



Acquisition Research Program:
Creating Synergy for Informed Change

Managing the Service Supply Chain: Implications for a Program Management Approach

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Overview

- Previous Research Findings
- Purpose of Research
- Innovative Approaches to Services Acquisition Management
- Current Research Findings



Services Acquisition

- Consistent problems in managing service contracts
 - Fragmented and uncoordinated approach
 - Not employing sound business practices
 - Inadequate contractor oversight

United States Government Accountability Office

GAO


Testimony
Before the Subcommittee on Defense,
Committee on Appropriations, House of
Representatives

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DEFENSE ACQUISITIONS

Improved Management and
Oversight Needed to Better
Control DOD's Acquisition
of Services

Statement of John P. Hutton, Director
Acquisition and Sourcing Management


Accountability * Integrity * Reliability

GAO-07-832T

Previous Research Findings

- Infrastructure for acquisition of services is less developed and less established compared to that of weapon systems acquisition
- Less formal approach to the acquisition and management of services
- Lack of standardization of business practices in services acquisition



Purpose of Research

- Explore the application of a program management approach and project management concepts to services acquisition in the Department of Defense



Program Management Approach

- Well-defined, disciplined methodology and infrastructure (PMI, 2004; Kerzner, 2006)
- Centralized, coordinated management to achieve the program's strategic benefits and project objectives (PMI, 2004)
- Program management approach incorporates project management concepts (PMI, 2004)

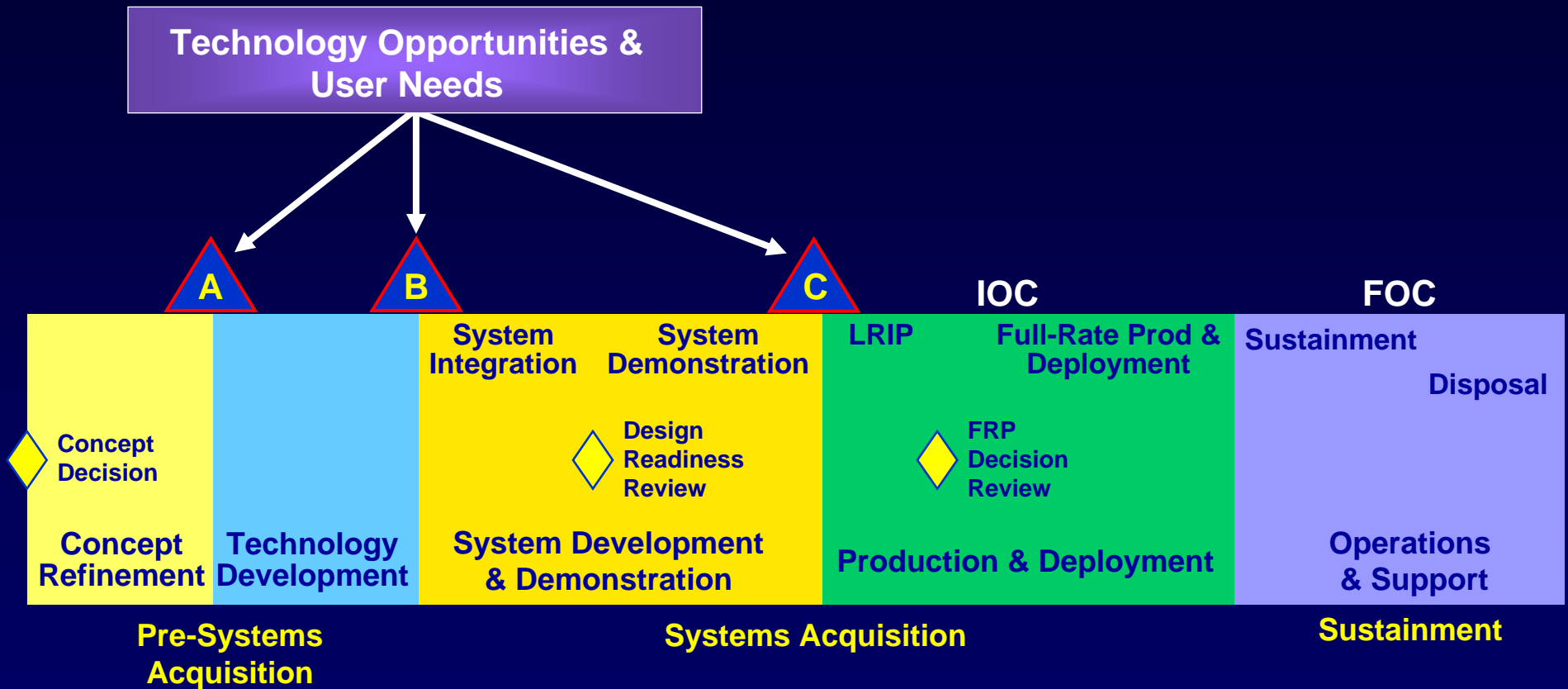


Project Management Concepts

- Project lifecycle
- Integrated processes
- Designated manager with project authority
- Integrated cross-functional teams
- Enabling organizational structure



The Defense Acquisition Management Framework



System Program Director

Logistics

Systems Engineering

Testing

Contracting

Financial Management

Integration

Air Vehicle

Analysis & Integration

Propulsion Integration

Armament

Vehicle Mgt System

Airframe

Cockpit

Avionics

Utilities & Subsystems

Engine

Analysis & Integration

Exhaust & Controls

Support

Turbo Machinery

Support Systems

Operations Support

Auto Test System

Support Equipment

Support Data

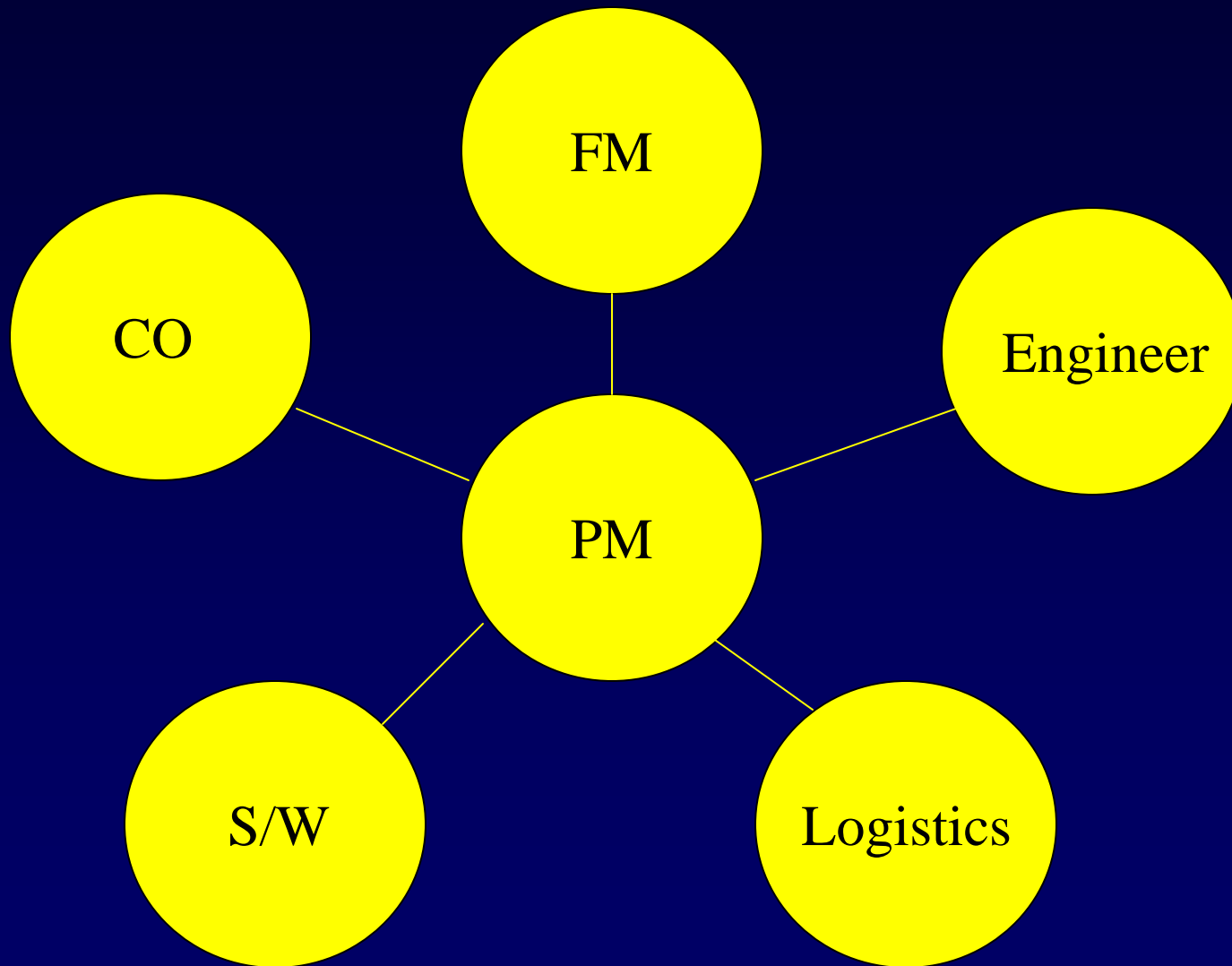
Training System

Engine

Maintenance

Pilot

Traditional Systems PM Structure



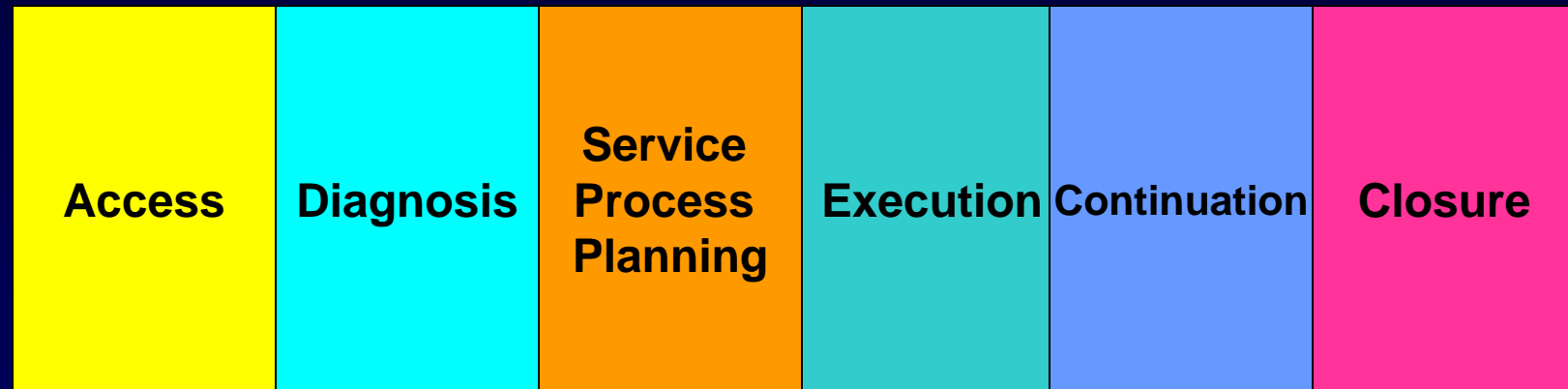
Services Characteristics

- Intangibility of service outcomes
- Difficult to define and measure quality
- Co-production requirement for some services
- Diversity of services

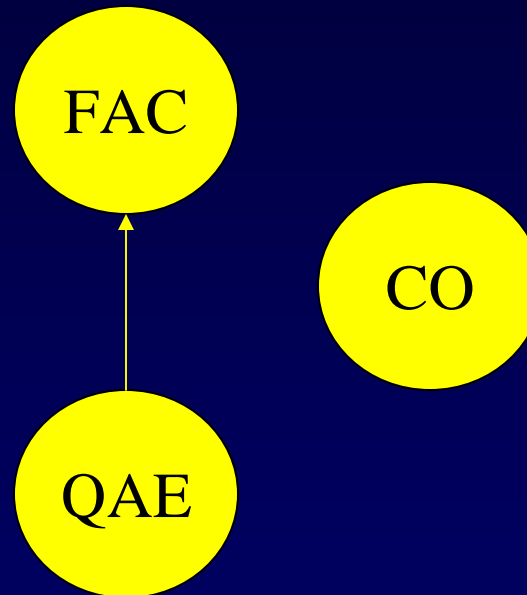


Services Life Cycle

(Conceptual)



Traditional Services Management Structure (Post Award)



Innovative Approaches to Services Acquisition Management

- Air Education and Training Command (AETC)
 - AETC Program Management Flight
 - AETC Contracting Squadron
- Air Combat Command (ACC)
 - Acquisition Management and Integration Center
 - Centralized Planning, Control, and Execution
 - “Services SPO”
 - Combined program management and contracting organization





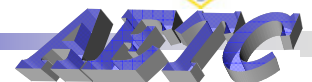
A4PM
Program Management
Flight



A4PM Mission Statement



Develop America's Airmen Today ... for Tomorrow



Plan, program, manage, and execute AETC's contracted and civil service **maintenance (aircraft, trainer, and transient alert) and base operating support (civil engineering, supply and fuels, transportation, communications, and services) acquisitions. Assists with the development of Performance Requirement Documents/Statements of Work, Request for Proposals, and lead the source selection evaluation team process for all A-76 cost studies and service contract re-competitions.**



Program Management Supported Locations



Develop America's Airmen Today ... for Tomorrow



VANCE

T-1, T-37, T-38 Aircraft, TA, CE, Supply, Trans, Services, Comm./IT, Airfield Mgt, TRIM, Life Support (Contract)

ALTUS

C-5, C-17, C-135, C-141 Aircraft, TA (MEO)

SHEPPARD

80TH T-37, T-38, AT-38 (Contract)
A-76 – Trainer Maintenance Supply, Trans, CE, COMM./IT, MSS, Services

COLUMBUS

T-1, T-37, T-38 Aircraft, TA (Contract)
Supply, Trans., CEO, Lodging, MFH (MEO)

FAIRCHILD

UH-1 Aircraft (Contract)

MAXWELL

TA, Supply, Trans, CE, IT/Comm, Airfield Support, Services

KIRTLAND

UH-1, HH-60 Aircraft (Contract)

FT. RUCKER

UH-1 Aircraft (Contract)

LUKE

F-16 Aircraft FMS (Contract)

MOODY

T-6, T-38 Aircraft (Contract)

GOODFELLOW

Supply, Trans., CE (MEO)

TYNDALL

F-15 Aircraft off equip Maint, TA, Supply, Trans, CE (Contract)

LAUGHLIN

T-1, T-37, T-38 Aircraft (MEO)
ERRC, TA, Supply, Trans, CE (Contract)

KEESLER

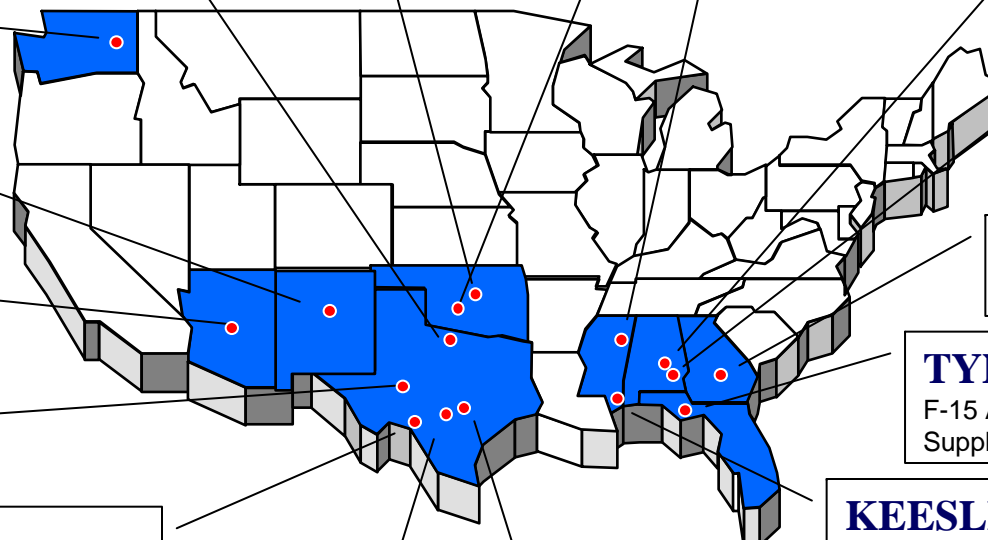
TA, Trainer Maintenance (Contract)
A-76 -- Supply, CE, COMM./IT, MSS, Airfield Services, Services

LACKLAND

A-76 – Trainer Maintenance, Supply, CE, COMM./IT, MSS, Airfield Support, Trans. Combat Readiness, Shuttle bus, Services

RANDOLPH

T-1, T-6, T-37, T-38, T-43 Aircraft (Civil Service), TA (Contract) A-76 – Aircraft Maint, Supply, CE, COMM./IT, MSS, OSS, Life Support, Airfield Management, Weather

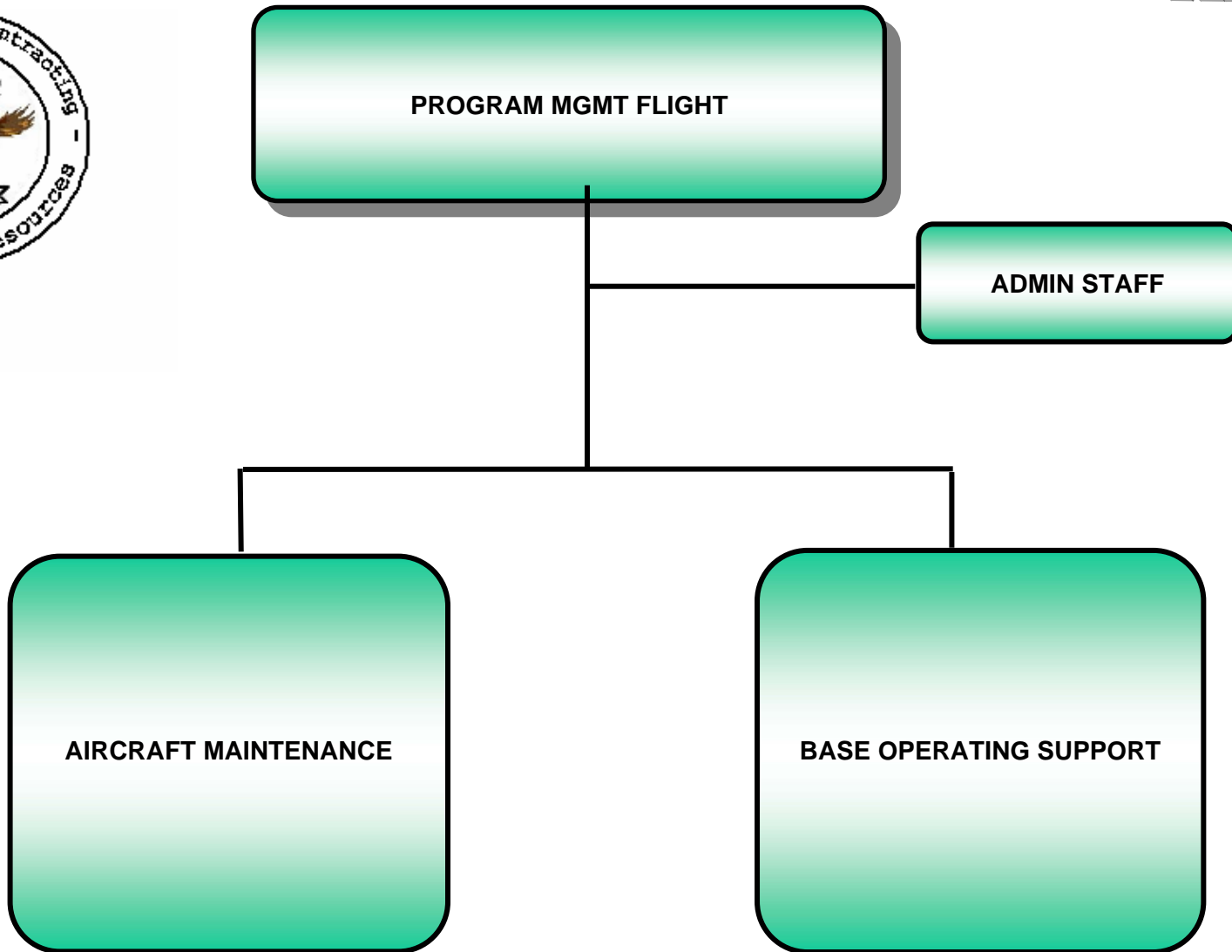




A4PM Organizational Chart



Develop America's Airmen Today ... for Tomorrow



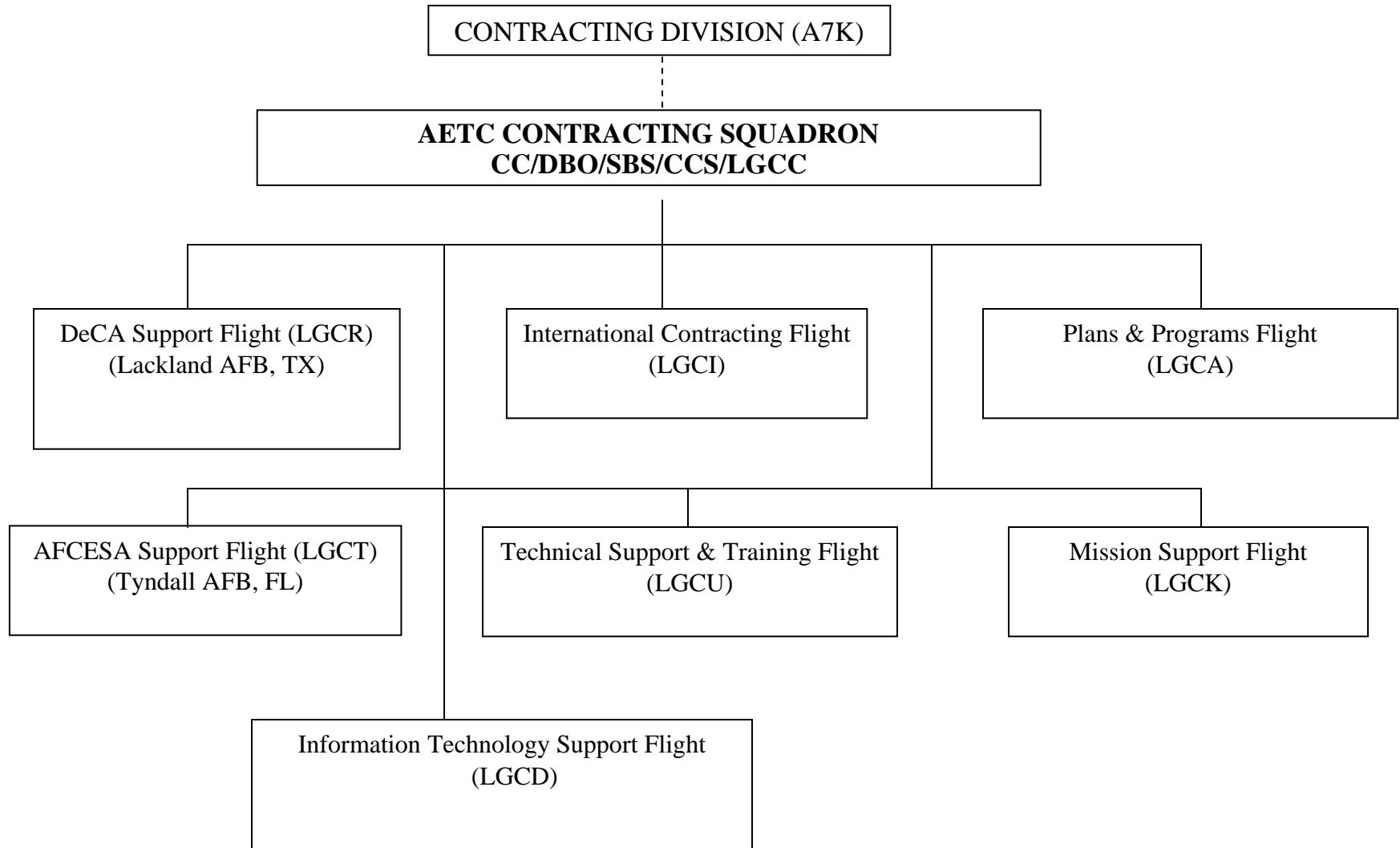
AETC CONTRACTING SQUADRON



Integrity - Service - Excellence



ORGANIZATIONAL CHART

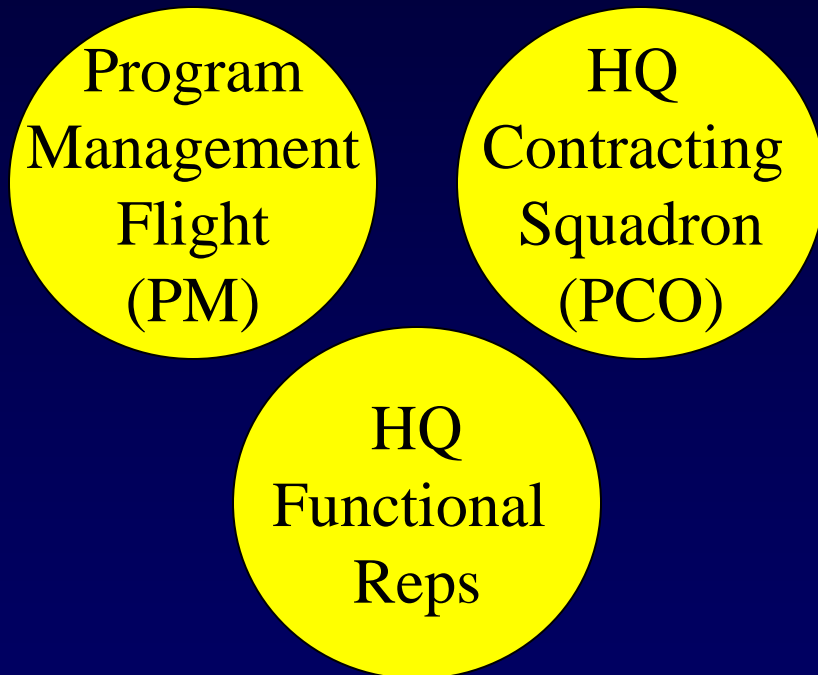


Services Life Cycle

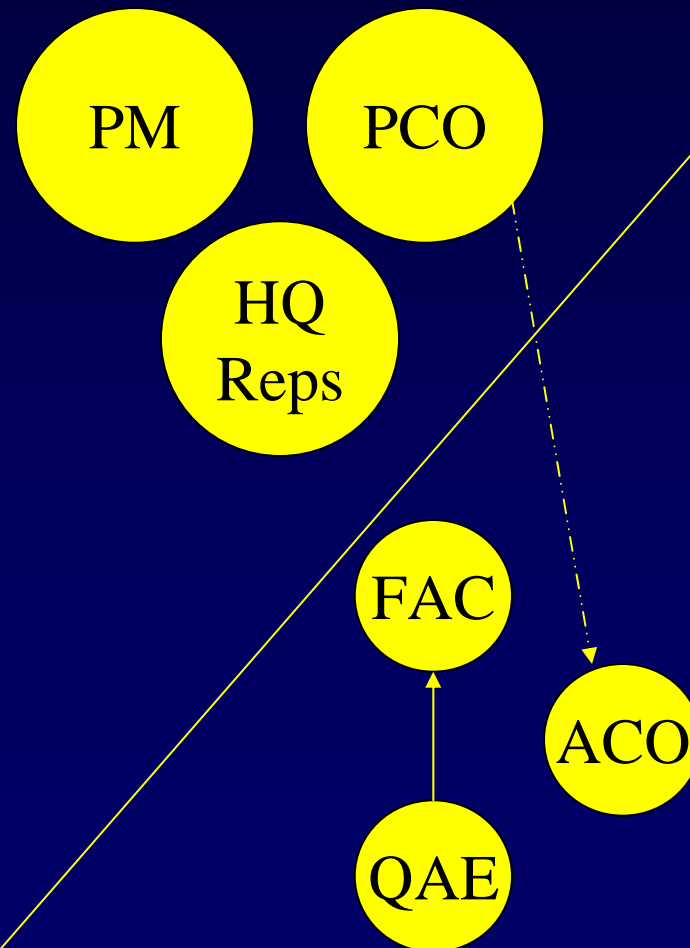


Centralized Services Acquisition Management

Pre-Award



Post-Award



Innovative Approaches to Services Acquisition Management

- AETC Model
 - Centralized Planning (Pre-Award)
 - Roles and responsibilities shared by HQ PMF and HQ CONS
 - Decentralized Execution (Post-Award)
 - HQ retains PM authority (No on-site PM)
 - HQ delegates contracting officer authority (On-site ACO)





Acquisition Management and Integration Center (AMIC)



Mission

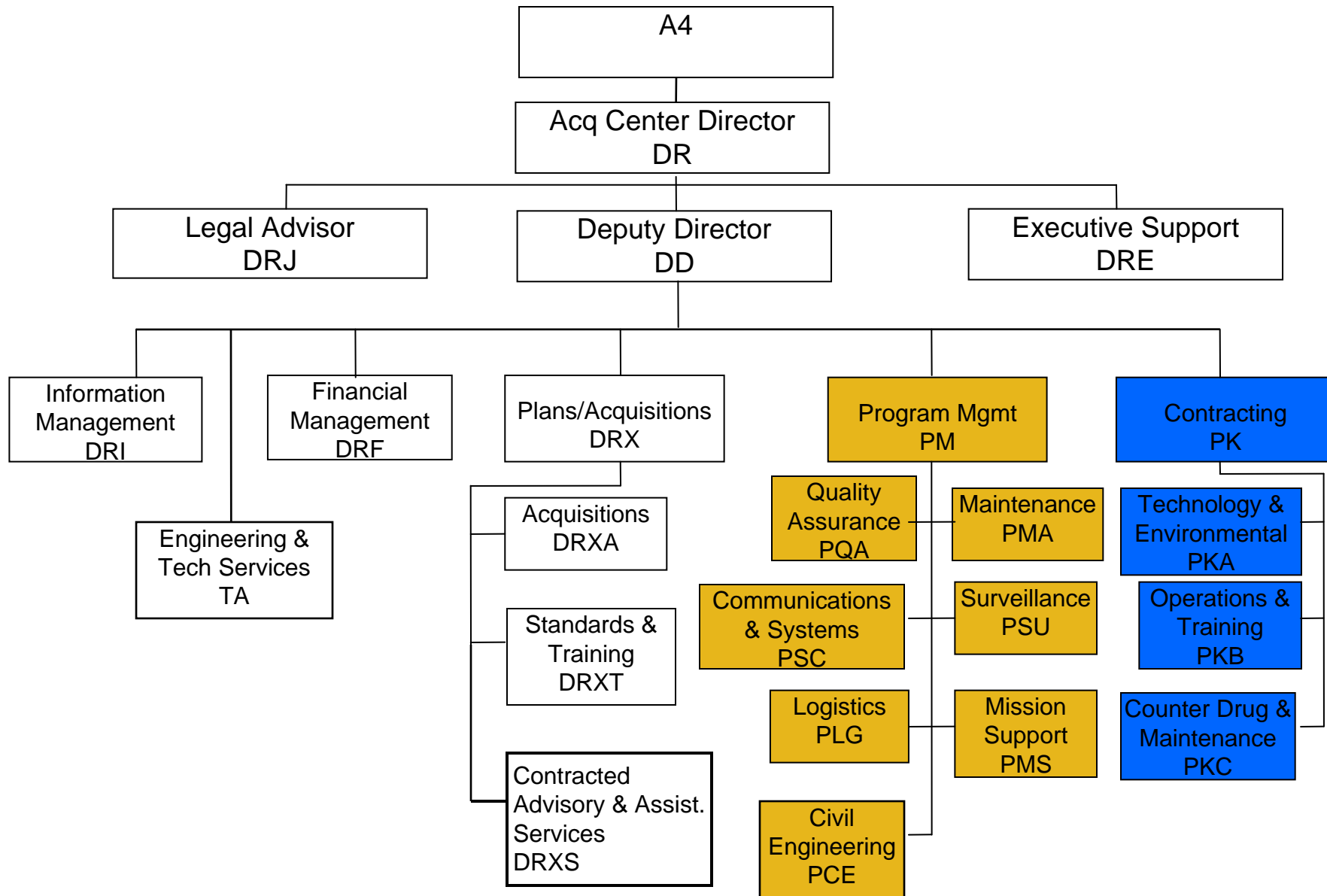
*Provide strategic acquisition facilitation, integration, and management for Air Combat Command, U.S. government agencies, and allies through **integrated program management and contracting support** that produce mission-focused solutions while meeting contingency challenges*

Vision

Be the preeminent provider of integrated acquisition management solutions



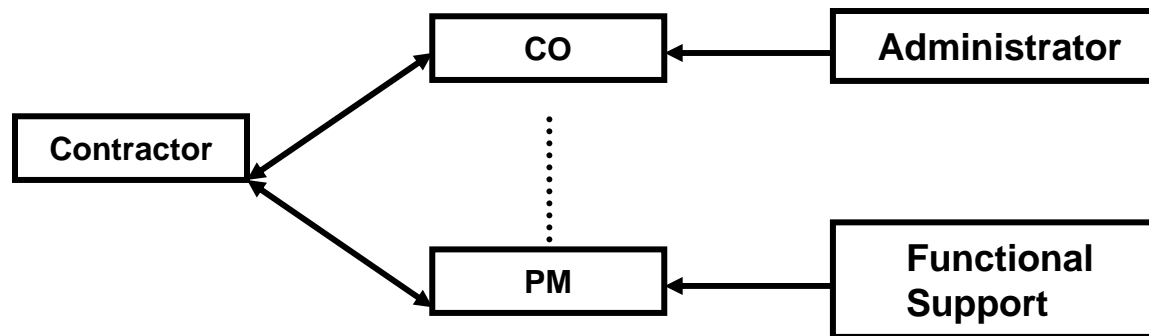
Organizational Structure





Multi-functional Team

- **Integrated Culture**
 - **Program Managers and Contracting Officers work side-by-side and speak the same language while understanding each others' constraints**
 - CO – Contract regulation responsibilities
 - PM – Mission and Technical responsibilities
 - **Functional expertise located within the Center; i.e. Logistics, Quality Assurance, Civil Engineer, Communications**
 - **Partnership that includes the contractor creating business-like environment conducive to meeting mission needs**



MISSION-FOCUSED ACQUISITIONS

Innovative Approaches to Services Acquisition Management

- ACC Model
 - Centralized Planning and Execution
 - Single point control, integrated management, and a unique cradle-to-grave sustainment capability
 - Integrated services “SPO-like” program management organization



Research Findings

- Traditional approach to managing services acquisition does not incorporate program management approach
 - Well-defined, disciplined methodology and infrastructure
 - Centralized, coordinated management
 - Project lifecycle
 - Integrated processes
 - Designated manager with project authority
 - Integrated cross-functional teams
 - Enabling organizational structure



Research Findings

- AETC model incorporates
 - Well-defined, disciplined methodology and infrastructure
 - Centralized, coordinated pre-award management
 - Project lifecycle
 - Integrated cross-functional teams
 - Enabling organizational structure
 - Integrated processes
 - No on-site Program Manager
 - On-site ACO



Research Findings

- ACC model incorporates
 - Well-defined, disciplined methodology and infrastructure
 - Centralized, coordinated program management
 - Project lifecycle
 - Integrated processes
 - Designated manager with project authority
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Conclusion

- Program management approach needed to manage DoD's critical services acquisition
 - Well-defined, disciplined methodology and infrastructure
 - Centralized, coordinated approach incorporating project management concepts
- AETC and ACC models provide innovative and successful approaches to services acquisition



Back-Up Slides

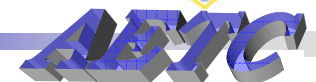




Pre-Award Key Processes



Develop America's Airmen Today ... for Tomorrow



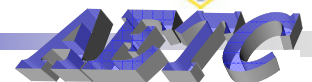
- A-76 Cost Studies/Contract Recompetition
 - Market research assistance
 - Risk assessment assistance
 - PWS development
 - Assist with RFP development
 - Award fee planning
 - Financial analysis
 - Assist wing with government cost estimates
- Acquisition Strategy Panel
- Source selection
 - Plan
 - Team training
 - Past performance assessments
 - Technical evaluation
 - SSA brief
 - PAR
- Pre-performance conference



Post Award Key Processes



Develop America's Airmen Today ... for Tomorrow

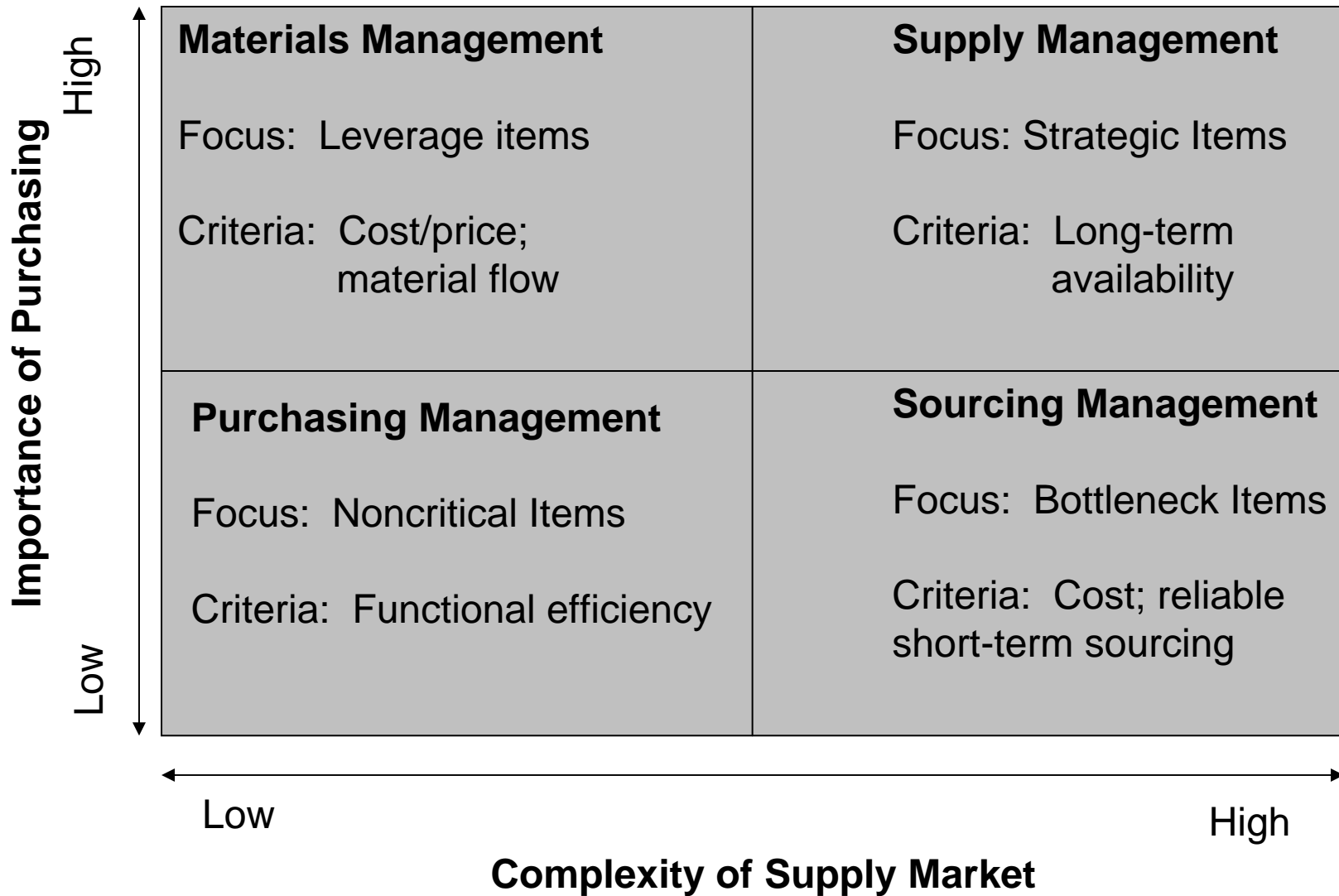


- Performance Plan development
- Act as HQ AETC technical experts on issues affecting service contracts and MEO's
- Monitor MEO/contract performance
 - PWS modification process
 - QAE coordination/monitor contractor performance Summaries
 - Financial programming/analysis
 - Understanding/educating contractor payment



Integrated Approach

- **Integrated Program Management (IPM)**
 - **Process oriented rather than functional task oriented**
 - Acquisition, program management, quality assurance
 - Mission goals supersede functional goals
 - **Maximizes resource availability**
 - Reduces functional competition for resources
 - Allows cost and spend-rate control across functions
 - **Increases responsiveness**
 - Reduces coordination cycle-time
 - Reduces decision cycle-time
 - **Maximizes training effectiveness**
 - Common skill set and language across functions
 - Builds team pride yet respects functional expertise
 - **Improves communication**
 - Interaction with Wing/NAF functionals on requirements
 - Coordination of requirements/policy with HQ staffs



(Adapted from Kraljic, *Purchasing Must Become Supply Management*,
 Harvard Business Review, Sep/Oct 1983)