

BACK TO ACQUISITION REFORM BASICS

Steven J. Kelman

Recently, I was teaching in an executive education program at the Kennedy School for GS-15 level (and uniformed equivalent) federal managers. During a class discussion of public-sector performance measurement, a woman from the Defense Logistics Agency spoke about how her organization had used performance measures as a tool in their effort to re-orient the agency towards a greater results-orientation and customer focus. Having listened to her account, another participant across the room raised his hand to identify himself as a customer of the Defense Department supply system. He had noticed the difference. The system was serving him better, he said.

The customer was Colonel Greg Biscone, a wing commander at Minot Air Force Base in North Dakota. He is not in acquisition or contracting. He is far away from current Washington preoccupations about out-of-contract-scope task orders for Iraq interrogators or enforcing rules for buying IT through the Federal Technology Service. He flies planes (currently, B-52s to be precise).

I pursued Colonel Biscone's in-class observation over lunch one day after the class. "There has been a cultural change in the supply system that serves us," he told me. (This is, by the way, the Air Logistics Center at Tinker Air Force Base in Oklahoma City.) "People are more motivated to do the right thing and to make things happen. Before, we were stovepipes. It used to be that if we had a supply problem, we filled out a form. Now, if we have a problem, a supply technician or supervisor can pick up the phone and reach a person at the Air Logistics Center who's responsible for us. When I pick up the phone, I don't feel like I'm bothering them. I feel they are there to solve the problem."

"Routine supply functions better than it used to. Our suppliers have worked hard to improve their processes and culture so they serve our Air Force better. Also, we get problems and issues resolved faster, both with the Air Logistics Center and with suppliers. When we're deployed, we have the same phone number to call. The last time I was deployed, we were able to maintain a higher number of mission-capable aircraft available than we used to."

Were there other ways the supply chain had become more responsive, I asked him? "Now we can update our planes with new technology much faster than previously. The Air Force recently added a new radio to the B-52 – we chose what we wanted; the Systems Program Office approved the contract modification and tested its compatibility quickly; then we used it in combat – well before it could have been fielded under the old system. We're currently integrating a new laser pod into the B-52s very quickly, in much the same way. This is important, because we have to have the ability to modify our systems faster to better enable us to dominate emerging threats."

During the same executive education program, I had a brief discussion one morning over coffee break with Jaime Guerrero, an avionics engineer at the Naval Air Systems Command. Unlike Col. Biscone, Guerrero is in acquisition, though not contracting. He also gave me a feel for how his organization had changed how it does business. "Military avionics no longer accounts for nearly the same proportion of the avionics industry as it did in the past. If we had continued our old way, having industry manufacture just for us,

we would have faced steadily reduced competition, higher prices, and less access to the best technology. As part of acquisition reform, we encouraged leveraging commercial avionics technology and modify only as necessary to meet the performance qualifications for military application. To do this, we have had to eliminate many of the old specs and standards, and have empowered engineers and program managers to define avionics solutions using performance-based requirements.”

“The performance-based approach has not been easy to implement. It requires a greater level of avionics engineering expertise within the government to assess the available commercial avionics technologies, and then help industry translate performance-based specs to yield the right changes to commercial systems. It is easy to get in trouble if commercial systems are not modified appropriately to handle harsher military operational environments. We have learned from our mistakes and successes, and we get better at it all the time. We’ve been able to maintain healthy competition and lower prices. This is now how we do business.”

These reports from the field serve as a welcome reminder of what the basics of acquisition reform efforts of the last decade have been about. A system that had become focused on rules, process, and gotcha was redirected into a greater focus on its basic goal – to serve the missions of agencies on whose behalf we buy. By and large, these changes have gotten the system to work better. Back in the late 1980’s, I surveyed government information technology program managers about how satisfied they were with the performance of their vendor on their most recent contract. On a scale of 1-10, the average response was 6.9. Recently, two Kennedy School students asked the same question to program managers for recent IT contracts bought using GSA’s IT service schedule. Average satisfaction with vendor performance had shot up over the intervening years to 9.4.

These changes didn’t by any means just happen. Implementing new ways of doing business such as these, not to speak of new attitudes, requires senior management focus and attention. Colonel Biscone mentioned General John Jumper, Chief of Staff of the Air Force; Guerrero mentioned Dr. William Perry, the Clinton-era Defense Secretary who embraced acquisition reform.

Some of the recent contracting issues making the headlines suggest that the procurement system, during a decade where we – in my view, correctly -- focused on implementing very tough cultural and business-process changes, neglected the necessary maintenance of what Harvard Business School professors Robert Simons and Robert Kaplan call “boundary systems,” the constraints and controls that tell people what they are not allowed to do. Simons and Kaplan argue that boundary systems establish an environment in which people can then be given freedom to determine the best ways to achieve the organization’s goals. So, for example, you need a well-functioning boundary system on credit card abuse to set up an environment in which the benefits to an organization of having credit cards can be realized.

Everyone can agree we need to make sure boundary systems function well. In fact, we want them to be so much taken for granted that people don’t need to spend much time or energy worrying about them every day, so they can focus on their goals. (If I as an individual need to spend most of my mental energy making sure I don’t murder anybody, I am unlikely to be successful in successfully living my life.)

But, as we undertake the effort to make sure boundary systems are properly maintained, we need to be careful. With the current headlines, signals people on the front lines are getting are all about being careful not to do anything wrong. The signals send a message that people should pay attention to avoiding doing the wrong thing, but say nothing about acting positively to do the right thing -- to look for better, imaginative ways for the government to do business. These signals can easily get over interpreted to mean they need to be very cautious (to the point where inaction gets preferred over action), not to risk trying anything new, and to spend most of their time worrying about following the rules. So, there is a real risk the focus of the system, and its leadership, will get placed on controls, not goals – in other words, that we will revert to the dysfunctional system of the past.

Controls are a necessary backdrop, establishing an environment in which procurement can direct its attention to serving the Colonel Biscones of the world. But we do not want the tail to wag the dog. As we work on dealing with problems highlighted in recent headlines, we must not forget to preserve the basics of improvements the last decade has brought. We need to do this for Colonel Biscone’s sake.

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