“Our Army at War – Relevant and Ready...Today and Tomorrow”

Army Contracting Community

THINK TANK &
WORKFORCE TRENDS

Ms. Tina Ballard
Deputy Assistant Secretary of the Army (Policy & Procurement)

July 14, 2006
Army Contracting Think Tank

Members:

Ms. Tina Ballard
COL K.C. Jones
Ms. Carol Lowman
Mr. Paul Michaels
Mr. Jeff Parsons
Mr. Parag Rawal
Ms. Sandy Sieber
Mr. Lee Thompson
Mr. Jim Warrington

- Strategic Thinking
- Three year commitment
- Meet semi-annually or as needed

Army Contracting: One Community Serving Our Soldiers
Think Tank Products

- VISION STATEMENT
- STRATEGY
- PRIORITIES
- PARC CONFERENCE ACTIONS
THINK TANK PRODUCT

➢ Develop the Army Contracting vision

VISION

One Army Contracting Community
Serving Our Soldiers
Serving Our Nation
Army Contracting Organizations

SECRETARY OF THE ARMY

Assistant Secretary of the Army Acq, Log and Tech

Deputy Assistant Secretary of the Army Policy and Procurement

HQ Army Contracting Agency (ACA)

ACA Northern Region

ACA Southern Region

Information Technology E-Commerce & Commercial Contract Center

Contracting Center of Excellence

Army Contracting Command, Europe

Army Contracting Command, Southwest Asia

Army Contracting Command, Korea

Army Contracting Agency Americas

Army Contracting Element, Pacific

U.S. Army Medical Research & Materiel Command

National Guard Bureau

Surface Deployment & Distribution Command

U.S. Army Intelligence & Security Command

U.S. Army Space & Missile Defense Command

U.S. Army Medical Command

Army Contracting Organizations

FY 05 Totals: $94B, 371K actions, 6137 people (110 military & 6027 civilian)

Army Contracting: One Community Serving Our Soldiers

HCA Estab 19 Jun 2003

Iraq

Jun 2006/SAAL-PP EHC
THINK TANK PRODUCT

➢ Develop the Army Contracting strategy ✔

Strategy

Focus on workforce and business practices so we can execute mission in an increasingly constrained environment

Scope our effort

Set priorities
Strategic Focus Priorities

➢ BUSINESS PRACTICES
  • Spend Analysis
  • Knowledge Management
  • Source Selection
  • Acquisition Planning
  • Pricing & Negotiations
  • Contract Administration

➢ WORKFORCE
  • Training Symposium
  • Creed
  • Mission Statement
  • Workforce Roadmap
  • Workforce Governance Board
**Strategy Implementation Process**

1. **THINK TANK** → **PARCs - PLAN STRATEGY EXECUTION**
2. **CONSENSUS** → **DOCUMENT WAY AHEAD/DECISION BRIEF**
3. **THINK TANK REVIEW & DECISION**
4. **EXECUTE** → **MEASURE/CHECK** → **ENGRAINED BUSINESS PRACTICE** → **END**

“One bite…” “one step at a time”
THINK TANK STRATEGY

Team 1
Business Practices
Conference – Creed – Mission Statement

Team 2
Workforce
Roadmap

Team 3
Workforce
Governance Board

Team 4
Business Practices
Spend Analysis
Knowledge Mgt.

Team 5
Business Practices
Source Selection
Acquisition Planning

Team 6
Business Practices
Pricing & Negotiations
Contract Admin.

Scope Effort
- Completed
- In-work

Set Priorities

PARC Conference Actions

Army Contracting: One Community Serving Our Soldiers
Army Contracting Trends

History

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<tbody>
<tr>
<td>Personnel</td>
<td>7.6</td>
<td>7.4</td>
<td>6.9</td>
<td>6.6</td>
<td>6.2</td>
<td>6.1</td>
<td>5.9</td>
<td>5.9</td>
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<tr>
<td>Actions &gt; $100K</td>
<td>28.9</td>
<td>31.4</td>
<td>36.5</td>
<td>32.3</td>
<td>33.2</td>
<td>37.5</td>
<td>35.1</td>
<td>40.4</td>
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<td>Total $B</td>
<td>33.0</td>
<td>34.9</td>
<td>34.0</td>
<td>33.6</td>
<td>36.0</td>
<td>41.2</td>
<td>41.8</td>
<td>47.3</td>
<td>59.4</td>
<td>71.3</td>
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*Personnel in thousands

- 1100 series Workforce declined by 23%
- Actions Grew by 80%
- $$ Grew by 116%
- In 1995, 1 Action = ~$1B; in 2004, 1 Action = ~$1.5B

Future

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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<tr>
<td>Contracting Personnel</td>
<td>5.9</td>
<td>5.8</td>
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<td>5.7</td>
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<tr>
<td>Actions &gt; $100K</td>
<td>55.4</td>
<td>59.6</td>
<td>63.8</td>
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<td>2000-2004 Projected $B</td>
<td>74.7</td>
<td>81.4</td>
<td>87.7</td>
<td>93.7</td>
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<tr>
<td>1995-1999 Projected $B</td>
<td>71.0</td>
<td>70.6</td>
<td>70.0</td>
<td>69.4</td>
<td>68.7</td>
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<tr>
<td>POM Projected $B</td>
<td>65</td>
<td>70.1</td>
<td>75</td>
<td>80</td>
<td>83.1</td>
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Assuming the next five years behave as the previous 5 years for contracting and previous 3 years for personnel we can expect:
- 1100 series workforce continues to decline and Actions and $$ will grow except in the most conservative estimate.

FY 2005
Workforce Net increase of 136 1102s and $ increased to $94 B

Source: Contract Data- Federal Procurement Data Base Personnel Data- Defense Manpower Data Center Deflators- FY 2005 Army Green Book
Army 1102 Years of Service Profile

DoD White Collar
Army White Collar
Army 1102's

Years of Service

FY 2004 Strength

< 1 1-2 3-4 5-9 10-14 15-19 20-24 25-29 30-34 35 +
FY 2005 1102 Workforce
Projected through FY 2009

FY 2005 Size - 5,394

FY 2009 Size - 3292

2005 2006 2007 2008 2009

0% 20% 40% 60% 80%

Others Remaining
Other Losses (cumulative)
Retirement Eligible Remaining
Retirement Losses (cumulative)

By 2009 if no action is taken the workforce is projected to lose 38%

Source: Defense Manpower Data Center Retirement loss data from Fed Scope

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Years of Service

2004

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<tr>
<th>Years of Service</th>
<th>5 and under</th>
<th>6-10</th>
<th>11-15</th>
<th>16-20</th>
<th>21-25</th>
<th>26-30</th>
<th>31-35</th>
<th>36 and over</th>
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<td>FY04</td>
<td>727</td>
<td>327</td>
<td>502</td>
<td>1054</td>
<td>1236</td>
<td>947</td>
<td>345</td>
<td>120</td>
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We have leveraged our experience to meet the demands of today...

But our bench is too thin to overcome the expected demands of the future without significant change.

2019

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Similar trends across DoD
Army 1102 – Through FY 2020

475 Annual Gains 0% Growth

532 Annual Gains 10% Growth
[I]t should be obvious that the federal government lacks a sufficient acquisition workforce to obtain the best value for the money it spends on goods and services . . . [R]eforms cannot achieve their potential absent a workforce that is both appropriately qualified and sufficiently numerous to implement the reforms.

Government Executive, July 1, 2006

“Increased demands on the acquisition workforce have led to vulnerabilities in contract pricing and competition and in the selection of the most appropriate contracting techniques,” according to the report, which was requested as part of this year’s defense budget to assess the Pentagon’s vulnerability to fraud, waste and abuse.

The Washington Post, July 10, 2006
# What We Need

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<tr>
<th>Assistance Area</th>
<th>Authority Exists</th>
<th>Need What</th>
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<tbody>
<tr>
<td>Statutory mandate to increase contracting workforce</td>
<td>No</td>
<td>Appropriations</td>
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<tr>
<td>Simplified Hiring Rules</td>
<td>Yes, but process needs simplification</td>
<td>Hiring rules changed</td>
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<td>Recruitment:</td>
<td></td>
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<tr>
<td>Tuition Assistance</td>
<td>Yes</td>
<td>Appropriations</td>
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<tr>
<td>Continuous Learning</td>
<td>Yes</td>
<td>Appropriations</td>
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<tr>
<td>Benefits Package</td>
<td>Yes</td>
<td>Status Quo or Improved</td>
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<td>Retention Authority</td>
<td>Yes</td>
<td>Hiring rules changed</td>
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<td>Re-employed Annuitant Authority</td>
<td>Yes</td>
<td>Continuation of Authority Past 10/06</td>
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<tr>
<td>Revitalization Through Centrally Funded Program</td>
<td>Yes</td>
<td>Appropriations</td>
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WE NEED