CONFERENCE CALL

LTG William N. Phillips, Principal Military Deputy to the ASAALT, stressed the importance of relationships between the Army and industry in increasing productivity and cost savings. (U.S. Army photo by Ellen Hudson, U.S. Army Garrison Redstone, AL.)

Army, Industry Seek Common Ground on Efficiencies

Kris Osborn

Army leaders and representatives from industry agreed that they can work together to increase productivity and help identify possible economic efficiencies and cost savings in an era of constrained resources, during a joint panel discussion Feb. 25 at the Association of the United States Army Institute of Land Warfare's Winter Symposium and Exposition in Fort Lauderdale, FL.

"We need a strong relationship with our industry partners so they can give us the feedback needed to make the best decisions possible," said LTG William N. Phillips, Principal Military Deputy to the Assistant Secretary of the Army for Acquisition, Logistics, and Technology (ASAALT).

The "efficiencies" discussion was grounded in guidance from Defense Secretary Robert M. Gates and a Sept. 14, 2010, memo from Dr. Ashton B. Carter, Under Secretary of Defense for Acquisition, Technology and Logistics, titled *Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending*.

Essentially, the guidance on efficiency asks the services to "do more without more," implicitly recognizing that the overall defense budget is not expected to increase in coming years as it has in recent years.

A key element of the drive for efficiencies is the recognition that much of the cost savings will be reinvested in Army programs, Phillips said.

"The efficiencies that we have gained within our programs stay within

our programs. The PEOs [program executive offices] retain the savings so they can do better things for Soldiers within their programs," Phillips said.

Realistic Requirements

With these tenets in mind, Phillips emphasized that the Army needs to identify executable and affordable requirements. Along these lines, he cited the ground combat vehicle Request for Proposal (RFP) as an example of how the Army can properly align and prioritize its requirements.

The RFP called for a "tiering" of requirements and clear-cut cost goals so that industry would understand what was being asked and have the trade space necessary to fashion technologically mature solutions that can meet the requirements outlined in the proposal.

Getting this right calls for proper collaboration across a range of stakeholders, Phillips explained.

"We must be output-focused and resource-informed," he said. "When we talked about the ground combat vehicle, this is what we are getting at. Today, for a major program, the acquisition folks, the sustainment folks, and the resourcing people must all be actively involved and engaged in the process before we begin to think about requirements generation."

Collaborative Possibilities

Another possible area of efficiency centers around looking for potential collaboration on weapons production throughout industry and across the services, Phillips said.

"As we work through the efficiencies with OSD [the Office of the Secretary of Defense], it's important that we work with our industry partners. If you look at missiles built by the Army, Navy, and Air Force, are there opportunities for the industrial base or a company to leverage what we do and gain efficiencies by using the same production line?"

Testing is an area where potential economic efficiencies can be gained. Here, the Joint Light Tactical Vehicle undergoes a dirt track test at the Churchville Test Area near Aberdeen Proving Ground, MD, June 3, 2010. (U.S. Army photo by David McNally, U.S. Army Research, Development, and Engineering Command Public Affairs.)

Efficiencies in Testing

Testing is another area of potential efficiencies, Phillips said.

"Test is a critical part of every program. We should test to standard. We shouldn't over-test, but we shouldn't under-test either. There is a balance when it comes to making sure that you have a viable program that is going through the right testing procedures to validate that the systems you're fielding are safe and suitable," Phillips said.

The drive to achieve efficiencies is not intended to reduce industry profits but rather to create incentives and motivation for greater industry productivity, panelists said.

"I don't see efficiency initiatives and profits being mutually exclusive," said Steve Zink, Vice President, Oshkosh Defense Strategy and Planning.

"It's achievable to think we can achieve a win-win," said Mick Maurer, President of Sikorsky Military Systems.

Army, Industry Council Gets Underway

In a related development, senior U.S. Army Contracting Command (ACC) leaders and a group of industry representatives came together on Feb. 24 at ACC headquarters at Fort Belvoir, VA, for the first meeting of the ACC Industry Executive Council. The council is a forum to exchange information, identify common issues, build partnerships, and develop solutions that will improve Army contracting.

"We have been planning this for over a year, and now it aligns very nicely with DOD's recent Better Buying Power Initiatives," said Jeff Parsons, ACC's Executive Director. "We're here to gain a common understanding of how we can work together to face future challenges, including anticipated cutbacks in the Army budget."

In addition to these DOD initiatives, the attendees discussed a recent Office of Management and Budget "Myth Busting" memorandum, which recommends that "each agency develop a high-level vendor communication plan." The establishment of ACC's Executive Industry Council is a step in that direction, according to a statement from ACC.

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