SHIPBUILDING IN THE ‘80s

WHY A SUCCESS?

ANY POSSIBLE LESSONS FOR TODAY?
**Q-** “WHY HAVEN’T THE LESSONS LEARNED & DEMONSTRATED IN THE ‘80s BEEN APPLIED IN RECENT YRS ?”

**A-** “A LOT OF WATER HAS GONE UNDER THE BOAT SINCE THAT TIME WITH MUCH CHANGED…… BUT SOME OLD LESSONS ARE BEING APPLIED-- OR AT LEAST NOW BEING TALKED ABOUT.”
THE NAVY ENVIRONMENT OF THE EARLY ‘80s

- Favorable Political Environment
  - The Soviet Threat Very Real & Recognized by All
  - Generally Decentralized Defense Organizational Attitude
  - Recovering From The 70s “Claims Era”
  - Consistent Naval Strategy In Place & Supported by POTUS

- Strong, Unified & Motivated Naval Establishment
  - Outstanding Naval Leadership- In Fleet & Acquisition Mgt.
  - Importance Of Key Relationships- CNO-CNM-ASN(S&L)
  - In-House Technical Resources Sufficient & Motivated

- Capable & Motivated Prime & Supporting Industries
  - New Management & Motivated (After The Claims Era)

- Excellent Timing For The Incoming Administration
  - Most Of The High Risk 1st-Of-A-Kind Ships At Sea!
RESULTS

- We Had A Mandate From Our President, Enough Money From A Supportive Congress, And An Aggressive, Focused Navy Leadership Team
- We Had Good To Excellent In-House Resources
- We Had Sufficient Industrial Capacity
- Our OSD Bosses Gave Room For Us to Go Work

The Problem

Thus, We Were Lucky..... And.... We Focused On Exploiting Our Good Fortune “TACAMO”
OUR STRATEGY

- Restore The Fleet - “The 600 Ship Navy”
- Restore Creditability In Naval Ship Acquisition
- Emphasize Execution - Deliver on What we Promised
- Use Quantity To Motivate Competition
- Preserve & Extend The “Hi-Lo” Mix
- Provide Pro-Active Oversight Of The Primes
- Build & Maintain “Constructive Tension” Between The Users & The Providers
- Stay Focused & Work Very Hard
Our 10 Major Tactics

1. Minimize Combatant Ship New Starts
2. Rely on ‘Smart’ Competition Wherever Feasible
3. Really Seriously Manage Requirements Creep
4. Minimize Cost-Plus Contracts & Budget Realistically
5. Fair But Tough FPI Contracts For Production
6. Use Multi-Year Procurement Wherever Possible (& Allowed)
7. Punish Bad Actors And Poor Performance
8. Use Commercial Resources & Approach When Appropriate
9. Enforce “Design-To-Cost-And-Capability”
10. Achieve One Or Two Highly Visible Early Successes
THE EARLY SUCCESSES

THREE PROGRAMS THAT ESTABLISHED OUR “BONA FIDES” WITH CONGRESS & OUR LEADERSHIP

- **BB 62** -
  An ‘All-Hands’ Effort Using Navy’s Shore Establishment Capabilities to The Fullest

- **CG 47** -
  Primarily If Not Totally Due to Admiral Meyer

- **Solving The GD-EB Vs. Sea 08 Conflict** -
  Quick Departure of Both Principal Antagonists With Almost Total Support of SEA 08 & Navy Leadership
WHAT HAS CHANGED

- Considerably Less Funds (In Real $) Available In All Ship Related Accounts
- Highly Centralized Defense Organization & Authority
- Fewer Ships Being Built & Planned
- Almost All New Construction Are New Starts
- Smaller, More Concentrated Industrial Base
- Loss of Competition
- Requirements Creep Gallop
- Large Attrition in Numbers, Experience Level & Professional Capability of Navy’s In-House Acquisition & Support Community
- An Unstable & Corrosive Political Environment
THE BASIC ISSUE TODAY

- A Two-Fold, Complex, & Diverse Threat
  - “Islamofacism” -- Focus on Heartland; World-Wide; Generally Non-State; & Immediate
  - (Re-)Emergence of Two Un-Friendly “Peer Competitors” -- Focus on Sea-Control & Probably Denial; National Origins; & Near Future

- High & Growing Vulnerability of The USA to Both Threats
- U.S. “Maritime Dominance” Assumed as A ‘Given’ by Both Our Public & Leadership
- Passive to Hostile Attitude of Many U.S. Elites & Leaders With Matters “Military”
- Over Draw-Down of Nation’s Defense Capability With The “Peace Dividend”
- The Exhaustion of Our Voluntary Military Establishment

All Resulting In…..

An Under-Funded Defense Establishment & Navy
U.S. DOD 48 Year Resource Allocation History

1% of ‘08 GDP = ~$135 Billion
WHAT CAN BE DONE NOW

1. Re-Build Navy’s Professional Acquisition Staff--And Authority-
   *Restore Capability & Authority In-House*

2. Restore Creditability With Congress & The Nation-
   *Deliver On What Is Promised & Budget Credibly*

3. Insert More Plan Stability & Much More Discipline In The Requirements Process-
   *Bring Back The “SCB” & The “CCB”*

4. Apply More Diverse Approach To Re-Building The Fleet-
   *Limit CP Contracts; “Smart” Commercial on MPFF*

5. Emphasize Life Extension & Modernization of Good Assets Available & Phase-In Capability-
   *DDG 51/CG Mod & Life Ext Program Good Starts*
FIVE PLEAS

1. Recognize The Enormous & Complex Threat Environment We Face And Restore Navy SCN to the ~2% of GDP of The Reagan Years
   - A $750 M ‘83 Dollar Follow Ship DDG 51 Today Would Cost At Least $1.5 Billion in ‘07 Dollars
   - A $365 M ‘83 Dollar Follow Ship FFG 7 Would Cost At Least $720 M in ‘07 Dollars
   - The 1985 SCN Budget Would be $16 Billion in ‘07 Dollars, But We Need ~$19 Billion Today to Recover From The Near Past

2. In The Case of Acquisition Restore The Line Authority Available From SecDef Through The Service Secretaries, Along With Their Responsibility
   - Back the OSD Staff Bureaucracy Out of Acquisition Authority

3. Lose The Term “Transformation”

4. Weaken No Further The Unique Power Projection Capabilities of the Navy & Marine Corps Team

5. Passionately Advocate a Strong Navy, MC, & CG to Assure Maritime Superiority- Both Now & Future
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