

May 12, 2001

Attention: William T. Woods
GAO, Office of General Counsel
441 G Street NW, Room 7476
Washington, D.C. 20548

Dear Mr. Woods;

Wallace and Company (WAC), a small non-disadvantaged business, has been providing professional weapon system Affordability support to the DoD acquisition community since 1982. During that time we have been successful in adapting our fundamental staff capabilities and assignment approaches to be responsive to environments as diverse as Should Cost and Acquisition Reform.

We have also been successful in creating value for our clients, the various program offices we have served. For example, we provided Continuous Improvement support to the AMRAAM Program Office from 1984 through 1994, during which time (lots 1 thru 8) the unit price of hardware dropped by eighty percent. The Program Office conservatively estimated the lifetime ROI on our services as 26:1.

The trigger for this letter is my recent awareness of the planned agenda for the Commercial Activities Panel. I wanted to bring to your attention that WAC has a concept and a plan on how to structure and task tomorrow's acquisition community to cope with retiring senior work force skills while, at the same time, continuing to downsize the DoD total work force. The plan, based on our twenty years of hands-on involvement with acquisition issues, addresses the organization and role changes required to assure work force effectiveness and productivity in this era of consolidated suppliers.

"The essential strength of this plan is that the Government retains control of the Acquisition Activity." In my opinion, that retaining that responsibility is critical.

Allowing adequate time for questions and discussion, it will take approximately two and one-half hours to cover our presentation. I feel confident the Panel will find the meeting to be time well spent as they consider alternative courses of action.

Sincerely,

Richard L. Wallace
President

[Attachment]

Pre-brief: Tactical Game Plan for Acquisition Reform Phase II
Presented by Richard L. Wallace, President
Wallace and Company (WAC)

WAC has supported Program Offices within DoD since 1982, with particular expertise and results in achieving “affordable” weapon systems. The Organization Plan developed in this Presentation is built around WAC’s twenty years of hands-on acquisition experience applied to achieving the “Top Line Goals” of Acquisition Reform (A/R) as defined in the recent document entitled The Road Ahead.

The underlying theme of the Presentation can be stated as follows: “the most important determinant of an affordable price is the competence of the buyer and seller.” This does not exclude competition or other determinants, it simply makes the case for competence as the most critical determinant.

Presentation Outline

Brief introduction to WAC experience and results:

Development of the case for Competence:

- Proven results from “countervailing “ power
- Examples of competence applied to weapon system cost
- Consequences of being underpowered

Plan for the Future:

- The Goals regardless of Administration
- Commercialization for both parties
- Objections vs. Objectives
- The Solution—Concentration of Knowledge and Experience
- Specific description of the recommended organization
- The Role of Information

Wrap-up:

- Summary of Benefits
- Why WAC is successful
- Action Plan

The Next Step

In addition to today’s Presentation, WAC has developed and utilized many of the concepts, techniques and tools fundamental to attaining the full potential of the organization structure as presented. At the same time, we recognize that successful implementation will require the best of both Government and ourselves in terms of experience, knowledge and ideas. We would envision a “mutual involvement” situation in which we both share and contribute to the leadership and technical requirements. The Action Plan outlined above can be initiated within thirty days.