

PREPARED STATEMENT  
OF  
ADMIRAL JAMES S. GRACEY  
COMMANDANT, U. S. COAST GUARD  
BEFORE THE  
HOUSE COMMITTEE ON MERCHANT MARINE AND FISHERIES  
SUBCOMMITTEE ON COAST GUARD AND NAVIGATION

4 December 1985

GOOD MORNING, MR. CHAIRMAN. I AM ALWAYS PLEASED TO HAVE THE OPPORTUNITY TO APPEAR BEFORE THIS COMMITTEE AND TO PARTICIPATE IN THE OVERSIGHT HEARINGS CONCERNING THE COAST GUARD.

I HAVE A SHORT OPENING STATEMENT I WOULD LIKE TO MAKE TO BRING YOU UP TO DATE ON DEVELOPMENTS IN COAST GUARD PROCUREMENT PLANS AND POLICIES SINCE I LAST TESTIFIED ON THE SUBJECT BEFORE THIS COMMITTEE IN JULY 1984.

BRIEFLY, WE ARE REVIEWING VARIOUS STUDIES SUCH AS THE LOGISTICS MANAGEMENT INSTITUTE STUDY AND AN IN-HOUSE COAST GUARD ACQUISITION STUDY AND FEEL THAT IMPROVEMENTS WILL CONTINUE TO BE MADE IN THE COAST GUARD'S ACQUISITION PROCESS, INCLUDING INTERNAL PLANNING AND MANAGEMENT OF MAJOR SYSTEMS PROJECTS - AND PROCUREMENT IN GENERAL. SOME OF THE IMPROVEMENTS WE EXPECT ARE: BETTER PERSONNEL MANAGEMENT PRACTICES DESIGNED TO PROMOTE MORE EFFECTIVE PROJECT MANAGEMENT AND PROCUREMENT PRACTICES; MORE UNIFORMLY STRUCTURED PLANNING FOR MAJOR SYSTEMS, WITH INCREASED EMPHASIS ON INTEGRATED LOGISTICS SUPPORT; STREAMLINING THE EXISTING INTERNAL REVIEW PROCESS TO IMPROVE TIMELINESS; EMPHASIZING OUR ONGOING PROCESS OF REVIEWING SPECIFICATIONS FOR MAJOR PROGRAMS TO ENSURE INCREASED USE OF PERFORMANCE SPECIFICATIONS AND TO REDUCE THE USE OF SPECIFICATIONS WHICH COULD BE CONSIDERED RESTRICTIVE; PROVIDING DRAFT REQUEST FOR PROPOSALS ON MAJOR PROGRAMS TO INDUSTRY FOR COMMENT; AND, CONTINUING TO SEEK OFF-THE-SHELF AND DOD SUPPORTABLE SYSTEMS WHERE FEASIBLE. WE HAVE PROPOSED SOME ORGANIZATIONAL CHANGES AND INSTITUTED OTHERS, BASED ON THE VARIOUS STUDIES AND LESSONS

LEARNED, TO BRING BETTER OVER-ALL FOCUS ON MAJOR SYSTEMS ACQUISITIONS AND TO MAKE MORE EFFECTIVE USE OF THE TALENT WE HAVE.

A POINT I WOULD LIKE TO MAKE HERE IS THAT OUR PROCUREMENT PRACTICES HAVE BEEN EFFECTIVE. WE HAVE EITHER COMPLETED, OR ARE IN THE PROCESS OF COMPLETING, A NUMBER OF MAJOR CONTRACTING EFFORTS INVOLVING CAPITAL PLANT PROCUREMENTS SUCH AS REPAIRS, REHABILITATIONS, OR PURCHASES OF SHIPS, AIRCRAFT AND BOATS. FOR THE MOST PART, THESE WERE COMPLEX MAJOR PROCUREMENTS INVOLVING MILLIONS OF DOLLARS. THE PROOF OF OUR EFFORTS LIES IN THE FACT THAT SHIPS ARE BEING REPAIRED OR RENOVATED...REPLACEMENT AIRCRAFT AND VESSELS ARE COMING ON LINE. BUT THERE IS ALWAYS ROOM FOR IMPROVEMENT. WE HAVE DONE A LOT OF THINKING ABOUT OUR PROCUREMENT PROCESS OVER THE PAST SEVERAL YEARS. CHANGES HAVE BEEN MADE. OTHERS ARE ON THE WAY. MANAGEMENT IN THE COAST GUARD IS NOT A STATIC PROCESS. MEANWHILE, OUR PRACTICES AND POLICIES HAVE BEEN STUDIED BY A HOST OF OTHERS OUTSIDE THE COAST GUARD. UNFORTUNATELY, THERE HAS BEEN A TENDENCY TO BASE THOSE EXTERNAL EVALUATIONS ON CONCLUSIONS DRAWN FROM THINGS THAT OCCURRED WELL IN THE PAST, WITHOUT TAKING NOTE OF THE CONTEXT - OR REAL WORLD SITUATION - IN WHICH THOSE PAST ACTIONS OCCURRED. LIKEWISE, THEY RARELY TAKE NOTE OF THE CORRECTIONS MADE BY THE COAST GUARD WHERE WARRANTED. I HOPE THAT OUR DISCUSSIONS HERE THIS MORNING WILL HIGHLIGHT FOR YOU WHERE WE ARE TODAY...AND WHERE WE HOPE TO BE IN THE FUTURE.

MR. CHAIRMAN, I WOULD BE PLEASED TO ANSWER ANY QUESTIONS YOU OR THE MEMBERS OF THIS COMMITTEE MIGHT HAVE.