

DIRECTOR, DEFENSE PROCUREMENT AND ACQUISITION POLICY HOLDS PROCUREMENT CONFERENCE

Evelyn Layton

The biennial Department of Defense Procurement Conference was held in May 2004 in Orlando, Fla. Sponsored by Deidre Lee, Director, Defense Procurement and Acquisition Policy, this year's event was hosted by Deputy Assistant Secretary of the Air Force for Contracting Charlie Williams Jr., who welcomed participants.

The presentation and break-out sessions clearly reinforced Lee's leadership challenges in transforming procurement. Using the 2004 conference as both a forum and a catalyst for transformation, she identified opportunities for acquisition improvements; communicated new, revised, and future policies and procedures with the people who must implement them; and in turn gave them an opportunity to communicate problems they have identified in policies and participate in developing policy changes.

Transformation in Today's Procurement Environment

The Transformation of Defense Procurement—People, Policy, Processes was the conference theme, wherein conferees examined the meaning of transformation in the context of today's procurement environment. Lee began by stating that DoD is currently changing from a transaction-oriented process to a strategic-oriented enterprise. The discretion afforded contracting professionals by the 1994 Federal Acquisition Streamlining Act to streamline transactions, she told the participants, is no longer enough. Considering the steep number of contracting actions last year (16.5 million), Lee advocates that contracting professionals also be business advisors creating broader strategies to manage an increasing workload.

Five hundred and sixty-seven people attended the conference. While most were the leaders of military and defense agency buying activities for whom the conference was targeted, a number of industry members also attended. Lee specifically recognized them as "valued partners." To support the transformation in procurement, members of an industry panel, *Transformation in Industry*, discussed how they must also transform by streamlining their strategic sourcing processes.

"Seventy percent of government spending goes through DoD," Lee stated. And Congress, she added, is concerned with the way DoD manages its acquisitions. Quoting \$250 billion as DoD's total spending last year, she stressed



Emphasizing her point that contracting professionals must also be business advisors, Deidre Lee, Director, Defense Procurement and Acquisition Policy summarizes key strategies to manage an increasing workload at the May 2004 Defense Procurement Conference: multiple award contracts, competition, services contracting, small business opportunities, e-business, contingency planning, and property management.

Photo by Army Staff Sgt. Kevin Moses

that commensurate with DoD's large percentage of the budget comes an increased responsibility for leadership—a comment that served to reinforce her point that "what DoD does, matters."

A panel discussion, *Acquisition of Services*, highlighted some of the issues in managing services acquisitions. Panel members agreed that requirements generators need to know the Federal Acquisition Regulation (FAR) restrictions on services early in the planning process—specifically in the area of performance-based contracting. Since this approach represents a culture change for

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government and industry alike, the members proposed that acquisition personnel coordinate early and communicate throughout the process.

Issues relating to identifying, tracking, and accounting for billions of dollars of assets and report the net costs of operations are also problems that have drawn congressional attention. Two initiatives, Unique Identification (UID) of Items, and Military Equipment Valuation (MEV), were presented at the conference as department solutions.

- UID will facilitate item tracking to provide accurate data for financial accountability and asset management purposes. As of Jan. 1, 2004, UID is a requirement for all solicitations <<http://www.acq.osd.mil/uid>> .
- MEV will ensure military equipment is properly valued, capitalized, and depreciated. Contracting officers must identify which contracts contain capital assets and write separate line items for each asset type <<http://www.acq.osd.mil/me>> .

Lee also recalled the recent press reports concerning improper actions by acquisition personnel. "All levels of personnel in the acquisition community," she reminded those assembled, "need to stand up and do the right thing." The Department's Office of General Counsel fol-

With the department supporting 123 different procurement systems, the Acquisition Domain strategy is the linchpin of acquisition transformation by integrating people, processes, and technologies to modernize acquisition business processes and systems.

How to operate in an environment with too much work and too few people was identified by attendees as their biggest problem in supporting the warfighter. An already declining number of workforce members are burdened with an increased number of procurement actions. Because of the Iraq war, approaches are needed within the department, and the situation has worsened because a significant number of military and civilian staff are being reassigned to contingency contracting operations. This tough problem was addressed throughout the conference through plenary sessions and workshops that focused on how DoD is fully leveraging its people, policies, and procedures.



lowed her remarks with a presentation entitled *Ethics/Business Conduct*, regarding post-government service employment restrictions.

People

Under Secretary of Defense for Personnel and Readiness David S.C. Chu spoke about the National Security Personnel System (NSPS), which will establish new rules for how civilians are hired, assigned, compensated, promoted, and disciplined. He solidly supports the position that people in the field must have the right pay and the right skills at the right place.

Defense Acquisition University President Frank Anderson related in his *DoD Workforce Transformation* briefing how DAU has transformed to meet the department's need for an agile, knowledgeable acquisition workforce. The corporate university, he said, provides acquisition support 24 hours a day, 7 days a week to provide the right skills at the right place. Anderson reminded the participants that three primary learning services—knowledge sharing, continuous learning, and performance support—can be accessed through DAU's Web site <<http://www.dau.mil>> .

Anderson, who is also responsible for managing the career development of the acquisition workforce, spoke about the recent changes made to the Defense Acquisition Workforce Improvement Act (DAWIA) by the Defense Authorization Act for FY 2004. Flexibility, he emphasized, is the focus of the revised DAWIA with centralized policy and decentralized execution.

Consolidating information regarding acquisition education and training, Anderson noted, is a top priority. Instead of several directives that currently exist, a single directive supplemented by a manual will contain the policy on AT&L career development. Other significant features include uniform criteria for Acquisition Corps membership, additional management flexibility for senior leaders, and solid metrics to measure the performance of the career development program.

Contracting Community CPA Volunteers

Recognizing the volunteers from the contracting community supporting the Coalition Provisional Authority (CPA) in Baghdad, Tina Ballard, deputy assistant secretary of the Army (policy and procurement) described the working conditions of one volunteer who left his wife and family for six months and why he did it.

Dennis Longo, the volunteer of whom she spoke, says he is more than glad to serve—he is “honored.” In his article “Baghdad: A Contracting Officer's Perspective,” published in the November-December 2003 issue of *Army AL&T* < http://asc.army.mil/docs/pubs/alt/2003/6_NovDec/dept/65_Dept_Contracting_Community_200306.pdf > , Longo describes the hardships—sweltering heat, thick dust, malaria pills, and supervisors who, “wanted it yesterday, you work on it today, it gets here tomorrow.” This, he explains, is known among the troops as the “three-day workweek.”

Longo's article also illustrates Lee's view that the role of contracting personnel is now elevated to that of a business advisor. “The resources we're used to in the U.S. don't work,” he observes, “so you rely on your experience and exercise sound judgment.”

Although the Army has authority and responsibility for the provision of acquisition support to the CPA, contracting support to Iraq is a joint effort of DoD. Currently DoD is pursuing a joint doctrine and policy. For the \$5 billion in construction awards, there were more than 130 contracting professionals, career civil servants, and military involved—and more than \$2 billion was awarded by staff working in Baghdad. These contracting offices are also handling actions for approximately \$6 billion in non-construction items. (See questions and answers that emerged from the *Contractors on the Battlefield* panel at < <http://www.acq.osd.mil/dpap/Docs/temp-Questions%20from%20DoD%20Proc%20Conf.doc> > .)

Processes

Lee identified DoD-wide strategic sourcing and commodity councils as processes designed so more could

be done with less by migrating large contracts to regional centers and consolidating like services. During the *Transformation at Work* panel, members from each Service and the Defense Logistics Agency highlighted strategic acquisition approaches within their organizations (Figure 1).

- Air Force has realized a \$6 million cost avoidance from the commodity strategy it developed for buying PCs.
- Army Contracting Agency has achieved \$37 million in cost avoidance for buying information technology equipment, furniture refurbishment, and security guard service.
- Naval Supply Systems Command is looking at a better alignment of its organization to deliver combat capability through logistics to the Navy efficiently and effectively.
- DLA is creating an enterprise incorporating end-to-end management, financials, and procurement for a broad range of functions and business lines through its Business Systems Modernization initiative.

FIGURE 1. Strategic Acquisition Approaches within the Services and Defense Logistics Agency

An increasing number of multiple-award contracts referred to as master contract suites are already being awarded within individual components, but the strategy for the future is to have more strategic sourcing opportunities at the DoD level.

On the same theme, Mark Krzysko, Deputy Director, Defense Procurement and Acquisition Policy, e-Business, gave a briefing on Lee's *Acquisition Domain* initiative. The Acquisition Domain initiative is a strategic direction transforming the acquisition enterprise into what is now labeled a *net-centric* DoD. With the department supporting 123 different procurement systems, the strategy is the linchpin of acquisition transformation by integrating people, processes, and technologies to modernize acquisition business processes and systems.

Outlining the difficulties inherent in such a mass integration effort, Krzysko said, “We need to band together as a community and decide which systems and processes we need and how to move forward...Reducing redundant systems helps us meet our ultimate responsibility to support the warfighter.”

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Past	Future
Transaction-oriented	Strategic, enterprise approach
Isolated workers	Knowledge-based, collaborative workers
Local information	Shared business intelligence
"Silos" of data	Integration with Logistics, Finance, and other communities
No common architecture	Enterprise architecture
Stand-alone applications that lack interoperability	Net-centric, interoperable applications
Redundant systems; capability gaps	Rationalized systems
Tactical utility to individual program	Strategic value to the Department
Long cycle times and transaction costs	Decreased cycle times and transaction costs
FIGURE 2. Acquisition Domain—Past and Future	

Figure 2 above depicts how the Acquisition Domain activity is transforming the way the department plans to do business in the future.

Already important procurement solutions of the Acquisition Domain include:

- **Standard Procurement System (SPS)**, which is a joint, automated contracting system that standardizes procurement processes across DoD
- **Wide Area Workflow (WAWF)**, which enables electronic processing of invoices and receiving reports to increase accurate document processing for financial, logistics, and procurement communities
- **Sourcing Analysis of Alternatives (AOA)**, which identifies sourcing capabilities
- **Acquisition Spend Analysis Pilot**, which targets the capability to retrieve data from disparate data sources and convert it to a DoD-wide data dictionary from which reports can be produced. For example the process can facilitate what type of services the department is acquiring, from whom they are being acquired, and who is acquiring them.

Besides leveraging cross-functional and cross-departmental opportunities, these commercial best practices will better use the capabilities of small businesses and increase competition—all areas identified by Lee in her opening remarks as department goals. She noted that

she fully understands the complications the multitude of small business set-asides have caused in processing procurement actions and that the system has become complicated and layered.

Policies

Under Lee's direction, a major transformation initiative is underway to identify improvements to procurement policies, procedures, and processes in the Defense Federal Acquisition Regulation Supplement (DFARS). In February 2003 Lee assigned a task force to consider recommendations and develop legislative proposals for consideration by Congress for future changes to the DFARS. Her direction for improvement and simplification of the DFARS was presented in the briefing *Procedures, Guidance, Information, and Knowledge Management*. A significant objective of the transformation effort, she reported, is to reduce content of the DFARS by 40 percent.

The transformed DFARS will contain requirements of law, DoD-wide policies, delegations of FAR authorities, deviations from FAR requirements, and policies/procedures that have a significant effect on the public. The new DFARS will have a companion resource, *Procedures, Guidance, and Information (PGI)*, which will contain mandatory and non-mandatory internal DoD procedures, non-mandatory guidance, and supplemental information. The first increment of the transformation is to finalize rules to move the current PGI coverage out of the DFARS with pop-up links to related PGI language. Future increments are proposed to create a knowledge management system so users can navigate through training modules, background information, and reference guides < <http://www.acq.osd.mil/dpap/dfars/transf.htm> > .

A panel discussion *Legislation and Regulation* walked conferees through the process of how a bill becomes a law and how a law becomes part of the DFARS. A summary of the 17 DoD statutes that are part of FY 2004 legislation addressed the five that have been published to date and four that will be published soon. Figure 3 lists these nine published and soon-to-be published statutes < <http://www.acq.osd.mil/dpap/dars/new.htm> > .

Just Do Something

The conference closed with a senior procurement executive panel and a wrap-up by Lee. The panel, in discussing what actions the participants should take when they return to the job, suggested: know the mission and focus on mission accomplishment—not bureaucratic requirements; mentor subordinates, freely sharing what you've learned; and take a leadership role in transformation.

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Published to Date	Soon
Special Emergency Procurement Authority	Permanent Emergency Procurement Authority
Five-year limit on Task and Delivery Orders	T&M or LH Commercial Services (exception)
Berry Amendment Exceptions for Contingencies	Quality Control in Aviation Critical Safety Items
Service Disabled Veteran-Owned Small Business	Consolidation of Contract Requirements
Federal Prison Industries—Market Research	
FIGURE 3. Published and Soon-to-Be Published Fiscal Year 2004 Legislation	

Their final advice was “just do something that will change the way we think and focus on service support.”

Lee concluded by emphasizing her support of the panel's suggestions and posing a question for deliberation by all participants. “We all need to pay attention—are we doing things right and can we do better?”

Editor's note: Layton is currently the Defense Acquisition University's director for accreditation and corporate history. She is a Level-III certified member of DoD's Acquisition Corps in the Contracting career field. Presentations from the conference are posted online at <<http://www.acq.osd.mil/dpap>> .