



Department of Defense

DIRECTIVE

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SUBJECT: Defense Acquisition

- References:
- (a) Secretary of Defense Report, "Defense Management Report to the President," July 1989
 - (b) DoD Directive 5000.1, "Major and Non-Major Defense Acquisition Programs," September 1, 1987 (hereby canceled)
 - (c) DoD Directive 4245.1, "Military Department Acquisition Management Officials," July 8, 1986 (hereby canceled)
 - (d) DoD Instruction 5000.2, "Defense Acquisition Management Policies and Procedures," February 23, 1991
 - (e) through (bbbb), see enclosures 4 and 5

A. REISSUANCE AND PURPOSE

This Directive:

- 1. Establishes a disciplined management approach for acquiring systems and materiel that satisfy the operational user's needs. This approach is based on the principles contained in the "Defense Management Report to the President" (reference (a)).
- 2. Replaces:
 - a. DoD Directive 5000.1, "Major and Non-Major Defense Acquisition Programs" (reference (b)).
 - b. DoD Directive 4245.1, "Military Department Acquisition Management Officials" (reference (c)).
- 3. Cancels the documents identified in enclosure 5, Cancellations (references (r) through (bbbb)), which will be replaced by DoD Instruction 5000.2, "Defense Acquisition Management Policies and Procedures" (reference (d)).

B. APPLICABILITY AND PRECEDENCE

- 1. This Directive applies to:
 - a. The Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Unified and Specified Commands, the Defense Agencies, and DoD Field Activities (hereafter referred to collectively as "DoD Components").

- b. The management of major and nonmajor defense acquisition programs and highly sensitive classified programs.
2. This Directive and DoD Instruction 5000.2 (reference (d)) rank first and second in order of precedence for providing policies and procedures for managing acquisition programs, except when statutory requirements override. If there is any conflicting guidance pertaining to contracting, the Federal Acquisition Regulation and/or Defense Federal Acquisition Regulation Supplement shall take precedence over this Directive and DoD Instruction 5000.2.
3. The acquisition of nuclear and nuclear capable weapon systems is additionally governed by DoD Directive 3150.1, "Joint Nuclear Weapons Development Studies and Engineering Projects" (reference (e)).
4. The enclosures accompanying this Directive are part of the Directive and references to the Directive include references to the enclosures.

C. DEFINITIONS

1. Acquisition Program. A directed, funded effort that is designed to provide a new or improved materiel capability in response to a validated need.
2. Major Defense Acquisition Program. An acquisition program that is not a highly sensitive classified program (as determined by the Secretary of Defense) and that is:
 - a. Designated by the Under Secretary of Defense for Acquisition as a major defense acquisition program, or
 - b. Estimated by the Under Secretary of Defense for Acquisition to require:
 - (1) An eventual total expenditure for research, development, test, and evaluation of more than \$200 million in fiscal year 1980 constant dollars (approximately \$300 million in fiscal year 1990 constant dollars), or
 - (2) An eventual total expenditure for procurement of more than \$1 billion in fiscal year 1980 constant dollars (approximately \$1.8 billion in fiscal year 1990 constant dollars).
3. Highly Sensitive Classified Program. An acquisition special access program established in accordance with DoD 5200.1-R, "Information Security Program Regulation" (reference (f)). Such a program is managed in accordance with DoD Directive O-5205.7, "Special Access Program Policy" (reference (g)).
4. Nonmajor Defense Acquisition Program. A program other than a major defense acquisition program or a highly sensitive classified program.
5. Milestones. Are major decision points that separate the phases of an acquisition program.

6. Milestone Decision Authority. The individual designated in accordance with criteria established by the Under Secretary of Defense for Acquisition to approve entry of an acquisition program into the next phase.
7. Performance. Those operational and support characteristics of the system that allow it to effectively and efficiently perform its assigned mission over time. The support characteristics of the system include both supportability aspects of the design and the support elements necessary for system operation.
8. Supplementation. The publication of directives, instructions, regulations, and related documents that add to, restrict, or otherwise modify the policies or procedures of a higher authority.
9. Implementation. The publication of directives, instructions, regulations, and related documents that define responsibilities and authorities and establish the internal management processes necessary to implement the policies or procedures of a higher authority.

D. POLICIES

The policies in this Directive govern defense acquisition by DoD Components. The acquisition policies in Part 1 of this Directive establish a disciplined approach for integrating the efforts and products of the Department's requirements generation; acquisition management; and planning, programming, and budgeting systems.

E. INTEGRATED MANAGEMENT FRAMEWORK

The integrated management framework envisioned in the policies in Part 1 is described in Part 2 of this Directive. This framework is intended to provide the basis for developing and publishing acquisition management policies established by this Directive that are consistent with and support the requirements generation system and the planning, programming, and budgeting system described herein.

F. RESPONSIBILITIES

DoD Component Heads shall ensure that the policies in this Directive are followed by their respective Components. The significant acquisition management responsibilities of key officials and forums are contained in Part 3 of this Directive.

G. SUPPLEMENTATION

Consistent with the objective of reducing the self-imposed administrative burden within the Department of Defense, this Directive shall not be supplemented, except as prescribed by statute, specifically authorized herein, or with the prior approval of the Secretary or the Deputy Secretary of Defense.

H. WAIVERS

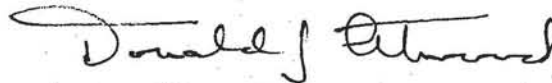
Any requests for exceptions to any provisions of this Directive shall be submitted to the Secretary or the Deputy Secretary of Defense through the Under Secretary of Defense for Acquisition.

I. IMPLEMENTATION

1. The Under Secretary of Defense for Acquisition may issue instructions necessary to implement this Directive.
2. All officials with responsibilities assigned by this Directive shall coordinate as appropriate with other officials of the Department of Defense in carrying out those responsibilities.
3. DoD Component Heads shall establish strict controls to ensure that implementing directives, instructions, regulations, and related documents are kept to the absolute minimum consistent with this Directive.

J. EFFECTIVE DATE

This Directive is effective immediately.



Donald J. Atwood
Deputy Secretary of Defense

Enclosures - 5

1. Part 1 - Policies Governing Defense Acquisition
2. Part 2 - Integrated Management Framework
3. Part 3 - Responsibilities
4. Part 4 - References
5. Part 5 - Cancellations

PART 1

POLICIES GOVERNING DEFENSE ACQUISITION

A. OVERVIEW

The policies of this Directive establish a disciplined approach for integrating the efforts and products of the Department's requirements generation; acquisition management; and planning, programming, and budgeting systems. This approach provides for the following:

1. Translating Operational Needs into Stable, Affordable Programs. An integrated management framework shall be used for translating broadly stated mission needs into stable, affordable acquisition programs that meet the user's needs and can be sustained given projected resource constraints.
2. Acquiring Quality Products. A rigorous, event-oriented management process shall be used for acquiring quality products that emphasizes effective acquisition planning, improved communications with users, and aggressive risk management by both Government and industry.
3. Organizing for Efficiency and Effectiveness. A streamlined acquisition management structure shall be established with short, clearly defined lines of responsibility, authority, and accountability that promote increased efficiency and effectiveness.

B. TRANSLATING OPERATIONAL NEEDS INTO STABLE, AFFORDABLE PROGRAMS

Long-range modernization and investment planning and rigorous affordability assessments are essential to achieving greater program stability. Prudent management also dictates that new acquisition programs only be initiated after fully examining alternative ways of satisfying identified military needs. Once initiated, all programs must strike a sensible balance among cost, schedule, and performance considerations, given affordability constraints.

1. Long-Range Program Planning. Broad long-range investment plans shall be developed for each DoD Component with programming and budgeting responsibilities.
 - a. The plans shall be based on the best estimate of future topline fiscal resources and form the basis for making long-range affordability assessments of acquisition programs.
 - b. The Deputy Secretary of Defense shall approve the general nature of the plans and provide affordability planning guidance for structuring major defense acquisition programs.

c. The Under Secretary of Defense for Acquisition shall prepare long-range acquisition investment area analyses. The analyses are to:

- (1) Provide insights for determining the timing and affordability of proposed new start acquisition programs.
- (2) Identify highly promising technological opportunities for possible exploitation.
- (3) Assess the potential outyear impact of the defense acquisition program on the U.S. technology and industrial base.

2. **Evolutionary Requirements Definition.** Mission needs shall be expressed initially in broad operational capability terms.

- a. Identified mission needs shall first be assessed to determine if they can be satisfied by nonmateriel solutions. Nonmateriel solutions include changes in doctrine, operational concepts, tactics, training, or organization.
- b. Once approved as a new start acquisition program, operational performance requirements for the concept(s) selected shall be progressively evolved from broad operational capability needs to system-specific performance requirements (e.g., for range, speed, weight, payload, reliability, maintainability, availability, interoperability).
- c. Intelligence threat assessments shall be produced, approved, and validated for use by acquisition authorities to ensure that each system developed is mission-capable in its intended operational environment.
- d. Intelligence assessment documents and documents identifying mission needs and operational performance requirements shall be standardized and be relatable to the acquisition process and program baselines.

3. **Acquisition Process - Milestones and Phases.** The acquisition process shall be structured in discrete logical phases separated by major decision points, called milestones.

- a. The process shall begin with the identification of broadly stated mission needs that can not be satisfied by nonmateriel solutions.
- b. Threat projections, life-cycle costs, cost-performance-schedule trade-offs, affordability constraints, and risk management shall be major considerations at each milestone beginning with the new start decision milestone.
- c. The milestone decision authority for acquisition programs shall be delegated to the lowest level deemed appropriate by the Under

Secretary of Defense for Acquisition or the DoD Component Head as appropriate.

- (1) To facilitate delegation, the Under Secretary of Defense for Acquisition shall establish acquisition program decision categories that are directly relatable to the streamlined acquisition chain of authority and accountability established by this Directive.
- (2) These categories should also permit a clear correlation with program implementation and reporting requirements imposed by statute.

4. New Start Acquisition Programs. A full range of alternatives must be considered prior to deciding to initiate a new acquisition program. In support of this:

- a. Studies shall be conducted of promising alternative materiel concepts that could satisfy an identified mission need prior to a decision to commit to a new start acquisition program. The Under Secretary of Defense for Acquisition shall coordinate the funding of such studies for mission needs that could potentially result in new start major defense acquisition programs.
- b. A hierarchy of potential materiel alternatives must be considered prior to a decision to commit to a new start acquisition program. The order of preference for materiel alternatives generally is:
 - (1) Use or modification of an existing U.S. military system.
 - (2) Use or modification of an existing commercially developed or Allied system that fosters a nondevelopmental acquisition strategy.
 - (3) A cooperative research and development program with one or more Allied nations.
 - (4) A new joint-Service development program.
 - (5) A new Service-unique development program.
- c. The Deputy Secretary of Defense shall approve funding for the initiation of new major defense acquisition programs and all highly sensitive classified programs and shall establish affordability planning constraints for those programs approved.

5. Sensitive Information and Technologies. Sensitive information and technologies shall be identified early and protected from inadvertent or unauthorized disclosure. The identification of such information and technologies, and decisions on their transfer to foreign governments and foreign contractors in support of cooperative programs, foreign contracting and foreign sales, shall be accomplished early in the acquisition process and shall be reassessed at each milestone decision point.

C. ACQUIRING QUALITY PRODUCTS

Effective acquisition planning and aggressive risk management by both Government and industry are essential for success. Program decisions and resource commitments must be based on plans for, and progress in, controlling risk.

1. Acquisition Strategies and Program Plans. Acquisition strategies and program plans shall be tailored to accomplish established program objectives and to control risk. They must also provide the information essential for milestone decisions. In this regard:

- a. Acquisition strategies shall be event-driven and explicitly link major contractual commitments and milestone decisions to demonstrated accomplishments in development and testing.
- b. Program plans must provide for a systems engineering approach to the simultaneous design of the product and its associated manufacturing, test, and support processes. This concurrent engineering approach is essential to achieving a careful balance among system design requirements (e.g., operational performance, producibility, reliability, maintainability, logistics and human factors engineering, safety, survivability, interoperability, and standardization).
- c. Maximum practicable use shall be made of commercial and other nondevelopmental items. In describing these items, maximum practicable use shall be made of non-Government standards and commercial item descriptions.
- d. Solicitations and contract requirements shall be streamlined at program initiation and during each subsequent acquisition phase.
 - (1) Solicitations shall be structured and timed so that they do not foreclose trade-off options at milestone decision points.
 - (2) Contract requirements that are not mandated by law, Federal Acquisition Regulation and/or Defense Federal Acquisition Regulation Supplement, or established policies and that do not contribute to system performance or effective management shall be excluded.

2. Risk Management. Program risks and risk management plans shall be explicitly assessed at each milestone decision point prior to granting approval to proceed into the next acquisition phase.

- a. Critical parameters that are design cost drivers or have a significant impact on readiness, capability, and life-cycle costs must be identified early and managed intensively.
- b. Technology demonstrations and aggressive prototyping (including manufacturing processes, hardware and software systems, and

critical subsystems), coupled with early operational assessments, are to be used to reduce risk.

- c. Test and Evaluation shall be used to determine system maturity and identify areas of technical risk.
- d. Solicitation documents shall require contractors to identify risks and specific plans to assess and eliminate risks or reduce them to acceptable levels.
- e. Risk areas to be assessed at milestone decision points shall include:
 - (1) Threat, technology, design and engineering, support, manufacturing, cost, and schedule.
 - (2) The risks inherent in the degree of concurrency being proposed.
- f. Schedule shall be subject to trade-off as a means of keeping risk at acceptable levels.

3. **Contract Type Selection.** The contracting approach selected for each acquisition phase must permit an equitable and sensible allocation of risk between Government and industry.

- a. Fixed price-type development contracts for major systems and subsystems in excess of \$10 million shall not be used without the prior approval of the Under Secretary of Defense for Acquisition. This shall also apply to nonmajor systems and subsystems.
- b. Fixed price-type contracts for lead ships must be approved by the Under Secretary of Defense for Acquisition.

4. **Program Objectives and Baselines.** Broad objectives for cost, schedule, and performance parameters are to be established beginning at the new start milestone decision point. They are to be refined, expanded as appropriate, and included in subsequent program baselines.

- a. Design to average unit procurement cost objectives based on realistic quantities and production rates shall be established for all major defense acquisition programs and for highly sensitive classified programs that meet the cost thresholds for major defense acquisition programs. They may also be established for nonmajor defense acquisition programs and highly sensitive classified programs below the cost threshold of major defense acquisition programs, at the discretion of the milestone decision authority.
- b. Performance objectives must satisfy identified operational needs and be verifiable by testing. They must include critical supportability factors such as reliability, availability, and maintainability.

- c. The user or user's representative shall participate in the development of operational performance objectives.
5. Competition and Source Selection. Defense systems, subsystems, equipment, supplies and services shall be acquired on a competitive basis to the maximum extent practicable as a means of achieving cost, schedule, and performance benefits.
- a. This policy is not intended to affect adversely such programs as those dealing with small, minority, and disadvantaged business, small business innovation research, and establishment of minority business goals, consistent with applicable law.
 - b. The feasibility, cost, and benefits of competition in each phase of a program's implementation shall be explicitly addressed at each milestone, beginning with the new start milestone decision point. This includes competition for ideas and technologies in the early phases, and the use of competitive procedures that provide the greatest benefit to the Government.
 - c. Contractors' past performance and current capability (technical, logistical, physical, financial, and managerial) shall be considered in source selection and responsibility determinations.
6. Contractor Management Information Systems. Contractor management information and program control systems, and reports emanating therefrom, shall be used to the maximum extent possible.
- a. Contractors shall not be required to revise existing systems except as necessary to satisfy DoD criteria.
 - b. Documentation and information shall be limited to the minimum amount needed to satisfy necessary and specific management needs.
 - c. No funds may be obligated or expended to prepare or assist any contractor in preparing any material, report, list, or analysis with respect to the actual or projected economic or employment impact on a particular State or Congressional district of an acquisition program for which all research, development, test, and evaluation has not been completed.

D. ORGANIZING FOR EFFICIENCY AND EFFECTIVENESS

Short lines of responsibility and authority must be coupled with clear accountability for implementing established policies and procedures. Coupled with a well-trained and motivated acquisition work force and strict limitations on supplementation and implementation, this will facilitate decisionmaking, foster uniformity, and lead to a more efficient and effective acquisition management system.

1. Short, Clear Lines of Authority and Accountability

- a. Each DoD Component with acquisition management responsibilities shall maintain a streamlined chain of authority and accountability for managing major defense acquisition programs and highly sensitive classified programs above the cost thresholds for a major defense acquisition program. This chain of authority and accountability shall extend from a DoD Component Acquisition Executive through Program Executive Officers to individual Program Managers. Program Managers may report directly to the DoD Component Acquisition Executive when the head of the DoD Component involved determines that it is warranted.
- (1) Program direction and control must be issued by, and flow through, this streamlined chain. This includes all matters pertaining to cost, schedule, performance, and allocated program funding.
 - (2) Individual personnel performance evaluations shall be rendered only within this streamlined chain of authority.
 - (3) The authority to approve the written acquisition plans required by the Federal Acquisition Regulation, reference (h), and the Defense Federal Acquisition Regulation Supplement, reference (i), shall be delegated to the lowest level deemed practicable by the DoD Component Acquisition Executive.
 - (4) Program Executive Officers shall receive separate allocation of funds and normally shall be delegated authority to approve below threshold reprogramming actions within their allocation in accordance with DoD Component funds control procedures. This authority shall be limited to those programs for which they exercise management control.
 - (5) Personnel authorizations and funding for the offices of Program Executive Officers and the offices of their assigned Program Managers, and direct reporting Program Managers, shall be administered separately from the Military Departments' systems, logistics, and materiel commands.
- b. A similar streamlined structure shall be established for managing nonmajor defense acquisition programs and highly sensitive classified programs below the cost thresholds for a major defense acquisition program.
- (1) No more than two levels of review shall exist between Program Managers of these programs and their designated milestone decision authority.
 - (2) Individual personnel performance evaluations shall be rendered only within this streamlined chain of authority.

- c. The roles of the Military Departments' systems, logistics, and materiel commands shall primarily focus on:
- (1) Providing essential logistical support for deployed equipment and forces.
 - (2) Exercising direction and control over assigned programs (other than those conducted under the Program Executive Officer structure) and acquisition related activities (e.g., test centers, laboratories, and support centers).
 - (3) Providing a variety of support services to Program Executive Officers and Program Managers of major defense acquisition programs and highly sensitive classified programs, while duplicating none of their responsibilities or functions. Support services include procurement and contracting, legal, finance and accounting, systems engineering and logistics, developmental test and evaluation, and other such support.
2. **Role of Boards, Councils, Committees, and Staffs.** Boards, councils, committees, and staffs facilitate decisionmaking by providing advice to those responsible for managing programs. They also may develop independent assessments of programs when requested by milestone decision authorities for their consideration. They have no authority to and shall not issue programmatic direction or impede the orderly progression of programs through the acquisition process.
3. **Independent Operational Test Activity.**
- a. The Director of Operational Test and Evaluation shall prescribe policies and procedures for the conduct of operational test and evaluation in the Department of Defense.
 - b. The head of each Military Department and, as appropriate, Defense Agency shall establish an independent operational test and evaluation activity. This activity shall:
 - (1) Be separate and independent from the materiel-developing and -procuring agency and the using agency.
 - (2) Be responsible for planning and conducting operational tests, reporting results, and providing evaluations of each tested system's operational effectiveness and suitability.
 - (3) Report directly to the head of the DoD Component, except that the Secretary of a Military Department may delegate responsibility for supervising this activity to the Service Chief concerned.
 - c. Acquisition managers shall not influence or attempt to influence the objectivity and completeness of test results presented to decisionmakers by the independent operational test activity.

4. **Tenure of Key Officials.** Program Managers of major defense acquisition programs shall direct their programs for 4 years or until completion of a major program milestone. Program Managers of highly sensitive classified programs above the cost thresholds for a major defense acquisition program shall direct their programs for 4 years or until completion of a major program milestone. Program Executive Officers should have tenure of at least comparable duration.
5. **Acquisition Corps.** Dedicated acquisition corps shall be established and managed in accordance with applicable law.
6. **Acquisition Policy and Procedures.** The policies established by this Directive provide an integrated approach for defense acquisition.
 - a. The Under Secretary of Defense for Acquisition shall establish and publish acquisition management policies and procedures that are consistent with and support:
 - (1) The policies established by this Directive.
 - (2) The guidelines of Office of Management and Budget Circular A-109, "Major System Acquisitions" (reference (j)).
 - (3) The provisions of current statutes.
 - b. Highly sensitive classified programs shall comply with the acquisition management policies and procedures established by the Under Secretary of Defense for Acquisition for such programs.
 - c. The objectives of these policies and procedures shall be to establish a disciplined, rigorous acquisition management process with clear, uniform standards and to avoid the proliferation of documents and guidance. Accordingly, they shall be structured so that they can be implemented down to the Program Manager and field operating level without supplementation and with minimum implementing directives, instructions, regulations, and related documents.

PART 2

INTEGRATED MANAGEMENT FRAMEWORK

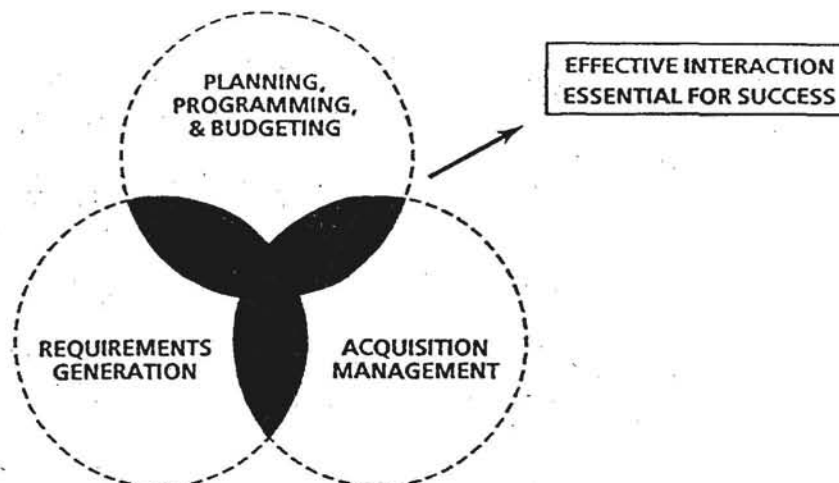
A. OVERVIEW

The policies established in Part 1 forge a closer, more effective interface among the Department's three major decisionmaking support systems affecting acquisition. These are the:

- Requirements Generation System.
- Acquisition Management System.
- Planning, Programming, and Budgeting System.

This part describes the major characteristics of each system and highlights the complex relationships that must be maintained for effective decisionmaking. These characteristics and relationships define the integrated management framework for defense acquisition. This part describes the disciplined integration of the three systems and is not intended to establish policy. Elements of the decisionmaking systems described below are adjusted as necessary to assist the Secretary of Defense in decisionmaking as circumstances change.

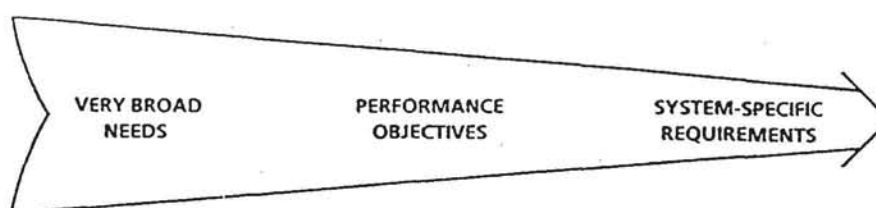
THE THREE SYSTEMS



B. REQUIREMENTS GENERATION SYSTEM

1. Overview. The requirements generation system produces information for decisionmakers on projected mission needs.
 - a. The needs identified are expressed initially in broad operational terms. They are progressively translated into system-specific performance requirements.
 - b. This evolutionary approach enables decisionmakers to make informed cost-performance-schedule trade-offs at critical points in a program's implementation.

REQUIREMENTS EVOLUTION



2. Identifying and Processing Mission Needs. Mission needs are identified as a direct result of continuing assessments of current and projected capabilities in the context of changing military threats and national defense policy.
 - a. The assessments are conducted by the Unified and Specified Commands, the Military Departments, the Office of the Secretary of Defense, and the Chairman of the Joint Chiefs of Staff. Their purpose is to identify deficiencies that may result in a need to:
 - (1) Change doctrine, tactics, training, or organization;
 - (2) Fix shortcomings in existing materiel; or
 - (3) Introduce new operational capabilities.
 - b. Assessments may also identify opportunities made possible by technological breakthroughs that could reduce ownership costs or improve the effectiveness of current materiel.
 - c. Decisionmakers review the results of these assessments to determine what actions, if any, should be taken to meet the needs identified.
 - (1) Needs that can be satisfied by changes in doctrine, tactics, training, or organization are sent to the Military Departments for consideration and action.

- (2) Needs that could potentially result in the establishment of new defense acquisition programs are described in Mission Need Statements.

3. Developing and Processing Mission Need Statements. The Mission Need Statement defines projected needs in broad operational terms.

a. Examples of such needs include:

- (1) The need to impede the advance of large armored formations 200 kilometers beyond the front lines; or
- (2) The need to neutralize advances in submarine quieting made by potential adversaries.

b. Mission Need Statements that potentially could result in the initiation of new major defense acquisition programs are processed as described in subsection B.4., below. The following factors should be considered when determining how to process the Statement:

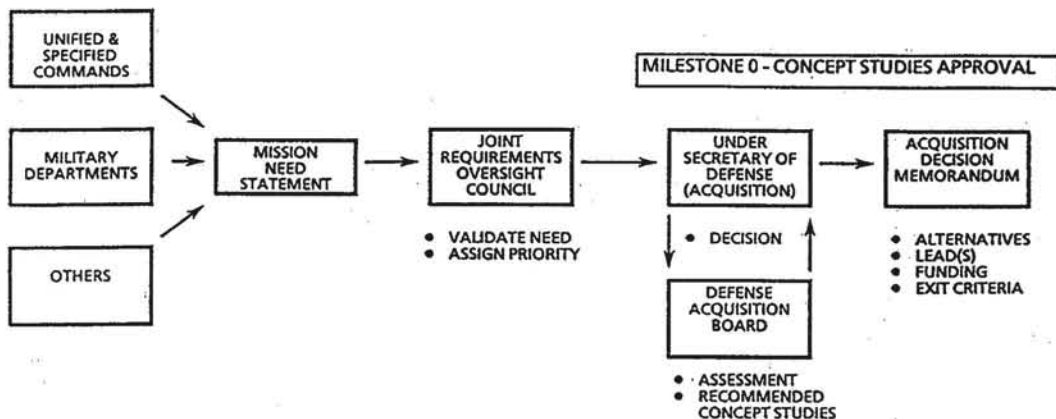
- (1) A determination of whether or not an identified need could result in the initiation of a new major defense acquisition program is highly subjective.
- (2) In general, an identified need should be placed in this category if it potentially could result in:
 - (a) A capability that may require the use of new, leading edge technologies and an extensive development effort.
 - (b) The initiation of a major performance envelope upgrade to an existing system that is fielded in significant quantities.
- (3) When there is doubt, the need should be treated as if it would result in a new major defense acquisition program.

c. Statements that potentially could result in the initiation of nonmajor defense acquisition programs are sent to the appropriate DoD Component for consideration and action. DoD Components send an information copy of these Statements to the Chairman of the Joint Chiefs of Staff, to assess joint potential.

4. Processing Mission Need Statements for Major Defense Acquisition Programs. Statements that potentially could result in a new major defense acquisition program are processed as described below.

MISSION NEED STATEMENT FLOW

(MAJOR DEFENSE ACQUISITION PROGRAMS)



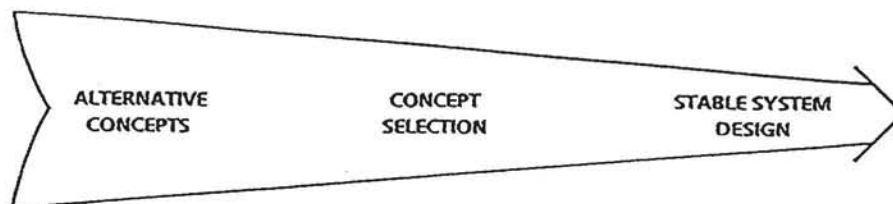
- a. These Statements are forwarded through established review channels to the Joint Requirements Oversight Council.
- (1) This council is chaired by the Vice Chairman of the Joint Chiefs of Staff.
 - (2) The Vice Chiefs of Staff of the Army and Air Force, the Vice Chief of Naval Operations, and the Assistant Commandant of the Marine Corps are members of the Council.
- b. The Council reviews each Mission Need Statement and confirms that the identified mission need cannot be satisfied by a nonmateriel solution (e.g., a change in doctrine, operational concepts, tactics, training, or organization). When a nonmateriel solution is not considered to be feasible, the Council determines the validity of the identified mission need and forwards the Mission Need Statement as either approved or disapproved to the Under Secretary of Defense for Acquisition. For those Statements it approves, the Council will also assign a joint priority.
5. Milestone 0, Concept Studies Approval. The Under Secretary of Defense for Acquisition decides whether to convene a Defense Acquisition Board for review of the Mission Need Statement.
- a. The Defense Acquisition Board is chaired by the Under Secretary of Defense for Acquisition.
- (1) The Vice Chairman of the Joint Chiefs of Staff serves as vice chairman of the Board.

- (2) Other members of the Board include the Service Acquisition Executives of the Departments of the Army, Navy, and Air Force; the Director of Defense Research and Engineering; the Assistant Secretary of Defense for Program Analysis and Evaluation; the Comptroller of the Department of Defense; and the Director of Operational Test and Evaluation.
 - b. This review and decision point is called Milestone 0 - Concept Studies Approval. It marks the initial interface between the requirements generation and the acquisition management systems.
 - c. The Under Secretary's decision on each Statement reviewed by the Defense Acquisition Board is reflected in an Acquisition Decision Memorandum. For each Statement receiving favorable consideration, the Acquisition Decision Memorandum:
 - (1) Directs studies of a minimum set of materiel alternatives.
 - (2) Designates one or more of the Military Departments or Defense Agencies to conduct the studies and present the results at the next milestone decision point.
 - (3) Identifies a source of funding for the studies. The monies may come from reprogramming, budget amendment actions, or study funds controlled by one or more of the DoD Components.
 - d. Mission Need Statements that could result in the initiation of new nonmajor defense acquisition programs are processed using the procedures established by each DoD Component Head.
6. Subsequent Phases and Milestone Decision Points. The interaction between the requirements generation and acquisition management systems continues through subsequent phases and milestone decision points.
- a. The user or the user's representative plays a critical role by translating the broadly stated needs into operational performance parameters and minimum acceptable operational requirements for the proposed system.
 - (1) These parameters and requirements are reflected in an operational requirements document.
 - (2) They provide a basis for cost-schedule-performance trade-offs and the development of performance objectives in acquisition program baselines and system-specific performance requirements in contract specifications.
 - b. The milestone decision points and phases are highlighted in section C., below. They are described in more detail in DoD Instruction 5000.2, "Defense Acquisition Management Policies and Procedures" (reference (d)).

C. ACQUISITION MANAGEMENT SYSTEM

1. Overview. The acquisition management system provides for a streamlined acquisition management structure and an event-driven acquisition process that explicitly links milestone decisions to demonstrated accomplishments.
 - a. The process provides the basis for making informed trade-off decisions, given affordability constraints and the user's needs.
 - b. It is the means for translating the user's needs into alternative concepts and, ultimately, a stable system design.

ACQUISITION DESIGN EVOLUTION



2. Milestone Decision Points. Milestone decision reviews occur at critical junctures in a program's implementation. The products of all three management systems must be effectively integrated at these decision points. This is critical to structuring sound, affordable programs that satisfy the user's needs.
 - a. At each decision point, the milestone decision authority:
 - (1) Assesses the status of the program relative to the user's needs, the established program baseline and acquisition strategy, and approved financial plans.
 - (2) Evaluates the updated acquisition strategy and the plans for conducting the next phase and managing risk.
 - (3) Makes cost-performance-schedule trade-offs, assesses the affordability of what is being proposed, and determines if the program should be terminated, redirected, or allowed to continue into the next phase. For those programs receiving a go-ahead, the decision authority establishes:
 - (a) A refined program baseline for the next phase containing appropriate objectives and thresholds for cost, schedule, and performance; and

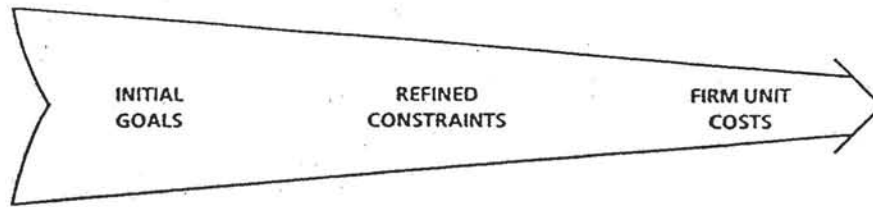
- (b) Program-specific accomplishments, called exit criteria, that must be satisfied during the next acquisition phase.
- b. The Joint Requirements Oversight Council plays a major role in the milestone reviews of all acquisition programs reviewed by the Defense Acquisition Board. In this regard, the Council:
 - (1) Confirms that the mission need is still valid.
 - (2) Confirms that the proposed performance objectives and thresholds satisfy the need given a validated threat assessment.
 - (3) Provides recommendations on proposed cost-performance-schedule trade-offs based on affordability, technological constraints, interoperability, and overall program progress.
- 3. Acquisition Phases. The acquisition phases provide a logical means of progressively translating broadly stated mission needs into well-defined system-specific requirements.
 - a. The focus and specific activities of each phase must be event-oriented and tailored to:
 - (1) Support attainment of established minimum required accomplishments, program-specific exit criteria, and program objectives.
 - (2) Provide the information needed for decisionmaking at each milestone.
 - b. Since phases invariably span several fiscal years, the progress of program implementation must be closely linked with the planning, programming, and budgeting system process described in section D., below.

D. PLANNING, PROGRAMMING, AND BUDGETING SYSTEM

- 1. Overview. The products of the planning, programming, and budgeting system provide the basis for making informed affordability assessments and resource allocation decisions on defense acquisition programs.
 - a. Initial affordability goals and resource commitments are made based on best estimates of realistic topline fiscal constraints.

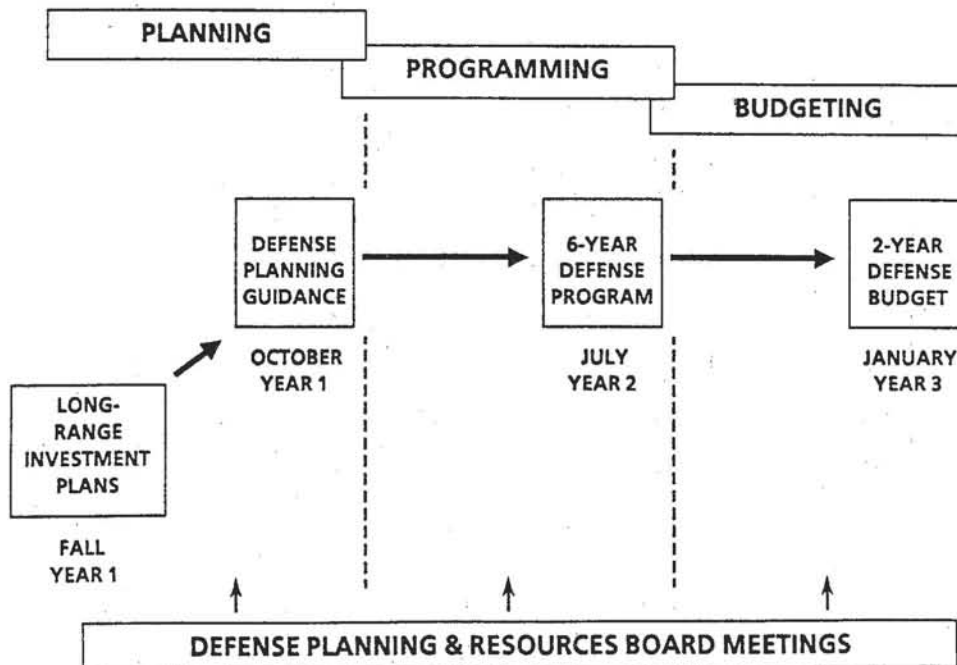
- b. These goals and resource commitments are subsequently refined in light of program progress and major changes in outyear fiscal projections.

AFFORDABILITY CONSTRAINTS



2. The Three Phases of the Process. The planning, programming, and budgeting system defined by DoD Directive 7045.14, "The Planning, Programming, and Budgeting System (PPBS)" (reference (k)), and DoD Instruction 7045.7, "Implementation of the Planning, Programming, and Budgeting System (PPBS)" (reference (l)), encompasses three major phases.
- a. Each phase is structured to provide a product by an established calendar suspense date (e.g., the Defense Planning Guidance is to be published by 1 October of every other calendar year).
 - b. These phases, illustrated in simple form below, enable decisionmakers to translate national strategies and objectives into long-range program plans and planning guidance, 6-year defense programs, and 2-year budget requests.

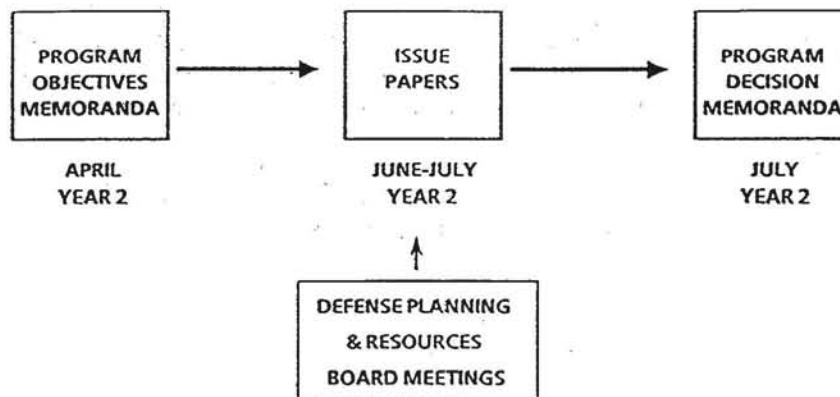
PLANNING, PROGRAMMING, & BUDGETING SYSTEM



- c. The Defense Planning and Resources Board meets during each phase. The purpose of these meetings is to facilitate decisionmaking by the Secretary and Deputy Secretary of Defense.
 - (1) The Deputy Secretary of Defense chairs Defense Planning and Resources Board meetings.
 - (2) Board members include the Secretaries of the Military Departments, the Chairman of the Joint Chiefs of Staff, the Under Secretaries of Defense for Acquisition and Policy, the Assistant Secretary of Defense for Program Analysis and Evaluation, and the Comptroller of the Department of the Defense.
 - (3) The Vice Chairman of the Joint Chiefs of Staff, the Service Chiefs, and representatives of the Director of the Office of Management and Budget and the Assistant to the President for National Security Affairs attend on a regular basis as appropriate. The Commanders in Chief of the Unified and Specified Commands, and selected Assistant Secretaries of Defense attend meetings as required.
- 3. Planning Phase. The planning phase results in the development of a broad long-range investment plan for each DoD Component with programming and budgeting responsibilities and the Defense Planning Guidance.
 - a. The purpose of the long-range plans is to reflect the projected major modernization and investment requirements, including acquisition, of each DoD Component.
 - (1) The Deputy Secretary of Defense approves or modifies the general nature of the plans, after Defense Planning and Resources Board review.
 - (2) The approved plans will be used in assessments of the affordability of acquisition programs during the programming phase.
 - (3) They also are used in developing the Defense Planning Guidance and assessing the affordability of major resource changes being proposed in the acquisition management system.
 - b. The Defense Planning Guidance sets forth broad policy objectives and military strategy. It identifies priority operational capability objectives where possible, and the resources to be allocated to achieve those objectives.
 - (1) The military strategy and priority capability objectives define the required capabilities of U.S. military forces and establish the need for selected acquisition programs.

- (2) The Defense Planning Guidance is reviewed and discussed by the Defense Planning and Resources Board and approved in final form by the Secretary of Defense. This document is to be published by 1 October of every other calendar year.
 - (3) The approved document guides development of the 6-year Defense Program, which is produced during the programming phase.
4. Programming Phase. The programming phase results in development of a 6-year Defense Program for each DoD Component, and for the Department of Defense as a whole.
- a. The 6-year program links national policies, strategy, and objectives to specific forces and major programs, including acquisition programs. It is based on the Defense Planning Guidance and on updated outyear fiscal projections.
 - b. Key products and features of this phase are illustrated and discussed below.

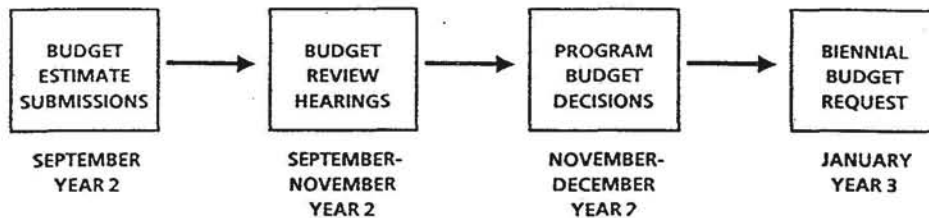
PROGRAMMING PHASE



- c. The 6-year program proposals of each DoD Component with programming responsibilities are described in a document called a Program Objectives Memorandum. These documents are submitted in April of every other calendar year.
 - (1) Each Commander in Chief of the Unified and Specified Commands prepares a list of program needs prioritized across Service and functional lines and with consideration of reasonable fiscal constraints. These lists, known as Integrated Priority Lists, aid in Program Objectives Memorandum development and review.

- (2) The Program Objectives Memoranda are reviewed by the staff offices of the Secretary of Defense, the Commanders in Chief of the Unified and Specified Commands, and the Chairman of the Joint Chiefs of Staff.
 - (3) The purpose of these reviews is to highlight major programmatic issues for discussion by the Defense Planning and Resources Board.
- d. The Deputy Secretary decides which issues will be addressed by the Defense Planning and Resources Board.
- (1) Issue papers are then prepared by staff offices of the Secretary of Defense and discussed by the Board. These discussions generally take place in June and July of every other calendar year.
 - (2) Acquisition program issue papers typically address the need for and affordability of proposed new and ongoing major defense acquisition programs. They also identify potential alternatives to those programs.
- e. The Deputy Secretary of Defense decides what actions are to be taken on each issue presented. The decisions are recorded and issued to each DoD Component in a Program Decision Memorandum, which provides the basis for the financial plans developed during the budgeting phase.
5. Budgeting Phase. The budgeting phase results in development of the Secretary of Defense's recommendations to the President for the Administration's biennial budget request for the Department of Defense. Key features and products of this phase are illustrated and discussed below.

BUDGETING PHASE



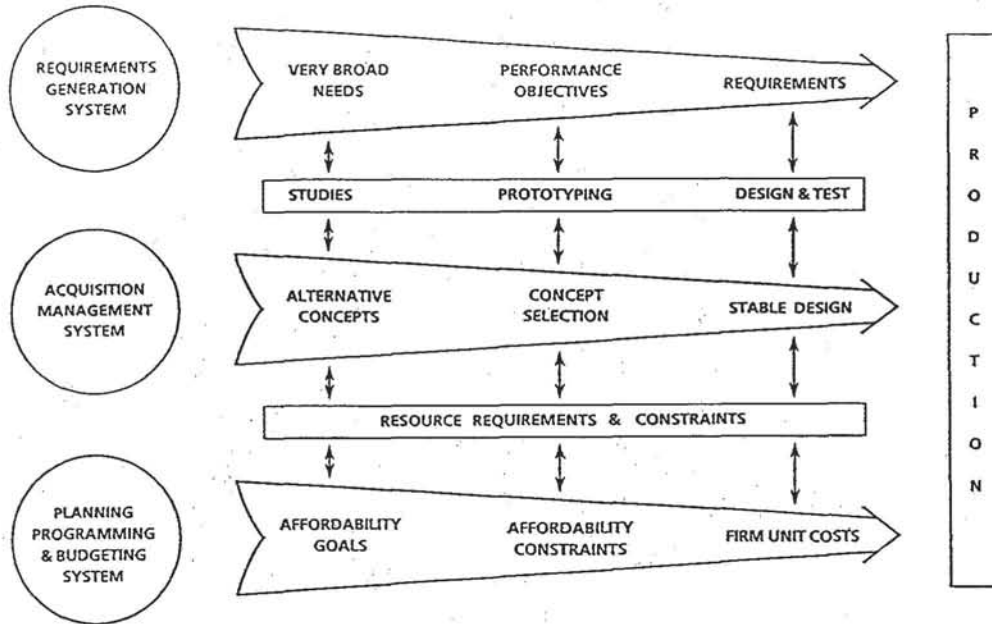
- a. The budget proposals of each DoD Component with budgeting responsibilities are forwarded to the Comptroller of the Department of Defense in documents called Budget Estimate Submissions. These documents are submitted in September of every other calendar year. They are distributed to the staff offices of the Secretary of Defense and to the Chairman of the Joint Chiefs of Staff for review.

- b. Budget hearings are conducted by representatives of the Office of the Comptroller of the Department of Defense in concert with other members of the Office of the Secretary of Defense and analysts from the Office of Management and Budget. They focus on the execution status of specific programs, including programs reviewed by the Defense Acquisition Board.
 - (1) Documents called Program Budget Decisions are drafted by the office of the Comptroller of the Department of Defense as a result of the hearings.
 - (2) These documents present alternatives to the budget estimates submitted by the DoD Components with budgeting responsibilities. They are reviewed and commented on by staff offices of the Secretary of Defense; the Military Departments and Defense Agencies affected by the decisions; the Chairman of the Joint Chiefs of Staff; and the Commanders in Chief of the Unified and Specified Commands.
- c. Budget wrap-up meetings, held in December by the Secretary and Deputy Secretary of Defense, provide the Service Secretaries; the Chairman of the Joint Chiefs of Staff; and others an opportunity to raise and resolve major issues before the budget request is finalized.
- d. The decisions made by the Secretary as a result of these meetings are reflected in the Department's biennial budget request, which is submitted to the President for approval. Once approved by the President, it is sent to the Congress in January as part of the President's budget for the Federal Government.
- e. Biennial budgeting has not been fully accepted in practice by the Congress. This has required some form of budget review to occur in the off-year of the 2-year budget cycle of the Department. The extent of this review has varied depending on the magnitude of the expected change in topline fiscal guidance.

E. SUMMARY

Providing the quality products needed by the Nation's armed forces requires a highly disciplined management framework that effectively translates operational needs into stable, affordable acquisition programs. The policies of Part 1 and the management approach described herein establish that framework. The complex interactions that must occur within this framework are summarized on the following page.

KEY INTERACTIONS



- Broad mission needs must be initially identified by the requirements generation system.
- The acquisition system must identify and assess alternative ways of satisfying these needs in light of current and projected technology development, producibility, industrial capability, and support infrastructure constraints.
- Initial affordability decisions on proposed new acquisition programs must be made in the planning, programming, and budgeting system process based on the Defense Planning Guidance, the approved long-range investment plans, and overall funding constraints.
- The initial broad mission need statements must be progressively translated into performance objectives, system-specific performance requirements, and a stable system design that can be efficiently produced.
- Major cost-performance-schedule trade-offs must be made throughout the course of program implementation. They are based on validated threat assessments, the status of program execution, risk assessment, testing results, and affordability constraints brought about by changes in topline fiscal guidance.

PART 3

RESPONSIBILITIES

This part describes the significant acquisition related responsibilities of key officials and forums. This part is descriptive only; it does not assign responsibilities or provide authorities. The responsibilities and authorities are set forth in the individual DoD Directives for each position and forum.

- A. The Deputy Secretary of Defense approves funding for proposed new start major defense acquisition programs and all highly sensitive classified programs and provides general affordability planning guidance for use in structuring these programs.
- B. The Chairman of the Joint Chiefs of Staff, assisted by the Vice Chairman and members of the Joint Chiefs of Staff, establishes and publishes policies and procedures governing the requirements generation system. These policies and procedures:
 - 1. Define the processes for developing, reviewing, and approving Mission Need Statements and the standardized operational requirements documents required by this Directive.
 - 2. Establish the responsibilities for these processes and the publication of implementing instructions.
- C. The Under Secretary of Defense for Acquisition:
 - 1. Exercises the responsibilities and authorities in DoD Directive 5134.1, "Under Secretary of Defense (Acquisition)," and DoD Directive 5000.49, "Defense Acquisition Board" (references (m) and (n)).
 - 2. Establishes and publishes acquisition management policies and procedures that supplement and implement the provisions of this Directive.
 - 3. Prepares long-range acquisition investment area analyses.
 - 4. Coordinates the funding of concept direction studies.
- D. The Secretary of each Military Department:
 - 1. Ensures that the policies and procedures established for the Department of Defense's three major decisionmaking support systems are effectively implemented.
 - 2. Designates a single, full-time Acquisition Executive at the Assistant Secretary level with duties and responsibilities as described in section I., below.

3. Selects Program Executive Officers and establishes a centralized system for selecting Program Managers for major and nonmajor defense acquisition programs and highly sensitive classified programs.
 4. Charters a Department-level acquisition program review forum similar to that described in DoD Directive 5000.49, "Defense Acquisition Board" (reference (n)).
- E. Heads of Other DoD Components having Acquisition Management Responsibilities** appoint a single, full-time Acquisition Executive with duties and responsibilities as described in section I., below.
- F. The Vice Chairman of the Joint Chiefs of Staff**, representing the Chairman of the Joint Chiefs of Staff:
1. Serves as chairman of the Joint Requirements Oversight Council.
 2. Serves as vice chairman of the Defense Acquisition Board.
 3. Represents the Commanders in Chief of the Unified and Specified Commands on acquisition and requirements matters.
 4. Serves on the Nuclear Weapons Council.
- G. The Chief of Each Military Service:**
1. Assists the Chairman of the Joint Chiefs of Staff in developing standardized policies and procedures governing the requirements generation system.
 2. Ensures within the scope of his authority that the policies and procedures developed are effectively implemented.
- H. The Director, Operational Test and Evaluation, Office of the Secretary of Defense:**
1. Prescribes policies and procedures governing the conduct of operational test and evaluation.
 2. Provides independent assessments and reports as required by current statutes.
- I. DoD Component Acquisition Executives:**
1. Have clear authority, responsibility, and accountability for all acquisition functions and programs within the DoD Component as provided for in this Directive and for enforcing the procedures established by the Under Secretary of Defense for Acquisition.
 2. Review and provide their assessment of any changes reported in individual major defense acquisition programs, the significance of problems reported by the Program Manager, the Program Manager's

proposed action plans, and the level of risk associated with such plans.

3. For executive agencies as defined by Section 4 of the "Office of Federal Procurement Policy Act," Public Law 93-400, as amended, (Title 41, United States Code, Section 403), are the Senior Procurement Executive established pursuant to Section 16 of the "Office of Federal Procurement Policy Act" (Title 41, United States Code, Section 414) (reference (o)).
4. Serve as principal advisor to the DoD Component Heads on all matters relating to acquisition management within their respective DoD Components to include resource allocation decisions.
5. Actively participate in the selection and evaluation of Program Executive Officers and Program Managers for major defense acquisition programs.

J. Program Executive Officers and Program Managers have authority, responsibility, and accountability for managing their assigned programs in a manner that is consistent with this Directive and DoD Instruction 5000.2, "Defense Acquisition Management Policies and Procedures" (reference (d)).

1. Program Executive Officers review and provide their assessment of any changes reported in assigned individual programs, the significance of problems reported by the Program Manager, the Program Manager's proposed action plans, and the level of risk associated with such plans.
2. Program Managers provide assessments of program status and risk in all briefings and presentations to higher authorities, actively manage contract performance, and provide assessment of contractor performance.

K. The Assistant Secretary of Defense for Program Analysis and Evaluation, through the Cost Analysis Improvement Group:

1. Provides independent cost estimates in support of the Defense Acquisition Board review process (Title 10, United States Code, Section 2434, "Independent cost estimates; operational manpower requirements" (reference (p))).
2. Performs the specific responsibilities established in DoD Directive 5000.4, "OSD Cost Analysis Improvement Group" (reference (q)).

L. The Director of Defense Research and Engineering provides technical expertise, oversight, and support to all elements of the DoD acquisition system.

PART 4

REFERENCES, continued

- (e) DoD Directive 3150.1, "Joint Nuclear Weapons Development Studies and Engineering Projects," December 27, 1983
- (f) DoD 5200.1-R, "Information Security Program Regulation," June 1986, with Change No. 1, June 27, 1988, authorized by DoD Directive 5200.1, June 7, 1982
- (g) DoD Directive O-5205.7, "Special Access Program (SAP) Policy," January 4, 1989
- (h) Federal Acquisition Regulation, Subpart 7.1, "Acquisition Plans"
- (i) Defense Federal Acquisition Regulation Supplement, Subpart 207.1, "Acquisition Plans"
- (j) Office of Management and Budget Circular A-109, "Major System Acquisitions," April 5, 1976
- (k) DoD Directive 7045.14, "The Planning, Programing, and Budgeting System (PPBS)," May 22, 1984
- (l) DoD Instruction 7045.7, "Implementation of the Planning, Programing, and Budgeting System (PPBS)," May 23, 1984
- (m) DoD Directive 5134.1, "Under Secretary of Defense (Acquisition)," August 8, 1989
- (n) DoD Directive 5000.49, "Defense Acquisition Board," September 11, 1989
- (o) Public Law 93-400, "Office of Federal Procurement Policy Act," August 30, 1974, as amended, (Title 41, United States Code, Section 401-424)
- (p) Title 10, United States Code, Section 2434, "Independent cost estimates; operational manpower requirements"
- (q) DoD Directive 5000.4, "OSD Cost Analysis Improvement Group," October 30, 1980

PART 5

CANCELLATIONS

The following additional documents are hereby canceled by this Directive:

- (r) Deputy Secretary of Defense Policy Memorandum, "Computer-Aided Acquisition and Logistics Support," August 5, 1988
- (s) DoD Directive 3224.1, "Engineering for Transportability," November 29, 1977
- (t) DoD Instruction 3235.1, "Test and Evaluation of System Reliability, Availability and Maintainability," February 1, 1982
- (u) DoD Directive 3405.2, "Use of Ada® in Weapon Systems," March 30, 1987
- (v) DoD Instruction 4000.26, "Post Production Support," August 19, 1986
- (w) DoD Directive 4005.16, "Diminishing Manufacturing Sources and Material Shortages Program," May 16, 1984
- (x) DoD Directive 4105.62, "Selection of Contractual Sources for Major Defense Systems," September 9, 1985
- (y) DoD Directive 4120.3, "Defense Standardization and Specification Program," February 10, 1979
- (z) DoD Directive 4120.18, "DoD Metrication Program," September 16, 1987
- (aa) DoD Instruction 4120.19, "DoD Parts Control Program," July 6, 1989
- (bb) DoD Directive 4120.20, "Development and Use of Non-Government Standards," March 28, 1988
- (cc) DoD Directive 4140.40, "Provisioning of End Items of Materiel," June 28, 1983
- (dd) DoD Directive 4140.43, "Fuel Standardization," March 11, 1988
- (ee) DoD Instruction 4151.9, "DoD Technical Manual Program Management," January 3, 1989
- (ff) DoD Directive 4155.1, "Quality Program," August 10, 1978
- (gg) DoD Directive 4245.3, "Design to Cost," April 6, 1983
- (hh) DoD Directive 4245.4, "Acquisition of Nuclear Survivable Systems," July 25, 1988
- (ii) DoD Directive 4245.6, "Defense Production Management," January 19, 1984
- (jj) DoD Directive 4245.7, "Transition from Development to Production," January 19, 1984
- (kk) DoD Directive 4245.8, "DoD Value Engineering Program," November 19, 1986
- (ll) DoD Directive 4245.9, "Competitive Acquisitions," August 17, 1984

- (mm) DoD Instruction 4245.12, "Spares Acquisition Integrated with Production (SAIP)," June 8, 1987
- (nn) DoD Instruction 4245.13, "Design and Acquisition of Nuclear, Biological and Chemical (NBC) Contamination-Survivable Systems," June 15, 1987
- (oo) DoD Directive 4600.3, "Electronic Counter-Countermeasures (ECCM) Policy," March 12, 1990
- (pp) DoD Instruction 4630.7, "Electrical Power Modernization Program for Critical Command, Control, and Communications Facilities," December 28, 1984
- (qq) DoD Directive 4640.11, "Mandatory Use of Military Telecommunications Standards in the MIL-STD-188 Series," December 21, 1987
- (rr) DoD Directive 5000.3, "Test and Evaluation," March 12, 1986
- (ss) DoD 5000.3-M-1, "Test and Evaluation Master Plan Guidelines," January 1990
- (tt) DoD 5000.3-M-3, "Software Test and Evaluation Manual," November 1987
- (uu) DoD 5000.3-M-6, "Threat Simulator Program Policy and Procedures," April 1989
- (vv) DoD Directive 5000.29, "Management of Computer Resources in Major Defense Systems," April 26, 1976
- (ww) DoD Instruction 5000.36, "System Safety Engineering and Management," April 14, 1986
- (xx) DoD Directive 5000.37, "Acquisition and Distribution of Commercial Products (ADCP)," September 29, 1978
- (yy) DoD Directive 5000.38, "Production Readiness Reviews," January 24, 1979
- (zz) DoD Directive 5000.39, "Acquisition and Management of Integrated Logistic Support for Systems and Equipment," November 17, 1983
- (aaa) DoD Directive 5000.40, "Reliability and Maintainability," July 8, 1980
- (bbb) DoD Directive 5000.43, "Acquisition Streamlining," January 15, 1986
- (ccc) DoD Directive 5000.45, "Baselining of Selected Major Systems," August 25, 1986
- (ddd) DoD Instruction 5000.50, "Defense Acquisition Executive Summary," March 23, 1989
- (eee) DoD Directive 5000.53, "Manpower, Personnel, Training, and Safety (MPTS) in the Defense System Acquisition Process," December 30, 1988
- (fff) DoD Instruction 5010.12, "DoD Technical Data Management Program," January 23, 1989
- (ggg) DoD Directive 5010.19, "DoD Configuration Management Program," October 28, 1987
- (hhh) DoD Directive 5010.20, "Work Breakdown Structures for Defense Materiel Items," July 31, 1968

- (iii) DoD Directive 5160.51, "Precise Time and Time Interval -- Planning, Coordination and Control," June 14, 1985
- (jjj) DoD Instruction 7000.2, "Performance Measurement for Selected Acquisitions," June 10, 1977
- (kkk) DoD Instruction 7000.3, "Selected Acquisition Reports," June 15, 1989
- (lll) DoD Instruction 7000.10, "Contract Cost Performance, Funds Status and Cost/Schedule Status Reports," December 3, 1979
- (mmm) DoD Directive 7000.11, "Contractor Cost Data Reporting," March 27, 1984
- (nnn) DoD Instruction 7220.31, "Unit Cost Reports," July 8, 1987
- (ooo) Baseline Guidance, Attachment 1, to Under Secretary of Defense for Acquisition Memorandum, "Approval of Major Program Baselines," February 9, 1988
- (ppp) Baseline Guidance, Attachment 1, to Under Secretary of Defense for Acquisition Memorandum, "Approval of Major Program Baselines," February 17, 1988
- (qqq) Baseline Guidance, Attachment 1, to Under Secretary of Defense for Acquisition Memorandum, "Approval of Major Program Baselines," February 26, 1988
- (rrr) Under Secretary of Defense for Acquisition Memorandum, "Major Programs - Competitive Alternative Sources," April 28, 1988
- (sss) Under Secretary of Defense for Acquisition Memorandum, "Under Secretary of Defense for Acquisition Approval of Certain Fixed Price Type Contracts," September 25, 1989
- (ttt) Under Secretary of Defense for Acquisition Memorandum, "Baseline Policy and Selected Acquisition Report (SAR) Submission," October 30, 1989
- (uuu) Under Secretary of Defense for Acquisition Memorandum, "Structuring DAB Meetings," December 5, 1989
- (vvv) Under Secretary of Defense for Acquisition Memorandum, "Defense Acquisition Board (DAB) Milestone Reviews," February 21, 1990
- (www) Under Secretary of Defense for Acquisition Memorandum, "Implementation of Pre-DAB Review Streamlining Measures," February 22, 1990
- (xxx) Under Secretary of Defense for Acquisition Memorandum, "Cooperative Opportunities Documents," May 21, 1990
- (yyy) Under Secretary of Defense for Acquisition Memorandum, "Baseline Policy," May 30, 1990
- (zzz) (Under Secretary of Defense for Acquisition Memorandum, "Production of Naval Vessels and Military Satellite Programs," May 30, 1990
- (aaaa) Under Secretary of Defense for Acquisition Memorandum, "Dual Sourcing in Defense Production," June 8, 1990
- (bbbb) Under Secretary of Defense for Acquisition Memorandum, "Protecting the U.S. Technical Lead in Systems Acquisition," June 13, 1990

Secretary of Defense for Acquisition or the DoD Component Head as appropriate.

- (1) To facilitate delegation, the Under Secretary of Defense for Acquisition shall establish acquisition program decision categories that are directly relatable to the streamlined acquisition chain of authority and accountability established by this Directive.
- (2) These categories should also permit a clear correlation with program implementation and reporting requirements imposed by statute.

4. **New Start Acquisition Programs.** A full range of alternatives must be considered prior to deciding to initiate a new acquisition program. In support of this:

- a. Studies shall be conducted of promising alternative materiel concepts that could satisfy an identified mission need prior to a decision to commit to a new start acquisition program. The Under Secretary of Defense for Acquisition shall coordinate the funding of such studies for mission needs that could potentially result in new start major defense acquisition programs.
- b. A hierarchy of potential materiel alternatives must be considered prior to a decision to commit to a new start acquisition program. The order of preference for materiel alternatives generally is:
 - (1) Use or modification of an existing U.S. military system.
 - (2) Use or modification of an existing commercially developed or Allied system that fosters a nondevelopmental acquisition strategy.
 - (3) A cooperative research and development program with one or more Allied nations.
 - (4) A new joint-Service development program.
 - (5) A new Service-unique development program.
- c. The Deputy Secretary of Defense shall approve funding for the initiation of new major defense acquisition programs and all highly sensitive classified programs and shall establish affordability planning constraints for those programs approved.

5. **Sensitive Information and Technologies.** Sensitive information and technologies shall be identified early and protected from inadvertent or unauthorized disclosure. The identification of such information and technologies, and decisions on their transfer to foreign governments and foreign contractors in support of cooperative programs, foreign contracting and foreign sales, shall be accomplished early in the acquisition process and shall be reassessed at each milestone decision point.

C. ACQUIRING QUALITY PRODUCTS

Effective acquisition planning and aggressive risk management by both Government and industry are essential for success. Program decisions and resource commitments must be based on plans for, and progress in, controlling risk.

1. Acquisition Strategies and Program Plans. Acquisition strategies and program plans shall be tailored to accomplish established program objectives and to control risk. They must also provide the information essential for milestone decisions. In this regard:
 - a. Acquisition strategies shall be event-driven and explicitly link major contractual commitments and milestone decisions to demonstrated accomplishments in development and testing.
 - b. Program plans must provide for a systems engineering approach to the simultaneous design of the product and its associated manufacturing, test, and support processes. This concurrent engineering approach is essential to achieving a careful balance among system design requirements (e.g., operational performance, producibility, reliability, maintainability, logistics and human factors engineering, safety, survivability, interoperability, and standardization).
 - c. Maximum practicable use shall be made of commercial and other nondevelopmental items. In describing these items, maximum practicable use shall be made of non-Government standards and commercial item descriptions.
 - d. Solicitations and contract requirements shall be streamlined at program initiation and during each subsequent acquisition phase.
 - (1) Solicitations shall be structured and timed so that they do not foreclose trade-off options at milestone decision points.
 - (2) Contract requirements that are not mandated by law, Federal Acquisition Regulation and/or Defense Federal Acquisition Regulation Supplement, or established policies and that do not contribute to system performance or effective management shall be excluded.
2. Risk Management. Program risks and risk management plans shall be explicitly assessed at each milestone decision point prior to granting approval to proceed into the next acquisition phase.
 - a. Critical parameters that are design cost drivers or have a significant impact on readiness, capability, and life-cycle costs must be identified early and managed intensively.
 - b. Technology demonstrations and aggressive prototyping (including manufacturing processes, hardware and software systems, and