

# AFCEA

## Panel 21: Exploring Managerial Implications of Current DoD Contracting Trends



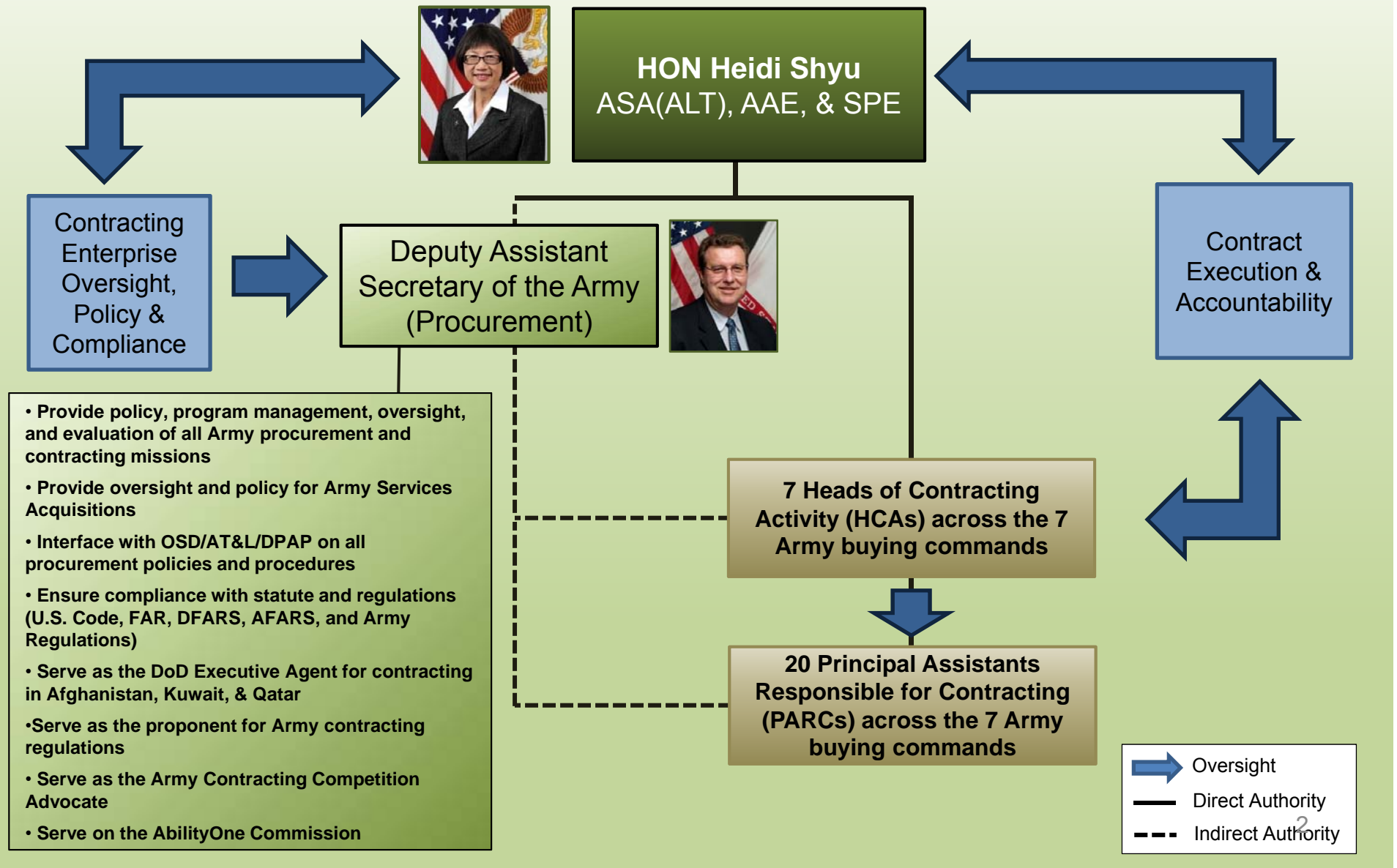
**Mr. Harry P. Hallock**

Deputy Assistant Secretary of the Army  
(Procurement)

15 May 2014

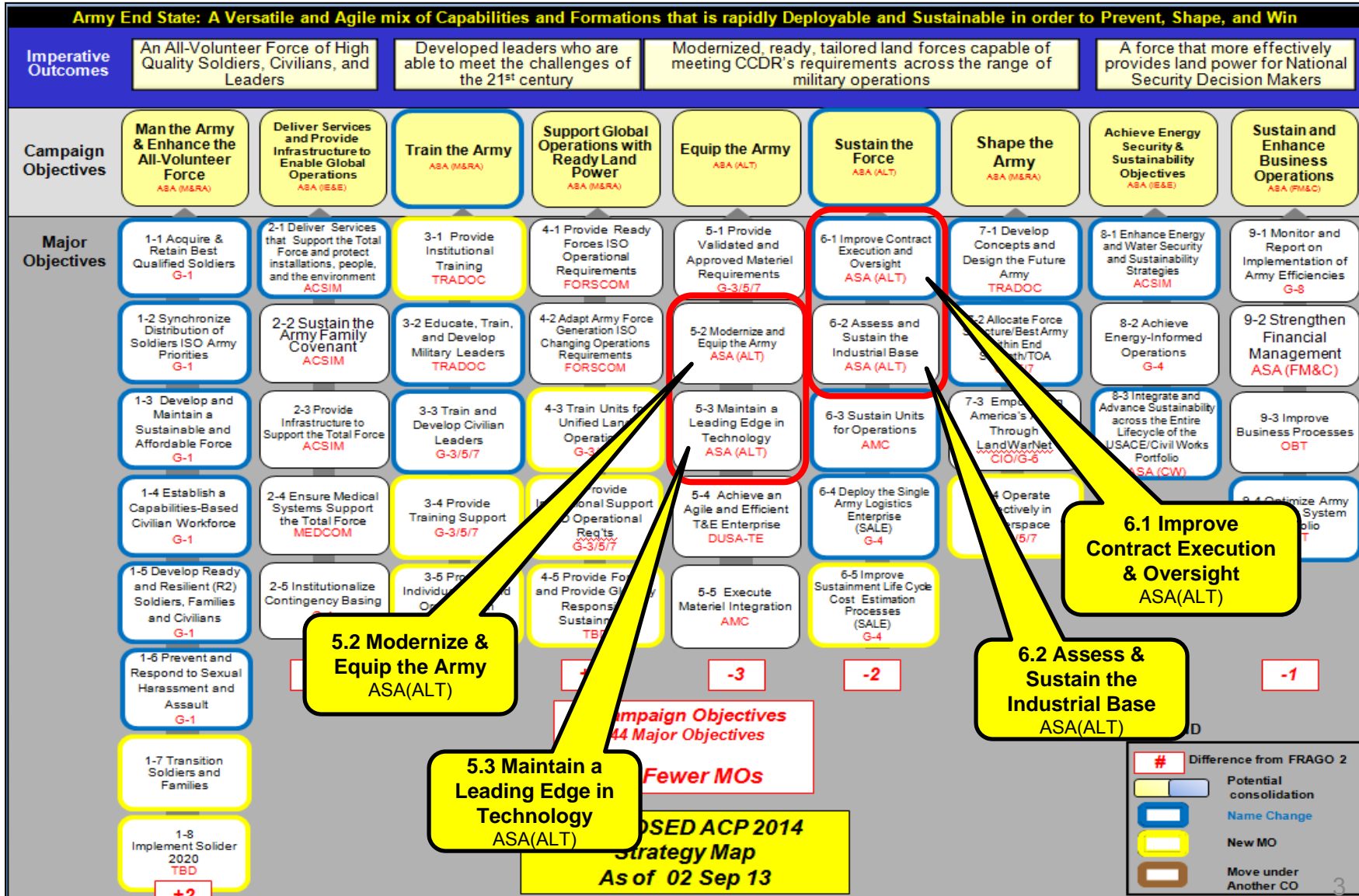


# DASA(P) Responsibilities





# Army Campaign Plan Strategy Map





# DASA(P) Strategy Map



	<b>Goal 1 Stakeholder Relations</b>	<b>Goal 2 Workforce</b>	<b>Goal 3a Products &amp; Services</b>	<b>Goal 3b Products &amp; Services</b>	<b>Goal 4 Transparency</b>
<b>GOALS</b>	Develop partnerships and relationships with stakeholders in order to anticipate their requirements.	Attract, train, develop, motivate, equip, empower, and retain a highly-skilled professional workforce.	Optimize Army services acquisition.	Develop real-time acquisition solutions that meet or exceed field requirements.	Establish a foundation of processes, procedures and infrastructure that improves productivity and morale and fosters transparency and communication.
<b>INITIATIVES</b>	<ol style="list-style-type: none"><li>1. Develop a stakeholder communications strategy</li><li>2. Establish DASA(P) situational awareness</li><li>3. Develop the DASA(P) brand</li><li>4. Develop stakeholder satisfaction surveys</li><li>5. Establish a network of subject matter experts</li><li>6. Establish Forums for Stakeholder Collaboration</li><li>7. Establish "Face of DASA(P)" web-based site</li></ol>	<ol style="list-style-type: none"><li>1. Develop and implement a resource concept to appropriately staff the organization</li><li>2. Develop an Army Contracting Human Capital Strategy</li><li>3. Develop a DASA(P) Human Resources Strategy</li><li>4. Develop DASA(P) recruiting and retention plans</li><li>5. Develop methods and techniques to improve Army Contracting recruiting and retention</li></ol>	<ol style="list-style-type: none"><li>1. Update the Army Service Strategy Panel approach</li><li>2. Develop a Services Strategic Communications Plan</li><li>3. Refine the forecast and cost savings updates process</li><li>4. Deploy a data analysis capability</li><li>5. Develop a services business intelligence system</li><li>6. Define the services acquisition process for operational commands</li><li>7. Establish the Annual Requirement Execution Review (ARER) process</li></ol>	<ol style="list-style-type: none"><li>1. Define a plan to update regulation / policy and expedite distribution</li><li>2. Develop a Contracting Lifecycle Approval and Support System (CLASS) and Dashboard</li><li>3. Develop a Procurement Business System requirements review process</li><li>4. Establish methods to optimize oversight</li><li>5. Define a strategic sourcing governance process</li><li>6. Establish a framework to Improve data integrity</li></ol>	<ol style="list-style-type: none"><li>1. Develop DASA(P) organizational design</li><li>2. Establish a culture of continuous improvement</li><li>3. Establish and publish DASA(P) battle rhythms</li><li>4. Define DASA(P) core capabilities</li></ol>
<b>METRICS</b>	<ol style="list-style-type: none"><li>1. 95% of stakeholders are satisfied with DASA(P) performance</li><li>2. % of customer satisfaction surveys completed</li><li>3. % of employee satisfaction surveys completed</li></ol>	<ol style="list-style-type: none"><li>1. Army contracting voluntary attrition is 15% or less</li><li>2. Percent of employees with required certifications is 95%</li><li>3. % of workforce utilizing telework / flexiplace</li><li>4. % of workforce completing courses</li></ol>	<ol style="list-style-type: none"><li>1. Track Army Commands' progress in achieving their cost savings</li><li>2. Publish Revised AR70-13.</li><li>3. Conduct 3 Annual Requirements and Execution Reviews</li></ol>	<ol style="list-style-type: none"><li>1. Number of submissions requiring rework is reduced by 20% year over year</li><li>2. Number of procedures transferred to the field increases by 20% year over year</li><li>3. Number of PMRs increase by 20% a year until all PARC and Army Contracting Headquarters elements are reviewed each year</li></ol>	<ol style="list-style-type: none"><li>1. Average processing time is reduced by 20% year over year</li><li>2. Support pipeline threshold increases year over year</li><li>3. Low-threshold support pipeline decreases year over year</li></ol>



# Hot Topics



## Trends

- **Smaller Army**
  - Average 20% reduction in contract dollars in last 3 consecutive years—trend continuing
- **Oversight & Quality Products**
  - Peer Reviews
  - Contract Administration
- **“Back to Basics” for Workforce**
  - Over 4 % attrition rate
  - Continuous training

## Projections

- FY14 Dollars: approximately \$65B
- FY14 Actions: approximately 280K

## Priorities

- **Better Buying Power 2.0**
  - Strategic Sourcing
- **Using Appropriate Evaluation Approach**
- **Using Appropriate Contract Type**
- FY14 Goals
- 1-N List
- Army Contract Writing System

## Initiatives

- **AFARS Rewrite**
- **Enterprise Optimization**
  - Army Contracting Study Recommendations
- **Accountability**
  - Procurement Management Reviews (PMRs)
  - Contracting Enterprise Reviews (CERs)
- **Continued Focus on Efficiencies**



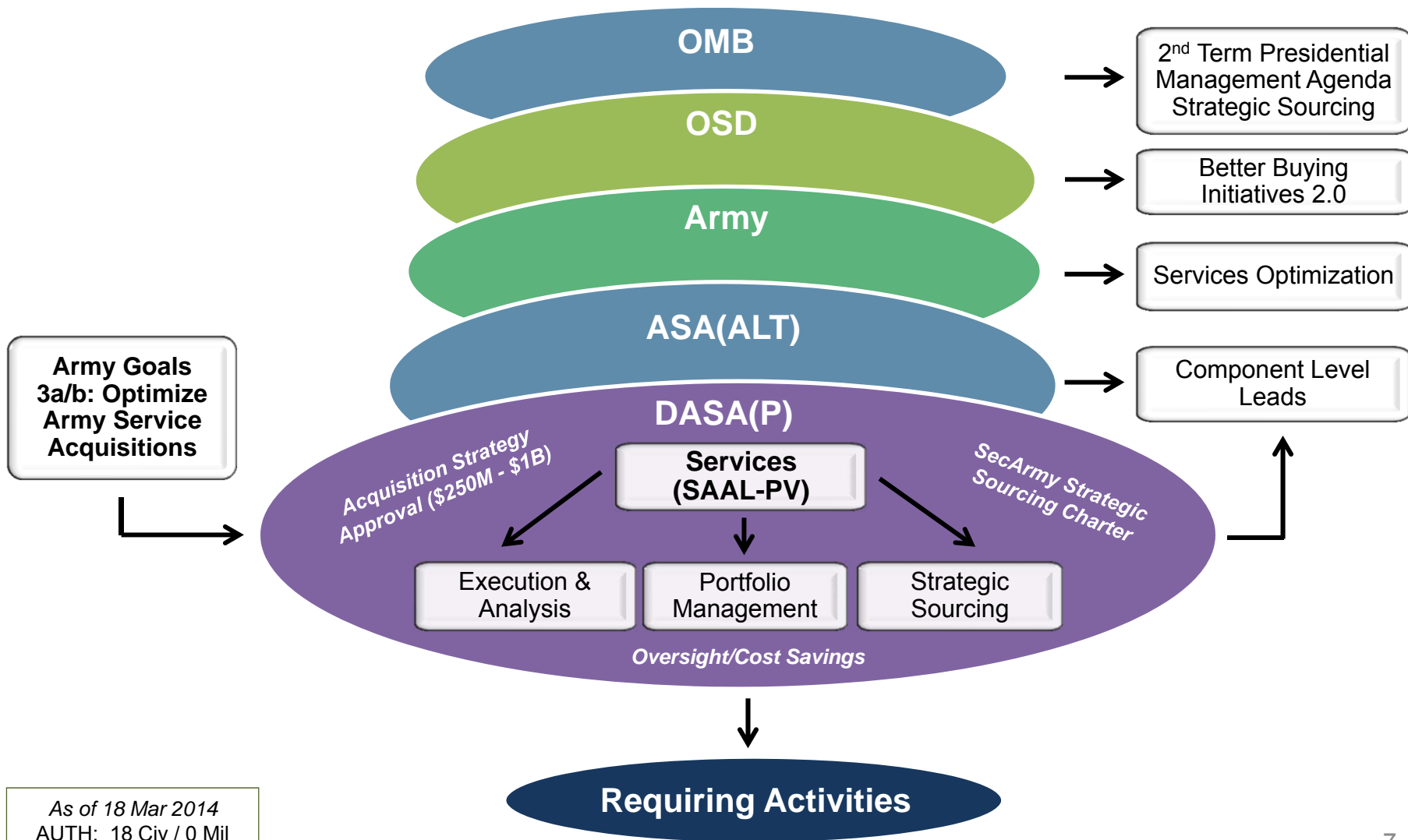


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# Comments



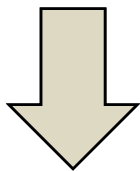
# Senior Services Manager Portfolio



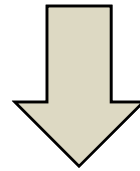
As of 18 Mar 2014  
AUTH: 18 Civ / 0 Mil  
On Hand: 10 Civ / 0 Mil



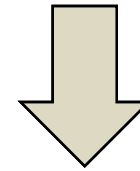
# Senior Services Manager Alignment with Strategic Priorities



- OMB - Strategic Sourcing Leadership Council
- OSD - Functional Domain Experts
- OSD - Senior Services Managers Roundtable
- OSD - Strategic Sourcing Directors Board
- HQDA (ASA(MR&A) & FMC
- Army Component Level Leads
- Army - Command Service Executives
- Army Federal Acquisition Regulation Supplement (AFARS) Committee (input)
- Army/OSD Small Business
- Army Portfolio Coordinators/Managers



- Better Buying Power
- Portfolio Governance
- Forecasting & Reporting
- Strategic Sourcing
- Management Controls & Visibility
- Better Buying Power



- AR 70-13/FAR/AFARS Part 37
- Policy Alerts and Taskers
- Army Regulation 70-13





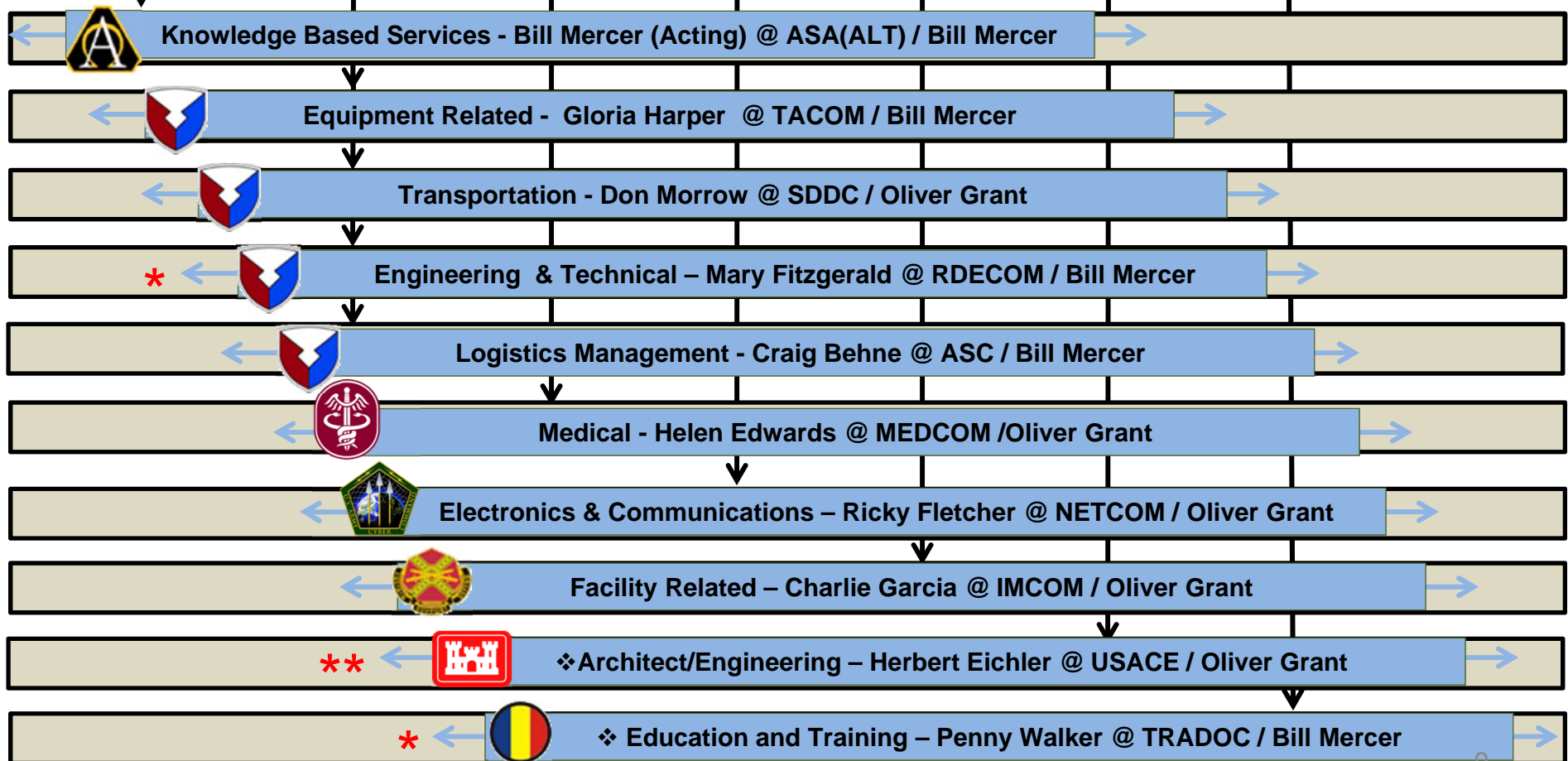
# Services Acquisition Governance



## COMMAND SERVICES EXECUTIVES

<b>ASA(ALT) DASA(P)</b> Senior Services Manager Portfolio Coordinators	<b>AMC</b> Mr. John Nerger Exec Deputy to CG	<b>MEDCOM</b> Mr. Lamont Kapec Dpty CofS, Procurement	<b>ARCYBER</b> Mr. Dan Bradford Dep to Cdr, Sr Tech Dir	<b>IMCOM</b> Mr. Joe Capps Executive Director	<b>USACE</b> Mr. Lloyd Caldwell Chief Program Integration	<b>TRADOC</b> Mr. Matthew Scully Dep CofS, G-8	<b>HQDA Staffs, ASA(ALT), ACOMS, ASCCs, DRUs</b>
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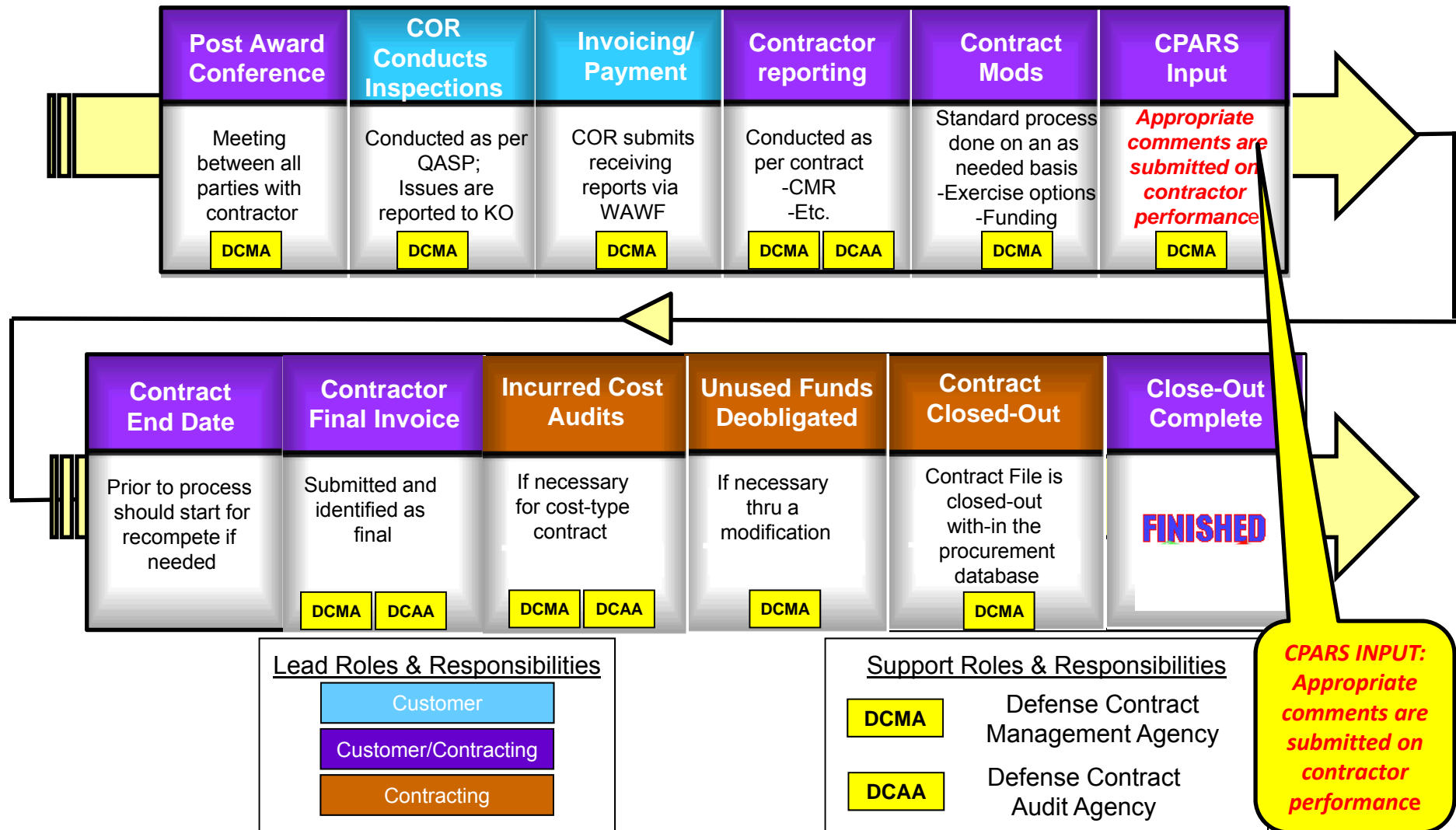
## 10 Portfolio Managers / Portfolio Coordinators - Army-wide view



\* Part of KBS portfolio group  
 \*\* Part of Facilities portfolio group



# Contract Administration & Closeout Post-Award





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# Back Up

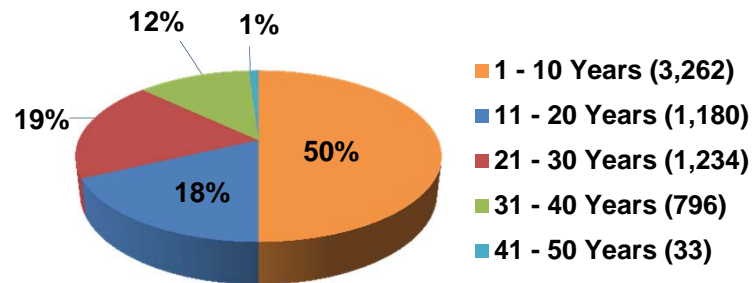


# Army Contracting Workforce

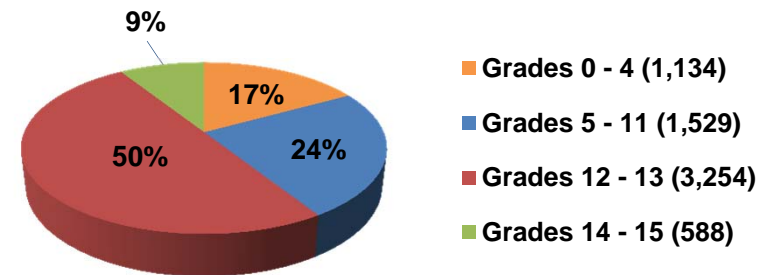


Occupational Series 1102 civilians are the core of Army contracting and make up 85% of the Acquisition Career Field "C" Contracting civilian workforce.

Total Army 1102s by Years of Service – FY13 Summary



Total Army 1102s by Pay Grades – FY13 Summary



In FY13, 50% of 1102s had 10 years or less of experience, meaning half of the workforce has operated only in an accelerated contracting environment during a time of war.



# Contracting Is More Than Writing Contracts



## Friction Point 1:

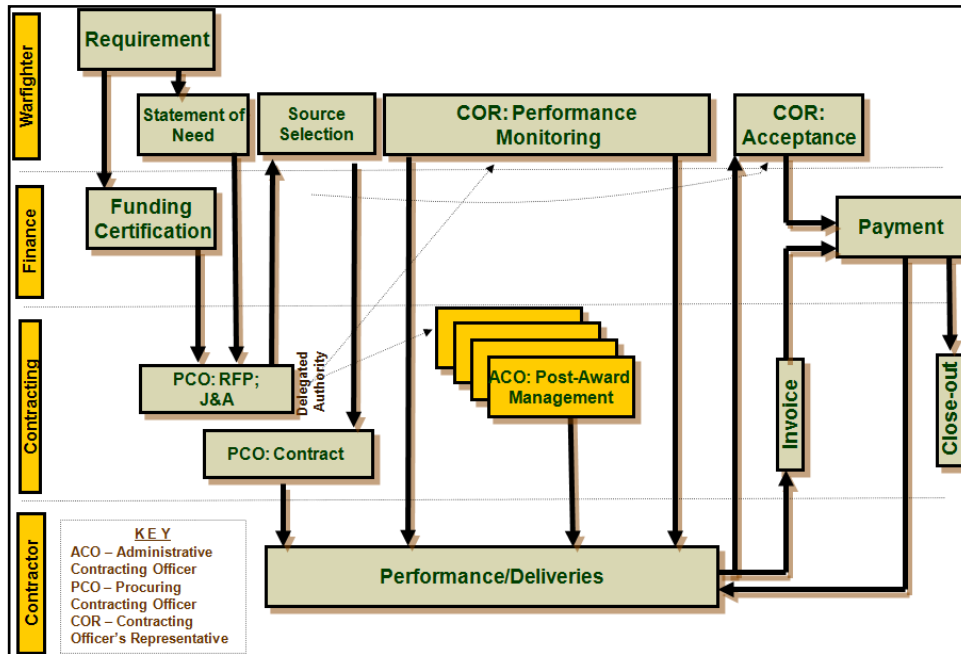
- Unstable Requirements
- Incomplete SOW/ PWS
- Limited Time & Lack Automation

## Friction Point 2:

- Appointment and Training of CORs
  - Maintaining CORs in Theater
  - Effective continual oversight
- Initiatives:** VCSA COR EXORD: Defined COR Requirements Before, During, and After Deployment (Qty, Training, BHO, etc.); Trained & Developed 3C ASI

## Friction Point 3:

- Invoice Certification
  - Property Accountability
- Initiative:** GFEBs and other business accounting measures



**Leadership Involvement Required Throughout the Lifecycle of the Contract**



# Better Buying Power



**Better Buying Power (BBP) delivers warfighting capabilities needed within the constraints of a declining defense budget by achieving “better buying power” for the Warfighter and the taxpayer**



**Achieve Affordable Programs**



**Eliminate Unproductive Processes and Bureaucracy**



**Incentivize Productivity and Innovation in Industry and Government**



**Promote Effective Competition**



**Improve Tradecraft In Acquisition of Services**



**Control Program Costs**



**Improve the Professionalism of the Total Acquisition Workforce**



**BBP 1.0:** on June 28, 2010, USD(AT&L) issued "Better Buying Power: Mandate for Restoring Affordability and Productivity in Defense Spending" which outlined the core objectives and direction of BBP to deliver better value to the taxpayer and improve the way the Department does business.

**BBP 2.0:** marks the next step in the Department of Defense's process of continuous improvement. BBP 2.0 will help improve the Department's effectiveness in the tradecraft of acquisition.

***BBP Helps to Identify Efficiencies Across the DoD***



# A Decade of Change

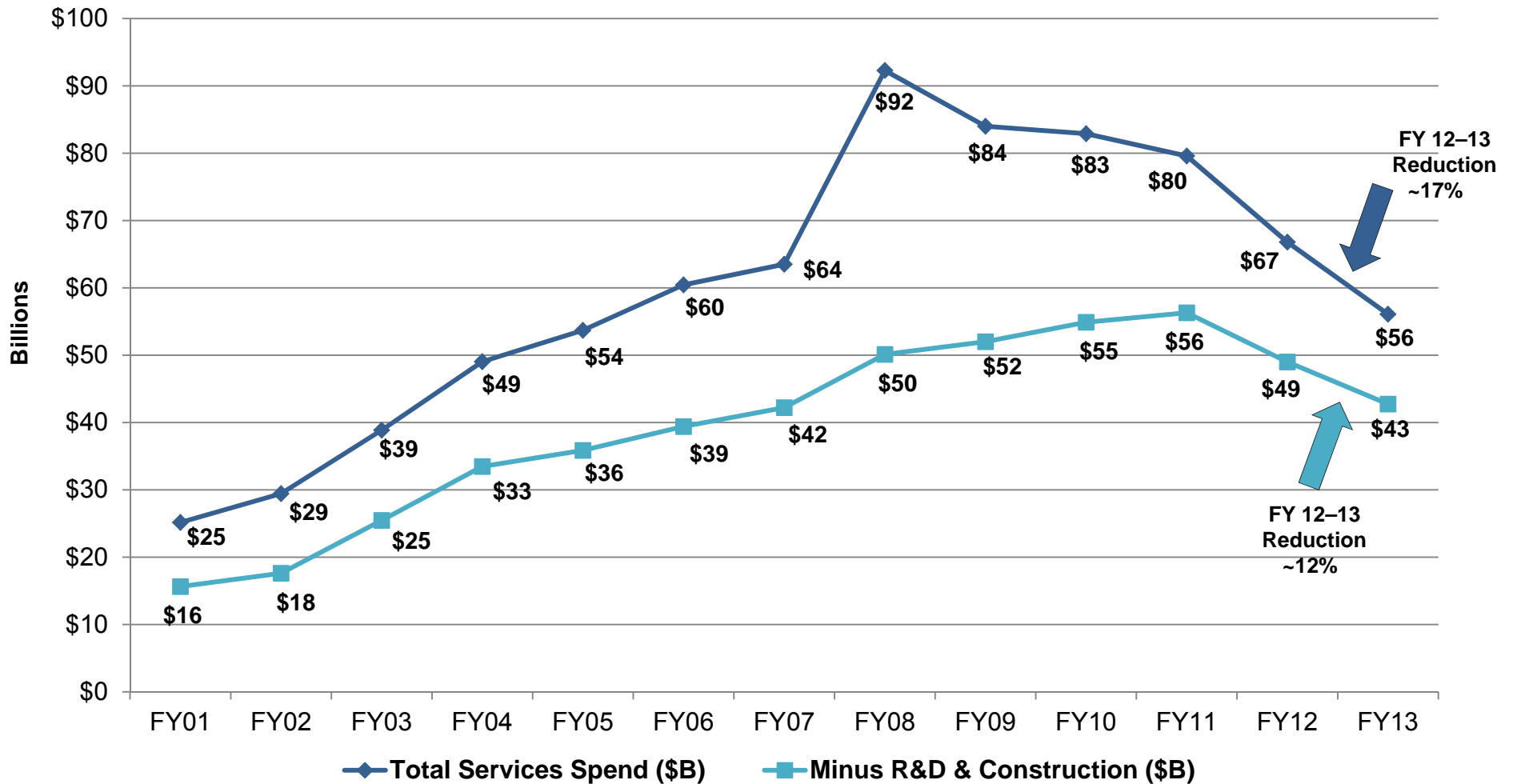
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- Increased FAR and DFARS changes significantly complicated the contracting process with additional changes forthcoming
- Congressional and audit agency oversight and interest exploding
- Inexperienced workforce faced complex workload and greater dependence on contractor support
- In FY13, 50.1% of 1102s had 10 years or less of experience, meaning that half of the workforce has operated only in an accelerated contracting environment during a time of war
  - For more than 10 years, the Army focused on *effective* contracting first in order to get the product to the Warfighter; *efficiency* came after
- Historical focus on execution at the expense of adequate oversight - further compounded by fiscal uncertainties



# Army Services Spend (FY01-13)







# Services Acquisition



SECARMY GUIDANCE  
May 2011

Garner significant savings and greater effectiveness by providing oversight through active management of service requirements and execution

ASA(ALT) GUIDANCE  
December 2011

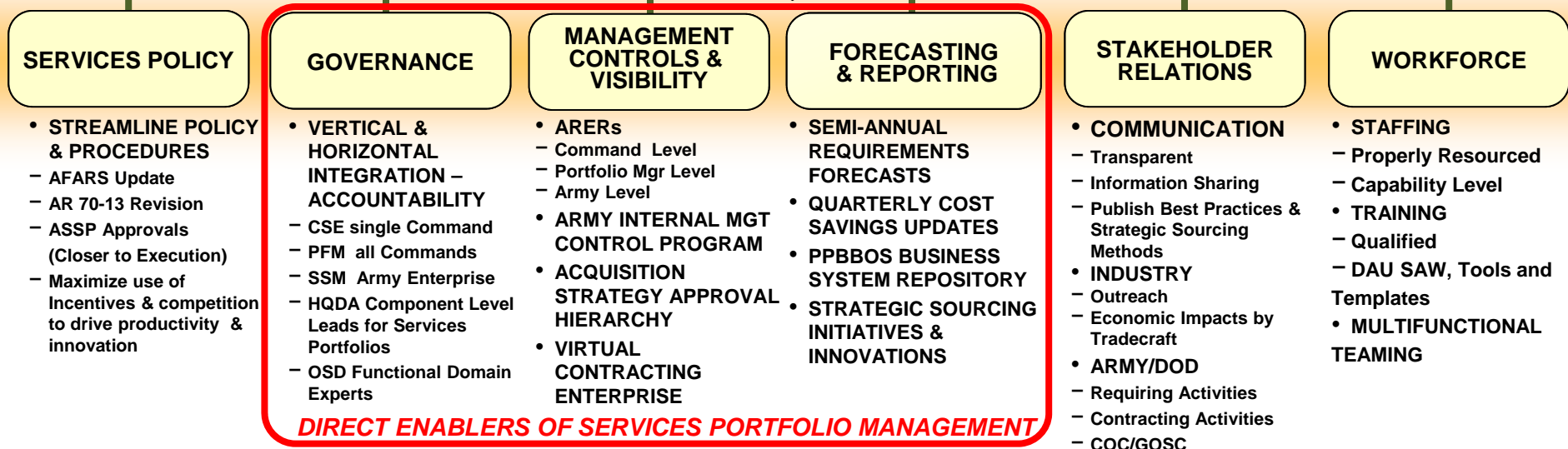
Comply with the management and governance concepts described in the Optimization of Services Acquisition Implementation Plan

Under Secretary of Defense for Acquisition, Technology and Logistics  
"Better Buying Power"  
Memorandums

- 1) Target Affordability and Control Cost Growth
- 2) Incentivize Productivity and Innovation in Industry
- 3) Promote Real Competition
- 4) Improve Tradecraft in Services Acquisition
- 5) Reduce Non-Productive Processes and Bureaucracy

DASA(P) EXPECTED OUTCOME

Gain efficiencies while maintaining Army's effectiveness in the acquisition of services



ENABLES FULL OPTIMIZATION & EXECUTION OF ARMY SERVICES



# Services Portfolio Groups



## *Knowledge Based Services*

- \* Engineering & Technical Services
  - Program Management Services
  - Management Support Services
  - Administrative & Other Services
  - Professional Services
- \* Education & Training Services

## *Equipment Related Services*

- Maintenance, Repair and Overhaul
- Equipment Modification
- Installation of Equipment
- Quality Control
- Technical Representative Services
- Purchases & Leases
- Salvage Services

## *Facility Related Services*

- \* Architect/Engineering Services
  - Operation of Govt Facilities
  - Building & Plant Maintenance
  - Natural Resource Management
  - Utilities
  - Housekeeping & Social Services
  - Purchases & Leases

## *Medical Services*

- General Medical Services
- Dentistry Services
- Specialty Medical Services

## *Electronics & Communications Services*

- IT Services
- Telecom Services
- Equipment Maintenance
- Equipment Leases

## *Transportation Services*

- Transportation of Things
- Transportation of People
- Other Travel & Relocation Services

## *Logistics Management Services*

- Logistics Support Services
- Logistics Civil Augmentation Program



# Services Strategic Sourcing



**Strategic Sourcing:** drive change to improve operational efficiencies and socio-economic performance, minimize duplication of efforts, and reduce consumption/volume and cost by acquiring goods and services strategically to maximize value for every acquisition dollar spent to support the Warfighter

## Strategic Sourcing IS NOT Just...

- The resulting contract
- Leveraged buying
- Contract consolidation
- Contracting and procurement
- About saving money

## Strategic Sourcing IS...

- A **PROCESS** for systematically analyzing and developing optimal strategies for buying goods and services
- **DATA DRIVEN** – fact-based analysis to drive decision making rather than just “hunches”
- A **HOLISTIC** process that addresses customer needs, market conditions, organizational goals and objectives, and other environmental factors
- Based on **MARKET INTELLIGENCE** and takes into account small business capabilities
- A **COLLABORATIVE, CROSS-FUNCTIONAL** approach
- About **SUPPORTING AN ORGANIZATION'S MISSION** through procured goods and services



# Strategic Sourcing Misconceptions



## **#1) It is Bundling/ Contract Consolidation... NO!**

Strategic Sourcing is a process that is followed, not a predetermined, specific outcome to be used in an acquisition/commodity strategy. Is contract consolidation sometimes a result of strategic sourcing? Yes. Is contract consolidation sometimes not an appropriate strategy? Yes. As part of the process of strategic sourcing, and the analysis included in that process, the best strategies are chosen for each specific initiative.

## **#2) It Eliminates Small Business... NO!**

There are legislative statutes and specific Army goals regarding small business. The sourcing team will not ignore these as part of strategic sourcing. During each strategic sourcing initiative, the team looks at the current environment and suppliers, which allows them to understand what is provided by small business today. They also conduct market research which provides answers to questions such as: Are there other small business suppliers? Could this be a small business set aside?

## **#3) It is A-76 Competitive Sourcing... NO!**

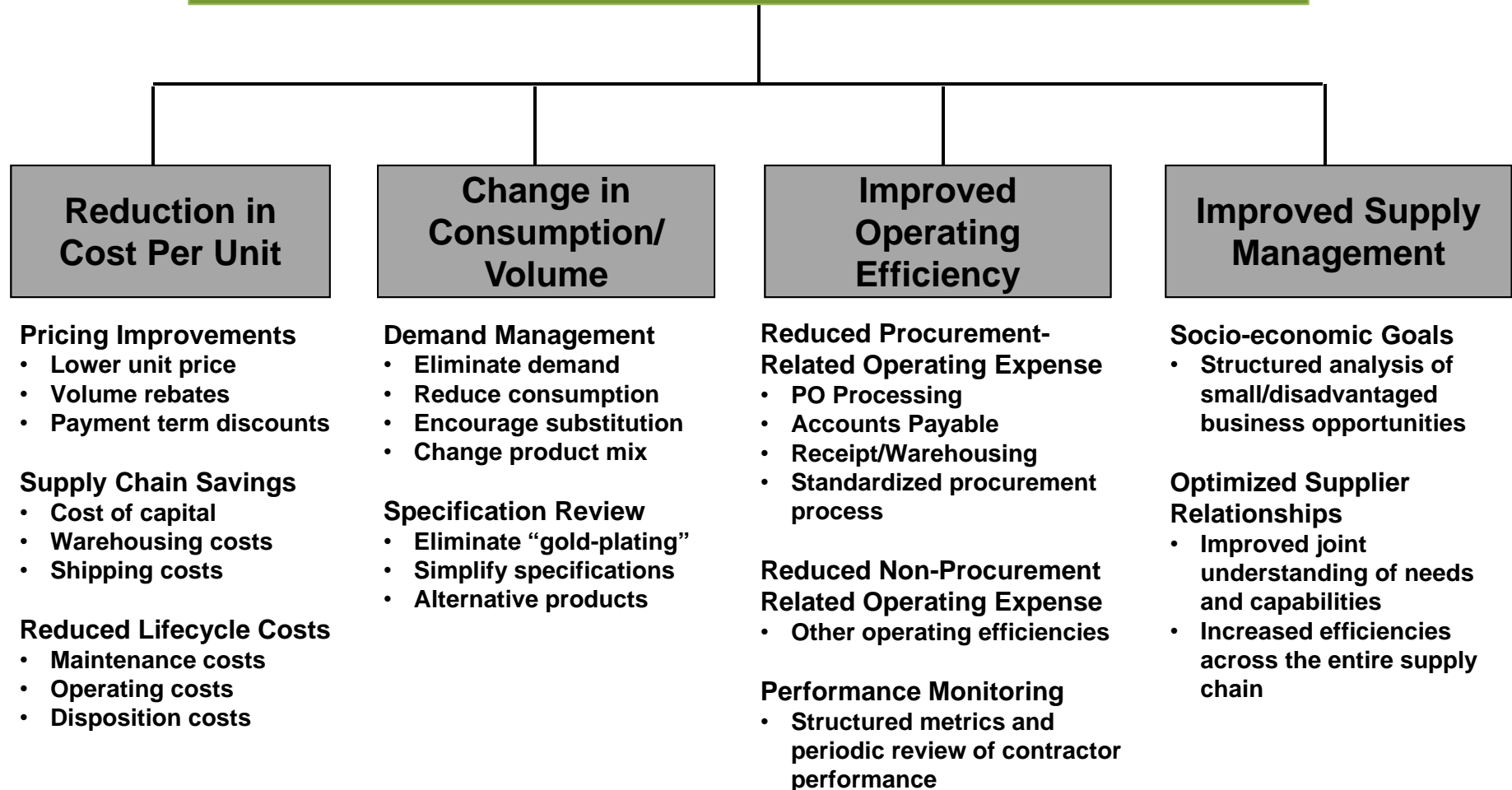
Strategic Sourcing is a process that is unrelated to the public-private sector competition using OMB Circular A-76 and it assumes the decision to source a good/service from outside the government organization has already been made.



# Strategic Sourcing Quick Reference



## Leverage Army's Resources to Spend Efficiently

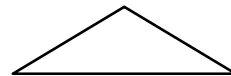




# Strategic Sourcing Governance



**Deputy Assistant Secretary Army – Procurement**  
*The Senior Service Manager is the  
HQDA focal point for Strategic Sourcing*



## Army Strategic Sourcing Governance Structure

### SSEC

- Executive championship
- Set strategic vision, direction, and priorities
- Drive commonality & standardization
- Eliminate duplication

### SSSG

- Plan & orchestrates Army-wide communications
- Recommend Policies to DASA-P/SECARMY
- Assist working groups
- Tracks and reports progress to the SSEC
- Monitor DoD/Federal initiatives

### SSWG

- Establish commodities teams
- Functional area prioritization
- Developing demand/forecast
- Tactical planning, scheduling & resource management
- Execute strategic sourcing strategies (Model)



# Strategic Sourcing Governance



## Strategic Sourcing Executive Committee (SSEC)

SES/GO level

**Chair:** DASA(P)  
**Members:** DASA(P) Deputy (Alternate-Chair)  
Senior Services Manager  
HCAs & PARCs / Alternates  
Small Business  
Legal Counsel  
Requiring Activities  
CIO/G6 / G8  
**Advisors:** SMEs (as necessary)

Meets semi-annually  
(or as needed)

## Strategic Sourcing Steering Group (SSSG)

GS15/COL

**Co-Chairs:** SSM (Strategic Sourcing Directorate) / Requiring Activity  
**Members:** Small Business  
Legal Counsel  
Requiring Activities  
CIO/G-6  
G8  
PARCs / Alternate  
SAAL-PB Director  
SAAL-PP Director  
**Advisors:** SMEs (as necessary)

Meets quarterly  
(or as needed)

## Strategic Sourcing Working Groups (SSWG)

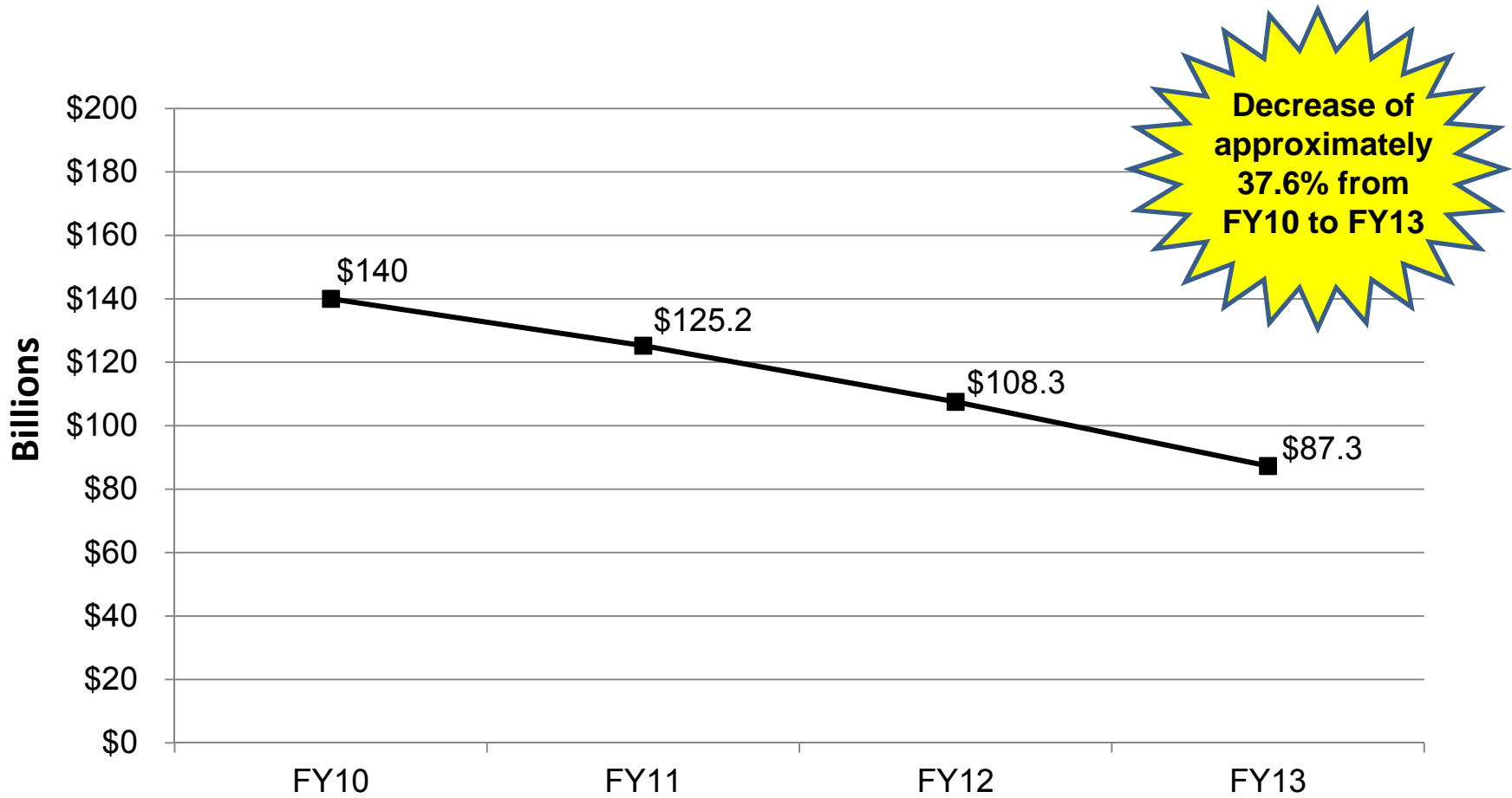
Appropriate Levels

**Chairs:** TBD – Portfolio Managers / Alternates  
**Members:** TBD – Based on commodity / portfolio  
**Advisors:** TBD – Based on commodity / portfolio

Meets monthly  
(or as needed)



# FY13 Statistics Decreasing Obligations



**Contract obligations following downward trend**



