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Business Transformation for Contingency Operations

Report on OIF Challenges & Opportunities



Purpose of OIF Engagement

Engage across MNFI business operations to identify areas of immediate opportunity for improved warfighter support.

Scope: Investigate DOD level business enterprise processes & associated systems affecting:

Contracting

Logistics

Funds Distribution & Financial Management

Personnel & Wounded Soldier Pay Management

Economic Development Synergies.

Leverage our learning to prioritize BT efforts, ensure alignment to warfighter needs.



Contracting: Major Challenges

Contingency contracting faces several major challenges, hindering both the warfighting mission and economic development.

Standard Procurement System is deployed in only one location (Camp Victory) due to infrastructure / bandwidth constraints. Most contracts are created in Microsoft Word:

- No cross theater visibility to economic opportunity for Iraqi business.
- No synergy / opportunity analysis capability for strategic sourcing in theater to spur economy.

Bid requests for contracts are processed using U.S. available systems – FEDBIZOPPS, and *rebuilding-iraq.net*, both requiring internet access.

- Lack of communications infrastructure across Iraq limits access to bids to certain regions.
- Inflames local resentment due to contract awards crossing sectarian/tribal lines with no opportunity to win business.



Contracting: Major Challenges

Contracting is a dispersed activity – among multiple DOD contracting authorities, in addition to DOS organizations.

- JCC I/A, USACE, AFCEE, AMC Units are DOD contracting authorities currently performing contract activity in Iraq. USAID, and GRD/PCO are operating on behalf of DOS. Very little, if any, cross collaboration. Significant missed opportunities for synergy across contracts.
- Severely limits ability to strategically assess and award contracts to create demand for Iraqi business, employ young Iraqi men, and reduce scope of the insurgency.
- Creates significant burden on warfighting commands, constantly subjected to varying interpretations of FAR and DFARS applied by contracting commands with highly divergent skills and experience.
- Term of deployment varies by service for deployed contracting officers, from 4 to 12 months, creating difficulties in sustaining contract knowledge.
- Newly established Provincial Reconstruction Teams have little visibility to economic activity opportunities reflected in our contract awards due to lack of central coordination and access to information.

Efforts violate 3 of 9 Principles of War - Unity of Effort, Economy of Force, and Objective



Contracting: Major Challenges

Contracting staff are trained intensively in FAR/DFARS. DAWIA level 3 certification requires two years of education. But joint education on combat contingency contracting is inadequate.

- FAR requirements that have been waived in support of OIF are still applied by contracting staff who have no knowledge of alternative approaches.
- Risk aversion among contracting staff correlates to their source organization.
- Application of FAR / DFARS principles to CERP creates significant frustration to commanders, violates intent of CERP.
- Cost of contract administration exceeds cost of construction in many cases.
- Risk averse mindset - “need to look the Field Ordering Officer in the eyes” before approving contract execution.
- Resistance to limited automation results in field personnel traveling to Regional Contracting Centers, at risk of IED attack.



Contracting: Immediate Steps

Deploy common system for contract management in theater:

- Goal of three months to field initial capability.
- Provide online access to contract activity across DOD contracting communities.
- Provide bid access through multiple venues, leveraging available technology, or manual communication through local and provincial government, as necessary.

Establish, within JCC I/A, planning team to analyze and mine synergies from existing and new contracts, to drive demand to Iraqi businesses.

- Via whatever means necessary, load existing MS Word contract data from all CA's into database to enable analysis.
- BTA to provide resources to assist in this effort as required by MG Scott.
- Planning team to channel information on demand from contract requests to PRT's, provincial economic councils, DOS State-Owned Enterprise privatization teams, and others as appropriate to generate job placement.



Contracting: Immediate Steps

Issue immediate, binding guidance from USD-AT&L regarding FAR application to CERP contracts.

- eliminate burdensome CONUS peacetime construct being applied in contingency contracts.
- overrules inappropriate Title X community restrictions and directives regarding contingency contracting.
- requires full engagement of DUSD-A&T and associated staff to rapidly craft guidance.

Shorten allowable time for protests of awards for contingency contracts.

- causes significant delay when CONUS contractors protest local awards to Iraqi firms.

Accelerate contingency operations doctrine definition.

- Contracting, Financial Management, Personnel, etc.
- Training
- Enforced via Business Enterprise Architecture



Challenges to Success

- Communications Infrastructure
 - no nationwide plan or grid for landline or wireless communications in evidence.
 - major difficulty for economic development
- FAR like constructs associated with contracting – cultural disconnect of our approach to contracts with Sheikh led tribal culture – SBA parallels?
- Color of Money – need for a contingency fiscal structure.
- Non-DOD contracting activity – USAID, DOS, how to coordinate and synergize?
- PRT's staffed largely by DOD but led by DOS – poorly positioned for success.
- Caliber and skills of DOD and DOS resources deployed in theater.



Wrapup

We have an opportunity, within the business mission area, to directly and beneficially impact Iraqi economic development with some basic steps to modify and automate our contingency business processes.

This opportunity is immediate, and time constrained. We need to move quickly.