

Testimony

of

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Mr. Chairman, members of the Defense Acquisition Reform Panel. My name is Dave Patterson. I'm the Executive Director of the National Defense Business Institute at the University of Tennessee. I am very pleased to be here this morning to participate in the discussion of a question that has clearly captured the attention of the current Administration and Congress:

How should Congress assist the Department of Defense in improving its acquisition of weapons and services so that it can meet the needs of the warfighter in the field while still being a good steward of the taxpayers' dollars?

The first consideration for judging the success of an acquisition program is whether it fielded a weapon system, or information system or service in time to make a positive impact for the warfighter? A system or service fielded too late to meet the need may as well have not been bought. The phrase "too little, too late" can mean lost lives.

Before we look at measures of acquisition system merit there is another consideration central to this discussion. When Secretary Gates made his budget announcement on April 6, 2009, I believe he was speaking from frustration that was as much about what has been the persistent problem of having to depend on an Acquisition System that is simply not responsive to immediate warfighter needs as it was about winnowing bloated, failed or unnecessary programs. Implicit in that expression of frustration is a clear lack of confidence in a system that produces program uncertainty and instability. The most dramatic improvement metric will be when the senior leadership in the Administration, Congress and the Department of Defense have seen such improvements – results, not words – that they can say they have renewed confidence in the stability, predictability and effectiveness of the Defense Acquisition System.

The Defense Acquisition Performance Assessment report contended that program stability and predictability were singularly and uniquely crucial to managing programs that were on cost, on schedule and performing. To that end in the time I have, allow me to describe two areas of improvement for measuring program effectiveness worthy of attention.

First, Major Defense Acquisition Programs or MDAPs often start at Milestone B, the beginning of Engineering and Manufacturing Development with critical staff positions vacant. Percentage of critical staff positions filled at Milestone B is an easy and important metric to be observed. It makes little difference to implement programs to raise the level of skills of the program staff if they are missing in action.

Second, the acquisition strategy document that is to lay out how the weapon system is to be acquired, the initial road map, if you will, is often flawed in that it focuses more on presenting the case for required capabilities and quantities than on laying out the reasoning for the acquisition competition methodologies. For example, both how the prime contractor participants in an MDAP competition will select subcontractors and how the winner of the competition will manage the subcontractors to gain improved efficiencies and effectiveness are generally given little consideration.

Creation of the acquisition strategy document is one of, if not the most important tasks the government acquisition program management can undertake. The strategy should establish the template for all the activities that will take place throughout the source selection process, engineering, manufacturing and development, and follow-on production and fielding. More important it establishes how the program management team is thinking about the numerous events and activities that a program will encounter. The Defense Acquisition Executive should establish a common set of strategy elements that all Military Department, Service Acquisition Executives must include in MDAP acquisition strategy documents. Additionally, a set of standards or metrics by which the strategy elements can be evaluated as effective must be part of this process.

In closing, I would be remiss if I didn't acknowledge the progress that has been made by the Department in improving the acquisition system over the past four years. Though it is the General Accountability Office's headline that the 96 Major Acquisition Programs have grown in cost by \$296 billion that gets attention, those numbers belie an equally worthy, but over looked statistic published in the same GAO report. The average increase in unit cost of the 28 MDAP programs with less than five years since development start is only one percent. Compared with an average of 55 percent increase in acquisition unit cost of 25 programs in the group with five to nine years since program development start. There has been improvement that should be recognized.

With that, it has been my privilege to be with you this morning and I welcome your questions.