



INSTITUTE FOR DEFENSE ANALYSES

**Defense Acquisition Initiatives
Review: An Assessment
of Extant Initiatives**

Gene Porter
David Berteau
Gary Christle, The CNA Corporation
Jay Mandelbaum
Richard Diehl

September 2005
Approved for public release;
distribution unlimited.
IDA Document D-3189
Log: H 06-000002

This work was conducted under contracts DASW01 04 C 0003/W74V8H 05 C 0042, Task AO-6-2586, for the Office of the Under Secretary of Defense (Acquisition, Technology and Logistics). The publication of this IDA document does not indicate endorsement by the Department of Defense, nor should the contents be construed as reflecting the official position of that Agency.

© 2005, 2006 Institute for Defense Analyses, 4850 Mark Center Drive, Alexandria, Virginia 22311-1882 • (703) 845-2000.

This material may be reproduced by or for the U.S. Government pursuant to the copyright license under the clause at DFARS 252.227-7013 (NOV 95).

INSTITUTE FOR DEFENSE ANALYSES

IDA Document D-3189

**Defense Acquisition Initiatives
Review: An Assessment
of Extant Initiatives**

Gene Porter
David Berteau
Gary Christle, The CNA Corporation
Jay Mandelbaum
Richard Diehl

PREFACE

This document reports the work performed by the Institute for Defense Analyses for the Director, Acquisition Resources and Analysis, Office of the Under Secretary of Defense (Acquisition, Technology and Logistics) in partial fulfillment of the task entitled “Acquisition Reform Review.”

The authors wish to thank the reviewer, Dr. David Graham.

This page is intentionally left blank.

CONTENTS

Preface.....	iii
Summary	S-1
I. Background and Overview of Project.....	1
A. Phase I Scope	1
B. Emergency Acquisition Procedures Excluded.....	2
C. Organization of the Report	2
II. Initiatives for Which Near-Term High-Level Attention Is Not Recommended.....	5
III. Initiatives for Which Near-Term High-Level Attention May Be Especially Beneficial	13
A. Packard Commission Recommendations Worthy of Further Pursuit	13
1. Reduce the Number of Acquisition Personnel.....	13
2. Perform Cost/Performance Trades.....	14
3. Enhance Program Stability	14
4. Enhance the Quality of Acquisition Personnel	15
5. “Fly Before Buy”	16
B. Other Initiatives Worthy of Further Evaluation.....	16
C. Phase II	20

APPENDIXES

- A. Analytic Team
- B. Status of Packard Commission Recommendations
- C. The Roles of the Defense and Service Acquisition Executives in the Materiel Requirements Process

This page is intentionally left blank.

SUMMARY

This report documents Phase I of a project undertaken by the Institute for Defense Analyses (IDA), in cooperation with The CNA Corporation (CNAC) (the Team).¹ The task was twofold: (1) to review and assess the current status of the many acquisition initiatives that have been recommended and/or attempted in recent years, and (2) to identify and analyze a subset of initiatives that the team finds to have potential for near-term management emphasis that could provide visible improvements to the much-criticized Defense acquisition system.

The first major section identifies those initiatives that are proceeding satisfactorily without high-level attention at this time, or have been overtaken by events or otherwise proven unworthy of further high level attention. Forty-one such initiatives were identified and categorized. They range from initiatives that have been quite successful to those that have proven to be unexpectedly difficult, but worth continuing. In the former category are such initiatives as the system for tracking the past performance of contractors, the new system for tracking military customer “wait time,” and the increase in progress payments to contractors from 75% to 80%. In the “unexpectedly difficult” category are such initiatives as streamlining the export control process and attracting more nontraditional companies to bid on DoD work.

The team’s overall judgment is that none of the 41 items listed in Section II rise to the level of importance in terms of either policy implications or potential payoff to warrant specific near-term attention by the Defense Acquisition Executive (DAE). This observation is more important than any detailed assessment of the individual past initiatives.

Those initiatives that the Team found to warrant further attention are described in Section III and are summarized below. These initiatives will be assessed in more detail during Phase II of this study, and a subset thereof will be recommended for early consideration by the DAE.

¹ The report is consistent with the oral discussion with the task sponsors on 1 August 2005.

A. HIGHLIGHTS: PACKARD COMMISSION RECOMMENDATIONS

The central theme of this Phase I report is that several of the more important and still relevant recommendations of the Packard Commission continue to await implementation and warrant near-term consideration.

The Team found the Packard Commission to be the single most valuable source of acquisition reform initiatives. This Commission's seminal report constitutes the only extant comprehensive set of recommendations for reform of the acquisition system, including requirements, resource allocation, and policy. Most other reform recommendations identify a few useful changes, but do not address the entire process.

The key Packard recommendations that are assessed in this report as worthy of additional examination in Phase II of the study are as follows:

1. *Streamlining the acquisition chain of command.* Despite implementation of the basic DAE/SAE/PEO/PM² structure, in many cases there still appear to be additional layers of management and review that should be considered for reduction or removal.
2. *Perform cost/performance trades before detailed "requirements" are established in the contracts for System Development and Demonstration (SDD).* The practice of relying on military staffs to establish performance "requirements" for future weapons systems, largely independent of cost-effectiveness considerations, has improperly presented acquisition executives with a "fait accompli." The intent of the Packard Commission was for the acquisition executives to be at least co-equal with military officials in establishing the key parameters of every new weapon system before major program commitments were made. The DAE's authority and responsibility for such decisions is quite clear but has not been exercised as often or as broadly as needed to ensure that new programs get started on a sound footing. A broad, fiscally constrained, pre-milestone analysis of alternatives with strong participation by both the responsible civilian and the military staffs could ameliorate several recurring problems.
3. *Enhance program stability by more accurately "baselining" major weapon systems as well as taking other steps.* Steps to be considered include the establishment of out-year management reserves at the level of acquisition management, milestone budgeting, and

² The Defense Acquisition Executive (DAE)/Service Acquisition Executive (SAE)/Program Executive Officer (PEO)/Program Manager (PM) structure of the acquisition chain of command was the Department's response to the Packard Commission's recommendation to streamline the reporting chain.

improved accuracy in budgeting non-acquisition activities such that otherwise well-planned and executed acquisition programs are "taxed."

4. *Enhance the quality of acquisition personnel.* This includes enhancing the stability of program manager assignments; developing civilian program managers, and providing for much greater flexibility in assignments, and reassignments, perhaps under the auspices of the new National Security Personnel System.

5. *"Fly before buy."* The Department did implement a strong independent operational testing program that tied full production approval to satisfactory test results. However there has been much less discipline in following the equally important principle that technical risk should be demonstrably reduced to a manageable level before approval is given to transition programs into full-scale system design and development.

B. OTHER INITIATIVES WORTHY OF FURTHER EVALUATION

1. *Increase accountability within the Acquisition Management chain.* Although improved accountability was implicit in the Packard recommendations, few specifics were identified. It is clear from recent events that specific improvements in accountability need to be developed and considered for implementation

2. *Increase emphasis on managing the total cost of ownership of DoD systems.* Traditionally acquisition management has focussed on the development and production phases of a weapons life cycle. One initiative undertaken in the 90s was to try to expand the Program Manager's purview to include the operational support of fielded weapons, with the goal of ensuring that the development process paid due attention to limiting future operating costs. Progress in this area has been very uneven across and within Services, suggesting that additional high-level attention may be warranted.

3. *Enhance DoD's ability to innovate in the face of globalization.* Recognizing that DoD increasingly relies on technology developed under non-DoD auspices—indeed, under non-American auspices—initiatives may be warranted to both increase US investments in long-term technologies of potential military importance, and to improve DoD access to non-DoD technologies.

4. *Improve planning and management of Joint Programs, IT programs, and Special Access Programs (SAPs).* Interoperability and coordination problems in many contingencies led to the Goldwater-Nichols Act, the effect of which has been to greatly improve the conduct of joint military operations in the field. Unfortunately similar

progress has not been made in ensuring the new weapons systems are “born joint” in a way that facilitates future joint operations. With his responsibility for deciding what equipment the government should buy for the operating forces, it is clear that the USD(AT&L) has a strong responsibility for improving the joint nature of future weapons systems. Similarly, given his overall responsibility and authority, it appears worth considering new initiatives that could improve the acquisition oversight of the IT and Special Access programs that are important to future joint operations.

5. *Improve cost control.* By the late 1990s, average annual cost growth on DoD weapons systems had been reduced to less than 1%. More recently, several large programs have experienced inordinate cost growth that has been widely reported in the press and noted with alarm in the Congress. In Phase II the Team will seek to identify specific initiatives that could help reduce this chronic problem.

I. BACKGROUND AND OVERVIEW OF PROJECT

This report documents Phase I of a project undertaken by the Institute for Defense Analyses (IDA), in cooperation with The CNA Corporation (CNAC) (the Team).¹ The task was twofold: (1) to review and assess the current status of the many acquisition initiatives that have been recommended and/or attempted in recent years, and 2) to identify and analyze a subset of initiatives that the team finds to have potential for near-term management emphasis that could provide visible improvements to the much-criticized Defense acquisition system.

The team is composed of several experienced senior managers and analysts who have had extensive experience in the management and oversight of defense acquisition programs at the OSD, Service, and industry levels. Membership of the team is documented in Appendix A.

A. PHASE I SCOPE

The Team systematically reviewed the extant documentation on acquisition reform, which included the following:

- Initiatives that were once tracked in the former Acquisition Reform Office in the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics [OSD(AT&L)]
- Recommendations of the several Defense Science Board task forces that addressed acquisition management issues
- Proceedings of various government commissions (including the President's Blue Ribbon Commission on Defense, commonly referred to as the "Packard Commission")
- GAO reports
 - Writings of serious students of acquisition reform outside the government

¹ The report is consistent with the oral discussion with the task sponsors on 1 August 2005.

Most of these outside reports have been documented by the Defense Acquisition Performance Assessment project, a DoD body under the Federal Advisory Committee Act that is reviewing similar issues in a more formal manner under Air Force auspices.

B. EMERGENCY ACQUISITION PROCEDURES EXCLUDED

The Team did not review or assess the several ongoing efforts to provide increased authority and more responsive processes for rapid acquisition of key items of material needed to support current military operations. This report focuses on the processes and procedures for the long-term acquisition of military equipment and systems essential for properly equipping and supporting the future military force structure.

C. ORGANIZATION OF THE REPORT

The balance of this report summarizes and evaluates initiatives recommended by earlier efforts that the Team has assessed to fall in two categories.

Section II examines those initiatives that are proceeding satisfactorily without high-level attention at this time, or have been overtaken by events or otherwise proven unworthy of further high level attention.

Section III addresses initiatives and recommendations that the Team finds may warrant additional high-level attention now. Several initiatives discussed in this section can be characterized as “good ideas that were never fully implemented.” Chief among them is the Packard Commission recommendation for clarifying and strengthening the role of the Secretary’s office in deciding *what* to buy (the “requirements” process), not just *how* to buy it. This concern parallels that of a recent report from the Center for Strategic and International Studies entitled “Beyond Goldwater – Nichols Phase II.”

It has become increasingly clear during our analysis that the Packard Commission well understood this important “what to buy” management principle but that those elements of the Packard Commission recommendations that would have effected such a change were never fully implemented. Our summary material on this issue in Section III is supplemented by a legal analysis of the USD (AT&L) authority in such matters (Appendix C

Section III addresses other major issues, some of which the Team ultimately will not recommend for further action. Several of the initiatives discussed in Section III are

also the subject of ongoing studies in the Quadrennial Defense Review (QDR), and one—the relationship of the USD (AT&L) and the ASD (NII)—is the subject of an additional ongoing legal analysis that will be included in our Phase II Report.

This page is intentionally left blank.

II. INITIATIVES FOR WHICH NEAR-TERM HIGH-LEVEL ATTENTION IS NOT RECOMMENDED

The initiatives reviewed in this section either have been fully implemented as planned, are ongoing and on track, or are so problematic that further action is of low priority at this time.

Establish a Range Management Agency: The Test Resource Management Center was established to more comprehensively manage, support, and sustain DoD testing ranges.

Institutionalize past performance assessments: Confidence in a prospective contractor's ability to perform is an important factor in making a best-value source selection decision. This initiative was designed to increase attention on the subject and enable more comprehensive consideration of past performance data. A guidebook and a distance learning course were developed. A consistent approach to the collection and storage of past performance data was institutionalized in the Past Performance Information and Retrieval System. While more emphasis may need to be placed on providing information to the System, a major high-level effort does not appear to be necessary.

Restructure Architecture Coordination Council (ACC): The ACC was established to synchronize existing architectures and to provide integrating policy. This initiative was designed to shift emphasis to long range investment decisions using integrated architectures as tools for interrelating processes dealing with overarching requirements, systems-of-systems and information management. The ACC has been superseded by the IT Standards Oversight Panel. The relationship of the USD (AT&L) and the ASD (NII) is addressed further in Section III of this report.

Joint Technical Architecture (JTA): JTA was developed to establish standards for architecture and seamless interoperability. The JTA has been superseded by the Department of Defense (DoD) Information Technology Standards Registry (DISR). The DISR is mandated for the management, development, and acquisition of new or improved IT systems throughout DoD.

Building a new learning environment: As a part of the transition to performance-learning methods, the Department is building a new learning environment that

will empower each DoD AT&L workforce member with more control over learning needs. This environment will take full advantage of new opportunities created by information technology. A number of initiatives were involved:

- Certification training for program management was revised
- Certification training for contracting was revised
- Case-based training was established for the program management career field
- Continuous learning module requirements were established; modules continue to be built
- The continuous learning policy was clarified to include other web-based training opportunities
- The Defense Acquisition University (DAU) established strategic partnerships with other private sector/academic institutions
- Targeted, just-in-time training and support opportunities were made available
- An AT&L Knowledge Sharing System was established
- Outreach and communication strategies were developed

Progress is continuing and is being monitored by the DAU Board of Visitors.

AT&L Electronic Business Rapid Improvement Team: This initiative was designed to oversee and support the use of Ebusiness to help improve efficiency and mission effectiveness. Work has been transferred to a recently established Supply Chain Systems Transformation (SCST) Office chartered to ensure that DoD enterprise business capabilities are integrated and aligned to DoD goals.

Enterprise Integration Consortium: This initiative was aimed at integrating a logistics information management capability among the Transportation Command (TRANSCOM), the Defense Logistics Agency (DLA), and the Services. This was a necessary enabler for the logistics business. Many of the IT systems are in need of modernization. Work has been transferred to a recently established SCST Office chartered to ensure that DoD enterprise business capabilities are integrated and aligned to DoD goals.

Supply chain regulation: This initiative prepared a comprehensive replacement for the former regulation that looked at the whole logistics system. The new regulation links materiel management policies with acquisition strategies at the front end of the supply chain, through distribution and transportation, to disposal and reutilization policies at the back end.

Customer wait time performance measure: This initiative developed and implemented a DoD-wide performance measure that captures the elapsed time from order submission to order fulfillment for material that is required by the operational armed forces.

Standards Roadmap: This initiative was designed to further reduce military specifications and standards to the critical few necessary for interoperability with our Allies. Progress continues in the NATO fora.

Review of Government-wide acquisition contracts (GWACs) and multiple agency contracts (MACs): Use of these Government-wide mechanisms could shorten administrative lead time for new contracts. The initiative was designed to develop and maintain a comprehensive, electronically available database of GWACs and MACs. There has been some success, but work continues on the use of such contracts, including ongoing reorganization efforts within the General Services Administration (GSA).

The Acquisition Workforce Demonstration Program: This program was established to support the development of a lifecycle workforce management approach to the DoD civilian workforce. It encompassed direct hire authority and flexible compensation/recognition benefits. This effort has been superseded by the National Security Personnel System.

Progress payment increase: This initiative increased progress payments from 75% of costs to 80% of costs in order to improve cash flow for the defense industrial base.

Contracting out software work: This initiative was designed to work with industry to study, develop, and issue a policy to encourage use of commercial outsourcing practices for software development. Commercial software outsourcing has become routine; ongoing work focuses on software assurance.

Initiate comptroller/acquisition business rules: This initiative was designed to improve contract management by retiring the Mechanization of Contract Administration Services (MOCAS) contract tracking system and adopting new business rules to support the replacing system – Defense Procurement Payment System (DPPS). DPPS was faced with security issues; MOCAS was modernized and not replaced.

Accelerating payments using e-Commerce: This initiative was designed to develop integrated business rules for payment and contract management. Progress is being made.

Develop a plan to highlight R&D defense work: Develop a plan to highlight innovative R&D work being performed by the defense community that will

attract technical talent. Little progress been made, but the Team intends to incorporate relevant aspects of this issue in its Phase II efforts.

Single process initiative: This initiative allows contractors to have existing contracts modified to replace multiple contract-unique management and manufacturing systems with common, facility-wide systems. The Single Process Initiative supports Civil-Military Integration. Significant savings have been realized; some of the harder problems have yet to be resolved.

Promote future use of the Commercial Operating and Support Cost Savings Initiative (COSSI): This initiative provides funding for nonrecurring engineering to adapt a commercial technology for use in a military system to increase reliability and readiness while decreasing operating and support costs. After significant initial success, the COSSI program was transitioned to the Services, where it was not funded because of competition for near-term funding. The COSSI concept has been incorporated into the Reduction of Total Ownership Cost (R-TOC) Initiative (see Phase II).

Develop post-award guidance for existing COSSI participants: This initiative was designed to facilitate prototype transition to production. After significant initial success, the COSSI program was transitioned to the Services, where it was not funded because of competition for near-term funding. The COSSI concept has been incorporated into the Reduction of Total Ownership Cost (R-TOC) Initiative (see Phase II).

Address innovative ideas to leverage commercial R&D: This initiative was designed to develop a strategic plan to greatly expand DoD's access to commercial developers and their technology. Ideas included a wide range of areas such as incentives, contracting means, the treatment of intellectual property rights, and the development of a desktop guide for acquisition workforce personnel. Little progress has been made.

Promote Other Transactions Authority (OTAs): OTAs are an innovative means of contracting with nontraditional suppliers outside the regulatory environment of the Federal Acquisition Regulations. Additionally, training and educational materials are being developed for OTA users. The Department is still working on proposed legislative changes. The controversy over the use of OTA in the System Development and Demonstration (SDD) phase of the Army Future Combat Systems program makes significant expansion problematic.

Implement the DoD cross-functional procurement process model: This initiative was designed to streamline and standardize the DoD acquisition process through the adoption of electronic commerce initiatives promoting the use of

shared data, standard transaction sets, and elimination of errors caused by multiple points of data entry. These changes are progressing as defense companies adopt more commercial information systems.

Expand industry packaging pilots: This initiative was designed to move DoD packaging practices to be more like those in industry. Pilot projects demonstrated the viability, but the changes were not fully institutionalized.

Attract nontraditional commercial companies to DoD: Many potential nontraditional commercial companies are reluctant to do business with DoD. Government treatment of their intellectual property (IP) rights is the most often cited rationale for that reluctance. The challenge, then, is to develop and provide practical guidance and to educate the acquisition workforce in both government and industry as to the inherent flexibility of existing regulatory guidance regarding IP and thus bring about a paradigm shift in the treatment of IP. Some associated initiatives include:

- Publishing a guidebook on intellectual property
- A plain language rewrite of Federal Acquisition Regulation Part 27

Other efforts to provide additional flexibility may be in process.

Improve export control and licensing processes: Current export licensing policies and procedures are outdated and complicated, and they contribute to the eroding competitive position of U.S. companies in the global economy. A major consideration has been the ability of the U.S. contractor to demonstrate that U.S. export licensing procedures will not impede their ability to perform. A number of initiatives have been designed to fundamentally restructure the export control system, for both U.S. Munitions List (USML) and dual-use items and create an updated system that protects critical technologies, promotes national security, and recognizes the realities of today's marketplace. These initiatives include:

- Export control management
- Update of U.S. munitions list
- Improve the transparency of license request review process
- Implement the Canadian ITAR waiver process

DoD participates, but State Department has the lead. Little progress has been made.

Promote performance-based payments: This initiative was devised to both motivate contractors to meet the delivery schedule and attract nontraditional

suppliers to DoD based on a more commercial-like model for payment. The initiative involved upfront negotiation of measurable contractual events that would be the basis for DoD payments (which could add up to 90% of the value of the contract, compared with only 80% for normal progress payments). The extra work required for these upfront efforts has slowed progress considerably.

Reform cost accounting standards: The need to apply and utilize cost accounting standards is a disincentive for doing business with the Government. It discourages nontraditional suppliers. It also discourages contractors from applying innovative ways to reduce costs because they will be unable to recoup any investment made in achieving those cost reductions. Efforts in these areas involved simplifying the standards, improving their clarity, and minimizing occasions when reporting is required.

Establish rationalization incentives: Many contractor plants were facilitized for production rates far higher than are being funded. This situation results in additional expenses for the Department reflected in higher overhead charges due to the excess capacity. This initiative is designed to give contractors an incentive to rationalize their facilities, and it provides a shared savings arrangement with the Government.

Revise profit policy: As part of a general effort to improve the health of the defense industrial base, a number of changes to profit policy were initiated. Different commercial-style incentives that increased fee as a function of a desired outcome were instituted. Changes on how to calculate profit were also developed.

Institutionalize award term provisions: An award term incentive adds additional years to a contract when certain good performance conditions are met. It is analogous to a long-term supplier relationship in industry. This initiative was designed to determine a feasible approach for using such an incentive in DoD.

Reform Government property management: Contractors devoted disproportionate resources to managing low dollar value Government property. Such practices are contrary to standard commercial processes and result in unnecessary costs to the Department. This effort raised the threshold below which no Government property management is required.

Refine the commercial determination process: This initiative is under active review, in part because of the criticism of the Air Force purchase of C-130Js as commercial items.

Implement new cost share policy: This effort was designed to reduce pressure on contractors to share R&D costs with the Government. DoD had developed a

number of initiatives that provided the potential for additional revenue for contractors. In some cases, contractors were required to invest their own resources in order to qualify. In other cases, the amount of contractor investment was a consideration in source selection. These efforts have been assessed as damaging to the health and competitiveness of the defense industrial base and have therefore been stopped.

Military specification/standard reform: In order to move from reliance on detailed design specifications and process standards to stating requirements in performance terms, a June 1994 SECDEF memorandum directed that performance specifications be used in new solicitations and contracts. When that is not feasible, commercial design specifications should be used. Design-specific military specifications and standards may only be used with a waiver from the milestone decision authority. This major reform initiative has generally been implemented.

Weighted guidelines: Weighted guidelines is a Government technique for developing Fee and Profit objectives (and supporting Negotiations) within percentage ranges established by regulation. The weighted guidelines consist of an assigned profit range for each Element of Cost, with higher profits for more skilled labor, etc., plus special recognition for risk assumption, past performance, and other selected factors. Recent changes to the weighted guidelines stress cost efficiency and innovation consistent with this initiative.

Earned value management (EVM): DoD had been relying on cost/schedule controls systems which focused on how actual costs and schedule compared with plans. These systems did not adequately answer the question of whether all of the work was completed on schedule. To improve this situation, EVM standard guidelines, jointly developed by DoD and industry, became an industry best practice in 1996. In 1999, USD (AT&L) policy officially recognized EVM data as a source for cost and schedule reporting. EVM policy and guidelines continue to be updated and improved.

Integrated product and process development (IPPD): To eliminate functional stovepiping, the IPPD process was institutionalized throughout DoD in 1995. The initiative allows for early and continuous (from the earliest design phase through product delivery) insight by all stakeholders in a program. These efforts are also designed to eliminate last-minute issues that arise during the decision process.

Simulationbased acquisition: To reduce cycle time and risk, increase quality and military utility of systems, and facilitate IPPD, this initiative was designed to enhance the acquisition process by robust, collaborative use of simulation technology integrated across acquisition phases and programs. Because of the

upfront time and significant expense needed for implementation, the initiative stagnated after some initial piloting efforts.

Electronic commerce/electronic data interchange: To significantly reduce hard copy transactions and administrative cycle time, this initiative allows the use of commercial practices for shipping documents; DFAS to make major contract payments electronically; online access to program and technical data in digital form; Progress is being made.

Truth in Negotiations Act (TINA): To reduce the burden of doing business with DoD, the threshold for requiring certified cost and pricing data was raised. To further reduce bid costs, the number of TINA certifications was reduced by allowing an agreement on a cutoff date.

III. INITIATIVES FOR WHICH NEAR-TERM HIGH-LEVEL ATTENTION MAY BE ESPECIALLY BENEFICIAL

While many acquisition reform initiatives have attained some degree of success, significant underlying problems remain. Major improvements to the acquisition process are potentially achievable with additional high-level management effort. The following material summarizes the initiatives that the Team believes warrant further evaluation for early attention. These are being developed in more detail in the ongoing Phase II of this Project.

The Team found the *Packard Commission* to be the single most valuable source of acquisition reform initiatives. This Commission's seminal report constitutes the only extant comprehensive set of recommendations for reform of the acquisition system, including requirements, resource allocation, and policy. Most other reform recommendations identify a few mostly useful changes, but do not address the entire process.

The Team made a detailed assessment of the current status of implementation of the many Packard recommendations (Appendix B). From that assessment we identified certain important initiatives that have not been fully or well implemented and that, if pursued now, could significantly improve the management of DoD acquisition programs. Those Packard-related initiatives are summarized below, followed by other initiatives we identified in the course of our research that are being developed more fully for our Phase II report.

A. PACKARD COMMISSION RECOMMENDATIONS WORTHY OF FURTHER PURSUIT

1. Reduce the number of acquisition personnel by streamlining the acquisition chain of command

We are not suggesting that significant personnel reductions have not occurred since "Packard" because they have. Rather, the reductions that occurred in the 1990 s were taken without effective implementation of Packard's streamlining concepts, thereby

creating what is widely perceived to be an inexperienced and overworked acquisition workforce involving large numbers of personnel assigned to integrated process teams (IPTs). If the original Packard personnel reduction recommendation is to be pursued, it will need to be closely coordinated with Packard recommendation A.4, below – Enhance the quality of acquisition personnel.

2. Perform Cost/Performance trades before detailed “requirements” are established in the contracts for System Development and Demonstration (SDD)

To this end Packard recommended revising the Joint Requirements and Management Board (JRMB) such that it would be co-chaired by the Under Secretary of Defense (Acquisition) and the Vice Chairman of the Joint Chiefs of Staff. As Packard envisioned, this JRMB would play an active and important role in all joint programs and in all major Service acquisition programs. The JRMB would define weapon requirements for SDD—the most critical stage of a program—and thereby would provide an early trade-off between cost and performance, reducing the frequent mismatch between overblown “requirements” and overly optimistic cost estimates that lead to cost growth and schedule slippage. This Packard recommendation was not implemented, and the DAB process still provides no effective means to challenge “requirements.” Furthermore, more recent legislation has made it even harder for the USD (AT&L) to influence requirements in a meaningful way.

The recent introduction of Functional Capabilities Boards co-chaired by OSD officials and Joint Staff officers before an acquisition program is formalized may be seen as a step toward the Packard concept. In Phase II, the Team will consider the initiatives in this area being developed under the auspices of the Quadrennial Defense Review.

3. Enhance program stability by “baselining” major weapon systems and by expanding the use of multiyear procurements

The Team believes that multiyear procurement has been appropriately implemented, but that the goal of program stability has not been achieved through the current “baselining” process.

Poorly planned and improperly “baselined” program plans that push the technological state of the art do indeed contribute to program instability. Optimistic schedules and underestimates of the likely future costs of developmental and production programs, particular when made before a Milestone B decision, can require major replanning of many unrelated acquisition programs if they are all to remain alive in the FYDP.

But other, frequently larger, factors are also at work. These include the interaction between the Department’s resource allocation/program/budget processes and the annual funding of acquisition programs. Major problems include underestimates of future needs for operating (including personnel) funds from within the fixed overall budget totals available to DoD, thus requiring annual unplanned transfers from the acquisition accounts.

Specific initiatives for improved program stability will be addressed in our Phase II Report. The following are under consideration:

- Management reserves
- Milestone budgeting
- An improved interface between the Department’s resource allocation and acquisition processes (to perhaps include a greater role for the USD (AT&L) in the formulation of Fiscal and Joint Programming Guidance)
- More flexible reprogramming and inter-appropriation transfer rules

4. Enhance the quality of acquisition personnel

This recommendation was a major focus of the Packard Commission. The passage and implementation of the Defense Acquisition Workforce Improvement Act (DAWIA) addressed many of the Packard concerns in this area. Nevertheless, the following improvements are still needed:

- Solid, relevant prior experience, and assignment stability for program managers (PMs)
- Adequate development of potential civilian PMs;
- The ability to quickly correct personnel “mistakes”

The Team sees further reform in this area as an essential element of establishing true accountability in the workforce. We believe that Packard’s observation that “Authority for acquisition execution, and accountability for its results, have become vastly diluted” is as true today as it was nearly 20 years ago. We are assessing whether to recommend a significant review of this area and robust

use of the workforce reform opportunities inherent in the National Security Personnel System (NSPS) to create a better prepared, flexible and mobile workforce to meet acquisition needs.

5. “Fly before buy”

This shorthand phrase is frequently used to characterize Packard’s emphasis on ensuring that technical risk has been reduced to an acceptable level before formal entry into SDD. Two major elements of this initiative were prototyping of key subsystems and adequate developmental testing. Indeed, the Department has formally adopted the spirit of this Packard recommendation in the elements of its event-oriented acquisition regulations that require that verifiable “technical readiness levels (TRLs) be achieved before milestone decision authorities (MDAs) approve entry into SDD. The problem therefore may not be the lack of a proper policy or process guidance, but the too frequent waiver of these principles in the interest of meeting schedules that were established before the full range of technical challenges became understood. The solution would therefore appear to lie in the realm of “Improved Accountability,” an issue that transcends the specific Packard initiatives.

B. OTHER INITIATIVES WORTHY OF FURTHER EVALUATION

1. Accountability

The Team concluded that DoD needs new emphasis on accountability within the acquisition process, especially for major programs. Accountability is defined as knowing (a) who is being held accountable (e.g., the PM) and (b) for what they are accountable. In other words, what are the expectations against which the PM is to be measured?

Too frequently, the system absolves PMs of responsibility and accountability because of annual funding instability. The Team believes this can be changed. When program funding or other baseline changes occur, new expectations (measurement goals) for which PMs will be accountable must be developed. They might be presented in an Annual Operating Plan agreed to by the DAE-SAE-PM chain, for example. This approach will be examined and developed in more detail in the second phase of this report.

2. Increase emphasis on managing the total cost of ownership of DoD systems

Equipment operating and support (O&S) costs account for approximately 20% of all operation and maintenance funding. These O&S costs are expected to increase as systems age—there are observable trends for aircraft cost per flying hour and anecdotal evidence for other systems. The effects of the high equipment usage in the demanding Iraqi environment exacerbate the problem. There also are some indications that O&S costs for new systems will be higher than predicted, in line with historical results for previous generations of systems. Cost savings predicated in part on improved diagnostics and prognostics have not materialized as expected. Many failures detected through diagnostics cannot be duplicated. Prognostication of future failures is even less certain.

Opportunities exist to reduce O&S costs. Every program can identify several investments that would more than pay for themselves in a few years such as replacing high-cost and low-reliability components, enhancing supply chain efficiency, using smart decision support tools with cost visibility, leveraging commercial-off-the-shelf components, and initiating public-private partnerships. Many initiatives that apply throughout the lifecycle have been formulated to take advantage of these opportunities. For example:

- Purchasing long-term support with clear lines of authority and responsibility as an integrated, affordable, performance package designed to optimize system readiness and meet performance goals for a weapon system.
- Establishing DoD-wide cost reduction goals and the promotion of investment decisions made on the basis of total returns over the FYDP (and the lifecycle).
- Using the joint government-industry value proposition by establishing effective incentives for the contractor to save the government's money.

Barriers to the full realization of these types of potential savings remain:

- Most of the O&S costs are determined (but may not be made visible) by decisions made early in the design phase. Design engineers are much more focused on combat performance, so tradeoffs that save costs in the long run are often not made.
- Investments that save money in the future do not compete well in the Department's resource allocation process.

3. Enhance DoD's ability to innovate in the face of globalization

The Team noted that modern, innovative technology, including manufacturing technology, is increasingly developed in the commercial world, unlike in times past when a greater fraction of such advances resulted from DoD funding. This trend exacerbates DoD's long-standing difficulties in gaining access to the latest technology being developed outside traditional defense industry channels—difficulties generally ascribed to the U.S. Government's unique, non-commercial buying rules.

Moreover more of that commercial innovation is now occurring in other countries, as global and foreign commercial firms strive to gain or retain competitive advantages. A fresh DoD approach to these issues is worth consideration.

To regain its primacy in technological innovation, DoD should focus more on targeted S&T funding, management, and distribution; on the transition from laboratory to “fieldable” systems; and on acquiring knowledge of commercial developments. Aside from the data that results from direct DoD funding, DoD no longer has information on what industry is doing in S&T, and there is little coordination. The second phase of this report will consider this issue in more detail.

4. Improve planning and management of Joint Programs, IT programs, Special Access Programs (SAPs), and services contracts

Three important trends since release of the Packard Commission report warrant additional attention.

- *The increased need for new weapons systems to be “born joint.”* Because of the long-standing and well-documented difficulties and inefficiencies of trying to make service-unique equipment interoperable after it has been fielded, recent Secretaries have emphasized the importance of including joint requirements from the earliest days of program definition. And yet preventable interoperability problems continue. In Phase II we will address this important issue, in conjunction with the issue of increased USD (AT&L) responsibility for setting requirements, as discussed in Packard Initiative A.2 above. These same considerations apply to the planning and execution of Special Access Programs, and to a potentially greater need for oversight thereof.
- *The digitization of defense weapons systems.* What was once a reasonably clear distinction between enterprise communications and computer systems and the battlefield equipment needed for warfighting no longer

exists. Most modern weapons systems are dominated by internal computational equipment and external digital data links. And yet the Department has established what are, in effect, separate acquisition management systems for “weapon systems” and for “IT systems.” The resulting complex management process unduly complicates planning and executing the inherently integrated modern “system of systems.” In Phase II we will consider some approaches that may improve this situation.

- *The increased use of contracted services.* The privatization of many support activities previously conducted by government employees; the increased importance of software maintenance contracts for supporting and upgrading fielded weapons systems, and the increased use of government-wide service contracts with high thresholds for detailed description of work content have led to considerable growth in spending for such services. The Team believes that the DoD management oversight processes do not appear to have put in place to fully support the USD (AT&L) exercise of his responsibilities in this area. As noted earlier, this will be addressed in Phase II, in part under the topic of weapon system logistic support/total ownership cost management, and in part as a separate topic dealing with non-weapon system contracted services.

5. Improve cost control

By the late 1990s, average annual cost growth on DoD weapons systems has been reduced to less than 1%. More recently several large programs have experienced inordinate cost growth that has been widely reported in the press and noted with alarm in the Congress.

Cost control is a complex topic that may warrant a new initiative that addresses several of the root causes discussed elsewhere in this Phase I report. Considerations include:

- Better program planning
 - See “Fly before Buy” (A.2)
 - See Packard’s “Program Stability” entry above (A.3)
- Incentive-based approaches; e.g.
 - Maintain sub-tier competition on large programs
 - Improve mechanisms for sharing savings with contractors

C. PHASE II

Work is already underway on Phase II of this project, as noted earlier. The Team plans to identify and expand on the subset of the remaining potential initiatives that are evaluated to have the greatest potential for near-term implementation.

Appendix A

ANALYTIC TEAM

CO-CHAIRS

David J. Berteau. Senior consultant, IDA; director, Clark and Weinstock, Washington, DC, and adjunct professor, National Security Studies, Syracuse University. Previously: Senior Vice President, SAIC; Principal DASD (Production & Logistics, OSD); DASD (Resource Management & Support, OSD); Executive Secretary, Packard Commission.

Gene Porter. Member of the Adjunct Staff, IDA; Previously: CNA Scientific Analyst to the ASN(RDA); Deputy Executive Director, Commission on Roles and Missions of the Armed Forces; Director, Acquisition Policy and Program Integration, OUSD (A&T); Product Line Director, Sanders, a Lockheed Martin Company; Principal DASD (Systems Analysis) (OSD).

OTHER MEMBERS

Gary Christle

Jay Mandelbaum. Research Staff Member, IDA; R-TOC Program Manager, Defense Systems-Systems Engineering OUSD (AT&L); Executive Secretary, Defense Systems Affordability Council, Acquisition Reform Office, OUSD (AT&L); Deputy Director, Commercial Programs, International and Commercial Programs, OUSD (AT&L); Deputy Director, Munitions and Sustainability, Logistics, OUSD (AT&L).

Richard Diehl. Adjunct Staff Member, IDA; Previously: President, Diehl & Sobczak, P.C., specialist in Federal Procurement law (represented numerous exchange-traded and smaller enterprises in materiel acquisition issues, including litigation before a variety of administrative and judicial venues); twice managed multibillion dollar Army procurement programs—the Bradley Fighting Vehicle System and Medium Tactical Vehicles.

This page is intentionally left blank.

Appendix B

STATUS OF PACKARD COMMISSION RECOMMENDATIONS

The President's Blue Ribbon Commission on Defense Management, better known as “The Packard Commission” and hereinafter referred to as “Packard,” recommended that DoD streamline the Acquisition organization and procedures by “establishing short, unambiguous lines of authority [that] would streamline the acquisition process and cut through bureaucratic red tape.” Packard stated that, among other things, this would permit DoD to “substantially reduce the number of acquisition personnel.” It is our opinion, as discussed below in Section A, that this recommendation was not fully implemented.

Following is a discussion of Packard’s Acquisition Organization and Procedures “Formula for Action,” recommendations A through I. Note that Packard’s recommendations for National Security Planning and Budgeting, Military Organization and Command, and Government-Industry Accountability are not covered in this report.

A. STREAMLINE ACQUISITION ORGANIZATION AND PROCEDURES

Packard stated, “It is fundamental that we establish unambiguous authority for overall acquisition policy, clear accountability for acquisition execution, and plain lines of command for those with program management responsibilities. It is also imperative that we streamline acquisition procedures.” Five actions were recommended:

1. We strongly recommend creation by statute of the new position of Under Secretary of Defense (Acquisition) and authorization of an additional Level II appointment in the Office of the Secretary of Defense (OSD).
2. The Army, Navy, and Air Force should each establish a comparable senior position filled by a top-level civilian Presidential appointee.
3. Each Service Acquisition Executive should appoint a number of Program Executive Officers.
4. Federal laws governing procurement should be recodified into a single, greatly simplified statute applicable government-wide.
5. DoD should substantially reduce the number of acquisition personnel.

The first four of these recommendations have generally been implemented *cosmetically* and in a way that does not support recommendation five. Consequently, we believe the substance and intent of these recommendations has not been implemented.

The commission stated:

The fundamental intent of the Commission's recommendations is to simplify the acquisition system by consolidating policy and oversight, reducing reporting chains, eliminating duplicative functions and excessive regulations, and establishing an environment in which program managers and their staffs can operate as centers of excellence. *This should allow for a substantial reduction in the total number of personnel in the defense acquisition system* (emphasis added), to levels that more nearly compare with commercial acquisition counterparts. Eliminating a layer of management by moving the functions and people of that layer to some other layer clearly will not suffice.

We are not suggesting that significant personnel reductions have not occurred since Packard, because they have. Rather, the reductions that occurred in the 1990s were taken without Packard's streamlining, creating what is widely perceived to be an inexperienced and overworked acquisition workforce.

Moreover, Packard proposed an "Acquisition Model to Emulate" centered on the following six underlying features that typified the most successful commercial programs:

1. *Clear command channels.* A commercial program manager (PM) has clear responsibility for his program, and a short, unambiguous chain of command to his chief executive officer (CEO), group general manager, or some comparable decision-maker. Corporate interest groups, wishing to influence program actions, must persuade the responsible program manager, who may accept or reject their proposals. Major unresolved issues are referred to the CEO, who has the clear authority to resolve any conflicts.
2. *Stability.* At the outset of a commercial program, a program manager enters into a fundamental agreement or "contract" with his CEO on specifics of performance, schedule, and cost. So long as a program manager lives by this contract, his CEO provides strong management support throughout the life of the program. This gives a program manager the greatest incentive to make realistic estimates and maximum support in achieving them. In turn, a CEO does not authorize full-scale development for a program until his board of directors is solidly behind it, prepared to fund the program fully and let the CEO run it within the agreed-to funding.
3. *Limited reporting requirements.* A commercial program manager reports only to his CEO. Typically, he does so on a "management-by-exception" basis, focusing on deviations from plan.

4. *Small, high-quality staffs.* Generally, commercial program management staffs are much smaller than in typical defense programs, but personnel are hand-selected by the program manager and are of very high quality. Program staff spend their time managing the program, not selling it or defending it.
5. *Communications with users.* A commercial program manager establishes a dialogue with the customer, or user, at the conception of the program when the initial trade-offs are made, and maintains that communication throughout the program. Generally, when developmental problems arise, performance trade-offs are made—with the user's concurrence—in order to protect cost and schedule. As a result, a program manager is motivated to seek out and address problems rather than hiding them.
6. *Prototyping and testing.* In commercial programs, a system (or critical subsystem) involving unproven technology is realized in prototype hardware and tested under simulated operational conditions before final design approval or authorization for production. In many cases, a program manager establishes a "red team," or devil's advocate, within the program office to seek out pitfalls—particularly those that might arise from operational problems, or from an unexpected response by a competitor. Prototyping, early operational testing, and red teaming are used in concert for the timely identification and correction of problems unforeseen at a program's start.

Packard then noted, “Defense acquisition differs from this commercial model in almost every respect.”

It is our opinion that most of the six features of successful commercial programs have not been faithfully implemented. This opinion applies especially to the first four features. Consequently, the expected streamlining and acquisition personnel reductions have not occurred.

B. USE TECHNOLOGY TO REDUCE COST

We recommend a high priority on building and testing prototype systems to demonstrate that new technology can substantially improve military capability, and to provide a basis for realistic cost estimates prior to a full-scale development decision. Operational testing should begin early in advanced development, using prototype hardware. The early phase of research and development should employ extensive informal competition and use streamlined procurement processes. To promote innovation, the Defense Advanced Research Projects Agency should engage in prototyping and other advanced development work on joint programs and in areas not adequately emphasized by the Services.

According to Packard, the common objective of various prototyping programs is to determine to what extent a given new technology can improve military capability, and to provide a basis for making realistic cost estimates prior to a decision on “full-scale development,” i.e., System Development and Demonstration (SDD). A prototype program should allow us to fly—and know how much it will cost—before we buy. This recommendation has been difficult to implement rigorously, but for the most part we consider it to be in the Acquisition toolbox and may not recommend any significant actions to revitalize.

C. BALANCE COST AND PERFORMANCE

A restructured Joint Requirements and Management Board (JRMB), co-chaired by the Under Secretary of Defense (Acquisition) and the Vice Chairman of the Joint Chiefs of Staff, should play an active and important role in all joint programs and in all major Service programs. The JRMB should define weapon requirements for development and provide thereby an early trade-off between cost and performance.

Packard made this recommendation based on a number of critical presumptions that the reader may wish to review in detail (see “A Quest for Excellence,” pp. 57–59 of the Packard report). The following is a very short summary:

- SDD is the single most critical step in the acquisition process.
- Misjudgment at this point can start a program off on a course that dooms it to failure.
- Fundamental to the ultimate success of a new program is an informed trade-off between requirements, schedule and cost.
- The DAB process lacks a viable mechanism for *challenging* requirements.
- Users do not have sufficient technical knowledge and program experience, and acquisition teams do not have sufficient experience with or insight into operational problems, to strike a critical balance.

Packard recommended that the JRMB (now JROC) be restructured to make such trade-offs and then to decide whether to enter SDD. The JRMB should substitute for the decision now made by the Defense Systems Acquisition Review Council (now the Defense Acquisition Board) at Milestone B, and should be co chaired by the Under Secretary of Defense (A) and the Vice-Chairman of the Joint Chiefs of Staff.

This recommendation was not only unheeded, legislation was sought and enacted to prevent it. We believe this decision is worth revisiting.

D. STABILIZE PROGRAMS

Program stability must be enhanced in two fundamental ways. First, DoD should fully institutionalize "baselining" for major weapon systems at the initiation of full-scale engineering development. Second, DoD and Congress should expand the use of multiyear procurement for high-priority systems.

DoD has probably implemented multiyear procurement as well as it can and we see little value in pursuing this further. Baselining, i.e., Acquisition Program Baselines (APB), have not served the purpose intended by Packard.

The "Stability" feature of Packard's "Acquisition Model to Emulate" has never been implemented as described by Packard:

At the outset of a commercial program, a program manager enters into a fundamental agreement or "contract" with his CEO on specifics of performance, schedule, and cost. So long as a program manager lives by this contract, his CEO provides strong management support throughout the life of the program. This gives a program manager maximum incentive to make realistic estimates, and maximum support in achieving them. In turn, a CEO does not authorize full-scale development for a program until his board of directors is solidly behind it, prepared to fund the program fully and let the CEO run it within the agreed-to funding (emphasis added).

Also notice that there is an implicit assumption that the PM actually works for and/or is accountable to the CEO (i.e., the Under Secretary of Defense for Acquisition, Technology and Logistics). We would argue this is most assuredly not the case in DoD. Accountability issues will be addressed elsewhere in our recommendations. At this point it is sufficient to say that we don't believe the Packard view of stability has been implemented and should be a major focus of acquisition improvement.

E. EXPAND THE USE OF COMMERCIAL PRODUCTS

Rather than relying on excessively rigid military specifications, DoD should make greater use of commercial off the-shelf components, systems, and services if available. It should develop new or custom-made items only when it has been established that those readily available are clearly inadequate to meet military requirements.

We believe DoD's efforts in this area are not of such a nature that this area offers significant opportunity for early additional action.

F. INCREASE THE USE OF COMPETITION

Federal law and DoD regulations should provide for substantially increased use of commercial-style competition, emphasizing quality and established performance as well as price.

Although there is still much that should be done in this arena, we believe that such things as “past performance,” “Alpha contracting,” and Other Transactions Authority (OTA) are a decent start and have no further recommendations beyond continuing current initiatives.

G. CLARIFY THE NEED FOR TECHNICAL DATA RIGHTS

DoD must recognize the delicate and necessary balance between the Government's requirement for technical data and the benefit to the nation that comes from protecting the private sector's proprietary rights. That balance must be struck so as to foster technological innovation and private investment, which is so important in developing products vital to our defense.

H. ENHANCE THE QUALITY OF ACQUISITION PERSONNEL

DoD must be able to attract and retain the caliber of people necessary for a quality acquisition program. Significant improvements should be made in the senior-level appointment system. The Secretary of Defense should have increased authority to establish flexible personnel management policies necessary to improve defense acquisition. An alternate personnel management system should be established to include senior acquisition personnel and contracting officers as well as scientists and engineers. Federal regulations should establish business-related education and experience criteria for civilian contracting personnel, thereby providing a clear professional career path. Federal law should permit expanded opportunities for the education and training of all civilian acquisition personnel.

The passage and implementation of the Defense Acquisition Workforce Improvement Act (DAWIA) has largely addressed some of the Packard concerns in this area. Still, many areas need improvements such as:

- Solid, relevant prior experience for PMs
- Adequate development of potential civilian PMs

- The ability to quickly correct personnel “mistakes” (see also the Packard model feature regarding small, high-quality (hand picked) staffs).

We also see further reform in this area as an essential element of establishing true accountability in the workforce. We recommend a significant review of this area and robust use of the workforce reform opportunities inherent in the National Security Personnel System to create a better-prepared, flexible, and mobile workforce to meet acquisition needs.

I. IMPROVE THE CAPABILITY FOR INDUSTRIAL MOBILIZATION

We recommend that the President, through the National Security Council, establish a comprehensive and effective national industrial responsiveness policy to support the full spectrum of potential emergencies. The Secretary of Defense, with advice from the Joint Chiefs of Staff, should respond with a general statement of surge mobilization requirements for basic wartime defense industries, and logistic needs to support those industries and the essential economy. The DoD and Service Acquisition Executives should consider this mobilization guidance in formulating their acquisition policy, and program managers should incorporate industrial surge and mobilization considerations in program execution.

We have no further recommendations beyond continuing current initiatives.

This page is intentionally left blank.

Appendix C
THE ROLES OF THE DEFENSE AND SERVICE
ACQUISITION EXECUTIVES
IN THE MATERIEL REQUIREMENTS PROCESS

Issue

The extent to which the Under Secretary of Defense (Acquisition, Technology, and Logistics), as the Defense Acquisition Executive, and/or the Component/Service Acquisition Executives, control or influence the Department's materiel "requirements" generation process.

Conclusion

The Chairman of the Joint Chiefs of Staff Instruction (CJCSI) 3170.01E and its predecessors¹ describe an elaborate, military-oriented process entitled the Joint Capabilities Integration and Development System (JCIDS), which is comprised of Functional Capabilities Boards (FCB), and a Joint Requirements Oversight Council (JROC). This CJCSI characterizes the JCIDS process as being separate from the Defense Acquisition System.² However, JCIDS instructions issued by the CJCS cannot and do not diminish USD (AT&L) responsibilities for the lawful control of the materiel acquisition process, including requirements definition.³

¹ CJCSI 3170.01A, *Requirements Generation System*, 10 August 1999; CJCSI 3170.01B, *Requirements Generation System*, 15 April 2001; CJCSI 3170.01C, *Joint Capabilities Integration and Development System*, 24 June 2003; CJCSI 3170.01D, *Joint Capabilities Integration and Development System*, 12 March 2004; and, CJCSI 3170.01E, *Joint Capabilities Integration and Development System*, 11 May 2005.

² See Paragraph 1, Enclosure A to CJCSI 3170.01E, 11 May 2005, which states: "The JCIDS, the Defense Acquisition System, and the planning, programming, budgeting and execution processes form the principal DoD decision support processes for transforming the military forces to support the national military strategy and the defense strategy. The procedures established in the JCIDS support the Chairman and JROC in advising the Secretary of Defense in identifying, assessing and prioritizing joint military capability needs as specified in reference a (Title 10, United States Code, sections 153, 163, 167, 181). Validated and approved JCIDS documents provide this advice and assessment."

³ This applies also to other OSD Principal Staff Assistants in their areas of materiel acquisition responsibilities.

BACKGROUND

The National Security Act of 1947 created the Secretary of Defense, three assistant secretaries, and a staff of 50. It was not until 1949 that Congress created the Department of Defense. The 1947 Act also created the Joint Chiefs of Staff but did not create the position of Chairman of the Joint Chiefs of Staff until 1949. The position of Secretary of Defense evolved with subsequent amendments to the 1947 Act and sometimes through the personalities—e.g., Robert McNamara--of certain of those appointed to the position.⁴ However, until 1986, the Secretary of Defense had little formal authority to intercede in those traditional (organize, equip, train, etc.) responsibilities of the Military Departments, which are enumerated in Title 10 of the U.S. Code. In the materiel acquisition realm especially, each Military Service established its own policies, competed with other Departments for the limited funding that would be authorized and appropriated by Congress, and developed weapons systems that were not very interoperable with those of the other Services. Further, the materiel acquisition system was widely viewed as ponderous, bureaucratic, and inefficient.

In the early 1980s, critics, led by Senators Barry Goldwater and Sam Nunn, called for reform. In June 1985, the Packard Commission⁵ was chartered by the President to conduct a broad-based examination of the Department of Defense management apparatus. The Commission submitted its final report in June 1986. The Goldwater-Nichols Department of Defense Reorganization Act, acting in large part on those Packard Commission recommendations, amended the National Security Act of 1947 to increase substantially the authority of the Secretary of Defense and to make the position of Chairman of the Joint Chiefs of Staff preeminent among the Joint Chiefs of Staff. A review of the legislative history of the Goldwater-Nichols Department of Defense Reorganization Act reveals little controversy and not a great deal of debate concerning the changes recommended by the Packard Commission, many of which were included within the provisions that were ultimately enacted into law.

⁴ Lawrence Korb, *The Department of Defense, The First Half Century*, Chapter 3, U.S.A. National Security: Beyond the Cold War, 26 July 1997.

⁵ The President's Blue Ribbon Commission on Defense Management chaired by David Packard, with members Louis C. Arbuckle, General Robert H. Barrow USMC (Retired), Nicholas F. Brady, Frank C. Carlucci, William P. Clark, Barber A. Conable, Jr., General Paul F. Gorman USA (Retired), Admiral James L. Holloway USN (Retired), William J. Perry, Charles J. Pilliod, Jr., Lieutenant General Brent Scowcroft USAF (Retired), Herbert Stein, and R. James Woolsey.

THE GENESIS OF ACQUISITION REFORM

The Packard Commission made recommendations in four areas—National Security Planning and Budgeting, Military Organization and Command, Acquisition Organization and Procedures, and Government Industry Accountability. Included were certain findings and recommendations directly related to defense acquisition and its management structure. Specifically, the commission stated the following:⁶

As we noted in our *Interim Report*, federal law governing acquisition has become steadily more complex, the acquisition system more bureaucratic, and acquisition management more encumbered and unproductive. In the absence of a single, senior DoD official working fulltime to supervise the overall acquisition system, policy responsibility has become fragmented. As a result, the Services have tended to assume policy responsibilities and to exercise them at times without necessary coordination or uniformity. Worse still, authority for *executing* acquisition programs—and accountability for their results—has become vastly diluted...it is fundamental that we establish clear unambiguous authority for acquisition policy, clear accountability for acquisition execution, and plain lines of command for those with program management responsibilities. It is also imperative that we streamline acquisition procedures.

The Commission concluded:

We strongly recommend creation by statute of the new position of Under Secretary of Defense (Acquisition) and authorization of an additional Level II appointment in the Office of the Secretary of Defense (OSD).

That recommendation was amplified as follows :

The new Under Secretary should have full-time responsibility for managing the defense acquisition system. He should be a Level II Presidential appointee and should have a solid industrial background in the management of complex technical programs. The new Under Secretary should be the Defense Acquisition Executive. As such, he should supervise the entire acquisition system and set overall policy for R&D, procurement, logistics and testing. He should have the *responsibility to determine that new programs are thoroughly researched, that military requirements are verified, and that realistic cost estimates are made before the start of full-scale development...*(emphasis added)

⁶ *Acquisition Organization and Procedures: A Quest for Excellence*, Final Report to the President by the President's Blue Ribbon Commission on Defense Management, June 1986, Chapter 3, p. 53.

Four other acquisition management recommendations followed:

- The Army, Navy, and Air Force should each establish a comparable senior position filled by a top-level civilian Presidential appointee—selected by the Service Secretary in consultation with the Defense Acquisition Executive, and operating under policy guidance from the DAE.
- Each Service Acquisition Executive should appoint a number of Program Executive Officers—like group general managers in industry would be responsible for a reasonable and defined number of acquisition programs.
- Federal laws governing procurement should be recodified into a single, greatly simplified statute applicable government-wide—streamlined procedures were deemed necessary to match the new streamlined acquisition organizational structure.
- DoD should substantially reduce the number of acquisition personnel—to simplify the acquisition system by consolidating policy and oversight, reducing reporting chains, eliminating duplicative functions and excessive regulations, and establishing an environment in which program managers and their staffs can operate as centers of excellence.

In the chapters devoted to National Security Planning and Budgeting and Military Organization and Command, the Commission recommended the establishment of a four-star position of Vice Chairman of the Joint Chiefs of Staff to serve as a member of the Joint Chiefs of Staff, to enunciate the views of the combatant commanders, to assist the Chairman, and to perform other duties as prescribed by the Secretary of Defense or the Chairman. Part C of Chapter 3 of the Final Report begins:

A restructured Joint Requirements and Management Board (JRMB), co-chaired by the Under Secretary of Defense (Acquisition) and the Vice Chairman of the Joint Chiefs of Staff, should play an active and important role in all joint programs and in all major Service programs. *The JRMB should define weapon requirements for development, and provide thereby an early trade-off between cost and performance.*

The Commission's rationale for the JRMB was as follows:

Full-scale development of a new weapon system is the single most critical step in the acquisition process. At this point, a number of fundamental decisions must be made—whether to undertake a new development or adapt an existing system, how far to push the new technology being incorporated in the system, what cost and schedule to authorize, and what the management structure will be. Misjudgment about any of these items can start a program off on a course that dooms it to failure. Currently, this critical decision is made by the Secretary of Defense, acting on advice from the Defense Systems Acquisition Review Council (DSARC), after the DSARC has made a detailed review of whether the proposed system will meet the stated user requirements and whether the cost and schedule estimates are credible...But the DSARC process, *while adequate to determine whether the proposed specifications will meet the stated user requirements, lacks a viable mechanism for challenging those requirements*...Fundamental to the ultimate success of a new program is an *informed trade-off between user requirements, on the one hand, and schedule and cost, on the other*. A delicate balance is required in formulating system specifications that allow for a real advance in military capability but *avoid gold-plating*. *Generally, users do not have sufficient technical knowledge and program experience, and acquisition teams do not have sufficient experience with or insight into operational problems, to strike the critical balance*. It requires a blend of diverse backgrounds and perspectives that, because the pressures can be so great, must be achieved at a very high level in DoD...The DSARC is not the proper forum for effecting this balance...We recommend, therefore, that the JRMB be restructured to make such trade-offs and then to decide whether to initiate full-scale development. The JRMB should have this authority for all joint programs and appropriate Service programs. It should evaluate major trade-offs proposed as a program progresses. *Its determination, in effect, should substitute for the decision now made by the DSARC at what is called Milestone II*...the JRMB should be responsible for two decisions commonly made in industry, but not now an explicit part of the DoD's

decision-making process. One of these is the “affordability” decision and the other is the “make-or-buy” decision...(emphasis added)

Importantly, the JRMB concept was never implemented. Instead of one integrated board advocated by the Packard Commission, two non-integrated bodies were created—the Defense Acquisition Board, which replaced the DSARC for materiel milestone decisions, and the Joint Requirements Oversight Council, which was created by statute (10 U.S.C. § 181) to assist the Chairman in carrying out his various “advice and assistance” tasks.

Statutorily Prescribed Roles and Responsibilities

Annex 1 to this appendix contains brief extracts from those various sections of Title 10, U.S. Code that prescribe the authority, roles, and responsibilities of the USD (AT&L), Chairman of the Joint Chiefs of Staff, Vice Chairman of the Joint Chiefs of Staff, and the Joint staff. Also included is an extract of the statutory provision related to the Joint Requirements Oversight Council. These are provisions codified at Title 10 that relate to the various provisions of the Goldwater-Nichols Department of Defense Reorganization Act of 1986. They establish the USD (AT&L) as the senior procurement official of the DoD and the Defense Acquisition Executive responsible for prescribing policies that relate to the DoD materiel acquisition system. The roles and responsibilities of the Chairman of the Joint Chiefs of Staff are to advise on programs, requirements and budgets, to prioritize requirements submitted by commanders of unified and specified commands, and to assess military requirements for defense acquisition programs. There is no authority granted within Title 10 for the Chairman or the Vice Chairman to approve, validate or otherwise exercise executive authority over “requirements” generation. The JROC is to “assist the Chairman” in carrying out his duties. Title 10 provides that the Joint staff is to be independently organized and operated to support the Chairman of the Joint Chiefs of Staff. Importantly, 10 U.S.C. § 155(c) provides that the Joint staff may not act as an armed forces general staff or exercise any executive authority.

The Root Cause

This issue has, in large part, been created by the plethora of sometimes conflicting directives, instructions, manuals, and other documentation issued by various parts of the Executive Branch, the Office of the Secretary of Defense, and the Joint Staff. That

documentation is not always consistent in the use of key legal words and phrases. Process definitions are not consistent; specifically, the requirements generation process is characterized as a separate decision support process divorced from the Defense Acquisition System and PPBE “processes;” those three “decision support processes” are, in fact closely intertwined, as enclosure A to CJCSI 3170.01E reflects. Department of Defense Directive (DoDD) 5000.1 and Department of Defense Instruction (DoDI) 5000.2 define the Defense Acquisition System broadly to encompass that requirements generation process (though the current DoDI 5000.2 is consistent with CJCSI 3170.01E and its predecessors in defining the “requirements” generation process as separate and distinct from the material acquisition “process” and the PPBE “process”). Further, terms such as “assess,” “provide advice,” and “recommend” are used loosely within process descriptions that rely upon action verbs related to Joint Staff responsibilities, such as “approve,” develop,” and “validate.” It seems however that that the importance of such distinctions are being recognized as each of the seemingly yearly changes to CJCSI 3170.01 soften the action verbs back to the “assess, recommend, and advise” rhetoric even though the basic JCIDS schema remains the same.

The overriding issue from a national perspective is civilian control of the military acquisition apparatus. Paragraph 3.1 of DoDD 5143.1⁷ states:

The Under Secretary of Defense for Acquisition, Technology, and Logistics is the Principal Staff Assistant and advisor to the Secretary and Deputy Secretary of Defense *for all matters related to the DoD Acquisition System, research and development, advanced technology, development test and evaluation, production, logistics, installation management, military construction, procurement, environmental security, and nuclear, chemical, and biological matters* (emphasis added)

Paragraph 3.4.1 of DoDI 5000.2⁸ provides:

The Chairman of the Joint Chiefs of Staff, with the assistance of the Joint Requirements Oversight Council, **shall assess** and **provide advice** regarding military capability needs for defense acquisition programs. The process through which the Chairman provides his advice is described in the Chairman of the Joint Chiefs of Staff Instruction 3170.01 (reference g

⁷ Page 5 of the version of 21 April 2000.

⁸ Version of 12 May 2003.

[Chairman of the Joint Chiefs of Staff Instruction 3170.01 Series, “Requirements Generation System,” 15 April 2001] (emphasis added))

Proper use and interpretation of this verbiage is critical to the control issue. For instance, CJCSI 3170.01E and JROCM 098-00 (now JROCM 014-05)⁹ provide that the Vice Chairman of the JCS is the chairman of the Joint Requirements Oversight Council (JROC) and that, under the provisions of CJCSI 3170.01E,¹⁰ “approves” requirements documents generated at various stages of the materiel development process, or “assigns” “CRD lead” responsibility to a functional capabilities board, or “...review acquisition program baseline key performance parameters for the minimum of cost, schedule, and KPPs... to ensure that they are consistent with JROC-approved CDD or CPD and prior JROC decisions(s)...”¹¹ Paragraph 3.10.2 of DoDI 5000.2 provides that:

The USD (AT&L) shall chair the DAB,¹² and the Vice Chairman of the Joint Chiefs of Staff will serve as the co-chair.

However, the initial sentence in that paragraph establishes that the DAB shall “...advise the USD (AT&L) on critical acquisition decisions.” Further, DoDD 5134.1, especially paragraphs 5 and 6, clearly delineate the preeminent authority of the USD (AT&L) over the defense acquisition system, including participants within the military departments, the Joint Staff, and the combatant commands.

There is another potential problem with the current JCIDS scheme. The system embodied in CJCSI 3170.01E may violate the 10 USC § 155(c) statutory prohibition against the Joint staff acting as an Armed Forces general staff or exercising executive authority. Enclosure A to CJCSI 3170.01E describes a process in which the Joint staff and eight chartered Functional Capabilities Boards (FCB) are directly involved in JCIDS document review, validation, and approval for all acquisition programs from ACAT I/IA through ACAT III (The Milestone Decision Authorities for ACAT II and III programs are generally the acquisition executives of the Military Departments or other Defense Components.). An FCB is chaired by a flag officer with the organization responsible for providing that chair being determined by the JROC—seven of the eight FCB

⁹ *Joint Requirements Oversight Council Administrative Guide JROCM 014-05*, 25 January 2005, which superseded “JROC Administrative Guide,” dated 25 March 2000.

¹⁰ See Appendix A.

¹¹ Ibid pages A-9 through A-12.

¹² Defense Acquisition Board

chairpersons are members of the Joint staff. Members of the FCBs are O-6 or civilian equivalent representatives of the Army, Navy, Air Force, Marine Corps, the combatant commands, USD (AT&L), Director, PA&E, ASDNII/DoD CIO, DIA, USecAF (DoD Space MDA), USD(I), the MRB, and other DoD and non-DoD agencies as required.¹³ To the extent that these FCBs are controlled by Joint staff principals, an argument could be made that the JCIDS system as conceived and operating requires the Joint staff to act as an armed forces general staff exercising executive authority in violation of 10 USC §155(c). The Joint staff, under Federal law, is to be independently organized and operated to support the Chairman of the Joint Chiefs of Staff for: 1. *unified strategic direction of the combatant forces*; 2. *operation of the combatant forces under unified command*; and, 3. the *integration of the combatant forces into an effective team of land, naval, and air forces as provided in 50 USC § 401 and 10 USC § 155 (d)*.¹⁴

The Chairman of the Joint Chiefs of Staff exercises no command authority over the unified or specified combatant commands or the Military Departments or the other DoD components.¹⁵ The chain of command for combatant forces is from the President to the Secretary of Defense to the unified/specified combatant commander (10 USC § 162 (b)). Though communications from the combatant commanders to the Secretary of Defense and President, and vice versa, are routed through the Chairman, he derives no command authority from that schema as provided by law. The Joint Chiefs are military advisors to the President, National Security Council, and Secretary of Defense.¹⁶ Thus, the duties and functions assigned by law to the Chairman and the other Joint Chiefs of Staff—advise, assist, and assess—are not necessarily compatible with the verbiage and schema within CJCSI 3170.01E—validate, prioritize,¹⁷ and approve. Again the statutory

¹³ Page A-13, CJCSI 3170.01D, 24 June 2003.

¹⁴ “The Secretary of Defense shall ensure that the Joint Staff is independently organized and operated so that the Joint Staff supports the Chairman of the Joint Chiefs of Staff in meeting the congressional purpose set forth in the last clause of section 2 of the National Security Act of 1947 (50 U.S.C. 401) to provide--
(1) for the unified strategic direction of the combatant forces;
(2) for their operation under unified command; and
(3) for their integration into an efficient team of land, naval,
and air forces.”

¹⁵ See 10 USC §§ 162 & 163.

¹⁶ See 10 USC § 151.

¹⁷ Note that the “prioritize” responsibility assigned by Title 10 to the Chairman relates to prioritizing “requirements” identified by the commanders of the unified and specified commands, not the Military Departments and DoD Components.

verbiage of 10 USC § 181, though it points the JROC at activities to be conducted by a Defense Acquisition Board (DAB), the successor to the DSARC, the operative phrase in 10 USC § 181 is “assist the Chairman.” The Chairman is charged with “assessing military requirements in defense acquisition programs” not “validating,” “prioritizing,” or “approving” any such requirements.

Enclosure A to CJCSI 3170.01E provides:

The JCIDS, the Defense Acquisition System, and the planning, programming, budgeting and execution processes form the principal DoD decision support processes for transforming the military forces to support the national military strategy and the defense strategy.

JCIDS defines three different documents—the Initial Capabilities Document (ICD), the Capabilities Development Document (CDD), and the Capability Production Document (CPD)--that are each prepared by a military “sponsor” and are, according to the JCIDS documentation, to be “validated” and “approved” by the JROC. These “approved” documents are to be scrutinized at various decision points—Milestones A, B, and C--within the materiel acquisition process but are to guide that process as statements of user needs.

The JCIDS process has been overlaid upon what the Packard Commission assailed as a “bureaucratic,” “encumbered,” and “unproductive” acquisition system, and to the extent that that process deviates from statutorily-based materiel acquisition control processes, it must yield to the statutory constructs.

First, an instruction issued by the Chairman of the Joint Chiefs of Staff cannot expand the authority of the Chairman or the Vice Chairman—advise, assist, and recommend are not synonymous with validate and approve. Second, separation of the requirements generation process, as JCIDS purports to do, from the Defense Acquisition System is a throw-back to what the Packard Commission concluded was a weakness in the acquisition system at the time of its examination—lack of a means to challenge requirements and to make sometimes tough affordability decisions. Affordability decisions are not within the purview of the JROC principals.

JCIDS CONFLICT WITH OMB CIRCULAR A-109

The JCIDS separation scheme directly contradicts the policies established in Office of Management and Budget (OMB) Circular A-109. Though that 1976 Circular

has been modified repeatedly and is in the process of being incorporated into OMB Circular A-11, it remains in effect and its provisions will remain even after the merger if it eventually occurs. Paragraph 3 of OMB A-109 provides that: “Each agency head has the responsibility to ensure that the provisions of this Circular are followed...” Paragraph 5a defines an “executive agency” as: “...an executive department, and an independent establishment within the meaning of sections 101 and 104 (1), respectively, of Title 5, U.S. Code.” Section 101 of Title 5, U.S. Code includes the Department of Defense. Thus, the Secretary of Defense is charged with the responsibility of ensuring that OMB A-109 is complied with. Paragraph 4 of OMB A-109 provides:

This Circular covers and applies to:

- a. Management of the acquisition of major systems, including:
 - **Analysis of agency missions**
 - **Determination of mission needs**
 - Setting of program objectives
 - **Determination of system requirements**
 - System program planning
 - **Budgeting**
 - **Funding**
 - Research
 - Engineering
 - Development
 - Testing and evaluation
 - Contracting
 - Production
 - **Program and management control**
 - Introduction of the system into use or otherwise successful achievement of program objectives

Paragraph 5c of OMB A-109 defines “agency missions” as: “...those responsibilities for meeting national needs assigned to a specific agency.” Paragraph 5d defines “mission need” as: “...a required capability within the overall purpose, including cost and schedule considerations.” Importantly, Paragraph E2.1.1.9 to Enclosure 2 to DoDD 5134.1 provides that the USD (AT&L) shall: “Act for the Secretary of Defense in the implementation of OMB Circular No. A-109, “Major System Acquisition,” 5, April 1976.

SUMMARY

The JCIDS process does not preempt the “requirements” aspect of the materiel acquisition process or diminish the authority of the USD (AT&L) either to supervise the Defense Acquisition System or to issue directives, including Acquisition Decision Memoranda, after considering the recommendations of the Defense Acquisition Board. The fact that the Vice Chairman of the Joint Chiefs of Staff is designated in Paragraph 3.10.2 of DoDI 5000.2 as the co-chair of the DAB does not vest in the Vice Chairman any authority over the materiel acquisition system or divorce the requirements generation process from that acquisition system. The DAB, as DoDI 5000.2 provides, is designed to “advise” the USD (AT&L) on critical acquisition decisions. The scheme whereby the USD (AT&L) and the Vice Chairman cooperate in the materiel acquisition process is consistent with the Packard Commission’s findings and recommendations about what they called a Joint Requirements and Management Board.¹⁸ However, the USD (AT&L) remains in control of all aspects—including requirements generation—of the materiel acquisition system of the Department of Defense.

¹⁸ “A delicate balance is required in formulating system specifications that allow for a real advance in military capability but avoid gold-plating. Generally, users do not have sufficient technical knowledge and program experience, and acquisition teams do not have sufficient experience with or insight into operational problems, to strike the critical balance. It requires a blend of diverse backgrounds and perspectives that, because the pressures can be so great, must be achieved at a very high level in DoD...The DSARC is not the proper forum for effecting this balance...We recommend, therefore, that the JRMB be restructured to make such trade-offs and then to decide whether to initiate full-scale development. The JRMB should have this authority for all joint programs and appropriate Service programs. It should evaluate major trade-offs proposed as a program progresses. *Its determination, in effect, should substitute for the decision now made by the DSARC at what is called Milestone II...*the JRMB should be responsible for two decisions commonly made in industry, but not now an explicit part of the DoD’s decision-making process. One of these is the “affordability” decision and the other is the “make-or-buy” decision...”¹⁸

POTENTIAL RESOLUTION

A common understanding throughout DoD of the roles, responsibilities, and authority of the Defense Acquisition Executive is essential. A predecessor USD (AT&L) contributed to the confusion by seemingly accepting the tri-partite—requirements generation, materiel acquisition, and PPBE--process construct described within DoDI 5000.2 and CJCSI 3170.01E. An unintended consequence is a fragmentation of the “materiel acquisition system” that may choke it with the type of bureaucratic hurdles that the Packard Commission challenged, that may cause sponsors, including COCOMs to be more and more dissatisfied with the system’s ability to deliver products rapidly (as evidenced by the rapid equipping initiatives instituted during OIF/OEF), and that invite Congressional criticism for inefficient operations financed by the public. That the CJCS JCIDS instruction would be reissued five times between 1999 and 2005 should indicate that the imposition of a Joint staff-centered “requirements generation” system has not been without its implementation hurdles, regardless of the lawful implications of 10 U.S.C. § 155 (c).

The role of the CJCS, and the Joint staff, within the material acquisition system should be clarified. Clear lines of authority are critical just as the Packard Commission concluded. The executive responsible to the Secretary of Defense, the President, and the Congress for materiel acquisition decisions is the USD (AT&L). To the extent that there are DoD or CJCS directives and/or instructions that confuse that singular authority, such documentation should be rescinded, revised, or revoked as appropriate.

This page is intentionally left blank.

Annex 1
Extract of Statutory Provisions of Relevance to
The Roles and Responsibilities for Department of Defense
Material Acquisition and “Requirements” Generation

Public Laws 99-500, 99-501, and 99-661 (10 USC § 133) established the position of Under Secretary of Defense for Acquisition in 1986. In 1993, Public Law 103-160 changed the title to Under Secretary of Defense for Acquisition and Technology. It became Under Secretary of Defense for Acquisition, Technology, and Logistics in 1999 with the enactment of Public Law 106-65. Section 133 provides that the Under Secretary shall, subject to the authority, direction and control of the Secretary of Defense, “perform such duties and exercise such powers relating to acquisition...including—“

- Supervising Department of Defense acquisition.
- Establishing policies for acquisition...for all elements of the Department of Defense.
- Establishing policies for logistics, maintenance, and sustainment support for all elements of the Department of Defense.
- Establishing policies for the Department of Defense for maintenance of the defense industrial base of the United States.
- The authority to direct the Secretaries of the military departments and the heads of all elements of the Department of Defense with regard to matters for which the Under Secretary has responsibility.

The Under Secretary:

- Is the senior procurement executive for the Department of Defense.
- Is the Defense Acquisition Executive for purposes of regulations and procedures of the Department providing for a Defense Acquisition Executive.
- To the extent directed by the Secretary, exercises overall supervision of all personnel (civilian and military) in the Office of the Secretary of Defense with regard to matters for which the Under Secretary has responsibility, unless otherwise provided by law.

The duties and responsibilities of the Chairman of the Joint Chiefs of Staff are contained at 10 U.S.C. § 153. Though there have been several amendments to Section 153 since 1986, the current codified law prescribes the functions of the Chairman of the Joint Chiefs of Staff as follows: “Subject to the authority, direction and control of the President and the Secretary of Defense,” he is responsible for the following:

- Strategic direction.
- Strategic planning.
- Contingency planning.
- Advice on requirements, programs, and budget.
 - *Advising the Secretary...on the priorities of the requirements identified by the commanders of the unified and specified commands.*
 - Advising the Secretary on the extent to which the program recommendations and budget proposals of the military departments and other components...for a fiscal year conform to the priorities established in strategic plans and with the priorities established for the requirements of the unified and specified commands.
 - Submitting to the Secretary alternative program recommendations and budget proposals...
 - Recommending to the Secretary...a budget proposal for activities of each unified and specified combatant command.
 - *Assessing military requirements for defense acquisition programs.*
- Doctrine, Training and Education
- Other matters, including representation on the Military Staff Committee of the United Nations and other duties as prescribed by law or by the President or the Secretary of Defense.

Section 154 of Title 10 U.S. Code creates the position and specifies the duties of the Vice Chairman of the Joint Chiefs of Staff as follows:

The Vice Chairman performs the duties prescribed for him as a member of the Joint Chiefs of Staff and such other duties as may be prescribed by the Chairman with the approval of the Secretary of Defense.

Section 155 of Title 10 U.S. Code prescribes the organization of the Joint staff. Importantly, Section 155(c) prohibits the Joint staff from operating or being organized as an overall Armed Forces General Staff and precludes it from having any executive authority. The Joint staff is to be independently organized and operated to support the Chairman of the Joint Chiefs of Staff.

Section 181 of Title 10 U.S. Code provides for the establishment of a Joint Requirements Oversight Council (JROC) to:

in addition to other matters assigned to it by the President or the Secretary of Defense...(1) *assist the Chairman of the Joint Chiefs of Staff in identifying and assessing the priority of joint military requirements (including existing systems and equipment) to meet the national military strategy; (2) assist the Chairman in considering alternatives to any acquisition program that has been identified to meet military requirements by evaluating the cost, schedule, and performance criteria of the program and of the identified alternatives; and, (3) as part of the mission to assist the Chairman in assigning joint priority among existing and future programs meeting valid requirements, ensure that the assignment of such priorities conforms to and reflects resource levels projected by the Secretary of Defense through Defense Planning Guidance.*(emphasis added)

The emphasized portions of Section 181 shown above illustrate what may be the crux of the issue being considered herein. The JROC under the provisions of Section 181 is composed of the Chairman of the Joint Chiefs of Staff, as its chair, and four members, officers in the rank of General from the Army, Navy, Air Force, and Marine Corps. In actuality, the Vice Chairman of the Joint Chiefs of Staff chairs the JROC—the four members are the Vice Chief of Staff of the Army and Air Force, the Vice Chief of Naval Operations and the Assistant Commandant of the Marine Corps. These five very senior officers are expected therefore, under statutory provision, to be involved in a process that

the Packard Commission concluded was not only critical to the acquisition process but also required diverse talent—considering alternatives...to meet military requirements by *evaluating cost, schedule, and performance criteria of the program and of the identified alternatives*¹⁹--and was not within the technical knowledge and professional experience of operational users. The members of the JROC are not acquisition professionals. The JROC is not a management body that is the equivalent of the DSARC making a Milestone II decision. Further, these topics, deemed so important to the acquisition system by the Packard Commission, are generally not of the type that can be understood and debated “in thirty (30) minutes and should consist of no more than fifteen slides.”²⁰

¹⁹ “Fundamental to the ultimate success of a new program is an informed trade-off between user requirements, on the one hand, and schedule and cost, on the other. A delicate balance is required in formulating system specifications that allow for a real advance in military capability but avoid gold-plating. Generally, *users do not have sufficient technical knowledge and program experience, and acquisition teams do not have sufficient experience with or insight into operational problems*, to strike the critical balance, It requires a blend of diverse backgrounds and perspectives that, because the pressures can be so great, must be achieved at a very high level in DoD...”

²⁰ Paragraph 3a, *Joint Requirements Oversight Council Administrative Guide JROCM 014-05*, 25 January 2005.

REPORT DOCUMENTATION PAGE			Form Approved OMB No. 0704-0188		
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing this collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0704-0188), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number. PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ADDRESS.					
1. REPORT DATE (DD-MM-YY) September 2005		2. REPORT TYPE Final		3. DATES COVERED (From - To)	
4. TITLE AND SUBTITLE Defense Acquisition Initiatives Review: An Assessment of Extant Initiatives			5a. CONTRACT NO. DASW01-04-C-0003/W74V8H-05-C-0042		
			5b. GRANT NO.		
			5c. PROGRAM ELEMENT NO(S).		
6. AUTHOR(S) Gene Porter, David Berteau, Gary Christle (The CNA Corporation), Jay Mandelbaum, Richard Diehl			5d. PROJECT NO.		
			5e. TASK NO. AO-6-2586		
			5f. WORK UNIT NO.		
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Institute for Defense Analyses 4850 Mark Center Drive Alexandria, VA 22311-1882			8. PERFORMING ORGANIZATION REPORT NO. IDA Document D-3189		
9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES) Office of the Under Secretary of Defense (Acquisition, Technology and Logistics) Pentagon Washington, DC 20301			10. SPONSOR'S / MONITOR'S ACRONYM(S) OUSD(AT&L)		
			11. SPONSOR'S / MONITOR'S REPORT NO(S).		
12. DISTRIBUTION / AVAILABILITY STATEMENT Approved for public release; distribution unlimited.					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT This report documents Phase I of a project undertaken to review and assess the current status of the many acquisition initiatives that have been recommended and/or attempted in recent years, and to identify and analyze a subset of initiatives with potential for near-term management emphasis that could provide visible improvements to the much-criticized Defense acquisition system. Section II identifies those initiatives that are proceeding satisfactorily without high-level attention at this time, or have been overtaken by events or otherwise proven unworthy of further high-level attention. Those initiatives found to warrant further attention are described in Section III. They will be assessed in more detail during Phase II, and a subset thereof will be recommended for early consideration by the Defense Acquisition Executive.					
15. SUBJECT TERMS acquisition reform, acquisition excellence, acquisition initiatives					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT UU	18. NO. OF PAGES 60	19a. NAME OF RESPONSIBLE PERSON
a. REPORT U	b. ABSTRACT U	c. THIS PAGE U			19b. TELEPHONE NUMBER (Include Area Code)

