

cancelled 23 Feb 1991

DEPARTMENT OF DEFENSE DIRECTIVES SYSTEM TRANSMITTAL

NUMBER

5000.1, Ch 1

DATE

September 23, 1987

DISTRIBUTION

5000 series

ATTACHMENTS

Pages 7 and 8

INSTRUCTIONS FOR RECIPIENTS

The following change to DoD Directive 5000.1, "Major and Non-Major Defense Acquisition Programs," September 1, 1987, is authorized:

PAGE CHANGE

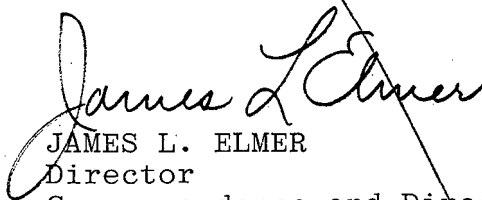
Remove: Pages 7 and 8

Insert: Attached replacement pages

The change appears on page 7 and is indicated by marginal asterisks.

EFFECTIVE DATE

This change is effective immediately. No implementing documents are required.


JAMES L. ELMER
Director

Correspondence and Directives

WHEN PRESCRIBED ACTION HAS BEEN TAKEN, THIS TRANSMITTAL SHOULD BE FILED WITH THE BASIC DOCUMENT



5000.1

cancelled 23 Feb 1991

Department of Defense DIRECTIVE

September 1, 1987
NUMBER 5000.1

USD(A)

SUBJECT: Major and Non-Major Defense Acquisition Programs

- References:
- (a) DoD Directive 5000.1, "Major System Acquisitions," March 12, 1986 (hereby canceled)
 - (b) DoD Instruction 5000.2, "Defense Acquisition Program Procedures," September 1, 1987
 - (c) DoD Directive 5134.1, "Under Secretary of Defense (Acquisition)," February 10, 1987
 - (d) DoD Directive 4245.1, "Military Department Acquisition Management Officials," July 8, 1986
 - (e) through (l), see Enclosure 1.

A. REISSUANCE AND PURPOSE

1. This Directive cancels and reissues reference (a) and establishes policies, practices, and procedures consistent with the concepts and provisions of references (b) through (l) to govern the acquisition of major and non-major defense acquisition programs.

2. This Directive and DoD Instruction 5000.2 (reference (b)) are first and second, respectively, in order of precedence for providing policies and procedures and managing major defense acquisition programs, except when statutory requirements override. The policies, principles, and objectives of these issuances shall also be applied to non-major defense acquisition programs.

3. All DoD issuances shall be reviewed for conformity with this Directive and reference (b) and, if in conflict, shall be changed or canceled as appropriate. Conflicts remaining after 120 days from issuance of this Directive shall be brought to the attention of the originating office and the Defense Acquisition Executive (DAE).

B. APPLICABILITY

The provisions of this Directive apply to the Office of the Secretary of Defense (OSD); the Military Departments; the Organization of the Joint Chiefs of Staff (OJCS); the Unified and Specified Commands; Defense Agencies, including the Strategic Defense Initiative Organization (SDIO); and DoD Field Activities (hereafter referred to as DoD Components).

C. DEFINITIONS

1. Department of Defense Acquisition System. A single uniform system whereby all equipment, facilities, and services are planned, designed, developed, acquired, maintained, and disposed of within the Department of Defense. The system entails establishing policies and practices that govern

acquisitions, determining and prioritizing resource requirements, directing and controlling the process, contracting, and reporting to Congress.

2. Defense Acquisition Executive (DAE). The principal advisor to the Secretary of Defense on all matters pertaining to the Department of Defense Acquisition System. The Under Secretary of Defense for Acquisition (USD(A)) is the DAE and the Defense Procurement Executive (DoD Directive 5134.1, reference (c)).

3. Service Acquisition Executive (SAE). The senior acquisition executive within each Military Department, designated by the Component Head, responsible for administering acquisition programs in accordance with established DoD policies and guidelines (DoD Directive 4245.1 (reference (d))). The terms "Service Acquisition Executive" and "SAE" as used in this Directive also apply to the senior acquisition executive within any DoD Component having cognizance over an acquisition program. The SAE is also the senior procurement executive for each Military Department for the purposes of section 16(3) of P.L. 98-191 (reference (e)).

4. Program Executive Officers (PEO). Officials responsible for administering a defined number of major and/or non-major acquisition programs who report to and receive direction from an SAE.

5. Program Managers (PM). Officials responsible for managing a specific acquisition program who report to and receive direction from either a PEO or an SAE.

6. Major Defense Acquisition Program. Consistent with the criteria of Section 2430 of Title 10, U.S. Code, "Major Defense Acquisition Programs Defined" (reference (b)), a DoD acquisition program that is not a highly sensitive classified program (as determined by the Secretary of Defense) and:

a. That is designated by the Secretary of Defense as a major defense acquisition program because of urgency of need, development risk, joint funding, significant Congressional interest, or other considerations, or

b. That is estimated by the Secretary of Defense to require an eventual total expenditure for research, development, test, and evaluation of more than \$200 million (based on Fiscal Year 1980 constant dollars) or an eventual total expenditure for procurement of more than \$1 billion (based on Fiscal Year 1980 constant dollars).

7. Major Defense Acquisition Program Milestone Decision Categories. A major defense acquisition program will be designated as either a Defense Acquisition Board (DAB) or Component program. Designations will be recommended by the DAE and approved by the Secretary of Defense.

a. A DAB program requires a Secretary of Defense decision at each milestone review point, unless delegated to the cognizant DoD Component Head by the Secretary of Defense.

b. A Component program designation means that the authority to make milestone decision has been delegated to the cognizant DoD Component Head.

8. Acquisition Decision Memorandum (ADM). A memorandum to a Component Head signed by the DAE that documents the decisions of the Secretary of Defense regarding a DAB program.

9. Program Baseline. A formal agreement between a PM and a PEO, SAE, or the DAE that briefly summarizes factors critical to the success of a program, such as functional specifications, cost, and schedule objectives and requirements, against which the program will subsequently be evaluated (DoD Directive 5000.45, reference (g)).

D. POLICY

The following policies govern the acquisition of major and non-major acquisition programs.

1. Responsive Support of National Policy and Operational Objectives. The policy of the Department of Defense is to assure that the DoD Acquisition System functions in a timely, efficient and effective manner to achieve the operational objectives of U.S. Armed Forces in support of national policies and objectives, and that the guidelines of OMB Circular A-109 (reference (h)) are met.

2. Streamlined Acquisition Organization. DoD Component Heads shall establish a streamlined acquisition structure for managing major defense acquisition programs and, to the extent practicable, non-major defense acquisition programs.

a. DAB programs are to have no more than two management tiers (PEO and SAE) between the PM and the DAE. Program management direction and guidance for these programs shall only be issued by and flow through this streamlined management structure.

b. Component programs are to have no more than one management tier (PEO) between the PM and the SAE. Program management direction and guidance for these programs shall only be issued by and flow through this streamlined management structure.

3. Acquisition Phases and Milestone Decision Points. The acquisition process is normally divided into five phases to enhance management effectiveness. These phases are to be tailored to fit each acquisition to minimize acquisition time and life-cycle costs, consistent with the urgency of need and degree of technical risk involved, and progress as demonstrated by validated test results. The following milestone decision points and phases are to be used to manage major defense acquisition programs. Where practicable, the milestone decision points and phases are to be used for non-major defense acquisition programs. Decision criteria and considerations for each milestone decision are contained in DoD Instruction 5000.2 (reference (b)).

a. Milestone 0 - Approval or disapproval of a mission need and entry into the concept exploration/definition phase.

b. Milestone I - Approval or disapproval to proceed into the concept demonstration/validation phase.

c. Milestone II - Approval or disapproval to proceed into the full-scale development phase and, as appropriate, low rate initial production.

d. Milestone III - Approval or disapproval to proceed into the full-rate production and initial deployment phase. Initial deployment also marks the beginning of the operations support phase.

e. Milestone IV - Encompasses a review 1 to 2 years after initial deployment to assure operational readiness and support objectives are being achieved and maintained during the first several years of the operations support phase.

f. Milestone V - Encompasses a review 5 to 10 years after initial deployment of a system's current state or operational effectiveness, suitability, and readiness to determine if major upgrades are necessary, or if existing deficiencies warrant consideration of replacement action.

4. Continuing Analyses of Mission Areas. DoD Components are to conduct continuing analyses of their assigned areas of responsibility to identify deficiencies and to determine more effective means of performing assigned tasks. These analyses may result in recommendations to initiate new acquisition programs to reduce or eliminate operational deficiencies, to establish new capabilities in response to a technologically feasible opportunity, to reduce the DoD cost of ownership significantly, or to respond to a change in national defense policy.

5. Requirements Validation and Alternatives to New Developments. The basis of need or requirement for each new acquisition program shall be thoroughly reviewed and validated. Further, a major defense acquisition program involving development of a new system or item shall be undertaken only after carefully assessing alternative approaches to satisfying the basis of need or requirement, such as the following:

a. Changes in U.S. and Allied strategic or tactical concepts and doctrine for dealing with the threat.

b. Use of an existing U.S. or Allied military or commercial system that fosters a non-developmental acquisition strategy.

c. Modification or improvement of an existing system.

d. A cooperative research and development program with one or more Allied nations.

6. Consideration of Potential Common-Use Solutions. To foster commonality and avoid redundant efforts, all major defense acquisition programs for potential common-use items must consider potential common alternative solutions as early as the concept exploration/definition phase.

7. Affordability Assessments. Affordability, which is a function of cost, priority, and availability of fiscal and manpower resources, shall be considered at every decision milestone and during the Planning, Programming and Budgeting System (PPBS) process. A major defense acquisition program

shall not be started unless sufficient resources, including manpower, are or can be programmed to support projected development, testing, production, fielding, and support requirements. In support of this, the OSD Cost Analysis Improvement Group will independently validate program cost estimates under DoD Directive 5000.4 (reference (i)).

8. Enhancing Program Stability. Reasonable stability in acquisition programs is essential to satisfying identified military requirements in the most effective, efficient, and timely manner. Accordingly, program funding and requirements changes shall be minimized and shall not be introduced without assessing and considering the impact of such changes on the overall acquisition strategy and the established program baseline. To enhance program stability, DoD Components will:

- a. Conduct meaningful, realistic long-range planning.
- b. Consider evolutionary alternatives in parallel with the need for advanced technology insertion so as to strike the most appropriate balance between development and/or production risk and the risk associated with failing to counter the threat.
- c. Estimate, program, budget and fund acquisition programs realistically.
- d. Plan for economical rates of production, surge and mobilization requirements, and, where appropriate, multi-year procurement.
- e. Establish program baselines and assign to PMs the authority and resources required to achieve these baselines.
- f. Develop and execute tailored acquisition strategies that are consistent with established DoD priorities and Component affordability constraints.

9. Tailored Acquisition Strategy. A primary goal in developing an acquisition strategy is to minimize the time it takes to satisfy the identified need consistent with common sense, sound business practices, and the basic management policies of this Directive. To this end, the following are to be considered in developing appropriate strategies tailored to meet the unique circumstances of individual programs.

- a. During the initial phases of development, studies shall be conducted to identify trade-offs between cost and performance requirements, assess technological risk, and identify the cost drivers and producibility factors associated with using new or immature technologies.
- b. Commensurate with risk, such approaches as developing separate alternatives in high-risk areas; using early funding to design-in reliability and support characteristics; reducing lead time through concurrency; using competitive prototyping of critical components; combining acquisition phases and making use of evolutionary acquisition procedures; and combining developmental and operational test and evaluation shall be considered and adopted when appropriate. In this regard, the procedures of DoD Directive 5000.3 (reference (f)) shall be integral to all acquisition planning and decision making.

c. Provisions for obtaining competition in each phase of the acquisition process shall be described in the acquisition strategy. This includes planning for competition for ideas and technologies in the early phases, and the use of commercial-style competition procedures that emphasize quality and established performance as well as price during the production phase. The strategy should normally contemplate narrowing the number of competing alternatives to eliminate concepts no longer considered viable as the acquisition process proceeds. This narrowing of competing alternatives shall be accomplished without unduly interrupting the remaining contracts, and need not be timed to coincide with milestone decision points.

d. Competitive prototyping of critical components, subsystems, or systems and early operational test and evaluation beginning in the concept demonstration/validation phase are encouraged and shall be emphasized.

e. Logistic supportability requirements, in the form of readiness goals and related design requirements and activities, shall be established early in the acquisition process and be considered in the formulation of the acquisition strategy. They shall receive emphasis comparable to that accorded to cost, schedule, and performance objectives and requirements.

f. Whenever possible and appropriate, consideration should be given to maximizing the use of "off-the-shelf" commercial products and the streamlining of military specifications so that only those military specifications that are directly relevant to the item(s) being procured are applied.

g. Contract type shall be consistent with all program characteristics including risk. Fixed price contracts are normally not appropriate for research and development phases. For such efforts, a cost-reimbursable contract is preferable because it permits an equitable and sensible allocation of program risk between the contracting parties.

10. Industrial Base Considerations and Government-Industry Relationships. A strong U.S. industrial base is essential for a strong defense. Accordingly, the near-term and long-term implications and ramifications of proposed acquisition programs on the U.S. defense base shall be explicitly considered during the decision making process. Additionally, technical collaboration with industry must be maintained to achieve acquisition objectives and meet technological challenges. However, to protect the public interest and foster competition, an ethical distance in business relationships between defense and industry must be maintained, without such buyer-seller relationship becoming adversarial.

11. Cooperative Acquisition Efforts. Cooperative acquisition efforts with U.S. Allies are essential to achieve the highest practicable degree of standardization and interoperability of equipment, and avoid duplication of effort. Mobilization requirements shall be a factor considered in evaluating opportunities for international cooperation (DoD Directive 2010.6, reference (k)). Multinational agreements shall be structured so that program events and decisions comply with this Directive and DoD Instruction 5000.2 (reference (b)).

E. PROCEDURES

1. Defense Acquisition Board (DAB). Consistent with DoD Directive 5000.49 (reference (1)), the DAB, chaired by the DAE and vice-chaired by the Vice Chairman, Joint Chiefs of Staff (VCJCS), shall be the primary forum used by DoD Components to resolve issues, provide and obtain guidance, and make recommendations to the Secretary of Defense through the DAE on matters pertaining to the DoD Acquisition System; the DAB shall also make recommendations on milestone decisions for DAB programs.

2. DAB Acquisition Committee Review. The appropriate DAB Acquisition Committee will review a DAB program prior to a DAB meeting. The purposes of this review are to identify and, where possible, reach consensus on issues; determine the issues to be brought before the DAB; and to formulate recommendations for DAB consideration.

a. Attendance at these reviews will be broad to facilitate the identification and resolution of issues and concerns and reduce the need for separate briefings and discussions.

b. The DAB Executive Secretary will attend all such reviews and will present the results of these reviews to the DAB.

3. ADM and Program Baseline Changes. Unless made during the course of the Planning, Programming, and Budgeting System process, the decisions and direction provided in an ADM and the provisions of a program baseline for major defense acquisition programs may not be modified without prior approval of the DAE. Further, the DAE shall be promptly notified if the provisions of either of these documents are breached or are in jeopardy of being breached.

4. Decisions Directed by Higher Authority. When an SAE or PEO give directions on a DAB program to the PM, documentation on these directions will be given to the PM. Copies of this documentation will be provided to the DAE.

5. Listing of DAB and Component Programs. The DAE shall periodically publish a list of the major defense acquisition programs that require milestone decisions by the Secretary of Defense (DAB programs) and those that have been delegated to DoD Component Heads for decisions (Component programs).

6. Detailed Procedures, Supporting Documentation Requirements, and Responsibilities. DoD Instruction 5000.2 (reference (b)) provides additional guidance regarding the specific procedures, supporting documentation requirements, and responsibilities for DAB programs and for Component programs, as appropriate.

F. RESPONSIBILITIES

1. The Under Secretary of Defense for Acquisition, as the principal staff assistant and advisor to the Secretary of Defense for acquisition matters, and the DAE shall:

- * a. Establish uniform policies and practices governing acquisition programs in general, and specific procedures, documentation requirements, and responsibilities for managing and reviewing major defense acquisition programs. *

b. Assure that the concepts, policies, and provisions of this Directive and references (b) through (l) are complied with and effectively administered throughout the Department of Defense.

c. Chair the DAB.

2. The Head of each DoD Component, having cognizance over and responsibility for acquisition programs, shall:

a. Appoint an SAE with clear lines of authority, responsibility, and accountability for acquisition program management and execution in accordance with this Directive and its references.

b. Establish an acquisition management structure within the Component that is consistent with the policy contained in this Directive.

c. Assure that high quality, experienced personnel are assigned to acquisition management positions within the Component in support of the SAE, PEO, and PM, as appropriate; and that the tenure of key personnel, such as the PEO and PM is of sufficient length to provide continuity and management stability.

d. Establish management training and career incentive programs to attract, retain, motivate, and reward personnel occupying acquisition management positions.

e. Assure that the acquisition decisions and guidance of the Secretary of Defense and the DAE are effectively and efficiently implemented within the Component.

f. Ensure that the performance appraisal system within the component for PEOs and PMs is consistent with the streamlined acquisition management structure contained in paragraphs D.2.a. and b. above.

3. The Vice Chairman of the Joint Chiefs of Staff, as the designee of the Chairman of the Joint Chiefs of Staff (CJCS) shall:

a. Serve as Vice Chairman of the DAB.

b. Provide advice and assistance concerning military requirements and priorities and the feasibility of common-use and/or joint solutions to Military Service requirements.

c. Serve as spokesman for the Commanders-in-Chief of the Unified and Specified Commands on acquisition and requirements matters.

4. Service Acquisition Executives shall:

a. Manage the established acquisition structure and process within their Component in a manner that is consistent with, and supportive of, the policies and provisions of this Directive and DoD Instruction 5000.2 (reference (b)).

b. Assure that imminent and actual breaches of Secretary of Defense decisions and approved program baselines for DAB and Component programs are reported expeditiously to the DAE.

c. Establish policies, procedures, and responsibilities for managing Component programs that are consistent with those established in this Directive and DoD Instruction 5000.2 (reference (b)).

5. Program Executive Officers shall:

a. Discharge their assigned management responsibilities in a manner consistent with the guidelines established by the SAE and this Directive.

b. Assure that subordinate PMs are cognizant of, and are complying with, the policies and provisions of this Directive.

c. Stay abreast of the status of programs within their assigned management responsibility and assure that imminent and actual breaches of Secretary of Defense decisions and established program baselines are promptly reported to the SAE along with recommended alternatives regarding future direction and actions.

d. Periodically assess the personnel assets and requirements of subordinate PMs, and the adequacy of functional management support they are being accorded, so that recommended adjustments can be identified to the SAE for decision.

e. Assure that subordinate PMs are given full authority to manage their respective programs within the scope of established program baselines.

6. Program Managers shall:

a. Manage their programs in a manner that is consistent with, and supportive of, the policies and practices contained in this Directive.

b. Commit to a program baseline.

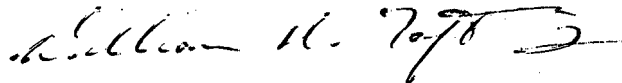
c. Identify personnel and functional management support shortfalls that adversely affect achievement of Secretary of Defense decisions and the approved program baseline.

d. Promptly report all imminent and actual breaches of Secretary of Defense decisions and approved program baselines along with recommendations regarding future direction and action(s).

e. Prepare and submit timely and accurate periodic program performance reports.

G. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Service Acquisition Executives shall forward one copy of appropriate implementing documents to the Defense Acquisition Executive within 120 days.

A handwritten signature in black ink, appearing to read "William H. Taft, IV". The signature is fluid and cursive, with a long horizontal stroke at the end.

WILLIAM H. TAFT, IV
Deputy Secretary of Defense

Enclosure

1. References

REFERENCES (continued)

- (e) Public Law 98-191, Office of Federal Procurement Policy Act Amendments of 1983," December 1, 1983 (Title 41, United States Code, Section 401-420)
- (f) Title 10, United States Code, Section 2430, "Major Defense Acquisition Programs Defined"
- (g) DoD Directive 5000.45, "Baselining of Selected Major Systems," August 25, 1986
- (h) Office of Management and Budget (OMB) Circular A-109, "Major System Acquisitions," April 5, 1976
- (i) DoD Directive 5000.4, "OSD Cost Analysis Improvement Group," October 30, 1980
- (j) DoD Directive 5000.3, "Test and Evaluation," March 12, 1986
- (k) DoD Directive 2010.6, "Standardization and Interoperability of Weapon Systems and Equipment within the North Atlantic Treaty Organization," March 5, 1980
- (l) DoD Directive 5000.49, "Defense Acquisition Board," September 1, 1987

E. PROCEDURES

1. Defense Acquisition Board (DAB). Consistent with DoD Directive 5000.49 (reference (1)), the DAB, chaired by the DAE and vice-chaired by the Vice Chairman, Joint Chiefs of Staff (VCJCS), shall be the primary forum used by DoD Components to resolve issues, provide and obtain guidance, and make recommendations to the Secretary of Defense through the DAE on matters pertaining to the DoD Acquisition System; the DAB shall also make recommendations on milestone decisions for DAB programs.

2. DAB Acquisition Committee Review. The appropriate DAB Acquisition Committee will review a DAB program prior to a DAB meeting. The purposes of this review are to identify and, where possible, reach consensus on issues; determine the issues to be brought before the DAB; and to formulate recommendations for DAB consideration.

a. Attendance at these reviews will be broad to facilitate the identification and resolution of issues and concerns and reduce the need for separate briefings and discussions.

b. The DAB Executive Secretary will attend all such reviews and will present the results of these reviews to the DAB.

3. ADM and Program Baseline Changes. Unless made during the course of the Planning, Programming, and Budgeting System process, the decisions and direction provided in an ADM and the provisions of a program baseline for major defense acquisition programs may not be modified without prior approval of the DAE. Further, the DAE shall be promptly notified if the provisions of either of these documents are breached or are in jeopardy of being breached.

4. Decisions Directed by Higher Authority. When an SAE or PEO give directions on a DAB program to the PM, documentation on these directions will be given to the PM. Copies of this documentation will be provided to the DAE.

5. Listing of DAB and Component Programs. The DAE shall periodically publish a list of the major defense acquisition programs that require milestone decisions by the Secretary of Defense (DAB programs) and those that have been delegated to DoD Component Heads for decisions (Component programs).

6. Detailed Procedures, Supporting Documentation Requirements, and Responsibilities. DoD Instruction 5000.2 (reference (b)) provides additional guidance regarding the specific procedures, supporting documentation requirements, and responsibilities for DAB programs and for Component programs, as appropriate.

F. RESPONSIBILITIES

1. The Under Secretary of Defense for Acquisition, as the principal staff assistant and advisor to the Secretary of Defense for acquisition matters, and the DAE shall:

a. Develop uniform policies and practices governing acquisition programs in general, and specific procedures, documentation requirements, and responsibilities for managing and reviewing major defense acquisition programs.

b. Assure that the concepts, policies, and provisions of this Directive and references (b) through (l) are complied with and effectively administered throughout the Department of Defense.

c. Chair the DAB.

2. The Head of each DoD Component, having cognizance over and responsibility for acquisition programs, shall:

a. Appoint an SAE with clear lines of authority, responsibility, and accountability for acquisition program management and execution in accordance with this Directive and its references.

b. Establish an acquisition management structure within the Component that is consistent with the policy contained in this Directive.

c. Assure that high quality, experienced personnel are assigned to acquisition management positions within the Component in support of the SAE, PEO, and PM, as appropriate; and that the tenure of key personnel, such as the PEO and PM is of sufficient length to provide continuity and management stability.

d. Establish management training and career incentive programs to attract, retain, motivate, and reward personnel occupying acquisition management positions.

e. Assure that the acquisition decisions and guidance of the Secretary of Defense and the DAE are effectively and efficiently implemented within the Component.

f. Ensure that the performance appraisal system within the component for PEOs and PMs is consistent with the streamlined acquisition management structure contained in paragraphs D.2.a. and b. above.

3. The Vice Chairman of the Joint Chiefs of Staff, as the designee of the Chairman of the Joint Chiefs of Staff (CJCS) shall:

a. Serve as Vice Chairman of the DAB.

b. Provide advice and assistance concerning military requirements and priorities and the feasibility of common-use and/or joint solutions to Military Service requirements.

c. Serve as spokesman for the Commanders-in-Chief of the Unified and Specified Commands on acquisition and requirements matters.

4. Service Acquisition Executives shall:

a. Manage the established acquisition structure and process within their Component in a manner that is consistent with, and supportive of, the policies and provisions of this Directive and DoD Instruction 5000.2 (reference (b)).