



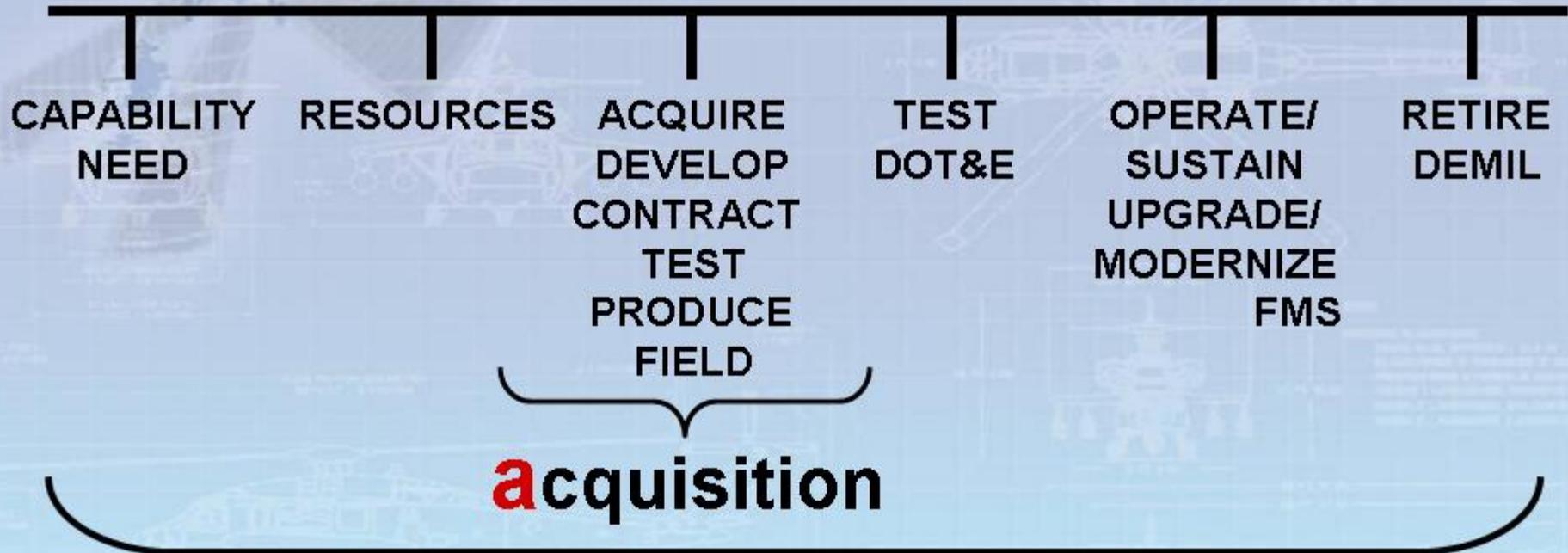
What's New in Acquisition Reform



Colonel Bill Nelson
Commander



“BIG A - little a” One Process- One Team



ACQUISITION

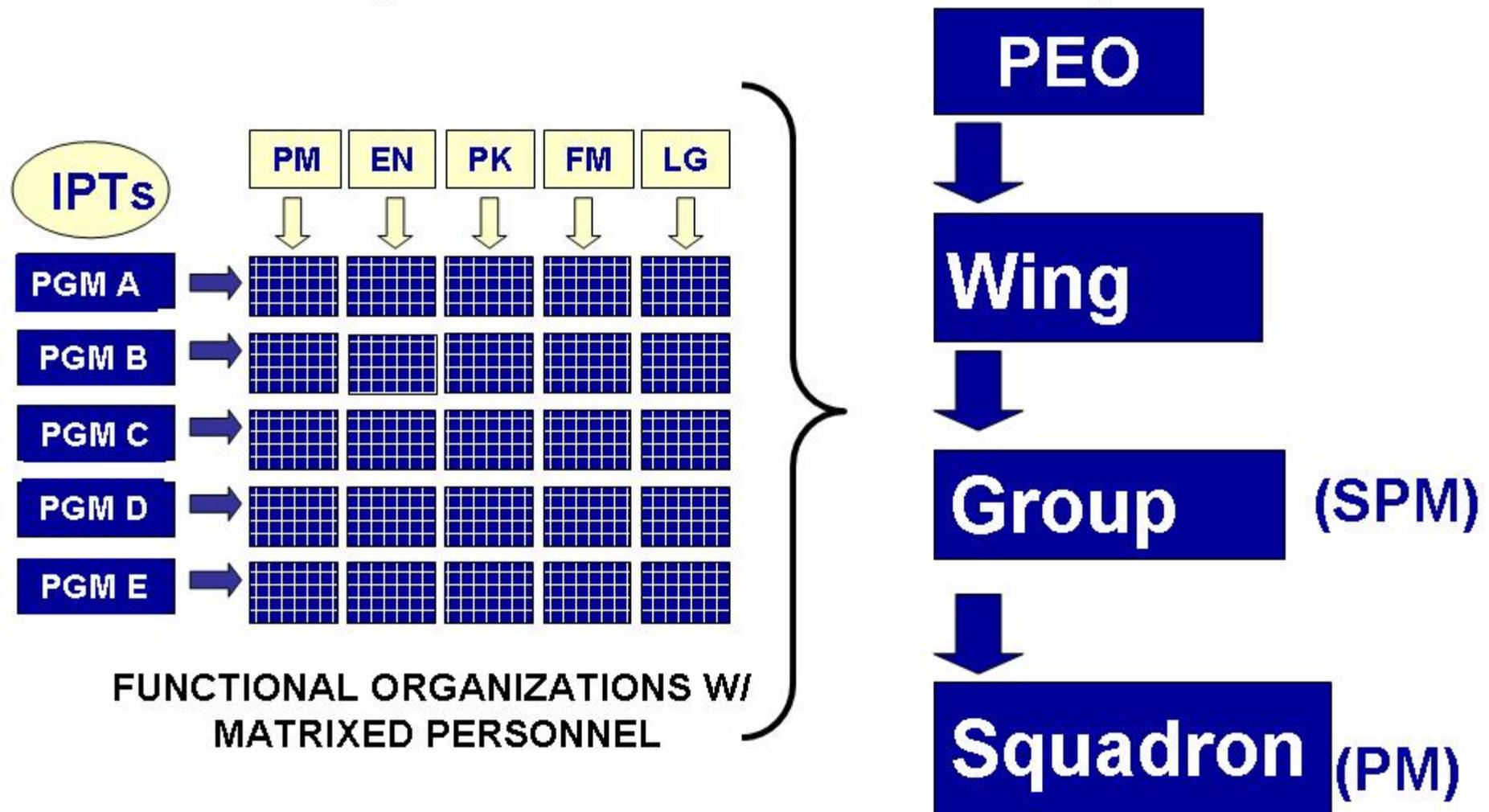


Doctrine, Organizations, Training, Leader Development, Materiel, Personnel, Facilities



AFMC Reorganization

Matrix Organization Evolves to Line Organization





Changing AF Environment The Case for Change



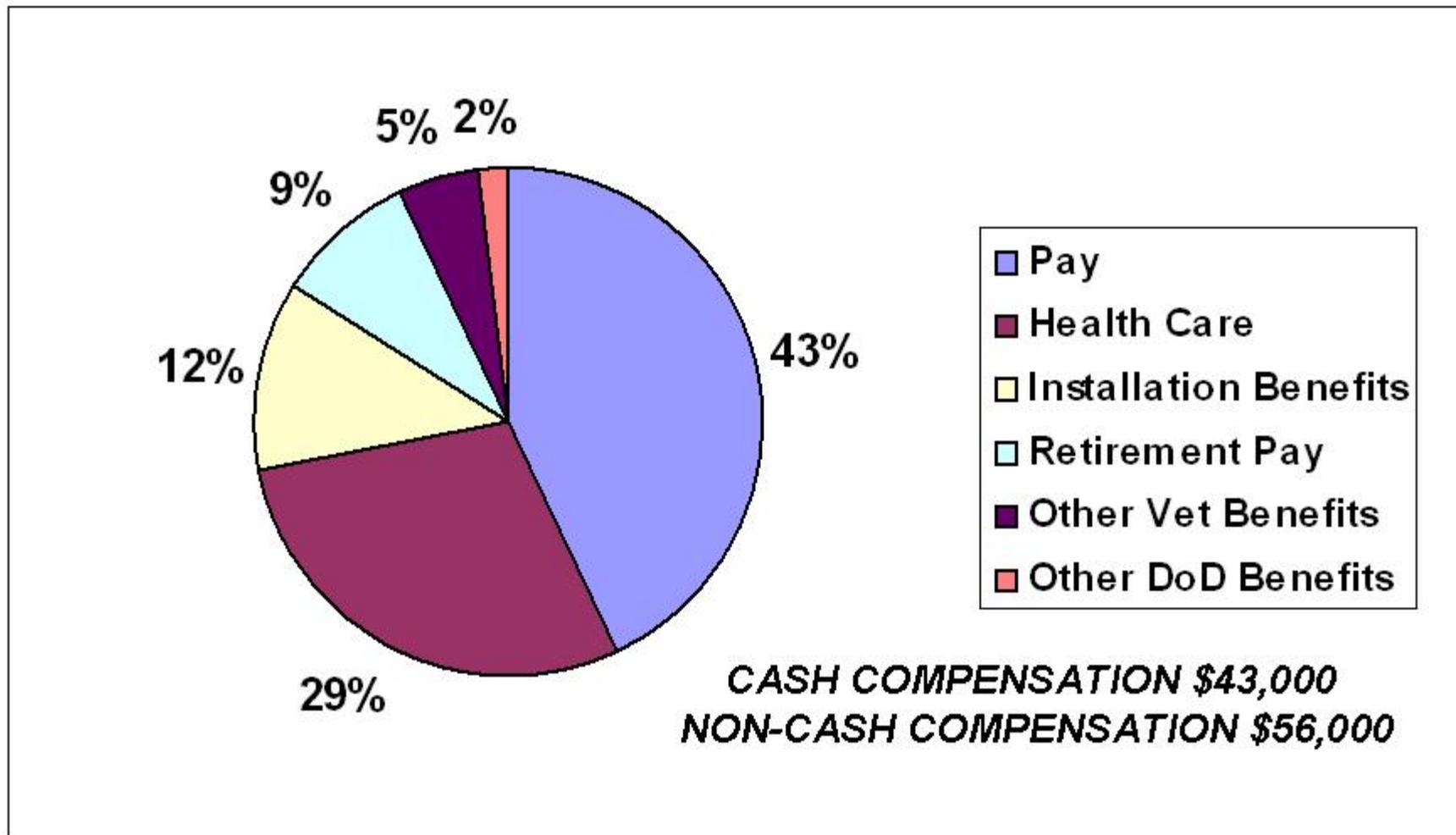
Source: USAF Almanac

Air Force Personnel Strength



The Case for Change

The \$100K Airman



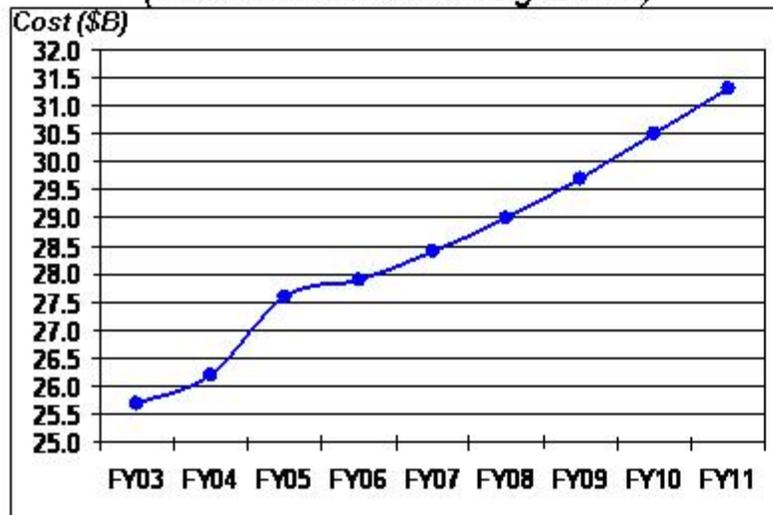
Source: CBO Report, 16 Jan 04



The Case for Change

Rising O&S Costs

Overall Aircraft O&S Costs
(FY03/04 Actuals Straightlined)



- Rising cost of operations crowds out needed investments
- Strategies of the past tend to push bills or create risk that must be paid during execution
- Our legacy is budget vs cost centric
- Few tools to address this (BRAC and A-76)

We must change the way we do business to survive!



Keys to Transformation

- **TRANSPARENCY**
- **ACCOUNTABILITY**
- **DRIVING TO 95% GREEN**



Transparency Acquisition Sorties

Types of Sorties

"Standing" Sortie

- Important, Not Urgent
- Example: Next FY Spend Plan Complete

"Program Specific" Sortie

- Directly Support EMAs
- Example: 24 assets delivered by May

"Continuous Improvement" Sortie

- Target One per Quarter
- Example: AFSO21 Lean Event

Monthly Sortie Metric

| | | | | | | | |
|--------------|----------|----------|----------|----------|----------|----------|----------|
| Monthly GOAL | 22 | 10 | 9 | 18 | 10 | 7 | 23 |
| FLOWN | 11 | 7 | 5 | 10 | 8 | 4 | 13 |
| +/- MONTH | -11 | -1 | -3 | 0 | 0 | -1 | -1 |
| YTD | -11 | -3 | 0 | 0 | 0 | -1 | -11 |
| | 690 ARSS | 691 ARSS | 692 ARSS | 693 ARSS | 694 ARSS | 695 ARSS | 696 ARSS |

Plan Your Work – Work Your Plan



Transparency

Monthly Virtual PMRs

WING HEALTH

- **Manpower/ Personnel**
 - Staffing/ Manning
 - MILPDS;DCPDS;MPES
- **Readiness**
 - USAF Fitness Program
 - AEF Center
 - Deployment Training
 - Qualifications (CHRIS)
 - Education
 - Supervisor
 - ADLS
 - ETMS
 - CL Tracker
 - A3 Armament Acad
 - Manual Tracking
- **Progress Toward Goals**
 - Balanced Score Card
 - Strategic Objectives

PROGRAM HEALTH

➤ Sorties

➤ SMART Review

1. Wing Overall Health
2. Accomplishments
3. Wing 101 Issues
4. IPOM A EVM
5. IPOM B EVM
6. IPOM C EVM
7. Risk Overview
8. 328 ARSW Financial Execution
9. 328 ARSW Financial Execution (cont)
10. A1N-9X Status of Funds
11. Wing 2006 Snake Charts
12. Wing 2005 Snake Charts
13. Wing 2004 Snake Charts
14. Documentation Compliance
15. Documentation Status Matrix



| Risk Bullet | Risk Status | Risk Probability | Ris |
|--|-------------|------------------|-----|
| Small number of PSE items unavailable to support RAA | Mitigate | 11-40% | Min |
| Some Spares Unavailable to Support RAA | Mitigate | 11-40% | Min |
| TOs Unavailable to Support RAA | Mitigate | 41-60% | Mod |
| Airworthiness Certification not Complete by RAA | Mitigate | 61-90% | Max |

- Non SMART Programs
- Test Execution
- CPARS Comparison
- SE Assessment
- PoPS Assessment
- EMA Compliance & Deliveries
- Contract Actions & CCaRS

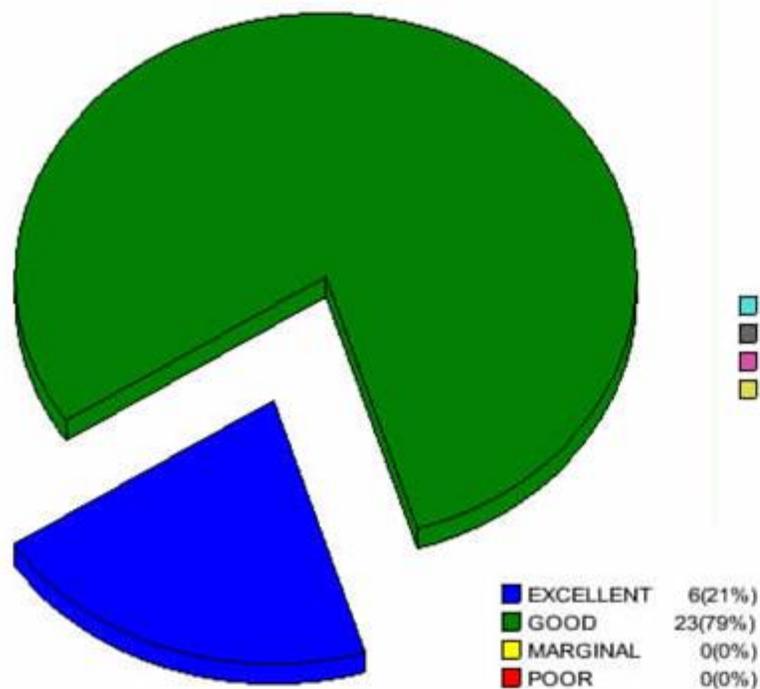


Transparency Wing Health

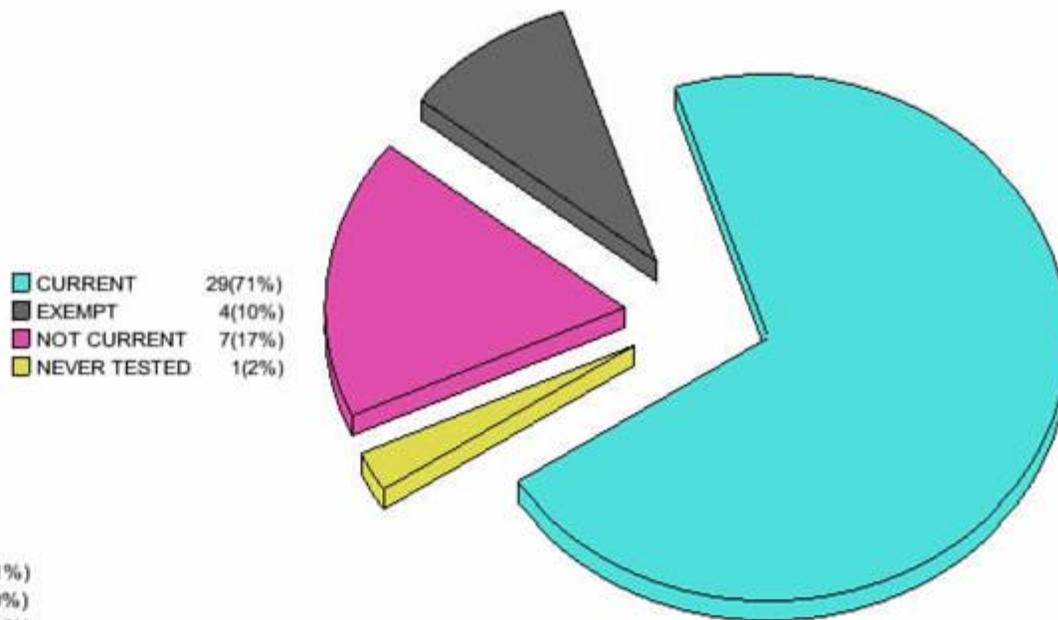
Data Extracted on: 31-Aug-2006 at 18:54 GMT

Fitness Management System Metrics:

FITNESS STATUS



FITNESS READINESS STATUS



Display Fitness Readiness Status.
 Display Fitness Status.
 Display Both - Vertical.

| Fitness Readiness Status | | | | | TOTAL |
|--------------------------|----------|-------------|--------------|----|-------|
| CURRENT | EXEMPT | NOT CURRENT | NEVER TESTED | | |
| 29 (70.7%) | 4 (9.8%) | 7 (17.1%) | 1 (2.4%) | 41 | |



Transparency Wing Programs

Overall Health

Overall
Cost
Schedule
Performance
Funding
Logistics
Test
Management
User Satisfaction

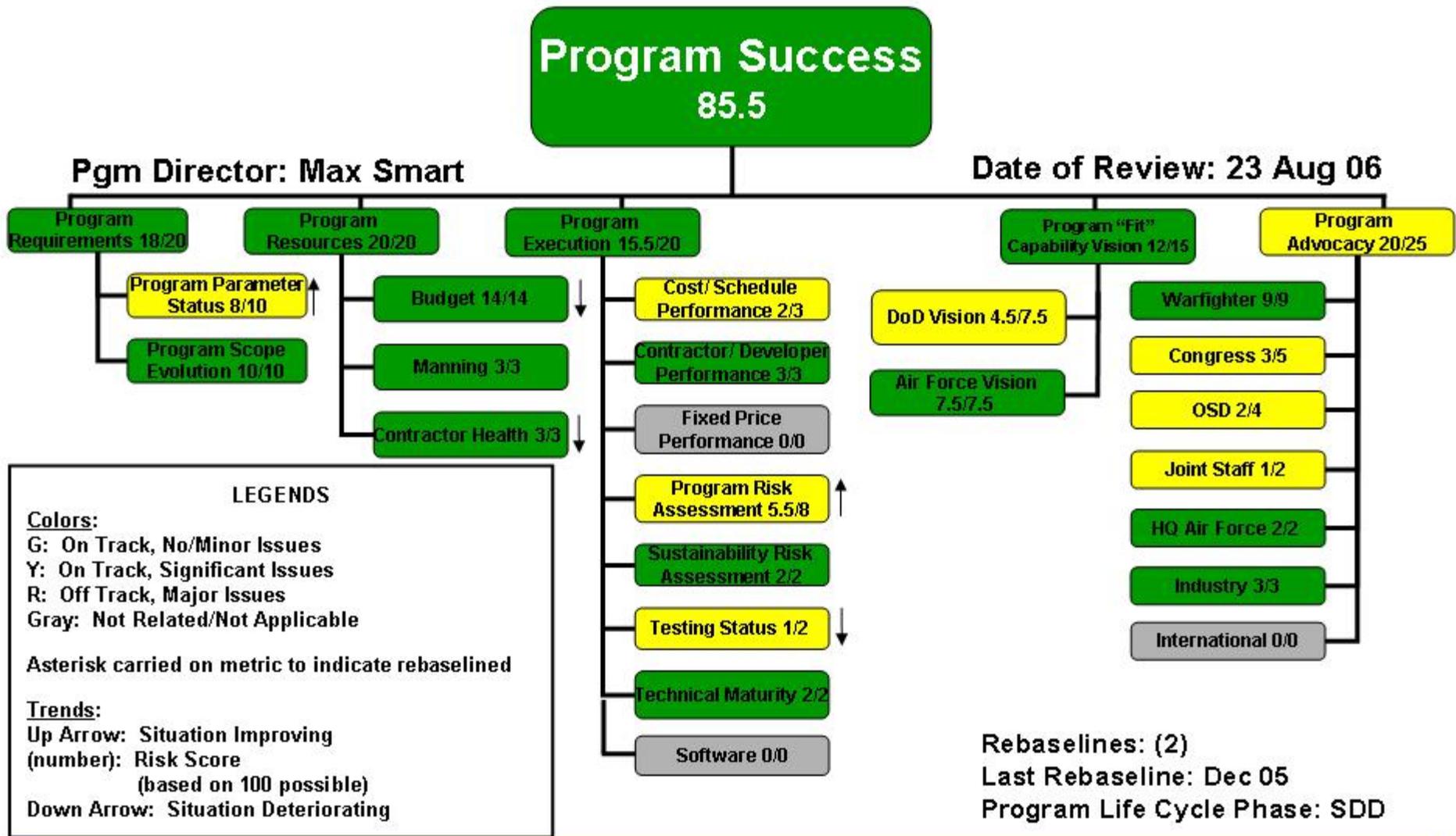
| | Overall | Cost | Schedule | Performance | Funding | Logistics | Test | Management | User Satisfaction | | |
|-------|---------|------|----------|-------------|---------|-----------|------|------------|-------------------|-----------------------------|---------------|
| PGM A | Y | G | Y | Y | G | Y | Y | G | Y | View Report | Program Brief |
| PGM B | Y | G | Y | G | Y | G | Y | G | Y | View Report | Program Brief |
| PGM C | G | G | G | G | G | G | G | G | G | View Report | Program Brief |
| PGM D | G | G | G | G | G | G | G | G | G | View Report | Program Brief |
| PGM E | G | G | G | G | G | G | G | G | G | View Report | Program Brief |

Page



Transparency

PGM A Probability of Program Success





Transparency Systems Engineering Implementation Assessment

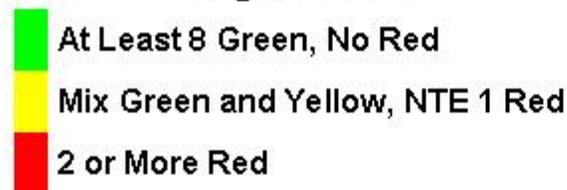
| PROCESS | | | | | | | | | | BSC Prgm | Contractor |
|---------------|--------|--------|---------|------------|----------|-----------|-------------|-------------------|----------------------|----------|------------|
| Wing Programs | Reqmts | Design | Ver/Val | Transition | Planning | Risk Mgmt | Config Mgmt | Decision Analysis | Technical Assessment | | |
| PGM A | 69 | 95 | 86 | 84 | 85 | 97 | 100 | 49 | 97 | | AAAAA |
| PGM B | 94 | 97 | 93 | 81 | 86 | 94 | 100 | 71 | 100 | | BBBBB |
| PGM C | 81 | 94 | 81 | 92 | 69 | 43 | 97 | 58 | 76 | | CCCCC |
| PGM D | 89 | 94 | 64 | 89 | 89 | 92 | 97 | 76 | 86 | | DDDDD |
| PGM E | 100 | 100 | 86 | 89 | 85 | 82 | 100 | 76 | 89 | | EEEEE |

SCORING CRITERIA

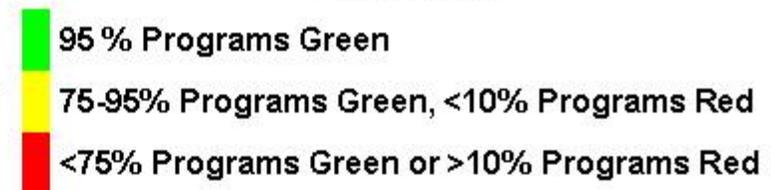
Process Criteria



Program Criteria

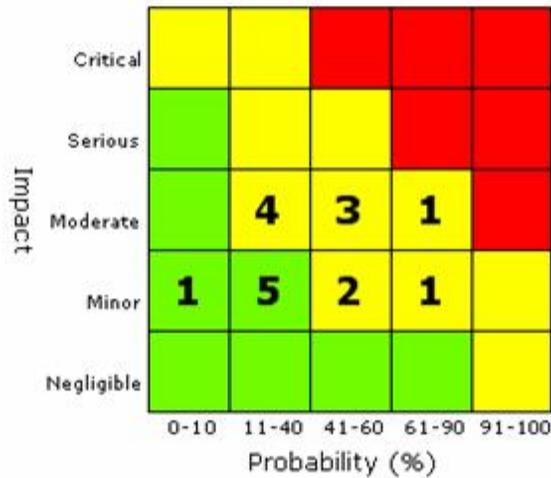


BSC Criteria





Risk Overview



| Program Acronym | Risk Bullet | Risk Status | Risk Probability | Risk Impact | Risk Metrics | Risk Review |
|-----------------|--|-------------|------------------|-------------|-----------------------------|-------------|
| PGM A | Small number of PSE items unavailable to support RAA | Mitigate | 11-40% | Minor | Cost, Schedule, Performance | |
| PGM A | Some Spares Unavailable to Support RAA | Mitigate | 11-40% | Minor | Cost, Schedule, Performance | |
| PGMB | TOs Unavailable to Support RAA | Mitigate | 41-60% | Moderate | Cost, Schedule, Performance | |
| PGM B | Airworthiness Certification not Complete by RAA | Mitigate | 61-90% | Moderate | Cost, Schedule, Performance | |
| PGM C | Further Flight Test Issues | Mitigate | 11-40% | Moderate | Cost, Schedule, Performance | |



Risk Summary Report: Program A

Identified Date: 01 Mar 06
Risk POC: Unknown

Last Reviewed: 08 Jun 06 at 14:31 by Mr. Routhier, Chuck
Last Updated: 08 Jun 06 at 14:31 by Mr. Routhier, Chuck

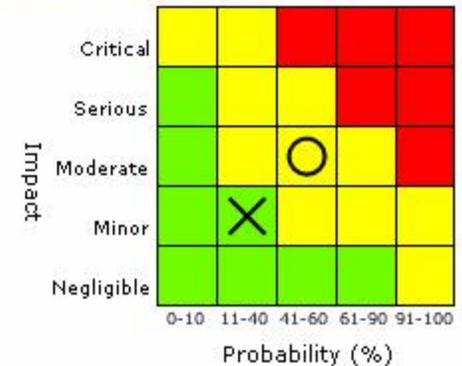
Risk Description: Device B untested

Impact: Program held up if failure occurs

Mitigation Plan: Test Device B early in program

Status: G **Get Well:**

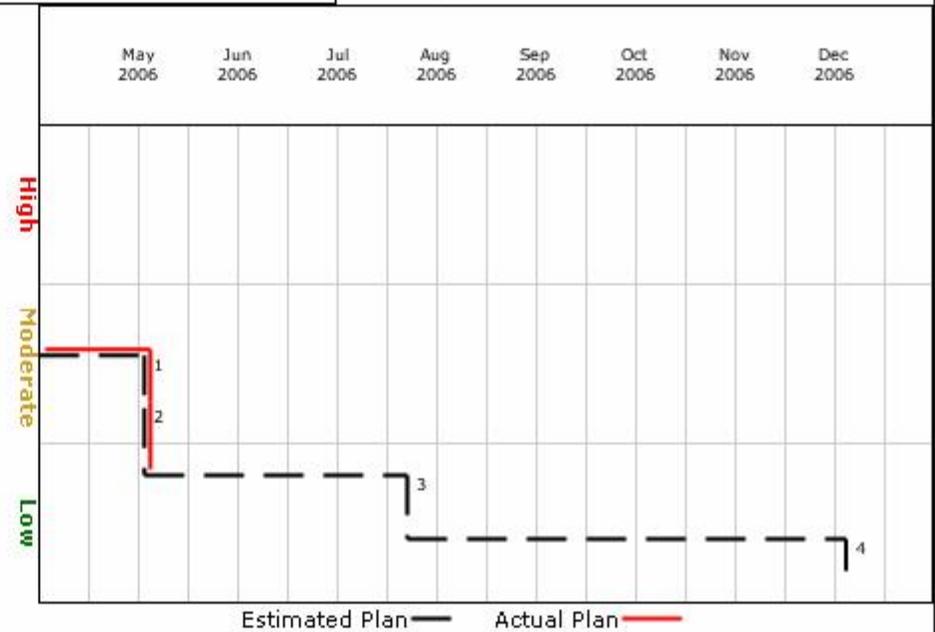
Contingency Plan: Revert to Device A for early production



Status: Mitigate
Risk Type: Performance
 X - Current O - Original

| Risk Plan | Est | Actual |
|--|-----|--------|
| 1 - Test Device B in lab environment | | |
| 2 - Test Device B in SIL | | |
| 3 - Test Device B in early aircraft configuration | | |
| 4 - Test device B in actual production configuration | | |

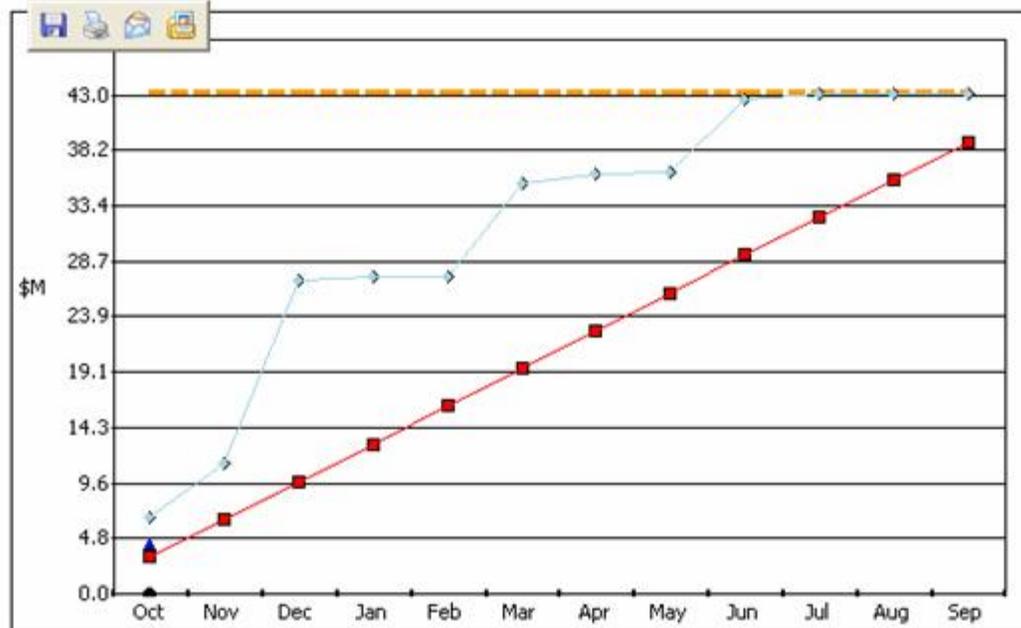
Page 1



SMART Program A

File SMART View Help

FY 2007 Financial Snake Chart
PGM A 2007 3600 Obligations



| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| SPO Forecast | \$6.6 | \$11.3 | \$27.1 | \$27.5 | \$27.5 | \$35.5 | \$36.3 | \$36.4 | \$42.6 | \$43.2 | \$43.2 | \$43.2 |
| SPO Actuals | \$4.4 | | | | | | | | | | | |
| DFAS Actuals | \$0.0 | | | | | | | | | | | |
| OSD Goal | \$3.3 | \$6.5 | \$9.8 | \$13.0 | \$16.3 | \$19.5 | \$22.8 | \$26.1 | \$29.3 | \$32.6 | \$35.8 | \$39.1 |
| Budget Authority | \$43.4 | \$43.4 | \$43.4 | \$43.4 | \$43.4 | \$43.4 | \$43.4 | \$43.4 | \$43.4 | \$43.4 | \$43.4 | \$43.4 |
| SPO Forecast % | 15.3% | 26.0% | 62.5% | 63.2% | 63.3% | 81.8% | 83.7% | 83.8% | 98.2% | 99.4% | 99.5% | 99.6% |
| SPO Actuals % | 10.2% | | | | | | | | | | | |
| DFAS Actuals % | 0.0% | | | | | | | | | | | |
| OSD Goal % | 7.5% | 15.0% | 22.5% | 30.0% | 37.5% | 45.0% | 52.5% | 60.0% | 67.5% | 75.0% | 82.5% | 90.0% |



Keys to Transformation

- TRANSPARENCY
- **ACCOUNTABILITY**
- DRIVING TO 95% GREEN



AAC Vision
War-winning Capabilities... On Time, On Cost
 Balanced Scorecard Strategy Map

As of 6 Sep 2006

Mission Impact

Operator/
Stakeholder

A1 Deliver Weapon Systems (R) A2 Modify Weapon Systems (G) T1 Provide Joint Integrated Test and Training Environment S1 Deploy AEF-Ready Airmen

Mission Areas

Continuous Process
Improvement

Acquisition

Test

Support

A3 Strengthen Acquisition Credibility (R) T2 Provide Unquestioned Test S2 Integrate and Support New Missions
 A4 Manage Risk Proactively (R) T6 On-time Testing (Y) S5 Support before being asked, transparent to customer
 A5 Conduct High-Confidence Source Selections T3 Deliver Predictable Services and Fees Community Growth
 A6 Strengthen Systems Engineering Discipline (R) T4 Optimize Test and Training Capacity S4 Provide Quality Military Housing
 A7 Focus and Transition Weapons Technology T5 Provide Test and Training Capabilities

S5 Optimize IT Solutions
 S6 Shape and Balance the Workforce

AAC Foundation

People and
Infrastructure

S7 Balance Investment in Installation and Mission Infrastructure S9 Protect People, Information and Assets S11 Implement BRAC
 S8 Deliver a Competency-Based Workforce A9 Institutionalize Realistic Planning (R) S10 Develop Supervisors (G) S12 Create a Wellness-Focused and Safe Workforce

Integrity First ... Service Before Self ... Excellence In All We Do



Accountability Expectation Management

EXPECTATION MANAGEMENT AGREEMENT (EMA)

XYZ Program
XX Jun 2006

Description: Insert a general description of the xyz program. Include the current status of the program.

Purpose: What does this document want to accomplish? Show categories of expectations that are included (cost, schedule etc). Short synopsis? Document also tracks cost/schedule/performance trades that have been made in the program.

Attachments:

1. EMA Traceability Table
2. Expectation Details
3. Trades/Modifications/Exceptions
4. TME Coordination Sheet

Group Commander/date _____

Wing Commander/date _____

PEO/date _____ General Officer Signature _____

EXPECTATION MANAGEMENT AGREEMENT TRACEABILITY TABLE
XYZ PROGRAM
REV 2006

| EXPECTATION | DEFINING DELIVERABLE/ EVENT (if any) | EXPECTED DATE OF DELIVERABLE/ EVENT | 2006 CRITICAL PATH/EVENT REQUIRED TO MAINTAIN EXPECTATION | CRITICAL PATH EVENT DATE OBJECTIVE TIME TABLE | | COMMENTS (STATUS) -AS REQUIRED- |
|--|---------------------------------------|-------------------------------------|---|---|-------------------|---------------------------------|
| | | | | May 05 | Jul 05 | |
| <u>Performance</u> Meet all times and performance metrics. | ACC fielding approval of XXX software | May 07 | Successful completion of DT | May 05 | Jul 05 | On track |
| <u>Schedule</u> Asset available to field NLT two months after contracted delivery date. | XXX assets/months delivered | Before the end of each month | Maintain contract delivery schedule | End of Each Month | End of Each Month | On track On track |
| <u>Cost/Funding</u> Block X cost determination. | ECP approval | FY06 | System-level CDR | Jul 05 | Nov 05 | On track for Sep 05 |
| <u>Supportability:</u> | | | | | | |
| <u>Other (if any):</u> | | | | | | |



Accountability

XYZ Program EMA Commitments

| <u>Deliverable</u> | <u>Jul</u> | <u>Aug</u> | <u>Sep</u> | <u>Oct</u> | <u>Nov</u> | <u>Dec</u> | <u>Status</u> |
|---|------------|------------|------------|------------|------------|------------|--|
| Deliveries: Attain XX per mo | Thr | | | | | | ✓ Met objective deliveries in June |
| Award Next Lot Contract | Obj | Thr | | | | | ✓ Awarded on XX Sep |
| Award Contract Modification | Obj | Thr | | | | | ✓ Contract mod awarded, xx Sep |
| Conduct Semi-annual Performance and Sustainment Review | | Thr | | | | | ✓ Met objective date in June |
| Next Software FCA | | Obj | Thr | | | | Current forecast is XX Nov |
| Receive contractor recommendations for production cost reductions | | | Obj | | Thr | | ✓ 6-mos Mfg and Test study results received XX Sep 06. |
| CY06 Performance Assessment Review Complete | | | Obj | | | Thr | |

GREEN: Completed or forecast to complete on or before Threshold date; or completed after Threshold date, but impact on program has been mitigated

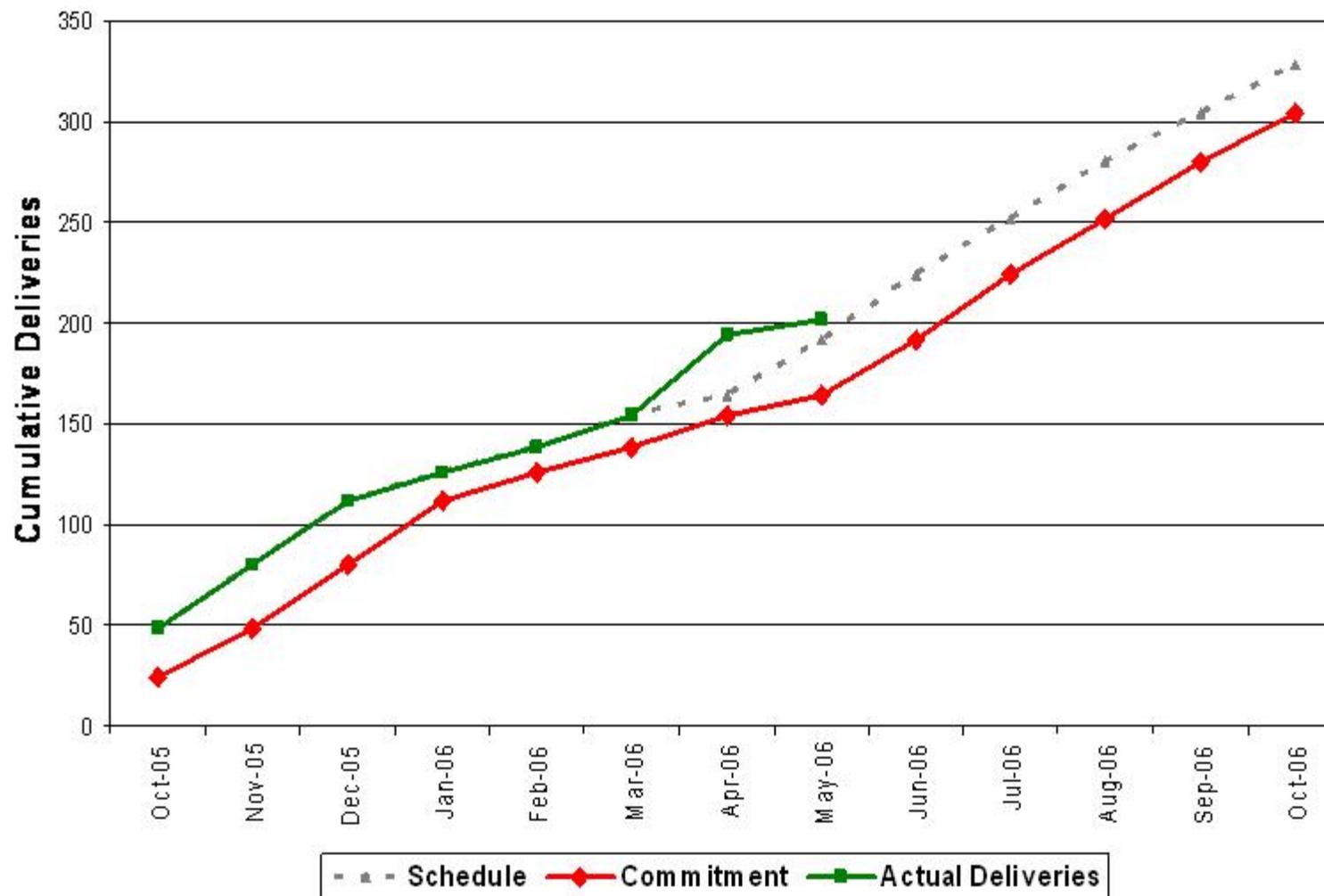
YELLOW: Completed or forecast to complete after Threshold date; plan(s) to mitigate impact on overall program are in place

RED: Completed or forecast to complete after Threshold date; plan(s) to mitigate impact on overall program are not identified



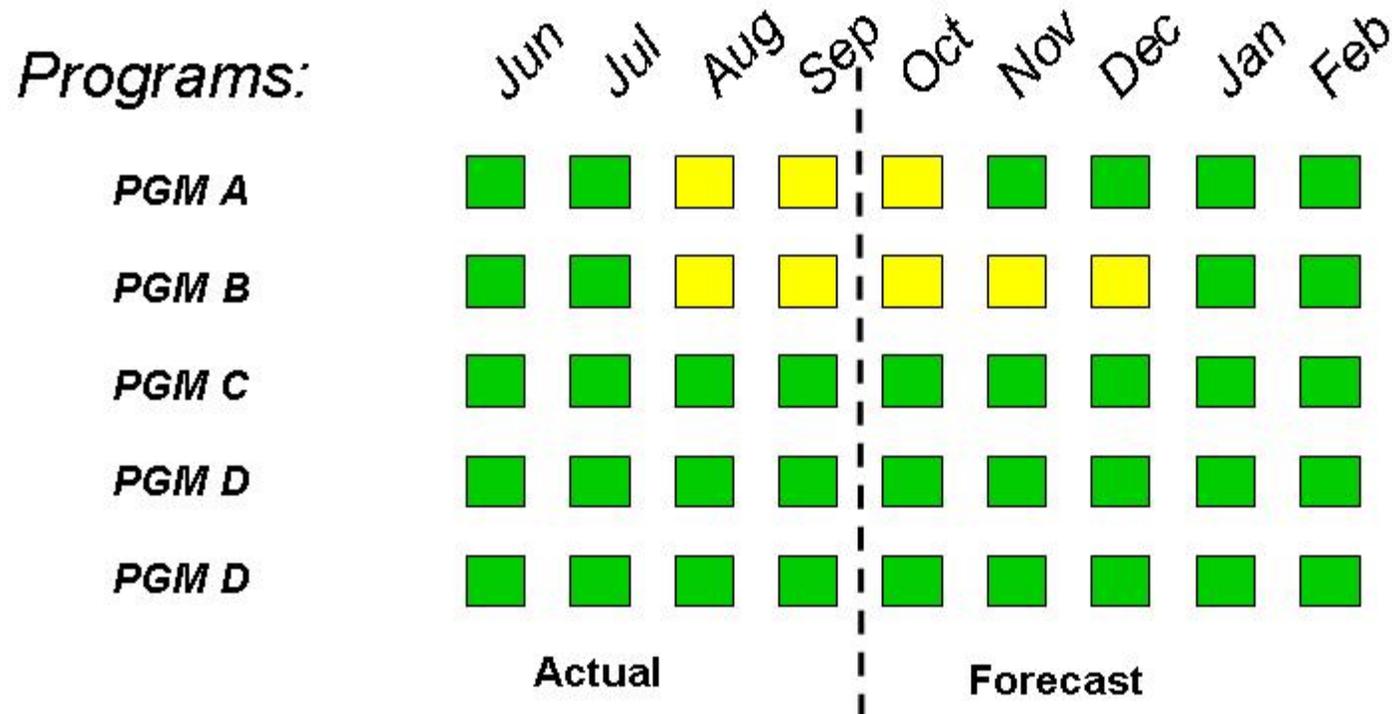
Accountability

PGM A Deliveries vs Commitments





Accountability Wing Test Execution

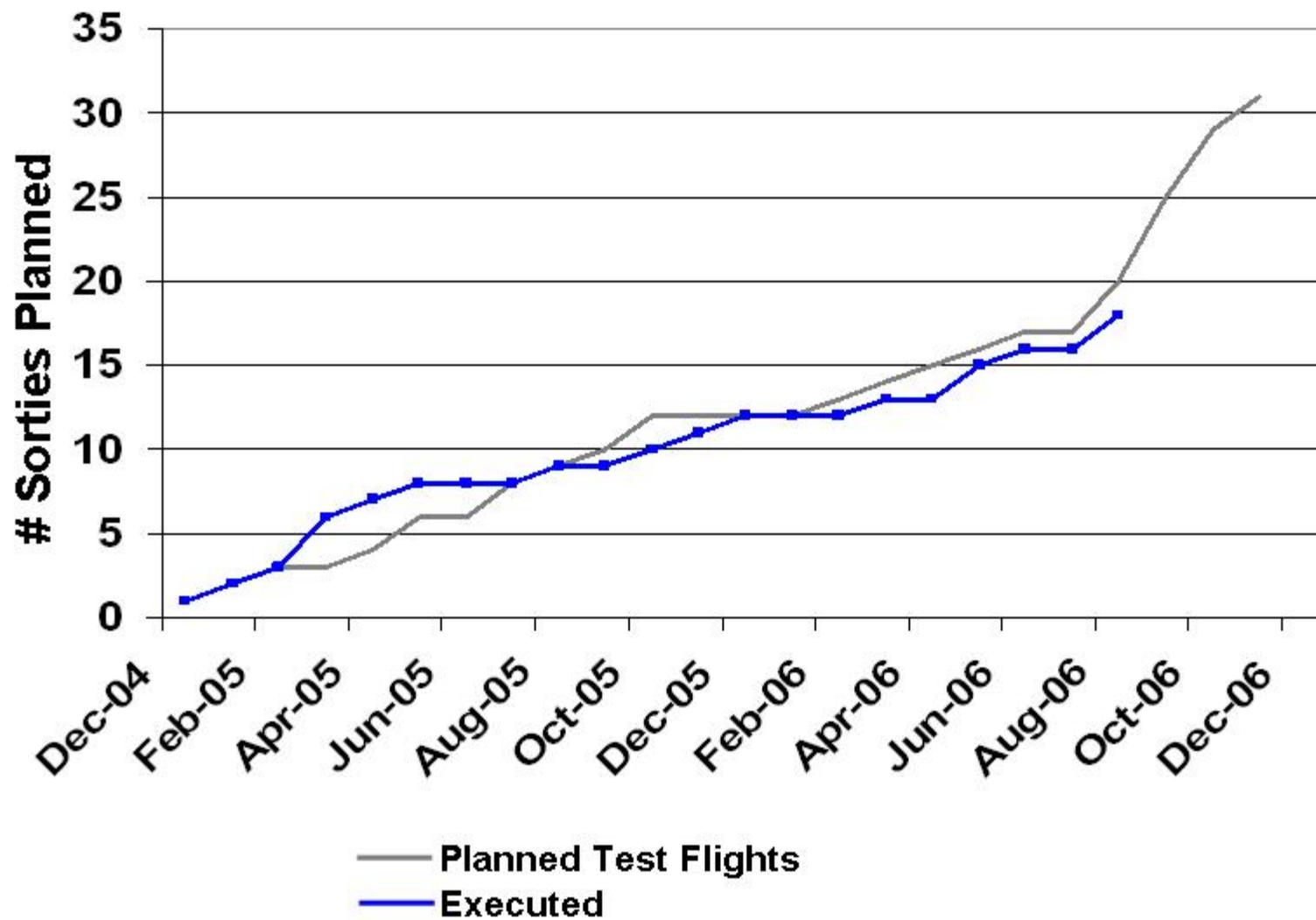


No Suffering in Silence



Accountability

PGM A Flight Test Execution

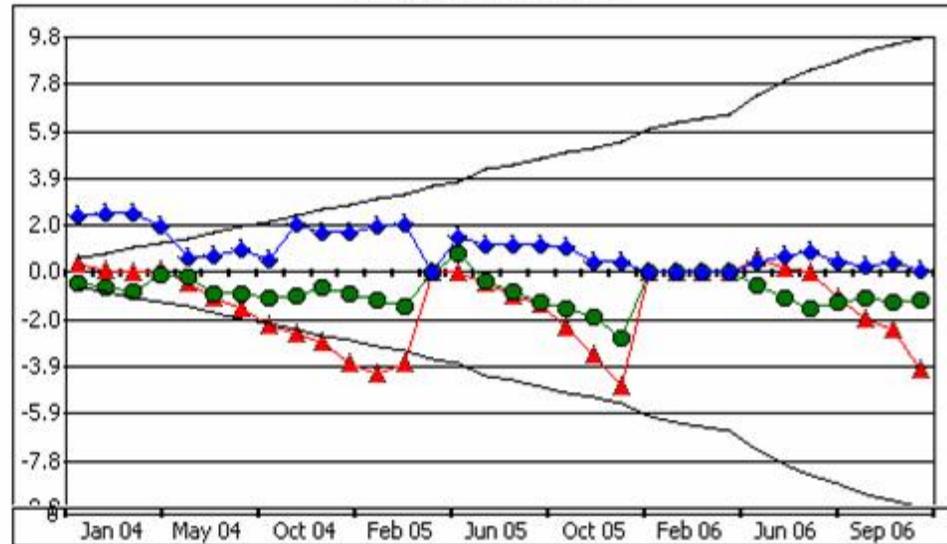


SMART PROGRAM A

- 1. Wing Overall Health
- 2.
- 3. Wing IOI Issues
- 4. PGM A EVM
- 5. PGM B EVM
- 6. PGM C EVM
- 7. Risk Overview
- 8. 328 Financial Execution
- 9. 328 Financial Execution (cont)
- 10. Wing 2006 Snake Charts
- 11. Wing 2005 Snake Charts
- 12. Wing 2004 Snake Charts
- 13. Documentation Compliance
- 14. Documentation Status Matrix

File SMART View Help

Contract Performance



▲ CV ● SV ◆ MR = +/- 10%

Contract Name: PGM A **Percent Complete:** 73.7% **BAC:** \$131.4M **CPI:** 0.96
Contractor: ACME SYSTEMS **Data Source:** CPR **EAC (Ktr):** \$136.6M **SPI:** 0.99
Contract Type: Cost Plus Incentive Fee **As Of Date:** 26 Sep 06 **EAC (SPO):** \$137.0M





CPAR and Award Fee Ratings vs. SMART Assessment

| PROG | CPAR | | | | INCENT OR AWARD FEE | SMART at Date of CPAR | | | | | |
|-----------|------|-------|------|-----|---------------------|-----------------------|-------|------|-----|------|------|
| | TECH | SCHED | COST | MGT | | PERF | SCHED | COST | MGT | FUND | USER |
| Program A | G | Y | N/A | G | N/A | G | G | G | G | G | G |
| Program B | DB | DB | N/A | DB | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Program C | G | Y | G | G | \$0 | G | Y | Y | G | Y | Y |
| Program D | G | Y | Y | G | 0% Nov 05 | G | Y | Y | G | G | G |
| Program E | G | G | N/A | G | N/A | G | G | G | Y | G | Y |
| Program F | G | Y | N/A | G | 79% Jun 06 | G | Y | G | G | G | Y |
| Program G | P | P | G- | P | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Example Representative and does not depict any actual programs



Keys to Transformation

- TRANSPARENCY
- ACCOUNTABILITY
- **DRIVING TO 95% GREEN**



Driving to 95% Green

SECAF Direction: “95% Green Programs by 2010”

Purpose:

- **Evaluate hypothesis that management reserve level coupled with a realistic proposal is key to program success.**

Methodology:

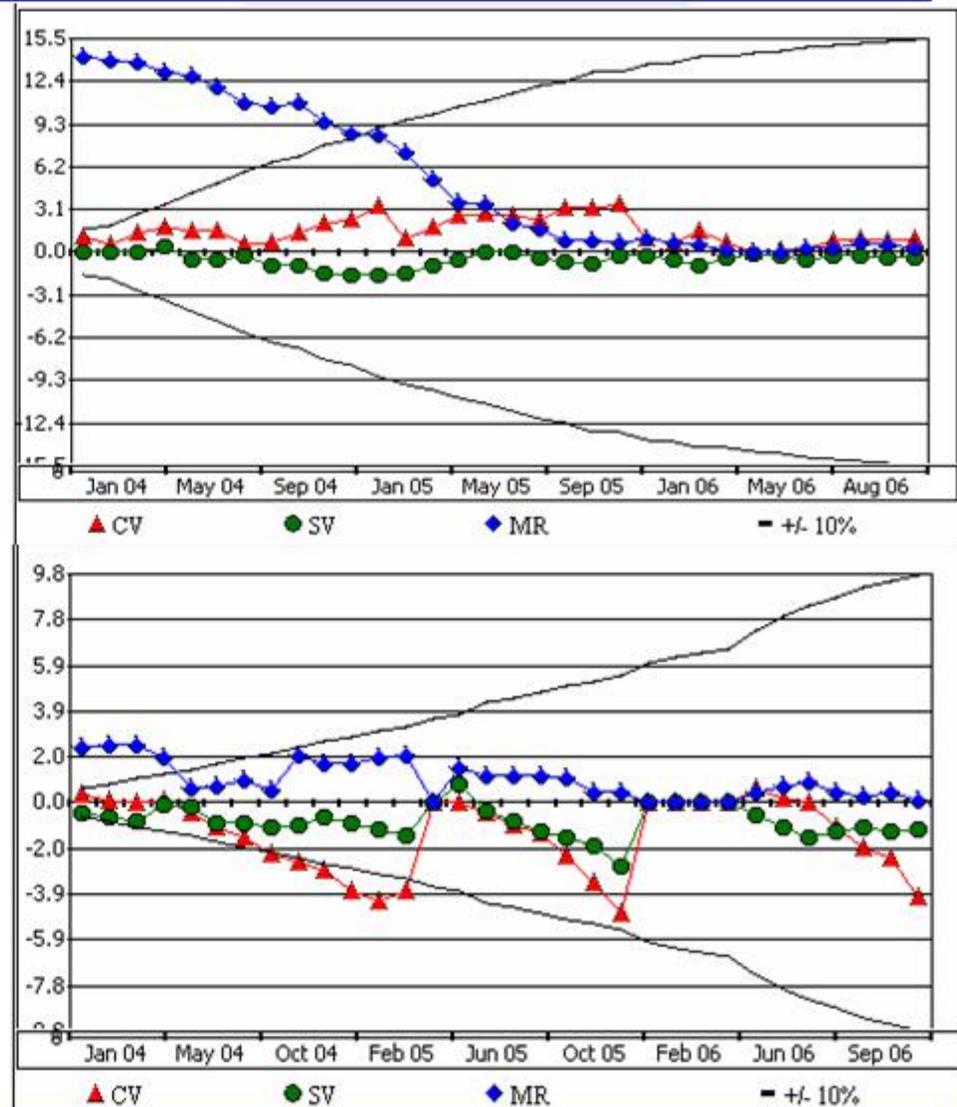
- **Compared Background of 4 Programs**
- **Looked at Common Data**
 - **Acquisition Strategy and Political Drivers**
 - **When Entered SDD Relative to Risk Reduction**
 - **Original Government and Contractor Estimates**
 - **TRL Levels During Program Execution**
 - **Distributed MR at Month 1, 6, 12, etc.**



Driving to 95% Green Success Discriminators

- Realistic Contractor Costs
 - Appropriate SS Criteria
 - Prog X: w/in 15% of Gov High Confidence Estimate
- Realistic MR (Ktr & Gov)
- Technology Understood
 - High TRLs at SDD Start
 - Appropriate \$ Spent on RR

**Appropriate \$
Enables Success**





Driving to 95% Green

We Must Do Something Different

MANDATE: 95% Green Programs by 2010

- Today funding programs @ ~ 50% confidence
- Today ~ ??% green programs across AF

Insanity defined :“Doing the same thing over and over and expecting a different result” Albert Einstein- Ben Franklin- Donald Rumsfeld



Conclusion

WE ARE DRIVING

- MORE TRANSPARENCY
- MORE ACCOUNTABILITY
- TOWARDS 95% GREEN

