



**Marion C. Blakey  
President and CEO  
Aerospace Industries Association**

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*Remarks as prepared for delivery*

Good afternoon. I'd like to thank you for the opportunity to address this important conference today. I'd like to especially thank Shay Assad for extending the invitation and doing such a fine job in his vital role in the Department. As a representative of industry, let me tell you we greatly appreciate taking part in this event and enjoy the spirit of cooperation it is generating.

I know there has been a lot of good interaction between government and representatives of industry during the last few days. I hope to add to that collaboration and exchange of ideas so we all come away from this event with a better consensus on how to make progress in the future.

I think it's fitting that this conference is taking place here in Orlando, and I'm not just referring to the golf courses!

From an industry perspective, Central Florida is a great example of a region and community that sees huge benefits from hosting a large cluster of aerospace and defense companies. Many of AIA's members have large operations nearby, including engineering and manufacturing sites that are responsible for some of the most important items used by our warfighters on the battlefield. These items, of course, only get to our men and women in

uniform through the efforts of individuals like you in the audience today, and I applaud you for the crucial job you do.

As many of you know, I spent some time on the government side of the fence. In fact, it was only a short time ago. I sat essentially where you sit today in your role as the catalyst for government programs that use advanced technologies for the greater societal good. I want to tell you I thoroughly enjoyed my time in public service for the same reasons I suspect so many of you have invested so much of your time and careers in government. And that's the sense that your job is not just a job – it's a way to give back to our nation, in a very real and tangible manner.

We in industry also derive great satisfaction in the role we play, but we recognize that our success is highly dependent upon the corps of selfless public servants like you.

Which brings me to the idea I'd like to concentrate on today, and that's the importance of industry and government – specifically DoD – working together to tackle contracting challenges. I think we all recognize that we rely upon each other in countless significant ways, and in many instances our success is mutually dependent. We can boil down a great deal of our acquisition challenges in fact to one statement – cost growth is bad for everyone! I think much of the work being done during this conference will ultimately address that overarching principle.

My experience in government (more than 25 years!), and now leading AIA, gives me some insight into some of these issues. And I have some ideas on possible ways we can all work together to make our good relationship even better. Many speakers offer a device—a quick way to organize and hopefully remember points. In this case, mine is simple; I'll use what I call the ABCs of acquisition excellence – Administration, Budget and Consistency.

Let's start with administration, which is another word for management. This, of course, refers to contract management. And when I refer to this principle I am talking about both the government and industry sides of the coin.

I don't have to tell this crowd that good contract management makes a huge difference in program outcomes. But it's telling that closer oversight

and using established best practices and procedures can go a long way to addressing acquisition challenges. Often times good management steps are not in and of themselves major, earth-shattering actions, but are simply doing what we know works.

For example, there has been tremendous progress in using commercial technologies in the last two decades. But it's troubling that this clear cost-saver seems to be losing some government support in recent years. We all know commercial access is an excellent program tool when it is appropriate. So there's some low-hanging fruit on contract management that we can take advantage of.

I know there are many discussions and panels during this conference that are covering specific contract management issues. So I'm not going to try to address these technical topics. Believe me, I could learn from you rather than the other way around. But, as we all know, well-managed programs are less likely to see cost growth. And successful programs, without exception, enjoy good communication between the government customer and the contractor.

The second point in the ABCs of acquisition excellence is budget. Budget is really the measuring stick by which we all are judged, in both industry and government. And we have found that one of the best ways to stay on the right side of the budget is by starting out from a realistic point rather than a number that is artificially low.

Now, let's be honest about what happens with a lot of contracts. Companies know the bidding is ultra-competitive, and the temptation to use figures that are optimistically low is almost irresistible. This situation all-but-guarantees cost overruns, which are bad for everyone involved.

Industry and DoD must concentrate on working together to figure out how to generate proposals that are closer to the actual cost of the program. That's a daunting task, but events like this conference are an excellent step in the right direction. If an acquisition-reform genie appeared and granted just one wish, I'd go with realistic budgets and realistic proposals as the choice that would provide the most benefit.

Now, Shay asked me to talk a little bit about my own government service today. Those of you who know my background know I have served

several different agencies with a wide variety of functions: regulatory, grant-making major procurements and infrastructure investment. It's like that old movie Planes, Trains and Automobiles – I've dealt with all these modes of transportation, with a few others thrown in as well! Now my work at AIA involves fighter jets, unmanned aerial vehicles and spacecraft. So I think I've dealt with just about everything that moves, except – I don't know, maybe a jetpack or something!

But my story is one many of you here know well. It stems from opportunity, hard work and more than a little bit of luck. I like to tell the story of my first government job as a clerk-typist. The problem is I couldn't type, so I was really a clerk-clerk!

I think my first official level was a GS-3. So I started out pretty low on the totem pole. But a couple of managers did invest in me – great civil servants in every sense of the word!

I learned a couple of things very quickly. One was to relish the role of working in government service, because I knew that I was making a real difference early in my career, even if it was on a very small scale. I also learned that I could pursue career paths within the federal government according to what interested me. So after some work in the National Endowment for the Humanities, the Department of Commerce and the Department of Education, I zeroed in on transportation as the area I most enjoyed.

I had the opportunity to lead the National Highway Traffic Safety Administration, which is directly responsible for reducing deaths, injuries and economic losses due to motor vehicle crashes. Subsequently, I chaired the National Transportation Safety Board, which expanded my portfolio to deal with safety issues regarding not only highway traffic, but aviation, marine transportation, railroads, pipelines and hazardous materials.

Following that experience I was appointed to head the FAA, so my focus shifted to aviation full-time. While safety was still a prominent part of that job, it encompassed all facets of aviation, including operations and regulatory issues and major investments in facilities, equipment and air traffic control systems. The task was challenging, with air travel demand continuing a steady climb while our infrastructure was showing its age.

Since we're talking about procurement issues today, I should mention one of the biggest projects I dealt with at the FAA, and that's the NextGen air transportation system. The project is totally rebuilding the system, incorporating satellite technology and other advanced measures to bring air traffic control to where it needs to be. NextGen is in the development and implementation stage, but air transportation isn't something you can shut down for six months as you transition to a new system. I describe it as trying to change the tires on your car while driving 60 miles per hour! And I'm sure many of you can relate to that type of procurement challenge.

And hopefully you can relate to my sense of satisfaction as well. My experience in government service was extremely rewarding and fulfilling. Unlike too many jobs, when I started work in the morning, I knew that what I did really mattered. And I felt good about it.

Defense Department procurement professionals might not be the most recognizable public servants in the country. But you play an extraordinarily important role in what we all know is a dangerous world today. You allow our nation to remain strong and meet the threats we face head-on. There are very few other jobs in the public or private sectors that have this type of responsibility, and I am sure you are very proud of the job you do. I know we are proud of you.

Now, I've mentioned the A and the B of acquisition excellence. The C is consistency, or stability in both budgets and requirements. I think I'm preaching to the choir here. But trying to plan for a large, multi-billion dollar platform with hundreds of units over several decades is extremely difficult when the budget changes every year. We at AIA have espoused the concept of multi-year budgeting with some support in the department, but it has not been wholly embraced everywhere, especially by lawmakers. This is another area in which close collaboration between industry and our government partners could do a lot of good.

Now, we all know that requirements change sometimes. Instituting those changes is usually not a problem from the technical standpoint. But it does create challenges when you look at initial budgets and deadlines, since both are usually out the window if a requirement is altered significantly. So the closer we can come to the real requirements at the onset of a contract, the better off we all are.

Industry and government are under a public microscope. Criticism – warranted or not – is often aired very publicly on Capitol Hill, and subsequently in the news media. And the more sensational it is, the better critics like it, and often the more political advantage. In my experience, critics rarely let the facts get in the way of a good story when it comes to defense contracting.

To me, that means we have to work even harder to make defense procurement as good as it possibly can be. Contracting excellence with integrity is a goal that is not only laudable, but it's attainable, and you do it every day! And following the ABCs of acquisition – Administration, Budget and Consistency, we can make good contracting practices even better.

I know that we have the intellectual ability and desire to do this, and the knowledge that coming together and working toward common goals like you're doing here is the best way to success.

Thank you.

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