

ACQUIRING WEAPONS

Process is easy to ridicule, constantly criticized, difficult (impossible) to reform.

Many examples of procurement follies:

- \$2,917 Wrench
- \$640 toilet seat
- \$30 screw
- \$7,000 coffee pot
- \$435 hammer

Not as illustrated, standard overheads (MIT 66%), tungsten, entire module not \$15 Sears item, Withstands 4Gs

Weapon Acquisitions plagued with Cost Overruns, Schedule Slippages, and Performance Disappointments. V-22, A-12, B-1, C-5, Srg. York, MILSTAR, SNARK, Century series.....Bradley doesn't swim well, hard to airlift, 2 1/2 feet taller than BMP, suppose to hold 11 but only holds 9, 8 times cost of M113, late. Still one hell of a machine.

But civilian (Public and Private) hardly role models:

- Big Dig
- Middlesex County Court House/Jail
- New/old convention centers
- John Hancock Building windows
- Edsel
- DC-10, L1011
- many movies

Military takes on biggest technological challenges—Polaris ---given biggest leeway. Billions in R&D and procurement.

Experience---getting better over time, but very hard to standardize ---technology of 1950s vs. 1990s. But there has been learning process---complicated by the politics. Who does it better?

Opposition hardly expressed strategically. Instead

>> Democrats claims against waste, fraud, and abuse. "I am not opposed to defense, but rather...."

>> Republican claims for efficiency. "I am in favor of a strong defense but want an efficient government...."

Result is more regulation.

Next administration comes in with promise to fix -----it's the last administration's fault. We will bring in business practices-----BUT CAN IT BE FIXED?
IS DOD MORE INEFFICIENT THAN MASSACHUSETTS OR BOSTON GOVERNMENT? GM? Microsoft?

I. Basic Problem

Two kinds of uncertainty:

- **Political**----Do we want to do this? Very complex and fickle buyer. Do we really want a new howitzer? a new destroyer? a new interceptor?
- **Technical**---Can we do this? Can we make a CUAV that can be reliable, effective air to ground, swarm, dogfight, and is cheap? Weapons increasingly become complex systems which increases uncertainty of success.

Have to exaggerate----Netcentric Warfare (eliminate the fog of war); 20 ton tank

Push to panic further on the upside of cycle (Soviets already have them; Toyota and Sony can make them tomorrow); push the pork on the downside (20,000 American jobs depend on it)

Two kinds of changes needed:

- **Organizational**---government structure inadequate.
- **Contractual**----Contractual mechanisms inadequate.

A. Development of Project Organizations---System Integration capabilities.

traditionally military separates material acquisition from operations and uses a functionally structure-----aircraft, weapons, logistics, ships, etc

Organization evolves into project offices to integrate government side and contractors to integrate system. Dollar coordination instead of organizational

B. Evolution of Contract form:

>>>Fixed Price---can't handle uncertainty

>>>Cost Plus Percentage of Cost-----school for scandal

>>>Cost Plus Fixed Fee----hide profit in cost, more and more regulation

>>>Cost Plus Incentive Fee----what is realistic?

question becomes ---effect on contractor behavior? Remember can't absorb risk.

What emphasis---cost, schedule, performance?

Dependencies----government on contractors: contractors on government

Need to help government deal with contractors---FFRDCs

C. Systems of Systems of Systems of Systems---NetCentric Warfare, Transformation

Deepwater ---CG ---Lockheed/Northrop

FCV-----Army----Boeing/SIAC

How far can it go? Coordinating operations as well as acquisition.

Can decisions farmed out or even be made?

Still lots of UNCERTAINTY-----F-22, V-22, DDX, CVNX, Striker

II. Reform

1. **Black programs**----Secrecy has its limits in democracy
2. **Shift risk back onto contractors**----Total Package Procurement; can't---they walk away
3. **Improve status of contracting officers/civil servants**---sure
4. **More prototyping**-----money is in procurement, spare parts. rush to take advantage of security panic. GAO Knowledge based acquisition.

Recognize it is a political process. Can it ever work? Rarely----**POLARIS**

- Convergence between policy consensus and technological opportunity
- Winning Skill in Bureaucratic politics---strategies: differentiation
moderation
co-optation
managerial innovation
- Flexible development policies

But then is it just all Politics-----Pork? All corruption ?

Made in 45 states!

Congressman Joe's district.

**No No No -----Still security interest/other factors
Not enough in most contracts**