

Beyond Business as Usual: Improving Defense Acquisition through Better Buying Power

By Zachary S. Huitink and Dr. David M. Van Slyke

The U.S. federal government spends nearly a half-trillion dollars per year through contracts, buying everything from office supplies and automobiles to professional services, information technology, and complex weapon systems. The effectiveness with which the government buys these products increasingly separates mission success from mission failure. Indeed, as recent events (e.g., the initial rollout of healthcare.gov) illustrate, acquisition can play a role in both the government's most laudable achievements and its highest-profile disappointments. As agencies continue to face pressure to do more with less, getting more for the money spent through contracts is critical. Now, more than ever, it is imperative that government is a smart buyer.

For the modern government agency, the difference between mission accomplishment and mission failure increasingly turns on the ability to be a smart buyer—to build an efficient and effective acquisition enterprise on a foundation of professionalism, expertise, and commitment to getting the best possible business deal when buying goods and services. Perhaps nowhere is smart buying as important as at DOD, which accounts for approximately seven of every 10 cents in annual federal contract spending, but a matter of national security. Despite these strong imperatives to get things right, value-enhancing acquisition performance remains one of DOD's most elusive goals.

Despite these strong imperatives to get things right, acquisition remains one of the Pentagon's most significant managerial challenges. While not all is amiss—for every failure or setback, there are many unheralded successes, attributable to the hard work of government and industry professionals—after over 60 years of attempts at reform, efficient and effective acquisition remains an elusive goal. In light of this history, a recent report characterized defense acquisition as exhibiting “a significant degree of entropy”—a tendency to revert to established operating procedures despite the application of strong external forces. This same report went on to argue, however, that “meaningful improvement is possible” in the current environment, due in large part to a degree of

leadership commitment not seen for many years. Within both DOD and Congress, the job of improving defense acquisition is a priority for knowledgeable, experienced, and committed leaders.

For the last five years, leaders within DOD's Office of Acquisition, Technology, and Logistics (AT&L) have been leveraging downward pressure on defense spending to improve the Pentagon's acquisition outcomes. They call their effort “Better Buying Power,” so-named because the change they envision aims at getting more for each dollar DOD spends on buying goods and services, or, “doing more without more”.

Though not the first (nor, no doubt, the last) of DOD's efforts to improve its acquisition practices, Better Buying Power is a timely and instructive case in the challenges and opportunities of enhancing acquisition performance through a commitment to continuous improvement—to constantly seeking greater efficiency and productivity in the acquisition enterprise rather than instituting a single reform or policy change. While some may claim defense is a bad model for others to follow, and would thus argue Better Buying Power is not of interest to a non-defense audience, this report offers a different perspective. The Defense Department does acquire a number of goods and services unique to its war-fighting mission, but it also buys many products civilian agencies buy, such as professional services and information technology. Moreover, the principles Better Buying Power emphasizes apply equally to the acquisition of military-and non-military-specific products. These principles include:

- Professionalism
- Critical thinking
- Sound judgment
- Data-driven decision making

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Accordingly, for busy acquisition executives and senior procurement officers striving to get more for the money that their agencies spend on critical goods and services, this report traces the origins, evolution, and broad impact to date of the Better Buying Power initiatives. Are these initiatives living up to their promise of moving defense acquisition beyond “business as usual?” What lessons do they offer for the rest of the federal acquisition enterprise?

To answer these questions, the report focuses on five initiatives at Better Buying Power's core:

- **Core Initiative One.** Achieving Affordability and Controlling Costs—Planning and executing large, complex acquisitions in a manner that ensures the projects are affordable within future budgets
- **Core Initiative Two.** Promoting Competition—Judiciously leveraging the benefits of competition to promote ongoing performance improvement and minimize lock-in risk
- **Core Initiative Three.** Providing Incentives—Using tools like contract type and source selection method in a manner that motivates vendors to be productive and innovative
- **Core Initiative Four.** Reducing Bureaucracy—Clarifying the chain of command to empower frontline acquisition managers and hold them accountable for results
- **Core Initiative Five.** Improving Services Acquisition—Taking a more strategic approach to acquiring services, which now outweigh weapon systems as a share of DOD's annual acquisition budget

The report summarizes the thrust of each initiative, discusses DOD's successes and challenges implementing it, and presents lessons for acquisition executives and senior procurement officers in other federal departments and agencies. The analysis is based on a case study involving interviews with subject matter experts (SMEs) in government, industry, academia, and the think tank community, as well as review of a large sample of primary and secondary documents

published by DOD, the Government Accountability Office (GAO), the Congressional Research Service (CRS), and other sources.

Lessons Learned

DOD's experience with crafting and implementing core initiatives under Better Buying Power reveals a number of lessons for acquisition executives and senior procurement officers striving to get more for the money their own agencies spend on goods and services. Across the five initiatives surveyed, eight lessons emerge:

1. Acquisition Is (Nearly) Everyone's Business
2. Strong Forces Work to Preserve “Business As Usual”
3. “Creep” Is a Pervasive Threat
4. Communication Is Always Subject to Varying Interpretation
5. Following Through Is Crucial
6. When It Comes to Some Practices, the Only Time to Start Is Early
7. Knowledge Is Power
8. Being Realistic—and Patient—Is Best

Recommendations

Determining the precise content and direction of future iterations is beyond the scope of this report, but at least three potential avenues DOD leaders could pursue in a future version of Better Buying Power include the following:

- **Recommendation One.** Continue to pursue the idea of “agile” acquisition
- **Recommendation Two.** Maintain and enhance the focus on improving services acquisition
- **Recommendation Three.** Further the effort to build partnerships outside the traditional defense industrial base

This report has aimed to glean some preliminary lessons from DOD's experience to date with Better Buying Power—to ask, in short, whether and to what extent this novel attempt at improving the productivity and efficiency of a deeply entrenched system has been successful or fallen short. As the report suggests, the answer is mixed. Better Buying Power is one of the few and most recent governmental initiatives to develop and implement an approach that is multi-faceted, benefits from sustained leadership commitment, and uses a window of opportunity associated with externally imposed events.

For both DOD and the broader federal acquisition community, learning from past successes and failures and incorporating new ideas from a range of internal and external stakeholders to craft a comprehensive, sustainable approach to acquisition improvement presents an acute challenge. Adopting the “Better Buying Power” model—initiating and institutionalizing change through a decentralized and cascading approach that engages stakeholders, measures results, learns from and evolves toward clarifying priorities and continuously strengthens performance—is no easy task. Nonetheless, the historical experience with “magic bullet” reforms suggests it may be the better of the two alternatives. ■

TO LEARN MORE

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The report can be obtained:

- In .pdf (Acrobat) format at the Center website, www.businessofgovernment.org
- By e-mailing the Center at businessofgovernment@us.ibm.com
- By calling the Center at (202) 551-9342