



How Well Is the Air Force Improving Services Acquisition? New Approaches and Metrics Can Help

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To satisfy requirements in the FY02 National Defense Authorization Act to improve the acquisition of services by the Department of Defense (DoD), the Air Force established a Program Executive Officer for Combat and Mission Support (AFPEO/CM). This office is responsible for managing and overseeing a portfolio of Air Force service acquisition activities. It is the single point of contact for Air Force service acquisition inquiries and will be responsible for developing long-range plans for cost-effective purchases. To fulfill its responsibilities, AFPEO/CM will need metrics to help monitor compliance with statutory requirements, respond to congressional inquiries about specific acquisitions, and effectively manage Air Force service acquisition activities and organizations. In support of this effort, RAND Project AIR FORCE (PAF) was asked to develop a portfolio of metrics for these activities.

The Commercial Sector Suggests a Strategic Approach to Management and Metrics

Researchers considered the experience of commercial firms, which have recently begun to adopt new approaches to purchasing services. Metrics are only one part of a broader strategic approach that links corporate objectives with purchasing strategies. A key practice is the use of commodity councils—teams of experts including users, acquisition personnel, and service industry specialists—to leverage greater purchasing power throughout an organization. This approach has proven to be successful at reducing acquisition costs and improving service performance in the commercial sector.

The Air Force can improve its service acquisitions in a similar way by adopting a centralized, strategic approach to purchased services. Proposed DoD-wide commodity councils for selected categories of services are a step in the right direction. Given the diversity of users and their requirements, it will be important to include all important groups in the process of developing strategies. Other key stakeholders such as small business advocates should also be included in the process. The Air Force will need to reinforce these efforts with leadership support and incentives that are aligned with Air Force objectives.

The Air Force Should Adopt a Comprehensive Portfolio of Metrics

In the commercial sector, commodity councils and higher-level procurement managers use “results-oriented” metrics to help ensure that their activities are aligned with corporate objectives. These metrics measure performance in the areas of *cost*, *quality*, *supplier satisfaction*, *implementation of new initiatives*, and *special interest items*. *Internal management metrics* in areas such as personnel training and retention are also important. PAF has developed a similar portfolio of metrics for the AFPEO/CM. These metrics will allow the AFPEO/CM to assess the health of Air Force acquisition activities, diagnose problems, and target improvement efforts.

Populating these metrics will be challenging for the Air Force. Some of the required data, such as contract costs, exist in Air Force contracting data systems. However, PAF researchers have raised concerns about the integrity of these data and their usefulness in determining what services the Air Force purchases. The Air Force will need to implement new data collection procedures for much of the required data, particularly for supplier and customer satisfaction. ■

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Corporate Headquarters
1776 Main Street
P.O. Box 2138
Santa Monica, California
90407-2138
Tel 310.393.0411
Fax 310.393.4818

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