A Pilot Program's Legacy

Lessons Learned In Applying Commercial-like Practices to a Large, Sophisticated Program

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With less than 22 months' lead time, the Non-Developmental Airlift Aircraft (NDAA) System Program Office (SPO) developed and implemented a viable acquisition strategy for the procurement of a non-developmental airlifter. The aircraft would serve as a supplement to, or alternative for, the C-17, using commercial practices to the maximum extent practicable. They orchestrated the development and release of a streamlined, "commercial-like" Request for Proposal (RFP). Then they negotiated a $13.9 billion contract, which would have allowed the government to procure up to 75 minimally modified Boeing 747/400Fs over a 10-year ordering period. And finally, they developed a detailed cost estimate to restart production of C-5s, and provided the U.S. Air Force (USAF) and Department of Defense (DoD) decision makers with the information needed to make a "best value" airlift decision.

We Lost…But We Won

The Defense Acquisition Board (DAB) ultimately elected to authorize continued production of C-17s in lieu of procuring an NDAA. However, because of the NDAA SPO's intensive efforts, the DoD senior leadership now recognizes that the creation of viable alternatives contributed materially to substantive improvements in performance and a significant reduction in unit fly-away cost (reflected in the C-17 negotiated buy-out agreement). Dr. John White, Deputy Secretary of

U.S. Army 1st Armored Division command and control vehicle, flown in from Rhein-Main Air Base, Germany, is off-loaded from a USAF C-17 Globemaster III at Tuzla Air Base, Bosnia. C-17s flew more passengers and cargo into Bosnia than any other airlifter.

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Photo courtesy McDonnell Douglas

Photo by Richard Mattox

"I commend the Air Force, particularly the acquisition staff and field acquisition personnel, for creating strong airlift options for the Department, options which we did not have two years ago."

—Deputy Secretary of Defense John White

U.S. Air Force C-17 aircraft. The C-17 has the capacity to airlift bulk and oversize cargo. Preparing for low-altitude parachute extraction system (LAPES) drops of supplies and equipment, a U.S. Air Force/McDonnell Douglas C-17 Globemaster III transport makes low pass over runway at Edwards Air Force Base, Calif.

Department of Defense photo

Defense, confirmed this at the press conference following the DAB, stating:

> I commend the Air Force, particularly the acquisition staff and field acquisition personnel, for creating strong airlift options for the Department, options which we did not have two years ago.

The NDAA SPO was established in February 1994 in response to the National Defense Authorization Act of 1994, which directed the Secretary of Defense to develop an acquisition plan leading to procurement of an NDAA. A subsequent Acquisition Decision Memorandum provided further clarification, stating:

- that the SPO was to prepare a plan for the competitive acquisition of a non-developmental airlift aircraft as a supplement to, or alternative for, C-17 procurement over a range of quantities equivalent in capacity up to a maximum of 14 million ton-miles per day; and
- that an integrated C-17/NDAA Milestone III DAB review would be conducted prior to proceeding with any NDAA procurement.

For oversight purposes, the program was designated Acquisition Category 1D (ACAT 1D) and assigned to the USAF Program Executive Officer for Tactical and Airlift Systems. Finally, the Federal Acquisition Streamlining Act of 1994 (FASA) designated NDAA a Defense Acquisition Pilot Program, directing the application of judicious acquisition streamlining to the maximum extent permitted by law.

From the beginning, the SPO recognized that, depending on the mobility requirements being defined in the Mobility Requirements Study Bottom Up Review Update and the results of the Milestone III DAB review, possible outcomes for the NDAA program ranged from not procuring any NDAA to procuring both a commercial- and a military-derivative aircraft. As such, it became imperative that any resultant

contracts have enough flexibility to accommodate any decision within this range.

In developing the NDAA acquisition strategy, the USAF sought to both support the warfighter's needs and determine the extent to which a SPO could accommodate commercial practices within a government RFP. This process was facilitated by the passage of FASA, as it authorized DoD Pilot Programs to implement immediately, "any amendment or repeal of a provision of law made in this Act" that would promote acquisition reform.

Signed into law on October 13, 1994, FASA clarified the extent to which Congress intended pilot programs to adopt innovative practices as seen in the following:

- It designated DoD's Pilot Programs and granted them selected statutory waivers, e.g., the Competition in Contracting Act and the Truth in Negotiations Act.
- The Act directed the Secretary of Defense to "take any additional actions that the Secretary considers necessary to waive regulations not required by statute that affect the efficiency of the contracting process..."
- It authorized pilot programs to implement FASA prior to the publication of implementing instructions.
- Finally, it stated that any non-developmental aircraft offered as a supplement to, or alternative for, the C-17 would be considered a commercial-derivative aircraft.

Background

As a supplement (C-XX requirement) for the C-17, candidate aircraft were required to have the capacity to carry bulk and oversize cargo up to and including the Army's 5/4-ton truck and the high mobility multipurpose wheeled vehicle; however, additional capability to transport 2.5- and 5.0-ton trucks was desirable. As an alternative (C-XY requirement) to the C-17, candidate aircraft were required to have the capacity to carry bulk, oversize, and outsize cargo and perform military-unique missions such as troop and equipment airdrop. Candidate aircraft also had to be either Federal Aviation Agency (FAA) certified or U.S. military qualified. Extensive market research confirmed that both requirements could be satisfied through the acquisition of modified commercial-derivative and/or non-developmental military aircraft.

Potential offerors initially included foreign and domestic, new and used, commercial- and military-derivative aircraft. It was envisioned that procurement of both requirements could be effected through one RFP, using formal source selection procedures. However, when only one potential offer (C-5D) was determined to meet the C-XY operational requirements, this strategy was amended to defer procurement of a C-XY alternative until after the DAB. As such, the C-XY requirement was removed from the NDAA RFP prior to its release in final form on March 31, 1995.

Innovations and Challenges

The goal of the NDAA program was to provide the DAB with viable, executable airlift options in record time. The SPO recognized that this could be accomplished only through the use of innovative and streamlined acquisition practices. Therefore, to assure that the solution would meet the requirement, the NDAA SPO spent a considerable amount of time with both industry and government stakeholders defining and negotiating significant issues prior to finalizing the acquisition strategy. Not surprisingly, their findings mirrored those identified by DoD's 800 Panel, i.e., industry believes that "mandatory, government-unique business methods and systems in four areas create the greatest barriers: accounting systems, specifications and standards, rights in technical data, and government-specific statutes that mandate fundamental changes in business practices.[1]"

The NDAA RFP, therefore, sought to balance industry's concerns with the government's need to protect the public interest through the pursuit of streamlining initiatives at three levels:

- Actions Requiring Statutory Relief
- Actions Requiring Regulatory or Policy Relief
- Actions Within the Framework of the Existing Acquisition System

Actions Requiring Statutory Relief

Statutory relief was originally requested via the DoD Acquisition Reform Pilot Program, under the auspices of the Commercial Derivative Aircraft Phase II Program. Approval was directed to this program, however, as NDAA was subsequently identified as a DoD Acquisition Reform Pilot Program. Final language also delineated approved statutory waivers and mandated that pilot programs immediately implement FASA. The NDAA RFP incorporated all applicable statutory relief contained therein.

Actions Requiring Regulatory or Policy Relief

In response to relief requested from selected DoD and USAF policy and procedures, the program benefited from 30 waivers (unilateral government changes clause, milestone payments, government-approved inspection and acceptance system, etc.). The NDAA RFP reflected application of all such waivers.

Actions Within the Framework of the Existing Acquisition System

The NDAA SPO questioned every applicable regulatory and policy requirement to ascertain its basis, the degree to which it conformed to standard commercial practice and, if required, whether it could be satisfied less obtrusively. They reviewed selected government and industry studies and lessons learned from previous commercial aircraft acquisitions, and completed an extensive market investigation and various research activities. The following initiatives were implemented:

Program Management. The SPO was tasked to prepare for procurement of a C-XX aircraft and to provide documentation (including detailed performance and cost information) on a potential C-XY alternative in support of the C-17/NDAA Milestone III DAB with a minimum number of contracting, engineering, finance, logistics, and program management personnel. Ultimately, SPO size peaked at 32 individuals, 29 government personnel, and three contractor support personnel. Perhaps because the team was small, team members communicated informally, shared a common vision, and exercised autonomy in decision making — traits not unlike those identified in small, high-performing Special Access Required program offices of the 1980s, e.g., B-2, Advanced Cruise Missile, and F-117A.

Government-Industry Interface. Following a June 1, 1994 Pre-Solicitation Conference, the NDAA SPO hosted a series of RFP working group sessions with industry (represented by 15 aerospace firms), Air Mobility Command (AMC), Oklahoma Air Logistics Center (OC-ALC), the Federal Aviation Administration (FAA), Defense Contract Management Command (DCMC), Air Force Operational Test and Evaluation Command (AFOTEC), and other government support activities. Nine such meetings were conducted, representing over 90 contact hours.

The SPO also communicated via the Wright-Patterson Electronic Bulletin Board, releasing relevant public documents, i.e., meeting notices, the Operational Requirements Document (ORD), requests for information, responses to industry queries, full-text clauses and provisions, and both draft and final RFPs. This interactive exchange continued until final RFP release. Early industry involvement proved essential as a means of identifying commercial products that could fill government needs, familiarizing the SPO with commercial practices, and clarifying operational requirements to industry.

Contract Clauses. The NDAA RFP represents a significant departure from traditional government RFPs in that maximum discretionary authority was used to balance the needs of government and industry. To the extent practicable, applicable Federal Acquisition Regulation (FAR) clauses, which were in conflict with the commercial nature of this acquisition, were addressed as follows:

- Selected Defense Federal Acquisition Regulation Supplement (DFARS) — 211 clauses were substituted.
- Mutually-beneficial one-time-use clauses were substituted.
- Offerors were afforded the opportunity to propose commercial terms and conditions.

Considerable effort was expended in identifying, researching, and reconciling commercial and government clauses for application to this acquisition. Once a decision was made on disposition, the file was documented and, when necessary, waiver documentation submitted. Finally, to both document the waiver process and facilitate post-award program continuity, a matrix was developed depicting disposition and rationale for inclusion/non-inclusion of each clause evaluated.

Contract Financing. As is customary in the commercial aircraft sector, the NDAA RFP authorized government financing in the form of calendar milestone payments. This form of financing is based on calendar dates and set percentages of price, versus relying on cost data and audits (progress payments) or events (production milestones).

Contract Changes. In DoD contracts, the government retains the right to unilaterally direct limited changes to the contract. In private sector transactions, the seller often retains this right. As neither position proved to be acceptable within the context of this acquisition, the changes clause embedded in the NDAA RFP specifically mandated that all contract changes be effected bilaterally.

Military Specifications and Standards. No military specifications or standards were included as candidate commercial aircraft were expected to retain their original design heritage; i.e., FAA Type Certification. Government-unique requirements were described in terms of performance criteria.

Quality Standards. The RFP cited industry-developed ANSI 0-90/150 9000 quality assurance standards. As an FAA-approved production facility, the contractor was expected to comply with FAA standards. An FAA-certified commercial aircraft receives a Production Certificate, which includes quality assurance, process, and materials. As such, duplication of inspection by invoking MIL-Q-9858/MIL-I-45208, would have been a waste of time and money.

Contractor Data. In lieu of requiring delivery of engineering data, the RFP required only that the contractor allow the government access to existing data. Access instead of delivery reduces the burden of administrative reviews, eliminates government engineering data repository management, and reduces the costs associated with procuring a partial license or unlimited

rights to the data. Additionally, as manufacturers must continually improve their products through routine updates and revisions, access ensures that the data reflecting the aircraft configuration remain current.

Warranties. In place of a weapons system warranty, offerors were provided the opportunity to propose a standard commercial warranty. As is common within the commercial marketplace, it was required to cover defects in design, materials, and workmanship in the aircraft, subsystems and components, support equipment, and spares as well as assure conformance to the specification at delivery.

Ground and Flight Risk. The government refrained from indemnifying aircraft in possession of the contractor; rather, the contractor was expected to assume all ground and flight risk pending initial aircraft acceptance as well as whenever the aircraft was in their possession. The contractor was also expected to use existing commercial practices for all ground and flight operations in lieu of invoking traditional government risk of loss processes. This was done to preclude costly changes to the contractor's commercial practices, e.g., through the incorporation of government-mandated safety procedures that conflict with those mandated by pre-existing insurance coverage.

Operations and Maintenance Concept. Although the RFP was structured to accommodate a traditional contractor logistics support concept, it clearly encouraged offerors to propose a commercial approach.

Flight and Maintenance Manuals. In lieu of stipulating the use of standard military format, the RFP requested commercial technical manuals and supplements. The original equipment manufacturer was charged with simply tailoring these documents to meet the government's needs and then managing and maintaining them for the USAF. Had an award been made, the government would have benefitted from the experience of other commercial operators through customer-driven updates – an option previously unrealized due to separate flight manual management systems and separately baselined configurations.

Logistics Support Analysis (LSA). In concert with the deletion of all military standards, MIL-STD-1388 was not cited in the NDAA RFP. As a non-developmental aircraft, only a few LSA tasks were relevant. These were considered, but ultimately deemed unnecessary.

Test and Evaluation. Test and evaluation requirements were minimized due to the non-developmental nature of this program. To the extent possible, the USAF planned to determine operational suitability through reliance on FAA certifications and previous operational histories of candidate aircraft. Test and evaluation requirements were, therefore, limited to modifications and operational effectiveness beyond the scope of FAA certification.

Two Steps Forward

The NDAA RFP was not business as usual! Due to relief afforded through passage of FASA, regulatory waivers approved by DoD and USAF, and discretionary authority exercised by the contracting officer, 63 clauses were deleted from the original RFP baseline.

Clauses. Government-unique clauses were minimized. To the extent practicable, applicable FAR clauses that conflicted with the commercial nature of this acquisition were addressed in one of the following ways:

- Selected DFARS 211 clauses were substituted, e.g., DFARS 211-7000, Termination - Commercial Items.
- Mutually beneficial one-time-clauses were incorporated, e.g., H-010, Changes (Specification and/or Contract).
- Offerors were given the opportunity to propose commercial clauses; i.e., aircraft options, warranties, title and risk of loss, data rights, inspection and flight test, delivery and acceptance, Economic Price Adjustment formula, payments, and training.

Contract Data Requirements Lists (CDRL). The number of CDRLs was well below the average for a major system acquisition. The aircraft contract contained 10 CDRLs, while only seven were included in the Contractor Logistics Support (CLS) contract. All CDRLs were to be submitted in contractor format.

Page Count. Page count was reduced significantly from the norm. Had a traditional acquisition strategy been pursued for this acquisition, RFP page count could have easily exceeded 1,000 pages, not including referenced documents, e.g., military standards and specifications. As it is, the 175 page count for the NDAA RFP was all inclusive. This number encompassed the basic RFP; two model contracts, one for the aircraft acquisition and one for associated CLS; two Contract Security Classification Specifications; all applicable CDRLs; one system requirements document; and two statements of work. Furthermore, each resulting contract (excluding the contractor's aircraft specifications) numbered less than 50 pages.

Cost Data Management/Reporting Requirements. Because certified cost and pricing data, a government-approved accounting system, and a government-approved purchasing system were not needed, expensive cost data management/reporting requirements were not required. This applied not only to the basic award but also to future contract modifications, provided the changes cited therein fell within the commercial definition of FASA.

Changes. The RFP did not include the traditional government-unilateral Changes clause, but rather a one-time clause that stipulated that all changes be made through mutual agreement of the parties, with but one exception:

FAA-approved production and design changes that did not impact form/fit/function/price could be made unilaterally by the contractor.

Government-approved Accountability System. As the RFP cited no government-furnished property, the requirement for a government-approved accountability system was not included.

Military Specifications. No military specifications were included.

Structural Testing And Analysis. Structural testing and analysis provisions were minimized.

Military Inspection/Military Quality Requirements. There were no military inspection or military quality requirements; rather, the RFP cited FAA inspection and commercial certification. Quality oversight requirements mirrored those in the commercial marketplace.

Configuration Control. Configuration control was retained by the contractor, without restriction.

Military Processes. Most non-commercial processes were either eliminated or streamlined; e.g., Systems Engineering, Work Breakdown Structure, and Functional Configuration Audit/Physical Configuration Audit.

Operations and Support Concepts. Commercial operations and support concepts were encouraged.

Support Equipment Recommendation Data. None were requested. Offerors retained responsibility for determining and designing support equipment.

Control of Spares. The requirement to maintain serialized control of spares was limited to high-value items such as engines.

CLS. The RFP allowed offerors to both define and propose an appropriate logistical support package.

It should be noted that in this process, buyers do not have to assure that all firms, nationwide, are afforded an equal opportunity to participate, nor are they required to defend their selection in a court of law.

Technical Orders. The contractor retained total responsibility for producing and maintaining technical orders. The RFP limited government requirements to reflect essential content only.

One Step Back

Even so, the SPO did not fully implement commercial practices in the NDAA RFP. Commercial aircraft purchases, as described by industry representatives who participated in the development of the NDAA RFP, are generally conducted as follows:

- The buyer pre-selects the company or companies with whom they want to do business.
- Numerous face-to-face discussions are conducted with the seller to refine the requirement.
- The buyer defines the requirement and selects the airframe, subsystems, etc., from the seller's catalogue.
- The seller provides a 10- to 15-page letter proposal that forms the basis for a contract.
- The parties negotiate terms and conditions, and definitize the contract (often through a series of side-letters).

It should be noted that in this process, buyers do not have to assure that all firms, nationwide, are afforded an equal opportunity to participate, nor are they required to defend their selection in a court of law.

While it is true that there are numerous things that could have been done to further streamline this effort, little more could have been achieved on this acquisition, given existing constraints. For example, NDAA could not be de-coupled from the C-17 procurement decision. As such, responding to the NDAA RFP was made more difficult for potential offerors because proposals had to be structured to provide for the acquisition of as-yet undefined quantity requirements over a 10-year ordering period. The RFP was further complicated by the need to accommodate both new and used aircraft. Additionally, because statutory relief was limited to that provided through FASA, many mandatory clauses (e.g., flow-down clauses, subcontractor plans) could not be deleted even though they conflicted with the commercial nature of this program. Finally, USAF could not relinquish restrictions designed to assure that it remained a responsible steward of the taxpayer's money.

Unprecedented Strides

Despite such constraints, the NDAA SPO made unprecedented strides toward acquisition reform. Even though the success of this program is, in part, attributable to regulatory waivers granted due to its Acquisition Reform Pilot Program status, one cannot discount the impact of early, effective industry/government integration. As stated earlier, industry expended considerable resources in educating the SPO on commercial practices and working with them to develop the NDAA RFP. This, in concert with the SPO's willingness to work with industry and pursue appropriate waivers and deviations, is the major reason the NDAA RFP so closely balanced the

needs of the commercial marketplace with those of the government.

Finally, fundamental process changes noted herein could not have been effected had both industry and the program office not intentionally assigned to the task individuals who were willing to challenge traditional policies and procedures. Participants did not simply support the program but rather hoped that their actions would prove instrumental in reforming the acquisition process.

Proposed Metrics

In 1994, a Coopers and Lybrand/TASC (The Analytic Sciences Corporation) Project Team, at the request of [then] Deputy Secretary of Defense, Dr. William J. Perry, studied the cost impact of DoD regulation and oversight. After surveying 10 defense contractors, their conclusion was that the cost of doing "business as usual" is an average of 18 percent of the contract price, plus or minus four percent.[2]

To quantify the impact of commercializing the procurement process in this manner, the SPO developed metrics to measure the impact within eight distinct arenas:

- Proposal Preparation And Contract Price
- Cost Of Government-Unique Requirements
- Government Cost Avoidance Due to Commercialization
- The Impact of Commercial Financing/Payment
- The Effect of Contract Changes
- Operational Performance
- Cost-Effectiveness of Government Test Program Analyses
- The Impact Of Program Instability

Proposal Preparation and Contract Price. Prior to release of the final RFP, the 11 known potential NDAA offerors were asked, via Request for Information (RFI), the cost deltas ("would-costs") between NDAA proposal preparation cost and offered price, and the same cost/price for:

- a DoD "business as usual" solicitation/contract; and
- a fully commercial acquisition.

Three firms responded, advising that they expected proposal preparation for the NDAA RFP to be 25- to 50-percent cheaper than for a traditional DoD proposal of similar dollar size. However, when proposal preparation in support of the NDAA RFP was compared to that for a truly commercial acquisition, they cited costs upward to 90 percent more expensive. The primary reason for this is that within the commercial marketplace, sellers know the exact number of aircraft desired.

Such was not the case in this procurement. The NDAA RFP needed the flexibility to accommodate an award based on any one of eight potential C-17 procurement quantity decisions ("breakpoints"). It further had to allow for fluctuations from the proposed baseline NDAA fleet at any time during the 10-year ordering period. As a result, potential offerors had to separately price not only their proposed fleet at each breakpoint, but also provide individual aircraft prices to accommodate exercise of unilateral government options.

These same respondents projected NDAA contract administration cost avoidance due to the reduced number of government-unique clauses over traditional DoD practices to be 18 to 30 percent of the projected contract price. When compared to a commercial acquisition, they estimated the price of administering the remaining government-unique clauses to be 5 to 10 percent of the projected contract price.

Cost of Government-unique Requirements. Had award been made, the contractor would have been tasked to evaluate would-costs for a stated group of requirements, in terms of either cost avoidance or potential savings. The Coopers & Lybrand/TASC study cited earlier analyzed common DoD requirements in terms of program costs. This metric focused on those requirements shown to have the greatest potential for cost avoidance, whether or not waived for the NDAA program.

Government Cost Avoidance Due to Commercialization. Award would have also impacted at least five separate federal government organizations (ASC, OC-ALC, DCMC, FAA, and AMC). Of paramount importance in assessing the success of commercialization is determination of both the degree of savings, primarily in reduced manpower, and the degree to which effort may simply have been shifted from one entity to another. Examination of the latter, specifically in regard to inspection and acceptance, was intended to determine whether the requirement to maintain FAA certification in lieu of government inspection and acceptance procedures saved money or merely transferred costs.

The Impact of Commercial Financing/Payment. To measure the impact of commercial financing/payment, two factors were considered:

- a comparison of government and contractor man-hour costs; and
- the cost of financing progress payments versus milestone payments.

The first was a one-time measure based on would-cost data. Assistance would have been requested from DCMC to obtain an estimate of man-hours avoided by both the Defense Plant Representatives Office and the Defense Finance and Accounting Service using award data as the baseline. The second was a metric designed to measure cost-avoidance independent of the effort of tracking/auditing cost data. The value of money paid (progress versus milestone payments) would have been tracked and compared over the life of the contract.

The Effect of Contract Changes. Aircraft procured in support of the NDAA program would have been minimally modified commercial systems. As such, future changes to the design were limited to those available in the commercial

marketplace. This metric was designed to look at all contract changes, to determine who generated them, why they were needed, and the cost to USAF.

Operational Performance. Reliability, Maintainability, and Availability (RM&A) measure both the aircraft's performance and the functioning of the support system. The CLS contract would have contained three guarantees of RM&A: mission reliability rate, mission capable rate, and fully mission-capable rate. These guarantees would have served as the baseline. Actual RM&A performance then has been measured against the baseline to assess operational effectiveness.

Cost Effectiveness of Government Test Program. As stated earlier, test and evaluation requirements were minimized. Remaining government-unique tests were, in large part, statutory requirements, e.g., Low Rate Initial Production. These test procedures would have been compared to commercial practices and evaluated to assess cost effectiveness.

Impact of Program Funding Instability. A key difference between commercial and government contracting is the absence of stable government funding. No government program can presume that the projected funding profile will endure even to the end of the current milestone, yet funding stability can have a greater impact on program baselines and metrics than the statutory and regulatory effects being measured. This metric would have measured actual versus projected costs using the initial contract buy profile as a baseline.

As an Acquisition Reform Pilot Program, the NDAA SPO would have been required to submit metric reports to Congress on a quarterly basis through the Deputy Under Secretary of Defense for Acquisition Reform. It was expected that documented savings would have resulted in regulatory and policy changes as well as further streamlining initiatives. Although development of these metrics proved to be of little use to the NDAA program, it is hoped that they might yet prove to be of value to other programs.

Lessons Learned

Lessons learned in applying commercial-like practices to this procurement can and should be applied universally.

Integrated Acquisition Strategy Process. Get senior USAF/DoD leadership involved early-on; try to keep the same membership throughout, then rely on these "team members" to respond to questions generated at their level. Document lessons learned as they occur; trying to recall them later may cause an inadvertent omission that could be critical to future programs. Keep all work; often, due to the creative nature of acquisition reform, what was originally proposed but not initially accepted by senior leadership ends up becoming the solution. Recognize that linkage of the program to another action outside the purview of the program office complicates the process significantly; the acquisition strategy must be extremely flexible as must the contractual vehicle. This ultimately adds complexity to the RFP, which is then reflected in the cost offerors must bear in responding thereto. The acquisition cycle is also affected as decisions must accommodate this broader context.

Integrated Defense Acquisition Board. Avoid undefined future quantities and ambiguous budget profiles; they significantly increase the complexity of both the RFP and proposals. Support and improve the Overarching Integrated Product Team process; it assures accountability across USAF/DoD, saving both time and effort, and significantly decreasing the burden on both the System Program Director and the SPO.

Cost and Operational Effectiveness Assessment (COEA). Emphasize use of "tailored" COEAs; they streamline both development and coordination activities. Increase management discipline when using a complex analysis tool; stakeholders must "buy in" to any subsequent changes, yet this effort must be accomplished effectively to mitigate schedule slippages. To minimize rework, conduct full validation/verification before relying on complex models.

Joint Industry/Government RFP Development. Assure user's critical requirements are stable before beginning any interface with industry; have them prioritize their requirements so that industry can perform cost benefit analyses. Seek early industry involvement; allow for one-on-one discussions with each firm represented; many companies will not discuss their processes and/or procedures in an open forum. Recognize that there often is no such thing as "standard commercial practice." Don't overdefine the problem; allow industry the flexibility to propose a solution.

Pilot Program/Acquisition Reform. Considerable resistance to change still resides at all levels of the USAF and DoD; get to key decision makers early, and allow them to challenge the bureaucracy within their organizations. Understand that acquisition reform and particularly downsizing means the risk avoidance paradigm must be changed to one of risk mitigation; to the extent practicable, focus on maximizing contractor responsibility while minimizing government oversight. Significant paradigm shifts can be effected given adequate knowledge gleaned from industry and government counterparts; however, don't expect the process to be easy. Ask for every waiver that makes sense; every time a waiver is approved, the process gets easier for the next program. Recognize that individuals assigned to small organizations with defined missions and shared values will assume a great deal of responsibility for the success of the program. Don't reinvent the wheel; push the envelope even further – there is still much opportunity to reform the acquisition process; pilot program successes to-date are but a line in the sand from which to embark.

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Conclusions

Although the DAB ultimately elected to authorize continued production of C-17s in lieu of procuring an NDAA, all who supported this effort have much to be proud of:

- *With less than 22 months' lead time, the integrated C-17/NDAA Milestone III DAB principals were provided with executable, cost-effective options*
- *Because the program was viewed as a viable contender for limited strategic airlift dollars, it prompted substantive performance improvement in the C-17 (it now meets or exceeds all operational requirements) as well as a substantial reduction in unit cost (estimated savings due to competition is $4.1 billion.)*
- *The SPO's effectiveness in "pushing the acquisition reform envelope" established a contemporary baseline for the future.*

As illustrated by the success attained by the NDAA team in commercializing the acquisition process, substantive reform can be effected at the local level; however, the process could be simplified if but a greater number of participants at higher levels embraced the concept and actively supported such initiatives within their spheres of influence.

Although the SPO made considerable headway, much work remains. Details of this procurement, to include the NDAA RFP, clause matrix, and draft pilot program metrics plan may be accessed on-line: (http://www.wpafb.af.mil/www.htm). Further information regarding the initiatives addressed in this article may be obtained by contacting the NDAA SPO at (513) 255-5189.

Endnotes

1. *Streamlining Defense Acquisition Laws*, Executive Summary, "Report of the DoD Acquisition Law Advisory Panel" (Department of Defense, Defense Systems Management College, March 1993).

2. "The DoD Regulatory Cost Premium: A Quantitative Assessment," DoD Annotated Briefing Prepared for Dr. William J. Perry, Secretary of Defense. (Findings of a March-October 1994 study conducted by Coopers & Lybrand/TASC, December 1994.)

SERIOUS FUN IN THE SNOW!

Even though the East Coast was inundated with more than its share of snow this year, that didn't keep about 20 hardy DSMC staffers, spouses, and significant others from enjoying a day on the slopes. As part of its teambuilding activities, the Division of College Administration and Services sponsored a one-day ski trip to White Tail, Pennsylvania, on February 15, 1996. The College's safety officer, U.S. Army Capt. Diggs Cleveland, reports that the trip was casualty-free, with no broken bones or bruises — not even a mild case of frostbite. As for those of us who stayed behind, the "white" we most want to see is sandy white beaches...

Photo by Richard Mattox