



# COMMUNICATOR

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DCMA SERVICES



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*The Defense Contract Management Agency provides a variety of services — Quality Assurance, Delivery and Schedule Management, Cost and Pricing, Earned Value Management, Engineering Support, Software Acquisition Management, Property and Plant Clearance, Contracting, Contract Safety, and Transportation. These services provide support to warfighters and allow the Department of Defense to remain good stewards of the taxpayers money. On the cover, some of these services are highlighted, including QA, Delivery and Schedule Management, and Engineering Support. This edition of the Communicator explores these services and shows how DCMA continues to evolve its capabilities.*



# COMMUNICATOR



## AGENCY NEWS

2. Director's Message
3. Around DCMA
4. Help Desk Becomes IT Service Center
5. Director Receives Prestigious Procurement Award
6. Agency Employees Claim Two of Eight Individual 2010 DoD Workforce Achievement Awards
9. Director: Awards Show Agency Excellence



## FOCUS

12. Finding Efficiencies: A Historical Perspective
15. Dr. Ashton B. Carter Offers Guidance for Better Buying Power
18. The Acquisition Workforce: Growing Numerically, Reducing Fiscally



## FEATURES

22. Culture of Cost-Consciousness: A Contracts and Quality Assurance Perspective
24. Continuous Process Improvement: Faster, Better, Efficient
27. Contracting Reorganization Empowers Agency
30. Agency Reestablishing Cost and Pricing Capabilities
33. Employees Should Consider Security Risks While Socially Networking
35. New Director 'Chases' Excellence in Human Capital
37. Faces of DCMA



# Recognizing Our Commitment in the Workforce



**Many of you have heard me** talk about “facing the brutal facts” confronting our agency. In Director’s Messages and in the *Communicator*, I have frequently written about the need to rebuild competencies and align our organization to face challenges of the 21st century. In the most recent issues, I’ve addressed the reality of our current fiscal environment and how we must continue down our strategic path to better support the department, our warfighters and the American taxpayers. While we must be objective about our challenges, we should also celebrate our successes. Today, I’m proud to write about some of our successes this past year — especially when it comes to recognizing our people and their commitment to upholding our core value of excellence.

I have stressed that our people are our most precious resource. The exceptional work performed by the dedicated men and women of our agency is what makes us successful day in and day out. While our agency recognizes outstanding performance at our annual awards ceremony, it is especially rewarding to see Defense Contract Management Agency personnel and accomplishments recognized by outside peers, organizations and customers. We received a number of these honors at the end of 2010 that I want to recognize:

- Two DCMA employees received the 2010 Department of Defense Workforce Achievement Award. U.S. Army Col. Frank Steinbugl received his award for contract auditing excellence while serving as commander of DCMA Iraq. Patrick Losse garnered the contracting and procurement award for his quality assurance work in supporting the delivery of 1,000 armored Mine Resistant Ambush Protected All-Terrain Vehicles per month to our warfighters. Losse is a quality coordinator at DCMA Oshkosh. In this issue of *Communicator*, you will find a more detailed article highlighting their achievements.
- Two DCMA military personnel were nominated by the president for appointment to the grade of brigadier general. Col. Casey Blake is the current commander of DCMA Lockheed Martin Marietta and an outstanding Air Force officer. Col. David O’Brien is currently serving as the agency’s mobilization assistant and is an exceptional member of the Air Force Reserve. Both join a distinguished list of former DCMA military officers who have made it to the rank of general officer.
- I recently received the distinguished Public Sector Partner of the Year Award at the 8th Annual Greater Washington Government Contractor Awards ceremony. While I was honored to receive the award, it was a reflection of the hard work performed every day by the men and women of DCMA.

These examples are indicative of the high-quality work performed by the men and women of DCMA. I believe each of you take pride in the work you do every day that moves us closer to achieving our strategic objectives. By adhering to our mission, vision and core values and living the DCMA culture, we can all play our parts in delivering exceptional contract administration services to warfighters.

Warmly,

Charlie E. Williams Jr.  
Director

# Conklin Inducted into SES

Cassandra Locke | DCMA Public Affairs

## Charlie E. Williams, Jr., Defense Contract Management Agency director, inducted Pamela Conklin,

DCMA Financial and Business Operations executive director, into the Senior Executive Service Dec. 1, 2010, at the Fort Lee, Va., Officer's Club.

Conklin is responsible for managing the agency's business infrastructure and all matters pertaining to its financial operations.

"(Conklin) is an outstanding professional, and with her prior experiences she will bring great things to this agency," said Williams during the induction.

Conklin holds a bachelor's degree in political science from the University of North Carolina at Chapel Hill and is a graduate of

the Army Management Staff College. She has been a member of the American Society of Military Comptrollers since 1996.

Her government career began in 1982 as a revenue officer with the Internal Revenue Service. In 1990, she held various budget-related assignments with the U.S. Army in Europe and 7th Army in Heidelberg, Germany, before joining the Defense Commissary Agency in 1995 as a budget officer for DeCA East. In 2001, she was selected to be chief of that region's resource management business area. Conklin was selected as DeCA's chief financial executive in 2005.

She began with DCMA Aug. 30, 2010, and was the first SES to report for duty at DCMA's future headquarters location in Fort Lee. 



Charlie E. Williams, Jr., Defense Contract Management Agency director, inducts Pamela Conklin, DCMA Financial and Business Operations executive director, into the Senior Executive Service Dec. 1, 2010, at the Fort Lee, Va., Officer's Club. She was the first DCMA SES to report for duty at DCMA's future headquarters in Fort Lee.

# Avid Golfer Shares Hobby with Troops in Iraq

Jo Adail Stephenson | DCMA Public Affairs

## Two years ago, Benjamin Alexander, Defense Contract Management Agency Detroit, sent

a box of golf balls to a coworker in Iraq who thanked him and sent a few pictures of him and a friend hitting golf balls in their spare time. Alexander decided recently to see if he could collect donated golf gear to send to troops in Iraq.

"I hope I can instill a vision or a presence of being home and free, which is what millions of people worldwide can do almost every day by the simplest pleasure of hitting a little white ball — something that our troops cannot achieve during wartime conditions in foreign countries," Alexander said. "Although I hope their thoughts are with family first, golf is a satisfying runner-up."

Friends, family members and coworkers donated drivers, clubs, golf balls, tees and shipping boxes. Alexander said he also received clubs from an Army veteran via Craigslist.

The donated items were collected in a variety of ways. He picked up boxes from a close friend locally. Golf balls and two drivers were dropped off at his house. Two coworkers brought golf clubs to the DCMA Detroit office where all the gear was boxed for shipment.

After receiving the golf equipment, Alexander and several DCMA volunteers helped organize and box the gear to send to troops in Iraq. He gave special thanks to his DCMA Detroit helpers, Shereen Stevenson, Carl Jackson and Lisa Welch. "I couldn't have accomplished this without their assistance," he said.

An avid golfer, Alexander wanted to share his hobby with the troops so they could get some added stress relief. He is hoping for positive feedback so he can continue showing his support in this way to fulfill his dream of helping the troops.

"A hearty thanks to all the generous folks who have donated supplies to our



Defense Contract Management Agency Detroit personnel, from left, Benjamin Alexander, Tina Winkelblech, Shereen Stevenson, Army Col. Louis Steinbugl, Jeff Stroker and Ken Millen pose for a photo while assisting with efforts to send donated golf gear to troops in Iraq for the holidays. (Photo by Lisa Welch, DCMA)

warfighters in the past, present and future. God bless America, and God bless our troops who have kept this country free," Alexander said. 

# Help Desk Becomes IT Service Center

By Maichi Halley | DCMA ITSCO Communications



*Analysts take calls from agency employees recently at the Information Technology Center located at the Defense Supply Center Columbus, Ohio. Referred to in the past as the Help Desk, the service's name was changed to IT Service Center to better reflect the analysts' ability to support customers' diverse inquiries.*

**The agency's Help Desk recently celebrated its 10th anniversary and is proudly beginning its second decade of service with a fresh identity.**

The original name, "Help Desk," may infer that the customer would only call if help is needed, whereas the new name, "IT Service Center," better reflects its ability to support customers' diverse inquiries. Customers will notice the name change in the URL and link text located in the top right-hand corner of the Defense Contract Management Agency's intranet websites and, progressively, in every other existing reference as well, including all other written and online materials.

Jacob Haynes, DCMA Information Technology Customer Service Organization acting chief information officer, envisions the IT Service Center as a "one-stop shop" where customers can bring any and all technology-related inquiries.

Lorenzo Carter, DCMA ITSCO Field Services Center director, further

conceptualizes the IT Service Center as a virtual "global service desk," improving IT support's efficiency and speed. This concept entails leveraging global resources to operate around the clock, extending the use of remote control tools to reduce travel and merging service analyst and field technician functions.

The new concepts for the IT Service Center also involve the utilization of advanced Automated Call Distribution capabilities, both existing and new, to better service customers. The ACD system informs customers of known outages and offers automated prompts to change or unlock network passwords 24/7, 365 days a year, without speaking to an analyst.

During a call, the system notifies the customer of his or her position in the queue and provides an approximate wait time. Also, under high call volume situations, the customer can elect to hang up and receive a call back from an analyst without losing his or her place in the wait queue.

In the future, the implementation of skills-based routing will allow a call to be routed directly to a subject-matter expert, and a live Web chat feature could serve as a modern alternative to phone, e-mail and self-service.

"The Help Desk's transition to the new IT Service Center marks an exciting initiative to expand our services and streamline IT support in a way that directly improves the customer experience," said Carter.

IT, once considered a basic utility, is becoming an integral business partner. The Help Desk's new identity as the IT Service Center, focusing on the "one-stop shop" and "global service center" concepts, reflects this transition as it continues to play a significant role in the success of DCMA key business initiatives. 

# Director Receives Prestigious Procurement Award

Jo Adail Stephenson | DCMA Public Affairs

**“I was proud to represent the entire DCMA workforce in receiving this award, which recognizes our contribution to the government contracting community.”**

— Charlie E. Williams, Jr.,  
Defense Contract Management  
Agency director



*Charlie E. Williams, Jr., Defense Contract Management Agency director, received the Public Sector Partner of the Year Award at the 8th Annual Fairfax County Chamber of Commerce Greater Washington Government Contractor Awards at The Ritz-Carlton in McLean, Va.*

## **Defense Contract Management Agency Director Charlie E. Williams, Jr., recently received the**

distinguished Public Sector Partner of the Year Award at the 8th Annual Fairfax County Chamber of Commerce Greater Washington Government Contractor Awards held at The Ritz-Carlton, Tysons Corner in McLean, Va.

“I was proud to represent the entire DCMA workforce in receiving this award, which recognizes our contribution to the

government contracting community,” Williams said.

A panel of industry experts and government professionals selected Williams for the award, which recognizes outstanding procurement professionals for demonstrated leadership and vision in building a spirit of partnership with the private sector and leading change in the procurement community.

The event is the region’s annual premier celebratory awards presentation to honor

exceptional government contracting community individuals and companies for their performance and contributions to the industry and communities. It also recognizes their role in shaping and sustaining this vital market. [C](#)

## About the Awardees

### U.S. Army Col. Frank Steinbugl 2010 USD(AT&L) Workforce Achievement Award Contract Auditing

Steinbugl was DCMA's senior leader in Iraq in May 2009 and immediately faced the task of balancing contract support for the daily sustainment of more than 250,000 military and civilian personnel while planning and executing the largest drawdown of military forces since World War II.

He ensured 75,000 facilities in Iraq were free of electrical hazards and significantly improved contractor performance from failing to exceeding standards in fire/emergency services. He ensured the Logistics Civil Augmentation Program contractor revamped its quality assurance program and validated it could deliver high-quality products and services.

He increased the number and intensity of audits in key services and demanded hundreds of corrective action plans. These resulted in 200 percent more instances of major nonconformance than previously found, further resulting in a 300 percent reduction in initially reported major contractual nonconformances. He improved contracting officer representative fill rates from 60 percent to 95 percent, greatly reducing the potential for fraud, waste and abuse.

He partnered with the Defense Contract Audit Agency in Iraq to assist in assuring contractor business systems were sound, acceptable and accurate. Dozens of assisted audits resulted in significant recommendations and improvements to contractor business practices, saving millions in questionable costs and re-performance. He also collaborated with Defense Logistics Agency officers in Iraq to develop solutions to remove scrap property expeditiously from bases lacking Defense Reutilization Management System capability, saving hundreds of thousands of dollars.

# Agency Employees Claim Two of Eight Individual 2010 DoD Workforce Achievement Awards

Jo Adail Stephenson | DCMA Public Affairs



*U.S. Army Col. Frank Steinbugl, right, received the 2010 Under Secretary of Defense for Acquisition, Technology and Logistics Workforce Achievement contract auditing award from Frank Kendall, deputy USD(AT&L), at a recent luncheon ceremony during the Program Executive Officers'/Systems Command Commanders' Conference at Fort Belvoir, Va. As the Defense Contract Management Agency's senior leader in Iraq from May 2009 to May 2010, Steinbugl led a team of 180 acquisition professionals dispersed at 30 locations. (Defense Acquisition University photo by Erica Kobren)*

## Defense Contract Management Agency Central Regional Command personnel Army Col. Frank

Steinbugl and Patrick Losse recently joined an elite group of eight Department of Defense acquisition workforce professionals recognized for their individual performance and excellence in the procurement of DoD products and services.

Steinbugl and Losse received a 2010 Under Secretary of Defense for Acquisition, Technology and Logistics Workforce Achievement award from Frank Kendall, deputy USD(AT&L), at a luncheon ceremony during the Program Executive Officers'/Systems Command Commanders' Conference at Fort Belvoir, Va.

Steinbugl achieved the contract auditing award for his contract administration tactics, techniques and procedures that allowed the simultaneous stabilization of Iraq and commencement of the largest drawdown of forces since World War II. Steinbugl, who was the DCMA Iraq commander at that time, is now the commander at DCMA Detroit, Mich.

**“The most challenging aspect was the accelerated pace of the program... This was the first program to achieve this fast of a pace.... I have never lost focus that I am working for the protection of the American soldier.”**

— Patrick Losse, Defense Contract Management Agency Mine Resistant Ambush Protected All-Terrain Vehicle quality coordinator

“I feel extremely honored and humbled, and I know the award truly reflects the combined efforts of hundreds of military and civilian personnel who supported our agency’s (Contingency Contract Administration Services) mission in Iraq. Simply put, the people were successful, and I’m only a reflection of their efforts. They deserve all the credit,” Steinbugl said.



Frank Kendall, left, deputy under secretary of defense for acquisition, technology and logistics, recently presented Patrick Losse, Defense Contract Management Agency Mine Resistant Ambush Protected All-Terrain Vehicle quality coordinator, with the 2010 USD(AT&L) Workforce Achievement award for contracting and procurement, which included industrial/contract property management, contract oversight and quality assurance. The award was presented during the Program Executive Officers'/Systems Command Commanders' Conference at Fort Belvoir, Va. (Defense Acquisition University photo by Erica Kobren)

## Patrick Losse 2010 USD(AT&L) Workforce Achievement Award

### Contracting and Procurement (including Industrial/Contract Property Management, Contract Oversight and Quality Assurance)

Losse volunteered to serve as the DCMA Mine Resistant Ambush Protected All-Terrain Vehicle quality coordinator and assumed responsibility for all QA functions and government inspection of armored M-ATVs. He managed a revolving pool of 14 temporarily assigned QA specialists from six states who performed government inspections on more than 4,000 armored vehicles in four months. He established a comprehensive and concise training program to ensure volunteers from other offices accomplished critical inspections efficiently.

Losse flawlessly integrated DCMA oversight of more than 60 subcontractors, ensuring piece parts production did not negatively impact final vehicle assembly and delivery ahead of the already aggressive production schedule. He created fluid government inspection criteria and checklists and coordinated two teams in separate locations to perform identical critical final inspections, resulting in a consistently built armored vehicle and improving combat units' readiness.

His creation, publication and management of new inspection criteria and checklists resulted in a fully conforming and defect-free armored vehicle ready for electronic equipment integration and immediate delivery to warfighters in Afghanistan.

Losse became the go-to-guy for quality issues on the Department of Defense's most critical acquisition program. Without his approval, no vehicle was accepted or delivered to combat troops. With his approval, armored vehicles arrived combat-ready in Afghanistan to thwart improvised explosive device threats.

Contributions of three regional commanders were key to the success by ensuring the goals and objectives for the CCAS mission in Iraq were accomplished, according to Steinbugl.

“They only needed to understand the intent and performed superbly with minimal guidance and direction. The command climate they established helped fuse the diverse population of people into cohesive, functional teams who could quickly adjust priorities and missions,” he said. “Ultimately, it is the individual efforts from hundreds of dedicated acquisition professionals who get the mission accomplished.”

Steinbugl said he is extremely grateful to all those who supported the DCMA Iraq mission during his time there. “This award is truly a reflection of their efforts. I’m also extremely blessed to have the love and support of my wife and family who allow me to continue to deploy and serve in uniform beyond the 20-year mark. Without them, this would be meaningless.”

Steinbugl said he was glad to see the contracting community as a whole valued and appreciated at the Office of the Secretary of Defense level. “The agency readily recognizes our CCAS efforts downrange, but it’s rewarding to see AT&L specifically recognize the contributions of those engaged in post-award contract administration in a warzone.”

Losse achieved the contracting and procurement award, which included

**“The Army taught me many years ago, ‘Take care of your troops, and they will take care of you.’...Investing time in getting to know individuals and understanding what motivates them is essential in obtaining results.”**

— U.S. Army Col. Frank Steinbugl, commander at Defense Contract Management Agency Detroit, Mich.

The Department of Defense has a mandate to deliver better value to the taxpayer and to the warfighter by improving the way it does business. As we pursue this effort, a capable, qualified and highly effective acquisition workforce is essential to achieving greater efficiency and productivity. The Defense Acquisition Workforce is more than 145,000 strong and possesses a broad spectrum of technical expertise, program skills and institutional memory working near to the point of execution. The members of the acquisition workforce are our most valuable resource: you are the very people we depend on to find savings and efficiencies in our acquisition programs every day.

— Dr. Ashton B. Carter, undersecretary of defense for acquisition, technology and logistics

industrial/contract property management, contract oversight and quality assurance. He voluntarily assumed responsibility for all quality assurance functions of the most critical DoD acquisition program (as defined by Secretary of Defense Robert M. Gates) and coordinated government inspection of more than 4,000 armored Mine Resistant Ambush Protected All-Terrain Vehicles in four months. Losse is the DCMA M-ATV quality coordinator at DCMA Oshkosh, Wis.

“I am honored to receive an award of this stature. With the help and support of DCMA (Team Oshkosh), I had the ability to set forth certain standards into the MRAP (M-ATV) program. This award is not only for me, but for the entire DCMA team,” Losse said. “I had the support of my chain of command. We kept the communication lines open, addressing issues with a head-on approach, making the little issues stay little and eliminating them from the program.”

In terms of accomplishment, Losse said what meant the most was the M-ATV program achieving the expectations of the warfighter. “DCMA (Team Oshkosh) is putting the best equipment into the hands of the soldier.”

Losse offered his thanks to all who were part of the program. “The warfighter now has one of the best pieces of equipment out there to protect them against foreign enemies.”

Both earned the awards for their specific achievements, the value of their contribution to DCMA and DoD, and their leadership in accomplishing their overall missions.

Steinbugl and Losse discussed the leadership qualities and principles they value the most.

“The Army taught me many years ago, ‘Take care of your troops, and they will take care of you.’ I’ve found this to be true over and over again throughout my military career. Investing time in getting to know individuals and understanding what motivates them is essential in obtaining results,” Steinbugl said.

Understanding is the key, Losse said. “Knowing what is expected of me from the chain of command, the program itself, coworkers, the contractor and the buying command, all played a key role in how I approached the daily activities of this program.”

Each had different challenges to address and overcome.

“I would say the biggest challenge working in a contingency contracting environment is the continual transition of personnel into and out of theater and keeping everyone marching in the same direction while the military units continually adjusted their requirements,” Steinbugl said. “To overcome this, we developed electronic continuity books that helped transfer knowledge, standard operating procedures and historical information to bridge personnel transitions.”

Losse said, “The most challenging aspect was the accelerated pace of the program, which was nine months from concept to production. This was the first program to achieve this fast of a pace. I am former military, and because of this, I have never lost focus that I am working for the protection of the American soldier.” ©

# Director: Awards Show Agency Excellence

Jo Adail Stephenson | DCMA Public Affairs

## Three Defense Contract Management Agency personnel received prestigious awards

recognizing the depth and breadth of excellence at all organization levels in the midst of the agency's internal realignment

and headquarters' Base Realignment and closure move to Fort Lee, Va.

DCMA Director Charlie E. Williams, Jr., received the distinguished Public Sector Partner of the Year Award at the 8th Annual Fairfax County Chamber of Commerce

Greater Washington Government Contractor Awards held at The Ritz-Carlton, Tysons Corner in McLean, Va.

DCMA Central Regional Command personnel Army Col. Frank Steinbugl and Patrick Losse each received a 2010 Under



During an interview in his office, Charlie E. Williams, Jr., Defense Contract Management Agency director, described how the awards DCMA employees have received reflect the agency's excellence. Williams was recently honored with the Public Sector Partner of the Year Award.



*Defense Contract Management Agency Director Charlie E. Williams, Jr., visits a factory floor where DCMA provides quality assurance and other support to provide warfighters with state-of-the-art equipment. DCMA's partnerships and working relationships with contractors and the private sector were recognized at the 8th Annual Fairfax County Chamber of Commerce Greater Washington Government Contractor Awards with the Public Sector Partner of the Year Award.*

Secretary of Defense for Acquisition, Technology and Logistics Workforce Achievement award during a ceremony at the Program Executive Officers'/Systems Command Commanders' Conference at Fort Belvoir, Va.

In terms of what these awards mean to the agency and what the recognition says about DCMA's workforce, Williams said these awards are really about DCMA's core value of excellence.

"We talk about integrity, service and excellence. These awards were really about the excellence piece — constantly doing excellent work in support of the customer, the warfighter and the taxpayer," he said. "To the extent we adhere to that, you'll see people across the agency getting awards like this, being recognized by their customers for the exceptional operationally oriented work we do to support them being able to meet their combat or noncombat mission requirements."

Williams' award recognizes outstanding procurement professionals for demonstrated leadership and vision in building partnerships with the private sector and leading change in the procurement community. Even though this was an individual award, Williams said it reflects the agency's hard work and the continuing partnerships the agency has developed with industry.

"Our mission requires us to be able to be the interface between the department's acquisition community and industry in our management and execution of contracts," he said, adding that the agency has a significant need to bring the acquisition community and industry together to accomplish the department's business.

"We can't stick our head in the sand and say, 'Our way or the highway.' We need to understand what things we do that create challenges and burdens for industry, and, likewise, we need to be able to communicate the things they are doing to cause us problems," he said. "We were recognized because we continue to reach out and keep those lines of communication open."

**"We talk about integrity, service and excellence. These awards were really about the excellence piece — constantly doing excellent work in support of the customer, the warfighter and the taxpayer."**

— Charlie E. Williams, Jr.,  
Defense Contract Management  
Agency director

Steinbugl, the current DCMA Detroit commander, received the 2010 USD(AT&L) Workforce Achievement contract auditing award for his accomplishments while he was the DCMA Iraq commander. At the contract management office level, Williams said commanders are overcoming the challenges of a lack of resources and inconsistent application of policy and process and delivering on their customers' requirements.

"As challenging as things are, commanders are engaging with customers to articulate and identify where the risks are in the business and the issues that need to be dealt with on an ongoing basis," Williams said. "Recently, we've had some of our commanders step up and raise their hands to become our first regional commanders. They have taken on a dual-hat responsibility and again stretched themselves to ensure the work we have to do gets done."

Williams said he is "really pleased and proud of what our folks are doing. These are some incredible people who not only do the work inside DCMA but also, through partnerships, serve as the eyes and ears for the department with industry."

Losse received the 2010 USD (AT&L) Workforce Achievement contracting and procurement award for his accomplishments when he voluntarily

assumed responsibility for all quality assurance functions as the Mine Resistant Ambush Protected All-Terrain Vehicle, or M-ATV, coordinator at DCMA Oshkosh, Wis.

Williams indicated DCMA employees at the technical specialist level also are assuming responsibilities beyond the scope of their present jobs to do things they sometimes may or may not be comfortable with.

"In fact, in many cases, they are themselves inventing and laying the path forward to help get us down the road at the end of the day," he said.

The awards are indicative of the stellar work employees are accomplishing at every level of the agency.

"These awards highlight the achievements our folks are making, and, through continuous strategic communication, we must ensure everyone in the agency can see there are great opportunities to excel on behalf of our customers," Williams said.

For new DCMA employees, Williams said, "We desire for DCMA to be an employer of choice. We have a lot of work to do. We must ensure our new employees get connected to the agency and feel a sense of belonging, feel a sense of mission, are constantly mentored and get support when they need it."

His message is clear to all employees: "It's important for our employees to see that doing a good job is appreciated. We need to continuously communicate that across the agency," Williams said. "I think it's just as important for new folks to see this as it is for people who have been with DCMA for a long time. Our mission is the right mission. It's a very important mission, and our customers appreciate what we do and want more of it." 

*The Department of Defense is faced with the challenge of achieving cost savings while still providing needed capabilities to the warfighter efficiently and quickly. Here, Pfc. Anthony Berry, Security Forces Advisory Team 4, 1st Heavy Combat Brigade, 4th Infantry Division, patrols around the Operations Coordination Center Province-Kandahar, Afghanistan, Dec. 9, 2010. (U.S. Air Force photo by Senior Airman Daryl Knee, 16th Mobile Public Affairs Detachment)*

# Finding Efficiencies: A Historical Perspective

Kellyn D. Ritter | Army AL&T Magazine Staff Writer

**As the Department of Defense embarks on the difficult task of saving \$100 billion over the next five years** by “doing more without more,” senior defense leaders drew on lessons learned to offer insights on how this can be accomplished at the Program Executive Officers’/Systems Command Commanders’ Conference, Nov. 2–3, 2010.

William J. Lynn III, deputy secretary of defense, noted that DoD is now in the fifth inflection point in defense spending since World War II. The first three significant downturns — after World War II, the Korean War and the Vietnam War — were all triggered by the end of conflicts. The fourth occurred when defense spending decreased under President Ronald Reagan toward the end of the Cold War.

Lynn advised that DoD handled these previous four periods of fiscal transition

poorly, in different ways; now, in the fifth inflection point, DoD must adopt limited spending to prevent another transition breakdown. “Our challenge today is to change that (pattern) and manage the transition that we’re in without disrupting the capabilities and the quality of the force that we have today,” Lynn said. “It’s a critical challenge, and it’s going to be a very difficult one.”

Lynn described three lessons learned from the four prior fiscal transitions. The first is to make difficult decisions early, which is necessitated by budget pressure and program cost increases. As Lynn advised, “We’re probably at the high point of the budget that we can expect. ... Plus, we’re going to have at least some cost increases. We’re going to talk about how to limit those, but we’re not going to eliminate them. ... If we’re not going to be able to

afford it now, we’re certainly not going to be able to afford it in a year or two years. So make the hard decisions now.”

DoD also learned that savings can’t be generated entirely with efficiencies. This can be done in some cases, but the bulk of savings is not going to come from pure efficiency. To generate the amount required to meet Secretary of Defense Robert M. Gates’ directive for \$100 billion in cost savings, DoD must prioritize and eliminate less important items in this constrained fiscal environment.

“These aren’t items that don’t have value; they do have value. It’s just in the fiscal environment we’re in, we cannot continue to do them,” said Lynn. He cited as an example the U.S. Joint Forces Command, which Gates has recommended dismantling. “It’s not that Joint Forces Command didn’t have value,” Lynn said.



“It played an important role in helping us prove our ability to operate in a joint environment, but it doesn’t merit a 4-star, billion-dollar command at this point in our development. There would be some value in continuing it, but not enough to justify it at that cost.”

A third lesson learned is to balance reductions in the budget. This means “taking money out of the operating accounts, as well as the investment accounts, and doing this in a balanced way,” said Lynn. When asked about the political challenges of achieving efficiencies, Lynn advised, “Politically, we will need to make good on \$100 billion to have credibility. We will have to identify \$100 billion in savings that we’ve achieved out of overhead.”

Frank Kendall, principal deputy under secretary of defense for acquisition,

technology and logistics, described the need to adopt these efficiencies as “simple math.” For example, he said, “the Army has a fleet of 240,000 trucks, and they last about 40 years. To sustain that fleet, you have to buy 6,000 trucks a year.” Kendall advised that DoD doesn’t have money to buy all the items it needs, so it has to pay less in general if the current force structure is to be sustained. There is an absolute requirement to decrease the cost of what DoD buys, or the force structure will need to be reduced — and that is not a viable option without significant negative impacts on our military, he said.

### How Efficiency Initiatives Evolved

Lynn advised that under Gates’ leadership, DoD has been on track toward the Efficiency Initiatives. Gates identified the need for them in his Sept. 29, 2008, speech at National Defense University: “The defining principle driving our strategy is balance. I note at the outset that balance is not the same as treating all challenges as having equal priority. We cannot expect to eliminate risk through higher defense budgets — to, in effect, ‘do everything, buy everything.’ Resources are scarce. ... We still must set priorities and consider inescapable tradeoffs and opportunity costs.”

In April 2009, Gates’ ability to, as Lynn noted, make the difficult decisions early resulted in the curtailment or cancellation of 20 low-priority or low-performance programs, including Future Combat Systems. This eliminated a DoD bill of \$300 billion.

In his remarks at the Eisenhower Library, Abilene, Kan., May 8, 2010, Gates established that sustaining DoD’s current force structure — including the quality of its people and technology — would require 3 percent real growth in warfighting accounts, which include modernization, force structure, training and quality of life for the military. The challenge is that DoD’s budget is set to increase by only 1 percent real growth. To make up for that difference, Gates advised that DoD needed to look for commensurate savings within DoD.

Gates said, “I am directing the military services, the joint staff, the major functional and regional commands and the civilian side of the Pentagon to take a hard, unsparing look at how they operate — in

**“Our challenge today is to change that [pattern] and manage the transition that we’re in without disrupting the capabilities and the quality of the force that we have today. It’s a critical challenge, and it’s going to be a very difficult one.”**

— William J. Lynn III, deputy secretary of defense

substance and style alike. The goal is to cut our overhead costs and to transfer those savings to force structure and modernization within the programmed budget. In other words, to convert sufficient ‘tail’ to ‘tooth’ to provide the equivalent of the roughly 2 to 3 percent real growth — resources needed to sustain our combat power at a time of war and make investments to prepare for an uncertain future. Simply taking a few percent off the top of everything on a one-time basis will not do. These savings must stem from root-and-branch changes that can be sustained and added to over time.”

On Aug. 9, 2010, Gates identified four tracks from which the cost savings will be generated: services and components, outside organizations, department-wide review to inform the president’s FY12 budget decisions and the Secretary of Defense-led efforts. His Aug. 16, 2010, DoD Efficiency Initiatives Memorandum outlined the initiatives to “reduce duplication, overhead and excess, and instill a culture of savings and restraint across the DoD.” It instructed how DoD would accomplish the challenge of fiscal savings and budget reduction while supporting the nation’s troops at war. For the full text of the memorandum, visit <https://dap.dau.mil/Pages/NewsCenter.aspx> and click on “Secretary Gates Announcement About Efficiencies Initiative: 08/09/2010.”

### Achieving Balance

Balance in both fiscal and capabilities arenas is most critical to achieving these initiatives.



Adm. Mike Mullen, chairman of the Joint Chiefs of Staff, advised that balance in both fiscal and capabilities arenas is critical to achieving the Secretary of Defense's Efficiency Initiatives. (U.S. Army photo by Erica Kobren, Defense Acquisition University)

Adm. Mike Mullen, chairman of the Joint Chiefs of Staff, explained to the PEO/SYSCOM audience that “budget tipping,” whereby the amount spent from the budget exceeds the amount put into it, will probably continue into the future, making the achievement of balance now even more crucial.

Defense acquisition must also find a balance between procuring and fielding the right capabilities and saving money. Mullen described a “moderate envelope” for program development. “I want risk in the program,” he said. “You can’t zero that. I want to be reaching, but it can’t be perfect, and it can’t be the gold standard in every aspect of the program. Eighty percent is a good target because we just don’t have the resources to be at 100 percent.”

So, the challenge is cutting back without losing capability. DoD leadership must reevaluate programs, identify requirements and then produce what will meet those requirements without unnecessary add-ons. Mullen emphasized that making decisions early is imperative, as programs that are instantly vulnerable are those over cost and over schedule. Prevention of problems early is the responsibility of program managers and senior leadership.

However, DoD simultaneously must invest in the future and select key areas of investment and higher risk in science and technology and research and development to mature essential programs and

capabilities. “As we get more time at home, (we) need to remind ourselves there are other capabilities besides counterinsurgency warfare,” Mullen said. “We need to be paying a lot of attention to cyber and space areas that are big but (underdeveloped).”

Therefore, while working toward balance today, DoD leaders must also prepare for and integrate systems and programs for the future. Mullen asked the conference attendees to think about, “How do we develop the future through what we’re doing now?” While describing the daunting challenge of developing lead-ahead technologies and capabilities, he expressed optimism that this challenge can be met. “Some of our best capabilities have been evolutionary with a bit of risk to really break through in certain areas,” he said.

#### Good-News Stories

Dr. Malcolm Ross O’Neill, assistant secretary of the army for acquisition, logistics and technology, who called the current period “a renaissance” in defense acquisition, discussed some actions the Army has already taken to achieve efficiencies. The use of Capability Portfolio Reviews, which help eliminate redundancy, are directly correlated to Under Secretary of Defense (AT&L) Dr. Ashton B. Carter’s initiative of targeting affordability and controlling cost growth. Through these reviews, “We can economize,

look at affordability harder and control cost growth,” said O’Neill.

CPRs enable leadership to look at different systems’ capabilities and make appropriate budgeting decisions. O’Neill advised that through a CPR, leadership found that several systems were aiming at the same capability to engage moving targets. The Non-Line-of-Sight Launch System was found to have redundant capabilities, and the elimination of that program saved the Army billions of dollars, O’Neill said.

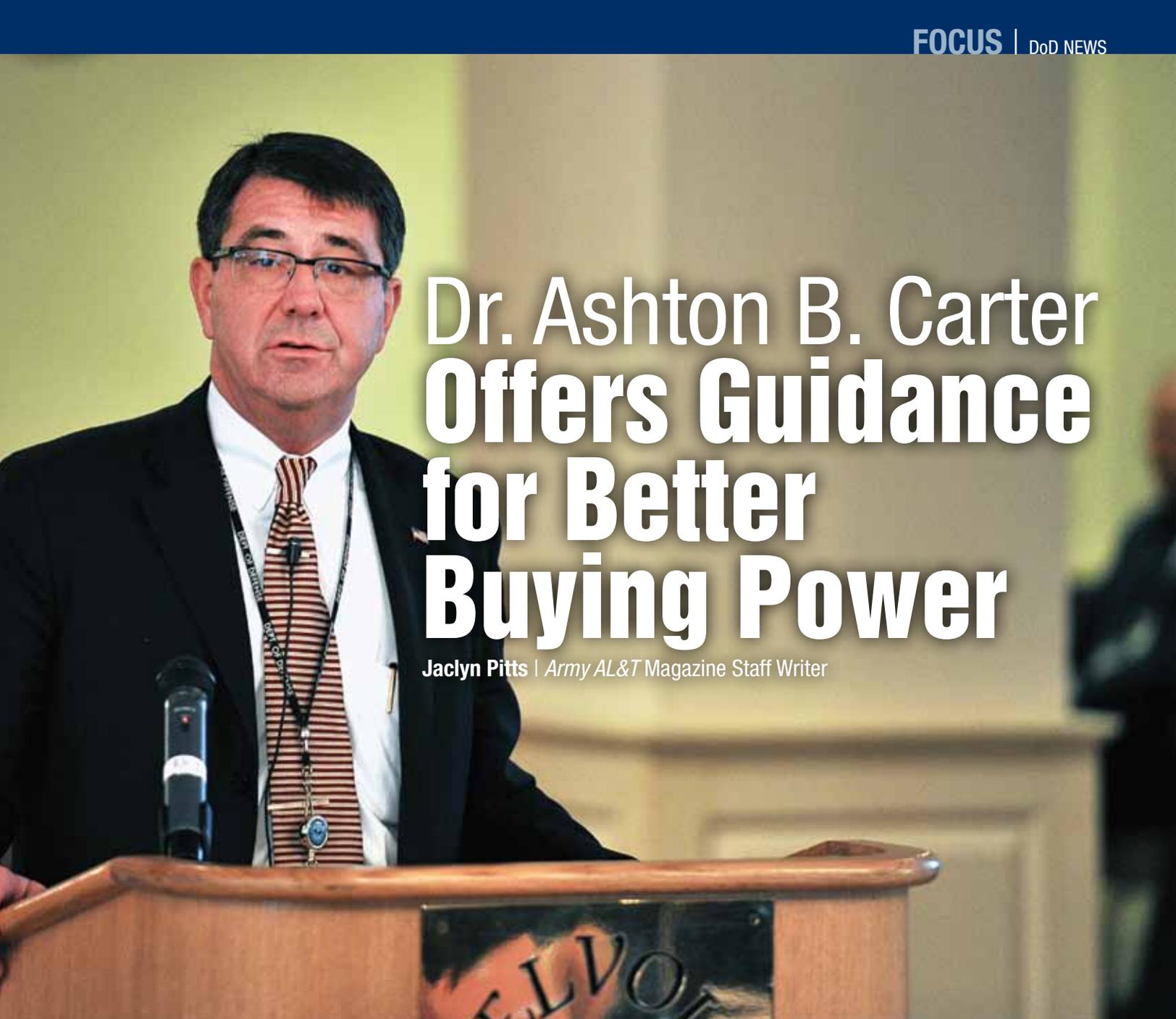
O’Neill also discussed leadership’s decision to help manage services contracting by putting one Deputy Assistant Secretary of the Army in charge of them. One of the biggest challenges with service contracts in the Army is that more than 50 percent of the total obligation authority is spread across the Army; there is more TOA outside the scope of acquisition than within its scope. Having one Deputy Assistant Secretary of the Army office in charge of service contracts allows for more efficient management, O’Neill said.

#### Conclusion

At the PEO/SYSCOM Conference, DoD leadership made clear that no area of defense is changing more rapidly than acquisition. As Mullen put it, “One year ago, ‘efficiencies review’ had not been uttered yet.” Now, efficiency is a critical part of DoD’s decisions and operations.

“Change is now the constant,” Mullen said. DoD leadership needs to figure out how to lead in this environment of change, which is not easy. However, achieving the Efficiency Initiatives is essential to DoD’s fiscal and force structure health. “We can’t afford to defer these decisions. We can’t afford to let over-programming continue, and we can’t continue to erode the taxpayers’ confidence that they’re getting value for their money,” said Lynn. “And, most importantly, we can’t afford to lose the warfighting capability that we built up at great cost to the American taxpayer and has been developed with great sacrifice by our men and women in uniform.” ©

*(Editor’s note: This article was originally printed in the January–March 2011 issue of Army AL&T Magazine.)*



# Dr. Ashton B. Carter Offers Guidance for Better Buying Power

Jaclyn Pitts | Army AL&T Magazine Staff Writer

*Dr. Ashton B. Carter, under secretary of defense for acquisition, technology and logistics, addresses the audience as the keynote speaker Nov. 2, 2010, during the 2010 Program Executive Officers'/Systems Command Commanders' Conference. (U.S. Army photo by Erica Kobren, Defense Acquisition University)*

## **As keynote speaker for the 2010 Program Executive Officers'/Systems Command Commanders' Conference, Dr. Ashton B. Carter, under secretary of defense for acquisition, technology and logistics, gave insight into the five major areas in which acquisition professionals can improve efficiency. The topics mirrored Carter's Sept. 14, 2010, memorandum to acquisition professionals, which provided guidance on obtaining greater efficiency and productivity in defense spending. Nearly 500 senior civilian and military officials from throughout the Department of Defense, as**

well as executives from across the defense industry, converged Nov. 2–3, 2010, at the Fort Belvoir Officers' Club, Fort Belvoir, Va., to share and discuss the latest ideas, initiatives and best practices for improving DoD's buying power in acquiring and delivering weapon systems and capabilities.

The conference's theme was "Getting it Right the First Time: Achieving Affordable and Executable Programs," which Carter told conference attendees is aligned with Secretary of Defense Robert M. Gates' objective to increase the efficiency and productivity of DoD spending. "Broadly speaking, our challenge is to sustain a

military at war, take care of our troops and their families, and invest in new capabilities — all in an era when defense budgets will not be growing as rapidly as they were in the years following 9/11," Carter stated in a memorandum to conference attendees. "Therefore, it is our responsibility to procure the critical defense goods and services our forces need by doing more without more."

**Affordability**

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# Guidance Roadmap

## Target Affordability and Control Cost Growth

- Mandate affordability as a requirement
  - At Milestone A set affordability target as a Key Performance Parameter
  - At Milestone B establish engineering trades showing how each key design feature affects the target cost
- Drive productivity growth through Will Cost/Should Cost management
- Eliminate redundancy within warfighter portfolios
- Make production rates economical and hold them stable
- Set shorter program timelines and manage to them

## Incentivize Productivity & Innovation in Industry

- Reward contractors for successful supply chain and indirect expense management
- Increase the use of FPIF contract type where appropriate using a 50/50 share line and 120 percent ceiling as a point of departure
- Adjust progress payments to incentivize performance
- Extend the Navy's Preferred Supplier Program to a DoD-wide pilot
- Reinvigorate industry's independent research and development and protect the defense technology base

## Promote Real Competition

- Present a competitive strategy at each program milestone
- Remove obstacles to competition
  - Allow reasonable time to bid
  - Require non-certified cost and pricing data on single offers
  - Require open system architectures and set rules for acquisition of technical data rights
- Increase dynamic small business role in defense marketplace competition

## Improve Tradecraft in Services Acquisition

- Create a senior manager for acquisition of services in each component, following the Air Force's example
- Adopt uniform taxonomy for different types of services
- Address causes of poor tradecraft in services acquisition
  - Assist users of services to define requirements and prevent creep via requirements templates
  - Assist users of services to conduct market research to support competition and pricing
  - Enhance competition by requiring more frequent re-compete of knowledge-based services
  - Limit the use of time and materials and award fee contracts for services
  - Require that services contracts exceeding \$1B contain cost efficiency objectives
- Increase small business participation in providing services

## Reduce Non-Productive Processes and Bureaucracy

- Reduce the number of OSD-level reviews to those necessary to support major investment decisions or to uncover and respond to significant program execution issues
- Eliminate low-value-added statutory processes
- Reduce by half the volume and cost of internal and congressional reports
- Reduce non-value-added overhead imposed on industry
- Align DCMA and DCAA processes to ensure work is complementary
- Increase use of Forward Pricing Rate Recommendations (FPRRs) to reduce administrative costs

Sept 14, 2010

Dr. Ashton B. Carter's Sept. 14, 2010, memorandum to acquisition professionals provides guidance on obtaining greater efficiency and productivity in defense spending. Carter is the under secretary of defense for acquisition, technology and logistics. (Image courtesy of the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics)

how the cost varies with (key performance parameter) value, or other critical parameters around the design point, and asking ourselves, 'Are we really willing to pay that extra increment of cost for that extra increment of capability?' It's that simple. It will require a lot of systems engineering on your part."

Carter also discussed the disparity between what he refers to as "will-cost" and "should-cost." He explained that the *Weapon Systems Acquisition Reform Act of 2009* ([http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111\\_cong\\_bills&docid=fs454enr.txt.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=fs454enr.txt.pdf)) required acquisition professionals to budget programs to independent cost estimates.

"However, those cost estimates are what I call 'will-cost' estimates," Carter said. "They describe what the program will cost if we keep doing it the way we're doing it. That is different than 'should-cost.' What should we be paying for this capability? Budgeting a program and managing it to a 'will-cost' estimate is living a self-fulfilling prophecy, and we should aspire to do better than that."

### Incentivized Productivity and Innovation

The second major area addressed in Carter's guidance memorandum focuses on incentivizing productivity and innovation in industry through several means, including rewarding contractors

**“Budgeting a program and managing it to a ‘will-cost’ estimate is living a self-fulfilling prophecy, and we should aspire to do better than that.”**

— Dr. Ashton B. Carter, under secretary of defense for acquisition, technology and logistics

for successful supply chain and indirect expense management, extending the U.S. Navy's Preferred Supplier Program to a DoD-wide pilot, reinvigorating industry's independent research and development, and protecting DoD's technology base. "We should be rewarding what we're looking for, which is productivity growth, and that's what our incentives should be," Carter explained.

Carter also discussed the Superior Supplier Incentive Program, modeled after a Navy program. The two main design criteria for such a program are how suppliers qualify and what they get if they qualify, according to Carter.

Carter asked, "Are we selecting in a fair and reasonable way that is reflective of what we, as the customers, want? Is it fair to our suppliers in terms of what they're doing for us? And are the rewards we're offering proportional to the benefit we're getting? These are the principles that apply to programs already in progress."

### Improving Tradecraft in Services Acquisition

According to Carter, improving tradecraft in services acquisition is the biggest area in which greater efficiency and productivity in DoD spending can be obtained. "Two hundred billion dollars, or half of our contract spend, is for services, not goods," he said. "That category has grown more than any other category in the budget in the last 10 years."

Carter explained that in looking at how the different military components spend on services, the way funds are used can vary greatly. "The state of play is that we have a wide variety of practices at work in the acquisition of services," he said. "Even within certain categories, (many) of us are doing it differently, and that suggests that we could probably improve our art a bit."

### Reducing Nonproductive Processes

On reducing nonproductive processes and bureaucracy throughout DoD, Carter told the audience, "What we do to ourselves is what we do to you. What we get in the way of management information

**"What do we need from you? You know all this. Where something is not clear, where you doubt how to carry it out or where to take it, come to us and we'll talk about it and adjust."**

— Dr. Ashton B. Carter, under secretary of defense for acquisition, technology and logistics

and input isn't really useful. We have program reviews whose purpose is to allow you to surface issues you're having and work through the solutions. ... and that's what it's all about — not grading or checking off boxes."

He stressed that DoD leadership is striving to improve the quality and value added of its interactions with senior civilian and military officials across the services.

Carter also addressed unproductive processes and bureaucracies imposed on industry, which he described as "the ways we make those we work with less productive than they could be." Additionally, he mentioned processes imposed by Congress, such as the requirement for 700 reports annually from the Office of the Secretary of Defense.

### A Realistic Target

In conclusion, Carter said he believes that the steps detailed in his memorandum are the keys to delivering savings mandated by the secretary of defense.

"What [Gates] is asking is quite reasonable, a few points per year," Carter said. "This is a realistic target. We're very focused on the steps that we can take. It follows upon a decade of budget growth, so it's fair to say that with money as available as it's been, we've all been able to reach for more money when we've run into a managerial problem. Therefore, it is reasonable to assume that we have built in some fat that we can make a little leaner."

He emphasized that now is the "best climate" in which to strive to achieve such savings, as both President Barack Obama and the secretary of defense "have been seized" with what DoD does. He noted that, "Congress voted unanimously in both houses for an acquisition reform bill that is uneven but generally quite good and certainly reflective of the intent and support for what we're trying to accomplish. For those reasons, I do believe that these steps can deliver the savings.

"Sitting still, waiting for it to happen, is the way to broken programs, canceled programs, budget turbulence, churn, uncertainty and unpredictability for industry ... erosion of taxpayers' confidence in us and in the quality with which we're spending their money and, above all, loss of warfighter capability," Carter said.

"What do we need from you? You know all this. Where something is not clear, where you doubt how to carry it out or where to take it, come to us and we'll talk about it and adjust. I need you to communicate it downward. Our colleagues in industry get it entirely; they know that we're going into a different environment. The fear is unevenness of implementation. We need to make sure we have consistency of implementation," he said.

"Lead by example, as you see us doing. Your key programs, make them examples of what we're looking for. Ensure that consistency. That is what we ask of you as this time. You're the best of our best." 

*(Editor's note: This article was originally printed in the January–March 2011 issue of Army AL&T Magazine.)*

# The Acquisition Workforce: GROWING Numerically, Reducing Fiscally

Kellyn D. Ritter | Army AL&T Magazine Staff Writer



*Continued education and training are essential to maintaining a healthy acquisition workforce. Here, employees at Aberdeen Proving Ground, Md., attend the Civilian Education System Basic Course, Oct. 27, 2010, taught by the Army Management Staff College. (U.S. Army photo by Tom Faulkner, U.S. Army Research, Development and Engineering Command)*

## Personnel are defense acquisition's most valuable asset, Department of Defense senior leaders affirmed

at the Program Executive Officers'/System Command Commanders' Conference, Nov. 2–3, 2010. Acquisition personnel work tirelessly to provide the nation's warfighters with cutting-edge capabilities. Additionally, the acquisition workforce plays a very significant role in the execution of DoD policies, strategy and initiatives.

Defense senior leaders stressed the importance of the workforce in implementing DoD's Efficiency Initiatives, the department's strategy to reduce fiscal waste, eliminate redundancy and

ultimately generate internal cost savings of \$100 billion in five years. An essential part of achieving that is ensuring that the DoD acquisition workforce is healthy, they said.

## Growing the Workforce

The acquisition workforce is going through a period of immense growth and transformation. After personnel numbers declined in the 1990s, the workforce faced a crisis when the wars in Afghanistan and Iraq began and the workload skyrocketed. The workforce was overextended and under-trained to handle the ever-increasing workload and responsibility bestowed upon it.

DoD leadership has now reversed that trend and is working to grow the workforce

both numerically and through education and training. Adm. Mike Mullen, chairman of the Joint Chiefs of Staff, advised the audience at Fort Belvoir, Va., that Secretary of Defense Robert M. Gates and DoD leadership support this initiative with no intention of moving away from it. Their commitment to hiring the right people in sufficient numbers while strengthening the workforce through education and training is imperative, he said.

"We can't do this without a high-quality acquisition workforce," Mullen said. "Everything that that means — career paths, education, diversity, variety — is a full spectrum of capabilities that we need as a military."

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— Adm. Mike Mullen, chairman of the Joint Chiefs of Staff

William J. Lynn III, deputy secretary of defense, described the current health of the acquisition workforce as not quite 100 percent but definitely on the path to success. “We have the direction right. We oversteered in the 1990s when we eliminated too much of the government’s internal acquisition force,” Lynn said. “It made us not as smart buyers and smart overseers as we needed to be. We’ve pulled that back. For hiring, we’re pretty much hitting the targets that we’ve been looking for. We’re actually quite pleased with the quality (of people).”

“Those are all positives. That said, I think there’s inevitably a transition when you make this kind of change. There are certainly going to be some bumps .... But I think the direction we’ve set out on is right, and in the course of a year or two, we’ll be able to work out the rough spots, and we’ll be in a better place.”

Attracting new members to the workforce is an important part of growing and sustaining it. As the Baby Boomer generation retires, members of the younger generation must replace them. Mullen advised the audience to “make careers exciting” for potential employees and that a great attraction for the younger workforce is knowing that they are making a difference. Leader development is also a crucial aspect of this.

Mullen advised, “We (need to) develop the people we need now and in the future in this time of change.”

**How Leaders Will Achieve Efficiency**

Meeting a cost savings of \$100 billion in five years is a challenge. Lynn stressed

that leaders throughout DoD — program managers, system commanders and others — need to understand what the secretary of defense is asking of them with the Efficiency Initiatives. To achieve these, DoD will use incremental approaches, forgoing full development of capabilities to get needed items and systems fielded sooner and cheaper and then upgrade them later.

“Leadership needs to be focused on what’s going on economically, what’s going on financially,” said Mullen. “We all have to be in tune with that to look at, ‘What are the best decisions given the time that I’m in right now?’ and then, ‘How do I get to the future with the right capabilities?’”

Lynn acknowledged that the task at hand is not easy and that making tradeoffs between technology or greater capability and cost is challenging. “We’re not only asking you to do business differently,” he said. “We’re asking you to do things that are inherently difficult. But as the secretary said, ‘Difficult is not impossible.’” He also advised that changes in DoD’s business operations will most likely be met with opposition, which is another challenge. “Not everyone will be happy, but (senior leadership) will,” Lynn said. “You’ll be doing exactly what we asked you to do.”

Without the cooperation and leadership of program managers and senior managers in acquisition, Gates’ Efficiency Initiatives and \$100 billion cost savings will never be realized, Lynn said. “Success or failure is going to turn on the ability that you have to implement the reforms that have been laid out that cut to the heart of the hardest aspects of managing acquisition,” he said.

“In the end, you are the program change of command in

the defense acquisition community,” he continued. “You must help us avoid zero for five as we experience this fifth inflection point (in defense spending). You must help us ensure that the department is a good steward of the industrial base, the taxpayers’ dollars and the trust of our warfighters.”

Frank Kendall, principal deputy under secretary of defense for acquisition, technology and logistics, reiterated the importance of acquisition personnel in this period of budget constraint.

“We can do initiatives and policies and have meetings, but at the end of the day it’s the people in the program offices who are running the programs and the

*William J. Lynn III, deputy secretary of defense, said that the cooperation and leadership of acquisition program managers and senior managers is essential to realizing the \$100 billion cost savings required by the Efficiency Initiatives. (U.S. Army photo by Erica Kobren, Defense Acquisition University)*





Adm. Mike Mullen, chairman of the Joint Chiefs of Staff, emphasized that Secretary of Defense Robert M. Gates and Department of Defense leadership support growing the acquisition workforce both numerically and through education and training. (U.S. Army photo by Erica Kobren, Defense Acquisition University)

chief engineers and their staffs in the contracting offices who are really going to make a difference in all this,” he said. Fortunately, Kendall said, in DoD, “the voice of affordability is stronger now than it’s ever been before.”

Mullen instructed the PEO/SYSCOM conference attendees to lead in ways that make a difference and advance the military’s capabilities. “Make the hard decisions and prioritize,” he said. He also explained that working through a strategic partnership of military, acquisition, industry and Congress is the only way to ensure that the Efficiency Initiatives succeed while still getting capabilities to the warfighter. Mullen explained that those several institutions must come together to make this work, and he stressed that acquisition leaders need to have clarity and engagement with Congress early and often.

### Program Managers’ Changing Role

In some regards, program managers have an added responsibility in the achievement of the Efficiency Initiatives. Mullen explained that the mentality of “if you go early, you are seen as a failure” needs to change in DoD. If a program manager steps forward advising that the program won’t make it, he or she needs to be rewarded instead of rebuffed. Leadership has asked program managers to

be fiscally responsible and make the hard decisions early, and Mullen stressed that program managers need to know they will be supported in those actions.

Dr. Malcolm Ross O’Neill, assistant secretary of the army for acquisition, logistics and technology, explained that program managers are in a position to question their programs through every step of the acquisition process to achieve the needed results, both in cost savings and capabilities. When asked if program managers have a greater ability to reduce program requirements in the current environment of decreasing acquisition timelines and cost, O’Neill advised, “A few years ago the answer was ‘no.’ ... You could not question it, you could not push back. You were nothing but an acquisition person. ... The answer today is you can push back anytime you want. You can question the requirements. You can tell the warfighter that you’re going to give them an 80-percent (solution).” He called this “a brilliant change in strategy.”

Regarding process changes, O’Neill recommended that program managers find the advocate for the troublesome process. O’Neill advised program managers, along with their program executive officers and subject-matter experts, to meet with that

advocate to present their case of how and why the process should be changed. “As far as processes that get in the way, let us know what those processes are,” he said. “We have an open invitation to reduce nonproductive processes and bureaucracy.”

### Conclusion

As our warfighters engage in overseas contingency operations around the world, the defense acquisition workforce is required to be trained, educated, knowledgeable and numerically healthy to support them. The fiscal changes in DoD policy and strategy also require the workforce to be economically savvy. Acquisition leaders must strike the proper balance among these demands to ensure the health of DoD and achieve the secretary of defense’s Efficiency Initiatives. As Lynn told the conference attendees, “Without question, you’re serving at a moment when institutional performance matters. We vested in you — our senior managers — enormous responsibility to oversee the programs, manage the human capital and keep the department on the right track.” 

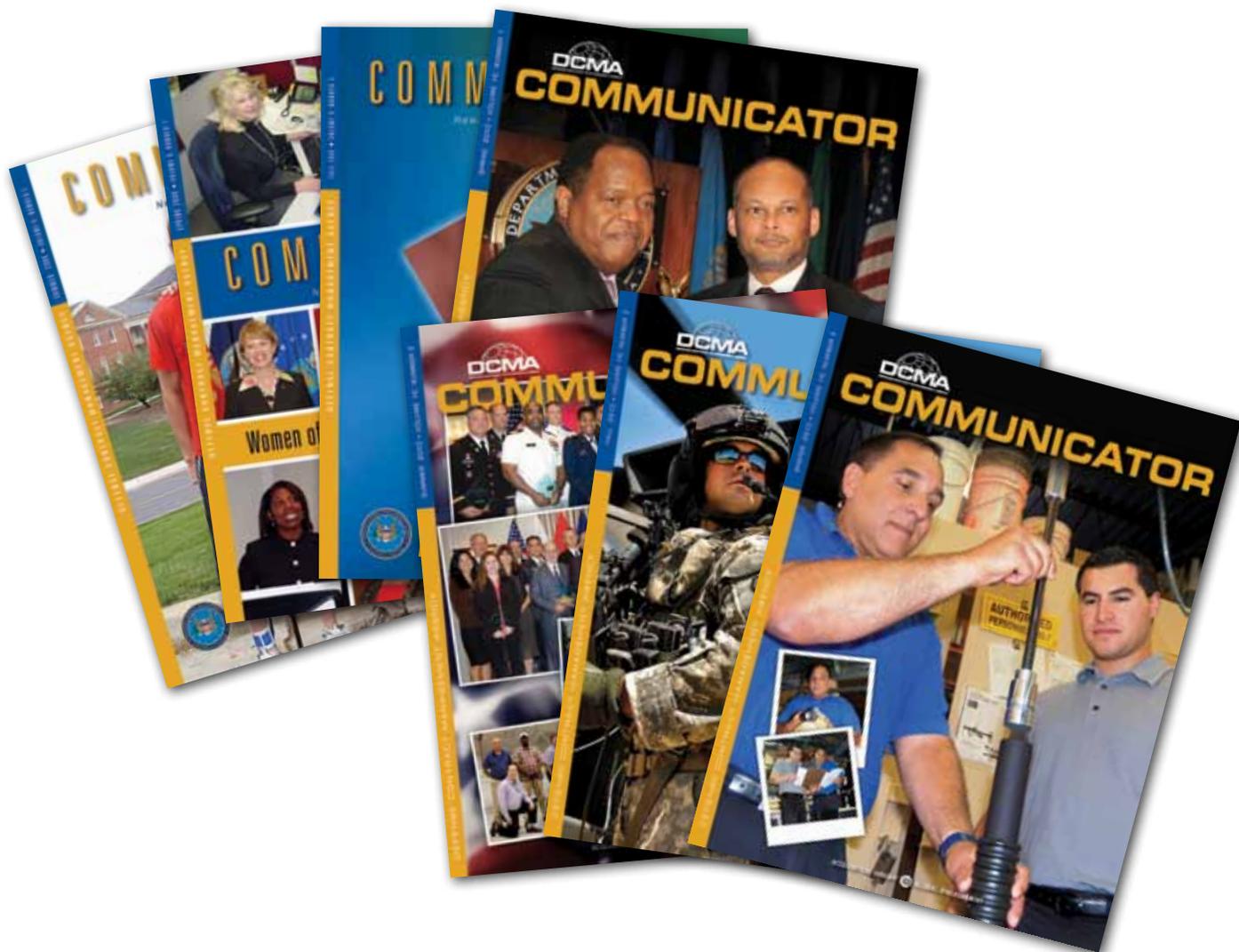
*(Editor’s note: This article was originally printed in the January–March 2011 issue of Army AL&T Magazine.)*

# GET YOUR VOICE HEARD — COMMUNICATE IN DCMA'S COMMUNICATOR MAGAZINE!

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*Michael Pineda, Defense Contract Management Agency Santa Ana quality assurance specialist, checks an inter-diameter critical characteristic while examining a product.*



# ¢ulture of ¢ost-¢on\$ciou\$ne\$\$: **A Contracts and Quality Assurance Perspective**

Cassandra Locke | DCMA Public Affairs



Michael Pineda, Defense Contract Management Agency Santa Ana quality assurance specialist, checks an inter-diameter critical characteristic while examining a product.

**Being a good steward of taxpayers' dollars is not only the Defense Contract Management Agency's obligation, but it is vital to delivering value to the agency's customers.**

"We have to be cognizant and respectful of the tax dollars that the department and the taxpayers have entrusted us with," said Charlie E. Williams, Jr., DCMA director, in a recent "On Point" memorandum. "This means we must make some changes to how we conduct business, ensure our processes and practices are streamlined, and leverage technology whenever possible to help contain costs."

Williams and Patrick J. Fitzgerald, Defense Contract Audit Agency director, jointly signed a memorandum in October 2010 establishing a Cost Recovery Initiative; the initiative is a coordinated plan to prioritize the organizations' collective efforts to recover costs and close audit issues.

Currently, there are almost 400 reportable audits and approximately 300 Form 1s valued at \$295 million that are awaiting the administrative contracting officer's disposition. Also, there are a substantial number of other open cost allowability and allocability issues awaiting resolution.

According to the directors, "in accomplishing this initiative, each agency assumes its own roles and responsibilities." DCMA will identify and prioritize issues needed for disposition by contractors and establish milestones in consultation with DCAA.

According to Ron Youngs, DCMA Contracts acting executive director, a senior steering group was established that

Williams and Fitzgerald will chair. Youngs said the group will meet monthly, and contract management office commanders and directors can expect to be asked to brief the group on its actions to disposition the current issues.

To recognize employees in those instances where individuals or teams have aggressively pursued and settled outstanding cost impact issues, Williams seeks to recognize "Bright Spots," those who in fiscal year 2010 successfully resolved complex or multiple cost allowability and allocability issues. To view the Bright Spots and obtain more information about DCMA's progressive initiative, visit [https://home.dcmsa.mil/DCMAHQ/dcmsa\\_AQ/dcmsa\\_AQC/dcmsa\\_AQCC/index.cfm](https://home.dcmsa.mil/DCMAHQ/dcmsa_AQ/dcmsa_AQC/dcmsa_AQCC/index.cfm). To see the official copy of the joint memorandum, visit [https://home.dcmsa.mil/Command/\\_files/cost\\_recovery\\_initiative.pdf](https://home.dcmsa.mil/Command/_files/cost_recovery_initiative.pdf).

As the Contracts Directorate implements these respective acts to engage in DCMA's cost-conscious culture, the Quality Assurance Directorate is doing its part to save costs. Michael Pineda, DCMA Santa Ana quality assurance specialist, explained that Michael Shields, DCMA Quality Assurance executive director, has spearheaded the importance of product assurance and unified agency-wide training in teleconferences Shields leads. The training alone reduced the costs of conferences, travel, etc. Shields has also emphasized DCMA instructions to follow the government contract QA plans and the importance of supplier surveillance plans.

"The questions already tailored into the risk profile plans require us to delve into the supplier and know the company and where

**"By focusing on the effectiveness and efficiency of our quality assurance mission, we'll ensure our customers within the Department of Defense enterprise realize how vital the Defense Contract Management Agency is in cost savings."**

— Michael Pineda, DCMA quality assurance specialist

our surveillance should target potential risks and bottlenecks," said Pineda. This reduces costs by conducting proper audits. By targeting quality systems, the audits will reduce deficiencies, returns, late deliveries, etc.

"Since the government is always looking at ways to save money, I would think this culture for cost savings means DCMA needs to have a sound reputation to protect itself from any reduction or elimination," said Pineda. "By focusing on the effectiveness and efficiency of our QA mission, we'll ensure our customers within the Department of Defense enterprise realize how vital DCMA is in cost savings."

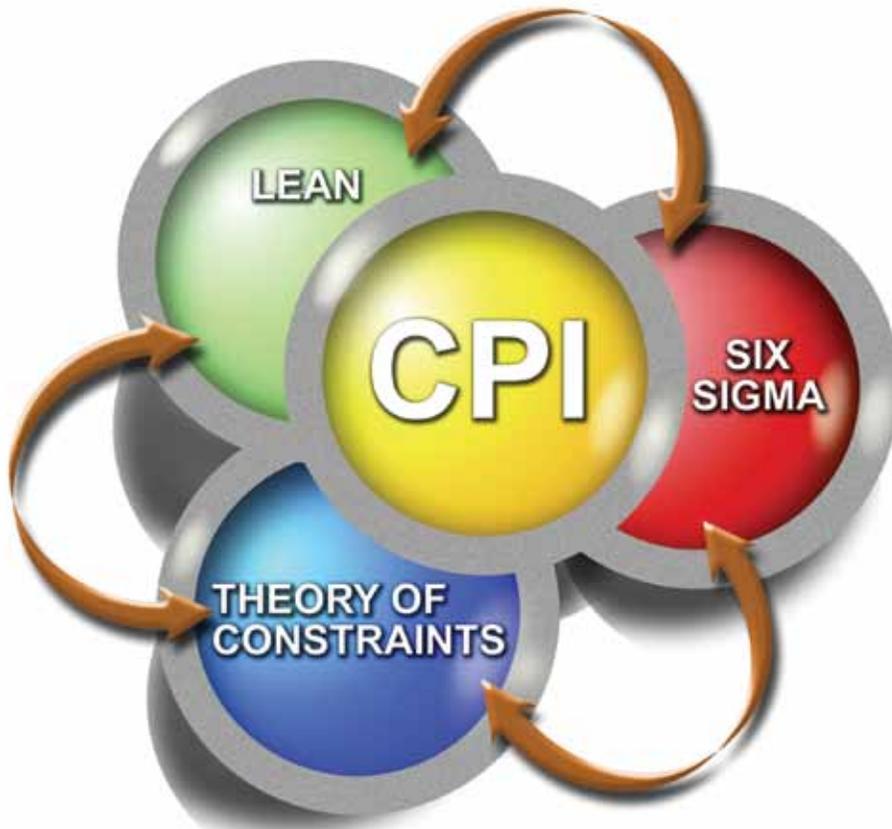
Pineda said his team has received great training from the contract management office senior leaders, resulting from Shields' initiative to create those risk profile plans, and they have been learning more about their assigned suppliers and conducting focused auditing and surveillance.

According to Williams, the agency will reduce temporary duty assignment, or TDY, spending by approximately 15 percent at the headquarters level and 5 percent in the operational community by tightening travel processes and making better management choices on TDY expenditures.

"Bottom line is this: consistent with the Secretary of Defense's efficiency initiatives, we must be more stewardship conscious. The dollars we save will be used to continue growing and training our workforce," said Williams. "I need every commander, manager, supervisor and leader, as well as each of you, to work diligently to identify ways to be more efficient in our business operations, challenge the status quo way of doing business and find ways to make a difference." 📍

# Continuous Process Improvement: *Faster, Better, Efficient*

By Mark Woodbury | DCMA Public Affairs



The Defense Contract Management Agency's Continuous Process Improvement model shows the three core methodologies used to generate CPI.

**If a person is looking for just another employee to continue to do what has “always been done around here,”** they will never find them at the Defense Contract Management Agency. The agency’s staff at the Continuous Process Improvement office know how to challenge the “business as usual” approach. They do this by helping others look at the norm and see how to make it faster, better and more efficient.

According to the office’s philosophy and vision statement, they ensure agency performance is not just sustained, but that it is also regularly reviewed and considered for improvement in a structured and documented manner. They also strive to embed this culture of

continuous improvement into the agency’s day-to-day activities.

This vision became reality when CPI office members assisted two recent projects in separate contract management offices. The first involved management requirements within the government vehicle program. The second project involved the difficulty in meeting acquisition personnel’s Continuous Learning Points biennial requirements.

### Government Vehicles

When James Strother was notified of the challenge to get the DCMA St. Louis’ government vehicle program in compliance with the requirement that 80 percent of all government vehicles be driven a minimum of 750 miles a month,

### Did you know?

The Defense Contract Management Agency Continuous Process Improvement Office uses three core methodologies to help personnel in the agency accomplish a more efficient and faster outcome.

#### Lean

To eliminate non-value activities

- Identify the value stream
- Eliminate over production
- Eliminate over-processing
- Create the process flow
- Create pull system

#### Six Sigma

To reduce process variation

- Consistent repeatable processes
- Process design/redesign
- Defect prevention
- Statistical analysis
- Voice of the customer

#### Theory of Constraints

To reduce process constraints

- Identify the constraint
- Exploit the constraint
- Subordinate to the constraint
- Elevate the system’s constraint
- Repeat step one (the constraint has probably moved)



From left: Sharlee Lebreque, Chris Knaggs and James Stamper make up the Defense Contract Management Agency's Continuous Process Improvement office. The office trains personnel to use the Lean, Six Sigma and Theory of Constraints methodologies to better work processes throughout the agency.

he immediately thought of getting help from the CPI office.

"I was always interested in being part of, and seeing how, the Lean Six Sigma project process worked within the agency," said Strother. "Naturally, this seemed to be a perfect opportunity to accomplish the requirement through the assistance of the LSS processes."

He reached out to the CPI office and explained the project's goal. The team then asked questions to ensure the project's validity. Once validated, Strother and his project team were assigned an LSS Black Belt, Chris Knaggs, to mentor the team through the various parts of the project.

"Knaggs' help was invaluable," said Strother. "Whenever I had an issue, he was there to help. Without his help I may still be fighting with the LSS reporting program, 'Power Steering.'"

After discussing the current government vehicle tracking and scheduling system, the team determined that a better way to manage and track usage would be to implement Microsoft Outlook calendars for the vehicles. This change permitted both easier vehicle scheduling and usage tracking. At the same time, the team also determined to implement a quarterly usage and mileage meeting.

While reviewing the quarterly numbers, it became clear there were simply too

many vehicles at the location. Over a 10-month period, never once were all nine vehicles at the location all in use on a single day. According to Strother, once this information was documented, everyone could see that too many government vehicles were at the location.

Because of the steps implemented as a result of the team's recommendations, the office has: seen an immediate decrease in operating costs, maintained full vehicle availability and gotten the remaining vehicles over or near the 750 mile monthly requirement.

Although the project started as a review of DCMA St. Louis' government vehicle usage, after the office shared the results to DCMA Chicago Army Col. Jose Baez and his deputy, Joe Vernon, they requested the team also take a look at their office's government vehicle usage. After analyzing their usage, the team determined some of their vehicles should be turned back into the U.S. General Services Administration, while others could be moved to different locations. Strother said the initial review of the changes was positive, but a second review for the Chicago office is scheduled for March to ensure effective use.

Knaggs said it is always exciting to see when a team's efforts meet the intended need. However, it is even more exciting when a team's results get attention from others and expanded across a particular

region and, even sometimes, throughout the entire agency.

### Continuous Learning Points

James Callihan had the difficult task of assisting DCMA St. Petersburg acquisition personnel in meeting their 80 continuous learning points every two years requirement. Callihan and his team came up with a program, using the CPI methods, to help the CMO progress toward 100 percent compliance.

Callihan reached out to the CPI office and explained the goal of his team's project. Once again, the CPI office then validated the project and assigned an LSS Master Black Belt, James Stamper, as the team's mentor. Callihan said he appreciated Stamper's mentorship during the project and welcomed his approach to helping the team stay pointed in "the right direction."

"I think true leadership encourages the mentee to research the answers by pointing them in the right direction. Mr. Stamper did just that," said Callihan. "He answered my questions by rephrasing them and then pointing me in the right direction. He enabled me to continue the learning process outside of the classroom. He challenged me by forcing me to answer my own questions."

Callihan said another important lesson Stamper taught, that led to the team's overall success, was that the best leaders are also the best facilitators. "A project is only as successful as the team, and I had a great one," Callihan said. "I merely helped steer the team and keep everything on task, but the suggestions we made were generated by a collaborative effort."

Using the LSS process, the team identified any non-value added activity and process variations and developed real solutions to mitigate the issues.

### Did you know?

The Defense Contract Management Agency has 20 certified black belts and 110 certified green belts.

*Information current as of Jan. 31*

**“If a contract management office does not have someone who has been through the Continuous Process Improvement office’s training, I would recommend the CMO take advantage of the training the office provides.”**

— James Callihan, Defense Contract Management Agency St. Petersburg

First, the team set up basic training for everyone at the office to explain the training requirements and what classes counted toward the requirements. The team then went through the electronic Individual Development Plan process to ensure personnel there had the requirement counting classes on their e-IDPs. Lastly, the team implemented routine progress checks with personnel who had the requirement to assist them with meeting it.

Because of the team’s efforts, DCMA St. Petersburg has seen an immediate improvement in its compliance rating. These simple ideas spread throughout the agency, and other offices have implemented similar training and checks to assist personnel in meeting this standard.

**High Marks**

Having both led projects and seeing the benefits and savings that occur as a result of their team’s recommendations, Strother and Callihan say they strongly encourage others in the agency reach out to DCMA’s CPI office for assistance.

“If a CMO does not have someone who has been through the CPI office’s training, I would recommend the CMO take advantage of the training the office provides,” said Callihan. “Not to sound cliché, but it is better to learn how to fish versus being fed for the day.”

Personnel who are interested in starting a project or have further questions about the CPI implantation process should send an email to the team at [CPI-LSSInbox@dcma.mil](mailto:CPI-LSSInbox@dcma.mil). Information is also available on the CPI office’s webpage found on DCMA’s internal homepage under “Quicklinks.”



# Did YOU view the latest on DCMA Express?

At *DCMA Express*, you can find a wealth of information for news around the agency — links to our publications, the *Communicator*, the Director’s Corner, DCMA Spotlight on one of our team members and candid shots of our team and leadership supporting our warfighters. At *DCMA Express*, you can read about what is going on at your contract management office and access DCMA’s multimedia.

The best part about *DCMA Express* is that it provides an opportunity for you to tell good news stories about your office that you want all your coworkers to hear about. To submit news ideas and leads to *DCMA Express*, visit <http://home.dcma.mil/express>. In the lower right hand corner, you’ll see a section that reads: “We want to hear from you ... Do you have a story idea for *DCMA Express*? Click here to let us know!” Below there, you can also nominate a coworker for DCMA Spotlight or submit images for the candid corner on *DCMA Express*!

**Public Affairs staff is also interested in photographic and multimedia submissions. So check out the site, and let us know what you’d like to see!**

# Contracting Reorganization Empowers Agency

Matthew Sablan | Staff Writer



*From left: Sallee Justis, Defense Contract Management Agency Contracts Directorate deputy executive director, looks over the directorate's manning document with Jim LeRoy, Contracts Directorate management analyst, before submitting it forward for final processing. The Contracts Directorate offers one of many services the Department of Defense relies on the agency to perform day in and day out.*

## The Defense Contract Management Agency handles the Department of Defense's contracting efforts.

Everything from contracts with small businesses to prime contractors are handled through DCMA's contract management offices.

DCMA has a variety of contracting departments, whose efforts cover every aspect of defense contracting, from establishing policy to small business contracting to contract termination and close out. DCMA's 1102 contracting and pricing workforce is the backbone of its contracting efforts. "Contracting officers are the first responders on contracting issues," Ron Youngs, DCMA Contracts acting

executive director said. "They are DCMA's first line of action; they are our eyes, ears and experts on business matters."

"DCMA is a DoD combat support agency and authorizes disbursements of approximately \$155 billion a year," said Leona Fitzpatrick, DCMA Contracting operations director. DCMA's CMOs are engaged in more than 324,000 prime contracts and are active at more than 18,000 contractor locations and contingency contracting locations.

DCMA provides day-to-day services and support to program executive officers, procuring contracting officers, program managers and other members of the acquisition enterprise. Through that supply

**"This is an exciting time in the contracting workforce at the Defense Contract Management Agency. We have laid the foundation for success in the future."**

— Leona Fitzpatrick, DCMA Contracting for Operations director

chain, DCMA ultimately provides products and services to warfighters in the field. "Our goal is to give warfighters quality products and services on time and on cost," Fitzpatrick said.

**“We are advocating for small business. Basically, we’re making sure they get a fair shake.”**

— Mark Olson, DCMA Small Business director

DCMA ensures that contractors bring high-quality, accurate proposals to DoD from the start. The agency also works with contractors to ensure they are using effective business systems. Youngs highlighted the six key areas that DCMA works with contractors on: estimating, purchasing, accounting, property, earned value and material management and accounting systems.

**Review Processes and Oversight**

The agency’s performance indicators, such as overhead rates and contract closeout, are metrics for the agency’s effectiveness. There are 16 PIs for

Contracting. “They assess our performance of specific contract actions and help ensure we focus on compliance, efficiency and effectiveness,” Fitzpatrick said. DCMA has several review processes in place, such as Boards of Reviews, as checks and balances on the system.

DCMA engaged in multiple Boards of Review in 2010. The boards have implemented partnerships that are helping to ensure the consistency in policy across DoD. The Boards of Review also help to assure that decision memorandums support existing policy.

“One challenge DCMA faces is the management of forward pricing rate agreements and forward pricing rate recommendations,” Youngs explained. “No one influences these costs more than DCMA.”

DCMA’s oversight of these are key to ensuring indirect costs charged to the government are fair and reasonable.

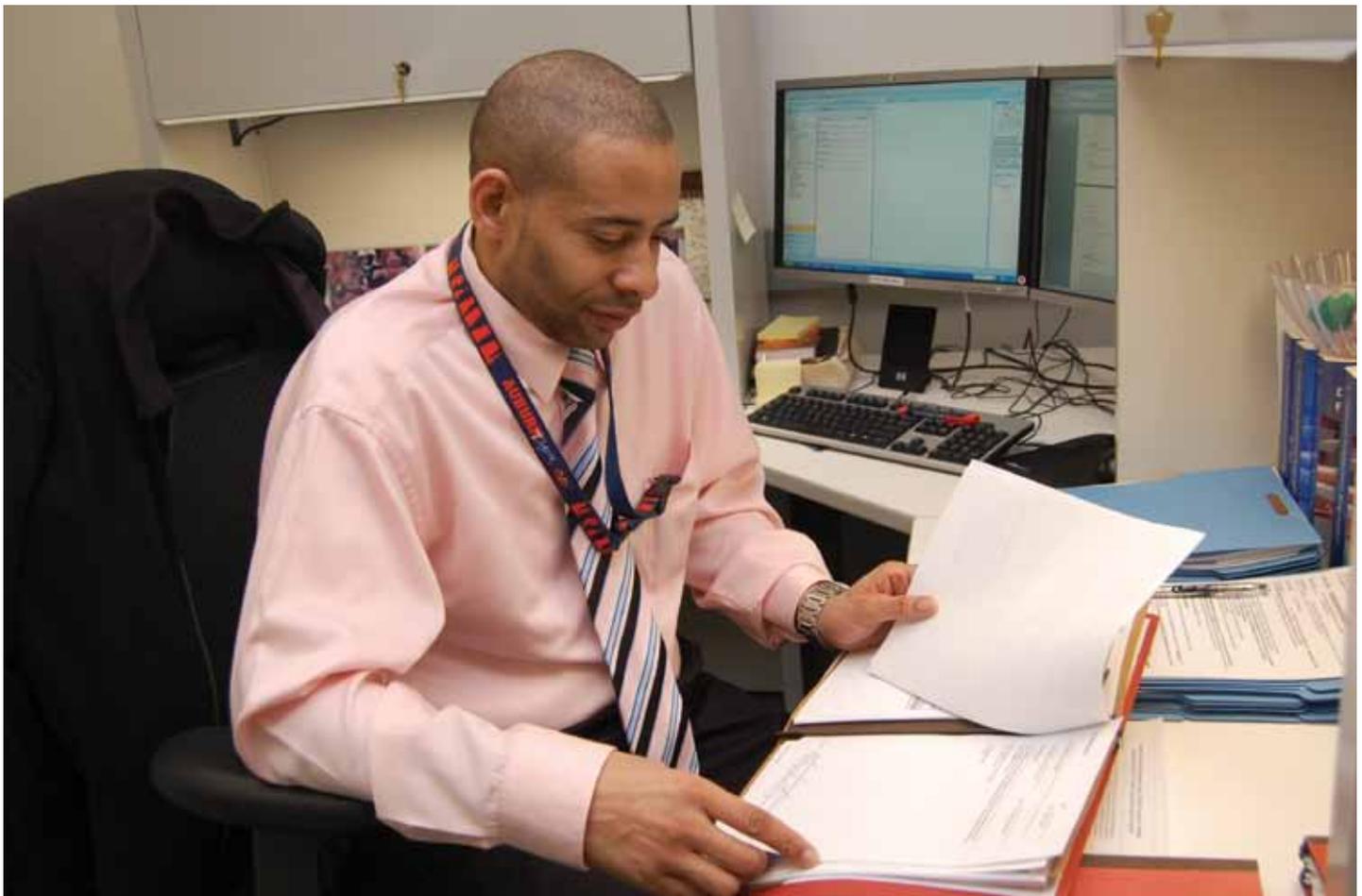
DCMA also provides oversight for DoD’s small business contracting efforts.

All contracts valued at greater than \$650,000 are required to have a small business subcontracting plan, and DCMA’s Small Business Center is the organization that oversees large contractors to ensure that these statutory requirements are met. The center oversees \$70 billion worth of subcontracts. “We are advocating for small business,” Mark Olson, DCMA Small Business director, said. “Basically, we’re making sure they get a fair shake.”

**Overseeing Government Property**

The Business Operations Center consists of four centers — Property, Plant Clearance, Termination and Contractor Purchasing System Reviews. Each specializes in specific contracting areas of expertise. These are the agency’s vital organs and support the contracting officers and CMOs by securing prompt, cost-appropriate services and products from contractors and vendors.

Property focuses on providing the required property administration support



Sonny Hatcher, Defense Contract Management Agency contract specialist, looks over a contract for accuracy at the DCMA Rivers Bend office in Chester, Va., recently. The Contracts Directorate offers one of the many services the Department of Defense relies on the agency to perform day in and day out.

**“Contracting officers are the first responders on contracting issues. They are the Defense Contract Management Agency’s first line of action; they are our eyes, ears and experts on business matters.”**

— Ron Youngs, DCMA Contracts acting executive director

to CMOs, including inventorying and tracking government property. These DCMA associates track government property utilized on DoD contracts and on loan to contractors. The Property Center conducts property audits at contractors’ facilities to ensure government property is adequately stored and maintained by the contractors. Property specialists ensure that contractors have approved property management systems and controls for the use, preservation, protection, repair and maintenance of the government property in their possession. Property creates a chain of custody to validate that equipment is used only for valid government purposes.

Plant Clearance works with contractors, contracting officers and DoD, federal and donation screeners to dispose of excess government-owned property located at contractors facilities. This includes selling excess items, if the property cannot be reutilized on other government contracts. It prevents government waste by recycling materials and sending used and refurbished equipment among government organizations. Plant Clearance prevents the destruction or disposal of usable government property to ensure the government continues getting use out of its property for as long as feasible.

When programs and contracts get canceled, Termination is responsible for reviewing a contractor’s settlement proposal, including reviewing subcontractor costs and negotiating a settlement. Termination reviews a

contractor’s settlement proposal to ensure that it meets all legal, contractual and statutory obligations as stated in the contract’s termination clause. This center also makes arrangements for transfer of title and delivery of any material required by the government. Termination contracting officers and Plant Clearance officers often work together to dispose of these items, including reutilization on another government contracts.

“Highly complex terminations, like the presidential helicopter program and some NASA programs, can take a lot of effort, and it may be years before they are settled,” Joyce Blais, DCMA Business Operations Center director said.

Contractors’ Purchasing System Reviews, according to Blais, prove a contractor’s system “adheres to statutory and regulatory requirements.” CPSRs identify weaknesses in contractor’s purchasing procedures that may lead to increased costs to the government. “CPSRs allow the government to know contractors are doing all the right things in managing their suppliers,” Blais said.

“A lot of agencies come to us to administer their contracts. They depend on us to do these reviews,” Blais continued. DCMA Business Center contracting work impacts every CMO. The whole agency, eventually, comes through one of these four centers for assistance with risk assessment, cost-scheduling or other contracting needs.

### **Challenges and Successes**

The Business Operations Center is facing some of the same challenges the rest of DCMA faces, including having a large percentage of workers eligible for retirement. Blais said that a significant percentage of employees within the centers are eligible for retirement in the next five years. Conversely, Fitzpatrick also noted that a significant number of staff have less than three years’ experience.

The agency is tackling this problem head on by recruiting both experienced and new employees into the contracting workforce; some are new to the workforce (contracting interns), while a number of

more experienced personnel have been recruited from outside government service. “Sustaining the talent of the 1102 workforce is crucial to DCMA,” Youngs said.

DCMA has established a standard intern training plan and reduced the supervisor-employee ratio to better provide employees with mentorship. The DCMA Learning Campus provides courses and training for new employees. DCMA has also recruited cost monitors and other cost and pricing specialists to revitalize core skills.

Contracting has seen several successes over the past year. In addition to hiring 222 of the 300 pricing positions, DCMA has enhanced its existing capabilities in other areas. “We have launched our Cost Recovery Initiative,” Youngs said. The initiative is a joint program between DCMA and the Defense Contract Audit Agency. It was announced in an Oct. 29, 2010, memorandum signed by Charlie E. Williams, Jr., DCMA director, and Patrick Fitzgerald, DCAA director. The two organizations are closing out overage cost accounting standards issues and taking steps to determine the cost impact to the government. The agency has created working groups “to recover funds owed to DoD and the taxpayer,” Youngs said.

Fitzpatrick explained that, in association with Defense Procurement and Acquisition Policy, DCMA is “taking a hard look” at data that came from a recent contracting competency assessment. The data will provide the agency with information to supplement training for the contracting workforce alongside standard courses at Defense Acquisition University.

“This is an exciting time in the contracting workforce at DCMA,” Fitzpatrick said. New faces, the recent changes and updates to policies are all renewing DCMA’s contracting expertise. “We have laid the foundation for success in the future,” Fitzpatrick said. ☐

# Agency Reestablishing Cost and Pricing Capabilities

Matthew Sablan | Staff Writer



**The Defense Contract Management Agency’s dynamic nature requires an evolving process, where**

priorities and goals change frequently. One priority DCMA recently refocused on is cost and pricing services. DCMA’s proficiency in this area has seen a recent resurgence since the establishment of DCMA’s Cost and Pricing Center. Cost and pricing assures the Department of Defense gets the best, most reasonable prices for various services and products through price and cost analyses.

“Significant overhead dollars were being charged to government contracts with limited oversight,” said Ed Giangrande, DCMA Director Corporate Administrative

Contracting Officer Division, DCMA Cost and Pricing Center director. In addition, inconsistent policy application and handling of complex cost issues occurred, and the infrastructure did not exist to rapidly train or acquire cost and pricing experts. DCMA was also unable to support overhead should-cost reviews and special customer requests.

To combat these failings, the DCMA Cost and Pricing Center was established in November 2009. Ron Youngs, DCMA Defense Contract Management Agency Cost and Pricing Center director, took the lead. Part of his effort to re-establish cost and pricing capability was to reach out to a “nucleus” of five cost and pricing experts

**“We came out of retirement because we knew establishing the division was important to the customers that we serve and the agency that we once were affiliated with.”**

— Ed Giangrande, Defense Contract Management Agency Corporate Administrative Contracting Officer Division director



*Defense Contract Management Agency Cost and Pricing associates Tony Coit, seated, Frank Skeiber, middle, and Kathy MaGuire examine several reports and compare them to other records at the DCMA Cost and Pricing Center. By restoring DCMA's capabilities in cost and pricing, the agency is able to provide crucial support to save the government money and provide needed supplies to warfighters.*

to staff the center's CACO Division.

These experts came out of retirement to reestablish DCMA's leadership in cost and pricing and revive 10 to 12 years of lost cost monitoring capabilities.

"Phil Metivier and I were working at Hanscom as support contractors; Tony Coit and Ralph DeSimone were enjoying golf. Frank Skeiber was helping out with his grandkids. But, our allegiance to DCMA brought us back," Giangrande said.

The team's goal was to create a self-sustaining CACO Division for DCMA's Cost and Pricing Center. It ensured adherence to a consistent set of rules for DoD to reduce problems with enforcement and increase compliance. "We came out of retirement because we knew establishing the division was important to the customers we serve and the agency we once were affiliated with," Giangrande said.

The team's initial assignment was to set up the infrastructure for the CACO Division. Today, these responsibilities include monitoring day-to-day activities for 56 contracting officers, cost/price specialists and support staff. David Allen, former DCMA Data Analysis, Training and Career Management Division director, explained the center's staff has focused on working to improve capability and recover lost talent.

Establishing DCMA's Cost and Pricing Center gave the function consistency and renewed purpose. "We act as integrated business advisors," Allen said. The center allows for a coordinated, consistent approach to complex cost and contractual issues, such as the establishment of forward pricing rate agreements and forward pricing rate recommendations. Improved documentation and consistent processes save time, reduce errors and ultimately increase efficiency.

The center's Data Analysis and Training Division assists in on-boarding and orientating new recruits and creates training modules for cost and pricing monitors and analysts. "The center is a one-stop shop for cost and pricing and negotiation-type information," Allen said.

Emily Marshall, DCMA Boston director, explained associates were "thirsty for knowledge" about cost and pricing techniques. Ad-hoc classes were held when requested with approximately three classes at DCMA Boston and attendees coming from nearby contract management offices. "At these classes, ACOs, contract administrators and cost/price analysts received useful information," Marshall said.

Including experienced team members and new journeymen hires, DCMA now

**"Some of the recommendations have been able to flow up and are being taken at the very highest levels."**

— U.S. Air Force Capt. Joe Barnum,  
Air Force Cost Analysis Agency  
cost analyst

has approximately 550 analysts who are responsible for overseeing billions of dollars. Of the nation's budget, approximately \$400 billion is used to purchase services or products. Of that, approximately 50 percent are indirect costs — the costs that DCMA's DACOs, CACOs and other cost and pricing experts monitor and analyze.

These experts' day-to-day activities save the government money and increase the agency's cost consciousness. They create forward pricing rate recommendations and forward pricing rate agreements that allow PCOs and ACOs to negotiate quality deals. DCMA's analysts "provide the analysis that directly supports the DACOs and CACOs; they let us shake hands with the contractor and agree what something is worth," Allen said.

“Our number-one customer is the taxpayer,” Giangrande said. “DCMA needs to communicate and get the word out that cost and pricing efforts lower costs to the government.”

“A few percentage points difference is huge for DoD. We are getting the most bang for our buck and can make the difference between having 10,000 rifles or 8,000 rifles,” Allen said. “We have a vested interest in how that money is used and play a big role in stewardship.”

The Cost and Pricing Center allows DCMA to spread its dollars, cover agreements, provide valuable information and save time in negotiations to help reduce the cycle time it takes to field purchased equipment.

During this transition, DCMA held 43 Board of Reviews and participated in an initial set of corporate overhead and should-cost reviews. DCMA made several recommendations to Defense Procurement and Acquisition Policy to improve the forward pricing process and has been steadily reducing the number of open audit findings.

### Case Studies in Cost and Pricing

One of the biggest accomplishments for the Cost and Pricing Center is the renewed engagement in overhead should-cost reviews. Before these, the last overhead should-cost review DCMA did was in the early 1990s. The initial milestone plan had the center beginning on a more delayed schedule beginning in fiscal year 2012. However, a need arose for the Air Force, and DCMA delivered. Allen explained these reviews were accelerated to meet DoD’s needs. “Ron Youngs did yeomen’s work on the part of DCMA to find the resources to make it all happen,” Allen said.

The first overhead review looked at cost-cutting measures across DoD and Air Force programs. Starting in April 2010, more than 50 DCMA team members from the center, headquarters, various contracting centers and CMOs analyzed indirect costs. U.S. Air Force Capt. Joe Barnum, cost analyst, Air Force Cost Analysis Agency, acknowledged DCMA’s efforts, saying, “I really enjoyed working with them. They taught me a lot about the negotiation side of things.”

**“A few percentage points of difference is huge for the Department of Defense. We are getting the most bang for our buck and can make the difference between having 10,000 rifles or 8,000 rifles.”**

— David Allen, former Defense Contract Management Agency Cost and Pricing Center, Data Analysis and Training Division director

“Some of the recommendations have been able to flow up and are being taken at the very highest levels,” Barnum said. He believes that the in-depth overhead review serves as a good template for future reviews and that the Air Force Cost Analysis Agency was able to come up with a better plan to assess contractor oversight thanks to DCMA’s support.

The second review was an overhead should-cost review conducted during summer 2010 for the Evolved Expendable Launch Vehicle, a U.S. Air Force program. The secretary of the Air Force, who also serves as the DoD executive agent for space, requested this review. Allen noted that DCMA was chosen to participate because of its expertise and insight.

The EELV review will help the Air Force to better understand overhead and other costs associated with the program. Allen and Cost and Pricing Center staff worked with the Air Force to conduct the review and gather the necessary data. More than 50 people across DCMA contributed to the overall effort at multiple field sites nationwide.

Many of the individuals who helped with the review had other tasks to accomplish. “The field work was vital to meeting the suspense,” Allen said. DCMA team members supported each other to ensure access to the skills needed to complete the review on time. The review was extremely successful with more than two-thirds of the total cost reduction initiatives suggested by the DCMA team.

“You can see the value that DCMA brings by looking at the quality and quantity of findings we made,” Allen said. The review will estimate costs across the program’s life cycle, which will help preserve America’s space launch capabilities.

In addition to providing support to the Air Force, the reviews yielded lessons

learned that DCMA can take apply to future should-cost reviews, and they have also given the new members of DCMA’s Cost and Pricing workforce much-needed experience for upcoming challenges.

Giangrande believes the center’s success is due to support from Shay Assad, Defense Procurement and Acquisition Policy director. DCMA’s Cost and Pricing Center hosts DPAP off-site sessions every quarter. Senior DoD acquisition personnel, senior acquisition personnel from each of the Services and Defense Contract Audit Agency personnel attend these sessions. These meetings demonstrate DCMA’s expertise and build strategic relationships with its customer base.

Another important facet and key to DCMA’s future success in pricing will be its relationship with DCAA. “We must ensure that we maximize the benefits that our two agencies’ diverse skill sets bring to the overall acquisition process,” Youngs said. “Our ACOs in DCMA need to ensure that every element of cost questioned in a DCAA audit report is understood, discussed with the auditor, effectively dispositioned in a well-written post-negotiation memorandum and finalized in the Board of Review process.”

Through this work with its partners and its employees’ efforts, the center enhances the cost and pricing community’s performance by applying consistent advice and actions throughout the acquisition system. The community benefits from consistency on complex matters, and the agency’s position is strengthened when rendering decisions. The center serves taxpayers and warfighters by helping to provide the best equipment and services at the right cost to the government. “We were hired to do a job, and we did it,” said Giangrande. 📍



# Employees Should Consider Security Risks While Socially Networking

Cassandra Locke | DCMA Public Affairs

*Defense Contract Management Agency employees are reminded not to divulge agency and Department of Defense information while using social media sites. (U.S. Navy photo by Mass Communications Specialist 2nd Class Gregory Mitchell)*

**Social networking can be worthwhile and advantageous, but it can also lead to risky operational and personal security situations.**

Information posted on social networking sites such as Facebook, MySpace, LinkedIn, Twitter and YouTube can spread like wildfire, so Defense Contract Management Agency employees need to understand that they are accountable for any information

released without proper authorization and coordination.

Employees with questions as to whether information is restricted from public release are required to contact the DCMA Public Affairs Office for review and coordination.

“With the expanded use of social networking sites, it is a good time to remind everyone that all DCMA employees have a responsibility, on and off duty, to ensure

**“Social networking profiles can be adjusted to protect your privacy and control who has access to the information you put out.”**

— Roland Grondin, Defense Contract Management Agency security officer

Department of Defense information is protected against unauthorized disclosure to include release to the general public,” said Jackie Noble, DCMA Congressional and Public Affairs director.

“It is required that official DoD information intended for public release undergo both a public affairs and security review prior to release,” added Noble.

DoD Directive 5230.09 defines official DoD information as all information that is in DoD’s custody and control, relates to information in the department’s custody and control, or was acquired by DoD employees as a part of their official duties or because of their official status within the department.

DoD information can include classified information, technical information, operational plans and operational procedures. It can also include privileged information, personnel rosters and results of operations. “DCMA employees deploying overseas should not post their flight information, duty station, rotation schedule or provide descriptions of overseas military facilities and their capabilities,” said Noble.

Noble added posting DoD information to social networking sites is an unauthorized release to the general public. “It’s critical DCMA employees understand that they are accountable for any

**“All Defense Contract Management Agency employees have a responsibility, on and off duty, to ensure Department of Defense information is protected against unauthorized disclosure to include release to the general public.”**

— Jackie Noble, DCMA Congressional and Public Affairs director

information put out to the general public,” said Noble.

Employees should also consider being vigilant not only from an operational standpoint but also to protect personal interests. According to Roland Grondin, DCMA security officer, the Internet has become the preferred method of gathering information. He said employees should consider not posting personal information such as a Social Security number, address, phone numbers, children’s after-school activities, photos, financial information, birth year, etc.

Grondin said to be cautious of posting information that could be used to identify a person’s current physical location. Updating a current status message by posting a person’s whereabouts may invite security risks.

“Deploying DCMA members and members of the Armed Forces have a role in their families’ security. These members who are constantly worrying about the

safety and security of family members will not be focused on their missions,” said Grondin.

Grondin urges employees to remain aware of the risks presented with the widespread dissemination of information and recommends employees who use these sites learn how to adjust the available safety features.

“Social networking profiles can be adjusted to protect your privacy and control who has access to the information you put out,” said Grondin.

As technology advances in this digital age, it is crucial DCMA employees are mindful of the information posted on social networking sites to protect both the agency’s interests and its employees. 

*For more information about the unauthorized release of public information, visit [https://home.dcma.mil/Guidebook/Common\\_Info\\_Tasking\\_Etc/dc11-067.htm](https://home.dcma.mil/Guidebook/Common_Info_Tasking_Etc/dc11-067.htm).*

## The following are several examples where public affairs and security reviews are required prior to release by a Defense Contract Management Agency employee:

**Example 1:** A DCMA employee deployed overseas is considering writing about his/her job experiences and posting the information on a social networking site. Any discussion of Department of Defense information would require prior approval.

**Example 2:** A DCMA employee wants to forward an e-mail containing official DoD information from his or her DCMA account to a personal or commercial account.

**Example 3:** A DCMA employee is giving a speech/presentation at a conference, convention or to a civic organization where non-DoD participants are in attendance.

**Example 4:** A DCMA employee is considering posting presentations, photos and/or products/information containing information about DCMA or DoD to a non-DoD website.

*(Courtesy of DCMA Information Memorandum 11-067, Unauthorized Public Release of DoD Information)*

# New Director ‘Chases’ Excellence in Human Capital

Martha Bushong | Staff Writer



*Michael Chase, Defense Contract Management Agency Human Capital executive director, speaks to Human Capital employees during a monthly all-hands meeting at DCMA Forward Chester, Va., Jan. 12. Chase has four major first-year priorities: improving customer service; creating new and streamlining existing policy; initiating requirements-driven training; and aligning employee recruitment of new hires more closely to existing vacancies.*

## **A graduate of the U.S. Naval Academy and former naval officer, Michael Chase, Defense Contract**

Management Agency Human Capital executive director, draws on those experiences to help the agency navigate potentially rough and uncharted seas. Chase joined the agency less than six months ago, but his belief in people, persistence and an attitude of playfulness keeps the directorate, which provides human resource support for more than 10,000 employees, sailing toward the agency’s desired end states.

Chase has four major priorities on his agenda for his first year at the helm of

Human Capital. His priorities include: improving customer service; creating new and streamlining existing policy; initiating requirements-driven training; and aligning employee recruitment of new hires more closely to existing vacancies.

“If you’re not having fun, you’re doing it wrong,” said Chase. “That is my personal motto. We are doing important work here supporting our warfighters, and we need to remember to work in a way that builds teamwork and a sense of fun and family.”

Chase wants that sense of family to extend to Human Capital’s customers and improve service. He believes when

customers’ needs aren’t met, no one has fun, making for a less-than-optimal experience for everyone.

“I think on a scale of one to 10, we would rate about a five,” said Chase. “We have great people. Their talent and dedication are among the best things about working here, but we can do better.”

The executive director thinks there are some simple changes in place now that will make a big difference. For example, he thinks providing customers with one point of contact and one phone number makes it much easier to resolve issues. Instead of having to look through an entire directory

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of 130 names, customers can now reach out to their own dedicated representative.

Customer service tops Chase’s list, but some of the roughest waters reside in the area of policy. “Because DCMA spun off from the Defense Logistics Agency, we still don’t have many of our own really good policies,” said Chase. This lack of policy hampers people and can keep them from doing their work effectively.

“We recently streamlined the policy drafting and approval process. Now we are fully coordinating Human Capital policy with all of our customers, both at headquarters and in the field, and getting policies to final signature much quicker,” he said.

Training and recruitment complete Chase’s top priorities. “We want to make employee training more requirements-driven. Starting with the fiscal year

2012 budget, we will generate budget requests for training via validated training requirements. That way, when we receive training funds, we will know where they are going and how they will be spent.”

In the recruitment area, Chase said, “We have begun using DCMA’s new manpower documents as a link to reach our customers and learn where their vacancies are that they need help in recruiting and filling and then hosting targeted recruitment events to fill those vacancies quickly.”

If all of these plans sound daunting and involve a great deal of red tape and bureaucracy, Chase takes it all in stride. “My favorite book is ‘Catch-22’ by Joseph Heller,” he said. “It is the only book I ever read where I actually laughed out loud.” In Heller’s satirical novel, airmen from the fictional 256th squadron face paradoxical situations where they need things that

cannot be obtained because of frustrating and seemingly absurd rules, regulations or procedures.

Chase puts aside some of the absurd aspects of life and work when he talks about the importance of persistence. He thinks what often separates the good from the great is persistence and a willingness to press on. He believes there are people with great natural ability who squander their talent, while others who may not be as naturally gifted keep pressing ahead and accomplish great things.

With characteristic humor he said, “I guess that’s why I like the cartoon character Wile E. Coyote so much. The coyote never gives up. You can do anything to him — blow him up with dynamite, drop him off a cliff, flatten him with a boulder — and he keeps going after the Roadrunner. I think the reason we don’t see Roadrunner cartoons anymore is because the coyote was so persistent he finally caught the Roadrunner.”

Chase believes in his new crew at DCMA and knows that with the perseverance of the coyote and a sense of playfulness and fun, they are building a better directorate, as a team and as a family. 



Michael Chase, Defense Contract Management Agency Human Capital executive director, works at his desk in the Chester DCMA office. Chase’s top priority for the directorate this year will be improving customer service. (Photo by Mark Woodbury, DCMA)



# Faces *of* DCMA



**My name is:**  
Binh Thanh Nguyen

**I am:**  
An aerospace engineer for Defense Contract Management Agency Hamilton Sundstrand where I am a member of the program support team for the F-135 Program.

**Describe your job in a sentence.**

I provide the 'what is going on' status report, the award fee comments and the critical safety item and material review board Metric Studio for the air/lube subsystem of the F-135 Program.

**How long have you worked for DCMA?**

I have been with the agency for 24 years and seven months.

**What's your favorite thing about working for DCMA?**

I enjoy working with the customer (the Navy and the Air Force) and the contractor (Hamilton Sundstrand). I also appreciate how my job allows for the opportunity to travel and meet new people while representing our great agency.

**What's your best memory of working here?**

While on the USS *Enterprise* a few years ago on my Tiger Cruise, I met the E-2 Hawkeye pilots and told them I was involved with the integration of the new eight-blade propeller to replace the existing four-blade propeller on their aircraft (called the NP-2000 Program). They happily discussed some issues and showed sincere appreciation of my work at DCMA that supported the NP-2000 Program. I was very excited to see the result of my work and to have the opportunity to meet with the end user.

**How do you make a difference in the agency?**

Taking the NP-2000 program from its inception to maturity gave me a great sense of accomplishment. I feel the solid relationships I have developed with customers and contractors over the years will help me support the new F-135 Program with exemplary service.

*Binh Thanh Nguyen*





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