Acquisition Strategy Decision Guide

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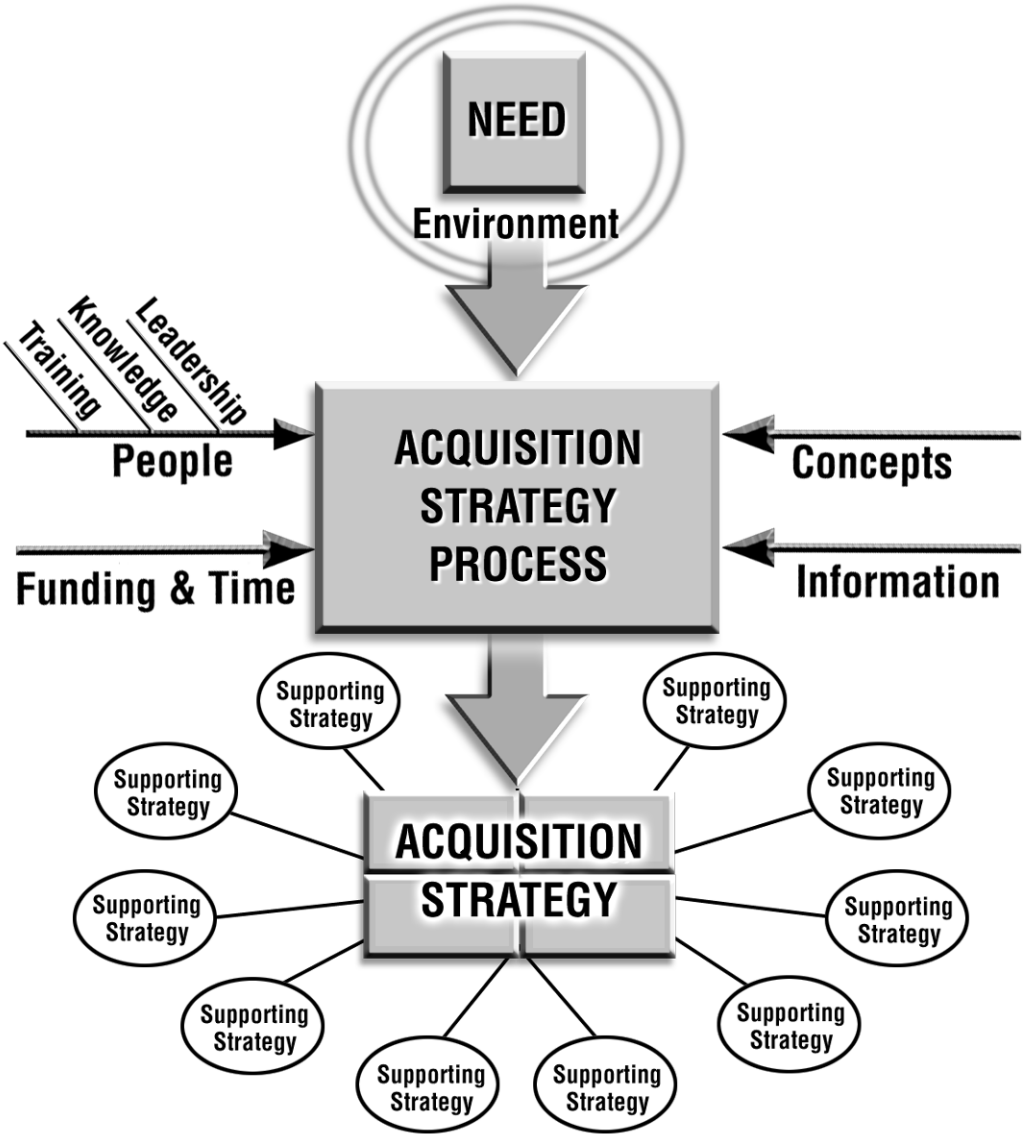
Introduction

This guide has been written to assist Program Managers and their teams to select and define acquisition strategies. It is also intended to be useful in periodically reviewing and revising acquisition strategies when conditions dictate. The guide has been built around several important "key" concepts and it walks the user(s) through several straightforward step-by-step processes. It will also help create a shared understanding of why specific strategies have been selected from among the myriad of possibilities. This understanding will lead to higher levels of acceptance, commitment and teamwork and to a more sharply focused implementation. This understanding will also focus on future adjustments that may become necessary.



Background

All program managers (PMs) are required to select, develop and document an acquisition strategy to serve as the guide for program execution from program initiation through post-production support. A primary goal in selecting an acquisition strategy is to minimize the time and cost of satisfying an identified, validated need, **consistent with common sense and sound business practices.**

In today's environment of rapid change, many DoN PMs are having difficulty integrating all of the various acquisition and business aspects of their programs. This includes all of the elements of program management, acquisition and contract management, business/financial management and the multiple process changes evolving from the many DoD/DoN acquisition reform initiatives and practices. The PM has the task with an unprecedented freedom of choice, as mandatory rules and directives are reduced to a minimum in favor of "guiding principles". Options and alternatives abound; perhaps more than can be readily identified or digested. Developing and maintaining the currency of an Acquisition Strategy in this fast-shifting environment of technology, funding and process change has proven enormously challenging.

Accordingly, this *Acquisition Strategy Decision Guide* has been developed as a tool to assist the DoN PM and his/her Integrated Product Team (IPT) through the process of identifying, analyzing and choosing among the various combinations of available alternatives. It is applicable to all PMs, including both ongoing and new start programs. Similarly, it is applicable across all types and phases of acquisition, with separate sections providing information of particular interest to those engaged in initial strategy selection, or review/validation/update of existing strategies. Underlying each of these uses is a set of "Core Strategy Dimensions" which may help PMs to identify the most typical combinations of "key drivers" or "discriminators" which distinguish one strategy from another. It must be emphasized that this guide doesn't address details of how to write/prepare an acquisition strategy. Such information is already covered in the Federal Acquisition Regulation (FAR), *Defense System Management College* (*DSMC) Acquisition Strategy Guide* and the *DOD Acquisition Deskbook*.

The PM first selects and develops the acquisition strategy at program initiation, and keeps it current by updating it whenever the system acquisition approach and program elements require further definition, correction or modification. As a minimum, the strategy is updated for each program milestone review. However, since change has become endemic to DoD acquisition, in terms of threat assessment, business processes, product advances, and funding stability, a continuing review of acquisition strategy must become our normal practice as a "change management" tool and risk mitigator. The acquisition strategy must be maintained as a dynamic document. **It is the formal record of all strategic choices and changes made in response to an evolving threat, technology, business process and other environmental factors.** As such, it is also our best summary document for educating new program managers and new program office personnel regarding program intent, objectives, considered alternatives, how/why strategic decisions were made, and current status. It should be the baseline for computing on-going strategy effectiveness, and determining the need for changes thereto.

This guide was developed primarily with Acquisition Category (ACAT) I and II programs in mind, however, managers of all acquisition programs and projects are encouraged to use the guide as a general source of acquisition strategy information.

Key Concepts And General Approach

Before starting, the users of this guide should familiarize themselves with the following underlying concepts and general approaches. When used, these concepts and methods will help reduce the labor and time to identify possible strategies and select from among them. These concepts provide a rationale for starting the process and moving logically from general to specific in order to spell out a comprehensive acquisition strategy. Specifically:

A. Acquisition Strategies can be developed using systems engineering principles and techniques.

B. Strategy elements provide a continuum from which to identify candidate core strategies.

C. Candidate core strategies are identified by matching the need (desired ends) with the availability of the means to achieve it.

D. All things being equal, some strategies are preferred.

E. Individual core strategies must be further defined and detailed by incorporating supporting strategies.

F. Individual core and supporting strategies must be integrated and balanced to optimize the overall acquisition strategy.

A. Systems Engineered Acquisition Strategies

An acquisition strategy for any program may be selected using a disciplined, structured decision-making process. In technical decision-making, such a process is known as systems engineering. The selection of designs for complex weapon systems must be systems engineered if the design is to be successful. Similarly, an acquisition strategy should also be systems engineered if it is to be successful. Therefore, this guide will provide a systems engineered roadmap to aid the Program Manager and IPT in evaluating alternative acquisition strategies for new programs, reviewing and validating existing acquisition strategies, and identifying and selecting alternative strategies (when program conditions change). In its simplest expression, this systems engineered approach will call for the PM team to:

- Identify the few most likely top-level strategy elements *(sources, contract approach, support, etc.)*.
- Within each top-level strategy element, identify a small "starter set" of candidate core strategies.
- Briefly describe each candidate core strategy, compare the candidates and select the most robust in each top-level element.
- Add supporting strategies.

- Integrate the selected strategies into an overall strategy.
- Refine and optimize the overall strategy.
- Thoroughly evaluate the overall strategy.
- Identify and prioritize the risks of the overall strategy.
- Iterate the process in order to further address the risks and refine the strategy.
- Use the process to update or modify the strategy as conditions dictate.

B. Each Strategic Dimension Is a Continuum From Which To Identify Strategies

Acquisition strategies are multi-dimensional. They address a variety of areas such as business, technical, resource, schedule, innovation, teaming, and other considerations. Each strategy element offers a continuum from which to identify and choose strategies. It is important to identify the critical elements or considerations that might lie at the center of a multi-faceted/tiered acquisition strategy. Top-level elements will essentially dictate or drive the acquisition strategy and influence the choices in the remaining elements. Their choice and the choices of supporting strategies will lock in a certain degree of the program, direction and close off options. Therefore, they should be considered carefully. Empirical evidence (and logic) indicates that most often the core strategies have included (or will include) the strategic elements shown in Figures 1 through 3. For some elements the strategy considerations are defined by DOD 5000.2-R. This is the case for *Government Property in Possession of Contractors* (DOD 5000.2-R, Para. 2.6.5) and for *Environmental Safety and Health Considerations (DOD 5000.2-R, Para. 2.8.4)*. By contrast, the *Sources* strategy is largely driven by technical and market factors and therefore offers a wider selection of choices. It is suggested that elements with the greatest strategic latitude by considered first when choosing core strategies.

The *sources* strategies would normally be selected from points along a line from commercial and non-developmental items to new design and development. (Figure 1)

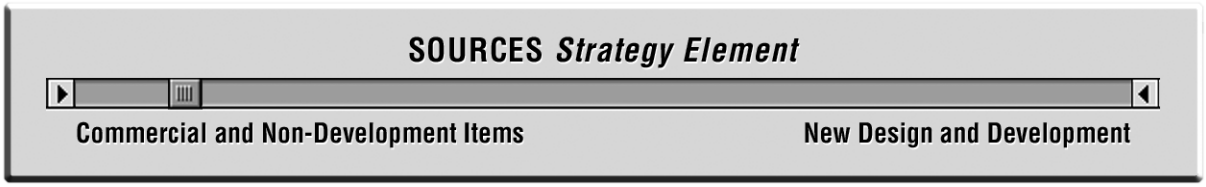


Figure 1

Possible competition strategies range from free and open competition with multiple sources to a directed sole source. The selection is based on the need (performance-cost-schedule) and the availability of potential sources to meet the performance requirements given the allotted funding and time. (Figure 2) Competition for systems acquisition is a primary consideration while competition for support and sustainment may not be an issue if organic support is selected. (see Figure 3)

Figure 2

The support concept strategies can cover a spectrum from organic to contractor support and sustainment. Again, the choice is driven by need and availability, with life-cycle-cost (a program requirement) being the primary driver. The degree of competition increasingly becomes a consideration when approaching the commercial full service support end of the spectrum. (Figure 3)

Figure 3

It should be apparent that the strategies identified in Figures 1 through 3 impact upon and interrelate with one another.

Once the top-level strategy elements have been selected, the remaining elements should be addressed (as required by DoD 5000.2-R) and then associated with the core strategies.

C. Basic Strategy Selection

The next key concept is that each basic strategy selection is based upon the best match of the need (the desired ends) and the availability of means to satisfy that need. The need is best thought of as the optimized combination of performance, cost and schedule. For instance, performance-cost-schedule and the availability of sources should drive the competition strategy. (Figure 4)

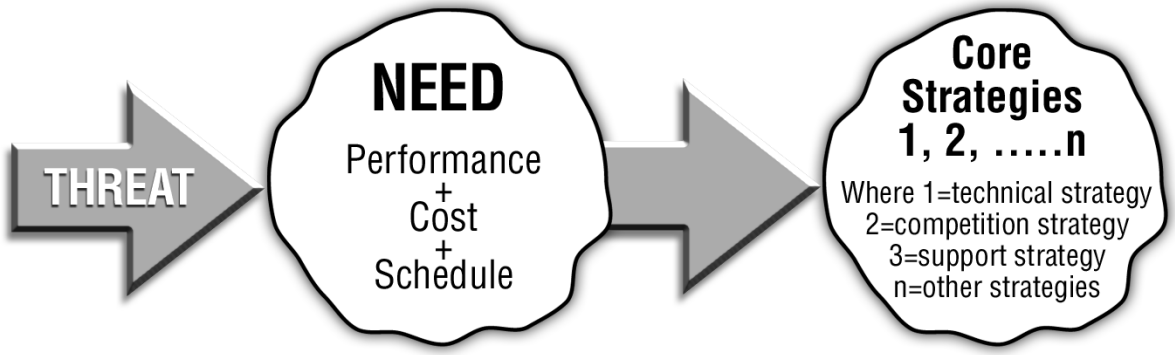


Figure 4

D. All Things Being Equal, Some Strategies Are Preferred

Another key concept is that there are preferences in each strategy element toward one end of the spectrum. These preferences generally offer the most flexibility and least risk. In the three categories previously cited (sources, competition and support), commercial and non-development items are preferred over new design and development, open competition over sole source and commercial support and sustainment over organic support. (Figure 5)

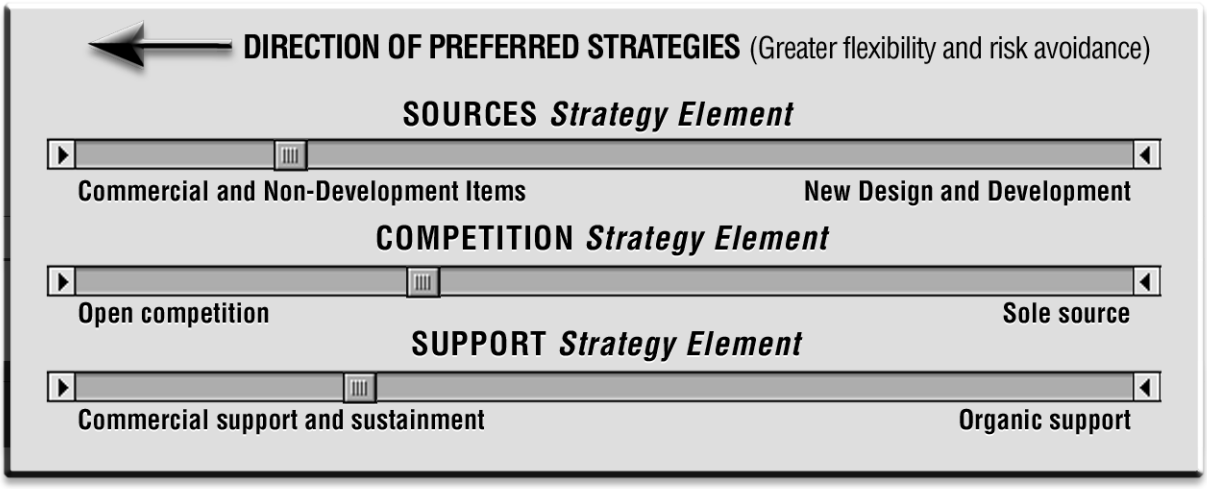


Figure 5

The bias in strategy selection should be toward the preferred end of each line. The trick is to identify strategies as far in that direction as possible while still remaining viable given the performance, cost and schedule constraints. Choices at the extreme left of Figure 5 should be considered the default position. That is, they represent a prudent Program Manager's selection given enough technical latitude, money and time. Rationale for these preferences is provided in Figure 6.

Preferred Strategy Rationale

Commercial and non-development items reduce performance, schedule and cost risks by yielding more predicted functionality, producibility and reliability. That is, the known unknowns and unknown unknowns have been reduced through iterative design, development and use. In other words, fewer surprises can be expected.
Open competition with multiple sources for system acquisition allows for the consideration of the largest number of possible solutions as well as the most dependable source given the technical and support strategies.
Commercial support and sustainment should reduce cost and lead time for support because the design/development and production contractor has developed the know-how, technical data, and sources for the system being supported and additional value chain links with their related cost and time do not have to be added. See http://www.ar.navy.mil/turbo2/ (Commercial Support and Sustainment) for a discussion of the spectrum of commercial involvement. This topic addresses the hazards, pitfalls and challenges of increasing the level of commercial involvement in support and sustainment.

Figure 6

Figure 7 depicts a notional array of strategic dimensions and several feasible strategies within each of them.

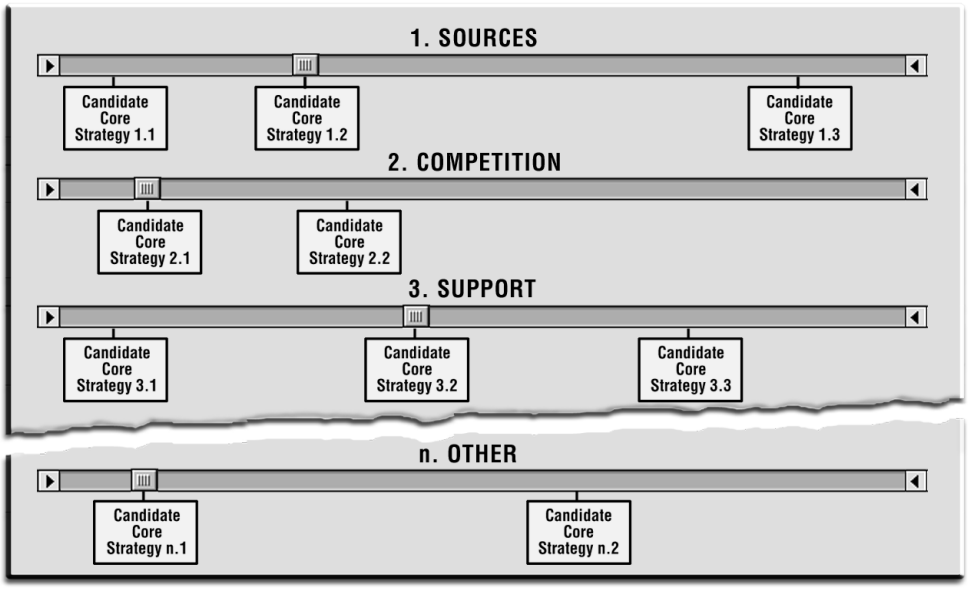


Figure 7

Figure 8 depicts a notional down selection to the most promising core strategy in each strategic dimension. In this case the selections have generally been made toward the preferred end of the continuum.

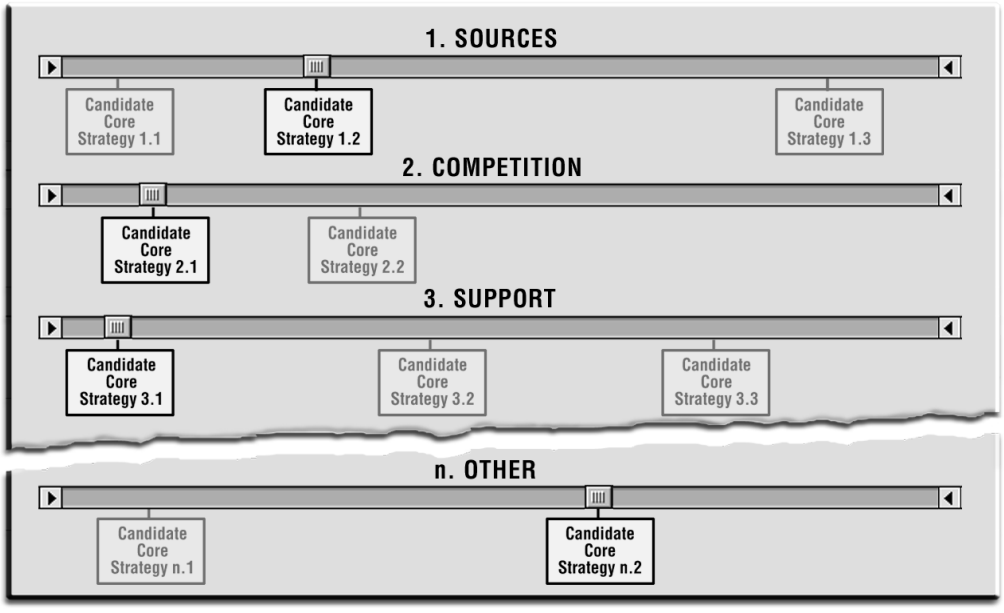


Figure 8

E. Individual Core Strategies Must Be Further Defined and Detailed By Incorporating Supporting Strategies

Within each core strategy, sub-tier strategies must be chosen. For example, in the sources dimension, what specific components should be obtained from commercial sources? In competition, what kind of contract type should be used? What kind of incentives should be applied? Who should own the technical data? What degree of commerciality should be incorporated? Each of these next tier choices should be articulated to the extent that the alternate overall strategies can be better understood and screened against the evaluation criteria and/or compared with each other. It should be noted that sometimes a support strategy may relate to more than one core strategy.

F. Individual Core Strategies Must Be Integrated and Balanced

Although each of the core strategies is selected individually, they must be balanced and harmonized to optimize the overall strategy (Figure 9). In this regard, they must be synergistic or at least consistent. The objective is to make the whole greater than the sum of its parts (not less than). Use of Quality Function Deployment (QFD) techniques can be very helpful in this regard.

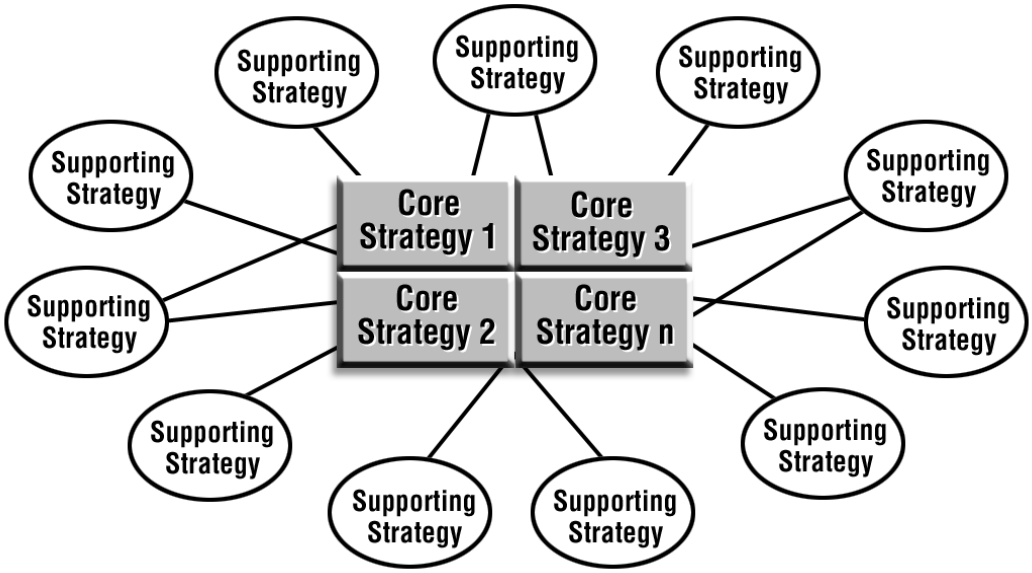


Figure 9

IV. Iterative Strategy Selection Process

A. Basic Process

This section lays out the complete process and guides users, typically the Program IPT, through a series of steps until the overall strategy is selected. It presents the each step in detail, identifying the sub-steps, the purpose, the desired outputs and the expected outcomes. It then walks user through the sub-steps until the output is produced. The team should display the current step guide as a reference and the team leader or facilitator should use it as a tool to keep the session on track and productive.

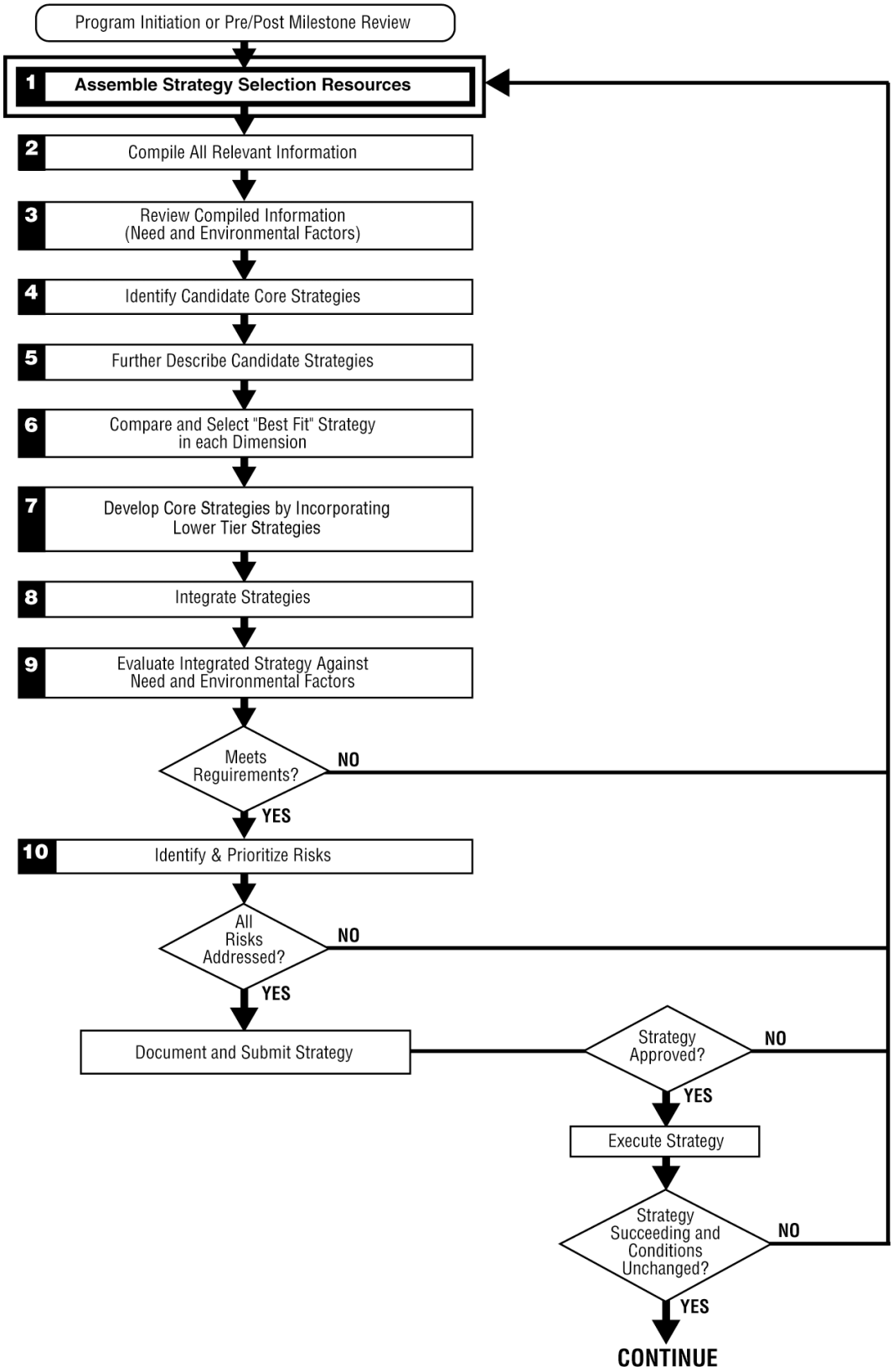
B. Spiral Strategy Selection Process

At the completion of each iteration, the overall strategy is evaluated to ensure that it would sufficiently respond to all of the program's requirements. It is then subjected to a risk analysis and iterated again until the overall strategy is designed, developed and refined to eliminate or mitigate all significant risks.

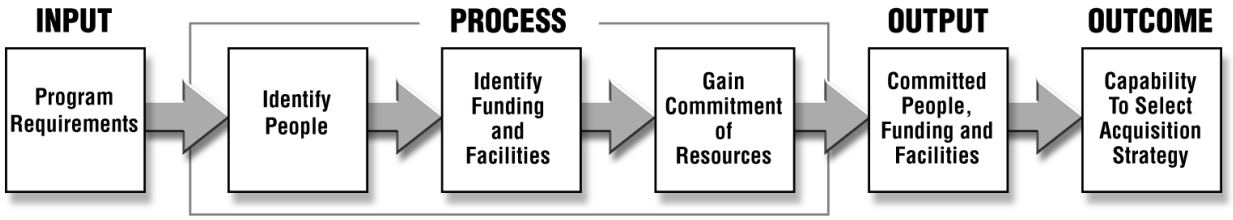
C. Modification During Program Execution

During program execution the process is further iterated if: (1) the strategy is not succeeding; (2) requirements and/or environmental factors have changed or new ones have been introduced; or (3) new risks have been identified. Returning and proceeding through the process in a structured and disciplined manner offers the greatest assurance that the acquisition strategy will be initially defined, further refined, modified and adjusted in an explicit, logical, connected and coherent manner. See Section VII.

ACQUISITION STRATEGY SELECTION PROCESS



OVERALL PROCESS STEP 1 Assemble Strategy Selection Resources



Purpose: Assemble the people and tools necessary to develop a viable and salable acquisition strategy

Desired Outputs: A team with necessary skills, leadership and functional experience assigned for enough time to identify, evaluate and select acquisition strategies.

Desired Outcomes: Team is ready and able to go to work on selecting a consensus acquisition strategy

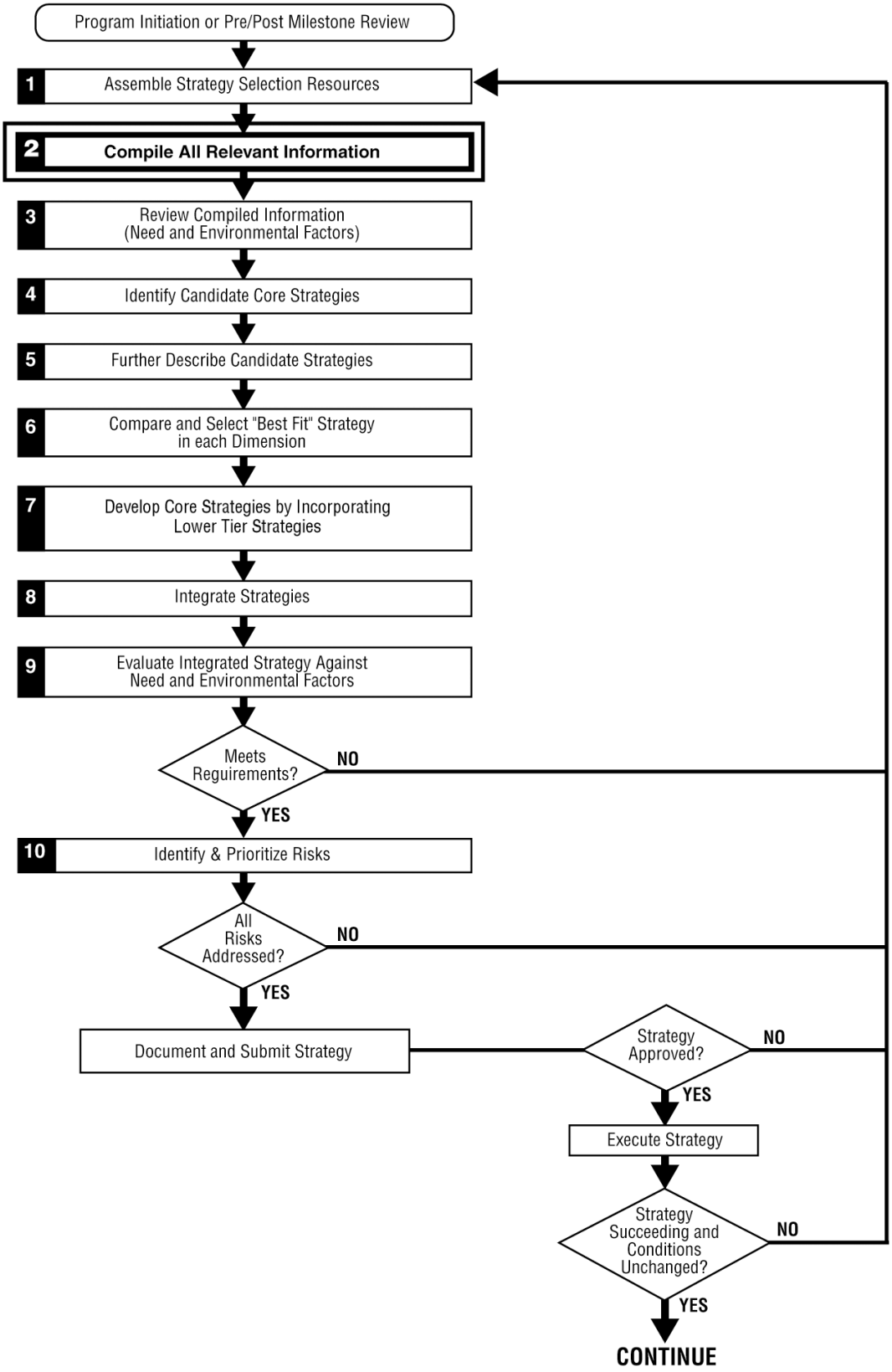
PROCESS

1. Identify required human resources. The PM must assemble the proper acquisition strategy selection and development team. It is important to staff this team with individuals whose knowledge, experience, and access to pertinent information equips them to effectively address all of the topics. The success of each of the succeeding steps in the selection process depends on the active participation of all the members of the team. Good contracting, technical and business/ financial managers will be key players in the selection of the acquisition strategy.

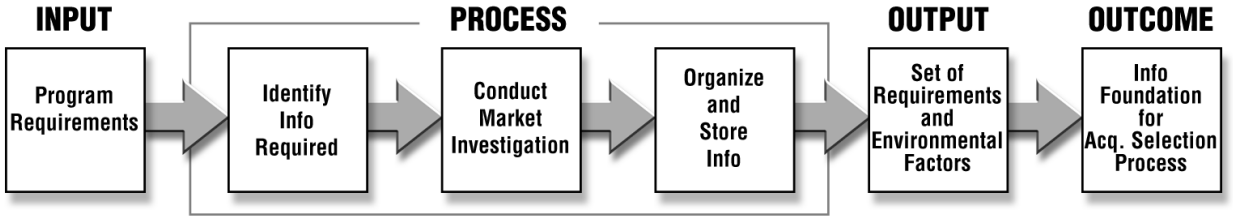
2. Identify funding and facilities required. There should be sufficient funding available to support the acquisition strategy selection and eventual development effort. This effort will be an iterative process that will require the proper funding resources to be successful. There also needs to be adequate office space and facilities to comfortably support the selection team.

3. Gain commitment from individuals. Formalize assignments and ensure funding and facilities are available when needed.

ACQUISITION STRATEGY SELECTION PROCESS



OVERALL PROCESS STEP 2 Compile All Relevant Information



Purpose: Before starting deliberations, make sure the information set is complete in order to prevent false starts or inaccurate assumptions about the need or the program environment.

Desired Outputs: Complete set of program need, and environmental factors information.

PROCESS

- Each member should read Appendix C of this Guide. Brainstorming should produce an expanded list of the kinds of information listed below.
- Mission Needs Statement (MNS), Operational Requirements Document (ORD), Analysis of Alternatives (AOA), etc.
- Acquisition reform initiatives
- Program Objective memorandum (POM) & budget information
- Market surveillance information
- Previous research, analyses and studies relevant to requirement
- Lessons learned

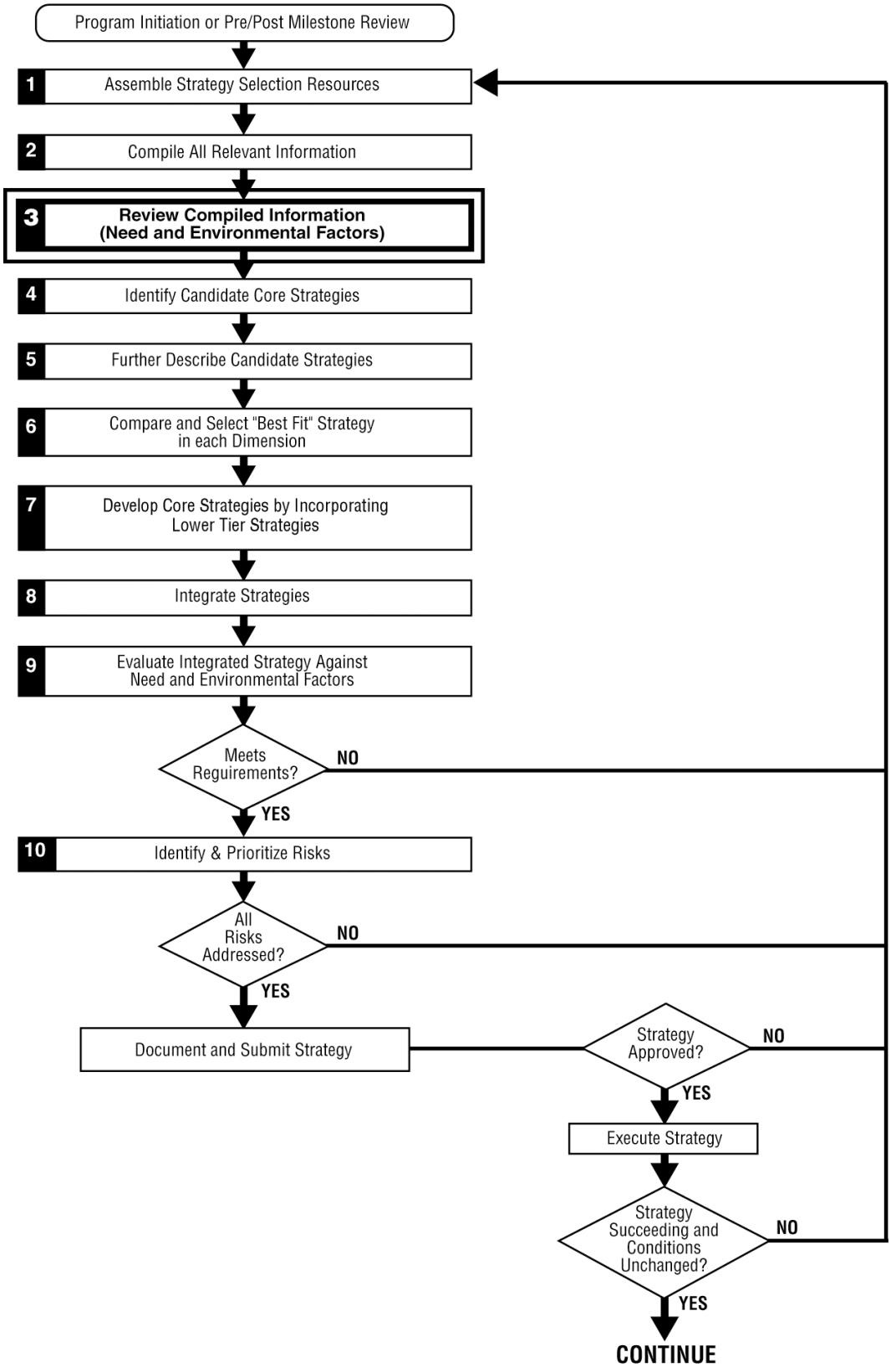
1. Conduct Market Investigation

- Identify relevant maturing and emerging technologies
- Identify potential sources for the technologies and the system to be acquired

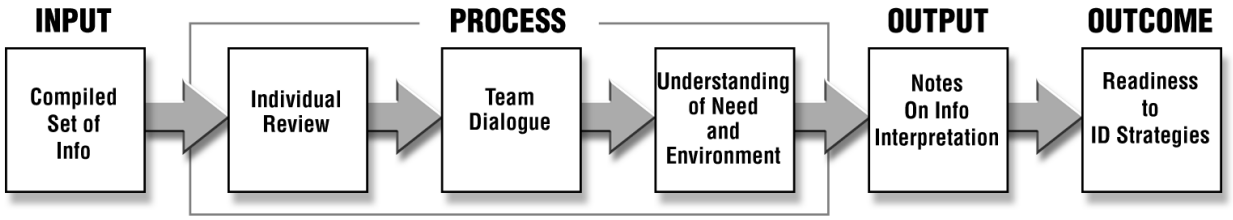
Desired Outcomes: A solid information foundation to facilitate the acquisition strategy selection process.

2. Information should be organized, indexed and stored to be accessible to the team and each individual member.

ACQUISITION STRATEGY SELECTION PROCESS



OVERALL PROCESS STEP 3 Review and Discuss Compiled Information



Purpose: To ensure a consensus interpretation and understanding of needs and environmental factors**.**

Desired Outputs: Thorough understanding of information and agreement that team is ready to proceed.

Desired Outcomes: Team recognizes sufficiency and relevance of information, has identified issues and resolved them where possible and is ready to generate ideas for acquisition strategies.

PROCESS

1. Team members independently review compiled information (homework). Each team member should review the compiled information, internalize the requirements and environmental factors and be prepared to contribute to the team.

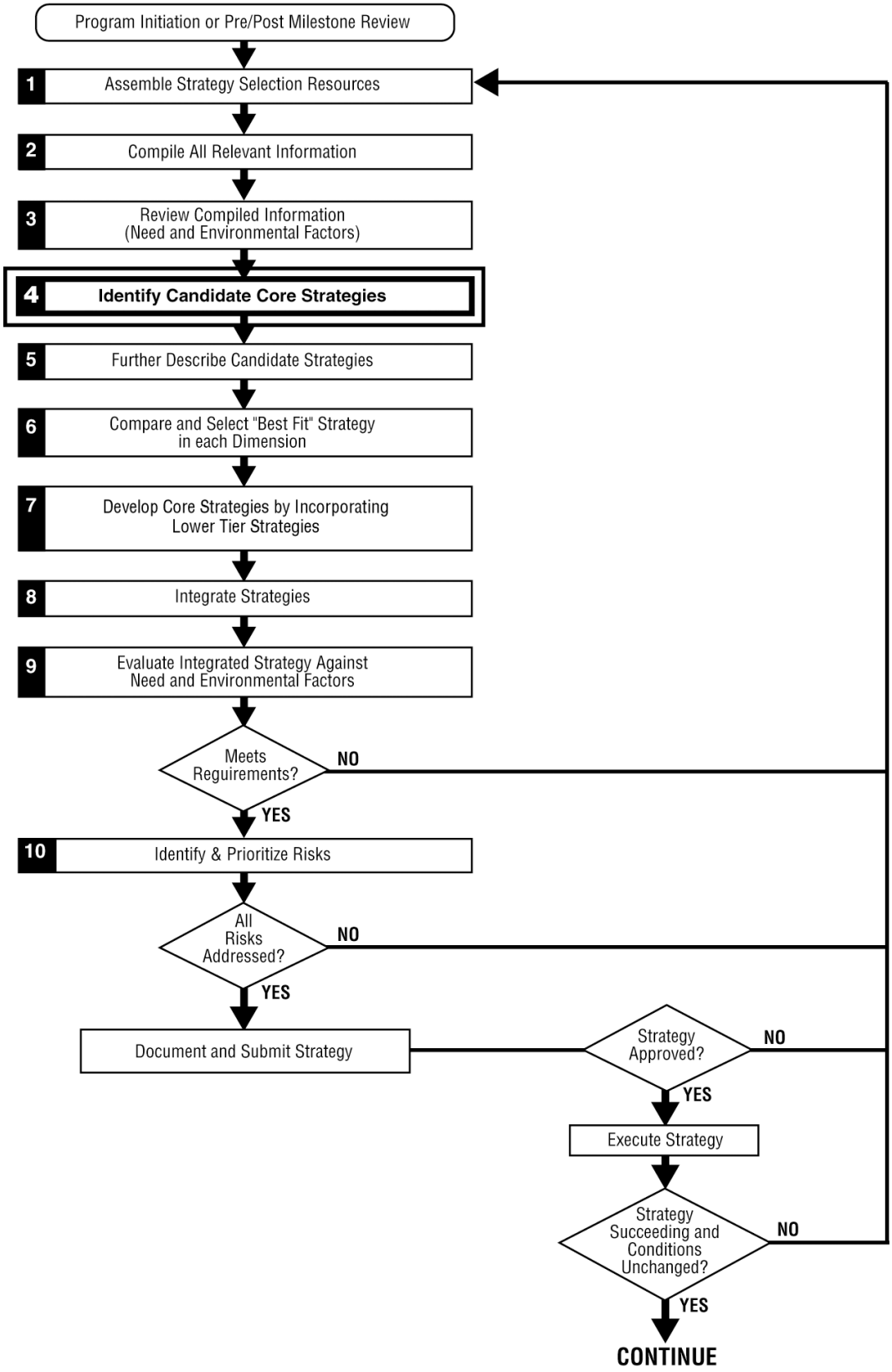
2. Team information dialogue.

   - Members identify ambiguities, information gaps, inconsistencies and other issues with the information.

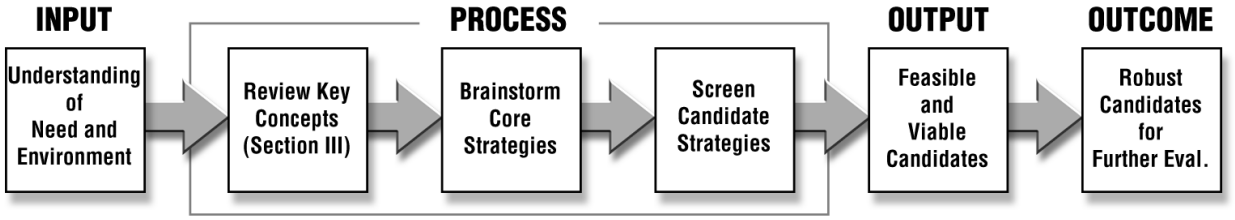
   - Members discuss their understanding and interpretation of information and the relevance to selection of acquisition strategies.

3. Team reaches consensus with respect to important characteristics of the need and influence of environmental factors. This shared interpretation is very important for the team to move forward. Unresolved issues are strong barriers to effective teaming.

ACQUISITION STRATEGY SELECTION PROCESS



OVERALL PROCESS STEP 4 Identify Candidate Core Strategies



Purpose: To establish a logical point of departure for selecting an acquisition strategy in order to start the selection process.

Desired Outputs: Several possible core strategies in each top-level acquisition strategy elements.

Desired Outcomes: Agreed upon options for further consideration, refinement, adjustment and development.

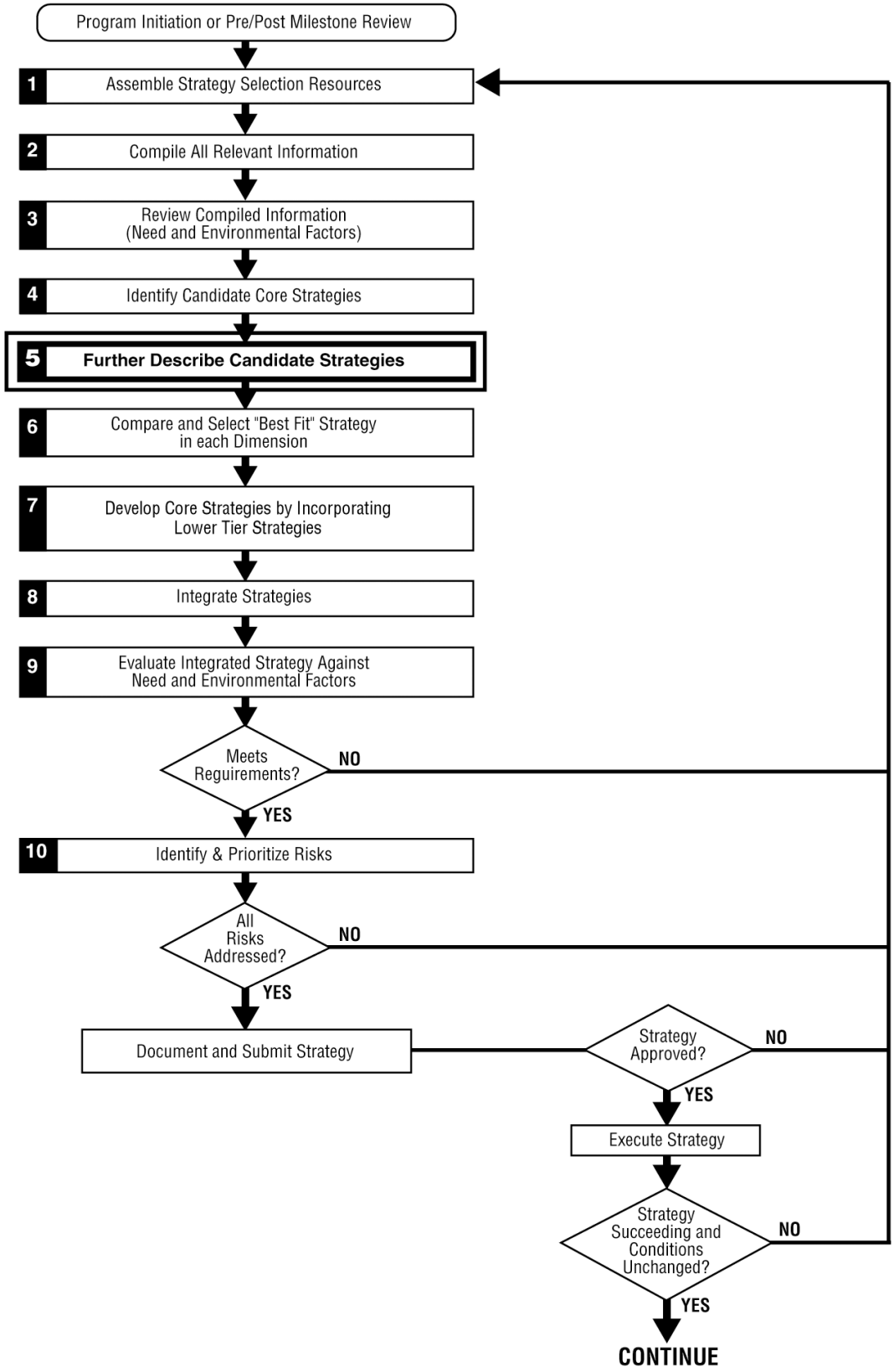
PROCESS

1. Review and discuss applicable concepts from Section III of this Guide to gain understanding and appreciation of rationale for selecting core strategies.

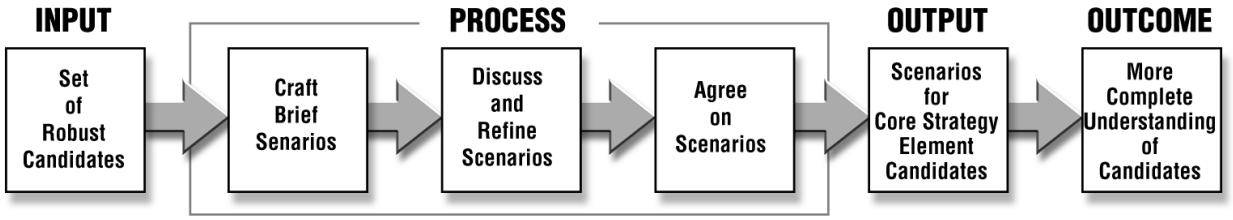
2. Identify several top-level strategy elements and 2-4 possible core strategies in each:
   - Sources
   - Competition
   - Support
   - Other

3. Distinguish between robust candidates and non-robust candidates. Are the candidate strategies feasible and viable given program needs and environmental factors? If "yes", they are robust. If "no" or "maybe" they are not robust.

ACQUISITION STRATEGY SELECTION PROCESS



OVERALL PROCESS STEP 5 Further Describe Core Strategy Candidates



Purpose: To expand definitions of initial alternate core strategies for further evaluation and comparison

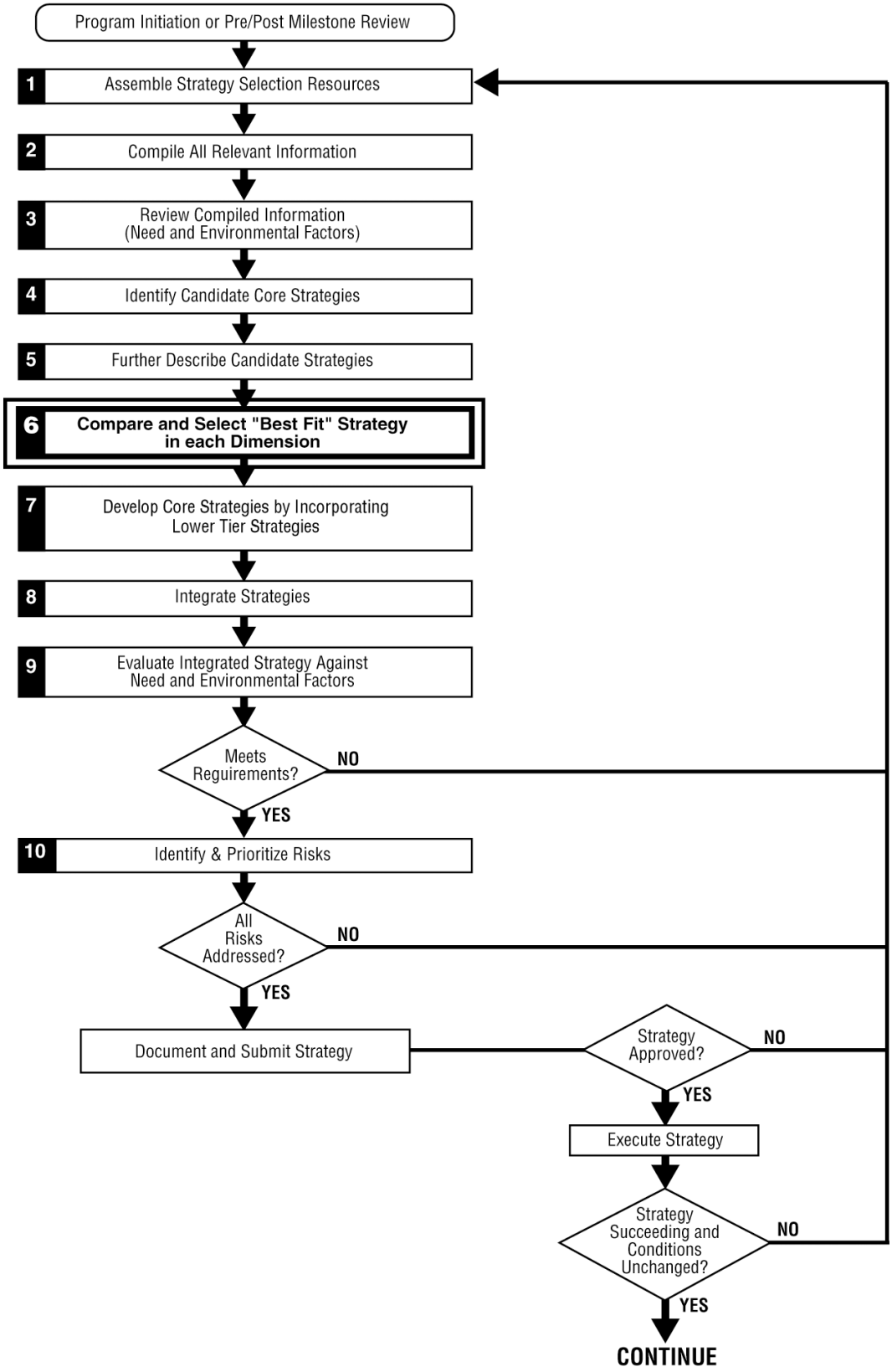
Desired Outputs: Several paragraphs describing each candidate core strategy.

Desired Outcomes: Better understanding of initial candidate acquisition strategies

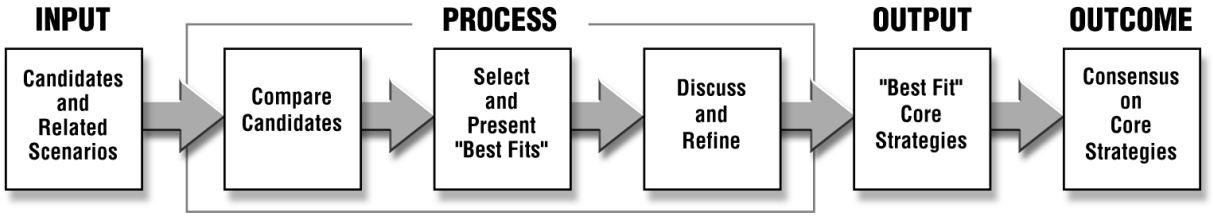
PROCESS

1. Organize sub-teams or make individual assignments to further describe robust candidates.
2. Assignees consider and discuss assigned strategies and craft a brief scenario for each. (2-4 paragraphs describing what, how and why for each strategy.)
3. Scenarios are presented and discussed.
4. A consensus is reached. The accuracy/sufficiency of the scenarios is further discussed and evaluated.

ACQUISITION STRATEGY SELECTION PROCESS



OVERALL PROCESS STEP 6 Compare and Select "Best Fit" Core Strategies



Purpose: To down select the most viable core strategies in each dimension for further development

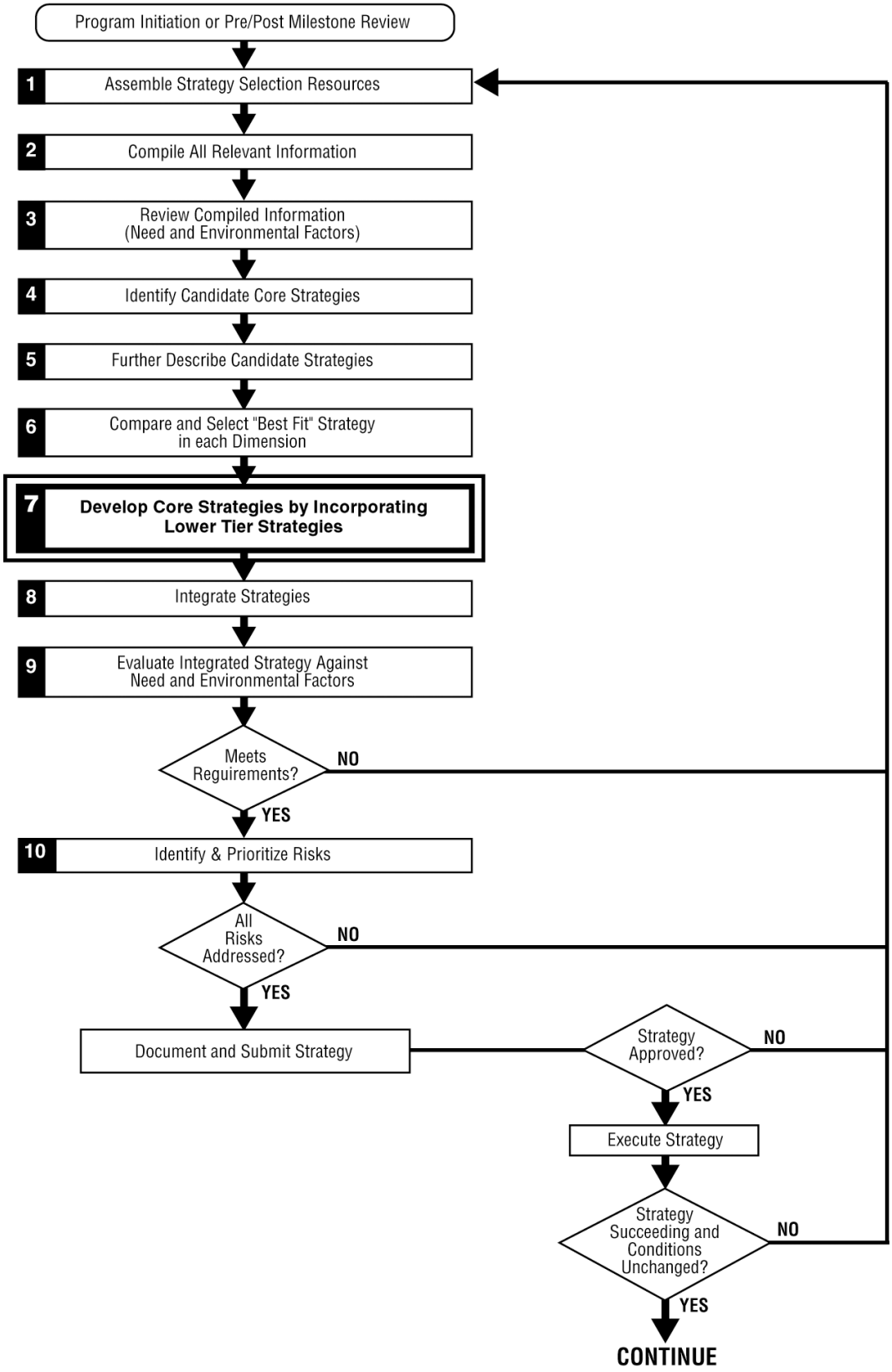
Desired Outputs: A single "best fit" strategy in each dimension and its general description.

Desired Outcomes: A set of top level strategies that the team agrees warrants further development.

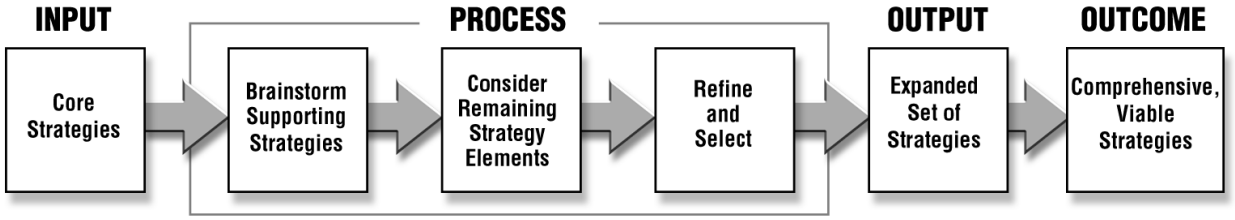
PROCESS

1. Assign acquisition strategy dimensions (technical, competition, support…other) to subgroups or individual team members.
2. Assignees compare scenarios within categories listing relative advantages and disadvantages and decide which one makes the most sense and why.
3. "Best Fit" strategy scenarios are presented to the team with supporting rationale.
4. A consensus is reached.

ACQUISITION STRATEGY SELECTION PROCESS



OVERALL PROCESS STEP 7 Expand Core Strategies



Purpose: To further detail and refine selected strategies by incorporating lower tier strategies and acquisition reform initiatives.

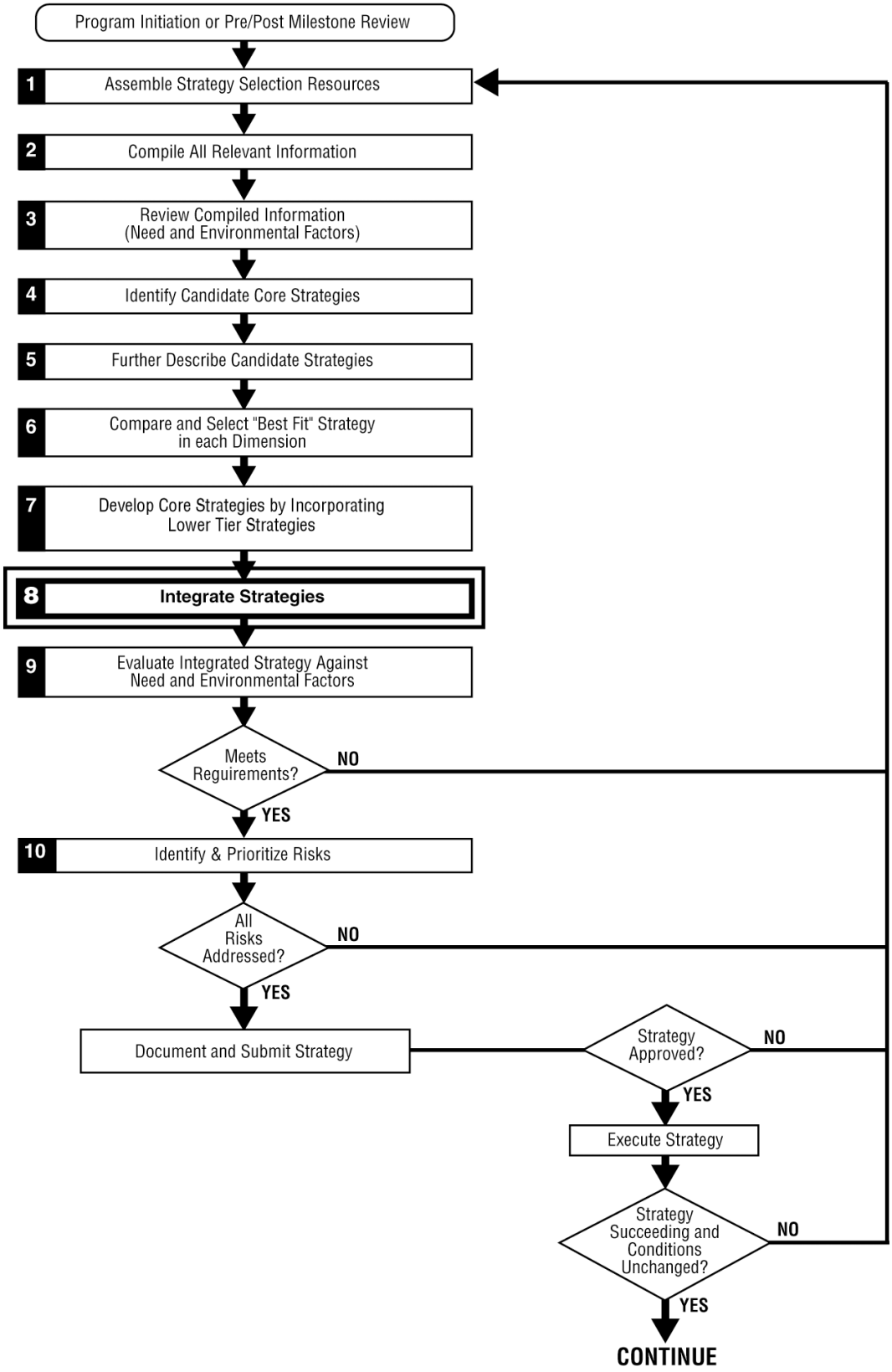
Desired Outputs: Applicable supporting strategies for each strategy.

Desired Outcomes: Comprehensive, viable strategies in each element.

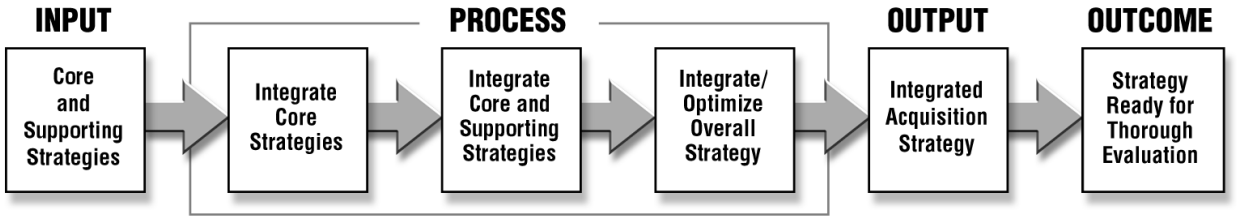
PROCESS

1. For each "best fit" core strategy, brainstorming support strategies by asking how the core strategy can be carried out. (i.e. If open competition is a core strategy, how would it be implemented? What type of contracts? How would the contractors be incentivized? How would risk be shared? How would the contractor be selected?)
2. Discuss and select initial strategies for each of the remaining strategy elements (see Figure 4).
3. Document each of the supporting strategies and the initial strategy for each remaining strategy element in one to three paragraphs.
4. Review, discuss and reach an agreement.

ACQUISITION STRATEGY SELECTION PROCESS



OVERALL PROCESS STEP 8 Integrate Strategies



Purpose: To identify and describe the comprehensive and viable overall strategy.

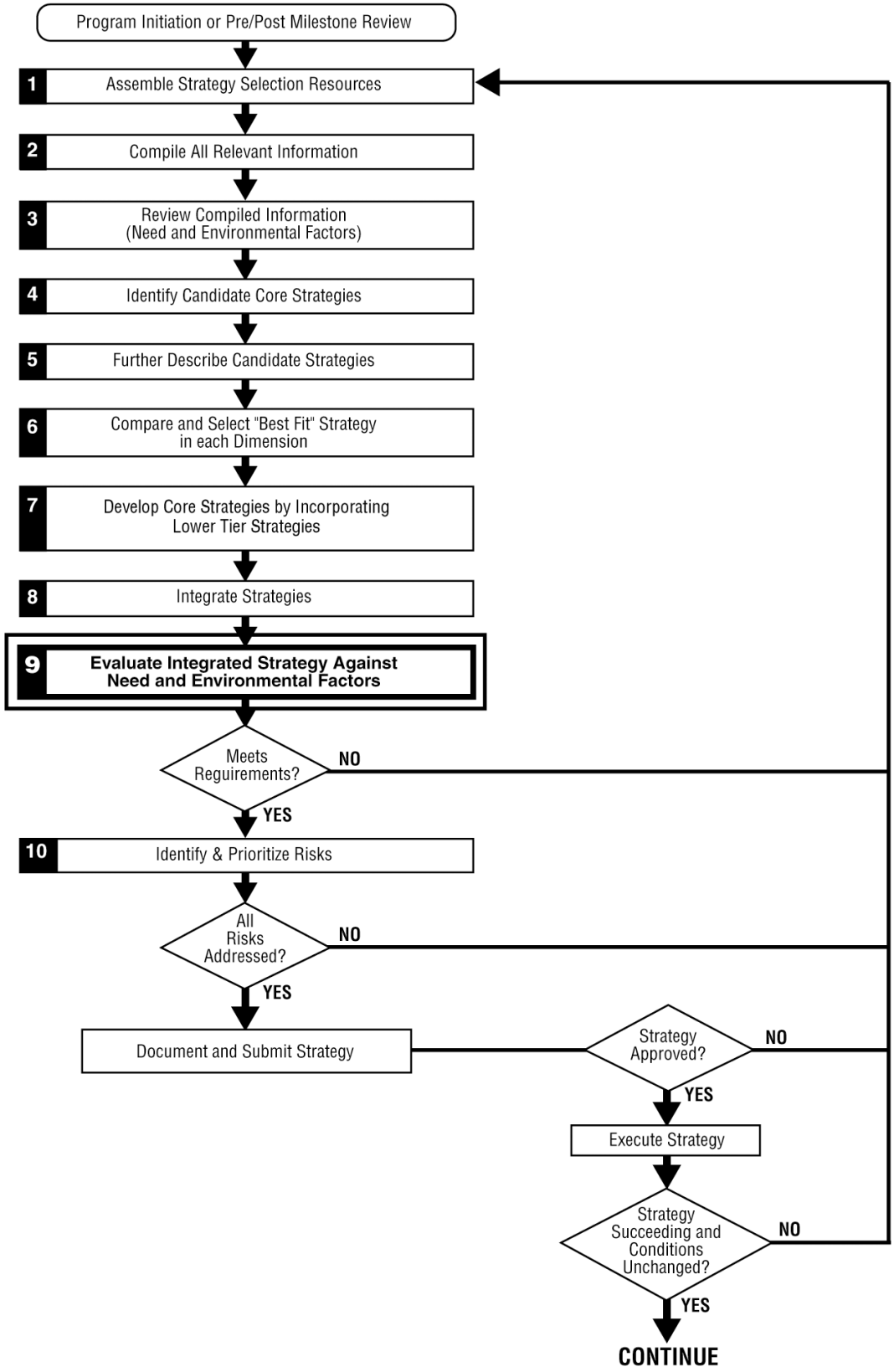
Desired Outputs: A several page description of the overall strategy.

Desired Outcomes: Consensus and viability of overall acquisition strategy.

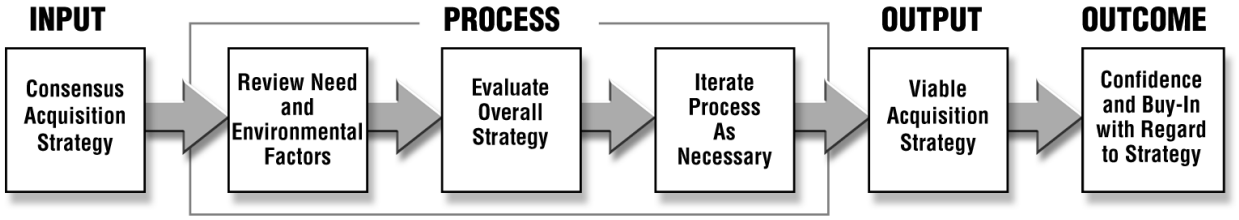
PROCESS

1. Review and discuss the degree to which each strategy complements or detracts from the other two or three at the top-level. Adjust strategies accordingly. If balance cannot be achieved, consider replacing one core strategy with another candidate (see Step 4) and proceed.
2. Review and discuss the supporting strategies within each core strategy. Identify the degree to which each supporting strategy complements or detracts from the others and adjust accordingly.
3. Review the overall strategies and discuss how to iterate the process (refine the core and supporting strategies) to achieve overall strategy coherence and optimization.

ACQUISITION STRATEGY SELECTION PROCESS



OVERALL PROCESS STEP 9 Evaluate Against Need and Environmental Factors



Purpose: To conduct a thorough final evaluation to ensure overall strategy is viable.

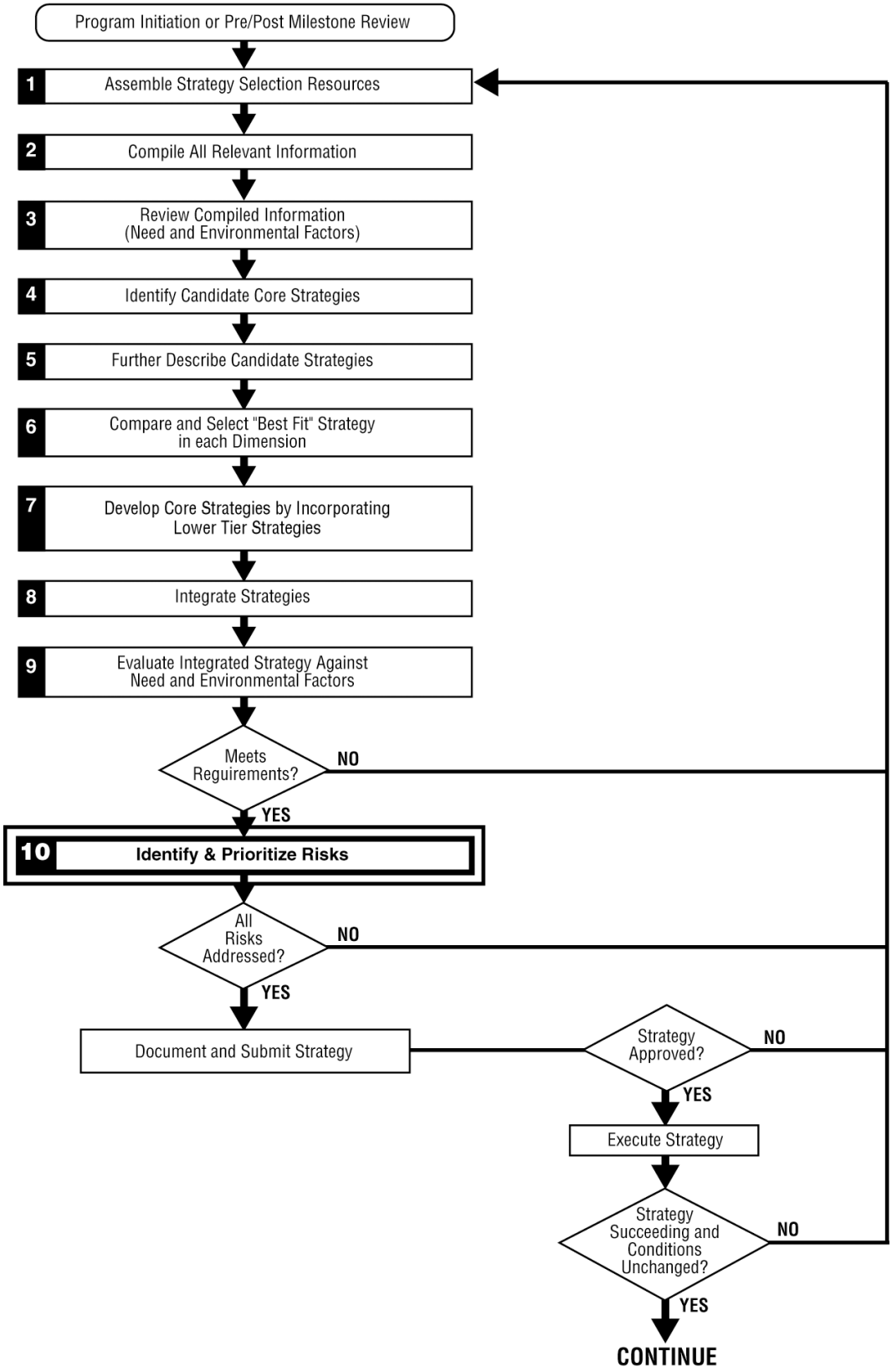
Desired Outputs: Strategy that, upon evaluation, satisfies all requirements in a cost-effective and timely manner.

Desired Outcomes: A comprehensive acquisition strategy backed by conviction and rationale.

PROCESS

1. Review all important needed characteristics and environmental characteristics.
2. Evaluate each of the overall strategies against each need and environmental factor.
3. If the strategy sufficiently and positively addresses the various needs and environmental factors, go to Step 10. If not, adjust the strategy by iterating the process down through Step 8 and the first two process steps on this page.

ACQUISITION STRATEGY SELECTION PROCESS



OVERALL PROCESS STEP 10 Reduce Risks

Purpose: To reduce strategy risk by evaluating overall acquisition strategy for remaining significant risks and adjust/refine strategy to eliminate or mitigate them.

Desired Outputs: An improved and/or expanded overall acquisition strategy.

Desired Outcomes: Reduced risk in executing acquisition strategy.

PROCESS

1. Identify the risks of executing the overall acquisition strategy. This method can include:
   (1) Brainstorming by the acquisition strategy development/selection team;
   (2) Requesting review and advice from experts;
   (3) Reviewing Lessons Learned and;
   (4) Referring to risk templates (DOD 4245.7-M)
2. Classify risks in terms of their likelihood of occurrence and impact on the success of the program. Prioritize the risks.
3. For each risk, identify possible acquisition strategy modifications or adjustments. Iterate the acquisition strategy selection process from this guide. Incorporate each risk -- eliminating or mitigating modification at the appropriate stage.

V. Example of Use of Acquisition Strategy Decision Guide

A new threat has emerged and the user (OPNAV) has several options in countering it.

The Threat

One of our potential adversaries has developed a ground search radar that operates on an Radio Frequency (RF) propagation and frequency pattern that is outside the envelope of the current airborne Electronic Warfare (EW) systems in the Navy inventory. It is estimated that this new radar system could be widely deployed in about four years and then exported to other non-friendly countries over the ensuing several years. Search radar and associated technologies are advancing rapidly so it could be anticipated that other similar threats could emerge at any time.

The Possible Responses

In response to the threat, the user could decide that a quick fix (Program Scenario One), an interim solution (Program Scenario Two) or a long-term comprehensive solution (Program Scenario Three) could be required. If so, a Program Manager and his/her IPT could find themselves identifying and selecting acquisition strategies for any one of the three. Each scenario describes a need and several important environmental factors.

Program Scenario One

A low cost stand-alone box or device that would counter the emerging threat. It could be acquired (purchased, installed and tested) and deployed in two years, using existing commercial technologies and would be likely to receive adequate funding.

Program Scenario Two

A series of modifications to existing airborne EW systems that would provide the additional capability and moderate enhancements to counter a class of similar emergent threats. The modifications could be designed, produced, tested and installed in three to five years depending on the configurations of the specific mods and the availability of the systems to be modified. Some advanced technology would be required but most would be mature. Given the greater complexity and associated uncertainty of this approach, cost estimates would cover a considerable range. Funding could be tight if actual costs are at the high end of the range. Scheduling is fairly reasonable under the circumstances. There are some risks due to the need to incorporate a few unproven technologies.

Program Scenario Three

Develop a standard replacement system for all airborne EW systems that would not only counter the emerging threat but provide additional expansion capacity to counter anticipated new classes of threats over the next ten to fifteen years. This could be developed in a five to seven year timeframe and would require several technologies that are currently just beyond the state-of-the-art. Obtaining the necessary funding would be a major issue, therefore innovative technical and business approaches could be very important.

It should be fairly obvious that each of the three program scenarios could elicit widely varying activities and resultant acquisition strategies. To illustrate the usefulness of the guide and its ability to identify and discriminate strategic elements, each program scenario will be used as an example in the table below.

Acquisition Strategy Decision Process Step	**Scenario One** Mature, commercially available technology, adequate funding and schedule. No unique supportability issues; support requirements minimal.	**Scenario Two** Some emerging technology, multiple designs, uncertain and likely tight funding, uncertain, and possibly tight schedule. Multiple systems to support.	**Scenario Three** Emergent technology, complex design and development, high volume, high technical, cost and schedule risks. High quantity of standard systems to support.
1. Assemble strategy selection resources	Existing EW PM team plus user, in-service engineer	Existing EW PM team plus user(s), In-service Engineering Agency (ISEAs) and other support activities (supply and maintenance).	Standup new PM team with major laboratory involvement, strengthened acquisition logistics membership and strong "ilities" representation.
2. Compile program need and environment factors information	Requirements documents and funding citation, market surveillance and investigation results	Requirements documents, funding submits and audit trail, record of Congressional involvement, technical data packages for current systems, market surveillance and investigation	Requirements documents, budget documents, research studies and analyses, lessons learned from similar current and recent past programs. Results of visits to other programs.
3. Review info and reach shared interpretation/ understanding	Limited dialogue, primarily between PM, engineer, and contracting specialist.	Extensive facilitated working session with complete team. Record of session decisions.	Series of extensive working sessions, presentations and dialogue with outside experts and stakeholders. Documentation of discussions and issues.
4. Identify starter set of core strategy candidates	Basically one alternative in each acquisition strategy dimension. Strategies include off-the-shelf technology, single design concept, open competition to any commercial offeror, commercial contractor support	Several alternatives in each of technical, competition and support dimensions. Includes several mixes of Commercial and Non - Developmental Items (CANDI) and development of new technology, competition limited to past performers of similar efforts, several mixes of commercial and full service contractor support	Several technical alternatives generally relying on advanced technology, and preserving options through parallel designs and set design. Competition restricted to traditional defense system developers. Alternative support concepts include organic and Full-service Contractor support and an option to delay decision on support concept until later depending on analysis once system design is locked in.

Acquisition Strategy Decision Process Step	Scenario One Mature, commercially available technology, adequate funding and schedule. No unique supportability issues; support requirements minimal.	Scenario Two Some emerging technology, multiple designs, uncertain and likely tight funding, uncertain, and possibly tight schedule. Multiple systems to support.	Scenario Three Emergent technology, complex design and development, high volume, high technical, cost and schedule risks. High quantity of standard systems to support.
5. Further detail core strategy candidates	One basic scenario described.	A limited number of scenarios described, some containing options within.	Two to three scenarios described for candidates in each dimension (technical, competition and support).
6. Compare strategy candidates and select "best fit" within each strategic dimension	Comparisons limited to a few differences at the margin.	Several comparisons in each dimension, generally between closely clustered alternatives.	Numerous comparisons, some between competing technical and competition alternatives and others between opposing scenarios, particularly among the support concepts.
7. Optimize individual strategies by incorporating lower tier	Basic strategy is augmented at the discretion of functional specialists carrying out their responsibilities.	Supporting technical strategies include emphasis on reliability engineering and installation and checkout by organic resources. Method and type of contracting have been selected.	Several supporting technical strategies including open architecture for technological refreshment and P3I. Test and Evaluation concept to include maximum use of Modeling and Simulation. Contract type and incentives selected. Performance-based acquisition principles adopted. Cost as an Independent variable (CAIV) added.
8. Integrate strategic elements	Basically done through intuition.	Some rigor in the process. Pros and cons, tradeoffs and strategy modifications documented.	Highly structured and disciplined process requiring scoring criteria and formal evaluations. Several iterations required and the deliberations and results are documented.
9. Thoroughly evaluate integrated strategy against program need and environmental factors	Requirements are informally reviewed and the strategy is kept in mind. Strategy is otherwise addressed as the Program is implemented.	Strategy is evaluated initially by walking the team through the requirements and environmental factors. It is reviewed again at major milestones, when conditions change or when difficulties in carrying out the strategy or negative outcomes are encountered.	Strategy is evaluated initially and periodically, including at all major milestones, against a formalized set of "strategy success criteria".

Acquisition Strategy Decision Process Step	**Scenario One** Mature, commercially available technology, adequate funding and schedule. No unique supportability issues; support requirements minimal.	**Scenario Two** Some emerging technology, multiple designs, uncertain and likely tight funding, uncertain, and possibly tight schedule. Multiple systems to support.	**Scenario Three** Emergent technology, complex design and development, high volume, high technical, cost and schedule risks. High quantity of standard systems to support.
Decision Are the needs and environmental factors adequately addressed? If yes, continue; if no	Team identifies the issues, brainstorms and discusses possible solution and modifies the strategy.	Program IPT meets, reviews the relevant information in step 2, bounds and defines the issues (step 3) and walks through the remaining process steps to modify the strategies.	Program IPT meets, reviews the relevant information in step 2, bounds and defines the issues (step 3) and walks through the remaining process steps to modify the strategies.
10. Identify and prioritize acquisition and strategy risks	Risks are brainstormed, classified and prioritized by functional specialists and PM adjusts the strategy to address them accordingly.	Existing EW Program team and (ISEAs) meet to identify and eliminate/mitigate risks and iterate the acquisition strategy selection process to incorporate strategy changes/modifications.	Acquisition strategy is forwarded to experts for review and comment regarding risks. IPT members review DoD 4245.7 to identify risks in their functional specialties. IPT convenes to consider inputs and conduct a comprehensive structured risk management and strategy modification workshop.
Decision Have all risks been addressed? If yes, document and submit strategy, if no	Continue step 10	Continue step 10	Continue step 10

It should be apparent that the process presented in this Guide can be useful on a broad range of programs and that the scope and complexity of the Guide's application generally matches that of the program.

VI. Strategy Review, Validation and Update

In order to ensure that the strategy is current and remains viable, periodically review the following should be reviewed on a regular basis and, as a minimum, when approaching acquisition milestones.

1. Acquisition Reform and Innovation - The strategy must be reviewed for the application of new initiatives and authority which may not have been in place at time of program inception. See the Appendix D checklist.

2. Reassess situational realities - The threat, economic environment, political realities (e.g., Congressional support), and relative priority vis-à-vis other programs may all have changed over time.

3. Cost/Schedule/Technical realities - Does the program still appear achievable? How effective have planned risk mitigation efforts proven?

    A. Does the existing system perform as originally envisioned? Is it meeting intended capabilities? Have ongoing Market Surveillance or use of Cost/Performance IPTs suggested improved technical approaches and/or TOC savings?

    B. Are contractual terms/conditions (particularly, incentives and special provisions), contract type, and degree of competition still appropriate and effective?

    C. How is logistics support being provided? How effective is it? Is there reason and opportunity to change the degree of commercial support or partnering provided?

Depending on the degree of change and opportunity for improvement shown after conducting the above review, the existing strategy may or may not prove to be valid. If it is current, or requires minimal modification, the review and analysis should still be beneficial, as it allows the PM, even if new to the program, to be an informed advocate for its continued success. (See Appendix C for more detail.)

Should the strategy require significant modification or adjustment, it should be approached using the overall acquisition strategy selection process to ensure that all aspects of the environment and existing strategy are considered and the updated or modified strategy remains coherent and balanced (see Section III).

VII. Strategy Documentation, Approval and Implementation

Figure 10

As shown in Figure 10 above and as required by DoD 5000.2-R and SECNAV 5000.2, once an acquisition strategy is selected, developed, and refined, it must be documented, approved and implemented or reassessed and updated as required. For ease in accomplishing this, the acquisition strategy should be unclassified if at all possible. This allows wide distribution of the strategy for the purpose of informing and obtaining comment and feedback from all parties (stakeholders) who may possibly have an interest in the program. As previously stated, this paper doesn't address details of how to write/document an acquisition strategy. Such information is already well covered in the FAR, DSMC Acquisition Strategy Guide and the DoD Acquisition Deskbook. Appendix B provides a useful introduction to this issue, containing a useful format and wide variety of references regarding specific content areas.

VIII. Summary

Having followed the iterative process contained in this guide the program manager should be able to select, review and/or revise an acquisition strategy that will be the **"best fit"** for his/her program. That strategy will be the one that offers the greatest opportunity to meet the Fleet customer needs ***"Better, Faster, Cheaper and Smarter"***. If the strategy is properly system engineered, the PM can utilize the acquisition strategy to defend the program, build support, and stay abreast of change.

Appendix A Background - Acquisition Strategy Requirements

DoD Regulation 5000.2-R states that each PM shall select, develop and document an acquisition strategy that shall serve as the roadmap for program execution from program initiation through post-production support. How the strategy is documented is the program manager's decision. There is no prescribed document title or format. The acquisition strategy may be a stand-alone, single purpose document, or it may be included in a more comprehensive, multi-purpose document. A primary goal in selecting an acquisition strategy shall be to minimize the time and cost of satisfying an identified, validated need, consistent with common sense and *sound business practices*. The acquisition strategy shall evolve through an iterative process and become increasingly more definitive in describing the relationship of the essential elements of a program. Essential elements in this context include, but are not limited to, open systems, sources, risk management, cost as an independent variable, contract approach, management approach, environmental considerations, and source of support. The PM shall also address other major initiatives that are critical to program success, such as the use of relevant acquisition reform initiatives and practices.

The acquisition strategy shall include critical events that govern the management of the program. The event-driven acquisition strategy shall explicitly link program decisions to demonstrated accomplishments in development, testing, initial production, and life-cycle support, demilitarization and disposal. The events set forth in contracts shall support the appropriate exit criteria for the phase, or intermediate development events, established for the acquisition strategy.

The acquisition strategy shall be tailored to meet specific needs of individual programs, including consideration of incremental (block) development and fielding strategies. The benefits and risks associated with reducing lead-time through concurrency shall be specifically addressed in tailoring the acquisition strategy. In tailoring an acquisition strategy, the PM shall address the management requirements to be imposed on the contractor(s).

The PM shall initially develop the acquisition strategy at program initiation (usually Milestone B), and shall keep the strategy current by updating it whenever there is a change to the approved acquisition strategy or as the system approach and program elements are better defined. The PM shall develop the acquisition strategy with the Working-level Integrated Product Team. The Program Executive Officer (PEO) and Navy Acquisition Executive (CAE), as appropriate, shall concur in the acquisition strategy. Note, the CAE is ASN(RD&A). The Milestone Decision Authority (MDA) shall approve the acquisition strategy prior to release of the formal solicitation. This approval shall usually precede the milestone review, except at program initiation when the strategy shall usually be approved as part of the initial milestone decision review.

Throughout the process the PM should remember that the Mission Need Statement (MNS) and Operational Requirements Document (ORD) spell out what is to be acquired and the acquisition strategy spells out how it is to be acquired. The acquisition strategy serves as:

- A checklist to ensure that all important issues and alternatives are considered;
- A decision aid in prioritizing and integrating many functional requirements, evaluating and selecting alternatives, identifying decision points and providing a coordinated approach;
- A basis for preparing program plans and activities;
- The documentation of the ground rules and assumptions on which the program was based
- The vehicle for building and achieving consensus; and
- The formal record of all strategic changes made in response to evolving threat, technology, and other environmental factors.

The acquisition strategy is a top-level description sufficient for decision-makers that report to the MDA to assess whether it makes *good business sense,* effectively implements laws and policies, and reflects top management's priorities. Once approved by the MDA, the acquisition strategy provides a basis for more detailed planning.

Appendix B Outline of an Acquisition Strategy*

I. Requirements

A. Summary Description. This section of the Acquisition Strategy needs to convey all characteristics of the requirement that could have a bearing on what we would acquire, or how we would acquire it.

B. Identification of authoritative source documents (e.g., Operational Requirements Document (ORD), Acquisition Program Baseline (APB)). This is the place to provide definitive references to approved documents. An ORD or APB that has not yet received final approval by the ultimate approving authority should be addressed in C, below.

C. Status of requirement definition (e.g., not yet complete; complete and current; being revised). If the ORD and APB are in process, describe their status as of a specified date. Identify any significant aspects of the requirement that are unsettled, and the impact this uncertainty has on the acquisition strategy. For example, if the user has not yet decided between contractor logistics support and in-house support, various portions of the acquisition strategy will need to provide for alternative approaches, depending on the support concept selected. This section should also establish when these requirement decisions must be made, in relation to acquisition events. For example, the support concept must be known before the government issues a request for proposals addressing system support.

II. Program Structure.

Define the relationship among acquisition phases, decision milestones, solicitations, contract awards, systems engineering design reviews, contract deliveries, test and evaluation periods, production releases, and operational deployment objectives. Discuss degree of concurrency and phase transitions. List quantities to be procured and delivered by fiscal year and by phase in terms of prototypes, engineering development models, low-rate initial production, and full rate production. Discuss the transition of critical technologies in technology demonstration programs to prototypes and engineering development models, in the context of the operational requirements and the management approach to the acquisition. Summarize the program structure on a single diagram.

III. Acquisition Approach.

A. Establishing cost objectives. Describe the method that will be used to acquire and operate the system affordably, including the establishment of aggressive, achievable cost objectives. The cost objectives must balance mission needs with out-year resources (see DoD 5000.2-R, Para. 1.3).

* **Editor's Note: References in this Appendix are to Interim DoD 5000.2-R, January 4, 2001. However, guidelines contained herein, do not address all matters addressed in the revised DoD 5000.2-R.**

B. Managing Tradeoffs between Cost and Performance. (See DoD 5000.2-R, Para. 1.3.1)

1. Anticipated evolution of trade space
2. How tradeoffs will be encouraged
3. Government role in managing or approving tradeoffs

IV. Risk. Identify risk areas of the program, and discuss how the Program Manager (PM) intends to manage those risks (see DoD 5000.2-R, Para. 2.5). This should include a description of performance, cost, and schedule risk elements and the corresponding strategies to abate those risks (risk mitigation plans).

V. Program Management

A. General Philosophy and Approach. Discuss the management approach that will be used to achieve program goals (see DoD 5000.2-R, Para. 2.4).

B. Responsibilities. Discuss applicable Government and contractor management responsibilities (e.g., systems integration, Government versus contractor furnished equipment/information). This should include a complete description of any special contract terms and conditions, such as those establishing that the prime contractor has "Total Systems Performance Responsibility".

C. Resources.

1. Funding. Discuss the planned approach to funding the program (e.g., how incremental and/or full funding will apply to successive phases of the program). If the plans include use of advance procurement (i.e., long lead procurement), describe the significant cost benefits that justify its use and state the need for Milestone Decision Authority (MDA) approval (see DoD 5000.2-R, Para. 2.6.1 and 2.6.1.1).
2. Staffing (see DoD 5000.2-R, Para. 2.6.1.2).
    a. Government
    b. Contractor support

D. Internal Controls. Discuss how effective control will be established and maintained.

E. Tailoring and Streamlining Plans. Discuss plans to tailor requirements or standards and to streamline the acquisition, which may include using concurrent processes, consolidating or simplifying program documentation, streamlining contractual requirements, etc. (see DoD 5000.2-R, Para. 2.6.6).

1. Requests for relief or exemption from requirements that fail to add value, are not essential, or are not cost-effective (see DoD 5000.2-R, Para. 2.6.6.1).

2. Other tailoring or streamlining plans. Discuss:

a. Management requirements imposed on, and the use of practices that avoid the imposition of government-unique requirements that increase industry compliance costs (see DoD 5000.2-R, Para. 2.6.6.2).

b. The extent of implementation of the policy that all new contracts require on-line access to, or delivery of, their programmatic and technical data in digital form, unless analysis shows that life-cycle time or life-cycle costs would be increased by doing so (see DoD 5000.2-R, Para. 2.6.3).

c. Any cost management incentives that stress up-front investments to minimize production and/or operation and support costs, applied to the Government or to industry (see DoD 5000.2-R, Para. 1.3.2). In this section, describe incentives applied within the Government. For those applied to industry, refer to Section VII.C.6 of this Appendix.

VI. Design Considerations Affecting the Acquisition Strategy.

A. Open Systems. Summarize the strategy for an open systems approach in technical and business strategies and how the approach will the facilitate acquisition and life cycle support (see DoD 5000.2-R, Para. 2.7.1).

B. Interoperability. Describe the strategies that will enable the system to interoperate with other U.S. and allied defense systems (see DoD 5000.2-R, Para. 2.7.2).

C. IT Supportability. Describe information technology from both the infrastructure and support perspectives. Identify critical issues, shortfalls and plans to mitigate the shortfalls (see DoD 5000.2-R, Para. 2.7.3).

D. Protection of Critical Program Information and Anti-Tamper Provisions. Describe measures, in place or to be employed to protect critical program information. Identify requirements and resources needed to achieve the protection of the critical program information (see DoD 5000.2-R, Para. 2.7.4).

VII. Support Strategy (see DoD 5000.2-R, Para. 2.8).

A. Discuss the results of the initial supportability analysis.

B. Discuss support concepts considered and their relative merits. Indicate concepts selected and rationale for its selection.

C. Discuss support data and resources required for the concept chosen.

D. Includes a programmatic Environmental, Safety, and Health (ESH) evaluation, describing the Project Manager's (PMs) strategy for meeting ESH requirements (see DoD 5000.2-R, Para. 2.8.4).

VIII. Business Strategy. Consider the strategies (e.g., multiyear procurement, total systems performance responsibility) described in "Specific Acquisition Strategies" [Deskbook Topic # 2.5.1.3] when developing the overall business strategy.

A. **Potential Sources**. (see DoD 5000.2-R Para. 2.9.1.4).

1. Provide an analysis of the industrial capability to design, develop, produce, support, and, if appropriate, restart the program.

2. Also, indicates whether and how the strategy encourages offerors to employ dual use technologies or commercial plants and supplies for defense-unique items.
3. Identifies surge and mobilization objectives and discusses the industrial preparedness strategy for achieving these objectives. Note that according to Defense Planning Guidance, these objectives only apply to consumables, not to major platforms.

B. Competition. Describe plans to achieve competition in all phases (see DoD 5000.2-R, Para. 2.9.1 and 2.9.1.2). Describe how competition will be sought, promoted, and sustained for subsystems, major components, spare parts, and services. Consider the competitive strategies (e.g., dual sourcing) described in "Specific Acquisition Strategies" [Deskbook Topic # 2.5.1.3]. Discuss the use of reprocurement data to increase competition, including funding availability and the contractual approach to acquiring such data; proprietary rights; and patent considerations.

1. Market Research conducted and/or planned.

2. Potential Sources. Discuss prospective sources of supplies and/or services that can meet the need, specifically addressing:

a. Commercial and non-developmental items, which must be considered as the primary source of supply (see DoD 5000.2-R, Para. 2.9.1.4.2). This applies to software as well as hardware. Where software is a major consideration, also discuss the re-use.

b. Involvement at prime or subcontract levels of small, small and disadvantaged, and women-owned businesses, and sources in labor surplus areas (see DoD 5000.2-R, Para. 2.9.1.3.2).

c. Foreign sources and international cooperative developments (see DoD 5000.2-R, Para. 2.9.1.4).

d. Potential for enhancing reciprocal defense trade and cooperation, including international cooperative research, development, production, logistic support, and the sale of military equipment, consistent with the maintenance of a strong national technology and industrial base, and mobilization capability.

(1) If foreign competition is restricted for industrial base reasons, state need for USD(AT&L) approval in accordance with DoD 5000.2-R Para. 2.9.2.1.

(2) This discussion must meet requirements specified for the cooperative opportunities report directed by 10 USC 2350a(g) (see DoD 5000.2-R, Para. 2.9.2.1).

e. The need to create or preserve domestic sources. Generally, this is appropriate only as a last resort, when all other possibilities have been exhausted.

3. Plans for Full and Open Competition, or Reasons and Plans for Other than Full and Open Competition. Discuss the competitive/noncompetitive aspects of each phase, supported by economic and logistical analyses sufficient to justify less than full and open competition where applicable. For the upcoming phase, which is the

main focus of the acquisition strategy being prepared, describe how competition will be employed, or reasons it will not be used. Include the statutory exception that applies to use of other than full and open competition (see DoD 5000.2-R, Para. 2.9.1.2 and 2.9.1.3).

C. Contracting Approach. Address the competition strategy, major contracts anticipated, types of contracts to be used, breakout strategy, best practices strategy, incentives, and special contract terms and conditions.

1**. Competition.** Provide for full and open competition, unless one of the limited statutory exceptions apply (FAR 6.3). Consider competition strategies for meeting program goals in all increment and life-cycle phases.

2. **Major Contract(s) Planned**

3. **Contract Structure**. The events set forth in contracts must support the appropriate exit criteria for the phase, or intermediate development events established for the acquisition strategy.

a. Basic Contract (what it buys; how major deliverable items are defined).

b. Options, if any (See DoD 5000.2-R, Para. 2.9.3.1) It is important to observe the rules and guidelines in FAR Subpart 17.2 regarding options. Doing so will preclude use of unacceptable or imprudent practices. For example, "unpriced options" are inconsistent with FAR 17.207(f), which establish that options cannot be exercised unless they are exercisable at an amount established by the basic contract. Similarly, based on FAR 17.202(c), one should not establish production options in an Engineering and Manufacturing Development (EMD) contract if doing so causes the contractor to incur undue risks.

1. What option would buy

2. Prerequisite(s) for exercising option.

4. **Contract Type.** Discuss the types of contracts contemplated for each succeeding phase, including reasonable risk sharing by Government and contractor(s). Note that USD(AT &L) approval is required to use fixed price development contracts of $25 million or more or fixed price type contracts for lead ships. Consider multiyear contracting for full rate production and implement it when the requirements of FAR 17.1 are satisfied. See DFARS 235.006 and DoD 5000.2-R, Para. 2.9.3.2.

a. Basis for selection (in terms of FAR Part 16).

b. Linkage to program risk assessment (See DoD 5000.2-R, Para. 2.9.3.2).

5. **Best Practices.** Avoid imposing government-unique requirements that significantly increase industry compliance costs. Examples of practices designed to accomplish this direction include: IPPD performance-based specifications, management goals, reporting and incentives; open systems approach that emphasizes commercially supported practices, products, specifications, and standards; replacement of government-unique management and manufacturing systems with common, facility-wide systems; realistic cost estimates and cost objectives, adequate competition among viable offerors; best value evaluation and award criteria; use of past performance in source selection, results of software

capability evaluations; government-industry partnerships; and the use of pilot programs to explore innovative practices.

6. **Incentives.** Explain the incentive structure. If more than one incentive is in the contract, include an explanation of how the incentives are integrated to operate in a complementary manner, such that the operation of one incentive does not mitigate the operation of the other(s). See FAR 16.402-4 for guidance on structuring multiple-incentive contracts.

a. Cost Control. According to FAR 16.402-1(a), no incentive contract may provide for other incentives without also providing a cost incentive (or constraint). FAR Subpart 16.4 provides useful guidance in this area.

b. Meeting or exceeding program cost objectives. (See DoD 5000.2-R, Para. 2.9.3.3)

c. Performance. FAR 16.402-2 deals specifically with technical performance incentives.

d. Other. (For example, incentives for contractors to improve productivity through investment in capital facilities, equipment, and advanced technology.)

7**. Special Contract Terms and Conditions.**

a. Address any unusual contract terms and conditions.

b. Address all existing or contemplated deviations to the FAR or DFARS.

D. Warranty. Address whether warranty was determined to be appropriate and cost-effective (see DoD 5000.2 R, Para. 2.9.3.7 and FAR 46.7). If a warranty is planned, describe the type of warranty coverage expected. Warranty coverage may include guarantees on design and manufacturing, materials and workmanship, and essential performance though these types of guarantees are not mandatory. The terms of any warranty should be developed based on the objectives and circumstances of the particular acquisition and consider the planned operational, maintenance and supply concepts. A cost-benefit analysis should be accomplished that compares the net present value of all costs of the warranty to the expected benefits of the warranty. (NOTE: Section 847 of the FY98 Defense Authorization Act repealed the 10 U.S.C. 2403 requirement for weapon system warranties.)

E. Component Breakout. Address component breakout plans and include rationale justifying the component breakout strategy (see DoD 5000.2-R,, Para. 2.9.3.8). (Note that guidance on conducting component breakout analyses is contained in Defense Federal Acquisition Regulations (DFARS) Appendix D). This discussion must include:

1. A list of components considered for breakout.

2. A brief rationale for those major components where a decision was made not to break out. This rationale must be based on supporting analyses from a component breakout review. The review itself should not be included.

Appendix C Relevant Information (*Acquisition Decision Guide* Process Step 2)

Although it is not the explicit purpose of this guide to deal substantially with the elements of data gathering, resource planning, and background analyses necessary to plan and write an acquisition strategy, we have included the following introduction to these topics for your convenience. This appears appropriate since the relevant information describing the need and the important environmental factors including priorities, and objectives becomes a necessary input to the identified core strategic elements and all subsequent efforts in the selection, review and update of an acquisition strategy.

A. Identify and Clarify the Mission Need.

The program manager (PM) must work with the user as represented by both OPNAV (or the Marine Corps Headquarters) and the Fleet in validating the need and ensuring that it is well defined and understood by the primary stakeholders. Early and extensive user participation is critical. Care should be taken that requirements be performance based to the greatest extent possible, and sufficiently flexible so as to allow trade-offs. An unnecessarily detailed/inflexible set of requirements may force the PM to select an unrealistic or suboptimal acquisition strategy. A well written, performance-based acquisition strategy will serve as a guiding compass in these trade-off analyses. If there are any questions regarding the requirements, the PM must work with the users to clarify before proceeding. The PM shall also ensure that market research and analysis is conducted to determine the availability and suitability of existing commercial and non-developmental items prior to starting a development effort. The following types of questions should be asked in clarifying and validating the need:

1. What is the requirement? The PM should review not only the Mission Need Statement (MNS) and Operational Requirements Document (ORD) , but other documents such as threat analyses etc. relating to the requirement to ensure that the requirement is well defined and fully understood (the input information). The requirements description needs to show all characteristics that could have a bearing on what is to be acquired, how it will be acquired, or when it will be required in the case of incremental or evolutionary acquisitions. Source documents such as the Mission Need Statement (MNS), Operational Requirements Document (ORD), and Acquisition Program Baseline (APB), etc. must be specifically defined. The status of the documents must also be defined, i.e. are they in process, complete and current, being revised, etc.? In reviewing the requirement the PM should start the determination process as to whether or not there may be multiple technical solutions (concepts) or if there may be point solutions (of either high or low technical complexity).

2. What is the urgency? The relative priority of the program should be established within the Navy, DoD and Congress. Given that the Congress sometimes places different priorities on programs than the Navy, this should be fully understood. A low program priority may result in a pro forma effort on the part of the PM. Also are there schedule constraints, cycle time reduction goals, etc.?

3. How is the system to be used? PM's team should fully understand how the new system is to be used in order to properly perform trade-offs in selecting the acquisition strategy. From a systems engineering viewpoint is the program a subsystem, system, system within a system, etc.?

The output from this step is a full understanding of the program's mission need and program requirements that must be achieved before an acquisition strategy can be properly selected. The PM should expect to find a realistic set of requirements that are achievable. If the requirements are too inflexible and unrealistic the program is doomed from the beginning. Only after the PM fully understands the requirements can he/she proceed to plan and implement an acquisition program.

B. Assess the Environmental Factors.

The PM must next evaluate his/her program's own particular acquisition environment and know where they stand at any particular point in time. The PM's team should review program requirements, objectives and constraints imposed by higher authority that are not in the requirements documentation Mission Needs Statement (MNS)/Operational Requirements Developments (ORD), but may impact program schedule, cost and/or performance (the input information). Such requirements, objectives and constraints (situational realities) become the foundation for the "Decision Criteria" used in selecting the acquisition strategy. All such factors and other elements (core issues) that may influence strategy selection and development should be identified and documented. For example, as discussed in Section II of this guide, a threshold delivery date for the first system may be imposed that is short and critical to be met, which will effect the acquisition strategy selected. In a similar manner, cost thresholds may be imposed that will impact the amount of development that may be included and the risk management approach. Other cost thresholds may impact operation and support costs. From a performance/technical viewpoint constraints may be imposed that will impact manning, system weight, etc. that will also impact the acquisition strategy selected. These should also be documented in the Acquisition Program Baseline (APB). The following types of questions should be considered in assessing these situational realities:

1. What is the threat reality? Is there sufficient knowledge of the threat reality to support the selection of an acquisition strategy that is attainable with reasonable assurance? For example, if the threat is expressed in unrealistic terms that result in requirements being set that are unattainable (beyond capabilities with regards to (technical) performance, cost and/or schedule) then any strategy selected can result in turmoil and crises that will lead to ultimate program failure. To avoid such problems the requirements must be set well within capabilities. (If the threat is beyond current capabilities then an R&D program may be called for vice an acquisition program.) The perceived threat level also needs to be relatively

stable, otherwise the requirements may change resulting in a disruption of technical progress in the selected acquisition strategy.

2. What is the economic environment? Does the economic environment support the program? Does the program have a sufficiently high priority to support relatively stable funding levels? Will the economic marketplace support sufficient competition for the system to be acquired or is industry too overloaded to be interested in the program? These factors all impact in the acquisition strategy selection process.

3. What are the political realities? Is there good political support for the program? Strong Congressional support will help protect the program from detractors. Changing political climates can also exert pressures to change the acquisition strategy selected to conform to the new thinking.

4. What is the program's relationship to other programs? Does the program have a good relative priority standing in comparison with other programs? A higher priority will help to ensure success. A low priority within the Navy may tempt the PM to only recite doctrinally correct program concerns and avoid documentation of truly relevant interests and concerns that could lead to an unrealistic acquisition strategy. Strong competing programs or high-level opposition to the program can also result in the introduction of unrealistic goals or management approaches in the acquisition strategy selection process.

5. What are the technological opportunities? The PM should ensure that the ability to meet the requirements is feasible from a technical point of view. The acquisition strategy selected should address the transition of critical technologies that must be applied to the system to be developed. There may be risks, but the ability to meet the need must be achievable. At this point the selection team should start consideration as to whether or not the selection of the program's acquisition strategy will have a multiple technology or point solution approach. Market research and analysis needs to be conducted to determine the availability and suitability of existing commercial and non-developmental items prior to commencement of a development effort, during the development effort, and prior to the preparation of any product description. Commercial and non-developmental items shall be considered as the primary source of supply. Preference for commercial items and the conduct of market research is required by the Federal Acquisition Regulations (FAR).

6. What are the cost, schedule and performance realities? Is the program achievable from a cost, schedule and performance point of view? One of the major reasons that programs encounter problems is that they start with unrealistic (usually overly optimistic) projections of the ability to meet these parameters. As noted above if the requirements are unrealistic then any acquisition strategy selected will be unattainable and result in continuous program turmoil.

7. What are the review and documentation realities? Are review and documentation requirements for the program realistic? Are the program requirement documents firm or still in development? Does the program have strong documented support in review documents within the Navy (audits, program review documentation, etc.), Government Accounting Office (GAO), the press. etc., that present relatively few disturbing influences that could hinder the program?

The output from this step should be a full understanding of the situational realities that will effect his/her program. The PM will then know how to take these factors into account in selecting the acquisition strategy. Surprises can occur during program implementation if these factors haven't been thoroughly researched, understood and accounted for in the acquisition strategy selected for the program.

C. Select System Concept(s) for Development.

You must "start with the end in mind" before writing, developing or selecting an acquisition strategy. Once the program's mission need is approved and the situational realities identified and understood, the PM must develop an initial system concept(s) to meet the program's performance requirements (the performance outcome). The system or systems approach that will meet the requirement must be identified in order to select an acquisition strategy that will describe how you are going to acquire it (you must know what you are acquiring before you can select a method for acquiring it.). This usually flows from the review of the Analysis of Alternatives (AOA). Questions to be asked should include.

1. What concepts are possible to achieve the mission need? The PM team needs to summarize all possible concepts that flow out of the Analysis of Alternatives (AOA) (the input information). As discussed in section II, will the concept permit multiple technical approaches, or does the mission need and market research lock us into a specific technology "point solution"? An affordability analysis must be done for each of the alternatives along with development of pros and cons for each of the potential concepts.

2. What concepts are feasible? As part of identifying the possible concepts the team needs to realistically determine which are feasible and which may be unrealistic. A systems engineering approach should be applied in this review to ensure that the alternative concepts reviewed are feasible and can meet the performance requirements.

3. Which concept(s) will most likely result in satisfying the mission requirements? The selection of the most likely approach concept then provides the basis for the selection and development of an event driven acquisition strategy.

The output from this step should be a full understanding of the technical approach concept(s) that meet the mission need requirements. The concept(s) identified must have complete support within the chain of command and approval of the milestone decision authority.

Appendix D Acquisition Strategy Development Issues and Considerations (*Acquisition Decision Guide* Process Steps 4 through 7)

1. **How will the program be streamlined?** The current environment requires tailoring and streamlining of the acquisition process in order to minimize the time it takes to satisfy a given requirement. DoD 5000.2-R, Para. 2.6.6 states that "The PM shall tailor all acquisition strategies to contain only those process requirements that are essential and cost-effective." It further states that the "Acquisition process requirements shall be tailored to meet the specific needs of individual programs." Use of the acquisition reform initiatives aids the process of applying common sense and sound business management practices. Accordingly, the PM's team should review the acquisition reform initiatives for application to their specific program. (See Section III and Appendix C)

2. **How many sources will be used in each acquisition phase?** The PM team needs to work closely with the contracting officer in the determination of how many sources will be required. As noted above, market research must be accomplished to help determine what capabilities, sources and support concepts may be available in the commercial marketplace. Should many contractors be used initially to expand the technical approach options or is the environment more suited to sole source? Will one contractor have the industrial capacity to meet the quantity of requirements or will it take two or more contractors.

3. **What types of contracts will be used?** The acquisition strategy documentation must address the types of contracts that are planned for succeeding phases of the program, along with the types of contract incentives and the incentive structure. To meet the program requirements and situational realities, will full and open competition, or sole source be required as discussed in Section II? Initially the acquisition strategy will not require a level of detail that describes the types of contracts, but as the program proceeds through the acquisition milestones, more detail will be required. Maximum competition must be planned for all phases and contracts where possible structured so as to emphasize contractor vice government risk. Where it makes sense use of firm fixed price contracts is preferred, but when the contractor risk justifies it, other cost type contracts may be justified and approved.

4. **How long will it take to award contracts?** The procurement planning process must allow sufficient time for proper contract planning and execution. This is not an area to compress too strictly. The details of the procurement planning process will be covered in the program's acquisition plan, but the strategy selected must describe an overview of the process and more importantly the procurement process chosen will impact the acquisition strategy chosen.

5. **What are our cost goals?** Program cost goals should be developed as early in the program as possible and refined as more information becomes available. Total Ownership Cost (TOC) estimates and reduction goals are now required for all programs. The acquisition strategy selected will also be impacted by the extent of the cost goals imposed. If the program risk of achieving the cost goal is very high, a different strategy will most likely be chosen than if the risk of achieving the cost goal is very low.

6. **What type of testing and how much will be done and how long will it take?** The program's Test and Evaluation (T&E) approach should be developed as early as possible in the program. The strategy should address aspects, which will require special PM management focus that may be necessary to manage risk. In order to minimize risk, emphasis should be placed on incremental testing as the program evolves rather than doing the testing later in the program. Also to save costs and schedule, Simulation Based Acquisition (SBA) techniques should be explored and used to the maximum extent. The program testing approach also will impact the acquisition strategy.

7. **What logistics support approach will be used?** The selected acquisition strategy should address key aspects of the logistics program that will require special management focus by the PM in order to reduce program risk. The strategy must consider Total Ownership Costs (TOC) over the entire cradle-to-grave life cycle of the system. Sustainment (in-service) support cost is now critical and a major element in the selection of an acquisition strategy. As discussed in section II, commercial support and sustainment should be considered as an alternative method of reducing such costs vice the traditional organic approach. Despite very substantial obstacles, this is now increasingly emphasized, and has played a role in virtually all recent Navy ACAT I acquisition programs.

8. **What software development approach will be taken?** The selected acquisition strategy should address key aspects and associated risks of the proposed software development approach.

9. **Based on the system concept selected, what are the initial technical, cost, schedule and support risks?** Risk assessment is the underlying analysis approach for the selection and development of the acquisition strategy. The program risk areas (business as well as technical) must be identified and addressed in the selected acquisition strategy. These must be updated and refined as the program proceeds. DoD 5000.2-R, Para. 2.5 states that "The PM shall identify the risk areas of the program and integrate risk management within overall program management.". The selection of the acquisition strategy should take into consideration these program risks and a strategy selected that will enable the management and control of the identified risks.

10. **What are the options for mitigating identified risk areas?** The PM is also required to not only describe the (technical) performance, cost and schedule risk but to also describe his/her risk mitigation plans for managing the risk. The selected acquisition strategy should be the one that provides for a realistic risk mitigation plan. See the ASN(RDA)-ABM (Acquisition & Business Management) homepage for more detail.

The output of this step will be an improved understanding by the PM's acquisition strategy selection team of the program goals, risk levels and priorities required for either the selection or subsequent strategy development process. Program specific strategy goals should now be listed and prioritized; for example do the program requirements and situational realities call for the use of performance specifications or Non-Developmental items (NDI); for the acquisition of a new highly technical system or a repeat buy of a system that has been fielded for years. The difficulty of achieving the goals should be assessed along with the consequences of not achieving the goal. This assessment along with assignment of goal priorities provides the basis for assignment of initial risk levels for each goal. These initial risk levels will then provide direction for developing acquisition strategy alternatives.

Additional Innovative Considerations and Methods

I. The following innovation techniques should be considered for incorporation, as appropriate, in acquisition strategies:

1. Performance Based Acquisition (PBA) - As described in the Checklist, and in ASN(RDA)-ARO sponsored PBA courses. This is a series of techniques which collectively avoid unnecessary "how to" guidance to promote trade-space and best value alternatives. Use whenever there may be multiple technical approaches.
2. Best Value Source Selection, Past Performance Information - As described in the Checklist, these initiatives are natural supplements to any strategy, which entails evaluation of multiple sources. Note: Best Value presumes some effective "trade space", and will therefore be most successful when combined with PBA.
3. Full Service Support Partnering or Prime Vendor Support- Used whenever it is feasible to increase degree of commercial vice traditional organic support and as described in DUSD(AT&L) sponsored courses, and ARO *Turbo Streamliner* article entitled "Commercial Support and Sustainment" (www.ar.navy.mil/turbo2/)
4. ALPHA Contracting - Invites industry to participate in concurrent SOW/Specification and solicitation development. In a PBA environment, it may be employed with multiple sources/open competition. In a sole source environment it may also include concurrent price negotiations. (see DOD Deskbook, Search Query "Alpha Contracting", "AAP Q/A - Alpha Acquisition"). May impact requirements definition, communication, and cycle time reduction.
5. 845-804 Other Transaction Authority - Used for maximum flexibility in encouraging novel solutions in new system prototype acquisition. As a strategy component, it may impact technology and source availability, TOC and cycle time reduction. (see ASN(RDA)ABM website). www.abm.rda.hq.navy.mil

II. Checklist: Key Considerations

This checklist is provided as a reminder of many of the key considerations in acquisition strategy selection and development. The acquisition strategy team should use these questions to help select the appropriate tools and begin the process of tailoring them to the needs of the program. On completion of the checklist, the team should have developed some fundamental concepts in response to the following three questions.

1. What is our strategy going to be for developing and producing the best product (better)?
2. What is our strategy going to be for reducing the time required to achieve initial operating capability (faster)?
3. What is our strategy going to be for reducing Total Ownership Cost (cheaper)?

1. Reduce Total Cost of Ownership

a. Does the strategy provide robust incentives to achieve cost/program objectives (e.g., award fee, incentive fee, incentive term provisions?)

b. Does the strategy employ strategies to minimize people/training needed to operate systems?

c. Does the strategy consider Total Ownership Cost (TOC)?

d. Is CAIV considered: life cycle, production or development cost used as an independent variable?

e. Are provisions for Cost-Performance Integrated Product Team (CPIPT) provided to facilitate tradeoffs during all program phases?

f. Does the strategy include appropriate metrics for (electronically) tracking progress in setting and achieving cost objectives (e.g., Earned Value Management)?

g. Does the strategy maximize innovation, flexibility, and technical/cost tradeoffs through use of performance based requirements, commercial products/processes, and best value source selection techniques?

2. Use Performance Based Acquisition Requirements

a. Will mandatory Military Specifications and Standards (MIL/SPECS-STDS) be required ? If so, are they essential and supported by appropriate waivers?

b. Will excessive use of MIL-SPECS/STDS "for guidance only" be avoided?

c. Are unnecessary "How to" Statements avoided that may lead into the contract?

d. Are requirements that are not measurable or verifiable avoided?

e. Do the performance requirements explicitly address verification and acceptance criteria?

f. Is maximum flexibility provided offerors to propose methods and management techniques consistent with "Best Value" source selection criteria?

3. Use of Integrated Product Teams (IPT)

a. Will the offerors' use of IPTs be encouraged, including both Navy and contractor membership as appropriate?

b. Are technologies such as teleconferencing, e-mail, shared databases, etc., encouraged for joint IPTs to allow virtual teaming when necessary?

c. If joint IPTs are employed, are government personnel, facility, and communication requirements addressed?

e. Will preference for on-line real time access to contractor management information systems by government IPT members be required?

f. Are post-award program plans and program review requirements appropriately reduced given that effective IPT implementation by contractors will be used?

4. Emphasize Past Performance Information (PPI)

a. Will the Request for Proposal (RFPs) allow for oral presentation of proposal information such as past performance data, by offerors?

b. Has PPI been planned for significant weight as an evaluation factor in source selection?

c. Will excessively lengthy/detailed PPI proposal requirements be avoided in the RFPs?

d. Will PPI requirements for Key personnel and first tier subcontractors be considered?

e. Will only relevant PPI be requested? The RFP should employ a fully integrated approach to ensure relevancy as follows:

1. Will offerors be directed to provide their unique technical approach, which meets clearly delineated critical objectives of the Statement of work and specifications (SOW)?
2. Will the offerors be requested to identify the critical risk elements of their unique technical approach to meeting these critical objectives?
3. Will the offeror's management approach be required to address the aforementioned critical risks to mitigate their impact?
4. Will the offerors be requested to identify when/where and if these risk mitigation techniques have been previously employed?

5. Risk

a. Will contractor innovation and technology insertion be incentivized through delegation of increased responsibilities such as configuration management?

b. Will the RFPs appropriately address offeror risk identification and mitigation?

c. Will increasing reliance/weight be placed on Past Performance (Performance Risk) rather than traditional emphasis on Technical/Management (proposal Risk) evaluation factors?

d. Will the RFP reflect the requirement results that are meaningful with industry? (Will draft RFPs bulletin boards/Internet, meetings, etc. be allowed to aid industry comments/concerns?)

e. Will performance based requirements and best value source selection criteria be not written so narrowly as to be risk adverse?

f. Will the RFP achieve a proper balance between the need for post award communication or insight into program status and excessive oversight through program plans, formal reviews and Contract Data Requirements Lists (CDRLs)?

6. Streamlining

a. Will the average cycle time for the overall acquisition and procurement processes be reduced from prior practice?

b. Will the program documentation page numbers, plans, reports, CDRLs, etc. be significantly reduced from prior practice?

c. Will contract clauses be "incorporated by reference" to the maximum extent possible?

d. Will electronic solicitation and evaluation techniques be appropriately employed?

e. Will documentation statements and requirements be concise? Is excessive verbiage, unneeded boilerplate, and reiterations avoided?

f. Will efforts be made to ensure that all program documentation is consistent?

g. Will commercial practices be referenced and government-unique requirements minimized where appropriate?

7. Use of Commercial Practices, Products and Processes

a. Are the FAR Part 12 procedures for commercial item acquisitions known, understood and included in procurement documentation?

b. Have performance based acquisition requirements been considered that reflect results of marketing surveys?

c. Are plans for the preference for Commercial Practices, Products, and Processes to be stipulated in the specification, Sections L/M, as appropriate?

d. Has the existing support structure for Commercial Practices, Products, Processes been properly considered and evaluated in lieu of mandatory use of organic Navy support? Is "Full Service Support" considered?

7. Use of Commercial Practices, Products and Processes (continued)

e. Will open systems be encouraged to the maximum extent possible?

f. Will existing commercial warranties be properly considered in preference to government unique requirements?

g. Will testing, safety and Acquisition Logistics impact of Commercial Practices, Products, and Processes proposals be properly considered?

8. Use of on-line Electronic Media

a. Are non-hardware deliverables planned to be received by electronic means?

b. Will direct electronics commerce links to contractor management information be established?

c. Will Electronic Data Interface (EDI) be utilized where appropriate for provisioned item orders, payment DD250, cost schedule reports, etc.?

d. Will CDRL usage be limited to essential items, which properly require formal inspection/acceptance by the government?

9. Use of Unobtrusive Testing Techniques

a. Will testing be limited to the level essential for verifying compliance with performance requirements?

b. Will modeling, simulation and process control Simulation Based Acquisition (SBA) techniques be employed versus reliance on development and production testing of hardware?

c. Will test plans be tailored to recognize previous commercial test experience as appropriate?

d. Will Commercial Practices, Products, and Processes testing be required sufficiently to ensure suitability for military application?

10. Use of Source Selection Techniques

a. Will Performance Based Acquisition requirements be employed to allow offerors the flexibility for cost/technical trade-offs which are at the core of the best value acquisition.

b. Will the contract planning clearly indicate the "Best Value" nature of the Source Selection and the relative importance/weight of individual evaluation factors?

c. Will Past Performance Information be appropriately considered?

d. Will the procurement planning proposal and evaluation/award provisions be tailored to the specific acquisition, avoiding boilerplate?

e. Will Total Ownership Cost (including logistics support and human systems integration) be considered appropriately in proposal/evaluation/award provisions?

11. Cycle Time Reduction (CTR)

a. Will thorough market research be conducted to identify the most mature and readily available products and technologies?

b. Will evolutionary or incremental acquisition be used?

c. Will IPTs and Integrated Product and Process Development (IPPD) be used?

d. Will the contract, its specifications and data items be streamlined?

e. Will logistics approaches that reduce cycle time including mean time to repair be used?

Appendix E References

DoD Directive 5000.1, The Defense Acquisition System, October 23, 2000

DoD Instruction 5000.2, Operation of the Defense Acquisition System, October 23, 2000

DoD 5000.2-R, Mandatory Procedures for Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Acquisition Programs, January 4, 2001

SECNAV Instruction 5420.188E, Acquisition Category (ACAT) Program Decision Process, 11 December 1997

The Naval Research, Development and Acquisition Team 1999 – 2004 Strategic Plan

Defense Acquisition Deskbook, WebPage http://www.deskbook.osd.mil/

Acquisition Strategy Guide; January 1998, Defense Systems Management College (DSMC)

ASN(RDA) Navy Acquisition Reform Office, WebPage http://www.ar.navy.mil

ASN(RDA) Navy Acquisition Business Management, WebPage
http://www.abm.rda.hq.navy.mil

Appendix F Glossary and Acronyms

ABM	Acquisition Business Management Office (on the staff to ASN(RD&A))
ACAT	Acquisition Category
ACO	Administrative Contracting Officer
ADM	Advanced Development Model
AFP	Approval for Full Production
ALP	Approval for Limited Production
AM	Acquisition Manager
AOA	Analysis of Alternatives
APB	Acquisition Program Baseline
AP	Acquisition Plan
ARO	Acquisition Reform Office (on the staff to ASN(RD&A))
AR	Acquisition Reform
AS	Acquisition Strategy
ASN(RD&A)	Assistant Secretary of the Navy for Research, Development and Acquisition (the Navy Acquisition Executive [NAE])
AT&L	Acquisition Technology and Logistics
BCP	Block Change Process (Single Process Initiative)
BMP	Best Manufacturing Practices
Best Value (BV)	Contract awarded on basis of evaluation of cost and non-cost factors which is intended to "provide for selection of source whose proposal offers greatest (best) value to Government in terms of performance, risk management, cost or price, and other factors."
CAD	Computer Aided Design
CAIV	Cost as an Independent Variable
CDRL	Contract Data Requirements List
CFE	Contractor Furnished Equipment
CI	Commercial Item -- Item or service, which generally meets the test of having been or intended for sale in the private marketplace. See FAR Part 2: Definitions.
CANDI	Commercial-off-the-shelf and Non-development Items
COR	Contracting Officers' Representative
COTS	Commercial Off the Shelf
CPIPT	Cost Performance Integrated Product Team
CPR	Cost Performance Report
DASN	Deputy Assistant Secretary of the Navy
DID	Data Item Description

DoD Deskbook	DoD Acquisition Automated acquisition reference tool providing acquisition information for all services across all functional disciplines
DoD 5000.1	Principle document establishing requirements for weapons system acquisition
DoD 5000.2	Operation of the Defense Acquisition System, 23 Oct. 2000
DoD 5000.2-R	Document setting forth the methods for implementing or meeting the requirements in DoD 5000.1 & 5000.2
EMD	Engineering and Manufacturing Development
Evaluation Factors	Criteria (cost and non-cost) by which a contractor's proposal will be evaluated to make a contract award.
Event Driven	Management process based on significant events in the acquisition life-cycle and not arbitrary calendar dates.
EW	Electronic Warfare
FAR	Federal Acquisition Regulations
Fleet	The Operating Forces
FSC	Full Service Contractor – Where cradle to grave life cycle support is provided by the prime contractor.
GAO	General Accounting Office
GFE	Government Furnished Equipment
GFP	Government Furnished Property
GSA	General Services Administration
Incentive	A fee offered to a contractor in accordance with the terms and conditions of the contract for superior performance
ISEA	In-Service Engineering Activities
IPPD	Integrated Product and Process Development. The process of using an IPT to simultaneously develop the design for a product or system and the methods for manufacturing the product or system.
IPT	Integrated Product Team. Use of multi-functional teams to make team related decisions based on timely input from the entire team. IPTs are being used to arrive at team decisions on a large variety of subjects in DoD.
IRAD	Independent Research and Development
IT	Information Technology
LPD 17	A Navy major shipbuilding program (ACAT-I) for a new amphibious warfare ship. This program has used many AR initiatives; most notably the elimination of military specifications and standards.
MAPP	Master Acquisition Program Plan
MDA	Milestone Decision Authority
MILSPECS	Acronym for Military Specifications
MILSTDS	Acronym for Military Standards

MNS	Mission Need Statement. Documented deficiencies in current capabilities and opportunities to provide new capabilities.
NAVAIR	Naval Air Systems Command
NAVFAC	Naval Facilities Engineering Command
NAVSEA	Naval Sea Systems Command
NAVSUP	Naval Supply Systems Command
NDI	Non-Developmental Item
O&S	Operations and Support
OEM	Original Equipment Manufacturer
OPNAV	Office of the Chief of Naval Operations
OFPP Best Practices	A series of documents issued by OFPP to provide Government-wide dissemination of successful practices concerning a variety of acquisition related acquisition related topics.
OMB	Office of Management and Budget
ORD	Operational Requirements Document. An expression of thresholds and objectives in the form of measures of effectiveness or performance, and minimum acceptable requirements for the proposed concept or system. Prepared by the user or the user's representative.
ORO	Operational Requirements Document
OSD	Office of the Secretary of Defense
OIPT	Overarching IPT
Past Performance	The initiative to gather (and use in future source selection) factual information about the performance of a contractor against the performance requirements in the contract.
PAT	Process Action Team
PBA	Performance Based Acquisition is an array of related techniques that increases flexibility and trade space by limiting "how to" requirements.
PCO	Procuring Contracting Officer
PEO	Program Executive Officer
PM	Program Manager
POM	Program Objective Memoranda
RFP	Request for Proposal
Risk	The uncertainty of attaining a performance outcome or result and is the function of the probability and the consequence of failing to attain the performance outcome or result.
RM	Risk Management. The process(es) for planning, assessing, handling, and monitoring risk.
SAP	Simplified Acquisition Procedure
SECDEF	Secretary of Defense

SECNAV 5000.2B	Department of the Navy document for implementing DoD 5000.1 and 5000.2-R
SE	Systems Engineering
SOO	Statement of Objectives—an alternative Section C document that expresses both technical and management requirements in the form of performance objectives. In these cases, the offerors are expected to prepare the SOW in response to the SOO.
SOW	Statement of Work—generally Section C in the Uniform Contract Format, that expresses the tasks to be done by the contractor.
SPAWAR	Space and Naval Warfare Systems Command
SPI	Single Process Initiative—an initiative to consolidate or eliminate multiple management and manufacturing requirements across existing defense contracts on a facility-wide basis. Also referred to as Block Change.
Streamline	Taking appropriate actions to (1) reduce the time required to procure; (2) reduce the cost of acquisition; and (3) improve the quality of the acquisition through more effective, concise communications.
Sustainment	The concept of weapon system supportability once fielded. An aspect of Operations and Support funding in the Integrated Logistics Support arena.
TOA	Total Obligation Authority
TOC	Total Ownership Cost—An Acquisition Reform initiative focusing on the need to reduce the cost of acquisition and ownership (i.e., operating and supporting) goods and services within the DOD and Services.
TSPR	Total System Performance Responsibility
Trade Space	Degree of flexibility in trading performance objectives against one another to achieve best value.
U.S.C.	United States Code
UCF	Uniform Contract Format
USD(AT&L)	Under Secretary of Defense for Acquisition, Technology and Logistics
WIPT	Working level Integrated Product Team