

Navy/ Marine Corps

Acquisition Source Document

BLUEPRINT FOR THE FUTURE



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Overview

This Source Document is to give all of us in RDA a place to stand as we seek to develop the strategic capabilities necessary to support the men and women who put on the cloth of the nation. It contains in one place:

1. The new strategic context we are working in
2. Our vision of the future
3. Guiding principles
4. Specific goals
5. A proactive approach
6. Conclusion

It recognizes that the Navy/Marine Corps RDA team is a 100,000-person strong organization and provides the means by which leaders communicate our goals to everyone on the team in a way that provides both direction and motivation.

The Source Document is intended to provide a framework that gives all of us a shared purpose, while shaping our way of being, thinking, and attitudes and it is intended to be the basis by which individual goals are set, planning is done, decisions are made, and actions are taken.

Background

The events of September 11, 2001, changed everything. From working to provide over-matching capability against any nation-state on the sea, in the air and on the land ... to a global war on terrorism against an enemy who fights in the shadows. The doctrine of Pre-emption was formed.

The Navy and Marine Corps acquisition community must develop and deliver systems which provide strategic resilience. Our systems must be flexible enough to respond to the many means terrorists or hostile forces might employ. We must also reinvent ourselves, our processes, and our thinking continuously, not just when there is a new crisis or new foes threatening our national security.



“The concept of a virtual organization is essential to understanding how 21st century business will work. Al Qaeda represents a new and dangerous kind of virtual organization and the rise of the virtual state. We are entering into an era in which a small number of people operating without state sponsorship but using the enormous power of modern computers, biogenetic pathogens, air transport, suitcase bombs and even small nuclear weapons will be able to penetrate the tremendous vulnerabilities of contemporary open societies.” - Time, 9 Sept. 2002



Vision

The RDA Vision is to build the STRATEGIC CAPABILITY to Strike Anyone, Anywhere, Anytime.

We recognize that to achieve this, we need to create an inspired, high performing, boundary-less organization that delivers, where each person makes a difference. We also need to collaborate effectively across traditional boundaries. This means we need to see the value of an informal organization. We need to see ourselves as part of a community or neighborhood that comes together as stakeholders around joint projects.

The Vision Goal is to build the Strategic Capability to support the men and women who put on the cloth of the nation.



“We need to transform the military” - Secretary Rumsfeld

The only way you can deal with terrorists is through preemptively striking them and rooting them out. There is no defense against enemies that will use any means to strike any target including taking their own lives. If you don't, you are no longer free. You are hiding in a cave, standing behind barricades. This is why we must conduct a global war on terrorism.”
- **President Bush**

Vision Concepts

1. Our **STRATEGIC INTERESTS** are everywhere and anywhere in the world. We must provide ready presence to meet global demands and prepare to surge additional war fighting power on short notice.
 - In the past, our strategic interests were defined by our homeland, how the US and the USSR divided up the world.
 - Today our strategic interests are global - anywhere in the world and at any time - with new competitors on the horizon.
 - Countries like Iran, Iraq, and North Korea have been referred to by the President as an Axis of Evil and require continued vigilance.
 - There are military operations in places where unstable governments can foster conditions that lead to terrorism - Cape Horn of Africa, Syria, Liberia.
2. **STRATEGIC AWARENESS** is required to support the nation's global Strategic Interests. The Naval Team will contribute to the joint team effort to provide all available information to the nation's decision makers.
 - Naval forces are uniquely capable of providing global access to the nation's interests and will continue to innovate to deliver resilient combat capability to the furthest corners of the earth.
 - In ongoing operations in OIF and OEF Naval Forces need to be given, or generate awareness of, who is friendly and who is the lurking bad guy, with only limited clues.
 - Marines and Sailors need to be prepared for the spectrum from combat operations to diplomatic roles, and able to detect signs that the environment is shifting.
 - We have to detect the signs of a terrorist cell collecting information on buildings, loading explosives in a truck, making travel reservations, or training for coordinated actions in an effort to create a public disaster.

Vision Concepts (continued)

- We have to build the intelligence gathering and sharing mechanisms that allow us to build a composite picture which will highlight even small, unusual actions that point to terrorist activity.
- 3. **STRATEGIC RESILIENCE** is required to ensure that the nation has many ways to respond.
 - We need to reinvent the Navy's toolbox continuously and fill it with flexible systems.
 - Strategic Resilience? First it means: We have a toolbox and we will use it with daring and imagination to strike the enemy based on what we know today.
 - We don't know what we don't know, so resilience means using what we have in our toolbox today in a different way to attack an enemy that we can't foresee who is using methods we don't expect.
- Resilience means having foresight about who the enemy is, or might become, and creating new and better tools for tomorrow, ensuring we spend the taxpayer's dollar on the right things.
- Resilience means being resourceful by leveraging technology, innovation, joint and allied coalition capabilities- harvesting efficiencies to be reinvested in war fighting capabilities.
- To create a more resilient Naval Team, we also need personal resilience. We need to be able to fundamentally question who we are, what we do, how we do it.

THE PYRAMID OF STRATEGIC CAPABILITY



Guiding Principles

1. The Naval Acquisition Team must **THINK LIKE A BUSINESS AND RUN A TIGHT SHIP**.
 - Spend Naval funds like the precious taxpayer dollars they are - seeking to continuously reduce cost and conserve taxpayers' capital.
 - Know the likely outcome of a contract - cost and schedule - when we sign the contract.
 - Construct contracts that hold people accountable to a realistic cost target and schedule, recognizing risk.
 - Use metrics and management tools to achieve results.
 - Survey the market for joint or lower cost solutions constantly.
 - Continuously remove government bureaucracy barriers.
2. The Naval Acquisition Team must **INNOVATE AND COLLABORATE** to deliver **EFFECTIVE, AFFORDABLE WEAPONS** for Sailors and Marines.
 - Understand the war fighter's operational concepts.
 - Engage the fleet and sponsors in a collaborative discussion of the war fighting capability, cost, and timeline for all options before spending tax dollars.
 - Prioritize joint solutions which guarantee interoperability, increase quantities, lower unit cost, and decrease support costs.
- Consider all solutions—high tech to simple, COTS to military, US to international.
- Accurately price programs and insist the program and budget reflect realistic pricing, recognizing technical and integration risks.
- Hold ourselves accountable and deliver to the realistic schedules and budgets we establish.
3. The Naval Acquisition Team will operate as a neighborhood to jointly **INTEGRATE SYSTEMS and DEVELOP PEOPLE**.
 - Accept responsibility, recognizing the trust that service men and women and taxpayers have placed in you to act as stewards of the national interest.
 - Personally change and improve the neighborhood every day! By recognizing opportunities to make a difference, taking the lead, working together.
 - Recruit and hire people that can become the next leaders.
 - Mentor and grow people, providing opportunities for technical and professional development.
 - Reward and encourage collaboration.
 - Ensure the work environment allows all to participate productively - harassment, discrimination, and unethical behavior will not be tolerated.



“We cannot, as individual residents or discrete families, achieve the goals of the greater neighborhood unless we collaborate.”

Specific Goals

THINK AS A BUSINESS AND RUN A TIGHT SHIP

We will work with industry on a business-to-business basis and measure our organic businesses against the best industry benchmarks.

- Every program will seek to continuously cut government and industry cost.
- Each SYSCOM Commander, PEO, and PM should ensure that at least 5 lean events are held in each depot or industrial activity - government and industry.
- Each SYSCOM Commander and PEO should seek to apply Six Sigma or theory of constraints in at least one area of their business enterprise.
- Each SYSCOM Commander and PEO should identify a set of internal metrics for the year and plan to turn in a report card on those metrics.
 - One metric will be cost and schedule performance for all programs and activities under your leadership.
- Each DASN, PEO, and PM should seek to reduce the volume of acquisition documents by 50%, including only essential, relevant information.
- Each DASN, PEO, and PM should seek to have final approval of acquisition documents within the Navy Enterprise in no more than 90 days.

DELIVER EFFECTIVE, AFFORDABLE WEAPONS FOR SAILORS AND MARINES

We must change how we do business in both major and incremental ways to deliver resilient strategic capability at the lowest possible cost.

- Define the path to ForceNet by collaborating with the operational and requirements communities and also with our allies.
- Define Sea Basing concepts and work with the Army and Air Force to jointly enable.

- Converge C4I systems - enabling joint interoperability and eliminating systems.
- Apply the NAVAIR productive ratios work to all aviation product lines.
- Adopt a Joint Track Management architecture and ensure that all Naval systems adopt the standard to enable joint, integrated fire control.
- Define a joint weapons roadmap with the Army and Air Force.
- Review our inventory turn rates and cut excess inventory.
- Every SYSCOM Commander, DASN and PEO should successfully increase jointness on at least one program by the end of the year.
- Each program will seek to hold at least three lean events and seek to apply Six Sigma and theory of constraints as appropriate.

INTEGRATE SYSTEMS AND DEVELOP PEOPLE

The Naval Acquisition Team must, as individuals, take responsibility for growth and enhancement of our neighborhood.

- Every person in the neighborhood should daily seek to change things to more effectively and efficiently deliver value for the war-fighter and the taxpayer.
- Managers will ensure that our system rewards unselfish collaboration and innovation.
- Every DASN, PEO, and PM should create a notional personnel development plan which would identify candidates to assume leadership responsibilities at scheduled or future transition points.
- Every DASN and PEO should hold Executive Committee reviews of at least three different programs with the goals of enhancing management, engaging the fleet customer in product development and delivery, and informing the OPNAV leadership of program status and details.



A Proactive Approach

A guiding vision and specific goals must have a structure for fulfillment. This section provides key change initiatives, concrete projects and methodologies designed to provide such a structure. They create a "line of sight" from me to everyone in the organization.

THINK AS A BUSINESS AND RUN A TIGHT SHIP

The Naval Acquisition Team WILL DELIVER TO BUDGETS AND SCHEDULES WE DEFINE.

- Deliver LPD-17, SSN-775, and the USS EISENHOWER to the Fleet.
- Complete contracts for DDX lead ship construction, LHA(R), and MPF(F).
- Begin construction of the Littoral Combat Ship (LCS).
- Achieve affordable weight reduction on JSF to restore performance margin.
- Award the VXX contract, enhancing capability and safety for the President.
- Continue to execute AH-1Z and UH-1Y within budget and successfully complete DT and OT-IIB.
- Complete MV-22 OTRR and enter OpEval.
- Proceed with JASSM Integration.

The Naval Acquisition team must USE INCENTIVES AND METRICS TO HOLD INDUSTRY AND OURSELVES ACCOUNT-ABLE.

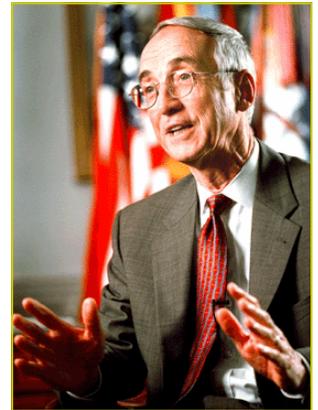
- Contracts are the key management tools for program managers, and DASNs, PMs, and PEOs should ensure that an appropriate profit and incentive strategy structure is included in all new contracts.
 - Evaluate existing programs that are not meeting cost and schedule and consider renegotiating the contract to include appropriate profit and incentive strategies.

- DASN's, PEO's and PM's will define realistic budgets and schedules to deliver appropriate capabilities and will be prepared to be held accountable to their plans.
 - DASNs, PEOs, and PMs will be fully engaged in the POM and budget process to ensure that programs are properly priced and fully funded.
 - DASNs, PEOs, and PMs should advocate economic order quantity purchases of programs to save money.
- Continuously evaluate the requirement against cost and actively engage the operator and requirements communities on trades to lower cost, deliver capability, and buy efficiently.

DELIVER EFFECTIVE, AFFORDABLE WEAPONS FOR SAILORS AND MARINES

We will create an Enterprise Culture and achieve Operational Excellence: \$1 billion in real improvements.

- We need to think and act like a fleet-footed business, instead of a big bureaucracy that moves at glacial speed, if we are to realize our vision of *strike anyone, anywhere, anytime*.
- We need to develop clear acquisition strategies and goals in a collaborative manner with our customers in the Navy and supply chain partners in the Defense Industry.
- Like most major corporations, we need to build a process centered organization that eliminates the variation between goals and results through Six Sigma improvements.



Secretary Gordon England

“The DOD Acquisition system, with its layers of authority and myriad rules and regulations needs to be simplified and streamlined. We need to leverage our buying power through ‘Integrated Sourcing’ and effective ‘Supply Chain Management.’ We need to be able to deliver weapons systems on schedule and on budget.”

A Proactive Approach

The RDA team will spearhead breakthroughs in joint integrated capability and interoperability.

- Today we have a lot of systems delivering a discrete capability.
- This needs to be integrated into joint and coalition strategic capability.
- It will not only take joint integrated sensors and radios, but a shift in our attitudes.
- The RDA team is key to changing to joint capability.

In 2004, we started the Lean Six Sigma initiative to achieve our Operational Excellence Goals.

- **Six Sigma** is a method used by leading businesses like GE, Honeywell, Motorola. It has resulted in breakthrough innovation, greatly improved customer satisfaction, as well as having saved billions of dollars.
- **Enroll Leadership:** We will be conducting a number of “on-boarding” sessions for Six Sigma with senior leaders in DOD, Navy, and, most importantly, defense contractors. We will require Six Sigma training for direct reports.
- **Target the problem:** We will start with identifying key processes in the Navy’s Acquisition System and target problem areas for breakthrough projects. We will focus on innovative excellence, staying on schedule, and stable budgets.
- **Measure:** We will determine the metrics on which to assess mission effectiveness of these processes. We will measure what we do and evaluate our performance against established metrics.
- **Analyze:** We will analyze where the breakdowns are in inputs and outputs. We will make improvements so as to better be able to deliver on schedule and on budget with less complexity and waste, and we will make these sustainable.
- **Control:** We will make improvements to our processes, make sure these improvements are sustainable, and make sure the savings are signed off by the Comptroller’s office.

In 2004, RDA launched a new initiative called Naval Innovation Labs - For a Bigger, Better Toolbox.

Building on the successful work in EXCOMs, each Lab’s purpose is faster execution and delivery of new capability.

- Leveraging our Operation Respond effort on behalf of the Marines returning to Iraq, Secretary England rightly wants us to pursue new ideas with greater urgency.
- The RDA team has a mission to accomplish R&D to provide strategic capabilities for the warfighter of today and tomorrow.
- We need to constantly scan the horizon for new trends in technology, so as to provide an *information rich environment* for decision makers.
- To fight terrorists that are increasingly determined and innovative, we need to be more determined and innovative ourselves in a non-linear way.
- We need to make sure we have truly revolutionary warfare technologies in our toolbox based on non linear innovation that represents a “meaningful difference.”
- We also need to look at innovative ways we can reconfigure our existing toolbox, while being willing to systematically abandon outmoded tools.



A Proactive Approach

The Navy Innovation Labs *Accelerated Solutions Environment* for breakthrough capabilities.

- Bring together an extraordinary combination of people with divergent views and perspectives in one room so that new ideas are evaluated and brought to bear on urgent needs or current requirements.¹
- Identify problems faced today which have no current solution or have solutions that are expensive for the taxpayer.
- Brainstorm innovative solutions and alternate approaches to a challenge, identifying for action options that best meet our requirements.
- Present commercial technologies or R&D projects which could be tested in the lab, exercises, or real world deployments.
- The Innovation Lab and Navy leadership should foster a faster pace of addressing needs and requirements, bring a focus on affordability, and seek to fully implement the Sea Warrior experimentation goals.

¹ RDA Team; OPNAV sponsors; Warfighter and Fleet reps; ConOps developers; other Military Services; Allies; Defense Agencies; Defense Contractors; Commercial Industry; Warfare Center and Naval Lab developers; and a full range of University Experts.

INTEGRATE SYSTEMS AND DEVELOP PEOPLE

Our fundamental goal is to empower individuals at all levels to make a bigger difference.

- Today in many organizations, people's sincere and honest intentions to have an impact are often thwarted by personalities, artificial walls, organizational absurdities, and historical precedence.
- We want to create an inspired, high performing organization in RDA by getting unnecessary hierarchy and bureaucracy off people's backs.
- We want to create a true joint naval team, where each individual is empowered to make a difference.
- Empowered individuals are those who see an opportunity to make a difference, dare to take a stand, and act in a way that matters.
- Taking a stand often results not just in long range goals and change programs, but in exciting projects that deliver extraordinary and tangible results.



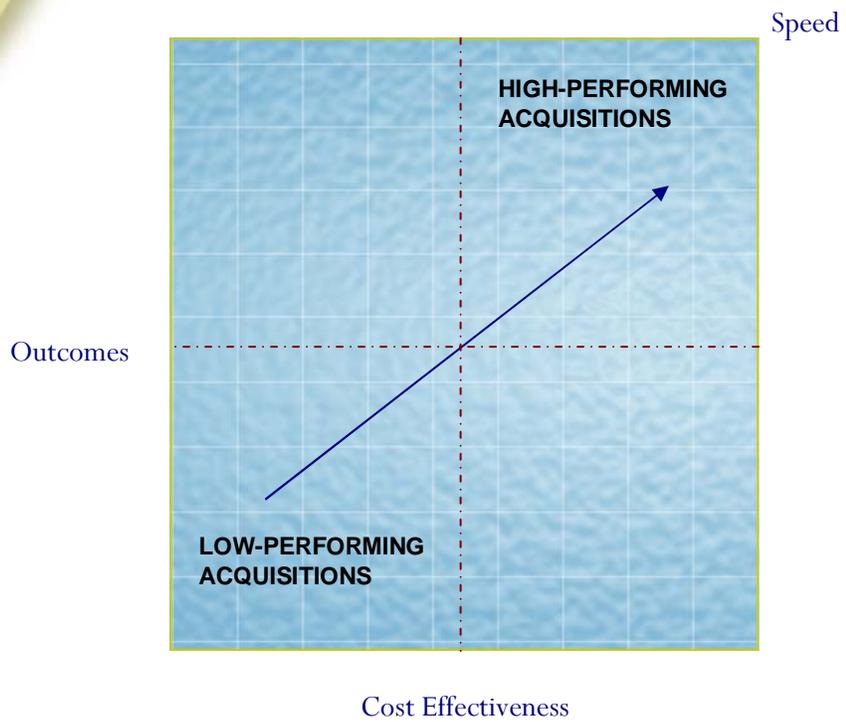
We will do our best to get rid of constraints that tie people down.

“We will better align for joint warfare.” - ADM Vern Clark, CNO

1. Conduct war fighter talks with USMC, USAF, USA, and USSOCOM to discuss key inter-service issues.
2. Command and Control: Identify methods to improve structures, systems, and interoperability. (N3/N5)
3. Operations: Review and integrate Global War on Terrorism lessons learned, Platforms/Weapons Systems.
4. Develop plans to co-develop and optimally employ joint emergent and future warfare systems. (N3/N5)

I ask you to demonstrate courageous leadership

- Leaders “source” a new future for their organization and department.
- They look for opportunities to make a difference and dare to take a stand.
- They find openings for action when the path to the result is unclear and in the face of bureaucratic obstacles.
- Instead of saying “it can’t be done,” they ask “what can I do?”



“Obtain the maximum value from every person and process so as to leverage the efficiency of every resource dollar spent.”

I ask you to be a difference maker

- I expect every DASN and PEO to recreate the message I have shared with you regarding this source document in your respective organizations until it takes on a life of its own.
- I expect you to engage your people in a dialogue about the vision, goals, guiding principles and methodologies shared in this source document, and how they can apply them in their jobs.
- I expect your commitment in taking the key initiatives we have discussed today such as Joint Capability, Naval Innovation Labs, Six Sigma, and begin sourcing them in your organization.

You can expect that I will follow up on these soon.



In Conclusion

“I frequently view the work of the acquisition team as paving a path, one brick at a time, that will provide us with the means to strike anyone, anywhere, and at any time. You can’t just lay one brick - and each member of the team has a chance each day to lay new bricks. You have to lay a lot of bricks - ships, planes, weapons, sensors, communications, and networks that connect everything, and more importantly, changes in how we do business. The result is we together pave a path that represents a superhighway to the future. We can’t see all of the terrain ahead of us, but the right bricks in combination will provide the tools necessary to preserve the nation’s future freedom and empower the men and women who serve America.”



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