Written Statement of Ronald T Kadish, LTG, USAF(Ret)
HASC Panel on Acquisition Reform
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Chairman Andrews, thank you for the opportunity to participate in this hearing before the Defense Acquisition Reform Panel of the Committee on Armed Services in regard to coordinating requirements, budgets and acquisition.

In my 34 year career in the US Air Force I had the opportunity to manage or lead major defense programs in various stages of their life cycle.   These included the F-16, F-15, C-17, and all the missile defense programs. I also commanded the Electronic systems Center for the AF and the Missile Defense Agency for DOD. In all these assignments, I studied and operated in the DOD acquisition system. After I retired, Secretary England chartered a review of the system called the Defense Acquisition Performance Assessment (DAPA) which I had the honor of Chairing.

 Mr. Chairman, I would request that the DAPA report be made part of the record of this hearing.

Today, I'd like to discuss some of what we found during that Assessment and offer some thoughts based on my experience as a program manager for your consideration.

If there is one central theme surrounding the subject of Acquisition reform, it is that we've been unsatisfied with the system for many years because we cannot consistently meet expectations. As an unintended consequence, in an effort to improve the system we have made it exceeding complex. Many studies and commissions have been charted to improve the acquisition process, but the problems still persist.

The DAPA report goes into great detail on these issues, but I would like to highlight three ideas—the notion of complexity, its consequent instability and the value of time.

The system today is extremely complex and almost unintelligible to most observers and participants. Because it is so complex. critics are able to point to increasing costs that are seemingly out of control to indict the system. Aside from sensational nature of the criticism surrounding the cost, the problems are persistent and systemic.

The Acquisition System is supposed to be a simple construct that efficiently integrates the three interdependent processes of budget, acquisition and requirements. Most efforts at reform have targeted just the acquisition process and do not address the larger acquisition system elements which include the budget and requirements areas.

Actually, our observations showed the system to be a highly complex mechanism that is fragmented in its operation. Further, the findings we developed indicated that differences in the theory and practice of acquisition.

Divergent values among the acquisition community, and changes in the security environment have driven the requirements, acquisition and budget processes further apart and have inserted significant instability into the Acquisition System. This divergence has spawned essentially two systems—a wartime system focused on rapid procurements and a peacetime system for everything else.

In theory, new weapon systems are delivered as the result of the integrated actions of the three interdependent processes whose operations are held together by the significant efforts of the organizations, workforce, and the industrial partnerships that manage them.

In practice, however, these processes and their practitioners often operate independent of one another. Uncoordinated changes in each of the processes often cause unintended negative consequences that magnify the effects of disruptions in another area.

In unstable acquisition processes, owners and practitioners take actions without considering the impact the actions will have on the entirety of

the system. Requirement developers mandate systems that are technologically unrealistic or unable to be delivered within the "time-to-need" that is desired by Combatant Commanders.

Program teams allow requirements to escalate without discipline, thereby driving costs beyond baseline budget and schedule. Those who hold the budget purse strings in the Department of Defense look dispassionately on the Acquisition System and reduce annual program budgets to fit within the "top-line" of the President's Budget by trading off some programs to "fix" others. Then Congress makes changes based on authorization and appropriations cycle.

This creates a cycle of government-induced instability that results in a situation in which senior leaders in the Department of Defense and Congress are unable to anticipate or predict the outcome of programs as measured by cost, schedule and performance.

When defense and congressional leaders are "surprised" by unanticipated cost overruns, and failure to meet expected schedule and system performance, they lose confidence in a system that is expected to be transparent and consistent to provide promised capabilities. Leaders and staffs at all levels react by becoming more involved, applying more oversight and often making budget, schedule or requirements adjustments that significantly lengthen development and production cycles and add cost. In other words introduce even more complexity.

Complex and asynchronous acquisition processes do not promote success-- they increase cost and schedule. Anything we can do to introduce more stability into the system would be helpful.

Any improvement in process should be tested against three criteria. First, will the suggested improvement reduce the complexity of the system? Second, will it make the programs more stable and, third, will it reduce the time required to produce the outcome?

I believe that process improvements and oversight alone will not solve this problem and in fact could make it worse by making it even more complex. Incremental improvement applied solely to the acquisition process requires the budget and requirements processes to be stable - they are not. Improvements must apply across the entirety of the Acquisition system and to all stakeholders.

Time is costly. We should be less tolerant of lengthy acquisition programs and where the technology demands more time, we should have interim milestones that show progress. If we had more of a focus on time, we could cancel programs that are not performing and start over and still be better off in the end.

If process is not the solution, people and the decisions they make are. The job of the people involved is extremely difficult and demanding. In the end, good decisions make a program successful. We need to support and encourage those responsible for these tough decisions by making the system less complex and more stable while introducing a sense of urgency to the task.

In summary, we must remember, despite these problems the systems we have put in the field are the best in the world. But there is no guarantee that this will be the case in the new security environment of this new century. Our interest in reform should be to make sure we maintain that edge and not make the system even more complex, unstable and lengthy in the name of efficiency.

Thank you Mr. Chairman.