



Acquisition Reform..... from the Policy Perspective

When we began our strategic planning journey a few years ago, we did not know precisely what we would find as we progressed. The people of the Acquisition and Business Management (ABM) Policy and Resources team have learned that the acquisition community demands their participation in the transformation it is experiencing and that we communicate and encourage communication on things that matter to busy program managers and their team members.

From this vantage point, we are engaging in a new way to make and deliver policy. That new way encourages collaboration with the affected parties, documents and distributes the accumulated wisdom of the ages, and enables people to tell their stories so that everyone learns from them. In the following articles, you will see

this approach happening.

We feel collaboration is a two-way street and strongly encourage feedback. We are trying to implement broad policies to encourage creative application at the workforce level. We understand that some boundaries are needed as well. If you have problems with the policies and they are providing barriers, please provide constructive insight as to what change is required to help you do your job better.

Please be prepared to participate in discussions to help policymakers understand your issues. It is good to question policy; that is how we all learn to change.

What isn't always communicated effectively is the Power of shared learning. Collaboration, small groups sharing information, mak-

ing face-to face communication, reaching out and understanding success stories that relate to your area is an effective way of learning new ways of doing business, and shortens the learning curve.

ABM has a wide view across all Navy acquisitions programs and has available personnel with many years of acquisition experience. We are available to assist you and are willing to participate with your acquisition teams.



Mr. Edward A. Callaway
ASN(RD&A) Director, Policy & Resources

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Special Focus:

- *The Acquisition and Business Management (ABM) Office has two divisions, Program Support and Policy and Resources.*
- *This issue features the Policy and Resources Division.*
- *The Program Support Division will be featured in a future newsletter.*

We're on the web!
www.acq-ref.navy.mil

Department of the Navy Charts Course on Electronic Highway

Donna Seymour

On 21 May 1997, the Deputy Secretary of Defense, Dr. John Hamre, issued Management Reform Memorandum (MRM) #2 – Moving to a Paper-Free Contracting Process by January 1, 2000. As outlined in MRM #2, the objective is to modernize the Department of Defense's acquisition process in the area of contract writing, administration, finance and auditing. On 24 December 1997, the Department of the Navy established the Project Executive Officer for Acquisition Related Business Systems (PEO(ARBS)), and on 9 January 1998, the Electronic Acquisition for the 21st Century (EA-21) Program Office was established to spearhead the paperless contracting by 2000 effort for the Department of Navy.

The Department of the Navy continuously searches for better ways of doing business. We have targeted the weaknesses in our contracting process. The current process requires entering the same data multiple times into multiple systems and relies on paper documents. The result is a process that costs too much, takes too long, and is prone to errors. Paperless contracting will improve the accuracy of transaction processing, reduce cycle times, and reduce the number of payments made in error. Budget cuts continue to cause reductions in staffing levels, while the acquisition workload remains relatively constant. As a result, the Navy has fewer people to do the same work. The automation that a quality paperless system will provide is necessary to offset the staffing reductions, as well as reduce our overhead costs and increase our customers' ability to help themselves.

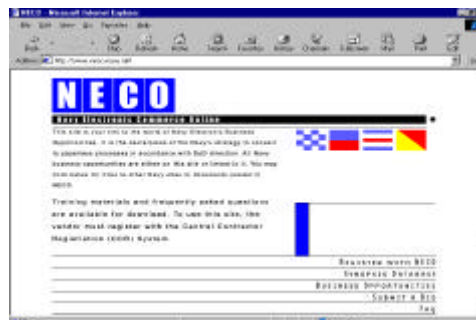
EA-21 will meet the challenges of the paperless contracting objective by managing the development and deployment of a series of Enterprise Initiatives that will replace manual transaction processes with automated tools. These initiatives are targeted at the top twelve contracting claimants within DoN, including:

BUMED	NAVSUP
MSC	ONR
NAVAIR	SPAWAR
NAVFAC	SSP
NAVSEA	USMC

This focus includes 98% of the contracting

actions and 80% of the contracting dollars. The core of the Enterprise Initiatives relies on the Department of Defense Standard Procurement System (SPS), Procurement Desktop Defense (PD2), developed by American Management System (AMS). The Enterprise Initiatives were specifically selected to compliment SPS and provide functionality that otherwise would not be offered in time to meet DoN's needs. These core Enterprise Initiatives are being developed using modern technologies that include web design tools, to permit efficient interface with SPS and other contracting systems. The contracting claimants selected the Enterprise Initiatives after careful prioritization of the gaps identified through their self-assessments. The Enterprise Initiatives identified and currently underway include:

- Navy Electronic Commerce Online (NECO)
- Electronic Document Access (EDA)
- Contractor Performance Assessment Reporting System (CPARS)
- Electronic Procurement Generator (EPG)
- Purchase Card
- Automatic Financial Document (AUTODOC)
- Standard Procurement System Interface (SPS-I)
- Wide Area Workflow (WAWF)



Visit the NECO web site at www.neco.navy.mil

Navy Electronic Commerce Online is a low cost, Internet-based system for electronic exchange of solicitations, offers, and awards. In production for more than a year now, NECO has evolved as a highly popular tool for both users and vendors. Today all written, competitive solicitations exceeding \$2,500 are required to be posted on the NECO web site. Solicitations can be posted directly to the NECO web site or they can be posted to a claimant's web site provided the proper links are created from that web site to the NECO web site. Our

goal in the NECO project is to focus electronic exchange of solicitations and eventually obtain a waiver to relax or abolish DoD's requirement to post solicitations to the Commerce Business Daily. Ultimately, NECO will interface directly with the contracting system so that solicitations will automatically be posted to the NECO web site without requiring separate action on the part of contracting personnel.



Visit the EDA web site at www.eda.navy.mil to login or register.

Electronic Document Access provides access to awarded procurement instruments through the Internet from a central DoN web site. To date the EDA application has over 1,200 registered users and over 3,400 contracts posted in 12,300 files. Interfacing EDA with the DoN contracting system will automatically move documents into the EDA warehouse for users to access as necessary.



Visit the CPARS web site at www.cpars.navy.mil

The Contractor Performance Assessment Reporting System (CPARS) allows contractor performance reports to be electronically stored for later use in source selection. As a contracting officer, you will have access to performance reports completed by other

claimants along with the vendor comments. Past performance is a useful method of evaluating a vendor's likelihood of future success.

Currently, over 1200 reports have been completed or are in progress and use of the system for source selection continues to grow, even by users outside the DoN. User access is restricted to only those personnel that have a specific need-to-know with access granted by the source selection official.

The Electronic Procurement Generator (EPG) is the name of a number of available tools that allow users to electronically generate a procurement request (PR) for input into their contracting system. The EA-21 Program Office has evaluated several systems including AMAS PR Builder, Acqui-line, RAPS, and ANSRS that claimants may use as their electronic front end to the contracting system. While the choice of an EPG system is left to the requiring organizations, it is vital that the system be interfaced sufficiently with the contracting system and other tools for electronic acquisition. For more information on EPG tools, visit the EA-21 web site at www.peoarbs.navy.mil.

The new CitiBank Purchase Card is quickly becoming the payment method of choice for requirements and contracting personnel. When it becomes fully operational, it will provide users and administrators with an automated method for purchase log maintenance, statement delivery, reconciliation, and certification through the Internet. Purchase cards can be used to purchase items with a cost of \$2,500 or less. It can also be used as a payment method for many contract purchases, i.e. GSA contract purchases, with a cost less than \$10,000,000. The Purchase Card system will be integrated with the SPS contracting system to provide a valuable tool for all DoN claimants. For more information on the Purchase Card visit the EA-21 web site at www.peoarbs.navy.mil.

The Automatic Financial Document (AUTODOC) system is designed to automate tracking of funds and vendor payment

for DoN procurement actions. The AUTODOC system is being evaluated by NAVSEA and SPAWAR. Once this electronic funds transfer system (EFTS) is linked to the other Enterprise Initiatives and SPS, customers will be able to progress from generating a procurement request to paying for the goods and services within an electronic environment. For more information on AUTODOC, visit the EA-21 web site at www.peoarbs.navy.mil.

Standard Procurement System-Interface (SPS-I) focuses on the development of an electronic interface between the Standard Procurement System (SPS) and certain claimant electronic systems. Plans are underway with several claimants to design and build interfaces that will allow electronic transfer of procurement documents between the systems and enable claimants to take advantage of the many other tools being linked to SPS. For more information on SPS-I, visit the EA-21 web site at www.peoarbs.navy.mil.

The DoN Wide Area Workflow (WAWF) Enterprise Initiative is participating with the DoD level team to re-engineer the process of receiving contract deliverables and paying for received and invoiced goods and services. WAWF will provide the baseline technology to federal government vendors and authorized DoD personnel enabling them to generate, capture and process receipt and payment-related documentation. Document generation via interactive web-based applications, document capture via fax gateways, and document scanners capture the information needed to initiate an action. It also provides authorized DoD personnel a notice of pending actions and will present a collection of documents required to complete the actions. The WAWF project will provide a tool for contract administration that is unparalleled. For more information on WAWF, visit EA-21 web sites at www.peoarbs.navy.mil and www.acq.osd.mil/pcipt.

Even with their successes so far, the EA-21 office is not resting on its laurels. They are defining the future for DoN's acquisition community with their advanced plans for integrating these initiatives with complimen-

tary communities, such as the logistics and financial communities. The EA-21 plans will provide unprecedented service to their customers in the DoN acquisition workforce while allowing the vendor community to align commercial best practices and products with DoN policies and procedures. Stay tuned...DON BUSINESS ON THE WEB is coming to you soon!

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Standard Procurement System

Eugene Toni

What is the Standard Procurement System (SPS)?

DoD is changing the way they purchase goods and services in one of the largest deployment efforts! Through their SPS effort, DoD is deploying the Commercial Procurement Desktop-Defense (PD2) system to contracting offices worldwide. Developed by American Management Systems (AMS), PD2 will standardize procurement processes across all services (Air Force, Army, Navy, Marine Corps), Defense Logistics Agency, and most other defense organizations. When all is said and done, the PD2 system will be the procurement process for nearly 1,000 DoD sites and 46,000 users in contracting alone.

About the PD2 System

Procurement Desktop is a proven commercial product already operational for many government and commercial organizations. Users include Government Services Canada, the U.S. Patent and Trademark Office, and the Library of Congress, among others. Procurement Desktop-Defense, PD2, is the customized commercial package to meet the complex needs of DoD. It's a technically flexible and robust system that brings all the acquisition pieces together from requirements definition and receipt to acquisition planning, solicitation, offer evaluation, award, administration and close-out. PD2

provides graphical document management, electronic routing and approval, on-line acquisition regulations, workload management, and ad-hoc reporting.

Status of SPS Deployment in DoN: New Installs & Upgrades!

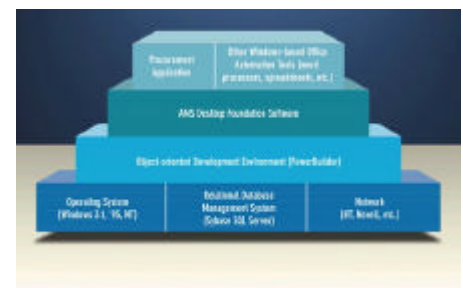
Deployment of the Standard Procurement System in the Department of the Navy is progressing rapidly now that DoN has approved v4.1a for deployment. Each day more sites are added to the completed list that allows claimants to retire their old, outdated legacy systems.

Currently, there are 55 sites using SPS v4.0 (mostly former Automation of Procurement and Accounting Data Entry (APADE) sites), and 37 USMC sites with SPS v4.1. The plan is to update the APADE sites with version 4.1b and the associated interfaces and update the Marine sites with 4.1a. In addition, the Navy is planning to continue installation of version 4.1a at 78 sites that do not have any earlier version of SPS. Also sites using v3.5.3c will be upgraded to v4.1a. The next major claimants planning to upgrade are BuMed and NAVFAC.

Recently, the USMC completed deployment of SPS v4.1 enabling it to successfully retire its Base Contracting Automated System (BCAS) (Marine) in CONUS. With this ac-

complished, the Marine Corps is now focusing on implementing SPS at its OCONUS sites and developing an interface with its financial system, Ship and Automated Budget Reporting System (SABRS). The Navy is the first service to retire legacy systems with APADE and BCAS (Marines) and is looking forward to retiring Standard Automated Contracting System (SACONS) Federal at those sites that used this system after this fiscal year.

In a 16 June 1999 brief to the Paperless Acquisition Working Group at EA-21, Mr. Chuck Mills, the SPS Program Manager for DoN, indicated the focus for reaching full operational capability in FY99 will be on targeting specific claimants and sites. He added that an intense effort would be made to apply resources (Navy, AMS, support contractors) to get as many sites online as possible by year's end.



PD2 Architecture

Consortium Buying

Joyce Runyan

ASN(RD&A) ABM office is championing a comprehensive buying initiative that is being undertaken at Norfolk, Virginia and San Diego, California. The initiative, consortium buying, is defined as two or more independent organizations that join together to combine their requirements for purchased goods, materials, services and capital goods to leverage more value than could be obtained individually. The initiative will help the Navy and the Marine Corps get the best return on every procurement dollar spent. Consortia make good business sense and will serve to support the warfighter with better, faster, and less expensive goods

and services. Thus far, San Diego has identified the following services suitable for consortium buying:

- ◆ Administrative services
- ◆ IT support services
- ◆ Ship repair
- ◆ Janitor services
- ◆ Meter & gauge calibration
- ◆ Legal/stenographer services
- ◆ Personnel services
- ◆ Federal express accounts
- ◆ Ceremonial support
- ◆ Training services
- ◆ Child care development center supplies

Norfolk has identified the following types of services for consortium buying:

- ◆ Laundry services
- ◆ Linen services
- ◆ Cable television services
- ◆ Administrative and support services

Additional details on consortium buying can be found on ABM's homepage at <http://www.abm.rda.hq.navy.mil/rbc/index.html>.

Purchase Card as an Acquisition Reform Tool

Albert Fanelli

The purchase card is the epitome of acquisition reform, according to the folks at NAVSUP, who manage the program for the Department of the Navy. The purchase card streamlines the **procurement** and **payment** processes. It's a major element of DoN's goal of providing supplies and services to customers faster, smarter, and at less cost. The card is such a great acquisition reform tool that DoN has mandated its use for all micro-purchases (i.e., purchases \$2,500 or less).

DoN implemented the purchase card program approximately 10 years ago. Statistics from FY94 through FY98 indicate that the program has experienced tremendous growth. In FY94, 3,969 cardholders spent \$1.11 million dollars using the purchase card. In FY98, 31,002 cardholders made 1.996 million transactions, totaling \$1.055 billion dollars.

Over the past couple of years, purchase card policy reform has been a priority with NAVSUP. In an effort to further improve the program, several unnecessary requirements have been eliminated/reduced. Examples are:

- ◆ Formal purchase request
- ◆ Abstracts/worksheets
- ◆ 3-way separation of functions
- ◆ Non-essential screening

Certain restrictions on card use have also been eliminated. For example, cardholders are now authorized to buy the following supplies/services with their cards:

- ◆ Short-term telephone services
- ◆ Unpriced services
- ◆ Fuel
- ◆ 30-day performance of services
- ◆ Rentals/leases over 30 days
- ◆ Commonly used hazardous materials
- ◆ Foreign military sales requirements
- ◆ Purchases from military exchanges/Non-Appropriated Fund Instrumentalities (NAFI's)

Other policy revisions to the purchase card program include the following:

- ◆ Pay & confirm policy
- ◆ Accommodation checks
- ◆ Oral orders under the sailor-assisted move program
- ◆ DoN wide policy on mandatory use of the card

A significant recent policy reform change now allows the card to be used as a **payment** method for purchases of \$9,999,000.00 or less. The following transactions are covered under the new payment policy:

- ◆ All commercial requests using the DD Form 1556 up to \$25K
- ◆ DoD printing up to \$100K
- ◆ Letters of Agreements (LOA) up to \$25K
- ◆ Ordering Javits-Wagner-O'Day products from Servmarts up to \$100K
- ◆ Orders placed against Blanket Purchase Agreements up to \$100K
- ◆ Delivery orders against Federal Supply Schedule contracts
- ◆ Basic Ordering Agreements, Task/Delivery Orders against Indefinite Delivery Type Contracts



Purchase Card

DoN Policies/Procedures for the purchase card program have now been broken out from NAVSUP's simplified acquisition instruction (NAVSUP Instruction 4200.85) and are now addressed in a separate, independent instruction – **NAVSUPINST 4200.94**, DoN Policies/Procedures for Implementation of Purchase Card Program, issued the week of 28 Jun 99. NAVSUPINST 4200.94 includes the following significant changes:

- ◆ Provides guidance on ordering via the Internet
- ◆ Provides guidance on purchasing Foreign Military Sales (FMS) requirements
- ◆ Requires that FOB pre-pay and add charges from orders be paid out of the procurement line of accounting
- ◆ Includes new chapters on Letters of Agreements (LOA's) & Accommodation Check Accounts
- ◆ Includes a chapter dedicated to the card as a method of payment

Purchase Card Reengineering Memorandum #6, issued by the Deputy Secretary of Defense on 20 Jul 98, expanded the use of the card as a payment method for commercial invoices less than or equal to \$2,500.00. Specific areas targeted include:

- ◆ Training
- ◆ Medical Services
- ◆ Stock fund transactions
- ◆ Goods/services using Standard Procurement Instruments
- ◆ NAFI's
- ◆ Military Interdepartmental Purchase Request (MIPR's)/Inter-Governmental Transfers (IGOT's)
- ◆ Transportation

The memorandum also established performance metrics to be reported quarterly to the Deputy Secretary of Defense. Thus far, DoN has implemented payment procedures for training, and goods/services using standard procurement instruments. A functional expert team is working on establishing policy for MIPR's/IGOT's, transportation, and stock funds.

The average invoice processing payment time for the purchase card program is currently 37 days. Later this year, DoN is expected to automate the payment process and reduce the processing time to 7 days. The reduction in time will allow DoN to take advantage of the rebates offered by the purchase card contractor. The improved payment process is addressed in ASN (FM&C) Memorandum of 3 Jun 99. In addition to purchase card automation, the memorandum addresses:

- ◆ Revised, exception reporting certification process
- ◆ Bulk funding
- ◆ Pay and confirm
- ◆ Interface between Agency Program Coordinator and the Financial Manager Community
- ◆ Revised certification statement

Questions may be addressed to Mr. Albert Fanelli, albert_j_Fanelli@navsup.navy.mil.

ABM Online

Debbie Tronic

In July 1996, ASN (RD&A), Acquisition and Business Management (ABM) launched its website. The address is <http://www.abm.rda.hq.navy.mil>. ABM Online provides "one-stop," quick and easy access to recent Department of Navy policy, procedures, information, data, and tools of interest to the Navy Acquisition/Procurement Workforce. When you access ABM Online, the following list of topics (categories) appear to select from:

- ◆ Policy
- ◆ Guides to Business Practices
- ◆ Tools & Related Links
- ◆ Events
- ◆ Career Development
- ◆ Organization
- ◆ Navy SPS
- ◆ Paperless Acquisition
- ◆ Navy NPR Acquisition Goals
- ◆ Business Opportunities
- ◆ Ombudsman Program
- ◆ Buying Consortia
- ◆ Power Supply Guidelines
- ◆ Acquisition/Technical

The topics (categories) do change from time to time, as needed. And if you're not

sure where to look - don't worry, there's also a "Search" function.

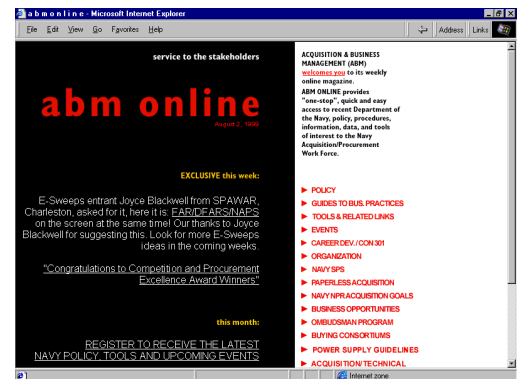
The website also includes an on-line subscription service. Once an individual is registered, whenever new policy is posted or upcoming events are announced on the website, the individual is notified of the change by email.

There is an events calendar providing information about upcoming events of interest to the acquisition community. Individuals can often register for the events on line.

ABM Online is a weekly magazine so changes to the front page (cover) are made weekly. However, the content is constantly being added to, updated and reorganized to keep things current and easy to find.

ABM Online's webmaster, Deborah Tronic, is committed to seeking ideas/suggestions for improving the website. Recently, a contest, ABM Online E-Sweeps, was held. Prizes were awarded to three individuals for

submitting suggestions for improving the website. Three lucky winners won opportunities to attend the DoD Procurement Conference, the Acquisition & Logistics Reform Day, and the Executive Contracting course. Dozens of suggestions were received, and are currently being reviewed for possible implementation. Ms. Tronic emphasizes, contest or no contest, she wants to hear from you, the acquisition community. Feel free to call her, (703) 602-2842, or email her at tronic.deborah@hq.navy.mil.



ABM Website <http://www.abm.rda.hq.navy.mil>

The Women's Executive Leadership Program

Teresa King



Hello, my name is Teresa King, and I'm a participant of the 1998-1999 Women's Executive Leadership (WEL) program. The WEL program was established to provide the Federal government with a pool of trained and capable women interested in pursuing management and executive careers. The program is tailored to the individual needs of the participants, focusing on

the Leadership Effectiveness Framework competencies and characteristics needed to make them successful leaders or managers. Participants in the WEL program must complete several requirements including a 60-day and a 30-day developmental work assignment outside the participant's current position. That's how I ended up in the Department of Navy's Acquisition Reform Office (ARO), faced with the challenge of preparing the newsletter you're now reading. My current position is that of a procurement analyst at the Department of Treasury, U.S. Customs Service. For my 30-day developmental assignment, I was fortunate enough to be put in touch with Ms. Eileen Roberson, the Navy's Acquisition Reform Executive. Ms. Roberson was willing and eager to accept me in her acquisition reform family. From day one, when I interviewed for the assignment, she immediately envisioned me working on the ARO news-

letter. The assignment proved to be both challenging and rewarding. As an acquisition professional, my 17 years of experience has been with civilian agencies and private industry. Spending 30 days interviewing the staff of the Acquisition & Business Management office enabled me to see things from a military point of view, and to become familiar with the many Navy acquisition reform initiatives. I hope you find the newsletter informative and enjoyable. I wish to thank Ms. Roberson for the opportunity to have been involved in such a worthwhile task. It was one of the highlights of my WEL program. And by the way, if you're interested in the WEL program, and would like more information, please go to the USDA Graduate School homepage, <http://grad.usda.gov/lda/wel/>, or contact Ms. Debra Eddington, director of the WEL program, at (202) 314-3592.

Acquisition Environmental Working Group

Louise Slates

The Acquisition Environmental Working Group (AEWG) was established in January 1996. It was one of the initiatives created in response to the Under Secretary of the Navy memorandum of 28 October 1994, DoN Compliance with Environmental Policies. The mission of the AEWG is to develop and recommend DoN policy and procedures to integrate environmental considerations into acquisitions. The AEWG also develops and recommends implementing guidance for Executive Orders and DoD

acquisition environmental policies. The AEWG's membership consists of representatives from the:

- ◆ GC
- ◆ ASN(RD&A)
- ◆ ASN(I&E)
- ◆ CNO
- ◆ CMC
- ◆ COMNAVAIRSYSCOM
- ◆ COMNAVFACENCOM
- ◆ COMNAVSEASYSYSCOM
- ◆ COMNAVSUPSYSCOM
- ◆ COMSPAWARSYSCOM

- ◆ COMMARCORSSYSCOM
- ◆ CNR
- ◆ COMSC
- ◆ PEO's

An ASN(RD&A) ABM representative, currently Ms. Louise Slates, chairs the group. The AEWG meets quarterly on the 3rd Tuesday at the end of each quarter. Information on the AEWG, including the group's charter, can be found on ABM's homepage at <http://www.abm.rda.hq.navy.mil>.

Acquisition and Logistics Reform Week in Review

DoN Info-Alert #205

In case you were unable to share in the Department of the Navy's two key events for Acquisition and Logistics Review Week, video excerpts are now available for viewing.

Change Through Ex-Change Conference

The Change Through Ex-Change Conference was presented on Monday, 7 June 1999 at the Crystal City Forum. This conference began two years ago to highlight the program offices' successes and share innovative ideas in a structured, creative environment. This year the conference highlighted innovative Acquisition and Logistics Reform successes among the Department of Navy (DoN) programs and was aimed directly at the "how-to's" of acquisi-

tion. The event was broadcast live via satellite and video streaming on the web and the Conference is available for viewing.

OSD Kick Off Event

The OSD Kick Off Event for Acquisition and Logistics Reform Week was held in the Pentagon Courtyard on 8 June 1999. Pictures of the event are available at <http://www.acq.osd.mil/alrweek/seeme.htm>. All training materials, chat rooms, and an on-line survey is available at <http://www.acq.osd.mil/alrweek>.

Virtual Town Hall Meeting

The Virtual Town Hall Meeting (VTHM), held at the Washington Navy Yard on Thursday, 10 June 1999 provided an opportunity for a live audience to speak directly to

Dr. Buchanan and a panel of senior Acquisition and Logistics leaders. The Satellite communications allowed interactive discussions from several sites across the continental United States. The Acquisition community was also able to share their thoughts and questions via telephone, VTC, Facsimile and E-mail. Answers to all questions received during the event and the live webcast of the event are available for viewing.

RealPlayer is required to view these video webcasts. It can be downloaded for FREE from www.real.com.

Share your Lessons Learned and Good News

Acquisition Reform Update: August/September 1999 (Volume 6, No. 3)

This issue of the Acquisition Reform Update is the third in a special series of newsletters; each focused on an acquisition reform theme of special interest to members of the acquisition community. This issue highlights "the many faces" of acquisition reform in the Department of Navy. Acquisition reform is all around us as we witness the implementation of the standard procurement system, the posting of acquisition policy and procedures on the Internet, and the use of purchase cards for procurements. These acquisition reform initiatives, and others, are included in this newsletter. Guest editor: Teresa King, Women's Executive Leadership Program, Department of Treasury, U.S. Customs Service.

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To submit an article for a future newsletter contact: Lori Haislip (202) 610-7036, lhaislip@ar.navy.mil.

Change Through Ex-Change Conference--A Resounding Success

DoN Info-Alert #204

Acquisition Reform engines of change continued to churn even as the 1999 annual Change Through Ex-Change Conference came to conclusion. The event, held on 7 June at the Marriott Crystal City, was hosted by Ms. Eileen Roberson, the Department of the Navy's Acquisition Reform Executive (ARE) and Vice Admiral James Amerault, Deputy Chief of Naval Operations (Logistics). The two leaders focused on enforcing positive changes throughout the acquisition and logistics community. The conference provided a forum for informative presentations, lively discussions, and unique door prizes. Close to 400 people attended the conference, while many more members of the acquisition and logistics community tuned in via live broadcast and satellite down link on the web. Conference attendees included representatives from the Department of the Navy's acquisition and logistics community, members of industry, and interested acquisition government partners. Kicking off the event was Dr. Jacques Gansler, Under Secretary of Defense for Acquisition and Technology followed by Dr. H. Lee Buchanan, Assistant Secretary of the Navy for Research, Development, and Acquisition (ASN(RDA)), who spoke about his commitment to sharing success stories and lessons learned across traditional boundaries within the larger defense community.

Reaching Goals

The Change Through Ex-Change Conference is a culmination of working with senior leadership, program offices, and the acquisition and logistics communities at large. Discovering methods to save money, time, and effort while increasing efficiencies are the critical goals program offices in the acquisition and logistics community are striving to achieve. One example of the many programs that briefed their results of implementing acquisition reform initiatives at the Change Through Ex-Change Conference is the Joint Standoff Weapon (JSOW). CAPT John Scheffler realized significant gains in terms of cost reduction, pilot workload, and reduced training requirements in his JSOW program office. All briefers identified methods to quantify their savings either in dollar terms or time efficiencies. The presenters

also discussed the barriers that made achieving their goals more challenging. This section of the briefs proved extremely useful to potential program offices contemplating the implementation of their own acquisition reform initiatives.

Below are the individuals who presented at the 1999 Change Through Ex-Change Conference:

Acquisition Reform Panel

Presented Successful Applications of Acquisition Reform:

CAPT Thomas J. O'Connor
Acoustic Rapid COTS Insertion Team

CAPT John J. Higbee
MK46 and MK54 Torpedo Asset Exchange Program

CAPT Timothy Heely
T45TS Naval Undergraduate Flight Training System

CAPT John Scheffler
Joint Stand Off Weapon Team

Logistics Reform Panel

Presented Successful Applications of Acquisition Reform to Logistics Scenarios:

Col Robert L. Williams Jr.
AAV Reliability, Availability Maintainability/Rebuild to Standard Team

Col Nolan D. Schmidt
V-22 Engine Commercial Procurement and Support

Mr. Barron C. Nelson
Harbor Craft Privatization Initiatives Team

CDR Lindsay Perkins
Navy Regional Contracting Center Bahrain Fleet Support Team

Success Stories Panel

Presented Proven Methods of Increasing Efficiencies within their organizations:

VADM George P. Nanos Jr.
Commander, Naval Sea Systems Command

VADM John A. Lockard
Commander, Naval Air Systems Command

Mr. William H. Hauenstein
OASN(RD&A), Director, Acquisition Career Management

BGen James M. Feigley
Commander, Marine Corps Systems Command

For more details on the conference agenda and for copies of the presenters' briefs, go to the Department of the Navy's Acquisition Reform web site: www.acq-ref.navy.mil. The Change Through Ex-Change video archive is available on the TV on the WEB site at <http://tvontheweb/live/change-exchange/index.html>. You can click on the corresponding slides as you follow along with the webcast or view them on the Acquisition Reform Office web site at <http://www.acq-ref.navy.mil.arweek99/arwk992.html#ctex>.

The Shape of Things to Come

Acquisition and Logistics Reform week for 1999 is over. However, the Navy Acquisition Reform Office is busy planning for continuous reform initiatives and events. In support of the customer proficiency initiative, the ARO will continue to focus on gathering and sharing examples of your success stories, lessons learned, and best practices. The Best Practices database, which was developed to gather proven methods of increasing efficiencies currently in use by the workforce will be expanding in the future.

The future holds the attainable goal for another overwhelmingly successful Change Through Ex-Change Conference. To accomplish this feat, we are dependent upon your contributions to Acquisition Reform. Please continue to "Ex-Change" your successes.



Managing Technical Risk

Eric Grothues

In response to requests for assistance from the Navy acquisition community in the area of technical risk management, and an identified need for practical technical risk management tools, ASN(RD&A) ABM conducted a survey in late 1997 to collect information about the implementation of technical risk management within the Navy. Over 40 Navy program offices from all ACAT levels, several of their functional support organizations, and numerous industry representatives were surveyed. The results indicated that there was no centralized source of information, an uncertainty about technical risk management requirements, a significant amount of theoretical information and a lack of practical, hands-on tools. During the survey, Navy acquisition personnel and their industry partners were asked to provide their opinions on the most critical characteristics of a successful technical risk management program. These discussions

resulted in the identification of eleven technical risk drivers that would, if implemented correctly, contribute to a successful risk management program. ASN(RD&A) ABM organized these many inputs into a reader-friendly document to be published as a practical tool for the Navy acquisition community.

The resulting tool, NAVSO P-3686, "Top Eleven Ways to Manage Technical Risk," offers a single source of concise explanations and clear descriptions of steps one can take to establish and implement fundamental technical risk management functions. It contains baseline information, lessons learned, and best practices that contribute to a well-founded technical risk management program. NAVSO P-3686 was distributed to all Navy program offices in early 1999. It is available for general DoD distribution on CD-ROM, or can be

downloaded from the ASN(RD&A) ABM home page at <http://www.abm.rda.navy.mil>. For further information, contact Bill McAninch at 703-602-2390, or email him at mcaninch.william@hq.navy.mil.



Managing Technical Risk Manual

Navy Updates Its Power Supply Guidelines

Eric Grothues

The Office of the Assistant Secretary of the Navy (Research, Development and Acquisition), Acquisition & Business Management ASN(RD&A) ABM is sponsoring a series of meetings involving Navy and industry personnel to examine power supplies in today's acquisition environment. Specific attention will be given to developing a generic power supply performance specification, defining metrics for determining total ownership costs, examining the impact of COTS/NDI supplies, and revising the existing NAVMAT P-4855-1A document. Companies participating in this effort are: American Avionic Technologies, Inc., Berkshire Associates, DOM Engineering Services, EG&G Services, Lockheed Martin Company, Northrup Grumman, RANTEC, Southwest Research Institute, and Transistor Devices, Inc.

published in the fall of 1999. Additional information on this activity can be accessed via the ABM homepage at <http://www.abm.rda.navy.mil>. The effort is being co-chaired by Mr. Eric Grothues, ASN(RDA) ABM, email at grothues.eric@hq.navy.mil.



Custom Power Systems from COTS+ Building Blocks

This effort is scheduled for completion at the end of September 1999 with a final Navy/Industry guideline document to be



ACQUISITION REFORM UPDATE
NEWSLETTER

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Upcoming Events

31 August 1999

Revolution in Business Affairs: Acquisition and Logistics Working Together

Sponsor: Association of the United States Army
Location: Fairview Park Marriott Falls Church, VA.

Key Speakers:

Paul Hoeper, Assistant Secretary of the Army for Acquisition, Logistics, and Technology

Dr. Jacques Gansler, Undersecretary of Defense for Acquisition and Technology

2 September 1999

Pax River Acquisition Reform Week Presentation Re-Broadcast

Location: Base Theater, Pax River

Pax River will re-broadcast their A&LR week events. More info contact Dennis Morgan at MorganDA@navair.navy.mil

0800-0900 Price-based Acquisition/
Competitive Sourcing
0900-1000 Oral Presentations
1000-1100 Alpha Contracting
1100-1200 Electronic Acquisition
1200-1300 Earned Value Management
1300-1400 Open Systems
1400-1500 Total Ownership Costs
1500-1600 Contractor Logistics Support

23 September 1999 1330-1500 EDT

Live Satellite Broadcast—Putting It All Together: A New Approach to Systems Acquisition

Sponsor: Office of the Undersecretary of Defense, Acquisition Reform

Speak openly with a distinguished panel representing the Joint Chiefs of staff and private industry. Understand a new model for systems acquisition using flexible requirements, incremental development, and cost as a design driver from an interview with the Honorable Dr. Jacques S. Gansler, Under Secretary of Defense for Acquisition and Technology.

Pre-register by September 6, 1999 at <http://www.acq.osd.mil/>

1999-2000 NAPM Satellite Seminar Dates

(Go to <http://www.napm.org> for more info.)

September 30, 1999

Supply Chain Management - Adding Value to the Bottom Line

November 4, 1999

Selecting and Implementing Web-based Procurement Software

February 3, 2000

Financial Analysis of Suppliers—Understanding, Evaluating, and Managing Your Supplier's Financial Stability