

Soloway Charges DOD Lacks Rationale For Certain Insourced Positions

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The Pentagon has identified 17,000 acquisition-related positions that will be insourced but only 5,000 are in line with a need to build up certain internal skills that Defense Secretary Robert Gates has pushed for, while no methodology has been offered for why the remaining slots are being taken in-house, charged industry advocate Stan Soloway.

About a month ago, “very senior” officials at the Office of the Secretary of Defense informed the Professional Services Council, which Soloway heads, of the status of the department’s efforts to rebuild its organic capabilities, he said this week following a Defense Acquisition University conference at Ft. Belvoir, VA.

“Our concern is not that they’ve identified 17,000 positions,” Soloway told *Inside the Pentagon*. “If they were the right positions, that would be fine. Our concern is they’ve then told us that 5,000 . . . less than a third of those positions, are the types of positions that are so critical, they’re not concerned about the cost” of bringing them into DOD.

No one suggests DOD should conduct a “rigorous cost analysis” for these 5,000 positions “as long as it’s within reason, because you need those skills,” he said.

Yet the Pentagon has not articulated a “meaningful methodology” regarding the need for the 12,000 other positions, which should be “a matter of concern,” he added.

DOD announced it was seeking a fair balance between contracted workers and government personnel a year ago in an April 2009 directive issued by Gates. The directive focused on converting contractor work and making new hires due to a Pentagon need to expand competencies.

The Pentagon’s aim is to have 20,000 acquisition-related positions by 2015, a figure that constitutes about half of the 35,000 to 40,000 total new hires the department wants to make, Soloway said, adding that non-acquisition-related positions are associated with high-end and critical skills.

Insourcing can be broken down into two varieties, he said. Under one category, officials want to cultivate “certain critical skills that have atrophied in the Defense Department” which, to some extent, will involve insourcing some work that’s been outsourced, he said. “When you’re doing that kind of insourcing, you’re really looking at quality and skills. Your issue is not is this person

more or less expensive than a contractor,” because the overriding concern is to build up the proper talent pool.

Soloway told *ITP* the second stream of insourcing relates to sourcing decisions and choices the government must make. For these positions, he added, one must “look at a very granular level at what’s the total life-cycle cost [in terms of] contract versus in-house? What’s the performance capability? What’s the skill level?”

In some cases, one industry representative told the audience during a DAU insourcing panel, companies are told that the government has decided to bring certain work in-house, when “99 percent of the time it’s not” something the public sector typically carries out.

“Discipline is the key,” the industry representative stressed, speaking on condition of anonymity. “The concern is that down in the system, that discipline continually breaks down, which has resulted in potentially significant percentages of the positions identified for insourcing not falling into that critical skill set. And therefore they should be subject to a traditional sourcing process.”

A considerable amount of “fairly commercial work” has been ticketed for insourcing, the industry representative noted. “And I’ve heard at least two [program executive officers] and another general officer in the Army say, ‘That’s how we’re making our number.’”

The industry representative described as “cannibalization” the practice whereby government and industry hire each other’s talent and urged more collaboration between the two, including programs in which industry members may work with DOD for a three-year period and then return to their company if they wish.

A second industry official lamented that more “junior” staffers are being recruited into government positions they are not qualified for, adding, “They’re getting there because they’re smart, but there’s risk in pushing people along more quickly.”

Another panel member was in favor of insourcing because “from a contractor position, we need people in government we can communicate with.” However, added the panel member, companies must still carry out a contract and fill slots vacated when a staff member makes the switch to government. In the end, that gap “hurts” the government program office associated with the contract. -- *Fawzia Sheikh*