a soldier anywhere in the world by being able to use some type of computer system to instantly access specific, accurate, current, and trusted information." However, he cautioned, "A paperless military – if it is possible – is still a long way into the future."

Editor's Note: This information, originally published as a U.S. Army Publishing Agency News Release, is in the public domain at <http://www.dtic.mil/armylink/news> on the Internet.

Lockheed Martin Forges Relationships with Best-Value Suppliers

Uncle Sam Stands to Realize Substantial, Auditable Savings

MONTY W. DICKINSON

Between 1985 and 1994, the Department of Defense (DoD) procurement budget fell by almost 65 percent. In response to this dramatic decline, DoD began a thrust toward commercial practices and reduced oversight. Former Secretary of Defense William J. Perry's implementation in December 1995 of the Single Process Initiative (SPI) as a preferred DoD business practice, was one of the major results. Lockheed Martin Aeronautics Sector, in search of ways to take advantage of SPI and reduce costs to remain competitive, undertook an in-depth study of operational costs to determine the best opportunities for cost savings.

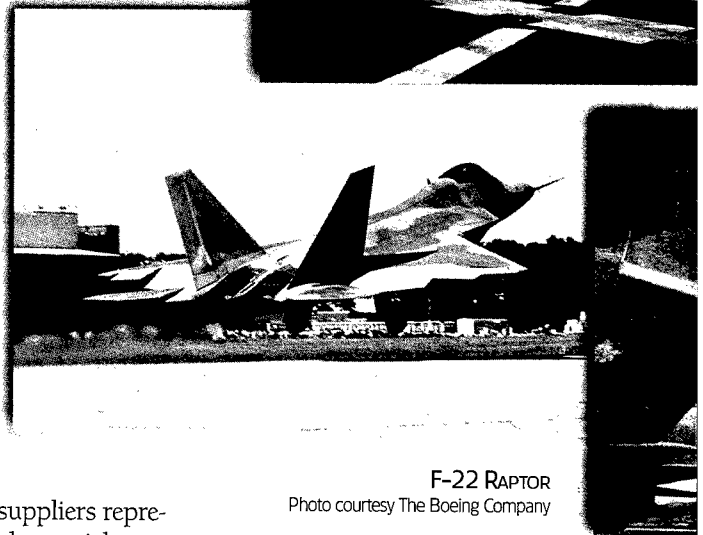
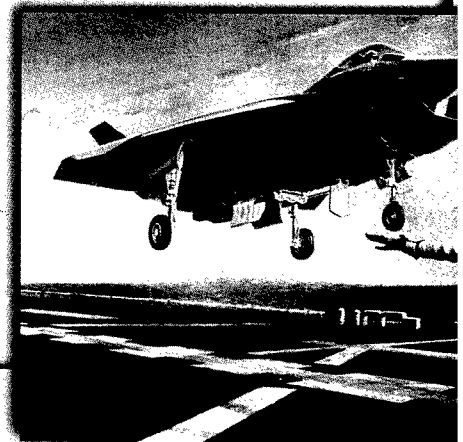
Logical First Step — Consolidate Aeronautics Sector Procurement

A major component of our study was determining the viability of consolidating the procurement functions of the Aero-

nautics Sector. Toward that end, we looked at Lockheed Martin Tactical Aircraft Systems in Fort Worth, Texas; Aeronautical Systems in Marietta, Ga.; and the Skunk Works in Palmdale, Calif.

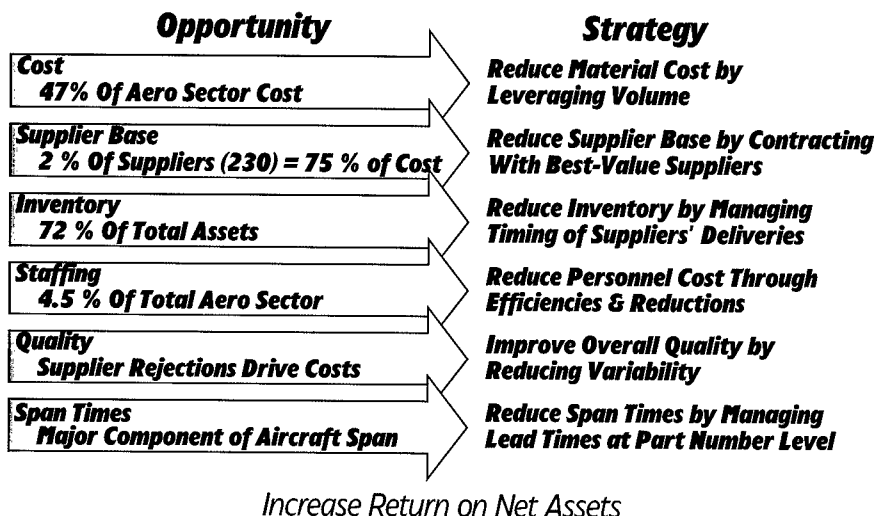
The results of our study clearly showed that material costs represented approximately 47 percent of total costs, gross inventory constituted 72 percent of total assets (before progress payments), material personnel accounted for 4.5 percent of total headcount expenditures, and 2 percent of suppliers represented 75 percent of total material cost.

JOINT STRIKE
FIGHTER
Image courtesy The
Boeing Company



F-22 RAPTOR
Photo courtesy The Boeing Company

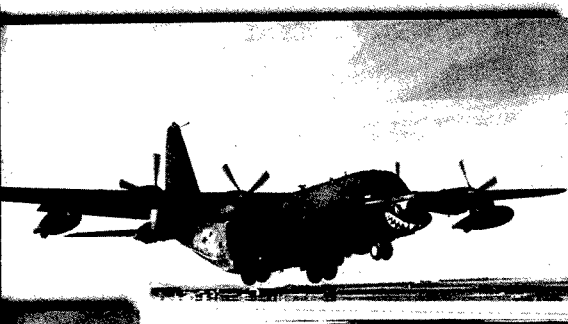
FIGURE 1. Key Areas of Opportunity



As a result, material emerged as a primary opportunity for cost reduction (Figure 1).

In late 1995, Lockheed Martin decided to consolidate the various Procurement organizations within the Sector that procures materials for the F-16, F-22, C-130, Joint Strike Fighter (JSF), F-117, F-2, X-33 Single Stage-to-Orbit (SSTO), Reusable Launch Vehicle (RLV), and the Joint Air-to-Surface Standoff Missile (JASSM). Influencing this decision was the fact that significant merger and acquisition activity had created many fragmented and overlapping buying organizations in multiple locations (Figures 2 and 3).

Dickinson is Vice President, Lockheed Martin, Aeronautics Material Management Center, Fort Worth, Texas.



Strategies

One of AMMC's key strategies is to aggregate requirements from all Aeronautics sites and consolidate those procurements with best-value suppliers who consistently demonstrate high levels of

COMBAT TALON I C-130 HERCULES
DoD photo



F-16C FALCON
DoD photo



JOINT AIR-TO-SURFACE STANDOFF MISSILE
(JASSM)
Image courtesy Lockheed Martin Electronics & Missiles



LOCKHEED F-117A STEALTH FIGHTER
Photo courtesy Lockheed Martin Electronics & Missiles

From DoD's perspective, the primary advantage of Lockheed Martin's decision to consolidate is cost savings (Figure 4) derived from aggregating requirements for multiple programs and sites, resulting in volume-based price reductions. Additionally, consolidation significantly reduces administrative duplication, a problem typically inherent to many separate companies individually buying similar material. The resulting organization — the Aeronautics Material Management Center (AMMC) — is implementing a number of innovative procurement practices, some developed in concert with the suppliers.

performance. A second major strategy is to forge long-term contractual relationships with these suppliers. The suppliers benefit from a significantly increased business base and from long-term contracts. These two strategies have been used successfully for a wide-range of products, ranging from office supplies to weapon system hardware.

One tangible example of the application of these strategies is AMMC's Integrated Supply concept, which reduces costs by

streamlining the materials management process. Besides allowing AMMC to forge long-term contractual relationships with suppliers, the concept also generates cost reductions in several areas:

- Supplier Base Reduction
- Elimination of Excess Inventories and Inventory Investment
- Standardization of Parts and Products
- Total Administrative Cost Reduction

In effect, AMMC receives the benefit of product cost reductions because the major supplier incorporates requirements into its overall business base for volume pricing.

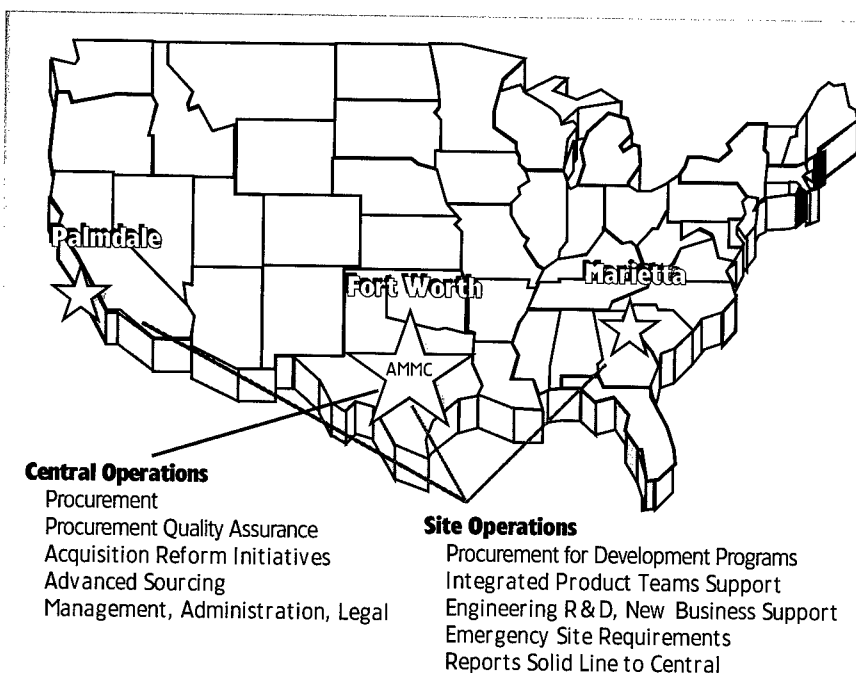
A prime example of AMMC's success with the Integrated Supply concept, is the recent five-year, multi-million dollar award to W. W. Grainger, Inc. Grainger, a leading provider of operating supplies, specializes in factory support and Maintenance, Repair, and Overhaul (MRO) commodities to various sites within the Aeronautics sector.

The agreement resulted in a mutually beneficial, long-term partnership, reducing costs, improving quality, and providing a larger business base for the supplier. Total booked and committed savings to date are several million dollars. Because of its success, we expanded the agreement to include other Lockheed Martin Sectors, and discussions are underway to make it applicable to all Lockheed Martin companies, further enhancing savings opportunities.

Group Purchasing Agreements

AMMC also participates heavily in the Group Purchasing Agreement (GPA) process, which allows Lockheed Martin companies with disparate product lines to combine purchasing requirements for common commodities into one large negotiation, leveraging our combined dollar volume with fewer suppliers for lower pricing. Enabling the up-front

FIGURE 2. AMMC Locations and Operations



establishment of contract terms and conditions, the GPA process also permits future acquisitions of GPA items as a simplified procurement. This not only achieves lower pricing, but lowers administrative involvement by AMMC personnel, further reducing costs.

These consolidated requirements add significant volume to the GPA commodity negotiations for fasteners, connectors, relays, miscellaneous hardware, and wire/cable. A number of other commodity negotiations in which AMMC anticipates future participation include miscellaneous electronics piece parts and fasteners.

Corporate Purchasing Agreements

Still another initiative, Corporate Purchasing Agreements, entails gathering requirements from across Lockheed Martin Corporation and aggregating total requirements to leverage favorable pricing. Using this approach, we expect software savings for the Corporation to produce savings in the tens of millions of dollars over the next three years. Through leveraged negotiations by various lead companies throughout Lockheed Martin, we also achieved significant savings on engineering workstations and personal computers.

Other savings projects at Lockheed Martin resulted in aggregated requirements for sealants, paints, and adhesives. In essence, Lockheed Martin consolidates requirements for these commodities for a single competition or negotiation, then achieves savings by leveraging the manufacturer's total business with Lockheed Martin for these commodities.

Almost any commodity lends itself to aggregating requirements. This practice is not only good for Lockheed Martin,

but also for the suppliers. An added benefit—these agreements can also be made available to our suppliers, so they can then procure material for our programs at our corporate discounted rate, ultimately lowering costs for everyone.

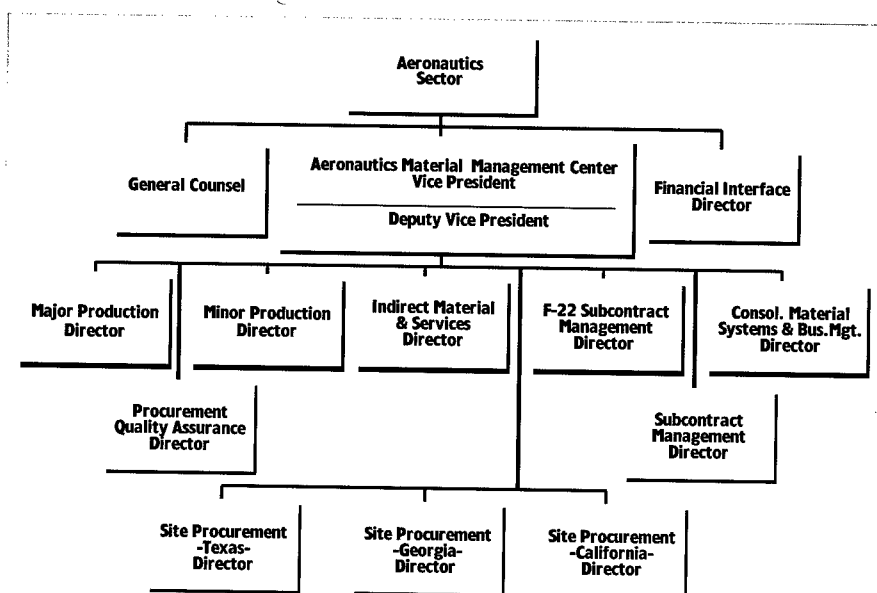
Process Reviews

To enable suppliers to become more efficient, the government and Lockheed Martin jointly review administrative processes and flow-down requirements that are non-value added. This requirements reduction process highlighted the need for a number of process changes, which yielded efficiencies and savings that benefited our suppliers and customers.

The next step in this process is the Supplier Product and Process Improvement (SPPI) program. A cross-functional team of AMMC, engineering, and manufacturing personnel, the program team works in concert with suppliers to eliminate waste and streamline supplier processes from design through production. And finally, SPPI provides a major opportunity to employ the principles of SPI as AMMC reviews its requirements to determine which ones can be reduced or eliminated.

Seventeen companies are currently participating, with 14 additional companies expected to participate in 1998.

FIGURE 3. AMMC Organization



Estimated, potential savings identified to date total over \$215 million.

Modified Requirements Contracts

AMMC uses multi-year procurements called Modified Requirements Contracts to form long-term relationships with suppliers. Since contracting can be done once during the contracted period instead of annually or more often, AMMC and the supplier benefit from lower overall pricing and significantly reduced administration.

As part of the partnership, AMMC assures the supplier that if new business is generated, that supplier will receive the business, as long as they continue to meet agreed-to cost, quality, and schedule performance.

These contracts can range up to five years in length, an arrangement that allows for schedule flexibility, minimal estimating and proposal activity, and allows the supplier to do long-term planning, including facilities, manpower, and capital investments. It also allows suppliers to buy material in larger quantities, because they receive a longer horizon of firm business.

Further, Lockheed Martin found that aggregating requirements for other material, such as wiring harnesses, also showed enormous savings, along with high-quality and on-time delivery. As a result, we negotiated contracts that now apply corporate-wide.

Systems

System improvements such as Electronic Commerce are also producing significant reductions in cycle times, and resulting in manpower and paperwork cost savings by electronically transmitting business information and technical data. The benefits of using Electronic Commerce tools and Internet-based integrated enterprise applications are readily apparent to suppliers as well as Lockheed Martin.

When fully implemented next year, a common purchasing system will help make these electronic applications con-

sistent across the Aeronautics sites. With common processes, procedures and systems, and electronic communication with the supplier base, AMMC is helping Lockheed Martin achieve its goal of operating as a virtual organization.

Acquisition Reform

DoD and Lockheed Martin have made significant progress in implementing SPI since the inception of AMMC. The AMMC SPI team was first established in 1996. By March 1997, the government approved the Lockheed Martin Tactical Aircraft Systems subcontractor SPI enabling provision, and the Lockheed Martin Aeronautical Systems provision in April 1997. Since that time, 46 suppliers submitted proposals, and 17 have already received disposition. Also, across AMMC all applicable Federal Acquisition Streamlining Act (FASA) provisions allowing commercial-type quality requirements, and contract terms and conditions were flowed down to all suppliers.

Results

Lockheed Martin Corporation established a cost savings goal for AMMC of \$410 million by 1999. By using the consolidation strategies discussed in this article, they estimate annual recurring savings beyond 1999 of \$100 million. Through 2nd Qtr, CY 1998, total booked and committed savings totaled \$420 million, thus accomplishing the four-year

goal in two and one-half years. Published quarterly, Lockheed Martin Corporate internal auditors and the Finance organization of AMMC audit and validate these savings.

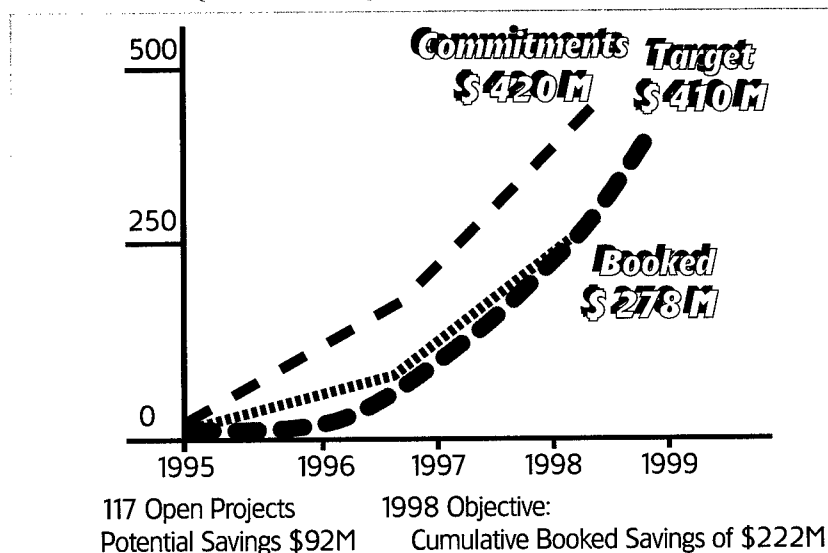
Additional savings projects are in the works or under consideration to achieve the four-year savings goal. AMMC identified an additional 117 savings projects, with an estimated savings value of \$92 million, and effort continues to increase the number of candidate projects.

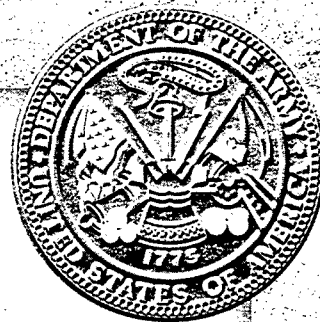
In addition to savings, since January 1996 AMMC has enjoyed significant improvement in a number of other key metric indicators:

- Material Shortages (reduced by 48 percent)
- Span Times (2-percent reduction in F-16 and C-130 lead times, as industry lead times increased by 16 percent)
- Inventory (increased turns 36 percent)
- Supplier Base (reduced by 36 percent)
- Supplier Quality (product yield increased to 99.9 percent)

The bottom line, as always, is savings. Through mutually beneficial, long-term relationships between AMMC and its best-value suppliers, the government is seeing substantial, auditable savings, and reaping the benefit of significant improvements in quality, inventory, and cycle times.

FIGURE 4. Progress (Savings) to Date





Logistics Team Gets VP's "Golden Hammer"

GERRY J. GILMORE

ASHINGTON (Army News Service, June 11, 1998) — A group of logisticians at Fort Lee, Va., [received] a prestigious executive branch award June 12 for their successful efforts in streamlining the Army's supply process.

The logisticians earned Vice President Al Gore's "Golden Hammer" award. Established in 1993, the "Golden Hammer" recognizes teams of federal, state, or local government employees for their efforts in reducing bureaucracy, putting customers first, empowering employees, and simplifying governmental processes. More than 1,000 "Hammer" awards have been presented since the program's inception.

The Fort Lee recipients — current and former military and civilian logisticians — put together the Army's new supply, maintenance, and financial process called velocity management. It is a process improvement program based on best-business practices, said Quartermaster Corps Lt. Col. Joe Walden, who heads the Velocity Management Team, part of Fort Lee's U.S. Army Combined Arms Support Command.

Walden said velocity management initiatives, a key component in future Army operational strategy, have enabled the Army to save more than \$75 million during the past two years and forecast projected savings of \$30 million this fiscal year.

Other velocity management team members include Lt. Col. John Simpson, Maj. Gus Pagonis, Chief Warrant Officer (CW5) Leo Gibson, Chief Warrant Officer (CW3) Gene Perrino, Jan Smith, Harry Johnson (contractor), Lowell Lovin (contractor), and Bruce Hackett (contractor).

The CASCOM and Fort Lee commander, Maj. Gen. Dan Brown, [presented] the award on behalf of the National Partnership for Reinventing Government. Several former team members [were] also present at the ceremony, [held] at CASCOM headquarters.

"Velocity management is applicable in garrison and deployment [environments]," Walden said. "The aim of velocity management is to get support to the soldier as quickly and efficiently as any first-rate commercial firm, while still providing a hedge against unforeseen interruptions in the logistics cycle."

The Army is adopting velocity management logistics to save time and money, Walden said. The system cuts out the "middleman" or unwieldy, large warehousing operations and their attendant costs, he said. Advances in computer technology and telecommunications now enable the shipment of parts and supplies straight from the manufacturer to the customer.

Shipments can also be tracked en route, allowing flexible deliveries to customers, Walden said. Tank parts needed for repairs in the field, for example, can be diverted in case the customer, such as a mobile armored division, moves on to another location.

Velocity management efforts have enabled the Army to decrease its average repair cycle times (deadline, or unusable to mission-capable equipment) by 35 percent during the past two years, Walden said.

"The goal of velocity management is to improve readiness while reducing costs and improving logistics responsiveness," he said.

The Army's Velocity Management Program started in 1995 after a study by the RAND Corporation on streamlining logistics, Walden said. The CASCOM commander was appointed as the Executive Agent for Velocity Management by the Department of the Army's Deputy Chief of Staff for Logistics. A team was established within CASCOM to implement the program Army-wide.

The program is managed through the use of four Process Improvement Teams, Walden said. These teams are focused on repair cycle time reductions, order-ship time reductions, [and] stockage determination — developing the optimal stockage policy and financial/logistical interfaces, he said.

The CASCOM Velocity Management Team works the day-to-day management of these teams, which have conducted walk-through assistance visits at every Army installation with the exception of those in Alaska, and that [was] scheduled for June 15-19, Walden said.

The efforts of the CASCOM team under the guidance of Tom Edwards, deputy to the CASCOM commander, Walden said, have produced a 50-percent reduction in the order-ship times across the Army and a 55-percent reduction in the order-ship times for the Army's most-deployable Forces Command units.

Editor's Note: This information is in the public domain at <http://www.dtic.mil/armylink/news> on the Internet.

AMC Confronts Challenges, Barriers to Developing Commonsense, Cost-Effective Performance Specifications

"Roadshows" Provide Forum for Direct Interaction with Technical Teams With Writing, Review, Use Specifications

JACK MILLETT • MATT GILLIS

To accelerate significant changes in Department of Defense (DoD) business practices and processes, former Secretary of Defense, Dr. William Perry, institutionalized several Acquisition Reform initiatives across DoD since 1994. One of his policies, Specifications and Standards, instituted a dramatic cultural change for technical management within DoD.

Performance Specifications in AMC

To publicize and promote Dr. Perry's initiatives, along with changes in legislation and acquisition practices and policies, the U.S. Army Acquisition Corps, working with the Army Materiel Command (AMC), devised a unique, annual event [platform] called the Army Acquisition "Roadshow."

Basically, the Army's senior acquisition leaders and executives took the position that they could not reform the acquisition system by proclamations and memoranda alone. Rather, they believed that a series of "traveling" workshops and symposia that took the information directly to the Army Acquisition Work-

The difficulty lies, not in the new ideas, but in escaping from the old ones...

— John Maynard Keynes (1883-1946)
British Economist

force, was a better way to promote acquisition streamlining.

Many of the previous Roadshows placed heavy emphasis on Military Specifications (MILSPEC) and Military Standards (MILSTD) reform. This year, the emphasis will be on the total Army acquisition community. Roadshow VII

— "Reducing Total Ownership Costs" — addresses the latest working-level

FIGURE 1. Performance and Detail Specifications

Performance Specification

- User needs
- Criteria for verifying compliance
- Functional requirements
- Operating environment
- Interface and interchangeability characteristics
- Form, fit, and function

Detail Specification

- Design requirements
- Materials to be used
- How a requirement is achieved
- How an item is fabricated or constructed

A Specification is a Concise List of Performance and Detail Requirements for a System or Component

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implications of current Acquisition Reform topics.

A Need for Practical Information

Feedback from Army Roadshow IV in fall 1994 revealed a need for in-depth, practical information, directly related to DoD's Performance Based Specifications policy. To meet this need, we developed and conducted separate AMC Performance Specifications Seminars from March 1995 through December 1996, directly interacting with technical teams who write, review, and use MILSPECS.

The U.S. Air Force, meanwhile, conducted a parallel effort in 1996 and 1997. Other seminars were conducted or are still ongoing for the Navy, Marine Corps, National Security Agency, and several companies in the defense industry.

This effort had two basic objectives: to show preparing activities how to write Performance Specifications; and to survey field activities to help us understand their concerns and perceived barriers to developing and using Performance Specifications. In this article, we share some of the more important conclusions and viewpoints from the people on the front lines of change.

Initial Effort

Our initial effort, starting in spring of 1995, concentrated on converting existing Component Specifications into Performance Specifications to impact the procurement process as quickly as possible. The result was a two-day seminar, directly addressing the question, "How do I convert our current Detail Specifications into Performance Specifications?"

Feedback from Army Roadshow IV in fall 1994 revealed a need for in-depth, practical information, directly related to DoD's Performance Based Specifications policy.

To accomplish this objective, we built a structured, methodical process. This included a case study, demonstrating the technique on a real Specification. Over the last three years, the seminar evolved into one-, two- and three-day versions with options to address Specifications used for components, programs, and test agency needs. We also built eight Army case studies, using real Specifications, to demonstrate converting Detail Specifications into Performance Specifications.

Over 3,000 technical personnel in the Army, Air Force, Navy, and support contractor community have already attended the seminars. As expected, we found some concerns about changing the way we do business.

Implications of Cultural Change

The Performance Specifications policy requires cultural change in the technical community. Instead of developing, approving, and maintaining designs, government engineers must develop clear, performance-oriented technical requirements and corresponding verifications. As you might imagine, we found some resistance, based on fear of the unknown, or perceptions that the government could acquire inferior products unless we always control the design process.

Moving Away From Detailed MILSPECS and Process-Oriented MILSTDs

One aspect of this cultural change is less reliance on an extensive set of Military Specifications (MILSPEC) and Military Standards (MILSTD) that only allow limited processes and designs. Instead, we will use non-government standards, program-specific requirements and corresponding verifications, or tailored portions of the remaining MILSPECS and MILSTDs.

The "one size fits all" approach for all types of products and systems is on the way out. This cultural change re-focuses government engineering efforts from design-oriented work toward empowerment to evaluate different types of solutions to our requirements.

FIGURE 2. **Four of Ten Tips for Writing Specifications (Requirements)**

- ✓ Does the requirement clearly state "What we need"?
- ✓ Does the requirement directly relate to the user's need?
- ✓ More length = More risk of being a Detail requirement!
- ✓ Does the requirement allow for different solutions?

With the potential of multiple solutions to the same MILSPEC, we must determine the best approach during contract source selection. This has a significant impact on Army technical personnel. Instead of specializing on single designs and unique tests, we are flexible enough to recognize a wide variety of relevant technologies and test methods. We must also understand the risks associated with each contractor's solution, for the specific types of products and systems we manage.

Modernization Through Performance Specifications

The U.S. Army's leaders recognize that Performance Specifications offer a way to infuse current technology to improve capability and reliability. To achieve Modernization Through Spares during repurchase activities on existing systems, we must relinquish design oversight, maintain critical interface control, and allow industry to determine the solutions. Our challenge is to clearly describe technical requirements and provide sufficient verification to assure products meet the users' needs.

FIGURE 3. Rules of Thumb for Writing Specifications (Continued)

- ✓ Will the current product pass these tests?
- ✓ Are we open to alternative tests?
- ✓ Did we provide several options for costly or time-consuming verifications?
- ✓ Did we focus on the important criteria, oriented to verifying performance, not the design?
- ✓ Did we tailor extracted tests to get the most economical verification possible?
- ✓ Did we *minimize* risk, not **eliminate** all risk?

Building Performance Based Requirements

Many Component-level Specifications contain a mix of performance and detail requirements, defining "how to" achieve the capability. As we transition to pure Performance Specifications, ad-

ressing the needs shown in Figure 1, industry now has an opportunity to provide alternative solutions.

One added benefit is that a well-written Performance Specification removes inconsistencies that can occur between detail designs and performance requirements in the same document — a condition known as a "Defective Specification."

The user-oriented approach to writing performance requirements is more direct than designing a solution to satisfy our needs. However, more interaction with users and support agencies will be required to develop the best Performance Specifications. Our Rules of Thumb in Figure 2 can help select good performance requirements.

Avoid These Potential Problems

We found several pitfalls to building good Performance Specifications in our Specification conversion work, and during discussions in the Performance Specifications Seminars. The two most important ones follow:

Pitfall No. 1 — The Unobtainable Requirement. Performance Specifications concentrate on needs, not solutions. One danger is that it becomes very easy to write statements that are technically un-

PERFORMANCE SPECIFICATIONS WEB SITES

For additional reference information about Performance Specifications, visit the following Web sites on the Internet:

OSD Standardization Office

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

Specifications and Standards Search

<http://www.dtic.mil/stinet/htgi/dodiss/>

Army Specifications and Standards

<http://www.amc.army.mil/amc/rda/milspec/All.html>

Navy Specifications and Standards

http://www.acq-ref.navy.mil/thrust_ss.html

Air Force Specifications and Standards

<http://www.afmc.wpafb.af.mil/HQ-AFMC/EN/enp/enpiweb/specs.htm>

Open Systems Joint Task Force

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

BRTRC Institute

<http://www.institute.brtrc.com/>

obtainable, or extremely costly to achieve. If we are in a development program, this may be desirable. If we intend to use the Specification for production, this pitfall can create real problems. The following example of an undesirable performance requirement illustrates our point:

The computer's crystal oscillator shall function at temperatures of -150° C.

In reality, this requirement was achieved during production, but the manufacturing process only gave a 17-percent yield, causing fielding delays and high procurement and support costs. In its real operating environment, the crystal was only exposed to a temperature range found in aircraft cockpits. If we specified the environment to only -120° C, the production yield jumps to over 90 percent.

As it turned out, this temperature requirement migrated into aircraft hardware from the National Aeronautics and Space Administration's lunar lander program. It provided a very durable solution for the aircraft, with significant safety margin, but had extreme impacts on program cost and schedule.

Our recommendation to resolve this type of problem is to suggest that each author and Specification reviewer analyze critically every word and phrase in the Specification. When combined with market awareness of compatible types of technology, this approach helps minimize the unobtainable requirement problem.

Pitfall No. 2 —Not Maintaining Backward Compatibility. When converting existing Component-level Specifications, we usually need the documents for contracting action as soon as feasible. Since many of these Specifications are used for reprourement of spare parts, delays could have drastic impacts on force readiness.

One tendency we found when converting Specifications is to state "wants" or inadvertent upgrades. Sometimes, authors try to revise requirements to in-

Performance Specifications concentrate on needs, not solutions. One danger is that it becomes very easy to write statements that are technically unobtainable, or extremely costly to achieve.

corporate capabilities found in the latest technology when updating older, detailed Specifications. The danger lies in demanding high-tech type requirements that have no proven production capability. If a Specification has this problem, we cannot procure products until all development, design, qualification, and first-article testing are completed. Our recommendation to minimize this danger is maintain backward compatibility.

The successful test of backward compatibility is when current products, now built to Detail Specifications, are the first acceptable candidates with a converted Performance Specification. Once we use

a newly converted Specification, competitive market pressures can facilitate design evolution and incorporate increased capability. When new products have been proven, the Performance Specification can then incorporate increased performance levels.

Writing Clear Verifications

Building a clear set of requirements is important, but the heart of a Performance Specification is Section 4, Verification. A contract requires the manufacturer to deliver items that meet requirements. This means that each product must be capable of passing every examination, analysis, test, or demonstration listed in Section 4.

The measure of success — whether the product meets the user's needs — is directly related to the quality of verifications we write. We found that building this section is the most difficult part of developing good Performance Specifications. Figure 3 shows some of our suggested tips to help write good verifications.

Cultural Change Related to Verifications

Knowledge of the types and methods of verification used in industry is crucial to developing good verifications. With the change in reliance from design solutions and mandatory MILSPECs and MILSTDs, a different approach to verification is now necessary. The new outlook requires market awareness to research, develop, and write good verifications.

Some Conclusions

We conclude that the technical requirements process continues to evolve within the Army, and over the last three-and-a-half years, a great deal of progress occurred. Cultural change in the technical community requires a different outlook to writing requirements and verifications, but the new paradigm offers real benefits. To make this a lasting, beneficial effort, authors and reviewers should emphasize critical analysis of their Specifications and strive to maintain backward compatibility with current products when converting existing Specification.



ACQUISITION AND
TECHNOLOGY

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

03 JUN 1998

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARY OF DEFENSE (COMPTROLLER)
ASSISTANT SECRETARY OF DEFENSE (COMMAND,
CONTROL, COMMUNICATIONS AND INTELLIGENCE)
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: The Single Process Initiative - A Long Term Perspective

Civil military integration, eliminating the distinction between doing business with the government and other buyers, is critical to meeting our future military, economic, and policy objectives. The transition of the Department of Defense (DoD) to a Performance Based Business Environment (PBBE), maximizing the use of commercial items and practices, is a key step toward achieving civil military integration. The Single Process Initiative (SPI) is the mechanism that we have chosen to implement changes to our existing contracts. Over the past two and a half years, the SPI has expedited the transition of existing contracts to common best processes, making a positive impact on the way the Department conducts business, by facilitating industry consolidation and plant modernization, encouraging innovation, and encouraging subcontractor reform. While we have made a solid beginning with this initiative, particularly in the transition of at least 140 facilities to the ISO 9000 quality standard, we have a long way to go. The replacement of multiple government-unique management and manufacturing processes with common, facility-wide processes that adopt best practices drawn from both commercial and government experience is an objective that the Secretary and I share. Your leadership is critical to the successful attainment of this objective.

Secretary of Defense memorandum on Specifications and Standards of June 29, 1994, directed the use of performance specifications to the maximum extent practicable. However, the substitute language that has been used in SPI block change modifications has not always been articulated in performance language. Therefore, I direct the DoD Component Acquisition Executives (CAEs) and the Commander, Defense Contract Management Command, to promulgate guidance to ensure that block change modifications be written in performance language whenever practicable.

Through the SPI initiative, emphasis must also be placed on integrating both prime contractors and suppliers into a performance based business environment. To assist in this integration, the Aerospace Industry Association (AIA) has established an Executive Committee to facilitate supplier reform and acceptance of best practices within AIA. I applaud AIA's initiative and will be encouraging other industry associations to follow its example.

My objective is for the SPI to achieve the integration of commercial and military facilities.

Several defense contractors recently have initiated corporate SPI Management Councils designed to expedite reform and facilitate best practices across the entire corporation. I encourage the expansion of this concept. I expect the CAEs to ensure that they are appropriately represented at these Corporate Management Council meetings, as well as at local management council meetings. I also expect that the Components will expeditiously review concept papers submitted by contractors and elevate any disagreements among the Components to me for resolution. This is a matter that I will review with the Component Acquisition Executives at our periodic Acquisition Reform Updates.

I expect that program executive officers and their representatives will commit resources to support the SPI, as continued emphasis on this initiative is vital. In this regard, I ask the Senior Acquisition Executives to review progress personally, to identify impediments to implementing the SPI, and to discuss with me the status of this initiative.

I have asked the Principal Deputy Under Secretary of Defense (Acquisition & Technology) to chair a Council on the SPI to facilitate this reform initiative, that will coordinate with the Defense Systems Affordability Council. This group should include representatives from corporate management councils, industry association representatives, and the Component Acquisition Executives and report quarterly to me. The group will provide insight into the success of the SPI and offer solutions to the challenges identified.

By working together with our industry counterparts at the facility and corporate level, we will be able to make the kinds of change that will result in our ability to provide our customers, the warfighters, with the best value goods and services that meet their needs from a globally competitive national industrial base. I expect your full support for institutionalization of this initiative.


J.S. Gansler



Editor's Note: Look for more SPI news as *Program Manager* interviews Dr. Gansler in a future issue.

Controlling Cost and Schedule — A Contractor's Perspective

Why Control of Requirements Driving Cost and
Schedule Matters So Much for Government-Industry

MARTIN A. NOEL, JR.

As a former Air Force officer who conducted developmental and operational testing on defense systems, and as a program manager who now oversees contractor projects, I have long been interested in why developmental defense programs routinely overrun cost and schedule.

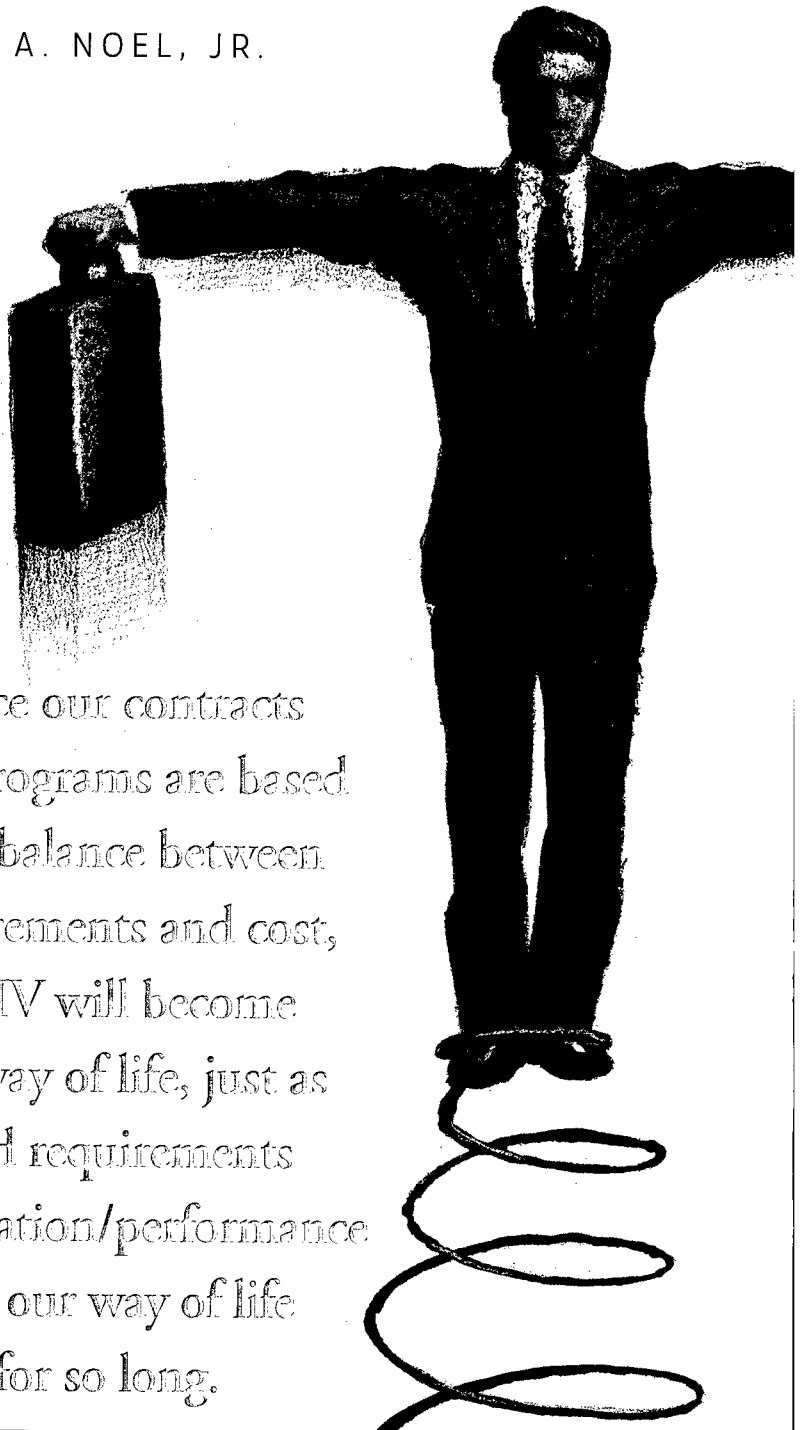
Two excellent articles addressing the relationship between system requirements/performance and cost on developmental defense procurements appeared in the November-December 1996 issue of *Program Manager*. I'd like to comment about several of the concepts and observations presented by the authors.

The first article, "Controlling Costs—A Historical Perspective" by B.A. "Tony" Kausal IV, discusses the successes and failures of Design to Cost (DTC) as an acquisition strategy.¹ The second, "Some Potential Benefits of Using Cost as an Independent Variable (CAIV) in Defense Programs" by Dr. Edmund H. Conrow, advocates breaking away from the historical practice of performance specification in favor of specifying a tradable range of operational capabilities, as defined by the end user of the system.²

The Trade-off Between Compliance and Cost

Kausal observes that industry contractors can "treat cost as a critical variable where they make trade-offs." From the vantage point of the contractor side of the desk for 13 years now, I can say that

Once our contracts
and programs are based
on a balance between
requirements and cost,
CAIV will become
our way of life, just as
hard requirements
specification/performance
was our way of life
for so long.



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we in industry know the government customer expects us to do cost/performance trades. However, when compliance with a specification is a major evaluation factor in winning a competition, we naturally put our engineering energy into design and try to find other ways to cope with the cost of the program.

During the Cold War, when technological advances significantly determined combat capability, specification compliance drove cost in acquisition. Larger defense budgets permitted cost-plus contracting, which motivated contractors to design and produce to the specified level of performance. The government and the contractor were then forced to find ways — some painful — to deal with increases in cost and schedule.

Market Pull Controls Defense Industries

After years of sharing decreased defense budgets and absorbing project cost increases, aerospace/defense contractors developed a "stimulus-response" behavior pattern, basically reacting to requests from the defense market rather than developing and marketing our products. Defense contractors rarely practice any of the proactive or "push" marketing principles found in college textbooks and practiced by commercial leaders, such as McDonalds, Nike, and Honda. Rather, "market pull" dominates our marketing strategy.

Why? Because the significant cost of investment in defense technologies, the high unit price/low-volume production of our specialized products, and our unitary customer radically separate us from standard commercial practices and processes. Contractors do not have the money, individually or collectively, to "push" operational military systems into the marketplace; we normally have to settle for small advances in specialized areas of technology with our own money.

An example: It is unlikely we will ever see the equivalent of Northrop's internally funded F-20 development where they built three fully operational aircraft

to military standards and specifications, and actually flew two of them. In this case, the contractor paid for the entire program.

Current contractual practices and processes of the military/government customer significantly affect nearly all of the operations and business practices of defense contractors today. In his discussion of why DTC was not successful on the F/A-18 Program, Kausal says, "There appeared to be little interest in the Navy in trading off systems requirements for cost...the DTC goal was dropped or faded away in program FSD [Full Scale Development]."

Kausal demonstrates his understanding of the "following" nature of defense contractors when he writes, "What was the contractor's response to DTC?" The answer is revealing: Because the Navy did not pressure the contractor to adhere to DTC practices rigorously, the contractor followed his customer's lead. *End of story.*

Whether the same fate now will plague the CAIV strategy is a subject of much debate in government acquisition circles. The contractor's most difficult problems with the CAIV strategy are developing estimates:

- With precision, how long and how costly will it be to design, build, test, and support a complex system?
- Once a system that exists only as concept has been built, how well will it work?

The more challenging the performance specification of a developmental military product, the more costly it will be, the longer the developmental cycle will be, and the greater the error will be in estimating project variables, such as cost and schedule. Setting a cost ceiling for a program and accepting what technology and contracted effort can deliver is a new paradigm for us all.

Historically, DoD asks the aerospace/defense industry to produce complex, long-development-cycle, highly specified

weapons systems that push the boundaries of technology (sometimes more than one technology) — systems expected to be in the field for decades to come. This is a significant challenge, exclusive of cost or schedule. Many government employees do not understand this; I didn't until I crossed over to the contractor side of the table.

Industry Challenges

As the government pushes the line on requirements, competitive contractors typically commit the following errors:

- Underestimate the difficulty, risk, or both of meeting specifications.
- Accept the risk of performing to the contract in order to beat the competition.

These errors, when compounded, manifest themselves in cost and schedule overruns. Other factors challenging contractors are the highly technical and programmatic complexity of projects, the annual and sometimes unpredictable nature of government funding, and the possibility for change as a product or program develops.

Change control, that is, requirements containment and configuration management, and the impact on cost and schedule are other major challenges in this industry. A direct correlation exists between the length of development and cost and schedule growth; the longer a program runs, the greater the growth of requirements and the number of government and contractor-initiated changes.

Making Trade-offs

We contractors are competition-driven and profit-motivated; we are reluctant to do something that does not produce increased sales or profit, or make us more efficient or competitive. Kausal is on target when he says, "To make CAIV work, it is critical that the contractor's engineering personnel see this as part of their job." However, unless the force for change is powerful, our engineers, conditioned for so long, will not alter their cultural views or behavior. The government must therefore find the incentives to convince

our engineers and our program managers that trading off performance against cost is a desirable behavior.

I suggest that the government look for ways to facilitate and promote design and cost trade-offs. As Kausal notes, these trades must be made evident upfront, that is, when they can produce the changes in system definition and design that will result in more realistic cost and schedule estimates.

For CAIV to work, the government must demonstrate what requirements, specifications, and performance are up for trade in a clear order of priority.

The contractor engineer and program manager must know *how much is enough*, in the form of a clear statement of performance objectives. The government program manager should structure the Request for Proposal (RFP) in a way that draws the best possible line at *where* to stop. If the government RFP hints at requirements hedging (upward, of course), you can be assured that the contractor will follow.

Engineers are trained and expected to make their products as good as they can possibly be; in fact, they are rewarded when they improve their company's products. When *good enough* is not clearly defined, they will naturally continue to make their product better, bigger, faster, more capable, etc. Setting the threshold of operational capability too high will define the minimum program cost by default. Restricting trades in any way potentially defeats the concept of CAIV.

A Lesson Learned Too Many Times

About 10 years ago, I was the deputy program manager on a large government proposal on which the requirements were clearly out of line with the amount budgeted for the project. After pricing the draft RFP three different ways, my

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company notified the government program manager of the large gap between the proposal requirements and our estimated program costs. Competing contractors apparently advised the government of a similar problem because a team was formed to downscope the requirements and specifications.

Between the time the government issued the draft and finalized RFP, my program manager had numerous conversations with his government counterpart over the issue of requirements. Three months later, we received what supposedly was a downscoped RFP; however, it contained no meaningful reduction in requirements or statement of work. Disappointed, we submitted our proposal.

Although my company lost this competition, the government ultimately was the big loser. After lawsuit and countersuit with the contractor who was awarded the contract, the government received a product that was delivered considerably late after a troublesome test program. Moreover, the program had a significant cost overrun.

On this project, informed contractor program managers knew how difficult it would be for the government program manager to control requirements, but the government program manager did not/could not [this was prior to Acquisition Reform] heed their advice. By not controlling requirements, the government program manager left the contractors with no choice but to try and meet unrealistic objectives.

Last year, I managed a foreign proposal that was, again, a virtual repeat of this experience. This is a lesson that we've learned too many times.

Changing the Paradigm

The old Department of Defense (DoD) paradigm was *control cost and schedule*; the CAIV attitude is *control the requirements that drive cost and schedule*. In his article, Conrow correctly observes that the CAIV tenet "has the potential to reduce over-optimism in setting the design, which can eventually lead to decreased program cost and schedule by requiring that risks be recognized, administered through a proactive risk management process, and requiring viable risk mitigation activity."

About two years ago, I worked on an Advanced Concept Technology Demonstration (ACTD) proposal employing the CAIV strategy. The government program manager structured the RFP well. Our company received a list of bounded operational capabilities rather than a performance specification, and I thought the trade space was clear. However, my engineering peers were not comfortable with the CAIV methodology. They did not like the idea of reducing component, subsystem, or system performance to trade off cost.

Even after our company spent considerable money training them in DTC strategy, they still were hesitant to vary from the old familiar way of doing business. They wanted someone to provide them with concrete requirements and a specification.

What this case illustrates is the natural inertia, accumulated in our industry over

years and years of driving acquisition with requirements and subordinating cost, can only be overcome by rigorously using government CAIV methodology. Because we are shaped by our contracts, the government program manager must lead the effort to change the paradigm. Once our contracts and programs are based on a balance between requirements and cost, CAIV will become our way of life, just as hard requirements specification/performance was our way of life for so long.

Although CAIV is now a recognized term, I think the methodology might better be called "Clear and Controlled Requirements" or "Cost as a Function of Requirements." I believe that system performance, cost, and schedule are inextricably tied and cannot be independent of one another. Although I don't agree with the name, the concept is a good one.

CAIV Can Work

Because of the complexity of the process, the creation of weapons system definition through systems engineering is neither simple nor quick. Therefore,

bounded operational capability and trade space must be defined well before beginning the system definition/design process.

Government program managers should work closely with their users and contractors to define/refine what is possible before issuing an RFP. If I seem to be suggesting more contractor involvement in pre-RFP activity and more teamwork while on contract, you are right. Today's defense marketplace suggests this to us all.

Just as tactics derive from strategy, detailed design derives from requirements; the more flexible these requirements are to trade-off, the more trades there will be.

At times, conducting more studies and analyses might be useful before initiating an acquisition; possibly adding requirements review milestones to the acquisition cycle could help in some cases; and certainly using Integrated Product Teams (IPT) could reduce the time it takes to finalize requirements. In recent years, the government has done an excellent job of instilling concepts like *stakeholder* and *ownership* through rigorous promotion of IPTs. I suggest

that government acquisition managers apply this same rigor to CAIV.

Since 1994, industry, the government acquisition workforce, and the military end user have coalesced as teams to manage several successful defense programs that resulted in products with the capabilities desired, at accurately predicted costs. On such programs, the secrets to success were readily apparent: clearly stated and bounded requirements that were tied to realistic cost and schedule; and a very smart government program manager in charge, working with a *dedicated* contractor program manager who clearly understood the stated requirements.

In addition to being a practitioner of contracts, cost, and schedule, I suggest that the articles discussed here prove that the program manager, whether government or contractor, needs to have a very close working relationship with a competent systems engineer or, even better, should be a competent systems engineer. Why? Because systems engineers are specifically trained to look for trade-offs — the very foundation on which CAIV is based.

Air Force Col. Legand L. Burge, Jr., was assigned as Dean, Academic Programs Division, effective June 15, 1998. He is the former Vice Commander, Air Force ROTC, Maxwell AFB, Ala. Burge holds a Bachelor of Science in Electrical Engineering, a Master of Science in Electrical Engineering, and a Doctor of Philosophy from Oklahoma State University. In addition to several Service schools in-residence, Burge is a 1990 graduate of DSMC's Program Managers Course (PMC), now renamed the Advanced Program Managers Course (APMC).



Management Agency, a field operating agency of the Deputy Under Secretary of the Army (Operations Research), and previously, the Competition Advocate General of the Army. Prior to government service, she was Vice President of GEOMET, a professional services consulting firm.

Langston earned a Bachelor of Applied Mathematics from the College of New Rochelle, and a Doctor of Jurisprudence from the University of Maryland. In addition, she was a student in the Institute of Public Policy at George Mason University. A Fellow of the National Contract Management Association and the Washington Academy of Sciences, Langston is a former elected director of the Washington Operations Research Council (now WORMSC), of the Operations Research Society of America (now INFORMS); and the Military Operations Research Society. She is a member of the Maryland and American Bar Associations, where she is active in the Public Contract Law section.



Joann H. Langston returned to DSMC as Holder of the Army Chair, DSMC Executive Institute, effective July 6, 1998. Langston previously served as DSMC's Army Chair from December 1987 to December 1989. She is the immediate former Director, U.S. Army Model Improvement and Study

Reissue of Popular Guidebook!

Joint Logistics Commanders' Guidance for Use of Evolutionary Acquisition Strategy to Acquire Modern Systems

SMC has another guidebook ready for the acquisition workforce! Just reissued for 1998, this edition of *Evolutionary Acquisition* — its popular name — includes an insert that brings the previous edition up-to-date.

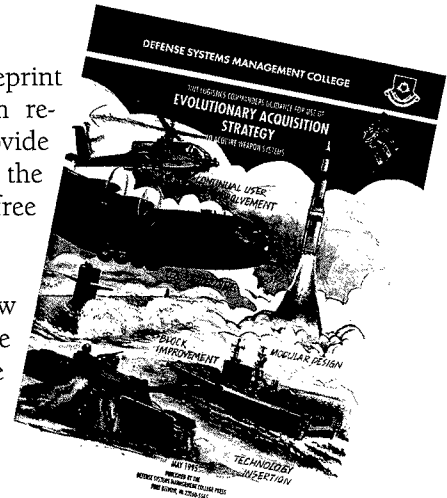
For those readers who already have the earlier edition of *Evolutionary Acquisition* and need only the updated insert, fax your request to the DSMC Press (703-805-2917). Be sure to include your full name and mailing address.

If you do not have the previous edition of *Evolutionary Acquisition* and desire the reissued guidebook, including the new insert, fax your request to the DSMC Publications Distribution Center (703-805-3726). Be sure to include your full name and mailing address.

After the DSMC Publications Distribution Center distributes all copies now in stock, DSMC will reprint *Evolutionary Acquisition*, with the insert permanently bound into the guide-

book. From this reprint and upon written request, we will provide those requesting the guidebook one free copy.

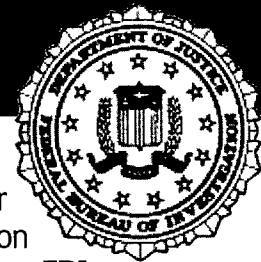
In addition, the new edition will also be available from the Defense Technical Information Center and National Technical Information Service.



For an online copy of *Evolutionary Acquisition*, visit the DSMC Home Page at <http://www.dsmc.dsm.mil> on the Internet.

Management Analyst (Project Management)

(Salary Range: \$47,066 - \$85,978)

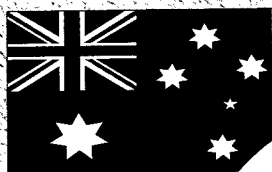


The Federal Bureau of Investigation (FBI) is seeking highly motivated professionals to fill Management Analyst positions in its Major Project Management Oversight Group. This group plans, organizes, and conducts evaluations concerning the management aspects of major projects. These projects may range from construction to automation to engineering efforts.

Qualifications: 1) Bachelor's degree and/or experience/education that includes project management or related skills such as scheduling, cost analysis, requirements analysis, risk assessment, or contracting, among others; 2) Written and oral communications skills; and 3) Ability to work with and manage contract personnel and to lead project evaluation teams.

Interested candidates should submit a resume detailing their work experience and education no later than **Sept. 15, 1998**, to **FBI Headquarters, 935 Pennsylvania Avenue, N.W., Inspection Division, Audit Evaluation and Analysis Section, MPMOG Room 7648, Washington, D.C. 20535**. Resumes submitted after the closing date will not be considered. All expenses incurred will be borne by the selectee. You must be a U.S. citizen and consent to a complete background investigation, polygraph, and drug test as a prerequisite for employment. The FBI is an Equal Opportunity Employer.

FIRST INTERNATIONAL ACQUISITION/PROCUREMENT SEMINAR — PACIFIC



SEPTEMBER 28-30, 1998

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DSMC AND AUSTRALIAN DEFENCE
FORCE ACADEMY TO CONDUCT
INTERNATIONAL SEMINAR

The First International Acquisition/Procurement Seminar focuses on international acquisition practices and cooperative programs. The seminar is sponsored by defense acquisition educational institutions in the United States and Australia.

The seminar will be held September 28-30, 1998, at the Australian Defence Force Academy, Canberra ACT, Australia.

Those eligible to attend are Defense Department/Ministry and defense industry employees from the two sponsoring nations, who are actively engaged in international defense acquisition programs. Other nations may participate by invitation.

Those desiring an invitation should contact any member of the International Defense Educational Arrangement (IDEA) team at DSMC. Those government personnel receiving an invitation should submit a letter of acceptance, on Agency letterhead, to DSMC by fax. Industry representatives should also submit letterhead requests by fax. Qualified participants pay *no* fee for the seminar. Invitations, confirmations, and joining instructions will be issued after July 1, 1998.

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DCMC Professionals Providing Basic Services to Hungary, Former Yugoslavia

Helping the Economy, Teaching Locals That Americans Aren't That Bad

PATRICK A. SWAN

U.S. troops in Operation Joint Guard could not long sustain peacekeeping operations without delivery of basic services, such as water, food, sanitation, laundry, transportation, and lodging. The professionals in theater who ensure that contracted services and supplies are delivered at the right time, place, and price are civilians and military personnel from Defense Contract Management Command. All volunteered for the six-month rotations to Hungary and the former Yugoslavia.

DCMD International

Defense Contract Management District International (DCMDI) oversees tailored teams from DCMC East and West Districts who train and deploy in response to a declared contingency. Their mission is formally called Contingency Contract Administration Services (CCAS). To date, 10 teams — and more than 186 people — have deployed and worked in an area of operations that includes Bosnia, Croatia, and Hungary. Fifty-four percent have been DLA civilians, with the remainder from the active military force, and are a key component of DLA's Defense contingency Support Team (DCST).

"With the increased reliance on contractors to support contingency operations, DCMC provides a vital logistical support service," said Ray Pollard, CCAS manager, DCMDI.

DCMDI has been involved with the Bosnia mission since December 1995

with support to Operation Joint Endeavor. Its mission has evolved to include providing delegated quality assurance and administration services for fuels contracts and a translator contract.

"If DCMC was not involved, the potential for misinterpretation of contractual objectives would drastically increase," said Air Force Capt. Timothy Shi-



CLEANING WEAPONS, HOHENFELS, GERMANY.



TRAINING TO PROBE FOR MINES, HOHENFELS, GERMANY.

Swan is a Senior Public Affairs Specialist, Office of Congressional and Public Affairs, Defense Logistics Agency, Fort Belvoir, Va.

dal. "Also, the Army would lose the assurances that government property was being managed correctly and that contractual work was performed with this highest quality." DCMC Southern Europe team members were located throughout three countries in more than six locations. Team members traveled on a daily basis.

Shidal's boss, Air Force Lt. Col. Cliff Findley, DCMD West, commanded the rotation that ended in January. Having served as a commander at two other DCMC locations prior to deployment, he said he was able to apply the same leadership, motivation, and problem-solving skills in Bosnia.

"But all of my efforts would have fallen flat if it were not for the exceptional quality of the people who served with me," Findley said. "They far exceeded even my high expectations."

One of those people was Nancy Goodson, a civilian government property administrator from DCMC Phoenix.

Goodson said she was both pleased to be able to provide service directly to DCMC's No. 1 customer — the warfighter — and to stretch her knowledge and experience-base further than ever before.

"I had the opportunity, as a civilian, to be part of a multinational operation, more military than I ever imagined," Goodson said, who served as chief of government property in Bosnia. "It was a chance to be a part of something bigger than myself. So many decisions in a CCAS environment are made 'on the fly' and outside the box of normal experiences stateside that you need to have the confidence in your basic knowledge base. My non-deployment job prepared me with that basic knowledge and confidence to be an effective leader."

Cecilia Shine of DCMC Boston discovered the satisfaction of seeing the results of her efforts while serving in an administrative contracting officer position in Bosnia. She completed her rotation in June.

"[Back in Boston] I primarily administer contracts and negotiate overheads on contracts and do not see a finished 'tangible' product," Shine said. "In Bosnia, when I signed a notice to proceed and authorized the contractor to construct 48 seahuts, some guard towers, or to make a railroad operational, I actually got to see the completed projects."

Such unsung support is something many people stateside may not realize, according to another administrative contracting officer, Chris Wiley, of DCMD West. Wiley contracted for linguists all over the Balkans during her rotation last year.



ARMY CAPT. ALLEN AT BOSNIAN CASTLE NEAR HILL 722.

MALISHENKO SPEAKS OUT ON DCMC OPERATIONS IN BOSNIA

.....
"We're Using the
Best Business
Processes Out There
to Get America's
Men and Women in
Uniform What They
Need, When They
Need It"



Air Force Maj. Gen. Timothy Malishenko, Commander, Defense Contract Management Command, was recently questioned about his May 24-30 trip overseas to DCMC Southern Europe (including Tazar, Hungary, and sites in Bosnia). His observations provide a first-hand account of DCMC's efforts in Bosnia.

Q What are your impressions of the DCMC operation in Bosnia?

A Operation Joint Endeavor, now called Operation Joint Forge (OJF), is one of an increasing number of contingency operations requiring DCMC support of

the warfighter. DCMC professionals are making a significant contribution to the operational effectiveness of OJF. Our operation in Bosnia is critical to the military capability and quality of life of America's soldiers, sailors, airmen, and Marines on the front lines. Since we deployed to Bosnia nearly three years ago, our operations have become more effective as we've instituted a team rotation system based on the inherent strength of shared experiences and relationships built over time.

Q What most impressed you about DCMC in Bosnia?

A The positive attitude of the entire DLA Contingency Support Team. Our people are consummate professionals. Some have worked overseas in contingency-like environments before, but many have not. What they all share, though, is pride in serving their country and a willingness and dedication to see the job through. Typically, they work 12-hour days to ensure contract performance success, including housing, food, water, transportation, and fuel. That's a challenge for anyone — let alone performing the work in a contingency environment.

Q What are the greatest challenges facing the DCMC team in Bosnia today?

A There are two great challenges: The first is maintaining a constant state of alert. While hostilities have somewhat subsided and the threat level is manageable, our people must always be on guard. The second challenge is one DCMC professionals all over the world face, but the consequences are magnified in contingency operations, and that is anticipating our customers' changing needs and developing a rapid response. DCMC uses every avenue available under Acquisition Reform to revolutionize its business practices and

take advantage of commercial practices. Which simply means we're using the best business processes out there to get America's men and women in uniform what they need, when they need it.

Q How much longer do you expect to be in Bosnia?

A I expect DCMC to support OJF for the full duration of the contingency operation. Our on-site contract management of contractor support operations is an integral part of the total force team.

Q Why did you visit the DCMC team in Bosnia?

A I wanted to see first hand the mission requirements and meet personally with all of those we support: on-scene commanders, materiel support elements, contractors, and all elements of the DCST. We have a responsibility to ensure team selection, training, transition of teams, and living conditions are done well. The best way to assess these elements is to make a visit.

Q Why is it important for DCMC to have a presence in Bosnia?

A DCMC's presence in Bosnia is directly tied to supporting our warfighters. We manage contracts that provide some of the most important items affecting the quality of life of our military forces. DCMC manages contracts under the \$675-million Sustainment Program, which was formerly called the Logistical Civil Augmentation Program. This program provides food, water, laundry, shower and latrine facilities, and other necessities to our men and women on the front line. As long as there is a need for U.S. military forces in the region, DCMC will be there to support them.

"People don't realize that along with the 8,500 U.S. troops in Bosnia, there are also 4,000 other workers supporting those troops," Wiley said. Her job was to ensure that all worked together well and that contracted services were delivered.

"Dealing in a real-time environment was gratifying — seeing requested tasks being worked on shortly after my issuance of the request, seeing troops satisfied with the contractor's services," she added. "When one is 9,000 miles away from home, knowing that the contractor is going to take care of some of the daily needs of troops is a great asset."

Findley's deputy commander in Bosnia, Army Lt. Col. Peggy Carson, said it is true that what the DCMDI team did or didn't do on a daily basis affected troops living conditions.

"If they [U.S. troops] didn't have to worry about their living conditions, they could concentrate better on the mission," Carson said. "They maintained the peace and we maintained good living conditions for them."

"It's easy to see the fruit of your labor, which is so rewarding," said Carson, who is chief of contracts at DCMD West. "We could see the difference the troops were making in keeping the peace, helping the economy and teaching the local nationals that Americans are not all bad."

Left Behind — A Little Good Will

Findley, who gave away most of his civilian clothes to homeless Bosnians before his departure, said such gestures require little effort, but the children and the parents all seemed to be sincerely appreciative that someone had taken an interest in them.

"We saw so many televised news reports over the last couple years which illustrated the devastation, the physical and emotional trauma experienced by the people of Bosnia," Findley said. "All earlier efforts to deter the fighting had been ineffective until U.S. forces arrived. Our troops stopped the death and destruction, and I was proud to play a small role in that."

DSMC Dean Promoted to "Principal for a Day"

Defense Systems Management College's Dean, Army Col. Joseph Johnson, Promoted to Principal for a Day at Bryant Alternative School

JOYCE RENIERE

A seven-year partnership between the Defense Systems Management College (DSMC) and Bryant Alternative School in Alexandria, Va., put Army Col. Joseph Johnson in a unique position June 5.

Instead of working in his normal job as dean of the DSMC Department of College Administration and Services, Johnson presided as "Principal for a Day" at Bryant.

Bryant Alternative School offers a strong academic program with an emphasis on workplace skills and flexible scheduling to a diverse adult student population in a nontraditional accelerated setting, leading to a high school diploma. Special programs include Landmark Center internships with local businesses for work experience, English as a Second Language basic English and math classes, Project Opportunity completion program for pregnant and parenting young women, a night-school program, and Career Center services for goal-setting and diagnostic testing.

"The best part was talking to the students to learn how each had decided to return to school and earn a diploma despite very difficult personal situations," Johnson said of his day as principal.

"I learned that there is clearly a need for alternative education programs to reach

those students who had previously been unable to obtain their high school diplomas," he added.

During his stint as principal, Johnson presented the DSMC Scholastic Achievement Award to Veronica Sotomayer, a mother of two daughters, ages 4 and 2.

Sotomayer has maintained a 3.7 grade-point average while excelling in all her courses and has participated in the Leadership Committee as well as supporting school activities for her daughter, who attends Bucknell Elementary School in the Headstart program. She said she is working hard at her education to fulfill her dream of becoming a pediatrician.

DSMC provides career day job-shadowing, guest speakers and mentors for Bryant students, assists with clothing and food drives, provides surplus supplies and materials, and offers technical support and training.

"I enjoyed seeing how much the Bryant School administration appreciated the support it has received from DSMC volunteers. It proved to me that our education partnership does work," Johnson said.

Editor's Note: Cathy Pearson, Chief, Civilian Personnel Services Office, DSMC, developed and currently leads the Bryant Alternative School Partnership Program.



DEFENSE SYSTEMS MANAGEMENT COLLEGE'S ARMY COL. JOSEPH JOHNSON TALKS WITH STUDENTS DURING HIS TENURE AS "PRINCIPAL FOR A DAY" AT BRYANT ALTERNATIVE SCHOOL. TALKING OVER THEIR CAREER PLANS WITH JOHNSON ARE FROM LEFT: SHAYLA JACKSON; BRENDA REIGELSPERGER; JOHNSON; ROBERT NEWTON; VERONICA SOTOMAYER.

Reniere is the Protocol/Public Affairs Officer, Division of College Administration and Services, DSMC.

DSMC HOSTS

he Defense Systems Management College (DSMC) hosted a Hungarian Acquisition Information Exchange, June 3-5, 1998, at the Fort Belvoir, Va., campus.

Dr. Karoly Janza, Hungary's Deputy State Secretary for Defense Economic Affairs Ministry of Defense, led a Hungarian delegation of five representatives, including **Maj. Gen. Sandor Makai**, Director of Defense Planning Directorate; **Brig. Gen. Jenő Kopasz**, General Manager, Chief Executive Officer, Acquisition Office, Ministry of Defense; **Brig. Gen. Ferenc Toth**, Head of the Armament Development and Procurement Department; and **Maj. László Botz**, Military Assistant to the Deputy State Secretary for Economic Affairs. In addition, **Air Force Maj. Karen Naselius**, assigned to the Office of Defense Cooperation, American Embassy, Budapest Hungary, accompanied the group and acted as escort officer.

Dr. Jacques S. Gansler, Under Secretary of Defense (Acquisition & Technology), and **Navy Rear Adm. Leonard "Lenn" Vincent**, DSMC Commandant, were on hand to welcome the guests and make official presentations.

In addition, **Stan Soloway**, Deputy Under Secretary of Defense (Acquisition Reform); **Air Force Brig. Gen. David Nagy**, Mission Area Director, Information Dominance (Secretary of the Air Force/Acquisition); along with professional staff from Congress and DSMC professors were among the many distinguished participants in this first-time event.

"This is the first of a possible series of visits by Hungary," according to **Donald Hood**, DSMC course director, and cultural international relationship advisor for the event.

"Information was shared [during the visit] with the Hungarians on various aspects of U.S. Acquisition and the Contracting Process," said **Jesse Stewart**, DSMC executive-in-residence, and program content manager/coordinator for the exchange.

"With membership in NATO pending, the Hungarian delegation will assess the information gathered from their visit to give them a better understanding of the acquisition process in the United States," said Stewart.

"As they become members," Stewart continued, "they will benefit from observing the way different countries do business, allowing them to more effectively do business with the other NATO countries as they refine their two-year-old laws on public procurement."



INFORMATION EXCHANGE

4

1

OUTSIDE SCOTT HALL, DSMC MAIN FORT BELVOIR, VA., CAMPUS. PICTURED FROM LEFT: STEWART, KOPASZ, MAKAI, VINCENT, JANZA; TOTH; BOTZ; HOOD.

2

PICTURED FROM LEFT: MAKAI; JANZA; HOOD.

3

PICTURED FROM LEFT: KOPASZ; TOTH; SOLOWAY; GANSLER; JANZA; MAKAI; VINCENT; NAGY.

4

EXCHANGING OFFICIAL GIFTS. STANDING: GANSLER; JANZA.

5

EXCHANGING OFFICIAL GIFTS. STANDING: GANSLER; JANZA. SEATED (RIGHT): HUNGARIAN INTERPRETER, ZOLTAN SARINGER.

6

PICTURED FROM LEFT: ASSISTANT GENERAL COUNSEL (ACQUISITION & LOGISTICS), HARVEY NATHAN; JANZA.

7

PICTURED FROM LEFT: SOLOWAY; TOTH; ASSISTANT DEPUTY GENERAL COUNSEL FOR RESEARCH, DEVELOPMENT AND ACQUISITION, SOPHIE KRASIK.

5

7

HUNGARIAN ACQUISITION

1

PICTURED FROM LEFT: DEPUTY DIRECTOR, COST, PRICING, & FINANCE, OFFICE OF THE DIRECTOR, PROCUREMENT, CAROL COVEY; VINCENT; MAKAI; GANSLER; HUNGARIAN INTERPRETER, KAITLIN PETROCZY.

2

PICTURED FROM LEFT: MAKAI; TOTH; JANZA; DSMC LEARNING RESOURCE CENTER ASSISTANT, LISA JOHNSON; SARINGER.

3

SEATED FROM LEFT: MAKAI; JANZA; KOPASZ. STANDING: STEWART; DSMC MANAGEMENT DELIBERATION CENTER FACILITATOR, BILL MCGOVERN.

4

PICTURED FROM LEFT: VINCENT; DSMC ACKER LIBRARY DIRECTOR, HELEN HALTZEL; PETROCZY; JANZA; BOTZ.

5

PICTURED FROM LEFT: BOTZ; DSMC PROFESSOR CHUCK COCHRANE; KOPASZ; TOTH.

6

PICTURED FROM LEFT: VINCENT; JANZA; SARINGER.

7

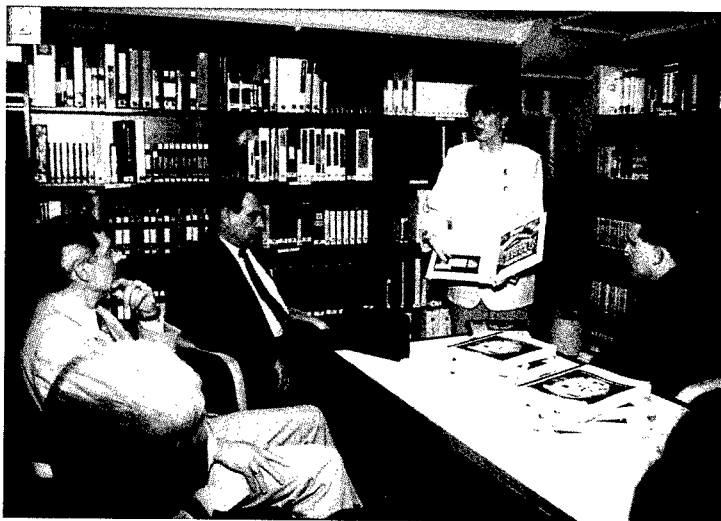
LUNCH AT GEORGE WASHINGTON'S ESTATE, MOUNT VERNON, LOCATED IN FAIRFAX COUNTY, VA. PICTURED FROM LEFT: BOTZ; KOPASZ; STEWART; TOTH; HOOD; DSMC PROFESSOR CHIP SUMMERS; VINCENT; JANZA; PRINCIPAL DIRECTOR FOR ARMAMENTS COOPERATION, OFFICE OF THE SECRETARY OF DEFENSE, AL VOLKMAN; MAKAI; DSMC ACQUISITION MANAGEMENT CHAIR, RETIRED ARMY BRIG. GEN. EDWARD HIRSCH; DAVID KIEFER, OFFICE OF THE UNDER SECRETARY OF DEFENSE (ACQUISITION & TECHNOLOGY); NASELIUS.

8

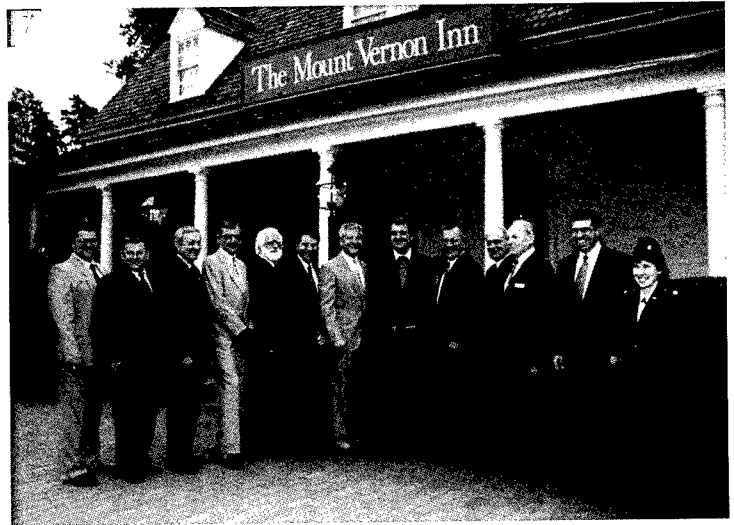
PICTURED FROM RIGHT: VINCENT; JANZA; PRINCIPAL ASSISTANT TO THE DEPUTY UNDER SECRETARY OF DEFENSE (ACQUISITION REFORM), DONNA RICHBOURG; SOLOWAY; STEWART.

9

PICTURED FROM RIGHT: BOTZ; KOPASZ; JANZA; NAGY; TOTH; MAKAI.



INFORMATION EXCHANGE



Defense Technical Information Center



Maintaining the Information Edge

WHAT:

**DTIC '98 Annual Users Meeting
and Training Conference**

WHEN:

November 2 - 5, 1998

WHERE:

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For Info:

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This year we will have a newly expanded exhibit room including both government and commercial vendors. Interested exhibitors should contact FBC, Inc.
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A Word About DTIC '98

This year DTIC is hosting its 25th Annual Users Meeting and Training Conference. The conference will be held at the DoubleTree Hotel National Airport, 300 Army Navy Drive, Arlington, Va., November 2-5, 1998. The agenda is packed full of exciting and relevant topics, as well as an exhibit room overflowing with vendors from every aspect of Information Technology (IT).

"Maintaining the Information Edge" is the theme for the conference, and the sessions are geared to this topic. DTIC '98 will address the information sources and changing technologies that impact those who are involved in Defense Research and Acquisition. We are particularly pleased to announce this year's keynote speakers: Army Lt. Gen. David J. Kelley, Director, Defense Information Systems Agency; Carol Cini, Associate Director, U.S. Government Printing Office; and Richard Luce, Director, Los Alamos Research Library. Louis Purnell, the luncheon speaker, will be relating his exploits during World War II as a Tuskegee Airman.

The Conference offers four days of varied training sessions that enable DTIC users to collaborate on the latest IT topics. Presentations will address the most current issues affecting the research, development, and acquisition communities. Not only will these speakers acquaint you with the latest policy and operational developments, but they will also provide you with practical details on valuable and diverse domestic and foreign information resources, security issues, the World Wide Web, virtual libraries, video streaming, and the storage and dissemination of electronic documents.

Maintaining the Information Edge presents exciting new challenges – DTIC '98 promises to provide the tools to expand your horizons to meet these challenges! For more information, please contact Julia Foscue, the DTIC '98 Conference Coordinator, or access the DTIC Home Page on the World Wide Web.

Commercial: (703) 767-8236

E-mail: jfoscue@dtic.mil

DTIC Home Page: <http://www.dtic.mil>

DCMC Long Island Wins Presidential Award For Quality



WASHINGTON — Defense Contract Management Command Long Island, a field activity of Defense Logistics Agency, is the recipient of the prestigious Presidential Award for Quality for 1998.

The nation's top award for quality in government's executive branch [was] presented to DCMC Long Island, Garden City, N.Y., during ceremonies June 17 in Washington. In addition, 10 other federal operations [received] an award for Quality Improvement or other recognition for quality. Two of these are also from DLA: DCMC New York, Staten Island, N.Y., which won the Award for Quality Improvement; and Defense Industrial Supply Center, Philadelphia, Pa., which was a program finalist.

Janice R. Lachance, director, U.S. Office of Personnel Management, [presented] DCMC Long Island officials with the award on Wednesday, June 17, at 11:30 a.m. at the International Trade Center of the Ronald Reagan Building, 1300 Pennsylvania Avenue NW (Amphitheater), Washington, D.C.

The Presidential Award for Quality is presented annually to federal organizations whose accomplishments in improving customer service or saving tax dollars are significant and documented.

The Presidential Award for Quality is the equivalent of the Malcolm Baldrige Award for Quality in the private sector and the capstone of accomplishment for DCMC Long Island operation. Other recent DCMC Long Island recognition includes the Commander-in-Chief's Annual Award for Installation Excellence, presented by Secretary of Defense William Cohen (1998); the Quality Achievement Award (1996 and 1997); Quality Improvement Prototype Award (1995); Defense Contract Management District East Commander's Award (1995); Defense Contract Management Command Commander's Cup (1994); and, Defense Contract Management District East Commander's Award (1994).

"DCMC Long Island truly is a world-class organization," said OPM's Director Lachance. "The employees and managers of the Defense Contract Management Command Long Island have earned their place among the elite providers of quality products and services. They have a track record of accomplishment that can be admired by all of us who have preached so hard and for so long that government can be better, will be better, and now, is better."

DCMC Long Island serves as contract administrator for civilian and military agencies on Long Island, N.Y. DCMC Long Island saved taxpayers \$116 million in fiscal year 1997

through improved contract negotiations, automation, the selling or redistribution of excess property, and a de-layering of supervisory levels to a ratio of 14 employees per supervisor. A solid partnership between management and labor helped DCMC Long Island through a difficult period of downsizing that reduced the workforce by nearly 50 percent since 1994.

One measure of DCMC Long Island's value to America's defense capabilities is its network of employee specialists in nuclear technology, engineering, textiles, transportation, property management, and quality assurance who ensure the abundance of goods and services provided by vendors meets contract specifications in terms of both quality and price.

Its nearly 300 civilian employees and five military officers work in 55 field offices throughout Long Island and perform inspection and production surveillance work at contract site locations across the country. They administer contracts for approximately 95 customers and roughly 650 contractors.

In fiscal year 1997, DCMC Long Island oversaw contracts worth \$6 billion. The Command's customers, which includes Warner-Robbins Air Force Base, Ga. (its largest), buy products as diverse as parts and assemblies for the Stealth Fighter, F-14 and F-18 aircraft, navigation systems for the Navy's fleet of Trident Submarines, and computers to support the Army's immense field digitization program.

Army Col. Robert P. Brown, DCMC Long Island commander, said the Command's edge has been its persistence in working toward quality.

"People who do Total Quality [sometimes] try it once or twice, get feedback, and then it gets pushed aside," Brown said. "We kept at it. We identified areas that needed improvement, took steps to close the gap and moved forward.

"Continuous improvement is never ending," Brown continued. "We exist to improve our support of our customers. It is not about winning, but [about seeing that] they get quality products and services at the right price and on time."

One of DCMC Long Island's keys to success has been the development of the Customer Account Program. Following an exhaustive review of customers supported by DCMC Long Island, the Command spearheaded this innovative, customer-focused program that improves customer support through the establishment of information networks that rapidly transfer customer information and provide dedicated customer support. DCMC Long Island listens and learns from its customers by inviting them to participate in Town Hall meetings that provide a forum for exchanging ideas and identifying opportunities for improvement.

To find out more about DCMC Long Island, call Ann Jensis-Dale at 617-753-4298.

DSMCAA Sponsors 15th Annual Acquisition Symposium

FRANK VARACALLI • COLLIE JOHNSON

The rolling green of Northern Virginia played host to the 15th Annual Defense Systems Management College Alumni Association (DSMCAA) Acquisition Symposium, June 23-25. Acquisition and contracting professionals from government and industry flew in from across the country to the DSMC main campus at Fort Belvoir, Va., to learn about the State of the College and the DoD acquisition workforce.

They also came to take advantage of the networking, knowledge sharing opportunities, and Acquisition Expo '98 exhibits, which gave government and support contractor offices an opportunity to demonstrate the latest acquisition education software tools and products.

The theme of this year's event was "Developing the People Who Develop the Systems." Frank Varacalli, DSMCAA President and Lyn Dellinger, Vice President—Symposium, welcomed over 300 people on Tuesday, June 23. Immediately following the opening remarks, retired Army Brig. Gen. Edward Hirsch, the DSMC Acquisition Management Chair, delivered the keynote remarks on not only the past role of the college in educating the acquisition workforce, but also the vital importance of keeping up and accelerating the pace of acquisition education throughout the DoD acquisition workforce and defense industry.

Varacalli is President, Defense Systems Management College Alumni Association (DSMCAA) and currently works for SRA International, Inc. Johnson is Managing Editor, Program Manager magazine, Division of College Administration and Services, DSMC.

Serving the Warfighters

Hirsch began by saying that DSMC is a value-added institution. "We add value," he said, "and I intend to convince you by fact, not hyperbole."

Hirsch spoke of our armed forces and DSMC's role in training the DoD acquisition workforce, which has always developed and procured the world's best equipment and weapons systems for its warfighters. "We — you and I — and all of our predecessors were the ones responsible for getting the right equipment to the warfighters, and that's what this symposium is all about. It's about developing the people who develop the systems — but that's not enough.

"DoD's equipment and weapons systems," he continued, "are developed to win with a minimum loss of American lives."

Says Hirsch, "We have to be there first with the most and with the best equipment and trained personnel that we possibly can be there with. There is no substitute for victory. We pay the penalty when we do something less than that. And we provide the forces with the equipment and the training to reach that high level of effectiveness."

Stating that in his view, DSMC had done its utmost to serve the warfighters well, Hirsch spoke of the late David Packard, former Deputy Secretary of Defense and



SERVICE ACQUISITION EXECUTIVES PANEL. PICTURED FROM LEFT: JOHN DOUGLASS (ASN[RDA]); STAN SOLOWAY, DUSD(AR); KEITH CHARLES, U.S. ARMY DEPUTY DIRECTOR OF ACQUISITION CAREER MANAGEMENT; JOE DIAMOND, CHIEF, ACQUISITION CAREER MANAGEMENT, U.S. AIR FORCE.

DSMC founder, who gave DSMC a very significant challenge 27 years ago:

Promote and support the adoption and practice of sound systems management principles by the acquisition workforce through education, research, consulting, and information dissemination; and become the academy of distinction promoting systems management excellence.

To meet that challenge, Hirsch spoke of the college's decision, back in 1971, to draw the DSMC faculty from the ranks of experienced professional practitioners — people with hands-on experience, who knew what had to be done and knew what to avoid. The prevailing thought at the time, according to Hirsch, was that DSMC could train good practitioners to be good educators, trainers, facilitators, and learning managers much more readily than it could train educators to become good practitioners with the necessary experience.

He attributes much of the college's success to following that policy and notes that the current DSMC faculty are experienced, dedicated, professional, knowledgeable practitioners, who are also good educators. "Whatever good we've done at this college," says Hirsch, "please recognize, has come from the excellent faculty and staff that we've had."

He went on to say that "Our leadership has also been extremely good. On occasion the leadership [particularly when I was provost] had to run to catch up...I personally never succeeded in that. We had to *run* just to *keep up* with a good faculty. And that's been the key to whatever measure of success we have at the college. The quality of our faculty shows up in everything we do."

Once DoD directed that all program manager candidates attend the program management course [1974], the value added, according to Hirsch, really began to surface.

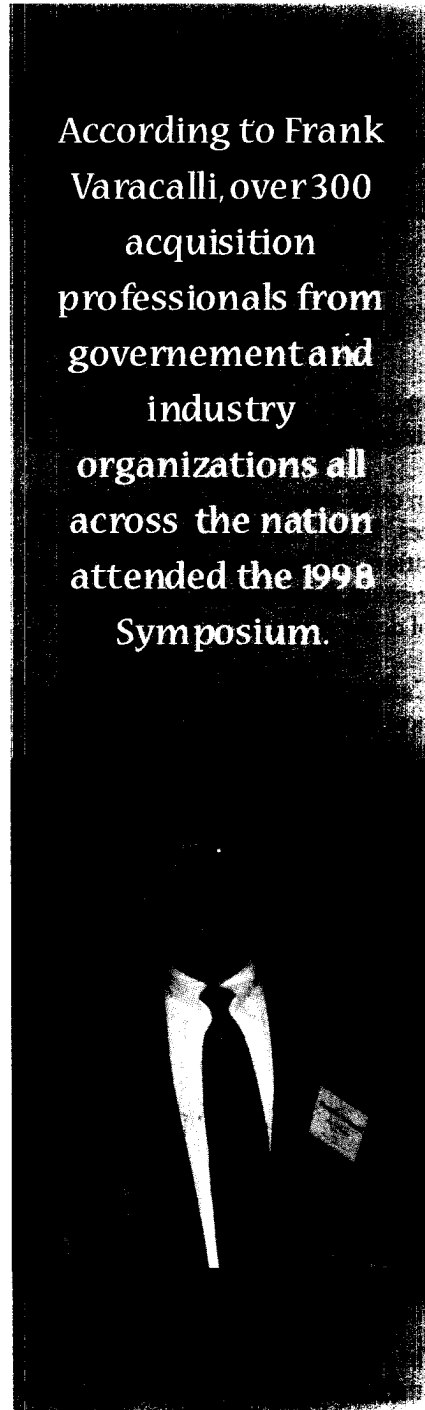
He noted that the Air Force was the first to recognize the value added and the behavioral change that occurred when peo-

ple attended DSMC courses. The promotion rate to lieutenant colonel at that time in the Air Force was 62 percent. For DSMC graduates, it was 89 percent

Where is the Value Added?

In 1976, DSMC was redesignated as a college and over a period of 13 years, Hirsch told the conferees, DSMC continued to focus on programs that would enhance and promote the college's value added.

**According to Frank
Varacalli, over 300
acquisition
professionals from
government and
industry
organizations all
across the nation
attended the 1998
Symposium.**



Surveys. DSMC conducted at least two major surveys of supervisors who were in a position to determine behavioral change on the part of DSMC graduates. Overwhelmingly, they responded that DSMC graduates were successful in transferring the knowledge and program management skills learned at the college to their day-to-day, on-the-job activities.

That, says Hirsch, is the value added. "It's almost impossible to quantify the value added of an educational institution. You can do this to some degree in the civilian world with a place like Harvard, Princeton, or MIT because of the number of industry folks who try to recruit their graduates and the money those graduates are paid. At DSMC, it's a behavioral change that shows value added. So if there's no value added, why be here?"

Baldrige Award. Throughout industry, Hirsch noted that a Baldrige award is the most significant event to a company's marketing reputation. In 1995, the American Society for Quality Control (ASQC), which sponsors the award, developed a pilot program that would bestow a Baldrige award on an educational institution that met the same kind of discipline and requirements as industry.

According to Hirsch, 13 academic institutions applied to participate in the Pilot, but only seven made the first cut. The next level of quality, he told the conferees, was identification of only three educational institutions to receive a site visit, which meant that six or seven Baldrige examiners went to an educational institution and went over all of the requirements to judge which organization most deserved the Baldrige award.

Said Hirsch, "DSMC was one of three educational institutions selected for a site visit, and ultimately became the first government agency to receive a site visit by a team of Baldrige examiners. Of the applicants, DSMC was the sole entity in government to succeed." He went on to say that although Congress ultimately did not continue the education pilot,



"NORM" AUGUSTINE, FORMER PRESIDENT AND CEO, LOCKHEED MARTIN, WAS THE EVENING BANQUET SPEAKER FOR THE SYMPOSIUM AND ALSO PRESENTED COLLEEN A. PRESTON, FORMER DUSD(AR), THE 1997 DAVID D. ACKER AWARD FOR SKILL IN COMMUNICATION.

DSMC still assesses its educational program and standards according to the Baldrige criteria.

Commercial Practices, Military Specifications and Standards Reform, Cost As an Independent Variable.

Hirsch spoke of how the DSMC Commandant, in 1979 was already advocating commercial practices, tailored performance specifications, and control of total life-cycle costs by program managers. Nineteen years later, Hirsch reflected, we see these same items surfacing again under a new title: Acquisition Reform.

That same Commandant, Hirsch noted, formulated the regional education program. Four years later, regional education was implemented, and DSMC now has four regions scattered around the country in an outreach program designed to bring acquisition education and training to the workforce at their various work sites.

"That," he says, "is something we're doing not only at DSMC, but also throughout the Defense Acquisition University." He went on to say that in 1979, DSMC's Commandant was also emphasizing the use of television and computer-aided in-

struction — somewhat similar to today's distance learning initiative.

In other words, Hirsch told the conferees, DSMC has been practicing Acquisition Reform long before it was institutionalized as DoD's preferred way of doing business.

Carlucci Initiatives. Hirsch spoke of how DSMC, on its own initiative, from 1981 to 1983 actively promoted and disseminated information on DoD's 31 [later 32] Carlucci Initiatives. Similar to the Army's current "Roadshow" initiative, DSMC developed brochures, audio cassettes, and supporting videotape presentations that they took all over the country to take acquisition information directly to the workforce, at their work sites.

Acquisition Reform — Early Beginnings. Reforming and streamlining the acquisition process, according to Hirsch, has been attempted by DoD a number of times. In every attempt, he told the conferees, DSMC has been an active participant from as far back as 1984.

"In 1985 and again in 1986," said Hirsch, "the Deputy Secretary of Defense di-

rected that DSMC conduct, with the assistance of all Services, a program or study effort (which was ultimately successful) that laid the groundwork for subsequent DoD acquisition workforce initiatives and formed the basis for the Defense Acquisition University."

In 1986, he continued, again by the direction of the Under Secretary of Defense (Acquisition & Technology), DSMC began to educate and train all federal employees in what became known as a Total Quality Management or TQM effort [an effort, he noted, that the college had already started in 1982]. "This training," Hirsch said, "we presented literally hundreds of times."

In 1988, Hirsch continued, a major significant event occurred. The Under Secretary of Defense (Acquisition & Technology) designated the DSMC Commandant as his executive agent to implement all of the functions of the proposed Defense Acquisition University, without actually becoming the university. From 1988 until October of 1992, this college did all of those things, Hirsch affirmed. "All of those things, and much, much more."

Section 800 Panel. One element of DSMC's performance that, according to Hirsch, was particularly noteworthy, was "The Section 800 panel." In Section 800 of the 1991 Authorization Act, Congress basically identified this college and enacted legislation that said DSMC would sponsor an advisory panel on streamlining and codifying acquisition laws.

Speaking of the two-year ensuing effort, Hirsch noted that the resultant report — 1,800 pages with an executive summary of 100 pages — established the very foundation upon which all subsequent activities of DoD's current Acquisition Reform efforts were built. "Without it," Hirsch stated, "in my judgment, there would not have been nearly the level of success in our Acquisition Reform efforts as we have attained to date."

As with the 1991 effort, in 1996 Congress recognized the college, Hirsch told the conferees, not only for the 800 Panel

work, but for the contribution — the value added — of the college to the acquisition workforce, to the stakeholders, to the Congress, to the Department of Defense, and DoD's allied nations over a period of 25 years of its existence at that time.

International Activities. Highlighting a less well-known facet of DSMC's activities, Hirsch said that DSMC has been a leader in international activities, virtually from its inception as the Defense Systems Management School back in 1971. "I believe the first really formal integration of our activities with foreign nations," Hirsch remarked, "occurred in 1985 with Germany, and then in 1988 with England, but informally from 1974 on."

He continued by saying that DSMC has worked with more than 30 countries on a worldwide basis to provide acquisition education and training, helping those countries understand acquisition and how it can, might, should, or should not be done. "When we [DSMC] discuss acquisition with other nations," he explained, "we never say 'This is how you should do it,' because it's up to each individual country to determine that. But we provide them a baseline from which they can then deviate."

Research, Consulting, and Information Dissemination. Hirsch cited DSMC's ROAR [Research of Ongoing Acquisition Research] online database as bringing real value added, not only inside and outside the acquisition workforce, but literally worldwide. He went on to explain that the ROAR database includes ongoing research activities conducted around the world and depends upon voluntary contributions of information.

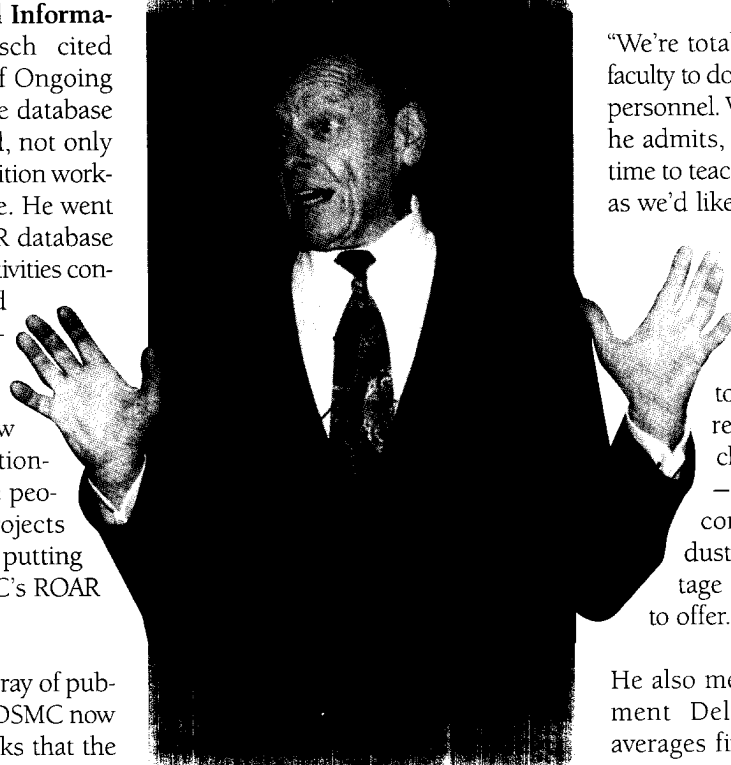
Says Hirsch, "DSMC is now tracking over 3,000 acquisition-related projects because the people who are doing these projects think there is value added to putting their information into DSMC's ROAR online database."

Mentioning DSMC's wide array of publications, Hirsch stated that DSMC now has more than 33 guidebooks that the

college makes available throughout the world, most of them free to DSMC students, alumni, and other government agencies. Other non-DoD and defense industry may purchase most of them, he noted, through the Government Printing Office at a reasonable price.

Another active effort he mentioned that benefits all of the acquisition commu-

"DSMC has worked with more than 30 countries on a worldwide basis to provide acquisition education and training, helping those countries understand acquisition and how it can, might, should, or should not be done."



nity is the Military Research Fellows Program. Three major (promotables) or lieutenant colonels — one from each of the three Services [sometimes one from the Marines as well] — come to the college and spend a year, 12 weeks of which they spend at Harvard.

Their primary responsibility is to identify and publish the results of a research project — one which they unanimously agree is, or will be, of major value to the workforce and to the acquisition community at large.

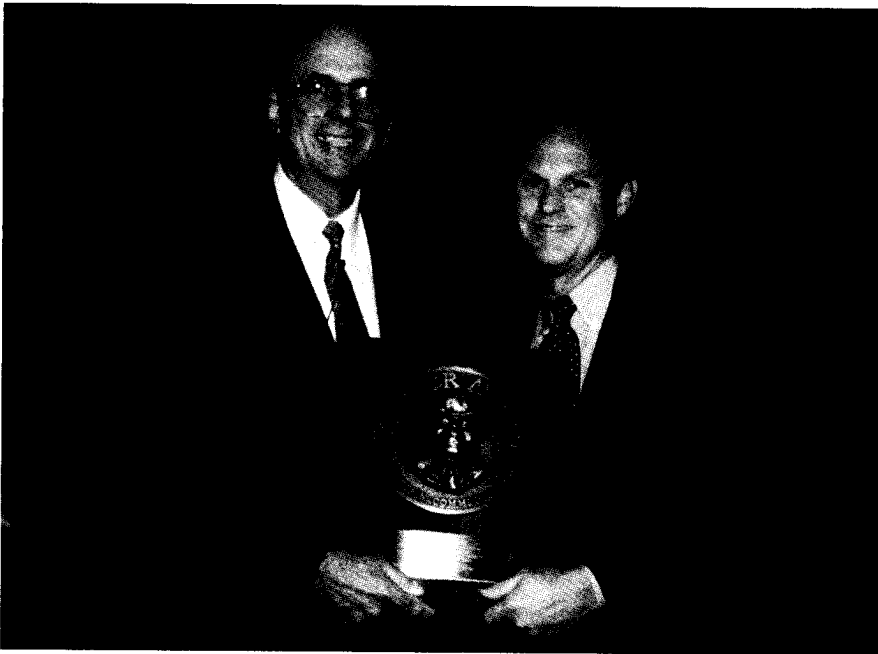
Continuing, Hirsch told the conferees that another value-added aspect of DSMC is that the college has been continually responsive to requests from Congress for consultation and research. An example he cited was a major research effort that has been ongoing for years — working with the House Armed Services Committee concerning the industrial base.

Hirsch also talked about another element of DSMC's research effort — an element currently under the mission and responsibilities of the Research, Consulting, and Information Division: training the DSMC faculty in how to do good research.

"We're totally capable of teaching our faculty to do good research with in-house personnel. We have a problem though," he admits, "in our faculty finding the time to teach the subject nearly as often as we'd like, for as many people as we would like."

On the quantitative side, Hirsch stressed that the fact that DSMC responds to 75 to 100 requests per week for research and consulting is a clear indicator of value added — that the DoD acquisition community and defense industry are, in fact, taking advantage of the resources DSMC has to offer.

He also mentioned DSMC's Management Deliberation Center, which averages five to seven users a month



"NORM" AUGUSTINE PRESENTS THE 1998 DAVID D. ACKER AWARD FOR SKILL IN COMMUNICATION TO MARK SCHAEFFER, DEPUTY DIRECTOR, SYSTEMS ENGINEERING, DTSE&E.

and is in use an average of 20 days a month.

Qualitative measurement of value added in the research and consulting area is a little more difficult to project, he notes. "I use an analogy that's commonly known. If you find someone is hungry and you give them a fish, you satisfy them for a meal; but if you teach them how to fish, you can satisfy their appetite for life."

Ultimately, Hirsch says that contextual consulting is what DSMC is striving for, and he is quick to point out that it's much harder to do than merely answering telephones and questions over the "Ask A Professor" link to the Defense Acquisition Deskbook on the Internet.

"Contextual consulting is hard to do," says Hirsch. "It takes expert consultants, facilitators who are capable of causing the customer to learn how to improve their own processes in the absence of consultants after the consultants leave. That's what we try to do."

In the area of information dissemination, Hirsch traced how in 1972, DSMC started with a small newsletter with limited distribution. That small newsletter

became the *Program Manager* magazine, now read throughout the world.

He also spoke of the Defense Acquisition University's decision in 1994 to publish, through DSMC, the first issue of the *Acquisition Review Quarterly*, a refereed journal. And in 1995, he told the conferees, DSMC really stepped into the information age with development of its own Home Page on the Internet that puts the college in touch with the world.

Hirsch also talked about the push in 1995 for DSMC to actively market the college and its products by putting on exhibits and displays at conferences and symposia.

Speaking of Acker Library, the college's [and DoD's] first-class, most extensive acquisition-related library in the world, Hirsch said, "It's not the largest library in the world, but it certainly is the largest one dedicated to acquisition activities that we are aware. And it is available on the Web on our DSMC Home Page so that anybody, anywhere can tap into it.

"Our Learning Resource Center," Hirsch continued, "has the same capability. We serve our students and our faculty and government employees here, and it too,

can be reached through our DSMC Home Page."

Value As an Independent Variable

Offering a challenge/proposal to the conferees and reiterating that the proposal was his and does not represent the college or DoD's official position, he enjoined the conferees to consider the concept of "Value As an Independent Variable."

Noting that most of the acquisition workforce was familiar with Cost As an Independent Variable (CAIV), he stated that CAIV was indeed a wonderful attempt to move forward in Acquisition Reform and good for systems development. But from his point of view, he maintains that it is not right for educational efforts.

"What is right, is that for education it should be *value* as an independent variable, not *cost*," he asserts. "If you constrain education by cost without understanding the adverse impact on education," Hirsch cautions, "we're making a mistake."

To illustrate his point, he spoke of General George C. Marshall during World War II, who after the war, asserted time and time again that the major contributor to our success in World War II, from his viewpoint, was the education process that the Army put in place and continued from World War I until World War II.

Regardless of the fact that the U.S. Army was reduced in strength and that the pay of the officer corps was reduced by 50 percent, still the officers went to school. It left the combat elements short of leadership at times, but the U.S. Army did it — because it was right.

"Currently," Hirsch said, "the acquisition workforce is at war. We do the same thing during peacetime as we do during wartime. We try to develop the best equipment for our warfighters that we possibly can, and that's what we're doing now. *If we educate and train the workforce constrained by cost without regard for value, we're making a mistake.*"

Speaking directly to the Alumni Association, Hirsch asked them, as members of the DSMC Alumni Association, because they're postured and positioned to exert some measure of influence on DoD's acquisition policies and practices, to consider undertaking "Value As an Independent Variable" as one of their own, future thrusts.

To the Alumni Association

Hirsch commended the Alumni Association for its progress over the years. "You started out with virtually nothing, and you've done remarkably well."

He noted that in 1976, the Alumni Association had the first of three informal luncheons attended by as few as 60 people. By 1984, the Association held its first annual symposium. "And now in 1998," he commented, "the Alumni Association has a current membership of over 1,200 (and growing), four chapters (and growing), and now has an alumni foundation in the works. "That," he told the conferees, "is remarkable progress indeed."

Concluding Where He Started — The Warfighter

Hirsch said that his address at the Symposium was intended to show DSMC's past value added. Future value added, he told the conferees, would be discussed following his presentation by DSMC's Commandant, Navy Rear Adm. "Lenn" Vincent.

Concluding his remarks where he started, Hirsch returned to the subject of the warfighter — the primary reason for the 15th Annual Acquisition Symposium. He reminded the conferees of their unchanging mission: to ensure that DSMC continues to educate the acquisition professional "to develop and provide the best equipment and weapons systems for the 21st century warfighter. That's the only reason that we have for existing"

State of the College

DSMC Commandant, Navy Rear Adm. "Lenn" Vincent, followed Hirsch's presentation on the college's past accomplishments with an update on the

present. He began by reiterating DSMC's goals:

To fulfill the acquisition management learning needs of customers, enable our people to operate as world-class teams, to serve as an institutional change agent, and to exploit technology to maximize effectiveness.

As Commandant, his plans for the college are to "stretch the limits of learning" and to "instill a sense of urgency for change" throughout the acquisition workforce.

"This symposium," he said, "gives our members an excellent opportunity to update their skills and to participate in a meaningful and informative dialogue with leaders in acquisition, education, and training."

Legislative Update, Panels, and More

Over lunch, attendees heard Mark Brasher, Senior Policy Director, Government Reform and Oversight Committee, U.S. House of Representatives, provide an update on developing legislation affecting the acquisition workforce. He also discussed legislation on Defense privatization and outsourcing.

After lunch, a panel discussion began on "The Acquisition Workforce in the 21st Century." Panelists were Keith Charles, U.S. Army Deputy Director of Acquisition Career Management; John Douglass, Assistant Secretary of the Navy for Research, Development, and Acquisition; Joe Diamond, Chief, Acquisition Career Management and Resource Division, Office of the Assistant Secretary of the Air Force; and panel moderator, Stan Soloway, Deputy Under Secretary of Defense (Acquisition Reform).

Douglass acknowledged the Navy acquisition corps has 50 percent fewer people than in 1989. "With the op tempo higher for forward units," he said "we will need to maintain numbers or we will lose technical competency."

Charles and Diamond both acknowledged that the acquisition corps struc-

ture is shifting. Diamond said the Air Force would establish a "corporate structure" to which Soloway remarked that the structure must be redefined. Said Soloway, "This is not the time to salami slice the workforce."

Panelists then answered numerous questions from the conferees — many representing a workforce facing dramatic change.

After a short recess, the group reassembled in the auditorium for the second panel discussion of the day. "Acquisition Reform — Continuous Learning for the Workforce" was moderated by Dr. James McMichael, Director, Acquisition, Education, Training and Career Development, ODUSD(AR). Panelists included Alex Bennet, Director of Communications, Education, and Training, Acquisition Reform Office, U.S. Navy; Mary Thomas, Acting Director, Acquisition Career Management Office, OASA(RDA); and Air Force Col. William Selah, Chief, Acquisition Management Policy Division, SAF/AQ.

Each speaker brought their unique Service perspective on continuous learning and provided a face and point of contact for these initiatives.

Workshops — Focus on Lessons Learned

The second day of the symposium was an opportunity for attendees to break up into smaller classroom-size workshops. Twenty-four workshops presented by subject matter experts covered a variety of topics from "Keeping Current on the World Wide Web" to "Risk Management."

A big hit with participants were the "Acquisition Reform Success" classes with separate workshops focusing on the Services and OSD individually. Another crowd pleaser was the "Lessons Learned on Acquisition Reform" workshop, featuring Walter Zeitfus, Deputy Program Manager for the Advanced Amphibious Assault Vehicle. Zeitfus highlighted several improved procedures that bear repeating: *conducting training together (government and industry), changing the*

corporate mentality, and most importantly, listening to and empowering the workforce.

Other speakers on Day 2 of the Symposium included the luncheon speaker, Defense Acquisition University President, Tom Crean, who spoke on the "Future of Acquisition Education"; and the evening banquet speaker, Norman "Norm" Augustine, former Chairman of Lockheed Martin. Augustine, a frequent and popular participant in DSMCAA Symposia, spoke on "Restructuring the Defense Industry — One Person's Perspective."

David D. Acker Awards

Before beginning his presentation, Augustine presented the David D. Acker "Skill in Communication" awards for 1997 and 1998. The David D. Acker Award is presented annually in memory of former DSMC professor David Acker, to one distinctive individual who has promoted and communicated acquisition management excellence to the acquisition workforce.

The first award was presented to Colleen A. Preston, former Deputy Under Secretary of Defense (Acquisition Reform), "for providing the inspiration, dedication, and energy that turned the concept of Acquisition Reform into a profoundly new way of doing business."

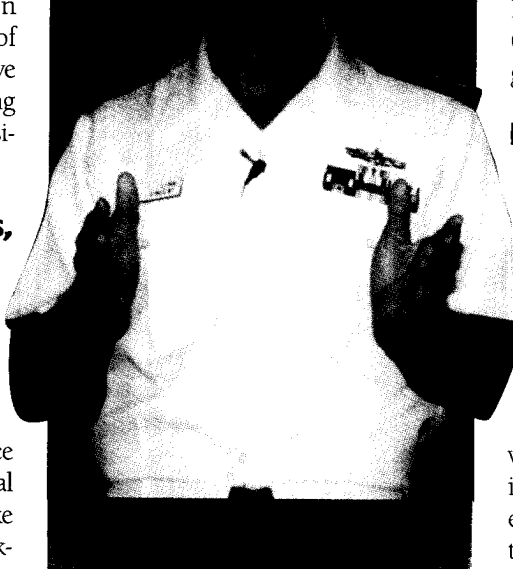
The 1998 award was presented to Mark Schaeffer, Deputy Director, Systems Engineering, Office of the Director, Test, Systems Engineering and Evaluation (DTSE&E), "for leading integration of functional disciplines, assuring effective risk management, and facilitating strong communications between the acquisition corps and the warfighter."

Day 3 — A Diversity of Speakers, Presentations

The last day of the Symposium began with a presentation from retired Navy Rear Adm. Frederick Lewis. Lewis is currently the Executive Director, National Training Systems Association. Introduced by Cathleen D. Garman, Vice President, Government Affairs, National Defense Industrial Association, he spoke on the subject of "Training Today's Work-

force." In a riveting presentation that drew a high level of interest from conferees, Lewis noted that the problem was training the military in an era of declining budgets and higher-cost items.

"This symposium gives our members an excellent opportunity to update their skills and to participate in a meaningful and informative dialogue with leaders in acquisition, education, and training."



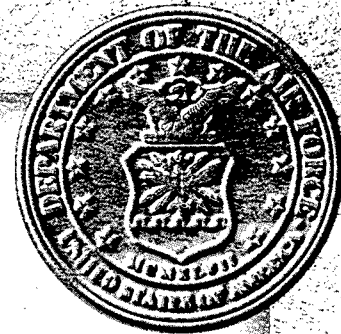
"It's tough," he said, "to try and justify expending live missiles during fighter-pilot training. Instead, we must start to focus on other, less costly ways to realistically train the workforce." Lewis cited simulation, modeling, and distance learning as three methods that industry has used successfully, and said that "Sikorsky and Boeing have cut time and man-hours on design costs with simulation." After his presentation, Lewis took questions from the conferees.

A Program Manager/Functional Board Panel, moderated by Defense Acquisition University President, Tom Crean, followed Lewis' presentation. Focusing on the "Program Management Office/Functional Board Perspective" in developing the people who develop the systems, panelists included Mark Schaeffer, Director of Systems Engineering, (DTSE&E), representing the Technical Management Functional Board; John C. Wilson, Jr., Executive Director of Air Force Materiel Command's Electronic Systems Center and Chair of the DoD Acquisition Management Functional Board; Marine Brig. Gen. (Sel) James Feigley, the Marine Corps Systems Command's Program Manager for the Advanced Assault Amphibious Vehicle; and Air Force Col. James B. Armor, Jr., NAVSTAR Global Positioning System (GPS) Program Director.

The formal part of the symposium concluded with a luncheon presentation by John Monroe, the 777X Deputy Program Manager in Boeing's Commercial Airplane Group. Monroe spoke on the "777 Program — A New Development Process."

DSMCAA Needs a Few Good Men and Women

Are you interested in joining the Defense Systems Management College Alumni Association? A future issue of *Program Manager* will address the many benefits of DSMCAA membership. Meanwhile, the DSMCAA Home Page at <http://www.dsmcaa.org/dsmcaa> on the Internet provides a wealth of activities on the Association, its activities, affiliations, membership eligibility, and even an online application for membership.



Air Force Unveils New Acquisition Reform Concept

WASHINGTON (AFNS) – Aiming to make acquisitions better, faster, and cheaper, the Air Force is rolling out a more efficient process to acquire new weapon systems.

The acquisition and sustainment reinvention process will combine current reforms into a solid foundation across the entire acquisition and sustainment community. It will also create reform teams to study, develop, and test potential reforms before they are deployed across the Air Force. There also will be more emphasis on communication, education, training, and follow-through on performance gains for all reforms.

"We expect to achieve greater successes from every person, dollar, and hour that we expend to acquire and sustain our current and new weapon systems," said Darleen Druyun, principal deputy for acquisition and management.

This cultural shift is based on five key points:

- **Communicate.** Provides a clear, unobstructed two-way path for getting workforce and industry process improvement ideas to senior Air Force leaders.

- **Integrate.** Provides long-term cohesion by aligning current and proposed reform initiatives, eliminating redundancy, and providing greater efficiencies.

- **Re-engineer.** Realigns processes based on careful investigation of needed improvements to the business process, plus proper alignment of workforce incentives to process and product.

- **Follow-through.** Validates initiatives before deployment and identifies relevant performance measures for improved product delivery.

- **Reward.** Gives incentives and rewards workforce innovation and support.

This new concept will take installation, system, and sustainment process improvement ideas directly from the workforce and industry. Each new initiative will be tested and validated to make sure the result is smart, practical, and sustainable. The re-engineered process will deploy across the acquisition community with the tools, training, and guidance needed for an integrated acquisition process that is better, faster, and cheaper.

The Air Force used Acquisition Reform Week 98 (May 4-8) as a forum to unveil this new approach to the workforce through a live television broadcast from the Office of the Assistant Secretary of the Air Force (Acquisition). The broadcast included a panel discussion with Dr. Jacques Gansler, Under Secretary of Defense (Acquisition & Technology), along with Air Force and Defense Department leaders.

The broadcast aired from May 4. It was also broadcast as streaming video on the Internet at <http://www.safaq.hq.af.mil/reformweek>. It will also be sent to Air Force installations on the Air Force Education and Training Network.

Editor's Note: This information is in the public domain at <http://www.af.mil/news> on the Internet.

DSMC HOSTS ALUMNI ASSOCIATION'S 15TH ANNUAL SYMPOSIUM



DR. JAMES McMICHAEL, DIRECTOR, ACQUISITION EDUCATION, TRAINING, AND CAREER DEVELOPMENT, DUSD(AR), MODERATED A PANEL ON "ACQUISITION REFORM — CONTINUOUS LEARNING FOR THE WORKFORCE."



STAN SOLOWAY, DEPUTY UNDER SECRETARY OF DEFENSE (ACQUISITION REFORM) AND MODERATOR OF THE SYMPOSIUM SENIOR EXECUTIVES PANEL.



JOHN DOUGLASS, ASSISTANT SECRETARY OF THE NAVY FOR RESEARCH, DEVELOPMENT, AND ACQUISITION, EMPHASIZES HIS REMARKS DURING THE SYMPOSIUM SENIOR EXECUTIVES PANEL BY HOLDING UP A COPY OF *SEA DRAGON AT THREE* — AN OVERVIEW OF MARINE CORPS EXPERIMENTATION.



MARK BRASHER, SENIOR POLICY DIRECTOR, GOVERNMENT REFORM AND OVERSIGHT COMMITTEE, U.S. HOUSE OF REPRESENTATIVES, PROVIDED CONFEREES AN UPDATE ON DEVELOPING LEGISLATION AFFECTING THE ACQUISITION WORKFORCE.



PICTURED FROM LEFT: AIR FORCE COL. WILLIAM SELAH, CHIEF, ACQUISITION MANAGEMENT POLICY DIVISION, SAF/AQ; ALEX BENNETT, DIRECTOR OF COMMUNICATIONS, EDUCATION AND TRAINING, DON ACQUISITION REFORM OFFICE; MARY THOMAS, ACTING DIRECTOR, ACQUISITION CAREER MANAGEMENT OFFICE, SARDA; DR. JAMES McMICHAEL, DIRECTOR, ACQUISITION EDUCATION, TRAINING, AND CAREER DEVELOPMENT, DUSD(AR).



ANNUAL ACQUISITION SYMPOSIUM

NORMAN "NORM" AUGUSTINE, FORMER PRESIDENT AND CEO OF LOCKHEED MARTIN AND POPULAR, FREQUENT GUEST SPEAKER IN DSMCAA SYMPOSIA, SPOKE ON "RESTRUCTURING THE DEFENSE INDUSTRY — ONE PERSON'S PERSPECTIVE." PRESIDENT CLINTON RECENTLY ANNOUNCED HIS INTENT TO APPOINT AUGUSTINE AS PRINCIPAL OFFICER AND MEMBER OF THE BOARD OF GOVERNORS OF THE AMERICAN NATIONAL RED CROSS.



CHAIRMAN AND MEMBERS OF DSMCAA'S BOARD OF ADVISORS. PICTURED FROM LEFT: DR. DAVID S.C. CHU; NAVY REAR ADM. "LENN" VINCENT (CHAIRMAN); COLLEEN A. PRESTON; "NORM" AUGUSTINE.



TOM CREAN, PRESIDENT, DEFENSE ACQUISITION UNIVERSITY, SPOKE ON THE "FUTURE OF ACQUISITION EDUCATION."

PICTURED FROM LEFT: WAYNE GLASS, DSMCAA IMMEDIATE PAST PRESIDENT AND PRESIDENT — OPERATIONS; DSMCAA BOARD OF ADVISORS CHAIRMAN AND DSMC COMMANDANT, NAVY REAR ADM. "LENN" VINCENT; JOHN MONROE, 777X DEPUTY PROGRAM MANAGER IN BOEING'S COMMERCIAL AIRPLANE GROUP. DURING THE SYMPOSIUM, MONROE SPOKE ON THE "777 PROGRAM — A NEW DEVELOPMENT PROCESS."



OPEN SYSTEMS JOINT TASK FORCE EXHIBIT, ACQUISITION EXPO '98. PICTURED FROM LEFT: ARMY COL. HANRATTY; WAYNE GLASS, DSMCAA IMMEDIATE PAST PRESIDENT AND VICE PRESIDENT — OPERATIONS; DR. ART LARSON.

PICTURED FROM LEFT: "NORM" AUGUSTINE, FORMER PRESIDENT AND CEO, LOCKHEED MARTIN, AND CURRENT DSMCAA BOARD OF ADVISORS MEMBER, PRESENTS THE 1998 DAVID D. ACKER AWARD FOR SKILL IN COMMUNICATION TO MARK SCHAEFFER, DEPUTY DIRECTOR, SYSTEMS ENGINEERING, DTSE&E. LOOKING ON ARE NAVY REAR ADM. "LENN" VINCENT, DSMC COMMANDANT AND DSMCAA BOARD OF ADVISORS CHAIRMAN; WAYNE GLASS, DSMCAA IMMEDIATE PAST PRESIDENT AND PRESIDENT — OPERATIONS.



DSMC Dedicates Michael R. Dee Video Services Master Control Center

Friends, Colleagues, Family Attend Commemoration/Dedication Ceremony

KARI PUGH

Michael R. Dee would have been overwhelmed to see his name memorialized on the building that he poured 18 years of his life into.

On June 22, his DSMC colleagues, family, and friends dedicated the Video Services Master Control Center, formerly known as the Video Services Department, to Dee's memory.

The late Chief of Audio Visual Support, during his tenure at DSMC, transformed the department from a two-man, one-building shop into a 14-man force with 10 buildings on Fort Belvoir, including 22 classrooms and two auditoriums; and four regional campuses throughout the United States.

Quite a Different World

"When Mike first arrived at DSMC in 1976, it had just become a college under General Alberts," Navy Rear Adm. "Lenn" Vincent, DSMC Commandant, said in his remarks during the dedication of the building. "Videotape was still new, battling with a choice of Beta or VHS format. His accomplishments at DSMC have had significant impact over the years on classroom instruction, on the faculty's ability to prepare and present materials, and on the students' ability to review lectures and instructional materials."

He also said that DSMC has benefited from the recording of many college events, including changes of commands,



NAVY REAR ADM. "LENN" VINCENT, DSMC COMMANDANT, JOINS MARILYN DEE IN UNVEILING A PLAQUE THAT DEDICATES THE DEE VIDEO SERVICES MASTER CONTROL CENTER, IN MEMORY OF HER LATE HUSBAND, MICHAEL R. DEE.

guest speakers, anniversaries, and conferences. According to Vincent, "His foundation for audio/video production has ultimately laid the cornerstone for early satellite broadcasting and more recent distance learning capabilities."

Vincent also spoke of the legacy Dee left the college. "Today the video services operation he inspired has responsibilities for distance learning and video conferencing, satellite downlinking, the LAN network for messages and broadcasting, video streaming on the Internet, support to the Defense Acquisition Univer-

sity and Office of the Secretary of Defense for conferences and events, video editing in a digital environment, closed-circuit monitoring of classrooms, and digital projection of presentations. "Quite a different world since 1976," he noted.

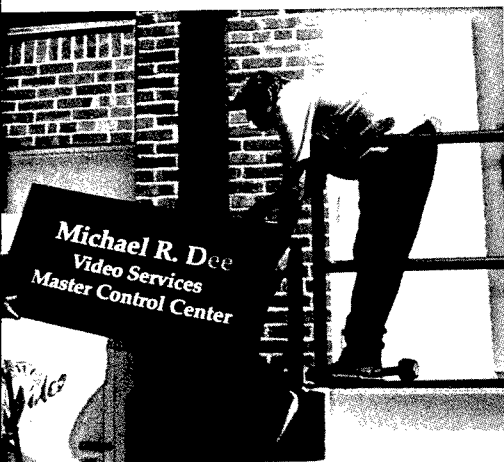
New Center Supervisor Remembers Dee

Retired Air Force Master Sgt. John Garnish, current supervisor of the Video Services Master Control Center and Dee's noncommissioned officer-in-charge for a dozen years, remembered the old days during his remarks at the dedication.

Pugh is a staff reporter for the Free Lance-Star, Fredericksburg, Va.

MICHAEL R. DEE

*Editorial Board Member of the
1998-1999*



A PLAQUE OVER THE DOOR OF THE FORMER AUDIO VISUAL SUPPORT OFFICE TELLS ALL CAMPUS VISITORS AND FUTURE STUDENTS JUST HOW IMPORTANT MICHAEL R. DEE WAS IN FURTHERING THE EDUCATION OF THOUSANDS.

"Back then Audio Visual was responsible for everything even remotely related to a classroom," Garnish told the crowd. "It took weeks of work and sometimes we were in on the weekend setting up tables and chairs. Lots of things have changed since then."

A Word From Dee's Family

Dee's wife, Marilyn, and her mother, Irene Matejcek, were among those in attendance at the dedication ceremony.

Marilyn Dee thanked everyone for the honor bestowed upon her husband. "I know Mike's up there, puffing on his cigar, and looking down on us," she said. "His goals was always to continually improve audio/visual, and I know he's still watching what you do." She went on to say that Dee never, ever really took a vacation from DSMC. Even on vacation, she told those attending, Mike always talked about the job, future projects, and his staff, which he regarded so highly.

"Thank you for this great honor. Mike would be so thrilled and honored — as are we, his family."

Michael R. Dee was born in Washington, D.C., on May 17, 1942. He enlisted in the Air Force after graduation from Chamberlain Vocational High School, working as an electronics technician in Pforzheim, Germany, from 1959 to 1964.

After his stint in the military, Dee set out to learn more about his chosen career field. Classes at Prince George's Community College and research at the Goddard Space Center in Greenbelt, Md., helped him fulfill his later goals.

Dee worked for the Bendix Field Engineering Corporation and RCA from 1964 to 1974, supervising a staff responsible for the upkeep of various spacecraft. His job there entailed operation and maintenance of telemetry and video data processing equipment, as well as flight operations consoles for the Applications Technological Systems Operation Control and the Earth Resources Technological Systems Operation Control Center.

Dee joined the federal government in 1974, working at the TV Branch of the U.S. Navy, Bureau of Medicine and Surgery in Bethesda, Md. There he maintained and built electronic audio visual equipment, supervised and trained personnel, and helped instructors by explaining TV systems and methods for maximizing the system's potential.

In 1976, Dee became the Chief of Audio Visual Support at the college, serving in that capacity for 18 years. He moved the school through an electronic maze as he successfully kept up with fast-moving technology.

Dee's rallying spirit among the audio visual staff elicited fierce loyalty to him and the audio visual mission, further contributing to his successful career at DSMC. Straightforward in his opinions, even when it may not have been politically popular, Dee was a valued consultant at the college — the one to ask for an honest, "what's-best-for-the-college" answer.

Dee himself received several outstanding performance awards, and his staff often won special recognition from customers.

Dee died on Oct. 30, 1994, but his contributions won't be forgotten. A plaque over the door of the former Audio Visual Support Office tells all campus visitors and future students just how important Michael R. Dee was in furthering the education of thousands.



DSMC Professor Appointed Senior Examiner for 1998 Malcolm Baldrige National Quality Award

Dr. Mary-jo Hall, a professor in the Managerial Development Department, Defense Systems Management College, located at Fort Belvoir, Va., has been appointed by the Director of the National Institute of Standards and Technology (NIST) to the 1998 Board of Examiners for the Malcolm Baldrige National Quality Award. The award, created by public law in 1987, is the highest level of national recognition for performance excellence that a U.S. company can receive.

As a senior examiner, Hall is responsible for reviewing and evaluating applications submitted for the award. Additionally, she will participate in the consensus and site visit stages of evaluation. The board is comprised of about 300 leading experts selected from industry, professional and trade organizations, healthcare, education organizations, and government. Of the 300, approximately 50 are asked to serve as senior examiners.

Those selected meet the highest standards of qualification and peer recognition. All members of the board must take part in a preparation course based on the Criteria for Performance Excellence, and the scoring and evaluation process.

Awards may be given annually in each of three categories: Manufacturing, Ser-

vice, and Small Business Awards. Awards in all three categories have been presented to 31 companies, including the 1997 award recipients: 3m Dental Products Division, Solectron Corporation, Merrill Lynch Credit Corporation, and Xerox Business Services.

Information about the award program and the application process is available from the following sources:

National Quality Program
A635 Administration Building,
National Institute of Standards & Technology,
Gaithersburg, Md. 20899-0001

Commercial
(301)975-2036

Fax
301/948-3716

Internet: National Quality Program
Web Site
<http://www.quality.nist.gov>

The award program is managed by NIST in close cooperation with the private sector. The American Society for



DR. HARRY HERTZ, DIRECTOR, MALCOLM BALDRIGE NATIONAL QUALITY AWARD PROGRAM, APPOINTS DSMC PROFESSOR, DR. MARY-JO HALL, AS A 1998 MALCOLM BALDRIGE NATIONAL QUALITY AWARD SENIOR EXAMINER, MAY 7, 1998.

Quality (ASQ) in Milwaukee, Wis., administers the program.

WEB INVOICE AND RECEIVING PROCESS

The Defense Finance and Accounting Service (DFAS), in partnership with the DoD Paperless Contracting team, is offering Web interactive paperless invoice and receiving report options

to industry and process partners. For those interested in these options, visit the Electronic Commerce Web site at <http://ecweb.dfas.mil/links.html> on the Internet.

PREPARE YOURSELF TO FIGHT THE SOFTWARE DRAGON

*Attend one of our courses in
Software Acquisition Management*

**DEFENSE SYSTEMS MANAGEMENT COLLEGE
INFORMATION RESOURCES MANAGEMENT COLLEGE**

Software Acquisition Management is the process of acquiring DoD software, managing its development, and ensuring its supportability for the entire life cycle. This process applies to all three major software domains: weapon systems, C4I systems, and automated information systems. It includes the development of specialized software as well as the purchase and integration of commercial off-the-shelf software.

Software acquisition management issues impact anyone who works on software-intensive systems. This is especially true for those who work in the career fields of Acquisition Management; Contracting; Acquisition Logistics; Systems Planning, Research, Development, & Engineering; or Test & Evaluation.

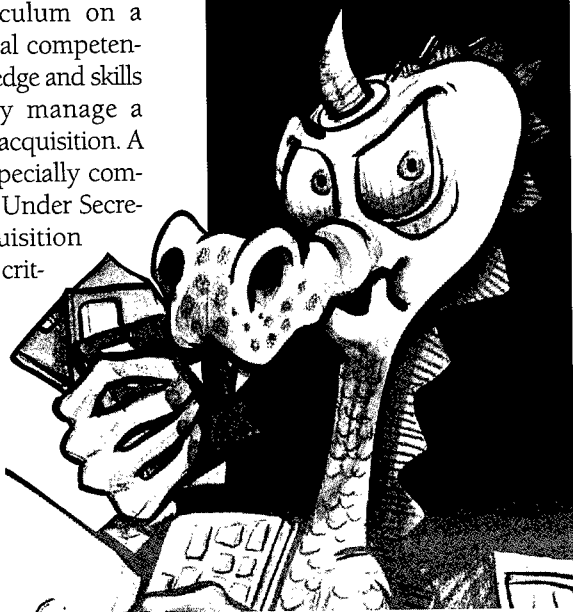
The DSMC and IRMC course development team built this software acquisition management curriculum on a foundation of nine "critical competencies" that reflect the knowledge and skills required to successfully manage a software-intensive system acquisition. A high-level review team especially commissioned by the Deputy Under Secretary of Defense for Acquisition Reform, established these critical competencies.

We offer three software acquisition management courses:

The first tier is our Basic Software Acquisition Management (SAM-101) course. It presents "the

**"There is currently
a shortage of
sufficiently qualified
software personnel
at all levels within
the Department."**

**- 1994 Defense
Science Board**



basics" to those who are just starting out in software acquisition.

This self-paced, online course delivers a basic understanding of the tools and techniques used by software acquirers.

The Intermediate Software Acquisition Management (SAM-201) course builds on the students' basic software experiences and knowledge obtained from successful completion of the SAM-101 course.

During this two-week course, students will study and apply tools, techniques, and best practices via real-world exercises. We emphasize problem solving via integrated product teams.

Our senior course is Advanced Software Acquisition Management (SAM-301). In this two-week course, you will develop broad analysis and synthesis skills through discussion and intensive case studies.

Students are expected to focus their training on the needs of their current programs.

SAM-201 is a prerequisite for this course.

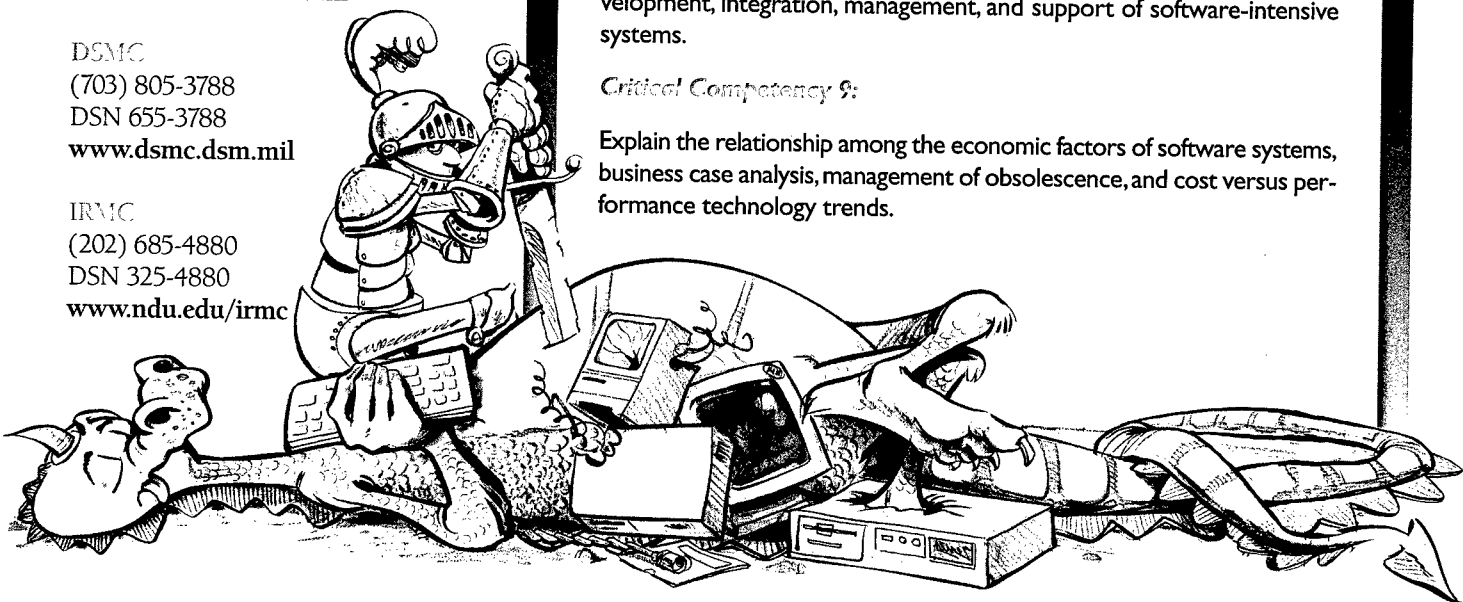
Who should take these courses?

If you are managing the acquisition of software for today's software-intensive systems, these courses are for you! Whether your system domain is weapons, C4I, or automated information systems, these courses will prepare you to deal with software issues on any program.

- DUSD(AR)

IRMC
(202) 685-4880
DSN 325-4880
www.ndu.edu/irmc

Explain the relationship among the economic factors of software systems, business case analysis, management of obsolescence, and cost versus performance technology trends.





ACQUISITION REFORM

An Internet Listing Tailored to the Professional Acquisition Workforce

Spring the Net

DEPARTMENT OF DEFENSE

Under Secretary of Defense (Acquisition and Technology) (USD(AT))

<http://www.acq.osd.mil/HomePage.html>

Index; library of USD documents; video services; Answer Center; and jump points.

Deputy Under Secretary of Defense (Acquisition Reform) (DUSD(AR))

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

Upcoming events; legislation; DUSD(AR) organizational breakout. "Ask A Professor" link allows users to ask questions and receive responses from subject matter experts within 10 business days.

Acquisition Systems Management (ASMA) Acquisition Forum (AAF) Executive Secretary

<http://www.acq.osd.mil/ap/asm/>

Organization, mission, and products of Acquisition Systems Management.

Director, Test, Systems Engineering & Evaluation (DTSEE) (USP/STO)

<http://www.acq.osd.mil/te/programs/se>

Systems engineering mission; acquisition logistics; Defense Acquisition Workforce Improvement Act (DAWIA); Integrated Product and Process Development; manufacturing and production; modeling and simulation; quality; reliability and maintainability; risk management; systems; software; value engineering; publications; upcoming events.

DoD Acquisition Workforce Home Page

<http://www.dtic.mil/acqed2/acqed.html>

Current legislation; regulations; critical acquisition positions; Frequently Asked Questions (FAQ).

Defense Acquisition Deskbook

<http://www.deskbook.osd.mil>

Automated acquisition reference tool covering mandatory and discretionary practices as well as procurement wisdom.

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

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

DAU course and schedule information; consortium school links; acquisition documents and publications. ARCC provides Acquisition Reform training information, including satellite broadcast information!

Army Acquisition Corps (AAC)

<http://www.dacm.sarda.army.mil>

News; policy; publications; contacts; training opportunities.

Army Acquisition

<http://www.acqnet.sarda.army.mil>

Documents library; training and business opportunities; past performance; paperless contracting; labor rates.

Army Acquisition Forum

<http://www.acq-ref.navy.mil/>

Policy and guidance; World-class Practices; Acquisition Center of Excellence; training and education opportunities.

Army Acquisition Forum and Development Information Center

<http://hardic.nrl.navy.mil>

News; announcements; acronyms; information sources; technical reports; "How to Do Business with the Navy."

Naval Sea Systems Command

<http://www.navsea.navy.mil/sea017/toc.htm>

Total Ownership Cost (TOC); ASN(RD&A) Guidance on reducing TOC within the Navy; TOC Reduction Plan; Navy Implementation Timeline; TOC reporting templates; FAQs.

Air Force (Acquisition)

<http://www.safaq.hq.af.mil/>

Policy and guidance; career development and training opportunities; initiatives.

Air Force Historical Command (AFHC)

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; Electronic Forms Library.

Headquarters, Air Combat Command (HQA, ACC) — Contracting Division

<http://www.acclg.af.mil/lgc/lgc.htm>

Policy guidance and technical assistance in areas such as: performance measurement; contingency contracting; International Merchant Purchase Authorization Card (IMPAC); commercial practices; outsourcing.

DoD Acquisition Workforce Personnel Requirements Center

<http://www.crfpst.wpafb.af.mil/>

Federal Register and Waivers Package; documents and briefings; reference material; FAQs; links to related sites.

Defense Advanced Research Projects Agency (DARPA)

<http://www.arpa.mil>

News releases; current solicitations; "Doing Business with DARPA."

Defense Information Systems Agency (DISA)

<http://www.disa.mil>

Structure and mission of DISA; Defense Information Systems Network; Defense Message System.

Defense Systems Equipment College (DESC)

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

DSMC educational products and services.

Defense Language and Learning Agency (DLA)

Defense Information Agency (DIA)

<http://www.nima.mil>

Geospatial and imagery information; publications; business opportunities.

Defense Modeling and Simulation Office (DMSO)

<http://www.dmsomil>

DoD Modeling and Simulation Master Plan; services; resources; activities.

Defense Technical Information Center (DTIC)

<http://www.dtic.mil/>

Scientific and technical reports; products and services; registration with DTIC; special programs.

Joint Electronic Commerce Program Office (JECPO)

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

Policy; newsletters; EC/EDI Handbook; Central Contractor Registration; Value Added Networks; EC Partners; assistance centers; online resources; EC training.

Open Systems Joint Task Force

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

Open Systems education and training opportunities; studies and assessments; reference library; projects, initiatives, and plans.



ACQUISITION REFORM

An Internet Listing Tailored to the Professional Acquisition Workforce

Surfing the Net

Government Education and Training Network (GETN) (For Department of Defense Only)
<http://www.afit.af.mil/Schools/DL/schedule.htm>
 Schedule of distance learning opportunities.

Joint Advanced Distributed Simulation (JADS) Joint Test Forum
<http://www.jads.abq.com>
 JADS is a one-stop shop for complete information on distributed simulation and its applicability to test and evaluation and acquisition.

Government-Industry Data Exchange Program (GIDEP)
<http://www.gidep.corona.navy.mil>
 Federally funded co-op of government and industry participants that provides a medium to exchange technical information essential during research, design, development, production and operational phases of the life cycle of systems, facilities, and equipment.

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>
 FAI Online University; FAR; resource materials; proposed law; certification workbooks.

Federal Acquisition Jump Station
<http://nais.nasa.gov/fedproc/home.html>
 Procurement and acquisition servers by contracting activity; *Commerce Business Daily*; Reference Library.

General Accounting Office (GAO)
<http://www.gao.gov>
 Access to GAO reports, policy and guidance, and FAQs.

General Services Administration (GSA)
<http://www.gsa.gov>
 Online shopping for commercial items to support government interests.

Library of Congress
<http://www.loc.gov>
 Public laws; legislation; vetoed bills; Congressional Internet services.

National Performance Review (NPR)
<http://www.npr.gov/>
 NPR initiatives; "how to" tools; customer service; newsroom; online resources; accomplishments and awards.

National Technical Information Service (NTIS)
http://chaos.fedworld.gov/ordernow/about_ordernow.html
 Online service for purchasing technical reports, computer products, videotapes, audiocassettes, and more!

Small Business Administration (SBA)
<http://www.SBAonline.SBA.gov>
 Communications network for small businesses.

U.S. Coast Guard
<http://www.uscg.mil>
 News and current events; services; points of contact.

INDUSTRY AND PROFESSIONAL ORGANIZATIONS

Commerce Business Daily
<http://www.govcon.com/>
 Access to current and back issues with search capabilities; business opportunities; interactive yellow pages.

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.

National Defense Industrial Association (NDIA)
<http://www.ndia.org>
 Events; government policy; virtual conference center.

Society of Logistics Engineers (SOLE)
<http://www.sole.org/>
 Online desk references that link to advice in solving logistics problems.

Computer Assisted Technology Transfer (CATT) Program
<http://catt.bus.okstate.edu>
 Collaborative effort between government, industry and academia. Learn about CATT and how to participate.

TOPICAL ISSUES

DoD Standardization and Standards Home Page
<http://www.dsp.dla.mil>
 All about DoD standardization; key POCs; FAQs; MilSpec Reform; newsletters; training; non-Government standards; links to related sites.

Earned Value Management
<http://www.acq.osd.mil/pm>
 Implementation of Earned Value Management; latest policy changes; standards; international developments; active noteboard.

Federal Information
<http://www.fedworld.gov>
 Comprehensive central access point for searching, locating, ordering, and acquiring government and business information.

FSS Information
<http://www.fss.gsa.gov>
 Assistance in using the government-wide IMPAC card.

If you have questions about the above sources, or would like to add your Web site to this list, please call the Acquisition Reform Communications Center (ARCC) at 1-888-747-ARCC. DAU encourages the reciprocal linking of its Home Page to other interested agencies. Contact the DAU Webmaster at: dau_webmaster@acq.osd.mil



DoD Announces Reorganization of C³I Office

The Department of Defense today announced the reorganization of its headquarters element overseeing Command, Control, Communications and Intelligence (C³I) functions. The new office structure will enable the Department to better address today's Defense information and intelligence issues, such as information assurance, infrastructure protection, spectrum allocation, Year 2000 computer conversion, and electronic commerce. It will also position the Department to achieve its goal of information superiority.

In keeping with the objectives of the Defense Reform Initiative to streamline the Office of the Secretary of Defense, this newly structured office will assume responsibilities for several new functions including space-related matters, oversight of the Defense Airborne Reconnaissance program, and defense aspects of critical infrastructure protection.

The C³I office will be directed by an Assistant Secretary of Defense (C³I), who will also carry out the legislatively mandated functions of Chief Information Officer for the Department of Defense. The ASD (C³I) will be supported by a Principal Deputy and four Deputy Assistant Secretaries of Defense (C³I):

- Deputy Assistant Secretary of Defense for Intelligence, supported by three directorates: Intelligence Policy; Intelligence Requirements and Program Assessment; and Support and Evaluation.
- Deputy Assistant Secretary of Defense for Security and Information Operations, supported by five directorates: Information Assurance; Critical Infrastructure Protection; Security; Counterintelligence; and Information Operations Strategy and Integration.
- Deputy Assistant Secretary of Defense for Command, Control, Communications, Intelligence, Surveillance and Reconnaissance (C³ISR) and Space Systems, supported by four directorates: Communication and C² Battle Management; Intelligence, Surveillance and Reconnaissance Systems; Space; and Program Analysis and Integration. This office will also oversee space policy and allocation policy for DoD use of the electromagnetic spectrum.

- Deputy Chief Information Officer and Deputy Assistant Secretary of Defense for CIO Policy and Implementation, supported by four directorates: Information Integration and Interoperability; Information Policy; Performance Assessment; and Year 2000. In addition, this office will oversee electronic commerce policy and enterprise network matters.

Arthur L. Money is currently overseeing the operation of the C³I organization in his capacity as Senior Civilian Official for the Office of the Assistant Secretary of Defense (C³I) and DoD Chief Information Officer. The following individuals will serve initially in an acting capacity in the new organization:

- Linton Wells II, presently Deputy Under Secretary of Defense (Policy Support), as Acting Principal Deputy Assistant Secretary of Defense (C³I);
- Cheryl Roby as Acting Deputy Assistant Secretary of Defense for Intelligence;
- Christopher Mellon as Acting Deputy Assistant Secretary of Defense for Security and Information Operations;
- Maj. Gen. Kenneth Israel, U.S. Air Force, as Acting Deputy Assistant Secretary of Defense for C³ISR and Space Systems; and
- Marvin Langston, as Acting Deputy Chief Information Officer (CIO) and Deputy Assistant Secretary of Defense for CIO Policy and Implementation.

This organization will report directly to the Secretary and Deputy Secretary of Defense and will exercise oversight over six Defense agencies: the Defense Intelligence Agency, the Defense Information Systems Agency, the Defense Security Service, the National Imagery and Mapping Agency, the National Reconnaissance Office, and the National Security Agency.

The new organization is expected to be initially in place by June 1, 1998.

Editor's Note: This information is in the public domain at <http://www.defenselink.mil/news> on the World Wide Web.

DLA Senior Executives Earn Presidential Rank Awards



ORT BELVOIR, Va. — Two Defense Logistics Agency senior executives accepted 1997 Presidential Rank Awards May 5 from the Vice President in a Washington, D.C., ceremony.

Gary S. Thurber, Deputy Commander, Defense Contract Management Command, DLA, received the Distinguished Executive Award.

Alton C. Ressler, Director, DLA Corporate Administration, received the Meritorious Executive Award.

Thurber and Ressler were two of 287 members of the Federal Government's Senior Executive Service to receive the prestigious awards. Both the Distinguished and Meritorious Executive Awards are presented annually for sustained exceptional performance resulting in less-expensive and better service to the public.

Vice President Al Gore presented the awards at the Daughters of the American Revolution Constitution Hall. Gore said the recipients "epitomize the very best of public service. These award winners have pioneered efforts that helped save American taxpayers more than \$260 billion."

In the Distinguished Executive Award citation, Thurber was recognized as a "leader and innovator within the Department of Defense acquisition and logistics communities.

"Throughout his career, [he] has been at the forefront of Department-wide issues and initiatives," the citation continues, "whether investigating and resolving major acquisition systems problems or pursuing and implementing key reform activities. He has not only redefined DLA's mission priorities to enhance efficiency and effectiveness, he has been a singularly effective catalyst for Acquisition Reform at the highest levels within the Department of Defense and industry.

"Rarely has an individual had such a profoundly positive impact in so many areas — whether contract administration, contracting, logistics, or corporate administration. His blend of raw intellect, discipline, dedication, and interpersonal skills sets him apart from all but a select few of his peers," the citation stated.

"Gary Thurber has been instrumental in this Command's successful implementation of a number of acquisition initiatives, including the Single Process Initiative, which have brought the Department of Defense millions of dollars through cost avoidances and savings," said Air Force Maj. Gen. Timothy Malishenko, Commander of the Defense Contract Management Command.

"Through his executive leadership in DCMC and the Defense Logistics Agency [where he served as the Director of Corporate Administration], he's overseen a number of improvements to business processes and organizational structures — all of which have resulted in better ways of doing business."

Thurber was awarded the prestigious DoD Distinguished Civilian [Service] Medal in January 1998 and the Meritorious Executive Award in 1995. Prior to becoming Deputy Command[er] of DCMC in 1995, Thurber served for more than two years as DLA's Deputy Director, Corporate Administration.

As the DCMC Deputy Commander, Thurber helps lead a worldwide Command of 14,000 contracting professionals providing contract management services to the Department of Defense and other federal agencies.

The Defense Contract Management Command manages more than 360,000 prime contracts worth more than \$900 billion, covering more than 23,000 contractors around the world. Its mission is to provide customer-focused contract management services — throughout the acquisition life cycle — around the clock, around the world.

In the Meritorious Executive Award citation, Ressler was noted as a “forceful advocate of lean logistics and has brought extraordinary energy to DLA's business process re-engineering effort. He has taken the vision of a lean, dynamic organization and worked to build one that works better and costs less.”

As the Director of DLA's Corporate Administration, Ressler is responsible for running the agency's programs in human resources, security, safety, strategic planning, environmental protection, communications, and contingency operations. His citation notes that his expertise in organization and human resource management has allowed DLA to reduce civilian personnel by 20,000 between 1992 and 1996 (almost one-third of the total workforce).... These reductions reduced annual labor expenses by \$1 billion.

The purpose of the Presidential Rank Award Program is to recognize career SES members who have demonstrated exceptional performance over an extended period of time. The Distinguished Executive Award is limited to one percent of the career SES government-wide. It includes a lump-sum payment of \$20,000, a distinctive gold pin, and a framed certificate signed by the President. The Meritorious Executive Award is limited to 5 percent of the career SES government-wide. It includes a lump-sum payment of \$10,000, a distinctive silver pin, and a framed certificate signed by the President.

The Defense Logistics Agency is a logistics combat support agency whose primary role is to provide supplies and services to America's military forces worldwide. DLA's mission includes managing over four million consumable items, processing more than 30 million annual distribution actions, and administering over \$900 billion of DoD and other agency contracts.

Editor's Note: This information, published by the Office of Congressional and Public Affairs, DLA, is in the public domain at <http://www.hq.dla.mil/new/rank.htm> on the World Wide Web. For information, call (703) 767-6200.