



# Department of Defense

## **DIRECTIVE**

**NUMBER** 7045.20  
September 25, 2008

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USD(P)

**SUBJECT:** Capability Portfolio Management

**References:** See Enclosure 1

1. PURPOSE. This Directive:

a. Establishes policy and assigns responsibilities for the use of capability portfolio management in order to advise senior leadership on capability investment pursuant to the authority vested in the Secretary of Defense by section 113 of title 10, United States Code (Reference (a)).

b. Incorporates and cancels the “Action to Critical Path (ACP) 2” portion of Deputy Secretary of Defense Memorandum (Reference (b)) and incorporates and cancels Deputy Secretary of Defense Memorandums (References (c) and (d)).

2. APPLICABILITY. This Directive applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter referred to collectively as the “DoD Components”).

3. DEFINITIONS. See Glossary.

4. POLICY. It is DoD policy that:

a. The Department of Defense shall use capability portfolio management to advise the Deputy Secretary of Defense and the Heads of the DoD Components on how to optimize capability investments across the defense enterprise (both materiel and non-materiel) and minimize risk in meeting the Department’s capability needs in support of strategy.

b. The existing joint capability area (JCA) structure shall serve as the Department’s common framework and lexicon for the organization of capability portfolios in accordance with Deputy Secretary of Defense Memorandum (Reference (e)).

c. Capability portfolios shall be managed by civilian and military Capability Portfolio Manager (CPM) co-leads designated by the Deputy Secretary of Defense. Enclosure 2 lists CPM lead officials.

d. A governance forum, currently the Deputy's Advisory Working Group (DAWG), shall review Capability Portfolio Strategic Plans annually and CPM recommendations as necessary and provide advice on them to the Deputy Secretary of Defense.

e. CPMs derive authority from access to the DAWG as the senior DoD proponent charged with integrating, synchronizing, and coordinating portfolio content to ensure alignment to strategic priorities and capability demand. CPMs provide cross-Component alternatives and recommendations on current and future capability needs and investments.

f. CPMs have no independent decision-making authority, shall not infringe on any existing statutory or regulatory authorities, and shall work within established coordination processes. However, to be effective, they must have access to pertinent information and processes required to advise the DAWG. To this end CPMs are afforded access to the Joint Requirements Oversight Council (JROC), Defense Acquisition Board (DAB), and other established Component forums (Reference (f)) to raise portfolio-related issues.

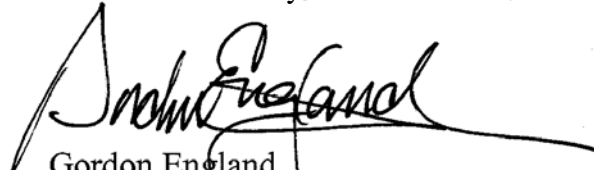
g. CPMs shall leverage the operational expertise of the Combatant Commands and the respective Senior Warfighter Forums (SWarFs) or other forums as appropriate to identify issues, priorities, and capability and resource mismatches (gaps, shortfalls, and redundancies).

h. CPMs shall establish or identify existing portfolio-level governance for each portfolio.

5. RESPONSIBILITIES. See Enclosure 3.

6. RELEASABILITY. UNLIMITED. This Directive is approved for public release. Copies may be obtained through the Internet from the DoD Issuances Web Site at <http://www.dtic.mil/whs/directives>.

7. EFFECTIVE DATE. This Directive is effective immediately.



Gordon England  
Deputy Secretary of Defense

Enclosures

1. References
  2. Capability Portfolios and DSD Designated Leads
  3. Responsibilities
- Glossary

ENCLOSURE 1

REFERENCES

- (a) Section 113 of title 10, United States Code
- (b) “Action to Critical Path (ACP) 2” portion (hereby canceled) of attachment to Deputy Secretary of Defense Memorandum, “Institutional Reform and Governance Actions to Critical Path,” March 15, 2007
- (c) Deputy Secretary of Defense Memorandum, “Capability Portfolio Management Test Case Roles, Responsibilities, Authorities, and Approaches,” September 14, 2006 (hereby canceled)
- (d) Deputy Secretary of Defense Memorandum, “Capability Portfolio Management,” February 7, 2008 (hereby canceled)
- (e) Deputy Secretary of Defense Memorandum, “Joint Capability Areas (JCAs),” February 14, 2008<sup>1</sup>
- (f) DoD Directive 5105.79 “DoD Senior Governance Councils,” May 19, 2008
- (g) “The National Defense Strategy of the United States of America,” March 2005<sup>2</sup>
- (h) “The National Security Strategy of the United States of America,” March 2006<sup>3</sup>
- (i) “The National Military Strategy of the United States of America,” 2004<sup>4</sup>
- (j) “Quadrennial Defense Review Report,” February 6, 2006<sup>5</sup>
- (k) “Guidance for the Development of the Force,” April 2008
- (l) DoD Directive 8320.03, “Unique Identification (UID) Standards for a Net Centric Department of Defense,” March 23, 2007

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<sup>1</sup> Available at [http://www.dtic.mil/futurejointwarfare/cap\\_areas.htm](http://www.dtic.mil/futurejointwarfare/cap_areas.htm)

<sup>2</sup> Available at [www.defenselink.mil/news/Apr2005/d20050408strategy.pdf](http://www.defenselink.mil/news/Apr2005/d20050408strategy.pdf)

<sup>3</sup> Available at [www.whitehouse.gov/nsc/nss/2006/nss2006.pdf](http://www.whitehouse.gov/nsc/nss/2006/nss2006.pdf)

<sup>4</sup> Available at [www.defenselink.mil/news/Mar2005/d20050318nms.pdf](http://www.defenselink.mil/news/Mar2005/d20050318nms.pdf)

<sup>5</sup> Available at <http://www.defenselink.mil/qdr/>

ENCLOSURE 2CAPABILITY PORTFOLIOS AND DSD DESIGNATED LEADSTable 1. Tier One JCAs and Capability Portfolios, Civilian and Military Leads for Capability Portfolios, SWarF Leads, Joint Staff Capability Portfolio Support, Functional Capability Boards

CAPABILITY PORTFOLIO AND TIER 1 JCA	CPM CIVILIAN LEAD	CPM MILITARY LEAD	SWarF LEAD*	CPM JS OPR*	FUNCTIONAL CAPABILITY BOARDS*
COMMAND AND CONTROL	ASD(NII)	USJFCOM	USJFCOM	J-3	USJFCOM
BATTLESPACE AWARENESS	USD(I)	USSTRATCOM	USSTRATCOM	J-2	J-2
NET CENTRIC	ASD(NII)	USSTRATCOM	USSTRATCOM	J-6	J-6
LOGISTICS	USD(AT&L)	USTRANSCOM	USTRANSCOM	J-4	J-4
The below boxes reference capability portfolios in interim phase through the Fiscal Year 2010 Program Objective Memorandum.					
BUILDING PARTNERSHIPS	USD(P)	Director, J-5	USJFCOM	N/A	J-5
PROTECTION	USD(AT&L)	Director, J-8	USSTRATCOM	N/A	J-8
FORCE SUPPORT	USD(P&R)	Director, J-8	USJFCOM	N/A	J-8
FORCE APPLICATION	USD(AT&L) USD(P)	JROC	USJFCOM USSOCOM USSTRATCOM	J-8	J-8
CORPORATE MANAGEMENT AND SUPPORT	DCMO	DJS	N/A	N/A	N/A
* As designated by the Chairman of the Joint Chiefs of Staff.					
<u>Legend:</u>					
ASD(NII)	Assistant Secretary of Defense (Networks Information and Integration)				
USD(AT&L)	Under Secretary of Defense (Acquisition, Technology, and Logistics)				
USD(I)	Under Secretary of Defense (Intelligence)				
USD(P)	Under Secretary of Defense (Policy)				
USD(P&R)	Under Secretary of Defense (Personnel and Readiness)				
DCMO	Deputy Chief Management Officer				
DJS	Director, Joint Staff				
JROC	Joint Requirements Oversight Council				
J-2	Joint Staff Intelligence Directorate				
J-3	Joint Staff Operations Directorate				
J-4	Joint Staff Logistics Directorate				
J-5	Joint Staff Strategic Plans and Policy Directorate				
J-6	Joint Staff Command, Control, Communications, and Computer Systems Directorate				
J-8	Joint Staff Force Structure Resources and Assessment Directorate				
OPR	Office of Primary Responsibility				
USJFCOM	United States Joint Forces Command				
USSOCOM	United States Special Operations Command				
USSTRATCOM	United States Strategic Command				

ENCLOSURE 3

RESPONSIBILITIES

1. DIRECTOR OF PROGRAM ANALYSIS AND EVALUATION (PA&E). The Director, PA&E, shall:

a. Align program elements (PEs) to Tier One JCAs and assign a lead JCA and corresponding CPM (for coordination purposes only) when PEs are mapped to more than one JCA.

b. In consultation with the Under Secretary of Defense Comptroller/Chief Financial Officer; the Director, J-8/Joint Staff Force Structure Resources and Assessment Directorate; and other Components as necessary, establish an open and transparent process to resolve cross-portfolio issues of all types that cannot be resolved between CPMs, or between CPMs and the Components, and present options to the DAWG.

(1) Identify authoritative data sources for use in capability portfolio management.

(2) Act as the Executive Secretariat to the DAWG and the Capability Portfolio Management Council.

2. HEADS OF THE DoD COMPONENTS. The Heads of the DoD Components shall:

a. Participate in capability portfolio forums.

b. Ensure that their respective decision forums, processes, policies, and procedures support capability portfolio management.

c. Provide CPMs access to and visibility of pertinent information and internal processes required to support analytic activities and adequately advise the DAWG in a timely manner.

d. Review CPM recommendations, assess them in light of existing statutory responsibilities and authorities, and ensure Component investments are aligned to these to the greatest extent possible; provide alternatives to the DAWG.

e. Assess execution of guidance and capability portfolio strategic plans and recommend changes, as required.

3. CHAIRMAN OF THE JOINT CHIEFS OF STAFF. The Chairman of the Joint Chiefs of Staff shall:

a. Recommend to the Deputy Secretary of Defense a Combatant Commander or Joint Staff flag officer to serve as the CPM military lead.

b. Ensure that Joint Staff decision forums, processes, policies, and procedures support capability portfolio management. Work with CPMs to ensure they are value added to the JROC and Joint Capability Integration Development System (JCIDS) process.

c. Develop and manage a process for SWarF participation in capability portfolio management that includes development and refinement of capability attributes to be used in shaping requirements.

d. Develop and manage a process for prioritizing JCAs annually to inform options for cross-portfolio trades.

e. Assess execution of national strategy, the Guidance for the Development of the Force (GDF) and capability portfolio strategic plans; recommend changes to the guidance or execution strategy through the Chairman's Risk Assessment.

4. CPMs. The CPMs shall:

a. Provide recommendations or advice to appropriate DoD decision makers and forums regarding integration, coordination, and synchronization of capability requirements to capability investments. Evaluate capability demand (both warfighting and non-warfighting) against resource constraints, identify and assess risks, and suggest capability trade-offs within their capability portfolio to the Heads of the DoD Components, and to the DAWG through the following activities.

(1) Establish and maintain a capability portfolio strategic plan in support of national strategy using the National Defense Strategy, National Security Strategy, National Military Strategy, Quadrennial Defense Review, and Guidance for the Development of the Force (References (g) through (k)).

(2) Provide recommendations on capability and capacity risk and priority areas to SWarFs, the Joint Staff, and other appropriate forums for consideration in capability attribute development and the prioritization of capabilities.

(3) Develop capability portfolio planning guidance for inclusion in Reference (k).

(4) Provide programming, budgeting, and acquisition advice to the Heads of the DoD Components.

(5) Provide the DAWG with independent programmatic recommendations and cross-Component perspectives on planned and proposed capability investments.

(6) Assess the execution of guidance, capability portfolio strategic plans, and programs; recommend appropriate changes, as required.

(7) Identify capability and capacity mismatches, evaluate alternatives for addressing them, and recommend approaches to the Heads of the DoD Components, the JROC, and the DAWG to meet the capability requirements.

(8) Conduct, in coordination with the Functional Capability Boards, portfolio-wide planning, management, and assessments of inputs to and outputs from the capability portfolio; make recommendations to the Heads of the DoD Components and the DAWG to ensure that approved capability solutions (including legacy, planned, and programmed capabilities) are developed and implemented in a timely, coordinated, and interoperable manner.

- b. Serve on the Capability Portfolio Management Council.
- c. Establish or identify an existing portfolio-level governance forum for each portfolio.

5. CAPABILITY PORTFOLIO MANAGEMENT COUNCIL. The Capability Portfolio Management Council shall:

- a. Consist of each CPM co-lead or his or her designated representative.
- b. Present to the DAWG unresolved issues involving:
  - (1) Management and administrative efforts.
  - (2) Proposed capability portfolio management business rules.
  - (3) Proposed program elements to capability portfolio realignments.
  - (4) Proposed JCAs to capability portfolio realignments.
  - (5) Other issues, as requested by Council members or as directed by the DAWG, related to the management of capability portfolios.

## GLOSSARY

### DEFINITIONS

authoritative data source. Defined in DoD Directive 8320.03 (Reference (I)).

capabilities-based planning. A planning methodology that identifies and provides capabilities that the joint warfighter and supporting defense entities need to address a range of challenges.

capability. The ability to achieve a desired effect under specified standards and conditions through a combination of means and ways across doctrine, organization, training, materiel, leadership and education, personnel, and facilities (DOTMLPF) to perform a set of tasks to execute a specified course of action.

capability attribute. A set of desired properties, qualities, or characteristics used to describe a specific capability and subject to being measured or evaluated. Developed by the joint warfighter to aid in the development of capability priorities, requirements, and solutions.

capability portfolio. A collection of grouped capabilities as defined by JCAs and the associated DOTMLPF programs, initiatives, and activities.

capability portfolio management. The process of integrating, synchronizing, and coordinating Department of Defense capabilities needs with current and planned DOTMLPF investments within a capability portfolio to better inform decision making and optimize defense resources.

Capability Portfolio Management Council. A council of representatives designated by this Directive that provides management oversight of the capability portfolio process.

Capability Portfolio Strategic Plan. The CPM's long-range plan to synchronize, integrate, and coordinate efforts related to capability investments to meet joint warfighter and supporting defense entity needs. These plans address portfolio scope, portfolio objectives, dependencies with other portfolios, processes and plans, performance targets and metrics, and risk considerations.

CPMs. The civilian and military co-leads responsible for the execution of capability portfolio management activities for a defined portfolio.

JCAs. Collections of like DoD capabilities functionally grouped to support capability analysis, strategy development, investment decision making, capability portfolio management, and capabilities-based force development and operational planning.

SWarF. A forum, generally consisting of the Combatant Commands and the Services, to organize, analyze, prioritize, and build joint consensus from the warfighter's perspective on complex resource and capabilities needs issues. These forums are delegated by the Chairman of the Joint Chiefs of Staff and are vested in the JROC.