



# Delivering the Goods

News from the U.S. Coast Guard Acquisition Directorate

February 2009

## Legacy of Achievement: Reflections on Coast Guard Acquisition

By Hunter Keeter

WASHINGTON—As it closes its second year, the leadership of the Coast Guard’s Acquisition Directorate (CG-9) reflects on the business improvements that have led to a number of high-profile project successes, and on the challenges of continuing this momentum in the years to come.

In a speech in 2008, Commandant Adm. Thad W. Allen remarked about what a difference a year made in the status of Coast Guard acquisition, particularly in the projects initially begun with the Integrated Deepwater System program. In 2007, those projects and indeed all of Deepwater were integrated with other major acquisition programs.

“Today, we are one Coast Guard team working together,” said Assistant Commandant for Acquisition, Rear Adm. Gary T. Blore. “I don’t make a decision without coordinating with our sponsor [the Capabilities Directorate (CG-7)] and our technical authorities [including the Human Resources Directorate (CG-1); the Engineering & Logistics Directorate (CG-4); and the Command, Control, Communications and Information Systems Directorate (CG-6)]. The Major Systems Acquisition Manual appropriately assigns everyone a role, and with early input on a project and Coast Guard personnel working together in concert on acquisition, our agency will be better-served for years to come.”

For Deepwater, the results of the integration, and other improvements, speak for themselves. For example, Deepwater has delivered the first National Security Cutter, and soon will deliver the second for preliminary



SAN DIEGO—Coast Guard Cutter *Bertholf* approaches a pier at Naval Base San Diego Nov. 12, 2008. *Bertholf* recently completed her first operational patrol, including mission systems and weapons testing at sea. *Bertholf* soon will be granted final acceptance as a fully operational asset in the Coast Guard’s fleet. Another two Legend-class National Security Cutters, *Waesche* and *Stratton*, are under construction at the Pascagoula, Miss., shipyard. U.S. Coast Guard photo by PA3 Henry G. Dunphy

acceptance. Six HC-144A Ocean Sentry maritime patrol aircraft now are in Coast Guard possession. The program has installed new surface search radars on five HC-130H Hercules long range surveillance aircraft, and has completed the installation of other new mission systems aboard three HC-130Js, with two more in modification. Having upgraded their engines and transmissions, the program now is delivering MH-65C Dolphin multi-mission cutter helicopters to air stations across the nation with airborne use of force capabilities. And the Coast Guard now has the critically needed Sentinel-class patrol boat under contract.

For other programs, those not originally affiliated with Deepwater, adherence to sound acquisition

processes likewise has had positive results. For example, the Response Boat-Medium (RB-M) project has delivered seven of an eventual 180 new boats during low-rate initial production. These boats, already making a difference in some high-profile real-world search and rescue cases, are helping sectors across the nation carry out an operational evaluation that will inform future  
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production decisions.

The Rescue 21 project, what Blore described as “the Coast Guard’s maritime 911 service,” has delivered 18 of 39 sectors and now provides search and rescue radio and direction finding coverage along 24,758 miles of U.S. coastline. Also, the Coast Guard recently awarded a contract for the second increment of the Nationwide Automatic Identification System, which will allow the government to identify, track and communicate with vessels navigating to and from U.S. ports. Another new initiative, called Command 21/Interagency Operations Center, will standardize and integrate the Coast Guard’s command, control and communications capabilities with those of other federal, state and local partner agencies.

In keeping with the Acquisition Directorate’s motto, “mission execution begins here,” Blore noted that success at headquarters has

had a real impact on Coast Guard men and women in the field, giving them the tools they need to serve the nation.

“That picture of the ditched US Airways flight in the Hudson River, with RB-M in the foreground, really brings ‘home’ the notion that it isn’t just about a paper contract,” he said. “Although sometimes it may seem that we are moving the folders from one side of our desks to the other side, there is a very important reason for what we do here in acquisition. At the end of the day, when we get those assets deployed, we are saving lives, or interdicting drugs off our coast, or we are stopping illegal migrants. That is what we do here.”

### **Improving Acquisition Policy & Process**

Blore attributes the Acquisition Directorate’s successes not only to the achievements of the projects themselves, but also to a

comprehensive restructuring of the entire acquisition enterprise.

“By having this transformation in acquisition and modernization writ large, it is affecting all the projects,” Blore said.

Improvements in the lines of communication among headquarters offices have set the tone for cooperation. After consolidating the project offices from the former G-A (acquisition) and G-D (Deepwater) organizations, the next step was to clarify the roles of the key players in acquisition, including program managers, technical authorities, and sponsor’s representatives. Then, it was crucial to record the changes in policies and processes, so that these innovations could become part of the culture of acquisition, Blore said. Likewise, having contracting policy, research and development, and foreign military sales within the same directorate has increased both capacity and innovation.

“All the projects are bettered by our having standard, repeatable, documented processes,” he said. “We have written as much of this into the *Blueprint for Acquisition Reform* as possible and we will keep updating and using that strategic plan as a dynamic document to maintain our focus on acquisition excellence.”

The *Blueprint*, now in its third edition, discusses business process improvements that have shaped the Coast Guard’s acquisition and contracting capabilities. Another revised policy document that has shaped CG-9’s world of work is the recently updated Major Systems Acquisition Manual (MSAM), which serves as a handbook for program and project managers. Whereas the *Blueprint* provides a strategic framework within which the directorate’s acquisition reforms and improvements are taking place, the MSAM provides a documentation of current/new acquisition procedures,

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JACKSONVILLE, Fla.—An MH-65C of Helicopter Interdiction Tactical Squadron (HITRON) flies tactical maneuvers during training over the St. Johns River, Fla. With forward-looking infrared sensor, an electro-optical camera, and equipment (such as armor against small arms fire, an M240G machine gun and an RC-50 .50 cal rifle) designed for Airborne Use of Force missions, HITRON aircraft have helped interdict millions of dollars worth of illegal narcotics. *Coast Guard photograph by PAC Donnie Brzuska*



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roles and responsibilities, and processes.

Blore noted that Deepwater and other programs have drawn on lessons learned from past acquisition disappointments, but have focused as well on the most successful projects in the Coast Guard's investment portfolio, including the RB-M, and the 87-foot Marine Protector-class patrol boat. Also, the Deepwater-funded Mission Effectiveness Project, which refurbishes 14 Reliance-class and 13 Famous-class medium endurance cutters and 20 of the service's 110-foot Island-class patrol boats, has served as a model for projects that are within budget, on schedule and performing as planned.

"We have had a lot of good projects that have demonstrated that we really do know how to do acquisition," Blore said. "So the questions we have really focused on are, what is this process that we call acquisition? And how do we do it right? The reason our projects are well-run now is because we accept the fundamental cornerstones of acquisition and have practiced those."

Blore considers the basic cornerstones of successful acquisition to include many of the process changes that already have been instituted, such as independent review of designs, onsite government inspection at production facilities, and close partnerships with the U.S. Navy and the Coast Guard's own technical authorities.

### Human Capital Strategy

As acquisition policy and process improvements have encouraged project successes, one persistent set of challenges has been that of recruiting, developing and retaining a highly qualified acquisition workforce.

Blore praised his directorate's personnel for their achievements in contracting, business and financial management, program



PORT ARANSAS, Texas—Crewmembers conduct training on the station's 45-foot Response Boat-Medium. The first six low rate initial production RB-Ms, now deployed to stations around the United States, are participating in Operational Test and Evaluation (OT&E). OT&E testing will demonstrate the RB-M's suitability and effectiveness in a variety of mission situations and environmental conditions. *U.S. Coast Guard photo by Petty Officer Patrick D. Kelley*

management, systems engineering and other key disciplines. But he noted that, like other federal agencies, the Coast Guard must work hard to attract and retain the best and brightest in a highly competitive market where government and private enterprise draw from the labor pool.

Numbers matter. As the level of investment in Coast Guard acquisition has risen markedly since the 1990s (from approximately \$200 million in annual investment to approximately \$1.5 billion), the workforce needed to manage the investment workload has increased also. The Acquisition Directorate today has 855 military and government civilian personnel, and continues to grow, including 104 new hires in 2008 and 10 new hires so far in 2009.

Blore noted that in the years to come it will be important for CG-9 to remain in step with partners,

such as the Department of Defense, to remain competitive on the labor market. CG-9 has taken steps to increase the attractiveness of its billets, offering, for example, internships to interest new workers, and workforce initiatives to enhance the retention of existing employees.

Increasing and maintaining the size of the workforce is one challenge. Another is ensuring that employees have the appropriate training and skills necessary to be successful in carrying out major acquisition programs.

According to Blore, it is the obligation of government to properly equip employees with the skills and tools they need to accomplish their missions.

"[In the early days of CG-9,] we had a lot of people who might have had the right experience, but hadn't

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completed all the required training for certification," he said. "This was especially true in the military ranks (CG-9 is approximately 50 percent military), and something we had to change."

Today, of the 14 Level I investments (valued at greater than \$100 million) in CG-9, 100 percent are led by Level III (senior) certified program managers.

The Acquisition Directorate's new Human Capital Strategic Plan outlines several goals aimed at improving the workforce's skills. An overarching objective is to raise the

profile of Coast Guard acquisition as a profession with well-defined career paths for both uniformed and civilian employees.

The strategy sets goals for training and educational opportunities by using internal resources and reaching out to third parties, such as the Defense Acquisition University and the Naval Postgraduate School, to provide additional support.

Additionally, by helping to ensure that the most qualified personnel end up in the right positions, the directorate has advocated improving Coast Guard data management systems to track the acquisition

certification levels of personnel. The goal is to improve the career path that can be followed by uniformed and civilian employees, ultimately narrowing the gap between the complexity of acquisition tasks and the availability of skilled workers to accomplish them.

"The Acquisition Directorate is transforming along with the operational Coast Guard so that we can provide the modern and sophisticated assets operators need to execute their missions," Blore said. "We are building the professional acquisition workforce we need to be successful in meeting the challenges of 21st Century." ■

## Coast Guard's Foreign Military Sales Program Celebrates Rapid Growth

*By Linda M. Johnson*

The U.S. Coast Guard's Foreign Military Sales (FMS) program recently celebrated the delivery of its 200th vessel to foreign customers, an indication of the program's rapid growth during the past three years. Since 2006, annual sales figures have grown five-fold, from \$10 million to more than \$50 million today.

The 200th delivery occurred when title to the 15th fast attack boat, of 26 purchased, was transferred to the Iraqi Navy. Iraqi Brig. Gen. Ismael Hussain Alsodani, defense attaché to Washington, joined Coast Guard Commandant Adm. Thad W. Allen at a ceremony celebrating this milestone January 29 at Coast Guard Headquarters.

With 89 additional vessels on order, in construction or pending delivery, the 300th vessel delivery may not be too far off. The vessels range in size from 25-foot Defender-class response boats to 210-foot Reliance-class cutters. To date, the largest purchase of Coast Guard vessels by one nation was Chile's \$20 million purchase of 30 response boats.



Coast Guard Commandant Adm. Thad Allen and Brig. Gen. Ismael Hussain Alsodani, the Iraqi defense attaché to Washington, celebrated the 200th vessel delivery under the Coast Guard's Foreign Military Sales program at a January 29, 2009, ceremony at Coast Guard Headquarters. *U.S. Coast Guard photo by PA1 Thomas McKenzie*

Thirty-seven nations have received 116 excess boats and cutters, and 84 new procurement boats under the Coast Guard's FMS program. With orders from 11 additional countries

pending, a total of 48 allied nations have participated in the Coast Guard's FMS program to date.

In addition to saving the Coast Guard

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over \$25 million in disposal costs, these deliveries have strengthened U.S. national security in the maritime domain, helped promote international sea service partnerships and helped build the maritime capacity of our strategic allies.

When asked to explain why the FMS program has grown so significantly, Tod F. Reinert, chief of the Coast Guard's Office of International Acquisition, attributed the program's success to four factors.

"First, it's the recognition of the importance of maritime security and the Coast Guard's role post-9/11. Second, the appeal of our maritime assets in addressing this mission area has contributed significantly to the growth of the program. Third, we have been more pro-active in engaging international partners. And fourth, a new international cooperative maritime strategy has helped get the word out about the program," Reinert said.

In October 2007, the Coast Guard adopted the Joint Cooperative Strategy for 21st Century Seapower, which is a U.S. Department of the Navy and Coast Guard document that outlines an unprecedented, unified maritime strategy for the U.S. Coast Guard, Marine Corps and Navy and their international partners to keep the seas free and open for commerce, thwart pirates and smugglers, and prevent sea-borne terrorist attacks.

"FMS is part of a larger maritime security cooperation effort," Reinert said. "Through FMS transactions, the Coast Guard is building enduring partnerships that enhance our capability to cooperatively pursue shared maritime safety and security goals."

Some of America's strategic allies from around the globe who've received Coast Guard vessels include Argentina, Chile and Colombia in South America; Ghana, Nigeria and



UMM QASR, Iraq—The Coast Guard's Foreign Military Sales program marked the delivery of its 200th vessel when title to the 15th fast attack boat, out of 26 purchased, was transferred to the Iraqi Navy. The Coast Guard takes a Total Package Approach to Foreign Military Sales, which means it includes items like parts and maintenance in its Letter of Offer and Acceptance to a foreign government. *U.S. Coast Guard photo*

Tunisia in Africa; Iraq and Yemen in the Middle East; and Bangladesh and Pakistan in Asia.

### **FMS Primer**

In case you're wondering where the Coast Guard's role in the FMS program begins and ends, here's a primer.

The FMS process begins when a Letter of Request from an authorized foreign government representative is received by the respective U.S. embassy, which reviews the letter and makes a decision to endorse or reject it on a case-by-case basis. Once the Letter of Request has been endorsed, the Coast Guard can begin to work with the foreign government to finalize requirements and develop the FMS acquisition project.

After performing extensive market research within the context of the purchaser's requirements, the Coast Guard Office of International Acquisition develops an estimated price and delivery schedule for the asset and creates a formal Letter of Offer and Acceptance (LOA). The LOA serves to codify the terms of

the sale upon final approval from the Department of Defense (DoD).

When preparing a LOA, the Coast Guard takes a Total Package Approach, which ensures that all facets of operational requirements are addressed, from initial acquisition, training and spare parts to long-term supportability and logistics. Sales of supply services like training, maintenance and spare parts comprise approximately 10 percent of annual sales under the Coast Guard's FMS program.

Upon receiving and approving the LOA, DoD presents it to the foreign government, which has a certain amount of time to accept or reject the terms and make the necessary monetary deposits with DoD. DoD then transfers the funding authority to the Coast Guard, where the project is then managed like any domestic acquisition, including solicitation, evaluation, award, and acceptance. Wherever possible, these orders are combined with the Coast Guard's own orders in an attempt to drive down unit costs for all parties.

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This level of acquisition management, quality assurance, and potential cost savings offers advantages to the foreign purchaser over direct commercial sales. Additionally, the Coast Guard will help the foreign country make appropriate arrangements for transportation and delivery, if needed.

Once title to an asset has been formally transferred, the Office of Defense Cooperation within the respective U.S. embassy conducts end-use monitoring. End-use

monitoring involves ensuring that the delivered asset is used for its intended purpose, is provided with an appropriate level of security and is not re-sold, even to a different government entity within the same country, without proper permission. More than 80 percent of the Coast Guard's FMS management and execution costs are funded via the Navy International Programs Office from DoD's FMS administration trust fund, a pooled fund created from a 3.8 percent surcharge assessed on every foreign purchase. Last year, the Coast Guard FMS program

contributed more than it received from the pooled fund, which was a first.

"Our goal for this year is to break \$100 million in annual sales," Reinert explained. "But we're not just looking at discrete sales. We're looking at establishing long-term partnerships and providing our allies with access to the same extremely capable assets the Coast Guard is purchasing for itself." ■

For more information, check out [www.uscg.mil/acquisition/international/](http://www.uscg.mil/acquisition/international/)

Dear Master Chief Ayer,

What's going on with the Offshore Patrol Cutter (OPC)? A few years back we saw some drawings and nothing since. Is it going to be a smaller version of the National Security Cutter (NSC) or what?

The OPC project is alive and well. For those not familiar with the OPC program, it is the cutter that will one day replace our 210-foot and 270-foot medium endurance cutters.

Since the standup of a single Acquisition Directorate in 2007, we have changed many of the ways we manage the acquisition of major assets. One of these changes was the acquisition plan for the OPC. Initially planned as part of the Deepwater contract with Integrated Coast Guard Systems, the OPC acquisition is now being managed by the Acquisition Directorate.

We are currently in the process of developing operational requirements and conducting market research to see what is in use around the world (performing a similar mission). We expect that sometime this spring we should have a better idea of the direction we will be heading with the OPC.

Will it be a smaller version of the NSC, patterned off of the Navy Littoral Combat Ship, a parent craft modification such as the Sentinel-class patrol boat or an original industry or Coast Guard design? Right now, all options are on the table.

What it will be is a vessel that meets the Coast Guard's requirements for operational capability, interoperability, and sustainment, while providing the best value to the taxpayers.

— MCPO Brett F. Ayer, Command Master Chief, Coast Guard Acquisition Directorate

*[To submit a question for an upcoming Acquisition Directorate newsletter, please email Master Chief Brett F. Ayer directly at: [Brett.F.Ayer@uscg.mil](mailto:Brett.F.Ayer@uscg.mil) or [acquisitionwebsite@uscg.mil](mailto:acquisitionwebsite@uscg.mil).]*

