

Testimony Remarks

What Do We Do For Different Outcomes?

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Case Studies in DoD Acquisition:  
Finding What Works

Chairman McKeon, Ranking Member Smith,

Thank you for the invitation to appear with this panel. It is a privilege to offer what I can in support of your committee's efforts to improve defense acquisition.

May I offer that mankind has always lived in a world of constrained resources, in our personal, professional and national lives. Time, money, and people are all constrained in quantity. All people have the highest value intrinsically, and time and money have value related to their constrained availability and competing needs.

Optimization of these constrained resources is what produces real outcomes that are useful and enduring. Optimization of resources for the greater good of the whole – America's security and defense – is the foundation upon which I hope to frame my ideas in my submitted written statement and responses to your questions.

Acquisition reform may not be a sufficiently descriptive stand-alone theme to shape thinking and guide action in optimizing constrained resources for defense systems. Certainly well founded frustration sounds the urgency to do something, and the broad call to do something about costly acquisition has been a clanging bell for multiple decades. Specific actions in specific areas are called for to ideally improve the opportunity to achieve better outcomes. It is a long road.

Three places need improved outcomes. The first is making the programs underway perform better. The second is to only start and pursue the right programs. The third is removing waste in the infrastructure and process. The things to do for better outcomes are different for each one.

I am here today to do what I can to help you based upon my exposure to and participation in a large number of programs, of successes, disappointments and undeniably confrontation with failure. Specific program case studies would yield the nonspecific program insights in my written submission. Nonspecific here is not meant to avoid specific program criticism but to focus on causes and hopefully effective things to do for better outcomes for every program now and future. I hope to bring focus on ideas to attain the external result of the right capability delivery for effective national defense, with a goal of not getting distracted with attributes of any one program.

A subject for expansion is a need to focus on people doing acquisition in both government and industry. The focus goal is to create an increasing population of people with demonstrated commitment to the practice of fundamentals, transparency and realism at all levels of career progression. That will produce better outcomes. It is a long road and forces abound that suppress knowledge workers from embracing these as life habits.

This attention to people is the heart of the matter for getting to a state of dependably better performing programs. I offer this suffers from being an area that

leaders too often presume is an activity on autopilot. It does not sustain leadership focus. It rises in view at regular leadership turnover speeches as if it is stock leadership messaging. It cannot be decreed or written in instruction and then have leadership attention move on to a next theme or crisis. This must be checked and rechecked and then checked again by leaders at every level as a life habit – both in government and in industry. This is a corporate board duty as fundamental as fiduciary duty to share owners. It is a management and leadership personal duty of habit that does not materialize when placed in charge; it has to already be there when chosen.

It is a very long road to create the broader presence of people with professional life habits of doing the work of acquisition with faithfulness to fundamentals, commitment to transparency and appetite for realism.

Our decades of clanging the bell for reform have at times unintentionally created forces that suppress all three of these necessary habits. I repeat this for emphasis.

Your committee and many who have served on it before have long worked with devotion to improving military education and acquisition corps education specifically. You may consider asking the Defense Acquisition University and the Service graduate education schools to explore if possibly some acquisition reform activities over recent decades have had unintentional, yet diluting impact on foundational first principals pertinent to specific competency fundamentals. Then work with curriculum sponsors to adjust where necessary to sound fundamentals in training and produce people who know and recognize both the presence and the absence of sound fundamentals. Reform efforts at times put emphasis on certification to perform in certain roles and acquire certain authorities. Please encourage attainment of knowledge and demonstrated facility with fundamental skills above delivery of certifications in support of career advancement.

Let me return to an earlier point that this people focus applies to industry people as well as government. The fundamentals I speak about are the same for both groups of people. The schools producing people working in defense industry acquisition should do a similar review.

What do I mean by fundamentals?

Systems engineering is a discipline that emerged in the middle of the last century to actually attend to optimization of systems. Process developed over time in systems engineering to illuminate the consequences of choices available in design and development. A fundamental in that process is independent review of one's work. A program should not chair its own systems design review. That fundamental gets violated too often in reaction to previous well intended reform themes and policies – generally in seeking speed by avoiding perceived “interference” of the

infrastructure. Drinking one's own bath water in a design review destroys transparency and creates designs and schedules void of realism.

Good contracting fundamentals know what motivates behavior and they create incentives that produce outcomes of value to the customer. It may not be contract type as much as it is how incentives are created and used for reward or correction.

How does this help programs perform better and what other fundamentals am I talking about? Programs start better with a sound baseline that can be better estimated, better resourced, better executed, better measured and better overseen. The better start has a better contract because people know the fundamentals of what to incentivize. It has a better technical baseline because people know the fundamentals of optimizing a stated system requirement, which can then be better resourced. It has a better schedule because people know the fundamentals of testing, of software development, of supplier management, of production planning, of sustainment. The two Under Secretary of Defense for Acquisition, Technology and Logistics (USD ATL) reports, 2013 and 2014 Annual Reports on the Performance of the Defense Acquisition System, have good analysis and content on defense program performance. They include some insight on various fundamentals impact on performance and contract incentive analysis useful for informing contracting fundamentals.

What do I mean by transparency?

Two things I have found to be critical. First it is a useful character trait that does not fear discovery of something because nothing needs hiding. In practice it contributes to trust within a program team. That includes the government and industry team working on a contracted effort together. It sustains trust with those performing oversight and those who provide the resources and have stake in the outcome. They include the warfighter and American families that are the source of those volunteering to serve and operate the systems in national defense. When GAO or an IG appear to review a program the program leader should welcome them in and provide open access to every piece of data, warts and all. *Mi casa es su casa* – the most valuable attitude of the program leader in these reviews is that “we will deliver better because of what you the inspector/auditor/overseer illuminate that we did not see. Then with consequence illumination regarding resources, schedule and performance, proceed to correct.” The same trait contributes to better operational testing when that community is intimately woven into the program and development test team. There is a need to keep an eye on balance and sufficiency in the number of external reviews. Too many too often detract the team attention from trying to execute the program. Some attention to the number of different reviews would be useful. I understand various oversight roles and needs for information to support that oversight. Numerous reviews arise when trust is low. If increased transparency and trust can produce better program reporting, the

number of outside reviews can reduce. Program performance needs to earn that trust with a record of reporting transparency.

A second transparency thing is the duty of program leaders to illuminate the consequences of choices for decision makers, including their own decisions and those above them. Decision makers are served best when they know and trust their people to fully illuminate the consequences of the choices before them. This connects to the practice of sound fundamentals because that enables sound consequence analysis.

What do I mean by realism?

When you are doing hard stuff, reaching for a dominant capability, you have to acknowledge and plan for discovery and rework – in both budgeting and scheduling. Yes the capability is needed in a time driven by a threat and bounded by those pesky constrained resources. Enter here the optimization skill; enter here effective consequence illumination for decision makers (chiefs of good enough).

What about programs presently in a mess? My first question back is do you need and want to continue the program? Find courage to answer truly. The consequences are painful either way you chose. The mess can be stabilized. I say stabilized because for me it feels like fingernails on a chalkboard to say the mess is optimized. Optimization was missed at the beginning. Next key question is how long will it take and how much will it cost to stabilize and deliver the program given your affirmation of the requirement (yes I know these are two of the Nunn McCurdy breach questions - they are very, very good questions!)? The answers emerge by finding people who recognize the absence of fundamentals, applying them to the mess to produce a schedule and resource requirement with realism. Then the mess only gets stabilized when it becomes resourced with realism. Then buckle down for the remaining ride, which may still have technical discovery; and do not damage the precious adjusted resource stream you sacrificed to provide so the program has the means to deliver. Nicking its resources along the way, pestering it to “do it with less” will cause it to either depart sound fundamentals again or be prevented from executing them and send it back into the ditch. Remember you said you needed it.

Does this emphasis cling to ponderous, costly and time wasting fundamentals? “Don’t you know the warfighter needs it now? Don’t you know we need money for (fill in the blank)?” This is a complex question that has unintentionally misplaced presumptions that close down helpful discussion and discovery of useful paths forward. This is the same question that drives reform down a separate path searching for the new and modern methods of rapid acquisition. It drives reform that creates different rules for different types of systems. I have been in the middle of this one many times over many programs. My scars from these stressful debates

along with my observation of and participation in both success and failure shape my thoughts offered here.

There are fundamentals of the laws of nature that do not change and are never trumped by desire. There are competency fundamentals that do evolve and benefit from advances in knowledge and technology. There are fundamentals of providing a program manager with sufficient composition of acquisition team skills. I take it for granted we know that where fundamentals can evolve, people ought to be trained and refreshed with the benefit of such progress. That is my presumption with fundamentals, not that they are unchangeable over decades on dusty bookshelves.

Pursuit of both large complex capital systems (like vessels to serve in maritime, air and space domains) and rapid capabilities adaptable and fieldable in short order are done right by people practicing fundamentals, transparency and realism. To deliver a capability rapidly, half of the system optimization questions are answered quickly up front by the requiring source. This enables the providers to know better what to do and what not to do to deliver within time expectations. National defense needs both complex capital systems and urgent capabilities rapidly delivered. The system we have has shown the capability to do both when people collectively practice fundamentals, transparency and realism - properly for the application.

Fundamentals skipped, shorted or ignored are opportunities for unnecessary discovery, rework and delay to waltz into program execution. You do not go fast by skipping fundamentals or being creative with them. You go fast by answering in advance (pre-answering) sound systems engineering questions. They seem like tricky, nasty and delaying questions. The time to consider and answer is short compared to the time consumed by unnecessary discovery and rework.

Reform and effective implementation is ideally respectful of the design engineer, the tester, the supplier, the production workforce, the contracts writer and negotiator, and the sustainer because they are genuinely respectful of the need of the warfighter – both industry and government acquisition workers possess the same patriotic concern for the safety and mission success of our warfighter. Tell them up front how long the system needs to work (one time or 30 years?), do you care if the paint peels, is plus or minus 5 or 50 knots OK, is 5 meters or 50 meters close enough, are you reaching for something new, never achieved or ever built before, or is the corner store model rugged enough?

This sounds so obvious can it be serious? With very good operational testers that write reports because we asked them to make sure we don't give ineffective tools to our warfighters, these points are serious. Operational test is a sound and irreplaceable fundamental. I fully support them and applaud their mission. They test to what we write down about what we want. As we reach for more complex and capable systems, dominant systems, we write very tall requirements. Then we get incredulous when the tall is found missed by margins we believe we cannot abide and the volume of discontent increases. This creates forces suppressing acquisition

fundamentals for speed and cost, suppressing transparency for personal preservation and suppressing realism for hope in the unlikely. Our system does not abide critical OT reports well. We have to deal with that much better than we presently behave. There is a left and right hand here – the right program, with a good start, sound and stable baseline, proper resources should perform better and get fewer poor OT reports. When errors are uncovered, when the limits of physics or regrettable design choices impact attainment of a required trait, OT should write transparently about it.

So what to do with critical OT reports? We are not talking about dumbing down what is acceptable for our warfighter. No nothing of the sort. But in this world of constrained resources and fully acknowledging the intrinsic value of every warfighter, and threats that appear with no regard to schedules, there is a proper place for a “chief of good enough”. We do not need to create them. They already exist. They identify when to make a judgment. These are extremely difficult choices. It requires collaboration with congressional oversight. Across the spectrum of program size they are the JROC, service secretaries and service chiefs, again in consultation with Congress.

How to address only beginning and pursuing the right programs? This is the optimization of national intelligence about threats, knowledge of the state of technology in hand, near in hand and what is not soon attainable. It understands trends in deterrence effectiveness and the balance of constrained resources. It feeds national strategy development to guide doing only the right programs. National defense capability strategy, building the right collective program to pursue, should also inform other national strategy on resource and wealth creation to afford sufficient defense and preservation of our security. To say merely we should only pursue what we can afford leaves a hollow sound to future generations aspiring to live with the benefits voiced in our founding American documents. Inescapable realism with acquisition reform has to see the way clear to be both good in our society and secure in our society. It is no choice at all to chose between good society and secure society. We can provide both.

How to address eliminating waste in our infrastructure and process? From my experience I offer insight and hopefully understanding why some negative unintended consequences do more harm to effective system acquisition than possible benefits are believed to achieve. I humbly suggest another method might emerge with full collaboration across branches of government.

The unintended consequences of the BRAC process create forces that inhibit overall Defense Department acquisition effectiveness. Large complex infrastructure organizational management and ownership continues to bedevil opportunities for better efficiency. My observation and participation in the process as practiced show that bases, laboratories and commands that need to work together both within and across service boundaries in mutual support are driven to be critical of everyone

else to defend themselves. Dueling with data to show one's own value and mission criticality creates wounds across organizational relationships. Those wounds last a long time and go deep into local work forces and communities. Decisions for the greater good were very difficult to reach and meaningful ones largely became elusive. Long, very long, after a BRAC analysis process ends and execution of the decisions begins do the wounds slowly heal and sound mutual support returns. Then another BRAC rears its head again in the clanging for reform and waste elimination. Advances in mutual support are reversed and the maddening cycle repeats itself.

I do not deny overlap of capacity and mission exists. There is a clear need for appropriate and adequate infrastructure supporting research and testing. There is a need for the right infrastructure that enables the government knowledge worker to maintain defense specific environment domain skills and experience. Everyone hates "infrastructure" – labs, test ranges, etc. because it costs and consumes part of those constrained resources. But the right infrastructure has to exist somewhere in an economic system – cost is borne somewhere either inside or outside government. We have yet to try a method that works on it without destroying achievable progress due to exercise of the method.

I have no unique method to suggest for such a challenge – other than an approach adopted in Naval aviation and then spread further across the Navy over the last ten years. It is not new and not unique to Navy. It has foundation in the principal back in the second paragraph of this writing – optimization of constrained resources for the greater good of the whole. It is an approach fundamental in business for enduring relevance and delivering the only results that matter which are measurable external results. The measurable and meaningful external results of the defense acquisition process are systems in the hands of Sailors, Marines, Airmen, Soldiers, Coast Guardsmen – systems that have the capability and reliability for them to succeed in their missions and return safely home to their loved ones. It is enterprise operation of the organization and the whole system where resources are viewed not as one's own, but the "Team's". Importantly the team is valued greater than self. An enterprise with the mission of providing the right things in the hands of our defense force is a banner that helps people make difficult decisions; and find meaningful alternatives that repurpose the excess rather than shove it overboard to fend for itself or disappear - because the excess consists of people with intrinsic value.

To get at waste elimination in the national defense infrastructure the administration and Congress have to align under the banner of decisions made for the greater good. The BRAC process attempted that but just did not get far beyond local accommodation, which is undeniably important to valuable people in every town and every state. It is too easy to just call for authority granted to DoD officials to "manage their own enterprise" – but that is not aligned with proper balance of powers and oversight across branches of government. Congress and DoD have to do it together and the size of the challenge suggests it not be pursued with "all or nothing" choice mandates. It will necessarily be done incrementally, steadily not

episodically, continuously over a long time. Enterprise methods demand identifying the right results that matter, making them measurable, and using what you measure in view of constrained resources to make decisions for the greater good of the whole.

Thank you for the opportunity to offer these ideas about making programs execute better, only doing the right programs and eliminating waste in infrastructure and process.