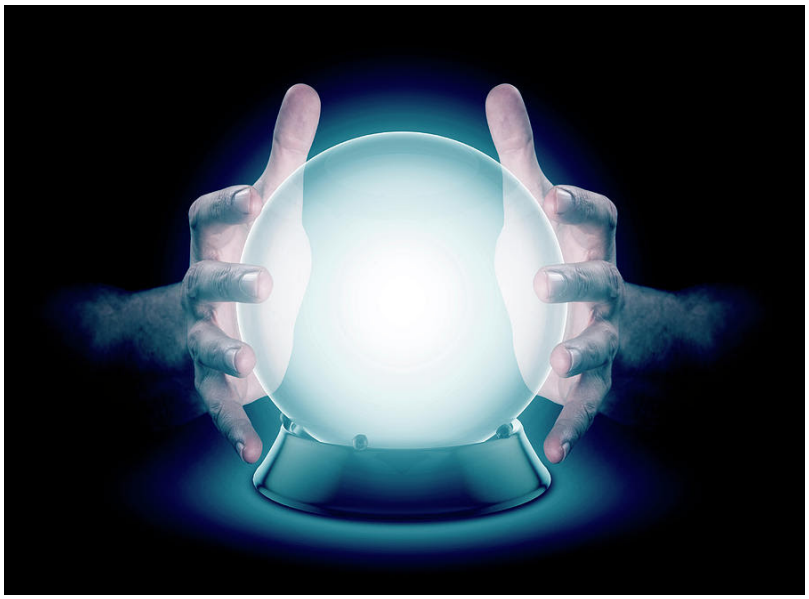


Recently I had an opportunity to attend an industry briefing, given by a senior DOD acquisition policy official. (I need to be vague here because the briefing was on a “non-attribution” basis, meaning that no direct quotes are permitted.) In that briefing, the senior official cited to the 2018 U.S. **National Defense Strategy** .

The National Defense Strategy (NDS) is the successor to the Quadrennial Defense Review. As such, it is produced very four years. It provides broad guidance to the Pentagon in areas such as military planning, military strategy, force posturing, force constructs, force modernization, etc. The Pentagon takes that guidance and, through the Joint Chiefs of Staff, creates the National Military Strategy (NMS), which provides detailed guidance for theater campaign planning, modernization, force posturing, and force structure. The NMS is classified; while most of the NDS is not.

Thus, when this senior DOD acquisition policy official cited to the latest NDS, he was citing to the highest level of U.S. military strategic planning. It was interesting to see an acquisition official cite to military guidance, but it made sense—because the military objectives are intertwined with acquisition objectives.

The 2018 NDS includes eleven strategic objectives. We’re going to list just two of them, because they seem relevant to the topic. They are:

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Continuously delivering performance with affordability and speed as we change Departmental mindset, culture, and management systems

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Establishing an unmatched twenty-first century National Security Innovation Base that effectively supports Department operations and sustains security and solvency

The first bullet point listed above is an old topic, much repeated. We first noted it way back in **2009**, when we reported to readers that the Defense Science Board had told SECDEF that the DOD acquisition process was too bureaucratic to meet the needs of the warfighters. In the intervening decade, not much has changed, though some Section 809 Panel recommendations, if adopted, might move the needle a bit.

The second bullet point is also interesting from a nomenclature perspective. Historically, the defense industrial base has been referred to as just that—"the defense industrial base." In fact, the official Pentagon component that works in that space is the "Industrial Policy Office." So to see the description change to "National Security Innovation Base" is interesting and speaks to what the Pentagon is hoping to get.

Importantly, the NDS devoted a significant amount of verbiage to acquisition reform. (Only it wasn't called that.) The NDS stated—

The current bureaucratic approach, centered on exacting thoroughness and minimizing risk above all else, is proving to be increasingly unresponsive. We must transition to a culture of performance where results and accountability matter. … Current processes are not responsive to need; the Department is over-optimized for exceptional performance at the expense of providing timely decisions, policies, and capabilities to the warfighter. Our response will be to prioritize speed of delivery, continuous adaptation, and frequent modular upgrades. We must not accept cumbersome approval chains, wasteful applications of resources in uncompetitive space, or overly risk-averse thinking that impedes change. Delivering performance means we will shed outdated management practices and structures while integrating insights from business innovation. …

Better management begins with effective financial stewardship. … We will continue to leverage

the scale of our operations to drive greater efficiency in procurement of materiel and services while pursuing opportunities to consolidate and streamline contracts in areas such as logistics, information technology, and support services. We will also continue efforts to reduce management overhead and the size of headquarters staff. We will reduce or eliminate duplicative organizations and systems for managing human resources, finance, health services, travel, and supplies.

Naturally, the above objectives are much more easily said than done. Still, most of us would agree they are important objectives that, if met, could make the defense acquisition environment a more efficient (and easier!) marketspace in which to operate.

But as history consistently has shown us, the Pentagon is not comfortable shining a light into its back-office workings. (See **this blog article** for one example.) As soon as Congress (or the Secretary of Defense) challenges the Pentagon to reduce bureaucracy (and/or costs), the next step is to focus on contractors. That diversion ignores the fact that contractor costs (largely) come out of a different color of money, and it ignores the fact that those who focus on contractors instead of the Pentagon's "Fourth Estate" are missing the point of the exercise. Still, it's the traditional approach when faced with a challenge to shrink Pentagon bureaucracy and to streamline business processes.

In what we are *sure* is an effort completely unrelated to the NDS objectives discussed above, that same senior Pentagon acquisition official noted that it is past time to perform another study of contractor financing and profit. The reported goal is to complete that study by the end of GFY 2020.

Many readers are largely ignorant of the give-and-take between Pentagon leadership, Congress, and the largest defense contractors. That give-and-take involves influencing annual National Defense Authorization Acts (NDAAs), establishing acquisition policy goals, and addressing proposed changes to acquisition regulations. It's an ongoing process, involving lobbyists, staffers, Pentagon stakeholders, and industry associations (just to name a few). The give-and-take process is happening right now, and it will continue into the foreseeable future.

We trust you've enjoyed a glimpse into that process.