

# ACQUISITION REFORM TODAY

Vol. 1, No. 1

February 1996

## DUSD(AR) Unveils Publication On Reform News And events

**T**his is the premier edition of our new monthly newsletter, **ACQUISITION REFORM TODAY**.

It is published by the Office of the Deputy Under Secretary of Defense for Acquisition Reform, but we are dedicated to the proposition that it belongs to you, the men and women of acquisition.

**Its purpose** is two-fold: to better inform you about what's happening in acquisition reform that affects your work, and to foster a greater sense of involvement in a major, irreversible movement for change that will make a real difference for the warfighter and our national defense. Acquisition Reform is not merely a collection of policies and statutes, it is what you do every day to make things better. We need your input to tell that story. On Page 7 you'll find information on how to contact the newsletter.

**In launching** this publication, we are following the outstanding example of the Navy's Acquisition Reform Office with its *AR Update*, of the De-

fense Standardization Program's MILSPEC reform newsletter, of *News From AFAR* from the Air Force and others who are using this medium to such good advantage. In fact, sharing the good news is one of our chief reasons for publishing. The services and agencies are each doing great work that the others could benefit from, so each month we'll help spread the word with information from all sources.

**In that regard**, I want to underscore that we intend this to be a supplemental source of information. In no way does it replace or supersede regular chains of command. Like *Program Manager* magazine from the Defense Systems Management College, this newsletter is intended to enhance everyone's knowledge about Acquisition Reform, not supplant anything.

**This publication** will report on the great changes going on in acquisition today, but it will also offer a steady beacon for our work: We must never

*Coming Next Month:*

### BIG GAINS Legislative Wins Advance AR

Recent legislative victories mean major progress for acquisition reform. Among the developments:

- ◆ Repeal of the Brooks Act and with it the GSA Board of Contract Appeals for IT acquisition.
- ◆ Streamlining of competition requirements with greater authority to cut competitive range.
- ◆ Rationalization of procurement integrity law and post employment restrictions.

Find analysis and details in next month's AR TODAY.

forget the mission of the acquisition system is to meet warfighter needs.

--**Colleen A. Preston, Deputy Under Secretary of Defense for Acquisition Reform**

## After Broad Involvement, New 5000 Emerges

**T**he 5000 series documents that have been the centerpiece of Department of Defense acquisition for a quarter of a century have been fundamentally revised as part of the acquisition reform movement.

**The revisions** of Directive 5000.1 and Instruction 5000.2 were produced by a joint OSD-Component team under the general direction of Deputy Under Secretary of Defense for Acquisition Reform Colleen A. Preston and Director of Acquisition Program Integration Irving N. Blickstein. Some 2,200 comments have been received

from across DoD and from industry.

**"For the first time**, there has been widespread cooperation from the whole department; this is not a case of a new policy written by a few, criticized by many," said Ric Sylvester, Director, Program Acquisition Strategies Improvement (AR) and co-chair of 5000 Rewrite Working Group.

**The draft** directly tackles the perception that the series *(Please see 5000, Page 7)*  
[Related Story Page 3]

# AR Success Page

Being the smartest buyer of best-value goods and services for the warfighter

## JDAM Makes Big AR Gains

JDAM program management has identified three areas where acquisition reform has paid big dividends.

### Streamlining

This includes simplification of requirements, use of commercial specifications, commercial standards and a performance specification.

In comparing the pre-pilot original solicitation to the EMD Phase I Contract, streamlining reduced CDRLs from 242 to 50, MILSPECS/STDS from 128 to zero, and the draft statement of work from 136 pages to seven pages.

The effect on schedule was a two-year reduction in the normal time required to reach EMD. This not only gets JDAM to the warfighter sooner, it saves approximately \$3 million to \$4 million in costs of operating the SPO for this time.

Beyond that, it is estimated that a 15 percent or \$18 million reduction will be made in development costs during EMD I (18 months starting in October 1995). A more modest reduction is expected for EMD II (44 months), but no figure has yet been determined.

### Commercial Components

Use of commercially available components was implemented by challenging a specification for a \$25 power transistor. First, engineers were able to reduce the requirement for the component without changing its function in the system. This alone would have allowed the purchase of a military standard power transistor for \$15 instead of \$25. At this lowered requirement, engineers were then able to select a commercial component that cost

\$4.05. Compared to the cost of the original military standard component, this represented a saving of more than \$37 million at 74,600 units.

### Oversight Reduction

Oversight reduction was accomplished by reducing the number of DAB documents from 22 to four. This shortens the DAB preparation cycle from six months to about three months, and allows the SPO to operate with a smaller than average staff of 80 people. As one of the five DoD Pilot Programs, JDAM is permitted to experiment with innovations to enhance efficiency.

The JDAM Program Director is Mr. Terry Little. For further information, call Capt. Barry Graham, 703-693-3222 (DSN 223) or E-Mail, grahamb@aqpo.hq.af.mil

## DLA Uses FASA To Avoid Protest

On 24 April 1995, DLA (DASC Office of Contracting) awarded an 8(a) competitive contract to Decision Systems Technologies (DSTI) for FIP services valued at approximately \$20 million.

Notices of the award were issued to the four unsuccessful offerors. These letters informed each vendor of its ratings and a brief statement as to the rationale. Two of the vendors requested debriefings.

These debriefings were timely and extremely detailed. Each vendor was allowed to review the ratings and comments made by the source selection evaluators of its technical proposal.

Two goals of the Federal Acquisition Streamlining Act are to generally improve the efficiency of the procurement process and reduce

administrative costs. DLA has achieved these goals by conducting frank debriefings on this procurement, thus preventing a protest. The guidance in Section 1064, Post-Award Debriefings of the FASA of 1994 was instrumental in this achievement.

POC: Lt.Col. Mike Craig, USAF, chief, contracting operations (DASC-CP) DLA Administrative Support Center, Ft. Belvoir, VA. 703-767-1155.

## JAST Cuts Months Going Electronic

Using streamlined acquisition processes, the Joint Advanced Strike Technology (JAST) program office saved significant time and effort for both government and industry in the award of 24 contracts for concept definition and design research with a value of \$130 million.

The JAST program used a simplified solicitation process in which proposals were submitted on electronic media, and evaluated and

### GET JAST SOFTWARE

The software tools developed by the JAST program may be downloaded from the JAST home page on the World Wide Web at <http://www.jast.mil>.

awarded electronically using innovative evaluations and contracting officer support tools developed by the JAST program. Two solicitations required less than four months each from the initiation to contract award, a savings of approximately 47 weeks for each *(Please see JAST, Page 7)*

# Six Themes Show Big Changes

The six themes below were drawn from the revised 5000 series. They represent ground breaking efforts at acquisition reform and are excerpted here from the executive summary of the draft revisions:

**Teamwork** We believe that the guiding principles in DoDD 5000.1 along with the procedures described in DoDI 5000.2, help to create an acquisition system that capitalizes on the strengths of *all* participants in the acquisition process. We must work together as a team to build successful programs, identify problems early, and maintain a cooperative spirit of resolution, thereby providing programs the highest opportunity for success. Furthermore, we have reorganized DoDI 5000.2 to reflect the importance of working as *cross-functional* teams. Chapters emphasize the major elements of the acquisition process: defining mission needs, structuring an acquisition strategy, developing producible and affordable designs, making decisions, and assessing program status. Teamwork will maximize overall performance, not the overall performance of individual functional areas.

**Tailoring** While all programs must accomplish certain core activities, the appropriate Milestone Decision Authority (MDA) will tailor how and when these activities occur. Common sense and sound business management practice will minimize the time it takes to satisfy an identified need. MDAs should strive to tailor most aspects of the acquisition process, including program documentation, acquisition phases, and the timing, scope, and level of decision reviews. MDAs should promote flexible, tailored

## Before

- ✓ Impression that the 5000 covered everything
- ✓ Lockstep 5-milestone process for all
- ✓ Complex, unwieldy presentation of material

## After

- ✓ 5000.1 for general principles
- ✓ 5000.2 for mandatory instruction
- ✓ Logical milestone process
- ✓ Clear, useful on-line Acquisition Deskbook

## New Look for the 5000 Series

approaches to oversight and review based on mutual trust and the program's size, risk, and complexity. Tailoring is built into DoDD 5000.1 and DoDI 5000.2 because one size does not fit all. From a management standpoint, there is no reason to expect to treat every program identically. However, there are usually many *good* reasons to tailor program management to specific program circumstances.

**Empowerment** Program Managers do not have to ask permission to take actions within the scope of their charters unless these actions are specifically prohibited by statute, Executive Order, FAR/DFARS, or these documents. The Department has long relied on volumes of guidance and regulation, prescribing every detail of both process and documentation. DoD has also had a habit of dealing with industry through a rigid system of military specifications. DoDD 5000.1 and DoDI 5000.2 reflect current efforts to empower our people and our vendors to do the best they can. These documents do not reduce responsibility, but balance responsibility with authority. They dramatically reduce the burden of mandatory procedures and

specifications, and encourage prudent risk management. They imbue the acquisition process with a customer focus: to provide the best, most cost-effective system or capability, in the most timely fashion.

**Cost as an Independent Variable (CAIV)** The acquisition process described in DoDD 5000.1 and DoDI 5000.2 must consider both performance requirements and fiscal constraints. Accordingly, cost must also be an independent variable in programmatic decisions, with responsible cost objectives set for each program phase.

**Commercial Products** Historically, DoD has relied on segments of the U.S. technology and industrial base principally dedicated to supporting DoD requirements. Integrating a constricting industrial base and a fast-paced technology sector mandates that DoD fully implement the statutory preference for the acquisition of commercial items by federal agencies. Acquisition of commercial items, components, processes and products provides rapid and affordable application of these technologies to validated, DoD mission needs.

*(Please see Themes, Page 7)*

# IPTs NOW COMING TO VIDEO

## How-To Tape In Production

**T**he integrated product team (IPT) is becoming a major feature of the acquisition landscape, and will now have its own video.

The video will be an introduction to the principles governing IPT operation (see box at right) and will be drawn from materials now available to guide conduct of IPTs.

It is being created under the sponsorship of Colleen A. Preston, Deputy Under Secretary of Defense for Acquisition Reform.

It is being produced and directed by Larry Lerer of Defense Acquisition University. Colonel Richard A. Engel of Mrs. Preston's office is providing technical direction.

IPTs are required by the new DoD Instruction 5000.2, which is moving toward final coordination. In the meantime, there is a brief, authoritative guide to this new

acquisition tool to be found in a publication called **"RULES OF THE ROAD -- A Guide For Leading Successful Integrated Product Teams."**

IPTs are part of what is called Integrated Product and Process Development (IPPD). Here is what "Rules of the Road" says about the purpose of IPTs:

"As Secretary Perry stated in his May 10, 1995 memorandum, the IPT concept for oversight and review is intended to replace the current sequential process that produces a product at the program office level which frequently, when reviewed at higher levels, is modified

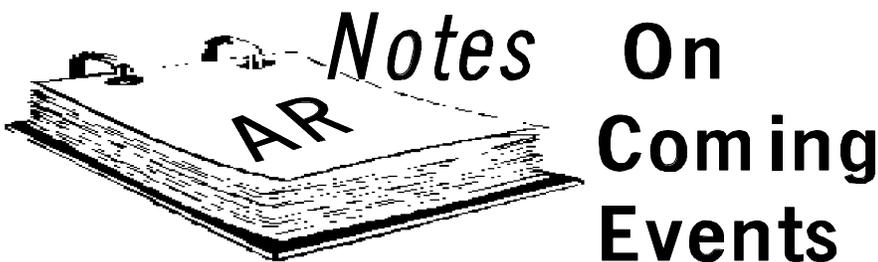
### BROAD PRINCIPLES OF IPTs

- ⇒ Open discussions with no secrets
- ⇒ Qualified, empowered team members
- ⇒ Consistent, success-oriented, proactive participation
- ⇒ Continuous "up-the-line" communications
- ⇒ Reasoned disagreement
- ⇒ Issues raised and resolved early

substantially or even rejected. Such a sequential review and approval process takes considerably longer than an IPT approach that simultaneously takes advantage of all members' expertise and produces an acceptable product the first time. The purpose of IPTs is to facilitate decision-making by making recommendations based on timely input by the entire team."

The teams comprise representatives from all appropriate functional disciplines. The goal, according to "Rules of the Road," is to build successful programs and enable decision makers to make the right decisions at the right time.

The forward to "Rules of the Road" was signed by Anthony M. Valletta, DASD (C3I Acquisition), Mrs. Preston and I. R. Blickstein, Director (Acquisition Program Integration).



*Editor's Note: "Notes On Coming Events" will be a standard feature in ACQUISITION REFORM TODAY. We are interested in all events of interest to the AR community. Please phone, fax, mail or E-mail notice of your events to us. See Page 7 for details on how to reach us.*

**US ARMY** Total Army Road Show V kicks off the first of 13 planned sessions for 1996 at Missile Command on 5 March. Roadshow V is the latest round in a series of workshops dedicated to reforming and continuously improving the Army acquisition process from cradle to grave. The roadshows focus on the use of integrated product teams and total process management. Attendees will also have the opportunity to participate in special electives such as modeling and simulations, market research, streamlining requests for proposals, FACNET implementation and other topics.

### Get Rules of the Road Reserve IPT Tape

To receive the publication or to reserve a copy of the IPT how-to tape now in production, contact:

**John Smith**  
Acquisition Program Integration  
703-614-5420  
smithje@acq.osd.mil

# Broadcast News: Beaming Down FASA

## Downlinking Training To The Workforce Not A Simple Task

**Editor's note:** In October and early November 1995, the Office of the Deputy Under Secretary of Defense for Acquisition Reform employed satellite downlinks to broadcast five training sessions on the Federal Acquisition Streamlining Act of 1994 (FASA). Below is an account of how one organization reacted to this training opportunity. It is reprinted, with permission, from **AR Update**, the Navy Acquisition Reform Office newsletter.

**By Alex Dean**  
**NAVY AR Office**

**O**n October 19, Karen Sorber, soon to join the Acquisition Reform Office (ARO) as Director of the Center of Excellence, settled down into a padded chair in National Center No. 3 building (NC#3), Room 3S11. She was there to view the first of five scheduled satellite downlink training broadcasts on FAR regulations implementing the Federal Acquisition Streamlining Act (FASA) of 1994.

**The attentive faces** scattered across the comfortable NAVSEA [Naval Sea Systems Command] auditorium were both curious and expectant as they peered towards the large television screen. These people were not disappointed. Produced and acted by professionals, the broadcast proved both informative and entertaining. Afterwards, Sorber stopped by ARO excitedly proclaiming: "This was really an effective training program. Not only did the critical information get well communicated, but these broadcasts forced us to think through the acquisition process with case studies as we absorbed the impact of these changes. The follow-on discussion

with critical members of the FASA implementation team gave a 'face' to these gigantic changes ... it made the whole experience so real. And it was great seeing it right here on the [Crystal City, VA] strip."

**For Sorber, and** many others who watched the October/November FASA broadcasts in the NAVSEA auditorium, the details of the incredible success story behind building that satellite downlink capability were not obvious. The satellite downlink format was introduced into the Acquisition Reform arena last June, when OSD scheduled a broadcast on the Simplified Acquisition Procedures Interim Rules. Although there were small pockets that could receive the training, there was no large facility in Crystal City to support this media.

**The Naval Media Center** in Anacostia and the AEGIS Video Teleconferencing Center supported the June broadcast (seating was limited), and the Naval Media Center in Anacostia supported the August broadcast on the FASA Executive Summary, providing both a facility for Navy attendees and recording and copying the broadcasts for dissemination across the Navy. Logistically, a Crystal City location was desirable for future broadcasts to better accommodate people.

**Marge Koebke, the** NAVSEA representative to the DoN Acquisition Reform Training Working Group, initiated a request for downlink capability for NC#3, Room 3S11. And, at the August 15 NARSOC [meeting of the Navy Acquisition Reform Senior Oversight Council], following announcement of five additional OSD broadcasts scheduled for the October/November time frame, NAVSEA 00B committed to making that capability a reality.

**Faye Higdon from** NAVSEA 04I, took the lead for telecommunications and Polly Dietz from NAVSEA 09A took the lead for facilities. They dove into the task, contacting numerous **(Please see FASA, Page 7)**

### FASA Videotapes, Backup Materials

Post-broadcast training materials based on the FASA broadcasts are available from the Acquisition Reform Communications Center, including:

- ★ videos of each of the five broadcasts
- ★ graphics used in the broadcasts
- ★ before/after comparison of new and old FAR on disk
- ★ hard copy of "Guide to FAR Changes"

When ordering, give name, organization, address, phone number and specify exactly which parts of the package are being requested, including each broadcast tapes desired. The tapes are:

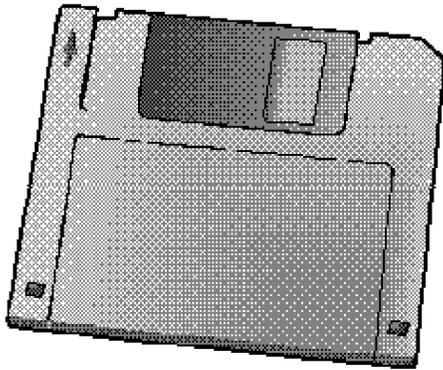
- |        |                          |
|--------|--------------------------|
| 19 Oct | A New Way to Do Business |
| 24 Oct | Securing an Acquisition  |
| 26 Oct | Tracking an Acquisition  |
| 31 Oct | The Murphy Carpet Saga   |
| 2 Nov  | A Summary                |

#### To order

Contact the ARCC at:  
Voice  
703-845-6634  
703-845-6723  
Fax  
703-379-4319

**Or**

1-800-811-4869



# Reform Source Documents Available on Web, Disk

**T**hese acquisition reform source documents contain the philosophy behind acquisition

reform and spell out much of the implementation to date. The box below contains information on how they may be obtained.

## Acquisition Reform Strategy and Vision

- Mandate for Change, defining the purpose and mission of Acquisition Reform, signed by Secretary Perry

## Congressional Testimony and Speeches

- Testimony given by Mrs. Preston to the U.S. House of Representatives, Committee on National Security, 2 August 1995
- Testimony given by Mrs. Preston to the U.S. Senate, Committee on Governmental Affairs, 25 July 1995
- Testimony given by Mrs. Preston to the U.S. House of Representatives, Committee on Governmental Reform and Oversight, 21 February 1995
- Testimony given by Mrs. Preston to the U.S. Senate, Subcommittee on Acquisition and Technology, Committee on Armed Services, 6 April 1995

## Rules of the Road for IPTs

- A guide for leading successful Integrated Product Teams

## Process Action Team Implementation Memoranda

### **Contract Administration PAT**

- Implementing More Efficient Oversight of Defense Contractors, signed by Dr. Kaminski, 21 August 1995
- Technical Representatives at Contractor Facilities, signed by Dr. Kaminski, 9 August 1995
- Implementation Memorandum for Contract Administration, signed by Dr. Kaminski, 3 March 1995

### **Oversight and Review PAT**

- Revised DoDI 5000, 17 October 1995
- Questions and Answers from the DoD Offsite

Conference: "Institutionalizing IPTs: DoD's Commitment to Change", signed by Dr. Kaminski, 14 August 1995

- Use of Integrated Product and Process Development and Integrated Product Teams in DoD Acquisition Memorandum, signed by Secretary Perry, 10 May 1995
- Re-Engineering the Acquisition Reform Oversight and Review Memorandum, signed by Dr. Kaminski, 28 April 1995

### **Procurement Process PAT**

- Elimination of Unnecessary Reviews Related to Procurement, signed by Dr. Kaminski, 29 June 1995
- Good Judgment in the Competitive Procurement Process, signed by Dr. Kaminski, 28 June 1995
- Lead Projects Using Teaming and Use of Letter Solicitations in Sole Source Procurements, signed by Dr. Kaminski, 28 June 1995
- Implementation Memorandum for the Procurement Process, signed by Dr. Kaminski, 9 February 1995

### **Specifications and Standards PAT**

- Specifications and Standards Memorandum, signed by Secretary Perry, 29 June 1994

### Implementation of Acquisition Reform Legislation

- FAR FASA 1994 Implementation Plan
- DFAR FASA 1994 Implementation Plan

## **To Receive Source Documents:**

### **From the World Wide Web**

You can download these documents in Word 6.0 at the AR Home Page at <http://www.acq.osd.mil/ar/>

### **On disk in Word 6.0 format**

Contact ACQUISITION REFORM TODAY for copies on disk through the mail. See Page 7 for details on reaching the newsletter.

# *. . .and now the rest of the story*

## **JAST**

*(From Page 2)*

procurement.

Compared to traditional processes, savings for the first source selection were six weeks time for 10 evaluators and four support personnel; savings for the second were even greater.

Electronic tool efficiencies permitted one person to administer the entire evaluation and immediate documentation following determination. Data management savings equaled the work of three full-time administrators and two months of documentation for each procurement.

Action officer: RADM Craig E. Steidle, JAST Director, 703-602-7390.

## **FASA**

*(From Page 5)*

people for information and getting quotes from multiple contractors. Then ... a site survey was conducted ... NAVSEA corporate talent met to determine the feasibility of running cable and equipment ... building management approval was obtained ... arrangements were made for telephone and fax equipment which would be used during the live broadcasts ... security approvals were obtained... funding was arranged ... procurement processing was accomplished (via the new simplified acquisition procedures) ... and TRIAD MEDIA installed and tested the satellite downlink equipment.

**On October 19 -- and** again on October 24, 26 and 31 and November 2 -- the temporary satellite downlink capable facility served its calling, supporting receipt of the FASA broadcasts, and helping to provide the training needed to change our acquisition system.

## **5000**

*(From Page 1)*

applies to all acquisition by making it clear what is mandatory. The new version of Directive 5000.1 establishes guiding principles for all defense acquisition. The new Instruction 5000.2 specifies mandatory policies and procedures for Major Defense Acquisition Programs and Major Automated Information Systems.

Drafters said they wanted to "free managers to exercise sound judgment..."

## **THEMES**

*( From Page 3)*

DODI 5000.2 describes a simplified and flexible management process modeled on sound business practices. Acquisitions of the future must take into account customary commercial practices in developing acquisition strategies and contracting arrangements.

### **MAKE YOUR INFLUENCE FELT!**

## **REACH OUT TO ACQUISITION REFORM TODAY**

**WHAT:** Send us your comments, suggestions, complaints, good news stories and notices of upcoming events. Submissions for letters to the editor section should be exquisitely brief. We'll read everything, take what you have to say to heart and print what we can in limited space.

**HOW:** You can reach us by phone, fax, E-mail and regular mail. Address your communications to our editorial Point of Contact, Diane McLaughlin, at:

<b>Phone:</b>	<b>1-800-811-4869</b>
<b>Fax:</b>	<b>1-800-711-0230</b>
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