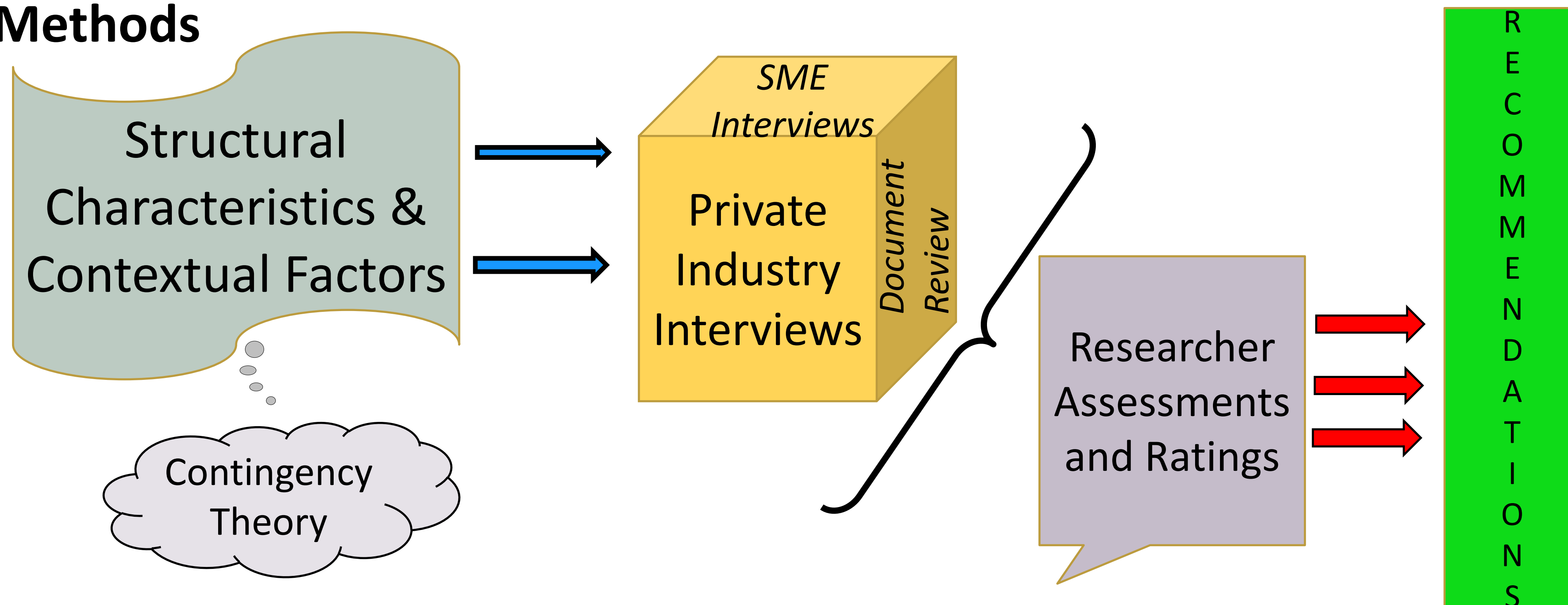


Abstract

Air Force Contracting (SAF/AQC) continually restructures itself to streamline decision-making and optimize purchasing procedures to best serve the warfighter. Using a data analysis and qualitative research approach, this report analyzed the purchasing structures used in industry and compared it to the current structure of HQ Air Force and Air Force Materiel Command (AFMC). Specifically, this research was conducted on behalf of the sponsor, Heidi Bullock, director of contracting, Headquarters AFMC, Wright-Patterson Air Force Base, OH. Bullock is responsible for the 3,900-person AFMC contracting workforce, which executes a \$67 billion annual budget. This report provides USAF leadership detailed information on the roles and responsibilities practiced in the private industry and provides common practices and recommendations to best optimize Headquarters Air Force and AFMC.

Methods



Results

1. How do the Air Force contracting structure, roles, and authorities compare with the purchasing functions of private sector organizations?

Comparisons between private sector organizations and the current Air Force Contracting structure are largely based on contingency theory and the differences in goals and strategy. The researchers focused on analyzing AFMC rather than Air Force contracting as a whole. This is an important distinction given that not all Air Force contracting organizations can be generalized based on the research in this study. Organizations interviewed indicated that high levels of centralization or various hybrid models are becoming increasingly advantageous in meeting organization goals and managing spend appropriately. Organizations indicated that the size of the purchasing organization is relatively small compared to the overall organization size, and the purchasing organization is maintained with direct reporting to high level executives. This allows more internal control of purchasing and better category management practices within the purchasing function. This is vastly different from the AFMC contracting structure as a whole, based upon the goals and the size of the organization. Two companies interviewed had specific mission sets and organization goals that allowed for little variation and the need for multiple skillsets within purchasing. AFMC has a vast span of mission sets and corresponding purchasing skillsets that require a level of decentralization across the contracting community.

2. What are the advantages and disadvantages of the current Air Force contracting structure within AFMC?

AFMC contracting structure is consistent with industry practices as it pertains to organization goals and strategy. Contingency theory indicates that purchasing structure will vary based upon the goals of the organization. While AFMC's strategy is specifically defined, the required mission capabilities and skillsets are vast. Based upon various purchase situations, it is necessary for some elements of decentralization to be present within the organization. Therefore, the center-led approach for AFMC/PK is advantageous for meeting the mission demands without causing unnecessary delays. A center-led approach allows AFMC/PK to give flexibility to each center to make purchasing decisions, while also maintaining internal controls, specifically with category and spend management.

A disadvantage in the current AFMC/PK structure is the lack of contract clearance authority. Private organizations interviewed use a structure in which strategic decisions are made within a functional director, while purchasing decisions are maintained with the CPO usually reporting directly to the CEO or CFO. The lack of contract clearance authority at AFMC/PK is not consistent with industry practices and removes AFMC/PK from the purchasing process entirely. In private organizations, CPOs have complete authority over all purchasing professionals, who partner with internal stakeholders to determine how and when to make purchases. Additionally, CPOs are responsible for aligning purchasing goals with the organizational strategies, aided by the direct lines of reporting to the CEO.

3. How can the Air Force better model its purchasing structure, roles, and authorities?

The research team's research indicates that the Air Force is currently utilizing similar practices, policies, and procedures as large, private industry organizations. It is important to note an iterative and feedback-focused approach, including additional research, will enable the Air Force to vector check its organizational structure and its effectiveness in the future.

4. How do the private sector organizations establish roles and authorities within the purchasing functions?

Private sector organizations vary in how they establish roles and authorities within the purchasing function, with no two companies having similar practices; however, all organizations interviewed indicated a shift toward allowing complete control of purchasing roles and responsibilities at the CPO level in conjunction with direct reporting to the CEO or CFO. Additionally, all organizations indicated that roles and authorities were either formalized or in transition to being formalized.

Recommendations

AFMC/PK should assume the role of a CPO for AFMC while maintain the hybrid or center-led purchasing structure. This may be achieved by shifting contracting clearance authority from SAF/AQC to AFMC/PK. This change will mirror common practices found in industry where AFMC/PK will more closely resemble the CPO to CEO relationship with SAF/AQC. Specialized purchasing program tracks and leveraging strategic supply chain management similar to private industry practices is also recommended.