



Moneyball and the Art of Winning Acquisition Warfare

Tuesday, 21 April 2009



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Thank you for that kind introduction. It is great to join you for this important event. As you all know, our acquisition processes are vital to our success in today's fight and in preparing for future challenges, and this event gives us an opportunity to stop and think about the impact our acquisition processes have on America's warfighters. Perhaps equally important is the opportunity this event gives us to think about our professional corps of acquisition expertise. Each and every one of us here plays a role, and those roles are vital to our collective success. Defense acquisition processes conduct a vast orchestra of instruments designed to bring game-changing capabilities to bear, and the Air Force is dedicated to achieving acquisition excellence in order to provide Combatant Commanders with world-class air, space and cyber capabilities--delivering Global Vigilance, Reach and Power for America. In this sense, acquisition is a form of warfare in a metaphoric way. Acquisition professionals do intellectual battle every day against waste, inefficiency and the perils of a complex technological environment in order to procure vital systems--integrated systems designed to work across a broad spectrum of conflict with Joint, Interagency and Coalition partners combat and support systems sustained by life cycle management processes that ensure the best return for the taxpayer's dollar. No one in acquisition should underestimate the value of their contribution to the success of our Nation's warfighters.

While this metaphoric form of warfare undertaken by acquisition professionals is not a violent one, it is no less intellectually rigorous, strategic or consequential. For what nation has ever found itself victorious on the battlefield that had not first secured the victory in procurement and sustainment? History is full of examples of countries whose warriors were very good at fighting, and yet lost the war. One significant reason for this is invariably evident--success in warfighting hinges upon successfully equipping and sustaining the warfighter. This principle has been proven time and again, and for this reason, we recognize the vital contribution of our professional acquisition corps, the critical role acquisition professionals play, and the vital contribution of our partners in industry and commerce. The daily battle for acquisition excellence is as meritorious and



valorous as any other, even if it is not as conspicuous. Sometimes victory and defeat in the acquisition business take years or decades to manifest themselves. But make no mistake: that manifestation directly impacts the team's success or failure in the fight. No one should measure the value of their contribution by their proximity to that fight, and I can think of no better example of this principle than the vital contributions our acquisition professionals make every day.

The Air Force needs innovative solutions to prepare for the future of acquisition and sustainment. This is a very promising time for all of you here--full of challenges and opportunities. For our acquisition efforts must produce necessary capabilities in our platforms, systems and subsystems at a reasonable cost.

I always enjoy this time of year when Spring has sprung and the sounds of a new baseball season are in the warmer air. Certainly any Cincinnati Reds fans here in Dayton are happier than the Nationals fans back in DC. Dusty Baker said his goal was to score a winning record against division opponents, and so far things look promising. As I consider all of this, I am reminded of a book that has become quite popular in recent years. A book which might surprise you when I mention it, but as Spring is here and the major leagues are in full swing it seems appropriate to mention a book about baseball. The book is titled "Moneyball: The Art of Winning an Unfair Game" by Michael Lewis. It offers a remarkable analysis of a sweeping revolution in Major League Baseball in the past decade. It tells the story of the 2002 Oakland Athletics and how the team achieved an enviable winning record though they had the smallest player payroll of any major league team. This record was remarkable because of the state of today's game. Big teams with big payrolls pay celebrity all-star players top dollar to play on their teams, and presumably, to win ball games. Baseball intelligentsia often assume the most-talented athletes—and sometimes most active egos—are entitled to enormous sums of money to play a kids' game. Michael Lewis noted a different theory brewing from some innovative thinkers inside and outside the game.

Oakland's general manager, Billy Beane, learned first-hand as a player how disappointing professional baseball can be. He had been a top-prospect out of high school, and arguably had all the hallmarks of an All-Pro caliber player. His career, however, was a mediocre display of unmet expectations. But he turned the frustrations of disappointing performance on the field into a burning desire to learn from the



experience--to distill what went wrong in his case in order to make the future better for other players and for the game itself. Adding to this motivation was his new role as general manager of a team with little money to pay for top-dollar players. So Beane solicited ideas from a cast of brilliant people from inside and outside the game, including a talented Harvard-trained statistician. Together they theorized that lesser-known performance statistics matter more in predicting player success in the game. They reasoned that winning in the game of baseball has more to do with integrating the talents of diverse members of a team than with the mere cobbling together of the most talented athletes. They carefully considered how good players made their teams great and how great teams were better than the sum of their parts.

This all ran counter to conventional wisdom, for in this game highly athletic hitters and young, hard-throwing pitchers were accepted as the key to victory. Billy Beane's intellectual integrity led his staff to collect massive amounts of previously meaningless statistical data. Careful interpretation and rigorous thinking led them to conclude that teams could win by less apparent methods, and, more importantly, methods the team could afford. For example, up until that time, hitters were valued highly for home runs, but not for walks, and pitchers were prized for their strike-outs. But Beane's team discovered the value of hitters with high on-base percentages and pitchers who produced more ground-outs. This new information and their innovative approach combined with the tightest budget in the league to field an unsightly team. A team of players considered athletically uninspiring or with low marks in traditional metrics, yet who somehow had always found ways to win or make their teams better--along with veterans who many considered "over-the-hill," yet with underappreciated skills the new theory said would win ball games.

If you think about it, Beane's frustrating experience and the need to learn from it is not unlike our situation today, and the challenges Beane and the Athletics faced aren't all that different than the challenges we face in leveraging tight budgets to acquire new technologies and tools of our trade while sustaining legacy programs that are still vital to winning today's fight. I think there are lessons for us in Moneyball, and we have a thing or two we could learn from Billy Beane as we seek to learn from our past, and sometimes frustrating, experiences.



He set out to refine his processes to depend on precise and relevant statistical measures coupled with carefully considered requirements. He discovered players who could satisfy team requirements based upon proven performance metrics at the most affordable cost. In a league where teams thought in terms of essentially over-engineering programs by throwing money at key position players, the Oakland A's didn't have the money, so instead they had to use their brains to be competitive. The result was one of the most successful baseball programs ever. Oakland's first season of using this practice led to the A's finishing first in the American League West with a record of 103 wins and 59 losses. They performed remarkably well considering they spent less than any other team, and we should strive to do the something very similar--supporting the warfighter with the most innovative, and perhaps even unorthodox, methods of acquisition excellence.

The parallels between acquisition and the game of baseball don't stop at these points from Moneyball. The game of baseball is, quite simply, all about the performance of the players. But the umpire is important, too, and sometimes the weather or a fan serve to interfere, and they are notable parts of the game. Consider that in baseball there are exactly eight ways for a batter to reach first base: a batter can get a hit, take a walk, or get hit by a pitch. A batter can also reach on a fielder's choice, an error by the defense, or if the catcher drops a third strike--and, of course, one can be awarded first base if the catcher hinders progress or if a fielder interferes along the base line. Think about these eight ways, and consider that only two of them are a direct result of the batter's skill--the hit and the walk are the result of discipline--but being hit by a pitch is a dangerous and painful result of a pitcher's poor play, something any novice can achieve. A fielder's choice produces an undesirable result for the team and the rest depend on poor plays and judgment calls of others. All eight produce a similar tactical effect, but strategically only two alternatives are highly valuable and desirable--that's where art, science, skill and discipline come in. The best hitters in baseball are the ones who master the basics of making solid contact with the ball to put it in play--those who, as Willie Keeler put it, "hit 'em where they ain't," a simple notion, to be sure, but a very difficult one to master.

I think the key to achieving success in Air Force acquisition is remarkably similar. The basics of acquisition are relatively simple, but mastery of those basics in achieving



acquisition excellence is tremendously difficult. And, much like in baseball, excellence in our business demands a cadre of dedicated acquisition professionals. Just as there are many ways to reach first base, there are many ways to procure and field a weapon system or product. Some of them are the result of mistakes or the judgment calls of others, and some of them are downright painful and even dangerous, but the ones the warfighter needs, and deserves, are the few ways that result from discipline, skill and talent. Sound, basic fundamentals result in contact with the ball.

Acquisition professionals are as valuable to our team as any hitter is to a major league baseball team, for acquisition excellence directly depends on our career acquisition personnel. Experts whose skills are honed and able to provide honest and hard-hitting assessments and unvarnished feedback in the acquisition process, with expertise and professional courage born of years of service in the Air Force acquisition community. We must continue to improve this aspect of acquisition, because this discipline requires our constant attention, inspired leadership and nurturing. We are dedicated to developing this kind of leadership in acquisition. Our efforts will produce an increasingly strong and vibrant group of acquisition and sustainment experts that serve in a professional setting equal in consequence to their operations and mission support counterparts. We need everyone fully dedicated to this endeavor to inspire professionals, young and more experienced, to acquisition and sustainment excellence, to recapture and sustain high morale and esprit de corps, in recognition of your role as vital contributors to Air Force and national security capabilities.

This is all about leadership, and I look to each of you here as key leaders in this endeavor. Success in all we do hinges on superb leadership of our Air Force acquisition and sustainment portfolios. We must work together to establish stability, satisfaction in achieving acquisition and sustainment excellence and the highest standards of performance. The rest of the Air Force team is with you all the way, in every way, as the results of your work will be critically important to our Air Force and the Nation in the years ahead. Being an acquisition and sustainment professional in our Air Force is a valued and rewarding career path. We will look for those whose talent, leadership and competence we can propel into ever more challenging circumstances. More than anything else, a proven track record of success in delivering what you promise will be rewarded--that's my promise.



Like good hitting, prudent risk taking is a demonstration of good instincts, judgment and the courage to step up to the plate. We won't ask our players to do the impossible--build something for nothing--or nearly so. But when we all agree and make a promise to each other to deliver, we'll keep that promise. Let me be clear, all of you are important. The reputation of our Air Force depends on your good work in matters large and small--from complex, high performance satellites to PT uniforms. In a manner similar to the nuclear enterprise, however, performance is what counts. Good intentions are interesting, but performance is what I and your leadership value most--done right, done well, done with integrity. That is just what your Air Force team needs from us all. Thank you all for being here today. I look forward to hearing from you now, and to answering a few of your questions.