

## Driving the DOD Toward Change

*"DOD [the U.S. Department of Defense] is not receiving expected returns on its large investment in weapon systems. Since fiscal year 2000, DOD significantly increased the number of major defense acquisition programs and its overall investment in them. During this same time period, the performance of the DOD portfolio has gotten worse. The total acquisition cost of DOD's 2007 portfolio of major programs under development or in production has grown by nearly \$300 billion over initial estimates. Current programs are also experiencing, on average, a 21-month delay in delivering initial capabilities to the warfighter—often forcing DOD to spend additional funds on maintaining legacy systems."*

**S**O BEGINS the introduction to a report by the U.S. Government Accountability Office (GAO) to a U.S. Senate subcommittee with oversight of federal financial management in September, just as the world's financial markets began to crumble.

The facts contained in the report are appalling enough in their own right, but what's even worse is that the GAO has issued dozens of reports like these and trudged to the Hill dozens of times over the years to deliver the same bad news. Why does the problem continue to spiral out of control? Why can't it be contained?

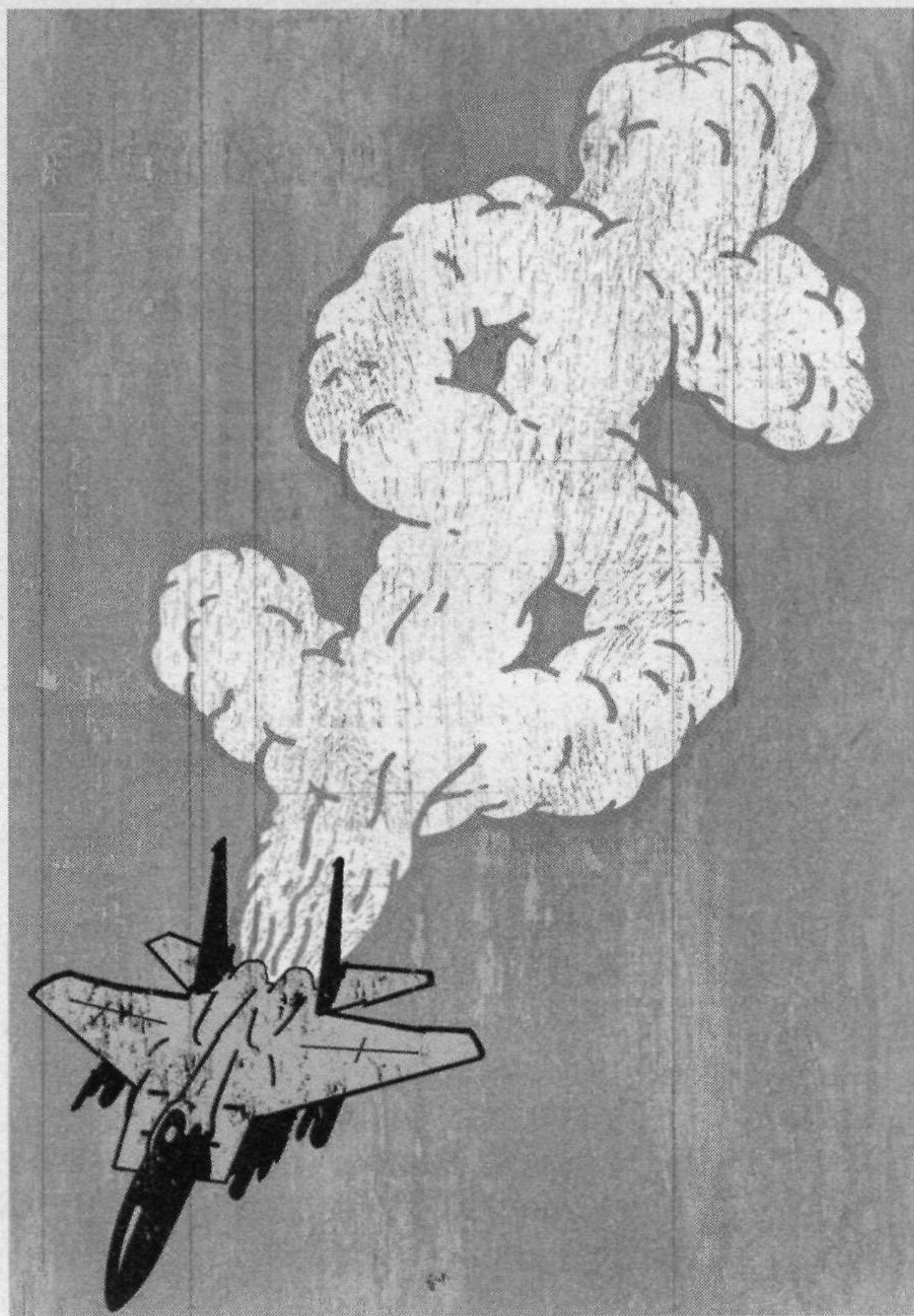
Well, as Contributing Editor Robert N. Charette explains in our cover story, "What's Wrong With Weapons Acquisitions?" the reasons are myriad and messy. And as he points out, these defense-acquisition problems have existed for decades, but now the cost of every project that goes off the rails is staggering—and many projects do.

The two most obvious culprits in this debacle are politics and money. The DOD's base budget for FY 2008 was US \$480 billion, while the budget for FY 2009 is \$515 billion, a nearly 74 percent increase over 2001—and that's a lot of loot. This budget supports military readiness but doesn't even include the billions of dollars

in expenditures—\$189 billion this year alone—for the Global War on Terror. Lobbyists and members of Congress are all jockeying for part of the pot. And once DOD projects get started, they are very difficult to stop—even if they are obviously failing—because there are jobs and economic development and elections at stake. Defense contractors compound the problem by routinely promising the moon and then failing to deliver, leading to costly project delays and overruns.

But then there are also real engineering problems. Many of the projects the DOD takes on—large integrated "system of systems" defense efforts, for example—require brand-new technologies, which means that the course of their development is uncharted and unpredictable—and late and over budget.

Another issue, according to Charette, is the "gathering storm" problem. In the United States it's hard to maintain a skilled engineering and scientific workforce for big, complicated projects. And an economic environment like the current one, in which the big defense contractors may be looking at defense-contract cut-backs—and layoffs—won't help matters.



During our long prosperity, there really hasn't been much incentive to deal with the DOD problem, or others like it—and the federal government has plenty. Yes, there have been the requisite hearings and righteous (yet toothless) legislation, but no results. But now, with space for new digits added to the National Debt Clock and a national debt fast approaching \$11 trillion, perhaps the will to change will begin to stir in both the public and private sectors.

The United States is certainly not the only country with weapons-acquisition trouble. Many others suffer from similar issues of bloat and bad management. But with a new president on the way, and a historically bad global economy running its course, this could be the time for verifiable oversight, true accountability, and rigorous project management to be finally given credence at the DOD. After all, a billion saved is a billion earned.

—SUSAN HASSLER