

Revolution in Business Affairs

The Big Rocks

Mission Area Focus

OPR - SAF/AQC

Becoming the Business Advisor

Tasks 2.2.2, 2.2.1; OPR - SAF/AQCX, AFSPC/LGC

IMPAC

Task 3.2.2; OPR - MAJCOM LGCs

Electronic Commerce

Tasks 4.2.1, 4.2.2, 4.2.3, 1.2.3; OPR - SAF/AQCI

Contract Payments (CLINS, IMPAC)

Paperless Contracting (Rqmts to Closeout)

Tasks 4.3.1, 4.3.2; OPR - SAF/AQCI

Reengineering Operational Contracting

Training 2000, Schoolhouse

Task 1.1.6; OPR - SAF/AQCI, Schoolhouse

Commercial Contracting

Tasks 3.2.1, 3.2.2; OPR - MAJCOM LGCs

Outsourcing and Privatization

Task 3.3.1; OPR - SAF/AQCO

Past Performance

Task 3.5.1; OPR - SAF/AQCP, SAF/AQCO

Reengineering Source Selection Process

Task 3.1.2; OPR - SAF/AQCP

Reengineering Services Buying

Tasks 3.4.1, 3.5.2; OPR - SAF/AQCO,
MAJCOM LGCs

Regional/Centralized Contracting

Contract Closeouts

Meaningful Metrics

Task 3.1.4; OPR - SAF/AQC Staff, MAJCOM LGCs

Revolutionizing Air Force Contracting

As our contracting environment is changing, so must our responsibilities to serve our many customers. We need to be their business advisors. We must use our expertise to implement Acquisition Reform by using smart business practices to help squeeze the fat from the ‘logistics tail.’ There is currently too much ‘tail’ and not enough ‘tooth.’ Our military infrastructure is too big and is no longer affordable. At the same time, we are lacking the investment dollars needed for modernization. A revolution in business affairs within Air Force Contracting is essential. Our customers’ ability to respond to future opportunities under tighter fiscal constraints requires that we become more efficient and effective, delivering better contracting products and services to our customers by developing better tools and taking advantage of information technology and the availability of commercial products. We must accomplish all this doing our part to reduce acquisition lead time. To do this, we must identify ‘best practices,’ seek new ways of doing business, and continue to pursue the following targets of opportunity:

We will revolutionize Air Force Contracting and the way we conduct business to more efficiently meet customer needs

We will pursue the acquisition mission and our goals and objectives aggressively by fully adopting acquisition reforms, expanding our role as Air Force Contracting business advisors, and managing risks. We will ensure that our field contracting units and the contracting staff are centers of excellence in their areas of technical expertise, capable of delivering high-quality products and services that meet or exceed our customers’ requirements. We will deliver our contracting products faster and cheaper,

with better contracting results for our customers to satisfy the needs of the Nation. The ability to realize savings, and thereby enable increased opportunities for weapon system acquisition and modernization, is a fundamental goal of our revolution.

We will change the way we work with our contractors

A more cooperative relationship with our contractors will be the cornerstone of our operations. The key word is ‘openness.’ It is important to keep industry informed and involved throughout the requirements definition, acquisition planning, and contracting processes. ‘Openness’ will improve the proposal process. Sharing more information about our needs earlier in the process, and inviting and addressing industry comments and concerns before proposals are requested, shortens proposal preparation and evaluation time. ‘Openness’ will also improve our use of Cost As An Independent Variable (CAIV). CAIV results in better and more comprehensive cost and performance tradeoffs by providing industry with a clear understanding of the trade space involved for each acquisition, which will enable best value contract awards to support our warfighters. At the same time, we will assign a higher level of integration responsibility and accountability to Air Force contractors. By reducing the involvement of Air Force personnel in the details of contractor management and moving them into a contract ‘insight’ role, we will strive to ‘enable’ the aerospace business, not direct it.

We will also use performance-based contracting methods. We will emphasize work statements, specifications, and delivery schedules written around the desired outputs and outcomes of the contract, not around specific processes.

Through these new working relationships with industry, we will create an environment

Outsourcing

Outsourcing through a competitive process is one way to provide support services more efficiently. It is *not* about the elimination of a service or function; it *is* about the most effective procurement of that service or function, through a competition open to both private contractors and government employees.

Privatization

Privatization is a slightly different concept. Rather than holding a competition between public and private sectors, when we privatize we usually “get out of the business,” transferring government assets to the private sector. We give up government oversight of the activity, and rely on the private sector and the market place. Privatization of utilities and military family housing are the hot privatization areas.

O&P's potential impact on our people, our mission, and our Air Force is significant. We must do this right. Smart implementation is absolutely essential to sustaining the world's finest Air and Space Force into the 21st century.

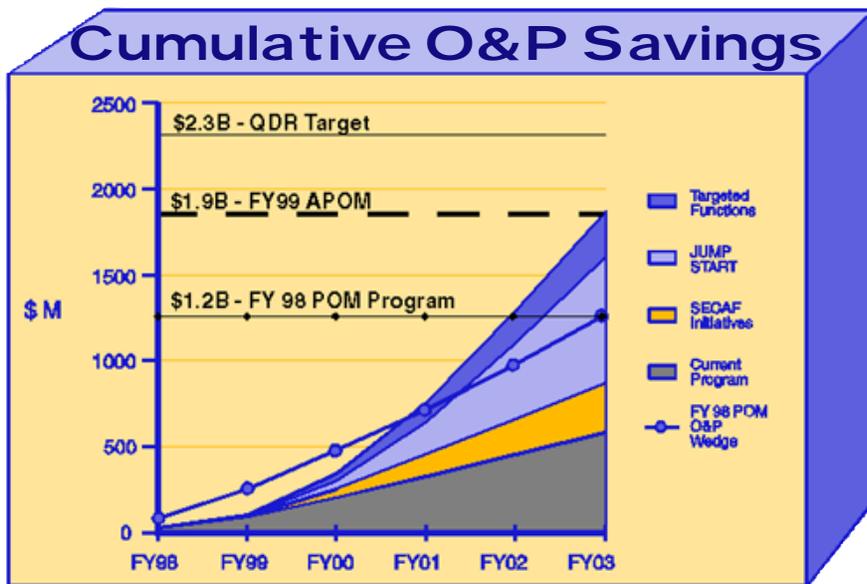
General Michael E. Ryan
Air Force Chief of Staff

in which companies engage in Air Force contracts not simply for immediate profits, but to gain value from the partnership between Government and industry. These improvements in the way we work with our contractors will enhance cooperative efforts with existing contractors as well as encourage more participation by suppliers previously reluctant to pursue Government contracts.

We will continue to execute and improve our processes related to outsourcing and privatization

Outsourcing and privatization are critical elements in achieving the efficiencies necessary to fund modernization of the U.S. forces. Air Force Contracting will play a crucial role as the Air Force continues to examine the feasibility of managing some of our activities through private industry rather than using in-house resources. For example, the housing privatization effort has come through a difficult birthing process, but the pace is accelerating. Decent and affordable housing is crucial to improving the quality of life for Air Force service members and their families. The Air Force currently has a backlog of substandard and inadequate housing. Using strictly MILCON dollars, it would take many years to complete repair and replacement. Instead the Air Force has sought private capital to leverage government dollars, and tap the private sector to build and renovate military housing faster, at lower cost to the taxpayer, and within an affordability range of military service members. Air Force Contracting is a vital member and key business advisor in every housing privatization effort.

Air Force Contracting is also out in front when it comes to a robust outsourcing program, and has documented results. With the challenge of changing the way we align critical resources through outsourcing non-core activities comes the opportunity to use acquisition reform and good business



“Because of a \$1.23 deduction taken in FY 96 from the FY 98 - 2003 POM and another \$1.93 deduction taken from the Air Force from the FY 99 - 2004 POM, you can see that, at best, our Air Force installations could face significant shortfalls from FY 98 through FY 2000. If the O&P savings do not come as projected in this chart, installation budget shortfalls could be even more significant. Question becomes, in either scenario, what can you do now to help out your commander with his current and expected budget shortfalls. The answer is to revolution our business affairs!”

practices. Along with the DoD mandate to outsource when it makes good business sense comes the responsibility of Air Force Contracting to help lead the way with solid, service-oriented processes.

We will continue to work to change regulations so that we can work smarter

We will continue to expand our efforts to influence regulatory changes to ease the transition to a new way of doing business. We will reduce internal regulation and policy documentation substantially (both number of documents and number of pages). We will continue to improve our processes, examine ways to reduce paperwork, and provide incentives to our contractors to be more efficient.

We will deliver on our commitments, be accountable for our contracting actions, and do our part to implement sound business practices throughout Air Force Contracting

We will develop achievable and implementable plans and programs at all levels of Air Force Contracting, with a focus on relevant results for our customers. We will empower employees to perform their jobs and supervisors to manage, while holding all accountable for fulfilling their responsibilities. We will re-invent our processes to ensure planning and deployment are integrally tied to the DoD Goals and the Air Force End-States and Strategic Goals.

