Defense Manufacturing Council (DMC) Chairman Sponsors 2-Day PEO/SYSCOM/PM Conference at DSMC

Council Continues Its Work to Keep U.S. Defense Capability No. 1

COLLIE J. JOHNSON • DIANE M. WRIGHT

Undertaking an ambitious agenda, the Defense Manufacturing Council (DMC) Chairman, Hon. R. Noel Longuemare, Principal Deputy Under Secretary of Defense (Acquisition and Technology), hosted a 2-day PEO/SYSCOM/PM Conference at DSMC's Scott Hall, October 11-12, 1995. Participants included the DMC Executive Council, the Component Acquisition Executives, Service Program Executive Officers, System Command Commanders, and other key DoD acquisition personnel.

Background

The DMC was chartered by the Deputy Secretary of Defense on October 27, 1994 to oversee the implementation of an integrated Department of Defense (DoD) strategy for achieving affordable weapon systems that meet all essential performance requirements. The conference represented the Council's efforts to promote cross-Service enrichment in a forum designed to disseminate information about DMC activities. Additionally, its goals included soliciting comments and agreement from the DoD acquisition community leaders on DMC strategies and enhancing the implementation of acquisition initiatives at the program level.

Topics and speakers for the conference were selected using the Services' input and direction. As examples for other program managers, the agenda also highlighted programs whose managers have achieved success implementing key DMC strategies.

In his opening remarks, Secretary Longuemare stated that he called the conference to "focus on ways that we can improve our products...and find a mechanism to graphically reference and institutionalize that improvement process." Referring to his priorities regarding the outcome of the conference, Secretary Longuemare told the conferees to focus on implementing

THREE MEMBERS OF THE DOD SENIOR ACQUISITION LEADERSHIP WERE HIGHLY VISIBLE AT THE CONFERENCE. FROM LEFT: HON. R. NOEL LONGUEMARE, PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE (ACQUISITION AND TECHNOLOGY); MS. DARLEEN A. DRUYUN, ACTING ASSISTANT SECRETARY OF THE AIR FORCE FOR ACQUISITION; AND VICE ADM. WILLIAM BOWES, USN, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF THE NAVY (RESEARCH, DEVELOPMENT, AND ACQUISITION).

Ms. Johnson is Managing Editor, Program Manager, DSMC Press.
Ms. Wright is a Staff Specialist, Air Warfare, Office of the Under Secretary of Defense (Acquisition and Technology).

Photo by Richard Mattox

two significant initiatives as they go back to their jobs: common processes and cost control.

Status of Acquisition Documentation and Authority

The first day of the conference began with several briefings to update the conferees on the status of acquisition documentation and authority.

DoD 5000 Rewrite. For 25 years DoD Directive 5000.1 and Instruction 5000.2 have been the centerpiece of defense acquisition policies and procedures. As part of our acquisition reform efforts, this Directive and Instruction are being updated. Mr. John Smith outlined the specific changes to the document. Streamlined in length and complexity, the rewrite incorporates new laws and policies, separates mandatory policies and procedures from discretionary practices, and integrates weapon systems and Automated Information Systems acquisition. Copies of the draft rewrite were provided to the conferees for review. A display of the "on-line" access capabilities of the new DoD 5000 was also set up at the Conference.

Assessing Defense Industrial Capabilities. Mr. John Goodman spoke about the process of maintaining the defense industrial capabilities during the drawdown. Committing scarce DoD resources to preserve industrial capabilities requires a deliberate decision by the responsible procurement authority. To this end, a handbook was developed as a guide for reasoned, objective, and consistent decisions regarding industrial capabilities. The key is to correctly identify endangered DoD-unique capabilities and manage specific instances where sub-tier suppliers are at risk.

Other Agreements Law. Mr. Rick Dunn and Mr. Tim Arnold spoke about authority currently available to the Advanced Research Projects Agency (ARPA), which affords statutory relief and broad streamlining of the acquisition process. They discussed the success that they have had in using this authority for the Tier II+ and Tier III- Unmanned Aerial Vehicle programs. Legislation in the 1995 authorization is expected to continue the ARPA authority and potentially extend the authority to the Services and other DoD organizations.

Streamlined in length and complexity, the rewrite of DoD Directive 5000.1 and DoD Instruction 5000.2 incorporates new laws and policies, separates mandatory policies and procedures from discretionary practices, and integrates weapon systems and Automated Information Systems acquisition.

Best Practices

The remainder of the day focused on "Best Practices" — actively practicing the best and most cost-effective processes and procedures, government or commercial, to acquire affordable weapon systems that meet all essential performance requirements.

Tools and Techniques. Mr. Edward Bair, the session chairman, introduced the session. Dr. Ken Oscar began the session by focusing on the use of performance specifications that allow the contractor flexibility and responsibility for the design. He emphasized the use of past performance to ensure the selection of a qualified contractor, reduce program risk, and reduce contract administration. Dr. Oscar also mentioned some spares procurement initiatives, which are underway at the Army, underscoring the key concept that acquisition reform can be applied to all that we buy.

Mr. Bob Macfarlane followed with a presentation on alternatives to litigation for promoting a healthy business climate and reducing cost, disruption, and schedule delays. Fast, fair, effective, and inexpensive results have been demonstrated using alternative disputes resolution. Improving the debriefing process has also been a model for achieving better partnering between the contractor and government.

Mr. Thomas Meyer discussed the practice of using oral proposals in lieu of written proposals. Oral presentations and discussions have been very beneficial as a supplement to written proposals and to clarify questions.

To conclude the morning session, Mr. Ernie Renner discussed the best Manufacturing Practices Center of Excellence, which serves as an archive of successful manufacturing practices, methods, and procedures in the areas of design, test, production, facilities, logistics, and management. Their "on-line" service, available to the government and contractors, provides a place to obtain information about available resources to help make advances and improvements without making costly mistakes.

Software Acquisition Best Practices Initiative

A display of the Software Acquisition Best Practices Initiative was available for the conferees to view during breaks. This initiative, directed by Secretaries Longuemare and Paige, identi-

fies software practices from both government and industry, and expands and supports the efforts now underway by the Software Program Managers Network to identify and convey the practices, training, and tools to the acquisition community.

Tracking Success

During lunch, the conferees listened to program managers from each Service discuss their metrics for tracking the success of recent acquisition reform initiatives. The programs briefed were: Fire Support Combined Arms Tactical Trainer (FSCATT); Joint Direct Attack Munition (JDAM); and the New Training Helicopter. Metrics are considered essential for measuring progress and setting goals for future improvements. The key, however, is knowing what to measure. A subsequent panel discussion was led by Mr. Bill Mounts.

Application of Commercial-like Practices

To improve quality, reduce cost, and reduce cycle time, the Defense Manufacturing Council established a Common Process Facility Initiative. Mr. John Burt explained the initiative and the need for a systematic reduction of government-driven requirements, oversight, and documentation.

Lt. Gen. Dick Scofield reported on the recommendation from the Joint Aeronautical Commanders Group Non-Governmental Standards Integrated Product Team. He spoke about the major elements of acquisition reform: establishing a performance-based business environment; motivating and rewarding efficiency and effectiveness in our supplier base; and training the workforce.

Mr. Robert Scott spoke about the Defense Contract Management Command's (DCMC) role as the integrating player for the government/contractor team implementing common processes. The government will no longer dictate the manufacturing process to be used across all Defense contractor plants. Instead, each contractor will propose processes, which are common to all of their products, to be instituted within their facility. Upon government review, the contractor is free to implement the process with minimal surveillance.

The government will no longer dictate the manufacturing process to be used across all Defense contractor plants. Instead, each contractor will propose processes, which are common to all of their products, to be instituted within their facility.

Mr. George Williams highlighted the success that he has had with this initiative in the Raytheon plant. This success story encompasses three Services, the Defense Plant Representatives Office, DCMC, Defense Contract Audit Agency, and the contractor. It has resulted in reduced manufacturing and business processes, accelerated transition to commercial practices, and reduced schedule and cost. The Raytheon plant makes extensive use of contractor internal process control, audits, and data; simplified testing and acceptance; and uses contractor-controlled technical data.

The guest speaker for the dinner was Mr. Henry A. Shomber, a current consultant to Boeing, and former Boeing Engineer and Program Manager with nearly 40 years' experience. Mr. Shomber shared his experiences in leading the Design Build Team and Product/Process Integration Development and Implementation on the Boeing 777 Program, from its outset in late 1989, through airplane certification in May 1995.

Integrated Product Teams (IPT)

The morning session on the second day focused on the topic of Integrated Product Teams – a concept endorsed and directed by Dr. Paul G. Kaminski, Under Secretary of Defense (Acquisition and Technology), in his April 28, 1995 Report, "Reengineering the Acquisition Oversight and Review Process."

> I direct an **immediate and fundamental change** in the role of the OSD and Component staff organizations currently performing oversight and review of acquisition programs. In the future these staff organizations shall participate as members of **integrated product team or teams**, which are committed to program success. **Rather than checking** the work of the program office beginning 6 months prior to a milestone decision point, as is often the case today, the OSD and Component staffs shall **participate early and on an on-going basis** with the program office teams, resolving **issues as they arise**, rather than during the final decision review.
>
> ***–Hon. Paul G. Kaminski***

The IPT session of this conference was included on the agenda to follow up on questions from the July 1995 IPT Offsite and to share recent IPT implementation experience.

Led by the session chairman, Mr. John DeSalme, a panel of Service members with Overarching Integrated Product Team (OIPT) and Working-Level IPT experience fielded questions from the audience. Following the panel, conferees attended smaller breakout groups

VIEWPOINT

A Reliable Indicator Of Team Success

CYNTHIA LEA TOOTLE

Teams are receiving much attention these days – whatever the problem, teams are the answer. But all of us know of teams that have functioned well, written good reports or recommendations, and then, nothing happened. Why do some teams succeed and not others? Recently, I attended a lecture by Deborah G. Ancona, Associate Professor of Organizational Studies, at MIT Sloan School of Management that provided an interesting answer to that question – an answer that reinforced my own experiences throughout my 24-year career in Army acquisition.

Professor Ancona's studies show that the most reliable indicator of a team's effectiveness is how well the team handles "boundary management." She reports that boundary management activities for a team include linking to the power structure, coordinating laterally within the organization, and scouting for information throughout the organization. Create more effective teams by putting people on the team that are known for doing these activities well and by making these activities part of the charter of the team.

Managers should ask these questions of teams: Are you keeping top management aware and supportive of your work? Have you spoken to the other offices in your organization about what you are doing? Have you gained their support? How far outside of your organizations have you gone to gather information that could be useful?

EDITOR'S NOTE

Ms. Tootle is a Strategic Planner for the U.S. Army Research Laboratory, Adelphi, Maryland.

to discuss specific elements of the IPT process and implementation. The smaller groups focused on OIPT operations and responsibilities; Working-Level IPT operations and responsibilities; barriers to IPT implementation; and metrics for measuring IPT success.

Mrs. Colleen Preston, Deputy Under Secretary of Defense (Acquisition Reform) addressed the conference at lunch on the second day. She provided status updates on legislation and acquisition reform efforts.

Cost As An Independent Variable

The final session of the conference focused on Cost As An Independent Variable (CAIV). Secretary Longuemare presented a brief overview, followed by presentations of the JDAM, AIM-9X, and Comanche programs, which have successfully implemented the CAIV concept. Dr. Spiros Pallas, who led the CAIV Working Group, defined the CAIV concept and the policy recommendations. Following the session presentations, the speakers and session chairman, Mr. Harry Schulte, fielded questions from the floor.

Secretary Longuemare and the Service Acquisition Executives concluded the conference with a wrap-up and question-and-answer session. Speaking of past successes and his anticipation of even greater future progress in acquisition reform, he remarked, "It is interesting to see how far we have come since the last time we were gathered. At that time, we were struggling to figure out what topics we should talk about. Now we are way beyond that point. We are talking about how we can accelerate a large number of thrusts. We've discovered that reasonable ideas are actually working, and it's up to us to develop the mechanisms to bring those ideas to the forefront."

Secretary Longuemare then noted that the Council anticipates holding these conferences semiannually. In closing, he thanked the conferees for their enthusiastic participation and urged them to provide feedback. "We hope you leave here with a better understanding of the new approaches to acquisition. The reforms we've discussed during the last 2 days will only be successful if we are able to fundamentally take these changes and institutionalize them, make them everyday practices, and implement them across the board."