What’s New in Acquisition Reform

Colonel Bill Nelson
Commander
“BIG A - little a”
One Process- One Team

CAPABILITY NEED
RESOURCES
ACQUIRE DEVELOP CONTRACT
TEST PRODUCE FIELD
TEST DOT&E
OPERATE/ SUSTAIN UPGRADE/ MODERNIZE FMS
RETIRE DEMIL

acquisition

ACQUISITION

Doctrine, Organizations, Training, Leader Development, Materiel, Personnel, Facilities
AFMC Reorganization

Matrix Organization Evolves to Line Organization

IPTs

PGM A
PGM B
PGM C
PGM D
PGM E

FUNCTIONAL ORGANIZATIONS WITH MATRIXED PERSONNEL

PEO

Wing

Group (SPM)

Squadron (PM)
Changing AF Environment
The Case for Change

Air Force Personnel Strength

Source: USAF Almanac

Integrity - Service - Excellence
The Case for Change
The $100K Airman

CASH COMPENSATION $43,000
NON-CASH COMPENSATION $56,000

Source: CBO Report, 16 Jan 04
The Case for Change
Rising O&S Costs

- Rising cost of operations crowds out needed investments
- Strategies of the past tend to push bills or create risk that must be paid during execution
- Our legacy is budget vs cost centric
- Few tools to address this (BRAC and A-76)

Overall Aircraft O&S Costs
(FY03/04 Actuals Straightlined)

We must change the way we do business to survive!
Keys to Transformation

- TRANSPARENCY
- ACCOUNTABILITY
- DRIVING TO 95% GREEN
### Types of Sorties

**“Standing” Sortie**
- Important, Not Urgent
- Example: Next FY Spend Plan Complete

**“Program Specific” Sortie**
- Directly Support EMAs
- Example: 24 assets delivered by May

**“Continuous Improvement” Sortie**
- Target One per Quarter
- Example: AFSO21 Lean Event

### Monthly Sortie Metric

<table>
<thead>
<tr>
<th>Monthly GOAL</th>
<th>22</th>
<th>10</th>
<th>9</th>
<th>18</th>
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<th>694 ARSS</th>
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<th>696 ARSS</th>
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</table>

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**Plan Your Work – Work Your Plan**
Transparency
Monthly Virtual PMRs

WING HEALTH
- Manpower/ Personnel
  - Staffing/ Manning
  - MILPDS;DCPDS;MPES
- Readiness
  - USAF Fitness Program
  - AEF Center
  - Deployment Training
  - Qualifications (CHRIS)
- Education
  - Supervisor
  - ADLS
  - ETMS
  - CL Tracker
  - A3 Armament Acad
  - Manual Tracking
- Progress Toward Goals
  - Balanced Score Card
  - Strategic Objectives

PROGRAM HEALTH
- Sorties
- SMART Review
- Risk Overview
  - Critical
  - Service
  - Moderate
  - Low
  - Negligible

- Non SMART Programs
- Test Execution
- CPARS Comparison
- SE Assessment
- PoPS Assessment
- EMA Compliance & Deliveries
- Contract Actions & CCaRS

44th MDIA 1 Nov 06
Integrity - Service - Excellence
AAC/PA REF NO. 10-30-06-496
# Transparency

## Wing Programs

### Overall Health

<table>
<thead>
<tr>
<th>Overall</th>
<th>Cost</th>
<th>Schedule</th>
<th>Performance</th>
<th>Funding</th>
<th>Logistics</th>
<th>Test</th>
<th>Management</th>
<th>User Satisfaction</th>
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View Report

Program Brief

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Integrity - Service - Excellence

AAC/PA REF NO. 10-30-06-496
## Transparency Systems Engineering Implementation Assessment

### Process Table

<table>
<thead>
<tr>
<th>Wing Programs</th>
<th>Reqmts</th>
<th>Design</th>
<th>Ver/Val</th>
<th>Transition</th>
<th>Planning</th>
<th>Risk Mgmt</th>
<th>Config Mgmt</th>
<th>Decision Analysis</th>
<th>Technical Assessment</th>
<th>BSC Prgm</th>
<th>Contractor</th>
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<td>76</td>
<td>89</td>
<td>EEEEEE</td>
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</table>

### Scoring Criteria

- **Process Criteria**
  - >90%
  - <65%-65
  - <65%

- **Program Criteria**
  - At Least 8 Green, No Red
  - Mix Green and Yellow, NTE 1 Red
  - 2 or More Red

- **BSC Criteria**
  - 95% Programs Green
  - 75-95% Programs Green, <10% Programs Red
  - <75% Programs Green or >10% Programs Red
### Risk Overview

#### Impact
- **Critical**
- **Serious**
- **Moderate**
- **Minor**
- **Negligible**

#### Probability (%)
- 0-10
- 11-40
- 41-60
- 61-90
- 91-100

#### Program Acronym | Risk Bullet | Risk Status | Risk Probability | Risk Impact | Risk Metrics | Risk Review
--- | --- | --- | --- | --- | --- | ---
PGM A | Small number of PSE items unavailable to support RAA | Mitigate | 11-40% | Minor | Cost, Schedule, Performance | ![Risk Icon]
PGM A | Some Spares Unavailable to Support RAA | Mitigate | 11-40% | Minor | Cost, Schedule, Performance | ![Risk Icon]
PGMB | T0s Unavailable to Support RAA | Mitigate | 41-60% | Moderate | Cost, Schedule, Performance | ![Risk Icon]
PGM B | Airworthiness Certification not Complete by RAA | Mitigate | 61-90% | Moderate | Cost, Schedule, Performance | ![Risk Icon]
PGM C | Further Flight Test Issues | Mitigate | 11-40% | Moderate | Cost, Schedule, Performance | ![Risk Icon]
Risk Summary Report: Program A

Identified Date: 01 Mar 06
Risk POC: Unknown

Risk Description: Device B untested

Impact: Program held up if failure occurs

Mitigation Plan: Test Device B early in program

Status: Get Well:
Contingency Plan: Revert to Device A for early production

Risk Plan

1. Test Device B in lab environment
2. Test Device B in SIL
3. Test Device B in early aircraft configuration
4. Test device B in actual production configuration

Risk Type: Performance

Estimated Plan — Actual Plan

Risk Type:
Critical
Serious
Moderate
Minor
Negligible

Probability (%)
0-10 11-40 41-60 61-90 91-100
FY 2007 Financial Snake Chart
PGM A 2007 3600 Obligations

<table>
<thead>
<tr>
<th></th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
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<td>OSD Goal</td>
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<td>26.0%</td>
<td>62.5%</td>
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<td>63.3%</td>
<td>81.8%</td>
<td>83.7%</td>
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<td>98.2%</td>
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<td>SPO Actuals %</td>
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<tr>
<td>SPO Actuals %</td>
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<td>OSD Goal %</td>
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<td>15.0%</td>
<td>22.5%</td>
<td>30.0%</td>
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<td>57.5%</td>
<td>75.0%</td>
<td>82.5%</td>
<td>90.0%</td>
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</table>
Keys to Transformation

- TRANSPARENCY
- ACCOUNTABILITY
- DRIVING TO 95% GREEN
Accountability
Expectation Management

EXPECTATION MANAGEMENT AGREEMENT (EMA)

XYZ Program
XX Jun 2006

Description: Insert a general description of the program. Include the current state of the program.

Purpose: What does this program/plan need to accomplish? Show categories of expectations that are included (cost, schedule etc.). Short synopsis? Document also tracks cost/schedule/performance trades that have been made in the program.

Attachments:
1. EMA Traceability Table
2. Expectation Details
3. Trade/Modification/Exceptions
4. TME Coordination Sheet

Group Commander:

Wing Commander:

PRODate: General Officer Signature

EXPECTATION MANAGEMENT AGREEMENT TRACEABILITY TABLE

<table>
<thead>
<tr>
<th>EXPECTATION</th>
<th>DEFINING DELIVERABLE/EVENT (If any)</th>
<th>EXPECTED DATE OF DELIVERABLE EVENT</th>
<th>2006 CRITICAL PATH EVENT REQUIRED TO MAINTAIN EXPECTATION</th>
<th>CRITICAL PATH EVENT DATE</th>
<th>COMMENTS (STATUS) AS REQUIRED</th>
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<tr>
<td>Performance</td>
<td>ACC funding approval of X.X.X. system</td>
<td>May 07</td>
<td>Successful completion of DT</td>
<td>May 05</td>
<td>On track</td>
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<tr>
<td>Schedule</td>
<td>X.X.X. must be delivered</td>
<td>Before the end of Apr month</td>
<td>Maintenance contract delivery schedule</td>
<td>End of Oct Month</td>
<td>On track</td>
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<tr>
<td>Cost/Funding</td>
<td>BCP approval</td>
<td>FY05</td>
<td>System-level CDR</td>
<td>Jul 05</td>
<td>Ok track for Sep/Oct</td>
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Supportability:

Other (TnC):

Integrity - Service - Excellence
# Accountability

## XYZ Program EMA Commitments

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<tr>
<th>Deliverable</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Status</th>
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<td>Deliveries: Attain XX per mo</td>
<td>Thr</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓ Met objective deliveries in June</td>
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<tr>
<td>Award Next Lot Contract</td>
<td>Obj</td>
<td>Thr</td>
<td></td>
<td></td>
<td></td>
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<td>✓ Awarded on XX Sep</td>
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<tr>
<td>Award Contract Modification</td>
<td>Obj</td>
<td>Thr</td>
<td></td>
<td></td>
<td></td>
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<td>✓ Contract mod awarded, xx Sep</td>
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<tr>
<td>Conduct Semi-annual Performance and Sustainment Review</td>
<td>Thr</td>
<td></td>
<td></td>
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<td>✓ Met objective date in June</td>
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<td>Next Software FCA</td>
<td>Obj</td>
<td>Thr</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Current forecast is XX Nov</td>
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<tr>
<td>Receive contractor recommendations for production cost reductions</td>
<td>Obj</td>
<td>Thr</td>
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<td></td>
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<td>✓ 6-mos Mfg and Test study results received XX Sep 06.</td>
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<tr>
<td>CY06 Performance Assessment Review Complete</td>
<td>Obj</td>
<td></td>
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<td></td>
<td>Thr</td>
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</table>

**GREEN:** Completed or forecast to complete on or before Threshold date; or completed after Threshold date, but impact on program has been mitigated

**YELLOW:** Completed or forecast to complete after Threshold date; plan(s) to mitigate impact on overall program are in place

**RED:** Completed or forecast to complete after Threshold date, plan(s) to mitigate impact on overall program are not identified
Accountability
PGM A Deliveries vs Commitments
Accountability
Wing Test Execution

Programs:

PGM A
PGM B
PGM C
PGM D
PGM D

Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb
---|---|---|---|---|---|---|---|---

Actual

Forecast

No Suffering in Silence
## CPAR and Award Fee Ratings vs. SMART Assessment

<table>
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<th>CPAR</th>
<th>INCENT OR AWARD FEE</th>
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<td>P</td>
<td>G-</td>
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*Example Representative and does not depict any actual programs*
Keys to Transformation

➢ TRANSPARENCY

➢ ACCOUNTABILITY

➢ DRIVING TO 95% GREEN
Driving to 95% Green

SECAF Direction: “95% Green Programs by 2010”

Purpose:
- Evaluate hypothesis that management reserve level coupled with a realistic proposal is key to program success.

Methodology:
- Compared Background of 4 Programs
- Looked at Common Data
  - Acquisition Strategy and Political Drivers
  - When Entered SDD Relative to Risk Reduction
  - Original Government and Contractor Estimates
  - TRL Levels During Program Execution
  - Distributed MR at Month 1, 6, 12, etc.
Driving to 95% Green

Success Discriminators

- Realistic Contractor Costs
  - Appropriate SS Criteria
  - Prog X: w/in 15% of Gov High Confidence Estimate
- Realistic MR (Ktr & Gov)
- Technology Understood
  - High TRLs at SDD Start
  - Appropriate $ Spent on RR

Appropriate $ Enables Success
Driving to 95% Green
We Must Do Something Different

MANDATE: 95% Green Programs by 2010

• Today funding programs @ ~ 50% confidence
• Today ~ ??% green programs across AF

Insanity defined: “Doing the same thing over and over and expecting a different result” Albert Einstein- Ben Franklin- Donald Rumsfeld
Conclusion

WE ARE DRIVING

➢ MORE TRANSPARENCY
➢ MORE ACCOUNTABILITY
➢ TOWARDS 95% GREEN

acquisition

ACQUISITION

Doctrine, Organizations, Training, Leader Development, Materiel, Personnel, Facilities