

18<sup>th</sup> October 2020

## **An Open Letter to Prime Minister the Hon Scott Morrison MP**

### **Subject: Defence Acquisition FAILURE and REFORM - A Compelling and Persuasive SOLUTION.**

**Firstly**, Five Questions about Defence Weapons Acquisition FAILURE & REFORM that MUST be asked to figure-out why Defence Acquisition programs can double in price and take up to twice as long as planned.

1. Why does every Defence Equipment Program suffer from large Cost and Time blowouts?
2. Why have all prior 49 attempts at Review & REFORM - FAILED to deliver the desired results?
3. How can REFORM make every future Acquisition more Affordable, Producibility and Problem-Free?
4. How can the Cost of Sustainment (service, maintain, upgrade) be slashed by 30% on every program?
5. How can the Cost Burden on the Taxpayer from Acquisition Programs be cut by at least 30%?

The answers to these, and many more questions, about **Defence Weapons Acquisition FAILURE & REFORM** can be found in a compelling and persuasive new book.

*"The Book that Defence Does NOT Want You to Read!"*

### **Book: A Blueprint for Weapons Acquisition REFORM - A Persuasive SOLUTION**

This book firstly walks the reader step-by-step through real life examples of failures, explaining as it goes why and how the failures happen, and explains in simple terms precisely why these well-documented cost and time blowouts are **entirely unavoidable** using Defence's current processes and thinking.

The enormous amount of 'taxpayer gold' that is wasted is truly astounding and disturbing.

**REFORM:** Totally Problem-Free Defence Equipment Acquisition SUCCESS is about defining a new mechanism to create, establish, and execute, Superior SYSTEMS for all future Weapons Acquisition programs in Australia.

#### **Those Superior SYSTEMS described in this book WILL deliver much needed REFORM.**

In simple terms, this book compares and explains Defence's current abysmal deliverable performance result of 1.5 out of 10 (part 1 of the book) - against what I will describe as a 'really good' Step-Change transformation target of 9.0 out of 10. (part 2 of the book) Thus revealing Defence Equipment Acquisitions as an Affordability & Producibility disaster of epic proportions for Australia and the Australian Taxpayer. This 'really good' benchmark is currently being achieved by a small number of the world's most astute CEO's who are already using these methods to create a distinct edge over their rivals – and therefore can also be achieved by Defence in Australia.

*"That is why this Blueprint for Weapon Acquisition Reform is a must read for our Military Chiefs, the Chief of the Defence Force, the Minister for Defence and our Prime Minister. The stakes are that high."* ~ Dr Mark Rehn

#### **Secondly, it's not just about Defence**

Solutions in this book work so well that Manufacturing CEO's are able to reduce the Cost of Products by 30-50% to deliver a new level of Product Affordability, which means they don't need to offshore their products and jobs. In this context, this book describes a new way to create better Australian-made Manufacturing **Affordability** capability - which will drive a new level of **economic growth** and better **jobs** in post-covid-19 Australia.

#### **Thirdly, there is NO potent REFORM Authority in the Parliament – or Ministry – for this scope of Reform**

Only a dynamic and highly potent REFORM function directly under Prime Ministerial authority, with the vision, and responsibility, and especially the political cojones to succeed will totally REFORM Weapons Acquisition.

#### **Benefits to Australia from such Reform:**

- Eliminate entirely all Cost and Time Blowouts from every future Weapons Acquisition program.
- Create a new type of Affordability & Producibility to deliver Problem-Free future Acquisition programs.
- Slash the total Cost of Sustainment in every future weapons program. (often by 30% or more)
- Deliver massive Budget and Defence Cost savings to the Government and the Taxpayer.
- Avoid off-shoring of Investment, Businesses, Products and Jobs – while increasing Export capability.

These three subjects are expanded upon in greater detail in the attached document which describes;

- (a) The Political Imperatives to REFORM Defence Weapons Acquisitions, and
- (b) The Deliverable Outcomes from REFORM of Defence Weapons Acquisitions, and
- (c) Why it's not just about Defence, or Australia.

Prime Minister, I encourage you to use of the ideas and solutions in this Book to create a better future for Australia in whatever terms that may mean to you, and your own vision for the future of Australia.

Yours Faithfully

G Stewart

Gary D. Stewart - Author – Book link [A Blueprint for Weapons Acquisition REFORM](#)

..../2

## Prime Minister: The Political Imperatives to REFORM Defence Weapons Acquisitions.

Success is about creating and establishing Superior SYSTEMS for all future Weapons Acquisition programs. Those Superior SYSTEMS described in Chapters 14 to 22 **WILL** deliver much needed **REFORM**.

**It's not a Defence Problem:** Well it is really, but Defence cannot and will not fix it for reasons outlined in this book. This is by now a truly 'wicked' problem that only the Parliament can **FIX** via specific new Legislation.

### World's Best Practice and Defence

If a number of firms around the world can deliver a new World's Best Practice level of capability & performance, then any Defence firm, or Defence itself, can have no excuse why they can't reasonably achieve the same level of World's Best Practice competence if they are actively prepared to put in the same level of hard work and effort. Weapons Acquisition is no different to any other difficult product - thus Defence is not entitled to assume they should be held to a much lower standard. Defence must be held to a reasonable World's Best Practice Standard (>90% success) that has already been achieved by others. Defence has no excuse that can justify otherwise.

## Part 1 - The Defence Swamp - the vital Need for Reform

### Re Chapter 9 - Why Politicians Can't Fix It

Chapter 9 depicts major symptoms of the problem – not the Root-Cause. While Political distractions described in the book far too often get in the way – they are not the primary Root-Cause of Weapons Acquisition Failure.

The 1<sup>st</sup> Root-Cause Failure mode is that Politicians have no robust **SYSTEM** to prevent themselves being mised by the '*unfounded promises*' of Defence and the Defence Prime Contractors. (i.e. *promises* Vs delivered *reality*)

The 2<sup>nd</sup> Root-Cause Failure mode is the '**Illusion of Depth of Knowledge**' by Defence and the Primes.

Repeated failures by Defence and Primes as described in the case studies clearly demonstrate a large capability gap between what Defence and the Primes tell us they are capable of – and what they can actually deliver. This '*illusion of depth of knowledge*' is why Defence and the Primes cannot REFORM themselves.

When combined these create a situation where the Politician has nothing but '**unfounded**' marketing promises (false realities) to rely upon to make what are massively expensive and far-reaching decisions. This **MUST** Stop.

## Part 2 - How to Drain the Defence Swamp - a Blueprint for Acquisition Reform

Part 2 (chapters 14 to 22) creates a robust **SYSTEM** for Politicians which they can LEGISLATE to REFORM and permanently FIX Weapons Acquisition Programs – and prevent themselves ever being misled in future.

Part 2 describes an **easily executable** REFORM capability that will effortlessly **transform** Affordability and Producibility to deliver a much better problem-free way forward for all future weapons Acquisition programs

This much better problem-free way forward is based on adopting the better solutions already developed by the world's most astute CEO's who have quit all reactive & basket-case programs - to now use only highly predictive methods - that can reduce Costs of Products by 30-50% and deliver Affordability results within 5% of the Cost & Time targets set 2-5 years earlier. Thus eliminating **ALL** Cost & Time blowouts and delivering **Affordability**.

The challenge then - is not the new and problem-free better solutions that we already know work - the **challenge is to get Defence to execute** these new **successful** methods in place of their **FAILED** methods.

**Anyone** can achieve these much better **Step-Change** problem-free deliverable outcomes if they are prepared to put in the same hard work and effort There is **no excuse** why those who have lost their way like Defence cannot do the same. (albeit that will never stop the excuses - ineptitude is the key factor stopping reform progress)

For far too long now Defence has been selling us 'square wheels' - and telling us they will eventually make them round. That time is over. The time for disruption has arrived. The time for REFORM is now.

## Ch 21 - Legislating the Weapon Systems Acquisition Reform Act 2021 (WSARA-2021)

49 reviews in 42 years (from the first principles review) prove two things.

- a. That Defence can't ever FIX it. (no matter how much time and money you give them)
- b. That every previous attempt at REFORM has FAILED to deliver the desired outcomes or results.

WHY? Because of the passive acceptance of a global 'norm' that only 13-15% of programs are ever successful.

Thus making it **IMPOSSIBLE** that those who passively accept an 85% failure rate as 'normal' – could ever turn around and deliver a >90% success rate. (let alone a 100% success rate)

This means the entire task of Acquisition REFORM must fall upon our Politicians to enact specific LEGISLATION that will once and for all time banish dysfunctional and basket-case Weapons Acquisition programs.

Thus the **WHOLE** challenge of REFORM falls to you – our Politicians – to enact WSARA-2021 LEGISLATION.

Only the Parliament can now resolve this truly 'wicked' problem – to provide a new problem-free way forward.

But that nagging question remains. Do our Politicians have the Political cojones to enact such **BOLD** legislation?

Note: Copies of this book are already with Ben Morton MP + the Defence Minister + Defence Industry Minister + Opposition Defence shadows + Senate Defence Committee + Independent Senators.

...../3

## Prime Minister: The Deliverable Outcomes from REFORM of Defence Weapons Acquisitions.

This book is different to every other previous book written on this subject. That's because this book is written from a Product Development SYSTEMS point of view – instead of a Defence Expert point of view. Weapons Acquisition failures are primarily a Product SYSTEMS failure and therefore need SYSTEMS solutions, not continual reorganisations of the functional Defence organisational deck-chairs on the RMS Titanic.

### A Compelling and Persuasive SOLUTION to Defence Acquisition REFORM

Only very specific legislation like that described in this book – can forever REFORM the absolute dysfunction that makes up current development consequences within Defence Acquisition programs.

#### Deliverable Results from REFORM Legislation:

- 20-40% **lower** total cost of every Acquisition.
- 20-40% **less** total time to deliver capability to the warfighter.
- At least 30% **lower** sustainment (and whole-of-life) costs.
- More **affordable** equipment for the Government and the Taxpayer
- More easily producible, easily manufacturable, problem-free equipment.
- More innovation, better technology, lower costs, creates more export potential.
- Better operational capability in the hands of the Warfighter.

*“That is why this Blueprint for Weapon Acquisition Reform is a must read for our Military Chiefs, the Chief of the Defence Force, the Minister for Defence and our Prime Minister. The stakes are that high.” ~ Dr Mark Rehn*

#### Benefits of such REFORM:

- Eliminate entirely all Cost and Time Blowouts from every Weapons Acquisition program.
- Create a new type of Affordability & Producibility to deliver Problem-Free Acquisition programs.
- Slash the total Cost of Sustainment in every future weapons program. (often by 30% or more)
- Deliver substantial Budget and Defence Cost savings for the Government and the Taxpayer.
- Avoid off-shoring of Investment, Businesses, Products and Jobs – while increasing Export capability.
- Generate a new type of Design & Engineering competence in Defence supply chains.
- Deliver a new level of **economic growth** and better **jobs** for post-covid-19 recovery Australia.

While the above describe direct results there are a multitude of indirect results that will flow from this reform.

- It will create a far more competent supply chain for all future Weapons Programs.
- It will create high-performance Knowledge Centres of capability that can spill-over into other industries.
- It will make the job of the Politician much easier, because it's fact based, not marketing hype based.
- It will significantly reduce the long-term future budgetary requirements of Defence spending.

**Prime Contractors** - Now have a new method to give Defence what it wants, when it wants it, at the price it wants to pay, with far fewer problems. While still allowing the supply-chain to be profitable.

**Defence** - Gets affordable, producible equipment, on cost, on time, with the Warfighter outcomes it wants.

**Warfighter** - gets vital 'battle-ready' equipment they want with the functionality they need, when they need it.

**Defence Minister** - Imagine never having to reveal another 'Project of Concern' to a media baying for the blood of someone for yet another dysfunctional Defence program, or from massive cost & time blowouts.

Finally, Success is about creating and establishing Superior SYSTEMS for Weapons Acquisition programs. Those Superior SYSTEMS described in Chapters 14 to 22 will deliver the outcomes described above.

Those Superior **Systems** enable the current Weapons Acquisition Swamp to be drained.

**About:** Gary D. Stewart has decades of experience in transforming complex business systems. He learned his craft at the world's most effective company alongside the leading thinkers in this field.

His favourite piece of advice from Defence: *“Why don't you do yourself a big favour – f\*ck-off out of Defence - and stop trying to fix something that Defence has no interest in fixing”*. Eventually, I did just that.

### Why I wrote this Book

My own purpose in writing this book (and the following three books) is to start a conversation in Australia about what 'really good' looks like in a Product Development, Innovation and Manufacturing context. For me, this Book is step one of a journey of many future steps to a far better future for Australia.

My hope is that if after reading this book – Readers will see great value in a better way forward and a far brighter future for the greater good of more **Affordable**, **Producible**, and **Problem-free** Australian Manufacturing.

Gary D. Stewart - Author

For more information about the book visit: [A Blueprint for Weapons Acquisition REFORM](#)

..../4

## Prime Minister: Why it's not just about Defence

### This book has been written from 2 perspectives.

For Manufacturers and Engineering firms it is from the second perspective they should read this Book.

**Firstly**, it is primarily a very bluntly written book that brutally & unflinchingly critiques current performance failures at product development in terms of Defence Weapons programs – while brutally dismantling every excuse used to justify those current equipment acquisition failures – that simultaneously defines a robust BLUEPRINT to easily and competently **REFORM** all future equipment acquisitions into a now 'fit for purpose' world-leading capability.

The solutions described in this book work so well that astute Defence CEO's are often able to reduce the Cost of most Products by 30-50% and deliver final Affordability results within 5% of the Cost and Time targets set at the start of the program 2-5 years earlier. Thus eliminating **ALL** Cost & Time blowouts and delivering **Affordability**.

Far too often Defence equipment & acquisition performance results can claim success – despite delivering totally basket-case outcomes in terms of Affordability, Cost blowouts or Time delays - because they are measured against an abysmally inferior target. But what happens when they are measured against world's best?

**Secondly**, it's about **Dysfunctional** Product Development Vs **Competent** Best Practice New Product Development in a Defence context and using Defence examples. The subtitle '*How to **FIX** every Product Development to be more **Affordable, Producible and Problem-Free***' describes a new way forward for the return of a much better and more Affordable Manufacturing capability - and a new type of Design & Engineering competence - that will drive a new level of **economic growth** and better **jobs** in the post-covid-19 world.

My own hope is that if after reading this book – readers will see great value in a far better way forward and a far brighter future for the greater good of more **Affordable, Producible, and Problem-free** Manufacturing capability.

*It's a sobering read for anyone trying to run their business in the most effective way possible. ~ Dr Mark Rehn*

### So it's not just about Defence

The solutions described in this book work so well that a few commercial world CEO's are able to reduce the Cost of Products by 30-50% to deliver a new level of Product Affordability which means they don't need to offshore their products and jobs. Thus delivering a new level of Australian-made **Affordability** to their Customers.

Therefore, the whole of the commercial Industry in the Australia – in both Manufacturing and Services - could also create a resurgence of far better and far more Affordable operational capability by using these same solutions as described in part 2 of this book. This would deliver a far brighter future for the people of Australia via a massive injection of economic growth and the creation of better jobs in a post Covid recovery Australia.

*There are many good lessons to be discovered in this book for both Defence and general industry and I believe that everyone in business leadership and engineering should read this book.*

*Do not pass this book by; it's well-worth your time to read. Highly recommended. ~ Bruce Griffiths OAM*

### And it's not just about Australia.

Problem-free developments are almost unheard of in Weapons Acquisition Programs around the world. The same Common Denominators of Acquisition Failure apply across the world just as they do in Australia. Manufacturability, Producibility and Affordability problems plague every Weapons Acquisition program.

Weapons Acquisition REFORM has failed across the world for much the same reasons as Australia. Failures of REFORM are another common dynamic that haunt any country that develops its own Weapons systems.

The reasons why Defence and Politicians can't FIX it will come down to comparable reasons as I have described in the book. In this sense REFORM failures can be universally applied regardless of country.

Organisational Incompetence and the 'Wall Street' model continue to hound every country – and will do so until that model is disrupted by LEGISLATED REFORM in each country – similar to that described in the book.

How do you change such deeply ingrained 'sacred cows' and Organisational Incompetence?

Easy. It must be disrupted with a LEGISLATED REFORM blueprint that is both simple, and easy to execute.

Such REFORM will lead to a now 'fit for purpose' world-leading capability – which would avoid future off-shoring of Investment, Equipment and Jobs – while dramatically increasing Australia's potential Export capability.

The Book ends with a persistently nagging question – and a blunt warning – that apply regardless of Country.

**The nagging Question?** Who among our Politicians has the vision, authority, responsibility, and especially the Political cojones to totally REFORM and overhaul Weapons Acquisition in Defence?

**The Blunt Warning.** No-one should underestimate how difficult it will be to reform the Status Quo in Defence Weapons Acquisition given the fierce determination to retain the 'sacred cows' that exist today. The resistance will be ferocious, persistent and sustained despite the apparent ease of implementing the reform solution as described in this book. This blunt warning should not be ignored by anyone – especially the Prime Minister.

For more information about the book visit: [A Blueprint for Weapons Acquisition REFORM](#)