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The Push to Expand Defense Acquisition Workforce

Some Fear an Experience Gap Could Follow a Rash of Retirements

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When Defense Secretary Robert Gates submitted his fiscal year 2010 defense budget request in April, it went well beyond the usual proposals to fund various weapons programs. Instead, he launched an attempt to shift the department's weapons priorities from lumbering, expensive cold war systems to lighter, affordable weapons that are better suited for the unconventional wars the United States increasingly faces.

To support his goals, the budget proposed increasing the size of the defense acquisition workforce, converting 11,000 contractors and hiring an additional 9,000 government-employed acquisition professionals by 2015 -- beginning with 4,100 in 2010.

"If approved, these recommendations will profoundly reform how this department does business," said Gates. But Gates might be overestimating how easy the task might be.

Despite the freefalling economy and rising unemployment rates, experts believe that recruiting employees to fill these positions is the Achilles' heel in Gates' plan to reshape the way the department acquires weapons. Entry and mid-level workers might be easy to recruit through job fairs and advertising, but recruiting senior executives will be the challenge. Not only do acquisition professionals require specialized skills and understanding, but they are also affected by some circumstances that otherwise have no bearing in the private sector.

"There is a confluence of factors that come together to make it difficult to recruit people for these types of positions," said Peter Metzger, a vice chair at the executive search firm CTPartners. "The factors range from lifestyle issues to more complex issues involving ethics, or the very nature of the job."

The most basic lifestyle issue is that prospective employees consider it difficult to start a family in the Washington, D.C., and surrounding Virginia area because of the high cost of living – one of the highest in the country. Making it on a U.S. Department of Defense (DoD) salary is a major concern, experts agree, and has many people looking for work in the private sector instead.

Temptations for Fraud

A position in the acquisition workforce can be full of temptations that could prove financially rewarding, but are clear ethical violations.

"Jobs in procurement at the middle and senior levels are fraught with personal liability because that system deals with such huge numbers," said Metzger. "The opportunity to either commit or omit an error along the way is pretty high."

Take, for example, the damaging case of Boeing's former chief financial officer who in 2004 pleaded guilty to a conflict-of-interest charge when he orchestrated the illegal hiring of a U.S. Air Force procurement officer, Darleen A. Druyun.

Druyun played a critical role overseeing Boeing contracts, including the controversial \$24 billion refueling tanker deal. She admitted that she sweetened the prices on Boeing contracts as she angled to become the vice president overseeing Boeing's missile defense systems. Boeing's rivals protested many of the contracts won by Boeing, pointing to Druyun's favoritism.

The transgression need not be such an egregious violation. Many acquisition workers feel boxed in by limits on their options for investing in their retirement 401Ks. Defense sector

stocks can consistently provide high returns but acquisition workers are forbidden from investing in those companies in order to avoid any conflict of interest when awarding contracts. For some, the problem arises from the stocks they hold before even joining the DoD. The personal financial disclosure requirements and the restrictions over when and what stock may be purchased make many prospective employees reconsider joining the DoD.

"Many people have 401k stocks from their time in the private sector and all of a sudden they are going to be overseeing the awarding of contracts for various companies whose stock they already hold," said Dan Goure, vice president of the Lexington Group, a public policy research think-tank based in Washington, D.C. "What do you sequester yourself from and what stocks do you wind up dumping?"

The security clearance required at some levels also limits the pool of employees. While government regulations have become less restrictive regarding disqualifying anyone who has in the past experimented with banned substances, personal financial history continues to be a critical issue.

"Financial problems become an automatic disqualifier when it comes to the procurement business," said Metzger. "The Pentagon must have confidence that you are not going to be subject to financial pressure."

The Right Stuff

Analysts also note that the federal government overall has a weak record on attracting qualified employees because of an entrenched perception that the government offers dead-end jobs for low-to-mid-level employees. In many ways the government has been a non-competitive employer, say analysts, and that the modern workforce expects more out of its employers.

To counter that impression, the Defense Contract Management Agency (DCMA) is launching its "Human Capital Solutions Initiative," an effort to establish stronger practices to recruit and retain its employees. This would include workforce planning, succession planning and leadership development. The program would also examine and revise training and assignment plans and practices.

"It's all about the people," said the DCMA's human resource director Randy Sawlsville. "We will need the support of all our employees in building the right human capital policies and infrastructure to build and retain a talented workforce at the appropriate levels to be able to accomplish our mission."

There's not only a need to bring many new employees into the acquisitions workforce, but [also] to retool many in the existing workforce. The existing acquisition workforce is older than the general workforce, say analysts, and the repercussions are already being felt.

"There are about twice as many people over 50 as there are under 30 in the government workforce," said Stan Soloway, chief executive of Professional Services Council, a national trade association of government professional and technical services industry, based in Arlington, Virginia. "That's not just a demographic problem, but by definition it creates a skill gap."

The government, not known for its employee-development programs, did not prioritize investments in training acquisition employees during the past decades. "The challenge now

is not only whether you can get the bodies, but can you get the right bodies with the right skills."

Disastrous Skills Gap Possible

But the question of skills cuts both ways. When the large numbers of acquisition workers retire in the next few years, they will take with them years of experience. Most of them began their careers in procurement by working alongside more seasoned employees and slowly gaining more expertise. The people the Pentagon hires in its current push to restock the acquisition workforce may have some new technical skills but they won't be able to work alongside people with more experience. "That means you can kiss experience goodbye," said Goure. "They'll have to learn as they go and we all know that is a bad way of doing procurement work."

As it is, overseeing weapons programs is difficult because of a lack of continuity in the people overseeing the process. Every few years, the military personnel are transferred from one program to another or to a completely different assignment. The new person assigned to the program often tries to make an impact -- one of the reasons why new requirements creep in every few years. In the past, the civilian workforce has provided continuity while the military personnel turned over. That is likely to change, however, as the number of procurement workers near retirement. The resulting lack of continuity is a disaster waiting to happen, according to some analysts.

The Obama administration philosophy -- backed by the 2010 defense budget proposal -- is to build fewer massive systems that might have been more relevant during the Cold War era and to design systems instead for smaller and faster adversaries. Overseeing these smaller projects might require leaner teams. The challenge, again, will be to find people with experience to oversee each project.

A team leader does not require military experience, analysts say, but should have a strong understanding of military needs. "It's not the level of expertise of any one individual that matters," said Goure. "In the modern age, you really want someone who is a good integrator of all the various parts of a team."

Without this type of leader, the requirements for weapons systems continue to evolve and the project will run over budget.

A senior executive will also understand the defense industry -- how systems are designed, developed and produced. The art and science of building military systems, analysts say, is not the same as building commercial systems. This procurement executive will also understand that the two sides -- the Pentagon's acquisition forces and the private industry - have ongoing tensions. The private sector complains about the slow, bureaucratic process while the government workers complain about the profit-motive.

Executives at this level within the government will also be the first to return to the private sector as the overall economy improves. Analysts think Gates' push to grow its acquisition force is necessary but will take far longer than what he expects.

"It's going to be slow and it's going to be painful," said Goure. "It is not going to be on the schedule that Secretary Gates apparently thinks we can have—it just ain't going to happen."