

**RECORD VERSION**

**STATEMENT BY**

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**BEFORE THE**

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COMMITTEE ON ARMED SERVICES  
UNITED STATES SENATE**

**ON**

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## **Introduction**

Chairman Ayotte, Senator Kaine, and distinguished Members of the Subcommittee on Readiness and Management Support, thank you for the opportunity to address the committee on reform of the Department of Defense (DoD) acquisition system. Having acted as the Army Acquisition Executive since 2011, following 33 years in the defense industry, it is a privilege to offer my perspective on the unique challenges facing defense acquisition.

Acquisition reform has proven elusive. From 1960 to this decade, at least 27 major studies of defense acquisition, all proposing various reforms, have been conducted by the Department, the Congress, the White House, think tanks, and each of the individual services. Nearly each effort has attempted to define legislative solutions, create new processes and propose additional oversight to challenges that are, in many respects, endemic to defense acquisition.

The objectives of reform are all too familiar: tackling cost and schedule growth in our acquisition programs, addressing unrealistic program requirements, streamlining a process that is bureaucratic, ponderous and slow, and addressing the need for a skilled and professional acquisition workforce. However, there are limits to what acquisition reform can achieve based on certain enduring realities of our business. The first is that the defense acquisition system is full of inherent technical risk. We design, develop and integrate novel technologies in unique ways unknown in commercial business. Second, unlike the private sector, the incentives and responsibilities of various government stakeholders in the acquisition system are diffuse and often inconsistent. Third, prior efforts at reform have mostly resulted in greater oversight, added bureaucracy and the associated prolixity of statutes and regulations, slowing down the process substantially.

While we must continue to improve on our past record, the reality is that there are no easy fixes that allow us to deliver incomparable warfighting capabilities while eliminating all sources of risk. The need for oversight must be weighed against the need for flexibility of our acquisition processes. As the Department has recently emphasized, our desire to reduce risk must be balanced by the need to maintain our technological advantage. Most importantly, we must recognize that improved acquisition outcomes depend on mutual accountability among the various stakeholders that affect the success of our programs. These considerations cannot be overlooked as we work together to craft a more responsive and effective acquisition system.

## **Empowering our Program Managers**

During my time in the defense industry, I saw firsthand the agility and empowerment that program managers are given to do their difficult jobs. The largest single difference in government, which also accounts for the proliferation of studies directed at these issues, rests in the sheer number of stakeholders that influence Department acquisition programs. While program managers are accountable for program outcomes, they are only nominally in control of their programs – the program manager is subject to the influence of many other organizations with discrete authorities and priorities. As we embark on another reform effort, we must acknowledge the program manager’s reliance on programmers and budgeting teams to plan and execute program resources, and on the requirements developers for achievable system requirements.

Too often, previous efforts at reform have attempted to engineer the decision-making process by adding layers of oversight to avoid repeating past mistakes. Stakeholders are thus incentivized to legitimize their role in the process rather than add value to acquisition programs. Effective reform must ensure a common vested interest in program success, with an emphasis on mutual accountability for program managers, functional oversight stakeholders, and other Service components who play a role in acquisition.

Over the past 60 years, nearly every acquisition reform study has emphasized the need for technically feasible requirements that trade off desired capabilities to meet cost and schedule constraints. Requirements which are not achievable within cost, schedule, and technical realities are doomed for failure before the acquisition process even begins. In industry, this process is dynamic and fostered by the company’s financial incentive to meet cost and schedule objectives. Our requirements generation process often develops in isolation, based on operational desires removed from engineering and resource constraints. The results are requirements based on ideal aspirations versus “good enough” operational utility. To improve program outcomes, we must also address the requirements process, which mostly takes place well before a program is started.

These ingredients for program success are not currently in the program manager’s control. However, these aspects of the process must be considered as changes are made to our processes affecting program managers.

## **Stable and Predictable Funding**

Despite our efforts to improve acquisition, budgeting decisions outside of the acquisition process can greatly disrupt prudent planning to achieve cost efficiencies and incentivize contractors. Our budgets are subject to numerous factors outside the program manager's control, including Congressional authorization and appropriation, and Department and Service funding prioritizations. Furthermore, the threat of sequestration continues to disrupt the Department's overall budget process, with the resulting changes having effects on the industrial base.

In industry, a program manager controls his or her own budget, and is able to hold reserve funds to account for unexpected risks. In our process, program managers have little such control despite evidence that stable funding has a directly proportional effect on program health and performance. A management reserve account for program managers would provide some buffer against the annual funding perturbations common to our programs.

## **Reducing Documentation**

Previous efforts at acquisition reform have generated numerous documentation requirements in an attempt to ensure effective oversight. I am encouraged by Congress and the Department having the shared intention to make headway on the documentation burden this fiscal year. The Department and Congress have collaborated on efforts to identify redundant and duplicative documentation requirements that stem from statutory requirements over several years. Statutory callouts of particular types of documentation, such as manpower estimates, has led to the generation of standalone documents which must be created and staffed separately. This creates additional, unneeded documentation since the substantive information is already adequately captured in existing documents such as the acquisition strategy.

The Department submitted seven legislative proposals which will address the examples cited above and others, and proposes some revised language to clarify existing misinterpretations. Additionally, these proposals recast certain oversight stakeholders as advisors to the acquisition decision-maker, and emphasize the overall streamlining of the decision making process. This will avoid further dispersion of responsibility and authority over acquisition, and help balance oversight needs with the need to maintain flexibility and agility in the process. When we align incentives towards program success, we can preserve the ability to move fast while maintaining effective oversight – as seen in classified programs.

The Department is also undertaking its own reforms to improve internal acquisition processes, most notably the introduction and implementation of Better Buying Power, now on its third iteration. As part of this initiative, the Army is leading a cross-Department of Defense team to identify and eliminate unproductive paperwork. On average, program managers across the Department are required to develop more than 40 separate documents and reports for program milestone reviews. The review and approval of these documents can take up to 18 months, adding significant time to acquisition programs. The cross-departmental team will formulate recommendations to reduce unnecessary or low-value-added documents, while still providing sufficient oversight of key program decisions. As finite resources, the time and attention of program managers are best utilized to manage programs effectively versus oversight compliance, and I support the recent efforts that recognize the need to balance effective oversight with flexibility in the acquisition process.

### **People and Talent Management**

Lastly, the acquisition community must have the ability to attract, train, and retain a qualified workforce, both uniformed and civilian. Originally recommended by the Packard Commission and inaugurated by Congress via the Defense Acquisition Workforce Improvement Act (DAWIA), a professionalized acquisition workforce is perhaps the largest factor within the process that contributes to success. Such a workforce is necessary to balance the technical demands of developing sophisticated weapons systems while exercising the business judgment needed to ensure value received for public resources. The Army requires access to an experienced and energetic workforce of systems engineers, logisticians, contracting personnel, and many other critical skill sets essential to ensuring successful acquisition execution.

Again, I draw on my industry experience for an idea of best practices. Industry is better able to attract and quickly hire the necessary technical expertise to successfully execute high risk programs, offering financial incentives and awards to its high-performing employees in the form of overtime pay, stock options, and bonuses. Such financial incentives are often unavailable for government program managers. The government hiring system is laborious and slow, and our ability to attract talent has diminished due to hiring freezes and furloughs.

I thank Congress for the tools and resources provided to date, and I fully support the intent to make permanent the Defense Acquisition Workforce Development Fund (DAWDF) and the expedited hiring authority. I propose that more flexible talent management tools are needed,

particularly those that will allow us to assess critical skill sets within our workforce and promote accountability.

### **Role of the Service Chiefs**

Under the current system, the Service chiefs hold no formal role within the acquisition process, but still exercise significant authority over the capabilities ultimately developed and procured. Numerous studies have already examined the need for achievable and affordable requirements, as well as stable and predictable funding for program success, thus, the Service chiefs are well-positioned to address the most urgent and influential issues that ultimately affect acquisition success.

The operational knowledge and leadership possessed by the Service chiefs are invaluable to the type of tradespace analyses typically done in industry: an examination of capability gaps against projected resources and overall priorities, which can then be used to generate achievable requirements and ensure protection of the resources needed to meet those gaps. The Service chiefs can also engage in the larger strategic decisions about what capabilities the Army needs and what resources should be put against those needs, balancing the overall readiness and training requirements of the force at large. These are essential roles that Service chiefs can execute without modification to existing authorities.

I do not believe that Service Chiefs require greater decision-making authority regarding program decisions, such as technological maturity, production readiness, risk mitigation planning, and industrial base considerations. The Service Chiefs rarely have the technical expertise or industry experience to make such decisions. Service Chiefs, and their significant operational expertise, is best leveraged on requirements and the overall priority given to our acquisition efforts.

### **Conclusion**

I am heartened by the committee's stated interest in making the acquisition process better serve our Army and ultimately our Soldiers. Acquisition reform cannot focus only on oversight of program managers or revamping the decision-making process, but must address how the system manages risk. We must collectively continue to work to ensure that the requirements for what we procure are informed by cost, schedule, and performance tradeoffs as well as technical risks, and accept that some risks cannot be eliminated entirely.

The security challenges of tomorrow will be met with the equipment we develop, modernize, and procure today. We cannot allow our own process to hinder the agility we so desperately need to maintain our operational overmatch. I applaud the committee for expressing interest in relieving our burdens and streamlining the process. We should measure success by our ability to deliver to the Warfighter the capabilities needed to accomplish the mission, and despite all of our current challenges, we continue to field the best equipment to the best Army the world has ever known.

Madam Chairman, Members of the Subcommittee, thank you for your steadfast and strong support of the outstanding men and women of the United States Army, Army Civilians, and their Families. I look forward to your questions.