PROCESSES ASUNDER: ACQUISITION & PLANNING MISFITS

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USAWC STRATEGY RESEARCH PROJECT

PROCESSES ASUNDER: ACQUISITION & PLANNING MISFITS

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ABSTRACT

This paper will examine the current effects on transformational Commercial Off the Shelf (COTS) information systems from acquisition through their implementation and assess the capability to build, acquire and field these complex systems using current Army and DoD policy and guidance. It will explore the constructs behind transformational COTS programs and the impediments to success. Analysis will include an assessment of Major Defense Acquisition Program (MDAP) schedule impacts due to redundant reviews, discuss pros and cons of the Business Transformation Agency and provide recommendations for program managers and leadership for streamlining the process.

PROCESSES ASUNDER: ACQUISITION & PLANNING MISFITS

If Sisyphus had a job in the Pentagon, it would be acquisition reform.

—Center for Strategic and International Studies Report 2005[1]

In the never ending, always evolving acquisition program management process, Program Managers (PMs) and their customers must feel like Sisyphus did as he constantly pushed his rock up the hill only to have it come back down again. However, unlike Sisyphus who continued to push the same boulder up the hill, today's information systems Program Managers must push up a seemingly never ending and constantly changing list of documents required for coordination and approval. This is made more complex by the "*mother may I"* brigade of different and competing offices that must be part of the approval process detailed in acquisition reform and Department of Defense (DoD) transformation policy and doctrine.

The purpose of this paper is to examine past acquisition reform efforts and their impact on commercial off-the-shelf (COTS) transformation programs. The paper will take an in depth look at the latest round of reform efforts for Enterprise Resource Planning (ERP) COTS products. As part of this assessment the paper will discuss the conditions that led to the repetitive efforts to reform acquisition processes and highlight the causes for failure to achieve expected benefits by assessing the processes used for change management against Kotter's eight steps outlined in his book, *Leading Change*, discussed later in this research paper.[2] Analysis will also show the disconnects between the budgeting and acquisition processes and highlight redundancies where potential business process reengineering could streamline burdensome processes and

reduce schedule and cost risk.   Finally, recommendations will concentrate on streamlining and deconflicting the administrative processes.

Acquisition Reform

> In 1986, the Packard Commission was established with the task of assessing and transforming the Department of Defense Acquisition Process **to address problems with cost overruns, test deficiencies, and schedule delays.** Yet, "despite the implementation of more than two dozen regulatory and administration initiatives, there has been no substantial improvement in the cost performance of defense programs for more than 30 years. [3]

In fact cost performance worsened. Prior to the Packard Commission the average final cost overrun percentage was 5.6 and after implementation the average climbed to 9.5. This result would be obvious even to the uninitiated after a quick inspection of the transformed life cycle management process and Planning Programming and Budget and Execution (PPBE) process shown in figure 1 below.   The PPBE process is based on clear timelines with funding established by yearly events tied to congressional appropriations and authorizations. The acquisition process is tied to events, of which the earliest two events are tied to documentation reviews by oversight agencies within each component and at the Office of Secretary Defense. These events are not bounded by specified timelines but can, and do, span multiple years.
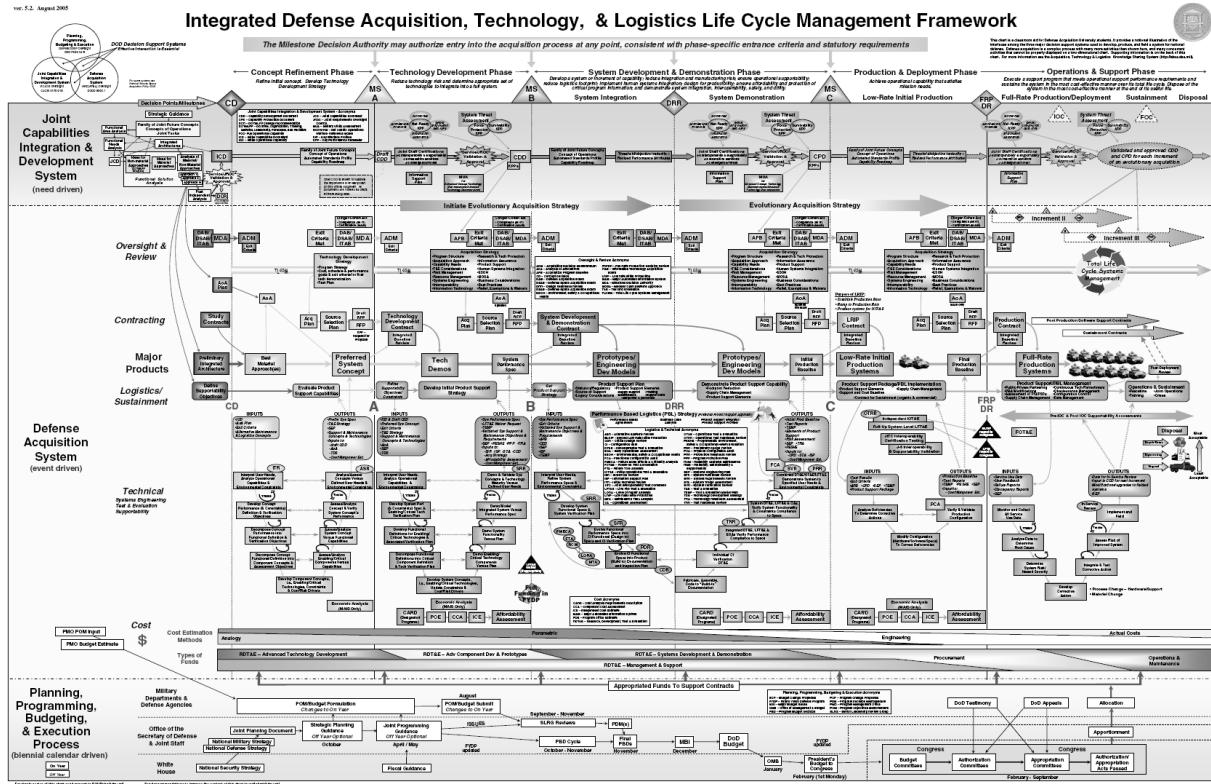
Figure 1.

The reform of the acquisition processes not only resulted in higher cost and longer schedules for these critical weapon systems but it also levied these new processes on other less costly and lower risk programs. The acquisition processes implemented as an outcome to the Packard Commission were applied to weapon systems as well as business information technology systems. The processes and approvals required to build a tank or a fighter jet are in many cases the same processes and approvals required to implement a commercial off-the-shelf information technology program. Obviously, the level of risk associated in building and utilizing a weapons platform is much higher than configuring a logistics or financial system; yet, this dichotomy is not reflected in the _reformed_ acquisition processes.

According to a 2008 Industry Advisory Council report the government has been overtaken by the private sector in Information Technology (IT) innovation for over the last 30 years. "Today, government is challenged to keep pace with the private sector, lagging an average 10 to 15 years behind in incorporating the latest technologies and processes to improve mainstream operations. As a result, government operations increasingly dependent on IT automation are seen as unresponsive, inefficient, bureaucratic and costly….Eighty-five percent of these projects are at risk of failing because of poor planning. The same study found that the remaining 15 percent are at risk because of generally poor performance." [4]

But what poor planning are the audit reports discussing? Performance, cost overruns, and schedule are broad bumper stickers. If programs are taking twelve to eighteen months for reviews then these timelines are having a negative impact overall to program schedules and associated resources. If the focus is on the plan and not on how the plan is implemented then all the well documented plans cannot keep a program on target.

Planning, Programming, Budget, and Execution

As the acquisition process was undergoing the first round of transformation, the various government oversight agencies were also looking at the financial management process within the Department. In 1995, the Government Accounting Office (GAO) designated Department of Defense (DOD) financial management as a high risk area. Specific to the Army they stated that the Service has *pervasive weaknesses* in the areas of internal controls and processes. Also, GAO has stated that currently there are fundamentally flawed business systems and as a result there is a lack of accountability

for billions of dollars of resources. These flaws have been recognized and cited in other

functional business areas across the DOD and almost without exception information

systems have been found to be a contributing factor to the lack of visibility and poor

quality of data used to make critical management decisions. [5] The ability to "drill down"

into data for the purpose of information mining is almost impossible due to the number

of unique systems and databases involved in any given business process. Adding to

the problem is the amount of time it takes to acquire large information system solutions

resulting from the DOD Acquisition Life Cycle Management Process. [6]   What is

troubling is that the current trend in reform is not alleviating the problem but is instead

making it worse. The new processes have not been streamlined; instead, in most cases

the new processes are simply added on to existing processes. A recent GAO report to

Congress stated:

> …DOD has not fully documented business system investment policies and procedures related to five key project-level management practices. For example, policies and procedures do not (1) define how the investment selection, acquisition, and funding processes are coordinated; (2) specify how the full range of cost, schedule, and benefit data accessible by the Investment Review Boards (IRB) are to be used in making selection (i.e., certification) decisions; (3) specify how reselection decisions at the corporate level (i.e., annual review decisions) consider investments that are in operations and maintenance; (4) describe how funding decisions are integrated with the process of selecting an investment at the corporate level; and (5) provide sufficient oversight and visibility into component-level investment management activities, including component reviews of systems in operations and maintenance. Furthermore, DOD does not have documented policies and procedures for (1) defining the portfolio criteria, (2) creating the portfolio, (3) evaluating the portfolio, and (4) conducting post implementation reviews for all business systems….Regarding portfolio-level practices, however, these [DoD] officials stated that they intend to improve departmental policies and procedures for business system investments by, for example, establishing a single governance structure…[7]

However, when reviewing these processes the GAO report neglected to consider that all of the existing acquisition oversight processes include a definition of the requirement/criteria, the creation of the program with the necessary resources, and evaluation of alternatives and testing and evaluation of the solution when built. The report suggests that these programs are not under control and cite the need to modify the program baselines as an effect. Recommendations include more performance reviews and oversight; however, in the same report it states that only 8% of these programs required a rebaseline as a result of contractor or program office performance. The reports all recommend more oversight, more reviews, yet none of these reports assess the impact of these reviews and multiple oversight paths to program schedule and cost.

Compounded with the information technology portfolio process and the acquisition management process is the program budgeting process that has additional requirements for development, coordination, and approval that together create a herculean effort to navigate and harmonize while requiring lengthy documents with redundant paragraphs, charts, and exhibits. The core of these documents is time sensitive and never static until the program comes through the milestone approval process; however, since each document starts coordination during different events within a milestone they may reflect different information depending on when that document entered the review process. For example, most documents have a Budget Exhibit; however, budgets change based on directed cuts or supplemental budgets throughout the year. This protracted process creates a coordination nightmare for the PM as the documents flow through each oversight agency's designated action officer for

coordination. No document stands on its own and many documents reference portions

of other documents or provide executive summary level data from other documents.

The evolutionary development of documents across milestone events results in

rewrite after rewrite of the "Capstone" documents required for approval. A simple

budget change, either positive or negative, may impact many planning documents. A

uninitiated PM may lose months in the approval process if they are not prepared to

explain how they can implement the strategy after a budget cut or be prepared to

discuss how they can incorporate additional funding and what the additional resources

will bring in the way of benefits to the program. It is not unheard of to have a program

lose a funding plus-up because a PM is unable to show a benefit, usually reflected in

financial savings, due to additional funding.   This is what almost certainly led the team

working on the Goldwater-Nichols Phase Two report to state:

> The sheer complexity of the capability requirements, acquisition and
> resource allocation processes used to equip the U.S. military seemingly
> condemns the Defense Department to the perpetual task of acquisition
> reform. Ideally, acquisition is synchronized with requirements generation
> and resource allocation; organizations are aligned with policy; and the
> entire system responds adaptively to a changing security environment.[8]

In reality programs are constantly suffering from program budget cuts, limited

personnel resources, and streamlined schedules to support perceived requirements,

and rolled into this is the unwieldy coordination processes which may impact a program

milestone decision anywhere from three months to multiple years.

Assessment of Business Transformation Efforts Using Kotter's Eight Steps

The Business Transformation Agency (BTA) was established to fulfill former

Secretary of Defense Donald Rumsfeld stated objective "… to transform not just the

way we deter and defend, but the way we conduct our daily business." [9]   The

establishment of this single governance structure, mentioned by the DoD officials in the

GAO report, was announced by the Under Secretary of Defense for Acquisition

Technology & Logistics (USD(AT&L)) in guidance on May 18, 2007. BTA was to be the

Defense Departments' method to streamline existing and burdensome daily government

bureaucracy through the leverage of commercial best business practices. The

underlying goal was to force the department to adopt commercial off-the-shelf (COTS)

products which would drive the government to leaner and less "stovepiped" information

technology systems resulting in savings in not only the systems but also in day-to-day

management. USD(AT&L) guidance directed the refinement of the Business Capability

Lifecycle concept and defined procedures for implementation by October 2007. The

guidance directed the Office of the Deputy Under Secretary of Defense for Business

Transformation to recommend policies that will guide oversight and acquisition decision

making for Major Automated Information Systems (MAIS) business system programs.

Their website states that observation of historical data has shown:

- DOD tends to transition from Problem to Program too early.

- Functional Requirements Owner(s) do not appear to take ownership, responsibility and accountability for the definition and validation of the gap/problem and broad analysis of all DOTMLPF solution options beyond Materiel.

- Program Managers are required to reverse engineer discovery, problem definition, and justification for the program while simultaneously trying to deliver capability.

- The existing Joint Capability Integration Development System (JCIDS) requirements definition process and DOD 5000 series does not provide a complete methodology for implementing software systems, particularly COTS packages.

- Lack of strong program governance/leadership resulting in: scope creep, poor re-engineering business processes and lack of buy-in by the user community.[10]

The bullets do not address how "rapid and successful delivery of capability" is going to happen. In fact the third and fourth bullets are misleading in that they do not capture the overlapping and burdensome processes levied on these systems. This is not due to any additional risk levied on COTS solutions as most senior leaders, oversight personnel, and program managers could defend the logic of streamlining approval processes for COTS systems that were tested and running in thousands of locations world-wide. Business processes in technology based systems mandate providing new capability to the customer within a calendar year. These same commercial companies that field new software products on 12 month lifecycles would be astounded by the amount of oversight and delay instituted in Government software systems development. Most large government information systems take more than 12 months to advance through the milestone approval process in and of itself. This is a serious issue, as the transformational nature of the COTS solutions effect dramatic change in the organizations that they support.

Effecting dramatic change in an organization is a complex science and historically has proven to be high risk. John Kotter, professor at Harvard Business School and expert in change management has provided an eight step process for navigating change in his book *Leading Change*. His eight steps, shown below, will be used to assess the most recent transformation efforts within the Business Transformation Agency at the Office of the Secretary of Defense.

John Kotter's 8 step process	
1. Establishing a sense of urgency	- Identify and discuss crisis, potential crisis, or major opportunities - Provide evidence from outside the organization that change is necessary

2. Creating a guiding coalition	• Assemble a group with enough power to lead the change effort • Attract key change leaders by showing enthusiasm and commitment
3. Developing a vision and strategy	• Create a vision to help direct the change effort • Develop strategies for achieving that vision
4. Communicate the change vision	• Use every vehicle possible to communicate the new vision and strategies • Keep communication simple • Teach new behaviors by the example of the guiding coalition
5. Empowering employees for broad based action	• Remove obstacles to the change • Change systems and / or structures that work against the vision
6. Generating short term wins	• Plan for and achieve visible performance improvements • Recognize and reward those involved in bringing the improvements to life
7. Consolidating gains and producing more change	• Reinforce the behaviors shown that led to the improvements
8. Anchoring new approached in the culture	• Articulate the connections between the new behaviors and corporate success

Figure 2.

Although organizations were established and many documents and memorandums were developed, the BTA leadership did not quite fulfill the requirements for change as explained in Kotter's Eight-Stage Process.[11] The following analysis uses these process stages to evaluate the effectiveness of BTA in implementing the BCL process across DOD and examines areas where they may have fallen short of the mark to ensure successful change is implemented.

Step 1 - Establishing a Sense of Urgency

Whereas Rumsfeld's comments could be stated as the impetus for establishing a sense of urgency, his remarks were made on 10 September 2001, just a day prior to the 9/11 attacks. The Military Logistics Forum website states that "… the ensuing global

war on terror slowed the department's dedicated effort to transform its business mission area." [12] Although Rumsfeld's statements concerning the life or death criticality of antiquated processes in the Pentagon could be taken as critical during a peace-time period, the reality of 9/11 and the Global War on Terror effectively replaced the priority of almost all business system transformation and focused the Pentagon on rapidly preparing for war. This left the door open for the existing bureaucracy to express complacency. [13] These individuals rightly felt that their jobs in acquisition oversight would be threatened by the establishment of new organizations and processes.

Step 2 - Creating a Guiding Coalition

The Business Transformation Agency (BTA) was established to provide the "Guiding Coalition"; however, the initial agency leadership was staffed almost entirely with executives from industry. These individuals had excellent qualifications in business transformation of commercial companies and information systems, but they did not have the experience in government and government bureaucracy. They seriously underestimated the degree of resistance that Pentagon action officers have to change and their ability to move something as large as the Pentagon toward a major transformation. They did not follow their own recommendation in their Concept of Operations that DOD obtains user "buy-in" to achieve success. The users requiring "buy-in" were not the Program Executive Offices or the program management offices that have daily management and responsibility of the programs nor was it the customers or bill payers of the programs. These groups were eager for reform and wanted to streamline an over burdensome process. The hold-outs were the bureaucrats involved in the legacy processes who viewed their jobs not as facilitators of implementation but

as gatekeepers whose primary responsibility was to slow down programs believing that speed of implementation meant loss of control and oversight.

Specifically, oversight agencies view program executives, program managers and customers as biased towards achieving implementation at all cost. They see themselves as gatekeepers and view streamlined processes as a means to remove these gates and limit control over these programs. They see early milestone events as the only real points where a program would or could be stopped. This bias towards delay was voiced by a senior executive in the Office of the Secretary of Defense for Program Analysis and Evaluation (OSD PA&E) during a Milestone B review of two information technology systems. He commented that we should not feel the need to push the programs through quickly, as this is probably the last chance that DoD may have to stop them if they require it. He felt that program management offices and their functional owners were willing to assume risk to push through a program at almost any cost and that the oversight agencies were the only real check point over the programs.[14] In fact lessons learned on the impact of acquisition reform from the Packard Commission reflect that the new processes which were developed to reduce cost risk have added to overall cost.[15] What the oversight mavens seem to ignore is that by the time one of these programs has achieved live status a significant amount of resources, both in the program management as well as independent agencies, have assessed product quality, cost and savings, risk, and customer need and found these programs to be creditable. The tables below reflect the impact of the first phase of acquisition reform.[16]

Before Implementation (1988–1991)						
	Phase			**Service**		
	All	**Development**	**Production**	**AF**	**Navy**	**Army**
Number of contracts (n)	148	47	101	64	70	14
Average final cost (millions of dollars)	356	312	377	428	328	174
Standard deviation	1105	598	1276	1581	544	233
Average final budget (millions of dollars)	341	294	363	412	310	174
Standard deviation	1061	542	1232	1524	505	250
Average final overrun (millions of dollars)	15	17	14	16	17	0
Standard deviation	55	59	53	60	55	22

After Implementation (1992–1995)						
	Phase			**Service**		
	All	**Development**	**Production**	**AF**	**Navy**	**Army**
Number of contracts (n)	121	34	87	49	64	8
Average final cost (millions of dollars)	571	768	494	724	502	190
Standard deviation	1121	2011	426	1674	465	117
Average final budget (millions of dollars)	511	647	458	613	476	173
Standard deviation	935	1661	390	1379	438	114
Average final overrun (millions of dollars)	60	121	36	111	26	17
Standard deviation	274	499	84	421	69	27

Figure 3.

Step 3 - Developing a Vision and Strategy

BTA developed the Enterprise Risk Assessment Methodology (ERAM) to initially replace the cumbersome DoD 5000 processes for Commercial Off-the-Shelf (COTS) information technology programs. This process was to guide oversight and acquisition decision making for Major Automated Information Systems (MAIS) business system programs until Business Capability Lifecycle policy and procedures are completed

coordination and approved. [17] ERAM was developed to leverage commercial best

practices by inserting a team of experts into the program to assess program risk at key

milestone events. These experts sit in on program and risk management meetings and

review plans against actual processes and interviews with key participants and

stakeholders. For the first time programs were assessed not by what they said they

were doing but by actual reviews of their daily management practices. These reviews

and interviews assessed the implementation of risk throughout the program and enable

the Business Transformation Agency (BTA) to determine if the processes were well

understood and supported at all levels of the program. However, pressure from the

oversight agencies to continue business as usual slowly eroded the goodness of this

process. As programs under the BTA came up for milestone approval they were

delayed by action officers who would not review documents that were not formatted in

the DoD 5000 format. Other techniques for delay included assigning critical

classification to format or grammar concerns to effectively stop documentation from

obtaining approval. So while the BTA was defining and implementing a process to

streamline relatively low risk commercial-off-the-shelf (COTS) information technology

systems, the oversight mavens were unwilling to give up their existing processes. This

resulted in two processes with two different paths levied on COTS programs. Offices

like OSD PA&E and OSD Acquisition Technology and Logistics held monthly meetings

for programs at the Senior Executive Service level to address concerns over process,

format, and acquisition control spanning these two processes. One of the primary

decisions, that spanned over five months of meetings, was to implement fixed-price

contract structure over two information technology transformation programs. This

decision was challenged by both the Army and Air Force (the components responsible for these programs) as adding high risk to the programs by limiting the ability for major transformation during the development stages. However, after realizing the group would continue to delay these critical congressionally mandated programs the components capitulated.   Within eighteen months both Department of Defense Inspector General Audits and Office of Management of Budget Audits stated that fixed price contract structure was high risk and burdensome to the government, but by that time both programs had awarded contracts.

Step 4 - Communicate the Change Vision

The initial intent to streamline major acquisitions of COTS implementations failed to break free of the DoD 5000 requirements. So while the memorandum and its predecessors established the senior leader intent to implement a major acquisition streamlining initiative for Commercial Off-The-Shelf (COTS) implementations, the fact is that not only was there no streamlining to the DoD 5000 requirements, the ERAM process has instead added additional requirements for COTS programs.   The agency has failed to live up to their own Concept of Operations for the Business Capability Lifecycle (BCL) that states the following:

> With the evolution of Commercial-off-the-Shelf (COTS) technology and the swiftness in which business capabilities are required to come on-line, oversight must evolve to support these changes in the business system environment by focusing on the rapid and successful delivery of capabilities. [18]

In an effort to communicate the change vision BTA developed the Enterprise Integration Toolkit (EI Toolkit) to guide program managers and system integrators

through a common/standard process for implementation of ERP solutions. A high level

depiction of this process follows:
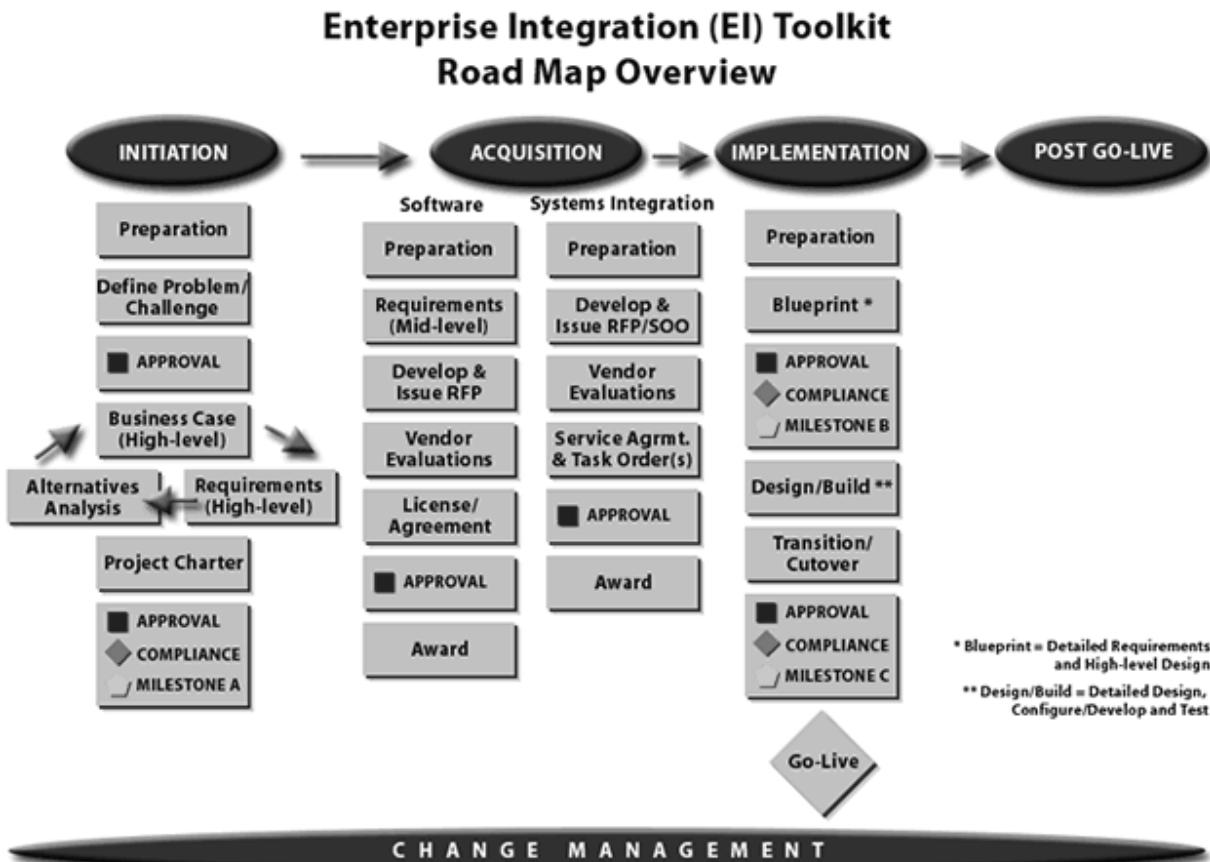
Figure 4.

Each of these phases Initiation, Acquisition, Implementation, and Post Go-live

had a set of corresponding entrance and exit criteria which were based on common

best business processes evolved from thousands of implementations world-wide and

standardized for DoD implementations. BTA provided crosswalks of the DoD 5000

process to the EI toolkit in an effort to assist individuals in understanding how the two

processes mapped. Briefings were communicated at senior levels across the

components via a series of monthly stakeholder meetings on Enterprise Management

where traditional milestone events were cross-walked to COTS ERP processes. The

intent was to familiarize key personnel with the methodology and gain their acceptance

of the standard commercial products which naturally resulted through the use of the

toolkit in place of the DoD 5000 formats which were custom developed outside of the

normal program management responsibilities. BTA believed that COTS products held

substantially lower technical risk since they were already performing in thousands of

commercial and government organizations world-wide. BTA experts developed briefings

and white papers explaining how these products were configured and showing the

stability of the software through an analysis of the complexity of use by other customers

and the benefits of users experience with "live" operating environments. BTA expected

that oversight personnel would see this as an overall reduction of risk and in turn

support a transition to the new process (see figure below).

DoD 5000/COTS Phases Alignment

Defense Acquisition Management Framework – Traditional
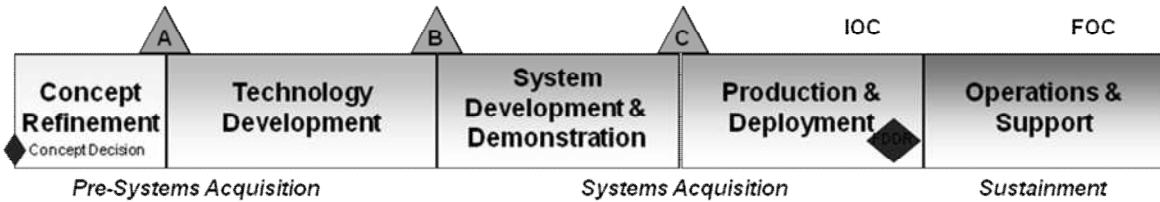
Defense Acquisition Management Framework – For COTS Enterprise Systems
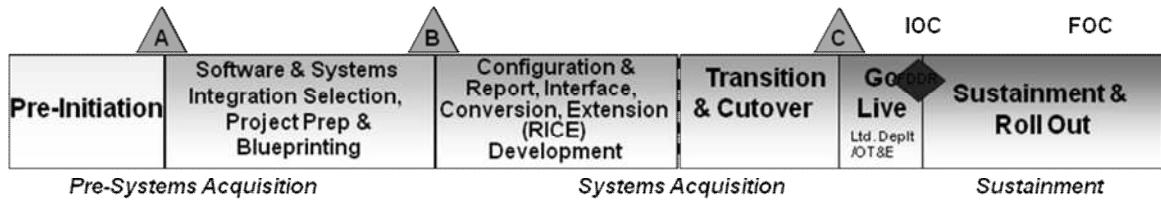
DoD 5000 and the EI Toolkit
Version 1.0 · November 2004

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Figure 5.

Kotter states that establishing and communicating a vision is essential and that it helps coordinate the actions of different people,…clarifies the direction of change, and can help eliminate hours, days, or even months of torturous discussion.[19] This need for vision was readily apparent during the proposed transformation to the Enterprise Risk Assessment Methodology (ERAM) and Enterprise Integration (EI) toolkit processes. However, BTA seems to have committed the same mistake that they criticized DOD for, as they "appeared to transition from Problem to Program too early." Although BTA was established in 2005 they failed to prepare a description of the BCL process until late 2006. To further exacerbate the situation they did not codify it in a concept of

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operations until 2007. This lack of clarity of where and how the Department would implement Major Automated Information System (MAIS) Business Capability Lifecycle (BCL) left a vacuum that ensured a lot of torturous discussion by senior executives (as discussed earlier). Programs going through the approval process were forced to prepare for two paths, the old Acquisition LifeCycle Management Process and the new BCL concept. So instead of streamlining the approval process, MAIS programs using a COTS product were developing two sets of books and following two sets of processes. Now the Program Manager (PM) had to navigate the old process as well as the new BCL process. In many cases, valuable time and resources were spent taking contractor documents prepared during the development process and translating them into governmental formats for review. In many cases it was mostly format changes involved in this exercise.

Step 5 - Empowering Employees for Broad Based Action

The problems with BTA defining and establishing a clear vision acted as barriers to Kotter's next step of empowering employees with broad based action.[20] The dual organizational structure that programs were forced to operate within caused almost impossible and impassable obstacles based on conflicting guidance. The PM staff was relegated to managing negotiations across the two processes in an effort to obtain the necessary approval. BTA tried to grandfather in many of their requirements but even that did not help when programs were still dancing to two different drummers with different expectations and both pointing at policy and statute to inculcate their positions.

<u>Step 6 - Generating Short Term Wins</u>

The Business Transformation Agency (BTA) had short-term wins at the field level in Iraq and Afghanistan, but, this was in support of standards or implementation of systems that due to their size or criticality to the war effort were not forced through the BCL process. Also, BTA's initiative for Enterprise Risk Assessment over each program took a more proactive and helpful approach to assessing program risk. Skilled experts in both technical and functional areas across the Department reviewed program management documents, organizational alignments, risk management programs, technical specifications, and other key program management elements. After completion of this review they arrived on site at the program office to examine whether or not the program office was following their stated plans, had effective control and oversight of all contractor products, and managing expectations and communications across the program. During this review they attended regularly scheduled meetings, performed interviews, and assessed risk across all areas. At the end of their review a series of briefings were held at all levels addressing the findings and recommendations. This type of review gave a more accurate 360° picture of program risk. Most importantly it reflected what was actually working, or not as the case may be, within each program office. Of all the BTA initiatives this was one of the most helpful to the program manager.

However, programs which were forced through the process were in almost all cases drastically slowed down and spent years obtaining milestone approvals nullifying the opportunity for short-term wins. This was probably best seen in the multi-year timeframe for the Global Combat Supply System – Tactical Army Milestone B decision. Repeatedly the program was held up trying to provide detailed economic analysis

information even though both sides agreed that the program did not require a positive return on investment in cost savings to justify its need. Programs that moved through the process, like the Army's General Fund Enterprise Business System, were pulled through by very senior executive leaders in the Army at the Assistant Secretary and Lieutenant General levels. These senior leaders took the time to attend meetings which in some cases were at the GS15 or low level Senior Executive Service (SES) level to promote their program and push for decisions.

Step 7 & 8 Consolidating Gains and Anchoring New Approaches

The last two stages identified by Kotter have been implemented in a hit or miss manner. The resistance that Kotter warns about is present in the old acquisition process leaders and organizations which are still strong and better anchored in the Pentagon culture than BTA and the BCL. In fact, many of the action officers who existed in the old regime are still there, in some cases they have been promoted within their organization, and are waiting out the change in administration to return to business as usual.

Summary of BTA Change Efforts

BTA states that, in less than three years, the business transformation process continues to gain momentum, and important progress has been made across the DOD business enterprise and, in particular, logistics.[21] This is a surprising statement in lieu of the recent history for information systems that have had to work through the acquisition process. The Navy and Army COTS logistics systems spent an inordinate amount of time achieving milestone approvals; the worst of which was the Army logistic program which has spent over five years trying to achieve Milestone B approval. Most of this time was spent over debates on funding levels, contract type, and economic analysis. The

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first two issues were rooted in the effect on funding resulting from milestone approval delays. Had BTA been successful in replacing the old process with the new BCL and ERAM methodologies they could be definite enablers for improving the quality and speed of delivery on COTS systems. COTS leverage sound operational and proven processes which are inculcated within the information system implementation and documentation. This negates the need to create special documents for the purpose of oversight. BTA leverages required program documents in their ERAM methodology process through the use of the toolkit. Finally by implementation of a series of on-site reviews and interviews to determine if the program is following their stated management plans and if the plans are complete they ensure the inculcation of the standard business processes. Their review assesses risk to the program across functional, technical, management, cost, and schedule. From their report comes a list of recommendations and guidelines for lowering future risk. Again all of this is geared towards actual documents prepared by the PM; however, most PMs are hesitant to embrace the new processes.

PMs know that format and grammar can hold up documentation for months during oversight review so some of the resistance is due to the amount of crosswalk required to keep the in house documents consistent with oversight documents. The in-house documents are built by the functional and technical teams focused on end product development and management and they do not reflect special formatting nor are they always written with perfect English syntax. Add the additional risk caused by a change in administration and the result is a resistance to new processes which may not

outlive the administration as many Program and Project Managers question if the senior DoD leadership has inculcated the change to ensure it survives post inauguration.

So has BTA been successful in implementing change? Of course only time will tell; however, the indications are that the old regime and old processes will continue to resist change. BTA appears to have recognized the impact from the lack of career military and civilian government personnel and strides have been made to bring in more senior military and government executive service positions to fill the gap. Only time will tell if this strategy will be enough to allow the new processes to remain. My expectation is that many of the new positions may return to the organizations established prior to the BTA. This organization had so much potential to relieve antiquated business processes and streamline critical business systems; however, the impact of 9/11 and the Global War on Terrorism as well as not understanding how to implement Kotter's eight critical steps in a bureaucracy as entrenched as the Pentagon may not allow for these improved processes to take root. BTA itself failed to implement their own guidance to DOD in the Concept of Operations and even though they are making strides to correct some of these issues it may be too little – too late. A quick review of their successes listed on their website, with analysis of the actual results and failures (underlined):

> The DoD has instituted a strong governance structure, actively led by the Deputy Secretary of Defense and the Department's most senior leaders, to guide and manage its business transformation efforts. This governance structure is headed by the Defense Business Systems Management Committee (DBSMC). The DBSMC has provided strategic guidance that resulted in actions such as:
>
> - Establishing six Business Enterprise Priorities (BEPs) to focus the Department's business transformation efforts, which now guide DoD investment decisions. Result: created an additional layer of approval for all programs.

- Establishing the Business Transformation Agency, a permanent piece of the DoD, staffed by resources with the skills to drive change at the Enterprise level of the organization and be held accountable for specific elements of the overall effort. Result: created a separate organization outside of DoD 5000 acquisition oversight required to approve programs.

- Establishing Investment Review Boards, which are responsible for reviewing business system/modernization investments annually and recommending those investments for certification. Over the last two years, over 300 systems at both the Component and OSD levels have been certified as compliant to the BEA or been granted conditional certifications based on specific plans to achieve compliance during the implementation lifecycle. Result: still another approval process.

- Providing strategic oversight for key enterprise-wide programs, such as the Defense Integrated Military Human Resources System (DIMHRS). Result: DIMHRS has been the poster child for how not to implement a COTS product. Extensive customization and oversight levels from component, OSD, and congressional interest groups have caused multiple failures in acquisition, development, and fielding. Recently, DIMHRS announced another program schedule slip. This program is at least five years behind schedule with no clear end in sight.

- Conducting strategic business policy reviews; for example, travel policies that impact solutions such as the Defense Travel System (DTS).

- Performing reviews of the Component-wide strategies, performance, and risks for Enterprise Resource Planning (ERP) systems. Result: still another approval process.

- Shifting to a bias toward implementing business capability as rapidly as possible, and in support of that bias, developing a new acquisition oversight processes for business systems - the Business Capability Lifecycle (BCL), which has as a central tenet that future business cases for systems must include the delivery of tangible capability within 12-18 months. Result: no actual processes have been streamlined to date and there does not appear to be a realistic plan that would support the ability for future large transformational programs to meet the 12-18 month window. [22]

However, a close review of these successes would reflect that few, if any, programs

were expedited as a result of this process; only one of the larger ERP programs,

General Fund Enterprise Business System, met the delivery capability within 12-18

months. Navy and Army logistics systems and the Defense Information Management Human Resource System (DIMHRS) failed to meet schedules and DIMHRS additionally failed to meet quality expectations and recently announced another schedule delay. Finally, the BCL process has morphed into three phases which look very much like Milestone A, B, and C of the previously existing Life Cycle Management Framework. With this obvious redundancy the ability to streamline documents as well as navigating the constantly shifting process is difficult. The Program Management Office can expect little stability as they try to plot a course through the waters of reform. So what is a PM to do?

Recommendation

Many of the BTA processes are lower risk for the day to day management of COTS products. BTA needs to focus on obtaining stakeholder leadership with the new emerging administration. Emphasis on forcing mechanisms for single review cycles and standard documentation needs to be addressed through updated regulations requiring oversight agencies to agree to development plans for major documents like the cost analysis or analysis of alternatives documents with timelines for approval. Reports showing actual timelines for approval of critical documentation should be reported by the PMs during their quarterly acquisition reports to highlight potential blockages.

The successful PM will need to overlay the two processes and make use of Kotter's eight steps. They will need to define a strong vision with a detailed strategy for navigating both approval streams using a common set of standards. The vision will require support first and foremost with the customer and program executive officer at the highest levels. These senior leaders become the forcing factor for establishing a

sense of urgency and if managed appropriately they are the guiding coalition. These

leaders need to not just be "behind a program" but actually "out in front". They need to

initiate and communicate the vision for change and reinforce that this vision is their

vision and will be supported by them as a high priority item. Personal emails from these

leaders to their counterparts at the oversight agencies need to become a standard. The

PM needs to keep the coalition informed, and quickly communicate good and bad news.

Bad news should reflect a clear understanding of the problem with proposals for

resolution. This coalition group becomes critical to success. They must feel ownership

of both the problem and the solution. A process for educating new coalition members

needs to be established early, especially in the case of senior military leaders who

usually rotate more frequently. Repetitive documents across the multiple processes

need to be assessed for determination of which meets the needs of the approving

officials. Since acquisition reform the most critical and time consuming documents still

exist in some form. These documents are the typical budget and funding exhibits

showing lifecycle costs and proposed or existing budgets, a cost analysis and

affordability assessment, requirements document, and statutory certifications. Each

document has its own set of stakeholders involved in the approval process. These

stakeholders include not only the typical customer but also the oversight staff. A sense

of shared responsibility for success must be brought to bear across the group.

Understanding that the oversight offices are extremely risk adverse should guide the

PM office during their planning and review sessions. This is not a simple task since the

lack of static formats and agreements affect the ability to meet requirements for

phases/milestones. The Program office staff should at this point not allow the oversight

agency the leeway to enforce a format based on "I am not sure what I want, but I'll know it when I see it."

This information needs to be brought into a cross functional working group of action officers from the various organizations. Specific emphasis on the analysis of alternatives, cost analysis, and requirements documents needs to take place. The program manager should provide a description of key elements they plan to cover in the document and push the action officer to either concur with the recommendation or document their concerns and alternatives. If unable to obtain concurrence then the PM needs to staff the issue and quickly elevate to the decision makers from the organizations effected. All decisions from the working groups as well as the executive decision-makers meetings must be documented and staffed officially to become a part of the permanent record. These key decisions need to be tracked and discussed at all subsequent meetings. This keeps the decisions fresh as well as ensures that new attendees are brought current on the agreed performance plan. This should counteract misunderstandings and remind the group on the process for approval. Executive decision makers should agree to not only the document and content but also which group will approve the document. For instance, a decision on whether a document will require Milestone approval through the USD AT&L or if the portfolio management group will be the approval authority needs to be outlined early. Having USD AT&L document key decisions will reduce potential conflict too.

Closer to home, the PM needs to define clear responsibilities for meeting key milestone events. Program Office organization in the early two phases should be structured around the critical documentation elements and empower employees to

achieve these elements. Plans for each major element must be detailed with clear expectations of what is required, where possible it should include examples of other documents deemed to be good, and detailed review points for assessing progress. This progress should show key intermediate milestones. Employee and contractor performance plans should have intermediate milestones tied to financial and performance evaluations and all members of the team should have clear understanding of their expected responsibilities. These intermediate milestones become the events to generate short term wins, and through formal documentation in the employees' performance plan they anchor them in the program office. The employee becomes responsible to determine from each of the oversight offices what their particular itch is that needs scratching.

An example of intermediate milestones for cost analysis might be an agreement on alternatives for assessment (e.g., status quo, COTS implementation, privatization of solution). The intermediate milestone for this example would include agreement on the number of alternatives, the selected alternatives, description of these alternatives to include boundaries or scope, and any required special coordination. Special coordination would cover similar industry and government implementations, or use or restriction of use of commercial studies for assessing across the alternatives. This later has caused many concerns for the uninitiated PM who thinks that reports from Federally Funded Research and Development Companies (FFRDC) are always viewed as reliable sources. Sharing the reports with the oversight agencies and documenting what is acceptable for including during analysis becomes critical to keeping schedule later. Many programs are held up justifying reference data and its value when

contrasted against the various alternatives. Detailed minutes must be captured and issues need to be fully defined and if the group is unable to obtain resolution within a couple of meetings the issues need to be documented and brought to the next higher management level for resolution. At this point, it is critical for the PM to provide a clear description of the issue with both views described equitably for senior leaders. This process allows each side to gain a sense of trust that their position will be heard and concerns addressed.

Doing all of the above will not guarantee success. It should and will increase the potential for success. Yet, in the long run the unexpected will crop up and the strength of the program coalition, the amount of good will and trust built up by the program office, and the ability to communicate effectively will become critical. When these events happen the program manager will quickly be reminded that the government is inherently risk adverse.

Endnotes

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[11] Kotter, *Leading Change.*

[12] Marty Kauchak, "On Track and Gaining Momentum," *Military Logistics Forum*, vol 3 issue 2 (March 2009).

[13] Kotter, *Leading Change*, 35-42.

[14] Author was in attendance at the February 2008 meeting. The comments attributed to the Senior Executive are the author's best recollection and summary of his actual statement.

[15] Christensen, Ph.D., et al., "The Impact of the Packard Commission's Recommendations on Reducing Cost Overruns on Defense Acquisition Contracts."

[16] Ibid.

[17] Under Secretary of Defense for Acquisition, Technology, & Logistics Gordon England, "Acquisition Management of Major Automated Information Systems (MAIS) Business System Programs Operating Under the Enterprise Risk Assessment Methodology (ERAM)," memorandum for Secretaries of the Military Departments, Washington, DC. July 18, 2007.

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[19] Kotter, *Leading Change,* 68-69.

[20] Ibid, 102-103.

[21] Kauchak, "*On Track and Gaining Momentum".*

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