

DoD and Industry Partnership in Materiel Acquisition:

Do You Really Know Your Partner??

Steve Mills, PMP
Professor of Program Management
DAU South

Scott Fouse
Professor of Program Management
DAU South

Background

- Steve Mills / Scott Fouse / Allen Green
 - Former Northrop Grumman Corp (NGC) Program Manager (Mills)
 - Former government PM/APM and SAIC employee (Fouse)
 - Current Industry PM, SAIC employee and past PMI-NAC President (Green)
 - Authors have “recent and relevant” Government and Industry PM experience coupled with DAU classroom experience
- Our Industry and Government experience drove home the point that our success in materiel acquisition hinges on an **effective partnership**

Partnership is Critical to Success



U.S. Government Accountability Office (GAO) stated:

To better ensure Warfighter capabilities are delivered when needed and as promised, incentives must encourage a disciplined, knowledge-based approach, and a true partnership with shared goals must be developed among the department, the military services, the Congress, and the defense industry.



Hon Dr. Ashton B. Carter, USD AT&L

“I am not a believer that the defense industry is the enemy, they are our partners. We can’t arm and defend the country without private industry.” (Federal Times Pg 10, September 14, 2009).



Primary Research Efforts Used

- OSD Study of Program Manager Training and Experience – Jul 2009
 - Interviewed 53 ACAT I PMs
 - Provided some insight into current state of DoD/Industry partnership

- Independent DAU Research - Survey of Defense Industry Program Managers – Feb 2010
 - Interviewed 23 Industry PMs / Senior Leaders from Tier 1 Defense Companies
 - Obtained significant insight into Industry's perspective of DoD
 - Permission for Government personnel to interview Industry PMs was obtained
 - Used a survey approach asking several open ended questions to facilitate candid and open feedback
 - *What are the greatest challenges that you encounter in your working relationship with Government acquisition personnel?*
 - *What government process/practices have the greatest negative impact on industry's ability to support the acquisition process?*
 - *What is your view of the competency level of government acquisition personnel across all acquisition career fields (PM, SE, Test, Contracting, etc)?*



Do We Really Know Our Partner?

- Respect
- Money
- Communication
- Processes
- Leadership
- The Way Forward – How to Improve

Respect

- A lack of respect (real or perceived) can create barriers between DoD and Industry
- Lack of mutual respect can develop into significant program risk
- No significant findings in this area from a DoD perspective
- Industry PMs identified a lack of respect as a key issue
 - Many did not feel that DoD personnel saw them as valued partners
 - Many felt they were looked at as “vendors/OEMs vs. partners
 - “Uncommitted vendors motivated solely by profit”

Mutual respect is a vital component in DoD Acquisition

Respect

- Timing of the release of RFPs was cited by Industry PMs as a significant issue:
 - DoD personnel often fail to appreciate the time/effort required by Industry partners to properly prepare proposals based on DoD RFPs
 - DoD often releases RFPs just prior to the Holiday season (Nov - Dec) with a requirement for proposals immediately following the holidays. This is great for the DoD employees with families, but not good for the Industry folks who have families as well
 - Industry respondents felt these practices are “indicative of a poor relationship and a lack of respect by DoD of its Industry partners”

Money

- Differing expectations, attitudes, and purposes for money are all potential sources of strife between partners
- Industry has three primary concerns regarding dollars and cents:
 - Acquisitions – This is the deep fight. Future business in the pipeline. This is where Business Development occurs (Capture & Positioning).
 - Sales: This is the current fight. The focus here is Return on Sales and the amount of effort expended over a specified time to deliver the products.
 - Margin: This is the second element of the current fight. We address the question, “How do we drive more profit into the existing product? Margin can be improved through continuous improvement and new technologies to drive down the overall product cost on the products being delivered.

The manner and efficiency of Industry in these areas determines its ultimate success

- Role of profit in Industry
 - Many in Government see profit as “evil” and unfair to the government vs. a required component of the acquisition process
 - The failure of government personnel to understand the concept of “fair and reasonable” profit for Industry is common
- “Real” cost of personnel and material
 - G&A
 - Wrap Rate / Fully burdened costs

Based on numerous Industry responses, DoD partners generally do not understand the role of profit and \$\$ as it relates to Industry and its impact in maintaining the Military Industrial Base

- Verbal / Written / Spoken
 - Effective communication is critical at all levels
 - Use the most effective communication method based on the situation
 - **Common Language / Standards / Specifications**
- Requirements Definition and “Creep”
 - “Requirements/Scope management is the #1 challenge for DoD”
 - “Government has a complete lack of appreciation for the impact/cost of unplanned requirement/scope changes”
 - Director of Operational Test and Evaluation (DOT&E) 2009 Annual Report:
 - *“The Department’s experience indicates that unless programs start with clear, sensible, and rationalized requirements, the program and its testing suffer tremendously and to the detriment of our fighting forces.”*
- RFP & Proposals
 - The RFP represents the single biggest communication challenge between the Government and DoD
 - Industry resources/executes the proposal process with great expertise
 - Government RFPs are often flawed and can lead to protests

Processes

- DoD Instruction (DoDI) 5000.02 Processes
 - “Industry needs to better understand the government (DoDI 5000.02) processes in order to work effectively with government”
 - Opportunities:
 - DAU classes are free and to select Industry personnel & cover most career fields
 - Industry fails to fully leverage this opportunity
- Industry PMI PM Track
 - DoD PMs and others could benefit from PMI based training opportunities and PMI sponsored credentials
 - Few in DoD take the time to pursue PMI or other **Industry standard related credentials**
- Government and Industry Experience
 - Great value in working in one discipline then taking those lessons learned and “tribal knowledge” into the other

Understanding of and deference to the key processes of your partner are critical to an effective partnership

Leadership / Competence

- Leadership is a key component at all levels of DoD Acquisition and in developing a successful partnership
- “PMs need mentors and senior advisory teams to assist them in dealing with the complex challenges on major acquisition programs”
 - Acquisition program challenges are increasing due to a number of factors (Technology, Tight budgets, adaptation to new legislation, etc)
 - “The best preparation for a future PM is working with extraordinary leaders/mentors”
- Industry PMs felt that DoD leadership/competence at senior levels was sound, but expressed concern about junior DoD employees
 - “A younger, more aggressive crowd that lacks understanding and experience is emerging in acquisition” (I am witnessing this in DAU offerings)
 - These new acquisition personnel are very talented, but recognize their lack of experience must be overcome.

Shortfalls in both experience and competence can be overcome by recognition of the challenge by both DoD and Industry leaders.



The Way Forward – How to Improve

- Incentivize Industry attendance at DAU courses
 - Currently, DAU courses are free to Industry, but seating is limited and Industry has to spend “overhead” funding to send their employees
 - Include DAU attendance as a part of contract award:
 - DoD should fund a limited number of Industry personnel to attend DAU courses. This should be for all career fields in scope.
 - If implemented as a DoD “best practice” Industry as a whole would gain insight to the DoDI 5000.02 process

- Promote Industry-standard credentials as a value-added and/or career progression option for DoD acquisition workforce employees

- Incorporate more Industry focus and perspective in DAU course content:
 - Incorporate Industry centered content into all Acquisition workforce career fields courses, not just the PM career field
 - Provide a greater emphasis on areas of commonality between Government and Industry Project Management



The Way Forward – How to Improve

- Continue to examine DoD / Industry partnership through research and in the classroom
 - DAU faculty and staff continue to look for methods to engage both government and Industry
 - DAU South research efforts in this area are ongoing
 - Data collected so far provides additional insight into the relationship between government and Industry
 - Ongoing research could lead to additional articles for publication and/or additions to DAU course content