

Acquisition

ISSUE: Current acquisition policies do not incentivize cost savings, are lengthy and cumbersome and drive up

BACKGROUND

Fair and consistently applied acquisition policies are critical to our efforts to maintain a competitive defense acquisition environment and a healthy defense and aerospace industrial base. These policies should encourage and reward good performance, promote fairness and stability, incentivize cost savings and establish balanced and equitable risk-reward financial relationships.

In November 2011, as a follow-up to AIA's initial responses to DOD's call for ideas to restore affordability and productivity in defense spending ("DOD Efficiencies Initiative"), AIA published a comprehensive report detailing "the good, the bad and the ugly" among the Initiatives. The report, "Defense Acquisition Reform: Moving Toward an Efficient Acquisition System," also set forth concrete recommendations intended to remedy some of the systemic redundancies and inefficiencies endemic in today's acquisition system.

Our proposals are not offered as the cure-all for the current acquisition system – a system that is the result of decades-long layering of byzantine statutes, regulations and policies – but proffers specific reforms that can be achieved within current DOD authorities with no need for legislative remedies.

In the report, AIA cautions DOD against instituting a "one size fits all" regulatory regime based on overly proscriptive, government-unique regulations. AIA strongly recommends the abandonment of risk-averse acquisition reform paths that enshrine direct cost savings as the ultimate measure of success. The bottom line: a new approach is required that liberates the government from a continued reliance on complex processes that offer little flexibility and do not incentivize cost savings. Retaining the status quo is no longer an option.

AIA RECOMMENDATIONS

AIA has proposed five actions to serve as the foundation of meaningful and actionable procurement reforms:

- Increase utilization of commercial products, practices and processes resulting in more performance-based contracts and flexible responsibility at the program management level;
- Create performance-based profit policy to promote new competition in the marketplace and stabilize the health of the industry;
- Eliminate of barriers to innovation to reward creativity and performance, promote fairness and stability, and create incentives for cost savings and equitable risk-reward relationships;
- Reform oversight functions to eliminate unclear, overlapping government oversight responsibilities, inflexible guidance that fails to properly consider materiality and risk, and a lack of measures to determine whether the costs imposed by the system result in better outcomes for its customers; and
- Reform the regulatory promulgation process to mitigate the significant cost and administrative impact of rules on both the government and supplier community.