



Stopping the Pendulum

Where Leadership and
Decision Making Meet Policy
and Process

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f you have been in the DoD acquisition business for any significant length of time, you have seen a number of policy swings that seem to go from one extreme to the other. The leaders who make policy have good reasons, but if you don't use some reason in applying policy, you will be along for the ride instead of driving decisions in your area of responsibility. One of my colleagues is fond of the saying "Every program is like a snowflake." They are all different. Chances are that the policy

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you are considering was not written with your particular situation or program in mind. Blindly applied, it could do more harm than good. Wherever the pendulum is right now, you need to apply your expertise and knowledge of your program to put it where it needs to be and stop it right there. What you don't want to do is blindly substitute policy and process for solid decision making and leadership.

I am not advocating throwing process or policy out the window but, rather, doing enough thoughtful analysis based on the facts to intelligently apply what makes sense. The warfighters and the taxpayers deserve no less. The system we use is fairly well represented by the Integrated Lifecycle Chart, which some blogger online mistakenly called "The Worst PowerPoint Chart Ever." At first glance, it looks complicated. An in-depth look proves it's even more complicated than it looks. The multitude of boxes, triangles, diamonds, and other shapes represent something important and good in defense acquisition. Without knowledge of why that thing is important and how it applies to your program or job, you can end up doing exactly the wrong thing for the right reasons.

One good example is full-up, system-level live fire test and evaluation (LFT&E), a statutory requirement for defense acquisition programs. Full-up LFT&E is a very good thing. It's an indicator of whether the system will adequately protect its occupants, and/or whether the weapons on the system are sufficiently lethal. That said, system-level LFT&E for survivability can be prohibitively expensive and destructive. You can get a waiver even from this statutory requirement if it makes sense for your program. This waiver must be approved at milestone B. Without a good understanding of the purposes and rules surrounding LFT&E, you could easily set your program up for some unneeded and very expensive downstream testing. The defense acquisition system is full of decisions like this, that have serious future consequences. Even statutory requirements are often waivable so the better you understand the rules, the better you will be able use the flexibility that you have.

To specify or not to specify is another good policy question. Do you require a contractor to build to a detailed tightly controlled specification, or give them complete freedom to come up with innovative solutions to a performance requirement? The pendulum has swung in both directions over time. The answer is not simple. What really is right for your program? If you are developing electronics for a satellite, there are very specific proven methods and materials used for making circuit cards that will work reliably in that environment. Careful consideration of risk would likely lead to using a detailed specification in that case. What if you are trying to satisfy a requirement where many methods may work but none are proven? An open performance objective with incentives rewarding better performance and lower cost would likely produce better results than a detailed specification.

Contract type for development work is also an area in which the policy pendulum has swung significantly. After some ugly

experiences with fixed price development contracts there was a time when you had to get a waiver to use anything other than cost plus type contracts for development work. Now, according to the 2007 National Defense Authorization Act, the preference for engineering and manufacturing development (EMD) contracts at milestone B is a fixed price incentive contract. The important thing to realize is that this is a starting point, not necessarily the correct contract type for your program. If your program has gone through system level competitive prototyping and a preliminary design review (PDR) prior to milestone B, you probably have reduced the risk enough to use a fixed price contract. If you have only proved out component technologies and have significant integration work remaining, a cost-plus contract is worth considering. Another argument may be that a cost-type contract will promote more meaningful competition. Through pre-solicitation communication with industry, you can get an idea of how many companies would be willing to bid on a cost type contract versus a fixed price contract. Better competition for the contract will help reduce overall program risk. Bottom line, the contract type should be based on a good understanding of the remaining risk in the program. It should equitably share that risk with the contractor in a way that motivates both government and industry to save money.

Speaking of competition, this is another area of emphasis that seems to come and go. If you have read the Better Buying Power initiatives you know there is currently a great deal of emphasis on having real competition throughout the acquisition lifecycle. Competition can be a very good thing. Used properly it drives down costs and technical risk. It's as American as baseball and hotdogs. It does not, however, apply in every situation. There is still a process to get a justification and authorization for other than full and open competition if you do the homework and make a strong case for your decision. In most cases competition is the right way to go but you have to apply it with a long-term program view in mind to make it work meaningfully. If you come to a production contract with a competitive contracting strategy but without a solid build-to data package, the only contractor in the competition will be the developer. To make the competition meaningful the development contract has to include the data package as a deliverable. Thus the early decisions and actions on a program are vitally important to providing capability to our troops. Somebody much smarter than me once said programs fail at the beginning; we just find out at the end.

The Weapon System Acquisition Reform Act (WSARA) requires major defense acquisition programs (MDAPs) to conduct competitive prototyping to mature critical system technologies in the technology development (TD) phase. In other words, you will need to have more than one contractor on contract to build and test prototypes that prove out the technology. If that sounds expensive, you are right on track. Rustling up that much funding for a program in its infancy through the PPBE process in time for milestone A is going to be a real challenge. The MDA, however, has the flexibility to

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waive this requirement if you can make the business case that the costs of competitive prototyping outweigh both the short- and long-term benefits. Another proven successful approach is to take advantage of work already being done by the science and technology community in a competitive environment. If a research lab is already paying for the competitive prototyping, some careful coordination to add the needed programmatic requirements could significantly reduce the bill to the taxpayer and the program cycle time. By knowing where waivers are available and what work is ongoing, we can make a case for what really makes sense to get things done quickly for a reasonable cost. The key is making sense of your approach for your MDA so that they have a solid rationale to justify the right call.

What do you do when policies seem contradictory? Among the Better Buying Power initiatives are two that I must admit had me scratching my head when I considered both together. We are supposed to promote real competition throughout the program and also set shorter program timelines and manage to them. Source selection takes time. Depending on the size of the program, a competitive source selection could take months or years during which not a lot of work is being done to get the warfighters what they need. However, there are ways to reduce the time source selection takes. Robust communication with industry during development of the source selection plan and request for proposal will go a long way toward making the process both meaningful and faster. Another idea, which is now an expected business practice, is to get your acquisition strategy approved early. The Improving Milestone Process Effectiveness memorandum from Under Secretary Frank Kendall gives the details of what is expected at the Pre-EMD Review. This decision point will allow release of a final RFP about 6 months prior to Milestone B to jumpstart the course selection process. It takes a lot of work to put together a good coherent acquisition strategy early but it will pay great dividends in terms of schedule.

“Early” is a word we like to use a lot in this business. As mentioned before, early decisions in a program’s life cycle tend to have large downstream consequences. Nowhere is this

truer than in life cycle logistics. Most of the life cycle cost of a program is incurred in the operations and support (O&S) phase. It stands to reason we should be designing and building reliable and maintainable systems from the very beginning of the program. The problem is that it’s hard to get near-term money to save far-term money—especially if you don’t have that mindset and build those things into your program budget from the start. DTM 11-003 directs program managers to formulate a “comprehensive reliability and maintainability (R&M) program.” If you haven’t considered this in the context of your overall program, you will get a chance to talk about it at your next milestone review.

Reliability and maintainability have to be considered in the context of your program’s comprehensive life cycle support strategy. Years ago, contractor logistics support (CLS) was all the rage. After all, who can better support a system than the contractor who built it? Now, all you have to do is mention the term CLS to see logisticians start twitching like Commissioner Dreyfus at the mention of Inspector Clouseau. CLS basically handed most of the support tasks to the contractor and paid them for each maintenance action, part, etc. It doesn’t take much imagination to see how that sort of arrangement leads to buying lots of parts and maintenance actions, leading to higher cost and more downtime. The current policy is to use performance-based agreements in the context of a comprehensive life cycle support strategy known as performance based logistics (PBL). PBL does not equal CLS. In fact, PBL turns the CLS incentive on its head by incentivizing fewer maintenance actions, fewer parts, and more up time for the warfighter. PBL also emphasizes getting the right mix of support from government agencies and contractors while encouraging public/private partnerships. The key to making PBL work for the warfighter is picking the right metrics for your contracts and government-to-government agreements. This takes real knowledge of your program and the warfighters’ requirements, as well as a flexible contracting officer. You have to do your homework and make sure the outcome of the incentive, such as higher mean time between failures, will be what the user needs and drive support costs down. Once again, you have to look hard at cost and performance trades and make sure

the business case for what you are doing is solid. If you offer the contractor more profit for a more reliable part, will the result be a savings in support costs, better reliability, and an overall win-win situation? The answer requires good analysis and close coordination with the warfighter. Trying to paste PBL on at the end of a program is probably the wrong approach. What is required is careful planning based on the design and support requirements from program inception.

Yes, this is a complex and sometimes frustrating business—so pack along your sense of humor. Just remember that policy and process are no substitute for leadership and critical thinking. In part, the reason the process is so complex is that our forefathers deliberately set up competing responsibilities between the executive and legislative branches in our Constitution. Railing against or reforming the process hasn't produced much in the way of tangible results. Knowing the process, especially where to find the flexibility to go outside of it, is essential to success.

Striking the right balance of outside- and inside-the-process thinking is also very important. All of us can recall leaders who were on either end of the spectrum of process and results. There is the stickler who follows every regulation to the last period, which results in a lot of administration and very little else getting done. At the other end is the "loose cannon" on deck who is a danger to himself and anyone nearby, because he ignores necessary procedure, and to perdition with the consequences. Somewhere in the middle is effective leadership

and decision making. Careful consideration of consequences and informed risk taking by process-smart leaders is the effective way to navigate the defense acquisition system. You can and should be as results-oriented as possible in your role as an acquisition professional, but you are unlikely to get the results the users need on the battlefield without being well-versed in policy and process. Use the process, but don't let it use you or your program. There is a real tension between compliance with the reams of policy and regulation and efficiently getting capability in warfighters' hands. I would argue that every one of those policies and regulations contains benefit for both the taxpayers and our military. You ignore any of it at your program's peril. If you apply every bit of policy without thought, however, "efficient" will not be the adjective that describes your program.

So where will you stop the pendulum? Somewhere in your sphere of responsibility and influence, there are decisions to be made. Do you know the system, your program, and your contractor well enough to make good decisions that consider both the short- and long-term consequences? No matter where current policy lies, you almost always have the flexibility to propose a different answer if you can explain and support your position. Use that flexibility to turn the pendulum into a plumbline that points to the best solution for the country—and for our men and women in uniform. &

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Where Can You Get the Latest on the Better Buying Power Initiatives?

- BBP Gateway (<https://dap.dau.mil/bbp>) is your source for the latest information, guidance, and directives on better buying power in defense acquisition
- BBP Public Site (<https://acc.dau.mil/bbp>) is your forum to share BBP knowledge and experience