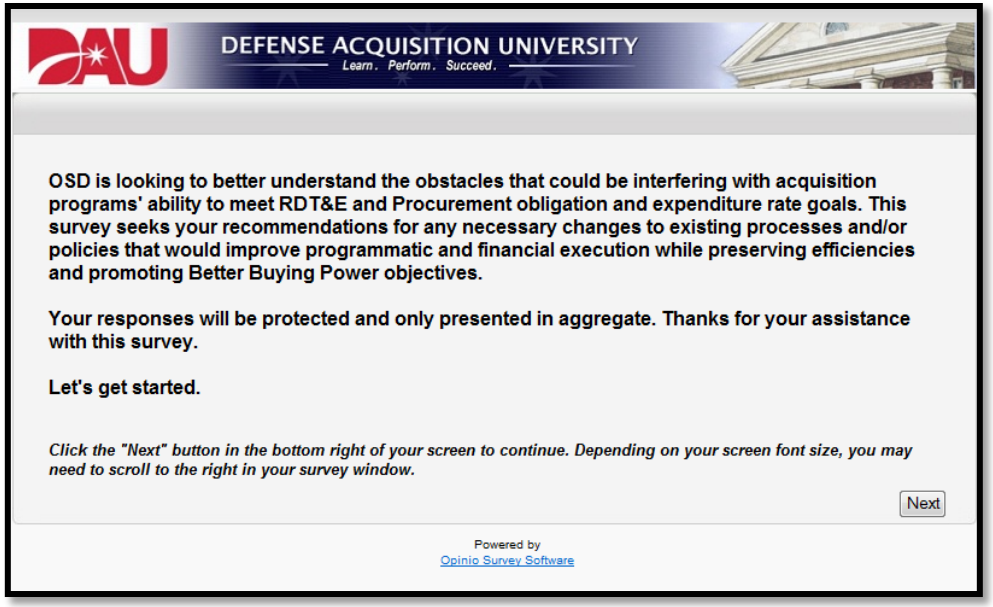
Obligations & Expenditures: An Investigation into the Factors that Affect OSD Goals

Briefing Presented to: Honorable Katrina McFarland 05 Feb 2013

DoD Approved Survey: Report Control Symbol DD-AT&L(OT)2513



DEFENSE ACQUISITION UNIVERSITY
Learn. Perform. Succeed.

OSD is looking to better understand the obstacles that could be interfering with acquisition programs' ability to meet RDT&E and Procurement obligation and expenditure rate goals. This survey seeks your recommendations for any necessary changes to existing processes and/or policies that would improve programmatic and financial execution while preserving efficiencies and promoting Better Buying Power objectives.

Your responses will be protected and only presented in aggregate. Thanks for your assistance with this survey.

Let's get started.

Click the "Next" button in the bottom right of your screen to continue. Depending on your screen font size, you may need to scroll to the right in your survey window.

Next

Powered by
Opinio Survey Software

DAU Survey Development & Research Analysis Team

John Higbee
Director, Mission Assistance

Rob Tremaine
Associate Dean Mission Assistance

Donna Seligman
Program Analysis Manager

Shandy Arwood
Program Analyst

Background

Traditionally, DoD Acquisition Organizations have found it difficult to meet established OSD Obligation and Expenditure rate Goals

		RDT&E		Procurement		O&M	
	Month	Obl.	Exp.	Obl.	Exp.	Obl.	Exp.
First Year of Availabilty	Oct	7.50%	4.60%	6.70%	N/A	8.30%	6.30%
	Nov	15.00%	9.20%	13.30%	N/A	16.70%	12.50%
	Dec	22.50%	13.80%	20.00%	N/A	25.00%	18.80%
	Jan	30.00%	18.30%	26.70%	N/A	33.30%	25.00%
	Feb	37.50%	22.90%	33.30%	N/A	41.70%	31.30%
	Mar	45.00%	27.50%	40.00%	N/A	50.00%	37.50%
	Apr	52.50%	32.10%	46.70%	N/A	58.30%	43.80%
	May	60.00%	36.70%	53.30%	N/A	66.70%	50.00%
	Jun	67.50%	41.30%	60.00%	N/A	75.00%	56.30%
	Jul	75.00%	45.80%	66.70%	N/A	83.30%	62.50%
	Aug	82.50%	50.40%	73.30%	N/A	91.70%	68.80%
	Sep	90.00%	55.00%	80.00%	N/A	100.00%	75.00%
Second Year of Availabilty	Oct	90.80%	57.90%	80.80%	N/A	100.00%	77.10%
	Nov	91.70%	60.80%	81.70%	N/A	100.00%	79.20%
	Dec	92.50%	63.80%	82.50%	N/A	100.00%	81.30%
	Jan	93.30%	66.70%	83.30%	N/A	100.00%	83.30%
	Feb	94.20%	69.60%	84.20%	N/A	100.00%	85.40%
	Mar	95.00%	72.50%	85.00%	N/A	100.00%	87.50%
	Apr	95.80%	75.40%	85.80%	N/A	100.00%	89.60%
	May	96.70%	78.30%	86.70%	N/A	100.00%	91.70%
	Jun	97.50%	81.30%	87.50%	N/A	100.00%	93.80%
	Jul	98.30%	84.20%	88.30%	N/A	100.00%	95.80%
	Aug	99.20%	87.10%	89.20%	N/A	100.00%	97.90%
	Sep	100.00%	90.00%	90.00%	N/A	100.00%	100.00%
Third Year of Availabilty	Oct	100.00%	90.80%	90.80%	N/A	100.00%	100.00%
	Nov	100.00%	91.70%	91.70%	N/A	100.00%	100.00%
	Dec	100.00%	92.50%	92.50%	N/A	100.00%	100.00%
	Jan	100.00%	93.30%	93.30%	N/A	100.00%	100.00%
	Feb	100.00%	94.20%	94.20%	N/A	100.00%	100.00%
	Mar	100.00%	95.00%	95.00%	N/A	100.00%	100.00%
	Apr	100.00%	95.80%	95.80%	N/A	100.00%	100.00%
	May	100.00%	96.70%	96.70%	N/A	100.00%	100.00%
	Jun	100.00%	97.50%	97.50%	N/A	100.00%	100.00%
	Jul	100.00%	98.30%	98.30%	N/A	100.00%	100.00%
	Aug	100.00%	99.20%	99.20%	N/A	100.00%	100.00%
	Sep	100.00%	100.00%	100.00%	N/A	100.00%	100.00%

OSD Goals

Recent USD (Comptroller and & ATL) Guidance

"… 2. …obligation rates slower than established benchmarks should not be the determinative measuring stick for program execution and must not be regarded as a failure.

3. Late obligation of funds should not be presumed to imply that the funds are not needed or that future budgets should be reduced unless there is other evidence to support that conclusion.

4. Providing savings to the organization, military service, or DoD component as early in the fiscal year as possible should be encouraged and rewarded, professionally and visibly.

5. Savings will not be reallocated at any higher DoD level than necessary to fulfill shortfalls in priority requirements.

6. Managers who release unobligated funds to higher priorities will not automatically be penalized in their next year's budget with a lower allocation and may be candidates for additional funding to offset prior year reductions…."

Research Objective

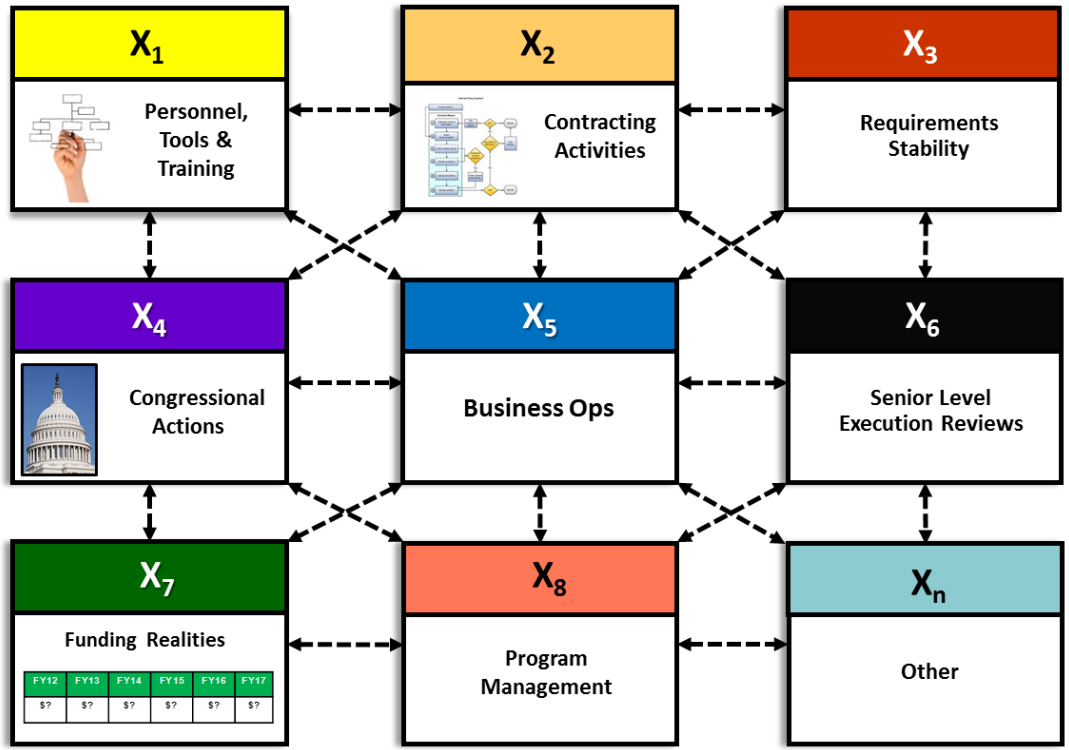
This research set out to assess the <u>contributing factors</u> that could be inhibiting/interfering with a Program's ability to meet OSD's goals through a more comprehensive analysis of field experiences and current processes

What Factors Matter the Most?

		RDT&E		Procurement		O&M	
	Month	Obl.	Exp.	Obl.	Exp.	Obl.	Exp.
First Year of Availabilty	Oct	7.50%	4.60%	6.70%	N/A	8.30%	6.30%
	Nov	15.00%	9.20%	13.30%	N/A	16.70%	12.50%
	Dec	22.50%	13.80%	20.00%	N/A	25.00%	18.80%
	Jan	30.00%	18.30%	26.70%	N/A	33.30%	25.00%
	Feb	37.50%	22.90%	33.30%	N/A	41.70%	31.30%
	Mar	45.00%	27.50%	40.00%	N/A	50.00%	37.50%
	Apr	52.50%	32.10%	46.70%	N/A	58.30%	43.80%
	May	60.00%	36.70%	53.30%	N/A	66.70%	50.00%
	Jun	67.50%	41.30%	60.00%	N/A	75.00%	56.30%
	Jul	[illegible]	45.[illegible]0%	6.70%	N/A	83.30%	62.50%
	Aug	[illegible]	[illegible]	[illegible]	N/A	[illegible]	68.80%
	Sep	9[illegible]	55.[illegible]%	80.[illegible]	N/A	10[illegible]	75.00%
Second Year of Availabilty	Oct	90.80%	57.90%	80.80%	N/A	100.00%	77.10%
	Nov	91.70%	60.80%	81.70%	N/A	100.00%	79.20%
	Dec	92.50%	63.80%	82.50%	N/A	100.00%	81.30%
	Jan	9[illegible]	[illegible]	8[illegible]	N/A	[illegible]00.00%	83.30%
	Feb	[illegible]	5[illegible]60[illegible]	[illegible]0%	N/A	[illegible]00.00%	85.40%
	Mar	[illegible]	7[illegible]	[illegible]0%	N/A	[illegible]00.00%	87.50%
	Apr	95.80%	75.40%	85.80%	N/A	100.00%	89.60%
	May	96.70%	78.30%	86.70%	N/A	100.00%	91.70%
	Jun	97.50%	81.[illegible]%	87.50%	N/A	100.00%	93.80%
	Jul	98.30%	[illegible]	[illegible]	N/A	100.00%	95.80%
	Aug	99.20%	[illegible]	8[illegible]	N/A	100.00%	97.90%
	Sep	100.00%	90.00%	90.00%	N/A	100.00%	100.00%
Third Year of Availabilty	Oct	100.00%	90.80%	90.80%	N/A	100.00%	100.00%
	Nov	100.00%	91.70%	91.70%	N/A	100.00%	100.00%
	Dec	100.00%	92.50%	92.50%	N/A	100.00%	100.00%
	Jan	100.00%	93.30%	93.30%	N/A	100.00%	100.00%
	Feb	100.00%	94.20%	94.20%	N/A	100.00%	100.00%
	Mar	100.00%	95.00%	95.00%	N/A	100.00%	100.00%
	Apr	100.00%	95.80%	95.80%	N/A	100.00%	100.00%
	May	100.00%	96.70%	96.70%	N/A	100.00%	100.00%
	Jun	100.00%	97.50%	97.50%	N/A	100.00%	100.00%
	Jul	100.00%	98.30%	98.30%	N/A	100.00%	100.00%
	Aug	100.00%	99.20%	99.20%	N/A	100.00%	100.00%
	Sep	100.00%	100.00%	100.00%	N/A	100.00%	100.00%

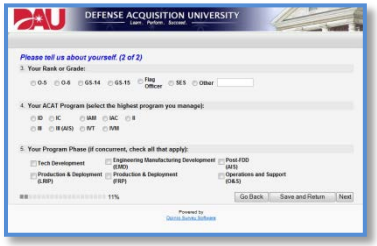
OSD Goals

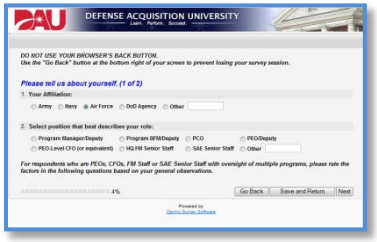
Various Factor Categories

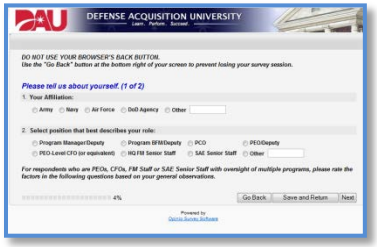


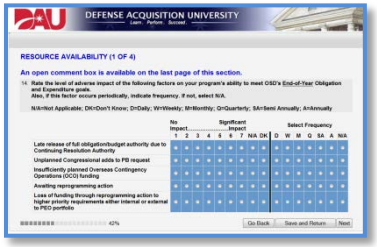
Opinio® Survey Instrument

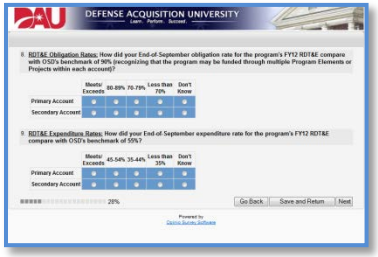
Methodology

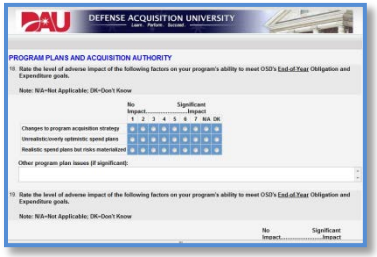


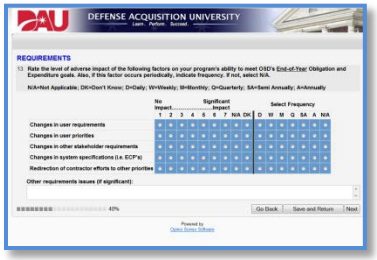


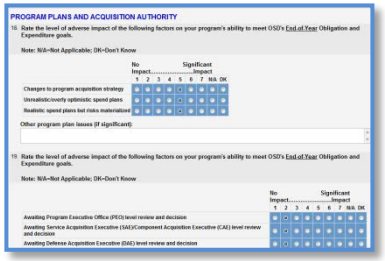












Survey Key Features

- Completely customized, extensive branching—more efficient for respondent and data analysts
- 138 questions in total
- Used 1-7 Likert scale
- Questions mostly quantitative
- Non-attribution" promised… confidentiality maintained
- Some key questions open-ended

Open-ended Questions

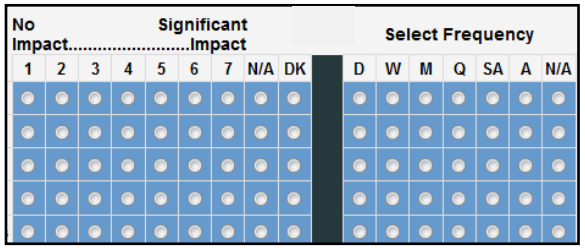
1. How could OSD and DoD Components better measure and/or incentivize program execution while promoting efficiencies and acquisition effectiveness?
2. How could PMs be incentivized to return excess or early-to-need funds?
3. What metrics are most useful in managing the obligation of funds?
4. Any recommendations to help meet OSD's obligation and expenditure goals?
5. Any recommendations to PMs/BFMs to improve obligation/expenditure rates?
6. Any Requirements issues?
7. Any Insufficient personnel resources?
8. Any Program plan issues?
9. Any Program Management office issues?
10. Any Acquisition Authority issues?
11. Causes of uneven burn rate?
12. Any Contractual issues?
13. Any other actions affecting under execution?

TOP-BOX SCORING Explanation

Methodology

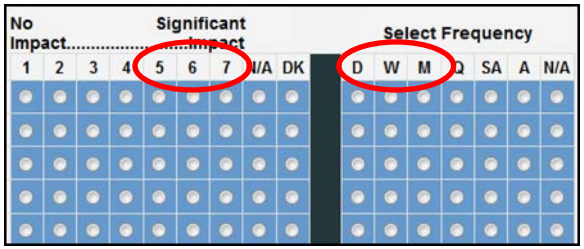
The Following Analysis Displayed with Top-Box Scoring Method

Respondents were given a 7 point Likert scale for rating the level of adverse "Impacts" (and sometimes Frequency) on various factors with regard to their respective programs



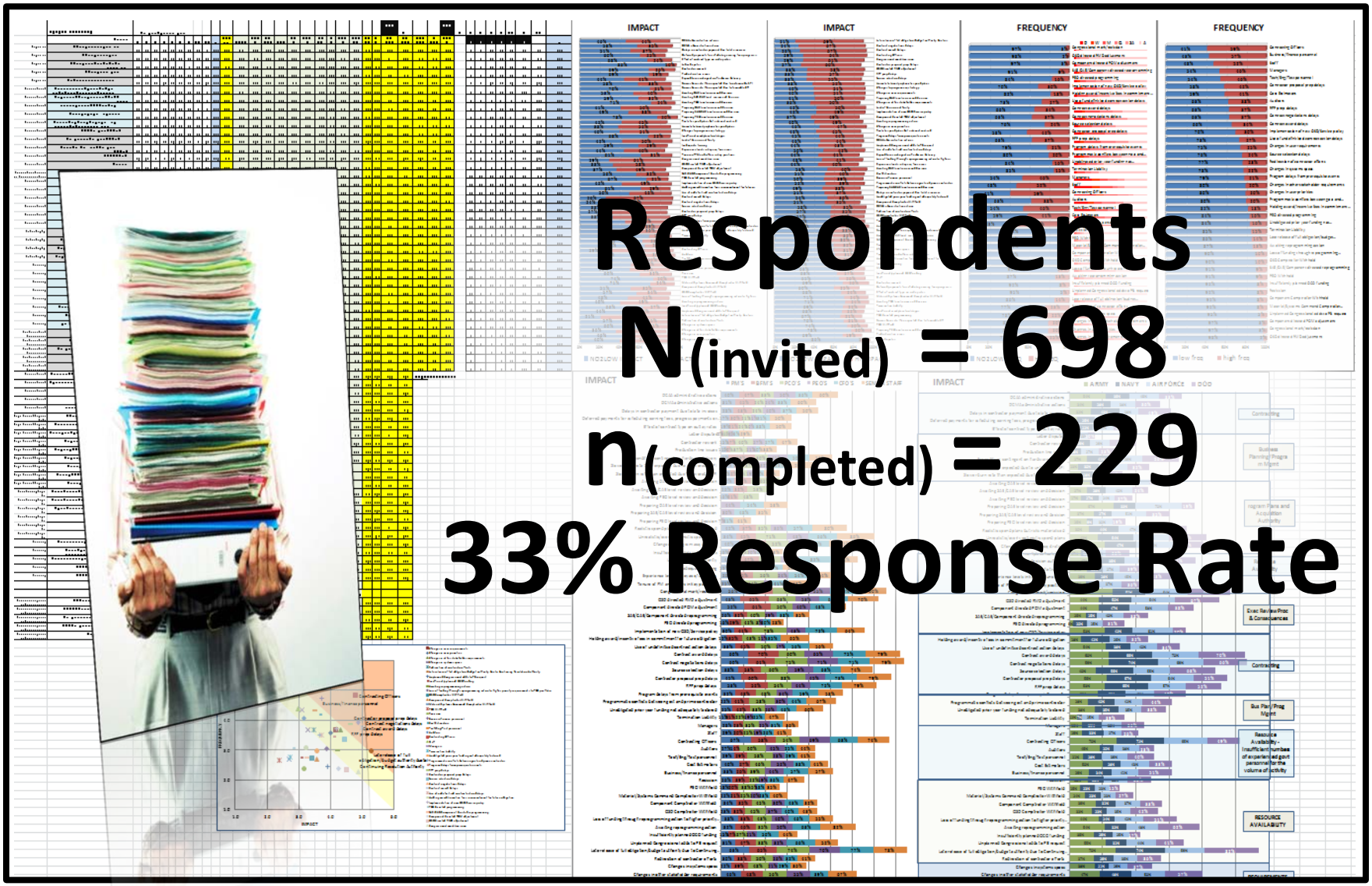
What is Top-Box and Why Use This Method?

- Top-Box 3 combines the top 3 likert scores and divides by the total number of responses
- Used to quickly assess results in stand-alone studies
- Used in the absence of benchmark or historical data
- Less focus on passive responses
- Responses grouped by the highest impact and the most frequent



What did the Data Say?

Findings



Respondents

$N_{(invited)} = 698$

$n_{(completed)} = 229$

33% Response Rate

Demographics
Who Took the Survey?

Findings

COMPONENT or AGENCY	ACAT LEVELS			POSITIONS			TOTALS		
	I	II	III	Program Office[1]	PEO[2]	Senior Staff[3]	Responses	Queried	Response Rate
Army	16	5	4	25	16	3	44	107	41%
Navy	25	3	2	30	10	2	42	166	25%
Air Force	40	15	7	62	24	7	93	261	36%
DoD Agency	10	5	10	25	13	12	50	164	30%
Total	91	28	23	142	63	24	229	698	33%

[1]**Program Office**: Program Managers, Deputy Program Managers, Budget and Financial Managers (BFM), Deputy BFMs, and Contracting Officers

[2]**PEO**: Program Executive Officers (PEOs), Deputy PEOs and their Chief Financial Officers

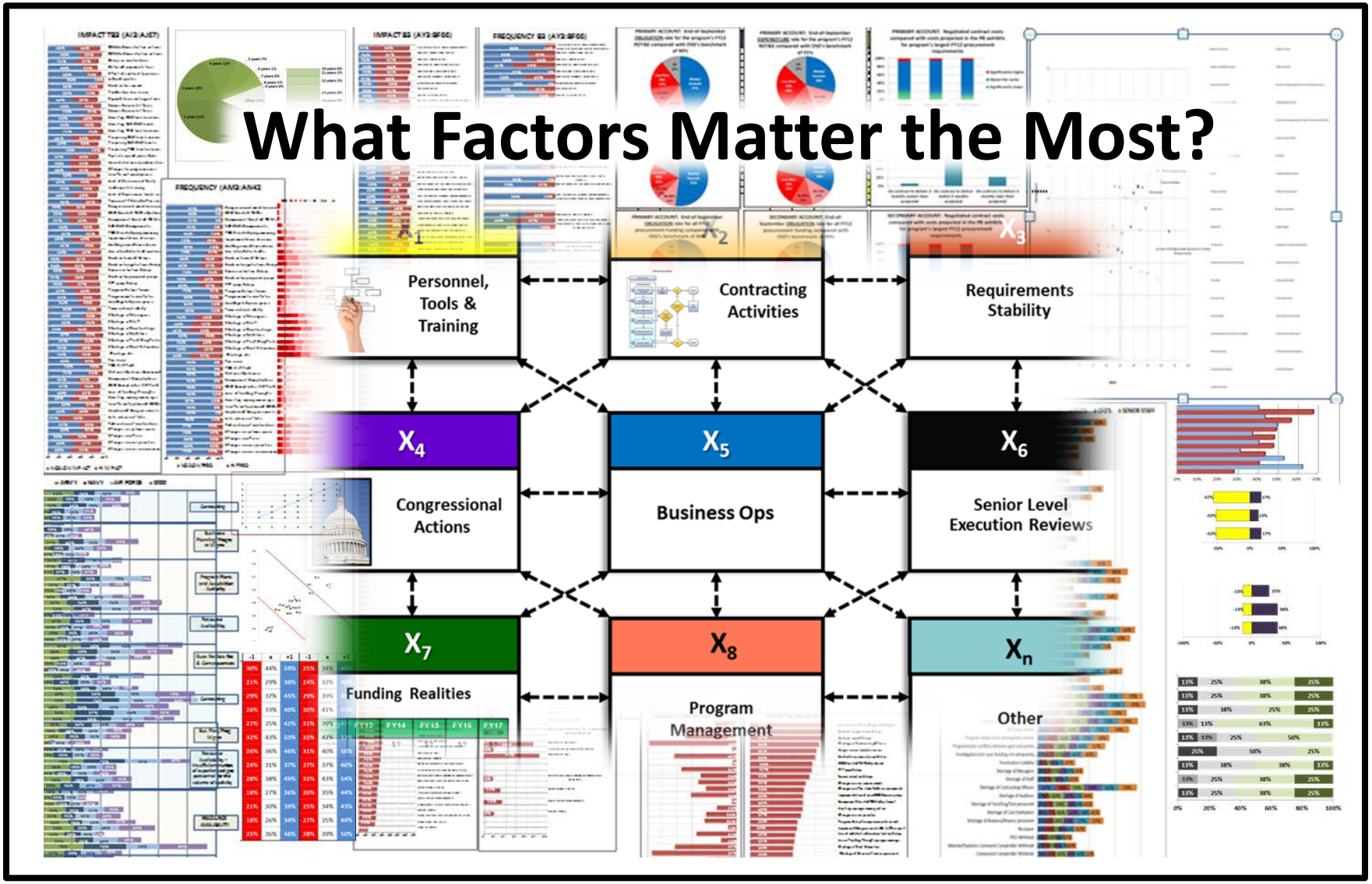
[3]**Senior Staff at OSD**: Headquarter Financial Managers and Senior Acquisition Executive Staff

Military Respondent Rank Distribution	
Flag	11
0-6	30
0-5	16
Other (0-3's, O-4's)	3
Total	60

Civilian Respondent Rank Distribution	
SES	19
GS-15	94
GS-14/NH-IV	32
Other (GS-12's, GS-13's, NH-III's)	24
Total	169

What did the Data Say?

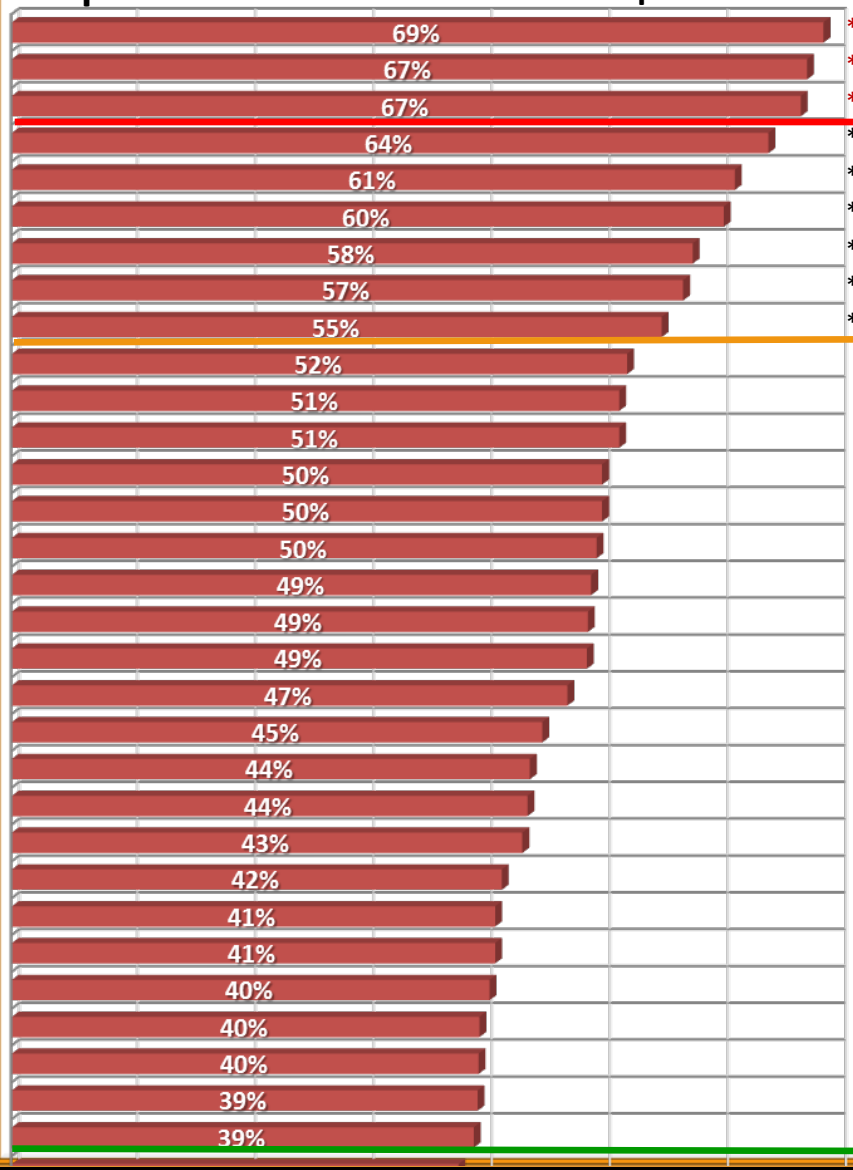
Findings



Contributing Factors – IMPACT

Findings

Respondents Rated 64 Factors: Top-Box 3



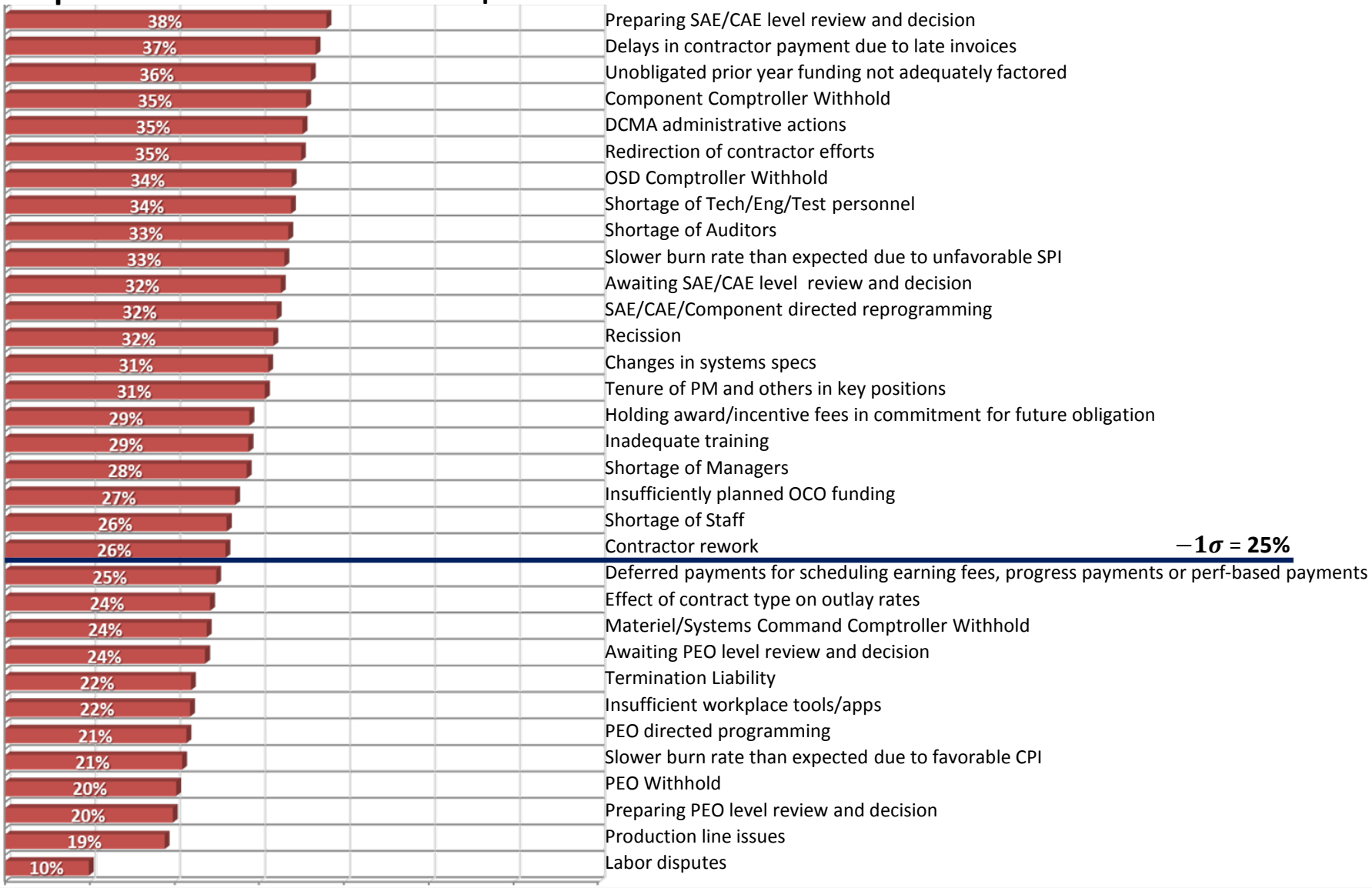
**Late release of full obligation/budget authority due to CRA
**Contract negotiations delays
Contract award delays $+2\sigma$ = **67%
**Shortage of Contracting Officers
**Congressional mark/recission
**Contractor proposal prep delays
**OSD directed RMD adjustment
**RFP prep delays
Source selection delays $+1\sigma$ = **53%
*Unrealistic/overly optimistic spend plans
*Changes in user requirements
*Changes to program acq strategy
*Changes in other stakeholder requirements
*Preparing DAE level review and decision
*Lack of decision authority
*Implementation of new OSD/Service policy
*Component directed POM adjustment
*Awaiting reprogramming action
*Changes in user priorities
*Realistic spend plans but risks materialized
*Program delays from prerequisite events
*DCAA administrative actions
*Unplanned Congressional adds to PB request
*Use of undefinitized contract action delays
*Expenditure contingent on hardware delivery
*Funding Loss: reprogramming action to higher priority requirements to PEO portfolio
*Lack of Experience levels in key acq func areas
*Awaiting DAE level review and decision
*Shortage of Cost Estimators
*Shortage of Business/finance personnel
*Programmatic conflicts between govt and prime contractor $\bar{x}$ = **39%**

** ≥ +2σ
** ≥ +1σ
* ≥ $\bar{x}$

Contributing Factors – IMPACT

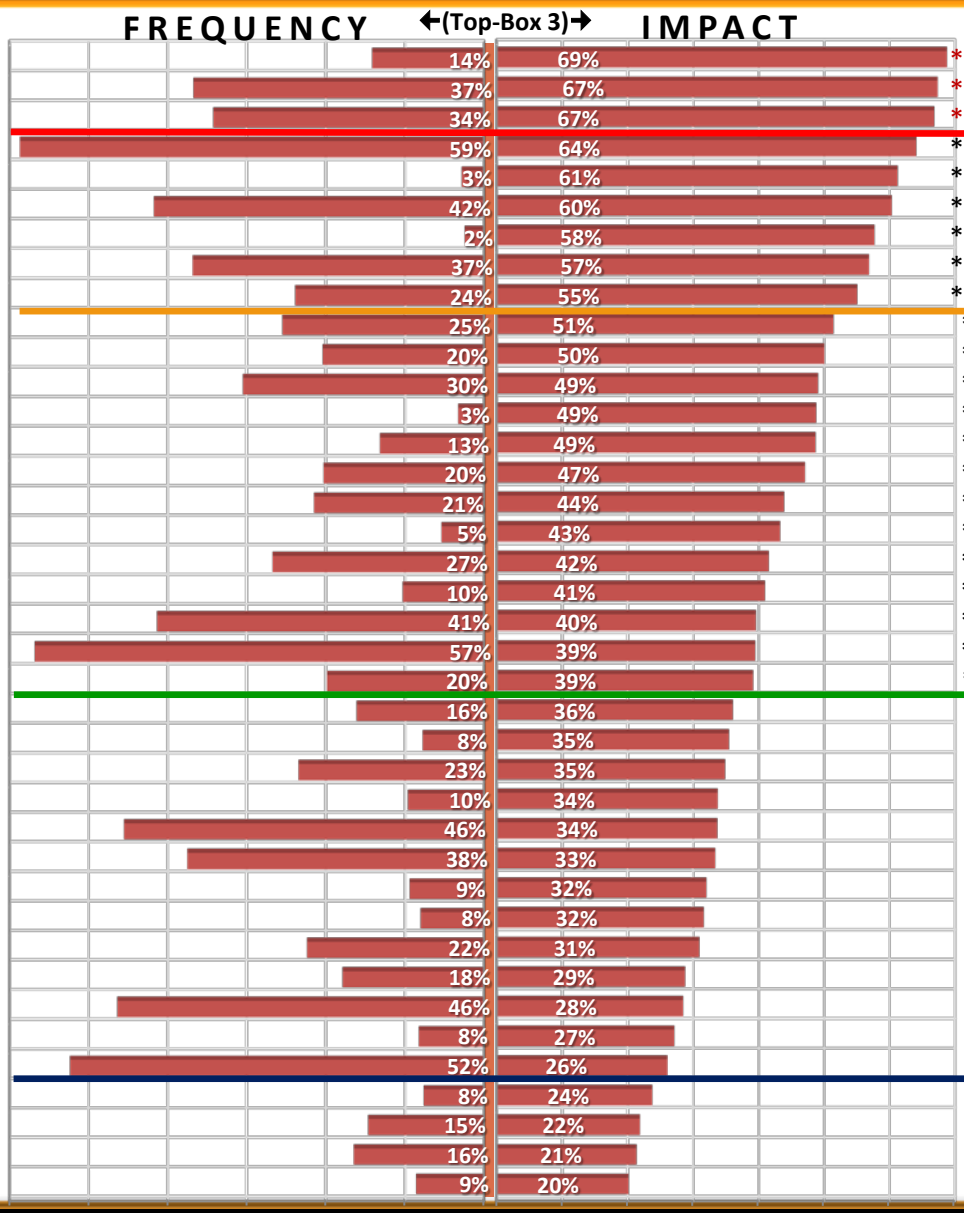
Findings

Respondents Rated 64 Factors: Top-Box 3



Contributing Factors – IMPACT With FREQUENCY

Findings



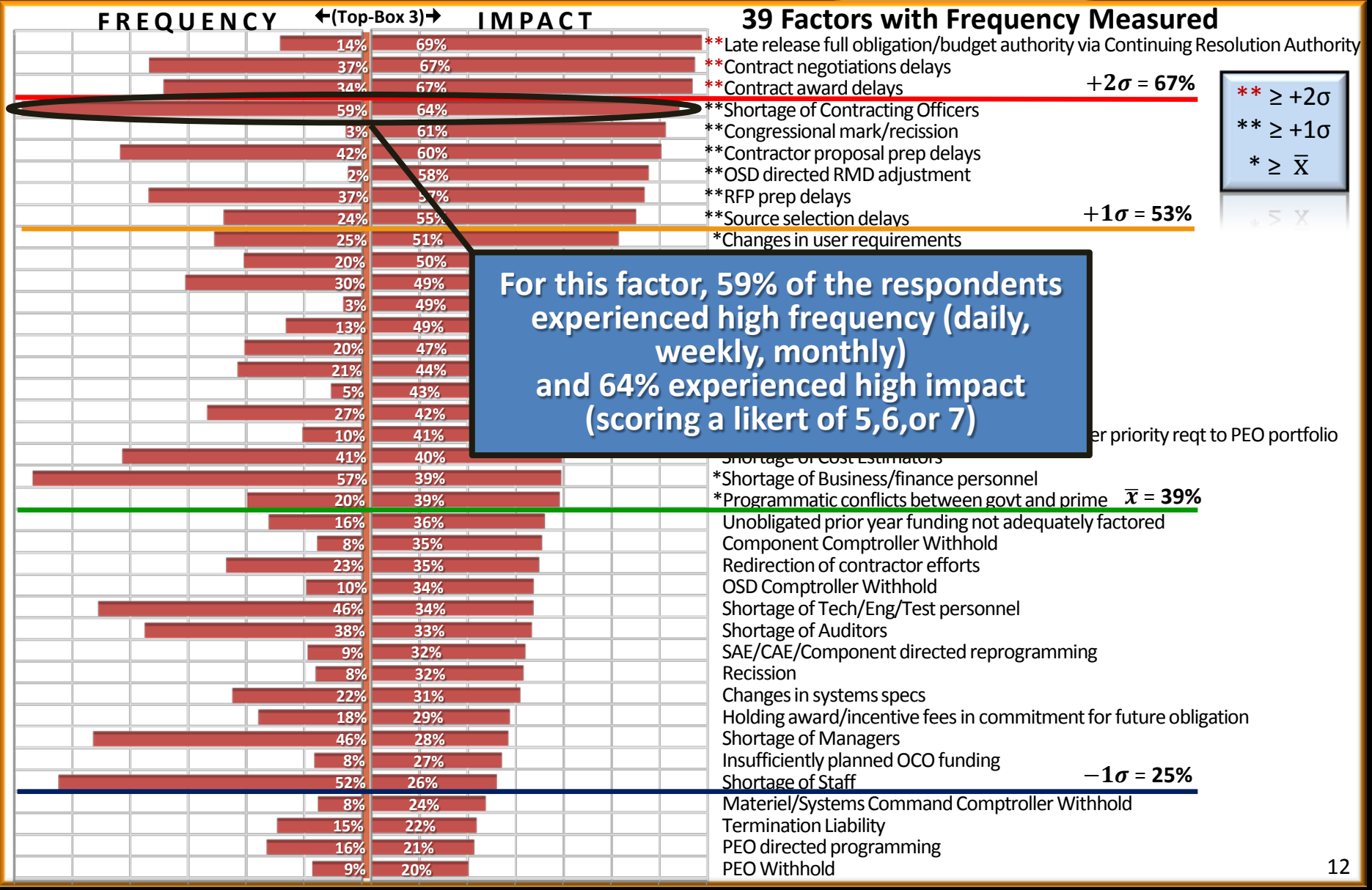
39 Factors with Frequency Measured

**Late release full obligation/budget authority via Continuing Resolution Authority
**Contract negotiations delays
**Contract award delays
$+2\sigma$ = 67%
**Shortage of Contracting Officers
**Congressional mark/recission
**Contractor proposal prep delays
**OSD directed RMD adjustment
**RFP prep delays
**Source selection delays
$+1\sigma$ = 53%
*Changes in user requirements
*Changes in other stakeholder requirements
*Implementation of new OSD/Service policy
*Component directed POM adjustment
*Awaiting reprogramming action
*Changes in user priorities
*Program delays from prerequisite events
*Unplanned Congressional adds to PB request
*Use of undefinitized contract action delays
*Loss of funding: reprogramming action to higher priority reqt to PEO portfolio
*Shortage of Cost Estimators
*Shortage of Business/finance personnel
*Programmatic conflicts between govt and prime
$\bar{x}$ = 39%
Unobligated prior year funding not adequately factored
Component Comptroller Withhold
Redirection of contractor efforts
OSD Comptroller Withhold
Shortage of Tech/Eng/Test personnel
Shortage of Auditors
SAE/CAE/Component directed reprogramming
Recission
Changes in systems specs
Holding award/incentive fees in commitment for future obligation
Shortage of Managers
Insufficiently planned OCO funding
Shortage of Staff
-1σ = 25%
Materiel/Systems Command Comptroller Withhold
Termination Liability
PEO directed programming
PEO Withhold

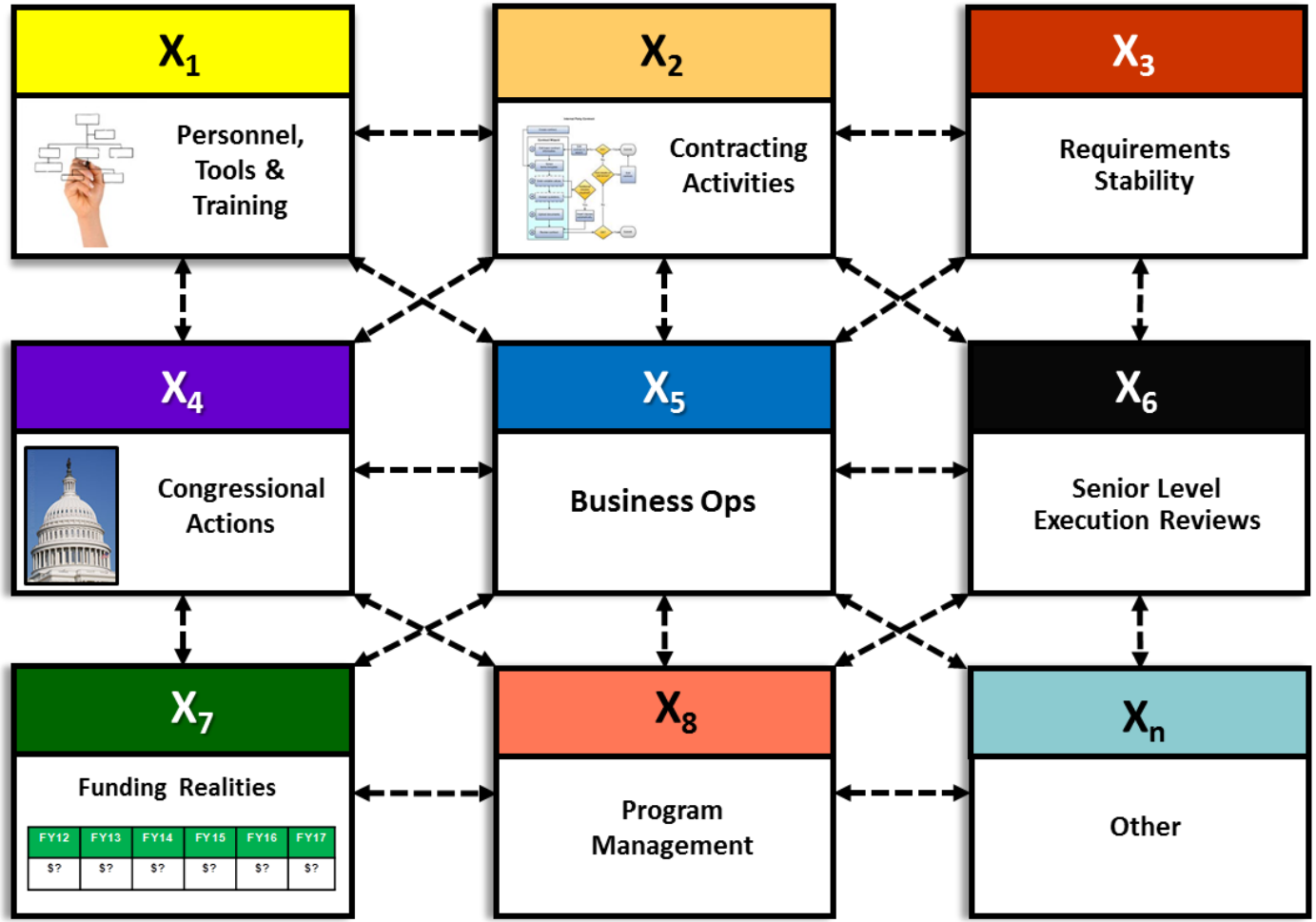
** ≥ +2σ
** ≥ +1σ
* ≥ $\bar{x}$

Contributing Factors – IMPACT With FREQUENCY

Findings

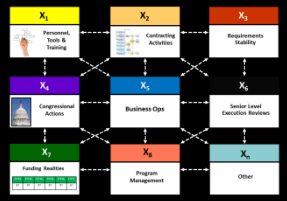


This Study Assessed the Factors under these Categories (X_1, X_2, X_3… X_n) and coupled them with reinforcing Qualitative Comments (in back-ups)



Highest Impact Factors
Descending Order

Findings



Factors and their Ranking	ALL	Individual factor Rating			
		Low	High	$\bar{x}$	σ
1. Late release of full obligation/budget authority due to CRA	69%	63%	78	71%	6%
2. Contract negotiations delays	67%	60%	79	70%	8%
3. Contract award delays	67%	60%	79	68%	8%
$+2\sigma$					
4. Shortage of Contracting Officers	64%	54	74	64%	7%
5. Congressional mark	61%	55%	77	63%	8%
6.Contractor proposal prep delays	60%	45%	88	65%	18%
7. OSD directed RMD adjustment	58%	43%	70	60%	10%
8. RFP prep delays	57%	52%	79	59%	13%
9. Source selection delays	55%	38%	74	58%	12%
$+1\sigma$					
10. Unrealistic/overly optimistic spend plans	52%	34%	86	58%	19%
11. Changes in user requirements	51%	33%	72	56%	14%
12. Changes to program acquisition strategy	51%	40%	75	54%	14%
13. Changes in other stakeholder requirements	50%	39%	67	51%	9%
14. Preparing DAE level review and decision	50%	44	54	50%	6%
15. Lack of decision authority at expected levels	50%	40%	82	52%	16%
16. Implementation of new OSD/Service policy	49%	30%	78	55%	19%

Factors and their Rating	ALL	Individual factor Rating			
		Low	High	$\bar{x}$	σ
17. Component directed POM adjustment	49%	35%	61%	48%	10%
18.Awaiting reprogramming	49%	32%	82%	51%	19%
19. Changes in user priorities	47%	39%	55%	49%	6%
20. Realistic spend plans but risks materialized	45%	35%	80%	48%	18%
21. Program delays resulting from additional development, testing or other prerequisite events	44%	32%	59%	46%	11%
22. DCAA administrative actions	44%	33%	60%	45%	10%
23. Unplanned Congressional adds to PB request	43%	31%	66%	44%	13%
24. Use of undefinitized contract action delays	42%	17%	56%	43%	15%
25. Expenditure contingent on hardware delivery	41%	17%	59%	42%	16%
26. Loss of funding through reprogramming action to higher priority req'ts to PEO portfolio	41%	33%	55%	43%	7%
27. Lack of Experience levels in key acquisition functional areas	40%	24%	56%	44%	14%
28. Awaiting DAE level review and decision	40%	30%	65%	44%	19%
29. Shortage of Cost Estimators	40%	27%	52%	41%	8%
30. Shortage of Business/finance personnel	39%	26%	57%	43%	12%
31. Programmatic conflicts between govt and prime contractor	39%	22%	67%	44%	17%
$\bar{x}$					

LOW Impact. . . . . HIGH Impact

Lowest Impact

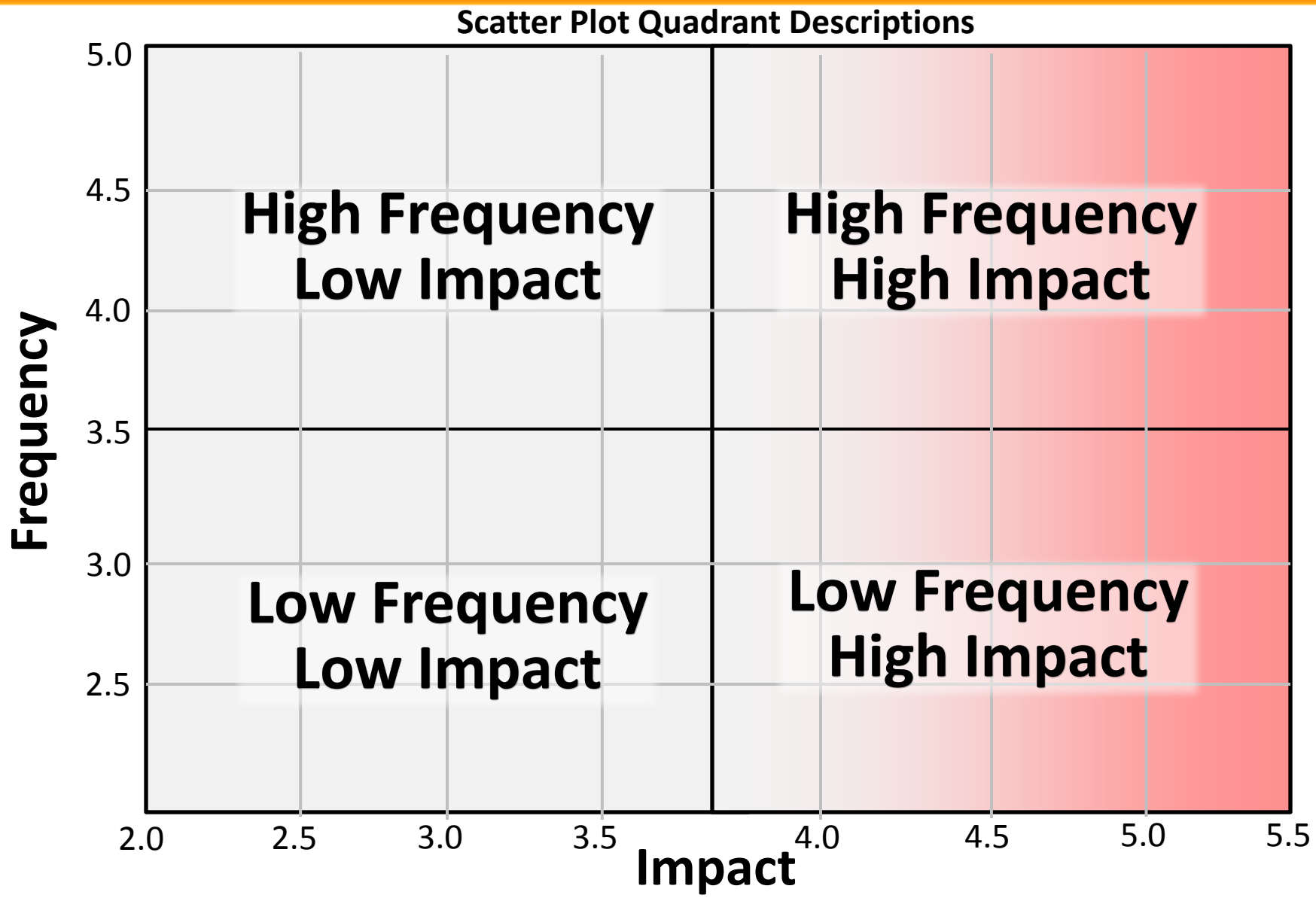
Highest Impact

Four Open-Ended Questions

1. **What metrics have you found most useful in managing the obligation of funds?**
   - **<u>151</u> Recommendations:** Repeating themes: real-time monitoring….frequent reviews…tight coupling to contractor actions and milestones…realistic spend plans with inch stones…traceability…
2. **What other recommendations would you make to help meet OSD's Obs/Exps goals?**
   - **<u>123</u> Recommendations:** Repeating themes: include a CRA duration variable…realistic plans…funding stability…reduce bureaucratic obstacles…synchronize processes and accounting systems…
3. **What would you recommend to PMs/BFMs to improve OBLIGATION rates?**
   - **<u>149</u> Recommendations:** Repeating themes: Better Planning (82)….Realistic schedules(31)…
4. **What would you recommend to PMs/BFMs to improve EXPENDITURE rates?**
   - **<u>158</u> recommendations:** Repeating themes: realistic goals…streamlined processes…government/industry cooperation…accountability…proactive workforce…

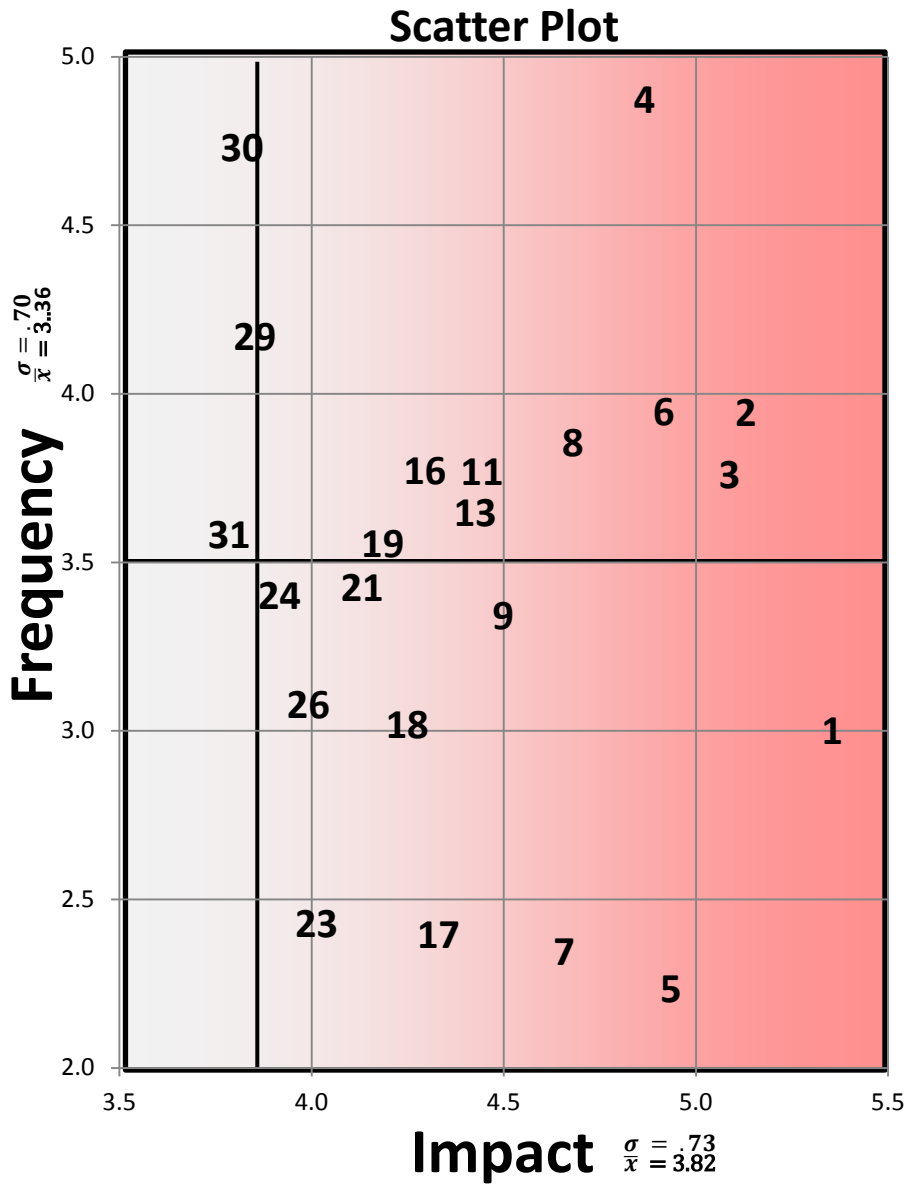
Contributing Factors (Frequency Vs Impact)

Findings



Contributing Factors (Frequency Vs Impact)

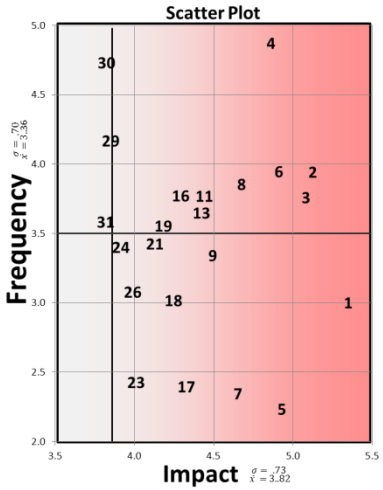
Findings



1 **Late release of full obligation/budget authority due to CRA
2 **Contract negotiation delays
3 **Contract award delays
4 **Shortage of Contracting Officers
5 **Congressional mark
6 **Contractor proposal prep delays
7 **OSD directed RMD adjustment
8 **RFP prep delays
9 **Source selection delays
10 ***Unrealistic/overly optimistic spend plans*[1]
11 *Changes in user requirements
12 ***Changes to program acquisition strategy*[1]
13 *Changes in other stakeholder requirements
14 ***Preparing DAE level review and decision*[1]
15 ***Lack of decision authority at expected levels*[1]
16 *Implementation of new OSD/Service policy
17 *Component directed POM adjustment
18 *Awaiting reprogramming action
19 *Changes in user priorities
20 ***Realistic spend plans but risks materialized*[1]
21 *Program delays from additional development, testing or other prerequisite events
22 ***DCAA administrative actions*[1]
23 *Unplanned Congressional adds to PB request
24 *Use of undefinitized contract action delays
25 ***Expenditure contingent on hardware delivery*[1]
26 *Loss of funding through reprogramming action to higher priority requirements to PEO portfolio
27 ***Lack of Experience levels in key acquisition functional areas*[1]
28 ***Awaiting DAE level review and decision*[1]
29 *Shortage of Cost Estimators
30 *Shortage of Business/finance personnel
31 *Programmatic conflicts between gov't and prime contractor

** ≥ +2σ
** ≥ +1σ
* ≥ $\bar{x}$
[1] Impact without Frequency

Factor Couplings and Respondent Disparities



- Of all the factor impacts $\geq \bar{x} + 1\sigma$ that are within internal control, contracting-related activities are seen as having the most significant impact on Obligation & Expenditure Rates (6 out of top 10)
  - When frequency was added, most prominent factor was Contracting Officer shortages (Factor #4).
- In some cases, perspectives were markedly different with larger standard deviations among respondent groups (i.e. Program Offices, PEOs, and Senior Staff) for Factors below 2σ. The following examples indicate the need to better understand respondent disparities
  - Factor #10: Unrealistic/overly optimistic spend plans (19% σ)
  - Factor #11: Changes in user requirements (14% σ)
  - Factor #12: Changes to program acquisition strategy (14% σ)
  - Factor #16: Implementation of new OSD/Service policy (19% σ)
  - Factor #18: Awaiting reprogramming (19% σ)

Factor Impacts and Associated Correlations

Conclusions

r	r^2*	STRONGEST CORRELATION COEFFICIENTS
		Slower Burn Rate than Expected due to:
.77	59%	60 Favorable CPI & 41Unfavorable SPI
.74	55%	54 Effect of Contract Type on Outlay Rates & 53 Deferred Payments for Scheduling ….Earning Fees, Progress Payments or Performance Based Payments
		Experience and Training and Tenure:
.84	71%	27 Key Acquisition Experience Levels & 48 Inadequate Training
.78	61%	27 Key Acquisition Experience Levels & 46 Tenure of PM and Other Key Positions
.66	44%	48 Inadequate Training & 58 Insufficient Workplace Tools/Apps
.63	40%	15: Lack of decision authority & 48 Inadequate Training
.68	46%	48 Inadequate Training & 46 Tenure of PM and Other Key Positions
		Administrative Actions:
.81	66%	36 DCMA & 22 DCAA
		Changes In Content:
.82	67%	11 User Requirements & 19 User Priorities
.66	44%	45 Systems Specs & 37 Redirection of Contractor Efforts
.70	49%	19 User Priorities & 13 Stakeholder requirements
		Programming and Reprograming:
.68	46%	59 PEO Directed Programming & 43 SAE/CAE/Component Directed Reprogramming
		Industry Issues:
.82	67%	52 Contractor Rework & 63 Production Line Issues & 64 Labor Disputes
		Funding Actions:
.73	53%	38 OSD Comptroller Withhold & 35 Component Comptroller Withhold
.68	46%	17 Component Directed POM Adjustment & 7 OSD Directed RMD Adjustment
		Contract Chain:
.73	53%	6 Contractor Proposal Delay & 2 Contract Negotiations Delays
.71	50%	3 Contract Award Delays & 2 Contract Negotiations Delays
.69	48%	3 Contract Award Delays & 9 Source selection delays
.65	42%	6 Contractor Proposal Delay & 24 Use of undefinitized contract action delays

WEAKEST CORRELATION

1: Late release of full obligation/budget authority due to CRA
4: Shortage of Contracting Officers
5: Congressional Mark/Recission
8: RFP prep delays
10: Unrealistic/overly optimistic spend plans
12: Changes to program acq strategy
16: Implementation of new OSD/Service policy
18: Awaiting reprogramming action
20: Realistic spend plans but risks materialized
21: Program delays from prerequisite events
23: Unplanned Congressional adds to PB request
25: Expenditure contingent on hardware delivery
26: Funding Loss: reprogramming action to higher priority requirements to PEO portfolio
29: Shortage of Cost Estimators
30: Shortage of Business/finance personnel
31: Programmatic conflicts between govt and prime contractor
33: Delays in contractor payment due to late invoices
34: Unobligated prior year funding not adequately factored
39: Shortage of Tech/Eng/Test personnel
40: Shortage of Auditors
44: Recission
49: Shortage of Managers
51: Shortage of Staff
55: Materiel/Systems Command Comptroller Withhold
61: PEO Withhold

*** The higher the % the stronger the direction and strength of the linear relationship between the variables**

Factors # 1 – 3 ≥ +2σ; Factors # 4 – 9 ≥ +1σ Factors # 10 – 31 ≥ $\bar{x}$

Connection Between Factors and BBPi V2.0 Draft Metrics

Better Buying Power 2.0

Achieve Affordable Programs
- Mandate affordability as a requirement
- Institute a system of investment planning to derive affordability caps
- Enforce affordability caps

Control Costs Throughout the Product Lifecycle
- Implement "should cost" based management
- Eliminate redundancy within warfighter portfolios
- Institute a system to measure the cost performance of programs and institutions and to assess the effectiveness of acquisition policies
- Build stronger partnerships with the requirements community to control costs
- Increase the incorporation of defense exportability features in initial designs

Incentivize Productivity & Innovation in Industry and Government
- Align profitability more tightly with Department goals
- Employ appropriate contract types
- Increase use of Fixed Price Incentive contracts in Low Rate Initial Production
- Better define value in "best value" competitions
- When LPTA is used, define Technically Acceptable to ensure needed quality
- Institute a superior supplier incentive program
- Increase effective use of Performance-Based Logistics
- Reduce backlog of DCAA Audits without compromising effectiveness
- Expand programs to leverage industry's IR&D

Eliminate Unproductive Processes and Bureaucracy
- Reduce frequency of OSD level reviews
- Re-emphasize AE, PEO and PM responsibility and accountability
- Eliminate requirements imposed on industry where costs outweigh benefits
- Reduce cycle times while ensuring sound investment decisions

Promote Effective Competition
- Emphasize competition strategies and creating and maintaining competitive environments
- Enforce open system architectures and effectively manage technical data rights
- Increase small business roles and opportunities
- Use the Technology Development phase for true risk reduction

Improve Tradecraft in Acquisition of Services
- Assign senior managers for acquisition of services
- Adopt uniform services market segmentation
- Improve requirements definition/prevent requirements creep
- Increase use of market research
- Increase small business participation
- Strengthen contract management outside the normal acquisition chain – installations, etc.
- Expand use of requirements review boards and tripwires

Improve the Professionalism of the Total Acquisition Workforce
- Establish higher standards for key leadership positions
- Establish stronger professional qualification requirements for all acquisition specialties
- Increase the recognition of excellence in acquisition management
- Continue to increase the cost consciousness of the acquisition workforce – change the culture

31 Study Factors

1 **Late release of full obligation/budget authority due to CRA
2 **Contract negotiations delays
3 **Contract award delays
4 **Shortage of Contracting Officers
5 **Congressional mark
6 **Contractor proposal prep delays
7 **OSD directed RMD adjustment
8 **RFP prep delays
9 **Source selection delays
10 *Unrealistic/overly optimistic spend plans[1]
11 *Changes in user requirements
12 *Changes to program acquisition strategy[1]
13 *Changes in other stakeholder requirements
14 *Preparing DAE level review and decision[1]
15 *Lack of decision authority at expected levels[1]
16 *Implementation of new OSD/Service policy
17 *Component directed POM adjustment
18 *Awaiting reprogramming action
19 *Changes in user priorities
20 *Realistic spend plans but risks materialized[1]
21 *Program delays from additional development, testing or other prerequisite events
22 *DCAA administrative actions[1]
23 *Unplanned Congressional adds to PB request
24 *Use of undefinitized contract action delays
25 *Expenditure contingent on hardware delivery[1]
26 *Loss of funding through reprogramming action to higher priority requirements to PEO portfolio
27 *Lack of Experience levels in key acquisition functional areas[1]
28 *Awaiting DAE level review and decision[1]
29 *Shortage of Cost Estimators
30 *Shortage of Business/finance personnel
31 *Programmatic conflicts between gov't and prime contractor

** ≥ +2σ
** ≥ +1σ
* ≥ $\bar{x}$
[1] Impact without Frequency

Study Factors ≥ $\bar{x}$

CONTROL COST THROUGHOUT THE PRODUCT LIFE CYCLE

- **Continue to instill cost consciousness of the DoD AT&L workforce – change the culture**
  - **METRIC:** Expansion of RFP development and negotiating experts available to support DoD-wide contracting actions **(factors: 4, 8, 27)**
- **Institute a system to measure the productivity and cost performance of acquisition programs and institutions…**
  - **METRIC:** Improved ability to measure the effectiveness of policies and processes, Long-term improvements in cost, schedule, and technical performance of acquisitions **(factors: 7, 16, 26)**
- **Build stronger partnerships with the req'ts community to control costs**
  - **METRIC**: A more affordable total force construct and more flexible req'ts processes enabling efficient and responsive Acquisition **(factors: 11,13, 19)**

INCENTIVIZE PRODUCTIVITY & INNOVATION IN INDUSTRY AND GOVERNMENT

- **Define value of "capability" in "best value" competitions**
  - **METRIC**: RFPs can be measured objectively to determine whether the value of capability is being objectively and clearly articulated **(factors: 4, 27)**
- **When LPTA is used, define Technically Acceptable to ensure needed quality**
  - **METRIC**: More competition. Fewer protests, and Less revisit of contracts **(factors: 3, 27, 31)**
- **Reduce backlog of DCAA audits without compromising effectiveness**
  - **METRIC**: Increase DCAA achievement against inventory reduction goals; Increase DoD achievement of improved contract closeout and de-obligation of expired/canceled funds **(factors: 22, 27)**

ELIMINATE UNPRODUCTIVE PROCESSES AND BUREAUCRACY

- **Reduce cycle times while ensuring quality of acquisition processes and decision-making**
  - **METRIC:** Timely decisions based on original plan, Cost avoidance, Retention of program schedule **(factors: 3, 4, 12, 15, 27, 28, 29)**
- **Re-emphasize AE, PEO and PM direct lines of accountability to MDA**
  - **METRIC**: PM, PEO, CAE and stakeholder feedback, improved DRM/DAB exchange on issues, and reduced timelines for programs **(factors: 3, 10, 12, 14, 18, 26, 28)**

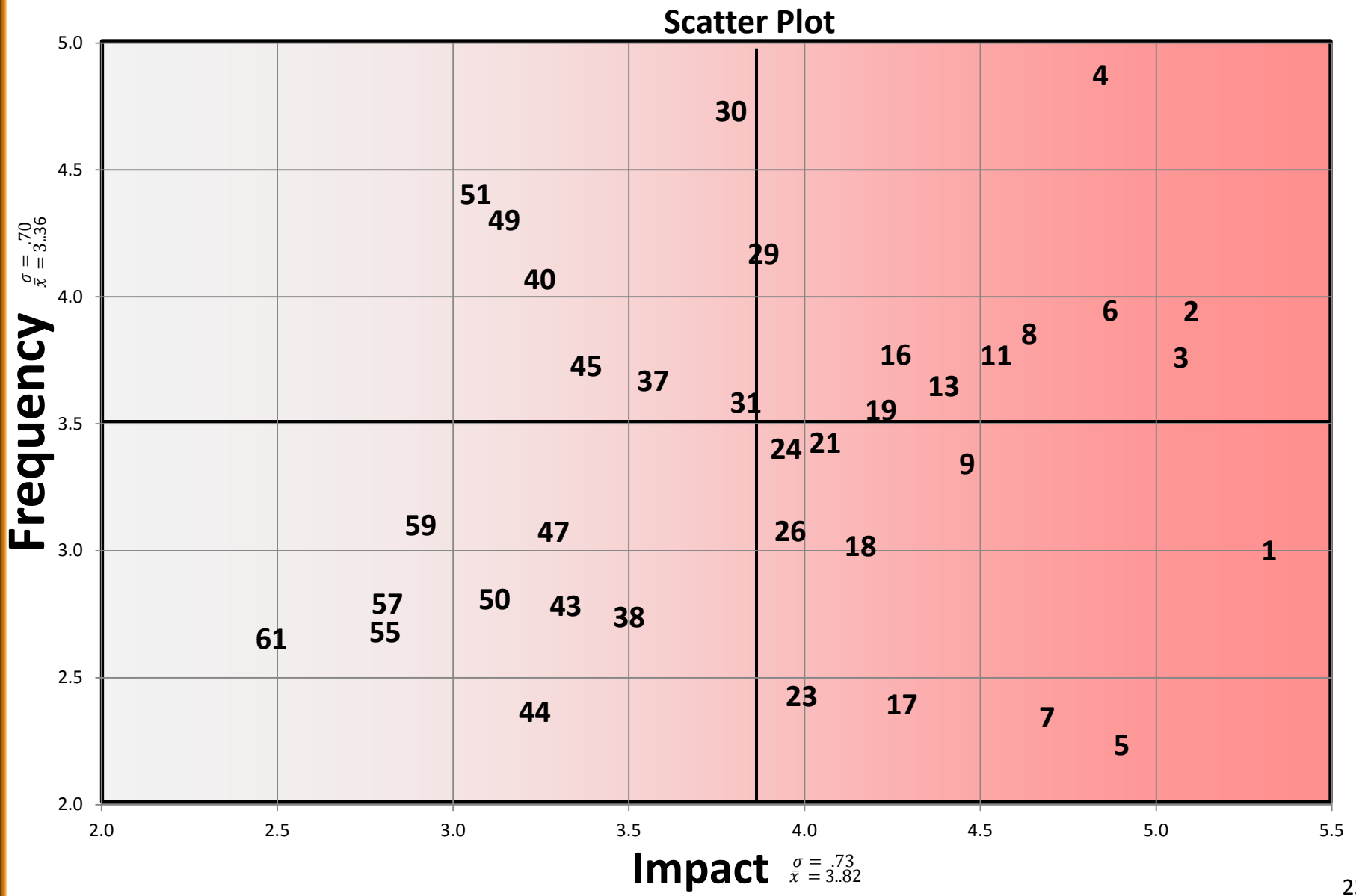
Back-ups

All Factors by Impact in Descending Order

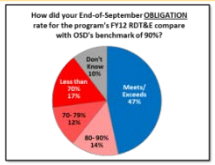
1 **Late release of full obligation/budget authority due to CRA
2 **Contract negotiations delays
3 **Contract award delays
4 **Shortage of Contracting Officers
5 **Congressional mark/recission
6 **Contractor proposal prep delays
7 **OSD directed RMD adjustment
8 **RFP prep delays
9 **Source selection delays
*10 *Unrealistic/overly optimistic spend plans*
11 *Changes in user requirements
*12 *Changes to program acq strategy*
13 *Changes in other stakeholder requirements
*14 *Preparing DAE level review and decision*
*15 *Lack of decision authority*
16 *Implementation of new OSD/Service policy
17 *Component directed POM adjustment
18 *Awaiting reprogramming action
19 *Changes in user priorities
*20 *Realistic spend plans but risks materialized*
21 *Program delays from prerequisite events
*22 *DCAA administrative actions*
23 *Unplanned Congressional adds to PB request
24 *Use of undefinitized contract action delays
*25 *Expenditure contingent on hardware delivery*
26 *Funding Loss: reprogramming action to higher priority requirements to PEO portfolio
*27 *Lack of Experience levels in key acq func areas*
*28 *Awaiting DAE level review and decision*
29 *Shortage of Cost Estimators
30 *Shortage of Business/finance personnel
31 *Programmatic conflicts between govt and prime contractor
32 Preparing SAE/CAE level review and decision
33 Delays in contractor payment due to late invoices
34 Unobligated prior year funding not adequately factored
35 Component Comptroller Withhold
36 DCMA administrative actions
37 Redirection of contractor efforts
38 OSD Comptroller Withhold
39 Shortage of Tech/Eng/Test personnel
40 Shortage of Auditors
41 Slower burn rate than expected due to unfavorable SPI
42 Awaiting SAE/CAE level review and decision
43 SAE/CAE/Component directed reprogramming
44 Recission
45 Changes in systems specs
46 Tenure of PM and others in key positions
47 Holding award/incentive fees in commitment for future obligation
48 Inadequate training
49 Shortage of Managers
50 Insufficiently planned OCO funding
51 Shortage of Staff
52 Contractor rework
53 Deferred payments for scheduling earning fees, progress payments or performance based payments
54 Effect of contract type on outlay rates
55 Materiel/Systems Command Comptroller Withhold
56 Awaiting PEO level review and decision
57 Termination Liability
58 Insufficient workplace tools/apps
59 PEO directed programming
60 Slower burn rate than expected due to favorable CPI
61 PEO Withhold
62 Preparing PEO level review and decision
63 Production line issues
64 Labor disputes

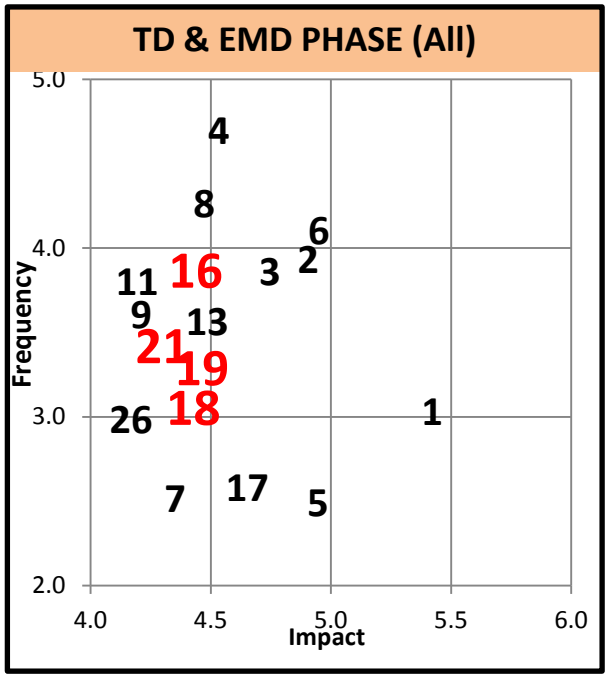
Contributing Factors

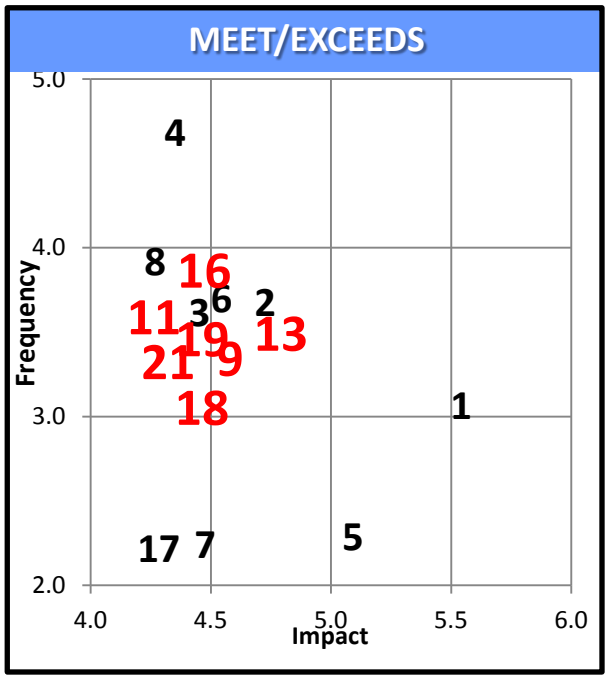
Findings

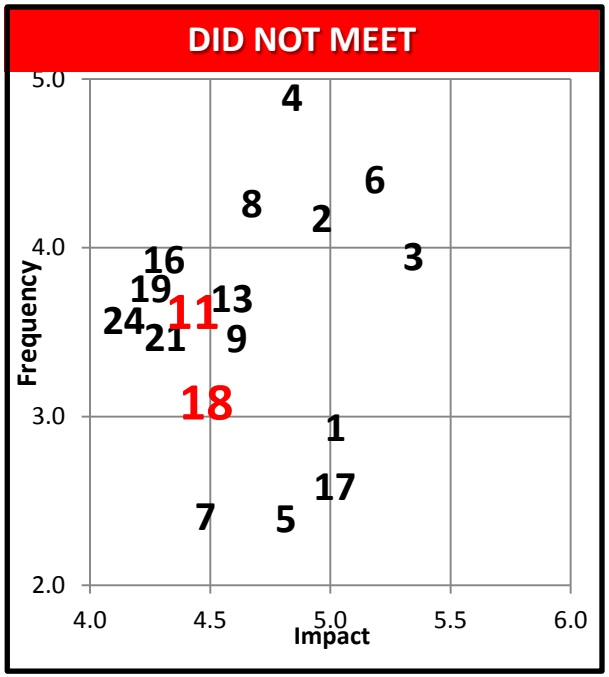


Factor Ratings ≥ $\bar{x}$ by TD & EMD Phases: How did your End-of-September OBLIGATION rate for the program's FY12 RDT&E compare with OSD's benchmark of 90%?









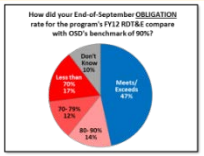
What Factors shifted "below" Aggregate $\bar{x}$?

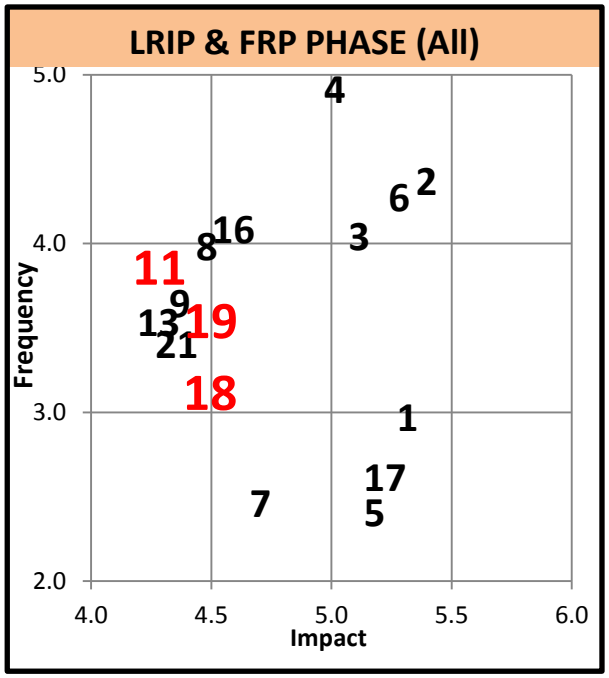
9 **Source selection delays
11 *Changes in user requirements
13 *Changes in other stakeholder requirements
16 *Implementation of new OSD/Service policy
18 *Awaiting reprogramming action
19 *Changes in user priorities
21 *Program delays from prerequisite events

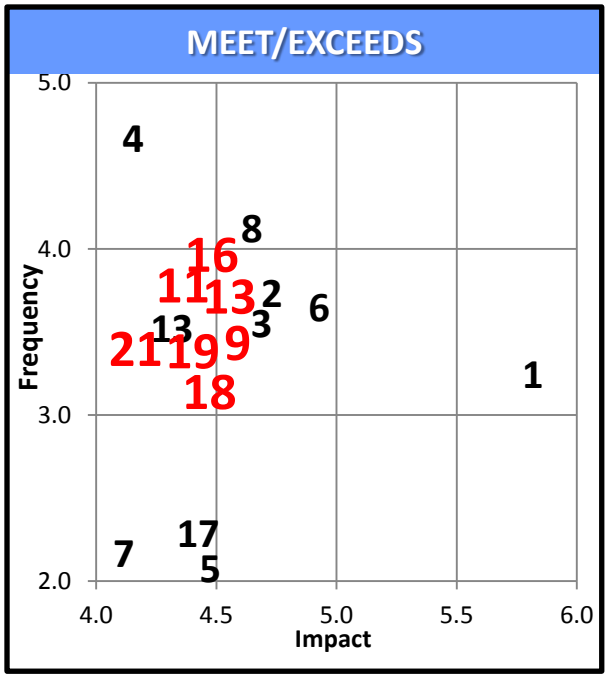
What Factors shifted "above" Aggregate $\bar{x}$?

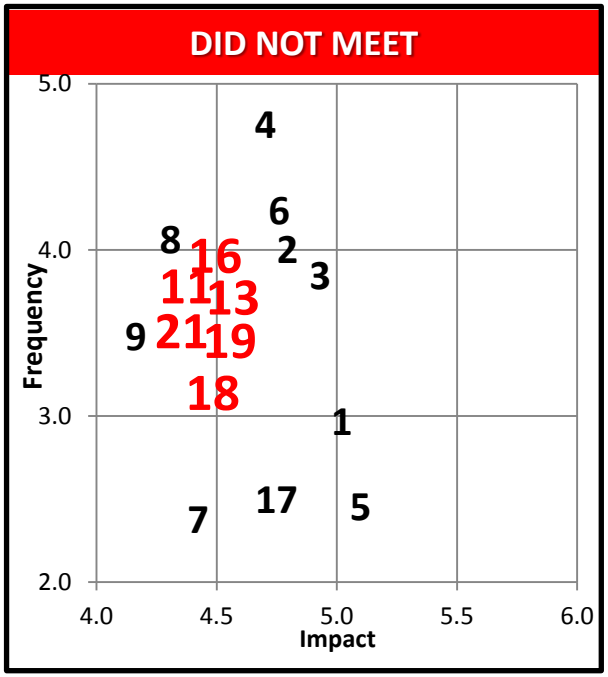
Nothing New

Factor Ratings ≥ $\bar{x}$ by LRIP & FRP Phases: How did your End-of-September OBLIGATION rate for all FY12 procurement funding compare with OSD's benchmark of 80%?









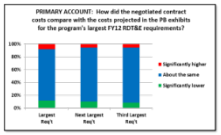
What Factors shifted "below" Aggregate $\bar{x}$?

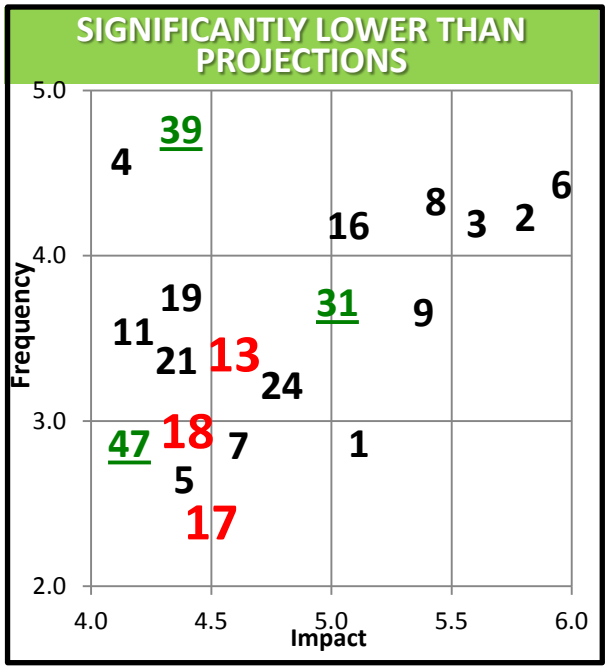
9 **Source selection delays
11 *Changes in user requirements
13 *Changes in other stakeholder requirements
16 *Implementation of new OSD/Service policy
18 *Awaiting reprogramming action
19 *Changes in user priorities
21 *Program delays from prerequisite events

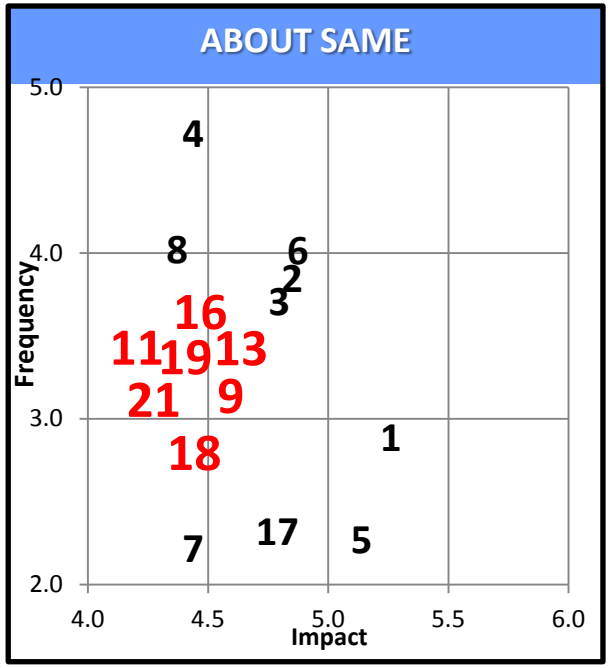
What Factors shifted "above" Aggregate $\bar{x}$?

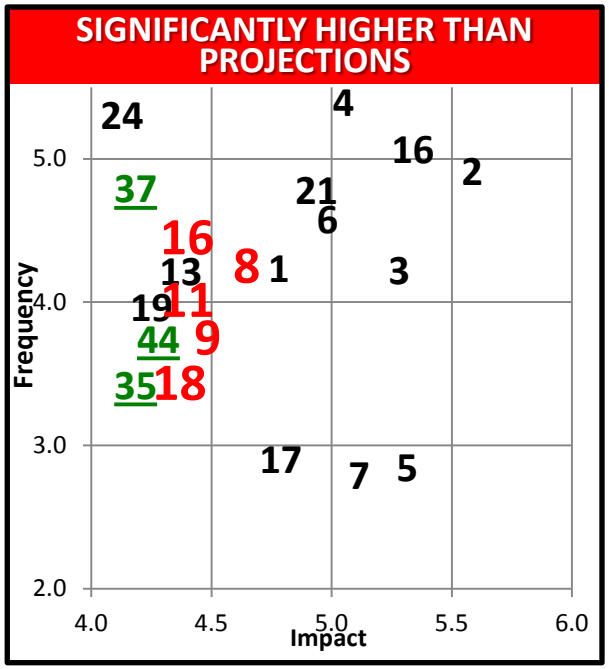
Nothing New

Factor Ratings ≥ $\bar{x}$ in TD/EMD Phase: How did the negotiated contract costs compare with the costs projected in the PB exhibits for the program's largest FY12 RDT&E requirements









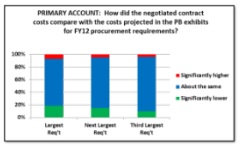
What Factors shifted "below" Aggregate $\bar{x}$?

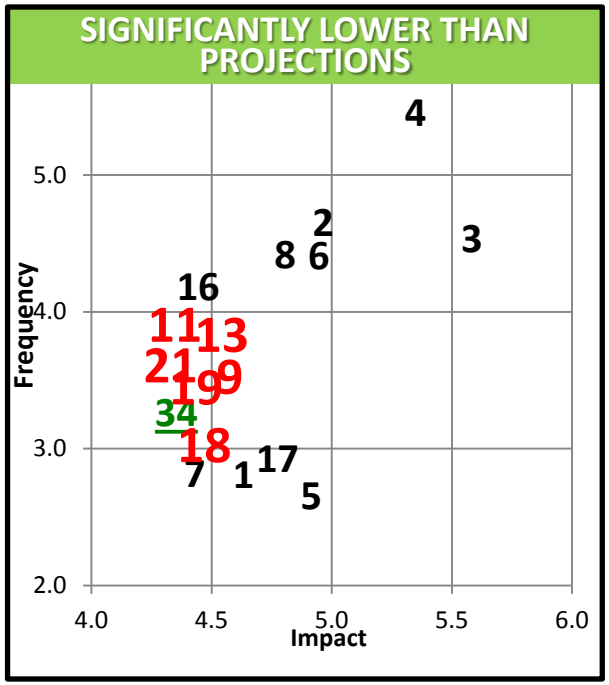
8 **RFP Prep delays
9 **Source selection delays
11 *Changes in user requirements
13 *Changes in other stakeholder requirements
16 *Implementation of new OSD/Service policy
17 *Component directed POM adjustment
18 *Awaiting reprogramming action
19 *Changes in user priorities
21 *Program delays from prerequisite events

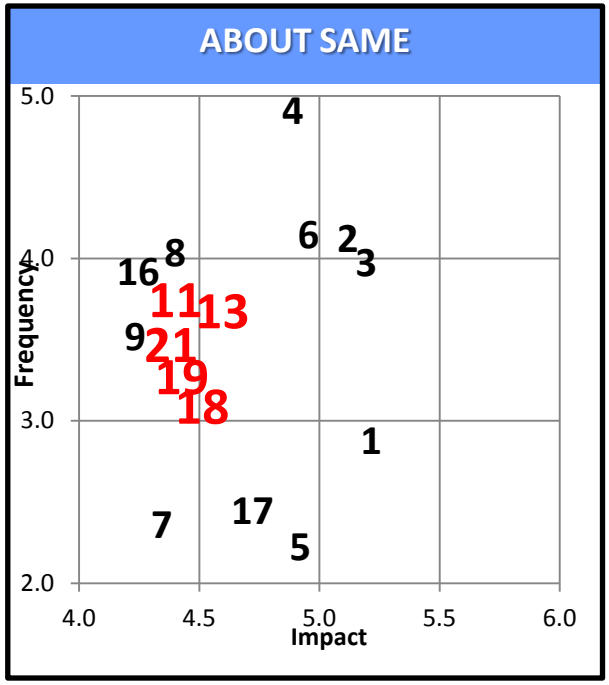
What Factors shifted "above" Aggregate $\bar{x}$?

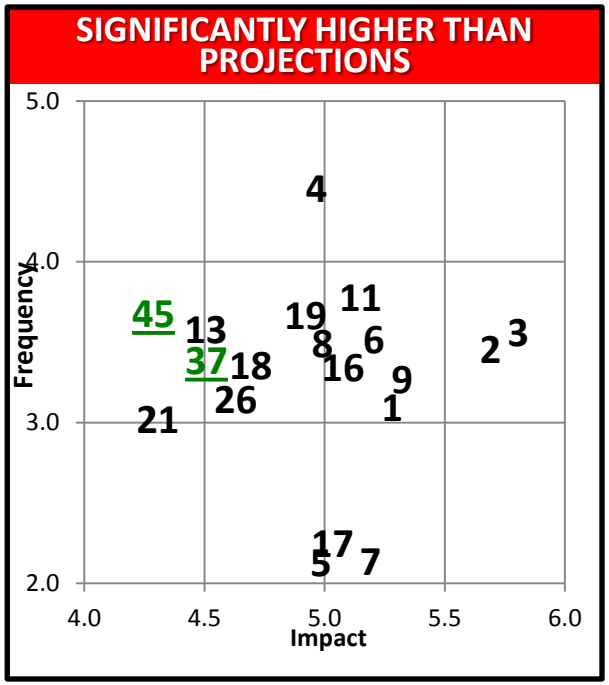
31 *Programmatic conflicts between govt and prime contractor
35 Component Comptroller Withhold
37 Redirection of contractor efforts
39 Shortage of Tech/Eng/Test personnel
44 Recission
47 Holding award/incentive fees in commitment for future obligation

Factors Ratings ≥ $\bar{x}$ in LRIP/FRP Phase: How did the negotiated contract costs compare with the costs projected in the PB exhibits for FY12 procurement requirements?









What Factors shifted "below" Aggregate $\bar{x}$?

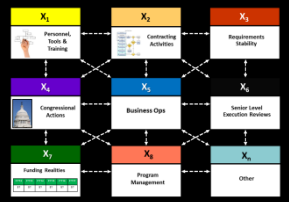
9 **Source selection delays
11 *Changes in user requirements
13 *Changes in other stakeholder
18 *Awaiting reprogramming action
19 *Changes in user priorities
21 *Program delays from prerequisite events

What Factors shifted "above" Aggregate $\bar{x}$?

34 Unobligated prior year funding not adequately factored
37 Redirection of contractor efforts
45 Changes in systems specs

Personnel, Tools & Training (X_1)

Findings



Quantitative Data

Survey Factors	Top Box
Shortage of Contracting Officers	64%
$+1\sigma$	
Lack of Experience levels in key acquisition functional areas	40%
Shortage of Cost Estimators	40%
Shortage of Business/finance personnel	39%
$\bar{x}$	
Shortage of Tech/Eng/Test personnel	34%
Shortage of Auditors	33%
Tenure of PM and others in key positions	31%
Inadequate training	29%
Shortage of Managers	28%
Shortage of Staff	26%
-1σ	
Insufficient workplace tools/apps	22%

LOW Impact. . . . . HIGH Impact

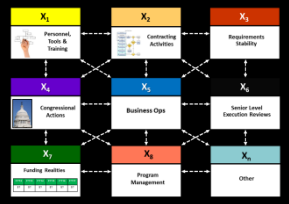
Qualitative Data (37 comments)

Common themes…

- **Numerous and recurring Comments on "lack of experienced and qualified Contract specialists…"**
  - Alarmingly low personnel qualified…many unsure/lack guidance and experience…
  - Significantly stressed with overtime to complete all contracting actions prior to close of fiscal year
- Lack of Cost estimators, lack of Pricers and lack of Buyers
- Inadequate training…inordinate number of interns with very low experience in all career fields
- Loss in brain trust and skill to develop complete, clear SOWs using proactive contract language. SOW writing and the teaching of SOW-writing classes is greatly left to contractors or support contractors resulting in unclear language
- Lack of sufficient Legal personnel trained in Acquisition
- OEM does not deliver timely proposals…proposals are often times of poor quality
- Number of policies levied overwhelming…
- Technical staff unable to do technical analysis
- Recommend more tools for management to remove negative performers...
- We have gone from a 30 day audit period to a 6 month audit period. It is crippling the system

Contracting Activities (X_2)

Findings



Quantitative Data

Survey Factors	Top Box
Contract negotiations delays	67%
Contract award delays	67%
$+2\sigma$	
Contractor proposal prep delays	60%
RFP prep delays	57%
Source selection delays	55%
$+1\sigma$	
Implementation of new OSD/Service policy	49%
DCAA administrative actions	44%
Use of undefinitized contract action delays	42%
$\bar{x}$	
Delays in contractor payment due to late invoices	37%
DCMA administrative actions	35%
Holding award/incentive fees in commitment for future obligation	29%
Deferred payments for scheduling earning fees, progress payments or performance based payments	25%
-1σ	
Effect of contract type on outlay rates	24%

LOW Impact. . . . . HIGH Impact

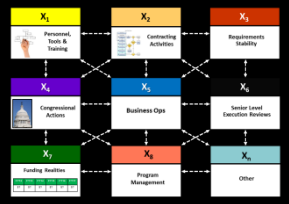
Qualitative Data (22 comments)

Common themes…

- **Numerous Comments on Inadequate Proposals, Protracted Negotiations, Lengthy Audits, Additional Requirements Combined with Lengthy Pre-Award Processes...**
- **Numerous Comments on DCMA and DCAA delays**
  - DCMA and DCAA are the long poles in many tents when it comes to getting contracts…
  - DCAA and DCMA audit…large delay factor and unpredictable….
  - Time it takes to obtain DCAA audits to support negotiations
  - DCAA audit timelines add at least 6 months to an already slow RFP to contract award process
  - Most DCAA/DCMA delays are tied to contractor issues and resource availability inside DCAA/DCMA
- **Several Comments on Invoice/Progress Payment Delays**
  - Posting of contractor invoices to Navy ERP and DFAS invoicing policies…
  - Progress payments on a 48 month FPIF EMD contract forces 20% of RDT&E for each FY to remain unexpended until contract end…
  - The billing of sub-contractor's to Prime adds a 30-60 day delay to expenditures. 70-80% of the work is through sub's, causing the whole effort to lag…

Requirements Stability (X_3)

Findings



Quantitative Data

Survey Factors	Top Box
Changes in user requirements	51%
Changes in other stakeholder requirements	50%
Changes in user priorities	47%
$\bar{x}$	
Redirection of contractor efforts	35%
Changes in systems specs	31%

LOW Impact. . . . . HIGH Impact

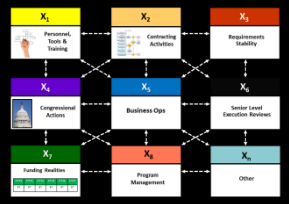
Qualitative Data (48 comments)

Common themes…

- Had to defer/re-prioritize requirements execution into FY13 and carry forward FY12 funding into FY13 to cover cutbacks/shortfall.
- External contractor lobbying for requirement changes
- Changes in requirements precipitated by other stakeholders' actions (e.g. CAPE)
- Ill-defined requirements
- User pre-conceived solution
- Initial JCIDS requirements process is excessively slow
- Requirements change due to fact of life
- Requirement holder not wanting to admit that they don't need the funding and give up funding for higher ranked requirements
- User leadership routinely changes in requirement & priorities
- Users do not want to be pinned down regarding requirements—act as if requirements are a rolling wave….no interest in a 'program of record'
- When additional requirements are received and the Service finds the money, it's always old money—causes an immediate red mark (i.e. behind the goals)
- PCO's are routinely expected to issue draft RFPs with partial (or non-vetted) requirements

Congressional/Funding Actions (X_4, X_7)

Findings



Quantitative Data

Survey Factors	Top Box
Late release of full obligation/budget authority due to Continuing Resolution Authority	69%
$+2\sigma$	
Congressional mark	61%
$+1\sigma$	
Lack of decision authority at expected levels	50%
Awaiting reprogramming action	49%
Unplanned Congressional adds to PB request	43%
Loss of funding through reprogramming action to higher priority requirements to PEO portfolio	41%
$\bar{x}$	
Component Comptroller Withhold	35%
OSD Comptroller Withhold	34%
Recission	32%
Insufficiently planned OCO funding	27%
-1σ	
Materiel/Systems Command Comptroller Withhold	24%
PEO Withhold	20%

LOW Impact. . . . . HIGH Impact

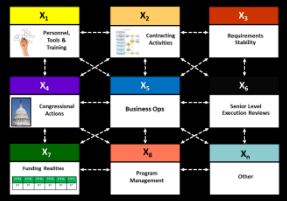
Qualitative Data (38 comments)

Common themes…

- Senior staff have levied artificial 'fences' around each project instead of letting the PEOs/PMs move funds within their own program
- For FPIF development contract, Congressional marks are difficult to handle—limits Program to tackle 'pop up' risks
- Needed to 'stretch' funds two years to address funding gap
- We need to find a way to solve the mis-phasing of funding
- Reductions to programs based only on under obligation results in a complete change to program strategy
- Congressional mark due to poor obs rates has eliminated financial resources necessary to do competitive prototyping
- Some staff orgs are now making operational decisions based on the achievement of the OSD goals
- Don't fix the 'Iron COL' and 'Iron GS-15'—fix the GO's and SES' that allow it
- Seniors staffs wants to make an imprint—not always value added by approval authority's staff
- This is the only place in the world where the most senior intelligent folks actually believe you can put together a plan and have it survive not only first contact, but for years…

Business Ops (X_5)

Findings



Quantitative Data

Survey Factors	Top Box
Program delays resulting from additional development, testing or other prerequisite events	44%
Expenditure contingent on hardware delivery	41%
Programmatic conflicts between govt and prime contractor	39%
$\bar{x}$	
Unobligated prior year funding not adequately factored	36%
Slower burn rate than expected due to unfavorable SPI	33%
Contractor rework	26%
Termination Liability	22%
Slower burn rate than expected due to favorable CPI	21%
Production line issues	19%
Labor disputes	10%

LOW Impact. . . . . HIGH Impact

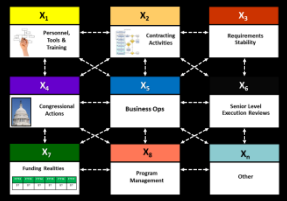
Qualitative Data (24 comments)

Common themes…

- Contractor's labor ramp-up (new development program)
- Delays in governance decisions
- Delays in invoice processing due to billing policies
- Lags in expenditure vs billing
- MIPR billing process can delay expenditures from 90 to 120 days.
- DFAS processing is also causing unmatched disbursements and slowing expenditures
- Obsolescence issues affected by high use of COTs and high turnover of electronics parts…competes with other priorities and work that contractors have to manage
- Delays in negotiating best deal for gov't and sometimes delays in getting acceptable proposals
- Payments from prime to subs tied to performance or milestone issue
- Progress payments on a 48 month FPIF EMD contract forces 20% of RDT&E for each FY to remain unexpended until contract end. OSD benchmarks do not account for this contract structure
- Restructured program with a new ADM

Senior Level/Execution Reviews/ Program Management (X_6, X_8)

Findings



Quantitative Data

Survey Factors	Top Box
Congressional mark	61%
OSD directed RMD adjustment	58%
$+1\sigma$	
Unrealistic/overly optimistic spend plans	52%
Changes to program acquisition strategy	51%
Preparing DAE level review and decision	50%
Component directed POM adjustment	49%
Realistic spend plans but risks materialized	45%
Awaiting DAE level review and decision	40%
$\bar{x}$	
Preparing SAE/CAE level review and decision	38%
Awaiting SAE/CAE level review and decision	32%
SAE/CAE/Component directed reprogramming	32%
-1σ	
Awaiting PEO level review and decision	24%
PEO directed programming	21%
Preparing PEO level review and decision	20%

LOW Impact. . . . . HIGH Impact

Qualitative Data (36 comments)

Common themes…

- Multiple instances where milestone documentation took upwards of 9 months to a year to get approved.
- Air staff are not always aligned—results in conflicting guidance that delays execution of documentation
- Personnel do not have a “find a way to work issues together” approach. In some cases, personnel do not have experience with the subject matter…
- Extended CR periods (i.e. inability of Congress to make timely budget decisions)
- Takes too long to get Acquisition Strategies and Acquisition Plans written and approved
- Predecessor program, delays in achieving DAE concurrence significantly contributed to reallocate resources which led to decision to terminate program
- Senior staff want to make an imprint—not always value added
- Extensive reviews by organizations with no stake in program to 'check box‘—fueling OSD staff requirements
- Too long to get decision briefs through oversight layers

Program Management/Other (X_8, X_n)

Findings

What metrics have you found most useful in managing the obligation of funds? (1 of 2)

151 Recommendations: Repeating themes: real-time monitoring….frequent reviews…tight coupling to contractor actions and milestones…realistic spend plans with inch stones…traceability…

- % of actions meeting or not meeting planned milestone dates (RFP release, proposal receipt, audit receipt, negotiations complete, award)
- Realistic spend plan at the beginning of the fiscal year. Actual and forecasted against contract award dates
- Actual grass root timelines developed jointly with SPO Contracting, Finance and Program Managements
- Actual vs planned Obligation plans…Earned Value and Standard IMS metrics…hold team accountable
- Monitor the official accounting system each day to ensure program is staying on plan.
- Baseline deviation reports….Baseline schedules that are tracked with funding phased to approved schedule
- Monthly Spend plan Reviews and PEO Quarterly Execution Reviews using CCaRS
- Closely monitor committed and non-committed—frequent checks on status measured goals
- Contract action cycle time…Contract award timeline projections
- Daily Status of Funds report that provide the commitment and obligation rates.
- Gain PEO approval of the spend plan 5-6 months ahead of the impending FY is the most beneficial planning
- Fall Forecast Review in which the PEO reviews the forecast in advance of execution to ensure that his/her programs have realistic projections of funding obligations that coincide with the program schedule
- Formal spend plan briefs/baselines by lower level PMs that are reviewed at least monthly.
- High quality, historic-based cost estimates. High-quality, historic-based schedule estimates.
- Obligation event timeline to project red/yellow/green based projected obligations
- Insight into contractor burn rates as compared to manning and schedules. Prime as well as support contractors. Subcontractor insight is also a key factor

Program Management/Other (X_8, X_n)

Findings

What metrics have you found most useful in managing the obligation of funds? (2 of 2)

151 Recommendations: Repeating themes: real-time monitoring….frequent reviews…tight coupling to contractor actions and milestones…realistic spend plans with inch stones…traceability…

- Internal execution reviews…monthly Reviews…Internal timelines for contract award gates
- Managing the time to award new contracts
- Local PEO and Comptroller planned vs. obligation & variation reports, PMA Head BFM report…
- Metrics for every major milestone of the pre-contract award process-- RFP release, proposal receipt, technical evaluation complete, DCAA audit received, negotiations complete, and contract award
- Monthly execution reviews of agency's spend plans, which includes data on the execution of funds
- MARs, PMRs, and Program Baseline Review Boards (BRB)
- Obligation plans tied to contract actions with a full integrated master schedule on actions to completion
- Program office tracking of interim events…progress to your acquisition plans…progression to next milestone
- Real time metrics available continuously on a portal page available to most everyone
- Realistic baselines, not flat line projections…Real-time tracking…Mange by the annual spend plan and execution against that plan
- Relentless focus on critical contract award dates…forecast based on current events
- Spend plans with inch stones, Spend plans, IMS with award dates for contracts…
- Measure receipt of invoices to time of payment…track DCAA audits and DCMA forward rate negotiations
- Ability to drill down to the EOC/WBS level ….Track to original 'realistic' Program Plan
- Histogram bar charts showing the top ten unobligated funding lines
- Weekly monitoring and identifying date of last action in chain of events leading to obligation.

Program Management/Other (X_8, X_n)

Findings

What other recommendations would you make to help meet OSD's Obs/Exps goals? (1 of 2)

123 recommendations: Repeating themes: include a CRA duration variable…realistic plans…funding stability…reduce bureaucratic obstacles…synchronize processes and accounting systems…

- Don’t let Acquisition Decision Memorandum (ADM) be used to spoon feed dollars to program
- Have empowered people, enough resources (time/money) and stable requirements
- Be realistic with obligation and expenditures in time of CRA…have Fiscal Year start when we have a budget
- AT&L needs to get out of the execution business and let the program offices execute their programs
- Change appropriations to one color of funding…give monetary rewards for cost savings to the government
- Do not begin programs without a clear understanding of requirements and risk
- Don't start clock until programs actually have funding. Get us contracting officers…award contract on time.
- Educate Acquisition Workforce that self-identify and offering up excess and/or early-to-need budget authority is expected and acceptable action that supports Service and DoD Better Buying Power Initiative
- PM's need to know and trust their budget and they cannot right now
- Enable programs to make modifications to the goals due to marks and rescissions
- Encourage contracts that promote progress payments or built in incentives for prompt billing as part of award/incentive fee type contracts
- Ensure stable and reasonable requirements-- don't give acquisition commands “unobtanium” solutions
- Ensure all financial systems are in sync with one another from the contractor’s financial systems
- Expedited staffing and coordination of program documentation. Change culture of staffs - make them offer solutions to concerns, not just throw darts and hold-up programs
- Funding stability is a big issue…cuts force PMs to constantly re-baseline to fit new funding profile
- If BBP is truly an important initiative then track programs to their forecast and not the OSD goals
- Using commands should be held accountable for their part in the process

Program Management/Other (X_8, X_n)

Findings

What other recommendations would you make to help meet OSD's Obs/Exps goals? (1 of 2)

123 recommendations: Repeating themes: include a CRA duration variable…realistic plans…funding stability…reduce bureaucratic obstacles…synchronize processes and accounting systems…

- Include a "CRA duration" variable in the expenditure model
- Implement a standardized tracking process for contract actions to ensure the contracts milestones are met
- Listen to PM's and don't try to manage programs from that level.
- Measure program performance against their baseline, not an arbitrary OSD goal
- Need of experience people and allowing to fill vacancies in the PMO. Make the PMO a priority in hiring.
- Focus should be on performance results not how fast can you obligate and spend tax payers money!
- A comprehensive review of all of the requirements to get to contract award needs to be done.
- Reduce processing time for recording obligations, processing invoices, making payments, etc.
- PMs/BFMs need systemic leadership, management and system support for visibility
- Program cuts are often implemented without understanding the impact to programs or reasons for delays
- Contracting delays are the most significant execution issues facing our programs.
- Don't snap a chalk line for OSD goals—adjust goals to actual program spend plans. Hold PM's accountable
- The numerous organizations that have a role in the pre-contract award process do not have a unifying common goal and are not directed by one organization setting their priorities.
- Program Managers do not believe they are trusted agents and are hesitant to be forthcoming.
- Too much bureaucracy has been added at OSD and Service staff levels at the expense of the folks that manage and execute the programs.
- Eliminate perverse incentive to spend dollars immediately to meet an obligation goal when additional time might yield actual savings to the tax payer
- With PPBE lead times, facts of life often change...system is not very flexible for re-programming purposes

Program Management/Other (X_8, X_n)

Findings

What would you recommend to PMs/BFMs to improve OBLIGATION rates? (1 of 2)

149 Recommendations: Repeating themes: Better Planning (82)….Realistic schedules(31)…

- #1 have a spend plan….baseline your schedule and manage to it
- Be empowered to hold contracting agencies accountable for meeting well planned and agreed to (by signature) procurement milestones.
- Be more Realistic in your plan…your RFPs…don't be a bystander in the process.
- Better align program deliverable with funding requirements.
- Better planning and comm with contracting offices to avoid lapses in contract efforts which extend schedules.
- Carefully monitor time from receipt of funds through obligation and then how quickly does vendor invoice.
- Close working relationship with prime contractor's counterpart
- Communicate, Communicate, Communicate.
- Constantly stay on top of the execution of funds at all levels. Ask questions and provide sound advice to PM
- Craft a solid, sensible RFP that does not give the contractor room to bid anything outside of what is required.
- Create more Realistic spend plans - look at historical data and current issues facing program when developing the plan
- Establish better cost estimates.
- Figure out how to get DCAA and DCMA to do their part of the process more efficiently and effectively.
- Focus on PK schedules at least as much as if not more than cost and performance
- Frequent interaction with contractor and other service/product providers
- Get more BFM analysts and contract analysts/buyers.
- Hit your marks in all pre-contract activities. Don't settle for 'paper DABs'

Program Management/Other (X_8, X_n)

Findings

What would you recommend to PMs/BFMs to improve OBLIGATION rates? (2 of 2)

149 Recommendations: Repeating themes: Better Planning (82)….Realistic schedules(31)…

- More Realistic contracting timelines
- Make it painful when they don't meet the goal—negative incentive but PMs respond to loss of control
- Increase skill level of personnel
- Keep track of the status of all organic and contractual actions at least monthly to identify when key planned
- milestones are not being met so that the causes may be addressed by program management.
- Maximize Obligations while under CRA, plan and enforce an aggressive schedule
- More work up front with preparing for contract actions. Some contracting offices do not like
- Need increased contracting/legal support - availability issue.
- Obtain SAE/DAE buy-in of acquisition strategy coincident with budgeting activity….obligation planning
- with stakeholder buy-in of significant action timelines.
- Ownership of funds. If funding isn't being spent, identify early and use for a higher priority.
- Plan and execute to plan
- PMs must spend extra time on acquisition plans and acquisition strategies.
- Provide requirements sooner to the contracting community
- Quarterly funding reviews.
- Realistic plans, baseline, forecasts, schedules, award dates
- Work closely with DCAA and DCMA
- Treat this like your money
- Honest/Realistic feedback to PEO (spend plans, schedules, etc.) PEOs can/should help

Program Management/Other (X_8, X_n)

Findings

What would you recommend to PMs/BFMs to improve EXPENDITURE rates? (1 of 2)

158 recommendations: Repeating themes: realistic goals…streamlined processes…government/industry cooperation…accountability…proactive workforce…

- Better understand the risks and burn rates and risks associated with the contractors projected work
- Work closely with PCO/ACO to ensure prompt invoicing by contractor
- Award funds in sync with business cycles…educate decision makers on value of multi-year contracts
- Be realistic and monitor your contractor's progress using EVM metrics.
- Being involved in the upfront planning, ensuring that PMs estimate adequate and realistic obligation inch stones and performance, ensuring good comms with Contracting Office to understand when slips occur
- Don't be a bystander in the process
- Better understanding of program required cash flow rates within acceptable risk levels
- Incentivize contractor billing and reduce BA when expenditures lag
- Change the rates based on when we receive the funds or to the authorized amount
- Close working relationship with prime…closer scrutiny of Invoices paid vs Financial Spend Plans
- Continue to work with the contractors to ensure timely billings at both the prime and sub-contractor levels
- Do everything possible to obligate as early as humanly possible
- Early communication with all stakeholders as it relates to Engineering Changes. Ensure APMs are properly trained to write change requirements and provide adequate written technical evaluations.
- Ensure monthly WBS and expenditure reviews in CPRs is conducted
- Ensure contractors are quickly and properly billing.
- Establish better cost estimates, tie the goal to the month required to develop the funding requirement
- Establish formal plan with contractors - hold them accountable. Incentivize them.
- Focus more detail on initial spend plans and the assumptions used to build them

Program Management/Other (X_8, X_n)

Findings

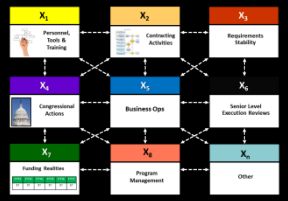
What would you recommend to PMs/BFMs to improve EXPENDITURE rates? (2 of 2)

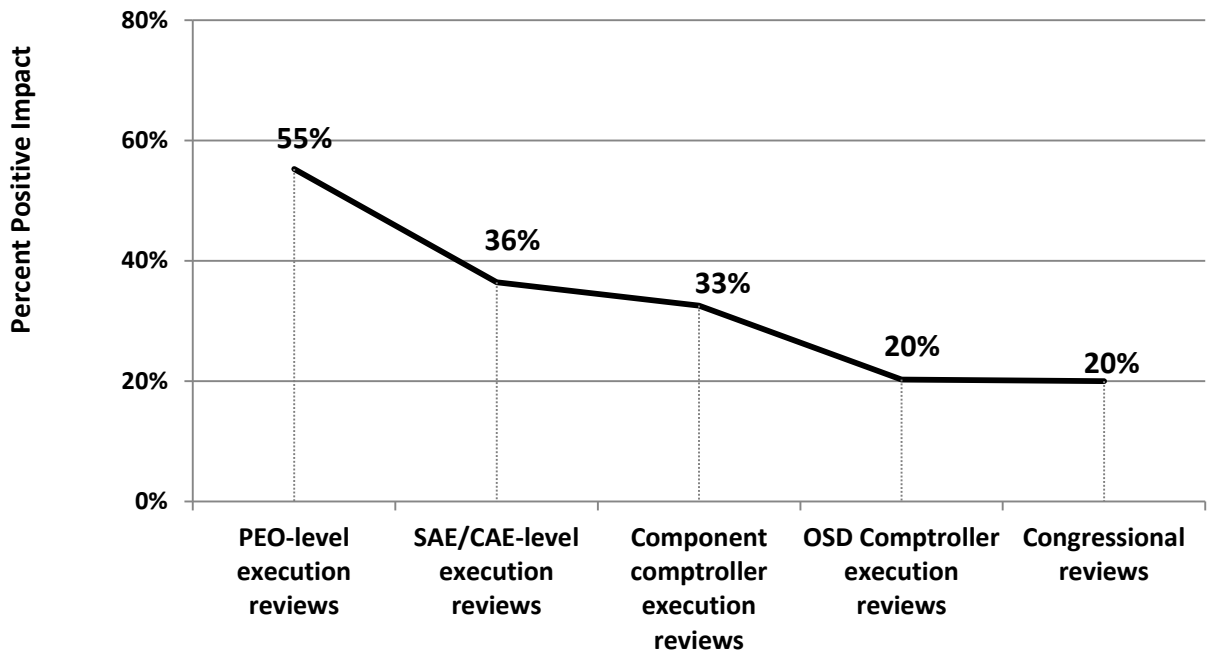
158 recommendations: Repeating themes: realistic goals…streamlined processes…government/industry cooperation…accountability…proactive workforce…

- Frequent monitoring of expenditures in the official financial accounting system and follow ups with performing activities and contractors when expenditures are lagging
- Be willing to stop under-performing activities
- Have your BFM'ers implement a weekly tracking spreadsheet
- Immediately schedule a Contract Kick-off Meeting with successful offeror with aggressive oversight to ensure work begins immediately ensuring immediate invoicing.
- Include a requirement in the contracts for performers to bill within 'x' days
- Make it a management issue with the contractor
- Incentivize proper expenditure rates through easily measured incentive fees
- Need sufficient personnel numbers of experienced personnel to oversee contractor voucher/billing and payment process.
- Proactively work with recipients of funds to encourage timely billing/invoicing and tract payments to ensure they are made in a timely manner.
- Reach agreement with contracting officers and DCAA auditors on milestone dates and then frequently track Work with the primes to ensure billing is timely
- Develop management plan for tracking expenditures on a regular basis
- Track billing to payment as a metric
- Work with finance (FM) and contracting (PK) experts to set up a billing plan right from the start.

Senior Level/Execution Reviews (X_6)

Findings



Quantitative Data
(Positive Impacts)

Measurable effects the following processes/reviews have on your program's ability to execute funds (top box)