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# ***Weapons Systems Acquisition***

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# Agenda

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- DoD Priorities & Efficiencies
- Legislation and Initiatives
  - Weapon System Acquisition Reform Act
  - Improve Acquisition Act
- Precision Strike Weapons
  - Programs
  - Trends
  - Focus Areas
  - Acquisition Strategy considerations
- Program Manager Focus Areas
- Some Traits of an Effective PM



# Excerpts from Secretary Gates January 6, 2011 Speech

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- America is at war and confronts a range of future security threats, it's important not to repeat the mistakes of the past by making drastic and ill-conceived cuts to the overall defense budget.
- At the same time, it is imperative for this department to eliminate wasteful, excessive and unneeded spending, to do everything we can to make every defense dollar count.
- The goal was, and is, to sustain the U.S. military's size and strength over the long term by reinvesting those efficiency savings in force structure and other key combat capabilities.



# Excerpts from Secretary Gates January 6, 2011 Speech (con't)

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- Not every defense program is necessary, not every defense dollar is sacred and well spent, and that more of nearly everything is simply not sustainable.
- The Defense Department will continue to see real, albeit steadily diminishing, growth for the next three fiscal years before flattening out in the fourth and fifth year.
- What is important is to have a budget baseline with a steady, sustainable and predictable rate of growth that avoids extreme peaks and valleys in defense spending that can be enormously harmful to readiness, planning and financial management.



# Mandate for Restoring Affordability and Productivity in Defense Spending (USD(AT&L) June 28, 2010 Memo)

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- Deliver the warfighting capability we need for the dollars we have
- Get better buying power for warfighter and taxpayer
- Restore affordability to defense goods and services
- Improve defense industry productivity
- Remove government impediments to leanness
- Avoid program turbulence
- Maintain a vibrant and financially healthy defense industry

Obtain 2-3% net annual growth in warfighting capabilities without commensurate budget increase by identifying and eliminating unproductive or low-value-added overhead and transfer savings to warfighting capabilities. ***Do more without more.***



# USD(AT&L) 23 Principal Actions Addressing 5 Major Areas

- Target Affordability And Control Cost Growth
- Incentivize Productivity And Innovation In Industry
- Promote Real Competition
- Improve Tradecraft In Services Acquisition
- Reduce Non-productive Processes And Bureaucracy

***USD(AT&L) Memo, September 14, 2010: "Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending"***



# Target Affordability And Control Cost Growth

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- Mandate affordability as a requirement
- Drive productivity growth through Will Cost/Should Cost management
- Eliminate redundancy within warfighter portfolios
- Make production rates economical and hold them stable
- Set shorter program timelines and manage to them



# Incentivize Productivity And Innovation In Industry

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- Reward contractors for successful supply chain and indirect expense management (Navy prototype)
- Increased Fixed-Price Incentive Firm Target use where appropriate using a 50/50 share line and 120 percent ceiling as a point of departure
- Adjust progress payments to incentivize performance
- Extend the Navy's Preferred Supplier Program to a DoD-wide pilot
- Reinvigorate industry's independent research and development and protect the defense technology base





# Promote Real Competition

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- Present a competitive strategy at each program Milestone
- Remove obstacles to competition
- Increase dynamic small business role in defense marketplace competition



# Improve Tradecraft In Services Acquisition

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- Create a senior manager for acquisition of services in each component, following the Air Force's example
- Adopt uniform taxonomy for different types of services
- Address causes of poor tradecraft in services acquisition
- Increase small business participation in providing services



# Reduce Non-Productive Processes And Bureaucracy

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- Reduce the number of OSD-level reviews to those necessary to support major investment decisions or to uncover and respond to significant program execution issues
- Eliminate low-value-added statutory processes
- Reduce by half, the volume and cost of internal and congressional reports
- Reduce non-value-added overhead imposed on industry
- Align Defense Contract Management Agency (DCMA) and Defense Contract Audit Agency(DCAA) processes to ensure work is complementary
- Increase use of Forward Pricing Rate Recommendations (FPRRs) to reduce administrative costs



# Initiatives & Revised Processes

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- Weapon System Acquisition Reform Act
- Improve Acquisition Act (p/o FY11 NDAAA)
- Program Manager Empowerment and Accountability



# Weapon System Acquisition Reform Act

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- Established offices of**
  - Cost Assessment and Program Evaluation
  - Developmental Test and Evaluation and Systems Engineering (as separate and equal organizations)
  - Performance Assessment and Root Cause Analysis
- Codified role of the Commanders of the Combatant Commands in Identifying joint military requirements**
- Requires acquisition strategies to ensure competition throughout the lifecycle of Major Defense Acquisition Programs**
- Requires competitive prototyping before Milestone C**
- Program manager to notify the Milestone Decision Authority, if at any time prior to a Milestone B decision, the estimate of the total program cost grows by more than 25% or the program schedule for initial operational capability grows by more than 25%**



# Improve Acquisition Act (FY 11 NDAA)

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## ❑ Part I –Defense Acquisition System

- Adds section to Title 10 specifying USD(AT&L) as responsible for management of the acquisition system, directs service chiefs to assist SAEs with acquisition related functions, and directs independent performance assessments by PARCA
- Requires the Department to establish a requirements system specific to the acquisition of services
- Authorizes a pilot for the acquisition of military purpose non-developmental items from non-traditional contractors (\$50K max per contract; 9 mo. max to deliver first lot)

## ❑ Part II Defense Acquisition Workforce

- Directs establishment of performance management system for the acquisition workforce including performance plans for individuals
- Requires the Department to focus on the proper development, assignment, and employment of civilian members of the acquisition workforce
- Directs a review of acquisition curricula offered by DAU

## ❑ Part III Financial Management

- Addresses DoD financial management/audit readiness Department-wide
- Requires a review of obligation/expenditure benchmarks

## ❑ Part IV Industrial Base

- Includes provisions intended to expand the industrial base
- Provides for DoD approval/disapproval of contractor business systems
- Authorizes an industrial base fund



# Precision Strike Weapons Programs

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## ACAT I

- Joint Direct Attack Munition (JDAM)
- Joint Standoff Weapon (JSOW)
- Joint Air-to-Surface Standoff Weapon (JASSM/JASSM-ER)
- Advanced Anti-Radiation Guided Missile (AARGM)
- Excalibur
- Guided Multiple Launch Rocket System (GMLRS)
- Small Diameter Bomb Increment II (SDB II)
- Tactical Tomahawk (Block IV)

## Pre-MDAP

- Joint Air to Ground Missile (JAGM)
- Offensive Anti-Surface Warfare (OASuW) weapon



# Precision Strike Weapons Trends

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- Multi-sensor weapons
- Expanded target sets
- Resistance to countermeasures
- Network enabled
- Third-party targeting
- Autonomous targeting
- Improved capability against movers
- Increased standoff
- Improved sustainability
- Insensitive munitions
- Block upgrades to maintain pace with threats
- Multi-platform capable (interoperability)
- Increased weapon loadouts
- Jointness





# Precision Strike Weapons Focus Areas

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- Achieving weapon system affordability
  - Universal Armament Interface (UAI)
- Achieving system reliability
- Reducing concurrency of testing and production
- Shifting weapon procurement rates toward Economic Order Quantity levels
- Ensuring rigorous DT testing prior to OPEVAL entry
- Assessing common weapon risk elements (ie, fuzing)
- Assessing predicted performance against potential threats
- Expanding competition, including international participation
- Executing robust competitive prototyping to reduce technical risk and control costs
- Assessing industrial base vulnerabilities for primary subsystems
- Preserving Jointness

Provide weapon deliveries to warfighter that strikes optimum balance:  
urgency of need --- performance --- affordability of product



# Precision Strike Weapons Acquisition Strategy Considerations

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- What is the true “should-cost” for this weapon system?
- What’s the true risk drivers for development?
- Cost Plus versus Fixed Price development contracts?
- Should we procure the data package?
- Is the program office’s proposed weapon procurement rate realistic?
- Which weapon’s subsystems/technologies are driving risk reduction?
- What’s the weapon’s integration risk with designated platforms?
- Does the proposed testing (CT, DT, IT, OT) strike the correct balance between M&S, captive carry, free flight testing, etc to minimize cost while ensuring Effectiveness and Suitability?
- Is there a way to accelerate weapon capability to the warfighter through incremental development?
  - Open Systems architecture (hardware and software)
- How do we sustain competition throughout the life of this program?
  - Open Systems architecture (hardware and software)
- Is a multiyear procurement appropriate?



# Focus Areas for Program Managers

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- Complicated acquisition system
  - Must balance stakeholders different priorities
    - Requirements, Resources
    - Services, OSD
    - Congress, Industry
- Business acumen a must
- Training/Experience/Mentoring
  - Before needed
  - PM + Staff
- Objectivity vs. blind advocacy
- Know program status
  - Cost/Schedule/Performance (use metrics)
    - EVM
- Affordability
- Domain awareness
- Reliability, Availability, Suitability
- Positive management of issues, risks and opportunities



# What Makes A “Good” PM? Thoughts and Observations

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- Is highly effective at building coalitions. Seeks win-win opportunities
- Makes program goals clear and helps everyone "visualize" success
- Promotes transparency and invites constructive criticism. An effective listener humble enough to learn
- Confronts issues constructively and objectively. Passion is good; self control is paramount
- Makes time for people and models behaviors that promote teamwork
- Empowers subordinates
- Has the courage to report difficult news ... proactively
- Is an effective communicator
- Tolerates ambiguity and leads effectively through it
- Delivers results



# Summary

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- Focus on affordability!
- Budgets will be tight
- Well planned and well executed programs

***Be Part of Continuing Process Improvement!***



# Backups

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# Tips for Program Manager Success



# 1. Know Your Neighborhood

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- Even Service-specific programs will need to work in a joint environment
  - Understand broader context of how your program fits into larger architecture and make provisions
  - Department will tend to value programs that work well with other Service systems
- Build relationships with other programs
  - Program Managers, program offices, contractors





## 2. Pay 'Em Now ... Or Pay 'Em Later

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- Shepherding programs through DAB process is hard work. Many stakeholders, legitimate interests
  - Start early; develop a plan w/schedule
  - Engage openly.
    - Focus Meetings & WIPTs to resolve what can be resolved;
    - Elevate promptly any unresolved issues
  - Proper staff work demands “no surprises” at the DAB
    - Consensus not required, but issues must be framed
  - Preserve the DAB members’ time



### 3. It's More Than Paper ... It's Your Contract

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- Acquisition Strategy, Acquisition Program Baseline, Test & Evaluation Master Plan, and Systems Engineering Plan are the foundation
  - They form a contract among the parties
  - Make them solid and keep up to date
- Program Management Agreement (PMA) sets annual expectations, gives you basis to say “no” to requirements creep
- Tailor to meet your needs and fit your program
- Concise, direct writing always helps



## 4. Just Say “No”

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- PMs must hold the line on “requirements creep”
  - Warfighters; but not just warfighters
- Evolutionary acquisition provides for follow-on blocks and increments to meet warfighting needs
  - Build a time-phased plan to meet objectives
- “Configuration Steering Boards” to help control costs
  - SAE chaired, OSD and JS reps
  - Policy is to adjust content and requirements to stay w/i cost
  - Review requirements changes that can impact cost or schedule
    - Generally defer to future blocks or increments
  - PMs prepare a list of descoping options



## 5. The Only Thing Constant Is Change

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- No program is static ... While proper execution is your best guarantor of success, it's not absolute
  - Program can be overtaken by outside events
- Evolutionary acquisition institutionalizes change
- Congressional marks and Comptroller tweaks are part of program manager's world
- Be proactive rather than reactive
  - Be on the lookout for opportunities to improve efficiency and effectiveness
  - Always have a Plan B



## 6. OSD Oversight Role

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- Our goal is to help you succeed and field military capability on time, within budget, to expected performance
- Warfare offices help guide you through the Milestone Review process
- OIPT/DAES processes have been revised ... How well they will work for you depends on open communication!
- Use us as a resource early on