

## DOD ACTIONS TO IMPROVE THE ACQUISITION PROCESS

On 30 April 1981, Deputy Secretary of Defense Frank Carlucci announced major changes both in the acquisition philosophy and the acquisition process as practiced by the new administration. Based on a 30-day assessment of the Defense acquisition system, the decisions address the major problems in system acquisition perceived by Congress and the GAO, the OSD staff, the Services, and Program Managers. The major theme of the changes is to achieve enhanced readiness, reduced acquisition costs, and shortened acquisition time.

1. Management Principles include improved long-range planning; greater delegation responsibility, authority, and accountability; emphasis on low-risk evolutionary alternatives; more economic production rates; realistic budgeting and full funding; improved readiness and sustainability; and strengthening the industrial base.
2. Preplanned Product Improvement should be used as a means of achieving performance growth.
3. Multiyear Procurement should be used, on a case-by-case basis, to reduce unit production costs.
4. Increased Program Stability in the Acquisition Process should be achieved by fully funding R&D and procurement in order to maintain the established baseline schedule.
5. Encourage Capital Investment to Enhance Productivity through legislative, contractual, and other economic incentives.
6. Budget to Most Likely Costs to achieve more realistic long-term defense acquisition budgets, reduce apparent cost growth, and achieve increased program stability.
7. Economic Production Rates should be used whenever possible and advantageous.
8. Assure Appropriate Contract Type in order to balance program needs and cost savings with realistic assessment of contractor and Government risk.
9. Improve System Support and Readiness by establishing objectives for each development program and "designing-in" reliability and readiness capabilities.
10. Reduce the Administrative Cost and Time to Procure Items by raising the limit on purchase order contracts and reducing unnecessary paperwork and review.
11. Incorporate the Use of Budgeted Funds for Technological Risk by quantifying risk and incorporating budgeting techniques to deal with uncertainty.

DOD ACTIONS TO IMPROVE THE ACQUISITION PROCESS  
(Continued)

12. Provide Adequate Front-End Funding for Test Hardware in order to emphasize early reliability testing and to permit concurrent development and operational testing when appropriate.
13. Governmental Legislation Related to Acquisition which unnecessarily burden the acquisition or contracting process should be eliminated.
14. Reduce the Number of DOD Directives by performing a cost-benefit check and requiring that the OAE be the sole issuer of acquisition-related directives.
15. Funding Flexibility should be enhanced by obtaining legislative authority to transfer individual weapon system procurement funds to RDT&E when appropriate.
16. Contractor Incentives to Improve Reliability and Support should be developed and introduced in RFPs, specifications, and contracts.
17. Decrease DSARC Briefings and Data Requirements in order to increase the efficiency of DSARC and other program reviews.
18. Budgeting Weapons Systems for Inflation should be adopted in order to more realistically portray program cost.
19. Forecasting of Business Base Condition at Major Defense Plants by coordinating interservice overhead data and providing program projections to plant representatives.
20. Improve the Source Selection Process by placing added emphasis on past performance, schedule realism, facilitation plans, and cost credibility.
21. Develop and Use Standard Operational and Support Systems to achieve earlier deployment and enhanced supportability with lower risk and cost.
22. Provide More Appropriate Design to Cost Goals to provide effective incentives during early production runs.
23. Assure Implementation of Acquisition Process Decisions by initiating an intensive implementation phase.
24. (ISSUE A) DSARC Decision Milestones should be reduced to "Requirements Validation" and "Program Go-Ahead."
25. (ISSUE B) MENS should be submitted with Service POM thus linking the acquisition and PPBS process.

DOD ACTIONS TO IMPROVE THE ACQUISITION PROCESS  
(Continued)

26. (ISSUE C) DSARC Membership should be revised to include the appropriate Service Secretary or Service Chief.
27. (ISSUE D) The Defense Acquisition Executive (DAE) should continue to be the JSDRE.
28. (ISSUE E) The Criterion for DSARC Review should be increased to \$200M RDT&E and \$1B procurement in FY 80 dollars.
29. (ISSUE F) Integration of the DSARC and PPBS Process will be achieved by requiring that fiscally executable programs be presented for DSARC review.
30. (ISSUE G) Logistics and Support Resources will be included in the Service POM by weapon system, and Program Managers will be given more control of support resources, funding, and execution.
31. (ISSUE H) Improved Reliability and Support for expedited ("Fast Track") programs will be achieved by requiring an early decision on the additional resources and incentives needed to balance the risks.
32. Increase Competition in acquisition by establishing management programs and setting objectives (July 27, 1981).