



Panel 12 - Issues In Outsourcing

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Participants



- *Chair: Reuben S. Pitts III*
 - Head, Warfare Systems Department, NSWC, Dahlgren Division
- *Discussant: David Lamm*
 - Associate Professor emeritus, Naval Postgraduate School
- *Outsourcing For Optimal Results: Dr. Francois Melese*
 - Professor, Naval Postgraduate School
- *Outsourcing Mk 48 Torpedo Production: William Lucyshyn*
 - University of Maryland



Background



- *Outsourcing begun in Eisenhower Administration*
- *Defined by OMB Circular A-76 first published in 1966*
- *2003 GAO Report cited 61,516 positions studied for outsourcing between 1988 and 1997. 35,000 more were under study*
- *“Competitive Sourcing” is the second of five Government-wide initiatives shown in the President’s Management Agenda*



NSWC Dahlgren



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- *Annual operating budget of approximately \$1B*
 - *Approximately ½ to contractor sources*
 - *Mix of A-76 and workforce enhancement*



COMNAVSEA Comments on Secretary Winter's Speech at Sea-Air-Space Exposition in April



- 1. The Navy must re-assert its control over the entire shipbuilding acquisition process and reduce reliance on contractors.*
- 2. The Navy must define the design constraints to optimize overall Fleet capability, i.e., the lead systems integrator should be the Navy not the contractor.*
- 3. Contractors must design for production and sustainment. The Navy and the contractor should view each new platform as an opportunity to re-evaluate our production processes and not rely on existing approaches.*
- 4. The Navy needs to use independent cost estimates as we decide on options and potential trade-offs.*
- 5. We need to use mature specifications when awarding detail design and construction contracts beyond the lead ships, and use fixed price incentives for all but lead ships.*
- 6. The Navy needs to provide knowledgeable program oversight.*



Ponderables



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- *When and what should be outsourced?*
 - *What is the right level of government participation and control of outsourced work?*