

# National Defense Industrial Association 2014 Acquisition Reform Project

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# NDIA Acquisition Reform Effort

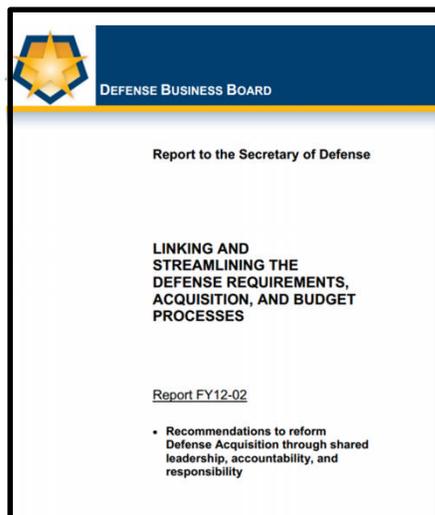
- Why now and what will be different?
  - Useful information and lessons from many past efforts: successes and failures.
  - Converging reviews in Congress and DoD.
    - Rep. Thornberry is focused on incentives *and disincentives* for all stakeholders, rather than processes. *(updated 7/3)*
    - Sec. Kendall is undertaking parallel review of statutory and regulatory requirements.
  - Tools emerging to enable more evidence -based policy decisions.
  - Downward budgetary pressure forcing a review of the costs of the process as well as of outcomes.
- What is NDIA's role?
  - March 31 letter from HASC & SASC formalizing Jan. 7 Thornberry request.
  - Request from DPAP/AT&L on the "List of 400" regulations.
  - No one can provide the views of industry better than industry.
  - We will coordinate with DoD, the Hill, and other defense industry associations.
- Start with common themes and problem statements from earlier studies.
- Leverage NDIA Divisions and Committees to identify volunteers; organize volunteers to offer "industry's view" on specific identified areas.
- Goal: Clearly actionable recommendations tied to specific findings.

## Current Timeline

- April 11: Presentation to and discussion of plan and methodology with NDIA Board of Directors
- April-May: Identify list of themes, which include problem areas, root causes, and possible solutions
  - April 30: Etherton testimony before Senate Armed Services Committee
  - May 29: Acquisition Reform Kick-off Event. Discussed and finalized major themes
- June: Organize volunteers for research and deep dives into major themes
- July 10: Interim response back to the HASC and SASC in accordance with their March request letter
- ~~June 30: Second event with NDIA members to share and discuss research deep dive results~~
- *July 29: Second event with NDIA members to share and discuss research deep dive results (updated 6/24)*
- ~~Late July-August: Draft report using deep dive data and NDIA member input~~
- September: Share draft report with community of interest, 3<sup>rd</sup> event to discuss and revise and finalize draft
- *Late September: Share the final report with NDIA members, and deliver it to Congress and the Pentagon (updated 7/3)*
- *Post-September: Engage stakeholders about ways NDIA can continue to assist with acquisition reform (updated 7/3)*

## Prior Reports

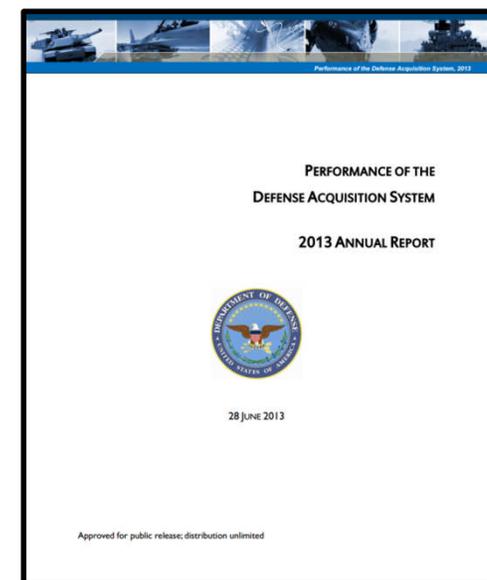
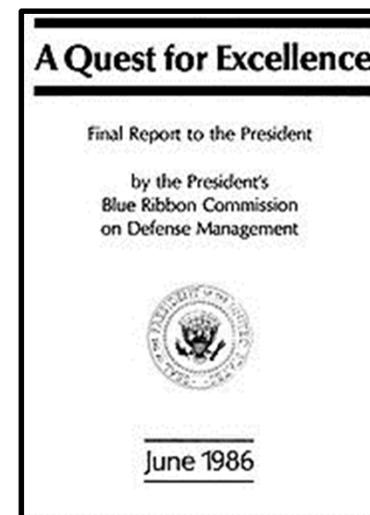
- Packard Commission - 1986
- Report of the Acquisition Law Advisory Panel (Sec. 800 Panel) – 1993



- Defense Acquisition Performance Assessment Report – 2006

- Report of the Acquisition Advisory Panel (SARA Panel) – 2007.

- Defense Business Board – Linking and Streamlining the Defense Requirements, Acquisition, and Budget Processes – 2012
- Performance of the Defense Acquisition System – 2013 and 2014



# HASC – SASC Issues of Interest

- Steps that DOD or Congress could take to:
  - reduce the cost of major defense acquisition programs;
  - expedite the delivery of useful capabilities to the warfighter;
  - incentivize timely delivery of capability and services for the warfighter and full consideration of life cycle costs; and
  - empower key acquisition personnel, such as program managers and cost estimators, to make sound choices throughout the acquisition process.
- Steps that DOD and industry could take to develop and foster the technical expertise necessary to support successful acquisitions.
- Steps that DOD could take to improve:
  - how it recruits, trains, and develops its acquisition workforce, and
  - planning, contracting, oversight and management of services contracts.
- Steps that Congress could take to improve oversight of DOD acquisitions- both products and services.

# Meetings with DoD Stakeholders

- USD(AT&L) Frank Kendall (upcoming)
- ASD(A) Katrina McFarland
- DASD(MPP) John Johns
- Director, JRAC, Andrew Hunter
- Director, Pricing, Shay Assad
- DPAP, Dick Ginman
- Director, PARCA, Gary Bliss
- Jim Woolsey, Dr. Jim McMichael, DAU
- DPAP, LeAntha Sumpter (upcoming)
- SAE's (Upcoming)

# Group A Issues

- Leadership and accountability (personal and organizational)
  - Disconnects between the budget, requirements, and acquisition processes and organizations (major programs)
- Capabilities of the acquisition workforce
  - *Pressures to reduce size of workforce (updated 7/3)*
  - *Inability to use Intergovernment Personnel Act with Industry (updated 7/3)*
- Measuring the performance of the acquisition system
  - Enterprise vs. individual transaction level focus
- Divergence of government-unique and general private-sector practices
  - Commercial item pricing
  - CAS/Auditing requirements
  - Government-unique statutory and regulatory mandates
  - Treatment of intellectual property
  - Supply chain management
  - Protests

# Group B Issues

- Contract strategy
  - LPTA vs. Best Value
  - IDIQ/MAC contract issues
  - *Fixed Price vs. Cost-Type (updated 7/3)*
  - *Risk adverse decision making (updated 7/3)*
- Services/IT/cyber acquisition
- Effectiveness of small business programs
  - Innovation
  - Program goals and means
- Contract finance, payment, incentives, and profit
- Boundary conditions (tilting at windmills?)
  - Military and civilian personnel systems
  - Budgeting process
  - Industry financial imperatives and incentives
  - The audit and oversight structure

- **Leadership and Accountability**
  - Chair: Jay Harrison, Center for Smart Defense
  - Members: Brett Villarrubia, Kaye Porter, Patricia Sanders, Randy Allen, Jim Schweiter
- **Capabilities of the Acquisition Workforce**
  - Chair: Marc King, KGV Enterprises
  - Members: George Pedersen, Peg Johnson, Rene Campos
- **Measuring the Performance of the Acquisition System**
  - Chair: Lilly Gilmour, OSD Strategic Capabilities Office
  - Members: Dave Drabkin, Jason Bolton, Jay Heath, Joan Smith, Sam Zega
- **Divergence of Government-Unique and General Private Sector Practices**
  - Chair: Johnny Walker, Thor Solutions
  - Members: Bill Dalecky, Jim Steggall, Jennifer Amato, Owen Paepke, Elizabeth Swain, Jay Heath, Vic Avetissian
- **Contract Strategy**
  - Chair: Chris Veith , Boeing
  - Members: David Lockhart, Rob Sues
- **Services/IT/Cyber Acquisition**
  - Chair: Robin Lineberger, Deloitte; embers: Chad Janovec, Stacy Reddan, John Weiler, Steven Tibbets
- **Effectiveness of Small Business Programs**
  - Co-Chairs: Donna Huneycutt, *Wittenberg Weiner Consulting, LLC*, and David Hahn, *Chair, NDIA Small Business Division (updated 7/14)* ; Members: Bill Peterson, Stuart Davis, Suzanne Sincavage
- **Contract Finance, Payment, Incentives, and Profit**
  - Chair: Doug Morrison, DuPont; Members: Doug Hirshman, Edward Harrington, Robert Tatum
- **Boundary Conditions**
  - Chair: Steve Busch, Kepler Research, Members: David Hickey, David Roll, Elizabeth Swain

# Next Steps

- Working Groups
  - Prepare concise slide decks for larger group meeting on July 29.
- Goal
  - Clear problem statement(s)
  - Root cause analyses based on prior reform studies, case studies
  - Proposed solutions that will address root causes and fix problems—explain how in specific detail.
  - Simple and short enough to keep the reader’s attention and interest, long and detailed enough to actually be useful.
- ~~Deadline: June 27 for submission of Working Group presentations to NDIA~~
- *Deadline: July 23 for submission of Working Group presentations to NDIA for review for July 29 meeting.  
(update 7/3)*

# Questions?