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"25 Years of Excellence"

**Address of
The Under Secretary of Defense for Acquisition and Technology
Dr. Paul G. Kaminski
to the
Defense Systems Management College
Fort Belvoir, VA**

June 25, 1996

Thank you General Black - it's an honor to join you all in celebrating the 25th anniversary of the Defense Systems Management College.

David Packard, your founding father, once said, "Defense acquisition is the largest and the most important business enterprise in the world. It deserves to be managed with the highest standards."

I think, if he were with us here today, he would tell all of you how proud he is of this institution. The thousands of people educated here over the last 25 years have been integral to achieving David Packard's vision and our current acquisition reform efforts.

DSMC was born at a time of great turmoil for the acquisition community. Those days have faded in the public memory, but many of you here probably remember all too well the allegations of massive claims for ship building, cost and schedule overruns, test deficiencies, an adversarial business-government relationship and other horror stories.

In that atmosphere, in 1969, David Packard pulled together a group to review the management of our defense acquisition system. This group found that a consolidated education and research institution could provide the foundation for a stronger system.

With that recommendation in hand, David Packard envisioned a school to train managers from every corner of the acquisition community, anyone from the GS-13 or O-5 action officer to the most senior leadership in the Department. This school would keep them all current on cutting edge management practices, through education, through research and through advisory support.

For the last 25 years, DSMC has fulfilled that vision; today, it is a premier acquisition teaching and research facility, providing advice and disseminating information to the entire acquisition community and to the private sector. In 1996 alone, 9,500 people studied here. The faculty members not only taught classes, they conducted research and offered consulting in 269 areas of expertise - anything from

acquisition logistics to welding. And more than 12,000 acquisition professionals receive the DSMC publications, Program Manager and Acquisition Review Quarterly.

The beneficial effects on the Department of Defense are pervasive. More than 77,000 people have been educated at DSMC since 1971. This training has benefited all levels of responsibility, including the senior leadership: In the past 25 years, 571 flag officers and 549 SES civilians have taken at least one executive acquisition sort course at DSMC. And today, for the first time, a DSMC graduate, John Douglas, is serving as a Service Acquisition Executive.

I think it is also important to recognize that DSMC practices what it preaches. Today, the school graduates 71 percent more students than it did in 1990, but the cost, per student has declined 37 percent - from \$4,070 to \$2,549. DSMC is not only teaching students how to do more with less, it's showing them how it is done by conducting extensive in-house reviews and reforms, and applying today's best management practices to its own administration. DSMC is also showing the nation how to run a quality institution by participating in the Malcolm Baldrige National Quality Award Education pilot program and the President's Quality Award program.

But, in some sense, the beneficial effects of DSMC defy measurement. Throughout this past year, I have had the pleasure of participating in the Executive Program Manager's Course as a discussant. These folks have turned around and made tangible improvements in the programs they manage - for example, an EPMC graduate helped saved \$200 million on the life cycle costs of the F-16 program through contract restructuring. But also, I have personally gained insight from my discussions with students about some of the barriers and opportunities managers are facing as they actually implement acquisition reforms.

It would be difficult to overstate DSMC's role in implementing acquisition reforms. In addition to educating the people implementing the reforms, DSMC has had a hand in designing just about every major acquisition reform we've made since I became acquisition chief.

You have helped change the way all future acquisitions will be made by helping us rewrite the 5000 series regulations and re-configure our military specifications and standards to allow use of commercial and performance standards and specs whenever possible. And, you've helped us revise the legislation that guides defense procurement. With the passage of the Federal Acquisition Streamlining Act of 1994, the Federal Acquisition Reform Act of 1996, and the Information Technology Act of 1996, the Department has been able to take three huge steps toward becoming a world-class buyer. With your help, the Department is fully implementing these groundbreaking statutes.

The Congress and the Department of Defense have been talking about acquisition reform for a very long time. More importantly, we are together now *doing* something about implementing real reforms – as a team.

And we will continue to need your help with legislative reform because there is still a lot more to do.

We need to provide additional Title X statutory waivers for the defense acquisition pilot programs – eventually we need to change the statutes and make the reforms permanent. We need relief from provisions restricting defense contractors from supporting operational tests. We need a Dual Use Applications Program – one that is whole and viable – to help the Department leverage commercial technologies.

The reprogramming thresholds have not changed in over 20 years – we need to restore the original balance by doubling the \$4 million and \$10 million thresholds for reprogrammings within RDT&E and procurement accounts respectively. And we need additional flexibility to manage our financial affairs – why not give program managers some relief from the existing “color of money” restrictions between appropriations?

The Congress is continuing to provide the Department with additional flexibility. Both the House and Senate authorizing committees, for example, are giving favorable consideration to extending the Section 845 “Other Transactions” authority for the Defense Research Projects Agency to 1999 and providing this authority to the secretaries of the military departments as well.

Together, the Congress and our team can continue to step up and *do* something real for the American taxpayer and our warfighters – equip US forces with affordable tanks, ships and planes that are second to none.

DSMC has also helped us reach back and extend these sort of changes to existing programs. One of the biggest successes has been the Single Process Initiative. Today, in many of our contractor’s facilities, the contractor will have one manufacturing process for its commercial customers and perhaps several different ones imposed by various DOD programs. The single process initiative deals with this problem by reducing the number of different processes and relying on commercial practices as much as possible. Our objectives are: one, save money; two, obtain a better product; and three, foster a more competitive industry.

So far, we have received over 100 concept papers from 41 contractors proposing to modify 177 processes. We have modified 34 processes at four different contractors. In one single block change with Raytheon, we affected 884 contracts at 16 separate facilities!

We have come to an important, encouraging point in our acquisition reform effort; there are times when I think I understand how Winston Churchill must have felt when the US entered World War II. At the time, he said, "This is not the end, or even the beginning of the end, but it is, I believe, the end of the beginning." I think, at this point, we have reached the end of the beginning of acquisition reform.

Success in this kind of effort takes more than procedural change; it takes cultural change. I and all the senior leadership at the Department of Defense consider DSMC to be a critical agent of cultural change. You are producing the leaders for the acquisition system of the 21st century, and you are helping today's leaders make that system a reality. There are few institutions doing more to ensure the future security of this country.

In a short while, we will dedicate a building on this campus to the memory of David Packard. That is quite an honor for him, but an even greater honor is the continued work of this institution. The Defense Systems Management College is, itself, a dynamic memorial to David Packard's vision: as he once said, "It is in the interest of everyone in this country who seeks peace and freedom in this troubled world to keep our American military capability strong...[and use our resources well]."