

SHIPBUILDING IN THE '80s

*WHY A SUCCESS?
ANY POSSIBLE LESSONS
FOR TODAY ?*

QUESTION AND ANSWER

Q- *“WHY HAVEN'T THE LESSONS LEARNED & DEMONSTRATED IN THE '80s BEEN APPLIED IN RECENT YRS ?”*

A- *“A LOT OF WATER HAS GONE UNDER THE BOAT SINCE THAT TIME WITH MUCH CHANGED..... BUT SOME OLD LESSONS ARE BEING APPLIED-- OR AT LEAST NOW BEING TALKED ABOUT.”*

THE NAVY ENVIRONMENT OF THE EARLY '80s

- **Favorable Political Environment**
 - The Soviet Threat Very Real & Recognized by All
 - Generally Decentralized Defense Organizational Attitude
 - Recovering From The 70s “Claims Era”
 - Consistent Naval Strategy In Place & ***Supported by POTUS***
- **Strong, Unified & Motivated Naval Establishment**
 - Outstanding Naval Leadership- In Fleet & Acquisition Mgt.
 - Importance Of Key Relationships- CNO-CNM-ASN(S&L)
 - In-House Technical Resources Sufficient & Motivated
- **Capable & Motivated Prime & Supporting Industries**
 - New Management & Motivated (After The Claims Era)
- **Excellent Timing For The Incoming Administration**
 - Most Of The High Risk 1st-Of-A-Kind Ships At Sea!

RESULTS

- We Had A Mandate From Our President, Enough Money From A Supportive Congress, And An Aggressive, Focused Navy Leadership Team
- We Had Good To Excellent In-House Resources
- We Had Sufficient Industrial Capacity
- Our OSD Bosses Gave Room For Us to Go Work The Problem

Thus, We Were Lucky..... And.....

We Focused On Exploiting Our Good Fortune
“TACAMO”

OUR STRATEGY

- Restore The Fleet- “The 600 Ship Navy”
- Restore Creditability In Naval Ship Acquisition
- Emphasize Execution- Deliver on What we Promised
- Use Quantity To Motivate Competition
- Preserve & Extend The “Hi-Lo” Mix
- Provide Pro-Active Oversight Of The Primes
- Build & Maintain “Constructive Tension” Between The Users & The Providers
- Stay Focused & Work Very Hard

Our 10 Major Tactics

1. Minimize Combatant Ship **New Starts**
2. Rely on **'Smart' Competition** Wherever Feasible
3. **Really Seriously Manage Requirements Creep**
4. Minimize Cost-Plus Contracts & **Budget Realistically**
5. **Fair But Tough FPI Contracts** For Production
6. Use **Multi-Year Procurement** Wherever Possible
(*& Allowed*)
7. Punish Bad Actors And Poor Performance
8. Use Commercial Resources & Approach **When Appropriate**
9. Enforce **"Design-To-Cost-And-Capability"**
10. Achieve One Or Two Highly Visible **Early Successes**

THE EARLY SUCCESSES

THREE PROGRAMS THAT ESTABLISHED OUR “BONA FIDES” WITH CONGRESS & OUR LEADERSHIP

➤ **BB 62 -**

An ‘All-Hands’ Effort Using Navy’s Shore Establishment Capabilities to The Fullest

➤ **CG 47-**

Primarily If Not Totally Due to Admiral Meyer

➤ **Solving The GD-EB Vs. Sea 08 Conflict -**

Quick Departure of Both Principal Antagonists With Almost Total Support of SEA 08 & Navy Leadership

WHAT HAS CHANGED

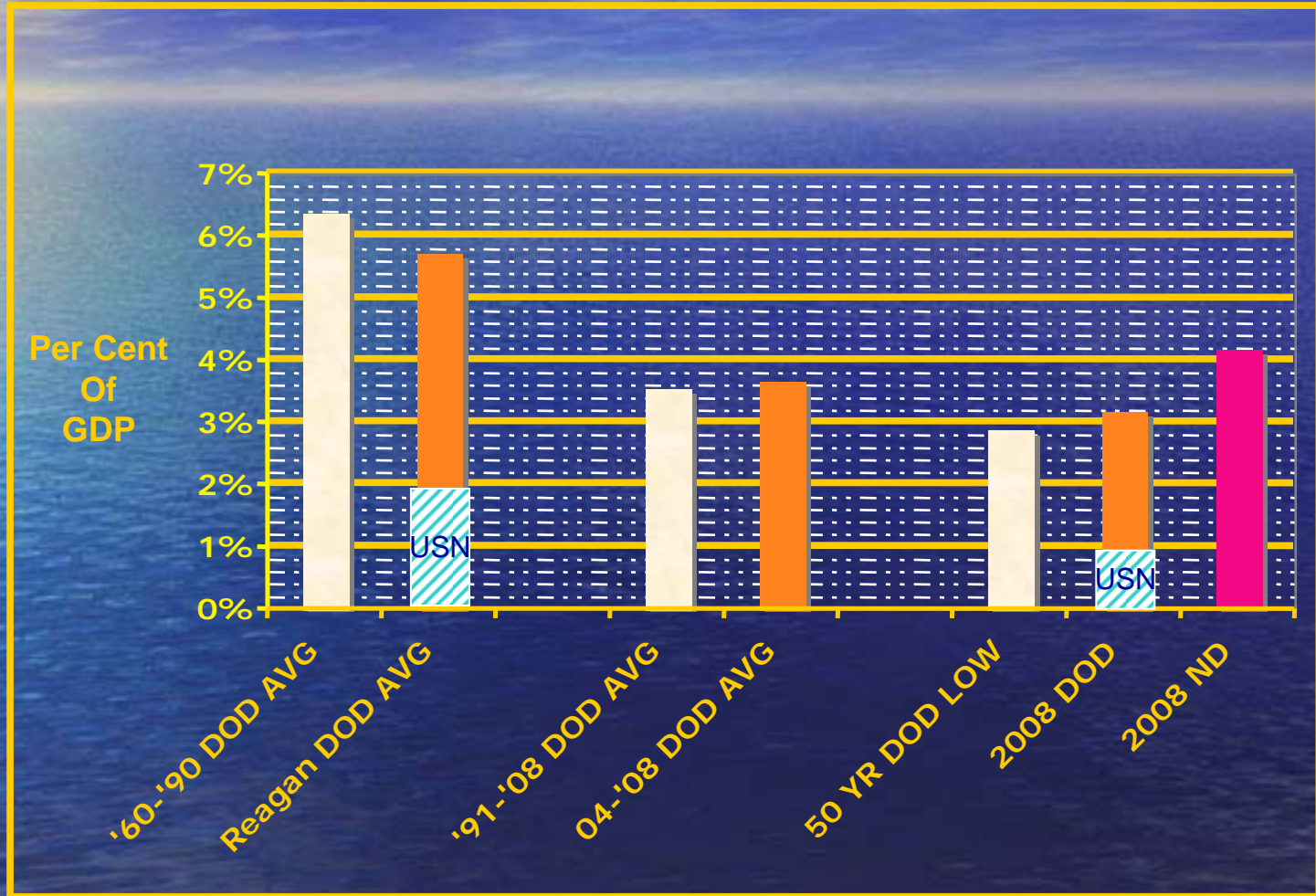
- Considerably Less Funds (In Real \$) Available In All Ship Related Accounts
- Highly Centralized Defense Organization & Authority
- Fewer Ships Being Built & Planned
- Almost All New Construction Are New Starts
- Smaller, More Concentrated Industrial Base
- Loss of Competition
- Requirements ~~Creep~~ Gallop
- Large Attrition in Numbers, Experience Level & Professional Capability of Navy's In-House Acquisition & Support Community
- An Unstable & Corrosive Political Environment

THE BASIC ISSUE TODAY

- A Two-Fold, Complex, & Diverse Threat
 - “Islamofacism” -- Focus on Heartland; World-Wide; Generally Non-State; & Immediate
 - (Re-)Emergence of Two Un-Friendly “Peer Competitors” -- Focus on Sea-Control & Probably Denial; National Origins; & Near Future
 - High & Growing Vulnerability of The USA to Both Threats
 - U.S. “Maritime Dominance” Assumed as A ‘Given’ by Both Our Public & Leadership
 - Passive to Hostile Attitude of Many U.S. Elites & Leaders With Matters “Military”
 - Over Draw-Down of Nation’s Defense Capability With The “Peace Dividend”
 - The Exhaustion of Our Voluntary Military Establishment
- All Resulting In.....*

An Under-Funded Defense Establishment & Navy

U.S. DOD 48 Year Resource Allocation History



1% of '08 GDP = ~\$135 Billion

WHAT CAN BE DONE NOW

1. Re-Build Navy's Professional Acquisition Staff--
And Authority-

Restore Capability & Authority In-House

2. Restore Creditability With Congress & The Nation-
Deliver On What Is Promised & Budget Credibly

3. Insert More Plan Stability & Much More Discipline
In The Requirements Process-

Bring Back The "SCB" & The "CCB"

4. Apply More Diverse Approach To Re-Building The
Fleet-

Limit CP Contracts; "Smart" Commercial on MPFF

5. Emphasize Life Extension & Modernization of
Good Assets Available & Phase-In Capability-

DDG 51/CG Mod & Life Ext Program Good Starts

FIVE PLEAS

- 1. Recognize The Enormous & Complex Threat Environment We Face And Restore Navy SCN to the ~2% of GDP of The Reagan Years**
 - A \$750 M '83 Dollar Follow Ship DDG 51 Today Would Cost At Least \$1.5 Billion in '07 Dollars
 - A \$365 M '83 Dollar Follow Ship FFG 7 Would Cost At Least \$720 M in '07 Dollars
 - The 1985 SCN Budget Would be \$16 Billion in '07 Dollars, But We Need ~\$19 Billion Today to Recover From The Near Past
- 2. In The Case of Acquisition Restore The Line Authority Available From SecDef Through The Service Secretaries, Along With Their Responsibility**
 - Back the OSD Staff Bureaucracy Out of Acquisition Authority
- 3. Lose The Term "Transformation"**
- 4. Weaken No Further The Unique Power Projection Capabilities of the Navy & Marine Corps Team**
- 5. Passionately Advocate a Strong Navy, MC, & CG to Assure Maritime Superiority- Both Now & Future**

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