

# THE DAVID PACKARD Excellence in Acquisition Award



THE DAVID PACKARD EXCELLENCE IN ACQUISITION AWARD was established to recognize organizations, groups and teams that have demonstrated exemplary innovation using best acquisition practices that achieve acquisition excellence in the Department of Defense (DoD). It is the DoD's highest acquisition team award and was first awarded in 1997 in honor of David Packard, a Deputy Secretary of Defense in the Nixon administration. Mr. Packard also was the co-founder and chairman of Hewlett-Packard Co. and chairman of the President's Blue Ribbon Commission on Defense Management chartered by President Ronald Reagan in 1985. Packard founded the Defense Systems Management College in 1971 and was a strong advocate of defense acquisition excellence. The Packard Award is sponsored by the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD[AT&L]).

## ***Inaugurating the Should Cost and Innovation Award***

This year's 2014 Should Cost and Innovation Award is the first such award. The Should Cost and Innovation Award recognizes organizations, groups or teams that have displayed outstanding commitment, innovation and results from using Should Cost management. The Should Cost concept is fundamental to proactive cost control throughout the acquisition life cycle. This initiative requires actively managing cost, starting with a deep understanding of cost structures, followed by identifying specific goals for cost reduction (Should Cost goals) and efforts to achieve those cost reductions. Should Cost is a core and enduring Better Buying Power initiative, and most programs and contracted activities in DoD now have Should Cost targets and are managing to them.

# 2014 David Packard Award Winner

## The Advanced Extremely High Frequency Program Team

The Advanced Extremely High Frequency (AEHF) program team was presented the David Packard Excellence in Acquisition Award for its innovation in providing survivable, secure, protected and jam-resistant satellite communications for high-priority users, including the president of the United States, strategic and tactical warfighters, and AEHF's international partners—Canada, the Netherlands and the United Kingdom. AEHF is operated by the U.S. Air Force Space Command.

The AEHF team utilized a revolutionary Block Buy space acquisition strategy to procure the fifth and sixth AEHF satellites (AEHF-5/6), saving \$1.6 billion, while operationally accepting the Increment 5 mission control segment and launching, checking out and transferring to operations the third AEHF satellite (AEHF-3). The team also developed a

consolidated three constellation sustainment approach that will save \$300 million, while beginning Multi-Service Operational Test and Evaluation's integrated testing, which cut the required time for operational test by 49 percent. This translates to a projected Initial Operational Capability declaration at the program's 2015 acquisition baseline objective date, saving \$27 million.

As a result of the 5/6 Block Buy savings, the Military Satellite Communications Space Modernization Initiative was established and represents the investment plan to sustain and enhance current program-of-record systems while progressing to more affordable and resilient future systems. This has helped ensure that the United States continues to have the world's most advanced satellite communications capabilities.



← Under Secretary of Defense for Acquisition, Technology, and Logistics Frank Kendall, Assistant Secretary of the Air Force (Acquisition) Dr. William A. LaPlante, with AEHF Program Manager Col Stephen Purdy.

↓ From left to right: Secretary of Defense Ashton Carter, Col Stephen Purdy, Col (Ret.) Rodney Miller, William Althoff, Maj Darrell Grob, Maj Alicia Abrams, Col (Select) Shawn McCamish and Mr. Kendall.

Photos by U.S. Navy Petty Office (MC2) Sean Hurt.

# 2014 David Packard Award Winner

## The Intercontinental Ballistic Missile Systems Directorate

The Intercontinental Ballistic Missile (ICBM) Systems Directorate, under the Air Force Nuclear Weapons Center, was presented the David Packard Excellence in Acquisition Award for targeting affordability and controlling cost growth while performing true cradle-to-grave life-cycle management for the Minuteman III ICBM System and delivering on the Chief of Staff of the Air Force's top priority of strengthening the Nuclear Enterprise.

The team developed a novel acquisition strategy that inserted inter-Service technology and components to modernize and replace the entire fleet of nuclear arming and fuzing capabilities. This strategy promoted industry innovation, as well as joint and international cost and technology sharing, and reduced the overall burden of strategic investment for a broad base of interested stakeholders.

The team also reduced the future Minuteman III fuze from two aging configurations to a single modern configuration. This single biggest modification to the weapon system in 20 years of developed business case analyses included interagency Department of Energy warhead stockpile reduction and teaming initiatives with international strategic weapons partners. It has saved \$3.2 billion since 2010 and represents a 2015-2019 future savings of \$478 million more while refreshing technologies and leveraging pre-existing nonrecurring engineering work.

The directorate's efforts will keep 450 Minuteman III ICBMs, 45 launch control centers, dozens of maintenance vehicles, multiple communication systems, and 34,600 square miles of infrastructure operational while delivering the highest sustained alert rate in the weapon system's 50-year history.

Mr. Kendall and Dr. LaPlante, with Col Ryan Britton, Director of the ICBM Systems Directorate. →

↓ From left to right: Col George Farfour (Air Force Nuclear Weapons Center Deputy Commander), Col Scott Jones (ICBM Ground Systems Senior Materiel Leader), Mr. Carter, Col Ryan Britton (ICBM Systems Directorate Director), Mr. Kendall, John Carlson (ICBM Systems Directorate Program Control Chief), Kayla Marshall (ICBM Systems Directorate Deputy Director).



# 2014 David Packard Award Winner

## The VIRGINIA Class Submarine Program Team

The VIRGINIA Class Submarine (VCS) Program Team was presented the David Packard Excellence in Acquisition Award for significant savings from shipbuilder proposed pricing and more than \$1 billion from adjusted current submarine production performance when it awarded a fixed-price incentive (firm target) multiyear contract for more than \$17 billion.

The VCS Block IV contract inherently increased shipbuilding industrial base stability and decreased construction costs through economic ordering of material and increased throughput in the building yards. The Request for Proposal reflected innovative initiatives to promote competitive strategies unique in the sole-source environment for procuring submarines. The VCS Block IV multiyear contract reflects cost saving and risk reduction initiatives developed in the solicitation and maintained through the proposal analysis, culminating in the most successful negotiation

and award of any fair and reasonable shipbuilding contract in the last 20 years.

The VCS Block IV team made exemplary achievements in efficiency and productivity in defense spending through: detailed labor hour analysis using should-cost strategies; deep diving into the cost proposals of more than 200 major multitiered subcontracts; driving changes in shipbuilder purchasing processes by negotiating at the subcontractor level; independently evaluating every aspect of the prime shipbuilder's (and major subcontractor's) labor rates; pressing firmly on the shipbuilders to negotiate from fact-supported data; and effectively integrating the chain of command into negotiations when necessary to maintain a single U.S. Navy "voice."

These efforts will ensure delivery of 10 submarines at the rate of two per year from Fiscal Years 2014 through 2018. This is the largest number of submarines under a single contract in the last 40 years.



← Mr. Kendall; Lisa Bonacic, Deputy VCS Program Manager; Principal Deputy Assistant Secretary of the Navy for Research, Development and Acquisition James E. Thomsen; and Gloria L. Valdez, Executive Director of the Submarine Program Executive Office.

↓ From left to right: Danielle Barton, Maura Styczynski, Sara Ainey, KC Laskey, Scott Anderson, Mr. Carter, Mr. Kendall, Lisa Bonacic, John Lucio, Ms. Valdez, Erin Anderson.

# 2014 Should Cost and Innovation Award Winner

## The Maritime Patrol and Reconnaissance Aircraft Program Office

The Maritime Patrol and Reconnaissance Aircraft Program Office and its P-8A Poseidon Integrated Product Team were presented the USD(AT&L) 2014 Should Cost and Innovation Award for exemplary execution of Should Cost management and proactive cost control. The team integrated Should Cost into all core technical and management processes, yielding savings across all phases of acquisition. As of June 2014, the team identified total savings of more than \$5.2 billion, nearly all of it captured in the President's Budget for Fiscal Year 2015. Though the program delivery is early, \$1.4 billion of the savings is in aircraft procurement. This resulted from increases in production efficiency, procuring subsystems and supply as

Government Furnished Equipment, and innovative contract financing strategies. The P-8A team's focus on reducing operational support costs saved \$3.8 billion in Operations and Support (O&S). The O&S savings primarily were due to a strategy change from full contractor logistics support to an innovative product support strategy that leverages organic support, public/private partnership depots, competitive support for commercial engines and airframes, and an intermediate level maintenance capability for high cost drivers. Through its efforts, the P-8A team provided an outstanding example of repeatable Should Cost processes while delivering real savings and cost-effective capabilities to deployed warfighters.

Mr. Kendall, Mr. Thomsen and CAPT Scott Dillon, Program Management Air (PMA)-290 Program Manager. →

↓ From left to right: Sarah Prelog, Martin Ahmad, Mr. Carter, CAPT Scott Dillon, Mr. Kendall, Kathleen Stull, Robert Holmes.

