



Vol. 5, No. 2

March/April 2000

A&LR Week Embraces Change

May 22-26, 2000!

May 22-26 has been designated as Acquisition and Logistics Reform Week (A & LR Week). Acquisition and logistics reform were successfully combined for the first time last year. To build on that success, the Pentagon is gearing up for A&LR Week 2000 with the theme *Embracing Change for the 21st Century Warfighter*.

The Department of Defense (DoD) is experiencing many successes in acquisition and logistics reform, but much can still be accomplished. "A&LR Week will enable us to further embrace the revolution in business affairs, and take the next step in providing better, faster and less expensive products to our customers", said Dr. Jacques S. Gansler, Under Secretary of Defense for Acquisition, Technology, and Logistics in his 24 January, 2000 memo highlighting the event.

The A&LR Week 2000 kickoff ceremony is scheduled for 9:00 a.m. on 22 May in the Pentagon Courtyard. In addition to the Secretary of Defense and the Under Secretary of Defense (AT&L), Secretaries of the Military Departments, Chairman of the Joint Chiefs of Staff, Under Secretary of Defense (Comptrol-

"A&LR Week will enable us to further embrace the revolution in business affairs, and take the next step in providing better, faster and less expensive products to our customers", said Dr. Jacques S. Gansler, Under Secretary of Defense for Acquisition, Technology, and Logistics

ler), Under Secretary of Defense (Personnel & Readiness), Assistant Secretary of Defense (Command, Control, Communications & Intelligence), General Counsel of the Department of Defense, Director of Operational Test and Evaluation, and Directors of Defense Agencies are also expected to join in the activities.

To support those teams, the Defense Acquisition University's Acquisition Reform Communications Center (ARCC) will be providing a package of training materials. Organizations may use these materials to supplement or add focus to their own training programs during A&LR Week and throughout the remainder of the year. This package, as well as satellite broadcasts and other Service/Agency-hosted training events, supports the Department's continuing education policy of 80 hours every two years.

For more information, or to obtain training materials, contact the ARCC by phone at (800) 747-ARCC, by e-mail at acq.osd.mil, or visit the A&LR Week web site at <http://www.acq.osd.mil/alrweek2000>.

—AR—

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Changes to IPT Rules of the Road

In May 1995, the Secretary of Defense directed the Department to apply the Integrated Product and Process Development (IPPD) concept of using Integrated Product Teams (IPTs) throughout the acquisition process. In order to reaffirm DoD's commitment to the IPPD and IPT concepts, Dr. Jacques Gansler, the Under Secretary of Defense for Acquisition, Technology, and Logistics, (USD/AT&L) requested an update to *Rules of the Road: A Guide for Leading Successful Integrated Product Teams*, in July 1999.

Four years of the Department's experience with the IPT process contributed to these updated guidelines for more effective operations published in October 1999. These guidelines complement DoD 5000.2-R and are living documents that facilitate organizing, leading, and participating in effective and efficient IPTs.

Here is what *Rules of the Road* says about the purpose of IPTs:

"The IPT concept for oversight and review was developed to streamline an antiquated, inefficient process. Before the IPT process was implemented, program offices frequently produced a product that, when reviewed at higher

(Continued on page 7)



Deputy SecDef Hamre Resigns, de Leon to Replace

Effective 31 March, 2000, Deputy Secretary of Defense John Hamre will resign and become head of a major Washington-based think tank. Rudy de Leon, Under Secretary of Defense for Personnel and Readiness, was nominated to replace Dr. Hamre. At press time, no confirmation hearings for Mr. de Leon have been scheduled.

Dr. Hamre will lead the Center for Strategic and International Studies, one of the nation's most prominent public policy research institutions. He had served as Deputy Secretary of Defense since July 1997, and, in 1993, appointed Comptroller of DoD. Prior to his service to DoD, Dr. Hamre had been a professional staff member of the Senate Armed Services Committee for ten years, where he was responsible for oversight of procurement, research and development programs, and defense budget issues. Dr. Hamre also had served as Deputy Assistant Director for National Security and International Affairs for the Congressional Budget Office. He received his PhD from

Johns Hopkins University, School of Advanced International Studies.

Mr. de Leon was sworn in as Under Secretary of Defense for Personnel and Readiness in August 1997. He is responsible for monitoring and developing policy guidance for military readiness and is the SecDef's senior policy adviser on recruitment, career development, pay and benefits for active duty, Guard, Reserve and civilian personnel. Prior to his current position, Mr. de Leon served as Under Secretary of the Air Force. His 21-year government career includes service as a special assistant to former Secretary of Defense Les Aspin and as staff director for the Armed Services Committee of the U.S. House of Representatives. His education includes a bachelor's degree from Loyola University, Los Angeles, and completion of the Executive Program in National and International Security Affairs, John F. Kennedy School of Government, Harvard University.

Mr. de Leon's accomplishments at the Pentagon include leadership of



Mr. Rudy de Leon

a two-year review of the C-17 program that led to \$5 billion in cost reductions and oversight of changes in military force protection practices following the 1996 Khobar Towers bombing in Saudi Arabia. While staff director for the House Armed Services Committee, he supported the 1990 legislation authorizing use of military force in the Persian Gulf.

—AR—

Update on the DoD 5000 Rewrite

The Defense Acquisition Policy Working Group (DAPWG) has been making significant progress on the DoD 5000 Rewrite. The DAPWG has produced a new Directive, approximately five pages long, providing top-level guiding principles for the Defense Acquisition System. The DAPWG has also produced a new Instruction, approximately 25 pages long, that creates a new acquisition management process featuring increased flexibility, evolutionary development, and rapid acquisition. Both documents have been released within DoD for coordination. The Working Group is reaching out to industry, Office of Management & Budget (OMB), and to Congressional staff to get their input on the new documents.

The next step for the DAPWG is to produce a regulation providing the implementation procedures for major programs. A first draft of that document should be available in March 2000.

—AR—

How to Reach AR Today

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FUNCTIONAL ADVISOR AND FIPT REPLACE FUNCTIONAL BOARD

The USD(AT&L) recently approved major changes affecting the management of career programs for the acquisition workforce. This culminates an extensive review of the Department's acquisition education and training structure that began in the summer of 1997. Three major areas were affected: (1) the consolidation of the Defense Acquisition University (DAU) consortium into a unified structure; (2) the replacement of existing career field Functional Boards with a Functional Advisor and permanent Functional Integrated Process Teams (FIPTs); and (3) the replacement of the Defense Acquisition Career Development Council (DACDC) with an Overarching Integrated Process Team (OAIPT) and an Executive Board.

Unification of DAU

The unification of DAU was reported in the September/October 1999 edition of *AR Today*. As part of DAU consolidation, the consortium schools are in the process of transferring DAU-funded positions (faculty and staff) from their present organizations to DAU. There will be four campuses: Fort Belvoir, Fort Lee, Wright-Patterson, and Norfolk; three educational centers: Rock Island, Port Hueneme, and Columbus, OH; and six classroom facilities: Hanscom, Monmouth, Pax River, Huntsville, Los Angeles, and San Diego. This consolidation will be completed within the next few months. Other than improvements in the efficiencies and quality of learning, this change should not affect DAU's offerings to students.

Functional Advisor and Functional Integrated Process Team

The USD(AT&L) will appoint DoD senior-level acquisition officials to serve as Functional Advisors for designated acquisition position categories and career fields. The Functional Advisors retain most of the responsibilities of the

previous Functional Boards. They will provide oversight of management and program execution for their respective career management programs. The Functional Advisors will appoint working groups, as required, to assist them in carrying out their responsibilities. They will certify that the education, training, and experience standards and career paths for the acquisition workforce are current, complete, and accurate.

A new set of Functional Integrated Process Teams (FIPTs) will conduct many of the activities that were the responsibility of the working groups under the Functional Boards. The Functional Advisor will appoint the chair of the FIPT. The purpose of the FIPTs is to better integrate the following activities:

- Establishing learning needs
- Conducting curriculum reviews to validate the functional content
- Determining courses to meet requirements (curriculum)
- Identifying the primary population to be served by each course
- Assisting the Directors of Acquisition Career Management (DACMs) in determining quotas for courses
- Validating learning.

The Functional Advisor's primary responsibility will be to identify education and training requirements. The President of DAU will have primary responsibility for curriculum development and course delivery. The Directors of Acquisition Career Management will have primary responsibility for determining who receives training and when they receive it. All will participate in the validation of the learning process. These activities will take place within the FIPT. Its ultimate purpose is to improve communications and cooperation for acquisition education and training issues.

OAIPT and Executive Board

The DACDC has been replaced with the OAIPT and the Executive Board. The OAIPT will serve as an intermediate de-

cision-making body between the FIPTs and the Executive Board. The OAIPT will:

- Address unresolved issues forwarded by a FIPT
- Review new learning requirements in relation to available resources and set priorities
- Resolve issues on conflicting or redundant course requirements
- Resolve issues on functional validation of course content.

The OAIPT chair will rotate among the Functional Advisors or their representatives.

The Executive Board will assume most of the responsibilities previously assigned to the DACDC. It will be a routine vetting/oversight body for DAU. The Executive Board will serve as a forum for achieving rapid agreement on DAU initiatives through better communication among stakeholders. The Executive Board will be a deliberative body that provides policy direction to DAU and oversees DAU's management of the acquisition education and training program. In addition it will provide advice to the USD(AT&L) on the implementation of the Defense Acquisition Workforce Improvement Act (DAWIA) and on career development of the acquisition and technology workforce.

Improved Career Development Programs

These changes will implement the key recommendations of the studies and reviews that have been conducted over the last two years. They will streamline the DoD acquisition education and training process and redefine the relationships among DAU, the functional communities, and the DACMs. These changes will permit DAU to provide the acquisition workforce with the quality education and training it needs in a rapidly changing environment.

—AR—

DoD Civilian Acquisition Workforce Personnel Demonstration Project

By authorization of the Civil Service Reform Act, the Office of Personnel Management (OPM) is conducting demonstration projects that experiment with new and different personnel management concepts to improve Federal personnel management.

One of these "experiments" — the DoD Civilian Acquisition Workforce Personnel Demonstration Project — seeks to demonstrate that the effectiveness of DoD acquisition can be enhanced by allowing greater managerial control over personnel processes and functions and, at the same time, expand the opportunities available to employees through a more responsive and flexible personnel system. The project initiatives involve:

- Simplified job classification
- Broadbanding - A broadband classification and pay system replaces the current General Schedule (GS) structure. The 15 grades of the General Schedule were used to classify positions and to set pay. Under the demonstration, GS grading criteria will no longer be used to classify positions. Special salary rates do not apply in the demonstration project.
- Streamlined hiring processes
- Modified application of the DoD Priority Placement Program (PPP) - one of the tools most often used by managers to avoid the inevitable disruption in the downsizing process
- A contribution-based compensation and appraisal system that provides salary increases on a performance, rather than seniority, basis
- Expanded training opportunities
- Sabbaticals
- Voluntary emeritus program
- Revised reduction-in-force procedures.

The demonstration is the first personnel demonstration that crosses DoD component lines, and the first demonstration to be designed along functional vice organizational lines.

The demonstration gives managers at the lowest practical level, the authority, control, and flexibility they need in per-

sonnel processes and functions to achieve quality acquisition processes and products. This project provides a system that retains, recognizes, and rewards employees for their contribution and supports their personal and professional growth.

As a result of "Reinventing Govern-

This project provides a system that retains, recognizes, and rewards employees for their contribution and supports their personal and professional growth.

ment" initiatives, the way government does business has changed fundamentally. The DoD has been no exception. Unlike many other government agencies, DoD has had to consider global changes, such as threats to national security forcing a shift from a large war/cold war defense strategy to a small war/peacekeeping strategy, in addition to declining budgets and personnel. The acquisition community has taken on the challenge to reform and modernize its processes in order to perform efficiently in its present environment.

By adopting new business practices from private industry, streamlining existing practices, building more efficient and effective new processes and integrating "value-added" concepts into all endeavors, the acquisition community has attempted to improve defense readiness. To make further improvements, DoD must modify not only the tools of acquisition, but also the system governing those who implement the tools — the acquisition workforce.

For a complete copy of the operating procedures developed by the Demonstration Project Process Action Team (PAT), please visit the website at <http://www.acqdemo.com/demotutorial>.

—AR—

Depot Public-Private Competition Results in One Government, One Commercial Bid

Under the first of 16 projected public-private competitions in Defense Distribution Depot management, the Defense Logistics Agency (DLA) announced that the depot's career federal employees were chosen to streamline processes and reduce costs at the Defense Distribution Depot, Columbus, Ohio (DDCO). DLA recently announced that a private sector company, EG&G Logistics, will take over operations at the Defense Distribution Depot, Barstow, California (DDBC). DLA estimates that public-private competition for depot management will result in 20 percent cost savings.

The Office of Management and Budget (OMB) "Performance of Commercial Activities" guidelines (A-76 Circular) were used in determining whether the distribution activities would remain public or be performed by a private sector source. A-76 outlines the government's policies and procedures for determining whether commercial activities should be performed using private sector sources or in-house government facilities and personnel. Under the guidelines, government organizations may apply for bid as a "Most Efficient Organization" (MEO) and submit a cost estimate. Cost was a critical factor in choosing a contractor. "We looked at best value commercial offer and compared it to the MEO," said Gerda Parr of DLA. Independent review determined the best value commercial offer was the lowest-cost, best value offer.

The entire proposal process was done electronically, with solicitations and responses on the Web. The only exception was "Industry Day" at DDCO, where private sector service providers had the opportunity to view the depot and learn more about its requirements.

For more information, please go to <http://www.supply.dla.mil/a76>.

—AR—

More Than A Change in Number – Section 912 & 922

Several rounds of legislation, including Section 912 (a) of the Fiscal Year (FY) 1998 National Defense Authorization Act (NDAA) projected acquisition workforce reductions have been well-known in the acquisition community in the last couple of years. With the Department of Defense Authorization Act of FY 2000, Section 922 brings more changes in acquisition workforce numbers.

Under Section 922, the SecDef must report to Congress no later than May 1, 2000, on whether reductions in the workforce will be achieved as budgeted in FY 2000. The definition of the target population is "military and civilian personnel (other than civilian personnel employed at a maintenance depot) who are assigned to, or employed in, **acquisition organizations** of the Department of Defense." A reduction of 15,765 personnel is budgeted. The size of the DoD Acquisition workforce working in DoD acquisition organizations is 229,648, excluding civilians working in maintenance depots. This reduction is not to be confused with the Acquisition, Tech-

nology and Logistics (AT&L) workforce defined by the function they perform. The AT&L workforce is approximately 147,000 personnel. The SecDef is also to report the number of further reductions budgeted for FY 2001.

While Section 912 (a) provided for acquisition workforce reductions in FY 1998, Section 912 (c) required that DoD conduct a full-scale review of acquisition organizations and their functions, much of which was recently completed. Section 912 (b) required that the SecDef define the "defense acquisition workforce," which was defined as "the personnel component of the acquisition system."

The Section 912 (c) studies have produced a number of reports designed to speed acquisition reform. Some reports are complete; others are in process. These include:

- RDT&E Infrastructure Report
- Final Report of the Joint Study Group on the Establishment of a Joint Command, Control and Communications

(C3) Integrated System Development Process

- Product Support Study Group Report
- Program Manager Oversight of Life-Cycle Support Report
- *A Plan to Accelerate the Transition to Performance-Based Services*: Report of the 912 (c) Study Group for Review of the Acquisition Training, Processes and Tools for Service Contracts
- Report – The Commercial Business Environment: Accelerating Change Through Enterprise Teaming

Other areas covered in Section 912 (c) include requirements for continuous learning, paperless contracting, the future of the acquisition and technology workforce, the impact of price-based acquisition, development of technological leaders, and transitioning to a digital environment. Check out all the current and upcoming reports at <http://www.acq.osd.mil/ar/section912.htm>.

—AR—

DSCP Finds Success with Prime Vendor

The Defense Supply Center Philadelphia (DSCP) continues to supply a large range of military services in a variety of capacities. One of their outsourcing strategies is Prime Vendor, or one-stop solutions that result in flexible deliveries, use of brand name products, direct customer ordering, and direct vendor delivery to DSCP's military clients. Some of DSCP's successes include:

- **Food Service Equipment:** Prime Vendor contracts cover three regions: Eastern Region (all East Coast states and Europe), the Western Region (all West Coast states and the Pacific Rim) and the Central Region (the balance of the continental United States). The contractors provide a full range of food service equipment and include complete life cycle support, including design, installation, spare parts and warranty-related repairs.
- **Small Business:** Diving Equipment Supplies: Amron International, a woman-owned, small business employing 35 full-time staff, won one of three Prime Vendor contracts from DSCP's general and industrial directorate to supply diving and other marine lifesaving equipment to U.S. military and other federal government agencies on the West Coast and to the Pacific Rim. To fulfill the scope of the contract, Amron implemented an online ordering system, allowing customers 24 hour, 7 day-a-week access to services.
- **Pentagon Renovation:** The Pentagon's renovation office bought more than \$327,000 worth of building hard-

ware and has ordered other supplies through DSCP's Prime Vendor electronic ordering system.

- **Logistics in Okinawa:** The DSCP's first-ever joint logistics industrial Prime Vendor contract in Okinawa was recently signed with TNT Logistics. The company will provide consumable spare parts, supply chain management, and services for weapons system overhaul, repair and maintenance. This will increase capabilities despite a downsized logistics infrastructure. Pilot customers include Camp Kinser, the Kadena Air Base, and the Marine Corps Air Station at Futenma.
- **Disabled Workers Supply Bandages:** The business services division of Elwyn Inc., a nonprofit human services organization providing vocational training, employment and rehabilitation services for adults and children diagnosed with mental health or retardation problems, was awarded a prototype Prime Vendor contract for the manufacture of bandages and the warehousing of raw materials used in production. The company had provided bandages to the DSCP medical directorate for 10 years prior to the prototype contract. Elwyn employs about 165 people at the location where the bandages are made.

DSCP proves that Prime Vendor contracts can be a win-win situation for the Services and for the communities Prime Vendor businesses call home. The Services get seamless service, and the communities get thriving businesses that support the nation's fighting forces.

—AR—

AIAA Conference: A Look Back and a Look Ahead

Chaired and organized by Under Secretary of Defense (Acquisition, Technology & Logistics) (USD (AT&L)) Jacques Gansler, the American Institute of Aeronautics and Astronautics (AIAA) "Acquisition and Logistics Reform: The Roads Traveled...The Roads Ahead" Conference, held 27-28 January, 2000, in Washington, DC, examined current acquisition policy and the paths to be taken toward further reform efforts.

The conference kicked off with Dr. Gansler's keynote address, which highlighted the challenges and the actions necessary for acquisition and logistics reform. "DoD is aiming for a competitive environment but is not under normal market conditions," he said. "This is a situation where DoD is a monopolistic buyer with an oligopoly of suppliers. This must be constantly monitored." Dr. Gansler outlined seven actions that he said would strengthen our defense-industrial base in a changing war-fighting and budgetary environment:

- Civil-Military Integration
- Globalization of Suppliers – When it can be competitive and security enhancing, this is a reality of coalition warfare. This will require changes in law and practice, including U.S. export control laws.
- Rationalization of Industrial Restructurings (Mergers & Acquisitions)
- Maintaining Competition with a Limited Number of Suppliers – DoD must avoid sole source situations, ensuring firms stay competitive.
- Competitively Sourcing All Inherently Non-Governmental Work: The logistics and acquisition bases are perfect for public-private competition. Public-private competition has, on average, achieved savings of 20 percent with public sector wins and 40 percent with private sector wins.
- Tap Into the Creativity of Small, High-Tech Firms.
- Improve and Streamline Procurement Policy and Practices.

Dr. Gansler's themes were expanded upon throughout the conference. He led the CEO panel following his address on Acquisition Reform Successes and Challenges. Leaders in the small and large business community addressed issues such as bundling, clearly outlining public-private core competencies, legacy programs and the need for industry and government to communicate clearly in an equal partnership. The small business representative of the panel expressed reservations about bundling.

The next panel, moderated by Mr. David Oliver, Principal Deputy Secretary of Defense (Acquisition, Technology & Logistics) (PDUSD (AT&L)), addressed

"DoD is aiming for a competitive environment but is not under normal market conditions," - Dr. Jacques Gansler, Under Secretary of Defense for Acquisition, Technology, and Logistics

Globalization, Competition and the New Business Environment. The panelists agreed a problem in achieving interoperability and using worldwide resources in the interest of optimal security and business practices is the current export controls system. "If DoD says 'go' and the State Department says 'stop,' that is a serious problem," said John Douglass, the panelist representing the Aerospace Industries Association. A lunch speaker, General John Keane, Vice Chief of Staff, U.S. Army, followed the panel discussion.

Principal Assistant Deputy Under Secretary of Defense (PADUSD) (Logistics) Alan Beckett ushered in the first panel of the afternoon on "Product Support," stating that DoD's responsibility is to set customer expectations on time and cost. The panel discussed ways to make contractors an integral element in

the logistics process and ways to implement DoD's FY 2000 Strategic Logistics Plan. "The Strategic Plan gives technical solutions that will support materiel solutions in the field," said LTG Mike McDuffie, Joint Staff, Logistics (J-4).

The final panel of the first day was "Competitive Sourcing: Getting It Right." Moderator Mr. Stan Soloway, Deputy Under Secretary of Defense (Acquisition Reform) (DUSD (AR)), addressed the need to implement broad-based training on competitive sourcing, not just to the acquisition community, but also to personnel involved in financing and requirements. Issues of public-private competition, source selection, activity-based and service-based costing and clear, concise specifications were addressed by the panelists.

Day two opened with Conference Co-Chair Philip Odeen, Executive VP & General Manager, TRW, giving industry's perspective on acquisition reform. Panel discussions on "Technology Insertion of Commercial Solutions – Commercial Off-the-Shelf (COTS) & Commercial Operations & Support Savings Initiative (COSSI) Lessons Learned" and "Reshaping Supplier Management Through Civil-Military Integration" filled the remainder of the morning. These panels featured civil and military technology and policy experts. Brad Graham of *The Washington Post* spoke at the luncheon and addressed the department's need to be able to confront different warfare challenges.

The final panel of the conference, "The New Front End Acquisition Process," featured discussion of the roads ahead in acquisition management, interoperability and systems acquisition.

Mr. Oliver then wrapped up another successful AIAA Conference, a comprehensive look at past achievements and future challenges.

—AR—

Changes to IPT Rules of the Road

(Continued from page 1)

levels, was modified substantially or even rejected. The purpose of IPTs is to facilitate decision-making by making recommendations based on timely input from the entire team. The IPT approach simultaneously takes advantage of all members' expertise and produces an acceptable product the first time."

The guide is divided into five chapters. Chapter I is an overview of IPT policies and procedures. Chapter II addresses the mandatory policy and guidance for IPT structures supporting Major Defense Acquisition Programs. Chapter III defines fundamental Operating Principles for Effective IPTs at any level within the DoD, and Chapter IV defines the process of putting IPTs into practice. Chapter V provides an operational toolkit to assess and improve the effectiveness of any IPT.

To receive the publication, contact Wendell Irby, Acquisition Program Integration, (703) 614-5420, <http://web.deskbook.osd.mil/reflib/DDOD/004EO/001/004EO001DOC.htm>. Please address any questions or recommendations to improve this document to Dr. Joseph Ferrara, Deputy Director for Acquisition Systems Management, at Ferrarj@acq.osd.mil.

Broad Principles of IPTs

- Goal alignment
- Open discussions with no secrets
- Empowered, qualified team members
- Dedicated/committed proactive participation
- Issues raised and resolved early

—AR—

AR ON-LINE

Visit the new Change Management Center
at http://www.acq.osd.mil/ar/cmc/default_cmc.htm

The **Change Management Center** (CMC) will use rapid improvement activities to bring together diverse stakeholders within the Department, industry associations and other partners. These rapid improvement activities focus their attention on developing, implementing, and measuring new and innovative business practices while overcoming obstacles to acquisition and logistics reform.

The CMC's mission is three-fold:

Identifying Rapid Improvement Activity Projects and Securing Sponsorship — By engaging senior leadership across OSD, the Military Services, and Defense Agencies, potential rapid improvement activities will be identified and linked to top-level strategic goals. The CMC will work with the sponsor to determine the appropriate change model, identify key stakeholders, develop a charter, and execute rapid improvement activities.

Applying Appropriate Change Management Support — The CMC will direct its resources and contractor support teams to provide seamless implementation and coordination of participating team members in all change management activities. These efforts will result in the development, execution, and capture of information required for developing and tracking performance scorecards for all participants. The focus will be to drive change implementation, measure performance outcomes, and maintain complete visibility into all ongoing rapid improvement activities. The CMC will apply automated data collection, management, and storage/retrieval systems to collect and store centrally information pertaining to the goals for rapid retrieval and oversight of goal implementation and accomplishment. The CMC will provide senior leadership with data analyses of progress and suggest improvements to action plans. Information collected will directly support the preparation of status update briefings and annual performance plans for the use by Department sponsors, senior leadership, and rapid improvement activities, as required.

Laying Knowledge Management Foundation and Harvesting Best Practices — The tools, techniques, and best practices developed during rapid improvement activities will be compiled, synthesized, and used to improve the effectiveness of the overall change management effort.

In addition, a learning and knowledge management infrastructure for Commercial Business Environment transformation will be maintained as part of an Acquisition Knowledge Management System being developed by AR and assigned responsible agencies (ARA). This infrastructure will be designed to accelerate information exchange, reinforce the reuse of information and provide ready access to commercial success stories and best practices. The systems will provide an integrated learning management infrastructure designed to provide a combination of expert systems, hypertext links and other media, and information to assist in training the participants.

For more information, visit the CMC at http://www.acq.osd.mil/ar/cmc/default_cmc.htm.

—AR—

New Circular Clarifies Acquisition Procedures, Policies

A recent Federal Acquisition Circular (FAC) 97-15 outlines new amendments to the Federal Acquisition Regulation (FAR), including simplified procedures for purchases of commercial items in excess of the simplified acquisition threshold, but less than \$5,000,000, and a Part 25 Rewrite for rules governing foreign acquisition.

The simplified procedures for purchases above the simplified acquisition threshold, but less than \$5,000,000, state that competition advocates or designated officials under Parts 6.501 or 6.304(a)(3) or 6.304(a)(4) of the FAR must approve justifications and approvals of the purchase and such personnel cannot delegate this authority. The authority to issue solicitations under the simplified procedures expires January 1, 2002 but contracting officers may award contracts for solicitations issued before the expiration date.

The Part 25 Rewrite amends the FAR to clarify policies and procedures concerning foreign acquisition and to create a "plain language" rule. The rewrite clarifies the definitions of "component," "construction," and "end product," and revises the definition of "U.S.-made end product" to include unmanufactured articles mined or produced in the United States. It also clarifies applications of the Buy American Act, Trade Agreements Act, Balance of Payments Program, and the North American Free Trade Agreement (NAFTA) to foreign acquisitions. The rewrite addresses the issue of small business set-asides relative to the Buy American Act and Balance of Payments Programs, and outlines the exceptions to these trade acts in clear language. It makes clear the services that are excluded from foreign acquisition rules and procedures under the Trade Agreements Act. Finally, the rewrite outlines the circum-

stances under which the requirement for a written determination of domestic nonavailability may be deleted.

The Part 25 Rewrite gives examples to clarify the procedures used to determine which rules should apply and take precedence when evaluating contracts.

To obtain a copy of the Part 25 Rewrite and other regulations in the FAC, go to *the Acquisition Deskbook* at <http://www.deskbook.osd.mil>.

—AR—

Correction

In our Jan/Feb 2000 issue on page 5 in the article entitled *PEO/SYSCOM Conference Builds on Achievements*, we incorrectly identified Mr. Robert Neal, Jr. as Director, Office of Small and Disadvantaged Business Utilization, Small Business Administration (SBA). In fact, his title is Director, Office of Small and Disadvantaged Business Utilization, Office of the Under Secretary of Defense. We apologize!



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