

AR WEEK**March 17-21 Theme ‘Sustaining Momentum’**

Building on the positive precedent of last May’s Acquisition Reform Day, the Defense Department will emphasize teamwork to keep up acquisition reform momentum in an “AR Week” of related activities March 17-21.

The theme of the AR Week is “sustaining the momentum.” The focus of activities will be on teaming as the catalyst for making acquisition reform initiatives the norm.

Paul G. Kaminski, Under Secretary of Defense for Acquisition and Technology, emphasized the team approach, including industry participation. “The objective is to train as we work — as a team,” he said in his December 20, 1996 memorandum on Acquisition Reform Week.

The idea of using special events on specific days to increase awareness has proved a powerful one, catching on around the government.

Other departments and agencies are also

undertaking training and awareness activities during the same week.

Steven Kelman, Administrator of the Office of Federal Procurement Policy, has said he is “extraordinarily pleased” at the extent of government-wide activity spurred by DoD’s actions. [See story Page 7.]

In his 20 December memo, Kaminski listed three key aims for AR Week:

- speed the closure process for the issues surfaced during the first AR Day [For those issues, see Page 6.]
- further implementation of acquisition reform initiatives.
- accelerate the “benefit stream.”

“Providing and conducting training has always been, and remains today, a critical supervisory function. It has become even more important today as we vastly change the way we do business with a reduced workforce,” Kaminski said.

“All of us in the chain of command have a responsibility to ensure our workforce is adequately prepared to accomplish their assigned mission. I expect our commanders and managers, at all levels, to actively plan for and participate in the education and training activities,” he said.

To give managers and commanders sufficient latitude, the Under Secretary said he would not dictate the day’s agenda. He noted, however, that the Defense Acquisition University

500 Honored for AR Work

Then Secretary of Defense William J. Perry (center) joins Under Secretary of Defense Paul G. Kaminski to the left and then Deputy Under Secretary Colleen A. Preston to the right in a victory gesture as 500 federal employees and military members are honored as Heroes of Reinvention for their work in acquisition reform. At the far left is Principal Deputy Under Secretary R. Noel Longuemare. At the far right is Steven J. Kelman, Administrator of the Office of Federal Procurement Policy. See story Page 4.

(Please see AR Week, Page 7)

The views expressed by letter writers are entirely their own and do not necessarily represent the views of the Department of Defense.

Getting the Word to The Middle -- Again

To the editor:

Now that I've read the 'Readers Write' column article, "Getting The Word To The Middle," of your August/September 1996 issue, I'm

more convinced that the Hon. Dr. Paul G. Kaminski's paraphrasing of Winston Churchill's Battle of Britain statement "this is not the end, but the end of the beginning," misses the mark.

We've not even begun to see the end of the beginning in areas such as the Governmentwide Purchase Card Program, where Navy (in the form of NAVSUP) strangles its own contracting officers by prohibiting them from making single Purchase (credit) Card buys greater than \$2500. Skip Gorman of China Lake can't buy printed circuit boards with his purchase card, my contracting officers can't buy \$3000 Pentium Servers with theirs!

My latest hope is that through our authority as a Reinvention Laboratory, we can get a 'waiver' from the NAVSUP policy (NAVSUPINST 4200.85C) that levies the proscription and single purchase

action limitation on the purchase card program.

Les Journet
Port Hueneme Division, Naval
Surface Warfare Center

(Editor's Note: See also the article in this issue on the Army experience with the purchase card.)

Talking and Walking

To the editor:

Congratulations on a fine product. I especially think that the letters to the editor and a "lessons learned" column would be helpful.

I read with great interest the letters from Skip Gorman and Bill Clawson. While they and many others at the bottom of the food chain are all trying to do the "right thing", I must concur that [members of] the bureaucracy are not yet "walking the walk."

I cite as an example the Services draft instructions implementing the 5000.2-R. It appears that there are many addition to the requirements for a program, something that is contrary to the spirit of reform that new instruction advocates.

And, in regard to the interpretation of FAR 17.5, the process is even more convoluted if you are trying to offer services to another government agency. And all because a group of folks made some poor decisions, we have made it nearly impossible for reinvention and transfer of technology to work.

Perhaps someone could look at reforming that process so we can easily transfer products and services to each other - and save all of us money.

Thanks for listening.

L. Robert Ogus
Naval Air Warfare Center Training
System Division

How to REACH 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.

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Purchase Card

Big Use, Big Savings for the Army

By Bruce E. Sullivan
Department of the Army
Purchase Card Program
Coordinator

The Army has produced big savings on micro purchases by using the government purchase card to delegate procurement authority for low cost services and supplies down to user organizations.

Using the purchase card gets goods and services into the hands of Army soldiers and civilians faster, cheaper, and easier than using the old purchase order method. Requiring organizations no longer have to wait several weeks for their supplies. With the purchase card they can order and receive goods and services usually within days.

Findings of the Army Audit Agency indicate that using purchase cards is \$92 cheaper per transaction than using purchase orders. While the largest percentage of savings occurred in the contracting offices (46%), significant savings were also realized in the supply (22%), budget (19%), and requiring (12%) organizations.

The Army attributes its success to the commitment made by Army personnel at all levels to acquisition reform. The purchase card shows that, given the opportunity, Army soldiers and civilians will perform their responsibilities more efficiently and effectively. The secret is providing the opportunity.

The delegation of procurement authority empowers noncontracting individuals by giving them the authority to make purchases \$2500 and below with a VISA purchase card. By doing this, the Army has

been able to leverage diminishing resources and increase efficiencies. The results of these efforts have been reduced paperwork, prompt receipt of supplies, and reduced numbers of invoices for payment.

The Army has been recognized by the General Services Administration as the largest user of the International Merchant Purchase Authorization Card (IMPAC)

*U*ser organizations within the Army now see the card as their preferred method of obtaining goods and services.

within the Federal Government. More than 36,000 purchase cards have been issued to Army soldiers and civilians. During fiscal year 1996, these cardholders made 1.6 million purchases totaling \$740 million.

These statistics reveal a 529 and 387 percent growth in card purchases and sales, respectively, over the last two years.

The rapid increase in the last two years can be attributed to several things. First the Federal Acquisition Streamlining Act of 1994 (FASA) acted as a catalyst to the Army's re-engineering effort by eliminating the requirement for contract provisions and clauses and

identifying the card as the preferred Simplified Acquisition Procedure for purchases valued at and below \$2,500.

Second, the card was made a priority acquisition reform initiative by having the Army Chief of Staff establish a goal of obtaining 80% of FY 1996 micro-purchases with the purchase card.

Last, to facilitate increased use of the card by cardholders and maximize efficiencies, business practices in the contracting, logistics, base operations, and resource management functional areas were reengineered and streamlined.

User organizations within the Army now see the card as their preferred method of obtaining goods and services.

The Army is continually exploring ways to use the card in business processes other than purchasing. The card is being used on a selective basis as a means of payment against existing contracts and purchase orders. Additionally, the Army is attempting to introduce the card into the Inter/Intra Department Funds Transfer process. Rather than sending a Military Interdepartmental Purchase Request (MIPR), in the future, the Army might be providing a purchase card number over the phone. Given these initiatives, the Army expects continued growth in the card program.

Perry: Hammer Means AR Working For Best Value & Most Efficient Resources Use

William J. Perry, in one of his concluding actions on behalf of acquisition reform as Secretary of Defense, gave the National Performance Review Hero of Reinvention Hammer Awards to more than 500 federal employees and military personnel.

Perry said the award "recognizes outstanding, ground-breaking work on an issue of vital importance: our future ability to supply the best value goods and services to our forces with the most efficient use of our resources."

The Secretary offered this assessment in September at a well-attended award ceremony at Fort Myer, Va. The National Performance Review was established in early 1993 and is headed by Vice President Al Gore. Its aim is to reinvent government by streamlining bureaucracy for a more efficient and less expensive government.

Secretary Perry presented the award, on behalf of the Vice President, to members of 13 teams. The teams worked a broad range of acquisition reform issues including streamlining acquisition regulations, establishing a DoD-wide electronic commerce initiative, and reducing defense-unique industrial specifications.

Award recipients included members from the Department of Defense, State Department, Department of Transportation, Department of Energy, Department of Health and Human Resources, Office of Federal Procurement Policy, U.S. Court of Appeals (6th Circuit), General Accounting Office, General Services Agency, U.S. Coast Guard, and all four military services.

"Many of the teams' recommendations came from the bottom up, and were not imposed from the top down. It's why acquisition reform is working. They were assembled for an intense period of work, made recommendations, and are now reviewing the implementation of their recommendations," said Deputy Under Secretary of Defense for Acquisition Reform Colleen A. Preston.

The teams facilitated overall DoD acquisition reform efforts, including streamlining federal and defense-unique acquisition regulations necessary to implement statutory change; reengineering specific acquisition processes; developing and implementing the DoD-wide electronic commerce strategy; reducing defense-unique product specifications; improving contract administration and streamlining acquisition oversight.

Secretary Perry presented awards to the following teams:

- For facilitating acquisition reform: Office of the Deputy Under Secretary of Defense for Acquisition Reform. Principal team leader is Colleen Preston.
- For streamlining regulations: Federal Acquisition Streamlining Act, Federal Acquisition Regulations, and Defense-Unique Provision Drafting Teams. Team leaders are Navy Capt. Barry L. Cohen (since retired), and Edward C. Loeb, General Services Administration.
- For developing a DoD-wide electronic commerce strategy: Electronic Commerce/Electronic Data Interchange in Contracting Process Action Team. Team leader is Delores "Dee" Smith,

Office of the Deputy Under Secretary of Defense for Acquisition Reform.

- For reducing military specifications and standards: Military Specifications and Standards Process Action Team. Team leader is Darold Griffin, Army Materiel Command (since retired).
- For improving contract administration: Contract Administration Process Action Team. Team leader is Dr. Blair A. Peterson.
- For streamlining procurement process reform: Procurement Process Reform Process Action Team. Team leader is Robert Rumberger, U.S. Navy
- For improving acquisition systems oversight and review: Acquisition Systems Oversight and Review Process Action Team. Team leader is Army Brig. Gen. John Caldwell, Jr.
- For communications reform initiatives to the workforce: Communications and Outreach Process Action Team. Team leader is Ms. Janice Menker, Office of the Deputy Under Secretary of Defense for Acquisition Reform.
- For reducing regulatory cost: DoD Regulatory Cost Premium Group. Group leader is William E. Mounts, Office of the Deputy Under Secretary of Defense for Acquisition Reform.
- For acquisition pilot programs using commercial practices: Defense Acquisition Pilot Program Working Groups. Team leader is Richard Sylvester, Office of the Deputy Under Secretary of Defense for Acquisition Reform.
- For revising protest reform: DoD Protest Reform Working Group. Team leader is Theresa Squillacote, Office of the Deputy Under Secretary of Defense for Acquisition Reform.
- For establishing process improvement metrics: Strategic Outcome Metrics Team. Team leader is Army Col. Stanley Leja.
- For improving automation of acquisition information: Automated Acquisition Information Team. Team leader is Air Force Lt. Col. Dave London.

— AR —

Groups 'Focus' On Finding Training Needs

Training for the acquisition workforce has moved into the what-are-*your-needs* phase.

DUSD(AR) leaders are moving from major training initiatives such as those involving the Federal Acquisition Streamlining Act to involving members of the workforce in a big way to identify training needed to keep up with the changes brought by acquisition reform.

One vehicle being used is the focus group, a device in which representative collections of frontline workforce members are guided through discussions of their needs. In acquisition reform, those groups also include members of industry.

Three areas in which focus group work is now being conducted are Oral Presentation, Multiple Award Task and Delivery Order Contracts and Market Research.

Focus groups on additional AR topics may be formed during the year. Requests for participant nominations should be channeled through the senior procurement executives, members of the Acquisition Reform Senior Steering Group, heads of agencies and industry associations.

FAR Part 15 Changes

Comments on the proposed rewrite of FAR Part 15 "Contracting by Negotiation" are in. The process is expected to produce big changes in source selection methods.

The proposed rewrite would make best value the objective of source selection, authorize new source selection techniques and permit more communication with offerors among other changes.

What They're Saying About AR Elsewhere

From *Acquisition Reform Update*, the newsletter published by the Navy's Acquisition Reform Office:

Principals throughout the Department of Navy acquisition system are embracing and directing implementation of good ideas that bubbled up from Acquisition Reform Acceleration Day on 31 May. Over 13,000 ideas and thoughts have been distilled from survey instruments used in conjunction with the stand down on 31 May.

At a special [meeting of the] Navy Acquisition Reform Senior Oversight Council held on October 4, John W. Douglass, Assistant Secretary of the Navy for Research, Development and Acquisition, Challenged his Navy-Marine Corps acquisition team to utilize the plethora of information. "Our people are our greatest resource," Mr. Douglass stated. "These data offer critical insights and opportunities from our people for improving our acquisition system. We need to mine these nuggets and harvest the gold!" That harvest is already underway throughout organizational, functional and ad hoc groups. [Douglass' office] will provide a status report at the DOD PEO Offsite the end of October.

The 13,000 ideas come from both an organization survey instrument originating from the Defense Acquisition University and an individual survey which was prepared by the DoN Acquisition Reform Training Working Group (ARTWG).

From the *SARDA Bulletin* of the office of the Assistant Secretary of the Army for Research, Development and Acquisition.

The VISION for Acquisition Reform is an empowered acquisition workforce that continuously innovates and improves processes to get the latest and best technology, goods and services, on time and at the lowest cost for our Soldiers. This Vision is supported by four basic VALUES. First, provide the warfighter what is needed, when it is needed, at the best available price. Second, preserve the public trust in the acquisition system by exercising good judgment and adhering to the highest standards of honesty and professionalism. Third, preserve America's global economic leadership by nurturing a vital, free, technologically superior national industrial base. Finally, preserve our military technological superiority while increasing the exploitation of commercial technologies and encouraging continuous, constant innovation.

Issues From AR I Part of March Agenda

Feedback From May '96 Put Spotlight On Areas Needing More Attention

One of the stated goals for Acquisition Reform Week is speeding the closure process for issues surfaced during the first AR Day May 31, 1996.

Those issues were surfaced in feedback sought from across the department after that first AR Day. Deputy Under Secretary of Defense for Acquisition and Technology Paul G. Kaminski assessed that feedback in a videotaped message.

Kaminski said at the time he was encouraged by the feedback. "While nothing is perfect, you told me our Acquisition Reform initiatives are on target," he said in the videotaped message.

"Now, are we done with acquisition reform? By no means. As I've said on many occasions, we are only at the end of the beginning," he went on to say.

In the assessment, Kaminski said 5 major issues surfaced in the feedback from the first AR Day. Here are excerpts from Kaminski's videotaped message concerning these issues:

Issue 1 — Education

"We need to do a much better job of getting the word out to the field and providing timely training to the field. This is a must for you to efficiently implement and benefit from the changes that we have made.

"OSD and the Services are working hard to provide training opportunities and material.

"I ask each of you, including supervisors, to take maximum advantage of what's out there-and let us know what additional areas we need to address."

Issue 2 — Empowerment

"Many of you are frustrated because you are encountering management obstacles and roadblocks to implementing the reforms-and you aren't being sufficiently empowered to make decisions at the lowest possible level without second-guessing and occasional reversals by management.

"This concern was expressed at all levels, by all kinds of organizations Program Managers, PEOs, PCOs and other functional specialists in Contracting and in Systems Commands.

Now this is an extremely difficult issue. We are working on this together. I think our Integrated Product Teams are a big help. But we clearly have much more to do. Let me tell you that I've heard you, and you have my firm promise to work on this problem."

Issue 3 — Disconnects

"You are very concerned with the need to stabilize the requirements, program priorities, and funding that are so important to executing successful programs.

"Be assured that maintaining program stability is extremely important to me and also to each of the Component Acquisition Executives.

"The Component Acquisition Executives have been working hard to stabilize their programs by dealing with issues such as budget cuts through program cancellations instead of what I would describe as salami-slicing - allocating a small cut across every acquisition program, and thereby damaging every program in the process..."

Issue 4 — EC/EDI

"While you were highly complimentary about this [Electronic Commerce/Electronic Data Interchange] significant move

towards a paperless procurement process, you were equally vocal about system reliability problems and speed problems that you encountered.

I am pleased to report that some significant improvements are already scheduled for deployment during the next three months. We heard you and we are evolving the architecture to accelerate transaction processing times from four days to three hours. A tracking system will be added as well."

Issue 5 — CAIV

"And finally, your fifth major concern dealt with deployment of the 'Cost As an Independent Variable' or CAIV initiative.

"Everyone supported the need for this new concept to containing system costs and field affordable systems.

"However, CAIV is clearly one of those concepts that is easy to talk about why, harder to talk about how, and even harder to do in practice."

"We've come a long way together in improving our acquisition processes.

"But we still have much to do together. We can't stop now.

"Let's commit to continuing that journey-together-towards becoming the world's smartest buyer of systems and services for our Warfighters. We owe it to them and to the Nation."

MORE ON WEB

Full text of AR Day I feedback plus more information about AR Week can be found at the AR Home Page <http://www.acq.osd.mil/ar/ar.htm>.

OFPP CHIEF APPLAUDS DoD'S LEAD

Other areas of the government are following the lead of the Department of Defense with activities during DoD's Acquisition Reform Week March 17-21.

According to Steven Kelman, Administrator, Office of Federal Procurement Policy, much of the government is doing something during DoD's AR Week.

In a memorandum dated out in late January, Kelman said he was "extraordinarily pleased" to learn at a meeting of the Federal Procurement Council that "most civilian agencies will be undertaking some training activities on March 19, or the week of March 19, to coincide with the Department of Defense Acquisition Reform Week activities.

Kelman echoed the often-expressed view of DoD leadership that great change requires a commensurate amount of retraining.

"One lesson that comes from private sector experience in reengineering business processes is that such change dramatically increases the need for training," Kelman said in his memorandum on AR Week activities.

Kelman asked other departments and agencies to attempt to get program or technical customers of the procurement system involved in training, particularly regarding performance based contracting or past performance.

He also recommended finding other formats besides the traditional lecture or classroom.

Kelman said the Defense Acquisition University would supply other agencies with CD-ROM training material for AR Week.

AR Week

(From Page 1)

(DAU) has provided a number of materials, tools and resources to supplement locally available materials.

"In particular, we have pulled together a cross-functional industry-government team to develop several 'war game' scenarios or case studies for acquisitions of various types and levels. Teams can work through a typical acquisition, solving problems as they go. Managers will serve as the instructors to facilitate an 'after action' discussion to highlight major points to the team. The DAU materials will include instructors' guides," Kaminski said.

Chart Update From DSMC

An updated version of the Defense Systems Management College Defense Systems Acquisition Management Process Chart 3000 is available. It has been updated based on the March 15, 1996 promulgation of DoD 5000.1 and DoD 5000.2R.

The chart is designed to serve as a convenient road map of acquisition functions throughout the life cycle of a system. It summarizes in sequence the key events, activities, players and documents used through out a system's life cycle. The chart measures 22 inches by 34 inches and folds to 8.5 by 11 inches.

Government employees may obtain the chart by faxing on government letterhead to 703-805-3726 or by writing:

Defense Sys Mgmt College
Attn AS PR
9820 Belvoir Rd.
Suite G38
Ft. Belvoir, Va. 22060-5565

Those outside the government wishing a copy of the chart may contact the Government Printing Office at 202-512-1800, or fax the order to 202-512-2250. The GPO stock number is 008-020-01402.

Updates and corrections to the chart will be found through the DSMC web site,

http://www.dsmc.dsm.mil/infodiss/ch_3000.htm.

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