

Creating A Professional Acquisition Work Force

by Congressman Nicholas Mavroules

Defense acquisition reform is a perennial topic in Washington, D.C. Spare parts scandals erupt roughly once a generation. In the late 1980s and in 1990 it was the \$100 hammer and the \$999 pliers. A quarter-century ago it was the spare parts "chamber of horrors" exhibited by Congressman F. Edward Hebert when he was chairman of the House Armed Services Investigations Subcommittee.

Spare parts scandals have been interspersed with exposés of outrageous cost overruns that now appear so frequently that they seem normal. And cost overruns have been documented as far back as the Navy's contract for its first warship, the *LISS Constitution*, which had an overrun of 175 percent.

It is obvious that acquisition poses ageless problems that come back to haunt us with amazing regularity. With each new scandal, the public loses more confidence in the Pentagon and becomes more convinced that the military is acting irresponsibly with the taxpayers' money.

With each scandal that erupts, Congress typically enacts a new set of laws. After Congress legislates—and often even when it doesn't—the Pentagon gets into the act and writes a new set of regulations. Then the bureaucracy levies a new set of record-keeping requirements on contractors, making the process more and more cumbersome.

This, in my judgment, is treating symptoms. Government excels at treating visible symptoms. If the newspapers are dominated by tales of \$6,000 coffee makers, we will write enough rules, hire

enough auditors, and force contractors to leap enough hurdles that we can guarantee there will never again be a \$6,000 coffee maker. Of course, in the process we may spend far more of the taxpayers' money than we save. And a few years later, we will have a new scandal—maybe a \$5,000 teapot—and so the cycle continues.

Last year in Congress we tried something fresh and, we hope, unique. No new scandal demanded a Band-Aid last year. So, we tried to grapple with root causes. It wasn't as dramatic or sexy as mounting a white charger and going after the day's headlines. But I have no doubt it will mean more for the future.

In the past, we have focused our attention on just two elements of the defense acquisition system: the process and the structure. We amended the laws to tell the people in the acquisition system what policies and procedures they should use to buy the equipment; we amended the laws to juggle the organizations that execute those policies. Although these are obviously critical elements that may need additional focus in the future, it seemed appropriate at this juncture to focus on the third element—the people themselves.

We clearly need to pay more attention to the people in the acquisition field. We need to train them better. We need to pay more attention to their career paths. We need to prepare them as professionals. And we need to reward them for the important and critical functions they perform. A little tender loving care goes a long, long way.

To accomplish this, we mandated the

Representative Nicholas Mavroules (D-MA) is chairman of the Subcommittee on Investigations, Committee on Armed Services, U.S. House of Representatives.

creation of a professional acquisition work force and corps within each of the military services and the defense agencies. The legislation that provides the framework for this, professional acquisition work force—the Defense Acquisition Workforce Improvement Act—was made part of the legislation the House passed as the Fiscal Year 1991 National Defense Authorization Act, H.R. 4739, Public Law 101-510, Title XII.

By addressing the needs of the people behind the acquisition process, by improving their lot, we hope to be able to get a handle on the things the Department of Defense (DOD) buys. No, we won't eliminate procurement scandals, but I believe we can reduce the volume of scandals and, more important, more qualified people should make for a more efficient acquisition system that will give us more bang for the buck. No, this legislation should not be viewed as the perfect solution to all our acquisition problems, but by targeting this part of the problem, we are addressing a major part that has been overlooked too long.

British and French Acquisition Systems

Before considering any of the myriad proposals for improving the acquisition work force, my subcommittee conducted an in-depth review of the acquisition systems of France and Britain. Why did we search abroad for answers to problems of a domestic nature?

First, in contrast to the way we currently do business, both France and Britain employ centralized acquisition organizations. The possibility of using and applying a centralized organization in the United States has elicited considerable interest and debate. Second, both France and Britain have had experience with acquisition reorganization over the last 20 years. The rationale for their sweeping changes was to eliminate duplicate efforts in weapons development among the services, to reduce counterproductive service competition, to rationalize the process of deciding what would be acquired, and finally to achieve greater efficiency in acquisition.

It is rarely feasible to copy foreign systems outright. But it is often possible to learn from their approaches and adapt certain features of their systems. Three aspects of the French and British systems are particularly important:

First, a trained and professional body of acquisition personnel, in other words, smart people made smarter by the way you train them;

Second, a stable budget environment, in other words, you can't expect even geniuses to have rational plans if you keep snatching resources away from them; and,

Third, chains of command that provide both authority and independence—in other words, once you've got smart people in the job and have given them resources, let them get on with the job.

With regard to the third point, I am reminded of when President Lyndon Johnson was asked if he was going to fire the individual responsible for mucking up one of his pet programs. Johnson is said to have replied, "Fire him? I can't even find out who the [expletive deleted] is."

Subcommittee Study

After analyzing the French and British systems, my subcommittee staff conducted a year-long review of the "state of the acquisition work force." The subcommittee believed it crucial to conduct this in-depth assessment of the qualifications—training, education, and experience—and professionalism of acquisition personnel, as well as a review of DOD efforts to establish and manage the career development of the acquisition work force. In this manner, we hoped a better assessment of cause and effect could be made, thus providing greater assurance that the changes adopted will bring about the desired result.

Our 776-page report, "The Quality and Professionalism of the Acquisition Workforce," was printed on May 8, 1990 (House Armed Services Committee Print No. 10). The report focused on four major questions:

(1) Are the services appointing program

managers, deputy program managers, and contracting officers with the experience, education, and training required by law and regulation, and are program managers being retained in their positions the mandatory four years or until they complete a major milestone?

(2) Is there a career program structure to develop qualified and professional acquisition personnel—both military and civilian?

(3) Is there an appropriate mix of military and civilian personnel within the work force?

(4) What impediments must be overcome to develop a quality, professional work force?

We concluded that acquisition is such a complex process that professional skills and attributes are essential for the people performing acquisition functions. Thus a comprehensive program is needed to ensure required improvement in the quality and professionalism of those individuals working in acquisition positions throughout the DOD. The Defense Acquisition Workforce Improvement Act would address this goal by establishing the framework for a career program for all personnel who wish to pursue careers in the defense acquisition field.

We, of course, recognize that *character* often is far more important than organization, procedures, or individual technical skills. But there is no way Congress can ever legislate standards of character for admission to the acquisition corps. So we concentrated on their skills, experience, education, and training, along with other elements of a career program, such as accession, promotion, and retention. Certainly there is no guarantee that good managers will solve our problems. But I am convinced that by improving the lot of acquisition personnel, we will resolve many of them.

Study Findings

Our year-long study showed major gaps in the career development of acquisition personnel. Here are a few things we learned:

- Half of the people who work in contracting lack a college education.

Historically, we have treated contracting as a "clerical" function, where one follows rules and regulations in rote fashion. The complexity of the acquisition process makes it virtually impossible to rely on rules and regulations in every situation, however. We need people who *can* and *will* exercise their judgment when buying on behalf of the taxpayer.

- The fragmented, scattered, and dif-fused training system requires 12 courses on contracting but none for systems engineering or logistics, although these are key drivers of equipment costs. A large part of the contracting work force still remains untrained even after the establishment of "mandatory" courses 30 years ago.

- The course designed to train management officials graduates five times as many people as will ever fill program manager slots. Yet, all three services have failed to fill a majority of program manager positions with graduates of this course, even though it is required by law. For example, less than one-third of those assigned as program managers of major Navy systems have ever attended the course.

- Although the mix of civilians and military is varied among the services, no service has complied with long-standing policies to appoint civilians to positions not requiring a military officer.

- The turnover in program managers is too rapid. In 1984 we enacted a law requiring that program managers of major programs stay on the job for four years or until a major milestone was completed. The services have failed to comply with this tenure requirement. For example, in all of the services since 1984, only six of 94 program managers have served either a four-year tour of duty or until a major milestone. Clearly the executive branch is not being a responsible steward of the taxpayers' money when it runs executives through major programs so quickly. Program manager assignments have taken on the status of "ticket punching" as a way station for careerists.

In light of the evidence, we asked ourselves how we could address these "people" issues. Actually, there should be little debate about the broad guidelines of what needs to be done. Since World War

II, no fewer than six commissions have grappled with the problems of military acquisition and offered prescriptions to fix them. These commissions—the two Hoover Commissions of 1949 and 1955, the Fitzhugh Commission of 1970, the Commission on Government Procurement in 1972, the Grace Commission of 1983, and the Packard Commission of 1986—have all recognized the need for competent, trained, and educated civilian and military acquisition personnel. Their recommendations echo those made by many outside experts for more than four decades. The problem has been in implementing these recommendations. There has been plenty of talk and lots of paper, but not much action.

Now there is the Defense Management Review (DMR). Issued by the Pentagon in July 1989, the DMR picks up on some of the old recommendations. Quoting the Packard Commission findings, the DMR states:

"Compared to its industry counterparts, this workforce is undertrained, underpaid and inexperienced. Whatever other changes may be made, it is vitally important to enhance the quality of the defense acquisition workforce—both by attracting qualified new personnel and by improving the training and motivation of current personnel."

Mind you, that is the Pentagon speaking, not some outside critic throwing brickbats.

Legislative Outline

Part of our intention in passing this legislation was to ensure that the sound, common-sense recommendations made by those numerous commissions are implemented. I believe that *legislation* is needed to ensure that the changes we mandated become institutionalized since congressional and Pentagon proponents won't be around forever. Let me outline the specifics of our proposal:

- We would require the secretary of defense to establish minimum education, training, and experience requirements for *all* acquisition positions, not just those

associated with major systems acquisition. For certain positions, such as contracting officers and members of the acquisition corps, we would require a college degree or its equivalent.

- We would direct the under secretary of defense (acquisition) (USD[A1]), under the direction of the secretary of defense, to ensure that comprehensive career programs are established for the acquisition work force—both civilian and military—within the Army, Navy, Marine Corps, Air Force, Defense Logistics Agency, and the other defense agencies. These career programs will include the elements of accession, education, training, experience, assignment, promotion, and retention.

- At the more senior levels of the acquisition work force, GS-13 for civilians and O-4 level for military, we would create an elite "acquisition corps" comprising both military and civilian personnel—those individuals who by virtue of their expertise have achieved a certain rank or grade and who should be recognized as professionals in their own field, just as the Senior Executive Service is recognized in the federal government.

- At the apex of the pyramid are the positions that are considered critical to the functioning of the acquisition process, such as key program management officials and headquarters acquisition management personnel. These jobs may be held only by members of the acquisition corps.

- We would require that the best qualified individual—either military or civilian—fill all acquisition positions; no longer will civilians be shut out of the most senior jobs.

- We would assure that military program managers and other senior acquisition officials be kept on the job longer than in the past to provide greater continuity of management and personal accountability, and at the same time encourage rotating senior civilian personnel so they get career-broadening experience.

- We would create a defense acquisition university to be the center for all acquisition education, training, and research, a focal point for acquisition excellence that will oversee instruction in the "whys and wherefores" of acquisition

as well as promote research leading to improvements in acquisition management.

- We would provide that the number three man in the Pentagon, the USD(A), oversee the establishment of acquisition work force policies and ensure uniformity among the services.

Some may suggest we are setting up a new bureaucratic monster—one that could create new complexities rather than smoothing things out. There is even some concern that the acquisition community, already insular to a degree, may become more so. But I must stress that we are not proposing an independent acquisition work force and corps outside the services as the French have done. Our work force, with its leadership corps, will remain within each military department or agency.

Having addressed the broad philosophy behind our proposal, I would now like to focus on three key areas that the legislation addresses: (1) personnel qualifications such as experience, education, and training, and tenure requirements; (2) the appropriate mix of civilian and military personnel; and, (3) mobility requirements and budget considerations.

Experience Needs

In the current system, one outstanding problem is that too many people in the senior ranks don't have enough acquisition experience to be effective stewards of the billions of dollars being spent on military equipment. They work at acquisition in one assignment and then are sent off to command a base or lead a battalion or solve some budget problem. Many of them are good, talented people. I have no intention of demeaning or belittling them. But I do intend to demean the system that puts these people in positions for which they are not properly trained and for which they lack sufficient experience.

To address that, we have set up a professional acquisition corps and require that all key jobs be filled only by members of that acquisition corps. To become a member, military officers and civilians—we will treat them equally—would have to chalk up substantial experience

exclusively in the acquisition area, including that with other agencies or private industry.

Training and Education

Another issue is training and education. In our report, we found the training systems very fragmented and diffused. Training and education need to be taken more seriously and managed coherently.

Inadequate training of program management and procurement personnel has frequently caused costly acquisition deficiencies. Mandatory DOD training requirements for civilian contracting personnel date back to 1962; however, the military services have traditionally paid minimal attention to these rules. A 1984 DOD inspector general report found that in the 24 activities reviewed, required personnel had not completed 67 percent of the required contracting courses. Today, a significant number remain untrained. How many? No one knows because currently the services are incapable of tracking the training records of their personnel. We intend that the USD(A), through a director of acquisition career management, be responsible for establishing and carrying out additional mandatory education and training requirements.

To help get at the training problem, we have directed that the DOD establish a defense acquisition university structure that would be responsible for all acquisition courses required for acquisition personnel. The university would provide centralized direction, operation, control, and accountability of the DOD's education and training program for all acquisition personnel.

We are not necessarily talking, however, about a new bricks-and-mortar university. We are talking about the guiding force behind a rational training program based on feedback from people in the field. Depending on how it is shaped by the secretary of defense, the university could be the intellectual centerpiece of the *entire* acquisition system; a place where seminars and thought-provoking meetings—intellectual ferment—can help to change the mind-set, to bring about a

lasting cultural change throughout the acquisition system.

Education, one key element of professionalism, is of crucial importance in developing a quality acquisition work force. We heard from many individuals in academia on the education provisions, and I appreciate their comments. Again, education has a special place in our proposal, but we don't want to just hustle people through paper mills or turn education into rote training. As Dr. I. B. Holley, a history professor at Duke University and a retired major general in the Air Force Reserves, cautioned:

"Educating acquisition types is a good idea, but I very much fear the 'education' will turn into 'training.' Some of each, of course, will be necessary, but we won't get the broad gauge men and women of vision we need unless the corps stresses true education."

To enhance recruitment of civilian college graduates into the work force, our proposal would direct the DOD to establish a recruitment program for college campuses. The DOD would also provide college education assistance through scholarship programs similar to the Reserve Officers' Training Corps (ROTC), a graduate degree program similar to that for active duty military personnel, and reimbursement for course work of employees who go to school on their own time. Establishing a cooperative education program and an intern program are steps that we believe the DOD should implement in its recruitment procedures.

We want professional people. That means we want the bulk of these people to have college degrees. They don't have to have degrees, but they ought to. We would provide a standard for entry that would require a college degree with 24 semester credit hours in the applicant's career field.

But what about those late bloomers who didn't go to college? Or the divorced mother of two young children who cannot take the time for those night courses, but who is a proven performer? For them, we would provide a test as a substitute to

demonstrate their capabilities. But I know of many people who are test-shy. They are brilliant performers and the kind of people we want, but tests aren't their bag. Again, we will provide the authority for the career management board to fully waive either entry standard—the college degree or the 24 credit hours. Recognizing that those with 10 years' or more experience in the acquisition field generally have proven their ability to perform in their field, we have totally "grandfathered" these individuals.

Greater Tenure

No question about it, there's simply too much turnover at the top. For example, we looked back at the report of the Second Hoover Commission, which reviewed acquisition in the early 1950s. This commission said one major problem was that program managers turned over far too rapidly; they weren't kept on the job long enough to do the job right. Too much turmoil at the top meant too much turmoil in programs that cost billions of dollars, Hoover said in 1955. Fifteen years later, in 1970, David Packard, then deputy defense secretary, saw that no one had paid any attention to Hoover. Packard ordered a standard tour of four years for program managers. But once Packard left office, the four-year tour idea became history.

In 1984 Congress enacted legislation requiring that program managers for Major systems be retained at least four years or until the program passed a major milestone, such as the shift from development into production. Yet when the Investigations Subcommittee looked at program manager tenure this past year, it found recent program managers averaged only 21 months on the job. Some cases are especially egregious. We found one program whose last three program managers spent, respectively, 14 months, nine months, and three months on the job. Since we passed that law, as mentioned earlier, only six of 94 program managers have served to a major milestone or for a four-year tour, according to the department's own figures. That simply isn't good enough. As Norman Augustine,

chairman and chief executive officer of Martin Marietta, has stated, "We need multiyear people in acquisition."

I echo the sentiments of those who feel that continuity in key acquisition positions is essential. Shifting the leadership every two years or less does not give us the necessary continuity or accountability.

We have put teeth into the requirement that program managers serve longer and have connected that requirement more clearly to program milestones. We would no longer require them to serve four years *or* until a major milestone has been reached. Instead, we would require them to serve until the closest major milestone to four years.

Civilian-Military Mix

The issue of the roles of military officers and civilian employees and their proper mix or ratio within the defense work force has been recurrent throughout the history of the DOD. The department established assignment policies in the 1950s which stated that civilians should be placed in positions requiring skills of the civilian economy and military officers should normally occupy such positions—for example, contracting positions—only if there is a legitimate military reason. We found that the services completely ignored this policy. Today, looking at the ranks of program managers, we must ask why so few are civilians.

The argument is made that no one should manage an aircraft program who doesn't know how to fly. That misses the point. No one should manage an aircraft program who doesn't know how to *manage*. That's the key.

As Ronald Fox stated in his April testimony before the Investigations Subcommittee:

"It is obvious that a program manager cannot be assigned as a wing commander without years of carefully programmed flight training and experience. By the same token, a pilot cannot manage effectively a complex industrial program without extensive experience and carefully programmed assignments in the acquisi-

tion process and in industrial cost control."

We heard several "war stories" that described what happens in these cases. One individual wrote the subcommittee about his friend who is a major in the Army:

"His specialty is armor. His subspecialty is contracting. Just last summer we visited and he commented to me that soon he would be assigned to a procurement office for a tour of duty. He then confided that he knew absolutely nothing about contracting! Yet he will be required to make decisions over individuals (civilians) who have been working in the activity for years."

Still, many officers with whom we have spoken feel very strongly that exposure to the operational environment is essential. I don't dispute that. But, as retired Air Force General Lawrence Skantze suggested, "This could be done adequately and effectively by simply placing a military or civilian acquisition work force member for six months with an operational unit, say with a tactical fighter wing or avionics maintenance squadron."

The goal is to put better trained, more experienced managers in top acquisition jobs. The pilots, the seamen, the tank drivers, and the other users are an essential part of any procurement. But their skills should not be confused with that of the manager of the acquisition process.

The Acquisition Workforce Improvement Act establishes an acquisition corps in each service that will include both military and civilian personnel. The best candidates will be chosen for open assignments, with no bias toward either civilians or the military.

In all grades, clear standards indicating the desired characteristics of corps members in terms of experience, education, and training will be established, and all who meet the criteria should be eligible for the job. In other words, these criteria should be neutral in terms of military and civilian personnel. We want the best people, with the right talents and the right motivation, whether military or civilian, to do the job.

Mobility

The military has long been biased against civilian personnel because civilians are perceived as less receptive to change. Unlike military personnel, civilians tend to remain in one job longer. Furthermore, civil servants are harder to remove if they are not performing effectively, for they lack the broad, well-rounded experience that the military looks for in its personnel. In this respect we can counter the bias against civilians by encouraging a policy of mobility for civilians.

To prevent stagnation and bureaucratic entrenchment, we propose reviewing civilians in key acquisition positions for rotation every five years. *If the needs of the organization warrant, the individual will be asked to move to a new assignment.* This may not actually be a geographical move, but merely a reassignment from one division to another in the same location. We recognize that exceptions must be considered but feel that a general *expectation* of mobility is essential. Although in some cases long-term continuity is reasonable and even desirable, periodic rotation should be considered essential.

I believe this concept is philosophically sound and is often used in the private sector. We recognize, however, that this may discourage many capable people from pursuing careers in acquisition simply because the government pays a fixed salary regardless of whether a person is sent to a high- or low-cost area. I hope that this issue has been addressed with the adoption of the comprehensive pay reform package.

Budget Impact

In the current budget environment, it is fair to ask what all of this will cost. Many aspects will add nothing to our budget tab. For example, we do not propose to establish another layer of bureaucracy on top of the existing layers. What we propose are small, well-run organizations within the office of the secretary of defense and the military departments, staffed from existing personnel. These organizations will have access to

the senior acquisition officials within each department and will use data systems to monitor, evaluate, and report on whether the enhancements we are proposing for acquisition personnel are effectively implemented.

We are requiring that the DOD develop and use data systems to manage the work force. This only makes sense and is in line with what several secretaries of defense have sought to accomplish. Cost should be minimal because each service is currently developing similar data systems.

There could be significant cost increases in the personnel accounts for education assistance, training, and so forth. This need is undeniable and must be addressed head-on. The costs involved, however, must be compared to the benefits that accrue. We could spend tens of millions of dollars on housing, education, moving costs, and the like, but if we improve management only so much as to save one-half of one percent of current procurement outlays, we could save \$600 million a year, which is conservatively 10 times the most this bill will cost. Acquisition personnel are unique in government in that an investment aimed at improving quality offers payoffs of truly immense proportions.

The budget decline expected with the end of the Cold War does not mean acquisition is any less important. On the contrary, acquisition reform is even more important as defense budgets tighten and fiscal constraints force Congress and the executive branch to make ever-harder spending choices. As Norman Augustine succinctly summed up in his testimony to the Investigations Subcommittee, "As we learn how to manage peace, the need for a highly qualified and professional acquisition work force has never been greater."

Conclusion

These are the highlights of the philosophy that is behind the Acquisition Workforce Improvement Act. It would aim to create a very professional acquisition work force and its leadership corps in each of the military services. We want everyone inside the military, within the business

community, and among the public at large to see that Acquisition Work Force and corps as an outstanding group of identifiable professionals who are responsible and able stewards of the public's funds.

The 240,000 persons who are currently part of the acquisition work force oversee the procurement of more than \$120 billion in military goods and services each year. Even accounting for the huge budget cuts we anticipate this decade, we will still be talking about a procurement system that is larger than the gross national product of all but a handful of nations. This demands skills that stem from professionalism, from education and solid training, and from substantial work experience.

This legislation presents a challenge of historic proportions that should result in a cultural change in the way the DOD

approaches acquisition. No longer would acquisition assignments be made to officers who want to "civilianize" their resumes. No longer would key acquisition assignments, such as program managers, be given to amateurs. Only qualified professionals would be allowed to hold key acquisition jobs. They would be appointed by those responsible for acquisition in the DOD and their performance would be evaluated by these same individuals.

Despite the far-reaching nature of this legislation, what we have proposed should not be startling or esoteric—it is really based on common sense and sound management principles. Improving the DOD's acquisition process is one of our country's most pressing national security problems. By addressing the *people* issue, we take a big step in that direction.