

DELIVERING THE GOODS

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FEATURE ARTICLE

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Acquisition Directorate

Rear Adm. Korn to Focus on Managing Processes as the New Assistant Commandant for Acquisition

By Linda M. Johnson

Rear Adm. John Korn recently became the U.S. Coast Guard's third Assistant Commandant for Acquisition and Chief Acquisition Officer (CAO) since the Acquisition Directorate was created in 2007. As CAO, he directs all acquisition programs and related procurement management, contracting, and research and development activities to execute the Coast Guard's approximately \$30 billion acquisition investment portfolio.

Korn previously served as the service's program executive officer (PEO), where he oversaw

tions in addition to more than 20 other major acquisition projects.

One of Korn's priorities is execution. "We are all here to execute major acquisition projects. Execution is going to continue to be extremely important in delivering capability to the field," he explained at a recent all hands meeting for the Acquisition Directorate. "My focus will be to get the processes right and to get the process discipline ingrained. We've got good people who are motivated to do the right thing. We need to manage the processes. Freedom and



Rear Adm. John Korn talks to Coast Guard Acquisition Directorate employees about his vision and values at a recent all hands meeting. U.S. Coast Guard photo by Petty Officer 2nd Class Andrew Kendrick.

the execution of all Coast Guard acquisition programs and projects. A qualified pilot on the HH-60J and the HH-65A/B, he has been overseeing the recapitalization of these helicopters to their current MH-60T and MH-65D configura-

responsibility within the framework of a highly developed system—that's where I would like to go in terms of execution."

Prior to joining the Acquisition Directorate, Korn served as chief

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of staff of the Coast Guard's 8th District, which is headquartered in New Orleans and covers more than 1,200 miles of coastline and 10,300 miles of inland waterways from Florida to Mexico. He previously served as the first commander of Coast Guard Sector Corpus Christi, Texas; commanding officer of Air Station Corpus Christi; chief of search and rescue for the 8th District; commanding officer of Air Station New Orleans; and engineering officer of Air Station Houston and the Aviation Training Center in Mobile, Ala.

During his Gulf Coast assignments, Korn was involved in responding to Hurricanes Ivan, Katrina, Rita, Gustav and Ike. As one of the first members of the Coast Guard to get an aerial view of Hurricane Katrina's destruction, he helped launch the first waves of helicopters that began the 24/7 rescue effort. This experience led to him being tapped for a six-week deployment last summer to help lead the Deepwater Horizon oil spill response efforts, where he called upon his knowledge and relationships to help gain local support for a condition-based trigger point cleanup plan.

Delivering the Goods recently had the opportunity to get Korn's perspective on recapitalizing the Coast Guard.

Delivering the Goods (DTG): What are some of your goals for the Acquisition Directorate during your term as CAO?

Rear Adm. John Korn: Our strategic plan, or *Blueprint for Continuous Improvement*, lists a number of goals and objectives. We are in the process of reviewing and adjusting some of them. I'll speak to a few goals that I think are particularly important, some of which are included in the *Blueprint*.

One of our pressing needs is to adjust project Acquisition Program Baselines to fit the new fiscal reality in order to minimize cost and schedule growth in the future. This means that we will need to be more agile in reaction to changes in funding and priorities. These adjustments will require difficult tradeoffs that are likely to affect future capabilities, as it will be difficult



Rear Adm. John Korn (left) and now-retired Rear Adm. Joel Whitehead (right) view the destruction left by Hurricane Ike from a Coast Guard HU-25 Falcon jet in September 2008. U.S. Coast Guard photo by Petty Officer 3rd Class Tom Atkeson.

to recapitalize all assets at the pace desired. Therefore, we will also have to reassess our sustainment plans. Our major cutters, particularly the 378-footers [High Endurance Cutters], will soon reach a point where it will be infeasible to continue them in service. Continuing to invest in recapitalization programs, particularly the NSC [National Security Cutter], is vital to sustaining Coast Guard capabilities for many years.

I would like to review existing processes and procedures for how we accomplish work with a goal to become more efficient. This includes improving the time it takes to prepare and approve acquisition documents. I also want to ensure that program managers have adequate guidance, can execute within that guidance and that internal controls are adequate but not onerous. This review should include relationships among project managers, the Asset Project Office, financial managers, contracting officers, acquisition support, oversight, legal advisors, sponsors, technical authorities, budget personnel, the Research and Development Center and FORCECOM [Force Readiness Command]. The *Major Systems Acquisition Manual* is a great document and we have established good process discipline. I want to explore how we can better operate in the white spaces of the organizational structure.

I think we can improve how we work together in the Acquisition Directorate, including better communications, which should have benefits in improved retention and job satisfaction.

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DTG: What are some of the challenges and opportunities facing the Acquisition Directorate right now?

Korn: Our biggest challenge will be prioritizing acquisition projects and adjusting to a changing fiscal climate. With projects like Rescue 21, IOC [Interagency Operations Centers] and NAIS [Nationwide Automatic Identification System] coming to a close over the next several years, all other acquisition funding lines are absolutely required to support our existing surface and aviation recapitalization and sustainment projects.

A related challenge is demonstrating that our acquisition projects are well-managed and efficient and that we are using the taxpayer's dollars in the best manner possible. Embedded within cost estimates are a number of conditions such as funding, schedules and rates. Schedules have changed dramatically, in the

“We need to continue to build NSCs to retain major cutter capability.”

- Rear Adm. John Korn

majority of cases for reasons outside the control of the project manager. This affects costs in a couple of ways. First, the time value of money is often ignored when comparing costs from year to year. For ships, our cost estimates are increased based on NAVSEA's [Naval Sea Systems Command] labor and material inflation rates, which compound quickly. Second, it takes longer to get to the program of record quantities. Even without inflation, if it takes six years to finish a project that was planned for four, it will be more expensive. The vast majority of the growth in cost estimates has nothing to do with poor project management or poor cost estimating. I would put our acquisition professionals up against anyone in the business.

Additionally, recapitalization is a continuous process and choosing an end date for a consolidated cost estimate is problematic. At a given point in time, the value of different asset mixes can be dramatically different based on age and capabilities. Therefore, when comparing costs, the residual value of all assets should be considered when assessing one plan against

another. Although costs may have increased over a given period, the residual value of the asset mix may be higher.

We have a great opportunity to sustain our recent momentum and complete the NSC program on a high note. We will deliver NSC 3 in September, production for NSC 4 has begun and we have awarded a contract for NSC 5 long lead materials. Award of the NSC 5 production contract in the coming days will allow an efficient production sequence between NSCs 4 and 5. Early funding for long lead time materials—similar to Navy practice—and subsequent production of NSCs 6 through 8 would result in significant cost savings and get critically needed major cutters to the fleet. We need to continue to build NSCs to retain major cutter capability.

Our OPC acquisition strategy presents another great opportunity to get a ship that we can deploy to challenging operating areas for a very reasonable cost. Reductions in estimated costs have been achieved by tailoring some Naval Vessel Rule requirements and incorporating cost-reducing recommendations by the ship design team. Incorporating industry feedback regarding cost-saving strategies received from the draft specification will also pay dividends in reduced acquisition and lifecycle costs. Our acquisition strategy is designed to reduce construction costs by getting to a mature detailed design prior to starting production.

Two additional HC-130Js [Long Range Surveillance Aircraft] will bring our total to eight and allow stand-up of a second C-130J air station that will provide significant personnel transfer and training benefits. As the lifecycle cost of a C-130J is significantly less than a C130-H, we can explore opportunities to adjust the scope of C-130H sustainment projects to leverage the purchase of additional C-130Js.

There has been tremendous progress in acquisition governance as the Executive Oversight Council, Systems Integration Team and Resource Investment Review Boards have matured. Continued collaboration and improved communications will ensure that we make better informed and timely enterprise decisions. We have excellent and improving relationships among all the members of these groups.

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DTG: What did you learn about acquisition from your experience as PEO and how will that benefit the Acquisition Directorate?

Korn: In my case, serving as the PEO prior to coming here was an absolute must, considering I had not worked in the Acquisition Directorate previously. I've learned not only how the mechanics of the acquisition and systems engineering lifecycle processes fit together, but how relationships among the sponsor, technical authorities, acquirers, contracting staff and finance personnel work, how they have evolved to date and how they continue to mature. The opportunity to become intimately familiar with each of our acquisition projects is also important to the Chief Acquisition Officer role. I was also able to learn from the vast experiences and abilities of the three members [now four] of the Senior Executive Service assigned to the Acquisition Directorate and develop working relationships in advance of taking over as Chief Acquisition Officer.

DTG: I know you want to focus on managing the process rather than the people and that one of your goals is to foster freedom and responsibility within the framework of a highly developed system—can you expound on that and talk about how you plan to improve the Acquisition Directorate's management processes?

Korn: Acquisition is a multi-faceted, complicated business governed by a number of fluid directives, statutes and policies set forth by several entities within the executive and legislative branches of our federal government. It is challenging to keep up with all the guidance and best practices while executing daily project management, contracting, financial management, oversight and all the other responsibilities inherent in our directorate. Often, there are conflicting interpretations by well-intentioned experts. We have great people in the Acquisition Directorate who want to do the right thing.

Empowerment is widely considered to be a good thing. Empowerment without sufficient guidance can lead to different ways of managing the same processes. The more we can codify guidelines and establish processes for our people, the more we can safely empower

them to act with responsibility within this highly developed framework. I would like us to take a critical look at our functional processes to ensure they are as efficient as possible and that we have the proper governance structure, including guidance, relationships, controls, and checks and balances.

DTG: How will your values of family, integrity and service help the Acquisition Directorate reach its goals in a constrained budget environment?

Korn: If we live by these values in the Acquisition Directorate, it means we do work in a certain fashion that will be conducive to executing our projects and achieving goals even in a constrained resource environment. In this sense, having the value of family means that we will have open and honest communications, will support each other unconditionally, will pick each other up if in trouble and will give honest feedback when necessary. Having the value of integrity means that we can trust the information coming to us as the absolute truth, that the truth as we know it is accepted and valued, and that we can maintain the same integrity in our work lives as we do in our personal lives.

In order to be effective, we need to have robust dialogue, which requires open and honest communications, unconditional mutual support, trust that information by which we manage is the unvarnished truth, and the ability to hold ourselves accountable. Trust is efficient. Think of how much more efficient we would be if we had ubiquitous trust throughout the organization and were laser-focused on the end goal rather than just what is important in our own cylinders of excellence. We need to have a culture where we can learn from our attempts, admit our mistakes and grow from them.

There is no way I can establish these values in the Acquisition Directorate alone. It will take a concerted effort by all of us. If I act in a way inconsistent with these values, I expect to be questioned. I'm certain that with the team we have in place, we will be able to fully and firmly establish these values. My goal is to have emotional investment in the work that we do by everyone in the Acquisition Directorate.

Last HC-130H Receives New Surface Search Radar; Contract for Electronic Flight Display System Awarded



All of the Coast Guard's HC-130Hs now have their surface search radars installed. U.S. Coast Guard photo.

The last of the Coast Guard's 22 HC-130H "Hercules" Long Range Surveillance Aircraft has now been outfitted with a new surface search radar system, marking the completion of the first segment of the aircraft's recapitalization. The next segment began when the Coast Guard awarded a contract for new electronic flight display system units for the HC-130H to Rockwell Collins in early August.

All of the Coast Guard's HC-130Hs now have the state-of-the-market SELEX Galileo Seaspray 7500E surface search radar, which is used to detect, track and help identify vessels, objects and people on the water's surface. An acceptance ceremony was held at the SELEX Galileo facility in Stennis, Miss., on May 24.

The new radar system proved itself right away, playing a key role in a number of search and rescue cases as well as counter-drug operations soon after being installed on the first HC-130H several years ago. The HC-130H has served the Coast Guard faithfully for 30 years but is being modernized to maintain flight worthiness so it can continue to carry out the service's many maritime homeland security missions.

"We needed to replace the legacy surface search radars on our C-130s because they were becoming unreliable and very expensive to operate and maintain," explained Eric Gerlacher, radar acquisition manager for the Long Range Surveillance Aircraft project. "Early on, the team set very high standards for success, with everyone committing to not just meeting expectations but exceeding them. I think we were successful because of that strong commitment and esprit de corps approach."

For more information on the HC-130H/J project, please visit www.uscg.mil/acquisition/LRS.

Third National Security Cutter, Stratton, Completes Acceptance Trials

The U.S. Coast Guard's third National Security Cutter, Stratton, successfully completed several days of acceptance trials that included rigorous tests to ensure the cutter meets all its contractual requirements and is ready for delivery to the service.

To read more about it, please visit www.uscg.mil/acquisition/newsroom/updates/nsc081211.asp.

Coast Guard Accepts Delivery of 12th HC-144A "Ocean Sentry"

The Coast Guard took delivery of its 12th HC-144A "Ocean Sentry" Maritime Patrol Aircraft in Seville, Spain, on July 29, four months earlier than the contractual delivery date.

To read more about it, please visit www.uscg.mil/acquisition/newsroom/updates/hc144a080411.asp.

Research & Development's Deepwater Horizon Technology Assessment Program Wins Innovation Award

Partners and team members from the Coast Guard's Research, Development, Test and Evaluation Program and the Research and Development Center were recently awarded the Commander Joel Magnussen Innovation Award for Management for the joint Inter-agency Alternative Technology Assessment Program they established last year in response to the Deepwater Horizon oil spill.

To read more about it, please visit www.uscg.mil/acquisition/newsroom/updates/rdc080211.asp.

Response Boats-Medium Delivered from Coast to Coast

The Coast Guard has had a busy summer for Response Boat-Medium (RB-M) deliveries. The service delivered new 45-foot RB-Ms to stations in Seattle, Boston and Curtis Bay, Md., in June and to Sabine, Texas, and Juneau, Alaska, in July. New RB-Ms were also delivered to stations in Valdez, Alaska, and Cape May, N.J., in early August and the Coast Guard expects to deliver new RB-Ms to New Haven, Conn., and San Francisco in late August.

The RB-M has entered full-rate production, meaning that the service is delivering at least 30 boats per year, which is more than one boat every two weeks. Since March 2008, more than 60 RB-Ms have been delivered to Coast Guard stations around the country. The service plans to acquire 180 RB-Ms.



Actor Matt Damon and Capt. Greg Hitchen, deputy sector commander of Coast Guard Sector New York, cruise New York Harbor aboard a 45-foot Response Boat-Medium during the filming of the movie, "The Adjustment Bureau." Photo by Andy Schwartz/Universal Pictures.

These new assets are replacing the Coast Guard's 41-foot utility boats with a faster, more capable vessel that can arrive on scene quickly and respond more effectively. Operators love the RB-M's self-righting capability and the boat's shock-mitigating crew seats. As a sign of the RB-M's popularity, actor Matt Damon was seen riding on one earlier this year in the film "The Adjustment Bureau."

For more information on the RB-M, please visit www.uscg.mil/acquisition/rbm.

did you know

Did you know that the Coast Guard delivered seven upgraded helicopters with new capabilities—three MH-60Ts and four MH-65Ds—to Air Station Kodiak, Alaska, this summer?

Acquisition Profile: Capt. Alan Arsenault Commanding Officer of the Coast Guard Research and Development Center, New London, Conn.

By Michael Valliant

On June 23, Capt. Alan Arsenault became the commanding officer of the U.S. Coast Guard Research and Development Center (RDC) in New London, Conn.

Arsenault has had his eye on the RDC since his days at the Coast Guard Academy, where he graduated from in 1988 with a Bachelor of Science in electrical engineering. The academy and RDC are just a few miles apart in New London. “When I was at the academy in the mid 1980s, the RDC came up with the idea of a differential global positioning system,” Arsenault said. “As an electrical engineer, that excited me and I’ve been interested in working here ever since.”

Arsenault has had his eye on the RDC since his days at the Coast Guard Academy, where he graduated from in 1988 with a Bachelor of Science in electrical engineering.

It has taken a while to get back to New London. Arsenault’s first tour was as operations officer aboard the Coast Guard Cutter Bramble, homeported in Port Huron, Mich.

Arsenault then held management positions in the Long Range Navigation (LORAN) project, and in 1999, he assumed chief of engineering duties at the LORAN Support Unit in Wildwood, N.J. From 2001 to 2003 he served as the equipment branch chief in the electronic systems division at Maintenance Logistics Command Atlantic in Norfolk, Va. From 2003 to 2006 he was commanding officer of the Electronic Systems Support Unit in Seattle.

Arsenault has since moved up the ranks of the Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) domain in the Acquisition Directorate at Coast Guard headquarters. He was the deputy project manager for the Rescue 21 project and then became project manager for the Interagency Operations Centers project.

The time that Arsenault spent in the field before coming to the Acquisition Directorate has helped him as an acquisition professional. “When you are in the field, you want better products quicker,” he said. “I always try to think of the timeline involved in delivering a capability and the fact that the operators have to know it is going to work the first time.”



Capt. Alan Arsenault, commanding officer of the Coast Guard Research and Development Center. U.S. Coast Guard photo.

He is the first RDC commanding officer to have a C4ISR background, which helps him understand the specifics of many of the projects the RDC has underway. With increased scrutiny on government and military resources, the RDC will be looking to demonstrate the relevance and applications of its work.

“We need to turn good ideas into capability in the field,” Arsenault said. “Every time we come up with a good idea, we are looking for a funding strategy for how to operationalize it. We need to come up with inventive ways to pool our resources, to work smarter in a resource-constrained environment.”



*Master Chief
Petty Officer Brett Ayer*

ASK THE MASTER CHIEF

Q.

I understand we're getting close to accepting the third National Security Cutter. How do we decide when it's ready to be turned over to the Coast Guard?

A.

Easy—when it meets the contract requirements for acceptance. Next question? OK, not next question. That's the correct answer, but it's not the complete answer.

Within our directorate's strategic plan we identify several cornerstones of acquisition management. Two of the cornerstones are "checks and balances" and "independent validation." In keeping with these principles, we employ several levels of review for each vessel we accept.

First, the contractor has to tell us that the ship is ready and has met all the requirements. Of course, our Project Resident Office is on-site everyday and working with the contractor to reach that point. Then, we do an internal review validating what the contractor is telling us. This process involves all major stakeholders within the Coast Guard.

Next, in the case of the National Security Cutters, we call in a third party—the U.S. Navy Board of Inspection and Survey (INSURV)—to conduct an evaluation. INSURV is chartered, among other things, to "provide independent verification of a newly constructed ship's readiness for acceptance/delivery; and to determine if builder responsible equipment is operating satisfactorily during the guarantee period following acceptance."

They go aboard the ship, get underway, run every system and provide a no-holds-barred list of what works and what doesn't. The list can be extensive. Their only dog in this fight is to evaluate compliance with the requirements, and they do it very well.

In the end, we report the ship's readiness for acceptance to Coast Guard senior leadership, and they make the final decision.

Keep in mind that ready for acceptance does not equal perfect. Virtually every vessel we buy comes with a punch list of items left to address. There is very little value in putting off acceptance for the completion of items that are not related to the ship's safe operation and can be accomplished more economically after it gets to home port. In these cases, the contractor has to provide us with a plan as to how and when they will correct the discrepancies.



The third National Security Cutter, Stratton, gets underway during builder's trials this summer in Pascagoula, Miss. Photo courtesy of Huntington Ingalls Industries.

To submit a question for an upcoming Acquisition Directorate newsletter, please e-mail Master Chief Petty Officer Brett F. Ayer directly at Brett.F.Ayer@uscg.mil or acquisitionweb@uscg.mil.

We hope you like the new redesign of Delivering the Goods. Please send any feedback or story ideas to acquisitionweb@uscg.mil.