



Defense Acquisition Performance Assessment

Public Meeting Summary July 15, 2005

PANEL MEMBERS:

Ron Kadish; Paul Kern; Frank Cappuccio; Richard Hawley; Don Kozlowski; and Jerry Abbott

Meeting convened at 9:00 AM and adjourned at 11:55 AM.

INTRODUCTION

After Mr. Patterson introduced the panel members, Gen. Kadish said the acquisition process has been in existence since the Revolutionary War, that it has been improved since then, and that the panel would try to "do it again." The intention of the panel was to solicit all ideas, suggestions and attitudes for improving the acquisition process.

DAPA OVERVIEW

Mr. Patterson gave an overview briefing of DAPA guiding principles, panel responsibilities, methodology and project timeline. In discussing the current status of acquisition problems, Mr. Patterson indicated that cost was one element of the problem, not always the most important. Mr. Patterson noted a website would be available for posting ideas or comments and obtaining copies of briefings. Mr. Patterson indicated the panel would conclude by submitting a final report to both Secretary England and Congress in November. Also stated was the panel would provide a draft of their report to the QDR.

CURRENT ACQUISITION PROCESS

Mr. Cochran of the Defense Acquisition University gave a briefing that reviewed the current acquisition process and the framework for defense acquisition management. Mr. Cochran appeared to focus on policy documentation as an essential driver for strategic guidance in the acquisition process.

ACQUIRING CAPABILITIES

Dr. Lemartin of OSD(AT&L) talked of bringing capabilities perspective to acquisition. This capabilities approach to acquisition is achieved by engineering relationships between systems. According to Dr. Lemartin, OSD(AT&L) was working to revitalize systems engineering to synchronize activities "so things come together when they should," especially when crossing agencies or service lines. Dr. Lemartin suggested the systems engineering approach would help balance acquisition decision making. Dr. Lemartin used Integrated Air & Missile Defenses as an example of systems engineering. Dr. Lemartin closed by mentioning the importance of providing an acquisition workforce with the skills needed to be successful.

- Gen. Kadish noted that systems engineering was fundamental to the process and asked about its emphasis.
- Dr. Lemartin indicated a failure to emphasize systems engineering.



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LITERATURE REVIEW

A representative from the Monitor Company (Mr. Leo Griffin?) spoke of their company's methodology in reviewing acquisition-related literature in the past 2 years. This methodology reportedly included a Systems Dynamic approach, or understanding how all the "players" interact together and how one action or decision affects another. Looking at drivers of behavior, structures and governance, not just processes. The Monitor Company representative indicated their research of acquisition literature indicated there has been a thematic shift. Acquisition literature of the 1980s focused on centralization; acquisition literature of the 1990s focused on streamlining processes; and acquisition literature of today focuses on life cycle costs and spiral development. According to the Monitor Company representative, the body of new acquisition reform ideas has been reduced greatly and the current focus appears to be on failure to implement reforms properly. The Monitor Company representative gave an example of the C-17 to illustrate that there is a link between underlying structures, patterns of behavior and event outcomes.

- Mr. Patterson noted that missing from the thematic analysis was the element of time, and noted specific historical examples from the C-17 program.
- Mr. Kozlowski talked of public perceptions and case complexities.
- Gen. Kern asked if the Monitor Company's research found any comparative studies on defense management versus private sector.
 - The Monitor Company representative stated thesis studies were found, but not from the leading business schools.
- Gen. Kadish said it would be helpful to look at the structure of the defense industry. He also spoke of historical changes in competition as the defense industry consolidated.
- Mr. Kozlowski said there were other ways to put competitive pressures on the defense industry rather than just head-to-head competition. Mr. Kozlowski said he has found a consistency in acquisition recommendations, despite using different terminology. "The more we try to change, the more we stay the same." Mr. Kozlowski also stated he did not think the acquisition process was all that broken.
- Gen. Kadish indicated he thought the wrong metrics were being used to measure success.

AUDIENCE QUESTIONS & ANSWERS FROM COMMENT CARDS

Gen. Kadish read a few comments/questions submitted to the panel.

QUESTION: "Of the \$300B claimed in cost growth, 5 major programs account for \$240B in overrun. That means that the other 75 programs only account for \$160B in overrun. This amount of overrun does not seem that significant and probably suggests some degree of success. Are we forgetting, or will we acknowledge, that there is some success in the current acquisition system? M. Brown Michaelg.brown@pentagon.af.mil

ANSWER: In the public forum, Mr. Cappuccio commented that he didn't think the system was generically broke. Mr. Cappuccio rhetorically asked whether the acquisition process creates its own problems. He also suggested there was no metric for systems integration.



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QUESTION: “Why can’t government contracts be negotiated, contracted and operated under the same legal requirements as a U.S. commercial company?”

ANSWER: In the public forum, Mr. Cappuccio mentioned that Congress creates mandatory requirements.

QUESTIONS: What percent of DOD contracts are completed on time and within the original budget versus that of industry?

ANSWER: Mr. Kozlowski replied he didn’t know how many were on target and that we should go back and calibrate against the original targets. He also commented that commercial programs were worse generally.

FLOOR COMMENT FROM HASC STAFFER: This individual commented on the global war on terrorism fostering revolutionary change in acquisition vs. evolutionary change.

RESPONSE: Mr. Cappuccio rhetorically asked if the right things were being procured.

DAPA COMMENT CARDS SUBMITTED – PUBLIC MEETING

- “Important to enforce ‘full funding’ disclosure at Program initiation to include operational costs. Without full cost knowledge, senior leaders will never be able to break the downward spiral of the year-of-execution fire drill of ‘too many needs and not enough dollars.’”
- “A multi industry review has been conducted of service contracting. We will be happy to share report with panel.”
 - Cathy Garman
Contract Services Assn.
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- “What major company in the USA – and then the world – is the best (highest percentage) of bringing in major contracts on time and within budget?”
 - Study them, - productivity, goal setting, salaries, procedures, managers profile, interface with operating departments etc., etc., and compare that to DoD acquisitions.
 - What/who is Monitor using as a baseline?
 - Monitor seems to be using a DoD present case as a baseline and operating like the present restrictions will apply. I would find the best case company and work



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BACK into DoD.”

- “(1) It may be very beneficial to undertake case studies of a few of acquisitions before initiatives to determine its successes and failures.
- “(2) Acquisition workforce. I believe we need to make a major change to our workforce organization. I believe possible failure of some reforms were due to failure of acquisition workforce functions. I have a recommendation on how we can improve acquisition workforce process. I would like the opportunity to discuss with the panel or staff.

Vic Avetissian
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1000 Wilson Boulevard, Suite 2300
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- Could you please email me a copy of today’s briefing. My email address is: bvennemann@dodig.osd.mil
Mike Vennemann, 400 Army Navy Drive, Arlington, VA. 22203

- “Of the \$300B claimed in cost growth, 5 major programs account for \$240B in overrun. That means that the other 75 programs only account for \$160B in overrun. This amount of overrun does not seem that significant and probably suggests some degree of success. Are we forgetting, or will we acknowledge, that there is some success in the current acquisition system?

M. Brown, Michaelg.brown@pentagon.af.mil

- “Ron is 100% correct
 - we need better matrixes
 - across the board
- “Cos is also right –
 - it isn’t “broken” but it can/must be improved!
 - These two comments relate to each other.”
- “Will the charts/slides from this session be available on a website or through some other means? Nearly every previous attempt to improve Defense acquisitions has “punted” on the two aspects affecting cost, performance, and schedule: stable requirements and stable funding. Will this assessment address these two critically important areas, and if so, how?
 - Pat Condon
 - 4123 S. Beus Drive
 - Ogden, UT 84403
 - pat.condon@daytonzero.com

- “The acquisition flow schematic out of the 5000 series documents shows technology



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insertion and requirements insertion at Milestone C...the beginning of production. Introducing new technology and new requirements at the beginning of production has great potential for introducing instability into the program. Recommend that the panel take a hard look at limiting the introduction of new technologies and requirements after SDD and holding those technologies and requirements for future block upgrades of the system being produced through an incremental approach!

- Pat Condon
 - 4123 S. Beus Drive
 - Ogden, UT 84403
 - pat.condon@daytonzero.com
- “Mr. Patterson – You mentioned that the briefings will be available on a website but didn’t give an address. Suggest you encourage interested parties to email or call Lt. Col. Bergeron:
 - Email: rene.bergeron@pentagon.af.mil
 - Phone: (703) 697-1361or use e-mail address from the sign-in sheet & send e-mail when the website is posted.
Major Norris
- “Why can’t government contracts be negotiated, contracted and operated under the same legal requirements as a U.S. commercial company.
 - EQ – we need a University to teach people how to operate under the Defense Acquisition Guidelines.
 - What % of DoD contracts are completed on time and within the original budget vs. private industry? Best case. Who is held responsible if it isn’t?
 - Why in many cases does the government have more of its people managing the contract than the contractor have managing the interface with the government?”

Approved 
Col Alan J. Boykin, USAF
Designated Federal Official

20 July 2005
Date