

DEFENSE BUSINESS BOARD



Program Management

Task Group

21 April 2011

Program Management Task Group

Terms of Reference:

Bring best business practices from the private sector to improve the intake and development of uniformed military acquisition program managers

Focus on the selection, training and development, management and performance measurement, and incentives/rewards for uniformed program managers

Deliverables:

Provide recommendations for improving the effectiveness of military program managers based on private sector best practices for major program/project management executives

Task Group Members:

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Process

Interviewed

Private Sector

- BAE Systems
- Bechtel Corporation
- Delta Air Lines
- General Dynamics
- Lockheed Martin
- Northrop Grumman
- Raytheon
- Rockwell Collins

Department of Defense

- Service Acquisition Executives
- Program Executive Officers
- Program Managers
- Retired Officers and PAS



Observations

□ From DoD

- Over \$400B is spent annually on acquisitions by DoD – with mixed opinions on effectiveness of program management and outcomes
- Major new programs take too long to bring to field and are too expensive^
- PMs could be more effective if there was closer alignment between the requirements and acquisition process
 - Requirements process under military control; acquisition process under civilian control
 - Acquisition work is process driven, not capabilities driven
- Tenure agreements for military PMs are interrupted/shortened by promotion, deployments, schools, and transfers
 - Short tours lead to short-term decision making^ and risk avoidance, to the long-term detriment of the program
- PMs have experienced an erosion of authority and an increase in bureaucracy
 - PMs impeded in their mission by extensive oversighting requirements and time spend handling the political/approval process
 - Perception that trust and confidence in PMs is lacking
- Civilian PMs are considered to have different career paths, longer tenure, more continuity and, perhaps, more business acumen than uniformed PMs



Observations

□ From Defense Suppliers

- Overall, DoD acquisition performance is complicated by absences and turnover of military PMs who tend to be in charge of large projects
 - Frequent changes in PMs can cause difficulties for the program
- Defense suppliers support a strong DoD program management function
 - With increased PM tenure, continuity and business acumen
- All PMs in DoD should understand the business dynamics that drive defense suppliers and which affect performance
- Industry would support an expanded Defense-to-Industry exchange program for PMs
- In industry, PMs are a line function and a career aspiration/destination
- Want to foster a cooperative relationship with PMs – “one team, one fight”



Recommendations – Three Big Themes

1. Professionalize the Uniformed Acquisition Corps

- A job, not a tour; a career destination

OR

2. Put Civilians in Leadership PM Roles

- Uniformed officers in operational/field roles

AND

3. Align the Requirements, Resources and Acquisition Processes

- Process failures contribute to program and capabilities failures
- Goal is greater accountability to the users of program management



Supporting Recommendations

THEME 1. Professionalize the Uniformed Acquisition Corps

- Make the acquisition force a career destination, not a rotational stop on the way to another assignment and promotion
- Build a culture and tradition in the acquisition corps that is proud, responsible and enduring
- Reemphasize and enforce PM tenure provisions
 - Increase tenure requirements for the most important programs
- Establish separate boards for promotion to field grade and general/flag rank
- Reduce the bureaucratic interference, risk intolerance, time commitments and lack of trust that undermine PMs' proper execution of program mission
 - Goal is to have PMs accept more risk and responsibility
- Reinstitute two-year hiatus between PM retirement and employment by defense industry



Supporting Recommendations

Recruitment and Selection:

- Set goal to expand the talent pool of those interested in joining the acquisition force so we can be selective in choosing those who enter
 - Aim to make the acquisition force an attractive career choice and career path for promotion and recognition
- Raise standards for officers to compete to enter the acquisition corps
- Extrapolate the model of the Vice Admiral US Naval Surface Force in recruiting and mentoring junior officers into the acquisition force
- Identify the traits necessary for effective PM work and use these to screen PM candidates
 - Assess whether special skill sets are needed for IT/Software/ Services PMs
- If a Service requires PMs to have command/combat experience, the PM could acquire that experience at the beginning of their career and then come in as an O5 or O6



Supporting Recommendations

Training and Development:

- Increase the time spent by PM team members in training, development and rotation; reduce the same for sitting PMs
- Identify high-potential officers in the acquisition force and give them a tour in industry to gain business savvy
 - Expand DoD's corporate fellowship program in the acquisition community, also Services Training-with-Industry programs
- Identify the most complex and important acquisition programs and insist they be headed by the best program managers
- Increase DAU training in business/financial acumen:
 - USN program at University of North Carolina and USAF program at University of Tennessee may be a models
- Place a separate emphasis on IT/Software/Services training for PMs
- Consider the top uniformed PMs across DoD for cross-service rotation
- Train and build resources for the long term, not just for current programs and regulations



Supporting Recommendations

Management and Performance Measurement:

- Conduct a skills inventory among uniformed PMs
 - Self-assessment of strengths and weaknesses for acquisition work, with input from supervisor
- Prune out poorly performing or equipped PMs
- Fast track the most capable with the highest potential
 - Give them the toughest jobs
- Do not force retirement at 30 years
 - Or, convert the best to civilian acquisition force for continuity
- Develop a specific PM performance evaluation process and form for PMs to supplement Fitness Reports for uniformed PMs and PM agreements
 - Process could be uniform throughout AT&L or vary by Service
- However, each program should define its own success criteria and evaluate the program management team on these



Supporting Recommendations

- PMs also should be evaluated annually on the skills and attributes deemed important for PM effectiveness, e.g.,

Leadership

Judgment and decision making

Drive and commitment

Team building

Respected by peers

Business competencies

Technical competence

Planning and analytical skills

Resourcefulness and creativity

Interpersonal skills

➤ See next page for industry's view of characteristics of great PMs

- PEOs, PMs and their teams also should have an opportunity to participate in 360 degree reviews and receive feedback
- When evaluating PMs consider not just short-term actions but longer-term effects on program effectiveness and supplier relationships

Incentives and Rewards:

- Consider a hierarchy of non-promotion rewards and recognition for sustained acquisition force excellence



WHAT ARE THE CHARACTERISTICS OF YOUR BEST PROGRAM MANAGERS? WHAT MAKES THEM GREAT?

Company A

- Enormous energy
- Self Confident, but not arrogant
- Lead great people/teams
- Open Minded
- Decisive
- Self Starter
- Passion for moving out
- Prudent risk taker
- Comfortable with uncertainty
- Able to talk on many levels-
simple to complicated

Company B

- Dedicated to success
- Know their program well
- Loyal to people
- Financial acumen
- Ethics/Integrity
- High Energy
- Decisive
- Good problem solver

Company C

- Customer centric
- Mission focused
- Outstanding interpersonal skills
- Skilled in risk management
- Outstanding team developer
- Passionate about the job
- Integrity
- Treat people with courtesy, dignity
and respect



Supporting Recommendations

THEME 2. Put Civilians in Leadership PM Roles

- Larger acquisition programs require experienced PMs who do not leave program for tour duty
- Several of the supporting recommendations under Theme 1 are equally applicable to civilian PM leaders (e.g., training and performance measurement) if Theme 1 is not adopted
- Cross fertilize civilians between the services
- Develop financial incentives and rewards tailored to PM effectiveness and program success
- Maintain strong role for uniformed members of the program management team in operational PM roles, making sure the needs of the combat forces are met in a timely and effective fashion



Supporting Recommendations

THEME 3. Align the Requirements, Resources and Acquisition Processes

- Rethink the role of the Service Chiefs in the acquisition process
 - Service Chiefs responsible for requirements process and funding, but not acquisition process
- Extend the capability-requirements process deeper into the acquisition process so that cost/capabilities trades can be made earlier in the acquisition process
- Redefine and expand the PM role to be an effective integrator at the intersection of requirements, resources and acquisition
 - E.g., to challenge requirements that might be closely met by a reasonable cost/benefits trade off
 - Strengthen PMs ability to challenge change orders



Supporting Recommendations

- Align PM responsibilities and authorities to the revamped JCIDS system for joint acquisitions of “three tier of capabilities based on urgency of need and time to fielding”
- Require personal approval by the Service Secretaries and the Service Chiefs of change orders after an ACAT 1 or 2 program passes Critical Design Review (CDR)
- Assess the special acquisition authority of Special Operations Command to determine whether it can be extrapolated to other acquisitions that are deemed urgent and that are expensive, being bought in large quantities, and require a lot of R&D and lifecycle support
- Maintain USD AT&L ability to approve waivers for Urgent Operational Needs (UONs) from Combatant Commanders

