

ACQUISITION REVIEW

Army receives 76 blue-ribbon recommendations on making the process more effective and efficient

by Margaret C. Roth

The much-anticipated Army Acquisition Review hones in on the current processes for determining requirements, resourcing, and acquisition—“Big A” acquisition—and provides what the Army has said will be a blueprint for improvements over the next two years.

Officially called *Army Strong: Equipped, Trained and Ready—Final Report of the 2010 Army Acquisition Review Chartered by the Secretary of the Army*, the report makes 76 recommendations based on more than 100 interviews with present and past leaders in the Army, DOD, and the defense industry and analysis of numerous past acquisition studies. The six-member blue-ribbon review panel looked at the requirements process; the acquisition workforce; organizations; laws, policies, and regulations; funding; acquisition programs; key acquisition processes; and external relationships and oversight.

The panel’s recommendations fall into four major categories:

- Make the requirements process collaborative and timely.
- Manage risk, in place of risk aversion.
- Align organizations and accountability.
- Provide adequate requirements and acquisition resources.

The panel was co-chaired by Gilbert F. Decker, the Army Acquisition Executive from 1994 to 1997, and GEN Louis C. Wagner Jr. (U.S. Army, Ret.), Commanding General (CG), U.S. Army Materiel Command (AMC) at his retirement in 1989.

The Army is adopting most of the recommendations in the review, Secretary of the Army John McHugh said in recent congressional testimony. “We have either implemented or are taking steps right now to implement all but 13 of the 76 recommendations. We’re taking a more careful look at 13 of those,” McHugh testified May 18 during a Senate Appropriations Defense Subcommittee hearing.

Subcommittee Chairman Daniel K. Inouye (D-HI), citing the review, noted that the Army had spent \$3.3 billion to \$3.8 billion each year since 2004 on programs that ultimately were canceled, a fact that McHugh called “revelatory.”

RATHER THAN THE CURRENT, SEQUENTIAL APPROACH TO STAFFING AND APPROVING REQUIREMENTS, ACQUISITION, AND TESTING DOCUMENTS, THE ARMY ACQUISITION REVIEW RECOMMENDS **A COLLABORATIVE PROCESS INVOLVING THE SAME HIGH-LEVEL PLAYERS AS NOW.**

REQUIREMENTS PROCESS

Rather than the current, sequential approach to staffing and approving requirements, acquisition, and testing documents, the Army Acquisition Review recommends a collaborative process involving the same high-level players as now: the U.S. Army Training and Doctrine Command (TRADOC), AMC, Army Requirements Oversight Council, and Joint Requirements Oversight Council.

An Integrated Capabilities Development Team led by TRADOC and representing the Army Staff and Secretariat, U.S. Army Test and Evaluation Command (ATEC), AMC, and other Army commands would collaboratively develop requirements documents for most Army programs.

This new approach would not alter the tasks involved, but rather when they are performed. Current reviewers would become part of the development process, reducing the total time it takes, now 15 to 22 months. The panel faulted the current Joint Capabilities Integration and Development System process and recommended changing it to focus on the front end of the process, or abolishing it.

For key Acquisition Category (ACAT) I programs, the panel recommends establishing

a special task force, chartered by the Chief of Staff or Secretary of the Army and co-chaired by a TRADOC major general and an acquisition general officer or member of the Senior Executive Service.

The task force would include experienced representatives of the Army Secretariat and Staff, TRADOC, AMC, ATEC, and other Army commands; and, as appropriate, representatives of the Joint Chiefs of Staff; Director, Operational Test and Evaluation in the Office of the Secretary of Defense; and the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics.

It would collaboratively develop a comprehensive, consistent set of products to support milestone decisions and source selection, including Initial Capabilities Documents, Capability Development Documents, and requests for proposal (RFPs). The task force could also provide members to serve on the Source Selection Evaluation Board or Source Selection Advisory Council.

The panel also recommends institutionalizing rapid acquisition in policy guidelines and amending Army Regulation 71-9, *Materiel Requirements*, to support rapid acquisition in response to Operational

Needs Statements from combatant commanders during quiescent periods.

Finally, the panel recommends synchronizing TRADOC and Army requirements approval, Materiel Development Decision, Milestone (MS) A, and MS B actions to align with the Army's budget development schedules and thereby avoid a one-year delay.

In his Senate testimony, McHugh called uncontrolled requirements the number one problem in Army acquisition and the canceled Future Combat Systems (FCS) program "the poster child" for this problem. He said the Army is making progress toward a more measured, collaborative requirements process.

"We've tried to do a better job in stating the requirements, keeping them less reliant on immature or unavailable technologies," as witness the RFP for the Ground Combat Vehicle, which was re-released in November 2010 to reduce the top-tier requirements by 75 percent compared with the original RFP released in February 2010.

MANAGING RISK

The review panel recommends managing acquisition by program risk rather than by scope alone. It breaks acquisition

programs into five types, each with its own documentation requirements (see Figure 3), for greater efficiency and to restore discipline and accountability for product development. Following is a summary of the five types.

- Type 1: A non-developmental program, in which the capability need not start from scratch, but instead uses an Engineering Change Proposal. An example would be the AH-64 Block II Apache helicopter.
- Type 2: An existing system with a block improvement using approved requirements to avoid duplication, for example, the AH-64 Block III Apache.
- Type 3: A new system improving an existing capability with off-the-shelf technology upgrades, for example, the Stryker armored vehicle.

- Type 4: A new system that provides a new, innovative capability with proven technologies, for example, the Ground Combat Vehicle.
- Type 5: A new system for early adoption of as yet-incomplete technologies, for example, FCS. These pose the greatest challenge and should be restricted to game-changing military capabilities, the panel concluded.

By contrast, the panel recommended Types 1, 2, and 3 acquisitions for shorter cycles, rapid technology insertion, and reduced requirements and technology “creep.” Priority should be given to vertical technology insertion and horizontal integration of proven advanced technologies, using evolutionary acquisitions with built-in growth capacity, the review states.

This varied approach to acquisition would enable the Army to get the requirement right and eliminate technology risk before MS B, according to the review, which recommends encouraging and funding competitive pre-MS B prototyping of systems, subsystems, and components. It also recommends expanding the acquisition of Technology Data Packages during the development stage, when the government has leverage.

The panel further recommends involving the cost, manpower and personnel integration, and test communities early in the acquisition process, and making greater use of fixed-price and incentive-fee contracts.

For improved oversight of industry advances in technology, the Army needs

Some Quotes from Interviews

Figure 1

WE NEED AN AGILE SYSTEM THAT RAPIDLY DEVELOPS, PURCHASES, AND FIELDS INNOVATIVE SOLUTIONS FOR OUR SOLDIERS...	SCHEDULE SHOULD BE THE FIRST PRIORITY WHEN RESPONDING TO THE IMMEDIATE NEEDS OF SOLDIERS IN COMBAT.	THE LIFE CYCLE MANAGEMENT COMMANDS HAVE BECOME ‘BALKANIZED’!
WE NEED TO ENHANCE THE ROLE AND REPUTATION OF TCMS.	IN BUSINESS, AT THE END OF THE DAY, SPEED IS WHAT MATTERS.	TOO MANY PEOPLE CAN SAY NO.
THE JCIDS PROCESS WAS A GOOD FAITH EFFORT. WE CANNOT AFFORD THAT LONG OF A PROCESS IN THIS ERA.	FISCALLY CONSTRAIN DO&E...MAKE THEM PAY FOR TESTING OR RESTRAIN THEIR ABILITY TO SELECT ANY ITEM FOR TEST.	CONTRACTOR DASCS ARE TRULY WEAK... GET THE DASCS BACK INTO THE BUILDING!

Panel Members

Figure 2

GILBERT F. DECKER

CO-CHAIRMAN

– Former Assistant Secretary of the Army (Research, Development and Acquisition) and Army Acquisition Executive; Chair, Army Science Board; and Vice Chair, Board on Army Science and Technology

LOUIS C. WAGNER JR.

CO-CHAIRMAN

– General, U.S. Army (Ret.); former CG, U.S. Army Materiel Command (AMC); U.S. Army Deputy Chief of Staff (DCS) for Research, Development and Acquisition; and CG, U.S. Army Armor Center

WILLIAM H. FORSTER

– LTG, U.S. Army (Ret.); former Military Deputy to the Assistant Secretary of the Army (Research, Development and Acquisition); CG, U.S. Army Operational Test and Evaluation Command; and PEO Aviation

DAVID M. MADDOX

– General, U.S. Army (Ret.), former Commander in Chief, U.S. Army Europe; CG, U.S. Army Training and Doctrine Command (TRADOC) Analysis Command; and TRADOC DCS for Combat Developments

GEORGE T. SINGLEY III

– Former Principal Deputy Director, Defense Research and Engineering; Deputy Assistant Secretary of the Army (Research and Technology); and PEO Combat Support Aviation

GEORGE G. WILLIAMS

– Former PEO Missiles

to reestablish the difference between independent research and development (IRAD), and the bid and proposal process. Too many potential vendors are using IRAD to anticipate the next RFP, the panel found. The review also encourages the Army to increase its visibility into contractors' IRAD programs, using site reviews to exchange information, not just as a "grading exercise."

In the area of International Traffic in Arms Regulations, the panel recommends applying such restrictions only to "narrowly defined, high-value, militarily useful technologies, rather than subjecting readily available commercial products to these barriers."

ALIGNING ORGANIZATIONS

In its review of organizations and lines of accountability, the panel has high marks for Capability Portfolio Reviews (CPRs) and recommends codifying the way they are conducted in an Army regulation. The Vice Chief of Staff of the Army and Army Acquisition Executive should co-chair Session 1 of the materiel CPRs, the review states.

The panel has a number of recommendations for realigning specific organizations, including:

- Redesignating Program Executive Office (PEO) Soldier as PEO Soldier and Small Unit.
 - Splitting up PEO Combat Support and Combat Service Support into two PEOs.
 - Redesignating PEO Command, Control, and Communications-Tactical and Joint PEO Joint Tactical Radio System as PEO Mission Command.
 - Redesignating PEO Integration as PEO Network.
- The panel recommends refocusing LCMCs as the lead organization for fielding and post-fielding logistics. Program managers (PMs) would be the leads for acquisition logistics during development through successful fielding of an initial operational capability.
- The review also looks at how Army leadership can improve communication with industry, such as through more frequent industry days. "Partnering" with industry could help solve issues short of formal protests, the review states.
- ### ADEQUATE RESOURCES
- A stronger workforce and more stable funding are the two areas where the review panel focused its recommendations for resourcing the requirements and acquisition processes.
- More general officers should be assigned as PMs of complex ACAT I programs, the panel said. Also, the panel recommends that the Army select only PMs and program executive officers with expertise and experience in their product lines; and that it improve the qualifications of TRADOC capability managers (TCMs) by selecting a colonel-level TCM with appropriate operating force experience for each key ACAT I program.
- In the area of professional training, U.S. Army Acquisition Corps (AAC) members should have the opportunity for full resident
- Disestablishing the U.S. Army Research, Development, and Engineering Command, which the panel found has not reduced duplication as intended. Its command elements would return to the life-cycle management commands (LCMCs), and an Executive Director for Research, Development, and Acquisition would be named, reporting directly to the AMC commanding general. Laboratories and research, development, and engineering activities would be reviewed annually to eliminate low-value-added, duplicative efforts.

Manage Acquisition By Program Risk Not Just Scope

Figure 3

Type	Description	Overall Risk [Tech-Integ-Program]	Acquisition Strategy	Contract Type	Requirement	Color of \$	Approver	MDD - MS B	MS B - C	Maximum DoDI5000.2 Info Requirements
1	Existing system, NDI w/ ECPs for safety, RAM & LCC	Low [L-L-L]	ECP [AH-64D Blk II]	FP	CCB [Safety, RAM, Life-Cycle Sustainment]	Procurement	PM/PEO	~3-6 mos.	1/2 - 2 yrs	ECP w/ATP
2	Existing system, development w/ block improvement	Low - Mod [L-L-M]	2 Step [AH-64D Blk III]	FPIF or CPIF	I/CDD	RDT&E	PEO/SAE	1-2 yrs	1.5-3 yrs	TDS, STAR(U), AS, APB (U), CARD(U), SEP, TEMP, LCSP(U)
3	New system, to improve an existing capability w/produced tech & better engineering	Low -Mod [L-M-M]	2 Step [Stryker]	FPIF	I/CDD	RDT&E	ACAT II /IC= PEO/SAE ACAT ID = DAE	1-2 yrs	3-5 yrs	AoA, TDS, STAR, CARD, AS, APB, SEP, TEMP, LCSP
4	New system providing a new, innovative capability with developed, proven technologies	Mod [M-M-M]	Subsystem Proto + Dev [Javelin]	CPIF	I/CDD	RDT&E	ACAT II/IC = SAE ACAT ID = DAE	2-5 yrs	4-6 yrs	AoA, TDS, STAR, CARD, AS, APB, SEP, TEMP, LCSP
5	New system for early adoption of technologies yet to complete development	High [H-H-H]	System Proto + Dev [Crusader (LP)] [AAH]	CPIF	I/CDD	RDT&E	ACAT II/IC = SAE ACAT ID = DAE	4-8 yrs	4-6 yrs	AoA, TDS, STAR, CARD, AS, APB, SEP, TEMP, LCSP
RA	Rapid Acquisition		[CPOF]							
	J/ACTD	Mod-High	J/ACTD	Varies	ONS	6.3-6.7	PEO/SAE	~2-4 yrs	N/A	ACTDP
	REF	Low-Mod	Rapid Proc	FPIF	UONS	Proc/OMA		~3-18 mos	0	Varies
	RFI	Low	Rapid Proc	FPIF	JUONS	Proc/OMA		~3-6 mos	0	Varies

participation at the U.S. Army War College and U.S. Army Command and General Staff College, the review states. AAC members should also be able to gain experience and understanding of industry and high technology through assignment as PMs to the Defense Advanced Research Projects Agency, NASA, and national laboratories. In addition, potential PMs could gain valuable expertise through short assignments to staff positions in operational units.

To ensure adequate funding, the panel recommends:

- “Fencing” funds for up to six key ACAT I programs.
- Investing upfront in reducing Integrated Process and Product Development, and Operations and Support costs, to generate future savings for production and sustainment.
- Increasing the use of multi-year contracts on stable programs.

- Focusing development and production on what needs to be fielded to the operational force in the next seven years.

CONCLUSIONS

The review panel asserts that implementation of its recommendations will result in a highly skilled workforce with essential tools, processes, and effective organizational alignment; high-quality, resource-constrained requirements approved by the Pentagon within four months; and greatly reduced program cost overruns, slippages, and terminations.

The net result, the review states, will be “delivery of needed capabilities to warfighters in a more timely manner and paid for at a small fraction of the savings in lost sunk costs.”

GEN Martin E. Dempsey, Chief of Staff of the Army, told the Senate Appropriations Defense Subcommittee May 18 that the Army’s record of managing cost and

schedule is good when it comes to smaller and rapid acquisition programs. “We actually have done well in ACAT II and III programs and some rapid adaptation and rapid equipment fielding.”

The major problems, Dempsey said, have arisen with ACAT I programs that use the traditional DOD 5000 procurement process.

“The real challenge is to figure out why we do so well in some of these rapid acquisition procedures and not so well in the very deliberate DOD 5000 series of acquisitions,” he said. The Army “should pull the future toward us and not have aspirations to deliver programs much beyond seven, eight, nine years. When they stretch beyond that, they become the definition of ‘in-credible,’ of lacking credibility.”

The answer lies in a combination of the Army Acquisition Review’s findings and in reexamining acquisition regulations, “particularly for the long-lead-time procurement programs,” Dempsey said. “We’ve got to merge requirements and procurement and senior leadership integration much earlier in the process.”

Wagner’s Feb. 25 slide presentation of the Army Acquisition Review at the Association of the United States Army Institute of Land Warfare’s Winter Symposium and Exposition is available at <http://crprogroup.com/eventnotebook/2011%20Winter%20Symposium/Friday%20Final%20PDFs/GEN%20Wagner%20Fri%201045-1115.pdf>.

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