



## Apache Prime Vendor Support

### *Privatization Brings Increased Performance at Reduced Costs*

It's been said that one way to improve service to warfighters is to act like a commercial company and treat end users like valued clients. While this idea isn't new, the Army may have hit upon a new way to accomplish this goal.

Apache Prime Vendor Support (PVS) is the concept of contracting directly with an original equipment manufacturer. The manufacturer then provides nose-to-tail and wholesale supply support for an entire weapons system.

The Army is evaluating a proposal by Boeing and Lockheed Martin to

provide this kind of support for the AH-64 helicopter fleet. The original manufacturers have formed a limited liability company called Team Apache Systems (TAS). Responsibility for wholesale support would transfer to TAS, which would operate under Army oversight and management.

According to LTG Paul J. Kern, Military Deputy to the Assistant Secretary of the Army (Research, Development & Acquisition), "TAS would eliminate the need for government personnel and facilities to acquire, manage, store and distribute spare parts and would interface directly with, and provide repair parts to, the soldier at the retail level."

The advantages of PVS are many. After the primary goal of improved service to the warfighter, PVS also promises a significant reduction in Operation and Support (O&S) costs, a modernized and more capable system, and an increase in readiness," Kern writes.

Gary Nenninger, Apache Deputy Project Manager, said "The firm-fixed price contract we have negotiated provides a 17 percent reduction in flying hour costs through the period of performance which includes an investment of over \$325 million in modernization through spares."

LTC John Coburn, the Army's Deputy Chief of Staff for Logistics, recently told the Armed Forces Journal International, "It is not something

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### *Promotion Rate Update*

The Under Secretary of Defense (Acquisition & Technology) recently forwarded to Congress the second of three annual reports "Promotion Rate for Officers in an Acquisition Corps." The report compares 1998 promotion rates to grades O-5 and higher for Acquisition Corps (AC) officers to those not in the AC. The report is posted on the AR web site at <http://www.acq.osd.mil/ar/doc/promo99.pdf>.

This report is required by Congress to ascertain how well DoD is complying with the requirements set forth in the Defense Acquisition Workforce Improvement Act (DAWIA). DAWIA requires the Services to select officers for the AC who can be expected to be promoted at a rate not less than the rate for non-AC officers.

The graph on page 5 displays the trends over time in the difference in primary zone promotion rates between AC and non-AC officers when all Services are combined (as a percentage of the non-AC promotion rate.) In general, the differences in promotion rates between AC and non-AC officers continue to converge over time to parity.



*The Army AH-64 helicopter coming in for a landing.*

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## Small Business Week Set for Late May

On May 23-29, defense installations all over the country will join other government and private-sector organizations to sponsor Small Business Week 1999 honoring the nation's entrepreneurs.

Every year during Small Business Week, the Small Business Administration (SBA) recognizes the small business community's contributions to the American economy and society.

Small businesses employ half the U.S. workforce and are responsible for much business innovation. They are a key component in acquisition reform.

Nationally, awards will be presented at the local offices of the SBA. Award recipients are small business people who distinguish themselves by running growing businesses with an innovative product or service.

The SBA presents prestigious awards in several categories during Small Business Week, and DoD contractors and subcontractors invariably win a generous number of them.

Meanwhile, the SBA is busy encouraging small business at the national level:

- In November, the SBA released the Strategic Management Learning System (SMLS) program, a new se-

ries of "how to" publications for small business on 12 topics such as cash flow, target marketing, human resources and financing. The step-by-step workbooks are available through SBA's newly updated Resource Directory for Small Business Management.

- In December, the SBA announced its intention to develop a new outreach campaign to help Americans with disabilities start their own businesses. They also announced the expansion of its Women's Business Center Program.
- In January, the SBA followed up with a new on-line educational resource. The internet-based Small Business Classroom provides interactive, easily accessible business courses on such topics as the Year 2000 computer problem, preparing a business plan and raising capital. The courses are short (7 to 30 minutes), self-paced learning modules accessible through the SBA's web site or directly at <http://classroom.sba.gov/xtrainx>.

The SBA is also rolling out PRO-Net, an electronic gateway for procurement information on small businesses. De-

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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  
**E-mail:** [ar\\_today@sra.com](mailto:ar_today@sra.com)  
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## Coming Soon: Acquisition & Logistics Reform Week!

Acquisition and Logistics Reform continue to be critical elements of the DoD's Revolution in Business Affairs. To ensure reform efforts are successful, Dr. Jacques Gansler, Under Secretary of Defense (Acquisition & Technology) (USD (A&T)), feels it is vitally important that the application of ongoing acquisition and logistics reform initiatives are discussed at every level of the chain of command and then it is determined how best to accelerate their implementation. Therefore, June 7-11, 1999 has been designated Acquisition and Logistics Reform Week. The theme is "Accelerating the Revolution."

The Acquisition and Logistics Reform Week approach results from the combination of two events — Acquisition Reform (AR) Week and Logistics Reform Focus day. The combination is designed to emphasize the complementary relationship between the two reform efforts.

Sometime between June 7-11, organizations will cease their normal operations for one day and focus on our acquisition and logistics reform initiatives, share implementation successes, and determine how best they can be applied to the 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 will not be dictated. Each team will design their own activities consistent with the needs of their organization. Those activities may include: case studies, discussions of lessons learned, panels, speeches, classes and simulations. The emphasis will be on day-to-day application of reform initiatives while training at work — as a team.

Look for more information on this major event in the next issue of *AR Today* and on the AR web site at <http://www.acq.osd.mil/ar>. —AR—

## DSMC Enhances Curriculum

Get set for changes at Defense Systems Management College (DSMC). Through the leadership of RADM Lenn Vincent, DSMC Commandant, a program was recently established to enhance the integrated Acquisition Management courses offered by DSMC. Known as the Acquisition Management Curriculum Enhancement Program (AMCEP), the program's goal is to improve courses by tailoring them to include more real-world situations.

"We will create a problem-based learning curriculum that replicates actual problems the students will likely encounter when they return to the work environment," said Dr. J. Robert Ainsley, Program Manager of the AMCEP. As program manager, he has primary authority over the review and revision of the integrated curriculum as it relates to the purpose of the AMCEP.

While still in preliminary stages, the initial effort of the AMCEP will be to review and enhance the PMT302 Advanced Program Management Courses (APMC). The program will start with the PMT302 course, then design and implement a continuous process that results in improved integrated acquisition management courses.

"The intent of the program is to support and respond to the ever-changing developmental needs of the acquisition workforce," said Dr. Ainsley.

The AMCEP will act as an Integrated Product Team (IPT) through a Joint Spe-

cial Working Group of the Acquisition Management Functional Board and will look for ways to provide more effective acquisition management education. DSMC plans to tailor course offerings so they foster and develop critical thinking, leadership skills, and problem based learning skills.

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***"The intent of the program is to support and respond to the ever-changing developmental needs of the acquisition workforce."***

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RADM Vincent expects acquisition reform initiatives, industry views and experimental learning techniques to be incorporated into the enhanced course offerings. For example, results of the Commercial Business Environment Section 912c Team, Training for Commercial Business Environment, will be incorporated within future offerings of the integrated Acquisition Management curriculum.

"The development of critical thinking skills and the transparent application of information technology will be fundamental to the success of the program," he said.

Problem situation ideas are welcome and can be directed to Dr. J. Robert Ainsley at (703) 805-4565 or [drbob@dsmc.dsmc.mil](mailto:drbob@dsmc.dsmc.mil). —AR—

## Small Business Week Set For Late May

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signed to be a "virtual" one-stop-procurement-shop, PRO-Net is an internet-based database of information on more than 171,000 small, disadvantaged, 8(a) and women-owned businesses. It is a user-friendly search engine for contracting officers, a marketing tool for small firms, and a "link" to procurement opportunities and important information.

It is free to federal and state government agencies as well as prime and sub-contractors seeking partnership oppor-

tunities.

Small businesses profiled on the PRO-Net system can be searched by SIC codes; key words; location; quality certifications; EDI capability, and many other fields.

More information on PRO-Net and other SBA programs is available by visiting the SBA web site at <http://www.sba.gov> or by calling the SBA Answer Desk at 1-800-8-ASK-SBA.

## AIAA Holds Annual AR Conference

The American Institute of Aeronautics and Astronautics (AIAA) annual conference, titled "Acquisition Reform: Accelerating the Journey," created an open forum for acquisition reform on January 28-29. The Washington Hilton and Towers was filled with presidents and CEOs of defense-industry companies and senior DoD leaders who spoke and participated in panel discussions. The list of speakers included Dr. John Hamre, Deputy Secretary of Defense, Dr. Jacques Gansler, Under Secretary of Defense (Acquisition & Technology) USD (A&T), and Mr. Stan Soloway, Deputy Under Secretary of Defense (Acquisition Reform).

Attendees, for the most part acquisition professionals from government and industry, were able to ask panelists tough questions on a range of acquisition, logistics and technology subjects.

The conference took a hard look at current acquisition policy, future developments, and related issues and problems.

Dr. Gansler opened the Thursday session by spelling out his vision of a modern, smart, and less expensive military force. He renewed his commitment to the "revolution in business and military affairs." He said the twin revolutions "had not yet reached full potential, but we are on steady progress." The goals of USD (A&T), he said, are to "equip the warfighter for likely threats and to accelerate and broaden acquisition reform in DoD."

As part of the *Acquisition Reform Challenges* panel, Michael Sears, Senior Vice President of Boeing, emphasized the need to create a single "acquisition team." He suggested joint training and common goal setting as ways to improve partnering. "We can only succeed when the whole team is trying to get to the objective," he said.

Dr. Hamre raised the questions of security, international sales, and international mergers. He suggested a review of security procedures. "Why," he asked, "does DoD currently guard the secrets of 30-year old planes?"

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# Civil Military Integration Applied to DoD Commercial Packaging

By Shawn R. Hawkins

In military packaging today, there's no "one size fits all." When you take the varied land, sea and air environments in which the Services and Agencies operate, and add climatic and other local conditions (such as heat, cold, rain, snow, sleet, hail, dust, mud and heavy winds), you have many unique packaging requirements before you even address the nature of the product being packaged. Each package must be able to withstand all these conditions.

Civil Military Integration (CMI)—eliminating the distinction between doing business with the government and other buyers—is critical to meeting our future military, economic and policy objectives. DoD's transition on Oct. 1, 1996, to a new standard for packaging, MIL-STD-2073-1C, provided the foundation for maximizing the use of commercial-type packaging and represented a key first step toward achieving CMI.

The military distribution system does not provide complete visibility into end-item distribution points and allocated time in transit and storage, so MIL-STD-2073-1C requirements are applied by procurement activities to provide adequate protection for items entering the military distribution system. In some applications, where severe environmental conditions or long storage times are not encountered, these requirements may be over-specified. Therefore, DoD recognized the need for reform.

The CMI objective is to eliminate military-unique packaging processes and routinely apply commercial practices even for items entering the military distribution system. The Deputy Under Secretaries of Defense for Acquisition Reform and Logistics—Stan Z. Soloway and Roger W. Kallock, respectively—will conduct a three-year pilot program with two contractors, General Electric and AlliedSignal. The pilot has four components:

- Allow the companies to implement a commercial packaging process

and test its performance in the military distribution system.

- Expand the application of commercial packaging for items intended to enter the military distribution system.
- Develop lessons learned to improve the integration of commercial military packaging requirements.
- Monitor the benefits (including cost savings) and risks to both the government and industry.

The pilot program should help determine how much DoD can save by shifting from cumbersome military packaging specifications to more efficient commercial standards. Both GE and AlliedSignal feel they can substantially reduce cost. They will use the same standards for shipping to DoD that they use for shipping to commercial customers and will essentially guarantee that the end item is packaged appropriately; that is, they will replace it if it is damaged in shipping.

The pilot program will help determine whether commercial standards save money while meeting critical military requirements. It will also improve partnership with industry to optimize the use of commercial packaging and the implementation of revised packaging specifications.

GE and AlliedSignal will modify current packaging processes to eliminate military-unique processes and will routinely apply commercial packaging practices to all military items. For items entering the military distribution system, as DoD did previously in Mil-Specs and standards reform, GE and AlliedSignal will apply best commercial packaging practices except in rare circumstances. Through cross functional collaborations, a comprehensive block change clause language will be modified to apply to existing contract language. This contract modification, combined with world-class commercial packaging systems and practices, will

ensure product integrity and GE and AlliedSignal accountability.

Ideally, the pilot program will strive to achieve the premise of faster, better, and cheaper by creating:

- Simplified requirements, lower costs, and identification of opportunities for DoD to apply commercial packaging for specific applications.
- Greater integration of commercial with military processes.
- Improved communications and understanding of packaging requirements between the Services, agencies and industry.

The enhanced use of commercial packaging practices will reduce government oversight and packaging costs, provide industry flexibility to utilize best practices, and establish full industry accountability for packaging integrity. The Department will track the achievements of the pilot through the use of performance metrics.

These metrics will be established to track packaging discrepancy reports and cost reductions. Special project codes have been assigned to evaluate the use of commercial packaging shipped from specific GE and AlliedSignal plants through the military distribution system. The OSD Pilot Program Consulting Group (PPCG) will provide metrics oversight, lessons learned and reporting. The Packaging IPT will help monitor the pilot program and report its status to the PPCG.

Finally, a plan will be developed to educate and train government and industry personnel concerning use of commercial and military packaging and in the implementation of the pilot program. The first review of the pilot program will be in 12-18 months. At that time, preliminary performance data will be thoroughly analyzed. —AR—

*Shawn R. Hawkins is a systems acquisition project officer in the Office of the Deputy Under Secretary of Defense (Acquisition Reform).*

# Apache Prime Vendor Support

(Continued from page 1)

that we have done on any wholesale basis before.”

The Army will also take advantage of Team Apache Systems’ best commercial practices and “just-in-time” delivery. Logistics would transform TAS into an operation that emphasizes speed of delivery — not mass of inventory.

Congress has been notified of the proposed changes and the Army has requested a cost comparison waiver with the Office of Management and Budget. PVS will result in substantial cost savings and quality improvement without significantly reducing competition.

It’s a big challenge but the Army isn’t alone.

“We support this program,” said Karen Dunn of the Office of the Under Secretary of Defense (Acquisition Reform.) The Apache PVS has been designated a DoD Regulatory “Pilot Program.” This will raise visibility and give more recognition to the Army’s effort.

“PVS fits well within the Army’s logistics vision,” Kern writes. “It has the potential, again, to provide us with a simplified and reduced management structure, a clear single point of accountability, reliability-based logistics, trigger-based item management, reduced spares acquisition time and inventory levels, major reductions in administrative and procurement lead times, more affordable readiness, a more modern weapon system, and reduced O&S costs.”

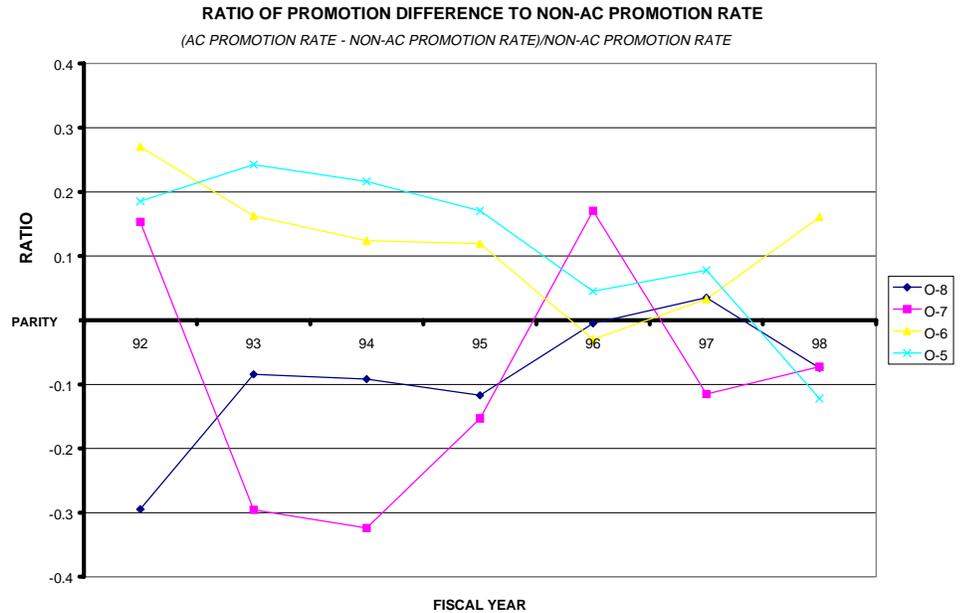
Prime Vendor Support is an exciting concept that promises new and efficient ways to support combat forces with increased performance at reduced costs.

As Coburn says, “I think it’s a sign of the times; the notion of contracting out and privatization is something that we’re going to have to do more and more of. It’s revolutionary!”

—AR—

# Promotion Rate Update

(Continued from page 1)



The report concludes the statutory promotion expectations for military acquisition professionals are not being realized at all levels within all Services. The USD(A&T) views the negative

trends with concern and intends to address these issues with the Services in the coming year. A third and final report will be provided to Congress in January of 2000.

## Product Support & Commercial Business Environment Workshop, April 13-14, 1999

Based on feedback from the October 1998, PEO/SYSCOM Commanders’ Conference, Dr. Gansler, Under Secretary of Defense (Acquisition & Technology), decided to reorient every other conference to be a workshop focused on a specific topic. The next PEO/SYSCOM conference will convene as a workshop and follow up on two 912c studies: “Training for Commercial Business Environment” and “Reengineering Product Support.”

The workshop is scheduled for Tuesday and Wednesday, April 13-14, 1999, at the Defense Systems Management College (DSMC) on Fort Belvoir, VA.

The first day of the conference will facilitate focused discussion by both industry and government officials on the Section 912c study product support initiatives and their impact. The tentative work breakout sessions will be as follows:

### Product Support Partnerships

- Risk Sharing & Incentives for Competitively Selected Product Support Vendors
- Competitive Based Product Support Strategies
- Integrating the Vertical Weapon System Product Support Model with Horizontal Product Support Processes
- Expanding the Product Support Competition Base
- Integrated Supply Chains

It is also strongly recommended that attendees of the conference complete the online National Association of Purchasing Management /National Contract Management Association *Managing Suppliers Course* prior to conference attendance. Should you have questions regarding the conference, e-mail Dr. Danny Reed at [dreed@ida.org](mailto:dreed@ida.org).

# AR News Roundup

## Conferences Let Contract People Compare Notes

Since DoD and the National Contract Management Association (NCMA) share a mutual interest in the business practices associated with contracting, events involving both organizations are a natural.

These events are an important venue for government acquisition professionals to interact with industry and each other. The following meetings are typical of DoD-NCMA events:

- On Dec. 3-4, Stan Z. Soloway, Deputy Under Secretary of Defense (Acquisition Reform) fielded questions on AR successes at NCMA's East Coast National Educational Conference at George Washington University National Law Center. DoD staffers Leantha Sumpter and Bill Mounts served on panels at the conference. So did Tom Crean, president of the Defense Acquisition University, who took part in a wide-ranging panel discussion that touched on several areas of DoD focus, including the need for continuous learning, cross-training for
- the integration of disparate functions and creation of a culture for learning.
- The **1999 Acquisition Research Symposium** is scheduled for **June 21-23** at the Doubletree Hotel in Rockville, MD. It will be sponsored by Soloway's office and co-hosted by the Defense Systems Management College (DSMC) and NCMA's Washington, DC, chapter. The symposium is a forum for key professionals to share the latest information on defense systems acquisition. The symposium began in 1972 and is held every two years. DSMC has hosted it since 1985.
- The symposium's theme is always "Acquisition for the Future: Imagination, Innovation and Implementation," and this year's sub-theme is "Acquisition Reform—Revolution in Business Affairs." This year's area of special focus is Civil/Military Integration—the steps DoD will have to take to integrate commercial and military facilities and the benefits it will derive from the effort.
- The David D. Acker Skill in Com-

munication Award will be given to the best paper delivered at the conference.

More information on the conferences, including registration information for the Acquisition Research Symposium, is available at <http://www.dsmc.dsmc.mil/events/arsgen.htm>. —AR—

## AET & CD Has Moved

**The Director for Acquisition Education, Training and Career Development has moved from the Pentagon.**



The new address is:

**2001 N. Beauregard St.  
Suite 758  
Alexandria, VA 22311-1772  
Phone: (703) 578-2788  
Fax: (703) 379-6748**

**E:mail addresses have stayed the same.** —AR—

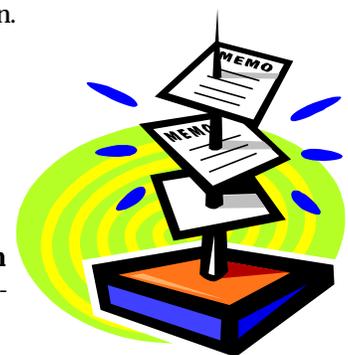
## UPCOMING EVENTS

**DISA's Electronic Commerce Conference '99** is scheduled for **12-14 April 1999** in Las Vegas, NV. Visit <http://www.disa.org/conference/Disa1999/index.html> for more information.

**The 16th Annual Acquisition Symposium of the DSMC Alumni Association** is scheduled for **18-20 May** at Ft. Belvoir, VA. The theme is "Government/Industry Collaboration: How Far Can We Go?" For more information, visit <http://www.dsmc.dsmc.mil/events/flyer2.ppt> or e:mail [melissa\\_houghton@sra.com](mailto:melissa_houghton@sra.com)

The DUSD(AR), DSMC and the NCMA are sponsoring the **1999 Acquisition Research Symposium, 21-23 June**, at the Doubletree Hotel in Rockville, MD. For more information, visit <http://www.dsmc.dsmc.mil/events/arsgen.htm> or e:mail [ars99@dsmc.dsmc.mil](mailto:ars99@dsmc.dsmc.mil)

**Excellence in Government '99 — Leading at all Levels**, is scheduled for **13-15 July** in Washington, DC. This event incorporates NPR's Reinvention Revolution and OPM's Federal Quality conferences. For more information, visit <http://www.excelgov.com> or call 1-800-868-9445 or 202/828-7032.



## Navy Conference for Procurement and Quality Professionals

It was smooth sailing in Merrimack, New Hampshire, where the Naval Sea Logistics Center Detachment (NSLC), Portsmouth recently hosted the Navy Conference for Procurement and Quality Professionals. The theme for this year's conference was the "Collection and Use of Past Performance Information (PPI), Now and Into the 21<sup>st</sup> Century."

The center is the Navy's past performance office and is responsible for the development and administration of contractor evaluation systems based on historical quality, delivery and contract performance information.

In response to changes in acquisition policies, the center organized the conference to provide a forum to initiate discussion and exchange ideas on the collection and use of PPI. Over 130 individuals representing the Defense Logistics Agency, Marine Corps, Navy, and the private sector participated in the discussion and attended scheduled workshops. Guest speakers from the Defense Contract Management Command (DCMC), Air Force Material Command (AFMC), Government and Industry Data Exchange Program (GIDEP), and General Dynamic's Electric Boat Division also provided insight on the use of PPI.

The center also offered attendees on-site training to learn more about the Product Data Reporting and Evaluation Program (PDREP), Red/Yellow/Green (RYG) Program, and the Navy's newest past performance application – the Contractor Performance Assessment Reporting System (CPARS).

CPARS is a paperless, web-enabled system used to collect and provide recent contractor performance information for high dollar value contracts. For additional information regarding these programs, or to find out more about the Navy conference, please access the NSLC Det web site at <http://www.nslcptsmh.navsea.navy.mil>.

(Courtesy of J.A. Deforge, Director, NSLC Det, Portsmouth)

—AR—

## AIAA Annual Conference

(Continued from page 3)

In the international arena, he disclosed that because of extensive security procedures, the US penalizes allies who buy American. He would also like DoD to be able to review planned mergers of US defense industry companies with foreign businesses.

Other panels covered the subjects of *OMB Circular A-76, Reforming International Sales, Reforming Logistics, Modeling and Simulation to Evaluate Weapon Systems, Price-Based Acquisition, and Civil-Military Integration (CMI)*.

While CMI encompasses a broad range of goals, the CMI panelists, moderated by Stan Soloway, agreed that a commitment to move to commercial practices is the best way to reform.

Mr. Soloway told the conference that his office would soon create a legislative package to tackle CMI issues.

Roger Kallok, Deputy Under Secretary of Defense (Logistics), while moderating the *Logistics Reform* panel, said he would like to see logistics focus on service and readiness instead of a budget. He sees a trend to estimating a weapon systems' cost on an output basis instead of basing its cost on how much of the budget the system consumes.

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***"We can only succeed when  
the whole team is trying to  
get to the objective."***

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Panel member LTG John Coburn, Deputy Chief of Staff for Logistics, US Army, said because warfare is changing, forces are smaller and more lethal. Logistics must also change. He highlighted the improvements the Army has already made. "The Army can now project power three times faster than in the Gulf War," he said.

AIAA once again had a terrific mix of CEOs and DoD leaders as speakers and panelists. While this conference focused on accelerating reform, Gansler made it clear that acquisition reform has come a long way in just a few years. AR—

## AR ON-LINE

### New AR Policies and Reports Avail- able on the Web!

We're always improving the way we do business. Here's where to find a few of the new policy documents and reports pertaining to the acquisition workforce.

The **Promotion Rate for Officers in the Acquisition Corps** January 1999 Report to the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives was signed by Dr. Jacques Gansler, USD(A&T), on 29 January 1999. Read the report at <http://www.acq.osd.mil/ar/doc/promo99.pdf>

On 15 December 1998, Dr. Gansler issued a broad new policy requiring all Defense acquisition personnel to engage in the equivalent of 80 hours of continuous learning activity every two years. The policy, **Continuous Learning for the Defense Acquisition Workforce**, applies to approximately 100,000 workers from scientific and technical personnel to contracting specialists and can be read at <http://www.acq.osd.mil/ar/doc/contlear.pdf>

Dr. Gansler, in response to a Section 912(b) requirement, uniformly identifies the members of the acquisition workforce, in **Defining the Acquisition Workforce**, dated 20 November 1998. Read the final count package at <http://www.acq.osd.mil/ar/doc/countawf.pdf>

### 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>). It's the most comprehensive listing of AR-related sites anywhere on the web...

**Bookmark it!**

## Oversight vs. Insight

by Major Walter Hallman, Secretary of the Air Force for Acquisition, Systems Engineering Division (SAF/AQRE)

“What is the difference between oversight and insight?” An understanding of the answer to this question will help anyone who works with government contracts to effectively apply the principles of acquisition reform.

*Oversight*, as it was called under the “old way” of doing business, required formal government involvement and approval of almost every contractor action. For example, through military standards, government contracts outlined in detail all the contractor’s processes. Formal government review and approval of any proposed process change was required prior to any process modification. This approach was time consuming and intrusive. The additional contractual manpower and effort, schedule impacts, and government staffing requirements were expensive. Acquisition reform has changed the way government monitors our contracts.

Conceptually, the new way of doing business uses *insight* to monitor the contractor’s efforts. Under acquisition reform, the presumption is that contractors know how to do their job. Bidders respond to government performance requirements with an approach which includes processes for managing the design and quality of the product. Included in each program are metrics that report on process maturity and stability, and provide the confidence of continued compliance.

Those metrics are available to the government during contract execution. The use of insight is similar to effective commercial practices that involve monitoring suppliers’ processes to provide confidence the product will meet schedule, cost, and performance requirements.

Our *insight* into contractors’ processes involves reviewing the metrics to ensure the contractor is supporting the processes and requirements that they agreed to when they signed the contract. A good contractor would already have metrics in place to ensure efficient product development and maximized profit. An effective set of metrics removes the need for extensive Government oversight and demonstrates to the program office that the contractor’s processes are on track and the product will be delivered as advertised. Each process/functional area has metrics that can be applied. As part of any risk management program, the contract should identify key areas to monitor and guarantee access to those metrics.

Although the emphasis has changed from oversight to insight, the government must continue to work with contractors (as any commercial supplier would) to assure contracts are on schedule and that the product will meet performance requirements.

—AR—



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