



ACQUISITION AND
TECHNOLOGY

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

19 OCT 1998

MEMORANDUM FOR THE SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Review of Acquisition Workforce Training, Processes and Tools for Services
Contracts

Section 912(c) of the National Defense Authorization Act for Fiscal Year 1998, directed the Secretary of Defense to conduct a review of the organizations and functions of the Department of Defense (DoD) acquisition activities and of the personnel required to carry out those functions. In the implementation plan submitted to Congress pursuant to section 912(c), Secretary Cohen committed to directing the establishment of a team to develop training and tools which focus on acquiring services.

To that end, I direct the establishment of a DoD study group to be led by Brig Gen Frank Anderson, USAF, Deputy Assistant Secretary of the Air Force (Contracting), to evaluate and make recommendations regarding the training and tools available to the acquisition workforce to manage, execute, and support contracts for the acquisition of services. The charter for the study group is attached. Participation will be part-time on an as needed basis, at the call of the study group chair.

A final report of the study group will be provided to me, as specified in the attached charter, by March 1, 1999.


J. S. Gansler

Attachment
As stated



CHARTER FOR THE STUDY GROUP ON ACQUISITION WORKFORCE TRAINING, PROCESSES, AND TOOLS FOR SERVICES CONTRACTS

INTRODUCTION AND BACKGROUND

Since the mid-1980s, the Department of Defense (DoD) has focused on increasing the professionalism of the contracting workforce. These efforts have been marked by the passage of the Defense Acquisition Workforce Improvement Act, the establishment of the Defense Acquisition University, and expanded training opportunities through the Defense Systems Management College, among other activities. The current successes have been more widely focused, however, on the part of the acquisition community that procures hardware, and there is a general perception that the acquisition workforce that procures services have not had enough attention and training as have their major system counterparts.

The passage of the Federal Acquisition Streamlining Act and the Federal Acquisition Reform Act (Clinger-Cohen Act) has created opportunities for significant reform of business practices in DoD. The recommendations of the Quadrennial Defense Reform and the Defense Reform Initiative depend upon this revolution in business affairs to pay for needed modernization. These recommendations will not succeed without substantial improvement in the way DoD procures services.

Several specific actions have already been undertaken in support of these initiatives, including increased competitive sourcing, migration to paperless contracting and electronic commerce, and expanded use of performance-based service contracts. Significant challenges remain, however, including issues related to the definition of inherently governmental functions, focusing on outcomes rather than inputs, and defining and measuring against the appropriate metrics.

As DoD increasingly relies on "support services" contractors to provide direct assistance to DoD managers and to perform commercial activities, it is imperative that service contracts are managed to adequately ensure the effective and efficient expenditure of taxpayer dollars. DoD must state in clear language what is expected from contractors and develop effective ways to measure whether those expectations are met. DoD must have a staff with sufficient experience and knowledge, adequate tools and processes, and in adequate numbers to manage these contracts. The objective of this study is to recommend ways to improve the training, processes, and tools for the acquisition workforce to achieve those fundamental goals.

AUTHORITY AND DIRECTION

The Deputy Under Secretary of Defense (Acquisition Reform) is directed to establish a study group to review the adequacy of current and planned training and tools for the acquisition workforce in support of contracting for services. The study group should ensure training and tools adequately address such issues as discharge of Governmental responsibilities; performance criteria and measurement mechanisms; accountability and potential for waste, fraud and abuse; reward systems for contractor performance; unallowable and inappropriate contractor costs; the treatment of nonprofit contractors and subcontractors; and ways to stimulate competition and simplify administration. The study group membership shall include representatives from the Office of the Secretary of Defense staff, the Military Departments (including Program Executive Officers and Program Managers), the Joint Staff, the Defense Agencies, and industry.

STUDY OBJECTIVES

The study group will conduct a review of the adequacy of current and planned training and tools for the acquisition workforce in the area of contracting for services. The study group shall be guided by, but not limited to, the following objectives:

1. Identify and recommend areas where the process of contracting for services should be changed to: improve support of the acquisition needs of the Department; more closely emulate the commercial sector, and increase the emphasis on fixed price contracts.
2. Identify the processes for how performance-based standards are developed and placed on contract for the acquisition of services. Compare these processes to industry standards that tie price to performance. Make recommendations, as appropriate.
3. Examine the role of performance-based contracting in improving the contracting for services in DoD, including the quantity and results of performance-based contracts to date.
4. Evaluate and recommend potential training improvements in the following areas (scope not limited to the following):
 - a. Existing training programs and content, including frequency and availability, for both acquisition and other community (e.g., requirements) officials involved in procuring services (both locally and more broadly), including installation support, outsourcing (A-76), and technical, engineering, and management support type services.
 - b. Review whether the Secretary's National Performance Review goal of 40 hours of continuing education and training for the acquisition related workforce is the right metric and measure? What forms of training should be included or excluded?
 - c. Redefining requirements for procuring services from the commercial sector, in order to meet military performance requirements without imposing undue specifications on commercial vendors.
5. Establish output metrics to track progress of implementation of study group recommendations.

SCHEDULE

The study group shall report its conclusions and recommendations to the Under Secretary of Defense (Acquisition & Technology) by March 1, 1999. The study group will provide a draft report on its progress to the Under Secretary by December 31, 1998.