



DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
RESEARCH, DEVELOPMENT AND ACQUISITION  
1000 NAVY PENTAGON  
WASHINGTON, DC 20350-1000

December 5, 2008

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Strategy to Balance Acquisition In-House and Contractor Support Capabilities

Reference: (a) SECNAV memo, Department of Navy Acquisition, October 10, 2008  
(b) Senators Levin and McCain letter to SECDEF, November 7, 2008  
(c) DON Fiscal Policy, Acquisition Program Management /Program Support, July 7, 2008  
(d) PCD(AW) memo, Workforce Program Objective Memorandum (POM) Build Process, December 2, 2008

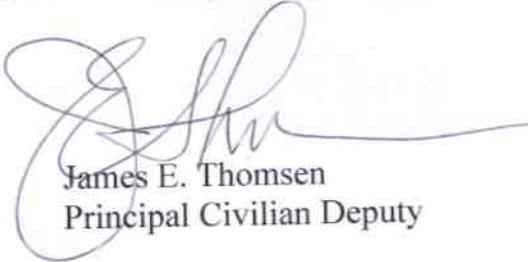
References (a) and (b) highlight the Department of the Navy (DON) need for proper in-house expertise in the acquisition workforce, especially in the technical and business domains. Reference (a) addresses the DON's over reliance on contractors to perform core in-house technical functions and stresses the need to reverse this trend. It identifies the Systems Commands (SYSCOMS), Office of Naval Research, Warfare Centers and Naval Research Lab as principal sources of in-house technical support. Reference (b) also cites the shortage of program office personnel as a contributing factor in program cost and schedule issues. It places a priority on appropriately increasing the size and capability of the in-house acquisition workforce by moving core acquisition functions done previously by contractors, back into the Military Departments' organic acquisition workforce.

To support this priority, in PR 11 and POM 12, I expect growth in the organic acquisition workforce, largely offset by a corresponding decrease in outsourced core acquisition (technical and business) functions. I request that each PEO/SYSCOM team submit a time-phased strategy to increase acquisition organic capabilities by reducing dependence on outsourced core acquisition functions. Emphasis should be on the acquisition workforce career fields that are stressing the execution of your programs; most likely in program management; engineering; contracting; logistics; business and financial management; and cost estimating. Reference (c) should be considered when determining the appropriate resources for the program office functions and also technical/engineering functions from Navy Working Capital Fund or other reimbursable activities.

In addition, request that you provide time-phased hiring plans to support the acquisition workforce identified in the budget exhibit PB-23, "Acquisition,

Technology and Logistics Workforce Transformation Program.” Please identify expected hires by month, by career field, and by source of funding (OM&N mission funded or program funded through the Navy Working Capital Fund or other reimbursable activities).

Request you provide your initial estimates of the requested information by January 9, 2009. This request will be considered the first estimate in accordance with reference (d). My point of contact is Ms. Susan Wileman. She can be reached by telephone at 703-614-3265 or via email [susan.wileman@navy.mil](mailto:susan.wileman@navy.mil).



James E. Thomsen  
Principal Civilian Deputy

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