

Fix Requirements, You Fix Costs



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A panel of experienced acquisition experts told the House Armed Service Committee today that the key to fixing what many lawmakers have said is a broken acquisition system lies with the requirements process.

Anyone who has dealt with military acquisition knows that requirements become almost holy writ during a program. But the panelists noted that there are requirements — Key Performance Parameters — and then there are requirements.

The focus on requirements arose from a question put to the four witnesses by Rep. Roscoe Bartlett, the committee's Nr. 2 Republican, about how they would weight the causes of program cost overruns. Score "requirements creep, intentional under-bidding and overly optimistic or incompetent cost estimating," Bartlett asked them.

Here's how they scored. Rudy de Leon, former deputy secretary of defense, said 50 percent arose from requirements creep, underbidding 25 percent and overly optimistic estimates 25 percent. David Chu, former head of the PA and E shop,

Chu said optimistic cost estimates were responsible for "more than half the problem." Requirements issues made up a substantial portion and underbidding made up an estimated 20 percent or less of the problem.

David Berteau, an acquisition expert at the Center for Strategic and International Studies who has served on Defense Science Board acquisition studies, declined to offer a quick estimate but

noted that he “would have to add disruption of the budget” to the mix, a clear reminder that congressional actions can have a major impact on program performance.

The GAO’s acquisition reform expert, Paul Francis, said requirements creep was responsible for “most” of the growth in cost.

Frustration with the requirements process was obvious. Chu said that he wanted to stop using the word “requirements” to clarify that these are goals or objectives.

“The system should think about backing away from using the term requirement, except when it really is a requirement,” he said. “Much of what we pursue is actually technological objectives, not requirements.”

Berteau said he preferred the term “real requirements.” As an example of what we could call the range of what gets called a requirement, Berteau pointed to the Air Force tanker competition. It had 35 non-negotiable requirements and 800 “negotiable requirements I would respectfully submit sir, that when you have 800 of anything they aren’t requirements.”

Francis and Berteau both thought the deputy defense secretary should possess the ultimate say on requirements, as opposed to the current set up which vests that power in the vice chairman of the Joint Chief, who runs the Joint Requirements Oversight Council.

But all this talk of reform may be irrelevant without discipline and accountability, as John Young made clear in his valedictory interview with reporters earlier this week, a factor that Rep. John McHugh, the committee’s top Republican, addressed.

“John Young recently told reporters, ‘I just do not think you can mandate a process that will ensure successful defense acquisition... The bottom line is people run programs, not documents [or] processes.’ Sec. Young went on to compare acquisition reform legislation to mandating there will be no crime. While I find that particular analogy somewhat alarming, I agree with him that, in the end, implementation of sound acquisition policies and maintaining a skilled workforce is more important than passing new reforms. Nevertheless, we continue to see poor outcomes that could have been avoided if there had been a stronger independent voice, earlier in the program and the warfighters had a clear role in establishing the requirements up front,” McHugh said.

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