



Defense Acquisition Performance Assessment Project Overview

***Public Session
July 15, 2005***



Discussion Topics

- Roadmap Defined
 - Mandate, Principles and Problem
 - Organizational Relationships
 - Division of Labor
 - What's Different (About This Study)
 - Methodology
 - Project Timeline
- } What
- } How
- } When



Roadmap Defined

- **Description of How to Go From Point “A” to Point “B”**
- **Point “A” is the Current Acquisition System and Processes Informed by All the Past and Present Acquisition Reform and Improvement Initiatives**
- **Point “B” is What the Acquisition System and Processes Can be to provide capabilities to win the Global War on Terror, meet other challenges to National Security and regain senior leadership confidence.**



Mandate for Success

Issued by Acting Deputy Secretary of Defense England,
7 June 2005

“... I am authorizing an integrated acquisition assessment to consider every aspect of acquisition, including requirements, organization, legal foundations ...decision methodology, oversight, checks and balances — every aspect...”

The output... will be a recommended acquisition structure and processes with clear alignment of responsibility, authority and accountability.

Simplicity is desirable... restructuring acquisition is critical and essential.”



Principles to Guide DAPA Efforts

- **Fight the Global War on Terror by Acquiring Equipment, Systems and Services Timely Manner to Win**
- **Understand and Define Success in Terms of Outcomes and in the Context of the Process that Produces Successful Results in the Customers' Eyes**
- **Build the Strategic Human Capital of the Defense Acquisition Workforce**
- **Work to Establish Joint Requirements that Balance Among Performance, Schedule and Cost**
- **Work Through the Industrial Base Challenges of Our Day**
- **Ensure the Acquisition Process is Transparent, Objective, Timely and Accountable**
- **Build Authoritative Data/Information (Facts) – Linked Across Functions – To Drive Decisions at the Right Level**
- **Increase Agility, Keep Pace with a Changing and Uncertain World – Shorten Cycle Times; Hedge Against Surprise, Etc.**
- **Explicitly and Honestly Balance – Among Risks and Priorities to Get Best Value for the Taxpayer**
- **Integrity – Must Operate in an Environment Merits and Maintains Trust and Confidence**



Statement of the Problem (Current Situation)

Massively Accelerated Cost Growth

- Currently, over 80 new major weapon systems are under development, with a combined cost growth of \$300B and total acquisition cost of nearly \$1.5T
- Most recent GAO study of 26 major acquisition programs indicates 42% cost growth to \$145B RDT&E, 50% average program unit cost growth, and 20% average program schedule increase to nearly 15 years
- GAO asserts that the top five programs have increased in cost during the past four years from \$281B to \$521B

System-Wide Improvement Elusive Despite Many Attempts

- The trend is not abating — estimates of cost growth and development time of these same five programs grew 14.3% and 5.5%, respectively, in the past year alone
- After more than 20 years of numerous attempts to improve the acquisition system, the perception is that no reforms have addressed systemic weaknesses in structure, process and governance of acquisitions

Confidence in System Badly Damaged

- Characterizations of system failure are wide, and many:
 - Perception what we are buying not keeping up with a changing world – buying today the next generation of what we HAVE today
 - A “*Conspiracy of Hope*” created by industry must-win mentality and service advocacy for scarce resources
 - “*Program Demagogy*” resulting from valuing sunk costs more than future options
 - Conditions of “*Marginal Survival*” self imposed by stretching out funding to support more and more programs, each at its marginally inefficient rate
 - “*Ever-Escalating Requirements*” resulting from absence of balanced advocacies and adequate constraints



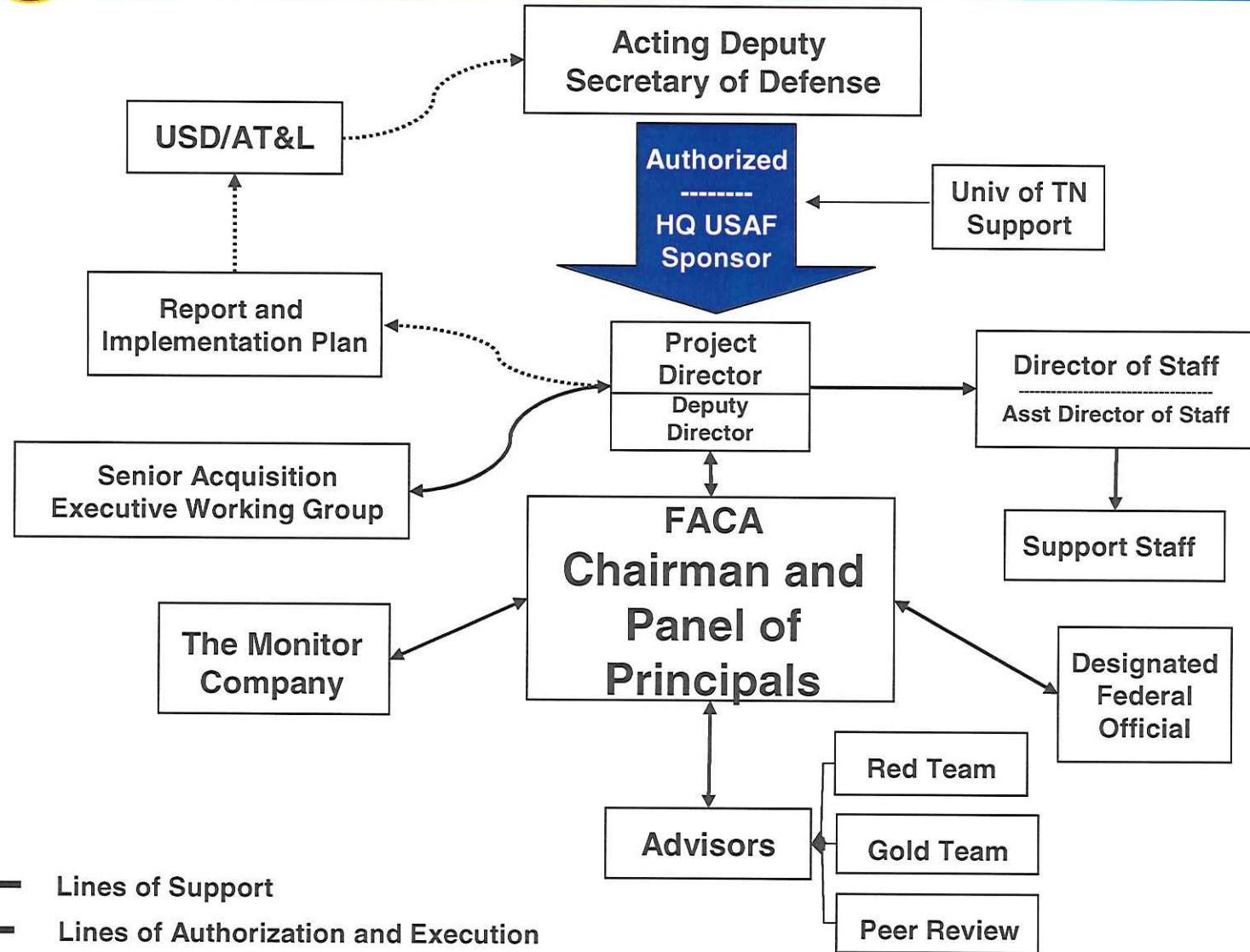
Statement of the Problem

Improve DoD's Acquisition System to:

- 1. Provide Capabilities to Win the Global War on Terror,**
- 2. Meet Other Challenges to National Security and**
- 3. Regain Senior Leadership Confidence.**



DAPA Relationships





Project/Panel Division of Responsibilities

Panel Principals

Study Areas

Ron Kadish

Don Kozlowski

Frank Cappuccio

Richard Hawley

Gerry Abbott

Paul Kern

Acquisition Program Management, Decision Making Methodology, DoD-Industry Relationship and Planning Processes, Implementation Plan

Pre-Acquisition Planning, Acquisition Strategy Development, Requirements Management, Oversight (Checks and Balances)

Organization – Acquisition Task Alignment, Program Manager Training, Certification Processes, Regulatory Policy/Legislative Impacts



What's Different?

An analytical foundation is required to reform the acquisition system with predictable and lasting outcomes.

PRIOR STUDY APPROACHES

• Delphic Approach

- Intuitive and inductive reasoning as to root causes of issues and challenges of acquisition system
- Based on in-depth interviews and panel discussions with experts across a stakeholders
- Recommendations typically address symptoms instead of the underlying structure of behaviors
- Typically used by think tanks such as RAND, CSIS, et. al.

Comparative Approach

- Assess performance on quantitative metrics (e.g. cost growth and schedule delays) and formulates root cause hypotheses based on comparison to other standards
- Hypotheses are rarely tested with fidelity
- Typically used by oversight and audit organizations such as GAO, CBO, et. al.

DAPA STUDY APPROACH

- Analytical Systems Approach and Framework
- Maps underlying structure of behaviors and develops insight into levers to affect change and manage uncertainties
- Allows us to test hypotheses, predict outcomes of actions, and identify unintended consequences and barriers to adoption
- Enable us to take actions for enduring and meaningful change
- Based on systems dynamics and other proven tools
- Causal relationships and patterns of behavior are informed by in-depth interviews
- Recommendations typically address the root causes of poor performance and barriers to change



Methodology

Five Element Approach

Qualitative Assessment, Analysis, Review and Implementation

- Literature Search
- One-on-One Oral Interviews and Analysis
- Views of Knowledgeable Experts
- Implementation Plan
- Comprehensive Reviews at Critical Milestones

**Peer Reviews
At
Critical Assessment
Project Milestones**

1. Literature Search

- Contracted to The Monitor Company (Harvard Business School)
- Independent/unbiased Perspective
- Goldwater – Nichols NOT Baseline
- 1985 Forward
- Provide Summary of Past Acquisition Reform Work as FACTUAL Foundation for Current and Future Work and to Inform the QDR



Methodology

2. One-on-One Oral Interviews and Analysis

- Interviews with Selected Industries
- Labor Union
- Trade Associations
- Government Acquisition Representatives

3. Views of Knowledgeable Experts

- Briefings to the Panel
- Correspondence and Discussions Provided to the Panel

4. Implementation Plan

- Assessment and Vetting of Recommendations
- Identify Practicable Solutions that can be Implemented
- Describe in Detail How Implementation can be Accomplished and by Whom
- Establish Integrated Management Plan/Schedule



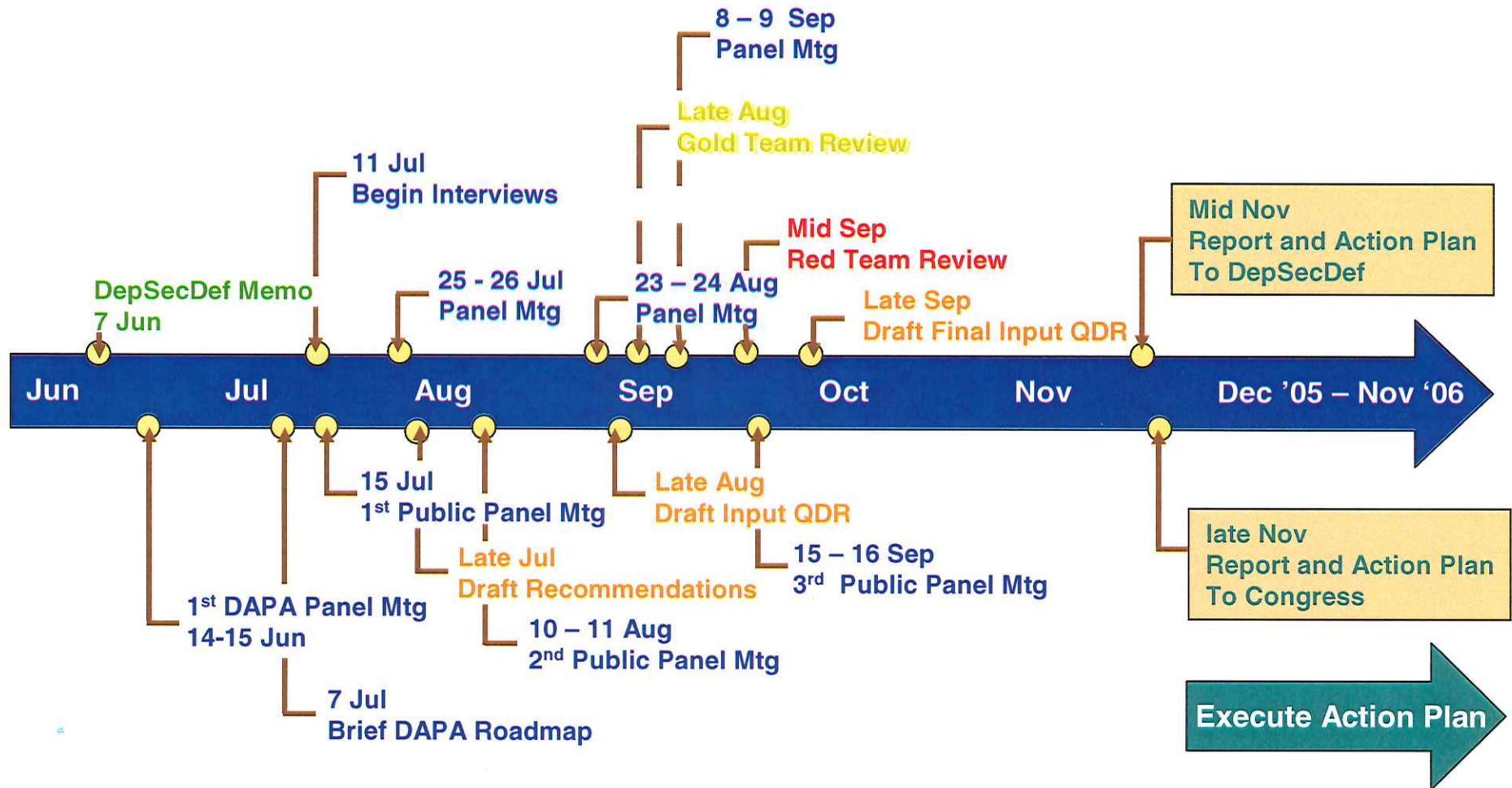
Methodology

5. **Reviews at Critical Assessment Milestones**

- Conducted throughout project by Senior Acquisition Executive Working Group
- Update and Review Prior to All Official Project Panel Meetings
- Gold Team Review of 1st Draft Report/Red Team Review of Final Draft (More Than One Gold and Red Teams)
- COCOM Representatives



DAPA Project Accomplishment Timeline





Summary

- **Structured Analytical Approach**
- **Addresses All Areas of Acquisition**
- **Study Results Will Inform QDR Process with Implementation Plan**
- **On Track with Aggressive Schedule**
- **Public Panel Meetings Key Element of Effort**