Creating DoD Program Success through Program Management Leadership and Trust-based Relationships

by

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Submitted to the System Design and Management Program on December 15, 2014 in Partial Fulfillment of the Requirements for the Degree of Master of Science in Engineering and Management

ABSTRACT

Program management is the art of creating success in a complex and ever changing environment. It is fueled on knowledge work. Trust and the relationships are the foundational enablers that must be actively managed and nurtured. The Department of Defense Acquisition System is vast and as with any large system, it contains a multitude of issues. This examination focuses on program management challenges faced by the Government Program Manager and their Defense Contractor counterpart, and how each introduce trust-based relationship barriers and enablers impacting an actor’s ability to establish trust and a relationship.

This inspection explores trust-based relationship barriers and enablers derived from five different bodies of knowledge. First, I establish a barrier and enabler baseline based on my own professional experience. Second, I capture literature research and theory based barriers and enablers, which provide a diverse and rich understanding of trust and relationships. Third, I conduct a process research study of two major programs and inspect readily available and secondary information to determine trust patterns, common themes, and unique perspectives. Fourth, I survey Acquisition Professionals to determine trust-based relationship barriers and enablers at the Executive, PM-to-PM, and Program Level. Concluding, I interview Acquisition Professionals to garner a deeper understanding of the Department of Defense Acquisition System. Throughout each body of knowledge, I compare barriers and enablers to identify common themes, which produces the basis for each recommendation. Recommendations are focused on improving a PM’s skills and the environment in which he or she operates.

Actors within the DoD Acquisition System are trained on process routines but are not adequately trained on enablers such as leadership and communication, which build a capability to intelligently execute the routine. Intelligent application of the process routine introduces program management flexibility and trust. This in turn allows an actor to leverage the process to build trust and success system wide. Without actors, trust, and relationships, the process will never produce ‘art of the possible’ results.

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The experience to grow and broaden my skills and knowledge would not have occurred if not given the opportunity. Throughout my career I have been afforded opportunities few officers experience. The Air Force and its Leaders have given me this opportunity; thank you.
DEDICATION

Every joy in my life comes from one source, my family. I dedicate this thesis to my best friend, my wife Tina. You are the foundation for every success I have experienced throughout my career, school experience, and life. Thank you for your support and friendship. I love you.

I also dedicate this thesis to my three beautiful children, Sydney, Josey, and Tessie. You bring joy to my life and make me smile every day. Thank you for support and love. I am grateful daily for the opportunity to be your father. I love you and yes, daddy is done; we can play now!

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1. PROBLEM AND MOTIVATION

“Creating and maintaining trust-based relationships is important for cooperation and the satisfaction of Government and Contractor objectives in today’s business environment” (Gansler, 2001).

1.1. INTRODUCTION AND RESEARCH QUESTION

The Department of Defense’s Acquisition System is vast and as with any large system, it contains a multitude of issues. At the center of the system is a principal actor, whose single responsibility is to ensure program success, the Program Manager (PM). The PM employs many different methods to enable program success, but it is the experience of this author that the relationships formed and the resultant establishment of trust are critical enablers of success.

Program management is the art of creating success in a complex environment. This examination will focus on program management challenges faced by the government PM and their defense contractor counterpart, and how each challenge affects their ability to establish a trust-based relationship between themselves and their teams. Additionally, this examination will focus on trust-based relationship barriers and enablers I have experienced throughout my career as well as common themes discovered through study and research.

Program management is knowledge work. The trust and relationships built are foundational factors that must be actively managed and nurtured. The “kind of trust involved in knowledge work is not a static entity either present or absent. Nor is trust unlikely to emerge spontaneously and, so, we need to learn how to create trust between actors with very different goals and values” (Ellingsen, 2003). This insight is critical to fully understanding how trust is built between the PMs and their teams. “The key to productive knowledge work is trust. Without trust you cannot share. Without sharing you cannot collaborate. Without collaboration you cannot be productive” (ProWork, 2014). This unique aspect to the PM relationship has drawn me to further inspect how trust is established and how one can build and maintain the relationship given the constraints identified throughout this examination.

Because teams are often geographically separated, the trust built and the work completed is complex and challenging. As is the case with a Program Office and contractors, “the product of a knowledge worker is typically intangible: knowledge is the addition of meaning, context and relationships to data or information. Many knowledge workers work often from afar and in
multiple workplaces in addition to the main office (e.g., at a customer site, at home, hotels, while travelling). This makes their working contexts dynamic and complex. Knowledge work is usually in practice not an individual task, but is performed in collaboration with others (teams or networks) on complex tasks, which they cannot perform alone” (ProWork, 2014).

In other industries and contexts, trust and relationships have been studied extensively. Studies and evaluations include but are not limited to organizational-based trust, partnerships, acquisitions and mergers, buyer and seller, contracts and how each facilitates or impedes trust. Each study offers potential insights that can be leveraged to further evaluate how trust is established and maintained in a Department of Defense (DoD) Program Office. Based on my professional experience, I believe trust-based relationships are critical to a DoD program’s success. Because of that, this inspection will focus on how one establishes, maintains, and maximizes the PM interaction and relationship to produce trust and program success. The below research questions are based on the above discussion:

1. How does a program manager establish a trust-based relationship in an enterprise that culturally and structurally inhibits the formation of trust?

2. Why do experienced program managers struggle to facilitate trust-based relationships?

3. How does the program manager effectively leverage a trust-based relationship to enable program success?

A program’s culture influences a PM’s ability to establish trust with his or her counterpart. While each program’s culture is different based on their history and end product being delivered, each in its own way contributes to or distracts from the trust between PMs. “Organizational culture is an influencer and predictor of trust” (Genetsky-Haugen, 2010). Throughout this paper, culture will be evaluated at the enterprise level (generalized view). For the purposes of this examination, culture is defined as:

“A jointly shared description of an organization from within” (Perron & Watkins, 2013).
Organizational structure determines how personnel are organized (e.g., hierarchical, matrix, integrated product teams (IPTs), etc.) as well as how they are supervised, interact, and execute their daily activities. **Structure** is defined as:

“How tasks are divided, grouped, and coordinated in organizations” (Mclaughlin, 2014).

Structure also facilitates and controls all activities within the acquisition enterprise. While the definition of enterprise can be applied to any entity, the focus of this study are the DoD acquisition enterprise actors and stakeholders. **Enterprise** is defined as:

“A complex, integrated, and interdependent system of people, processes, and technology, that creates value as determined by its key stakeholders” (Nightingale and Srinivasan, 2011).

The focus of this examination is the conductor of the program, the PM. **PM** is defined as:

“The designated individual with responsibility for and authority to accomplish program objectives for development, production, and sustainment to meet the user's operational needs. The PM shall be accountable for credible cost, schedule, and performance reporting” (DAU2, 2008).

The government PM is not the only PM required to accomplish program objectives and be accountable for credible cost, schedule and performance. A defense contractor counterpart, the contractor PM, teams up with the government PM to deliver success. **Counterpart** in the context of a DoD program is defined as:

“Having the same function or characteristics as another” (Merriam-Webster, 2014).

Lastly, this paper focuses on one key concept, that of trust and relationships. A **trust-based relationship** is defined as:

The “willingness to build a personal relationship in addition to a professional one, participating in open exchanges of experiences and culture. It requires a genuine, non-controlling approach and relies upon demonstrated integrity and transparency” (Clarmont, 2014).
Figure 1 provides a map for the approach taken and where we are as we journey throughout this paper. I will offer the map multiple times as a means to refresh the reader of the arguments presented and what remains. The initial section explores my own professional experiences and what I believe enables and impedes a PM’s ability to establish a trust-based relationship with his or her counterpart. After identifying trust-based relationship enablers and barriers based on my experience, I will extend the discussion to literature and research findings.

Using both as a foundation, I conduct a study with a detailed analysis of secondary sources, including program manager press releases and Government Accountability Office (GAO) and Defense Acquisition University (DAU) studies. The findings were triangulated against case studies of actual programs that have been normalized. The study’s goal is to understand if the lead of each program initially established and actively maintained their counterpart relationship and if not, why? Another goal is to discover commonalities or patterns among successful
programs that can be developed into a roadmap or guidebook. The guidebook will provide methods for establishing trust as well as methods for re-establishing trust in the event that the relationship is broken.

These three components—prior experience, literature, and case and secondary data—form the research design for this paper. The research is structured in three rounds. First, I used the data obtained in the cases and secondary data, and analyze each source to identify common themes and unique observations of each program. Second, using the three components, I conducted a survey of Acquisition Professionals throughout the DoD to garner their insight on trust-based relationships and its role within the DoD Acquisition System. Lastly, I conducted interviews based on the survey responses to deepen my understanding of the responses and to identify common themes, unique observations, and additional trust-based relationship enablers and barriers. The next two sections are based on my own professional experiences.

1.2. TRUST-BASED RELATIONSHIP BARRIERS

The success I have experienced during my 13 years as an Air Force Acquisition Officer is founded on one paradoxically simple yet complex idea, trust. More specifically, forming a trust-based relationship with my counterpart, the defense contractor PM. In each program I have led, it has been the trust-based relationship that resulted in success. I define a successful outcome as delivering capability on time or ahead of schedule, at a cost less than or equal to what I promised the operator in the field and the U.S. taxpayer. Given my success, why is success and establishing a trust-based relationship so difficult in Department of Defense (DoD) programs? Section 1.2 explores multiple factors but my experience attributes the difficulties to culture, processes, reporting and contracting structure, organizational motivations, and individual personalities. Each are explored further.

1.2.1. Defense Acquisition Culture

A program’s success is dependent on the three primary cultures: DoD Acquisition, the Government Program Office and the Defense Contractor. Figure 2 depicts the cultural interaction between each component. The PM is the focal point and the primary facilitator within the system.
The DoD acquisition culture is a culture of ‘trust but verify’ (NDIA, 2012). Prior to any progress, a multitude of approvals are required at a multitude of different levels, which inherently breeds distrust between parties. “Low trust will lead to a greater amount of surveillance or monitoring of work in progress” (Strickland, 1958). The bureaucratic nature of the DoD Acquisition System leads to inefficiencies, frustration, and distrust between parties. “Decision reviews are used as top management level project control gates, and are also a feature of centralized control within a bureaucracy” (Jones & McCaffery, 2008).

“Successful acquisition requires a stable environment of trust and confidence between Government and an industrial base that is responsive and healthy” (Panel, 2006). Unfortunately, it is my experience that DoD acquisition tends to view the contractor as the opposition vice a partner. “Whether real or perceived, the “we versus them” mindset exists in nearly all activities involving the government and industry, and is a major barrier to successful partnering” (Mills, Fouse, & Green, 2011). Similar to the ‘trust but verify’ oversight that occurs in DoD acquisition, the ‘we versus them’ creates additional oversight and a lack of respect between actors. The “DOD’s distrust of defense contractors has led to the creation of a significant bureaucracy” (Weigelt, 2012). Additionally, a “lack of sufficient trust in government-contractor interactions is
a primary barrier to a successful business relationship” (Gansler, 2001). Mutual respect is critical to building a successful relationship. Unfortunately during a Defense Acquisition University survey of Defense Industry PMs, it was discovered that they felt “Government employees see industry as merely uncommitted vendors, motivated only by profit; as a result, industry must be managed harshly” (Mills S., 2010). Beyond the motivation (profit versus delivered product), I attribute the adversarial environment that is created to the contractor over promising and under delivering. To quote General Norton Swartz, the former Air Force Chief of Staff, “If industry makes a commitment, you will have to deliver...there will be less tolerance for not delivering” (Bennett, 2011).

Another contributor is work separation. Typically, the government contracts for and the contractor delivers. “The government / contractor relationship represents the classic principal / agent relationship model where there is a separation between ownership and control. When the “owner” of the work contracts the work to an agent, there is a loss of control over how and when the work is accomplished, which represents risk to the owner / principal” (Burelson & Wilson, 2007). The risk that is transferred between actors is often interpreted as unfair. This separation produces a void between the two actors that results in a lack of complete system knowledge on the government side. The lack of complete system knowledge results in micromanagement of the contract. Micromanaging is “characterized by an excessive need for control and extreme attention to even apparently trivial details” (Gillard, 2014). This often results in a micromanaging situation where the government representative(s) maintains controls by managing each detail without possessing the expertise to fully understand each detail. “Rather than micromanaging the details of how contractors operate, the government must set the standards, set the results and give the contractor the freedom to achieve it in the best way” (Bush, 2009). The lack of common knowledge and management styles results in distrust.

Job security on the government side is another source that leads to micromanagement. It is difficult to fire a government employee, so some employees conduct their business the same way they have since they started their service many years ago. “The Defense Acquisition Workforce is comprised of well-compensated employees with little threat to their employment status.” This results in a culture that is “risk averse and permeates the entire acquisition community” (Eide & Allen, 2012). The security leads to a risk adverse culture. “DoD is risk averse. Strategists and decision makers will routinely forego potential rewards to reduce even the
perception of failure.” This is a “consequence of a zero defects culture that is incapable of embracing “honest failure” as a medium for creating knowledge” (Frick, 2010). Unfortunately, today’s culture is at best a zero-sum game. This slows innovation and decreases trust throughout the system.

1.2.2. Organizational Structure

Organizational structure and the interaction of the actors within plays a vital role in establishing trust-based relationships. “Organizational structure determines how the roles, power and responsibilities are assigned, controlled, and coordinated, and how information flows between the different levels of management” (BusinessDictionary, 2014). A Program Office is composed of functional areas such as Program Managers, Engineers, Contracts and Finance Specialists.

![Figure 3 - General Program Office Organizational Structure, adapted from DAU, 2014](image)

Figure 3 above provides the general structure for a Program Office. Program Managers have the ultimate responsibility for execution and delivery of the program. They manage the
program’s cost, schedule, and performance baselines. Engineers ensure that the contractor’s delivery meets contract requirements and specifications as well as ensure sound engineering processes and practices are used during the development. Contracts ensures all required information is included and negotiated for to enable program execution, as well as monitors the contractor to ensure the intent of the contract is met. Lastly, Finance monitors the spending and manages the program budget on behalf of the PM.

Each functional area and its members form an identity and familiarity with its own internal culture, which may or may not be the same as other tribes in the same program office. This identity tends to silo each member’s trust, which limits the extension of their trust-based relationships throughout the greater program office. “Silos are a perversion of the decentralized management concept” and “mistrust and disrespect allow silos to flourish, hence, the silo effect. If managers do not trust another division, and if they do not share in their objectives, they will not cooperate and silos will appear” (Cote, 2002). If a member cannot trust another member in the program office due to conflicting priorities, how are they to trust an external member like a defense contractor?

The Defense Contractor is structured very similar to a Program Office from the functional perspective, but the structure is extended further to include functional areas for business functions such as marketing, purchasing, operations, and manufacturing.

![Generalized Defense Contractor Structure](image-url)

*Figure 4 - Generalized Defense Contractor Structure, adapted from Bakashi, 2011*
The structure of a defense contractor is different because while they care about delivering on time and within budget, they are also focused on profit. The profit motivator, while valid for a for-profit company, tends to create friction between the two actors. “The natural tendency for many government personnel is to come to the obvious conclusion that profit is the dominant motivating force” (Summers, 1995). Unfortunately, this misconception about profit and the friction it creates is one of the main barriers to establishing a trust-based relationship.

1.2.3. Processes

Extending the discussion, another barrier to establishing a trust-based relationship is the processes leveraged on each side. The DoD process is a focused exercise of regulation and milestone gates. The emphasis is on certifying the process of work performed rather than certifying the actual work itself. While somewhat dated, the Packard Commission, conducted in 1986 under the direction of the former Deputy of the Secretary of Defense, David Packard, noted that acquisition personnel “operate under the burden of inefficient, confusing regulations that are often inconsistent with sound business practices” (Packard, 1986). Mr. Packard’s analysis mirrors my experience. William Greenwalt extended the commission’s finding to note, “These unsound business practices frequently lead to extremely high transaction costs incurred to comply with increasing regulations and reporting requirements” (Greenwalt, 2013).

![Figure 5 - DoD Acquisition Major Milestones & Decision Points, adapted from Schwartz, 2014](image-url)
Figure 5 represents the high level abstraction of the DoD 5000.2 (DoD acquisition process) milestones, decision points, and key documents required for most DoD programs. The process is tailored for larger programs such as Major Defense Acquisition Programs (MDAP) and Major Acquisition Information Systems (MAIS). Smaller programs that do not exceed established criteria follow the process but not to the same extent. Since this examination focuses on the trust that is a result of the interaction between actors and how external influences affect their relationship, the process depicted above is not examined in great detail beyond illustrating the oversight that decreases trust between actors. Underneath each decision and key document are a multitude of lower level meetings, that while required, tend to be interpreted as one party controlling the other. An increase in the number of “people performing review and oversight rather than executing” (NRC, 2001) creates a distrustful environment.

The Contractor’s processes are driven by government requirements and need to maximize profit. To ensure they meet all requirements, both statutory and regulatory, the contractor develops independent but similar processes to the government to ensure their developed products follow a mature, disciplined, and consistent processes. Each processes is tailored to the company’s business base, which introduces a situation where it is difficult for the government to fully understand the process value. An “important facet in establishing effective partnerships is an understanding of and deference to the key processes of one’s partner” (Mills, Fouse, & Green, 2011). The lack of value comprehension and understanding on the government side introduces a barrier between the two actors.

From the business perspective, the contractor reports to shareholders and must ensure their processes not only meets the government’s requirements but also produces profit, hence keeping their shareholders content. The above is not well appreciated on the government side. As stated previously, the government tends to focus on the profit motive as the only motivation. This can and often does lead to competing interests between actors, resulting in further distrust.

1.2.4. Reporting Structure

The reporting structure is another contributing factor and like the organizational structure above, reporting is executed in a hierarchical manner for the Program Office and Defense Contractor. Reporting structure in the context of this paper is how employees interact and communicate with management and how trust is established throughout the structure to stimulate cooperative action and communication. The internal reporting chain of the Program Office
typically goes vertically within a given functional, with the PM as the overall lead (reference Figure 3 above). Externally, the Program Office can report to any given number of government entities based on the size of program, the political nature, and overall exposure. The issue arises when less than full reporting is conveyed to ensure emphasis on the positive aspects of a situation blinding organizations to the potential negative effects. “Many employees have a tendency to put a positive spin on anything they report to senior management” (Keil, Smith, Iacovou, & Thompson, 2014). Distrust is introduced between actors when the messaging or reporting is not consistent on both sides. For example, I have witnessed positive reporting on the government side due to unknown facts or a risk-averse personality. The reality was that the contractor was not performing to standards and leadership should have been aware. Eventually, this led to a project leadership change and new organization expectations being conveyed. The Defense Contractor is similar but reports not only to their ‘tribe’ but multiple Vice Presidents. The matrixed reporting reflects that their product touches many different aspects throughout the company. The differences in reporting structure, like the differences in processes and culture above, lead to distrust.

1.2.5. Oversight and Monitoring

Oversight and monitoring is a form of governance and is primarily driven by the aforementioned processes. Programs are required to provide status updates both internally and externally to the program, which tends to be excessive. “There are “checkers checking checkers” throughout the program management process, which is ineffective and inefficient” (DBB, 2011). The process driven reporting is often viewed as an additional burden. This burden results in a reduction in the product quality and demotivates employees to deliver a quality report. In addition, the various levels of coordination are required to ensure the reporting chain is informed is extensive. “Many DoD program managers, senior officials, and others who were interviewed believe that PMs spend the majority of their time going from meeting to meeting and answering the same questions amongst the various offices” (DBB, 2011). The needed but over burdensome double checking reduces the trust that can be established between PMs and the chain of authority whom requires the report.

At the program level, oversight and monitoring is normally accomplished through the use of a contract. The contract forms an agreement and establishes roles between actors but also institutes an artificial barrier between the two actors. This artificial barrier and how the PMs use
and overcome it is a constant theme throughout this examination. Contracts are created to not only get work accomplished but provide a means of enforcement if something is not delivered. In a Government Program Office, the latter is usually how contracts are viewed, implemented, and upheld. Since a contract establishes what is required of the purchaser and purchasee, the purchaser tends to view the relationship as only what is in the contract. This limits the trust that can be built through relational contracting, which limits an actor’s flexibility to deal with unforeseen situations that are not covered during contract formation. No contract can anticipate every possible outcome, which explains why flexibility is critical. “Contracting parties are often uncertain about the enforceability of the real intent, which makes formal contracting costly, if not impossible, to perfect due to the inability to foresee all future circumstances” (Beuve & Saussier, 2011). Flexibility is achieved by not focusing solely on the contract and understanding where building a solid relationship can complement the contract, hence enhancing both the contract and the relationship. Unfortunately, the common practice is micromanaging the contract, creating distrust.

1.2.6. Organizational Motivations

Motivations, like culture, are a major contributor to trust or distrust. Government motivations include safe and secure employment as well as career advancement through risk aversion. Government PMs, for the most part, will not do something outside their comfort zone. "If you step out [on] the ledge half an inch, you're worried about the IG report, the GAO report, your boss getting called to the Hill and then you bearing the brunt of the repercussions” (Jordan, 2014). This leads to a reluctance to take a risk or change and enables a culture where the motivation to make a risky decision is not a prudent decision. This mentality also limits relationship development with industry because perceptions of favoritism, in any manner, is not acceptable.

The defense contractor has a dual focus. First, they are a for-profit entity and “are in business to create value for their shareholders” (McManus, 2014). Unfortunately, many government employees views this motivation as the contractor being greedy. “Government employees see industry as merely uncommitted vendors, motivated only by profit” (Mills S., 2010). I believe that explains why some contractors are solely motivated by profit, yet not all are. It has been my experience that they are motivated by profit and a quality, on-time delivery to the end user, the warfighter, exactly like their government counterparts. The second motivation was
eluded to but requires further discussion. Delivering capability to the end user is why DoD acquisition exists and why the contractor is in business. If no end user exists, no organizations would be required to deliver the said capability.

Sacrificing the long-term for the sake of the short-term is another underlying organizational motivation issue. Short-term challenges include day-to-day execution as well as maintaining team morale. Overcoming short-term challenges is critical to long-term success. “Completion of short-term goals will give you momentum and motivation to accomplish your long-term goals” (MSU, 2014). It establishes the foundation and keeps each side motivated and focused on what is required to eventually achieve the long-term. This is especially the case when the two teams, Program Office and contractor, have a different tempo and motivational cycles.

DoD acquisition actors struggle with a short-term myopic vision. The purpose of stating this is not to provide a negative opinion of each actor but to bring to light a trust-based relationship barrier that is a real issue in DoD Acquisition. Primarily, the short term vision is a byproduct of system in which each actor exists; more specifically, the tempo by which each actor is evaluated upon. Figure 6 compares the three primary systems—DoD Acquisition, Program Office, and Defense Contractor—and the activities that affect organizational motivations. The larger Acquisition system is driven on a fiscal year basis with a five year projection. This does not align well with the annual cycles of both the Program Office and Defense Contractor as depicted.
Organizationally, the DoD Acquisition tempo is driven by the Planning, Programing, Budgeting, and Execution (PPBE) cycle. Underlying the PPBE cycle is the Program Objective Memorandum (POM) cycle, which is submitted yearly in support of a five year execution cycle. Each cycle affects how the actors behave and the decisions they make. At a more personal level, each actor is accessed and promoted based on yearly performance reports. In addition, because Military PMs tend to move on a frequent basis, “short tours lead to short-term decision making and risk avoidance, which is detrimental to the program in the long-term” (DBB, 2011). This creates a subconscious barrier because of the short term vision it creates. “Military personnel change assignments every three or four years (sometimes even more frequently). This, combined with the “up-or-out” nature of the military promotion system, creates incentives for individuals to make a splash in a hurry so as to generate good performance reviews before they move on to their next assignment” (Silz-Carson, 2011).

Like DoD Acquisition, the Program Office functions off of the budgeting cycle and annual performance reports but also is driven by program milestones. Milestones vary time-wise
and because of that, they tend to introduce an additional behavioral conflict since they are the marshaling events in each program. The Defense Contractor is motivated by many of the same things (budgeting cycles, annual performance reports, program milestones). Beyond that, they have shareholders, quarterly earnings, and are effected by their suppliers’ tempo. Each cycle produces a certain behavior, which it turn produces a certain motivation. The foundational issue is not the tempo or the activities that occur within each period, but they do not support one another. How do you create a collaborative enterprise built on leader trust, when leaders turn over constantly and are driven by different timelines? This produces conflict and decreases the trust built between the actors.

1.2.7. Individual Personalities

Motivations are in part driven by personalities and each individual has a different filter based on their personality. It is the sum of the personalities that produces the result for the whole and why each personality cannot be overlooked. Each lens influences an individual’s perception of trust and their approach to developing relationships, hence “personality-based trust” directly influences “a person’s propensity to trust” (Pierce, 2008). Understanding this concept is extremely important to understanding trust-based relationships and the barrier that can form from the inability to trust. Trust is formed on the individual level and directly influenced by an individual’s personality. If the individual possesses the propensity to trust, they more than likely will establish a trust-based relationship that overcomes the barriers described above. If not, their relationship will be purely transactional, which in my opinion, is the preponderance of DoD / contractor PM relationships residing in DoD Acquisition today.

In an organization or team, a leadership’s personality and the traits he or she possess are critical to building trust-based relationships. “Personality traits of a team leader are important in regard to team effectiveness and building trust” (Goffin & Rothstein, 1996). If the leader demonstrates a propensity to trust and develops a trust-based relationship with his or her counterpart, then the subcomponents of the organization or team are much more likely to develop trust with their counterparts. If the leader does not have a propensity to trust, the impact is far beyond the individual level and can establish a barrier organizational-wide due to the hierarchical nature of DoD Acquisitions. Further, like the leader, the follower’s personality and their ability to trust the leader is important. If the followers do not trust the leader or leaders (on either side), they will tend to not trust other team members. “Leading in a complicated setting, it
comes down to trust: followers trusting both the leader and each other” (Rhodes, 1999). Personalities who do not trust will inherently be guarded, which results in efficiencies and even more distrust.

Table 1 captures the barriers discussed so far. The matrix is provided at the conclusion of each section. The purpose is similar to the map provided above: to guide and orient the reader to the primary enablers and barriers that are captured in each section. Currently, the matrix only includes barriers. As the paper progresses, enablers will be added and then later triangulated against each other to discover the underlying enabler and barrier themes.
The above discussion identified many barriers that are inherent to the system within which the actor operates. While difficult, each barrier is not impossible to overcome. That being said, each in their own way contribute to the difficulty of establishing a trust-based relationship.

In the next section, I will examine and provide trust-based relationship enablers that can reduce the barriers identified above. The enablers are a byproduct of my own experiences, as well as additional knowledge obtained in producing this document. As the reader will see, the underlying foundation is trust and the relationship built by understanding the barriers above, but refusing to accept them as such. Highlighted enablers include common expectations, communication, alignment of goals and objectives, accountability, personal commitment, team
chemistry and interactions, and most importantly, leadership. While this list is not exhaustive, it includes the key facilitators that have directly influenced my career and hence why I chose to highlight each. Post the discussion on the enablers, I will extend the discussion to examine key literature findings that form the basis for the recommendations to be provided later.

1.3. TRUST-BASED RELATIONSHIP ENABLERS

As mentioned earlier, each program delivered as promised and the primary reason was the relationship established with the defense contractor program lead. Each program was different, as well as each relationship, but overtime I started to notice a pattern: it was the relationship that produced the results, not the underlying processes, rules or contracts. “Creating and maintaining trust-based relationships is important for cooperation and the satisfaction of Government and Contractor objectives in today’s business environment” (Gansler, 2001).

The Budget Control Act of 2011 drastically reduced the DoD’s monetary reserves that normally are used to cover poor program execution. In 2013, the DoD budget was mandatorily reduced by $42.7 billion and between 2014 and 2021 $54.65 billion (CBPP, 2013). Considering the increase in personnel and technology creation costs, which further constrain the budget, cancelling a DoD program is extremely likely. In today’s environment, trust between the DoD and industry, especially between PMs, is critical. It is through trust and the relationships that both partners can maximize the existing resources to benefit one another. The below offers suggestions for how to establish a trust-based relationship. To some readers, the below is common sense but unfortunately in practice, it is not so routine.

1.3.1. Common Expectations

In each program, the program leads set expectations up front for not only themselves but the rest of their team. The expectations would be constantly evaluated to ensure they emphasized the correct motivators. Because the expectations were established up front, both actors clearly understood each other’s perspective, facilitating a trust-based relationship up front. “Develop a relationship and rapport before problems arise, not only when the milk is spilled” (Loch, Mahring, & Sommer, 2011).

Each expectation was a leadership agreement and was constantly evaluated and leveraged to ensure both parties were fulfilling their part of the agreement. As my career progressed, the methods to establish common expectations were further refined, but no more refined than by Mr.
Steven Clayton at Lockheed Martin. Steve is a former United States Marine Colonel and knew well how important common expectations were at the leadership level. The below template, which he created, allowed Steve and I to manage a complex program together and establish a trust-based relationship up front. Steve was gracious enough to allow me to use it.

![Common PM Expectation Template, adapted from Clayton, 2012](image)

Each category depicted above was assessed informally on a monthly basis and formally quarterly. The agreement was created jointly between PMs and extended to the Engineering leads. The method of writing the expectations down, providing feedback, and constantly adjusting each based on the current conditions was powerful and created trust team-wide. It
helped us document individual mental models and develop a powerful shared mental model, a must in a program management environment. The joint agreement formed a foundation for establishing the trust-based relationship, which in turn resulted in success.

In addition, the relationship formed and expectations shown above allowed the PMs to complement the governance established in the contract. This understanding was critical to amplify what was contractually required but not thought of during negotiations. This allowed the PMs to overcome the unknown shortfalls and work together. Underlying the relational contracting was a foundational understanding of the contract and what rules and requirements were contained within. While relational contracting is examined extensively in section 2 below, this subtle but important distinction between what was contractually required and what could be done via relational contracting was a vital trust-based relationship enabler.

1.3.2. Communication

“Effective communication is the bridge that allows us to build a shared vision, it is the lifeblood of daily operations” (Morris, 2001). The joint agreement previously mentioned established the foundation for open and honest communication. The foundation enabled message consistency, which was critical to ensuring both teams understood the situational context and the gravity of each message and decision. This ensured the same message was delivered to not only to the chain of command, but team-wide. This vital point cannot be underestimated. Communicating status and program progress to leadership was a direct reflection of team operations. Team operations was a direct reflection of the established trust-based relationship.

Another important aspect of communication was how often and the manner by which it occurred between actors. The trust-based relationship allowed each actor to have frank discussions about personnel issues, general issues impeding progress, and at times, sensitive issues that are normally not discussed between government and industry, such as annual performance goals. “Strong relationships with open communication tend to identify problems sooner and as a result fewer resources are consumed getting to resolution (Baumann, 2013). Also, when issues arose outside the written parameters of the contract, the open and honest manner by which the interaction occurred allowed the actors to overcome the artificial barriers established by the contract. While not all PMs are comfortable with doing this based on their contract knowledge, I understood possessing a complete understanding of each contract provides daily operating flexibility.
Understanding the criticality of communication, both in written and oral form, to convey expectations throughout a team is vital to establishing the correct priorities and expectations. Communication occurs in six stages or components: “context, sender/encoder, message, medium, receiver/decoder, and feedback” (NotesDesk, 2014). Context is a critical step because it aligns the approach as well as develops a shared mental mode. A shared mental model is critical to ensuring each actor understands and communicates the same message. For example, the context of a Program Management Review (executive level program review) was drastically different than a quarterly program review (PM review of team’s progress). Once the context was understood, who (encoder) was sending the message and how (medium) was much easier to accomplish correctly.

While the above process appears to be sequential, it is not. Proper messaging takes all communication components into account prior to communicating in any form. Feedback maintains the shared mental model and ensures the message was received correctly. It also allows an actor to make communication adjustments for future messaging. Understanding the communication process produces leadership credibility, which eliminates barriers between teams.

1.3.3. Alignment of Goals and Objectives

Alignment of goals and objectives is important to ensure the program leads can overcome the motivations and personality differences mentioned above. Part of establishing common expectations is ensuring that both parties’ goal and objectives align and support one another. An effective partnership between actors enables this to occur. Figure 8 below depicts the differences and how aligning those differences—through the alignment of goals and objectives—can result in an effective partnership.
The figure is a simple way to illustrate the balance between the government’s flexibility objective and the contractor’s stability objective. Flexibility is required due to changing leaders and budgets. Stability is needed to properly project future work, profits, and personnel requirements. Both affect goals and the approach each actor takes to achieve said goals. By “finding common ground in mutual goals and objectives, the parties soon realize that they’re in this together and that success is dependent upon their commitment and ability to work as a team” (AMC, 2009).

Alignment of goals is achieved by “understanding and articulating strategy” through communicating and “translating strategy into specific but achievable” goals, and then mapping each goal to “specific success measures” (Davidson, 2013). In the context of executing a program, aligning performance within organization and program goals is critical to the overall program outcome. Examples include achieving an organizational goal of 0.95 (success measure) cost and schedule performance through daily program execution and monitoring. Additional examples include on-time program milestone achievement or maintaining the agreed to spend plan (how much a program spends per month). All alignment activities, whether government or contractor, focus the relationship on the alignment of the goals and objectives of both organizations.

### 1.3.4. Accountability

Accountability is not just a word; it starts with the program leads, who hold themselves accountable, hence establishing the credibility needed to hold the team accountable. Accountability, at times, is difficult to enforce because it puts a leader in an awkward position...
with someone who he or she may personally like but must hold accountable. This aspect, the uncomfortable nature of accountability, is perhaps why this simple but needed aspect of program leadership is rare in Defense Programs. “The right thing to do and the hard thing to do are usually the same” (Maraboli, 2009).

Accountability is uncomfortable but can be executed successfully if consistent and fair. I define consistency as always holding one’s self accountable as well as one’s subordinates, all the time. Examples include being prepared for and delivering on program milestones as well as ensuring subordinates deliver on their promises. Fairness complements consistency because it lessens the psychological impact of the action. If a leader is fair with all members, to include him or herself, the team will understand that accountability is expected team-wide, not just at the leadership level, and not on an occasional basis. This cannot be overstated. If a leader simply states accountability is important but does not hold him or herself accountable, then he or she will lose all credibility, which in turn will void team-wide accountability.

Accountability extends throughout the entire organization and team, not just with leadership. It must be individually accepted and ingrained. “Everyone in an organization must accept and share that commitment, no matter at what level they sit” (Roberts, 2009). Commitment and making accountability the organization norm is achieved through constant and consistent communication and individual actions. An environment where all individuals are accountable, personally accountable, is a stimulating environment for trust and the relationships built within.

1.3.5. Personal Commitment

As stated, underlying accountability is personal commitment. The idea is simple, if every member holds their personal commitments, no matter how big or small, then we as a team will deliver as promised. Personal commitments make the program. Each action builds upon the other until success is realized. The aspect of individual commitment translating into team commitment and then program success takes into consideration many of a trust-based relationship facilitators above: alignment of team objectives with individual objectives, accountability, communication, and strong leadership.

Personal commitment is critical not only on the government and contractor sides, but together as a whole. The government team shows their personal commitment through obtaining and defending funding, as well as advocating for the program. The contactor demonstrates their
commitment by taking what the government team requires and developing a solution. Alone they cannot accomplish much, but working together and delivering on their commitments, they can accomplish great things.

The ultimate goal is to create a situation where the “whole is greater than the sum of the parts” (Crawley & Cameron, 2013). This is exactly why each member and keeping their individual commitments is vital to the program outcome and team performance. Personal commitment examples included writing a quality software line of code and coordinating the code by the delivery date required. If the developer is late, he or she is not holding their commitment to the team, which effects all members of the team. This is the reason why the previous topic, accountability, is so important to individuals holding their personal commitments. Good order and consistent individual performance is achieved through personal accountability. Personal accountability is demonstrated through individual actions and delivering on one’s commitments.

1.3.6. Team Chemistry and Interaction

Team chemistry and interaction is the underlying facilitator that enabled the success I experienced with my counterparts. For those readers who have not spent time in a DoD program, running a program is similar to playing a chess game while running a marathon. Each day is different and how you approach something in the morning may be completely different than the afternoon (strategy). In addition, program execution is a continual process that requires mental and physical endurance, just like a marathon. Because the program environment is in a constant state of flux, team cohesiveness, adaptability, a winning attitude, and leveraging a team’s diversity are critical to reducing frustration and eliminating tension.

Cohesiveness, chemistry, and interaction starts with leadership. Each are core components of a Program’s culture, which remain long after a leader departs. They are the program catalysts and facilitate chemistry and interaction. To be effective, “a team has to be able to combine the efforts and abilities of members in the right way” (Williams, 2012). An example of combining efforts and members in the ‘right way’ to enable team chemistry is co-locating software developers with code reviewers and testers. Normally developers and reviewers interacted little beyond the late-to-need feedback provided by the reviewer, which is much too late to be useful. By combining personnel, they work as a team to provide timely feedback and joint results.
Further, adaptability and a winning team attitude is foundational for success. “Adaptable teams are prepared to respond to uncertain situations” (Klein & Pierce, 2009). Uncertain situations are abound in DoD program execution and exactly why being adaptable and possessing the appropriate attitude is critical to accomplishing stellar results. A winning attitude, in a repeatable way, establishes a program-wide winning culture. It is vital to enabling trust-based relationships throughout a team and ensures future success. My experience is not all team members have experienced winning in a repeatable way. This means creating a craving or desire to win, so that each member expects to win and gives their upmost for the betterment of the team.

The successful programs I have led were successful because each instilled a winning culture at the individual level. In my last program, my counterpart and I created a winning culture at the individual level, which facilitated team cohesiveness at the team level. It also created an environment where trust allowed team members to cope with uncertain future outcomes by giving them faith and the expectation to win. Winning and the hope it produces is essential to keeping morale high and work efficient. In short, “winning creates chemistry” (Torre & Powell, 2013).

Team chemistry and the individuals who make up the team create a diverse program environment. In a DoD program, diversity can either facilitate trust-based relationships or be a primary barrier to establishing such a relationship. Understanding diversity and how it impacts team chemistry is critical to achieving program success. Diversity is an individual member’s past experiences that influence event interpretation (lens), their knowledge both explicit and tacit, and the skills that each member contributes.

Knowledge is a fundamental influencer in a professional environment. Possessing a diverse knowledge base throughout a team and respecting each member’s knowledge, both explicit and tacit, enables an environment where relationships are built and trust is established. “The willingness of a professional to learn about other professional roles leads to a broadening and an enrichment of the knowledge required to collaborate with other team members” (Rodehorst, Wilhelm, & Jensen, 2005). It is the collaboration and respect that breeds team chemistry and interaction, which leads to successful program execution. Knowledge is demonstrated through action and skills are how action occurs. Skills are the individual talents that team members have acquired throughout their lives that contribute to the results achieved.
No member possesses the same skills and diversity; care must be taken to ensure the proper mix of team skills are considered when establishing a team to enable trust-based relationships throughout the team.

1.3.7. Leadership

I have provided many enablers that enhance an actor’s ability to establish a trust-based relationship. More than any other enabler, leadership is the forcing function by which trust and relationships are cultivated. It sets the tone for the entire organization. Leaders “provide direction, structure activities, share information, encourage participation, promote positive relationships, and support and encourage members” (Williams, 2012). A leader recognizes both barriers and enablers and uses each to his or her advantage.

Within the construct of a DoD Program, each member can be a leader but ultimately, the leader is the PM. He or she inspires all members to overcome their limitations and maximize their strengths. In order to do this, a leader must first recognize their own limitations and strengths, and then reduce their limitations by surrounding themselves with complementary strengths. This is an art, which takes time to fully comprehend but it is the recognition and understanding of one’s limitations that allows a leader to overcome his or her weaknesses.

Each enabler examined above—common expectations, communication, alignment of goals and objectives, accountability, personal commitment, and team chemistry—starts with a leader. It is the leader’s actions that puts each in place and maximizes each. For example, when a PM assumes control of a program, his or her leadership is what stimulates each enabler into action. Without leadership, each enabler will cease to exist and the program is doomed.

Stating that leadership is the single function that stimulates each enabler is simplifying the overall concept of leadership. A leader gains credibility through consistency and fairness. Additionally, a leader gains credibility through knowing his or her craft and using that knowledge to create a vision that each member can identify with. This vision motivates each member to a higher purpose, which in turn enables a team to overcome long periods of setbacks. He or she uses the power of communication to establish expectations and ensure each member is accountable to not only themselves but the overall team. He or she cultivates team cohesiveness, which creates a team that is greater than a collection of talented members, it is a unified body working together towards a unified purpose.
1.3.8. Summary

In section 1 I provided barriers to establishing trust-based relationships such as the DoD Acquisition culture, processes, and contractual governance that are artifacts of the system in which actors operate. I also provided enablers that if employed in a unified fashion enable an actor's ability to overcome the barriers and achieve success. Enablers are the foundational purpose for why I chose to examine trust-based relationships. My experience and the research conducted in the following section support that it is the enablers and how they are employed that truly allow one to overcome the limitations within the enterprise. Next in section 2 below, I extend my professional experience and capture how trust-based relationships can be established from the academic literature perspective. Prior to exploring what literature has to offer, the summary table of barriers and enablers is provided again. The below figure will form a baseline for all remaining sections and be used to identify common themes across five different bodies of knowledge—personal experience, literature, cases and secondary data, surveys, and interviews.
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*Table 2 - Personal Experience Barriers and Enablers*
2. LITERATURE REVIEW

2.1. INTRODUCTION TO LITERATURE EVALUATED

The barriers and enablers presented above form a baseline for examining academic research as it applies to trust, governance models such as formal and relational contracting, governance modes, and the associated governance costs. Throughout section 2, I will explore how each affects trust and an actor’s ability to establish a trust-based relationship. The concluding portion of section 2, will examine additional enablers and barriers from a literature perspective. First, the thesis road map is presented again to orient the reader to where we are.

![Figure 9 - Thesis Design - Literature Focused](image)

2.2. TRUST DEFINED

Prior to the detailed examination of the actual relationships and how trust is viewed in many contexts (e.g., acquisitions and mergers, partnerships), we must first define trust. Mayer, Schoorman and Davis (1996) take a relationship-focused view and state that trust is “an aspect of relationships and varied within person and across relationships.” Additionally, “trust and its
causes can facilitate cohesion and collaboration between people by building trust through means other than interpersonal similarities.” Their unique examination of trust was one of the first studies to focus on two individuals, the ‘trustor’ and trustee’, as well as the risk exchanged between actors. While other examinations addressed the trusting and trusted parties, their study was the first to recognize interpersonal risk and how it facilitates or inhibits trust-based relationships. Extending their thought, Schoorman, Mayer, and Davis add “trust is not taking risk per se, but rather the willingness to take risk.” To address an actor’s willingness to be vulnerable to the actions of another, the authors add “irrespective of the ability to monitor or control the other party” to their definition. Each contributing factor—risk, vulnerability, and inability to completely monitor or control—directly influence the trust established and relationships developed (Mayer, Davis, & Schrooman, 1996).

Malhotra and Lumineau complement the discussion above and describe trust as, “the willingness of a party to be vulnerable to the actions of another party based on positive expectations regarding the other party’s motivation and/or behavior” (Malhotra & Lumineau, 2011). The criticality of this definition focuses on two things: the willingness to be vulnerable based on positive future expectations, and the belief that another’s motivations will be consistent with those expectations. Both are critical to establishing and maintaining trust and a relationship between actors. From the government PM’s perspective, the willingness to be vulnerable to the contractor is counterintuitive to the DoD Acquisition culture and how government PMs are trained.

Nickerson and Gulati extend the thought to include organizational trust and how it influences trust and relationships. They define trust between two organizations as “an organization’s expectation that another firm will not act opportunistically” (Nickerson & Gulati, 2008). Parties who act opportunistically and take advantage of the other tend to not develop strong relationships, and only focus on the deliverable, not trust or the relationship. This tends to increase the overall costs associated with the relationship and leads to inefficient arrangement execution.

The above definitions highlight what I believe are the underlying factors for establishing a trust-based relationship. First, trust and relationships vary amongst actors. Because of the variation, both trust and the relationship must be established beyond simply having something in common. Second, the willingness to accept risk and the associated vulnerability is critical to
establishing trust. If actors do not trust one another, they are less likely to accept risk or make themselves vulnerable for the sake of each other. Both are critical ingredients in trust-based relationships. Lastly, believing another party will not act opportunistically when given the chance, is vital to understanding why people can and will establish trust for the benefit of both actors.

2.3. TRUST AND RELATIONSHIPS

Relationships are the mechanism for how trust is established, maintained, and at times, lost. Relationships occur between individuals and organizations and as stated above, vary in strength and richness. “Working together often involves interdependence, and people must therefore depend on others in various ways to accomplish their personal and organizational goals” (Mayer, Davis, & Schrooman, 1996). In the study mentioned above, Mayer, Davis, and Schrooman (1996) extend the generalized trust literature that “provided a general sense of the considerations involving trust” to the individual level and provide factors for why a trustor would trust a trustee. Factors included “ability, benevolence, and integrity.” Each contribute and interact to enable a trustor’s ability to trust a trustee and more importantly, establish an individual relationship based on trust. ‘Ability’ is an actor’s “skills, competencies, and characteristics” that influence trust establishment between actors. ‘Benevolence’ is “the extent to which a trustee is believed to want to do good to the trustor, aside from an egocentric profit motive.” The motivation to do “good” is an important aspect to the definition of trust, as it identifies the actor’s intent. The last contributing factor, ‘integrity’, “involves the trustor’s perception that the trustee adheres to a set of principles that the trustor finds acceptable.” Adhering to a set of principles demonstrates the trustee’s commitment to the trustor and effects how much trust the “trustor has for the trustee.” Both aspects, the trustee’s and trustor’s commitment to establish trust, ultimately results in a relationship (Schoorman, Mayer, & Davis, 2007).

Distrust and how it occurs is an interesting aspect to trust-based relationships. Sitkin and Roth (1993) studied the limited effectiveness of legal remedies to establishing trust and overcoming distrust. They found that “trust reflects a focal actor’s positive expectations about a partner’s reliability in accomplishing tasks in a particular context.” The interesting part is that they did not discover the same thing for distrust. “Distrust arises from the perception of incongruence between a focal organization’s values and those of its partner.” This finding
contains two fundamental understandings for why distrust is so prevalent in DoD Acquisition. First, an actor’s perception of another party directly influences their ability to trust. Perception can stem from an actor’s reputation, rumors, or simply a belief that the actor will act opportunistically. “Distrust portends general suspicion that a partner will behave opportunistically.” The DoD Acquisition Culture and how it contributes to the perceptions throughout the enterprise is a classic example of how perceptions can result in enterprise-wide distrust. Perceptions such as the contractor is ‘greedy’ or ‘only in it for the profit’, directly affect a PM’s relationship and their ability to establish a trust-based relationship. Additionally, values and how each party perceives the other party’s values can enforce the perception of distrust. Values are what an organization or actor considers important. If misaligned, it creates an environment of distrust and erodes the relationship between two actors (Sitkin & Roth, 1993).

Explored multiple times throughout this paper is how a negative event or information impacts trust and affects relationships. “Individuals generally weight negative events more heavily that positive events of comparable magnitude; they are more likely to factor negative information into their overall evaluation of others than they will factor positive information” (Bloom & Price, 1975). Negative information contributes to perceptions of distrust because it does not need to be based in fact or verified. It is the general nature of distrust and how it can and does generalize across organizations that makes it so difficult to overcome. “Distrust is far more reaching that trust as it more readily generalizes across contexts of the relationship” (Sitkin & Roth, 1993). Unlike trust, which requires constant maintenance, distrust, based on negative information, reinforces misguided perceptions and creates an atmosphere where trust is difficult to cultivate.

2.4. CONTRACTS

Contracts play a vital role in stimulating the DoD Acquisition System. They facilitate agreements between actors, work accomplishment, and transfer of funds. The “purpose of a contract is to establish the agreement that the parties have made and to fix their rights and duties in accordance with that agreement” (Burton, 2007). Because contracts establish the foundation for expectations and future work, they contribute immensely to either facilitating relationships or creating barriers between actors. Every program in the DoD Acquisition System is dependent on a contractual mechanism. This dependence is exactly why understanding how a contract
functions within the DoD Acquisition Enterprise is critical to understanding how they affect trust-based relationships.

Contracts and the process used to negotiate and solidify an agreement between actors is structured to provide separation between the procurement agency (Program Office) and the provider of goods (contractor). At its core, the intent of a contract is to eliminate all conflicts of interest, establish an agreement between actors, and a delivery of an end-item. If done correctly, parties can leverage a contract and the artificial separation it introduces to their benefit. The issue is—as alluded to in the oversight and monitoring section above—the majority of PMs do not possess a complete understanding of their contract. Lacking this knowledge introduces risk-adverseness into the system, which tends to reduce a Program’s effectiveness.

According to Luminea and Malhotra (2011), contracts are “inevitably incomplete” because “parties cannot consider everything.” Because of this limitation, parties tend to trade-off between reducing “contractual development, coordination, monitoring, and enforcement costs” with balancing the “mutual trust and cooperative norms that are crowded out if too much governance is used.” Each trade-off must be properly balanced to maximize the governance chosen and its relational effects (Lumineau & Malhotra, 2011).

2.4.1. Governance Model and its Influence

Program Managers must understand the benefits and limitations of contractual governance and how it influences trust-based relationships. In addition, PMs must understand how trust complements the governance established and extend that agreement through relational governance. Understanding both aspects—contractual and relational governance—and how each contribute to an actor’s success is not a well understood concept in DoD and industry. It is my experience that the DoD understands contract types (governance alternatives) and what general behavior it produces, but not how to design flexibility into the contract to allow actors to adjust to present conditions. Industry clearly understands how to leverage the governance to maximize the work required and return on investment realized. In both cases, each actor understands formal governance, but it is the relational governance that complements formal governance and optimizes the exchange between actors. Relational governance, as defined here, is the undefined agreement between actors that complements the contractual governance established, resulting in an enhanced teaming environment.
Figure 10 below is based on Eric Esperne’s “Governance Spectrum” but adapted to DoD Acquisition and how each segment of the spectrum influences certain behaviors and outcomes. On the far left is formal governance as defined in the contract, which dictates specific performance and predetermines how decisions will be made. This portion of the spectrum is inflexible and cannot adapt well to changing conditions. The middle portion of the spectrum are formal mechanisms for how the actors adjust to changing conditions. While an actor can adjust the formal agreement through contract clauses, this portion of the spectrum possesses limited flexibility. The far right is what I believe separates a stellar PM from an average PM. This portion of the spectrum focuses on the relational exchange between actors to enhance the formal terms agreed to on the far left. Understanding how to leverage the entire spectrum to benefit both actors is, and should be, the goal of all program managers.

In their study of how trust either enhances or complements contractual governance, Gulati and Nickerson found that managers and organizations must understand how “trust enhances governance modes based on the understanding and correct use of the modes to facilitate optimal exchange.” The implied implication is that “if trust exists when firms enter an exchange relationship, they may use less formal modes of governance, and therefore preexisting trust enhances exchange performance” (Gulati & Nickerson, 2008). This finding complements Figure 10 above and my own experience.
Additionally, Gulati and Nickerson (2008) examined how pre-established trust influenced the mode chosen. They were not particularly concerned with whether or not “trust is a substitute or complement to formal governance, but rather when and how it may serve as both simultaneously.” They hypothesized that “high levels of preexisting trust increased the probability that a less formal, and thus, a less costly mode of was chosen over a more formal one.” To prove this theory, they studied over 223 sourcing arrangements and leveraged a three-stage switching regression model. The data analysis and results supported their hypothesis that preexisting trust introduced a substitution and complementary effect of the governance mode chosen. They found that trust “has a substitution effect” on the “governance mode chosen” and that “regardless of the mode chosen, trust enhanced exchange performance in all cases” (Gulati & Nickerson, 2008).

Not all authors agree with the finding that trust complements, enhances, and at times substitutes for contractual governance. In Bruno Frey’s study on how ‘knives’ or interested parties influence governance establishment that affects the whole, he determined that “substitution of trust for formal governance may arise if the use of contracts “crowds out” the use of trust in governance” (Frey, 1997). This important distinction, when the use of contracts ‘crowds out’ the use of trust, is critical to understanding how a contract can enhance or degrade a trust-based relationship.

Lumineau and Malhotra (2011) have a different perspective about governance and its influence. Their study focuses on the level on contract detail and how it affects the type of governance used. More specifically, their work focuses on how “governance structures influence interfirm behaviors and outcomes when the primary objective of governance, to promote cooperation, fails.” Unlike Gulati and Nickerson above, who focused on trust as a governance enhancer, Lumineau and Malhotra’s study examines the conflict side of governance, which is a primary source for why governance exists (Lumineau & Malhotra, 2011).

Another key component of their work is opportunism and the conflict it introduces. Lumineau and Malhotra (2011) argue that “in anticipation of opportunism and conflict, firms rely on interfirm governance mechanisms to mitigate relationship risks and facilitate cooperation.” They base this on governance mechanisms “delineate rights and responsibilities allowing parties to constrain attempts at exploitation” as well as “vary in intent and complexity.” The last part, differences in ‘intent and complexity’, is a subtle but powerful point. Contracts
document agreements and assumptions but the level of implicit detail depends on the parties creating the contract. Varying levels in experience, interaction, attitude towards risk, as well as past history influence the governance modes chosen and the details included. Ultimately, they believe the governance model chosen “codifies very little but should focus above all at ensuring parties have a shared understanding of the relationship as to optimally coordinate their efforts” and avoids conflict (Lumineau & Malhotra, 2011).

As mentioned, the governance model chose affects the behavior of the actors. Depending on its implementation approach, Lumineau and Malhotra (2011) argue that governance can “delineate appropriate behavior” or produce a non-beneficial behavior unforeseen when established. An important aspect of governance is the underlying norms that influence and “serve to guide, control, and regulate behaviors of firms and the actors that represent them.” Norms, in the context of governance “specify permissible limits on behaviors and mitigate deviant behavior, thus creating a “logic of appropriateness” for how actors view themselves,” the relationship, and the interaction that occurs between them. This concept, the “logic of appropriateness,” complements how trust-based relationships can enhance the governance chosen and the influence it has throughout the enterprise (Lumineau & Malhotra, 2011).

The last aspect considered for how governance is implemented and the influence it has is a concept called “framing.” Framing is critical to implementing the correct governance model because it is the “cognitive process by which parties understand and enact their organizational environment and make sense of their current situation” (Lumineau & Malhotra, 2011). Framing is based on “past experiences and the current stimuli” surrounding an actor. It influences the extent of governance detail used, how actors interact and build relationships, and how each actor approach breaches of trust and the behaviors demonstrated.

2.4.2. Formal and Relational Contracting

Throughout this examination, the balance between formal contracting and relational contracting has been alluded to and evaluated in many different dimensions. The following section will focus the discussion on formal contracts, their usefulness and purpose, and how—based on academic research—a PM can leverage this foundational tool to enhance trust-based relationships. Formal contracting has been studied from many different aspects to include interfirm relationships, control and cooperation, reduction of opportunism and moral hazards,
dispute resolution, and litigation. The purpose of the studies is to determine a formal agreement’s influence on participatory actors and the decisions that are made.

Of particular interest to this examination is how formal contracting interacts and influences the equally important but unwritten relational contracting. Often scholars view formal and relational contracting as substitutes but other scholars such as Beuve and Saussier (2011) take a different approach to determining the impact of formal contracting. Their underlying assertion is “contracting parties are often uncertain about the enforceability of the real intent, which makes formal contracting costly, if not impossible, to perfect due to the inability to foresee all future circumstances.” They allude to “informal” agreements, dependent on trust and relational contracting, tend to enhance formal contracting not substitute it (Beuve & Saussier, 2011).

Not all authors agree with the complementary nature. “Many scholars consider that the presence of either device makes the presence of the other useless, or, from a starker perspective, dangerous” (Lazzarini, Poppo, & Zenger, 2004). Beuve and Saussier counter the argument stating that “trust involves the expectation of reduced opportunistic behavior and so relaxes the need for protective governance mechanisms.” Likewise, “interpersonal ties between business leaders are to a large part substitutes for the reduction of complex contracts” (Sullivan & Peterson, 1982). It is my experience that a formal contract is simply a mechanism by which parties formally establish expectations and not a barrier to work accomplishment and relationship development. It is the relational contracting, as alluded to by Beuve and Saussier, which truly enables parties to accomplish their goals, and extend and enhance the formal agreement, not substitute it.

From the aspect of post execution enforcement, a formal contract is valuable when expectations are not met. According to Beuve and Saussier (2011), “formal contracting surprisingly increases the probability of ex-post cooperation between contracting parties when hazards become severe” and “the contract can act as prerequisite insurance, equilibrating hazards and, finally, allowing parties to implement cooperative behaviors ex-post.” The second portion, how a formal contract optimizes or facilitates trust-based relationships, is a foundational tenant of this evaluation. Stated above, formal contracts form the foundation by which a PM’s knowledge of the contract allows he or she to leverage the relationship established, to enhance execution, and minimize the limitations contained within the formal contract. This is how I
believe a formal contract harmonizes with relational contracting and stimulates trust-based relationships (Beuve & Saussier, 2011).

Another underlying aspect is the interplay between relational (trust) and formal contracting, and how trust or distrust affects the specificity included in the formal contract. Critical to this understanding is the context by which trust and distrust is developed and whether or not it extends across contexts. In Connelly, Miller, and Dever’s (2012) study, they evaluated the interactive effect of trust and distrust within an interorganizational context to determine if and when it extended to other contexts.

As it pertains to trust, Connelly, Miller, and Devers (2012) present two key concepts, in- and out-of-context trust. In-context trust “reduces dependence on complex and costly contacts that explicitly describe the inputs, outputs, and problem resolution because of the increased reliance on relational governance but is negatively associated with contract specificity.” In-context trust is established between two actors based on consistent and repeatable exchanges, hence does not transfer from one context to the other. The lack of transition results in increased contract specificity when actors enter agreements outside the established context. This is frequently the case in DoD Acquisition due to government PMs transitioning from one program to another, drastically reducing the in-context trust that can be built during their limited tenure.

Out-of-context trust is different because it extends “to which partner had performed reliably in another context.” According to the authors, this occurs only if an actor performed reliably in the past and has had no issues uncovered since (Connelly, Miller, & Devers, 2012).

As stated above, Connelly, Miller, and Devers argue distrust is more readily generalized across exchange contexts because it can be founded in rumors, perceptions, and unverifiable information. Distrust is “rooted in value incongruence” and “ultimately prompts the fear that a partner will act opportunistically.” It requires additional contract specificity to mitigate. Unlike in-context and out-of-context trust, which did not increase specificity, in-context distrust and out-of-context distrust were both “positively associated with contract specificity.” Also, both “tend to cast a cloud of suspicion over a given partner” requiring additional details be added to the formal contract, reducing relational contracting (Connelly, Miller, & Devers, 2012).

2.4.3. Governance Modes (Buy, Ally, and Make)

Throughout the research conducted in developing this examination, I discovered a concept developed by Nickerson and Gulati to better explain and depict the interaction between
governance choices, transactional costs, exchange performance, trust, and contract specificity. The concept was developed by examining the “prototypical governance choices for dyadic exchanges” (Gulati & Nickerson, 2008) and builds upon a similar theory of “market, hybrid, and hierarchy” (Williamson O. , 1991). The purpose for developing this theory was to determine “when and how dyadic pre-established interorganizational trust leads to substitution of one governance mode for another.” Additionally, “when and how interorganizational trust complements any formal governance mode in enhancing exchange performance” (Gulati & Nickerson, 2008).

The output of their work developed three modes: “buy, make, and ally.” Each mode examines how actors use contracts to procure an item or as they call it, an “input.” Definitions of each mode are provided below based on the work of Gulati, Nickerson, and Williamson.

**Governance Choices for Dyadic Exchanges**

- “Buy” mode – simple contract used to procure end item between actors
- “Ally” mode – formal and complex contract established arrangement to procure end item
- “Make” mode – unit procured within organization (department to department)

![Figure 11 - Governance Cost as a Function of Asset Specificity, adapted from Gulati and Nickerson, 2008](image)

According to authors, the “intersections of the curves identify the critical values of asset specificity at which the transaction-cost economizing governance choice shifts from one mode to another.” It is at the intersection between modes that the “adjacent governance modes are nearly
equally efficient because they incur equivalent governance costs” (Gulati & Nickerson, 2008). For example, at the intersection of “k₁”, between “buy” and “make”, the cost associated with contract specificity is nearly equivalent.

As identified by Figure 11, each mode has its governance costs associated with how much or little contract specificity is included. Because each mode is more or less dependent on an outside actor to procure the end item, trust and how it affects each mode is different. “Trust lowers governance costs for all modes of governance, but more for buy than for ally and more for ally than for make” (Gulati & Nickerson, 2008). The reason for the differences is that certain modes are more constrained to formal governance, resulting in trust being not as influential in one domain as it is in the other. This understanding is critically important to understanding the costs associated governance choices discussed in the next section.

2.4.4. Governance Costs

Many concepts have been discussed thus far to better understand governance and its influence on trust-based relationships. The following section will extend the higher level governance costs discussions above and detail specific reasons why certain costs exist and how they can be leveraged, through a better understanding of each, to enhance trust-based relationships.

An aspect of governance costs not yet explored is how actors view and deal with disputes. Lumineau and Malhotra evaluate two dispute approaches that tie back to the framing discussion alluded to in section 2.4.1 above. They believe there are two approaches to dealing with dispute resolution, a “rights-based and interest-based.” Right-based solely focuses on who is right or wrong in a given dispute. It is “distributive, adversarial, and competitive and relies on some independent standard with perceived legitimacy or fairness to determine who is right.” This approach is the typical dispute reaction as actors tend to trust themselves first and the other party second. Actors who take this approach are “likely to focus on arguments that protract their own position as legitimate and defensible while portraying the other’s claims and demands as invalid and unsupported.” Ultimately, this approach results in higher governance costs incurred based on the myopic view created (Lumineau & Malhotra, 2011).

The other approach, interest-based, opposes the rights-based approach. An interest-based approach is “integrative and consensual” and focuses the actors on “problem solving” (Lumineau & Malhotra, 2011). This approach aligns well with trust-based relationships, as it increases the
communication and information sharing between parties, aligns their goals, objectives, and interests, and most importantly, leverages teamwork and relationships to resolve disputes. This approach—as argued throughout this paper—reduces not only the governance cost associated with an effort but the time required to resolve a dispute.

Beyond disputes, Lumineau and Malhotra state there are governance costs associated with formal and relational contracting. A key determinate of those costs is the actor’s environment. If actors interact in a stable environment, they tend to create a detailed contracts based on knowing the likelihood and outcomes of their environment. “Highly contractual relationships entail greater costs associated with structure and monitoring the relationship but are effective in avoiding conflict in stable environments.” This is due to “each party’s rights and responsibilities are clear and consistent with what was agreed upon in writing.” Inversely, flexibility to adjust to changing conditions or an unstable environment is also desired. In an unstable environment, “less contractual governance structures may be more useful when uncertainty is high, prior agreements and expectations are unlikely to provide clear guidance on appropriate behavior, and the parties are interested in building and leveraging trust and cooperative norms.” The key is understanding both environments and striking a balance between the structure and flexibility (Lumineau & Malhotra, 2011).

The underlying purpose of a contract is to establish expectations, agreements, mitigate risks, facilitate cooperation and coordination, and serve as the basis for dispute resolution. Two dimensions of a contract, control and coordination, are required to not only limit opportunistic behavior but also maximize the exchange between parties. Control aspects of a contract focus on dictating roles, regulations, and expected behaviors required to fulfill an agreement. Issues arises when incentives are misaligned resulting in behaviors detrimental to the control’s intent. For example, if I wanted to ensure a particular event occurred or an end-item performed to a certain specification, I may implement specific control mechanisms to incentivize a given behavior. The problem occurs when the intent of the incentive or control drives an unforeseen behavior, which may result in an unpredictable governance cost. Coordination focuses on the beneficial interaction between actors. “Relationship development facilitates more efficient contracting aimed at better coordination; better coordination facilitates cooperation; and increased cooperation facilitates goodwill-based trust and relationship development” (Faems, Janssens, Madhok, & Van Looy, 2008).
Governance costs stem from many different sources. From the dispute perspective, different resolution approaches either increased or decreased the cost incurred. Framing, another influencer, shapes one’s perspective and how they approach any given situation or decision. Controls and coordination also affect the cost incurred. Improper use of control provisions can result in a decrease of trust between actors as well as drastic cost increases from the contractual detail needed to compensate for the trust lost. That being said, coordination, while enhancing both goodwill-based and competence-based trust, requires effort and maintenance, and hence has its own governance costs. The balance between the two provisions is crucial to maximizing the return on effort and building trust-based relationships.

2.4.5. Complement or Substitute

Throughout this examination, I have discussed various facets of formal and relational contracting. In certain cases, relational contracting can substitute for formal contracting but in the DoD Acquisition System, which is reliant on formal contracts to provide services, it often complements. This aspect, whether or not relational contracting substitutes or complements formal contracting, is explored further below.

Earlier, Gulati and Nickerson (2008) provided a unique governance choice paradigm (make, ally, buy). As part of the article, they examined whether or not relational contracting, or trust, was a substitute or complement for formal governance. Their paper, based on work completed earlier by O. Williamson, explores if preexisting trust is a shift parameter “whose magnitude may affect the choice of governance modes, which may enhance exchange performance by allowing use of less costly governance structures.” They argue that the “substitution effect arises because trust can mitigate some of the contracting hazards associated with exchange, which reduces the need for formal controls.” A key aspect to reducing the need for formal controls is if trust existed prior to the exchange occurring. As discussed in the dispute cost section above, “preexisting trust can complement any mode of governance and thus improve exchange performance whenever contracting hazards are present by reducing both instances of conflict and the costs of resolution” (Gulati & Nickerson, 2008).

So how does trust enhance both the substitute and complement aspect of contracting? First, trust plays a critical role in avoiding or resolving disputes. “Governance cost decreases because trust facilitates adaptation: Exchange partners are more likely to avoid disputes or resolve them quickly” (Gulati & Singh, 1998); (Gulati, R; Lawrence, P; Puranam, P, 2005). In
this aspect, relational contracting or trust complements the ground rules established in the contract, as well as substitutes for the formal dispute mechanisms in the contract. Second, trust enhances or complements exchange performance regardless of the governance mode chosen. The governance mode is simply the foundational aspect required to facilitate work accomplishment. Thus, the “contract provides an institutional framework guiding the course of cooperation, while cooperation overcomes the adaptive limits of a contract” (Lou, 2002). Trust enhances work accomplishment, hence enhancing exchange performance. Lastly, the purpose of governance is to mitigate the probability or risk associated with exchange hazards such as opportunistic behaviors. If trust exists, the likelihood of one actor taking advantage of another is drastically reduced based on the relationship established.

2.4.6. Summary

Throughout this section, we discussed, trust, formal and relational contracting, and governance modes and costs. Throughout each, I identified additional trust-based relationship barriers and enablers. The definition of trust was based on my examination of trust-based relationship enablers and barriers and extended by academic contributions. Underlying governance models such as formal and relational contracting were evaluated to better understand how and when they are needed and what influence each has on the other. A discussion on governance modes and when each are appropriate was provided. More importantly, a detailed examination of governance costs was offered, as this is a primary influencer or byproduct of using or not using trust-based relationships. Control and coordination provisions were discussed, and their unique influence on trust provided insight as to how one might balance each to optimize their given situation. Lastly, we explored if formal and relational contracting are pure substitutes or complements. As discovered in the control and coordination section, at times they are pure substitutes but this does not occur often. Primarily their interaction is a blend and it depends on the actors and the context as to whether or not they substitute or complement each other. Now that we understand the above, I will extend the discussion and capture inter-firm relationship types and how each contribute to trust-based relationships.

2.5. INTER-FIRM COOPERATION

Much of the literature discussion above focused on specific behavior that either enhanced or decreased an actor’s ability to establish a trust-based relationship. The next section extends the
literature discussion to trust in relationships such as mergers and acquisition (M&As), partnerships, and joint ventures (JVs). Each relationship type provides further evidence for how, and in what conditions, trust flourishes or struggles. Also, each relationship type exists for a specific purpose and varies in the risk level. For example, in a pure buyer and seller arrangement, the trust required between actors is drastically different than in a partnership. Ultimately, it is the alignment of intensions and the cooperation between actors that leads to trust.

2.5.1. Mergers & Acquisitions

Another component of the Graebner (2009) study discussed above is how trust asymmetries between a seller and buyer influence the decision making between the two. The author studied 12 sellers and 8 buyers of different M&As to determine if trust is established equally. Graebner’s research focuses on “how trust asymmetries emerge, persist, and influence decision making and behavior in the strategically important setting of mergers and acquisitions” (Graebner, 2009).

A key finding was that while the seller tended to trust the buyer, the buyer did not always trust the seller. According to Graebner, the difference stems from three sources. First, the buyers chose to purchase because they did not trust the seller, and hence viewed them as a threat. Second, sellers tend to be smaller, more agile, but also more naïve, which led the buyer to court the seller. Lastly, considering the acquisition process role for the buyer and seller, the risk and power drastically shifts once the deal is negotiated. “Sellers lose power while buyers gain power. This asymmetry is an inherent feature of acquisition, regardless of the motivation of the deal or the experience level of either the buyer or seller. This shift in power seems to have engendered buyers’ and sellers’ disparate views of the importance of trustworthiness” (Graebner, 2009).

“Most mergers and acquisitions are premised on the belief that the combined company will have greater value than the two companies alone” (Legare, 1993). Unfortunately this is not the case. According to Legare, interpersonal conflict contribute to the inability to fully integrate the entire company in a successful manner. Interpersonal conflict leads to distrust, which leads to “turnover of key personnel, people refusing assignments, post-merger performance drops, and morale problems.” Additionally, “organizational fit, the environment, and strategic planning” all contribute to the outcome. Trust plays a vital role in each. If internally an organization cannot facilitate trust, it is virtually impossible to trust an outsider different cultural norms and beliefs. The environment can be either be inviting or cancerous, and trust plays a critical role in that
determination. Strategic planning, both before and after the acquisition, is a key facilitator for organizational and environmental trust. If done correctly, with the proper leadership and vision, a strategic plan can provide a path to success and cultivate trust-based relationships throughout both organizations (Legare, 1993).

Another study, conducted by Stahl, Larsson, Kremershof and Sitkin, focused on the precursors and consequences of trust in acquired organizations. They discovered that the “acquiring and target firms’ relationship history, the interfirm distance, and the acquirers integration approach affect the target firm member’s trust in the acquiring firm’s management.”

Relationships and their history are important to the establishment and maintenance of trust. From the perspective of M&As, Stahl et al argue that relationship history is a major contributor to the trust established between firms. They propose the “extent to which members of the target firm perceive the acquiring firm’s management as trustworthy is a function of prior interfirm contact, especially a history of collaboration” (Stahl, Larsson, Kremershof, & Sitkin, 2011). In addition, they propose that personalities and a firms approach to negotiations—friendly or not—directly affects the post-integration trust.

According to Stahl et al, the second major precursor is interfirm distance. More specifically, the cultural distance, power asymmetry, and differences in performance. Cultural distance are the “difficulties, costs, and risks associated with cross-cultural contact with growing cultural differences among two or more individuals, groups, or organizations.” This gap is a critical determinant of the future. If an organization’s culture precludes trust from occurring, their history and behavior during negotiations will not matter. Power asymmetry is the “unidirectionality of influence.” This usually occurs when a larger firm acquires a smaller firm and imposes its rules without considering the smaller firm’s needs. The lack of consideration decreases the trust that can be established because the environment precludes it from occurring. Difference in performance occurs when the target firm underperforms compared to the acquirer or vice-versa (Stahl, Larsson, Kremershof, & Sitkin, 2011). Each component of interfirm distance either increases or decreases the trust between the acquirer and acquiree.

The key determinant of success is a firm’s integration approach. Briefly discussed above, preserving a target firm’s ability to identify with its own identity and not that of the acquirer’s identity is important. According to Stahl et al, the issues is that the acquirer “typically removes autonomy from the target firm and imposes a rigorous set of rules, systems, and performance
expectations to gain control quickly.” By doing this, firms eliminate or drastically reduce possibilities of future growth and trust. Multiculturalism “refers to degree to which an organization values cultural diversity and is willing to tolerate and encourage it.” This is a unique aspect to integration because instead of viewing the target organization’s cultural diversity as a flaw, they view it as an asset. An asset that further diversifies their capabilities and opportunities for success (Stahl, Larsson, Kremershof, & Sitkin, 2011).

2.5.2. Partnerships

Many partnerships are examined above. The buyer and seller relationship extended the discussion to trust asymmetries and how differences in trust influence a partner’s ability to trust. M&A literature provided insight into how culture and diversity affect a partner’s propensity to trust one another. Because the term “partnership” is so general, it is important that I provide a definition. A partnership is a “relationship between individuals or groups that is characterized by mutual cooperation and responsibility, as for the achievement of a specified goal” (AmericanHeritage, 2009). Three key concepts are provided. First, the relationship is characterized by mutual cooperation. Cooperation, as demonstrated in the soft property section below, is critical to facilitating relationships and trust. “Cooperation between partners creates value, enhancing learning and knowledge, enabling efficient adaptation in the face of unanticipated events” (Dyer & Singh, 1998). Second, responsibility of both actors to perform to other’s expectation is direct evidence of each actor’s commitment to the other. Lastly, achievement of a specified goal, created by both partners and executed overtime, forms trust between actors.

In a study focused on knowledge intensive firms, Babiulite-Juceviviene, Babiulite, and Krisciunas discovered five factors that develop trust in inter-organizational partnerships and their relations. Their research demonstrated that “knowledge intensive firms possessed high levels of inter-organizational trust, while at the same time placed emphasis on personal and professional characteristics of their partners, supported by clear contract obligations.” That being said, “knowledge intensive firms find themselves more vulnerable in their economic transactions than in the knowledge exchange” (Babiulite-Juceviviene, Babiulite, & Krisciunas, 2012). Knowledge intensive firms place a premium on their partner’s personal and professional characteristics to develop and maintain trust, as well as ensure that trust is aligned and supported by the underlying
contract. Each partner perceives the security to reside in the knowledge exchange, not necessarily the economic transactions.

Babiliute-Juceviviene, Babiliute, and Krisciunas based the five factors for developing trust-strategies on work completed by Nguyen and Rose in 2009. I have taken their work and adapted it to demonstrate how each influences trust-based relationships.

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<tr>
<th>Trust Development Trends &amp; Directions</th>
<th>Factors</th>
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<tr>
<td>Use of Regulatory, Statutory, Formal Governance</td>
<td>“Institutional” – Trust Based on Set Rules and Contracts</td>
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<tr>
<td>Use of Social Interactions</td>
<td>“Social” – Trust Founded on Culture and Norms</td>
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<tr>
<td>Use of Personal Relationships</td>
<td>“Personal” – Trust Created by History and Interaction</td>
</tr>
<tr>
<td>Use of Professional Knowledge</td>
<td>“Professional” – Trust Based on Expertise and Knowledge</td>
</tr>
<tr>
<td>Use of Education and Training</td>
<td>“Educational” – Trust Based on Common Knowledge</td>
</tr>
</tbody>
</table>

*Table 3 - Trust-Based Development Strategies, adapted from Babiliute-Juceviviene, Babiliute, & Krisciunas, 2012*

According to the authors, institutional factors “provide the agents with the same, universal ‘rules of the game’ that should be accepted and followed.” In the context of DoD Acquisitions, institutional factors included the DoD 5000.2 regulatory and statutory requirements that all programs must follow. Also, institutional factors are found in formal governance mechanisms such as a contract. Formal contracts establish a baseline for partner participation and what each actor must do. This forms “contract-based trust, which is often regarded as the very basis of trust” (Babiliute-Juceviviene, Babiliute, & Krisciunas, 2012).

Social factors include a partner’s reputation and can be developed through the use of social networks, using past performance and third party knowledge to initialize trust between partners. “If two parties, new to each other, both trust a person or friend, and their relationship is endorsed by the third person, then it is assumed that the new parties share a similar set of values resulting in a higher chance for trust with each other” (Babiliute-Juceviviene, Babiliute, & Krisciunas, 2012). In the context of DoD Acquisition, social factors play a vital role in the contract offer and acceptance, and the trust that is required to solidify a contract.

Personal factors align well to this inspection. Personal factors are those factors that are developed between two actors and form the basis for trust-based relationships. “For trust to develop, agents have to learn and demonstrate to each other competence, openness, concern, reliability, benevolence, and integrity” (Babiliute-Juceviviene, Babiliute, & Krisciunas, 2012).
Personal factors—are the foundational building block for establishing a trust-based relationship. Additionally, personal factors identified by the authors support the argument presented above that formal contracting is enhanced—not substituted for—when properly balanced with relational contracting. Understanding the partner on a personal basis allows each actor to better understand the motivations of the other, leading to trust building through actions and thoughts.

Professional factors emphasize the exchange of knowledge between actors and how the competence of each can facilitate trust. The authors argue that professional factors are a “vicious cycle, the more partners share information, the more they know each other’s needs, abilities, competence, and willingness to cooperate” (Babiliute-Juceviviene, Babiliute, & Krisciunas, 2012). The last component, the willingness to cooperate is important because it is a byproduct of trusting the other actor’s abilities and knowledge. For example, if a government PM fully trusts in the abilities, judgment, and decision making of his or her defense counterpart, base on their professional abilities—he or she is more likely to give the other party the benefit of doubt in complex situations. This allows both to focus on the situation and not the actions of the other.

The last factor, educational factors, is the only factor that the authors’ determined was missing from Nguyen and Rose’s work. They believed possessing a similar educational and training background formed another foundation yet accounted for by the previous work. Similar to professional factors, educational factors enable “inter-organizational relations” through the use of “common learning activities, workshops, trainings” that “enable individuals from the partner organization to learn about each other’s competencies, abilities, knowledge she/he possess, the way of thinking, etc.” (Babiliute-Juceviviene, Babiliute, & Krisciunas, 2012). An example that occurs quite often in DoD Acquisition is a defense contractor attending a Defense Acquisition University course designed for government PMs. By attending the course, the Defense Contractor better understands the teachings, motivations, and regulations of their counterpart, which allows them to span their own internal boundary and open their aperture to better understand why a government PM makes certain decisions.

Unlike Mergers and Acquisitions, where one actor controls the other through transfer of ownership, partnerships are separated but dependent on each other. Separation in this context means each partner controls their own personnel and processes but is dependent on an outside organization to achieve success. This distinction is important because it requires that trust be
developed through the factors provided above, as well as a soft property examined later, cooperation. The last inter-firm partnership section examined is joint ventures. Similar to partnerships where success is dependent on the inter-organizational exchange, joint ventures extend the commitment of each actor through the creation of dual-dependent organization.

2.5.3. Joint Ventures

In joint ventures (JVs), factors such as “open communication and information exchange, task coordination, informal agreements, and levels of surveillance are all manifestations of trust based on a willingness to rely on, or be vulnerable to, another party under a condition of risk” (Inkpen & Currall, 2004). This section will explore equity JVs vice non-equity JVs, as the former provides a richer environment for understanding the role of trust in establishing and maintaining the JV relationship. JVs differ from partnerships because the two actors contribute resources to form a single entity, a child, that each are dependent upon for success. Another key difference is the management, processes, personnel, and task integration that is required to successfully establish a JV. Each has to be seamlessly integrated as to form a single organism.

“Over time, as the partners and partner managers learn about each other and the joint venture becomes an operating entity, the level of interfirm trust will change, which means trust should be viewed as an evolving rather than static concept” (Inkpen & Currall, 2004). This is a novel but common sense way to approach the dynamic of trust in JVs. Initially trust is an expected but unproven concept. As the relationship grows and time passes, the level of trust may increase or decrease based on both the outcome of the JV and the actor’s action. “When a joint venture is formed, there is a subjective probability that the partner will cooperate. Experience will lead to adjustment of the probability, which in turn may lead to a shift in the level of trust” (Inkpen & Currall, 2004). This evolutionary aspect of inter-firm cooperation is what separates the commitment and cooperation of a JV from both M&As and partnerships.

Inkpen and Currall’s evolutionary framework considers the initial and evolved conditions that occur within a JV and how those conditions influence trust. Similar to other authors, these authors believe trust is comprised of reliance and risk. Reliance “is action through which one party permits its fate to be determined” and risk is “the potential that the trusting party will experience a negative outcome.” Each component is needed to create a trust-based relationship between actors. How actors achieve balance between the two is by using a concept called “control.” A control is “the process by which partners’ firms influence the other joint venture
entity to behave in a manner that achieves the partners’ objectives and satisfactory performance” (Inkpen & Currall, 2004).

For brevity’s sake, I have chosen to abstract the author’s primary findings as it pertains to the evolutionary trust cycle and controls. “Forming a joint venture initiates a dynamic relationship that must evolve if it is to be successful” (Inkpen & Currall, 2004). The initial conditions are similar to other conditions detailed throughout this paper. Actors use cooperation and collaboration to define joint objectives that initiate their relationship. The agreement forms the foundation for interfirm reliance and trust. “Expectations about the performance of each partner will be driven by elements such as prior relationships [think reputation], industry affiliation, demographic and culture contexts” (Arino, J., & P, 2001). Once the agreement is established, controls play a vital role in balancing performance and trust. Controls “ensure joint objectives are achieved, investments are protected, and essential information about the joint venture operations are captured” (Inkpen & Currall, 2004). Controls are determined based on each partner’s assessment of the trustworthiness of the other partner.

An example provided in Inkpen and Currall’s paper describes the dynamic above nicely. “Consider an example where Partner A acquires knowledge from Partner B that was originally necessary for the performance of the joint venture task. Unless Partner B is contributing other valuable and inimitable skills to the joint venture, the motivation for cooperation, from A’s perspective, will be reduced.” The imbalance described in this example demonstrates why trust and establishing relationships are critical to not only joint ventures but all types of agreements.

2.5.4. Summary

Throughout this section, I have extended the discussion to include a more traditional view of trust, that of trust between two firms. Each arrangement provides its own insight into how trust-based relationships can be established and maintained. Mergers and Acquisitions (M&As) and the work of Graebner gave us insight into how buyers and sellers interact and how the asymmetrical nature of trust is different depending on which side the actor is on. Also, Stahl, Larsson, Kremershof and Sitkin, focused on the precursors and consequences of trust in acquired organizations. They discovered, similar to what I have described above, that the “acquiring and target firms’ relationship history, the interfirm distance, and the acquirers integration approach will affect the target firm member’s trust in the acquiring firm’s management.” Said differently, trust-based enablers and barriers directly contribute to the success or demise of an acquisition.
Partnerships and how they are examined by scholars is the closest relationship type to what occurs between DoD Acquisition and the contractor. For that purpose, it is important to remember what a partnership is in the context of this paper. A partnership is a “relationship between individuals or groups that is characterized by mutual cooperation and responsibility, as for the achievement of a specified goal” (AmericanHeritage, 2009). Supporting the definition is Babiliute-Juceviviene, Babiliute, and Krisciunas’ five factors: institutional, social, personal, professional, and educational. Each provide a good baseline for understanding the differing levels of trust and how trust can be established between partners.

Joint Ventures (JVs), the last relationship type examined, is different from M&As and partnerships, based on the level of risk and commitment that each actor accepts and contributes. In a JV, each firm accepts more risk because they are directly responsible for the creation and maintenance of a separate (child) firm. Understanding the difference in the level of commitment is important to understanding how trust-based relationships are developed in JVs. “Over time, as the partners and partner managers learn about each other and the joint venture becomes an operating entity, the level of interfirm trust will change, which means trust should be viewed as an evolving rather than static concept” (Inkpen & Currall, 2004). This thought, the evolutionary aspect to trust creation and maintenance, is discussed in detail below but first, I capture additional trust-based relationship enablers and barriers discovered throughout my literature review.

2.6. LITERATURE TRUST-BASED RELATIONSHIP ENABLERS AND BARRIERS

Many of the trust-based relationship enablers and barriers offered above are based on my own experience backed with academic research. While conducting the literature review in Section two, I discovered additional enablers and barriers that contribute to the understanding of how a PM can establish a trust-based relationship. Each are examined below.

2.6.1. Contextual Factors

Contextual factors—within the context of this paper—are those environmental characteristics that influence an actor’s ability to establish a trust-based relationship. Factors such as one’s approach to conflict and propensity to trust are alluded to above. This section evaluates three additional contextual factors: reputation, cooperation, and past history. The
purpose is to provide an understanding how each contributes to or distracts from a trust-based relationship.

2.6.1.1 Reputation

In many studies, reputation was a primary facilitator for trust or distrust. Reputation is a powerful idea because it combines multiple concepts explored above. First, reputation is influenced by an individual’s ‘frame’ or how they perceive a situation or one’s action based on their past experiences (path dependence). Framing directly contributes to how open or closed an actor is, and if he or she will leave themselves vulnerable. Second, reputation is intangible but influential. It is associated with both organizations as well as individuals, and directly affects trust. Third, reputation influences both the governance model chosen and costs incurred. The “more faith the firm’s trading partners have in a firm’s ability and willingness to fill in contractual voids in a reasonable (efficient) manner, the lower the cost of contracting” (Holmstrom & Tirole, 1989). Reputation comes down to if one believes another will fulfill their side of the bargain based on what they know about each other.

A reputation is developed overtime. It is the collective identity based on past, present, and future actions. It is influenced by organizational decisions, messaging, and the individuals who represent within. At the individual level, which is the focus of this examination, reputation can directly affect whether or not a trust-based relationship can be established between actors. That being said, “a reputation enables efficient transactions in social interactions where cooperation is compromised by post contractual opportunism (moral hazard) or information asymmetries (adverse selection)” (Beuve & Saussier, 2011). Because it has the ability to overcome trust-based relationship barriers like social mobility and adverse selection, it is critical that PMs understand how their reputation and the reputation of others affect trust-based relationships.

2.6.1.2 Cooperation

Cooperation is at the heart of trust-based relationships. Parties who work together are constantly leveraging facilitators like communication and common expectations to establish trust and deepen their relationship. It allows actors to overcome barriers such as the DoD process and oversight as it facilitates a joint effort in pursuit of a joint objective. Cooperation has the ability to “set aside narrow self-interest to behave in cooperative ways, working with another to achieve
a collective end.” As the case with reputation, trust plays a vital role in cooperation. “Without trust, cooperation never gets off the ground; without trustworthiness, the potential gains from cooperation cannot be realized” (Simpson, Harrel, & Willer, 2013).

The interesting aspect to cooperation is that it is not constant amongst actors. Actors internally balance the need for self-worth with that of their counterpart. Not all situations are perceived at the same importance level, hence why cooperation may not be consistent between actors and their relationship. For example, an internal program office driver may motivate the government PM to a greater extent than an equally important but external contractor driver. Simpson, Harrel, and Willer as well as many other authors coin this situation, the dilemma of “moral judgment.”

As part of their study, Simpson et al (2013) conducted research to better understand how moral judgments affect cooperation, trust, and trustworthiness. In the first study, they designed an exchange between two individuals where the decision by the first (sender) affected the decision of the second (receiver). If the sender chose to send the maximum amount, the receiver then determined whether or not to keep the entire amount for themselves or share it with their partner. The interesting part of the first study was the outcome for both parties (cooperation) was dependent on the action of the first individual. If the first individual’s action was viewed as moral or immoral, it affected the action of the second individual. The author’s coined this the “trust dilemma.” The results surprisingly showed that individuals who judged immoral behavior were more likely to act morally themselves. This is counterintuitive to most, as one could easily expect the reaction to by a pro-quo vice an opposite but positive reaction to cooperate. Extending their research, the authors conducted the same trust dilemma but this time, the sender was able to choose a receiver they perceived as trustworthy. They found (as to be expected) that individuals would not only prefer a trustworthy exchange relationship but also exchanged a higher amount based on the perceived action of the other (Simpson, Harrel, & Willer, 2013).

Based on the above, how does a PM recognize his or her own propensity to morally judge, as well as that of his or her counterpart, to better enhance the trust and cooperation established between actors? First, overcoming this can be achieved through open and honest communication. Second, possessing self-awareness of one’s own tendencies to morally judge drastically effects an actor’s interpretation of the other actor’s intentions. Lastly, carefully
choosing one’s counterpart can increase the likelihood that both parties cooperate together for the betterment of both. The above study provided a unique aspect to cooperation. The next section will examine a constant theme throughout this research: how past history affects an actor’s ability to establish a trust-based relationship.

2.6.1.3 Prior History

Throughout this discussion, prior history has affected trust-based enablers such as establishing common expectations and communication, as well as barriers such as the DoD Acquisition System, but why? In a study on prior and future history and how it affects trust-based relationships, Poppo, Zhou, and Ryu inspect the interdependence or path dependence of past and future events to determine how each affects trust. They propose that the past and future are intertwined by continuity and the total time spent establishing the relationship, not simply by its occurrence, “only when the past is linked to a path of the future does the past lead to trust” (Poppo, Zheng Zhou, & Ryu, 2008).

The above statement is powerful because it takes the traditional trust-based relationship scholarly findings and inverses the thinking completely by identifying a missing link, continuity. They base their logic on “prior history generates learning, to a nontrivial degree, that increases perceptions of stability and thus continuity in interorganizational exchanges.” Additionally, they identify how early in a relationship, actors exhibit inappropriate judgments based on their limited interaction with one another as well as their limited expectations for future exchanges. That being said, “Over time, however, as learning deepens, it reflects dimensions that are associated with stability” (Poppo, Zheng Zhou, & Ryu, 2008).

Examining their argument within the context of a government and contractor PM relationship reveals critical components for establishing a trust-based relationship. First, components such as duration of relationship time, actor personalities, and expected future benefits all factor into the establishment and maintenance of the relationship. Also, continuity is a critical determinant of trust. While I considered ‘continuity’ subconsciously above, this study revealed the importance of maintaining actor continuity. As identified above, the continuity of a government PM is a trust-based relationship barrier and an issue in DoD acquisition. Moving the PM every two to three years does indeed increase the Officer’s breadth but at the cost of stable program execution and a solid PM relationship.
2.6.2. Soft Properties

Soft properties are “emergent values or qualities unique to enterprise systems as they extend from the human dimension inherent in the enterprise system” (Nightingale & Rhodes, 2014). The reason why they are important to trust-based relationships is because soft properties are the hard-to-define factors that contribute to or distract from establishing trust. Soft properties include “trust, conviction, humility, perspective, and loyalty,” and can potentially “serve as a leading indicator of enterprise excellence or failure” (Nightingale & Rhodes, 2014). From the context of this paper, the enterprise includes the larger DoD Acquisition System as well as the Program Office and Defense Contractor.

Each actor within an enterprise can possess different, and at times, competing soft properties. For example, loyalty to one’s internal team can oppose loyalty to one’s counterpart. This can result in a perception of wrong doing, leading to distrust. Additional soft properties that can facilitate trust-based relationships are caring and balance. Caring means truly respecting, and based on that respect, concerning oneself with another’s interest. For example, if a PM cares for the other PM on a professional level, and at times, a personal level, he or she will take into consideration a broader aspect when making key decisions to ensure both parties’ interests are considered. Balance, in my opinion, is one of the most critical soft properties when considering trust-based relationships and the PM-to-PM dynamic. Balance includes balancing loyalties of both organizations, formal and relational contract methods, and one’s allegiance to their superiors with that of one’s subordinates. Balance is a “state where an organization exhibits a harmonious integration” (Long & Sitkin, 2004). The concept of harmonious integration is key to understanding how the hard-to-define but important soft properties contribute to or distract from the establishment of a trust-based relationship. So far, we have discussed how contextual factors such as reputation, cooperation, and prior history facilitate or distract from a trust-based relationship. The next sections will extend the discussion towards individual weaknesses, such as moral hazards, that a PM needs to readily identify to limit their impact on trust.

2.6.3. Opportunistic Behavior

Opportunistic behavior is the foundational barrier that leads to other detrimental actions and distrust. Opportunistic behavior stems from many sources. Fear can induce opportunistic behavior if one actor fears the other is or will perform in a detrimental manner. “Unbalanced situations often induce fear of opportunistic behavior and may lead to diminishing performance
levels” (Williamson O., 1999). Opportunism or taking advantage of another party due to their lack of knowledge, access to resources, or simply to get a ‘freebie’ can drastically reduce trust between actors. “Opportunistic parties do their own thing and emphasize their own interests, hence weakening the foundation for collaboration” (Alliance-Capability, 2014).

Formal contracting’s intent is to establish a mechanism to avoid or at least, minimize opportunistic behaviors. Formal contracting provides a means to establish roles and responsibilities, as well as monitor progress, all of which are critical to program execution. That being said, formal contracts are inherently incomplete due to their inability to consider all scenarios. The addition of relational contracting drastically enhances the structure and mechanisms to avoid detrimental behaviors. “Exchanges embedded in close, committed social relations are likely to curtail the propensity to act opportunistically and hence, resolve the inherent uncertainty associated with harmful behavior” (Lazzarini, Miller, & Zenger, 2008). For example, when negotiating a contact, the government or contractor might want to withhold information or cheat to secure the optimal terms for themselves but not for the other actor. Nothing in the formal contract can force both parties to be transparent but relational contracting.

Another major contributor to opportunism is uncertainty. Not fully knowing the true intent of an individual’s actions or understanding why and for what reason they did what they did, produces uncertainty. Formal contracts partially reduce uncertainty but cannot account for every possibility. “Since contracts are imperfect control mechanisms, there can be uncertainty relating to both the potential enforcement of the contract and to the potential penalties that will ultimately be demanded” (Dickson & Weaver, 2003). The lesson provided in this discussion is that actors are different and based on that, they can and will likely act in an opportunistic manner if given the right opportunity. Formal contracting, in addition to relational contracting, can limit this behavior.

Social uncertainty is the “risk of being exploited in social interactions” (Lazzarini, Poppo, & Zenger, 2004). Trust-based relationships reduce the social uncertainty risk but also limit the upside potential of changing partners to capitalize on emerging opportunities. According to Lazzarini, Poppo, and Zenger, social uncertainty stems the following:

- Adverse Selection – deceit prior to the purchase. Includes information, quality, and misrepresentation of goods.
- **Moral Hazards** – less than stellar output from one party to the other post agreement; another party taking a risk at the expense of another party
- **Hold up** – one party provides a good with intent to use in the future to negotiate a better term or deal.
- **Mobility of Market** – enables pursuit of more promising markets or opportunities.

In addition to social uncertainty, the authors extend the mobility of market concept to exchange value uncertainty. Exchange value uncertainty is important from a trust-based relationship perspective because it drives certain behaviors. If actors are uncertain about future exchanges, they will be guarded towards the other actor to limit the exchange risk. This uncertainty varies between actors and situations and it is most detrimental when value exchanged between actors is efficient and effective.

Contracts, both formal and relational, play a vital role in limiting the risk associated with social and exchange value uncertainty. “Contracts curtail the initial exposure that individuals face in initiating new exchanges, thereby promoting new ties due to the reduction in exchange risk” (Lazzarini, Miller, & Zenger, 2008). By that, I mean actors feel less exposed when initiating a relationship when a contract is in place, which leads to enhanced exchange for both. Contracts also provide a form of insurance safeguarding actors from defection or deceit. By documenting the intent of the relationship, actors are reluctant to act opportunistically because of the penalty associate with their actions.

The downside is contracts reduce the likelihood of actors leaving a relationship, resulting in “over embedded exchanges” (Lazzarini, Miller, & Zenger, 2008). Over embedded exchanges occur when actors are reluctant to take advantage of a promising opportunity based on their history and ease of their current arrangement. This is a barrier in DoD Acquisition because as alluded to in the trust-based relationship barrier section above, DoD contractors are few in number but extremely influential. The DoD’s overreliance on industry results in a reluctance to take advantage of a potentially promising but riskier opportunity. This stems from the security they have developed over time and how the past influences the future (path dependence). Ultimately, the reluctance to change limits exchange optimization and increases the transactional costs between actors, as well as creates additional trust-based relationship barriers.
2.6.3.1 Adverse Selection

As stated above, adverse selection is deceit prior to an agreement or purchase. It can stem from one actor not fully divulging his or her knowledge to obtain advantages; misrepresentation of a product’s quality; as well as misrepresentation of goods. The primary motivator is to obtain an advantageous position. An example of adverse selection, in the context of this examination, is a situation such as the government not divulging that a program’s funds could be cut, while in parallel the contractor maintains or increases their staffing levels based on dated future projections.

A multitude of studies, Bergen, Dutta, and Walker (1992); Ghosal and Moran (1996); and Dahlstrom and Ingram (2003) evaluate the affect that adverse selection has on a partnership or relationship. A dominant theory and one that provides additional understanding within the context of this inspection is agency theory. “Agency theory address situations in which one party (i.e., the principal) seeks to establish and exchange relationship with another party (i.e., the agent) to perform some organizational tasks on the principal’s behalf. Principals and agents pursue cooperative relationships, yet they have differing goals and attitudes towards risk” (Dahlstrom & Ingram, 2003). The above describes the trust-based relationship dynamics discussed throughout this paper extremely well. The principal (i.e., the government) contracts for services or goods (i.e., cooperative relationship) from the agent (i.e., industry) to perform tasks on behalf of the government. The trust-based relationship barrier that presents itself—in the form of adverse selection—is the differing goals and attitudes towards risk that leads to opportunistic behaviors of one actor versus another.

2.6.3.2 Moral Hazards

Similar to adverse selection, moral hazards affect trust-based relationships. Moral hazards include one party performing at a lower level upon agreement or another party taking a risk at the expense of another party. Both industry and a DoD Program Office can exhibit moral hazards. While the hazard is may not be exhibited in a maliciously, it still exists. For example, the actors within a Program Office knowingly take a budget cut based on a cut at the higher DoD Acquisition Level, and choose to not relay the budget cut to the contractor. The cut represents a transfer of risk because the contractor has planned work and resources based on a certain budget and the cut does not reflect their expectations. Inversely, the contractor can make performance
trade-off decisions without fully knowing the performance at the operator level, transferring risk to the other party.

At the heart moral hazards is information. This is similar to adverse selection above as information asymmetry contributes to both. By not transferring complete information, a situation of power imbalance occurs. This is alluded to above but requires further exploration. A classic example is the government contracting for a service or warfighter capability. Pre-contract information on both sides—how much the effort is projected to cost or time required—differs between the Principal (government) and the Agent (contractor). Post contract award, it is virtually impossible to monitor the exact performance of the agent. I state ‘virtually’ impossible because it requires both the human actor and the monitoring system to track and report accurate information, both of which are virtually impossible due to inherent human flaws and imperfect monitoring systems. Each scenario provides an example of imbalance in power or information, creating an environment where both moral hazards and adverse section can occur. Enablers above, such as establishing common expectations up front, and open and honest communication, are two potential ways to overcome the information imbalance, reducing the moral hazards encountered, while in parallel strengthening the trust-based relationship between actors.

### 2.6.3.3 Deception

The last but most detrimental behavioral exchange affecting trust-based relationships is deception. In a study analyzing deception in acquisitions, Graebner (2009) dyadically inspects two types of deception: negotiation related deception (bluffing) and material deception (fraud). Negotiation-related deception involves “providing misleading information about the presence of alternatives” (Graebner, 2009). In her study of 12 mergers and acquisitions, she discovered that negotiation related deception is frequent between buyers and sellers, but more often on the buyer side. To quote an company executive in the study whose source is unknown, “we started out at a pretty low number, and negotiated pretty hard to keep it low...they certainly had a lot more room to go. Which to this day, they were not aware of. They were at a pretty big disadvantage.” This form of deception is a common practice in DoD Acquisition, especially for highly coveted contracts with multiple vendors bidding.

According to Graebner (2009), the reason why bluffing is a frequent practice is because “bluffing is viewed as a widespread practice in bargaining situations.” The beauty of Ms. Graebner’s study was she indirectly pursued—as I have throughout this paper—how an actor’s
actions and the enterprise surrounding them affect the trust between actors. This is evident in her discovery that “only when firm leaders both trusted and felt trusted by their counterparts did they refrain from negotiation-related bluffing.” This speaks directly to the power of trust-based relationships and how establishing trust between actors directly influences the actor’s behavior (Graebner, 2009).

Material deception goes beyond the bluffing above and its consequences to the trust established between actors is severe. From the buyer’s perspective, material deception included “post-integration plans such as layoffs, relocations of personnel, changes in strategic direction, or diminished roles of senior managers.” Sellers mislead “buyers about the status of seller’s product development efforts, the intention of key personnel to remain with the firm, or other issues related to the buyer’s future ability to realize the value from the acquisition” (Graebner, 2009). In both situations, the actors consciously made a decision to actively deceive the other actor at the other actor’s expense. According to Graebner, firms only engaged in material deception when “they distrusted their counterpart but believed that their counterpart trusted them.” This type of opportunistic behavior complements the adverse selection and moral hazard examination above, but provides an example where actors use trust, as their basis for covert decision making, at the expense of the other actor.

2.6.4. Summary

Throughout this section, I have provided a detailed review of existing literature to enhance the facilitators and barrier discussed above. Contextual factors such as cooperation, reputation, and prior history were examined to better understand how each enhances trust-based relationships. Complementing the discussion on contextual factors was an inspection of the often overlooked soft properties. Soft properties are those important but hard to quantify factors that enable trust-based relationships and success. Soft properties include “trust, conviction, humility, perspective, and loyalty” and can potentially “serve as a leading indicator of enterprise excellence or failure” (Nightingale & Rhodes, 2014).

Inversely, detrimental barriers such as opportunistic behaviors, adverse selection, and moral hazards were evaluated to better understand how individual actions and choices influence the level of trust established. The next section consolidates both my personal experiences and literature insights to create what I call the trust lifecycle.
2.7. TRUST LIFECYCLE

This inspection so far has identified many contributors and distractors of trust-based relationships. The next section provides a trust lifecycle to enhance how trust is established and maintained. “All successful working relationships are trust-based and the level of trust evolves over time. After a successful history of interaction, the trust level evolves in a way that enables partners in the relationship to predict each other’s behavior. At the highest level of trust, one party is able to identify with the other’s values and goals and act in a manner that ensures mutual interest. The parties respect and trust each other sufficiently to examine the situation and develop an innovative and mutually satisfying response to a problem or issue as a matter of course. When trust reaches this level, the resulting partnership becomes a key ingredient in a successful relationship” (Gansler, 2001).

The purpose of the lifecycle identified in Figure 12 is to provide the reader with a mental roadmap for how trust is initiated, stabilized, maintained, and renewed continually. The lifecycle below is based on Graebner’s (2009) lifecycle identified during her examination of trust asymmetries between a buyer and seller. In the work, Graebner identified the following stages: screening, socializing, agreeing in principle, legalization, and implementation. Each stage and the role of the buyer and seller is discussed below.

- **Screening (choice of partner)** – potential buyers were favored if they were perceived as trustworthy; otherwise they were eliminated based on their judgments on prior direct relationships or third party information.

- **Socialization** – buyers socialized through interaction as a way to gain influence on the seller; seller viewed this stage as trust formation, social interaction building deeper relationships.

- **Agreeing in principle** – trust asymmetries grow and deception is common for both buyer and seller.

- **Legalization** – “asymmetric views of one another’s trustworthiness lead most buyers, but few sellers, to engage in extensive due diligence and to implement protective deal terms.” This is the stage parties are most cautious about and tend to use one of diligence and protective deals.

- **Implementation** – deception may be revealed and trust damaged. Sellers’ true intentions surface and those actors remaining in the seller’s organization tend to get burned or leave.
While Ms. Graebner’s cycle established a solid foundation Figure 12, I made additions to properly capture the themes identified throughout this discussion. Graebner’s examination of trust asymmetries focuses on the trust or distrust established between a buyer and seller. While valid given the interactions that occur between a buyer and seller, her lifecycle is limited when extended to DoD Acquisition and trust-based relationships. Why? DoD Acquisition and the trust that can be established between actors is influenced by many different actors and situations. Examples identified above include processes, monitoring, and oversight influencers. Each are dynamic and their effects on trust cannot be properly capture in a Graebner’s lifecycle. The statements above are not meant to discredit her work but provide the reasoning behind the enhanced lifecycle. I believe Figure 12 can be extended to any situation. Each stage is explained below.

![Figure 12 - Trust Lifecycle](image)

2.7.1. Initiation & Discovery

The establishment of a trust between two actors starts with the initiation of a relationship. Throughout this examination I have provided a multitude of different relationship types such as the relationship between PMs, partnerships, and joint ventures. Each relationship was initiated for a purpose. Some are initiated because a new actor is introduced, others because one actor takes control (purchase or transfer of ownership), and some because both parties have similar
interests which cause them to form a partnership. Regardless of the purpose, understanding how to properly establish trust and a relationship is vital to ensuring the later phases can be achieved.

Activities such as introductions and the initial purpose for the relationship is defined during this phase. Actors define their role within the enterprise and how each will likely contribute throughout. Actors establish expectations that create a mental frame by which the other party’s actions and intent are interpreted. Uncertainty about future performance and if the other can be trusted is abound during this phase and actors are unsure of the future.

During this phase, actors can leverage facilitations such as leadership, common expectations up front, and establishing a joint vision to increase their probability for success. In each context, leadership is the underlying relationship factor. I state this because a leader can recognize his or her dependence on the other actor and proactively establish an environment where joint dependence is an enabler, not a barrier. Successful joint dependence is achieved by establishing common expectations that form a foundation for trust development. A joint vision enables a joint mental model for why the relationship was formed and focuses each party on the purpose of their relationship.

From is my own experience, informed also by the literature, I posit a trust-based relationship is most vulnerable during the initiation and discovery stage. Early on, trust is fragile due to the aforementioned uncertainty. Each actor is determining if the other is trustworthy. Concepts such as reputation, actions reinforcing the spoken word, and cooperation all contribute to the uncertainty level experienced during this phase.

In the context of the PM-to-PM relationship, initiation and discovery is in a constant state of flux due to the nature of DoD Acquisitions. As presented, a government PM rotates every two to three years, which introduces a new set of actors and restarts the initiation and discovery stage. Additionally, the actor is influenced by their prior experience which may enhance or inhibit their ability to trust their counterpart. If the actor’s prior experience inhibits his or her ability to establish a trust-based relationship, the above cycle and the richness of the trust is limited.

The duration of this phase varies based on the actor’s need and purpose for why they established the relationship in the first place. Also, experience, system familiarity, and comfortableness influence the duration. For example, a more seasoned PM will adapt and understand that initiation and discovery is part of taking on a new program. Additionally, being familiar with the DoD Acquisition System and the inner workings and relationships throughout
the enterprise speeds up an actor’s ability to adapt. Lastly, an actor’s comfortableness with the situation, other actors, and the environment within affects the duration of this phase.

2.7.2. Socialization

Socialization is a critical phase to enabling trust-based relationships. I define socialization as the verbal and nonverbal interactions occurring between two actors in parallel to both adapting to their new environment and becoming comfortable with one another. This phase is where each actor leverages their past experiences and mental frames to further stimulate trust and the new relationship. Both actors are beginning to understand their role, the boundaries of the arrangement, and their dependencies on each other.

The initial expectations formed in the initiation and discovery phase are further defined based on an increased understanding of each actor and their willingness to trust one another. The manner by which each party communicates and establishes expectations directly influences the environment established. Leadership and the willingness of leaders to work in a joint fashion further stimulates the possibility of trust. The willingness to become vulnerable increases, which further stimulates trust between actors. Each actor begins to operate within their role and environment. The joint vision created in the initial phase is further solidified and reinforced through action and performance.

Because each actor has limited experience operating within their new environment, their performance and actions play a vital role. I state this because as each actor observes the other’s willingness to meet their end of the agreement, each begins to trust that the other is actually willing to deliver as stated. For example, after a PM starts his or her new position, he or she is still learning the finer details of their program and their role. Additionally, they are learning what the contractor provides and how their service contributes to the program. During socialization, the PM is constantly balancing his or her past experience with the actions they are observing. The lens by which the PM interprets the actions of the contractor forms a foundational understanding of the contractor’s willingness to deliver. This directly affects their trust in the contractor. If the contractor states that he or she will perform in a certain manner and delivers as stated, the PM begins to form a trust-based relationship. Inversely, if the government PM does the same, he or she further solidifies the relationship and trust being established.

Governance, both formal and relational, starts to play a more vital role during this stage. Governance influences trust in many ways. First, established governance provides guidelines for
how each party is expected to perform and their role. During socialization, each actor is becoming familiar with governance and the role it plays in their relationship. Second, if established governance is void, the socialization period plays a vital role in determining how much governance is used and how it is defined. Lastly, each actor’s dependency on the formal governance is much greater during socialization than later phases in the lifecycle (assuming it is already established). This is partly due each actor’s limited experience with each other, as well as each party has had limited governance understanding.

2.7.3. Stabilization

As the evolutionary cycle above continues to mature between actors, their environment, relationship, and trust begins to stabilize. Additional experience is gained through observation and interaction. Each party’s actions start to become more meaningful as the two actors begin to rely on each other to achieve the joint vision and goals established during the initiation phase. Leadership during this phase is critical to ensure parties continue to perform as expected.

As is the case in the early phases, communication between actors plays a vital part during this phase. Open and honest communication allow the parties to overcome the apprehension of moral hazards and adverse selection. It cultivates soft properties such as cooperation that further contribute to the trust being built. Communication provides a means for establishing priorities and a mechanism for feedback. Feedback is critical in various ways during this phase. First, feedback is the means by which actors communicate how each are doing in the eyes of each other. Second, feedback stimulates trust from the aspect that is it the direct link between the established agreement and an actor’s performance. Most importantly, feedback levels each actor’s understanding of the other party, allowing for deeper interactions.

Continuing the example provided in the socialization section above, a PM begins to fully understand their role and that of the contractor during the stabilization phase. He or she starts to see the interconnections between actors and how each can contribute to the overall success of the program. During stabilization, a PM begins to balance the cost, performance, and schedule aspects of his or her program, and better understands how each decision impacts overall program performance. They understand their team member’s roles as well and begin to organize their team in a manner by which they believe will enable success. These actions further stimulates trust-based relationships throughout the team.
Each actor continues to increase their understanding of the governance mechanisms in place or those being established. If formal governance exists, a PM begins to leverage the established agreement vice simply learning about its contents and the requirements contained within. By understanding the other actor’s roles and responsibilities and the underlying context of the formal contract, relational contracting starts to contribute to a greater extent during this phase. For example, once a PM understands the underlying contractual factors, he and she can leverage the relationship to increase the probability of success. I have experienced this many times in my career. Once my environment stabilized, I could begin to trust that each actor on my program would fulfill their commitments to the team. This increased the effectiveness of our work and produced better results. Also, as my comfort level matured, I could have more frank and open communication with my counterpart, which allowed both of us to manage the program as one.

2.7.4. Performance

A trust-based relationship achieves maturity during the solidification and implementation phase. Once the relationship between actors is stabilized, the environment that each actor operates within becomes more defined. An example of performance is common expectations template above that details the joint agreement between PMs. This example is the culmination of trust, established over time, and built through interaction. As discussed above, the common expectations template details a joint agreement for how both parties will communicate, achieve requirements, maintain focus, and most importantly, how each leader is performing. This agreement was the foundation by which we operated.

As the case in the other phases, communication continues to play a vital role throughout this phase. Since priorities and expectations are established, the actors can expend their energy ensuring people have the resources they need and ensuring each member is meeting their commitments (accountability). By constantly communicating expectations, each member of the team is continually reminded they must perform as expected, further stimulating trust between actors. Also, feedback is more meaningful and useful because actors fully understand one another’s motivations.

Actors start to observe whether or not their original vision was appropriate, given the information they possessed at the time. More than likely some adjustment will occur, as the roles and environment are further defined, and they now place greater trust in their own ability and the
ability of their counterpart. The trust established allows the joint effort to enhance the updated vision, goals, and objectives.

Throughout each phase, leadership is the underlying facilitator that enables the cycle to continue. Leadership is the mechanism by which the vision is enforced and drives the team towards achieving the vision. Once my counterpart and I solidified our agreement, we continually monitored not only ourselves but each member of our team to ensure their actions supported, not undermined the agreement. If a team member’s actions undermined the agreement, hence introduced distrust, we immediately communicated our expectations and what was required to reestablish balance throughout the team. Inversely, if my counterpart or I did not deliver as agreed, he or I would communicate our concern and put in place fix actions to eliminate the issue. In all cases, it was leadership that enabled us to focus on the issue and not attack the person, which further stimulated trust between our teams.

Addressed in each phase is the role of governance and how an actor’s reliance on formal governance is greater up front. This doesn’t make formal governance less important as the cycle progresses; it is actor’s reliance on formal governance that decreases as the cycle progresses. This is an important argument. Throughout this inspection, I have provided evidence and argued that formal and relational contracting are maximized when complementing or balancing one another. The cycle above shows not only an evolution of trust but the actor’s professional skills and knowledge. As an actor or PM becomes familiar with the contract and the guidelines within, it becomes second nature. This allows the trust and relationship to play a larger role in determining actions. Also, because formal governance is static (agreed to and monitored), its ability to enhance performance becomes less as the cycle progresses. For this reason, I believe relational governance not only enhances formal governance but is the true enabler for team performance and trust.

2.7.5. Maintenance and Continual Renewal

Much work is expended establishing a trust-based relationship early in the life cycle. Once established, trust must be pampered for because it requires much work to establish, but it is easy to lose. If lost, the likelihood of regaining it is limited. For this reason, the trust-based relationship enablers play a critical role in maintaining and enhancing trust. The underlying force that focuses the entire team and ensures members act in accordance with and complement one
another is leadership. Leadership enforces expectations as well and holds members accountable. Both are important to maintaining trust.

Another facilitator mentioned multiple times throughout this section is communication. While leadership is the foundational aspect of maintenance, communication is the lubricant that enables both parties to align efforts, understand each other motives, and jointly determine their future. Communication also plays a vital role when issues arise affecting trust. This tool is powerful because if an issue arises and is discussed, more than likely, the balance will be regained. If ignored and not discussed, a form of distrust is introduced, which can have lingering effects. These effects, both emotional and cognitive, are why communication is a critical tool for maintaining a trust-based relationship between actors.

Trust repair is another important aspect of maintenance. Normally a violation of trust is a result of one actor’s actions, not both. While the detrimental action is caused by one actor, it takes both, working together, to repair what was lost. This commitment, the commitment to repair the relationship is a joint commitment. “In order for parties to engage in the trust repair process, each must be willing to invest time and energy into the repair process and perceive that the short- and / or long-term benefits to be derived from the relationship are highly valued—that is, the payoff is worth the investment of additional energy, and perceive that the benefits to be derived are preferred relative to options for having those needs satisfied in an alternative manner” (Kramer & Tyler, 1996). Kramer and Tyler highlight three critical concepts. First is the concept of each actor’s personal commitment to the other. The second is both actors must grasp that both the short- and long-term benefits are worth the risk. The last concept is that no other preferable alternative exists that would entice one actor to take advantage or vacate the relationship completely. As is the case when establishing trust, all three concepts are also used to repair trust once it is lost.

In addition to repair, a trust-based relationship is continually renewed between actors. Renewal is achieved through leadership, communication, team chemistry, and a commitment to a purpose which is larger than any single individual. Renewal is further enhanced by the personal relationships developed and trust formed over time and demonstrated through actions. Each—relationships, trust, and actions—are critical enablers for trust-based relationships and the underlying success factors for the lifecycle discussed throughout this section.
2.7.6. Summary

The trust lifecycle was a culmination of the major themes discussed throughout this paper. It tied together my own experiences to what scholars have discovered during the examinations of contextual factors, detrimental behaviors, and more traditional relationship types such as mergers and acquisitions, partnerships, and joint ventures. Taking the thoughts and themes I have discovered throughout this inspection produced an evolutionary cycle that I believe can be used in any relationship to establish and maintain trust.

The establishment of a trust between two actors starts with the initiation and discovery of a relationship. The initial expectations formed in the initiation and discovery phase are further defined based on an increased understanding of each actor and their willingness to trust one another; this is encountered during the socialization phase. As the evolutionary cycle continues to mature, actors, their environment, relationship, and trust begins to stabilize. Additional experience is gained through observation and interaction. Each party’s actions start to become more meaningful as the two actors begin to rely on one other to achieve the joint vision and goals established during the initiation phase.

A trust-based relationship achieves maturity during the solidification and implementation phase. This is the culmination of trust, established over time, and built through interaction. Much work is expended establishing a trust-based relationship early in the life cycle. Once established, trust must be nurtured for because it requires much work to establish but it is easy to lose. If lost, the likelihood of regaining it is limited. This is why maintenance and continual renewal play a critical role in the long-term health of a trust-based relationship.

This section concludes my examination of literature. The next section will continue to discussion and introduce what I have discovered through my own research. Prior to exploring the research method and approach, I reintroduce the collection of trust-based relationship enablers and barriers. As the reader can tell, additional enablers and barriers are provided from literature enhancing the understanding and impact each has on trust-based relationships.

Aligning the personal experience and literature barriers and enablers next to each other, identifies overlaps and disconnects between the two sections. This does not undermine each section but simply demonstrates where additional research could have further complemented this examination. Also, below each comparison are additional barriers and enablers identified throughout the literature review. Each barrier and enabler will be compared to other discoveries.
as the paper progresses to identify patterns throughout the different schools of thought as well as opportunities for further inspections.

<table>
<thead>
<tr>
<th>Personal Experience - Barriers (baseline)</th>
<th>Literature - Barriers</th>
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<tbody>
<tr>
<td>Acquisition Culture</td>
<td>Culture</td>
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<td>Bureaucracy</td>
<td>Contractual Micromanagement</td>
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<td>Competing Interests</td>
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<td>Cycles and Tempo</td>
<td>Job Security</td>
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<td>Frustration</td>
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<td>Greed</td>
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<td>Organizational Motivations</td>
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<td>Over Promising/Under Delivering</td>
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<td>Oversight</td>
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<td>Processes</td>
<td>Short vs Long-term Vision</td>
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<td>Regulations</td>
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<td>Risk Aversion</td>
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<td>Transparency</td>
<td>Winning Attitude</td>
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<tr>
<th>Personal Experience - Barriers (baseline)</th>
<th>Literature - Barriers</th>
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<tbody>
<tr>
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<td>Background, Training, Education</td>
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<td>Risk Tolerance</td>
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<td>Risk Tolerance</td>
<td>Strategic Planning</td>
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*Table 4 - Personal Experience and Literature Barriers and Enablers*
3. RESEARCH METHOD AND APPROACH

3.1. INTRODUCTION TO METHOD AND APPROACH

Throughout this examination, I have focused on trust and how PMs, both government and contractor, can leverage available tools to establish a trust-based relationship. I have provided my own career experiences and what I believe are the barriers and facilitators to establishing this relationship. I argue that the primary barriers—acquisition culture, its processes, and the structure—introduce artificial barriers, limiting a PM's ability to establish a trust-based relationship. I also argue that enablers such as leadership, common expectations, and open and honest communication allow PMs to successfully operate, even given the enterprise's limitations. Building on the barriers and enablers, literature provided additional enablers such as cooperation and loyalty. Literature also provided insight into limiting elements such as opportunistic behaviors, adverse selection, and moral hazards. Lastly literature provided insight into traditional but well studied relationships, such a partnerships and joint ventures, and how actors within each relationship can jointly enable success. Based on the above, a trust-based relationship lifecycle was developed as a guide to how trust is introduced, established, and most importantly, maintained between actors. This section builds upon my personal experience and literature findings to determine how and why trust-based relationship barriers and enabler exist.

First, the thesis roadmap is presented again to refresh the reader.

![Figure 13 - Thesis Design](image)
3.2. LEVEL OF ANALYSIS

To answer the questions of how and why trust-based relationships barriers and enablers exist, I used a process research approach (Poole & Van de Ven, 2000). A process research approach focuses on the how and why of a process and identifies underlying patterns or gaps within the process. As a preview, each research method is described below.

The first method used a process study of successful and unsuccessful programs. The study started with a detailed analysis of secondary sources, including, program manager press releases, Government Accountability Office (GAO) and Defense Acquisition University (DAU) studies. The findings were triangulated against and coupled with case studies of actual programs that have been normalized. The purpose was to understand how the lead of each program initially established and actively maintained their counterpart relationship and if not, why?

The second method evaluated the experience of 16 Acquisition Professionals. To gain insight into their experience, I surveyed each professional on their view of the Executive-to-Executive and PM-to-PM level as well as what barriers and enablers existing within the DoD Acquisition System. The experience of the Acquisition Professionals ranged from mid-career PMs to seasoned PMs with over 20 years. Additionally, the level by which they operated within the enterprise varied from tactical (e.g., project managers and engineers), to operational (e.g., Program Element Monitors), to strategic (e.g., Major Defense Program Managers and Chief Engineer). Each role is defined below.

- **Project Manager** – Individual who manages a project on behalf of the Major Defense Program Manager. Usual rank is Major or General Series Civilian (GS)-13 and below.

- **Project Engineer** – Individual who manages the technical aspects of the project and provides trade-off analysis and recommendations in support of the Project Manager. Ensures performance meets user and contractual requirements. Usual rank is Major or GS-13 and below.

- **Program Element Monitor (PEM)** – Individual operating out of Headquarters Air Force (Pentagon) who is responsible for the program, its communication to Congress, and the integration of program priorities to the budget. Usual rank is Lt Col, Major, GS-14 or GS-13.
- **Chief Engineer** – Individual who manages the technical aspects of the program and provides trade-off analysis and recommendations in support of the Program Manager. Ensures performance meets user and contractual requirements. Usual rank is Colonel or GS-15

- **Major Defense Program Manager** – “Designated individual responsible for and having the authority to accomplish program objectives for development, production, and sustainment to meet the user’s operational needs. The PM shall be accountable for credible cost, schedule, and performance reporting to the Milestone Decision Authority” (DAU4, 2009). Usual rank is Brigadier General, Colonel, Civilian Executive Service (SES) 1, or GS-15.

The experience level of each, their interaction and role within the enterprise, and how their position influences their mental frame and opinion of the enterprise is drastically different. The figure below depicting the DoD Acquisition Enterprise and the interaction of actors is presented again to refresh the reader of the major players within the enterprise.

![Figure 14 - Defense Acquisition Enterprise & Interaction](image-url)
This figure shows the DoD Acquisition Enterprise and how the interaction of each actor influences the trust that can be established. At the centerpiece of the enterprise is the key facilitator, the PM. The PM’s role, as previously discussed, is to facilitate activity with all the actors above and ensure his or her team delivers as promised. Continuing the thought, the following sections will revisit the research question posed above, and then provide research tools for measuring the importance of trust and how an actor’s current performance affects trust. I will then extend the research method discussion for each method used.

3.3. Research Questions Revisited

To refresh the reader, the original research questions provided in section 1 are revisited.

1. How does a program manager establish a trust-based relationship in an enterprise that culturally and structurally inhibits the formation of trust?
2. Why do experienced program managers struggle to facilitate trust-based relationships?
3. How does the program manager effectively leverage a trust-based relationship to enable program success?

3.4. Quantitative Data Gathering

As stated, initially I conducted a process study to determine if patterns could be discovered, in open sources, pertaining to the trust demonstrated between stakeholders. I studied two major DoD programs from 2001 to present day. The duration of the evaluation is important because it provides a long enough duration to see how trust-based relationship barriers and enablers such as culture, individual personalities, and leadership styles influence trust between actors.

To determine the level of trust exchange between actors, I developed a matrix that captured each exchange. Each exchange was weighted based on low (1), medium (2), or high (3) from the perspective of situational importance and actor performance. Low meant little or no situational importance and a complete performance failure on the part of each actor. Medium was variable but increased importance but not critical to program success and one actor not performing compared to the other. High meant vital importance to program and both actors equally performing for the benefit of the other.
I chose to simplify the scale (1-2-3) based on its ability to determine both importance and performance based on evidence captured. Additionally, since the stakeholders varied, the scale provided a means to normalize all data regardless of the stakeholder involved. For example, in all programs studied, stakeholders included but were not limited to the PM, Program Executive Officer (PEO), Secretary of Defense, Undersecretary of Defense, Secretary of the Air Force for Acquisitions, GAO, Contractor, and the General Public.

In each artifact gathered, I determined if the exchange was a key event. A key event was an event that altered program performance vice an opinion or a recommendation. Next, I determined if the findings were truthful or not. This was a subjective determination and each finding was given a “1” for trust or a “0” for distrust. An example of a truthful statement is “improving affordability is critical to the success of this program, and by working together we were able to negotiate a lower cost product. There is still work to be done, but these agreements are proof the cost arrow is moving in the right direction. We will continue to work with industry to identify areas for savings in future production contracts.” A distrustful statement is an actor stating the relationship “is the worst he has ever seen.” Once I determined whether or not the finding was trustful or not, I then leveraged value exchange tool discussed below to determine the importance and performance of the exchange.

Importance, like a key event was determined based on the criticality of the event and its impact to the program. The determination of criticality was based on my professional experience, an understanding of the program being evaluated, and if the event critically altered the future of the program. Examples of critical events include the removal of the PM for not delivering as promised or a key decision maker stating the program needed to go in a different direction. In both cases, the criticality of the event changed the direction of the program under study. That being said, not all critical events were negative because positive events also changed the direction of the program so their importance also received a “3”. Performance as described above was easier to determine. It was based on the interaction of each actor and if none, one or both stakeholder’s actions benefited the other.

3.5. QUANTITATIVE TOOL – VALUE EXCHANGE BETWEEN ACTORS

The trust exchanged between actors varies depending on importance of the situation and the performance of each actor. To enable the process research method study, I used a tool called “stakeholder value exchange.” The value exchange concept was introduced to me by Dr.
Deborah Nightingale while attending her course called “Integrating the Lean Enterprise.” Prior to explaining the concept, it is important to understand what a “stakeholder” and “value” is within the context of this paper. A stakeholder is “any group or individual who directly or indirectly affects or is affected by the level of achievement of an enterprise’s value creation process” (Nightingale & Srinivasan, 2011). The exchange between the stakeholders is what determines the value. In the case of this examination, the trust exchanged between stakeholders is what creates value between stakeholders. Value is “benefit at cost” (Crawley & Cameron, 2013). Each exchange has an expected benefit and cost associated with it. For example, as PMs communicate and exchange information, trust forms, resulting in honest communication on the senders part and belief or vulnerability on the receivers part, which are both benefits, yet the cost is the time required to prepare and transmit, as well as vulnerability of each actor.

The unique aspect of the value exchange tool is that it can be applied to any type of stakeholder value exchange. A visual depiction of the value exchange is below.

![Value Exchange Template](image)

*Figure 15 - Value Exchange Template, adapted from Nightingale & Srinivasan, 2011*

The tool above was used in the quantitative research and applied to secondary sources, including, program manager press releases, Government Accountability Office (GAO) and Defense Acquisition University (DAU) studies. In each artifact, I studied the intent of the actor’s communication to determine if the exchange exemplified trust, how important the situation was considering the program’s current state, and if the exchange demonstrated performance on the part of each actor. The importance of each situation required an understanding of the program’s
history, its actors, whether the exchange facilitated or was detrimental to the program’s success. Performance was considered from the perspective of both actors and whether the exchange enabled a trust-based relationship between each actors.

3.6. **Qualitative Data Gathering – Surveys**

The diversity of the individuals surveyed minimized the biases associated with one career field such as surveying only program managers or limiting the data pool to mid-career or just seasoned professionals. A list of career fields is provided below.

- Program Managers
- Project Managers
- Program Element Monitors
- Headquarters Air Force Staff Officers
- Chief and Program/Project Engineers
- System Engineers
- Contract and Financial Specialists
- Government Support Contractors
- Other Service (Navy) Program Manager
- Defense Industry Contractors

The survey was relationship focused to determine the trust exchanged at three distinct levels. Level one was strategic in nature and focused on the relationship between the DoD Acquisition System and Defense Industry (Executives). This level provided two perspectives. First, it defined the role of each individual within the DoD Acquisition System and second, it provided insight into whether the individual being surveyed believed a trust-based relationship existed at the highest level of DoD Acquisition System. Since I believe the culture and expectations are established at the highest level of each enterprise, it was important to gather qualitative performance data at this level. Example questions are provide below.

- How do you currently view the relationship between Senior Acquisition Leaders and their Defense Industry counterparts?
- How do you view the collaboration between leadership?
• Can you think of examples of a successful Executive relationship? What made it successful?

Level two focused on the PM-to-PM relationship and whether the respondents believed trust existed between PMs and if not, why? This level extended the questions at the Executive Level and added whether the respondents believed the PM relationship makes a difference and what role trust played in both the relationship and the program. It also inquired about what the respondents had done in their own careers to establish trust with their counterparts. Other aspects of the survey inquired about the point in which the respondent believed a trust-based relationship made a difference in program execution or the eventual outcome. Lastly, the survey asked if the trust established between PMs translated team-wide. Example questions are provided.

• Does the relationship make a difference?
• What role does trust play?
• Are there things you have done to establish trust? If so, what?
• Did establishing trust make a difference in the program outcome (successful or failure)? Examples?
• At what point does a trust-based relationship make a difference in the program outcome?
• Did the trust-based relationship between the leads translate team-wide (all members on both sides)?

Level three focused on trust-based relationship barrier and enablers. The purpose of this level was to determine if additional barriers or enabler existed beyond the ones I provided above. The respondents were asked, based on their experience, if trust-based relationship barriers and enablers existed throughout the DoD Acquisition System. Example questions are provided.

• From your experience, what facilitates trust-based relationships?
• From your experience, what barriers exist to establishing a trust-based relationship?

Prior to starting the survey, I explained the information provided would be standardized and confidential, all data presented would be normalized, and their respondent’s identity protected.
3.7. **Qualitative Data Gathering – Interviews**

A total of five interviews were conducted in person. Three key informants proved insightful and extended the analysis provided throughout this paper. The process started with recording the interview, then transcribing each to determine the common themes and unique observations. The reason for the follow up was to gain a deeper understanding of their initial survey results. Interviews were structured similar to the survey and captured the three levels discussed above, but introduced a dynamic based on how the interviewee responded. I started out the survey explaining the system boundary under consideration and the purpose of the interview. In each case, I explained the system boundary as the DoD Acquisition System and Executive and PM level actors. Also, I explained the purpose of the interview was to garner their professional opinion on trust-based relationships and if they believed barriers or enablers existed throughout the DoD Acquisition System.

Once the foundation was set, I opened with their opinion of the Executive level relationship and if it enabled or impeded trust throughout the system. Based on their insight, I adapted the interview to incorporate the PM-to PM relationship as well as trust-based relationship barriers and enablers. Each interview was unique but provided an understanding of various Acquisition Professional’s opinion and a deeper understanding of barriers and enablers. The insights from each interview are captured in the analysis and findings section below.

Prior to starting the each interview, I explained the information provided would be standardized and confidential, all data presented would be normalized, and their respondent’s identity protected.

3.8. **Qualitative Tool – Common Themes and Unique Observations**

Once each respondent provided their insight, I consolidated each response into a master matrix to identify common themes and unique observations. The completed matrix can be found in Appendix E. I did this for each survey question and interview. Common themes were derived based on the foundational message of each response compared to other foundational messages. For example, when asked about a successful Executive relationship, leadership and communication themes were identified based on the overwhelming foundational messages that captured each theme.
Unique observations were identified based on the question asked and if the insight extended the thoughts provided throughout this paper. For example, when asked about trust-based enablers, one respondent commented about how his or her team designed flexibility into the formal contract to complement the existing trust-based relationship. This is an insight yet provided in this paper.

As themes and observations were captured, trust-based relationship barriers and enablers also became apparent. Each barrier and enabler was analyzed against established barriers and enablers (my own experiences and literature) to capture additional barrier and enabler patterns. As is provided throughout the paper, the consolidated list of barriers and enablers is included at the conclusion of each section.

3.9. SUMMARY

To answer the questions of how and why trust-based relationships barriers and enablers exist, I used a process research approach. A process research approach focuses on the how and why of a process and identifies underlying patterns or gaps within the process. Three research methods were leveraged to discover if my own experiences were the same as other acquisitions professionals. First, I conducted a quantitative process study of successful and unsuccessful programs. The study started with a detailed analysis of secondary sources, including, program manager press releases, Government Accountability Office (GAO) and Defense Acquisition University (DAU) studies. Each source or data point was analyzed using the value exchange concept to determine the importance of each situation and the performance of each actor. The second method, a qualitative approach, surveyed and interviewed Acquisition Professionals throughout the DoD Acquisition System. Various system levels were evaluated to determine if trust-based relationships existed at each level and what each respondent believed barred or enabled trust between actors. The next section leverages the methods discussed and identifies patterns for how trust-based relationships can be established and what prevents them.
4. **Quantitative Analysis and Findings**

Section 3 introduced the research method and approach. This section will extend the discussion and provide the analysis and results of the quantitative studies. The quantitative section is divided into Program A and Program B. In each section, I provide a general program description, identify common themes or patterns, and provide a graphical timeline for trust, importance, and performance. Lastly, I summarize key findings that contribute to or distract from trust-based relationships. Prior to examining the cases, the thesis design is presented again as a refresher.

![Diagram of Thesis Design, Cases / Secondary Data Highlighted]

*Figure 16 - Thesis Design, Cases / Secondary Data Highlighted*
4.1. **Cases and Secondary Data Analysis and Findings**

I discussed the process research approach taken above. This section provides insight into two DoD programs and is structured as follows.

- Part 1 – General description of the program, its history, and the primary stakeholders
- Part 2 – Unique observations and common themes
- Part 3 – Event timeline comparing stakeholder trust, the importance of each data point and the performance exchanged between actors
- Part 4 – Program Summary

4.1.1. **Program A**

4.1.1.1 **General Description, History, and Stakeholders**

Program A is a major defense program currently in low rate initial production (LRIP). LRIP is the start of the production and deployment phase and is used to “ensure adequate and efficient manufacturing capability and to produce the minimum quantity necessary to provide production-representative articles for Initial Operational Test and Evaluation (IOT&E); establish an initial production base for the system; and permit an orderly increase in the production rate of the system, sufficient to lead to full-rate production upon successful completion of operational testing” (DAU2, 2008).

Program A was created to replace many of the DoD’s aging operational capabilities. As it progressed, the complexity of the system resulted in various cost increases, late milestone delivery, and a constant battle between the DoD Acquisition System and Defense Contractor. Various government PMs have led the program with varying success. Some developed trust and a relationship with their counterpart and some did not. The influence of stakeholders and their effect on trust throughout the program is immense. For example, because Program A is one of the largest DoD programs, the PM is influenced by the Secretary of Defense, key Congressional Members, and most importantly Foreign Nations.

4.1.1.2 **Unique Observations**

Like most new programs, Program A’s optimism was abundant when it was first created. The cost, schedule, and performance estimates were established based on prior capabilities and in my opinion, the estimates were extremely optimistic considering the system’s complexity. As the program progressed, performance did not match expectations and the trust initially
established began to suffer. For example, in 2000, key leadership in the DoD Acquisition System believed this capability would replace three older but capable platforms. Six years later, the Defense Contractor still had not produced the first test representative capability. The inability to deliver as promised is the first unique observation.

(i) Observation #1 – Inability to deliver as promised.

Between 2000 and today, Program A has been rebaselined four times. A rebaseline is a formal declaration that the previously agreed to schedule, cost, and performance metrics could not be achieved, no matter the resources used. This is a direct violation of tax payer confidence, promises to Congress, and unfortunately the end user. The question is, why, given four different opportunities, could Program A not keep its promise?

As stated above, an overabundance of optimism up front resulted in unrealistic expectations. Initially trust was demonstrated on both the part of the Program and Defense Contractor but over time, as the optimism decreased, the trust exchanged between actors also decreased. This is evident in 2006, the total purchase quantity decreased by almost two-thirds due to “delays to the acquisition program, increased development and production costs, and affordability pressures” (GAO1, 2006).

Also, as pressure mounted, each actor established a position that cultivated an environment of distrust. By that I mean each side, the DoD Acquisition System and Contractor, publically stated opposing positions that nether mirrored nor supported each other. For example, the GAO released a report stating that Program A “continues to pursue a risky acquisition strategy” (GAO2, 2007) while the Contractor stated “I don’t agree it adds extra risk, we are doing it the right way and what the GAO says will do just the opposite” (Wayne, 2007). The diametrically-opposed position, which is examined above in the form of a trust-based relationship barrier is primarily due to the inability to deliver as promised. The formal contract laid out expectations, based on a commitment from the Contractor. Unfortunately, performance did not meet expectations, which created a distrustful environment and each actor not supporting the other.
(ii) Observation #2 – Lack of Accountability

Alluded to in the previous section is the lack of accountability and how it produced an environment of distrust and opposing views. Based on my analysis, the lack of accountability can be attributed to three themes:

- The initial program commitment and its continued priority within the DoD Acquisition System.
- The need to replace legacy systems and the potential future capability.
- The overabundance of resources to bail out the program.

Program A has always been a vital component of the DoD Acquisition System’s portfolio. Because the capability was expected to consolidate the portfolio and enable the retirement of three legacy capabilities, the initial and ongoing commitment is immense. This commitment at times produces an environment where a history of mistakes can be overlooked. For example, between 2000 and 2010, Program A had four government PMs. During the timeframe, the lack of accountability and continued distrust was evident. It was not until 2010 that a PM was removed for not delivering.

Much of the existing capabilities currently fulfilling the role of Program A are aging. This is the foundational purpose for why Program A was created. Additionally, because of the predicted future combat environments, Program A is needed to combat the predicted threat. This importance contributes to an environment of distrust and the lack of accountability. It also decreases the probability that Program A will ever be cancelled, which decreases the effect of accountability.

The priority referred to above results in a portfolio trade-off that enables the ability to bail out Program A even though it is not performing to expectations. This is another example of the absence of accountability. For example, during the four rebaselining events above, resources where rearranged, within the portfolio, to accommodate cost overruns and schedule delays. It was not until the third baseline that accountability was introduced (PM removal) and not until the fourth baseline that accountability started to increase Program A’s performance.

(iii) Observation #3 – Marshaling Event Occurs Increasing Trust / Altering Future

Throughout my evaluation of Program A, the trust between actors varied with little to no consistency. This is depicted in Figure 17 below. Initially, due to the program optimism, trust
was evident. After that point, trust gradually decreased until it was non-existent. This changed when a marshaling event occurred. A marshaling event is an “event that generates uncertainty coupled with leadership activities that turn anxiety into purposeful energy” (Katz, 2003). In Programs A’s case, it was a leadership change and a strategic but decisive moment on the new leader’s part, that not only woke up the contractor, but sent a message to the new leader’s entire organization.

After the PM’s removal in 2010, Program A’s performance continued to underperform compared to expectations. Additionally, the external environment was changing, resources were becoming tighter and because of that, the need to deliver on promises was critical. It wasn’t until the fall of 2012 that everyone got the message. During a major leadership conference, the government Deputy PM addressed an issue his industry counterparts never saw coming, the relationship between the government PM, the Program Office, and the contractor. He stated the relationship is “the worse he has even seen” and “we will not succeed on this program until we get past it, we have to find a better place in this relationship, we have to, this is the biggest threat to this program today.” Additionally, he discussed the changing environment and his expectations. “There is no more money and no more time in the development of this program, that is it, we will not go back and ask for any more.” His simple but firm message changed everything. Evidence of this is the Contractor’s immediate response, “We agree with Major General “X” that it takes everyone to be fully engaged to be successful” (Bogdan & Lerman, 2012).

The above marshaling event was stimulated by a leader who used the power of communication to reset expectations. Post the marshaling event, conditions and performance initially continued as they did before, but the leader’s continued focus on the relationship and expectations began to create environment of accountability and trust, which in turn resulted in increased performance. For example, prior to the marshaling event, a contract took upwards of 12 months to negotiate, the next negotiation took only six.

Additionally, both actors started to publically demonstrate trust, most notably by the leader who stimulated the marshaling event. “I believe our working relationship is definitely improving, we are communicating much, much better with each other now” (Mehta, 2013). Continuing that thought, “The old, dysfunctional relationship was not based on transparency and good communications, and it was also not fair. There was an imbalance of risk wherein the
government was bearing too much and the contractors not enough” (AirForceMagazine1, 2013). This statement communicated the core issue that was driving the strife between the two actors: an imbalance of risk, amplified by underperformance. External opinions also began to change as demonstrated by the DoD Acquisition System’s highest ranking acquisition official stating Program A is no longer “one of my problem programs” and “this is not the program of 2010” (AirForceMagazine2, 2013).

It wasn’t until the decision to openly communicate one’s expectations, and then hold everyone accountable based on those expectations, did the program start to reverse its history of poor performance. The next section extends the observations made above and provides a detailed analysis of each event leveraging the value delivery concept discussed above. As a reminder, the value delivery concept focuses on the trust exchanged between actors, each situation’s importance, and the performance of each stakeholder.

4.1.1.3 Stakeholder Trust, Situational Importance, and the Performance Exchanged Between Actors

Program A was evaluated over a 14 year period. During that period, I was able to capture 68 separate and distinct data points. Each data point represents an exchange of trust. Based on the context of the situation, I was able to determine if the exchange facilitated trust (1) or distrust (0). As a reminder, stakeholders included both the Government and Contractor PMs, Secretary of Defense, Undersecretary of Defense for Acquisition, Logistics, and Test, Contractor Chief Executive Officer, Contractor Spokesman, and key members of Program A such as the Government and Contractor Chief Engineers. As the reader can determine from Figure 17 below, initially trust was present due to optimistic expectations but dwindled over time. From the period of 2006 until the PM was removed in 2010, the program failed to meet expectations on all levels. Once accountability was introduced in the form of a PM removal, trust was discovered between actors but not in a steady state. Not until 2012, when the aforementioned Deputy PM brought to light the relationship state between the government and contractor, was trust consistently found between actors.
The next section leveraged the value exchanged between actors to determine the importance and performance of each exchange. To refresh, the scale was based on the below table.

<table>
<thead>
<tr>
<th>Importance</th>
<th>Low (1)</th>
<th>Medium (2)</th>
<th>High (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Little or no importance to program outcome</td>
<td>Increased importance but not critical to program outcome</td>
<td>Critical to program outcome</td>
</tr>
<tr>
<td>Performance</td>
<td>Complete performance failure on the part of both actors</td>
<td>One actor performing but not the other</td>
<td>Both actors performing equally</td>
</tr>
</tbody>
</table>

*Table 5 - Value Exchange Between Actors – Importance and Performance*

As the reader can see, importance is specific to program execution. Importance pertains to the given exchange and whether or not the exchange impacts the program’s ability to meet cost, schedule, or technical performance milestones. Performance is based on the actual action of both actors and if they perform in a manner that benefits no one (1), themselves (2), and both parties (3). I chose to simplify the scale based its ability to determine both importance and performance. Additionally, since the stakeholders varied, the scale provided a means to normalize all data regardless of the stakeholder involved. Figure 18 compares each.
Comparing Program A’s exchange importance to its actor’s performance yields some interesting findings. First, a given event can be critically important to the program’s outcome but actors can demonstrate behaviors that do not equate the performance required. For example, in 2006, the two actors publically demonstrated opposing behaviors (performance). At the same time, critical testing (importance) was delayed due to performance failures and cost overruns. Additionally, in 2010, the program continued to under execute, which resulted in a PM removal. This event signifies the turning point and an important milestone (albeit negative) to the program. The problem was, performance continued to underwhelm until the marshaling event already discussed occurred. It was not until that point where importance and performance began to equate each other.

So far, I have compared trust, importance, and performance in a vacuum. The next section, as depicted in Figure 19 below, will compare all three to demonstrate the influence trust has on both importance and performance. A key finding, which was not the case when comparing only importance and performance, is that trust enables an actor’s performance level given the event’s importance. Only when trust was present did performance increase. Examples include the 2010 removal of the PM and third program restructuring, which were both important program events but did not stimulate performance. This changed in 2011, when the government and contactor worked together to re-plan their test approach by adding additional resources while reducing the overlap between production and testing. This example demonstrated trust, which
stimulated performance, but not quite to the level required to equate to importance. Not until the fourth restructuring, followed up by the marshaling event in 2012, did trust fully stimulate performance at a level equal to importance. The interesting aspect is while trust stimulated performance, in 2012, it took time to change the culture and performance of the program to the level required. Trust and the relationship were the enablers that allowed this to occur.

![Figure 19 - Program A - Trust, Importance, and Performance](image)

### 4.1.1.4 Summary

Program A is a major defense program currently in low rate initial production (LRIP). Program A was created to replace many of the Department of Defense’s aging operational capabilities. Initially, optimism cultivated an environment of trust between actors. As time progressed, the complexity of the system resulted in various cost increases, late milestone deliveries, and opposing positions, eliminating trust all together. Each in their own way contributed to the depletion of performance, even when the event’s importance was paramount.

Based on the research conducted, three unique observations were identified. First, the inability to deliver as promised continually undermined the actor’s ability to develop a trust-based relationship. This in turn decreased the performance of each actor because they were not motivated to perform for the benefit of each other. Second, the lack of accountability on the part of both actors cultivated an environment of lackluster performance and little to no trust. The lack
of accountability is attributed to the initial program commitment and its continued priority compared to other DoD programs, the need to replace legacy systems, and at the time, the overabundance of resources to bail out the program. It wasn’t until 2010, when a PM was removed, that accountability started to influence the environment in a positive way. The last observation, which is the most important of the three, is that to stimulate performance, a leader needs to leverage a marshaling event to awaken the system and the actors within.

The research compared 68 separate but important trust exchanges to determine if each exemplified trust, if trust contributed to performance, and if each actor’s performance equated the importance of the exchange. Comparing the importance of each exchange to the performance of each actor revealed that a given event can be critically important to the program’s outcome but actors can demonstrate behaviors that do not equate to the performance required. Additionally, even after an extremely important event such as the removal of a PM, performance does not consistently equate to importance until each actor fully trusts one another. The next section will inspect another case study in the same manner but offer different insights and observations.

4.1.2. Program B

4.1.2.1 General Description, History, and Stakeholders

Program B has a long history and a rich set of data by which to analyze trust-based relationships. It is a Major Defense Acquisition System with various stakeholders and interests. Unlike Program A, which is replacing antiquated operational capabilities, Program B is creating a new capability through the integration of existing capabilities. Each of the existing capabilities serves a specific purpose but are limited in today’s fast moving communications environment, hence the need for integration. Because this program operates in a completely different operational environment—space—the dynamics introduce a different set of stakeholder challenges and effects on trust.

The history of Program B starts in the mid-1990s based on limitations identified during the first Gulf War. Program B’s purpose is to provide integrated early warning and detection to troops throughout the world. It operates at both the tactical and strategic level and serves a multitude of missions ranging from defense, warning, intelligence, and battlespace awareness. It is currently operational but as the reader will see below, this program has faced many challenges throughout its history, which undermined the trust and relationships of each stakeholder involved. These challenges were overcome by establishing trust-based relationships, resulting in
a successful satellite launch. As was the case with Program A, stakeholders include the highest levels of the DoD Acquisition System and the Defense Industry.

4.1.2.2 Unique Observations

Program B was conceived during a time in the DoD where integration was the goal of many systems. It was a point in history where technology was starting to enable integration of many single purposed systems. Unfortunately, the promise of “simple integration” often did not match reality, resulting in underwhelming fielded performance. The environment, while understood in concept, was much more complex than envisioned, which introduced a new set of challenges that were not well understood. Also, because the warfighter needed an integrated capability to optimize their awareness and mission, the pressure encountered by Program B was immense. The dynamic between technology immaturity, program vision, and the operational environment is my first observation.

(i) Observation #1 – Technology Immaturity & Unclear Requirements Compared to Operational Environment

Each contributing system’s operational environment and existing technology was understood, but again, each operated in a specific environment and for a specific purpose. Software code was maturing to a point where stakeholders believed it could integrate such systems, creating a “system of systems.” This ‘silver bullet’ mentality resulted in over aggressive expectations of the systems themselves, the hardware, and the integration software. This in turn produced an optimism on the part of all stakeholders, which led to “overly optimistic assumptions and unclear requirements” (GOA3, 2003). Program B wasn’t the only program to face optimistic integration assumptions, but because it was a critical national security program, many of the stakeholders ignored that the assumptions were based on a concept and not a proven environment. The unrealistic assumptions resulted in unclear requirements, which formed the baseline for poor design and a long history of technical failures.

The operational environment was extremely dynamic and still being understood from an integration perspective. For example, “39 modifications were required to reduce excessive noise created by electromagnetic interference—a threat to the host satellite’s functionality—delaying delivery of the sensor by 10 months or more” (GOA3, 2003). Existing systems had encountered similar issues, but because they were simpler, the extent of the issues encountered were not as extreme. Also, testing “revealed several deficiencies if the flight software involving the sensor’s
ability to maintain earth coverage and track while orbiting” (GOA3, 2003). The above issues are one of many that were a result of optimistic operating environment assumptions, based on unclear requirements, which established a design that did not achieve its intended benefit, all of which undermined the trust that could be created between actors. All of the above were a result of my second observation, the lack of acquisition discipline.

(ii) Observation #2 – Lack of Acquisition Discipline

Throughout the Program B’s history, the lack of acquisition discipline is evident. An acquisition program is created based on a need, which as discussed, was identified during the first Gulf War. Once a need is identified, requirements are established to enable a design that can achieve a capability, fulfilling the requirements. Program B’s requirements were unclear, based on incorrect technology and operating environment assumptions, ultimately producing a flawed design and a multitude of failures.

The unclear requirements were just the start of discipline failures on the part of the government and defense industry, which led to three major restructuring activities. In 2001, Congress withheld all procurement dollars, stating the program needed more research and development time. Also in 2001, the lack of discipline allowed the program to pass the Critical Design Review (CDR) with only 50 percent of drawings completed. A CDR “provides a sound technical basis for proceeding to fabrication, integration, and developmental test and evaluation” (DAU2, 2008). Typically, 90 percent is the recommended best practice prior to CDR approval. This is the equivalent to building a car but not knowing how you will integrate the brake system. Even worse, to test the system, you drive the car down a hill and find out that the brake lines were never connected. The purpose of the CDR is to verify that both system level and subcomponent requirements are mapped system-wide. This ensures the design is mapped to the requirements and verification is conducted, avoiding problems like brake failure.

A “weak acquisition approach led to oversight by the project contractors, immature technologies, unclear requirements, unstable funding, underestimated software complexity, poor oversight, and other problems that has resulted in billions of dollars in cost overruns and years in schedule delays” (Harris, 2012). Oversight is critical to ensuring the government understands the implication of technical trade-offs, as well as ensuring the program is on budget and schedule. A fundamental PM role is ensuring the contractor performs to expectations and held accountable for underperformance. The lack of accountability as well as performance verification is a direct
result of the lack of acquisition discipline that plagued Program B for the majority of its lifecycle. The failures above lead me to my third and last observation: consistent performance failures undermine trust, but trust-based relationships, established over time, create an environment where success can be achieved.

(iii) Observation #3 – Performance Failures Undermine Trust but Trust-Based Relationships Established Over Time Enable Success

Failure and the inability to achieve performance requirements was a constant theme throughout Program B’s history. The performance failures are based on lack of operational environment understanding as well as poor oversight and acquisition management. The following observation will explore additional failures, its effect on trust, and culminate with the turning point, a marshaling event, that cemented trust-based relationships throughout the program and enabled future successes.

Many failures have been discussed. Additional failures included infrared sensor, booster, and power failures of the primary capability, the satellite itself, as well as major flight software and ground system failures. Each failure contributed to a degradation of missile warning accuracy, timeliness, and most importantly, reliability. Because of the nature of this program and the information it provides, the information must be 100 percent reliable. Otherwise, we as a nation could make an irreversible decision. The continuation of failures created an environment of low morale, distrust between the government and contractor, and limited each actors ability establish a trust-based relationship. This pattern is reflected in in Figure 20 below.

The failures continued, but over time, Program B started to build trust-based relationships and gain experience from its mistake. In 2004, a temporary victory was achieved in the form of a successful software CDR. This small victory represented the first data point demonstrating trust that I found by any stakeholder. Unfortunately, the victory was temporary because while the review was successful, the Program still had “latent defects and manufacturing process escapes in the system hardware that required significant additional resources” (GOA3, 2003). It wasn’t until the first successful launch of a primary satellite that trust was readily discovered between stakeholders. In 2008, Program B launched the first operational satellite, providing accurate, reliable, and timely information to the warfighter. Like Program A, this event was a marshaling event for the Program. The difference was instead of the leader stimulating action, it was the actual completion of a long sought milestone, a successful launch, which changed the attitude of
both actors. The successful launch was achieved by each side trusting each other, enabling their ability to overcome a long history of failures.

The event in 2008 cemented a culture of trust and a positive relationship between the government and contractor. This is evident in press releases from the Space and Missile Center (SMC) Commander, and the Government and Contractor PM post the event. The SMC Commander stated, “The successful launch and checkout of HEO-2 is a further demonstration of the strong, positive momentum of the program’s team. This is a critical step in delivering a revolutionary new capability that will address some of the most serious threats to our nation” (Sheridan, 2008). Also, the government PM stated "all of our team members can be congratulated and justifiably proud of their contributions to the success of this critical program and the significant impact it will have on our national security, these payloads are delivering remarkable on-orbit capability and give us confidence as we prepare for the first geosynchronous satellite launch" (Teague, 2008). Lastly, the Contractor PM stated, “this major milestone is direct testimony to our entire team's talent and dedication to successfully deliver this vitally important program to the warfighter” (Smith, 2008). The demonstrations of trust above are the first that I found in studying Program B. Each represents the power of success, teamwork, and the development of trust-based relationships. The positive exchange, solidified with this marshaling event, is present even today. The next section extends the observations made above and provides a detailed analysis of each event leveraging the value delivery concept (importance and performance).

4.1.2.3 Stakeholder Trust, Situational Importance, and the Performance Exchanged Between Actors

Program B above was evaluated over a 12 year period. During that period, I capture 30 distinct data points. Each data point represents an exchange of trust. Based on the context of the situation, I was able to determine if the exchange facilitated trust (1) or distrust (0). Figure 20 depicts the pattern of trust over the 12 year period.
Figure 20 - Program B Trust / Distrust Timeline

Trust is flat lined until the 2004 software CDR. This event temporarily stimulated trust, but because the trust was so fragile, the underlying program culture and history of failure quickly voided the trust built. Prior to 2008, all data points clearly demonstrated distrust, but post this event, the teams and their public communication contained words such as “positive momentum”, “our entire team’s talent and dedication”, “the entire Government / Industry team is dedicated to achieving mission success.” The 2008 event was achieved by establishing trust-based relationships program-wide, which then created a success culture and an ability to finally achieve a long sought milestone, the successful launch of a satellite. Building upon these finding, I now extend the analysis to the value exchange concept of importance and performance.

Importance is specific to program execution. Importance pertains to the given exchange and whether or not the exchange impacts the program’s ability to meet cost, schedule, or technical performance milestones. Performance is based on the actual action of both actors and if they perform in a manner that benefits no one (1), themselves (2), and both parties (3). Program B’s event importance remained consistently high and like Program A, the actor’s performance did not equate to situational importance. Reasons include the themes above, as well as barriers such as competing interests, tension, and bureaucracy. Inspecting the trend from 2001 to 2008
demonstrates this pattern. Outside the single event, the software CDR, this program consistently failed, leading to program-wide distrust. It took a successful launch to consistently propel performance to the same level as the event’s importance. Examining Figure 21 below, you can see a similar pattern to what occurred in Program A. Failure created an environment of distrust, but trust-based relationships developed over time, cultivated long-term and sustained success.

Figure 21 - Program B - Importance and Performance

The next section, as depicted in Figure 22 below, will compare all three components—trust, importance, and performance—to demonstrate the influence trust has on both importance and performance. A key finding, as was found in Program A, is that trust enables an actor’s performance level given the event’s importance, but only when trust was present did performance increase to the level required. This was not the case when comparing only importance and performance.
Another insight is that importance early in the program was high because of stakeholder expectations, but performance was low based on the inability to fulfill those expectations. The first moment where the stakeholders performed to the importance level was the successful completion of the software CDR. The event spiked both trust and performance to the same level of importance but soon after, all three variables dropped due to stakeholders losing faith in the program, which in turn killed the CDR’s momentum. From my research, I believe the loss of faith is because the trust was so fragile between actors, that any type of failure eliminated all trust. This is not the case after the successful launch. Post launch, trust stimulated performance to equate to importance, and allowed the Program to consistently perform based on the event’s importance. The difference between the first event and the launch is that the CDR, while important, was not the Program’s end goal, whereas the launch was. Once the program actually achieved the end state, the stakeholders experienced the ultimate win, which enabled them to come together for the benefit of each other.

4.1.2.4 Summary

Program B has a long history and a rich set of data by which to analyze trust-based relationships. It is a Major Defense Acquisition System with various stakeholders and interests. It was conceived during a time in the DoD where integration was the goal of many systems. The
problem was, the vision of “simple integration” did not later equate to strong fielded performance. This ‘silver bullet’ mentality resulted in over aggressive and optimistic expectations of the systems themselves, the hardware, and the integration software. The dynamic between technology immaturity, program vision, and the operational environment led to a multitude of failures, schedule delays, and cost overruns.

Acquisition discipline failures were the primary reason why Program B consistently failed to deliver. An acquisition program is created based on a need. Once a need is identified, requirements are established to enable a design that can achieve a capability, fulfilling the requirements established. Program B’s requirements were unclear, based on incorrect technology and operating environment assumptions, ultimately producing a flawed design. Additionally, the lack of oversight and monitoring allowed for poor decision making, over spending without notice, and complete lack of accountability program-wide.

Failure and the inability to achieve performance requirements was a constant theme in Program B’s history until two events occurred. The first, the software CDR stimulated trust temporarily but it quickly sputtered. The second, a successful launch, made Program B realize they could achieve the long sought success but it could only be achieved by leveraging each other.

Throughout this program’s history, trust-based relationships were difficult to cultivate because of the constant failures. Comparing the importance of each exchange to the performance of actors revealed that a given event can be critically important to the program’s outcome, but actors can demonstrate behaviors that do not equate to the performance required. Additionally, even after an important event such as a successful software CDR, performance does not consistently equate to importance until each actor fully trusts the other.

4.2. CASES AND SECONDARY DATA SUMMARY

In both programs, there was extensive distrust at all levels until a marshaling event occurred. In Program A’s case, the inability to deliver as promised and the lack of accountability created a distrustful environment. In Program B’s case, the disconnect between requirements, technologies, assumptions, and operating environments, as well as the lack of acquisition discipline, resulted in distrust and failure. Prior to the marshaling event occurring; trust-based relationships, in the absence of performance; bridged the gap between actors, increasing performance. The interesting aspect of both examinations was that the marshaling event was
different, but still required to reinforce trust over the long-term. In Program A’s case, it was the leadership that created the event which led to increased performance of both stakeholders. In Program B’s case, it was a achieving a milestone that had failed multiple times before. Regardless, it was the marshaling event that cemented the trust established throughout the teams, ultimately increasing the performance of each member. The following table consolidates the unique themes of each program.

<table>
<thead>
<tr>
<th>Program</th>
<th>Observation #1</th>
<th>Observation #2</th>
<th>Observation #3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program A</td>
<td>Inability to Deliver as Promised</td>
<td>Lack of Accountability</td>
<td>Marshaling Event Occurs Increasing Trust Altering Future</td>
</tr>
<tr>
<td>Program B</td>
<td>Technology Immaturity &amp; Unclear Requirements Compared to Operational Environment</td>
<td>Lack of Acquisition Discipline</td>
<td>Performance Failures Undermine Trust but Trust-Based Relationships Established Over Time Enable Success</td>
</tr>
</tbody>
</table>

*Table 6 - Program A and B Unique Themes*

Patterns start to emerge when comparing the barriers and enablers offered throughout the cases to those found in the earlier sections. Culture, competing interests, individual personalities, program instability, and risk aversion, were all found to be trust-based relationship barriers across all bodies of knowledge. Enablers include accountability, common expectations, communication, goal and objective alignment, leadership, respect, shared mental model, and transparency. An updated trust-based relationship barrier and enabler summary table captures the above analysis. The barriers are presented first, followed by the enablers for a cleaner illustration of each.
<table>
<thead>
<tr>
<th>Personal Experience - Barriers (baseline)</th>
<th>Literature - Barriers</th>
<th>Case Study - Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition Culture</td>
<td>Culture</td>
<td>Culture</td>
</tr>
<tr>
<td>Bureaucracy</td>
<td>Bureaucracy</td>
<td></td>
</tr>
<tr>
<td>Contractual Micromanagement</td>
<td>Contractual Micromanagement</td>
<td></td>
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<tr>
<td>Competing Interests</td>
<td>Competing Interests</td>
<td>Competing Interests</td>
</tr>
<tr>
<td>Cycles and Tempo</td>
<td>Greed</td>
<td>Frustration</td>
</tr>
<tr>
<td>Frustration</td>
<td>Greed</td>
<td></td>
</tr>
<tr>
<td>Job Security</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual Personalities</td>
<td>Individual Personalities</td>
<td></td>
</tr>
<tr>
<td>Instability</td>
<td>Instability</td>
<td>Instability</td>
</tr>
<tr>
<td>Lack of Accountability</td>
<td></td>
<td>Lack of Accountability</td>
</tr>
<tr>
<td>Organizational Motivations</td>
<td>Organizational Motivations</td>
<td></td>
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<tr>
<td>Over Promising/Under Delivering</td>
<td>Oversight</td>
<td>Over Promising/Under Delivering</td>
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<tr>
<td>Oversight</td>
<td>Over Promising/Under Delivering</td>
<td></td>
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<tr>
<td>Processes</td>
<td>Regulations</td>
<td>Oversight</td>
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<tr>
<td>Regulations</td>
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<tr>
<td>Reporting Structure</td>
<td>Risk Aversion</td>
<td>Risk Aversion</td>
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<td>Risk Aversion</td>
<td>Short vs Long-term Vision</td>
<td></td>
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<tr>
<td>Tension</td>
<td>Work Separation</td>
<td>Short vs Long-term Vision</td>
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<tr>
<td>Work Separation</td>
<td></td>
<td>Work Separation</td>
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<tr>
<td>Adverse Selection</td>
<td>Failure to Make Tough Decisions</td>
<td></td>
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<tr>
<td>Conflict</td>
<td>History of Failure</td>
<td></td>
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<tr>
<td>Deception</td>
<td>Lack of Discipline</td>
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<tr>
<td>Disputes</td>
<td>Opposing Positions</td>
<td></td>
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<tr>
<td>Formal Contracting</td>
<td>Optimistic Assumptions</td>
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<tr>
<td>Moral Hazards</td>
<td>Resource Overabundance</td>
<td></td>
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<tr>
<td>Negative Perceptions</td>
<td>Silver Bullet Mentality</td>
<td></td>
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<tr>
<td>Over embedded Exchanges</td>
<td>Technology Immaturity</td>
<td></td>
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<tr>
<td>Perceptions</td>
<td>Unrealistic Expectations</td>
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<tr>
<td>Prior History</td>
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<tr>
<td>Propensity to not Trust</td>
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<td>Reputation</td>
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<td>Rumors</td>
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<td>Self Awareness</td>
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<td>Social Mobility</td>
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<td>Uncertainty</td>
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<tr>
<td>Unverifiable Information</td>
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<tr>
<td>Value Misalignment</td>
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<tr>
<td>Vulnerability</td>
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</table>

Table 7 - Personal Experience, Literature, and Case Study Barriers
### Table 8 - Personal Experience, Literature, and Case Enablers

Comparing the barriers to enablers across each body of knowledge demonstrates that the environment (culture and program instability) and actors within (competing interests, personalities, and risk averseness) are the primary barriers to a trust-based relationship.
Inversely, to overcome the environment and actors within, a PM must demonstrate leadership traits such as accountability, communication, credibility, flexibility, as well as be transparent to enable a shared mental model with his or her counterpart. Section 5 is the transition point between the design and research component of this thesis. The thesis design roadmap is presented as a refresher to where we are in this journey.

![Diagram of Thesis Design, Survey Highlighted]

*Figure 23 - Thesis Design, Survey Highlighted*
5. Qualitative Analysis and Findings - Survey

The quantitative analysis and findings provided specific insight based on readily available information but did not fully confirm or discredit my own career experiences and the research conducted above. This section will extend the unique observations above and evaluate the actual experience of 16 Acquisition Professionals. To gain insight into their experience, I surveyed each professional and followed-up with five interviews (section 6) of key informants to garner a deeper insight into their responses. Three of the five interviews are captured below. The experience of the Acquisition Professionals ranged from mid-career PMs to seasoned PMs with 20 or more years of experience. Additionally, the level by which they operated within the DoD Acquisition System varied from the tactical (project managers/engineers), to operational (Program Element Monitors), to strategic (Major Defense Program Managers / Chief Engineers). A definition of each role was provided earlier. Prior to starting the survey, I explained that the information provided would be standardized and confidential, all data presented would be normalized, and their respondent’s identity protected.

5.1. Survey Analysis and Findings

The format of this section will preview each question and provide insights and observations based on the respondents answers. As a reminder, the survey is organized into three sections: the Executive relationship (questions 2 – 4), PM-to-PM relationship (questions 5 – 11), and trust-based relationship barriers and facilitators (questions 12 – 13). The survey answers provided a rich environment for identifying barriers and enablers. An updated list of barriers and enablers, as was provided above, is included at the end of this section.

5.1.1. Question #1: What is your role in the Acquisition System?

This question isn’t important in determining trust or relationships but ensures that a broad spectrum of experiences are gathered. An example of the respondents roles are below.

- System Program Offices (SPO) and Deputy SPO Directors
- PMs in large, medium, and small programs to include Air Force, Navy, and Joint Programs
- Lead, Project, and Systems Engineers
- Government Contractors (PM support)
- Headquarter Air Force Staff Officer (Program Element Monitor)
5.1.2. Question #2: How do you currently view the relationship between Senior Acquisition Leaders and their Defense Industry counterparts?

The first section of the survey is focused on the actors that influence the DoD Acquisition System the most, the Executives. An Executive is a General Officer or Vice President equivalent who possesses the ability to influence policy, decision making, and the future direction of DoD Acquisition Programs. The importance of this section is twofold. First, my career experiences provide a certain insight into the Executive Level influence. Second, I believe this level establishes the environment in which PMs either cultivate or destroy trust-based relationships. If the Executive Level demonstrates a trust-based relationship at their level, more than likely the expectation (said or unsaid) will trickle throughout the enterprise. The below themes and unique observations are based on the respondents insights.

5.1.2.1 Common Themes:

Adversarial: The Executive relationship is a dynamic and ever-changing relationship. The background of each varies from career military, civilian, and industry actors who possess a comprehensive understanding of their own systems, but at times struggle to understand their counterparts. Eleven of the sixteen respondents viewed the Executive Level as inefficient and ineffective based on their inability to work with each other. Respondents varied in their extent to which they describe the adversarial relationship. One respondent stated, “I view the relationship between leadership and our OEM for the aircraft as contentious at best.” Based on this response, I believe this respondent believes little-to-no trust exists between his leadership, which based on my experience and the research above, leads me to believe little to no trust exists at the lower levels. This assumption was confirmed in the follow-up interview presented below.

Another, “it seems to be more adversarial that I’ve seen it in years, it appears that we are taking steps backwards, which is a factor in the expanding proposal development and negotiation timelines.” The response provides two insights that I identified above. First, the Executive Level relationship is personality dependent and based on the rotational nature of the military PM, making it difficult to establish trust. Second, as demonstrated in the analysis of Program A, the lack of trust-based relationships tends to increase the dependency on formal contracting, which results in longer proposal and negotiation timelines. Another respondent mirrored this thought, “in this particular case, the relationship is poor. The contractor continuously defaults back to the contract regarding level of effort and specification, which it can legally do. The issue is that the
spirit of cooperation between the government and contractor has been abolished as the program has undergone intense scrutiny and Public / Congressional review.” This response not only enforces my argument presented above that when trust decreases, contractual dependence increases, but also enhances the argument that oversight and the scrutiny it introduces lowers the trust between actors.

The last adversarial theme is both sides are guilty as to who is responsible for the lack of trust between actors. One respondent stated, the trust at the Executive Level “varies, generally adversarial, sometimes the government is subservient to industry, other times industry is subservient to the government.” Additionally, another commented, “I see it as a tail wagging the dog scenario. In more cases than not, the Defense Industry is driving major acquisition programs, decisions, and even future plans.” Translating the two comments above based on my own experience provides the following. The actors at the lower levels do not always gain insight into why certain decisions are made. Because of this and the Executive Level’s inability to properly explain why a decision was made, the lower level actors view the relationship as both sides independently making decisions for their own benefit and not the other actor. Also, because industry tends to be better at projecting their future existence, they are more proactive in their future planning, vice reactionary like the government, which in turn drives strategic program decisions. All insights contribute to the comments above and lowers the ability to build a trust-based relationship at the Executive Level.

Prior History: Many respondents looked at the actual Executive relationship and how each actor makes it to the Executive Level. Often is the case where high ranking military and government civilians transition from their executive level government position to an industry level equivalent position. This occurs for many reasons but the respondents captured two particular reasons. First, Government Executives understand the DoD Acquisition System and possess an immense amount of contacts. One survey response reflects both ideas, but believes it contributes in a positive manner, stating “I believe this comes from the Defense Industry recruiting Senior Acquisition Leaders in order to take advantage of their prior influence and contacts.” Another survey extends this thought, stating “Senior Acquisition Leaders have a close relationship to their Defense Industry counterparts. There are only a small number of major defense contractors and most of their leadership are former high ranking military officers, so even if they don't personally know each other already they have a similar base of experiences.”
The point identified—having similar backgrounds and experiences—leads to shared mental model and the ability to better understand the motivations of your counterpart, which in turn increases the trust between actors.

5.1.2.2 Unique Observations:

Differing Levels of Trust: According to many survey responses, there exists a difference between the level of trust demonstrated at the Executive Level and the trust that is exchanged at the Tactical Level. Two respondents noted that the shared experiences and Executive Level history enabled trust at the Executive Level, but that trust did not always flow to the lower levels. The first respondent noted that former Military Officers becoming Industry Executives “creates a great working relationship [at the Executive Level] but makes it tough to draw the line and take a hard stance [at the Tactical Level].” The Executive Level actions undermined the Tactical Level’s ability to hold their counterparts accountable, which decreased the trust at the lower level.

Individual Personalities: The second observation is alluded to briefly, trust at the Executive Level is personality dependent. This was especially the case over the last five to six years on the government side. The former Air Force Service Acquisition Executive (SAE) publically demonstrated distrust for industry, which created an adversarial environment. One respondent noted, “I believe that the relationship at the highest levels is improving; the previous SAE had a very adversarial relationship with industry, and the new SAE appears to be trying to improve the collaboration between government and industry.” The respondent captured many themes I presented above. First, trust-based relationships starts with a leader and his or her personality. If they demonstrate trust, their organization will follow suit. Second, understanding soft factors such as cooperation is vital to creating a trustful environment.

5.1.2.3 Summary Findings:

Inspecting the Executive Level trust exchange provides unique themes and observations for how and why the Executive Level influences trust-based relationships at all levels. Eleven of the sixteen respondents viewed the Executive Level as inefficient and ineffective based on their inability to work with each other. Respondents varied in their extent to which they described the adversarial relationship, but the common theme was the relationship is adversarial and affects all actors within the system.
Often is the case where high-level ranking military and government civilians transition from their Executive Level government position to an industry equivalent position. This occurs for many reasons, but the respondents captured two particular reasons. First, Government Executives understand the DoD Acquisition System, and second, they possess an immense amount of professional contacts. The prior history between actors directly influences the trust established between actors.

Two unique observations were provided. The first is that there can be differences between the level of trust demonstrated at the Executive and Tactical level. Shared mental models and experiences at the Executive Level enable trust, but does not always assure it at the Tactical Level. This undermines trust at the Tactical Level, which tends to frustrate actors. The second observation mirrors my findings above: trust at the Executive Level is personality dependent. If a leader demonstrates trust at the Executive Level and expects his or her subordinates to do the same, trust will thrive throughout the organization. The next question builds upon question #2 and provides additional insights on the Executive Level trust exchange.

5.1.3. **Question #3: How do you view the collaboration between leadership?**

Collaboration is a key determinant for how senior leaders function together. Collaboration is when two parties work together, to benefit each other, because they trust and understand the other actor will not undermine their relationship. It is the true form of unified action for the benefit of both actors.

5.1.3.1 **Common Themes:**

**Communication:** A theme that was present in the majority of inputs was that communication either enabled or destroyed collaboration. Respondents made comments such as “collaboration is very good, plenty of telecoms and emails to discuss issues.” Also, “leaders at the respective levels have to have a good relationship and communicate often. Cost overruns, requirement changes, schedule impacts...all have much less of a negative impact when communicated early.” This insight complements my argument above that open, frequent, and honest communication enables collaboration, facilitates trust-based relationships, and decreases the impact of negative events. As the reader will see, communication is a constant theme throughout each question as respondents identified communication as a critical trust-based relationship enabler.
Prior History: Actions of a negative nature drastically impair the trust between actors and impact the ability to establish trust well into the future. “Ever since the government ‘threw the contractor under the bus’ collaboration has been quite bad. There is no doubt that the program will survive [as they had been previously]...however given the painful relationship that exists, getting to a ‘happy place’ will be difficult, expensive and trying for both the government and contractor.” This respondent’s comments speak to how fragile trust is and how opportunist behaviors can completely eliminate trust. This cannot be understated. Actors can consistently demonstrate trust, but the moment they act in a manner that is interpreted as opportunist, trust is damaged and may never be repaired. This response also speaks to the evolutionary nature of trust, even in a negative situation. Trust develops over time and evolves as alluded to in the trust lifecycle above. Each actor within the cycle can be at a different stage and unfortunately, as is the case with the response above, traverse backwards based on the actions of another.

Rotating Actors Decreases Collaboration: A barrier identified above is the rotational nature of a Military PM and how it affects the trust that can be established between actors. Military PMs rotate every two to three years, meaning they physically move their household goods from one geographical location to another and start a new job. Even worse, PMs often change jobs at the same geographic location. This creates an environment which limits trust due to the contractor constantly adapting to a new personality and leadership style. Many respondents captured this when considering how well Executives collaborate. “Government leadership depends on industry leadership to support acquisition strategy planning, as government and military personnel rarely stay in the same programs for lengthy periods, while industry counterparts tend to be the continuity within the programs.” The lack of continuity at the higher levels and limited tenure results in the inability to establish program stability and long-term relationships.

5.1.3.2 Unique Observations:

Relationships: The relationship established over time between actors enhances or decreases collaboration between leaders. One input noted, “Collaboration depends on the relationship between leaders. I've seen deals struck that others might have deemed impossible but because of the relationship it worked out.” This is an important observation because it enhances my argument above pertaining to how formal contracting is limited in its ability to
capture all situations. It is the relational contracting enhancing formal contracting that allows for
the impossible to be achieved.

Leadership: Ultimately, it is the actions of the leader that determine if collaboration and
trust-based relationships exist. It is the leader who engages when a negative event occurs and
facilitates collaboration to restore order. “Leadership must be engaged in program management
for knowledge of issues and be able to assist working thru hard issues.” It is also the leader who
instills a collaborative culture through his or her actions, and holds his or her counterparts and
subordinates accountable for doing the same. This is demonstrated in the survey responses and is
notably reflected in the actor’s actions demonstrated in the analysis from Program A. It was
Program A’s leader who instilled a collaborative culture by holding people accountable and
ensuring all parties did the same.

5.1.3.3 Summary Findings:

Collaboration is a determinant how senior leaders function together. It is enhanced
through open and frequent communication that facilitates trust-based relationships and decreases
the impact of negative events. Prior history influences current and future collaboration and
directly affects an actor’s ability to trust his or her counterpart. Rotational leadership creates an
environment which limits collaboration due to the contractor constantly adapting to a new
personality and leadership style. The relationship plays a key role in determining the level of
collaboration achieved, and enhances or decreases collaboration between leaders. Ultimately, it
is the actions of the leader that determine if collaboration conditions exist.

5.1.4. Question #4: Can you think of a successful Executive relationship? What made it
successful?

Using examples of successful executive relationships is a powerful method for
identifying trust-based relationship enablers and leadership traits that others can follow. The
purpose of this question is to discover whether other Acquisition Professionals have witnessed
successful or unsuccessful relationships, and if so, what key components existed that enabled the
outcome. The interesting aspect of this question is that overwhelmingly, eleven out of sixteen
respondents identified a successful relationship, with only four relating to an unsuccessful
relationship. The outstanding respondent was too junior and felt he could not accurately portray
the situation.
5.1.4.1 Common Themes:

**Common Purpose:** A common purpose unifies the various actors and drives each to associate with something that is larger than any one individual. One respondent’s example demonstrated this well when he stated “in my experience, the times that I’ve seen collaborative and successful executive leadership has been when there was a common purpose that was bigger than any individual effort. The big example that comes to my mind is the C-17 program when it was under threat of stopping production. "Defeating this threat" became the overriding purpose for both teams and led to a very collaborative team.” Additionally, another but completely separate respondent also related the C-17 program as a program that was able to establish a common purpose, which resulted in not only a successful executive relationship but team-wide success. “The best example that comes to mind is the C-17 program back in the early 1990's. What made the relationship successful was a common purpose—producing Quality Aircraft on time. Executives had different underlying motivations, but shared an outward common purpose, which established the tone for entire organization.” Establishing a shared mental model focuses an entire organization and drives each actor within to contribute to the common purpose.

**Codependence:** Being dependent on your counterpart is the core of trust-based relationships. Recognizing the codependence, and surfacing and showing the vulnerability leads to trust. A seasoned PM provided a wonderful example of codependency. “As a former Director for a Government Program, the relationship that I had with my industry contractors was excellent. I depended on them to provide input into my decision-making process and they understood that I would not always make the decision that was in their interest or the popular decision. Based on this, we had open dialogue on many occasions that led to a successful relationship.” The example provides many components that enable dual dependency and is an excellent example of how to establish a trust-based relationship. The respondent recognized the contractor’s expertise enhanced his decision making because it provided additional insight that he would not have had otherwise considered. Also, the contractor understood that while their advice was valued, the decision resided with the PM, and popular or not, they trusted in his or her ability to make the correct decision for the entire program, not just one side. Lastly, by valuing their input, it enabled open and honest communication, which led to better decision making.
Trust and Compassion: Common in the two themes above is trust and compassion for the other actor. One respondent in particular understood this concept and provided the following. “The basis for any relationship is trust and compassion. It's not necessarily the relationships where two people are best friends and believe they're doing great work for their respective stakeholders. It's trusting the lead on the other end of the phone to do what they say they're going to do. Not working for just the company’s bottom line or filling space on a performance appraisal. It's also having the understanding and compassion for the opposite team’s capabilities, processes, restrictions, and boundaries. Everyone has limitations and working together to overcome those are crucial.” The respondent’s compassion allowed he or she to overcome the artificial relationship barriers referenced throughout this paper and enhanced the working environment for both teams, which resulted in the team functioning as one.

Transparency: Being transparent requires both actors to trust each other. Transparency is an aspect I alluded to throughout this paper but failed to consider until evaluating the responses provided. According to one respondent, “increased transparency in the program on both the Air Force and Contractor sides” created a trustful environment. The environment “led to a greater trust and willingness to work together.” Additionally, transparency has many forms. One form is open and honest communication. This is similar to the theme above but this form of transparency is “all about frequent communications, addressing problems early, informing each other of changes (e.g., government budget cuts and contractor overruns), and working together through the solutions.” Another form is being transparent as a leader. Leadership is a daily test. Being transparent as a leader means not wavering in the face of an unpopular decision by making the right decision because it is the correct thing to do. One example demonstrates leadership transparency. “Anyone Brigadier General [now Lieutenant General] CD Moore dealt with understood he was making the decision because it was the best decision to make considering the information he had. Nothing about him "got in the way", he is more old school, he is not afraid to make a decision, popular or not and go with it.” Transparency is critical to trust; without it, trust does not exist.

5.1.4.2 Unique Observations:

Success is Temporary if not Sustained: Most respondents provided positive examples of an Executive relationship. One in particular provided a unique observation as to the power of an Executive relationship, and how fleeting it can be if not sustained. In the case of this example,
the program “had some major issues and leadership worked with the contractor to plot a new course and get the program moving forward. Unfortunately the success was only temporary as the program was later cancelled.” I have personally experienced this. Quite often the only time Executives think they are dependent on each other is when they face a crisis. This unfortunate but common practice normally results in a communication and trust increase, but unfortunately, as the respondent identified, the momentum is temporary. I attribute the temporary momentum to the lack of leadership commitment and that they simply solved the near-term issue without considering the longer-term implications. By focusing on the near-team, leadership makes decisions to avoid catastrophe, but fail to sustain the momentum to achieve long-term success.

5.1.4.3 Summary Findings:

This question, more than any other question, provided insight into what a PM can do to facilitate a trust-based relationship. The common themes and underlying observations mirror and extend the trust-based relationship enablers I have identified throughout this paper. In order to create an environment where trust-based relationships thrive, a PM must establish a common purpose that all members can identify with, motivating them to overcome their own limitations for the benefit of the whole. Also, in order to establish trust, an actor must be vulnerable and dependent on another actor in order to fully realize the potential of each actor. Trust and compassion allow actors to overcome the artificial trust-based relationship barriers presented above and enhance the working environment, allowing two teams to function as one. Transparency is vital to enabling open and honest communication and facilitates trust that a leader is making the right decision, not just the popular one. Lastly, success is only temporary if not sustained.

5.1.5. Question #5: Does the relationship make a difference?

The next set of questions transition the reference frame from the Executive Level to the PM-to-PM relationship. The first question focuses on the relationship and if the relationship truly makes a difference or if the environment, structure, process, and funding make the difference. Of the sixteen surveys received, twelve agreed that the relationship forms the foundation for other program activities. The four that disagreed provided some interesting insights captured in the unique observations section below.
5.1.5.1 Common Themes:

**Tone Setter**: The majority of respondents referenced the relationship as the organizational tone setter. My own experience reinforces this belief. Regardless of the leadership level, it is the leader of each organization that sets the tone. If set together, the benefits increase immensely. Three different respondents provided insight into how the relationship sets the tone and how that tone translates organization wide. One respondent stated, “The relationship sets the tone for the organization, making it easier for the lower level leaders to develop collaborative relationships.” The last point made, making it easier for the lower level to develop relationships, complements the leadership and team chemistry enablers presented above. The last two responses mirrored each other closely. First, “the relationship makes a huge difference. A positive relationship bleeds down to the program working level”, and second, “when the senior leaders are collaborative, it ripples through the entire organization.” All three comments support the argument presented above that leadership, more than any other enabler, facilitates trust and collaboration between actors through his or her ability to develop relationships.

**Professional versus Personal**: Multiple respondents made a distinction between a professional and personal relationship. This is important distinction yet captured. If the relationship gets too personal in a professional environment, a leader’s judgment can be clouded by his or her personal relationship. This environment can limit mission effectiveness and destroy morale. From my experience, balancing the line between professional and personal is both an art and science. As a PM interacts with his or her counterpart, they tend to identify with each other on a personal level, especially if actors have similar backgrounds or interests. The balance is understanding that you can have a personal relationship, but knowing that the mission and people always take precedence. One respondent provides insight into how good relationships can go awry if they become too personal. “I’ve seen good and bad relationships both. More times than not, the relationship between the leader and their counterpart is a positive one. Too ‘buddy buddy’ and I believe the acquisition leaders lose their ability to think and act independently.” A seasoned PM provide a wonderful example of balance. “I valued industry input, but would make the decisions based on what I felt was the appropriate direction for the program, which resulted in a highly- successful program and overall good morale of the team.” This insight and the understanding of professional / personal balance is what made the program successful.
5.1.5.2 Unique Observations:

Appropriateness: Many respondents agreed that the relationship makes a difference when formed in the appropriate manner. One respondent stated, “The relationship makes a great deal of difference. I have seen good relationships that allowed for increased information sharing, more rapid product improvement, and more clearly-defined performance requirements. I have also seen where the relationship deteriorates and programs spend more time arguing about requirements and contract interpretations than actually focusing on making a quality product.” This input provides many insights to how a relationship focused on the mission increases collaboration and team performance, but at the same time, how a bad relationship can eliminate all relational interaction. I have argued throughout this paper that relational contracting enhances formal contracting. The above example provides insight into the downside of having limited-to-no relational contracting, which caused actors to focus solely on formal aspects of a contract versus delivering a quality product to the warfighter.

Structure and Processes Make the Difference, Not the Relationship: A unique insight provided by one respondent was that the relationship did not make the difference; the structure did. This is the inverse argument to what I have presented throughout this paper, but is worthy of exploration. I state this because of the rotational nature of the government PM and stability that structure (contracts, processes, and budgets) provides to an organization. As PMs rotate every two to three years, the contracts, processes, and established funding remain stable compared to the stability of introducing a new actor every two to three years. The respondent capture this thought by stating, “Contracts make a difference. Funding makes a difference. Analysis makes a difference.” While the respondent’s comment that contracts, funding, and analysis form the foundation, the relationships that leverage that foundation are equally required to achieve the success.

5.1.5.3 Summary Findings:

Examining relationships in the PM-to-PM context provided unique insights. First, the relationship sets the tone for the organization. The tone can be translated as the leadership expectations that are required of all individuals. Knowing what is required, enforcing the expectations through holding people accountable, and delivering on one’s commitments provide the proper tone to create organizational success. That being said, the relationship must balance the professional versus the personal sides with the understanding that the mission and people
always take precedence. Many respondents provided insight into how a good relationship cultivates an environment for success, but at the same time how a bad relationship can cause the organization to lose focus. Lastly, while contracts, processes, funding, and analysis establish part of the foundation for success, they are not sufficient; the relationships that thicken and strengthen the foundation are also required for exceptional results.

5.1.6. **Question #6: What role does trust play?**

The second theme presented throughout this paper is the role trust plays in establishing and maintaining relationships. I have argued that trust is the enabler for program success, and without trust, a program can be successful, but not to the same extent that it could be if trust is solidified. The respondents overwhelmingly agreed. Out of the sixteen inputs received, all recognized trust as a foundational aspect of relationships and program success. Some inputs framed their response solely from the PM-to-PM perspective, but as you will see, others viewed the relationship in the larger context of the DoD Acquisition System.

5.1.6.1 **Common Themes:**

**Backbone:** A variety of different inputs commented on how trust is critical to program execution. Each referenced in their own way how trust forms a backbone for relationship development, open and honest communication, and objective and goal alignment. One input in particular focused on the backbone nature of trust. “It is the absolute backbone of any successful relationship. We don't have to agree with our counterparts, but the ability of each side to trust their counterpart to do what they say is what makes any team successful.” This insight is similar to the insights presented in the executive relationship question above. Actors are not required to agree on all things, but trust enables each to respect and understand the motivations of the other, which in turn creates a successful environment.

Another response talks to how the backbone is formed given the constraints present throughout the DoD Acquisition System. “Trust plays a huge role in the relationship. From a government perspective, the trust in various contractors and industry leadership comes from observing performance and understanding the various factors that impact rates for industry support. The two are not separable as there are industry contractors that charge exorbitant rates while underperforming or performing duties that are less technical than initially intended.”
this case, trust allows the respondent to acknowledge the system’s constraints, but through observation of performance, be able to develop trust as the backbone for program execution.

**Balance**: As was the case when asked if the relationship determined success, a theme of balance was evident throughout the responses. The difference in this case is the need to be independent from one another to ensure proper program execution, oversight, and to avoid a conflict of interest. Based on that, a respondent acknowledged the need for trust, but, also the balance a PM must maintain when dealing with industry. “Trust plays a very important role. The balance of trust between leaders and industry is a delicate thing. If leaders don't trust the contractor to do the job and have integrity, this can drive much more oversight and additional work, as well as, driving the relationship to an adversarial one. Conversely, if the leader trusts industry too much it can lead to lax enforcement of rules and undermine the ability to accurately rate the performance of the contractor.” The delicate balance of maintaining good order while maximizing both the formal and relational contracting aspects of a program can be achieved by a PM understanding balance and leveraging trust.

**Trust Enables Open Communication**: Open and honest communication is critical in a program environment. Possessing the ability to trust in your counterpart and knowing what he or she says is the whole story allows a PM to focus on the end goal and not the actor’s hidden meanings or motivations. “Trust plays a critical role. It's what enables the teams to communicate successfully and work towards a successful program execution without second guessing each other.” Additionally, trust enhances transparency, which develops a richer relationship. “Trust plays a major role. A trusting relationship enables transparency and full disclosure to the entire program team.” The key idea of this comment is that trust acts as a facilitator for transparency, which enables full disclosure team-wide. Both are a required component of communication in a program environment and can only be achieved through fully trusting your counterpart.

5.1.6.2 Unique Observations:

**Varies Between Actors**: Viewing trust in the larger DoD Acquisition System provided a different aspect of trust. Three of the sixteen responses took this approach. Primarily, the respondents focused on the multiple leadership layers and the DoD acting like a monopsony. “Trust enables success in delivering capability. Trust is not a prerequisite for entering into a business relationship often constrained by localized monopoly / monopsony realities. The ability
for industry to trust the government is undermined by the dispersion of authority in large bureaucracies.”

This input provides an aspect of trust yet considered in this paper. While focusing on the PM-to-PM relationship, it is much easier to study and determine the influence trust has between actors. When considering the larger system and how the larger system influences trust—from above and below each actor—we can begin to understand the influence the system can have. That being said, I believe, based on my own experience and the research presented above, that the actors can acknowledge the system’s limitations and use the trust-based relationship established to overcome the constraints identified in the comment above.

5.1.6.3 Summary Findings:

Throughout this paper, I have presented trust in a variety of different ways. Expanding my own experience and the research presented above to incorporate professional experiences has provided additional insight into the role trust plays. Each respondent referenced in their own way how trust forms a backbone for relationship development, open and honest communication, and objective and goal alignment. Also, balance was evident throughout the responses. The reason is because both actors are often at odds when considering the need to be independent from one another to avoid a perceived conflict of interest. Honest communication was evident as a required factor, as it has been throughout this paper. In this case, trust facilitated full disclosure, and honest communication. Another unique insight was offered that was alluded to in the trust-based relationship barriers above, but from a deeper perspective. Specifically, when considering the larger DoD Acquisition System and the multiple layers of leadership and oversight, respondents felt that the system limited the trust that can be established between actors.

5.1.7. Question #7: Are there things that you have done to establish trust? Is so, what?

Offered throughout this paper are many approaches to creating and maintaining trust between actors. Leveraging the insights provided in the previous two questions, I now extend the discussion to the Acquisition Professional and how each has established trust throughout their careers. The below is extends the approaches offered and provides additional approaches for establishing trust.
5.1.7.1 Common Themes:

**Communication:** Communication was the primary example offered for how to build trust. This is no surprise since communication is not only an underlying theme throughout this paper, but also referenced throughout many of the survey responses. One respondent provided a clever trick for leveraging communication and how it enhances trust and team unity. "Typically in my first meeting with my counterpart, I will ask what are the problems or areas that we need to work on / change. After talking with the government team, I will quickly incorporate at least one of the items that they identified as an issue to demonstrate that we are listening and want to build a "single team' relationship." This comment is threefold. First, communication requires that you transmit (speak) and receive (listen) information. Second, the respondent understands that both perspectives are required to make a proper decision. In this case, both perspectives required communication with both the government and contractor. Lastly, action is required to solidify trust between actors.

**Actions Reinforcing Words:** Words are what initializes trust, but it is the actions of each actor that solidifies trust. Outside communication, this idea was leveraged most often as the manner by which trust is built. Responses included ideas such as:

- "Follow through on your promises"
- "Involve your Counterpart in building of the Program"
- "Take care of your people, this in turn sets expectations for your Counterpart"
- "Be credible and consistent"
- "Be transparent"
- "Treat the relationship as the interest of both parties, not just one side"
- "Establish clear expectations" and "Hold people accountable"
- "Get to know your Counterpart"

Each quote above is an example of not only communicating one’s intentions but backing up the words through a much more powerful tool: one’s actions. If there is inconsistency between the two, trust will diminish and inefficiency will increase.

**Inclusion:** Many respondents took a teaming approach to establishing trust. Teaming is based on inclusion and valuing each other’s ideas. One response in particular provided a rich insight into how inclusion facilitates trust. "I included multiple contractors in the decision-making process that impacted the program. By opening the discussion to them, they felt as
though they were truly key members of the team and had opportunities to influence decisions. Laying the groundwork for including contractors in the decision-making process included establishing a mutual understanding that the decisions made would be based on the best interest of the program, which may not necessarily be in the best interest of their respective companies or them personally. To make hard decisions, I needed them to understand that I needed unbiased opinions from them and that the only way that I felt comfortable including them in decision-making discussions was if I could trust them to do so. Without that trust, I would not feel the need to include them.” This input provides a couple key insights to how trust enables success. First, the respondent understood he was only successful if the contractor was successful. This required all aspects to be considered in the decision making process. Also, honest communication was a prerequisite to establishing trust. Without honest communication and inclusion, the contractor’s opinion would not have been considered, which would have limited the effectiveness of each decision.

5.1.7.2 Unique Observations:

Trust, Always Required: The above themes dominated the inputs, but one unique observation presented itself. A program is rarely performing in a manner that exudes positivity. Most often, PMs are dealing with a crisis and most of the time the originator of the crisis is not part of the primary team. Because this is the case, trust is required not only when the program is going well, but when it is facing schedule, cost, or budget pressures. I would argue that trust is most important when facing a crisis. During a crisis, a PM does not have the time to question whether or not his or her counterpart will perform. It is during the bad times that PMs understand the true motivation of their counterpart and if they will perform for the benefit of both. Rarely are you encountered with such a dynamic environment during the good times.

5.1.7.3 Summary Findings:

Acquisition Professionals take different approaches to establishing trust. Regardless of the approach, common themes and enablers presented themselves. Communication is discussed many times throughout this paper and captured in many of the responses. This is no surprise. Communication is a key ingredient to creating and maintaining trust between actors. While words initiate trust, it is the actions of each actor that take the trust lifecycle from initiation to solidification. If there is inconsistency between the two, trust will diminish and inefficiency will
increase. Inclusion builds upon action and ensures both parties feel like their input and expertise are valued. Most importantly, trust is needed in both the good and bad times, most often in the bad. Understanding this concept further solidifies trust and enables maintenance of trust across the spectrum of situations.

5.1.8. Question #8: Did establishing trust make a difference in the program outcome (successful or failure)? Examples?

Each question in the PM-to-PM section led to whether or not trust makes a difference in the program outcome. Unlike the prior questions where the majority of the respondents agreed that the relationship and trust contributed to program success, this question received a range of responses. Each are explored further below.

5.1.8.1 Common Themes:

Enabler: In responses that agreed with trust making a difference, the underlying theme was trust is an enabler. For example, one respondent answered, “trust allowed for an improvement in product quality and requirements understanding.” Another commented, “Establishing trust has always proven to help program outcomes. On programs where I have established trust, I have found that issues are easily resolved and handled at the lowest level.” Additionally, once trust was established, “communication became measurably better; therefore performance did as well.” In each example, trust acted as an enabler, which in turn resulted in a better program outcome than would have been achieved otherwise.

Byproduct: Throughout this paper I have written about trust in an active manner, one that should be actively pursued. Trust is often a byproduct of many different things. It is a byproduct of action and communication. It is a byproduct of soft properties such as cooperation, reputation, and prior history. One response in particular clarified my intent. “I don't view trust as something that is actively pursued, but more as something that is passively received by being credible and consistent.” This thought is rich in its meaning. Trust is not a given; it is received overtime through credible and consistent actions on the part of both actors. While this insight didn’t speak to whether trust affected the program outcome, based on the input and the arguments presented above, it can be easily assumed that trust, built through credible and consistent actions, increased the program’s probability for success.

Best Chance: One input took a slightly different perspective; the respondent viewed trust as an enabler regardless if the program succeeded or failed. “Regardless of the success or failure
of a program, you're giving the program its best chance of success by establishing trust. A trust-based program relationship can succeed or fail for many reasons, but it’s far more likely to succeed than a non-trust-based scenario.” Managing a DoD program is complicated and not always a guaranteed win. Eliminating distractions such as a distrustful environment or questioning one’s intention increase the chance of success.

5.1.8.2 Unique Observations:

Enabler but not a Direct Influencer: One respondent agreed trust is an enabler, but did not believe trust directly affected the program outcome. “I don’t think it will make a big difference in the outcome; it makes it easier to get there, but in the end I’m not sure you can really trust your contractor counterpart. Their goal is to do what’s best for the company, and not what’s in the best interest of the government. We have to remember they are there to make a profit and sometimes as government employees we forget that.” This quote is a classic example of the barriers I presented above. I argued that beliefs such as ‘they are only in it for the profit’ create an artificial barrier reducing trust between actors. It is the intent of this paper to identify those barriers and provide methods for recognizing and ultimately overcoming them.

5.1.8.3 Summary Findings:

Determining whether trust made a difference in the Acquisition Professional’s program received varying levels of responses. While the responses varied, the majority of responses alluded to that trust was a critical enabler for program success. Others view trust as a passive byproduct of credible and consistent actions, but not a direct influencer of a program’s outcome. The being said, multiple respondents provided insight that a program has the best chance for success when trust is present. Concluding, a unique perspective was offered that reinforced the artificial mentality barrier that is unfortunately present throughout the DoD Acquisition System.

5.1.9 Question #9: At what point does a trust-based relationship make a difference in the program outcome?

The purpose of this question is to determine if a trust-based relationship makes a greater impact during a given point in a program. By point, I mean in the beginning, end, or somewhere in the middle of a program’s lifecycle. The reason why this question is important is because I have argued throughout this paper that trust is most fragile and important early in the trust lifecycle. I would also argue that while a trust-based relationship is needed throughout a
program’s lifecycle, it is needed most up front to establish an environment for future success. Twelve of sixteen respondents agreed.

5.1.9.1 Common Themes:

At the Beginning: Trust established up front establishes an environment by which actors can cultivate trust continually. Eleven of sixteen respondents felt establishing a trust-based relationship early created the best probability for success. “From the beginning you have to work towards trusting your counterparts. Sharing what you need and what they need to make the program successful.” This perspective talks to the benefits of not only establishing the relationship, but also communicating the needs upfront. Another comment built upon this thought, “At the very beginning, trust opens up the possibilities to set the best requirements as well as the best incentives for contracting. For example, when negotiating the incentive fee structure for the Increment 3.2B EMD phase, we discussed what it was we wanted to incentivize the contractor to do and they would help us in good faith to determine what words in the incentive fee plan would actually drive them to match that behavior.” Many program components are established early that influence the entire program lifecycle. In this case, establishing trust early enabled quality requirement and incentive development to the benefit of both actors.

Always Required: While most respondents felt the beginning was the most critical point, many also alluded to the need to maintain a trust-based relationship throughout the entire program timeline. One response described this need well. “Throughout the life-cycle. It’s not a switch to turn on and off and therefore shouldn't be programmed into an integrated master schedule. It should be an immediate goal.” This is a purest view of trust-based relationships within the context of a program. An integrated master schedule dictates all program activities and when each will start and end. This analogy is powerful. Trust-based relationships are not simply started or ended; they need time and interaction to be built. They only benefit each party if consistently maintained throughout the relationship and program lifecycle.

5.1.9.2 Unique Observations:

When Changes Occur: Trust-based relationship are also important when changes occur, especially surprises. This viewpoint, while valid, takes a simplified viewpoint to answering this question. One respondent in particular was passionate that a trust-based relationship is most
critical during times of change. “Any time there are changes in the program...instituted by either side...you have to have trust. Surprises are the worst. Any heads up I can receive can help me manage the program better before it becomes an emergency. Once I lose trust, I put my head down and managed in a way where I am protecting myself and my organization, not necessarily the way I would if I had trust. If I am managing a distrustful program, I would withhold money, question all decisions and requests, build more margin into my plan, etc. All things that will slow down effectiveness and hurt morale.” The above alludes to many themes presented throughout this paper. Trust-based relationships enable better communication, which reduce or eliminate an actor being caught off guard. Also, once trust is lost, the managing approach drastically changes, usually for the worst.

5.1.9.3 Summary Findings:

Determining the point in which trust-based relationships are maximized in a program’s lifecycle is important. It is important because not understanding the need and timing can jeopardize a program. Establishing a trust-based relationship early, but failing to maintain it over the lifecycle, can be as detrimental as not establishing one at all. A trust-based relationship is most effective when established at the beginning and cultivated throughout the lifecycle. It allows actors to overcome surprises and adapt to changes as they occur.

5.1.10. Question #10: Think of an exceptional program you have witnessed. One that the program leads worked together for the betterment of each. What made that program standout compared to the failed ones?

Question #10 is similar to the question that asked respondents to provide an example of a successful Executive relationship. The difference is this question focuses on the program and the PM’s ability to work together for the betterment of each. The intent is to capture the characteristics of an exceptional program and how the program leveraged its unique characteristics to create success. This is the last question pertaining to the PM-to-PM relationship.

5.1.10.1 Common Themes:

Communication: A constant theme that enabled both trust and a relationship was communication. It is the ‘oil’ within a trust-based relationship that allows actors to continually work together and communicate words that proceed their reinforcing actions. Also,
communication is not constrained to the PM-to-PM relationship; it can translate team-wide. One response captured the differing levels of a program and how communication is a characteristic of an exceptional program. “Communications... Prime Contractor, Secondary Contractor, and Program Office worked as a team. No infighting. No surprises. Funding cuts were worked out together. When we had savings, we plowed it back into the contractor's unfunded requests so they benefited from more work. It was a mutually beneficial relationship.” The unified team and beneficial relationship was a byproduct of open and honest communication.

Another response captured how constant communication is vital to ensure awareness and incorporation of lessons learned. “Common Configuration was a ‘Team Effort’. As we went through successive contracts, lessons were learned and incorporated on the fly. Along with open discussions on learning curves, the effort became cheaper and faster to accomplish because the lessons learned were applied in a timely fashion.” This is a unique insight not yet captured. Incorporating lessons—both good and bad—as they are taught strengthens relationships and increases the probability of future successes.

Leadership: Leadership as demonstrated throughout this paper is the cultivating function that creates and sustains trust-based relationships. It implements structure and expectations as well as holds individuals accountable. In each example provided, it was the leader that crafted the environment by which success was realized. He or she sets the tone. “It was evident that the leads worked well together and had a trust-based relationship. Most importantly, the positive relationship is emulated by the working level.” Also, “leads knew expectations, understood the goal, and worked as a team.” In both examples, the leader led through his or her actions, cultivated a trust-based relationship environment, and because of their demonstrated trust for each other, the lower level members demonstrated the same behavior.

Transparency: Transparency not only incorporates open and honest communication but also open and honest demonstration of trust through one’s actions. The action portion of transparency is critical because both—communication and action—must mirror each other in order to be transparent. One example illustrates this well. “The best program I’ve witnessed so far is the Increment 3.2B program. While it isn't finished yet, it is apparent that it will do better than its predecessor, Increment 3.2A. One huge difference is exactly what this survey is focusing on: trust. The 3.2A Contractor PM Team was in no way transparent and did not work to build trust on the government side. The government was routinely excluded from key discussions or
information. This built a strong sense of distrust and I believe ultimately hurt the program. After this particular Contractor PM moved on, things improved, but it was too late for it to really raise the program up and recover. In contrast, the 3.2B team has truly worked as a team as much as possible. The program has been able to flex and adjust as necessary and, while not complete, is heading in a positive direction.” Transparency in this case enabled trust, flexibility to adjust as necessary, and restored a trust-based environment that had been lost.

5.1.10.2 Unique Observations:

**Leveraging Formal Governance.** Stated throughout this paper is the concept that formal governance is limited in its ability to anticipate all outcomes. One respondent provided a unique insight: design governance flexibility directing into the contract to facilitate trust and success. This creative thought has yet to be considered in this paper but is a unique and valid insight. Using creativity to overcome the artificial barriers formal contracting introduces enables PM flexibility when executing the contract. In this particular program, “the contract allowed, enabled, and encouraged collaboration.” From my experience, this is not the norm but definitely possible. It would require a trust-based relationship to begin with and a complete understanding that we are successful only when both are successful. It would also require a culture where trust and collaboration is expected and leadership on both sides who expect it to occur. Only then could this unique but valid exceptional program observation become reality.

5.1.10.3 Summary Findings:

The intent of this question was to capture the characteristics of an exceptional program and how the program leveraged its unique characteristics to create success. As is the case throughout this paper, communication is the ‘oil’ within a trust-based relationship that allows actors to continually work together and communicate words that proceed their reinforcing actions. Leadership is the cultivating function that creates and sustains trust-based relationships. Transparency enables trust, flexibility to adjust as necessary, and restores a trust-based environment that at times is lost. Lastly, formal governance, given the right culture and leadership, can be designed to facilitate trust-based relationships, vice simply providing structure.

The next two sections transition from the PM-to-PM relationship and capture additional trust-based relationship barriers and enablers identified by Acquisition Professionals.
5.1.11. Question #11: From your experience, what barriers exist to establishing a trust-based relationship in the context of a government PM and his / her counterpart?

Initially this paper focused on trust-based relationship barriers to provide an understanding of the dynamics and limitations of the DoD Acquisition System. This question extends the barriers I provided above—Acquisition culture, its structure, processes, and oversight, organization motivations, and individual personalities—based on other Acquisition Professional’s experience.

5.1.11.1 Common Themes:

**Acquisition Culture:** Culture is the foundation for how actors conduct themselves within a system. It established the norms, values, and rules by which actors base their decisions and interact with one another. It creates the environment that either cultivates or impedes trust. In the DoD Acquisition System, culture is the machine that dictates the rules, regulations, contracts, and places limits on the trust that can be established between actors. Culture drives each barrier detailed throughout this section and was captured in many responses.

**Incompetence:** Besides culture, incompetence was the primary barrier identified to establishing a trust-based relationship. Incompetence comes in many forms. It stems from “sneaky or disinterested program leads”, risk averse decision making, and simply not knowing how to manage a program. One responses capture this idea well. “Not delivering on what you promise. The first time, if you plead ignorance, I might buy it. The second time, I either won't believe that you didn't know or I'll just think you're incompetent. Either way, you lost my trust and confidence.” Once a PM loses confidence in their counterpart, they become frustrated, which leads to distrust and is detrimental to actors program-wide.

**Individual Personalities:** Each actor’s personality influences how they lead and manage. Some personalities work well with each other while others do not. Not understanding which do and do not can have dire consequences for both a program and trust-based relationships. “Personalities are always the wild card. You just don't know how two people will get along professionally or personally.” This barrier cannot be ignored because if the detrimental personality is the PM, the program is doomed. I experienced this in my first program. The government and contractor leads did not get along and publically displayed their displeasure for each other. Their actions breed program-wide disaster.
**Managing Relationship:** Each PM has a different approach to managing a program. Some manage every detail. Others delegate to their subordinates and focus on ensuring they have the resources they need to get the job done. While a PM needs a little of both, the former establishes barriers throughout a program but only focusing the management of the contracts, financials, and schedule. This approach to relationship management is reluctant to share information, which leads to distrust between actors. “Some management or team members on both sides are used to a ‘managing’ type relationship and don't like to share information with the other side. It's a cultural shift from what most teams are used to that can be the most difficult barrier to overcome.” The reluctance to share drastically reduces program efficiency, kills morale, and extinguishes trust throughout a program.

**Conflicting Goals:** A quarter of respondents referenced the conflict between a quality product to the warfighter and the profit motive as a primary barrier. Organizational motivations, goals, and objectives drive each actor to behave in a certain manner, which at times conflict with each other. One respondent in particular believes this barrier is a byproduct of the DoD Acquisition System. “The inherent nature of government acquisitions. The government wants a quality product, quickly, and as cheap as possible. Conversely, the contractor is in the business of making money and ensuring future business.” This statement captures a mentality that is unfortunately too prevalent in the DoD Acquisition System.

5.1.11.2 **Unique Observations:**

**Risk Aversion:** The ability to be confident in one’s decision making is undermined by the aforementioned culture, which produces risk averse decision making that is rarely beneficial to a program. In today’s Acquisition culture, there is no room for mistakes and as a PM gains more responsibility, the consequences for making a mistake are magnified. This creates an environment where PMs are reluctant to make the right decision because of the potential consequences to his or her career. One respondent stated that today’s generation of leaders are heavily influenced by the barrier of risk averseness. The “risk averse nature of current crop of Colonels and Lieutenant Colonels affects program effectiveness and solid decision making.” Colonels and Lieutenant Colonels are the individuals who lead and are responsible for day-to-day program execution. They are charged with not only managing the programs but also the next generation of Acquisition leaders. If they act in a risk averse manner and are hesitant to make a decision, their subordinates will do the same.
5.1.11.3 Summary Findings:

Throughout this paper, I have presented various barriers that limit an actor’s ability to establish trust. Leveraging the experience of other Acquisition Professionals identified additional barriers that deepen the understanding of how barriers effect trust-based relationships. Acquisition culture is the foundation for how actors conduct themselves and establishes the norms, values, and rules by which actors base their decisions and interact with one another. The proper culture allows a trust-based relationship to flourish. It is the opinion of the many survey respondents as well as myself that that the DoD Acquisition culture does not allow trust-based relationships to flourish. A byproduct of culture is leader incompetence. This barrier frustrates actors, destroys morale, and creates a guarded position on the part of each actor that eliminates trust.

Some personalities function well with other but this is not always the case. Not understanding which personalities work well with each other can have dire consequence for the program and the individuals within. Additionally, using a ‘managing relationship’ approach to program management limits information sharing and creates distrust based on reluctance to be open and honest. The inherent nature of DoD Acquisitions creates an environment where the goals and motives of each actor conflict with each other. This unfortunately limits an actor’s ability to trust their counterpart. Lastly, in today’s acquisition culture, there is no room for mistakes. This creates an environment where PMs are reluctant to make the right decision based on the fear that it may affect their career.

5.1.12. Question #12: From your experience, what enables trust based relationship in the context of a government PM and his/her counterpart?

The intent of this question is to determine if additional trust-based relationship enablers exist beyond what I have offered above. To refresh, the primary personal experience enablers captured above include leadership, common expectations, communications, alignment of goals and objectives, accountability, personal commitment, and team chemistry and interaction. The below captures additional enablers based on the experience of other Acquisition Professionals.

5.1.12.1 Common Themes:

**Communication:** Ten out of sixteen responses pointed to open and honest communication as the means to establish and maintain a trust-based relationship. Responses included, “Open
communication and honesty”, “Sharing everything, constraints, needs, challenges, etc.”, “Accurate clear lines of communication” and “Open and honest communication were the keys.” This is not surprising since this vital tool has been a common theme throughout this entire examination. Communication is presented in many different forms throughout the analysis above. It was referenced as a means by which leadership instilled a trust-based relationship environment. It was referenced as a means to continually lubricate the relationship and bring actors closer together. It was referenced as a means to set and enforce expectations. Outside leadership, open and honest communication is the primary tool by which trust-based relationships are created, maintained, and supported over time.

Credibility and Integrity: An idea that is alluded to throughout this paper but deserves additional discussion is how credibility and integrity contribute to a trust-based relationship. Credibility is derived from leadership, professional expertise, demonstrated actions, reputation, and the ability to continually motivate and direct a team towards a unified goal. Underlying credibility is integrity. Integrity is an Air Force Core Value, a value that unifies our purposes and drives us towards doing ‘the right thing when no one is looking’. One respondent captured this well when he said, integrity is being a “being a person of principles.” Doing the right thing is not always easy. Trust-based relationships are only based on trust when both actors continually do the right thing.

Recognize Artificial Barriers and Working Together to Overcome: Barriers are presented above that impede a PM’s ability to build and cultivate trust with his or her counterpart. That being said, the system exists to provide structure and guidance to the actors operating within. Many inputs captured the intent of this idea, but one in particular recognized this limitation and stated that working together can allow both actors to thrive within the system. “DoD Acquisition policies and contract types can often hinder the relationship with your counterpart. The effort must be made to overcome potential hurdles and establish the trust. It is important to have one-on-one time to get to know your counterpart and establish trust.” The comment captures unique ideas such as recognizing the boundaries, making an effort to overcome the barriers in order to establish trust, and accomplishing success through knowing your counterpart on a professional and personal level. Each idea enables actors to be successful given the limitations of the DoD Acquisition System.
5.1.12.2 Unique Observations:

Relationship Stability: Time and stability are required to properly execute the trust lifecycle. One respondent stated, “Trust is established over time, it has to be earned. The longer the relationship the more chance there is to establish trust.” Trust takes time to establish; it is not simply given. Each relationship is different and the time required to establish trust will vary depending on the actors involved, the internal program pressures, and the culture and environment that trust is built within. Each contribute to an actor’s ability to establish trust, which requires time to accomplish. The longer the time horizon, the high probability that actors can establish a trust-based relationship.

The challenge faced is the rotational nature of the DoD Acquisition System. As Military PMs rotate every two to three years, it resets the trust lifecycle. Not only are the PMs reestablishing the relationship, they are also learning the program specifics, which creates an unstable environment for both actors. The lack of stability decreases their ability to build a trust-based relationship. This issue, captured as a trust-based relationship barrier above, can be overcome if actors realize the instability limitation, work together to establish trust early, and continually cultivate it throughout their relationship.

5.1.12.3 Summary Findings:

Trust-based relationship enablers allow actors to operate and be successful within an imperfect system. I have offered many based on my own experience, and the surveyed Acquisition Professionals surveyed provided additional insights. Building on the insight provided throughout this paper, inputs overwhelmingly pointed to open and honest communication as the means to establishing a trust-based relationship. This validates the importance of communication within the DoD Acquisition System. Credibility is derived from leadership, professional expertise, demonstrated actions, reputation, and the ability to continually motivate and direct a team towards a unified goal. Facilitating each is an actor’s integrity and always knowing your counterpart will do the right thing because it is the right thing to do.

The system in which each PM operates creates artificial barriers that impede their ability to establish trust and become successful. Recognizing the limitations and working together is a means to overcome the artificial barriers and establish trust. Relationship stability is critical to ensuring long-term relationships and program successes. The issue faced is the argument I presented above; the rotational nature of a DoD PM decreases an actor’s ability to create and
cultivate trust with their counterpart. This can be overcome if actors realize the instability limitation, work together to establish trust early, and continually cultivate it throughout their relationship.

### 5.2. Qualitative Survey Analysis Findings Summary

Throughout this section, I offered a richer understanding of trust-based relationship barriers and enablers gained from the experience and opinion of sixteen Acquisition Professionals. Each question explored a different aspect of the DoD Acquisition System and the actors within. Inspecting the Executive Level trust exchange provided unique themes and observations for how and why the Executive Level influences trust-based relationships at all levels. Eleven of the sixteen respondents viewed the Executive Level as inefficient and ineffective based on their inability to work with each other. Reasons for the inability include, but are not limited to, competing interests, individual personalities, prior history, organizational motivations, and rotating actors. Each barrier limits the trust at the Executive Level and often translates to a lower levels of organization-wide trust.

Inspecting the Executive Level from an enabler perspective revealed that communication was a key enabler that allowed Executives to unify their purpose and that of their organizations. Also, understanding that each were dependent on the other created an environment of trust, compassion, and transparency. Each enabler cultivated the Executive Level relationship and provided an example for how and why trust-based relationships can work at the Executive Level.

Acquisition Professionals take different approaches to establishing trust. Regardless of the approach, common themes and enablers presented themselves. Communication is the ‘oil’ within a trust-based relationship that allows actors to continually work together and communicate words that precede their reinforcing actions. Leadership is the cultivating function that creates and sustains trust-based relationships. Credibility is derived from leadership, professional expertise, demonstrated actions, reputation, and the ability to continually motivate and direct a team towards a unified goal. Facilitating each is an actor’s integrity and always knowing your counterpart will do the right thing because it is the right thing to do.

Transparency enables trust and restores a trust-based environment that at times is lost. Trust is a byproduct of credible and consistent actions. Trust is needed in both the good and bad times, and most often in the bad. It forms a backbone for relationship development, open and honest communication, and objective and goal alignment.
Relationships are the tone setter for the organization. Knowing what is required and enforcing the expectations by holding people accountable and delivering on one’s commitments provides the proper tone for organizational success. Relationships must strike a balance between professional and personal to ensure the mission and people are always first.

Determining the point in which trust-based relationships are maximized in a program’s lifecycle is important. It is important because not understanding the need and timing can jeopardize a program. Establishing early but failing to maintain a trust-based relationship over the lifecycle can be as detrimental as not establishing one at all. A trust-based relationship is most effective when established at the beginning and cultivated throughout the lifecycle. It allows actors to overcome surprises and adapt to changes as they occur.

The system in which each PM operates creates artificial barriers that impede their ability to establish trust and become successful. Recognizing the limitations and working together is a means for overcoming the artificial barriers and establishing trust. Relationship stability is critical to ensuring long-term relationships and program successes. The issue faced is the argument I presented above; specifically the rotational nature of a DoD PM decreases an actor’s ability to create and cultivate trust with their counterpart. This can be overcome if actors realize the instability limitation, work together to establish trust early, and continually cultivate trust throughout their relationship.

A unique way to view the main observations presented above is to visually depict each in a tool called “Wordle” (Wordle.net, 2014). Wordle randomly generates “word clouds” based in the tool’s analysis of the source text. Word clouds give greater prominence to the most frequently used words and Figure 24 is the output of the Wordle tool.
Figure 24- Qualitative Survey Word Cloud

To generate the “word cloud”, I input each of the survey section’s unique observation headings. The interesting aspect of the cloud is it highlights key enablers such as communication, leadership, and transparency. It also highlights key barriers such as personalities and prior history. The randomly generated “word cloud” reinforces the main themes presented throughout this paper and complements the barrier and enabler table below.

A variety of additional trust-based relationship barriers and enablers were captured based on the insights offered throughout the qualitative analysis survey section. Analyzing the patterns from this section, as well as the bodies of knowledge presented, reinforces my earlier argument. The environment (culture, program instability, and organizational motivations) and actors within (competing interests, personalities, and risk averseness) are the primary barriers to a trust-based relationship. To overcome the environment and actors within, a PM must demonstrate leadership traits such as accountability, communication, common expectations, and respect, as well as be transparent to enable a shared mental model with his or her counterpart. The collection of the barriers and enablers across all bodies of knowledge are captured below. As the reader can see, many enablers and barriers are captured, but the common themes across each body of knowledge support the argument presented above.
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<tr>
<th>Personal Experience - Barriers (baseline)</th>
<th>Literature - Barriers</th>
<th>Case Study - Barriers</th>
<th>Survey - Barriers</th>
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Table 9 - Trust-based Relationship Barriers across Bodies of Knowledge
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Table 10 - Trust-based Relationship Enablers across Bodies of Knowledge
6. QUALITATIVE ANALYSIS AND FINDINGS – INTERVIEW

Leveraging the insights gained throughout the qualitative analysis survey section above, I conducted five follow-up interviews. This section will focus on three key informants as the other audio recordings did not capture correctly. Each interview was unique from the aspect that each interview, while structured, was much more dynamic than the survey, which offered a deeper insight into each interviewee’s experience, opinions, and trust-based relationship barriers and enablers.

Prior to starting the interview, I explained the information provided would be standardized and confidential, all data presented would be normalized, and their identity protected. Each interview took place in person and I used the survey questions as a guide. I state “guide” because I opened up each discussion by stating the purpose of our dialog and then asking a general question, such as. “Does a trust-based relationship facilitate or impede a PM’s ability to be successful?” Based on their response, I adjusted the format and flow to capture their ideas.

6.1. INTERVIEW ANALYSIS AND FINDINGS

To present the information, I will use a similar structure as the previous section, but instead of simply providing the question and the unique insights and observations of each question, this section will offer insights and observations as I explain each interview. As the reader will see, each interviewee provides a unique perspective and opinion that extends the thoughts and arguments offered throughout this paper. Prior to examining each interview, the thesis roadmap is provided for the last time.

![Figure 25 - Thesis Roadmap, Interview Focused](image-url)
6.1.1. Interview #1:

The first interview inspected the expertise, experiences, and thoughts of a 15-year Acquisition Professional. This professional has worked in two major program offices and on over 30 different projects within the two overarching of each programs. He possesses a rich understanding of the DoD Acquisition System and the actors that influence trust-based relationships.

I started the interview with a general question, and then based on the interviewee’s responses, I asked deeper questions to fully understand the answers which are presented below. This pattern, general to specific, was used throughout the interview process.

I started the interview by asking if relationships make a difference in DoD Acquisition. His response was different than the other interviews because he focused on how the DoD is transitioning to industry best practices and implementing affordability initiatives such as ‘Better Buyer Power’. Based on that perspective he responded with, “Absolutely, they are very important. Especially as the DoD starts to transition to industry best practices for system and software development to Agile type processes. Trust and transparency are absolutely critical for the work being completed.” His response not only focused on the transitional nature of DoD Acquisitions today, but the need for relationships, trust, and transparency to ensure the actors can support the need to become more efficient.

Focusing on his Agile thought process, I asked him to explain the Agile process and why trust and transparency are so critical in today’s environment. He explained, “The intent in Agile is to put higher quality products out faster. It provides the ability to make decisions at the last responsible moment, where you don’t make design decisions up front, you make them after you are knowledgeable about the product. Since the design decisions are happening later, you need the customer in the process and feedback to make sure that they are designing the product that the customer wants. Because you wait until the last minute, you need trust, transparency, and constant communication throughout the entire process. Because both teams are interacting so much and decisions are made together more frequently, trust is richer throughout the interaction and experience.” The above explanation is a great description for where the DoD is trying to take Acquisitions.

Earlier in the paper, I provided insight into today’s fiscal environment and why it is so important to cultivating trust and relationships throughout the program environment. Unlike in
the past, where people simply followed the process, the DoD is trying to implement processes that force actors to communicate and provide feedback throughout the process, in hope of producing a better product. The response above supports this mentality and highlights key enablers such as actor involvement, communication, feedback, and trust, and how each enhances the relationship between actors and enables a more efficient process.

To clarify the thought between traditional and Agile processes, I dove deeper and asked does the new process enhance relationships and team chemistry. The interviewee’s response was somewhat surprising. “I don’t think the process enhances it, the relationship is needed for the process to work. The process is dependent on relationships to function and succeed.” The response complements a primary argument I have made throughout this paper. It is not the process creating success, but the trust-based relationship that enhances the process and underlying formal contract creating success.

Transitioning from the processes, I then focused on the relationship at the Executive, PM-to-PM, and Tactical Levels. I asked, “Do you see varying levels of trust between the Executive, PM-to-PM, and Tactical Level or is it the same throughout the system?” The interviewee responded, “It is different but a large part of that is based on history and tradition. It is very difficult to break the barrier the between the two with just trust. It takes transparency and trust together, they have to coexist for the relationship to truly work.” He continued with, “It starts at the Executive Level to break the history and tradition barrier. This issue is the levels vary and they shouldn’t.” The response enforces my own experience that prior history and culture barriers influence the mental model of each actor. The unique aspect to this response, and one I did not present above, is the idea that trust is not enough to overcome the barriers. Transparency, and most importantly leadership are also needed to reinforce trust and create an environment where actors can overcome the prior history and culture barriers referenced to in this response.

Focusing on the prior history and culture aspect to the interviewee’s response, I asked, “Do you believe the culture enables or impedes an actor’s ability to establish a relationship with the Defense Industry?” His response was more individually focused and highlighted the fragility of trust. “History dictates where you are today. If somebody does not follow the trust path and tries to dictate or hammer the contractor, or if the contractor continually tries to cheat or undermine the DoD to make a profit but not deliver the capability they know they were required to deliver, it creates a distrustful environment. Things like that are not easily forgotten. Those
things are hard to overcome. It takes good leadership to get past that.” Trust is fragile and can easily be lost. Individual personalities, actions, and distrustful organizational motivations all contribute to the fragility. The unique perspective to this response was again how strong leadership can overcome each. Throughout this paper, I have argued that leadership is the key enabler that facilitates trust and relationships. The above response provides a classic example for why leadership is so critical in trust-based relationships.

Because prior history and culture are so important to trust-based relationships, I wanted to understand if this interviewee believed the barrier was specific to a given program or a larger DoD Acquisition System barrier. His response captured not only the DoD Acquisition System but his opinion of the Defense Industry. “It is an issue across the DoD. Based on my conversation with other Program Offices, it seems to be similar across the board. It is not just DoD; if you watch how the Prime Contractor deals with his or her suppliers, there is not trust there either. They rule their Suppliers with an iron fist. There is no transparency or trust at all. It filters throughout the entire DoD Acquisition System to include the contractors.” The above insight is one of the main reasons I pursued the analysis of trust-based relationships within the context of the DoD Acquisition System. I have witnessed, just as the response alludes to above, that trust is limited throughout the system and impedes a PM’s ability to successfully execute a program. To be successful, it requires the recognition of a barrier’s presence and an active employment of trust-based relationship enablers presented throughout this paper.

Based on this response, I asked how this individual overcomes the barriers alluded to above. His response focused on leadership and how his own personality allows him to overcome the limitation of trust throughout the system. “Using myself as an example, I have always been an honest, straight shooting type of personality, I say it like I see it and I don’t really try to play a lot of political games or give half-truth responses. If I see the contractor doing things that are slimy or not appropriate, I will say something. If we are doing something that is messed up, I will say something. I try to be fair and consistent. I believe I have found reasonable counterparts on the other end that are the same way.” This example highlights enablers such as leadership, transparency, fairness, consistency, and accountability. Each enabler has been identified throughout each body of knowledge, which speaks to the criticality of each and their influence on trust and relationships.
His example was specific to his style, which led me to wonder if actors within the DoD Acquisition System were trained from the beginning to establish trust and relationships, would the environment and culture be different? Based on that, I asked him “If we were taught differently throughout our careers, would the environment would be different?” He responded, “Maybe, it depends on two things, both the government and contractor side. If we grew up in an environment where we were taught that the contractor is not opportunistic, then maybe. The issue is if both sides are not unified and do not demonstrate complete transparency and trust, then one side may take advantage of the situation. Transparency and trust goes both ways. It would have to be encouraged across both cultures with leadership enforcing expectations that individuals need to behave in a certain manner.” I asked him to extend the thought to how it could be accomplished. “I have no idea of how you go about it but it would have to happen at the highest levels on both sides. You would need the right leadership in place on both sides that expect it to occur. At the program level, you simply need leadership to provide the expectation and environment that trust and transparency will occur. Still, it would have to be consistent on both sides, start with leadership, and be reinforced through expectations and accountability.” The solution to the problem is not simple; it requires consistency on both sides, leadership expectations, and accountability to establish the right environment. That environment starts at the highest levels and begins with how a PM is trained and cultivated throughout his or her career.

Multiple times throughout the interview, the interviewee referenced transparency and how it is needed to establish trust. Based on that, I asked him to expand on transparency and trust and how each interact and complement each other. He responded with, “It is the transparency that gives you the trust. That is what helps you build trust. If people are transparent, you can see their intentions and honesty. Also, both enable you to work together toward the same goal and objective. If you aren’t honest and open about what the goals are, there is no way to build the trust in the relationship.” I have offered many different trust-based relationship enablers throughout this paper, but I have yet to capture this idea that transparency is what builds trust. This thought is rich from the perspective that it complements my arguments above, as well as adds a key component to the trust lifecycle not provided earlier.

The last section of the interview focused on formal and relational contracting. I asked to hear his thoughts on the role of a contract and how does governance affect trust and relationships. His response was deep and covered a variety of different aspects addressed...
throughout this paper. “Unfortunately, the way our contracts are set up introduces a barrier. It would be great if we could figure out a way to make contracts more flexible. The way we put certain language or clauses in a contract makes them too stringent. Don’t get me wrong; the details are important, but an inflexible contract affects our ability to adjust and change to changing times.” He continued with, “At times it is frustrating from the government perspective when the contractor tells you that they can’t do something because it isn’t on contract even though it is the right thing to do. It is unfortunate the contract cannot support what both parties know is the best thing to do for our customer.” Based on this response, I asked if relationships can overcome the artificial barrier introduced by a formal contract. “It can, but only to a certain degree. We have had a few instances where our contractor has gone out on risk for the betterment of all parties. They are hesitant to do this because the nature of DoD Acquisition. If funding profiles change or Congress takes money, they are not covered; they eat the entire thing.” The above highlights the limitation of a formal contract and how limited actors leverage enablers to overcome the barriers introduced. It also highlights barriers, such as instability and risk aversion and how they limit not only program execution but also the trust build between DoD Acquisition and the contractor.

Concluding his thought on formal contracts, the interviewee identified a limitation between formal contracting and its ability to support new processes such as Agile. “Currently, the DoD is going to less flexible contract types such as Firm Fixed Price, which transfers more risk to the contractor, but at the same time, takes flexibility from the government engineering and system development sides. I understand the need to hold the contractor accountable, but this doesn’t complement how we are developing our systems; we need flexibility. It doesn’t matter how much trust or transparency you have in this situation because your hands are tied. We need to strike a balance between the flexibility on our side and the stability on their side.” Balance is an underlying theme throughout this paper. It is required between formal and relational governance, professional and personal relationships, and leader and team. In each example, balance is what makes the exchange either succeed or fail. In the case above, balance is needed to optimize the flexibility and stability each actor needs to succeed.

6.1.2. Interview #1 Summary:

Today’s acquisition environment is changing. Unlike the past where programs simply executed the process, the DoD is transitioning to more dynamic processes. The new environment
requires trust, communication, and constant interaction between actors. That being said, the DoD Acquisition System has far to go prior to realizing the process’ full potential. The interview above demonstrated multiple barriers that must be overcome prior to achieving the desired end state. First, prior history, culture, organizational motivations, and individual personality barriers severely limit trust and relationship at all levels. Second, the training and education that creates the environment focuses on the process with little to no attention to trust and relationships. This limits an actor’s ability to enhance the process. Lastly, the current state of formal contracting does not complement the new process, which limits the flexibility and stability needed to dynamically adjust to changing conditions.

To overcome the barriers identified, the interviewee provided multiple enablers. Transparency establishes the foundation for trust and enables the understanding of each actor’s motivations and intentions. Balance is critical to optimizing each trade-off and cultivating trust between actors. Concluding, leadership is the key enabler that facilitates a trust-based environment by establishing expectations, holding individuals accountable, and being fair and consistent in each situation, communication, and interaction.

6.1.3. Interview #2:

The second interviewee is a seasoned Acquisition Profession with 20 years of experience. Unlike the first interviewee, this individual spent time as both a warfighter and PM. This aspect is important because understanding the DoD Acquisition System and how its products affect the end user is a unique perspective that not all PMs possess. The second interview was drastically different from the first and presents a mentality that is too prevalent in the DoD Acquisition System. Like the first interview, I started off the interview with a general question, and then based on the interviewee’s responses, I asked deeper questions to fully understand the answers. This pattern, general to specific, was used throughout the interview process.

The first question focused on relationships and if they make a difference in DoD Acquisition. The interviewee leveraged the survey experience and answered the question from the DoD and Defense Industry aspect. When asked if a relationship makes a difference, he responded, “It makes a difference, but overall I don’t think you can ever fully trust the contractor. They are in it for the company, they are there for profit, and we are there for the warfighter.” This response speaks directly to the competing interests and profit motive perceptions described throughout this paper. It also captures that the relationship makes a
difference but its impact between the contractor and government is limited. This is an interesting opinion as this interviewee focused on the limitations of the system and its inability to cultivate relationships.

Diving deeper into this response, I asked the interviewee to expand on the competing interest and profit motive aspect of his response. He continued with, “You can have some level of trust, but complete trust, I don’t think in my opinion that I have ever seen it. I mean they (the contractor) are always going to either tell you something that is not true or hold back some information that they don’t want you to know because there job is one the line.” I asked him why someone would withhold information, which limits trust between actors. The response focused on the barriers of organization motivations and how culture influences an actor’s ability to establish a trust-based relationship. “The issue is they have a job to do and if there is information that they want to tell you, their management will get them in trouble, lose their job, or be disciplined if they give you some sort of information.”

Expanding this insight, I asked if this issue was only on the contractor side or if the same issue was present in the DoD Acquisition System. He stated, “It is a little bit of both; there are things that we can’t tell them. I will say it is probably more on their end than on our end. Again, it is because we are out there procuring something for the warfighter and they are there for profit. There is a significant difference on what are overall goals are.” The difference in goals and the inability to see past the motives limits not only this interviewee but many Acquisition Professionals that I have encountered throughout my career.

The above responses led me to focus the next question purely on the profit motive perception. I asked if the contractor was purely focused on profit or if other motivations existed that influenced their actions. His response focused on the two barriers alluded to above. First, he stated, “it depends on personalities”, and then he spoke to the influence of culture and organizational motivations as the actor progresses up the chain of command. “At the lower level they can be more honest with you; they do not have to speak the company line because they are there to do their job. As you start to get up to the Director and Manager Level, they start to become more company and profit focused. They have to start speaking the company line because at that point they are starting to speak for the company.” The response expands my organization motivation argument earlier in the paper. I argued an actor’s behavior is influenced by underlying organizational motivations, but I did not consider how an actor’s behavior changes as
the progress up the chain of command. This insight is unique as it demonstrates how actors begin to identify with the organizational motivations, which affects their ability to communicate in an open and honest manner.

To determine if this barrier was specific to the contractor, I asked if Executives on the government side displayed the same behavior. He stated, “In the government it works that way too but not as extreme. As you start to get up to the Director or Deputy Director level, you again have to speak the company line; you have to make sure things are done appropriately. It is more skewed on the contractor end; they have to speak the company line.” This is an interesting take. The interviewee confirmed the influence of organizational motivations, but his opinion was less harsh of the government side stating to “make sure things are done appropriately.” The difference of opinion is direct evidence of how one’s mental model—developed by culture, organizational motivations, and past history—can influence an actor’s ability to fully appreciate another actor’s perspective, which limits their ability to span across boundaries.

As stated, this interview was focused on a Acquisition Professional’s opinion based on how the interviewee was trained and developed. To better understand his thoughts of the Defense Industry, I inquired if all defense contractors displayed the same behavior. His response compared his last two contractor interactions. “I have seen a difference with this contractor versus other contractors that I have worked with in the past. This contractor is a smaller contractor; it’s not a Lockheed, Boeing, or a Northrop Grumman. In the two and half months that I have been here working with them, the relationship is very confrontational. They submit a lot of things through contacts to make sure it is on record versus just trying to work something out with the PM.” Interpreting his words in the context of my own experiences and the research conducted throughout this paper, I believe the formal contract focus is primarily due to the lack of relationships and trust. If a PM trusts his or her counterpart, he or she will leverage the relationship versus the contract to make progress due to the time required to change the contract. In this case, no relationship exists, so both actors default to formal contracting and contractual micromanagement to execute the program.

Because this interview was barrier focused, I inquired if there was a specific example that influenced his impression of trust-based relationships with the Defense Industry. He responded, “I had a contractor PM that I thought I could trust; we had a good relationship. He authorized a supplier to spend a million dollars to do a software build without checking with the government
first. When I asked if he authorized the work, he stated no. Later I found out he had lied to my face. From that point on, he could never gain back my trust. I worked with him for three years after and it always stuck in my mind. Even though we still worked well together after that, I could never really trust him.” This example arrived at the core of his pessimistic contractor perception. Trust had been violated and no matter the effort expended, the interviewee was never able to trust his counterpart at the same level as he had prior to the violation. This barrier not only affected his ability to trust the violator, but the Defense Industry in general. The lasting impact of trust violations demonstrate how fragile trust is and how hard it is to maintain.

The majority of responses focused on trust-based relationship barriers, especially culture, organizational motivations, and individual personalities. To better understand if the interviewee believed any enablers existed within the DoD Acquisition System, I asked the interviewee if any enablers existed. His response surprisingly aligned with the opinions of other Acquisition Professionals: communication is a key enabler. “The more communication you have with your counterpart, the better the relationship is going to be with respect to trust. When I am managing a program and on the phone two or three times a day with my counterpart, I want to be able to feel that when he tells me something, I will not be led astray or that I have to verify what he or she said. Communication plays a big part because some people only answer what is being asked, meaning they fail to disclose all information. This requires you to ask more questions, which decreases your trust.” “Communication power” and its ability to enable trust-based relationships is a common theme throughout this paper. The above response alludes to the power of communication, but the interviewee’s past experiences still limit the extent the he will describe communication as a trust-based relationship enabler. I believe this is a reflection of the example provided. Once trust is violated, it is difficult to rebuild.

6.1.4. Interview #2 Summary:

The theme presented throughout this interview is the power of trust-based relationship barriers and how they influence an actor’s impression of the DoD Acquisition System. This impression is a mental frame built by past history. In the case of this interview, one trust violation resulted in a pessimistic and hardened impression of the Defense Industry and trust-based relationships. Contributing to the impression are barriers such as culture, organizational motivations, and individual personalities. The above interview is a classic example of each barrier. Earlier in this paper, I argued many actors within the DoD Acquisition System believe
the contractor is motivated solely by profit. While this may be true for certain contractors, my own experiences, as well as the experiences of other Acquisition Professionals, paint a brighter picture. I believe this impression is an artificial barrier, one that can be overcome by establishing common expectations up front; communicating in an open and honest manner; aligning incentives, goals, and objectives; and most of all, by demonstrating strong and consistent leadership.

6.1.5. Interview #3:

The third and last interview followed the general to specific approach taken in the other interviews. The third interviewee has a similar background to the second but his perspective is quite different. The background of this individual involves time as warfighter and PM. In total, he possess 35 years of DoD experience and 15 years of PM experience.

As the case in the other interviews, I opened the interview by explaining the thesis concept and the purpose of our discussion. Once the ground rules were set, I asked the first question: “What do you believe the role of relationships are in the DoD Acquisition System?” The interviewee’s response was 180 degrees different from interview two. The interviewee responded with, “They are the key to success; if you don’t pay attention to the relationships, then you don’t get the opportunity to catch the nuances and little things that can make a difference between success and failure. Relationships are the glue or the thing that is between all the transactions.” The response contains two ideas requiring further discussion. First, relationships require an active mind and participation to maximize their usefulness. The second idea is deep when considering it in the context of the arguments I have presented throughout this paper: relationships are the glue holding interpersonal transactions together. Stating it differently, the glue is the trust established between actors that enables their ability to trust one another and maximize each interpersonal transaction.

I next inquired about the Executive Level relationship. The response was different than I expected because it focused on one Executive and the collateral damage that occurs due to the inability to develop trust-based relationships. “In the case of our last Executive, the relationship didn’t work and it was perfect illustration of the importance of a trust failed relationship, where the guy never took the time establish the rapport. Never took the time to work on the relationships at all and it was a complete failure. That experiment was a complete disaster and the new guy is going to spend the first eight months cleaning it up.” Relationship building is
required at all levels. When it fails to occur at the Executive Level, the magnitude of collateral
damage is much worse. In the case of this Executive, his or her inability to develop relationships
destroyed the trust and relationships previously established and will require much work to repair.

To better understand the Executive and what he did or did not do, I asked the interviewee what he would attribute the failure to. He responded with, “Complete or total lack of self and situational awareness. He had no idea of the impact of his activities or actions. The things that he did, the things that he didn’t do. The things that he said and didn’t say. He had no idea how it impacted the people above and below him.” The last insight, “no idea how it impacted the people above and below him,” is exactly why I evaluated multiple levels of leadership and how each impact trust-based relationships. As leaders increase in rank and responsibility, the need to develop trust-based relationships with people above and below them becomes even more important. Additionally, the impact of their actions are amplified, which requires an understanding of one’s actions and how they impact the actors surrounding them.

To determine if this was specific to this individual or a systemic problem, I asked the interviewee if this was specific to this individual’s personality or a byproduct of the system. The response reinforced the trust-based relationship barriers presented throughout this paper. “The DoD Acquisition System has bred this environment or culture. When I was in the Air Force, we called it the one mistake Air Force. People went out of their way to say the one mistake Air Force was dead, you can make a mistake and survive. We are back to the one mistake Air Force and the leaders, the O-6s and O-5s today are the most risk averse leaders I have ever seen in my career of over 30 years. The guys today, with very few exceptions, aren’t willing to step out and make a decision and be a leader. They just want to follow a process which is risk-free.”

In a single response, this interviewee capture three different barriers I have presented throughout this paper. First, the actors within a system are a byproduct of culture. Second, risk aversion is prevalent throughout today’s DoD Acquisition System, which leads to a reluctance to make a decision or take a risk. Third, actors within the DoD Acquisition System rely too much on the processes because there is no reward to not follow it, even when experience or common sense tells them otherwise. In fact, not following the process is a risky endeavor for any actor who chooses to do so. Each barrier limits not only trust-based relationships but the effectiveness and efficiency of the actors and programs.
The primary point, culture breeds the environment that breeds risk aversion and reluctant leaders, requires further discussion. I asked if the interviewee believed the culture creates the risk aversion or if it was a combination of the culture and how PMs are trained and educated. “I think the trust-based relationships that you are talking about is missing; it’s what make people risk adverse. They don’t take the time to develop a relationship. Somewhere along the way, we forgot how important they are. I think when you get too tied up in the process, you think the process is going to solve your problems or accomplish your goals. It takes the interpersonal skills, it takes stepping out and making a decision. Get out of your chair and go talk to people and figure out what motivates them. You can’t just let the process go, the process doesn’t work without relationships.” The response above leads me to believe that we need to place further emphasis on trust-based relationships and how to create, cultivate, and maintain them throughout the DoD Acquisition System. The interviewee focused on the fact that we have lost our ability to establish relationships because we are too reliant on processes and metrics to execute a program. While each are important, each should complement and reinforce relationships, not completely replace them.

Alluded to in this response is leadership and how action and communication enable trust-based relationships. Based on that, I asked the interviewee to expand his thought on talking with people and figuring out what motivates each individual. He responded, “Leaders lead! You can’t lead from a chair waiting for guys to come give you a report on how the process is working. You got to get out there and do it. You have to develop the people and grow the next generation. You have to develop the people and grow the next generation. You have to look them right in the eye so they know you are sincere. You need to lead by action. You can’t ask someone do something if you are not willing to do it yourself. That is what good leaders and PMs do! That is how you develop relationships.” His response captures many themes I have presented throughout this discussion. It takes active leadership, communication, sincerity, and relationships to achieve program success.

Transitioning the discussion to the relationship between a Program Office and Defense Industry, I asked the interviewee how well the two actors worked with each other. Like the responses above, this response included multiple barriers in a single statement. “I have always been of the mind that the government doesn’t develop relationships with industry very well. We have had a couple good leaders that were very, very, good, but overall we don’t do a good job. The government has gotten so big and process laden. No individual can understand or fix all the
issues in the system.” The input highlighted the limited individuals who rely on trust-based relationships and take risks to advance a program. It also highlighted barriers such as processes, bureaucracy, and oversight.

Throughout my career I have incrementally gained an appreciation for the complexity and enormity of the DoD Acquisition System. To understand the insight above, I dove deeper into his process-laden bureaucracy comment. “It hinders it in a big way. In the case of the biggest program in our organization, when it went into the process, it was sunk. The program cost more and has taken longer because we had to meet all the requirements of the process. The process doesn’t add one piece of capability to the airplane, it doesn’t get the capability there faster.” The opinion that the process adds not value stems from this interviewee not seeing the process’s benefit. Processes are beneficial when employed intelligently. Unfortunately, actors within the DoD Acquisition System simply rely on the process, rather than their acquisition intelligence, to manage their program.

This input made me wonder about oversight and its role. I asked, “So beyond the reduction in capability, do you think oversight and process inhibits trust?” He responded, “Trust is out of the picture with oversight. They (external program office actors) don’t have to develop the trade of trust or being trusted because all they have to do is check boxes on a process checklist. There is no spirit, gumption, motivation, personal ties to help a program versus slow it down. We don’t have the opportunity to develop trust in the larger system we are in.” His response is intriguing. The interviewee makes the distinction for how process, culture, and organizational motivation influence external (outside program office) actor behavior. If external actors are controlled by barriers, their ability to expend effort and develop trust on the behalf of another actor is limited.

To complete the picture, I inquired if the Defense Industry was constrained by the same barriers. The response was insightful and contradicted the profit motive opinion offered by interviewee number two. “I am an outsider looking in, but yes they have same massive checks and balances. I will give them credit because they have to deliver to make a profit; they are accountable in that way and we are not. This forces them to lean forward and eliminate waste. The government doesn’t lean at all. We don’t have too so it breeds a culture of status quo and risk aversion.” The thought captures a key difference between cultures. Our risk aversion causes
stagnate behaviors, while their need for existence causes them to innovate and become more efficient. This difference, like others detailed in this paper limits the trust between actors.

The next level on inquiry was the PM-to-PM level. I asked “If PMs are taught / mentored to develop trust with their counterpart?” The response was not a surprise to me as this insight is captured in my recommendation section below. “A PM’s role is to execute the task with which we are charged. Often, we are left to our own devices because of how big the system is. I’ve been doing this since 1998 and not one time has anyone pulled me into an office and said stop, back up, you are doing it the wrong way, so I use my common sense and relationship development skills.” He continued with, “This is sad because we don’t grow our people very well in Acquisitions. I was never formally trained, but I always knew I needed to develop relationships to be successful. In my world, I have developed trust and relationships with my counterparts in both the Program Office and Industry, which has led to quicker contract award times and more efficient execution.” As an Acquisition Professional enters the work force, they are taught to memorize the processes, regulations, and policies that guide their activities. What they are not taught is how to cultivate a relationship with industry to enhance both actors’ ability to be successful. This system gap is identified in the recommendation section below and is a critical issue when inspecting the DoD Acquisition System in the context of this examination.

Throughout the interview, the interviewee hit on many barriers and enablers highlighted in this paper. The concluding question focused on what prevents either the DoD Acquisition System or the contractor from fully realizing trust-based relationships. I asked this question in a general manner to see if other barriers or enablers existed that the interviewee had not uncovered yet. The response was unique and introduced new aspects to barriers and enablers. He added, “What prevents us from fully realizing a trust-based relationship is the overabundance of resources bailing out poor leadership and decision making. Also, competing interests and motivations such as job security versus profit. Ultimately, trust-based relationships are individually driven. It is the individual relationship that develops trust, not the process or organization. I do believe relationships are much deeper on the lower levels than the people running the system. The farther you get away from work and day-to-day activities, the harder it is to identify with your counterpart and develop a trust-based relationship.”

The overabundance of resources was captured in the survey section above but not linked to bailing out poor leadership and decision making. This link is insightful and, based on my
experience, correct. When resources are abundant, the need to hold individuals accountable becomes less important because the resources can mask the mistakes. In today’s fiscal climate, this barrier has less of an impact, but unfortunately the mentality still exists throughout the system. That being said, the response above highlights the personal nature of relationships and that relationships are dependent on individual personalities, their past history, and propensity to trust. Each can either be a barrier or enabler; it ultimately depends on the individual.

6.1.6. Interview #3 Summary:

Trust and relationships are the “glue between all transactions.” This simple but insightful thought captures many of the arguments I have presented throughout this paper. Inspecting the Executive Level identified an actor whose complete lack of self-awareness reached far beyond the relationship with his counterpart. Understanding that relationships become more vital as an actor moves up the chain is a must for any leader at the Executive Level. Relying solely on a process, versus augmenting the process with a trust-based relationship, destroys morale and inhibits program success. Process dependency also decreases many enablers such as communication, leadership effectiveness, and collaboration. The process is only as effective as the actors using it. To increase effectiveness, the DoD Acquisition System needs to train its actors on how to develop relationships and communicate properly, just like they train each actor on the processes, regulations, and policies. Only then will we be able to intelligently leverage the process and fully realize the benefit of a trust-based relationship.

6.2. Interview Summary

Today’s acquisition environment is changing. Unlike the past where programs simply executed the process, the DoD is transitioning to more dynamic processes. The new environment requires trust, communication, and constant interaction between actors. The interviews above identified multiple barriers that must be overcome prior to achieving the desired end state. Prior history, culture, organizational motivations, and individual personality barriers severely limit trust and relationships. Training and education creates the environment and focuses primarily on the process with little to no attention given to trust and relationships. The process is only as effective as the actors using it. To increase effectiveness, the DoD Acquisition System needs to train its actors on how to develop relationships and communicate properly, just like they train each actor on the processes, regulations, and policies.
To overcome the identified barriers, actors need establish common expectations up front; communicate in an open and honest manner; display transparency and balance; align incentives, goals, and objectives; and most of all, demonstrate strong and consistent leadership. Trust and relationships are the “glue between all transactions.” The glue is the trust established between actors that enables their ability to trust one another and maximize each interpersonal transaction. This simple but insightful thought captures many of the arguments I have presented throughout this paper and is exactly why I chose to focus this inspection on trust and relationships.

As presented in the previous sections, a consolidated trust-based relationship barrier and enabler matrix is provided below. As the reader can see, many additional barriers and enablers are captured that enhance the arguments presented throughout this paper. Analyzing the patterns from not only this section but all bodies of knowledge, solidifies my earlier argument. The environment (culture, program instability, and organizational motivations) and actors within (competing interests, personalities, and risk aversion) are the primary barriers to a trust-based relationship. To overcome the environment and actors within, a PM must demonstrate leadership traits such as accountability, communication, credibility, and respect, as well as be transparent to enable a shared mental model with his or her counterpart.
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Table 11 - Trust-Based Barriers, All Bodies of Knowledge
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Table 12 - Trust-Based Relationship Enablers, All Bodies of Knowledge

The qualitative analysis and interview section concludes the research portion of this examination. The next section will synthesize the analyses and arguments provided throughout this paper. The recommendations below will enhance not only the program management environment, but the entire DoD Acquisition System, to include our Defense Industry counterparts. Each should be considered and implemented to enhance a PM’s ability to successfully execute a program.
7. RECOMMENDATIONS

The quantitative and qualitative research conducted throughout this discussion provides rich insights for how a PM can establish a trust-based relationship. To overcome the enterprise that culturally and structurally inhibits the formation of trust, a PM must leverage the enablers identified throughout this paper. Trust-based relationship barriers such as the DoD Acquisition culture, competing interests, organizational motivations, individual personalities, program instability, risk aversion, and short tenures limit a PM’s ability to be successful regardless of their experience level. The recommendations below are focused on how a PM can effectively leverage the trust-based relationship to enable program success. Each recommendation explores various aspects of the DoD Acquisition System and what should be done to enable success.

7.1. RECOMMENDATION 1: FOCUSED TRUST-BASED RELATIONSHIP TRAINING

Little emphasis is provided throughout an Acquisition Officer’s training that provides tools for developing a relationship founded in trust. This leads to a default reliance on rules, regulations, and governance to facilitate and manage a program. The relationship establishes the foundation for success and why more emphasis should be place on developing relational contracting and the relationship. While governance, rules and regulation have a place, the day-to-day program execution is drastically enhanced if trust is constantly reinforced throughout a program. Multiple examples are offered in this work that demonstrate the need for trust-based relationships in Acquisitions. The DoD Acquisition System should implement a dedicated section during all acquisition training that delivers tools for PMs to develop and maintain trust-based relationships internal and external to the program. Training should focus on the trust lifecycle and key enablers such as accountability, common expectations, communication, goal and objective alignment, respect, a shared mental model, and transparency. Most of all, the training should focus on the PM being an effective leader and how his or her leadership can enable trust-based relationships.

7.2. RECOMMENDATION 2: INCORPORATE A COMMON EXPECTATION TEMPLATE

A key enabler I have relied on throughout my career is establishing common expectations from the beginning. The simple but focused practice allowed my counterpart and me to jointly build a shared mental model, which allowed us to span boundary lines for the benefit of the
program. Figure 7, from section 1.3.1 is an excellent example of what type of expectation components a PM should implement. The requirement component focuses each actor on program performance. The communication component ensures each actor is communicating internally and externally. The relationship component focuses on the “glue between interactions.” The leadership component ensures both PMs are leading their team and the overall program. The responsiveness component is a supporting component and ensures a sense of urgency throughout a program. The focus component enables a shared mental model between actors. The commitment components ensures both PMs are expending effort and are dedicated to their teams and the overall program. The strength component allows each PM to complement or reinforce the beneficial qualities of the other actor or team. The weaknesses component is critical and identifies holes that need to be filled to continually improve the program. The last component is vital because it allows the external actor to recognize outstanding work of an individual or sub-team that benefited the program.

The above idea is a forcing function to ensure trust-based enablers are the focus throughout a program and not the barriers discussed throughout this paper. Each PM should leverage the template from Figure 7 and adapt it to their given program. It should be verbally discussed monthly and formally completed in a written manner on a quarterly basis. While this is additional, it will pay dividends throughout the program. The template and the thought processes introduce a new approach to establishing relationships. Ultimately, the template develops a shared mental model between actors, which at its core, is a trust-based relationship.

7.3. RECOMMENDATION 3: TRAIN THE PM TO LEAD AND COMMUNICATE

Argued throughout this paper is the fact that actors within the DoD Acquisition System are trained on process routines but are not trained on enablers, such as leadership and communication, which build a capability to intelligently execute the routine. Intelligent application of the process routine introduces program management flexibility and trust. This in turn allows an actor to leverage the process to build trust and program-wide success.

Dedicated training modules should be developed and implemented in all acquisition training courses focusing on leadership and communication. Currently, training assumes the leadership and communication is taught daily in the Programs. While such lessons may occur in some Program Offices, they are the exception and not the norm.
Leadership modules should be interactive and present scenarios to test each PM’s leadership and ability to adapt. Class-wide feedback (in person) should be given upon the conclusion of each scenario so that lessons learned are incorporated in future interactions. Communication modules should be multi-faceted because of the complex and powerful nature of communication. Communication involves both transmitting and receiving information. Each requires a different skill set. Communication modules should also be interactive and focus on oral and written communication, listening, and feedback. Leadership and communication are the two enablers I have argued enable a PM’s ability to overcome the artificial system barriers. This is why we need to do a better job teaching our PMs the skills to lead and communicate from the start, not just when they become Executive Level actors.

7.4. **RECOMMENDATION 4: CREATE AND IMPLEMENT PROGRAM HEALTH METRICS**

The DoD Acquisition System for the most part does a good job tracking program metrics such as schedule and cost. What it does not do is track any subjective metrics that provide indicators to an actor’s health within a program. I am not arguing that we replace execution metrics for subjective ‘people’ metrics. I am arguing that we can enhance our insight into program morale and personnel understanding by forcing the PM to consider the health of actors throughout their program. Holding PMs accountable for program morale will force each leader to get out of their office and find out what is truly going on in their program.

The PM should not be the only person responsible for program health; each Project Lead should also be accountable. As part of the monthly program or project reviews, each PM and Project Lead should know the health of their personnel just like they know how well their program is executing. It should also be included in annual objectives, performance reports, and feedback sessions. This is a hole in the DoD Acquisition System. We do not focus on the actors executing the process; we just focus on the process.

7.5. **RECOMMENDATION 5: ALIGN PM TENURE TO DO D ACQUISITION SYSTEM CYCLE**

A limiting factor presented in this paper are the cycles and tempos of the actors throughout the DoD Acquisition System. This is especially the case for the Military PM. Three of five bodies of knowledge identified the barrier of actor rotation and how it limits the trust that
can be established between actors. The DoD has recognized this limitation and attempted to enforce tenure agreements, but rarely does a PM remain in the same job for the entire tenure, which results in a tenure tactically-focused perspective versus a strategic program perspective.

Normally a Military PM rotates every two to three years. The goal is a four year controlled tour for all actors, but development needs often shorten the cycle. Of the two to three years, the first six months to a year are spent understanding the program and the various actors throughout the enterprise. Once an understanding is gained, the PM has a limited time to employ his or her skills to improve program execution.

At the macro level, the DoD Acquisition System is driven by a five year cycle executed annually. Because the rotational actor cycle above is not aligned to the larger strategic cycle, it further enforces the tenure-induced tactical focus of actors. Just as the President of the United States inherits his or her predecessor’s decisions, a PM knows his or her current state is inherited and his or her decisions will be inherited by his or her replacement. Rarely do Military PMs remain in a job long enough to make a decision and experience the decision’s effects. To stabilize the system for both the DoD Acquisition System and Defense Industry, Military PMs should remain in their position for a minimum of four to five years. While this limits development opportunities, it stabilizes the program and forces the PMs to develop relationships and consider the strategic level implications of his or her decision making.

7.6. **RECOMMENDATION 6: CULTIVATE SMART RISK TAKING AND MANAGEMENT**

A major byproduct of the culture and organizational motivations barriers is risk aversion. This is prevalent throughout the DoD Acquisition System. Risk aversion is a “consequence of a zero defects culture that is incapable of embracing “honest failure” as a medium for creating knowledge” (Frick, 2010). Unfortunately, today’s culture is at best a zero-sum game. This slows innovation and decreases trust throughout the system.

I am not arguing that we do a “180” and start promoting risky behavior for the sake of promoting risky behavior. I am arguing that we reward smart risk taking and risk management. An example of smart risk taking and management is Steve and I instituting the common expectations template. This action develops a shared mental model between PMs; does not violate statutory, regulatory, or ethic laws; and unified the entire government-industry team. Taking a risk requires innovative thinking and additional effort from actors.
To change this mentality, we need senior leadership to encourage, and more importantly, reward, smart risk taking and management. It is not enough to just “take risk.” Senior leaders must also ensure PMs are trained to manage the risks. The endorsement must be sincere and consistent to change the current culture. As smart risk management achievements are observed, they should be advertised just like the DoD advertises best practice affordability examples. If this mentality is encouraged, rewarded, and supported by senior leadership, it will trickle throughout the system and create an innovative and progress-focused environment and culture.

7.7. **RECOMMENDATION 7: IMPLEMENT FLEXIBLE CONTRACTING**

The first interview highlighted the need to align DoD processes and contracting practices to support one another and produce flexibility. Currently, the Agile process is being deployed for many software intensive programs, but is limited because the DoD is trying to transfer additional risk to the industry through the use of Firm Fixed Price (FFP) contracts. While this may seem wise financially, it reduces the ability to adapt to changing conditions.

A survey respondent identified that he or she enhanced trust-based relationships throughout his or her program by designing flexibility in the formal contract. By doing this, it encouraged collaboration and joint execution. Several options for how to design flexibility into the contract include incentivizing collaboration, designing options for future growth based on the current relationship state, and capturing relationship components in the fee assessment system.

This can be done at the tactical level if you have the right mix of PMs and Contracting Officers on both sides, but its effects are limited. Implementing this on a strategic level require policy, and more than likely, changes to law that align the DoD Acquisition System. It would also require leadership support and actor training. Flexibility is the ultimate goal for a PM executing a program and the contract should support, not limit, a PM’s ability to execute.

7.8. **RECOMMENDATION 8: ALIGN PARTNERS THROUGH TRAINING**

Many recommendations focus on enhancing a PM’s skills. As is the case with trust-based relationships, leadership, and communication, we do not train how to establish an effective partnership with the Defense Industry. This recommendation arrives at the core of this thesis. The Defense Industry is our partner. While some corrupt actors exist, limiting our ability to partner, the majority of actors possess the ability to establish a trust-based relationship with industry.
Based on that, acquisition training should incorporate a module for how to partner with industry; our industry partners should be included to enhance the training environment. This module should be part of all acquisition training. This skill and knowledge must be developed early to produce results later. This module should clarify what can and cannot be done and how an actor can navigate the partnership waters, while still remaining independent. Enabler concepts such as common expectations, communication, goal and objective alignment, leadership, respect, and a shared mental model should be leveraged. This recommendation and module will oppose the commonly-held belief that industry is only in the game to make a profit. While this may be true to an extent, both the DoD Acquisition System and Defense Industry are partners; partners that can only realize success when they unify actions and purposes.

8. Future Research Opportunities

8.1. Focused Inspection of Defense Industry

The above discussion focused on what a government PM can do to enable trust-based relationships from the government perspective. The Defense Industry possesses an abundance of opportunity to research and identify trust-based relationship barriers and enablers. Their culture, processes, and best practices can be studied to enhance the arguments and findings presented above. Studying various defense contractors and how they impede or establish trust can identify patterns and best practices that can be incorporated industry-wide as well as throughout the DoD Acquisition System. The opportunity should take into consideration not only the Primary Contractor but also the Supplier relationship. This dynamic environment is ripe for discovery.

8.2. Analyze Personality Based Traits Enabling Trust-Based Relationships

Individual personalities are identified as a trust-based relationship barrier above based on how culture and organizational motivations influence a personality. A rich opportunity exists to identify personality traits that enable trust and program success. The inspection could explore not only successful PM traits but also readily available literature to support the examination. Research could also explore successful PMs and what made them successful from a personality perspective. I have argued throughout this paper that leadership is a key enabler. Leadership style to a large extent is dependent on the leader’s personality and what factors influence their
personality. Based on that, the examination should inspect successful PMs and leaders, and identify traits and best practices that enabled individual and program success.

8.3. **EXAMINE PROCESSES, POLICY, AND REGULATIONS LIMITING TRUST**

The DoD Acquisition System’s backbone is the processes, policies, and regulations that dictate rules and behavior throughout the system. Each influence an actor’s ability to establish a trust-based relationship. Conducting an extensive study of which processes, policies, and regulations inhibit trust could produce valuable insight into changes that can be made to improve the DoD Acquisition System. The inspection should take into consideration not only the DoD 5000.2 process but also congressional rules and regulations inhibiting the DoD Acquisition System. Identifying the limitations throughout the system, changes needed, and an implementation approach could benefit all actors throughout the system and morph the system from a barrier to an enabler.

8.4. **CREATE FLEXIBLE CONTRACTING APPROACH**

Formal contracts and the methods the DoD Acquisition System uses to governance exchange limit flexibility to adjust to changing conditions. This is especially the case when considering multi-year contracts that cannot consider all future possibilities. Researching flexible contracting methods, such as options and other mechanisms, and their potential to enable collaboration and flexibility, is an opportunity that could change the way we do business. The research should take into consideration current practices, the behaviors they produce, and how they affect trust, relationships, and an actor’s ability to alter course when faced with changing conditions. Relational contracting should also be considered and how relational factors can be incorporated into the actual contract. Contractual micromanagement should be evaluated to identify actor limitations when employing the contract. Contracts dictate how the DoD Acquisition System and Defense Industry interact and why this research opportunity could provide insights and change the way we interact.
9. LIST OF REFERENCES


Clarmont, T. (2014, June 2). **Human Resources for the B.C. Public Service.**

Clayton, S. (2012). **PM Expectation Template.**


Genetsky-Haugen, M. (2010). Determining the relationship and influence organization trust has on organizational culture. Lincoln: University of Nebraska.


APPENDIX A – PRE-SURVEY INFORMATION SUMMARY

Surveyor: Lt Col (s) Joshua Williams

Purpose: Acquisition Professional research gathering the fulfill thesis requirements of Massachusetts Institute of Technology System Design and Management Program

Survey Candidates: Acquisition Category 1, 2, and 3 Program Managers, Chief Engineers, Project Managers, Project Engineers, Program Element Monitors, and Government Support Contractors.

Overview of Research: The thesis research focused on trust-based relationships barriers and enablers and Acquisition Professional’s opinion of the DoD Acquisition System, the Defense Industry, and the actors throughout each system. Each respondent possessed an immense understanding of the DoD Acquisition System and what barriers and enablers influence the system. The research also focused on trust-based relationships at various level to determine if trust was consistent at each level and if not, why? The concluding focus of the survey was to garner a deeper appreciation of trust-based relationship barriers and enablers through the insight and experience of other Acquisition Professionals.

Time Required: Approximately 30 to 60 minutes.

Question Set: 12 Questions and 3 Levels.

SECTION I – Focus on relationship between the DoD Acquisition System and the Defense Industry?

1) What is your role in the DoD Acquisition System?
2) How do you currently view the relationship between Senior Acquisition Leaders and their Defense Industry counterparts?
3) How do you view the collaboration between leadership?
4) Can you think of examples of a successful Executive relationship? What made it successful?

SECTION II – Focus on Program Manager to Program Manager Relationship

1) Does the relationship make a difference?
2) What role does trust play?
3) Are there things that you have done to establish trust? If so, what?
4) Did establishing trust make a difference in the program outcome (successful or failure)? Examples?
5) At what point does a trust-based relationship make a difference in the program outcome?
6) Think of an exceptional program you have witnessed. One that the program leads worked together for the betterment of each. What made that program standout compared to the failed ones?
SECTION III – Focus on Trust-Based Relationship Facilitators and Barriers

1) From your experience, what enables trust-based relationships in the context of a government PM and his/her counterpart?
2) From your experience, what barriers exist to establishing a trust-based relationship?
APPENDIX B – LIST OF ABBREVIATIONS

Acquisition Program Baseline (APB)

Analysis of Alternative (AoA)

Calendar Year (CY)

Capability Description Document (CDD)

Capability Production Document (CPD)

Defense Acquisition University (DAU)

Department of Defense (DoD)

Deputy Program Manager (DPM)

Fiscal Year (FY)

Full Operational Capability (FOC)

Full Rate Production (FRP)

General Office (GO)

Government Accountability Office (GAO)

Initial Capabilities Document (ICD)

Initial Operational Capability (IOC)

Integrated Product Team (IPT)

International (Int’l)

Joint Venture (JV)

Low Rate Initial Production (LRIP)

Major Automated Information System (MAIS)

Major Defense Acquisition Program (MDAP)
Milestone Decision Authority (MDA)
Massachusetts Institute of Technology (MIT)
Mergers and Acquisition (M&A)
Officer Performance Report (OPR)
Preliminary Design Review (PDR)
Program Element Officer (PEO)
Program Manager (PM)
Program Management Office (PMO)
Program Management Review (PMR)
Program Objective Memorandum (POM)
Program, Planning, Budgeting, and Execution (PPBE)
Request for Proposal (RFP)
Senior Acquisition Executive (SAE)
Senior Executive Service (SES)
Space & Missile Center (SMC)
System Program Office (SPO)
APPENDIX C – LIST OF DEFINITIONS

**Counterpart** – “Having the same function or characteristics as another” (Merriam-Webster, 2014)

**Culture** – “A jointly shared description of an organization from within” (Perron & Watkins, 2013).

**DoD 5000.2** – “The DoD acquisition process used to monitor and oversee major defense acquisition program execution and ensure compliance with statutory and regulatory requirements” (OSD1, 2009).

**Defense Contractor** – “Any person who enters into a contract with a federal government of the United States for the production of material or for the performance of services for national defense” (Whatsup, 2014).

**Enterprise** – “A complex, integrated, and interdependent system of people, processes, and technology, that creates value as determined by its key stakeholders” (Nightingale & Srinivasan, Beyond the Lean Revolution: Achieving Successful and Sustainable Enterprise Transformation, 2011).

**Program Manager** – “The designated individual with responsibility for and authority to accomplish program objectives for development, production, and sustainment to meet the user's operational needs. The PM shall be accountable for credible cost, schedule, and performance reporting” (DAU2, 2008).

**Program Office** – “The designated office by which a program is organized, monitored, and executed.”

**Structure** – “How tasks are divided, grouped, and coordinated in organizations” (Mclaughlin, 2014).

**Trust-Based Relationship** – The “willingness to build a personal relationship in addition to a professional one, participating in open exchanges of experiences and culture. It requires a genuine, non-controlling approach and relies upon demonstrated integrity and transparency” (Clarmont, 2014).
### APPENDIX D – TRUST-BASED RELATIONSHIP BARRIERS

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## APPENDIX E – TRUST-BASED RELATIONSHIP ENABLERS

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- **Appropriateness**
- **Background, Training, Education**
- **Balance**
- **Benevolence (Humility)**
- **Collaboration**
- **Competency**
- **Conviction**
- **Cooperation**
- **Cooperative Norms**
- **Framing**
- **Loyalty**
- **Perception**
- **Relational Contracting**
- **Reliability**
- **Risk Tolerance**
- **Strategic Planning**

- **Consistency**
- **Dedication**
- **Learning (from mistakes)**
- **Marshaling Event**
- **Momentum**

- **Appropriateness**
- **Actions Reinforcing Words**
- **Background, Training, Education**
- **Balance**
- **Cohesiveness**
- **Collaboration**
- **Consistency**
- **Compassion**
- **Compatibility**
- **Creativity**
- **Dual Dependency**
- **Familiarity**
- **Incentive Alignment**
- **Initiative**
- **Incorporating Lessons Learned**
- **Marshaling Event**
- **Structure**
- **Simplicity**
- **Taking Care of People**
- **Valuing Input**
- **Unified Purpose**
- **Actions Reinforcing Words**
- **Background, Training, Education**
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