

DOD Announces Acquisition Reorganization Efforts

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Government Contracts Issue Update

In early October, DOD and the Army announced renewed efforts to reorganize the defense acquisition workforce through the implementation of bureaucratic reforms and training initiatives.

Touted as some of the biggest reform efforts in the past decades, the Army and DOD are taking two distinct approaches to attempt to streamline the acquisition process, harness expertise, and renew focus on education and training. The major reform goals are: speeding up the acquisition process and tapping previously underused technical and operational expertise in drafting contract requirements.

However, whether these changes will have a real impact on procurement speed, efficiency and effectiveness, or whether it's just another round of personnel churn and reorganization, remains to be seen.

DOD Seeks Efficiency in Research & Development

As part of a Congressional mandate, DOD is in the process of reorganizing its workforce by splitting its Acquisition, Technology and Logistics (AT&L) section into two separate offices. In doing so, DOD must create two distinct branches of the acquisition workforce that will develop expertise within each new branch. The split, which is scheduled to go into effect February 2018, will result in a Research & Engineering Office, and an Acquisition & Sustainment Office.

The Research & Engineering (R&E) Branch will house technology development separately from the non-developmental installation and mission support acquisition processes. A new Under Secretary of

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Defense for Research and Engineering will oversee the branch with support from a newly created position, the Assistant Secretary of Defense for Acquisition Policy and Oversight. DOD will shift the Defense Advanced Research Projects Agency; the Strategic Capabilities Office; the Defense Threat Reduction Agency; the Missile Defense Agency; and the existing Assistant Secretary of Defense for Nuclear, Chemical, and Biological Defense under the new R&E Branch. DOD anticipates that by sectioning off R&E in a separate office, technology development will not be slowed by the acquisition lifecycle, and that the change will “[restore, elevate, and enhance] the mission of defense technological innovation.”

The Acquisition & Sustainment Branch will manage acquisition policy and routine decision-making, and will be led by the Under Secretary of Management and Support.

In addition to the split, DOD is rolling out other initiatives with the goal of speeding the acquisition process. Specifically, DOD wants to cut contracting time in half. While this goal is certainly clear, the means to achieve it are not yet spelled out clearly, with simplification and utilization of new tools listed as the drivers for the desired change. More specifically, DOD is said to be considering greater use of Other Transaction Authority (OTA) by the new R&E Branch, which DOD hopes will enable more nimble acquisitions.

The Army Seeks Expertise in Developing Requirements

While DOD is splitting its acquisition function, the Army is planning to centralize its acquisition workforce by consolidating some of its larger contracting activities, including the Army Research & Development Command and the Army Capabilities Integration Center.

Army officials are still working through details of the restructuring plan—their recommendations are due in February, and are expected to be implemented next summer. However, it is likely that the Army will look to units like the Army Rapid Capabilities Office (RCO)—created in August 2016 to provide equipment to select Army capabilities with a short turnaround time—as a model for implementing more efficient procurement processes.

Drawing on the RCO model, the Army wants to streamline the acquisition process by taking advantage of warfighter knowledge and cross-functionality, especially early in the procurement process. In an October 3 Memo entitled “Modernization Priorities for the United States Army,” signed by Army Chief of Staff, Mark Milley, and Acting Secretary Ryan D. McCarthy, the Army noted its plan reduce the delivery time for new systems, and that it planned to use cross-functional teams, along with direct incorporation of warfighter knowledge during the Pre-Systems Acquisitions Stage.

These efforts were outlined in Army Directive 2017-24, which detailed the pilot program for the use of Cross-Functional Teams (CFTs). The CFTs will consist of personnel from different Army components, including Requirements, Acquisition Logisticians and U.S. Army Forces Command, and be tasked with writing contract requirements. The Army anticipates that use of CFTs will speed requirements development by pulling from multiple areas of expertise, incorporating end-user knowledge, and fostering a more iterative, rather than linear development process. The Army hopes another outcome will be clearer requirements that better match warfighter needs.

A Dual Focus on Education

Among both DOD's and the Army's reorganization efforts is a renewed focus on training and education in the acquisition workforce.

Part of the focus is hiring and retaining individuals with relevant with experience. The Army released Army Directive 2017-22, which focused in part on "Improving Talent Management," to "improve acquisition outcomes." Specifically, the Army wants acquisition personnel to have more operational experience.

Both DOD and the Army want to improve the training and educational opportunities available to the workforce. While the Army has not explicitly identified what type of training reforms will be implemented, Defense Undersecretary for Acquisition, Technology and Logistics Ellen Lord, has expressed the desire to update the content and offerings of the Defense Acquisition University (DAU), specifically in areas that have been highlighted as needing better oversight and management, such as service contracts.

What to Expect/What to Do

There is no doubt we have seen these initiatives before. The end state of a better trained, more stable acquisition workforce that can apply streamlined processes to provide faster and more responsive acquisition support to warfighters has been a goal that DOD has struggled to achieve for decades, with varying levels of success. For now, it is probably prudent for industry to assume that not much will change quickly, and to defer any business process changes based on the expectation that DOD will fundamentally alter its own business practices in the acquisition process in the near term. But here are two things industry can do to help make this effort succeed, as well as to stay current with processes that can affect companies' interests.

1. Pay attention to acquisition process infrastructural changes. Be on the lookout for modifications to key DOD acquisition-related documents—monitor changes as reflected in the formal rule-making process as well as in less formal changes to best practices by important agency stakeholders.
2. Where possible, participate in the change. How DOD will actually implement its goals and objectives remains unclear, so timely, thoughtful and balanced input from industry could actually result in changes that make a positive difference. At a minimum, pursuant to FAR 1.102(c) and FAR 15.201(c) contractors, as integral members of the acquisition team, are encouraged to take a role in achieving a better acquisition process.