

AR Today

Vol. 3, No. 2

March/April 1998



AR Week '98 Embraces Change

Mark your calendar for the week of May 4-8, 1998!

May 4-8 has been designated as Department of Defense Acquisition Reform Week '98. With the past two years rousing successes, the entire Pentagon is gearing up for AR Week '98 with the theme: Leading and Embracing Change—Institutionalizing and Accelerating Acquisition Reform.

Acquisition reform continues to be a critical element of the Department's strategy to meet the requirements of the war-fighter: buying smarter and faster and getting better products at a cheaper price. To ensure the strategy is successful, it is vitally important that we take time to discuss and to determine how best to accelerate AR implementation.

The AR Week '98 kickoff ceremony is scheduled for 9:00 a.m. on May 4th in the Pentagon courtyard. Already the Chairman, JCS has indicated his attendance and SecDef, DepSecDef, Service Secretaries, and SAEs are expected to join the activities.

Another day that week, the entire Government-Industry team will cease normal operations and focus on our acquisition reform initiatives—those most critical to the effectiveness of their team—to share implementation successes, and to determine how best they can be applied to their team's mission.

Commanders and managers at all levels will be responsible for planning, conducting and participating in the day's activities. To that end, the day's

agenda has been left open. Each team will design their own activities consistent with the needs of their organization. Those activities may include case stud-

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Tanks Roll Over Sacred Cows

In 1995, BG Edward L. Andrews knew he had to reshape the way the Tank Automotive Command did business.

As TACOM commander, he teamed up with a contractor, United Defense, to create an Acquisition Reform Task Force comprised of five partnership councils. Each council focused on an area of business: acquisition, production, quality, fi-

nance and logistics.

The Logistics Partnership Council (LPC) won the 1997 Integrated Logistics Support Achievement of the Year Award for Integrated Logistics Support Execution/Process Improvement, and the TACOM Commander's Award for Public Service.

What did the LPC do that was so noteworthy? It chose four things

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The M88A2 Hercules leaves no stone unturned in search of Acquisition Reform.

Section 912 Review

Section 912 of the National Defense Authorization Act for Fiscal Year 1998 directs the Secretary of Defense to conduct a review of acquisition organizations with a view toward streamlining those organizations, infrastructure, and the acquisition workforce.

Dr. Gansler, USD (A & T), said, "While Congress has directed us to do this review, it is really an opportunity for DoD to create a workforce of the right size and the right skills to do those functions that are inherently governmental.

The Department is operating with an acquisition structure that was created in response to World War II and Korea. That system worked well during the years of the Cold War when DoD led technology development in many sectors. However, today the commercial marketplace is developing technology and processes at a rate far beyond anything DoD can achieve. Two reviews of the DoD acquisition workforce and organizations are presently ongoing.

Senior leadership within the Department is conducting one review. The Under Secretary of Defense (Acquisition & Technology), chartered a Defense Science Board Sub-Task Force to conduct another independent review. The Secretary of Defense's final report, considering both the DSB and in-house views, is due to Congress on April 1, 1998. Additional information on the status and findings will be provided in future editions of *AR Today*.

FAR Part 12: A Case Study

By John Inman and 2nd Lt. Tom Menza

The Colorado Springs Military Installation Partnership (CSMIP) was created by the commander of the Air Force Space Command (who speaks for Peterson AFB, Falcon AFB, and Cheyenne Mountain AS), the superintendent of the Air Force Academy, and the commanding general of Fort Carson.

The goal was to identify opportunities for cooperative contracting, instead of the old pattern of each installation separately contracting for its own needs.

Five efforts were identified, and each installation was assigned to take the lead for one. Falcon AFB was given the lead for refuse collection and recycling. We are with the 50th Contracting Squadron at Falcon, and we thought this was the perfect opportunity to test the new commercial practices of FAR Part 12.

Two initiatives were at work—combining the requirements of five installations into one acquisition, and conducting a large acquisition using purely commercial procedures.

Customary practices would not be used, we decided, unless they served a useful purpose. We believed that there was nothing special about the government's trash and that commercial procedures could fully satisfy our needs.

For market research, we contacted several area trash haulers and asked for copies of the standard terms and conditions they use with large commercial customers. We also visited a university and a large hospital and obtained copies of their current contracts. These contracts were only a few pages long, identifying container sizes, and emptying frequencies. There was no attached Statement of Work (SOW) or Performance Work Statement (PWS).

Each of the five military installations had a different way of describing its trash-collection requirements and some real requirements were hidden deep within PWSs. We told the various civil engineering offices the format in which we wanted the requirements captured, and we asked for clear explanations of any special requirements.

We put all the requirements into a straightforward commercial solicitation of only a few pages. We wrote a few one-time contract clauses based on the commercial contracts we reviewed. We attached a wage determination. We held a pre-proposal conference and answered questions. We explained that we at Falcon would perform an initial evaluation on the offers; then we would release the offers to the other installations.

The evaluation criteria were simple. No written technical proposal was required, but we did ask for the same brochures or other literature that is normally provided to potential commercial customers.

Six offers were received. We notified four offerors that they had no likelihood of being selected, and we forwarded the two remaining offers to the other installations. As it happened, the low-priced offer and second-lowest offer were the same for all four installations. We performed a first-cut past performance evaluation on the offers and determined that both represented low performance risk.

We awarded the Falcon portion to the low-priced offeror without discussion. We had made it clear in the solicitation and at the pre-proposal conference that each item (installation) would stand alone, i.e., Fal-

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How to Reach AR-Today

Do you have an Acquisition Reform success story? Please send comments, letters, articles, ideas for articles, photos, and notices of upcoming events to:

Phone: 1-800-811-4869 **Fax:** 703-558-7501

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FAR Part 12: A Case Study

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con could be awarded while discussions were ongoing for other installations.

Officials at the other installations were empowered to conduct negotiations on their items, if needed, and to make separate awards. We allowed each installation the opportunity to receive oral presentations, but after reviewing the proposals, no installation felt an oral presentation was needed.

As it turned out, each installation awarded to the same company. The incumbent at each installation

was unseated, and the total anticipated government savings is \$758,564 over five years, an average savings of 30 percent for each installation. Each installation receives at least the same level of service required in the predecessor contracts.

The entire contract for Falcon is only 21 pages, of which 10 pages is the wage determination. The contractor provides all the dumpsters and roll-off containers except for a few the government already owns. The contracts have over-and-above provisions to

allow for easy coverage of unforeseen circumstances, which are not already pre-priced.

... the total anticipated government savings is \$758,564 over five years, an average savings of 30 percent for each installation.

Our solicitation and the resulting contract for Falcon AFB are on the Falcon AFB website at <http://www.fafb.af.mil>. (Follow the prompts to the contracting page.)

For commercial services, FAR Part 12 is the way to go. A contracting professional has to step back and look at the whole picture, and be prepared to do something dif-

ferent. The way we've always done things may not be the right way for the future.

John Inman is Chief of Plans Programs, Programs and Support Flight in the 50th Contracting Squadron at Falcon AFB. He may be reached at inmanjm@afb.af.mil. 2nd Lt. Tom Menza is Air Force Contract Specialist for the squadron and may be reached at menzatj@afb.af.mil.

AR Week '98 Embraces Change

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ies, discussions of lessons learned, classes, panels, presentations and simulations. Teams should emphasize the day-to-day application of reform initiatives by training like they work—as a team.

To support those teams the Defense Acquisition University's Acquisition Reform Communications Center will be providing a "Teaming Package" of materials and educational tools. Those materials will include case studies, videotape presentations and simulations that highlight implementation of our acquisition reform initiatives. Teams

may use these materials to supplement or add focus to their own training programs both during AR Week '98 and throughout the remainder of the year. Instructor guides will be provided to assist managers in designing and leading their own training.

The entire Department has accomplished a great deal, but we still have a long way to go. We should capitalize on the opportunity offered by AR Week '98 to sustain our momentum, and take the next step on the road to providing better, cheaper and faster products to the war-fighter.

Navy Has an ACE Up Its Sleeve



The Navy's Acquisition Center of Excellence (ACE) is an advanced technology laboratory and a testing ground for advanced acquisition process research. But that's not all. It's a symbol of the Navy and Marine Corps commitment to change the way they do business.

ACE exists to develop and focus the tools, processes, and technologies that will enable acquisition management teams to reduce the total cost of acquisition, and to provide a foundation for sustained cultural change.

Its goal is simple: to support research that will reinvent the acquisition culture. ACE is the incubator for a new way of thinking about how the Navy buys systems. The result of extensive customer research, ACE combines cutting edge technology with world-class business practices in support of applied research in the management, design and development of naval systems.

ACE also serves as a host for coalitions among the Navy, industry and academia to bring tools, techniques, and lessons learned into the Navy's acquisition environment. ACE operates as a world class consortium of innovative organizations working together to promote the collaborative synergy necessary to develop and field new solutions to acquisition challenges.

As the ACE web site puts it, the form of war is changing to one based on near real-time intelligence, situational awareness, and smart weapons with quick response and maneuverability anywhere in the world. ACE is helping the Navy and the Marines adjust to that changing reality.

For details, visit the ACE web site at <http://www.ace.navy.mil>

Don't Rock the Boat Across 13 Time Zones

By Maj. Jon Campbell

One Monday morning I found this message in my e-mail: "I think we need a KO to accompany a CAT deploying to Comoros next month to rebuild a school in support of the CG's ERP." It was signed "C of S."

Translation: the Chief of Staff thought a contracting officer should travel with a Civic Action Team deploying to the Comoros Islands to rebuild a school in support of the Commanding General's Expanded Relations Program.

In the U.S. Army Pacific, if you don't have a contingency contracting officer (CCO) capable of deploying, you contact the office of the Assistant Chief of Staff for Acquisition Manage-

ment. If they cannot cover the mission internally the request is referred to the U.S. Pacific Command (PACOM).

PACOM's J4241 cell loosely controls the Pacific Contingency Contracting Officers Working Group (PCCOWG). This group recommends standardized policies and procedures for contingency contracting during regional contingencies, joint theater exercises, and natural disaster relief in the PACOM area of responsibility. PCCOWG also ensures that the services meet their contingency contracting requirements.

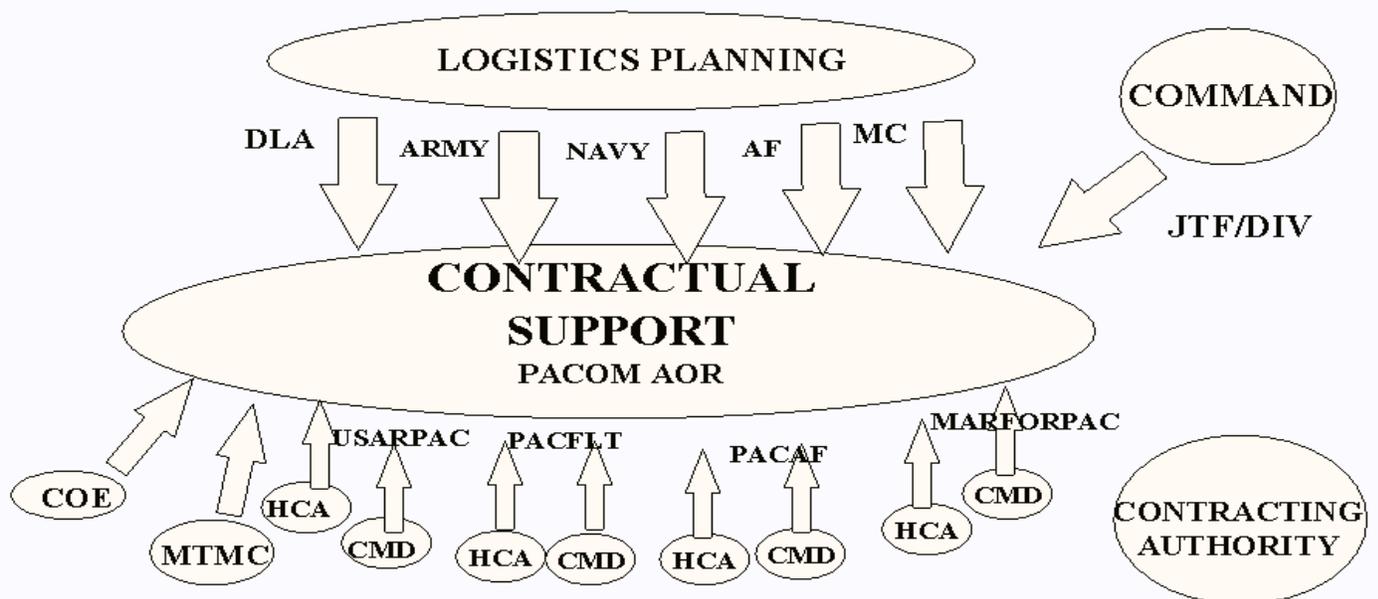
The PCCOWG is unique to the Pacific Command. The group was born

of the necessity to have some contracting control over an area that oversees 43 countries spanning 13 time zones. The members and organization of the PCCOWG have a great relationship with the Cinc's Logistic Procurement Support Board (CLPSB,) and both organizations enjoy the spirit of cooperation in a joint environment.

The PCCOWG promotes cooperation among the services, recommends acquisition policy and procedures, and assists in the standardization of all acquisition functions and the enforcement of priorities for limited resources.

A goal of the PCCOWG is to have CCOs capable of working with all of the services. All warranted contract-

JOINT CONTRACTING ENVIRONMENT



ing officers from any of the services are accepted and may contract on any exercise regardless of the lead agency. Best of all, this can happen without any additional justification or paperwork.

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Standardization and inter-operability are key to the success of the PCCOWG. The current PCCOWG automated contracting system in use by the CCOs uses the Symantec software Q&A. This standardization allows every CCO to deploy and serve in any office across the Pacific without having to learn a new system.

The PCCOWG provides a vehicle for the services to cross boundaries that are usually protected. The exchange of knowledge, such as information on contractors and what ideas have worked for other contracting officers, is invaluable. After checking time zones, I never hesitate to pick up the phone or e-mail any of the other members regardless of where I am in the Pacific.

Due to the unique working relationship among the services, a phone call between commands can usually ensure the mission is supported contractually.

Many of the tools of acquisition reform are being employed by the

PCCOWG. Recently, I issued a solicitation by e-mail to a number of hotels in a foreign country and received many responses—proving that paperless contracting works. We have tried to share information from databases such as the new SPS and the older Q&A program. Also, I am using the credit card as one method of payment on a contract in the Philippines worth over \$130,000.

We are always looking for ways to do things smarter and more efficiently out here.

Every effort is made to include all the services in any activity. Recent activities include DoD's Standard Procurement System CCO training and a Contingency Contracting Conference in Korea.

Cooperation among the services is excellent, notwithstanding some inevitable inter-service rivalry. On many occasions a CCO from one service has covered a requirement for another. Examples include an Air Force CCO assisting an Army engineer unit building a road in Cambodia, or an Army CCO contracting for a Navy special operations unit in Thailand.

During a major joint theater exercise, such as Cobra Gold in Thailand, it is common for every service to have representation in the exercise contracting office. One service is designated as the "lead" for contracting and is required to provide a level II qualified CCO to serve as the chief of the contracting office, and the other services provide CCOs as required to support the mission effectively and professionally.

The PCCOWG has formalized a cooperation goal through several documents. It has a formal charter approved by PACOM that is reviewed annually and updated as needed. Biannual meetings ensure that all contracting commitments in the area of responsibility are known and met. These meetings also allow members to network with counterparts in the sister services.

Maj. Jon Campbell is the deputy for contingency contracting operations and policy in the office of the Assistant Chief of Staff for Acquisition Management, United States Army Pacific. He previously served as a contracting officer at CECOM and as a company commander in the 82nd Airborne Division during Operations Just Cause and Desert Shield/Storm. He can be reached at campbelj@shafter-emh3.army.mil

***As the water shapes itself
to the vessel that contains it,
so a wise man adapts himself to circumstances. - Confucius***

Letter to the Editor



Dear *Ar Today*:

I enjoy reading *AR Today*, and sometimes see articles I'd like to pass along to colleagues by e:mail. Does your newsletter exist as an electronic document? If it does, I'd be happy to save you the postage and paper, and receive it by e:mail. (The newsletter doesn't refer to any such option.)

Gordon Davy

(Editor's note: Glad you enjoy AR Today. The newsletter can be viewed on our website <http://www.acq.osd.mil/ar>. There is an Ar Today button on the main page and it can be downloaded as a .pdf file).

More on Logistics Reform

Logistics Reform Focus Day, held in the Pentagon Courtyard on Oct. 2, brought together all levels of OSD and the components to share ideas on logistics reform initiatives (*AR Today*, November/December 1997).

These initiatives are vital to military capability. As one participant said, "Without logistics, the military is just a big parade."

Logistics reform is also closely allied with acquisition reform.

Following are two programs presented at the conference. Others will appear in future issues of *AR Today*.

Virtual Parts Supply Base

The goal of the VPSB project is to improve the sustainability of weapon systems by augmenting the existing supply system with a new methodology.

Part of the Defense Logistics Agency (DLA), this virtual enterprise takes advantage of telecommunications and computer advances to provide, quickly and economi-

cally, hard-to-obtain National Stock Number (NSN) and non-NSN parts for all categories of weapon systems.

Its Virtual Prime Vendor (VPV) program outsources portions of traditional DLA Inventory Control Point functions to the private sector. The VPV will deliver products directly to end users.

The Rapid Acquisition of Manufactured Parts (RAMP) program is a Navy-initiated effort to reduce the turnaround time to acquire low quantity, limited demand, small mechanical parts and printed wiring boards. RAMP facilitates the acquisition of parts for which there are inadequate, or nonexistent, technical data and no existing manufacturer.

The Defense Microelectronics Activity (DMEA) focuses on acquiring integrated circuits that are no longer manufactured but are needed for repairing weapon systems.

The 16 Electronic Commerce Resource Centers throughout the U.S. transfer advanced technology to small and medium-size manufacturers.

Force Provider

Nicknamed "master builder of deployable cities," this is the Army's solution to inadequate living conditions for soldiers during Desert Shield/Storm in 1991. It provides climate-controlled billeting, dining facilities, showers, latrines, laundry and morale, welfare and recreation facilities for 550 soldiers on short notice.

This was the acquisition strategy: Force Provider is a Non-Developmental Item (NDI) conceived by the Quartermaster Center and School and jointly supported by the Department of the Army, the Deputy Secretary for Logistics. It combines existing military and commercial products. It was tested by 1993 and formally authorized by the Army Acquisition Executive in 1994. The first product manager was assigned in 1995.

The Army credits the use of an NDI strategy, innovative integrated processes and product management teaming for the rapid development.

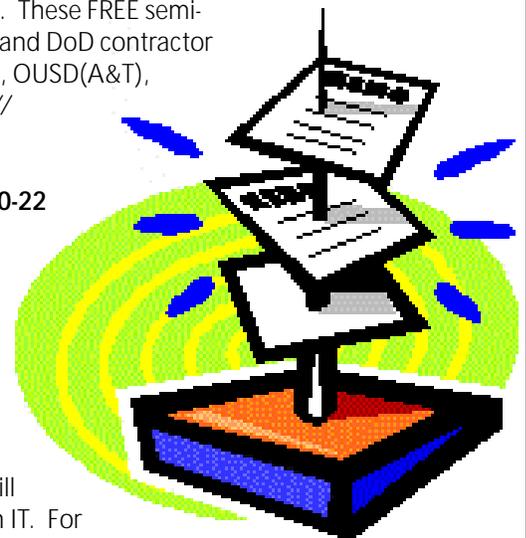
UPCOMING EVENTS

The Capital Area Chapter of the **DSMC Alumni Association** sponsors monthly "brown bag" acquisition seminars on timely acquisition subjects, featuring experts in the subject area. These FREE seminars are open to interested DoD personnel, DSMC graduates/alumni and faculty, and DoD contractor personnel. The **23 March** seminar will be hosted by Dr. Patricia Sanders, DTSE&E, OUSD(A&T), discussing Simulation Based Acquisition (SBA). For more information, visit <http://www.cais.com/dsmcaa/capital.html>

The 1998 Annual Reinvention Revolution Conference is on the books for **20-22 April 1998**, in Washington, D.C. More details will be posted on the Reinvention Express Calendar at <http://www.npr.gov/library/express/1997/1998.html>

Plans are in the works for **AR Week '98!** Mark your calendars for **4-8 May 1998!** Details will be posted on our web site at <http://www.acq.osd.mil/ar/ar.htm>

The 1998 World Congress on Information Technology (IT) is scheduled for **21-24 June 1998**, at George Mason University in Fairfax, VA. The meeting will focus on industry trends, emerging technologies and innovative developments in IT. For more information, visit <http://www.worldcongress1998.org/>



Tanks Roll Over Sacred Cows

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it knew it could improve: packaging, provisioning, training and contracts. Then it improved them.

The packaging reform centered on one vehicle: the M88A1 HERCULES TANK RECOVERY VEHICLE. The HERCULES (Heavy Equipment Recovery combat Utility Lift Evacuation System) was manufactured then shipped to its final destination in the field along with several large boxes of miscellaneous parts. Shipping those boxes incurred extra expense for the Army.

The Logistics Partnership Council recognized this process as ripe for reform. Together, Army and contrac-

Rewriting training manuals helped conserve funds as well. Combining manuals on validation and verification allowed the team to cut that cost almost in half, and moving to on-line forms and manuals reduced printing costs.

The original Task Force Charter spelled out their intentions: "Opportunities exist in every functional area, be it Acquisition, Production, Quality, Engineering, Logistics, or Finance. In this effort, there are no 'sacred cows.'"

Those "sacred cows" disappeared fast. Both Rizk and John Tile of United Defense, co-chairs of the logistics council, say that the project's momentum was considerable with General Andrews and United Defense CEO Thomas W. Rabut fully behind the task force. "We had disagreements and arguments along the way," Tile said, "but we all knew that we were passionate towards the cause, and we were considering the best interests of all of us—as taxpayers!"

The AR revolution remains in full swing at TACOM with the current CO, Maj. Gen. Roy E. Beauchamp, enthusiastically behind it.

"I think that this was a significant effort in acceleration of the logistics acquisition reform initiatives between government and industry," Tile said. Mike Tanda from United Defense oversees the Partnership Councils with Martin Green, TACOM. They report directly to the TACOM CO and Mr. Rabut.

Tanda recently completed the latest totals of the projects and conservatively estimates that the Councils have \$8.75 million in actual cost avoidance and savings. Tanda said, "We agreed early on to have substance as opposed to fluff in the savings numbers."

Opportunities exist in every functional area, be it Acquisition, Production, Quality, Engineering, Logistics, or Finance. In this effort, there are no 'sacred cows.'

tor team members redesigned the parts boxes to fit inside the 70-ton HERCULES. This effort reduced packaging costs and saved money by shipping all the items at the same time.

"This was an excellent effort between the Army and industry," said Nabih Rizk, co-chair of the TACOM Logistics Partnership Council in Warren, MI. He said members "had open-minded discussions that were structured and formalized" and led to an ongoing effort to cut costs.

AR ON-LINE

Read These
HOT
AR Newsletters
On-Line!

DoD's Electronic Commerce Newsletter - <http://www.acq.osd.mil/ec/bakissu.htm>

Navy Acquisition Reform Office's "Acquisition Reform Update" - <http://www.acq-ref.navy.mil/newsarc.html>

Air Force Materiel Command Acquisition Support Team's "Angle on Reform"
<http://www.afmc.wpafb.af.mil/HQ-AFMC/AQ/CRFPST/AOR/>

Army AR Newsletter - <http://acqnet.sarda.army.mil/acqref/acqref7.htm>

SARDA Bulletin - <http://www.sarda.army.mil/rdaisa/bulletin/current.htm>

Other AR Sites

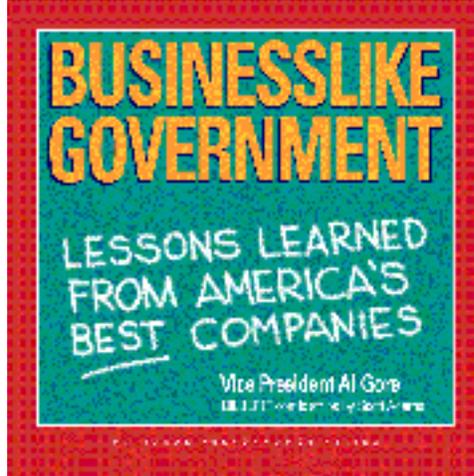
These and all web sites spotlighted in this column can be directly linked from our "Other Sites" page on the DUSD(AR) web site (<http://www.acq.osd.mil/ar/ar.htm>). It's the most comprehensive listing of AR-related sites anywhere on the web...

Bookmark it!

DoD in the Dilbert Book

Vice President Al Gore's book about lessons that government agencies learned from private companies, known as the Dilbert book because of its cartoons, describes a number of innovative government projects (*AR Today*, January/February 1998). Here is what it has to say about DoD:

- The Defense Distribution Region East studied Delta Air Lines, Caterpillar, IBM and Wal-Mart to improve its distribution of "everything from battle tanks to toothpaste" for military forces. Brig. Gen. Kenneth Privratsky, DDRE commander, learned four things: "First, ask your customers what they want, and give it to them. Second, raise standards — our orders took four days; the private sector took one. Third, cut management — our supervisor-employee ratio was 1:10; theirs was 1:20. Finally, cross-train staff to meet changing demands."
- An employee at the Marine Corps Recruit Depot in San Diego noticed that the Corps had to give away nearly-new



uniforms because recruits lost weight during boot camp. The employee, Phil Archuleta, suggested washing and reusing the uniforms. That one idea is saving the depot \$220,000 a year.

- The Pentagon has gone to multi-year contracts and is using more commercial parts. That is saving \$2.7 billion on new smart munitions. Smaller purchases count, too. For example, the Army now buys duffel bags for \$2.29 each instead of \$6.75. It all adds up.
- The DoD travel process used to have 230 pages of regulations and trips required much paper and multiple sign-offs. Government travelers paid three times more than industry. DoD learned from AT&T, American Express and other companies what it was doing wrong. It agreed with industry that (1) employees are honest and (2) their supervisors are busy. Today, not only is it easier for a DoD employee to travel on business, it's cheaper — and reimbursement is faster because it's electronic.



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