



## **Better Buying Power Summary Brief for “Non-Module” Initiatives (“Purple Brief”)**

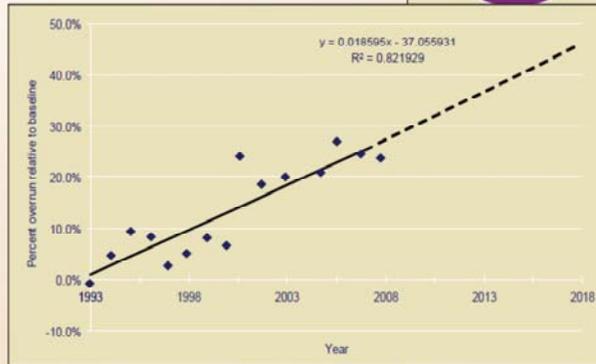
Better Buying Power Gateway: <https://dap.dau.mil/bbp>  
Better Buying Power Community of Practice: <https://acc.dau.mil/bbp>

Purple RDT Brief 11-17-11v18



# Why are We Here?

- Schedule Delays
- Decline of Economy
- Budget Overruns



We are Just Paying Too Much!!

Source: Deloitte A&D Study, "Can we afford our own future?", December 2008



## What OSD AT&L Found

- **Dr. Carter in his first year noticed limited productivity across DoD**
  - Production Cost increasing for the same item over time
  - Over 51% of the DoD budget is Acquisition of Services
  - Examination of programs exposed large sole source activity (vendor lock) and poor examples of real competition
  - Small Business was not constructively engaged
  - Programs took a long time to get to Milestones and no one could clearly explain the value of many of the reports AT&L was asked to sign
  - Requirements were being implemented without consideration of cost or affordability



## The Results

- **Dr. Carter wanted to implement guidance within his span of control without it being 'reform' but rather the use of Best Practices that would achieve:**
  - Delivering the warfighting capability we need for the dollars we have
  - Getting better buying power for the warfighter and taxpayer
  - Restoring Affordability to defense goods and services
  - Improving defense industry productivity
  - Removing government impediments to leanness
  - Avoiding program turbulence
  - Maintaining a vibrant and financially healthy defense industry
  - Developing our Acquisition Workforce



## Actions

### What has been done:

- Published the Better Buying Power Initiative white paper and implementing memorandums
- Established the Business Senior Integration Group to guide implementation
  - This is about continuous improvement – not a one time event
- Demonstrating long term commitment to the BBP goals
  - USD(AT&L) and PDUSD(AT&L) visits to major buying commands
  - Meeting with PEOs and Industry to obtain feedback
    - DAU RDT
  - Issuing updated guidance on specific elements of BBP
- Adjusting as feedback is obtained and learn from experience

### What is going to be done:

- Track the Department's performance at the institutional element level so we can make adjustments – PARCA initiative
- OSD Leadership conduct training sessions to align the OSD staff fully with our intent
- Get the workforce and industry fully on board at all levels – change is hard



# BBP Guidance Roadmap

## Target Affordability and Control Cost Growth

- Mandate affordability as a requirement
- Will Cost / Should Cost
- Eliminate redundancy within warfighter portfolios
- Achieve Stable and economical production rates
- Manage program timelines

## Incentivize Productivity & Innovation in Industry

- Reward contractors for successful supply chain and indirect expense management
- Increase Use of FPIF contract type
- Capitalize on progress payment structures
- Institute a superior supplier incentive program
- Reinvigorate industry's independent research and development

## Reduce Non-Productive Processes and Bureaucracy

- Reduce frequency of OSD level reviews
- Work with Congress to eliminate low value added statutory requirements
- Reduce the volume and cost of Congressional Reports
- Reduce non-value added requirements imposed on industry
- Align DCMA and DCAA processes; ensure work complementary
- Increase use of Forward Pricing Rate Recommendations (FPRs) to reduce administrative costs

## Promote Real Competition

- Emphasize competitive strategy at each program milestone
- Remove obstacles to competition
  - Allow reasonable time to bid
  - Require non-certified cost and pricing data on single offers
  - Enforce open system architectures and set rules for acquisition of technical data rights
- Increase small business role and opportunities

## Improve Tradecraft in Acquisition of Services

- Assign senior managers for acquisition of services
- Adopt uniform services market segmentation (taxonomy)
  - Address causes of poor tradecraft
    - Define requirements and prevent creep
    - Conduct market research
- Increase small business participation

Blue - PM has primary/lead responsibility; Green - PM has shared/partnering responsibility; Purple - Services/OSD have responsibility



## Briefing Organization

- BBPI “Blue” and “Green” initiatives (12) are separately covered in standalone modules
- BBPI “Purple” initiatives (11) do not have standalone modules – their purpose and status is covered in this briefing



## Eliminate Redundancy within Warfighter Portfolios

### What OSD/AT&L Found:

- **Multiple programs with similar or redundant capabilities (or limited additive capabilities)**
  - **Duplicative capabilities were found across DoD and within Service portfolios**
  - **Costs were sometimes inconsistent between such programs, i.e., identical sub-items with different costs**

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

7

“In May 2010, the Secretary of Defense announced the Defense Efficiencies Initiative to increase efficiencies, reduce overhead costs, and eliminate redundant functions in order to improve the effectiveness of the DOD enterprise. The goal is to apply savings from this initiative to force structure and modernization.”

Page 24 GAO-11-590T



## Eliminate Redundancy within Warfighter Portfolios

### Result: 14 Sep 2010 USD(AT&L) memo:

- *“The Army recently determined that it could forego the Non-Line-of-Sight Launch System (NLOS-LS)... because it already had weapons that had some (though not all) of the same features as NLOS-LS and because the cost of NLOS-LS – almost \$300,000 each – was too high for the narrow capability gap it would fill.”*
  - *“I intend to conduct similar portfolio reviews at the joint and Department-wide level with an eye toward identifying redundancies.”*
  - *“I am directing the components to do the same for smaller programs and report the results”*

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

8

### Original examples cited in Dr. Carter's 14 Sep 10 memo:

Army – Non-Line-of-Sight Launch System (NLOS-LS) short-range guided missile

Additional OSD-led reviews anticipated: GMTI and Integrated Air and Missile Defense

Integrate “eliminating redundancy” into the entire lifecycle of a program:

Early – during requirement(s) development; include focused look at existing system(s) to meet emerging threats vs. exquisite/unique solutions

During development and production – integrate “eliminate redundancy” into existing Systems Engineering Risk/Opportunity processes

In sustainment – Continue to assess portfolios with a look at cross-over/redundancy



## Recent OSD/Service Portfolio Reviews

- **Ground Moving Target Indicator (GMTI) Portfolio**
  - Stopped procurement of Global Hawk Block 40 at 11 (\$900M in FYDP) and stopped JSTARS re-engining (\$1.2B in FYDP).
- **UAS Portfolio**
  - Shaped Nunn-McCurdy review for Global Hawk and informed reduction of Block 30 aircraft from 42 to 31 aircraft (\$1.1B most outside FYDP).
- **Conventional Weapons Portfolio**
  - Focusing on 1) joint opportunities; 2) industrial base (looking for efficiencies by aligning buys); and 3) inventories versus requirements / needs of Combatant Commanders.
- **Ground Vehicle Portfolio**
  - Review Services' Ground Vehicle development, acquisition plans, and lifecycle management costs across portfolio. Shaped GCV DAB ADM and other GCV decisions.

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

9

**Ground Moving Target Indicator (GMTI) Portfolio review:** Completed and savings resulted.

**Conventional Weapons Review:** This review will look across the Department to identify capability areas that have the need/potential to be significantly impacted within the POM process.

**Ground Vehicle Review:** The review will result in a unified, long term strategy describing how DoD plans to acquire and sustain an operationally relevant fleet through affordable and executable acquisition program plans.

Original examples cited in Dr. Carter's 14 Sep 10 memo:

Army – Non-Line-of-Sight Launch System (NLOS-LS) short-range guided missile

Additional OSD-led reviews anticipated: GMTI and Integrated Air and Missile Defense

**Army Acquisition Three-Star Talks Budget Challenges, New Modernization Approach** Posted on InsideDefense.com: September 8, 2011 "Phillips also mentioned that he helped brief Pentagon acquisition czar Ashton Carter yesterday on the \$5 billion in savings the Army identified after instituting capability portfolio reviews, as well as an additional \$10 billion in cost-avoidance moves."



## Ongoing Actions

### **Actions ongoing or planned by OSD/AT&L and CAEs:**

- Institutionalize portfolio reviews and analysis as part of standard DAB planning processes
- Involve other key communities (Requirements, Comptroller, CAPE, Services, etc.)

### **Joint Staff/JCIDS Actions:**

- Implement Capabilities Development Tracking & Management (CDTM) system to improve visibility into capability gaps.

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

10

"The Joint Staff partially concurred with our recommendation that the Vice Chairman of the Joint Chiefs of Staff modify the JCIDS operations manual to require that CDDs discuss potential redundancies across proposed and existing programs, and address these redundancies when validating requirements. The Joint Staff stated that its ongoing review of JCIDS will address this issue by establishing unique requirements as a higher priority than unnecessarily redundant requirements, and by establishing a post-AOA review, which could also be used to identify unnecessary redundancies."

### ***Page 26 GAO-11-502 Missed Trade-off Opportunities***

CDTM is a tool used by authors and reviewers of capabilities documents. Users can create, read and edit Initial Capabilities Documents (ICDs), Capability Development Documents (CDDs) and Capability Production Documents (CPDs). The system presents a series of "wizard" windows that guide the user through data entry and complete document creation. Once data is entered, the system handles workflow within customized workgroups. When a capabilities document is ready for vetting in the Joint Staff, CDTM handles "pushing" the document to external systems like Knowledge Management/Decision Support (KM/DS) for further processing.

As of 30 June 2011, CDTM format will be required for all capability documents (ICD, CDD, CPD, and DCR) entering into the Knowledge Management/Decision Support (KM/DS) database.



## Policy Memos

### USD(AT&L) Memos:

- 14 Sep 10: “Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending”
- 3 Nov 10: “Implementation Directive for Better Buying Power - Obtaining Greater Efficiency and Productivity in Defense Spending”

### Service Memos:

- Army: SAAL-ZR 10 Jun 11: “Army Implementation of USD(AT&L) Affordability Initiatives”

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

11

14 Sep 2010 memo referenced the Army's effort and success in eliminating redundancy from the “warfighter portfolio” of precision weapons by determining “that it could forego the Non-Line-of-Sight Launch System (NLOS-LS) short-range guided missile.”

The memo directed components to conduct similar reviews for smaller programs.

### *Department of Defense Efficiency Initiatives Fiscal Year 2012 Budget Estimates*

“The Army efficiency initiatives included terminating or reducing weapons systems with declining relevance or unnecessary redundancy through comprehensive capability portfolio reviews.

The Army terminated a long-range cannon (Non-Line-of-Sight Launch System (NLOS-LS)) due to its unaffordable redundant capability in the air-ground munitions portfolio.

Based on reprioritization of air and missile defense capabilities, the surface-to-air missile system (SLAMRAAM) was terminated.

The Army also terminated a mines weapon system (Scorpion) by reprioritizing its mine-counter mine portfolio and purchasing a more affordable solution (Spider).”



## Institute a Superior Supplier Incentive Program

### What OSD found:

- Recognize, reward, and publicize consistent exemplary corporate industry performance to capture the attention of Share Holders.



## Institute a Superior Supplier Incentive Program

### The Result:

**14 Sep 2010 USD(AT&L) memo**

- *“The Department should recognize and reward businesses and corporations that consistently demonstrate exemplary performance..”*



## Institute a Superior Supplier Incentive Program

### **Goal:** Develop a program that

- Rewards vendors for superior performance
- Determines good business practices at the stock level
- Validates customer satisfaction with the service level
- Benchmark performance metrics focused upon customer satisfaction (e.g. Contract Performance Assessment Report System)

### **Status:**

- Assessed the Defense Logistics Agency Strategic Supplier Alliance and the Navy's Preferred Supplier Program
- Policy has been drafted. Selection criteria are being refined. Program criteria will be reviewed in early CY 2012

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

14

- Assessed the Defense Logistics Agency Strategic Supplier Alliance and the Navy's Preferred Supplier Program
- Develop a program that rewards vendors for superior performance
- Determine good business practices at the stock level
- Validate that customer is pleased with the service level
- Benchmark performance metrics focused upon customer satisfaction
- Contract Performance Assessment Report System matters. Use this as a tool to achieve a level of performance through the Prime.



## Reinvigorate Industry's Independent Research and Development

### What OSD found:

- Estimated \$3B-8B is reimbursed annually to industry in IRAD as an allowable cost.
- *OSD is interested in communicating with industry to understand the return to the Government on IRAD dollars.*

We need to be sure that the IR&D funds which are reimbursed to industry by the government through overhead are aligned with our Objectives and future planning guidance.



## Reinvigorate Industry's Independent Research and Development

### The Result:

14 Sep 2010 USD(AT&L) memo

- *“This is one of the Department’s principal investments in technology innovation .....*”
- *“ I intend to take action to align the purpose of IRAD to actual practice.”*



## Reinvigorate Industry's Independent Research and Development

### Status:

- Communications ongoing with Industry on IRAD investments to ensure they align with DOD requirements
- Determining how DoD can work with Industry to invest efficiently in IRAD, based on these communications
- Collection of I&RD project summaries and IR&D strategic plan information in progress
- Input from industry due: Feb 2012

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

17

We need to Reinvigorate IRAD

- We are interested in getting access to communication with industry on what they are doing in IR&D
- Large spend goes to IR&D
- We have no real knowledge on where the spend goes (\$8B?)
- Is it providing value to Gov't?



## Improve Tradecraft in Services Acquisition

### What OSD found:

- Services represent the largest part of DOD acquisition spending
  - Over 51% of the FY10 DOD contract spend was on the acquisition of services
- Services Acquisition has not been managed as aggressively as other high value acquisitions
- Poor Acquisition tradecraft has contributed to cost growth
  - Methods of acquiring services has not been consistent across the Department
  - Requirements for services have not been clearly defined
  - There has been a lack of real competition
- OSD saw that no single approach to Services was occurring across the Department and that no sharing of skills and lessons learned was going on

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

18

Over the past several years, spending on services contracts has increased significantly. The dollars contracted for services has outpaced the dollars contracted for major weapons programs for the last six consecutive years. (need to verify how many consecutive years)

While major weapons systems programs have senior level management involvement and oversight, services generally do not.

Additionally, acquisition methods for acquiring services have been inconsistent across DoD, many requirements have been poorly defined, and there has too often been a lack of true competition in the acquisition process. All of these issues contribute to government needs not being fulfilled in the most effective and efficient manner.

Finally, without the documentation and sharing of lessons learned, we are bound to repeat past failures and fail to capitalize on successes and best practices.



## Improve Tradecraft in Services Acquisition

**The result:**

**14 Sep 2010 USD(AT&L) memo**

*“The Department’s practices for buying such services are much less mature than for buying weapons systems.”*

- **Improvement in Services Acquisition will result in significant reductions in cost at all levels across the Services and DOD organizations**

With the percentage of acquisition dollars being spent on services, this is an area we must focus more on and become better at as a community. As you will see during this briefing, there are many tools available to help you and more on the way.



## Improve Tradecraft in Services Acquisition – Senior Services Managers

### **Status:**

- **Air Force PEO for Combat and Mission Support (Services) established in 2002 and was the model for this initiative**
  - Army established Deputy Assistant Secretary of the Army for Services in Nov 10
  - Navy established Director of Services and Acquisitions in Jun 11
- **Monthly meetings with component senior services managers and DPAP**
  - Looking at how to manage service contracts, and at what level
- **Commanders and Directors of other DoD components are required to establish a senior manager for acquisition of services at the General Officer, Flag, or SES level, per 14 Sept 2010 memo to the Acquisition Professionals**

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

20

Senior level involvement is necessary for real improvement to occur.

Air Force Acting PEO – Randall Culpepper

Deputy Assistant Secretary of the Army for Services – Mr. Jim Sutton

Navy Director of Services and Acquisitions – Mr Bruce Sharp

The 4<sup>th</sup> estate needs to establish senior managers for acquisition of services too.

As we get more established leadership and policies in place, DoD's tradecraft in services should improve significantly.



## Adopt Uniform Taxonomy for Different Types of Services

### What OSD found:

- OSD found thousands of Product Service Codes (PSC), had no common approach to using them, and no consistent visibility into the spend on services because of the lack of a common “PSC taxonomy” designation in the Department

The Army recently hired portfolio managers. The AF and Navy are in the process of doing the same.



## Adopt Uniform Taxonomy for Different Types of Services

### The result:

**14 Sep 2010 USD(AT&L) memo**

*“I am directing, therefore, each component to use the following primary categories of service spend: Knowledge-based Services; Electronics and Communications Services; Equipment Related Services; Medical Services; Facility Related Services; and Transportation Services”*

### Action required of OSD:

**Developing detailed guidance for establishing a taxonomy of preferred contract types in services acquisition**

The services and DoD components were all over the map categorizing the types of services being acquired. This made it impossible to gather data regarding specific categories of services spending.



## Adopt Uniform Taxonomy for Different Types of Services

### Status:

- Directed six primary categories of services spend be used by each component in 14 Sep 2010 memo to Acquisition Professionals **(Complete)**
  - Derived from Product Service Code (PSC) categories contained in the PSC manual maintained by the General Services Administration, Federal Procurement Data Center, and Office of Management and Budget
- DPAP memo issued 24 Nov 2010 provided addition detailed guidance, breaking down six portfolio groups into 33 portfolios, 124 categories, and 1,351 PSCs **(Complete)**

Detailed guidance on the uniform taxonomy was provided in the 23 Nov memo.



## Reduce Non-Productive Processes and Bureaucracy

### What OSD found

- As we worked through the Better Buying Power initiatives we discovered the issues were not only business deals, there was room for improvement in the process to achieve savings
- Time to decisions have dramatically increased over the last 20 years
- Congressional oversight continues to grow
- Cost to implement increased reporting is now seen as an affordability issue

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

24

### Take-a-ways:

- Understand how we (from the program office to OSD) collectively must align all resources to:
  - Critically address significant investment decisions
  - Critically plan for and execute affordable programs
  - As necessary, address execution issues early

References of note: none

Examples: none



## Reduce Non-Productive Processes and Bureaucracy

**The result:**

**14 Sep 2010 USD(AT&L) memo**

***“Unnecessary and low-value added processes and document requirements are a significant drag on acquisition productivity and must be aggressively identified and eliminated.”***

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

25

**Take-a-ways:** The 14 Sept 2010 memo to Acquisition Professionals provides the rationale for the thrust area and the basic guidance via the five initiatives.

**References of note:**

Quote from 14 Sept Memo:

“Unnecessary and low value added processes and document requirements are a significant drag on acquisition productivity and must be aggressively identified and eliminated. We can not achieve Should Cost goals solely by providing incentives to industry to reduce overhead and increase productivity; the government must also eliminate unnecessary and often counterproductive overhead.

**Examples:** none



## Reduce Non-Productive Processes and Bureaucracy

### **Initiatives:**

- Reduce frequency of OSD level reviews
- Work with Congress to eliminate low value added statutory processes
- Reduce the volume and cost of Congressional Reports
- Reduce non-value added requirements imposed on industry
- Align DCMA and DCAA processes to ensure work is complementary
  - Increase use of Forward Pricing Rate Recommendations (FPRRs) to reduce administrative costs

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

26

**Take-a-ways:** Its all about “improving efficiency in acquisition.”

Our thrust team really focused in five areas regarding DoD's (our) collective efforts to improve efficiency in acquisition.

The fifth area is really two separate initiatives in the 14 Sept 2010 memo, but we have combined them since they are very closely coupled.

- Align DCMA and DCAA processes to ensure work is complementary / Increase use of Forward Pricing Rate Recommendations (FPRRs) to reduce administrative costs

**References of note:** none

**Examples:** none



## Reduce Non-Productive Processes and Bureaucracy

### Status:

- Listened to industry and the workforce
- Reduced the frequency of OIPT reviews at the OSD level
- Released new guidance for Acquisition Strategies, System Engineering Plans, and Life Cycle Sustainment Plans
- Elimination of 45 AT&L internal reports and set page limits on Congressional reports
- Developing new guidance for other DAB required documents
- Addressing concerns about DCAA and DCMA oversight efficiency
- Requesting repeal of requirements for Retroactive ACAT I program certifications
- Streamlining quantity based Nunn-McCurdy reviews and initiating reviews earlier
- Refocused TRL reviews on technology as opposed to engineering/integration risk and shifted responsibility to the program management chain of command

### What OSD still needs to do:

- Reorient everyone in the system to focus on the quality of the plans and products that the Program Team actually needs and uses to manage their Program
- Coordinate review of remaining documents not under direct AT&L control – JCIDS, Intel, DT/OT, CAPE
- Focus the entire workforce on value-added activity oriented on the products and services we are striving to deliver

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

27

### Take-a-ways:

- Focus the entire workforce on value-added activity oriented on the products and services we are striving to deliver
- As a quick snap shot this chart provides you with a view into the progress made to seriously reduce non-productive processes and bureaucracy. Yet, at the same time help programs consider how to put together and execute an affordable program and still allow an appropriate amount of oversight.

### References of note:

- Developed templates for Acquisition Strategy and System Engineering Plan "Document Streamlining - Program Strategies and Systems Engineering Plan – Kendall ( 20 Apr 2011)"
- **Developed template for Life Cycle Sustainment Plan "Document Streamlining – Life-Cycle Sustainment Plan (LCSP)" – Kendall (14 Sep 2011)**
- Developed template for Program Protection Plan "Document Streamlining - Program Protection Plan (PPP)" – Kendall (18 Jul 2011)
- Issued guidance to improve Milestone Effectiveness by allowing MDA to review program plans prior to RFP release "Improving Milestone Process Effectiveness" –Kendall (23 Jun 2011)
- Eliminated PM responsibility for Post-CDR report "Expected Business Practice: Post-Critical Design Review reports and Assessments – Kendall (24 Feb 2011)
- Issued new streamlined Technology Readiness Assessment Guidance to refocus the TRL certification process to be consistent with its original intent of assessing technology maturity and risk "Improving Technology Readiness Assessment Effectiveness" – Carter (11 May 2011)
- Focused the activities and actions of OIPT leaders and the membership "Roles and Responsibilities of OSD OIPT Leaders, Teams, and Team Members" – Kendall (19 Jul 11)
- Improved DCMA and DCAA alignment and reduced overlap "DCMA and DCAA Process Alignment" – Assad (4 Jan 11)

Examples: none

Gap: Is OSD keeping any metrics on reducing OIPT reviews?

We will discuss these in more detail on later slides



## Reduce Frequency of OSD Level Reviews

### Status:

- Reconstructed DAES and DABs to be more focused reviews on programs
  - DAB templates developed with ties to AS/TDS, SEP, LCSP, PPP, and TRA memos
  - Improves the milestone process to effectively make critical investment decisions
- Evaluating current ACAT-ID programs to develop a prioritized list of programs to delegate to ACAT-IC status
  - Analysis is on-going
- Clarified role of OIPTs (Revised OIPT Roles and Responsibilities)
  - Roles of OIPT's restated/clarified
  - OIPTs provide assessment to DAE and assist PM's in completing statutory/regulatory requirements
  - OIPTs should be leveraged to implement BBP initiatives

Focused the activities and actions of OIPT leaders and the membership "Roles and Responsibilities of OSD OIPT Leaders, Teams, and Team Members" – Kendall (19 Jul 11)

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

28

**Take-a-ways:** The initiative goes on to say is "...to those necessary to support major investment decisions or to uncover and respond to significant execution issues."

### References of note:

- Sept 2009 to Aug 2010 --240 major reviews conducted, required 100,000 hours of AT&L staff work
- 14 Sept 2010 memo--"This practice has tended to relieve SAEs, PEOS and PMs from responsibility and accountability for programs they are executing."
- 19 Jul 2011 memo--"Roles and Responsibilities of OSD OIPT Leaders, Teams, and Team Members"

### Examples:

- DAES Pre-decisional FOUO format found at [http://www.acq.osd.mil/damir/documents/DAES\\_CHART\\_NOTIONAL\\_TEMPLATE.pdf](http://www.acq.osd.mil/damir/documents/DAES_CHART_NOTIONAL_TEMPLATE.pdf)
- Developed DAB MS A and B templates to address the intent/content (information) that Mr. Kendall and Dr. Carter desire to see.
  - The templates: concisely address critical thinking required areas, show the logic and strategies of their program planning/execution and any real issues the MDA can influence.
- PMs and PEOs are required to brief what BBPI implementation they are doing as they brief at the DAEs and DABs.
- If you look at the new AS/TDS, SEP, LCSP, PPP, and TRA Guidance (and the Memos published to date) you see the ties to the DAB templates.
- OIPT Role clarification/restated:
  - OSD OIPT's are to assist the DAE in making sound investment decisions and to ensure programs are structured and resourced to succeed. (Success: defined as affordable, executable programs that achieve most value.) Documentation should support the program office, not generated with the OIPT review in mind.
  - OIPT's are not decision bodies, but bring independent assessment as well as a different perspective to support DAE decisions. Concerned with programmatic, technical, and business aspects of the program--provide the broader context including joint portfolios, trade-offs, risk, affordability, competition, industrial base, etc.
  - OIPT's assist with helping programs complete statutory and regulatory requirements. The OIPT structure should be leveraged to support the BBP initiatives. They assist the PM by helping complete framework requirements.
  - The PM runs the program and if there are differences of opinion, they should be resolved quickly in the context of their roles at lower levels. If not, these need to be brought forward quickly and should not surprise the DAB.
- The OIPT products are required NLT 15 days prior to the DAB and not less than 10 days after the OIPT meeting.



## Work with Congress to Eliminate Low Value Added Statutory Requirements

### **Status:**

- **Nunn-McCurdy Rules for Special Situations**
  - Eliminate requirement for full suite of assessments and reporting where quantity-induced or other external reasons cause critical breaches
- **2366a/b Certification Process Review**
  - Reassess the need for and overall method of implementation to respond to requirement for retroactive 2366a/b certification
- **Congressional-mandated organizational changes within AT&L**
  - Allow AT&L the flexibility to balance the internal staff elements in order to effectively execute all the functions it's responsible for
  - Ensure oversight functions are adequately staffed and performed without inefficiencies and unnecessary overhead
- **Progress:**
  - DoD Legislative Proposal submitted to change Title 10 Section 2366a/b (Certification) & Section 2433 (Nunn-McCurdy)

**"The Department will continue to comply with all statutory requirements... but will tailor how we achieve compliance"-14 Sept 2010**

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

29

**Take-a-ways:** Congress has a vested interest in understanding DoD acquisition program status. However, status quo processes force us to expend resources on activities which do not aid in delivering capabilities or services to our warfighters.

### **References of note:**

- First and foremost: 14 September 2010 memo specifically states "The Department will continue to comply with all statutory requirements" but will "tailor how we achieve compliance"
- Title 10, of US Code (USC) governs the defense acquisition structure – National Defense Authorization Acts may add or modify Title 10. Statutory requirements also exist in Title 15, Title 31, Title 40, Title 42, Title 47, Public Law 101-576, 102-538, 106-398, 107-314, 109-163
- Number of statutory requirements per the 5000.02 (these numbers may change from year to year but it gives you an idea of the complexity of the requirements):
  - MDAPs – 27
  - MAISs – 22
  - ACAT II – 20
  - ACAT III and below – 17
- Addition information on 2366a/b requirements can be found at:  
[http://www.law.cornell.edu/uscode/uscode\\_sec\\_10\\_00002366---a000-.html](http://www.law.cornell.edu/uscode/uscode_sec_10_00002366---a000-.html)
- Additional information on 2433 requirements can be found at:  
[http://www.law.cornell.edu/uscode/search/display.html?terms=2433&url=/uscode/html/uscode10/uscode\\_sec\\_10\\_00002433---000-.html](http://www.law.cornell.edu/uscode/search/display.html?terms=2433&url=/uscode/html/uscode10/uscode_sec_10_00002433---000-.html)

**Examples:** As an example of overhead costs, OSD calculated for the six program evaluations conducted over the last year: they cost the Department approximately \$10M and 95,000 hours of overhead labor. Two of the six were for technical breaches (quantity or acquisition strategy changes), not the result of cost growth per se.

**Gap:** What are the list of the six programs and the two?



## Reduce the volume and cost of Congressional Reports

### Status:

- Requested repeal of 158 recurring Congressional reports (55 from AT&L)
  - Working the issue in the FY12 NDAA conference (House did not include in their version)
- Established 5 page limit for reports; additional page count must have justification
- All Congressional reports must include cost to produce on front cover
- Eliminated 45 of 97 USD(AT&L) internally generated reporting requirements

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

30

**Take-a-ways:** Congress, OSD, and the Services require information to execute their respective responsibilities; the key is to provide appropriate information efficiently

### References of note:

- 14 Sept 2010 memo to Acquisition Professionals
- The following link provides a list of DoD reports, however it is not sorted by year or OSD agency so not very user friendly:  
<http://www.dtic.mil/whs/directives/corres/html/reportcancellation.html>

### Examples:

In the past 10 years

- Congressional reports have increased from 514 to 719 (cost is approximately \$350M annually)
- OSD reports have increased from 102 to 156

AT&L has:

- Eliminated 45 internal reports and set page limits on Congressional reports
- Requesting repeal of requirements for Retroactive ACAT I program certifications
  - WSARA 2009 required programs post MS A but not yet through MS B to be re-reviewed for 2366a certification—this is seen as non-value added
- Setting the example in reporting reductions that components could follow.

### Gaps:

- Need current status from OSD staffs/principals on what's been accomplished (variance between 3. and 4. data above?) **to keep this chart current**
- Accuracy/consistency of data: who is the source/gatekeeper of the most valid and current data set?

Some relief for the PM and this effort should allow OSD staff to focus more on pertinent matters. ??????



## DCMA / DCAA Alignment

### Status:

DCAA will no longer perform field pricing audits on cost proposals less than \$100M and fixed-type proposals less than \$10M – PGI 215.404-2, effective 17 September 2010

### Increase use of Forward Pricing Rate Recommendations (FPRRs) to reduce administrative costs

- DCMA will be the single Agency for issuing all Forward Pricing Rate Agreements and Forward Pricing Rate Recommendations – where they have the cognizant contract administration office
- DCAA plans to withdraw from performing Financial Capability Reviews and Audits as well as Purchasing System Audits
- A Contractor Business Systems Rule has been issued
  - Determines the responsibility regarding the contractor's Accounting, Estimating, Earned Value Management, Material Management and Accounting, Purchasing and Property systems

Improved DCMA and DCAA alignment and reduced overlap “DCMA and DCAA Process Alignment” – DPAP memo (4 Jan 11)

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

31

**Take-a-ways:** There were redundancies, confusion and inaccurate processes between DCMA and DCAA

### References of note:

- 14 Sep 2010 USD(AT&L) memo
  - *“... DCMA and DCAA have progressively reduced staff and capability. As a result, critical functions they perform have become blurred and require clarification ....”*
- 4 Jan 11 DPAP memo “DCMA and DCAA Process Alignment”

### Examples:

- DCMA hiring additional cost/price analysts (over 200 to date) to handle anticipated increased workload
- FPRR/FPRA work by DCMA allows DCAA to move audit resource to higher risk work
  - If DCAA has completed and audit of the contractor rates, DCMA shall adopt the DCAA recommendation as DoD's FPRR position
  - DCMA and DCAA have drafted a Forward Pricing Rate policy on the changes

DCMA will continue both IAW FAR part 9.106 and DFARS PGI part 209.106 as well as FAR part 44.3 and DFARS part 244.3 respectively

**Gap:** Need to include description of what FPRR and FPRA really are in layman's terms?



## Reduce Non-Productive Processes and Bureaucracy (cont'd)

### Associated Tools/Policy Memos:

- Developed templates for Acquisition Strategy and System Engineering Plan "Document Streamlining - Program Strategies and Systems Engineering Plan – Kendall ( 20 Apr 2011)"
- Developed template for Program Protection Plan "Document Streamlining - Program Protection Plan (PPP)" – Kendall (18 Jul 2011)
- Issued guidance to improve Milestone Effectiveness by allowing MDA to review program plans prior to RFP release "Improving Milestone Process Effectiveness" –Kendall (23 Jun 2011)
- Eliminated PM responsibility for Post-CDR report "Expected Business Practice: Post-Critical Design Review reports and Assessments – Kendall (24 Feb 2011)
- Issued new streamlined Technology Readiness Assessment Guidance to refocus the TRL certification process to be consistent with its original intent of assessing technology maturity and risk "Improving Technology Readiness Assessment Effectiveness" – Carter (11 May 2011)
- Focused the activities and actions of OIPT leaders and the membership "Roles and Responsibilities of OSD OIPT Leaders, Teams, and Team Members" – Kendall (19 Jul 11)
- Improved DCMA and DCAA alignment and reduced overlap "DCMA and DCAA Process Alignment" – Assad (4 Jan 11)

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

32

#### Take-a-ways:

- The reality is to date there have been 28 policy type memos released addressing "Improving Efficiency in Acquisition. The five 14 September 2010 memos documented actions to various OSD organizations to specifically "Reduce Non-Productive Processes and Bureaucracy."
- The 3 November 2010, "Memo for Services and Agencies" documents the flow down of expectations

#### References of note:

- While not a policy memo, but I think the one BBP memo that impacts reducing burden on industry most is the memo:
  - ["Myth-Busting": Addressing Misconceptions to Improve Communication with Industry during the Acquisition Process](#) OMB Memo: Addressing Misconceptions to Improve Communication with Industry during the Acquisition Process (2 February 2011). Rationale – Enhanced/improved communications between the government acquiring office and industry can reduce or eliminate industry rework and false starts especially when it comes to proposals and bid/proposal costs.

#### Examples:

- You already have the Kendall 23 June 2011 memo here on the Pre-EMD review which I think is also crucial for reducing burden on industry. Rationale – The added OSD review pre-MS B will have the positive impact on industry of reducing the likelihood of a false start on a flawed RFP (a la Army GCV). On the other hand, this could delay RFP release which could have the opposite effect IF the PMs and KOs have spun industry up into a frenzy with excessively optimistic/aggressive draft RFPs, pre-solicitation communications, etc...
- AS, SEP and PPP templates - outlines were released with respective memos. – Driven by 14 Sep 10 memo – Documents have become bloated and at the same time often fail to provide the necessary and important content. (20 Apr 11) - Each outline has been completely rewritten and refocused on information central to the purpose of the document.
- PPP – (18 Jul 11) template guides both program protection management and document preparation:
  - MDA review and approval at MS A and updated at each subsequent MS and FRP
  - No longer included in TDS
  - Acquisition IA Strategy reviewed and approved IAW DoDI 8500.1 and included as an appendix to the PPP
- Good general guidance is included as part of the template (pgs 2 and 3) – DAB template?? Lois please answer
- Revised milestone review process (23 Jun 11 memo)–
  - Intent is to align AT&L resources to address the most significant investment decisions. The MDA lacked the adequate opportunity to review program plans prior to the release of the final RFP – the point at which the Department's requirements, schedule, planned program content, and available funding should be firm and available for review.
  - Desire throughout the milestone process is to minimize the overhead associated with the reviews and to rely on planning documents, including SEPs and TEMPS, which are actually used to plan and manage the program as opposed to documents created solely for review by the MDAP and supporting staff.
- Post-CDR Report by PM is eliminated (24 Feb 11 memo).
  - DASD(SE) will participate in program CDRs and prepare a brief assessment of program's design maturity and technical risk which may require MDA attention. This means PM will invite DASD(SE) to system-level CDRs and make available CDR artifacts.
  - Draft assessments will be coordinated with PM prior to forwarding to MDA. Eliminate the PM's responsibility for the Post CDR report required by DoDI 5000.02.
- TRA process streamlined (11 May 11 memo) – Reorient the TRL review to an assessment of technology maturity and risk as opposed to engineering or integration risk.
- Life Cycle Support Plan (LCSP) template has also been recently released (August 2011)



## Reduce Non-Productive Requirements Levied on Industry

### USD (AT&L) Memorandum For Acquisition Professionals, SEP 14 2010

- “Unnecessary and low-value added processes and document requirements are a significant drag on acquisition productivity and must be aggressively identified and eliminated... the government must also eliminate unnecessary and often counterproductive overhead.”
- “A great number of the inputs I received from industry were directed at what was viewed as excessive overhead expenses based solely on non-value-added mandates and reporting requirements which may have been relevant at some point in time...”



Affordability



Quotes on the page are verbatim directly from Dr. Carter's Sep 14, 2010 Memo for Acquisition Professionals. The memo image is hyperlinked to:

<https://dap.dau.mil/policy/Documents/Policy/Memo%20for%20Acquisition%20Professionals.pdf>



## Reduce Non-Productive Requirements Levied on Industry – Pertinent Direction

### USD (AT&L) Memo to Acquisition Professionals, 14 September 2010

- “During contract negotiation and program execution, our managers should be ... scrutinizing every element of program cost... dissecting overhead and indirect costs...”
- *“I will require the manager of each major program to conduct a Should Cost analysis of each element of program cost and showing how it is improving...”*

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

34

Quotes on the page are verbatim directly from Dr. Carter’s Sep 14, 2010 Memo for Acquisition Professionals. The memo image is hyperlinked to:

<https://dap.dau.mil/policy/Documents/Policy/Memo%20for%20Acquisition%20Professionals.pdf>



## Reduce Non-Productive Requirements Levied on Industry – what you can do...

- **Differentiate between overhead kinds of activities you pay for (test plan for example) and overhead rates**
- **Work to reduce the low/non-value added contract deliverables to lower overall contract cost**
- **Work with DCMA/DCAA and your contractor to lower overhead rates**

12 Jan 12

Purple Brief (based on RDT Rev 19)

*Learn. Perform. Succeed.*

35

DAU User 9/28/2011

Don't pay for the same thing twice. What is charged at a test site by the supporting agency can duplicate what is done in the plant. Yet both agencies can demand a separate action/report that causes the charges to go up.



## Reduce Non-Productive Requirements Levied on Industry – What you can do...

### Challenge the contract requirements

- What is the “value-added” of each requirement?
- Who wants/needs the data/product?
- Why do they want/need it?
- What will they do with the data/product?
- What is the risk of not having the data/product?
- What is the frequency/format of the deliverable and why is that?
- What meetings are required, where, how often and what value do meetings add to the final product?

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

36

Bottom line – To reduce the number of dollars paid for overhead charges on a specific contract, one must reduce the direct costs against which overhead and G&A are applied.

Think hard about all the various deliverables in your contract that you are paying for. Which among them are low-value added? Which among them can you live without? Which among them are you likely to receive, but not have the time to adequately review/approve and will just wind up in a file somewhere with no government official using the deliverable? If you have deliverables like these, why require them and pay for them?



## Reduce Non-Productive Requirements Levied on Industry – What you can do...

### RFP/Source selection

- Communicate early and thoroughly with industry
- RFP requirements **MUST** be clear and unambiguous
- **No false starts** – Can negatively impact Bid and proposal costs and result in less competition later
- Ask for only what you need in the spec, SOW (or PWS), Sections L/M and CDRL
- Ensure the various sections of the RFP are properly synchronized and integrated
- Follow your acquisition plan and source selection plan
- Consider capital equipment carefully – It may be cheaper in the long run with GFE

12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

37

Techniques, examples include:

- Communicate early and thoroughly with industry
- RFP requirements **MUST** be clear and unambiguous
- Give serious consideration to issuing a draft RFP
- **No false starts.** Can negatively impact Bid and proposal costs and result in less competition later. Why – Because companies have a fixed dollar pool available for B&P per fiscal year. These B&P costs figure into the disclosure statements which DCAA approves which result in a G&A Rate allowable and allocable to all contracts. If we in government force offerors to burn up their B&P funds through lengthy, start/stop procurements, they may have no B&P funds available for later proposals and this could/can/will negatively impact bid/no-bid decisions later in that company's fiscal year.
- Ask for only what you really need in the RFP specification, SOW (or PWS) and CDRL.
- In sections L and M, ask for the minimum information needed for a selection decision, e.g., you may not need a Technical Volume to evaluate a basic service contract proposal. Note -SECTION L = INSTRUCTIONS, CONDITIONS AND NOTICES TO OFFERORS. SECTION M = EVALUATION FACTORS FOR AWARD
- Specify page limits to prevent 'overkill' by the bidders and unnecessary work for the evaluators
- Ensure the various sections of the RFP are properly consistent, synchronized and integrated
- Follow your acquisition plan and source selection plan
- Consider capital equipment carefully – It will probably be cheaper in the long run with GFE



## Reduce Non-Productive Requirements Levied on Industry – What you can do...

### Contracts

- Reduce direct costs in order to achieve a dollar cost savings of overhead charges
  - Seriously consider what is the value-added of each and every contract deliverable
  - E.g... reduce non –value added work requirements (direct cost) on the contract to reduce overhead
- Will you really have the time and resources to seriously review and analyze all the contract deliverables in execution?
- How many of the deliverables wind up here:

Your test plan? Why'd you buy it again?



12 Jan 12

Purple Brief (based on RDT Rev 19)

Learn. Perform. Succeed.

38

Bottom line – To reduce the number of dollars paid for overhead charges on a specific contract, one must reduce the direct costs against which overhead and G&A are applied.

Think hard about all the various deliverables in your contract that you are paying for. Which among them are low-value added? Which among them can you live without? Which among them are you likely to receive, but not have the time to adequately review/approve and will just wind up in a file somewhere with no government official using the deliverable? If you have deliverables like these, why require them and pay for them?



## Reduce Non-Productive Requirements Levied on Industry – Summary

- It's all about affordability
- This initiative is all about recognizing and reducing non/low-value-added requirements and tasks that increase our contract costs
- The government acquisition team (Requirements Setters, PM and the PMO team, PCO, DCMA, DCAA) must work together, and with its industry providers, to critically assess “what needs to be done” throughout the acquisition process

**Objective: deliver needed warfighting capability at the lowest cost**



## Sources of Information and Assistance

**Defense Acquisition Portal:** Source for latest memos, guidance and news

- Better Buying Power Gateway: <https://dap.dau.mil/bbp>
- Better Buying Power Community of Practice: <https://acc.dau.mil/bbp>

**Defense Acquisition University**

- Contact your DAU local representative for further information:
  - CNE: 703-805-4978
  - DSMC: 703-805-4368
  - Mid Atlantic: 240-895-7363
  - West: 619-524-4811
  - Midwest: 937-781-1029
  - South: 256-922-8720

For additional information, consult the Defense Acquisition Portal for the latest guidance. Address requests for assistance to your regional representative.



## Discussion / Questions?