



DEPARTMENT OF DEFENSE  
Defense Contract Management Agency

## INSTRUCTION

### Industrial Analysis

Portfolio Management and Integration  
OPR: DCMAN-S

DCMA-INST 401  
August 14, 2012  
*Validated current, October 14, 2014*

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**1. PURPOSE.** This Instruction:

a. Establishes an Industrial Analysis (IA) Policy for DCMA in accordance with DoD Instruction 5000.02 (Reference (a)), DoD Instruction 5000.60 (Reference (b)), DoD Handbook 5000.60-H (Reference (c)), DoD Directive 3020.40 (Reference (d)), and DFARS Subpart 207.105 (Reference (e)).

b. Cancels DCMA Instructions: “Homeland Defense Analysis” (Reference (f)), “Industry Surge Analysis” (Reference (g)), “Sector Analysis” (Reference (h)), and “Systems Analysis Process” (Reference (i)).

c. Establishes policy, assigns responsibility, and outlines procedures for IA within DCMA.

d. Establishes compliance with DoD Directive 5105.64 (Reference (j)).

**2. APPLICABILITY.** This Instruction applies to all DCMA activities that coordinate, support, manage, and maintain IA information.

**3. MANAGERS’ INTERNAL CONTROL PROGRAM.** In accordance with the Managers’ Internal Control Program (Reference (k)), this Instruction is subject to evaluation and testing. The process flowcharts are located in Appendix A to D.

**4. RELEASABILITY – UNLIMITED.** This Instruction is approved for public release.

**5. POLICY RESOURCE PAGE.** <https://home.dcma.mil/policy/401r/index.cfm>

**6. PLAS CODE.** 010 Industrial Analysis Program

**7. EFFECTIVE DATE.** By order of the Director, DCMA, this Instruction is effective immediately.

Joseph Sweeney  
Executive Director  
Portfolio, Management & Integration

Portfolio, Management & Integration

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## REFERENCES

- (a) DoD Instruction 5000.02, "Operation of the Defense Acquisition System," December 8, 2008
- (b) DoD Instruction 5000.60, "Defense Industrial Capabilities Assessment," October 15, 2009
- (c) DoD Handbook 5000.60-H, "Assessing Defense Industrial Capabilities," April 25, 1996
- (d) DoD Directive 3020.40, "DoD Policy and Responsibilities for Critical Infrastructure," January 14, 2010
- (e) DFARS, Subpart 207.105, "Acquisition Plans," April 27, 2011
- (f) DCMA Instruction, "Homeland Defense Analysis," April 2005 (hereby canceled)
- (g) DCMA Instruction, "Industry Surge Analysis Process," May 2004 (hereby canceled)
- (h) DCMA Instruction, "Sector Analysis," May 2004 (hereby canceled)
- (i) DCMA Instruction, "Systems Analysis Process," May 2004 (hereby canceled)
- (j) DoD Directive 5105.64, "Defense Contract Management Agency," September 27, 2000
- (k) DCMA Instruction, "Managers' Internal Control Program," September 12, 2011
- (l) DCMA Instruction, "Workload Acceptance," December 2010
- (m) DCMA Instruction, "Financial Analysis," (Unpublished at issuance of Instruction)
- (n) DoD Manual 3020.45-M, Volume 3, "Defense Critical Infrastructure Program (DCIP) Security Classification Manual (SCM)," February 15, 2011
- (o) DoD Manual 5200.01, Volume 2, "DoD Information Security Program: Marking of Classified Information," March 21, 2012
- (p) DoD Manual 5200.01, Volume 3, "DoD Information Security Program: Protection of Classified Information," March 21, 2012
- (q) DoD Manual 5200.01, Volume 4, "DoD Information Security Program: Controlled Unclassified Information (CUI)," February 24, 2012
- (r) DCMA Instruction, "Information Security Program," August 2004
- (s) DoD Directive 5230.24, "Distribution Statements on Technical Documents," March 18, 1987
- (t) DCMA Correspondence Manual, February 7, 2011
- (u) Defense Acquisition Guidebook, January 10, 2012

## CHAPTER 1

### POLICY

#### 1.1. POLICY.

1.1.1. The IA Instruction enables Agency workforce responsible for executing the Industrial Base (IB) mission to accomplish assigned tasks by providing policy, training, and tools required to furnish timely and quality industrial capability information on the Defense Industrial Base (DIB).

1.1.2. This Instruction is employed to satisfy the Agency's responsibilities relating to all aspects of analysis of the DIB mandated by statute or regulation. Executing DCMA's IA mission involves resources and assistance throughout the Agency, including DCMA Industrial Analysis Center (IAC) industry analysts, economists, operation research analysts, functional analysts (to include Operations, International, and Special Programs Directorates), Contracts Directorate (AQ), and the Financial Capability Group (FCG) functional analysts.

1.1.3. IAC provides mission critical information and analysis on industrial capabilities, and provides Industrial Capabilities Assessments (ICA) or Analytical Products (AP) of a system, subsystem, component, or subcomponent necessary to meet current and future acquisition requirements.

#### 1.2. INDUSTRIAL ANALYSIS PRODUCT (IAP). IAPs consist of two product types.

##### 1.2.1. Industrial Capabilities Assessment (ICA).

1.2.1.1. An ICA is an evaluation of the skills, knowledge, facilities, equipment, processes, and technologies necessary to research, develop, manufacture, repair, and maintain DoD products to determine whether the industrial capabilities needed to meet current and future national security requirements are available.

1.2.1.2. ICAs are conducted to evaluate and determine industrial risks to military programs and are performed at the industry sector, subsector, commodity, system, subsystem, or component level.

1.2.2. Analytical Product (AP). An AP is a task requiring analysis that does not follow all the detailed process steps of an ICA.

1.2.2.1. An AP may have the depth and breadth of an ICA, but may require additional or less process steps than an ICA.

1.2.2.2. An AP may also be a quick turn-around task with a detailed scope.

**1.3. IAP SUPPORT TO INDUSTRIAL BASE .** IAPs support, but are not limited to, the following areas:

- Selected Assessments of Industrial Capabilities
- Acquisition Planning Assessments in Support of Milestone Decisions Reviews and Acquisition Strategy Development
- Industrial Capability Preservation Assessments
- Depot Source of Repair Analysis
- Industry Sector Analysis
- Industry Surge Analysis
- Investment Decision Analysis
- Economic Analysis and Forecasting
- Financial Analysis
- Homeland Defense Analysis (Preparedness)
- Important Capabilities List (ICL)

## CHAPTER 2

### ROLES AND RESPONSIBILITIES

#### **2.1. DIRECTOR, DCMA.**

2.1.1. The Director, DCMA serves as the Defense Infrastructure Sector Lead Agent (DISLA) for DIB in the Defense Infrastructure Sector (Reference (d)).

2.1.2. The Director, DCMA shall appoint the Executive Director, Portfolio Management and Integration (PM&I) Directorate to serve as the Critical Infrastructure Assurance Officer (CIAO) for the DIB in the Defense Infrastructure Sector.

#### **2.2. EXECUTIVE DIRECTOR, PM&I DIRECTORATE.** The Executive Director, PM&I shall:

2.2.1. Oversee the development, implementation, administration, and management of this Instruction.

2.2.2. Be the final approval authority for all waiver and deviation requests for this Instruction.

2.2.3. Serve as the CIAO for the DIB in the Defense Infrastructure Sector.

#### **2.3. DIRECTOR, INDUSTRIAL ANALYSIS CENTER (IAC).** The Director, IAC shall:

2.3.1. Manage the review, development, and administration of the IA Instruction.

2.3.2. Coordinate with other Directorates to ensure consistency with the development of IA tools and training.

2.3.3. Provide recommendations to the Executive Director, PM&I for waivers and deviations submitted for this Instruction.

2.3.4. Accept or reject all customer requests for work in accordance with DCMA Instruction, "Workload Acceptance" (Reference (l)).

2.3.5. Develop and manage formal agreements and projected workload with customers.

2.3.6. Develop, monitor, review, and approve IAPs.

2.3.7. Maintain and update the ICL on a continual basis.

2.3.8. Communicate IAC IB workload to the Agency a minimum of two times for each project utilizing the following:

- IAC Annual Projected Workload
- IAC Quarterly Workload Update
- Customer Engagement Recording (CER) for project
- Standard “Tasking” Memorandum for project (if applicable)

2.3.9. Implement DISLA responsibilities for the DIB in the Defense Infrastructure Sector.

**2.4. CHIEF OPERATIONS OFFICER (COO), OPERATIONS DIRECTORATE.** The COO, Operations Directorate shall:

2.4.1. Support IA taskings to enable the effective implementation of the overall IB mission.

2.4.2. Assign resources to support the IB mission.

2.4.3. Identify IA Instruction gaps or training needs based on IA requirements to IAC.

2.4.4. Provide consolidated ICL nominations to IAC on a quarterly basis to the IAC Inbox.

**2.5. COMMANDER, INTERNATIONAL DIRECTORATE.** The Commander, International Directorate shall:

2.5.1. Support IA taskings to enable the effective implementation of the overall IB mission.

2.5.2. Assign resources to support the IB mission.

2.5.3. Identify IA Instruction gaps or training needs based on IA requirements to IAC.

2.5.4. Provide consolidated ICL nominations to IAC on a quarterly basis to the IAC Inbox.

**2.6. DIRECTOR, SPECIAL PROGRAMS DIRECTORATE.** The Director, Special Programs Directorate shall, as program security requirements permit, support IA taskings to enable the effective implementation of the overall IB mission:

2.6.1. Assign resources to support the IB mission.

2.6.2. Identify IA Instruction gaps or training needs based on IA requirements to IAC.

2.6.3. Provide consolidated ICL nominations to IAC on a quarterly basis to the IAC Inbox.



**2.7. COMMANDER/DIRECTOR, CONTRACT MANAGEMENT OFFICE (CMO).** The Commander/Director, CMO shall:

2.7.1. Appoint an Industrial Analysis Manager (IAM) responsible for coordinating and providing industrial capability information in support of the IB mission. If necessary, a single IAM may support multiple CMOs.

2.7.2. Notify IAC of all IAM changes.

2.7.3. Maintain Defense Industrial Base System (DIBS) eTOOL access for appointed IAM.

2.7.4. Provide oversight and accountability in support of IA Instruction.

2.7.5. Identify IA Instruction gaps or training needs based on IA requirements to Operations Directorate.

2.7.6. Provide IAM consolidated ICL nominations to Operations Directorate for review and integration.

**2.8. INDUSTRIAL ANALYSIS MANAGER (IAM).** An IAM is an IA advocate at the CMO providing necessary support to provide industrial capability information on the DIB and shall:

2.8.1. Control, maintain, and coordinate IA tasks for which they are assigned.

2.8.2. Identify IA Instruction gaps or training needs based on IA requirements to CMO.

**2.9. EXECUTIVE DIRECTOR, CONTRACTS DIRECTORATE (AQ).** The Executive Director, AQ shall:

2.9.1. Review and support IA taskings assigned to the FCG.

2.9.2. The Chief, FCG shall assign a focal point/lead financial analyst to perform financial analysis on contractors tasked by the IAC in accordance with the DCMA Instruction, "Financial Analysis" (Reference (m)).

## CHAPTER 3

### PROCEDURES

**3.1. CUSTOMER ENGAGEMENT.** IAC shall record all primary customer engagements identified on annual plans and tactical engagements in the DCMA eTOOL CER.

3.1.1. CER will include a summary of the engagement, commitments made by DCMA and/or IAC senior leader or customer, and any agreed to actions.

3.1.2. IAC shall issue quarterly CERs to communicate updates to the annual plan with the Agency.

**3.2. PROJECT PLANNING AND EXECUTION.** IAC shall utilize a methodology to define, schedule, and complete a customer project.

3.2.1. Study Plan.

3.2.1.1. The study plan is a narrative description of how the project is executed. The study plan also documents the agreement between IAC and the customer on the scope and suspense for the project.

3.2.1.2. IAC shall coordinate study requirements with Industrial Base Stakeholders (e.g., Services, Office of Deputy Assistant Secretary of Defense for Manufacturing and Industrial Base Policy (ODASD(MIBP))).

3.2.2. Determine Requirements. IAC shall determine requirements supporting an IAP. In order to proceed, an IAP shall support one or more of the following:

3.2.2.1. Funded in the Future Years Defense Program (FYDP) or planned for funding in subsequent FYDPs or Defense Planning Guidance.

3.2.2.2. Readiness or sustainment requirement for life-cycle support of a weapon system.

3.2.2.3. Requirement for Major Defense Acquisition Program Milestone B and/or C reviews which include IB capabilities considerations.

3.2.2.4. Determination if customer requirement; i.e., Office of the Secretary of Defense (OSD), Military Services, Defense Logistics Agency (DLA), DCMA, or an internal requirement meets Reference (I).

3.2.3. Customer Engagement Recording (CER). IAC shall create a CER with distribution made to impacted organizations.

3.2.4. Develop Population. IAC shall develop a population of entities and facilities which are evaluated during the IA process.

3.2.4.1. Security. IAC shall:

3.2.4.1.1. Review DoD Manual 3020.45-M, Volume 3 (Reference (n)) and other applicable Security Classification Guides to assure the IAC and contractors do not inadvertently solicit/report information concerning contractor-vendor parts supply relationships and/or production facility activity data that may be classified when associated with a particular program or program specific parameters or performance specifications that may also be classified.

3.2.4.1.2. Ensure generated or created material that is derivatively classified is classified, marked, and controlled in accordance with DoD Manual 5200.01, Volumes 2, 3, and 4 (References (o), (p), (q)) and DCMA Instruction, "Information Security Program" (Reference (r)).

3.2.4.1.3. Apply appropriate distribution statements to all IAPs, including production, engineering, and logistics information to denote the extent information is available for distribution, release, and dissemination in accordance with DoD Directive 5230.24 (Reference (s)).

3.2.4.2. Population Composition. IAC shall:

3.2.4.2.1. Tailor population composition on a case-by-case basis through negotiation and analysis with the customer, review of past studies, IAC archives, independent research, and IAC analyst's knowledge of the industry.

3.2.4.2.2. Ensure accuracy of data contained in a population including the Commercial and Government Entity (CAGE) code and company information.

3.2.5. Develop Industrial Capabilities Survey (ICS). IAC develops surveys when data is required for IAPs and not available or current data is not available in sufficient detail from known/valid internal DCMA sources, open sources, other DoD sources, or historical information to support the outcome of the study.

3.2.5.1. IAC shall develop and maintain the ICS.

3.2.5.1.1. IAC shall utilize the ICS to the greatest extent possible.

3.2.5.1.2. When the standardized survey questions alone will not provide the pertinent data to meet the scope and objective of the task, IAC may add supplemental questions to the ICS.

3.2.5.2. If questions in the ICSs will not provide the pertinent data to meet the scope and objective of the task, IAC may develop a task specific survey.

3.2.5.3. IAC shall prepopulate the ICS with all available data sources for each contractor contained in the IAP population.

3.2.6. Agency Tasking Memorandum. When Agency support is required to gather data for an IAP, IAC shall create a Standard Tasking Memorandum, in accordance with DCMA Correspondence Manual (Reference (t)).

3.2.7. Industrial Analysis Manager (IAM) Support. If DCMA does not have contract cognizance, IAC shall perform all IAM tasks. If DCMA has contract cognizance, IAMs shall:

3.2.7.1. Validate, update, and prepopulate ICSs from internal DCMA sources, open sources, or historical information.

3.2.7.2. Provide contractors with ICSs for accuracy review of prepopulated data and populate missing information.

3.2.7.3. Review ICSs completed by contractors for comprehensiveness.

3.2.7.4. Enter ICS information in DIBS data fields and attach ICS. DIBS entry will be in accordance with tasking requirements and current DIBS training manual.

3.2.8. Site Visit. Site visits are performed to validate the data provided to IAC and/or gather data not provided on returned ICS. Additionally, this includes training and outreach in support of Defense Critical Infrastructure Program (DCIP) requirements (Reference (d)).

3.2.8.1. IAC shall provide the CMO IAM notification of site visit to a contractor in their area when CMO site visit support is not required in the Standard "Tasking" Memorandum.

3.2.8.2. IAM shall notify the CMO Commander/Director/Deputy of a planned visit for a DCMA cognizant site.

3.2.8.3. If applicable, IAC shall provide CMO personnel with an entrance brief on IB mission and purpose of site visit.

3.2.8.4. If applicable, IAC shall provide an exit brief to the CMO personnel on the results of the site visit.

3.2.8.5. IAM shall support IAC facility visits to support customer tasking.

3.2.9. Economic Assessment. IAC shall conduct economic assessments in support of customer requirements.

3.2.10. IAP. IAC shall perform analysis, develop recommendations, write report, and deliver IAP to customer. IAC shall post completed IAPs to the IAC portal.

**3.3. SUPPORT OF THE IMPORTANT CAPABILITIES LIST (ICL).**

3.3.1. IAC shall:

3.3.1.1. Maintain and update the ICL on a continual basis.

3.3.1.2. Update DIBS eTOOL with current ICL information.

3.3.1.3. Post and update the ICL to IAC homepage on a quarterly basis.

3.3.2. IAMs shall review, update, and maintain current industrial capability information on important defense facilities identified on the ICL in the DIBS eTOOL. For contractors/items not on the ICL but meeting ICL criteria, IAMs may nominate contractors/items to their respective CMO utilizing a completed ICL nomination form.

3.3.3. IAC shall review and adjudicate ICL nominations on a quarterly basis.

**3.4. CRITICAL ASSETS. IAC shall:**

3.4.1. Identify critical assets for the DIB and their mission essential functions.

3.4.2. Prioritize critical assets.

3.4.3. Develop the Critical Asset List for Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (OUSD(AT&L)) in support of the DCIP.

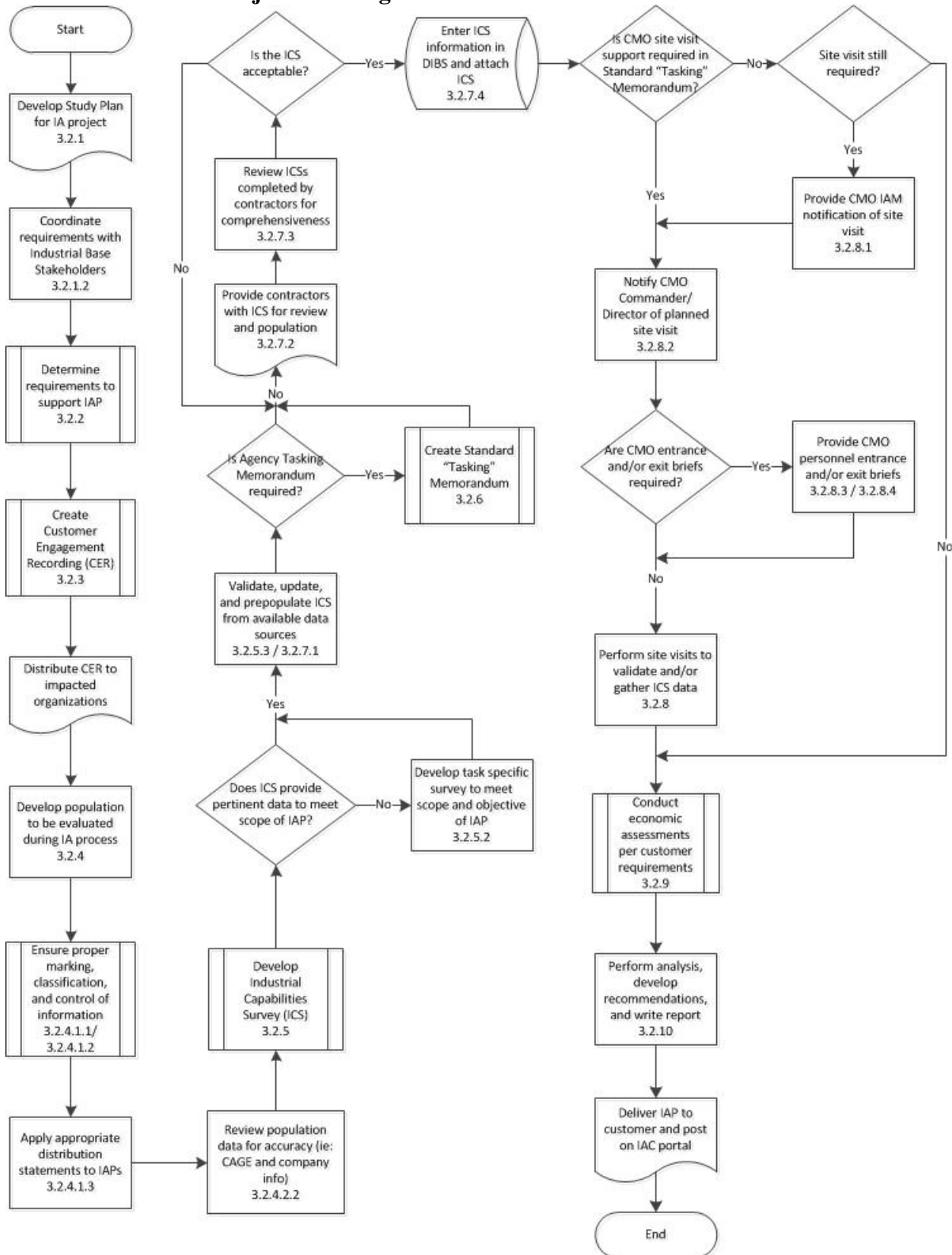
**3.5. FINANCIAL ANALYSIS. FCG shall:**

3.5.1. Perform financial analysis on companies identified in the study population in accordance with FCG policies and procedures.

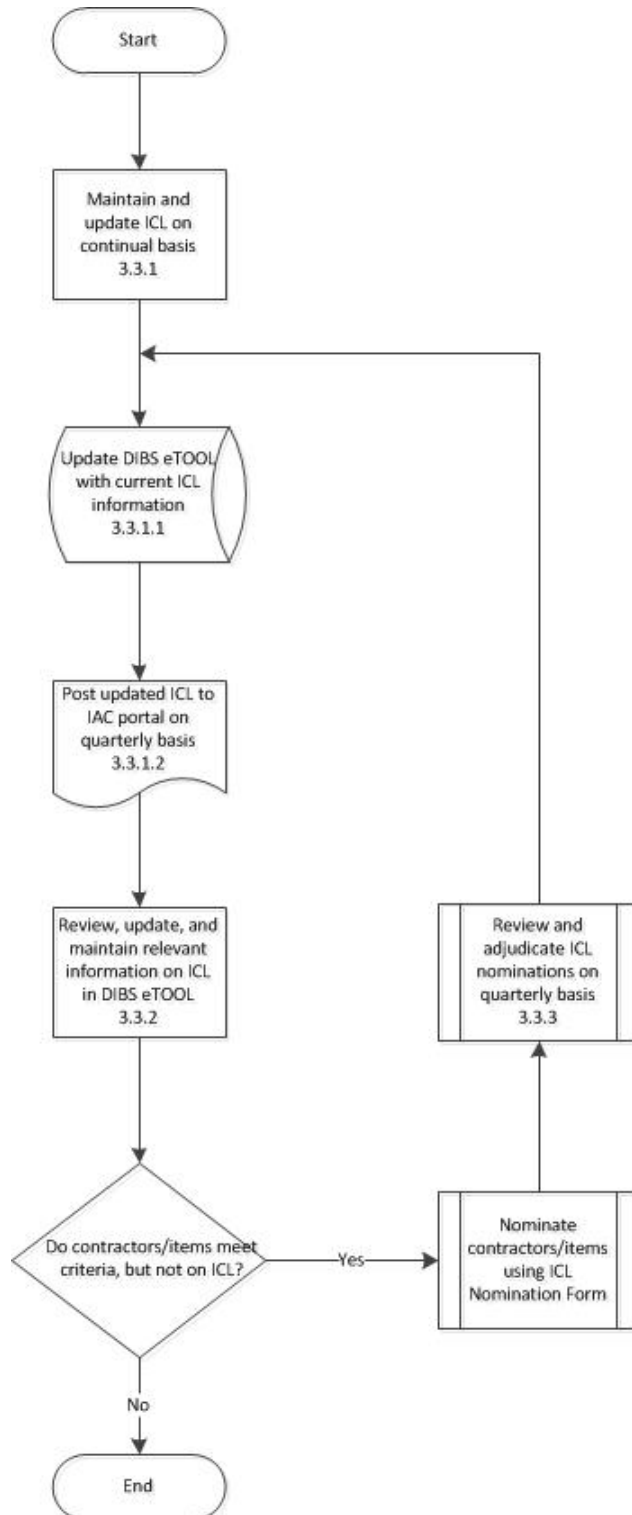
3.5.2. Provide the support necessary to coordinate, standardize, and summarize the financial analyses. A summary will consist of a table summarizing the financial risk and status of each contractor in the population.

3.5.3. Provide completed financial analysis reports to IAC via email.

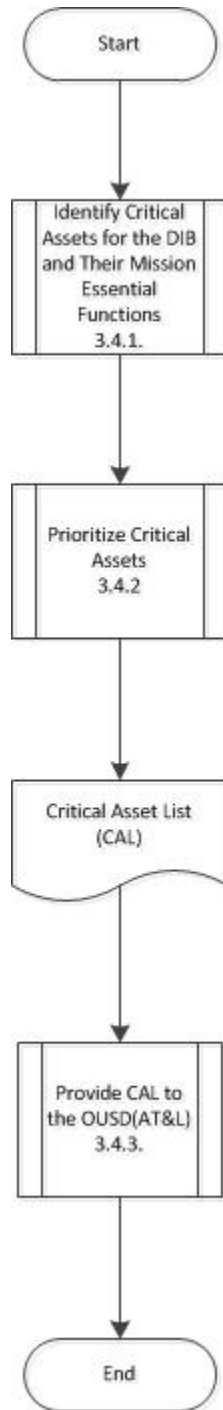
### APPENDIX A Project Planning and Execution Process Flowchart



**APPENDIX B**  
**Support of the Important Capabilities List (ICL) Process Flowchart**

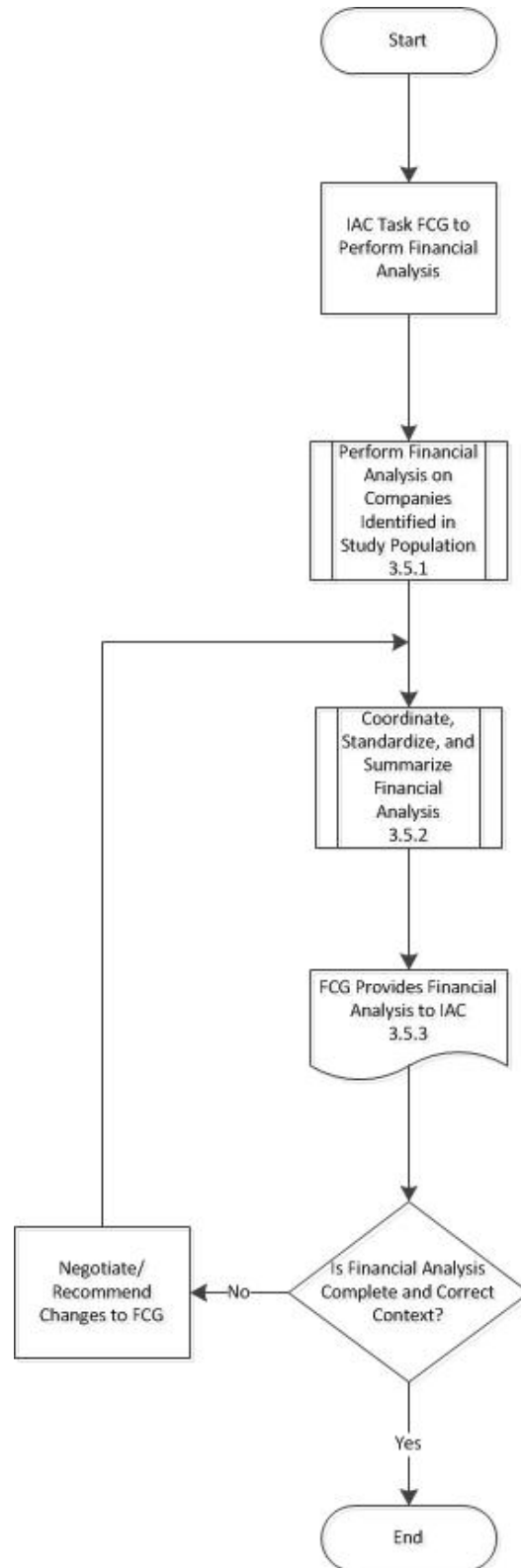


### APPENDIX C Critical Assets Process Flowchart





### APPENDIX D Financial Analysis Process Flowchart



**APPENDIX E**

<b>DCMA Industrial Analysis Center (IAC) Important Capabilities List (ICL) Nomination</b>			
Directorate:		Contract Management Office (CMO):	
Requester Name/IAM:		Phone Number:	
Email Address:		Date:	
Contractor Information			
Place of Performance CAGE:			
Contractor Name:			
Doing Business As (DBA):			
Address Line 1:			
Address Line 2:			
City:	State:	Postal Code:	Country:
Criteria Information			
<input type="checkbox"/> Single or <input type="checkbox"/> Sole Source Supplier (Select at least one)			
Select at least one or more of the following:			
<input type="checkbox"/> Used by three or more programs	<input type="checkbox"/> Represents an obsolete, enabling, or emerging technology	<input type="checkbox"/> Requires 12 months or more to manufacture	<input type="checkbox"/> Limited surge production capability
Product Information			
Sector:			
Sub Sector:			
Program:			
Sub Element:			
System:			
Sub System:			
Component:			
Sub Component:			
Material:			
IAC Analyst Information			
Name:		Email:	
Phone:	<input type="checkbox"/> Approve		<input type="checkbox"/> Disapprove

## GLOSSARY

### DEFINITIONS

**Commercial and Government Entity (CAGE) Code.** It is a five character, alphanumeric code assigned by the DLA Logistics Information Service to identify a commercial or Government entity. In IA, it is typically used to identify a manufacturing facility.

**Emerging Technology.** Technologies that have demonstrated the potential for improving cost, performance, quality, or quantity, but are not fully employed at the present time. The technology is more advanced than those currently available to the marketplace in the same or other industries.

**Enabling Technology.** Technologies that provide a major impact on cost, quality, quantity, and performance.

**Important Capabilities List (ICL).** The ICL is a list of industrial facilities possessing important capabilities to deliver products in support of DoD requirements. The following criteria (Reference (u)) are used to create and maintain the ICL:

- An item produced by a single or sole source supplier meeting one or more of the following criteria:
  - Used by three or more programs
  - Represents an obsolete, enabling, or emerging technology
  - Requires 12 months or more to manufacture
  - Limited surge production capability

**Industrial Capabilities.** Skills, knowledge, facilities, equipment, processes, and technologies necessary to research, develop, manufacture, repair, and maintain products used by DoD.

**Limited Surge Production.** A restricted ability to increase the rate of production necessary to meet demands for defense items because of a wartime or mobilization situation. This restriction can be caused by not having excess production capability available or the lack of ability to utilize multiple shifts of normal capacity machines.

**Manufacture.** The process of making an item using machinery, often on a large scale, and with division of labor.

**Obsolete Technology.** Technologies that do not provide desired cost, performance, quantity, or quality, or are no longer available, but are still employed at the present time. More advanced technology is available in the same or other industries. The technology is continuing to be employed due to the cost to change, non-compatibility of other technology to the weapon system, or insufficient future requirements exists to warrant a change.

**Program.** A defined effort funded by research, development, test, and evaluation and/or procurement appropriations with the express objective of providing a new or improved capability in response to a stated mission need or deficiency.

**Single Source.** A company or facility that is designated as the only accepted source for the supply of parts, components, materials, or services, even though other sources with equivalent technical know-how and production capability may exist.

**Sole Source.** A company or facility that is the only source for the supply of parts, components, materials, or services. No alternative domestic or foreign suppliers exist other than the current supplier.

## GLOSSARY

### ACRONYMS

AP	Analytical Product
AQ	Contracts Directorate
CAGE	Commercial and Government Entity
CER	Customer Engagement Recording
CIAO	Critical Infrastructure Assurance Officer
CMO	Contract Management Office
COO	Chief Operations Officer
DCIP	Defense Critical Infrastructure Program
DIB	Defense Industrial Base
DIBS	Defense Industrial Base System
DISLA	Defense Infrastructure Sector Lead Agent
DLA	Defense Logistics Agency
FCG	Financial Capability Group
FYDP	Future Years Defense Program
IA	Industrial Analysis
IAC	Industrial Analysis Center
IAM	Industrial Analysis Manager
IAP	Industrial Analysis Product
IB	Industrial Base
ICA	Industrial Capabilities Assessment
ICL	Important Capabilities List
ICS	Industrial Capabilities Survey
PM&I	Portfolio Management and Integration Directorate