

DEPARTMENT OF DEFENSE

Report to Congress on Program Manager Empowerment and Accountability



***Under Secretary of Defense
for Acquisition, Technology and Logistics***

AUGUST 2007

REPORT TO CONGRESS

ON

**PROGRAM MANAGER EMPOWERMENT
AND ACCOUNTABILITY**

Required by

Public Law 109-364

**The National Defense Authorization Act
Fiscal Year 2007
Section 853**

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for Acquisition, Technology and Logistics**

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Summary

Section 853 of the John Warner National Defense Authorization Act for Fiscal Year 2007, Public Law 109-364, requires that the Secretary of Defense develop a comprehensive strategy for enhancing the role of Department of Defense program managers in developing and carrying out defense acquisition programs. The legislation directs that the strategy address nine separate matters and also directs the Department to revise guidance on qualifications, resources, responsibilities, tenure, and accountability of program managers before and after Milestone B.

In developing a comprehensive strategy for enhancing the role of program managers, the Department has not only addressed those matters directed in Section 853, but also has assessed the impact of the Department's initiatives to transform defense acquisition reported pursuant to Section 804 of the same Act. As this report details, the Department's strategy to improve acquisition outcomes and enhance the program manager's role in achieving positive outcomes rests both on the environment in which the program manager works and on providing appropriate support for individuals who are, or aspire to be, program managers.

Regarding enhancing the acquisition environment, the Department has adopted five criteria for acquisition excellence:

- acquisition agenda aligned with the Department's core values, policy objectives, joint capability needs, and available resources;
- risk, outcomes, schedule, and cost balanced when planning and adjusting portfolios, programs, and requirements;
- acquisition execution improved across the total life cycle through the use of sound business and technical practices;
- customer demands and warfighter joint urgent operational needs promptly and efficiently fulfilled; and
- capability fielded to meet warfighter needs.

These criteria are described in depth in the Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)) Strategic Goals Implementation Plan and are supported by the AT&L Human Capital Strategic Plan.

The first section of this report, "Big A," details initiatives in work that address the above criteria and specifically addresses why and how satisfying the criteria is an integral part of the Department's comprehensive strategy to enhance the role of Department program managers.

The second section of this report, “little a,” addresses specific initiatives to provide support and incentives for current and future program managers. These initiatives are grouped into three categories: *program manager development and incentives*, *knowledge sharing*, and *stability and support*. This report then describes the effort between the Office of the Secretary of Defense and the Components to develop deliberate, enterprise-wide acquisition position and career management that will ensure the most effective and efficient implementation of the separate initiatives that comprise the overall strategy.

With regard to specific listed areas to be addressed, each initiative is cross-referenced to one of the matters to be addressed in the attached *Matters to be Addressed* template (Attachment 1). In accordance with the Act, the Department has already directed *tenure agreements* and *program management agreements* (PMAs). A copy of the Memorandum directing that action is also attached (Attachment 2).

The Department recognizes the critical role program managers play in developing and fielding weapons systems. The comprehensive strategy detailed in this report demonstrates a focused effort by the Department to improve the role of the program managers by addressing both strategic and tactical issues associated with outcomes.

Background

Section 853(a) (Strategy) of the John Warner National Defense Authorization Act for Fiscal Year 2007, Public Law 109-364, requires that the Secretary of Defense develop a comprehensive strategy for enhancing the role of Department of Defense program managers in developing and carrying out defense acquisition programs.

Section 853(b) (Matters to be Addressed) states that the strategy required by this section shall address, at a minimum:

- enhanced training and educational opportunities for program managers;
- increased emphasis on the mentoring of current and future program managers by experienced senior executives and program managers within the Department;
- improved career paths and career opportunities for program managers;
- additional incentives for the recruitment and retention of highly qualified individuals to serve as program managers;
- improved resources and support (including systems engineering expertise, cost estimating expertise, and software development expertise) for program managers;
- improved means of collecting and disseminating best practices and lessons learned to enhance program management throughout the Department;
- common templates and tools to support improved data gathering and analysis for program management and oversight purposes;
- increased accountability of program managers for the results of defense acquisition programs; and
- enhanced monetary and non-monetary awards for successful accomplishment of program objectives by program managers.

Section 853(c) (Guidance on Tenure and Accountability of Program Managers Before Milestone B) requires that not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall revise Department of Defense guidance for major defense acquisition programs to address the qualifications, resources, responsibilities, tenure, and accountability of program managers for the program development period (before Milestone B approval (or Key Decision Point B approval in the case of a space program)).

Section 853(d) (Guidance on Tenure and Accountability of Program Managers After Milestone B) requires that not later than 180 days after the date of enactment of this Act, the Secretary of Defense shall revise Department of Defense guidance for major defense acquisition programs to address the qualifications, resources, responsibilities,

tenure, and accountability of program managers for the program execution period (from Milestone B approval (or Key Decision Point B approval in the case of a space program) until the delivery of the first production units of a program). The guidance issued pursuant to this subsection shall address, at a minimum:

- the need for a performance agreement between a program manager and the milestone decision authority for the program, setting forth expected parameters for cost, schedule, and performance, and appropriate commitments by the program manager and the milestone decision authority to ensure that such parameters are met;
- authorities available to the program manager, including, to the extent appropriate, the authority to object to the addition of new program requirements that would be inconsistent with the parameters established at Milestone B (or Key Decision Point B in the case of a space program) and reflected in the performance agreement; and
- the extent to which a program manager for such period should continue in the position without interruption until the delivery of the first production units of the program.

Section 853(e) (Reports by the Secretary of Defense and Comptroller General) requires that:

- not later than 270 days after the date of enactment of this Act, the Secretary of Defense shall submit to the congressional defense committees a report on the strategy developed pursuant to subsection (a) and the guidance issued pursuant to subsections (b) and (c); and
- not later than one year after the date of enactment of this Act, the Comptroller General shall submit to the congressional defense committees a report on the actions taken by the Secretary of Defense to implement the requirements of this section.

Report for the Congressional Defense Committees

Introduction

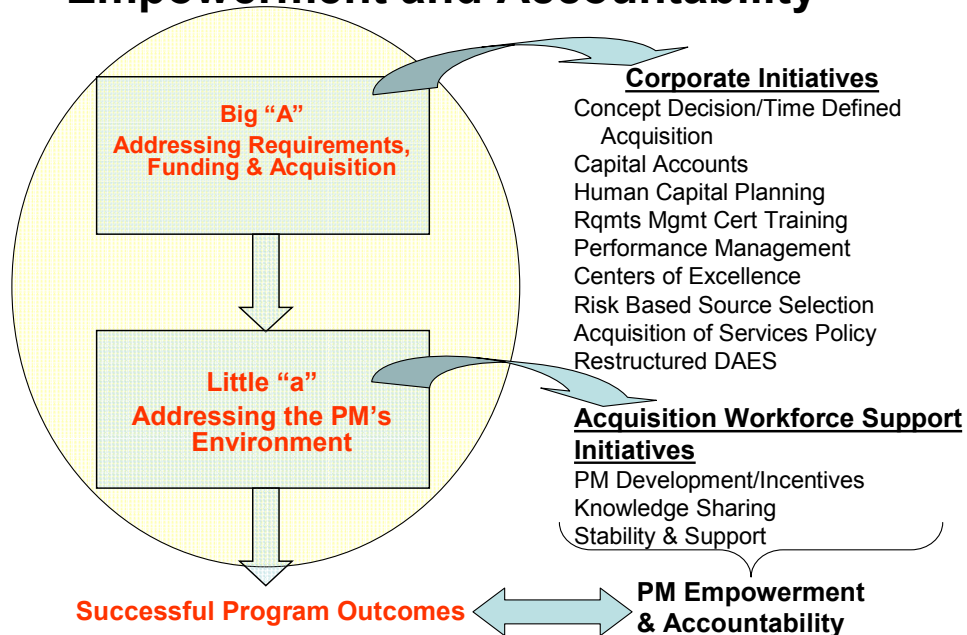
Program managers are critical to our ability to deliver the best weapons and support that can be provided to our warfighters within cost and on schedule. The efforts and objectives of our program managers directly correlate to successful Department and program outcomes. The Department is committed to creating and maintaining an environment that promotes stability and accountability, thus allowing the program manager to succeed.

During the last several years, the Department of Defense has increasingly recognized that there will not be successful acquisition program outcomes without continuous alignment of three principal functions: requirements, funding, and acquisition execution. That alignment is referred to as “Big A.” In contrast, the activities solely in acquisition execution (those conducted in accordance with the DoD 5000 series of instructions) are referred to as “little a.” When developing a comprehensive strategy to enhance program manager empowerment and accountability, the Department not only includes those initiatives within the purview of DoD 5000 series of instructions (“little a”), but most importantly and fundamentally, includes enterprise-wide “Big A” initiatives that will establish the environment for successful program outcomes. Continuous focus on improving “little a,” including specific efforts to improve program manager credentials and tools, is necessary but not sufficient. Program manager empowerment and accountability will not enable the desired end state of on-time, on-budget, and on-performance outcomes unless program managers are operating in an aligned “Big A” environment.

Therefore, this report outlines not only the elements of the comprehensive strategy at the “little a” level but also the Department’s enterprise-wide (“Big A”) initiatives that will provide the aligned environment necessary for program success. To respond fully to this language, this report speaks to empowerment and accountability with respect to program managers in the context of the wider and on-going departmental strategy and explains specific plans at both “Big A” and “little a” levels that will promote program manager empowerment and accountability to better enable program success.

The following graphic depicts the comprehensive strategy that will be detailed in the body of the report.

Strategy for Program Manager Empowerment and Accountability



The Comprehensive Strategy – “Big A”

The Department is aggressively transforming its institutional acquisition processes and systems to align with 21st century national security and defense objectives. Every aspect of how we do business is being assessed and streamlined to deliver improved capabilities to the Nation’s warfighters and visibility to our executive leadership. Taking a holistic approach to acquisition transformation involves reviewing all elements of the defense acquisition system. To that end, we have been transforming enterprise-wide acquisition processes, systems, and management structures to achieve a more integrated, cohesive environment. These changes must be continuous and evolutionary, as they impact the entire spectrum of the defense acquisition system (referred to as “Big A”). “Big A” deals with strategic choice: How the Department determines which assets and investments to acquire in an effort to deliver an overall capability.

The Department has adopted five criteria for acquisition excellence that impact the entire spectrum of defense acquisition system “Big A.” These criteria, taken together, support USD(AT&L) Goal 2: Strategic and Tactical Acquisition Excellence, described in the USD(AT&L) Strategic Goals Implementation Plan. The five criteria are:

- acquisition agenda aligned with the Department’s core values, policy objectives, joint capability needs, and available resources;

- risk, outcomes, schedule, and cost balanced when planning and adjusting portfolios, programs, and requirements;
- acquisition execution improved across the total life cycle through the use of sound business and technical practices;
- customer demands and warfighter joint urgent operational needs promptly and efficiently fulfilled; and
- capability fielded to meet warfighter needs.

Corporate initiatives toward “Big A” acquisition excellence will establish an acquisition environment where an empowered and accountable program manager will be able to achieve positive program outcomes. These initiatives, some of which are described in the Section 804 report to Congress, work toward achieving the five criteria and include, but are not limited to, the following:

“Big A” Initiatives: Addressing Requirements, Funding, and Acquisition

- **Concept Decision** – Framework for strategic investment decisions.
- **Time-Defined Acquisition** – Where feasible, first capability increment will be fielded in five to six years from investment decision.
- **Human Capital Planning** – Comprehensive enterprise and specific component human capital plans to mitigate demographic and talent challenges, including the AT&L Human Capital Strategic Plan.
- **Requirements Management Certification Training** – A portfolio of learning assets to train military and civilians who write and manage requirements for major defense acquisition programs.
- **Performance Management** – Implementation of National Security Personnel System (NSPS) and the Executive and Senior Professional Pay and Performance System enable outcomes-based performance evaluations and rewards.
- **Centers of Excellence** – Continuous review and improvement of processes and practices to strengthen planning and execution of acquisition programs.
- **Risk-Based Source Selection** – Identify and quantify risks, informing requirements development and cost estimation, and improve the assessment of contractor proposals.
- **Acquisition of Services Policy** – Ensure executive reviews and implementation of best practices.
- **Restructured Defense Acquisition Executive Summary (DAES)** – Establish an analytical foundation to ensure effective program management with predictable acquisition outcomes consistent with user requirements.

Further, to drive toward and evaluate transitional change, the Department is implementing strategic performance plans with measurable goals and standards. A significant part of this effort entails integrating capability, analysis, and resource processes to support “Big A.” Early collaboration on investment decisions among the joint warfighter, acquisition, sustainment, and resource communities is being accomplished through common databases, analytic methods, life cycle metrics, and networked information sources. This level of in-depth collaboration is new and includes defining requirements in terms of effects-based outcomes and mapping resources according to “joint capability” areas. As a result, the initiatives described above have the potential to deliver predictable performance for major defense acquisition programs and associated life cycle sustainment programs.

It is important to reiterate that the Department believes initiatives designed to improve program manager performance can only be successful if its corporate “Big A” initiatives are successful. If our efforts to improve requirements and resource stability are not successful, we cannot expect program manager performance to improve nor can we justly hold our program managers accountable.

The Department has provided Congress an update on its progress in implementing its “Big A” initiatives in a separate report pursuant to Section 804, entitled “Defense Acquisition Transformation.” That report, prepared in response to Section 804 of the National Defense Authorization Act for Fiscal Year 2006, was issued in February 2007 and is updated biannually.

The Comprehensive Strategy – “little a”

To begin to communicate what is being done to enhance empowerment and accountability for the program manager, the following explanations are provided:

Empowerment: The term empowerment is most widely used to convey the giving of power or authority. It also means to enable or permit. In the context of this report, empowerment implies our desire and intent to ensure the delegation of certain specific authority and control to the program manager while recognizing the responsibility of leadership to establish an environment that enables success: success of acquisition outcomes, success of our program managers, and success of the acquisition workforce. The environment must foster initiative and accountability. Program managers must be empowered to make decisions, take action, and accept and manage risk. Leadership must support prudent decisions made by program managers. Program managers should be rewarded, not penalized, for demonstrating initiative and innovation. Empowerment suggests a level of trust and confidence in the program manager on the part of the leadership and the organization.

To reach the requisite level of trust and confidence, the organization must recruit and retain the best individuals for the program manager function. We must ensure that we are equipping our program managers with the tools they need to perform. This requires an acknowledgement that specialized skills are required and acknowledges training and experiential standards that program managers should meet before being assigned to key leadership positions on our Acquisition Category (ACAT) I and II programs. It also requires specialized training and certification. Such levels of trust and confidence are achieved through demonstrated performance, which requires an appropriate period of tenure. With empowerment comes accountability.

Accountability: This is the state of being liable or answerable. Actions, behavior, and outcomes can be explained. Performance expectations must be understood (clear), agreed to, achievable, and measurable. The organization must provide the resources and establish the environment that enables success of the program manager. The goal of accountability is that we tie rewards and consequences to specific actions, behavior, and outcomes, and link that performance to compensation and career progression. We need to retain program managers in their positions long enough to see and measure results of *their* actions. In May 2007, the Department issued policy guidance that clarifies tenure agreement policy and establishes new policy to require program management agreements that will be updated annually (Attachment 2).

As previously discussed, program manager empowerment and accountability requires success not only in our corporate initiatives but also in our acquisition workforce support initiatives. These “little a” initiatives encompass the broad areas of *program manager development and incentives, knowledge sharing, and stability and support*. Collectively, these areas focus on the individual program manager, program managers as a group, and institutional support. Within each of the three areas, we identify not only the initiative but also its status. In some cases, the initiatives described are already in the process of being implemented. In other cases, the Department has committed to the initiative, and it is in the process of defining the details of implementation. Other initiatives that may prove useful are also discussed, but in the context that they require more evaluation. Some initiatives the Department is considering may require changes to current law. Should we determine that to be the case, recommendations for legislative proposals will be considered in accordance with OMB Circular A-19.

The implementation and effectiveness of these initiatives will be monitored by the AT&L workforce Senior Steering Board.

1. Program Manager Development and Incentives

Program manager development and incentives are focused on the individual program manager: providing education and training appropriate to these senior leadership positions; the recruitment and retention of the right people for those positions; and establishing a reward system that motivates desired outcomes.

- **Increased Just-In-Time (JIT) Training.** The Department is increasing its focus on providing learning and support to the AT&L workforce at their “point of need.” JIT training aims to provide the right learning content to members of the AT&L workforce at their moment of need and on a 24x7 basis. JIT learning increases the relevance of the learning to workforce challenges and tasks, which minimizes the loss of learning that can be as high as 70 percent when learning is not immediately applied. Learning at point of need (just in time) is being facilitated by a continuously increasing body of knowledge in the Defense Acquisition University (DAU) Continuous Learning Center—an online resource that is available via the Internet across the globe. DAU and other training and job-support resources across the Department have learning assets that are aligned with recurring acquisition tasks and challenges. These assets are available to acquisition program offices and other teams on a “demand” basis. DAU lists many of its “Targeted Training” assets in its catalog. With interactive training courses available 24x7 via CD-ROM or the Internet, JIT training and learning has become a key strategy to increase the performance of the AT&L workforce. Other JIT learning is facilitated by constantly expanding Communities of Practice that allow learning on the basis of instantaneous sharing among members of the workforce, regardless of their physical location.
- **Deploy the Acquisition, Technology and Logistics (AT&L) “Core Plus” Concept.** AT&L has developed a construct for enhanced training that will broaden the baseline knowledge of those involved. The Core Plus concept involves additional position-specific coursework for program managers in specialty areas. In-depth training would be provided in functional areas that include systems or software engineering, cost estimating, contracting, or financial management.
- **Establish a Program Manager-Focused Mentoring Program.** Currently, each Service has formal and informal mentoring programs designed to develop potential leaders in the lower ranks. However, no formal mentorship program exists for program managers in all parts of the Services. The first step towards establishing a formal program will involve benchmarking current Service/

Component best practices. The Services will have to identify a pool of mentors among active duty and retired Flag Officers and current and retired Senior Executive Service civilians willing to help the next generation of program managers succeed. The Department will leverage the Reemployment Annuitant Authority and the Highly Qualified Expert Authority to assist in building a ready, capable, and robust mentor cadre. The “best of the best” outgoing program managers will also be enlisted to support the mentor program. Each Service will develop a formalized program manager mentorship program within 18 months.

- **Emphasize Professional Civilian Program Manager Development.** Statute and Department regulations prohibit a preference for military program managers. In order to expand the pool of civilians with the qualifications appropriate for selection to be program managers, we will need to make changes in how the Department develops and selects civilian program managers. Due to the ever-changing environment resulting from such major events as the Global War on Terrorism, the Department is exploring the establishment of a specialized “professional” acquisition program management occupational series. Today, there is no consistency across the Services on what occupational series a civilian program manager occupies. With increased Congressional emphasis on program management, the Services agree that a change is needed. Currently, a joint Service proposal includes specific education and qualification criteria to fully professionalize the career field. Focused senior acquirer development programs, such as the Army’s Senior Service College Fellowship Program, are powerful aids in this effort.
- **Enhance Recruitment/Retention and Monetary/Non-Monetary Rewards.** The goal of this initiative is to recruit the highest caliber military and civilian members into the acquisition workforce and select the best-of-the-best for program manager positions for our major defense acquisition programs (MDAPs). Implementation of this initiative requires that we recognize the differing management structures and authorities available for the civilian and military communities, and that we tailor the selection of potential rewards based on those limitations. To the extent possible, monetary rewards including recruitment, relocation, and retention incentives and/or non-monetary rewards such as enhanced opportunities for advanced training and education would be used to encourage top military and civilian members to compete for these most challenging assignments.

We have discussed the concept of monetary awards with the civilian and military personnel communities. However, because monetary awards involve sensitive compensation questions, additional research and a workforce analysis of the program manager field, especially for the most senior program managers leading MDAPs, are underway to ensure that the proper changes are made to achieve desired outcomes. We will work with the personnel communities to analyze the desired composition of the program management “pool” at the senior program manager levels (MDAP level), compare it to the current set of MDAP managers, and develop strategies to reach the desired outcome. Among the issues that need to be addressed are differing management structures and authorities available for the civilian and military communities, feeder skill sets, motivational (and de-motivational) factors (including compensation) for individuals qualified to become program managers of the most challenging programs, and post-program manager career opportunities. The Department, including the senior military leadership, must create an environment that values acquisition management in general and key acquisition leadership positions in particular.

If it is determined that there is need for monetary rewards, sources of funds will be investigated.

In terms of non-monetary rewards, the Department will, where appropriate and within current regulations, increase Senior Service School selection rates for those in program management-related career fields. The Department will also consider offering expanded participation in executive development programs in conjunction with leading universities. These actions would improve the overall level of senior leadership skills in the pool of candidates for MDAP management positions.

Given requirement and funding stability, the described program manager development initiatives have the potential to improve the overall competence level in the acquisition workforce as a whole, and thus, the competence of those individuals eventually selected to be MDAP managers. Additionally, the incentive initiatives, such as executive development opportunities and monetary awards, are ways to attract the best-of-the-best to compete for, stay in, and excel in some of the Department’s most challenging positions.

2. Knowledge Sharing

The second area of initiatives the Department is pursuing is focused on ensuring program managers have access to a broad range of information and direct support, including the ability to share experiences with and make inquiries of other program managers. In general, these initiatives are relatively well-defined and are being implemented or refined.

- **Institutionalized Assist Teams**. Under the general area of “knowledge sharing,” there is much more information available to program managers and program management offices than they probably realize. One initiative is to “push” those tools out to the program managers and ensure that the Services and the Office of the Secretary of Defense lend their assistance at each phase of a program. These tools include program support reviews (PSRs) and non-advocacy reviews that are a part of the Department’s ongoing systems engineering revitalization efforts. PSRs assess the application of technical planning and management processes and assist the program office in identifying and mitigating cost, schedule, and performance risk. It includes constructs like the Air Force’s Acquisition Center of Excellence that can provide specific acquisition expertise as a “trusted agent” and work as a force multiplier to program teams and acquisition workforce. It also includes post-contract award workshops designed to accelerate alignment of the government and contractor program management teams within the first three to six weeks after contract start. This workshop design was a joint effort by the Raytheon Corporation and the DAU to address typical startup issues in an informed manner by establishing a common understanding of program execution as early as practical rather than having each party independently establish their procedures. Since these are all tools that are available today, the Department’s efforts will focus on ensuring program managers avail themselves of the considerable experience and talent these assist teams provide.
- **Program Manager Forums**. The Department has initiated actions to establish three distinct forums where program managers can share information with each other and, in one case, with industry counterparts. One such forum is an annual Program Manager Forum to be held in conjunction with the PEO/SYSCOM conference at DAU. The university is in the initial planning stages of hosting the first of these Program Manager Forums for the purposes of improving the linkage between the Office of the Secretary of Defense and program managers and providing a venue for program manager dialogue. A second such forum will be the Program Manager Webcast. This forum also provides program managers the opportunity for dialogue without the time

and cost associated with traveling to a conference setting. A third forum is the Program Management Industrial Committee (PMIC) that the National Defense Industrial Association (NDIA) is establishing. The PMIC will mirror similar industry-led, executive-level committees in other functional areas that invite senior government participation toward a dialogue on issues, lessons learned, and best practices.

- **Templates/Tools/Databases**. There are many templates and tools available to program managers. Rather than expend effort to develop new or additional templates and tools, the Department needs to ensure that program managers and program management teams are aware of what is currently available. There are multiple databases available to program managers that provide detailed information and best practices. These databases exist not only at the Office of the Secretary of Defense level (at the Defense Acquisition University), but also at each of the military departments. Effort is needed in improving the user interface to these databases so that the information is more readily available and in a more usable format. Effort is also needed in linking acquisition knowledge systems/databases/resources together. The existing AT&L Knowledge Management System (AKMS) has this as one of its major objectives. It seeks to provide a central repository for AT&L policy and reference materials. DAU has initiated a Knowledge Providers Network to help define the capabilities and desired features of AKMS and in particular two new elements—a Best Practices Clearinghouse and a “Big A” Portal. The chart below shows the overall architecture of the AKMS.

AKMS



Central Repository for AT&L Policy and Reference Materials

- Also serves as the home for knowledge gateways like:
- Defense Acquisition Guidebook
 - AT&L Integrated Framework Chart (IFC)
 - Ask A Professor



DoD & Industry Best Practices

- Will stand alone as a best practices resource
- Will also provide content for CoPs to allow for additional collaboration/input on best practices
- Will be included in the enterprise search index/results



Enterprise Search System

- Stand-alone search and discovery for AT&L workforce
- Integrated search for AKSS
- Searches open areas of ACC
- Integrated search for DAU Homepage
- Integrated search for DAU Intranet



Collaborative Tool for the AT&L Community Where the Workforce Contributes Knowledge and Interacts to Share “Know-How”

- Provides a nest of collaborative tools:
- Communities of Practice/Interest
 - Special Interest Areas
 - Limited Access Workspaces
 - DAU Course Spaces
 - Workflow Learning Tools
 - IFC Templates

In summary, there are numerous resources available to program managers and program management teams today. Our challenge is to ensure program managers take advantage of what is available and to improve how program managers access the information. Initiatives that are “new” are ones focused on program manager forums where they can better share the experiences with other program managers.

3. Stability and Support

The final broad area of Department initiatives to improve program manager empowerment and accountability is stability and support. The Department’s initiatives in this area focus on improving the status of program managers for our ACAT ID programs through interaction with the Defense Acquisition Executive, through tenure agreements to ensure program managers stay in their position through program major milestones, and through *program management agreements* and *configuration steering boards*.

- **Tenure Agreements and Program Management Agreements.** On May 25, 2007, the Under Secretary of Defense for Acquisition, Technology and Logistics issued a memorandum (Attachment 2) that expanded on existing policy and established new policy. The Under Secretary’s stated intent is to ensure that program managers have sufficient tenure to achieve the outcomes the Department expects of them and to provide additional goal-oriented

mechanisms that improve systemic and personal accountability. These policies are designed to increase leadership stability while enhancing management accountability. They are consistent with improving our business processes so the Department can make the most effective use of scarce resources while achieving the maximum support to the warfighter.

- In the area of tenure, the policy emphasizes the statutory requirement for Component Acquisition Executives (CAEs) to ensure a written *tenure agreement* is prepared when a program manager is assigned to an ACAT I or II program. It establishes that tenure periods for program managers of major defense acquisition programs correspond to the milestone closest to four years, or as tailored by the CAE based on unique program requirements such as significant milestones, events, or efforts. Finally, it requires that program manager selection and assignment will comply with the statutory experience and DoD training as well as the qualification requirements established for critical acquisition positions including certification, experience, and training specific to the program management career field and acquisition corps membership.
- The Under Secretary's memorandum also establishes a new requirement for *program management agreements*. Under the policy, program management agreements will be implemented to establish a "contract" between the program manager and the acquisition and requirements/resource officials. They are designed to provide a documented basis for ensuring that a program manager's annualized plan is consistent with those of the organization, that there is a common basis for understanding and accountability, that the specified plans are resourced and achievable, and that both the organization's and individual's responsibilities are effectively communicated. Program management agreements are to be signed by the program manager, the requirements/resource authorities, and the CAE for ACAT I and II programs. Changes to the program management agreement must be agreed to by all signatories.
- **Configuration Steering Boards (CSBs)**. An additional mechanism to provide program stability is the CSB. On July 30, 2007, the Acting Under Secretary of Defense for Acquisition, Technology and Logistics directed the Military Departments to establish CSBs for all ACAT I programs. CSBs, chaired at the Service Acquisition Executive level, will review all requirement changes and technical configuration changes that have the potential to result in cost and schedule impacts to the program. The Acting Under Secretary's memorandum is attached (Attachment 3).

- **Program Manager/Defense Acquisition Executive Interaction.** The Department plans to raise the profile of program managers for our largest programs. They are part of an elite group of people who are stewards of billions of dollars, charged with fielding weapon systems for our armed forces. To help establish how seriously the Department takes their role, program managers for ACAT ID programs will begin their tours by meeting with the Defense Acquisition Executive (DAE). The DAE will have the opportunity to impart his or her expectations to the program manager and to present the program manager with a charter defining the program manager's responsibilities and authorities.

Implementation

Program management agreements (PMAs) with annual updates will strengthen empowerment and accountability. PMAs will articulate key, annual performance objectives that are aligned with the program of record, including the resources that will be provided to enable the program manager to succeed. As described in the first section, "Big A," the Department has a number of enterprise initiatives that will improve program stability. Those initiatives are in various stages of implementation and, as they come online, there will be improved program stability and improved resources for program execution.

In the "little a" area, several of the initiatives, as noted, already exist or are close to being implemented. DoDD 5000.52, "Defense Acquisition, Technology, and Logistics Workforce Education, Training, and Career Development Program," provides the foundation and framework for implementing several of the initiatives, particularly in the area of career development and the management of acquisition positions.

Partnering with the Components, we are working to identify strategies and changes to law and regulation (if any) that will facilitate the recruitment, development, and retention of the talent needed to fill key leadership positions in acquisition that feed, and include, program manager positions. The heart of this strategy is capitalizing on the identification of key leadership positions that offer career-minded civilian and military members of the acquisition community opportunities, enhancing their ability to compete for and succeed in program manager and other acquisition leadership positions in an environment that values acquisition leadership.

Deliberate, Component- and/or enterprise-wide, life cycle career management of key leadership positions and career-minded acquisition professionals is the objective and can be achieved. Specifically, with identification of the key leadership positions, the Components can begin focused management efforts of both positions and personnel, especially to enhance opportunities for civilians by providing career path management. Focused and transparent management of key leadership positions and career-minded personnel will quickly result in an increased pool of qualified candidates from which to fill program management and other positions critical to program success. Focused personnel and billet management in conjunction with program manager development, knowledge sharing, and stability and support will clearly empower program managers by providing more highly qualified and experienced program office staffs.

Conclusion

Improving acquisition outcomes and the Department's commitment to excellence in program management will be a continuing process requiring our focused attention. While we have identified this current set of initiatives and overarching strategies for both "Big A" and "little a" that will empower program managers and enable them to be more accountable for outcomes, the Department intends to continually seek new and innovative ways to improve the performance of the acquisition community from which program managers are drawn and upon which program managers depend.

Section 853 specified that this report address nine separate areas and called on the Secretary to revise Department of Defense guidance for major defense acquisition programs and to address the qualifications, resources, responsibilities, tenure, and accountability of program managers before and after Milestone B. This report fulfills that requirement. We have included a matrix that shows which initiatives address the various Section 853 areas. Section 853 also asks for a copy of the Secretary's revised guidance, which is included at Attachment 1. Section 853(c) and (d) address before and after Milestone B separately. The Department has traditionally identified Milestone B as program initiation, and it is at that point a program manager has been formally appointed. The revised guidance on PMAs recognizes that getting to a Milestone B requires a program management office and someone who functions as a program manager. Thus, the new policy uses the phrase "after the Department makes an investment decision to pursue a new program and a program manager is assigned" as being the proper time for a PMA.

Implementation of the Department's "little a" initiatives will be an ongoing process. Some "little a" initiatives are complete or require only refinement or improvement. Others will require more time to fully evaluate and implement, while

some may require statutory authorities the Department does not now have. That said, the Department is committed to improving acquisition at all levels. We are moving forward to further refine and implement the program manager empowerment and accountability initiatives that are part of the Department's "little a" activities. The Department's broader "Big A" initiatives must also progress if we are to maximize the empowerment afforded to our program managers and hold them accountable for program performance. We appreciate the interest and support of Congress.

Attachment 1 – Matters to be Addressed Matrix

Matters to be Addressed:	Initiatives:
(1) Enhanced training and educational opportunities	<ul style="list-style-type: none"> – Increased Just-In-Time Training (pg. 10) – Deploy the AT&L “Core Plus” Concept (pg. 10)
(2) Increased emphasis on mentoring	<ul style="list-style-type: none"> – Establish a Program Manager-Focused Mentoring Program (pg. 10)
(3) Improved career paths and career opportunities	<ul style="list-style-type: none"> – Emphasize Professional Civilian Program Manager Development (pg. 11)
(4) Additional incentives for recruitment and retention	<ul style="list-style-type: none"> – Enhance Recruitment/Retention and Monetary/Non-Monetary Rewards (pg. 11)
(5) Improved resources and support	<ul style="list-style-type: none"> – Institutionalized Assist Teams (pg. 13) – Tenure Agreements and Program Management Agreements (pg. 15) – Program Manager/Defense Acquisition Executive Interaction (pg. 17)
(6) Improved means of collecting and disseminating best practices and lessons learned	<ul style="list-style-type: none"> – Institutionalized Assist Teams (pg. 13) – Program Manager Forums (pg. 13)
(7) Common templates and tools	<ul style="list-style-type: none"> – Templates/Tools/Databases (pg. 14)
(8) Increased accountability	<ul style="list-style-type: none"> – Tenure Agreements and Program Management Agreements (pg. 15) – Configuration Steering Boards (pg. 16) – Program Manager/Defense Acquisition Executive (pg. 17)
(9) Enhanced monetary and non-monetary awards	<ul style="list-style-type: none"> – Enhance Recruitment/Retention and Monetary/Non-Monetary Rewards (pg. 11) – Program Manager/Defense Acquisition Executive Interaction (pg. 17)

Attachment 2 – USD(AT&L) Memorandum, Program Management Tenure and Accountability, May 25, 2007



THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

MAY 25 2007

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Program Management Tenure and Accountability

Reference: DoDI 5000.66, "Operation of the Defense Acquisition, Technology, and Logistics Workforce Education, Training, and Career Development Program," December 21, 2005

It is our responsibility to deliver the best weapons and support to our Warfighters in the shortest possible time. Key to achieving that outcome is the establishment of an acquisition environment that facilitates management stability and accountability. In short, I want our program managers to have sufficient tenure to achieve the outcomes we expect of them and to provide additional goal-oriented mechanisms that improve systemic and personal accountability. Consequently, I want to emphasize and amplify existing policy and to establish new policy intended to achieve those objectives.

Tenure Agreements and Qualifications for Program Managers (PMs)

- In accordance with the above reference, the Component Acquisition Executive (CAE) will ensure a written tenure agreement is prepared when a PM is assigned to an Acquisition Category (ACAT) I or II program.
- In accordance with 10 U.S.C. 1734, the tenure period for program managers of major defense acquisition programs shall correspond to the major milestone closest to 4 years, subject to an exceptional circumstances waiver.
- PM selection and assignment will comply with the qualification requirements established for Critical Acquisition Positions and Key Leadership Positions, including certification, experience, and training specific to the program management career field.

Program Management Agreements (PMAs)

PMAs will be implemented to establish a "contract" between the program manager and the acquisition and requirements/resource officials. They are designed to provide a documented basis for ensuring that a PM's annualized plan is consistent with those of the organization, that there is a common basis for understanding and accountability, that the specified plans are resourced and achievable, and that both the organization's and individual's responsibilities are effectively communicated.



- PMAs will be prepared for ACAT I and II programs and signed by the PM, the CAE, and the requirements and where applicable, resource authorities. Components are encouraged to prepare PMAs for ACAT III programs.
- PMAs will be prepared after the Department makes an investment decision to pursue a new program and a PM is assigned. PMAs will be updated annually or more frequently if the conditions that formed the basis for the agreement (requirements, funding, or execution plans) have changed. Changes to PMAs will be approved by all signatories to the agreement.
- These agreements will establish achievable and measurable annual plans that are fully resourced and reflect the approved program.
- Format for the PMA is at the discretion of the Component. One means to satisfy this requirement is to prepare a cover memo for all signatories with the Acquisition Program Baseline, budget P and R Exhibits, and capabilities documentation as attachments.

These policies are designed to increase leadership stability while enhancing management accountability. They are consistent with my intent to improve our business processes so we can make the most effective use of scarce resources while achieving the maximum support to the Warfighter. Please ensure they are implemented expeditiously and provide me copies of your implementation guidance within 60 days.

My point of contact is Mr. David G. Ahern at 703-697-9386.



Kenneth J. Kring

Attachment 3 – USD(AT&L) Memorandum, Configuration Steering Boards, July 30, 2007



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

30 JUL 2007

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
COMMANDER, U.S. SPECIAL OPERATIONS COMMAND

SUBJECT: Configuration Steering Boards

In a number of programs, the Department of Defense has experienced significant growth over the original estimates in the development and procurement cost of weapon systems. These cost increases are detrimental to the Warfighter and the taxpayer. The result is generally later delivery of capability and a reduction in the quantity purchased. Further, to pay the cost increases, the Department is generally forced to reduce a number of other development and procurement programs, correspondingly increasing the unit cost of these systems and delaying their delivery.

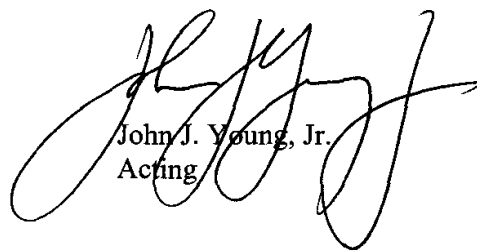
As one measure to avoid cost increases in major defense acquisition programs, the Military Departments will establish Configuration Steering Boards (CSBs) for every current and future ACAT I program in development. It is a repeatedly recognized best practice, highlighted in reviews such as the Packard Commission report, that managers must seek to diligently control requirements and technical authority adjustments. In general, the CSBs will be chaired by the Service Acquisition Executive. The CSBs will consist of broad membership, including senior representatives from the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics and the Joint Staff. The CSBs will review all requirements changes and any significant technical configuration changes which have the potential to result in cost and schedule impacts to the program. Such changes will generally be rejected, deferring them to future blocks or increments. Changes may not be approved unless funds are identified and schedule impacts mitigated.

Program managers will work on a roughly annual basis to identify a set of descoping options that reduce program cost or moderate requirements. These descoping options will be presented to the CSB. The CSB will recommend which of these options should be implemented to reduce the cost to the Department of Defense and the taxpayer and to provide a reserve against emergent technical risks. Final decisions on descoping option implementation will be coordinated with the Joint Staff and the appropriate Military Department officials responsible for the requirements.



The Defense Department's fundamental goal is to develop and procure systems at or below the approved current baseline cost estimate. The acquisition policy will be to adjust technical content and requirements to deliver as much as possible of the planned capability within the budgeted cost. It is important that all expected increases in program costs be budgeted at the absolute earliest opportunity. Unless budget adjustments are made in a timely fashion, the DoD policy will be to immediately adjust the program scope and content to match the existing budget.

The Service Acquisition Executives will report within 60 days on the formation of CSBs and the schedule for initial meetings.



John J. Young, Jr.
Acting

cc:
DepSecDef
DUSD(A&T)
ASD(NII)/DoD CIO
ATSD(NCB)
DIR, ARA

References

AT&L Human Capital Strategic Plan (HCSP), Version 3.0. <http://www.dau.mil/workforce/hcsp.pdf>.

DoD Directive 5000.52, “Defense Acquisition, Technology, and Logistics Workforce Education, Training, and Career Development Program.”

Section 804 Report to Congress, Defense Acquisition Transformation, dated February 2007.

Under Secretary of Defense for Acquisition, Technology and Logistics Strategic Goals Implementation Plan, Version 1.2 (June 2007 Update). www.acq.osd.mil/goals/Strategic%20Goals%20Implementation%20Plan.pdf.

