

# Air Force Contracting



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**Assistant Secretary (Acquisition)**  
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# Overview

- **Getting Beyond the Headlines**
- **Strategic Sourcing**



**Defense audit says NPOESS contract "unfairly" awarded**

**The New York Times**

**Ex-Pentagon Official Gets 9 Months**

**GOVEXEC**

**Air Force tells senator  
it will alter C-130J contract**

**St. Petersburg Times**

**Report cites violations on Air Force tanker deal**

# Acquisition Challenges From the Washington AOR

GAO: "Factors Contributing to Poor Acquisition Outcomes"

## DOD's buying power eroded due to:

- Historical preference for grand, revolutionary solutions that depend on immature technology
- Frequent mismatch between wants, needs, affordability, and sustainability
- Unrealistic and continually changing requirements
- Undisciplined management of programs once started
- Lack of competition and adherence to sound contracting practices that adequately allocates risk between the contractor and taxpayer
- Incentives and fees based on attitudes and efforts rather than results
- Workforce capabilities strained to meet 21<sup>st</sup> century challenges

# Getting Back to Basics

## Integrity & Transparency

- Process discipline with reasonable checks & balances
- Consistent and open dialogue
  - Customers
  - OSD
  - Congress
  - Industry
- Accountability linked to authority

**Agile Acquisition with Integrity & Honesty**

# Getting Back to Basics

## Acquisition Strategies

- **Competition**
  - Sustained competition for development programs as long as possible
  - Maximize competition at the task/delivery order level on multiple award contracts
- **Incentives**
  - Utilize more CPIF type contracts vs. award fee for cost and schedule incentives
  - Focus award fees on key technical and management challenges
- **Risk**
  - Time certain development
  - Risk based source selections
  - Program risk management; risk as a predictor of program success

**Agile Acquisition with Integrity & Honesty**

# Getting Back to Basics

## Acquisition Workforce

- Who's included ?
- Is it sized and shaped properly ?
- Is it educated, trained and equipped ?

**Agile Acquisition with Integrity & Honesty**

# Procurement Transformation





U.S. ARMY CONTRACTING AGENCY



JOHN DEERE



**Reduction in Cost Per Unit**

**Improved Operating Efficiency**

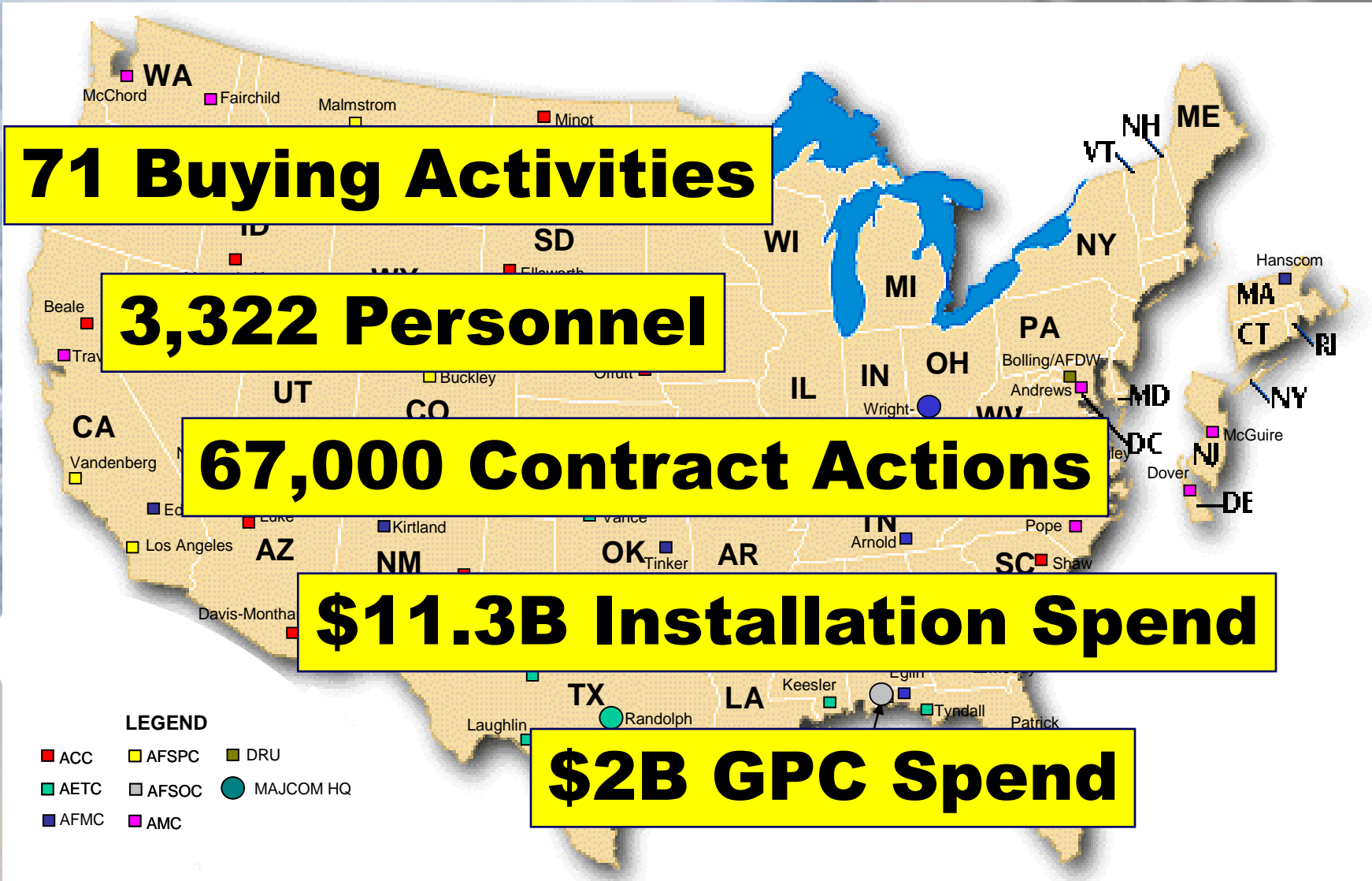
**Change in Consumption / Volume**

**Improved Focus on Socio-economic Goals**



**Strategic Sourcing is a Force Multiplier**

# Current Tactical Alignment (CONUS)



# Commodity Councils Success Stories

- **Support Equipment**
  - 190 NSNs reduced to 3 common configurations
  - Acquisition Lead Time reduced from 180-210 days to 30 days
  - Contract actions reduced from 209 to 13
- **Information Technology (\$223.7M spend – FY03-FY05)**
  - Centralized buying power
  - Requirement configuration reduced from 1,000+ to 4
  - \$53M savings by using Quarterly Enterprise Buy methodology
  - FY05 Awarded 17.1% to small businesses—Exceeded AF IT goal of 6%
  - AFAA analysis found a \$15M lost opportunity
- **Medical Services (\$42.1M Spend)**
  - Primary Care Elements
  - Standardized Performance Work Statements
  - \$1.3M saving by eliminating fee based contracts from other Agencies
  - 100% small business

# Summary

- **Air Force is taking steps to regain its acquisition credibility**
  - ...Transparency
  - ...Oversight
  - ...Governance
- **A transformed Air Force demands a different business model & alignment of resources to support the model**

**Strategic vs. Tactical Sourcing**

