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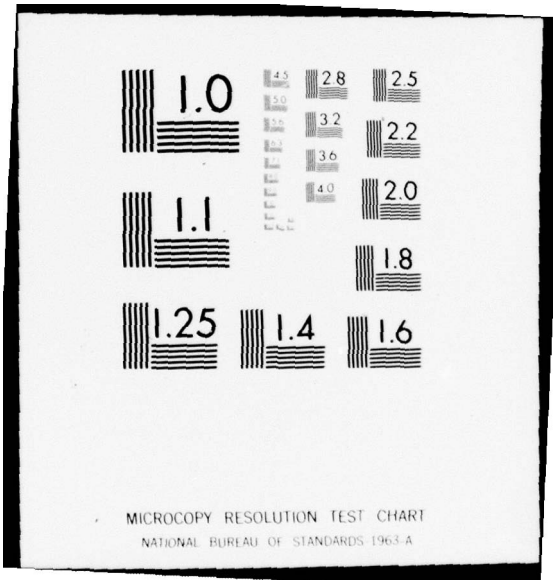
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THE DOD REQUIREMENT PROCESS
AND
THE CLAMOR FOR CHANGE

STUDY REPORT
PMC 74-1

James Lee Hudson, Jr.
Major USAF

FORT BELVOIR, VIRGINIA 22060

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DEFENSE SYSTEMS MANAGEMENT SCHOOL

STUDY TITLE: THE DOD REQUIREMENTS PROCESS AND THE CLAMOR FOR CHANGE

STUDY GOALS: To highlight the criticisms of the DOD requirements process and identify some of the indications that a change may be forthcoming.

STUDY REPORT ABSTRACT

By DOD Directive 5000.1, the services were delegated the authority for identifying needs and defining, developing, and producing weapon systems to meet those needs. Against this background, there has been a continuing criticism of how new systems become needed. This study reviews the issues raised and by whom. Also, this study takes special note of some of the more recent pronouncements by OSD officials as well as congressional actions which might affect the requirements process.

KEY WORDS: MATERIEL REQUIREMENTS BUDGET JUSTIFICATIONS APPROPRIATIONS BLUE RIBBON DEFENSE PANEL GOVERNMENT PROCUREMENT

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THE DOD REQUIREMENT PROCESS AND THE CLAMOR FOR CHANGE

STUDY REPORT

Presented to the Faculty

of the

Defense Systems Management School

in Partial Fulfillment of the

Program Management Course

Class 74-1

by

James Lee Hudson, Jr.
Major USAF

May 1974

This study represents the views, conclusions, and recommendations of the author and does not necessarily reflect the official opinion of the Defense Systems Management School nor the Department of Defense.

THE DOD REQUIREMENT PROCESS AND THE CLAMOR FOR CHANGE

An Executive Summary
of a
Study Report
by

James Lee Hudson, Jr.
Major USAF

May 1974

Defense Systems Management School
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Fort Belvoir, Virginia 22060

EXECUTIVE SUMMARY

While by law Congress has vested overall direction and control of DOD research and engineering with the Secretary of Defense, DOD Directive 5000.1 delegates the authority to the services for identifying their particular needs and defining, developing, and producing weapon systems to meet those needs. It is against this background of apparent decentralization of authority (vis-a-vis the McNamara era) that a growing concern from various quarters has emerged with regard to the process by which requirements for new weapon systems are generated.

Two of the more significant studies which dealt with the DOD requirements process were accomplished by the Blue Ribbon Defense Panel, appointed by the President, and the Commission on Government Procurement, established by Congress. The deficiencies noted in these and other studies appear to focus on the failure to consider the affordability and priorities related to defense mission needs in DOD long-range planning. One problem associated with this shortcoming is that Congress does not have an overall visibility of defense needs which in turn leads to Congressional debate on specific new weapon systems rather than defense needs and priorities. A second problem related to the lack of long-range planning and the coordination of needs by OSD is the tendency for divisionary interservice rivalry. Additionally, the competition for roles and missions between services often results in the

overspecification of system characteristics too early in the conceptual phase and the unnecessary duplication of mission capabilities. The extension of these problems results in higher unit costs for new systems. In the face of limited resources and current budget allocation practices, higher unit costs leads to declining force levels.

There may not be unanimous acceptance of the conclusions and recommendations offered; however, there seems to be increasing indications that changes in the approach to long-range planning within DOD are taking shape. Statements to various congressional committees by current OSD officials expounding on the introduction of Mission Concept Papers and Extended Planning Annexes are one such indication. Adding enforcement to the pressures for change is the budget reform bill now in Congress. If passed, this bill would implement the basic planning and program control framework recommended by the Commission on Government Procurement. Such action would add enforcement to the requirement for OSD coordinated and controlled long-range planning for defense mission needs.

The question not yet answered is who will really determine defense needs--the services, OSD, or Congress?

ACKNOWLEDGEMENT

The author is extremely grateful to Mr. R. N. Hall of the Government Accounting Office (GAO). While on a leave of absence from the GAO, Mr. Hall served as a staff member for the Commission on Government Procurement. With this unique background, Mr. Hall was most helpful by sharing his insight of the issues from all sides of the fence.

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AND

THE CLAMOR FOR CHANGE

Introduction

One of the basic policies outlined in the 1958 Amendments to the National Security Act of 1947 which strengthened the role of the Department of Defense (DOD) was:

> To eliminate unnecessary duplication in the Department of Defense, and particularly in the field of research and engineering by vesting its overall direction and control in the Secretary of Defense.

While the Office of the Secretary of Defense (OSD) has retained the responsibility for assuring that major defense systems programs are pursued in response to valid needs, the DOD components have been given the responsibility by DOD Directive for identifying needs and defining, developing and producing systems to satisfy those needs (1:2).

It is against this background of apparent delegation of authority (vis-a-vis the McNamara era) that a growing concern from various quarters has emerged with regard to the process by which requirements for new weapon systems are generated.

This paper is an attempt to bring together the issues and highlight some of the signals which might indicate a change in the DOD requirements process. The approach used will be to present the more significant criticisms of the

requirements process since 1970 and identify some of the recent indications that a change may in fact be forthcoming.

While no unique terms will be used in this paper, the drawing together of various points of view inevitably leads to some confusion over the use of common terms. In this case the words "needs," "goals/objectives," and "requirements" may take on different meanings. For example, one study identifies four different meanings for the word "requirements" as used in the system acquisition process (2:3). The reader is cautioned to consider the differences, sometimes subtle, in how these words are used.

The scope of this paper is primarily bounded in two dimensions. The first is in real time and the second is relative time. The issues presented will be those raised during the period between July 1970 to the Spring of 1974. In relative time, the thrust of this study will deal with the "front end" of the acquisition cycle although it will not be possible to dissect the issues raised from the implications for the total acquisition process.

To offer some insight to the major sources of information, the organization of this paper starts with the background of the more significant studies of the DOD acquisition process before proceeding with the criticisms voiced concerning the actual process. Next, an assortment of evidence that the criticisms are being heard will be presented followed by a summary section.

Significant Studies

As previously stated, this section provides some background of two of the more significant studies of the DOD acquisition process which have given particular attention to the requirements process.

Significance in this case is related to the likelihood of influencing the activity being studied. While there have been numerous studies and investigations of various aspects of the acquisition process, most tend to slip over the "front end" of the process and deal mainly with the issues and mechanics of developing and procuring systems given they are needed. Additionally, studies within the DOD at any level tend to be reactive rather than innovative. That is, such studies deal mostly with investigating, adapting to, and responding to issues raised from outside the DOD.

Perhaps one of the most influential studies shaping the current DOD policies was accomplished by the Blue Ribbon Defense Panel. Appointed by President Nixon and Secretary Laird in July 1969, the Panel was given a broad charter to study the organization, structure, and operation of the DOD. The members selected were generally unfamiliar with the operations of the DOD and were chosen with the view of bringing a fresh look on the subject. The original panel was comprised of 16 members chaired by Mr. Gilbert W. Fitzhugh,

then Chairman of the Board for Metropolitan Life Insurance Company. Thus, the final report which was completed one year later in July 1970 is often referred to as the "Fitzhugh Report." As an interesting side note, one of the panel members was Mr. William P. Clements, Jr., the current Deputy Secretary of Defense. At that time he was the Chairman of the Board for SEDCO, Inc.

While the Blue Ribbon report gives impetus to many of the DOD policies of the early seventies, the study by the Commission on Government Procurement (COGP), completed in December 1972, reinforces much of what was contained in the Blue Ribbon Panel Report and promises to be an even greater influence for the future.

Created by Congress in 1969, the COGP was given a broad charter to examine the procurement process of the Federal Government and not just DOD. However, as the Commission found, the acquisition of major systems within the DOD was among the most important and controversial areas. Perhaps as a result of the broad charter, additional time, and depth of staff the Commission study was able to take a more integrated and indepth view of the acquisition process, covering all the basic steps including the initial statement of need through the eventual use of a system.

The COGP was composed of twelve members representing the executive and legislative branches and private industry. The Chairman was Mr. Perkins McGuire, a consultant and

corporate director. Congressman Chet Holifield served as the Vice Chairman. One significant change to the membership occurred in 1972 when Senator Lawton M. Chiles, Jr. replaced Senator Henry M. Jackson who resigned. Senator Chiles has become an important link between the product of the COGP and the Senate. In 1973 Senator Chiles became the Chairman of the Ad Hoc Subcommittee on Federal Procurement. This subcommittee, created by Senator Sam J. Ervin as Chairman of the Senate Committee on Government Operations, serves as a focal point for procurement reform by continuing an investigation of the COGP recommendations and developing a legislative program to implement changes. A similar link between the COGP and the House of Representatives is through Congressman Holifield, Chairman of the House Committee on Government Operations.

The potential significance of the COGP is also found in the process by which the Commission's recommendations are being handled. The COGP report contained 149 recommendations of which 12 dealt with the acquisition of major systems. Lead agencies within the Executive Branch have been identified and task groups established to propose policy and implementing actions. The Government Accounting Office (GAO) is monitoring the overall process and making quarterly reports to Congress. The third such report was submitted in January 1974.

While this section identifies two of the more significant studies possibly affecting DOD acquisition management policies of the seventies, these studies do not stand alone in pointing to shortcomings of the process by which the requirements for new weapon systems are generated.

What is Wrong?

In a keynote address to a recent National Security Industrial Association symposium, an industry executive voiced a rather pinpointed criticism:

> Let's call a spade a spade. Our real problem stems from the desires on the part of both industry and government to extend the technical state of the art beyond what is necessary; to specify requirements which may never be encountered and to protect against every contingency. . . . The question in many minds is whether the word has gotten through to Pentagon middle management, much of it in uniform, where the struggle to push forward individual programs . . . often overlapping, overspecified . . . frequently takes on an interservice, or ever personal character. . . . Many of the requirements are absolutely essential to meet the threat. They cannot be eliminated regardless of the cost. But we can define the threat and we can determine what portion of our resources we can allocate to meet that threat and we can design our product to do the job with the resources provided. We can because we must (3:165).

This address touched on three of the major areas in which most of the issues appear to fall. They are:

- Planning
- Interservice Rivalry
- Over Specification

A point not always apparent is that these areas of concern are not independent. In fact, there appears in many arguments a casual relation between planning (or lack thereof), interservice rivalry, and over specification.

The Blue Ribbon Panel noted that there was no organizational element within OSD that was charged with the responsibility for broadly supporting the Secretary of Defense in long-range planning which integrates net assessments,

technological projections, and fiscal planning (4:31). The Panel also found a major weakness in the Planning, Programming, and Budgeting System (PPBS) to be a lack of tie-in with the decision making process on research and individual weapon system developments. Most major programs were taken independently of the PPBS and only considered the projection of such costs after program approval (4:114).

The GAO, in the third of a series of annual reports to Congress, has noted that many of the problems of weapon systems acquisition stem from the lack of long-range planning.

> There is question as to whether, in the conceptual stage, sufficient consideration is given to establishing the impact of one weapon system proposal on other programs, on the total force structure of a service or DOD, or on the possible ceiling on dollar resources (5:1).

As previously stated, one of the most indepth studies of the acquisition of major systems by all government agencies was conducted by the COGP. The Commission also found many problems traceable to the manner in which major systems get started. Within the current process the needs and goals for individual new acquisition efforts are set by agency components (the services) with no formal decisions by the agency head (SecDef) to coordinate agency-wide mission needs and budgets. The lack of long-range planning and formal overall review of needs and goals has certain implications for Congress. As stated by the COGP:

> Without a clear understanding of the needs and goals for new programs, Congress is unable to exercise effectively its responsibilities to review expenditures and the allocation of national resources. . . . Congress should have an early and comprehensive opportunity to debate and understand any agency's mission needs and goals for new acquisition efforts, and the opportunity to discuss the relationship of proposed mission capabilities to current national policy and the allocation of resources in accordance with national priorities (6:77).

Implications for the DOD were also touched on by the Commission. Much of the continuing debate in Congress over specific programs arises from the situation that a new major system does not emerge for congressional consideration until after a variety of system candidates have been eliminated and a preferred system has evolved through RDT&E funding which has only fragmented congressional visibility. The consequence as stated by the Commission is:

> When a major system does emerge for congressional consideration, all the issues of needs, goals, options, and defense capabilities surface, but the debate then can become too protracted or fall off to focus on the merits and faults of the particular system (6:106).

In late 1972, within OSD, there was an acknowledgement that there were significant shortcomings in linking the Defense Systems Acquisition Review Council (DSARC) and PPBS processes. More specifically, it was recognized that the eight year programming horizon was insufficient to provide guidance for RDT&E and procurement planning. Also, DSARC recommendations were generally made with limited opportunity for evaluation of individual weapon systems requirements in the context of total force planning and the resources which

could realistically be made available for performing specified DOD missions. Although Area Coordination Papers (ACPs) were considered as being closer than any other existing documents to providing long-range planning guidance, the ACPs were found to be inadequate in addressing force implications, resource consumption and allocation, and development priorities.

Although tasked by OSD to examine the process by which requirements are determined for major weapon systems, the Logistics Management Institute (LMI) found reason to shift their attention after beginning their study.

> . . . it became apparent that the issue is not how are requirements generated, but what mechanisms are there for relating the generation of requirements to national policy and the resulting future defense budget plans (2:2).

To substantiate their point, LMI noted:

> There are no means (within DOD) for reviewing the total potential expenditures if all major weapon systems are brought to production or of making choices among major weapon systems in the light of a restricted defense budget. There is no frame of reference for determining whether a system's development is within or beyond the future resources of the DOD (2:19).

A summation of the concern for the current planning, programming, and allocation system for defense was perhaps best stated by a critic also quoted by the COGP.

> None of the reforms that Packard (former Dep Sec Def) has instituted will mean anything unless better decisions are made on what major systems to buy unless more control is exercised over how the services allocate their funds. If we reduce the costs of acquiring a weapon, but decide to buy one ill-designed for a specific mission, or one well-designed for a superfluous mission, or if we buy three different weapons where one may suffice, we have wasted money (7:112).

Except for an occasional restriction on how much can be spent in a special mission area, the COGP found that OSD allocates a share of the total defense budget to each service rather than to a set of specific defense missions. The root of this practice stems from the lack of long-range planning for defense needs by mission areas. The result as seen by the COGP is that each service determines its own needs and goals for acquisition programs within its own view of defense missions and priorities. The Commission observed:

> (Each service's view of defense missions and priorities) do not necessarily correspond to the perceptions of the other services or of OSD, frequently resulting in destructive interservice rivalry and overlaps in mission capabilities. Interservice rivalry has caused special complications for system acquisition programs because these programs have become the principle means by which the services can preserve and enlarge their roles, budgets, and influence (6:76).

One of the previously quoted critics stated the situation more bluntly:

> Whenever each of the services is permitted to allocate its funds in ways it sees fit, the overall outcome is usually duplication, goldplating, and an unbalanced defense posture. What is good for the Army, Navy, and Air Force, separately, is not necessarily good for the defense as a whole (7:111).

After he left office, Mr. Packard was asked by Secretary Laird to provide him a personal report which has become known as Packard's "Farewell Report." In this report the former Deputy Secretary of Defense states:

> The divisionary forces which pressure the decisions on what programs to undertake are numerous and powerful. Within the Pentagon there is competition between the four services--the Army, Navy, Air Force, and Marine Corps--and frequently, between parts of a service. The competition is not only for the allocation of overall Department funds, but it goes on through the questions of roles and missions, and there is a strong tendency for each one of the services to want to be in on everything (8:211).

Although not explicitly pointing a finger to interservice rivalry, the Blue Ribbon Panel did note that the requirements process is highly service unilateral. With the requirements of combatant units being processed through respective service channels rather than through the operational channels of Unified and Specified Commands, the requirements are often screened and filtered before reaching CSD. In the Panel's words:

> There is an apparent inability of service staff elements to divorce themselves from their own service interests in establishing priorities for requirements. It is evident that the needs of the user in the field often take second place to weapons developments considered most important to the particular service for the protection or expansion of its assigned roles and missions (4:68).

While many have pointed to the costs of interservice rivalry, the COGP did recognize the value of meaningful competition if properly controlled. As a preface to one part of a recommendation the Commission Report states:

> A comprehensive review of defense missions and needs for new acqusition programs on an agency-wide basis initially would question whether service rivalry and the overlap in roles and capabilities of the military services could be used to find better systems to meet defense needs. If competition to meet an agency mission is to exist, it should be overt and purposeful (6:105).

The Commission's recommendation would have OSD assign the responsibility for responding to statements of needs and goals to more than one service when mission responsibilities overlap. Thus, competition between services would be formally recognized with each offering alternative system solutions (6:109).

As previously related, in most cases there is a perceived casual relationship between the deficiencies found in the acquisition of weapon systems which are attributed to the requirements process. For example, the Blue Ribbon Panel concluded that over-sophistication of systems is a result of arbitrary force level ceilings. That is, whenever a service is limited to a particular number of operational units of a partic lar kind, the weapon systems the service will seek to develop and procure for equipping those units will be the most advanced and sophisticated that technology can provide (9:16). The COGP has inferred such ceilings result from the manner the defense budget is allocated between services as opposed to mission areas.

There is also a suggestion of a link between interservice rivalry and over-sophistication. Although not supported by formal documentation, the COGP deduces that when one service initiates a new system which falls into an area of overlap of assigned roles and missions with another service, the other service occasionally may implicitly compete with the originating design concept. When this occurs there is a

tendency for one service to distinguish its system from that of a competing service. This in turn offers a motivation to achieve technical complexity when it minimizes apparent interservice competition so as to gain OSD approval (6:119). Another observer, without identifying a cause or reason, charges there is an inherent bias of the military services towards goldplating (7:99). Apparently the former Deputy Secretary of Defense was aware of this inclination. As Mr. Packard said in 1971:

> Many of our new weapon programs have been in trouble from the very beginning because of a tendency toward over-ambition for what is wanted, and over-ambition on what is thought can be done (10:6).

Aside from the possible casual relation of over-sophistication via interservice rivalry and the issue of long-range planning, other problems have been associated with the current requirements processes of the services. This part of the current pattern as described by the COGP is that:

> The initial statements of need currently used by the military services to start acquisition programs do not separate operational need from systems solution and do not present program goals independently of a particular system (6:98).

Most of the documents used by the services as initial statements of needs have titles which indicate they are statements of operational problems to be solved (e.g., Required Operational Capability). While the contents of these documents do in part discuss the operational problem, the major portion of such documents is usually a detailed

discussion of a preferred system including fairly specific performance and system related characteristics.

The LMI confirms this description of the current requirements process and offers the following explanation of how the process generally gets started.

> . . . an existing system is found to be, or expected to be, deficient; and another system is proposed to remedy the deficiency. The proposed system then becomes the focus of discussion, and requirements and characteristics become attached as the system design evolves. If alternatives are considered, they are compared with the requirements attached to the proposed system (2:8).

One of the implications of this approach reported by LMI is that the decision to develop a replacement weapon system is almost exclusively based upon perceived deficiencies in existing systems (2:10). The Blue Ribbon Panel also took a critical view of the formalized requirements documents and projected another implication.

> Mission capabilities are spelled out in detail. In addition, configuration characteristics such as maintainability, reliability, weight, etc. are usually specified. Requirements issued in this manner severly limit the ingenuity of would-be developers (9:15).

It is just such constraints on new systems that drew particular attention of the COGP. While recognizing some restrictions for practical system solutions may be necessary, the Commission found many examples of where the concentration of the initial requirements documents was on the product rather than its purpose. Examples cited of appropriate limitations included kinds of targets, environmental conditions,

tactics, and capabilities of the using and supporting organizations. An example cited as having inappropriate limitations included conditions for a twin-engine turbojet aircraft with a specified take off distance, cruise speed, dash speed, and weight. It is just such "statements of need" by the services that the Commission attributed a part of the explanation for increasingly large, expensive new systems. Additional implications were stressed by the COGP. First is that focus on a particular system can lock-in on a technical approach that is far too ambitious (6:99,100). In such a case the consequences for either success or failure would be costly not only in dollars. Failure could jeopardize national security provided the "perceived" need did in fact exist. A second implication expressed by the COGP is that the early and detailed lock-in of systems can provide difficulties at time of the first agency head decision in the acquisition process (6:121). In most cases there are no really competitive alternatives to the proposed system leaving OSD with hardly more than the choice of accept, cancel, or come back later.

The problems as outlined in this section are interrelated, and while limited by the scope of this effort to the "front end" of the acquisition process, the implications reach much farther into the acquisition cycle. Figure 1 summarizes these problems and implications.

CURRENT PATTERN OF ESTABLISHING NEEDS AND GOALS FOR NEW ACQUISITION EFFORTS

PROBLEMS	IMPLICATIONS
CONGRESS	
* No formal initial review of need, goals for new acquisition programs	No options: systems drive budgets, set priorities, debates focused on systems, not mission needs, priorities
AGENCY HEAD	
* No formal decisions to coordinate agency-wide mission needs with budgets	Unplanned duplication in mission capabilities Limited options for program approval
AGENCY COMPONENTS	
* Emphasis on system performance features and characteristics	Focuses on single system approach
* Interservice rivalry affects system requirements	Rising unit costs; declining force levels

Source: Report of the Commission on Government Procurement

FIGURE 1

What is Happening?

In the wake of a multitude of studies, reports, and surveys a seemingly unlimited list of solutions have been proposed for the purported ills of the defense systems acquisition process. The question here is what signals, if any, are there that might indicate a change to the current process. Since this paper is limited to the "front end" of the process, the comments contained in this section will focus on some of the emerging activities which appear most likely to affect how new systems get started. If it is reasonable to assume, as presented in the previous section, that most of the issues raised are traceable to the early planning stage, then that subject would be the likely area to concentrate.

What then is being said or done which might point to a change in the planning for defense? Surprisingly only a cursory review discloses this subject is actively under consideration at many levels.

Although his stay as Secretary of Defense was brief, Mr. Richardson confirmed that indeed changes within DOD were at least being contemplated. In a statement to the Senate Appropriations Committee in March 1973, he said:

> As Secretary of Defense I intend to give close attention to all of the ways in which we can improve our weapons acquisition process. Deputy Secretary William P. Clements, Jr. and I, together with the Service Secretaries and the Service Chiefs, are now

> reviewing concrete measures to improve our planning and procurement processes. For example, as one step in this direction we have extended the planning horizon beyond the current 5-8 years, in order to assess the longer-term costs of proposed new weapons systems, and their potential impact on the future size of the force structure. By doing so we believe it may be possible to improve the near-term allocation of our R&D and procurement resources (11:25).

With a nearly complete turnover of the leadership within DOD during the past year, one might question whether the thrust of Mr. Richardson's statement has been lost in the shuffle. One indication that a revision to the DOD planning process is still active is found in Secretary Schlesinger's Annual Report to Congress which was released in March 1974. In his report, Secretary Schlesinger referred to a study completed within the OSD in December 1972 and noted principal changes in long-range planning were underway.

> We are preparing three experimental Mission Concept Papers (MCPs) on strategic offense, continental air defense, and theater air defense. These papers are planning documents designed to provide an understanding of the broad functional and fiscal context into which proposed new systems should fit during their development, acquisition and operational life. The MCPs include assessments of the threat, resources currently projected as available and major deficiencies in projected operational capabilities (12:222).

The Secretary's list of uses of MCPs for the procurement of new weapon systems included:

- Early identification of new technology required
- Estimating resource allocation and availability
- Scheduling weapon system development and replacement, including force implications of new developments (12:223).

While Secretary Schlesinger's report stresses MCPs, some of the mechanics being considered for tieing together these documents and the PPBS were recently discussed by Dr. Currie, DDR&E, in a series of reports to key congressional committees. In these reports, Dr. Currie also stressed the push for long-range planning and affordability. He noted MCPs would soon replace ACPs and further reported that during the past year the military departments had been requested to prepare, as a pilot effort, projections of planned force structure for the FY 1980-89 period based on fixed assumptions of budget availability and threat scenario. Calling these projections "Extended Planning Annexes," Dr. Currie spoke of the expectations of these efforts.

> We anticipate that this kind of projection will highlight areas where development, procurement, force and resources alternatives must be studied in greater depths. Another substantial contribution of this pilot effort will accure in its having established a base from which to orient future studies of "affordability."
>
> Looking further ahead in defense planning will give us the required confidence that decisions made in the immediate future will be based on the best choices available; it will provide greater assurance that future procurements and system deployments will provide the necessary return on our national investments (13:43).

With these high level pronouncements of an added horizon to defense planning, is there any indication of the services' reaction? One such indication is found in the report of the Project ACE (Acquisition Cost Evaluation) workshop. This project was conducted by the Air Force

Systems Command during 1973 with the purpose of exposing opportunities for reducing the cost of weapon systems. Eight panels were formed, one of which dealt specifically with the "front end" of the acquisition process (i.e., user needs). This panel took special note of the various studies conducted outside the Air Force as well as the "new documents" being promoted by OSD. The panel found only one Air Force document that considered long-range (beyond 5-8 years) air power concepts, and this document did not contain any relative priorities or budgetary data. As a result of the Project ACE findings and recommendations, the Air Staff is presently revising the USAF Planning Concepts Document to include priorities. Recognizing the tri-service context in which needs are likely to be viewed, the panel concluded such action was necessary for the Air Force to effectively interface with the other services and the OSD initiatives (14:10,11). While this is just one indication that the signals are being heard at the lower levels, perhaps a much significant and possibly far reaching event is in the offing.

The report of the COGP contained 149 recommendations, of which 12 dealt with the acquisition of major systems. Of these 12, two are of special interest to the subject of this report. The two recommendations are as follows:

Recommendation C-1. Start new system acquisition programs with agency head statements of needs and goals that have been reconciled with overall agency capabilities and resources.

a. State program needs and goals independently of any system product. Use long term projections of mission capabilities and deficiencies prepared and coordinated by agency component(s) to set program goals that specify:

(1) Total mission costs within which new systems should be bought and used.

(2) The level of mission capability to be achieved above that of projected inventories and existing systems.

(3) The time period in which the new capability is to be achieved.

b. Assign responsibility for responding to statements of needs and goals to agency components in such a way that either:

(1) A single agency component is responsible for developing system alternatives when the mission need is clearly the responsibility of one component; or

(2) Competition between agency components is formally recognized with each offering alternative system solutions when the mission responsibilities overlap (6:109).

Recommendation C-2. Begin congressional budget proceedings with an annual review by the appropriate committees of agency missions, capabilities, deficiencies, and the needs and goals for new acquisition programs as a basis for reviewing agency budgets.

A proposed executive branch position has been formulated by an Interagency Steering Group (ISG) headed by Lt. Gen. Coffin, ODDR&E. The proposed positions for the foregoing recommendations are:

Recommendation C-1. The ISG recommends that the Executive Branch adopt Recommendation C-1 as stated by the Commission on Government Procurement subject to:

(1) Each agency jointly agreeing with its OMB and Congressional counterparts on the identification and definition of "mission" area.

(2) The recognition that there are limitations in making long-range projections of mission capabilities, deficiencies, total mission costs, etc. (14:9).

Recommendation C-2. The ISG recommends that the Executive Branch adopt recommendation as stated. . . .

In its discussion of the second recommendation, the ISG acknowledged the primary purpose of such an annual review would be to provide Congress the opportunity to debate issues concerning the allocation of resources in accordance with national priorities (15:13).

The first recommendation is subject to Executive Branch policy change, if any, while the second may become a driving force through Congressional action. As pointed out in the beginning of this paper, Senator Chiles provides an important link between the COGP and the Senate. In March 1973, Bill Number S.1414 was introduced to the Senate. The purpose of this bill is to strengthen Executive Branch-Congressional budget and program control. This bill incorporates, in essence, the planning and control framework recommended by the COGP. The bill was reported out of committee as a separate bill and on 22 March 1974 was incorporated as an amendment to a Senate budget reform bill (S.1541). The effectivity of this bill would begin with the FY-79 budget cycle. In introducing the amendment, Senator Chiles' summary of support included a statement that Secretary Schlesinger supported the mission planning framework as well as that it had been endorsed by the Interagency Steering Group. At the time of this writing, the Budget Reform Bill is in joint conference.

This section contains just a few of the scattered signals that changes and modifications to the requirements process are likely to occur. It is far too early to determine the magnitude and implications of such changes; however, one point to watch would be the action taken concerning pending legislation in Congress.

Summary

As stated at the outset, the purpose of this paper is to bring together the issues and highlight some of the signals which might indicate a change in the DOD requirements process.

In summary, two of the more significant studies completed since 1969 which dealt with the DOD requirements process were accomplished by the Blue Ribbon Defense Panel and the Commission on Government Procurement. Although the first of these two studies marked the beginning of considerable changes in OSD policies for weapon systems acquisition within DOD, the second study may become a moving force behind a further evolution of policies affecting the DOD requirements process.

These studies do not stand alone in pointing to the shortcomings of the requirements process as currently followed by the services. The major criticisms appear to be centered on a lack of long-range planning by which OSD accomplishes a formal review and coordination of the needs and goals for new acquisition programs in the context of defense mission needs and affordability. This lack of long-range planning does not provide Congress with overall visibility of defense needs and tends to encourage divisionary interservice rivalry in the competition for limited funds to protect their roles and missions. Such competition, especially in the case of new acquisition programs, often results in the emphasis on system performance features and

characteristics too early in the conceptual phase. The implications of these problems are:

- Congressional debate on specific systems rather than defense mission needs,
- Unlimited duplication in mission capabilities,
- Early focus on a single system approach,
- Limited options for program approval,
- Rising unit costs, and
- Declining force levels.

There seems to be increasing indications of a change in the approach to long-range planning within the DOD which in turn should impact how acquisition programs come into being. Such evidence is found in statements to Congress by former and current OSD officials. Of special note in these statements is the proposed purpose of Mission Concept Papers and Extended Planning Annexes.

The possibility of a more far-reaching change is the budget reform bill now in the Congress. If passed, this bill would implement the basic planning and program control framework recommended by the Commission on Government Procurement and would add enforcement to the actions which appear to be underway within the DOD.

The question for tomorrow is WHO will determine defense needs?--The services, OSD, or Congress?

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