Weapons Systems Acquisition

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Agenda

• 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

• 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)

• 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)

• 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

Target Affordability And Control Cost Growth

- 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

- 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

- 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

• 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

- 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**

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

- **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)

- **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

**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

- 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

- 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 (i.e., 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

- 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

- 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

• 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

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

Be Part of Continuing Process Improvement!
Backups
Tips for Program Manager Success
1. Know Your Neighborhood

- 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

• 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

- 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”

• 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

• 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

- 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