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Exploring Managerial Implications of Current DoD Contracting Trends

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AFCEA

Panel 21: Exploring Managerial Implications of Current DoD Contracting Trends



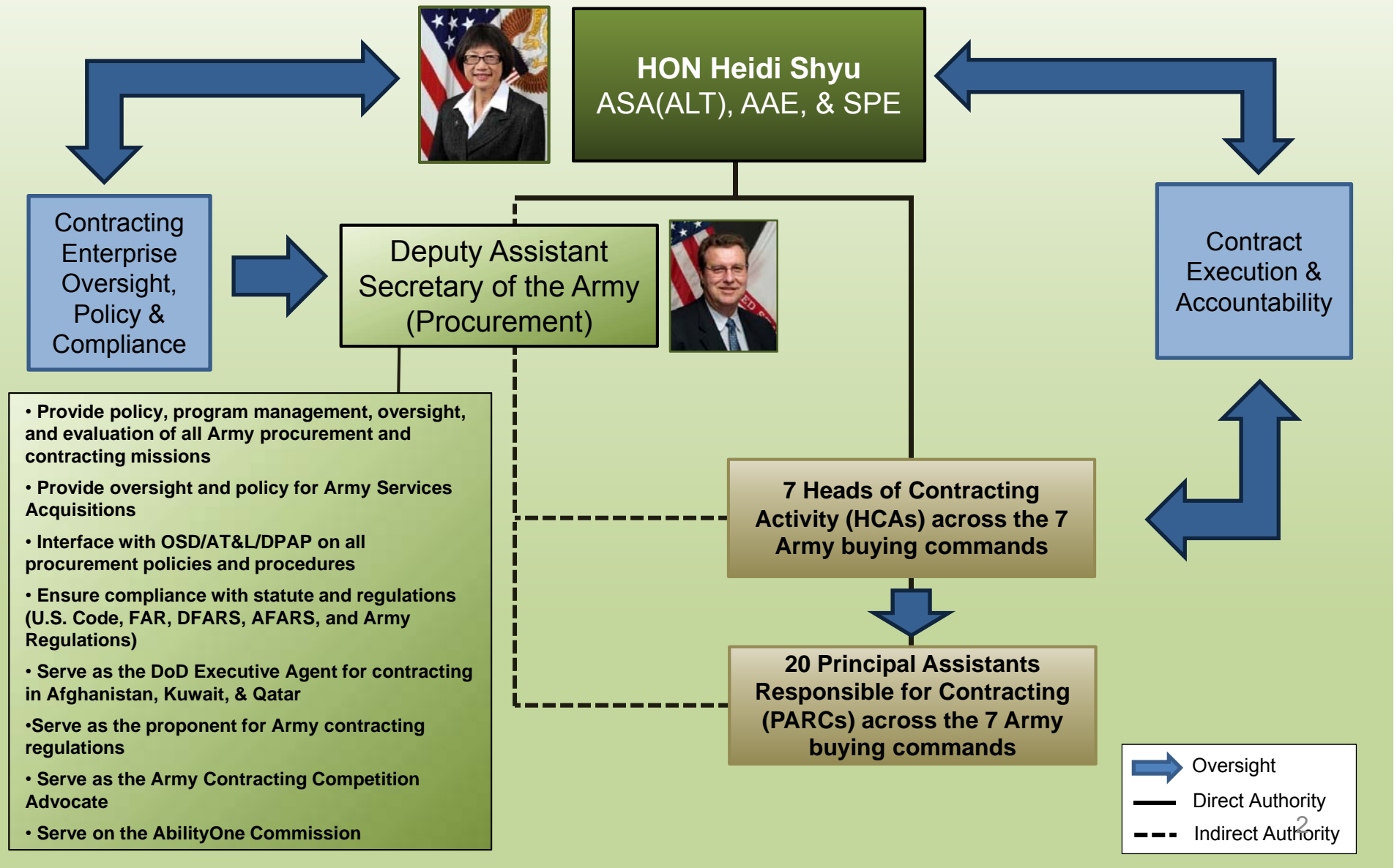
Mr. Harry P. Hallock

Deputy Assistant Secretary of the Army
(Procurement)

15 May 2014



DASA(P) Responsibilities

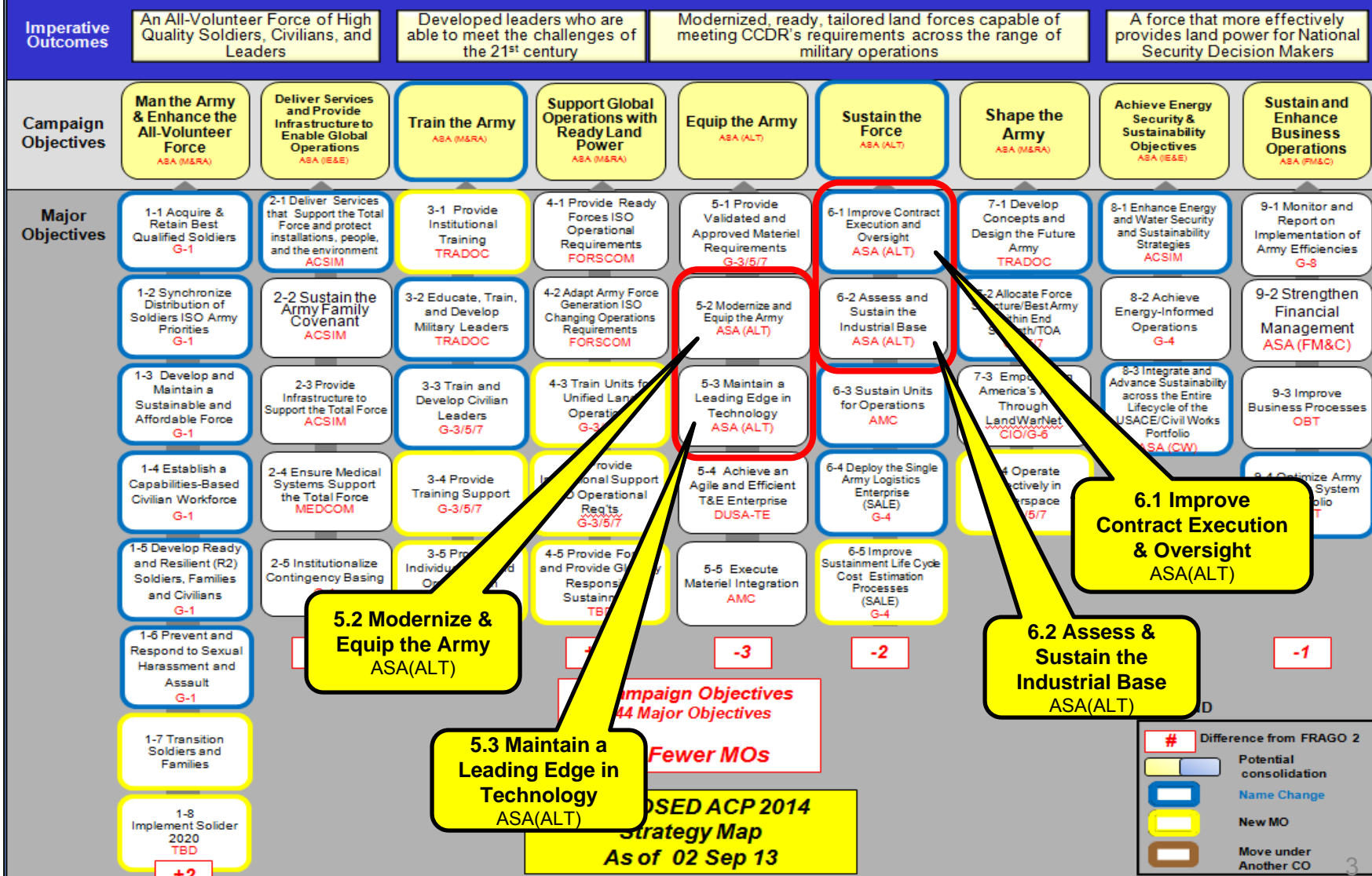




Army Campaign Plan Strategy Map



Army End State: A Versatile and Agile mix of Capabilities and Formations that is rapidly Deployable and Sustainable in order to Prevent, Shape, and Win



5.2 Modernize & Equip the Army
ASA(ALT)

5.3 Maintain a Leading Edge in Technology
ASA(ALT)

6.1 Improve Contract Execution & Oversight
ASA(ALT)

6.2 Assess & Sustain the Industrial Base
ASA(ALT)

Fewer MOs

Proposed ACP 2014 Strategy Map
As of 02 Sep 13

Difference from FRAGO 2

- Potential consolidation
- Name Change
- New MO
- Move under Another CO



DASA(P) Strategy Map



GOALS	Goal 1 Stakeholder Relations Develop partnerships and relationships with stakeholders in order to anticipate their requirements.	Goal 2 Workforce Attract, train, develop, motivate, equip, empower, and retain a highly-skilled professional workforce.	Goal 3a Products & Services Optimize Army services acquisition.	Goal 3b Products & Services Develop real-time acquisition solutions that meet or exceed field requirements.	Goal 4 Transparency Establish a foundation of processes, procedures and infrastructure that improves productivity and morale and fosters transparency and communication.
INITIATIVES	<ol style="list-style-type: none">1. Develop a stakeholder communications strategy2. Establish DASA(P) situational awareness3. Develop the DASA(P) brand4. Develop stakeholder satisfaction surveys5. Establish a network of subject matter experts6. Establish Forums for Stakeholder Collaboration7. Establish "Face of DASA(P)" web-based site	<ol style="list-style-type: none">1. Develop and implement a resource concept to appropriately staff the organization2. Develop an Army Contracting Human Capital Strategy3. Develop a DASA(P) Human Resources Strategy4. Develop DASA(P) recruiting and retention plans5. Develop methods and techniques to improve Army Contracting recruiting and retention	<ol style="list-style-type: none">1. Update the Army Service Strategy Panel approach2. Develop a Services Strategic Communications Plan3. Refine the forecast and cost savings updates process4. Deploy a data analysis capability5. Develop a services business intelligence system6. Define the services acquisition process for operational commands7. Establish the Annual Requirement Execution Review (ARER) process	<ol style="list-style-type: none">1. Define a plan to update regulation / policy and expedite distribution2. Develop a Contracting Lifecycle Approval and Support System (CLASS) and Dashboard3. Develop a Procurement Business System requirements review process4. Establish methods to optimize oversight5. Define a strategic sourcing governance process6. Establish a framework to Improve data integrity	<ol style="list-style-type: none">1. Develop DASA(P) organizational design2. Establish a culture of continuous improvement3. Establish and publish DASA(P) battle rhythms4. Define DASA(P) core capabilities
METRICS	<ol style="list-style-type: none">1. 95% of stakeholders are satisfied with DASA(P) performance2. % of customer satisfaction surveys completed3. % of employee satisfaction surveys completed	<ol style="list-style-type: none">1. Army contracting voluntary attrition is 15% or less2. Percent of employees with required certifications is 95%3. % of workforce utilizing telework / flexiplace4. % of workforce completing courses	<ol style="list-style-type: none">1. Track Army Commands' progress in achieving their cost savings2. Publish Revised AR70-13.3. Conduct 3 Annual Requirements and Execution Reviews	<ol style="list-style-type: none">1. Number of submissions requiring rework is reduced by 20% year over year2. Number of procedures transferred to the field increases by 20% year over year3. Number of PMRs increase by 20% a year until all PARC and Army Contracting Headquarters elements are reviewed each year	<ol style="list-style-type: none">1. Average processing time is reduced by 20% year over year2. Support pipeline threshold increases year over year3. Low-threshold support pipeline decreases year over year



Hot Topics



Trends

- **Smaller Army**
 - Average 20% reduction in contract dollars in last 3 consecutive years—trend continuing
- **Oversight & Quality Products**
 - Peer Reviews
 - Contract Administration
- **“Back to Basics” for Workforce**
 - Over 4 % attrition rate
 - Continuous training

Projections

- **FY14 Dollars:** approximately \$65B
- **FY14 Actions:** approximately 280K

Priorities

- **Better Buying Power 2.0**
 - Strategic Sourcing
- **Using Appropriate Evaluation Approach**
- **Using Appropriate Contract Type**
- **FY14 Goals**
- **1-N List**
- **Army Contract Writing System**

Initiatives

- **AFARS Rewrite**
- **Enterprise Optimization**
 - Army Contracting Study Recommendations
- **Accountability**
 - Procurement Management Reviews (PMRs)
 - Contracting Enterprise Reviews (CERs)
- **Continued Focus on Efficiencies**

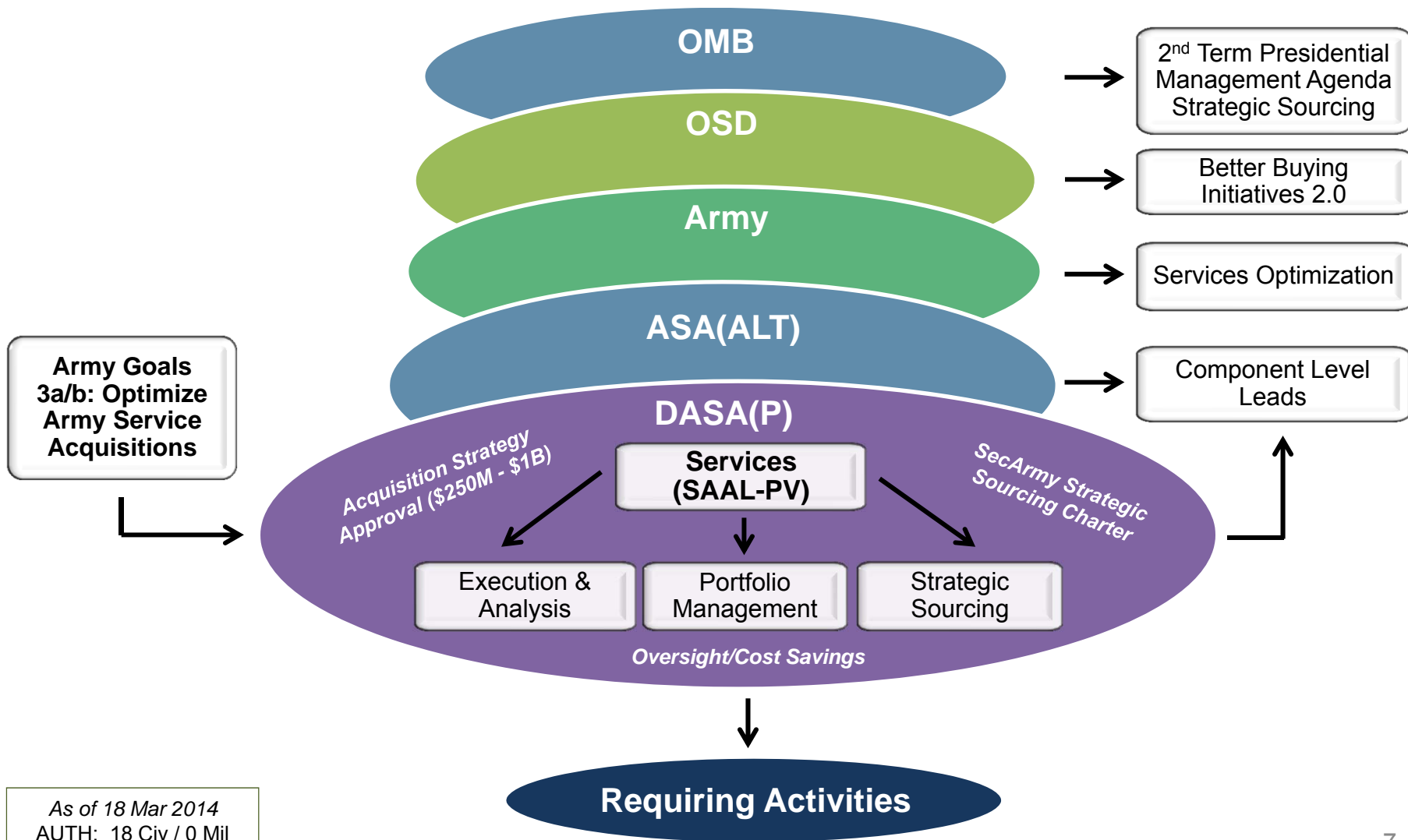




Comments



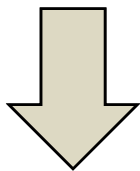
Senior Services Manager Portfolio



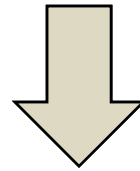
As of 18 Mar 2014
AUTH: 18 Civ / 0 Mil
On Hand: 10 Civ / 0 Mil



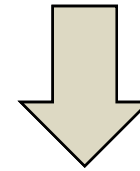
Senior Services Manager Alignment with Strategic Priorities



- OMB - Strategic Sourcing Leadership Council
- OSD - Functional Domain Experts
- OSD - Senior Services Managers Roundtable
- OSD - Strategic Sourcing Directors Board
- HQDA (ASA(MR&A) & FMC
- Army Component Level Leads
- Army - Command Service Executives
- Army Federal Acquisition Regulation Supplement (AFARS) Committee (input)
- Army/OSD Small Business
- Army Portfolio Coordinators/Managers



- Better Buying Power
- Portfolio Governance
- Forecasting & Reporting
- Strategic Sourcing
- Management Controls & Visibility
- Better Buying Power



- AR 70-13/FAR/AFARS Part 37
- Policy Alerts and Taskers
- Army Regulation 70-13



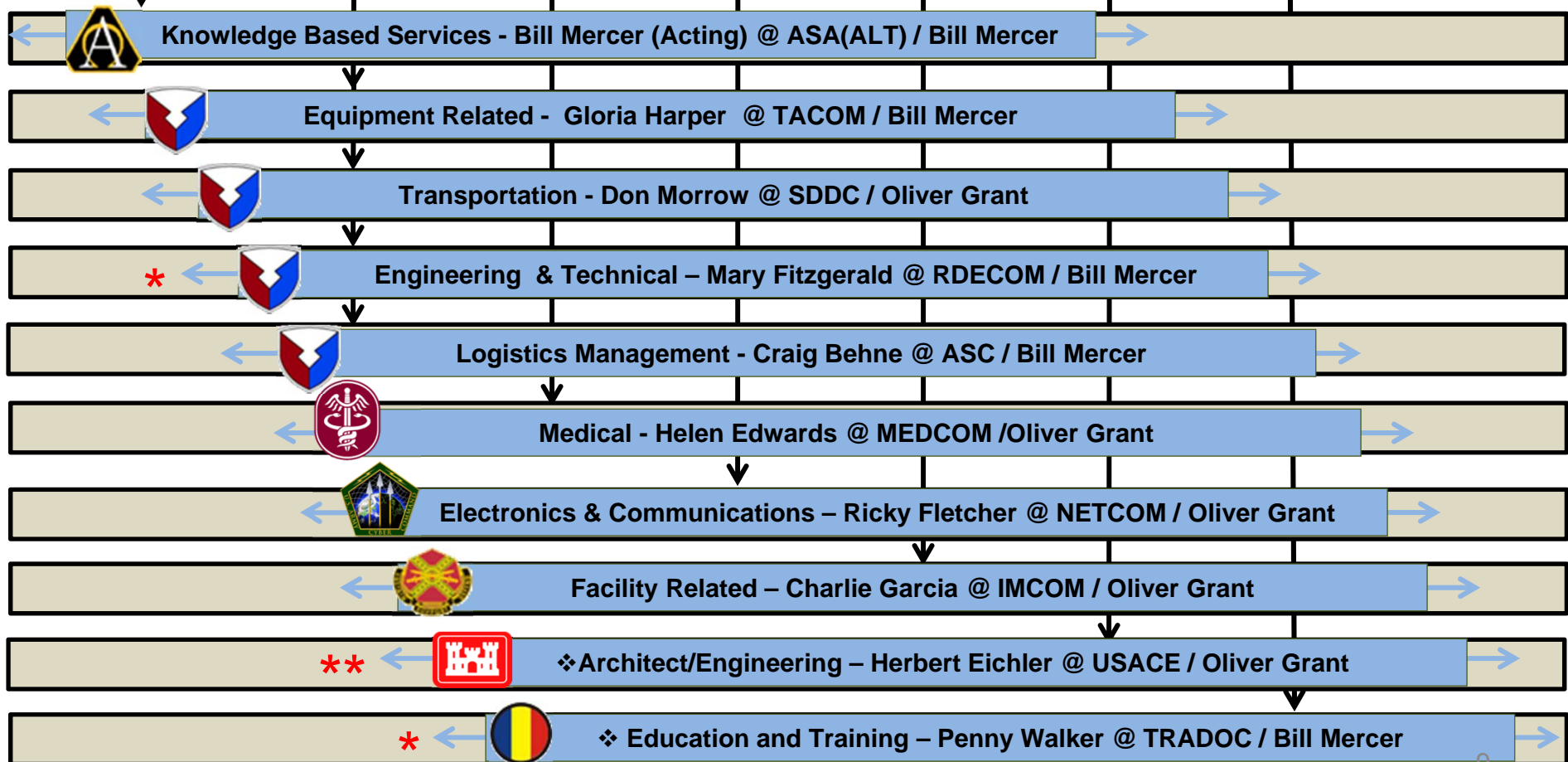
Services Acquisition Governance



COMMAND SERVICES EXECUTIVES

ASA(ALT) DASA(P) Senior Services Manager Portfolio Coordinators	AMC Mr. John Nerger Exec Deputy to CG	MEDCOM Mr. Lamont Kapec Dpty CofS, Procurement	ARCYBER Mr. Dan Bradford Dep to Cdr, Sr Tech Dir	IMCOM Mr. Joe Capps Executive Director	USACE Mr. Lloyd Caldwell Chief Program Integration	TRADOC Mr. Matthew Scully Dep CofS, G-8	HQDA Staffs, ASA(ALT), ACOMS, ASCCs, DRUs
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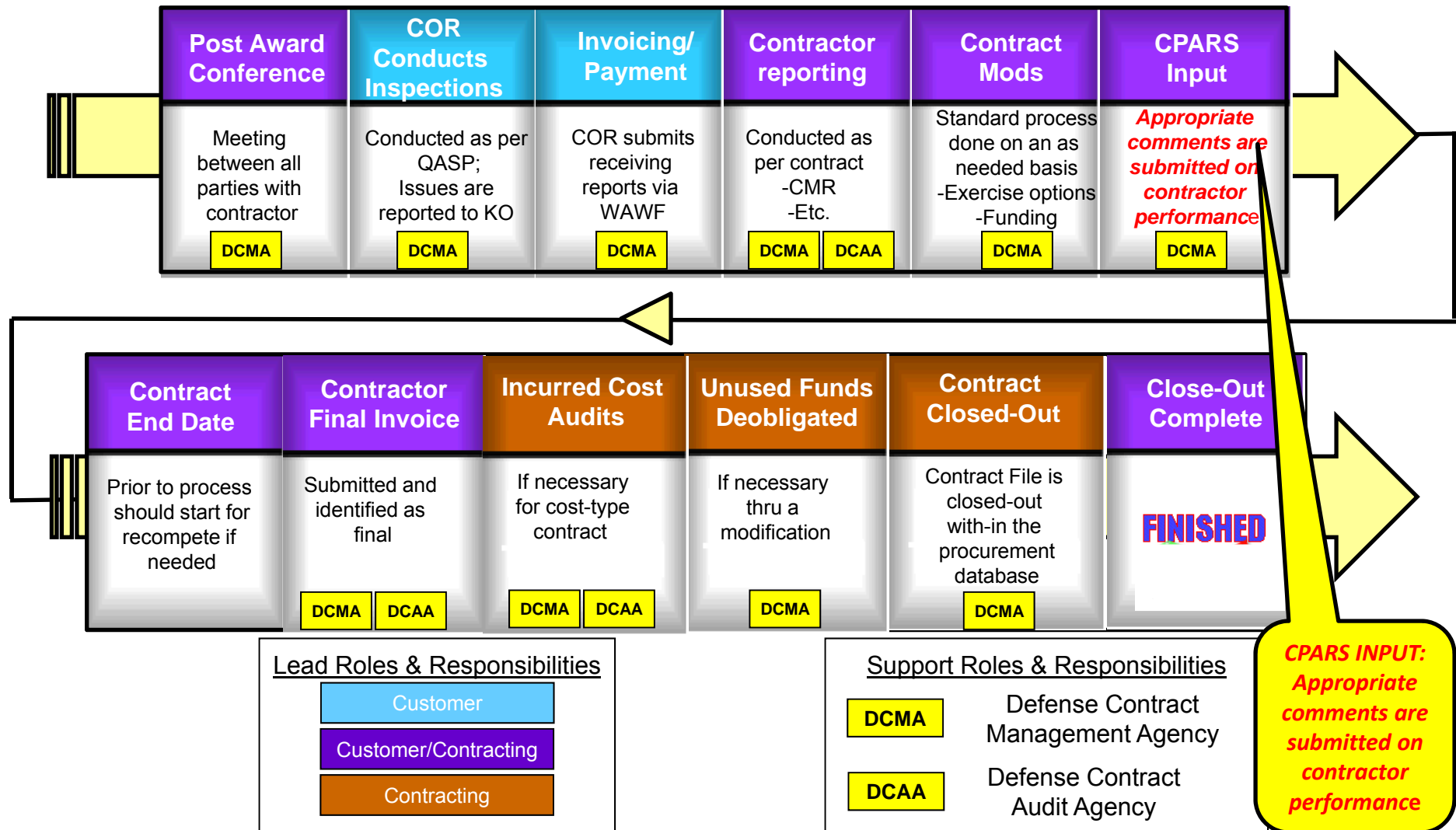
10 Portfolio Managers / Portfolio Coordinators - Army-wide view



* Part of KBS portfolio group
 ** Part of Facilities portfolio group



Contract Administration & Closeout Post-Award





Back Up

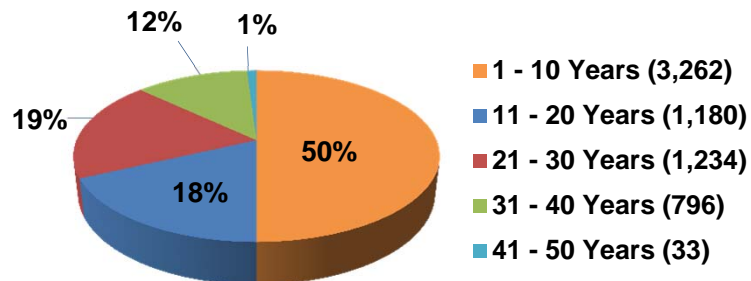


Army Contracting Workforce

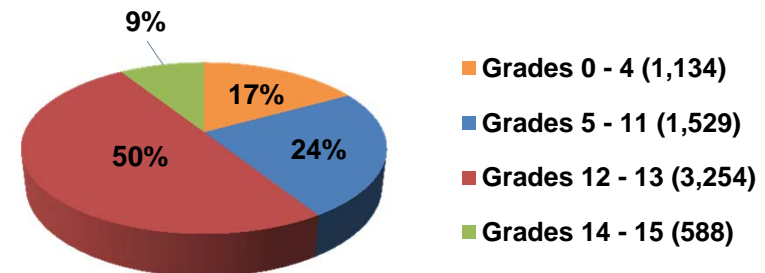


Occupational Series 1102 civilians are the core of Army contracting and make up 85% of the Acquisition Career Field "C" Contracting civilian workforce.

Total Army 1102s by Years of Service – FY13 Summary



Total Army 1102s by Pay Grades – FY13 Summary



In FY13, 50% of 1102s had 10 years or less of experience, meaning half of the workforce has operated only in an accelerated contracting environment during a time of war.



Contracting Is More Than Writing Contracts



Friction Point 1:

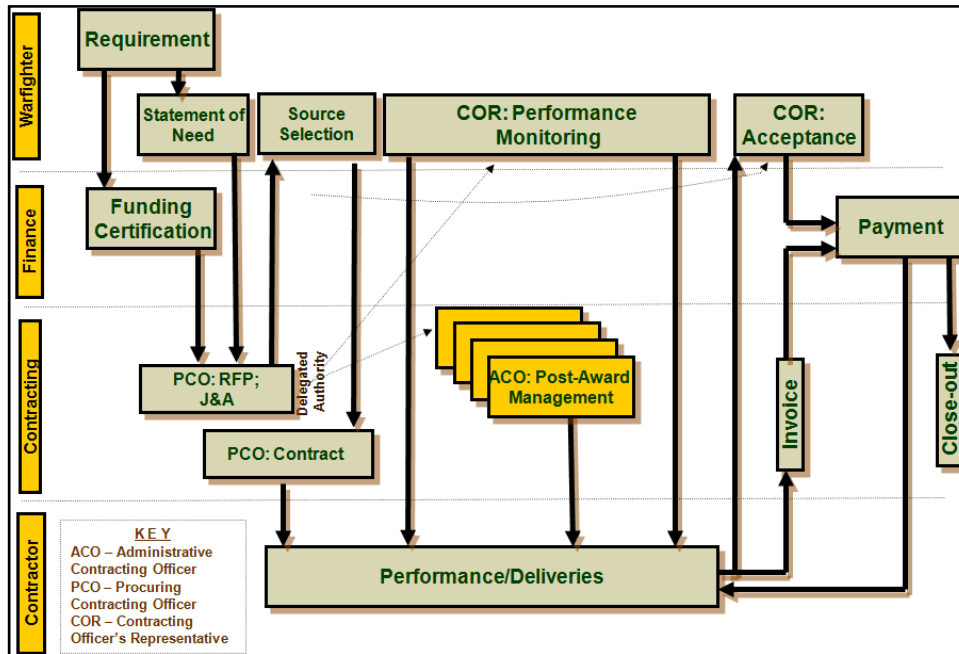
- Unstable Requirements
- Incomplete SOW/ PWS
- Limited Time & Lack Automation

Friction Point 2:

- Appointment and Training of CORs
 - Maintaining CORs in Theater
 - Effective continual oversight
- Initiatives:** VCSA COR EXORD: Defined COR Requirements Before, During, and After Deployment (Qty, Training, BHO, etc.); Trained & Developed 3C ASI

Friction Point 3:

- Invoice Certification
 - Property Accountability
- Initiative:** GFEBs and other business accounting measures



Leadership Involvement Required Throughout the Lifecycle of the Contract



Better Buying Power



Better Buying Power (BBP) delivers warfighting capabilities needed within the constraints of a declining defense budget by achieving “better buying power” for the Warfighter and the taxpayer



Achieve Affordable Programs



Eliminate Unproductive Processes and Bureaucracy



Incentivize Productivity and Innovation in Industry and Government



Promote Effective Competition



Improve Tradecraft In Acquisition of Services



Control Program Costs



Improve the Professionalism of the Total Acquisition Workforce



BBP 1.0: on June 28, 2010, USD(AT&L) issued "Better Buying Power: Mandate for Restoring Affordability and Productivity in Defense Spending" which outlined the core objectives and direction of BBP to deliver better value to the taxpayer and improve the way the Department does business.

BBP 2.0: marks the next step in the Department of Defense's process of continuous improvement. BBP 2.0 will help improve the Department's effectiveness in the tradecraft of acquisition.

BBP Helps to Identify Efficiencies Across the DoD



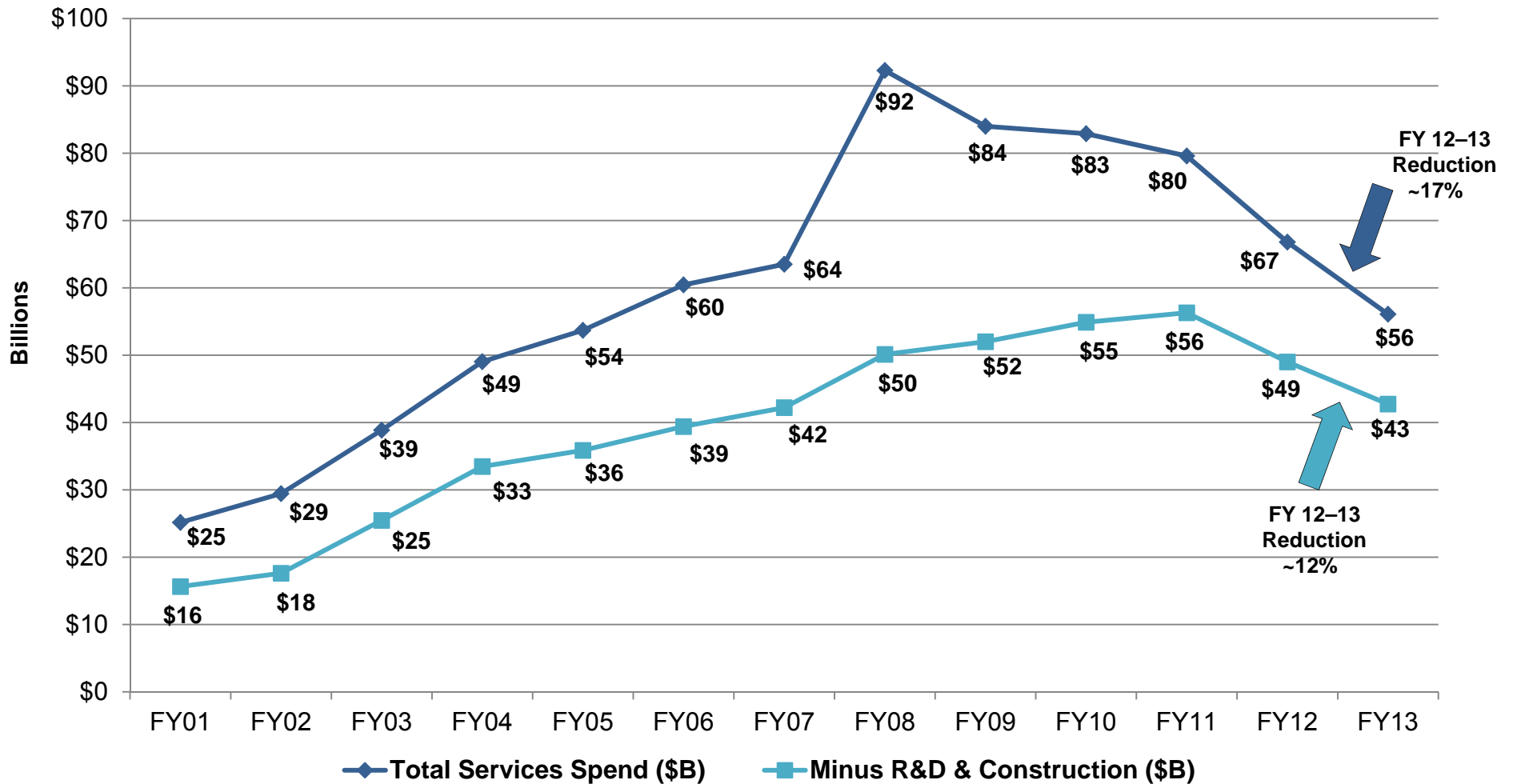
A Decade of Change



- Increased FAR and DFARS changes significantly complicated the contracting process with additional changes forthcoming
- Congressional and audit agency oversight and interest exploding
- Inexperienced workforce faced complex workload and greater dependence on contractor support
- In FY13, 50.1% of 1102s had 10 years or less of experience, meaning that half of the workforce has operated only in an accelerated contracting environment during a time of war
 - For more than 10 years, the Army focused on *effective* contracting first in order to get the product to the Warfighter; *efficiency* came after
- Historical focus on execution at the expense of adequate oversight - further compounded by fiscal uncertainties



Army Services Spend (FY01-13)





Services Acquisition



SECARMY GUIDANCE
May 2011

Garner significant savings and greater effectiveness by providing oversight through active management of service requirements and execution

ASA(ALT) GUIDANCE
December 2011

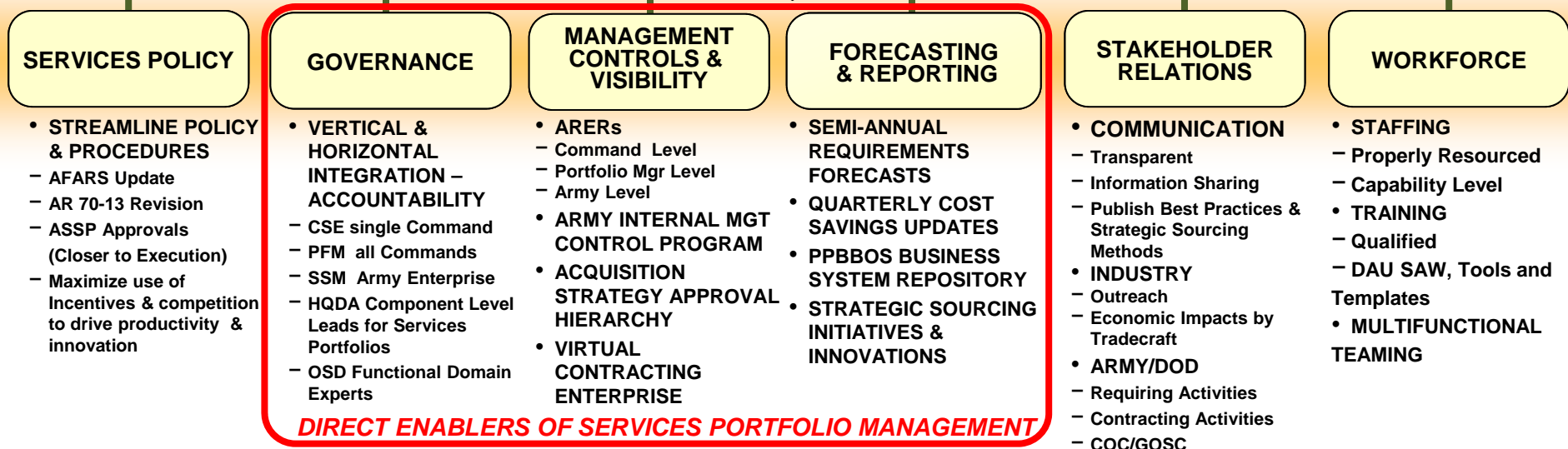
Comply with the management and governance concepts described in the Optimization of Services Acquisition Implementation Plan

Under Secretary of Defense for Acquisition, Technology and Logistics
"Better Buying Power"
Memorandums

- 1) Target Affordability and Control Cost Growth
- 2) Incentivize Productivity and Innovation in Industry
- 3) Promote Real Competition
- 4) Improve Tradecraft in Services Acquisition
- 5) Reduce Non-Productive Processes and Bureaucracy

DASA(P) EXPECTED OUTCOME

Gain efficiencies while maintaining Army's effectiveness in the acquisition of services



ENABLES FULL OPTIMIZATION & EXECUTION OF ARMY SERVICES



Services Portfolio Groups



Knowledge Based Services

- * Engineering & Technical Services
 - Program Management Services
 - Management Support Services
 - Administrative & Other Services
 - Professional Services
- * Education & Training Services

Equipment Related Services

- Maintenance, Repair and Overhaul
- Equipment Modification
- Installation of Equipment
- Quality Control
- Technical Representative Services
- Purchases & Leases
- Salvage Services

Facility Related Services

- * Architect/Engineering Services
 - Operation of Govt Facilities
 - Building & Plant Maintenance
 - Natural Resource Management
 - Utilities
 - Housekeeping & Social Services
 - Purchases & Leases

Medical Services

- General Medical Services
- Dentistry Services
- Specialty Medical Services

Electronics & Communications Services

- IT Services
- Telecom Services
- Equipment Maintenance
- Equipment Leases

Transportation Services

- Transportation of Things
- Transportation of People
- Other Travel & Relocation Services

Logistics Management Services

- Logistics Support Services
- Logistics Civil Augmentation Program



Services Strategic Sourcing



Strategic Sourcing: drive change to improve operational efficiencies and socio-economic performance, minimize duplication of efforts, and reduce consumption/volume and cost by acquiring goods and services strategically to maximize value for every acquisition dollar spent to support the Warfighter

Strategic Sourcing IS NOT Just...

- The resulting contract
- Leveraged buying
- Contract consolidation
- Contracting and procurement
- About saving money

Strategic Sourcing IS...

- A **PROCESS** for systematically analyzing and developing optimal strategies for buying goods and services
- **DATA DRIVEN** – fact-based analysis to drive decision making rather than just “hunches”
- A **HOLISTIC** process that addresses customer needs, market conditions, organizational goals and objectives, and other environmental factors
- Based on **MARKET INTELLIGENCE** and takes into account small business capabilities
- A **COLLABORATIVE, CROSS-FUNCTIONAL** approach
- About **SUPPORTING AN ORGANIZATION'S MISSION** through procured goods and services



Strategic Sourcing Misconceptions



#1) It is Bundling/ Contract Consolidation... NO!

Strategic Sourcing is a process that is followed, not a predetermined, specific outcome to be used in an acquisition/commodity strategy. Is contract consolidation sometimes a result of strategic sourcing? Yes. Is contract consolidation sometimes not an appropriate strategy? Yes. As part of the process of strategic sourcing, and the analysis included in that process, the best strategies are chosen for each specific initiative.

#2) It Eliminates Small Business... NO!

There are legislative statutes and specific Army goals regarding small business. The sourcing team will not ignore these as part of strategic sourcing. During each strategic sourcing initiative, the team looks at the current environment and suppliers, which allows them to understand what is provided by small business today. They also conduct market research which provides answers to questions such as: Are there other small business suppliers? Could this be a small business set aside?

#3) It is A-76 Competitive Sourcing... NO!

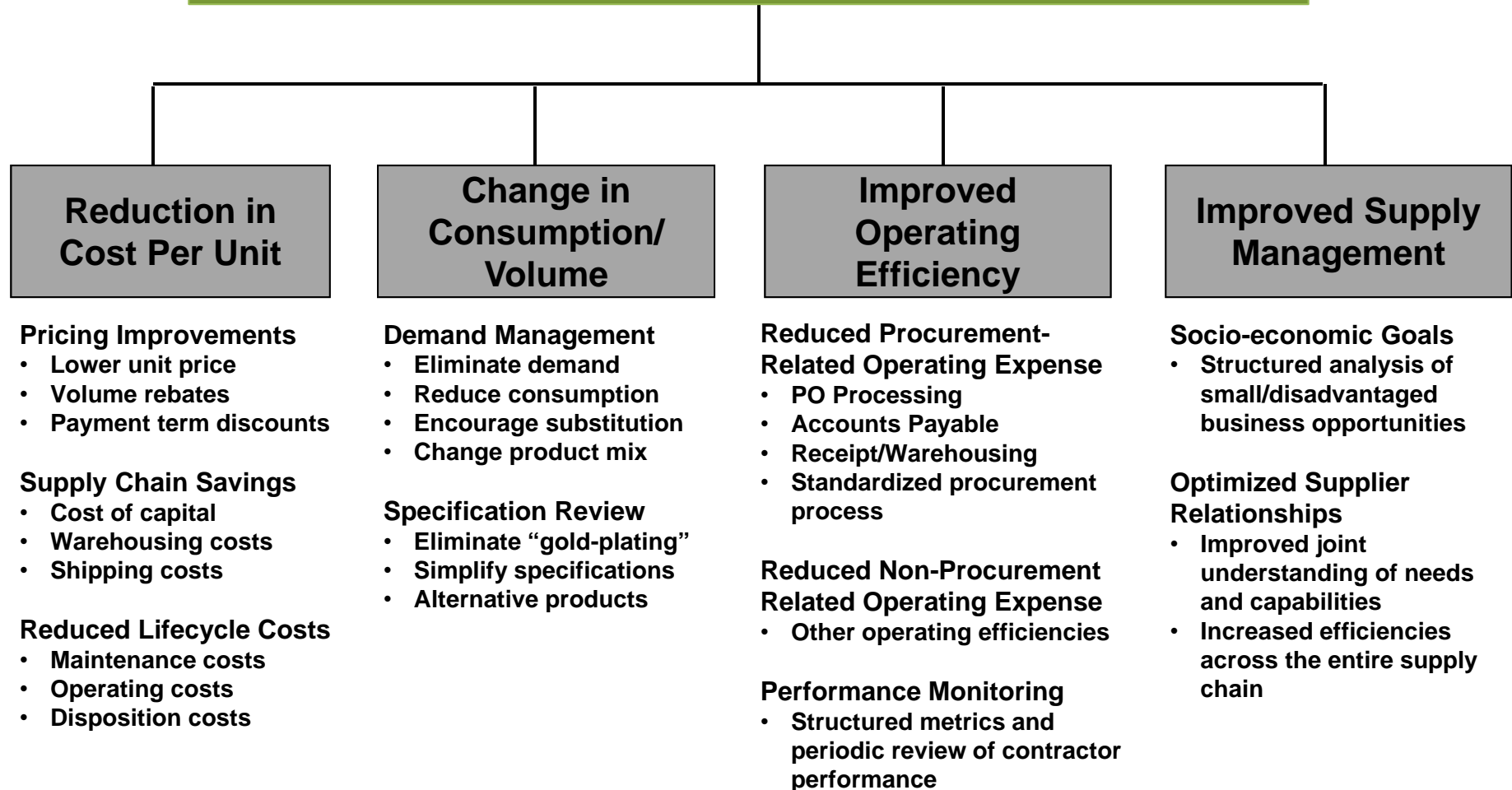
Strategic Sourcing is a process that is unrelated to the public-private sector competition using OMB Circular A-76 and it assumes the decision to source a good/service from outside the government organization has already been made.



Strategic Sourcing Quick Reference



Leverage Army's Resources to Spend Efficiently

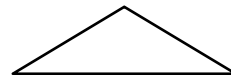




Strategic Sourcing Governance



Deputy Assistant Secretary Army – Procurement
*The Senior Service Manager is the
HQDA focal point for Strategic Sourcing*



Army Strategic Sourcing Governance Structure

SSEC

- Executive championship
- Set strategic vision, direction, and priorities
- Drive commonality & standardization
- Eliminate duplication

SSSG

- Plan & orchestrates Army-wide communications
- Recommend Policies to DASA-P/SECARMY
- Assist working groups
- Tracks and reports progress to the SSEC
- Monitor DoD/Federal initiatives

SSWG

- Establish commodities teams
- Functional area prioritization
- Developing demand/forecast
- Tactical planning, scheduling & resource management
- Execute strategic sourcing strategies (Model)



Strategic Sourcing Governance



Strategic Sourcing Executive Committee (SSEC)

SES/GO level

Chair: DASA(P)
Members: DASA(P) Deputy (Alternate-Chair)
Senior Services Manager
HCAs & PARCs / Alternates
Small Business
Legal Counsel
Requiring Activities
CIO/G6 / G8
Advisors: SMEs (as necessary)

Meets semi-annually
(or as needed)

Strategic Sourcing Steering Group (SSSG)

GS15/COL

Co-Chairs: SSM (Strategic Sourcing Directorate) / Requiring Activity
Members: Small Business
Legal Counsel
Requiring Activities
CIO/G-6
G8
PARCs / Alternate
SAAL-PB Director
SAAL-PP Director
Advisors: SMEs (as necessary)

Meets quarterly
(or as needed)

Strategic Sourcing Working Groups (SSWG)

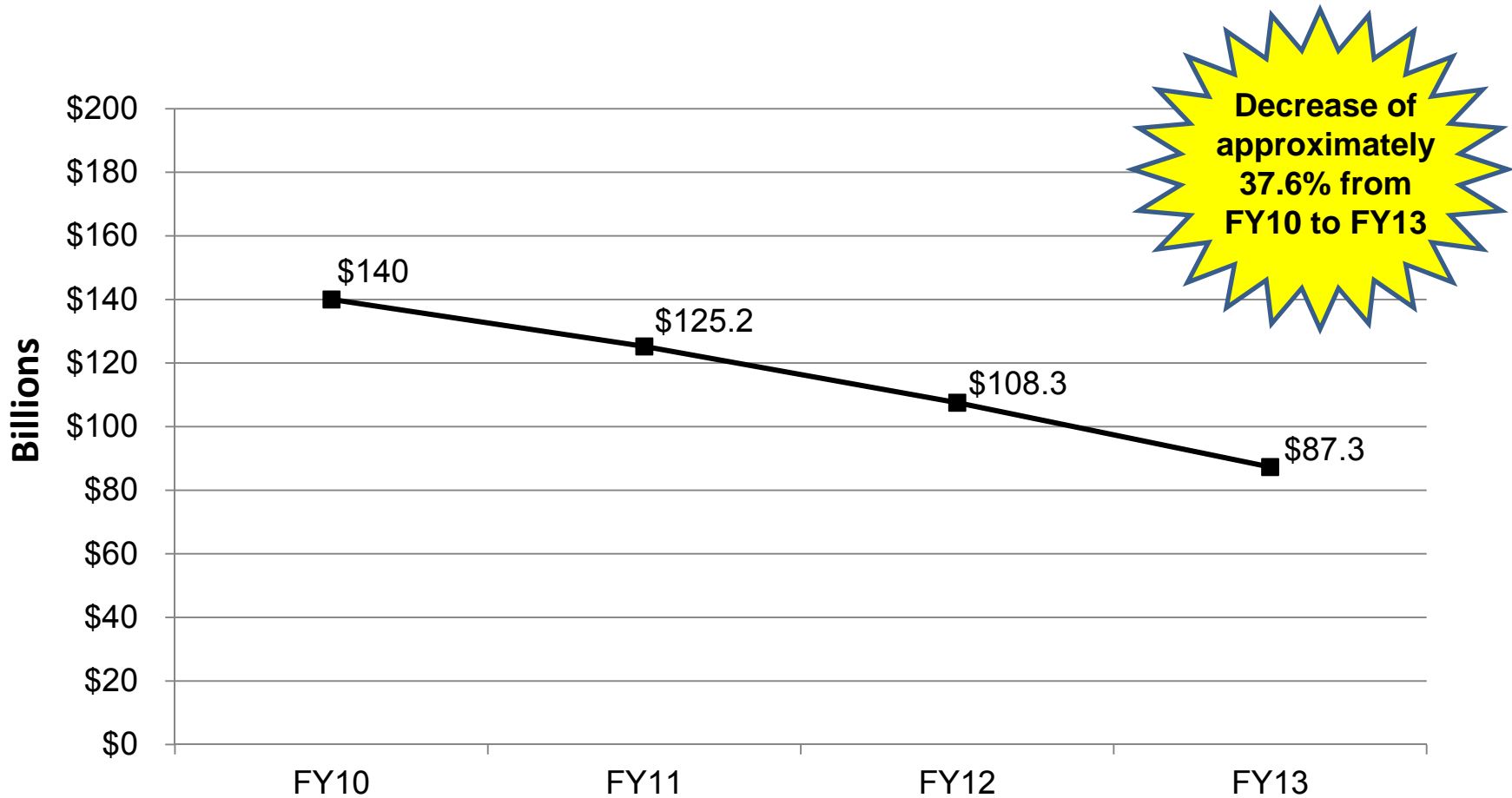
Appropriate Levels

Chairs: TBD – Portfolio Managers / Alternates
Members: TBD – Based on commodity / portfolio
Advisors: TBD – Based on commodity / portfolio

Meets monthly
(or as needed)



FY13 Statistics Decreasing Obligations



Contract obligations following downward trend

