



Why Is This Acquisition Strategy Stuff So Important?

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Development and implementation of the program acquisition strategy is clearly one of the most important tasks for a DoD program manager (PM) and the program office integrated product team (IPT). The recent *Defense AT&L* article, “The Acquisition Strategy” (May–June 2012) shared insights on teamwork, critical thinking, and pitfalls to avoid in developing the strategy. In this article, we will address some best practices, look at the state of affairs concerning acquisition strategies, and offer thoughts on initiatives that either could help or are helping PMs produce better results.

The consequences of a poorly developed acquisition strategy can be significant, ranging from inefficient program execution to cost and schedule growth, to severe program performance issues, including baseline breaches and program termination. One of the key elements of the acquisition strategy is determining where a program should

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enter the acquisition system and how much risk is associated with the procurement. A 2005 Government Accountability Office (GAO) study, *Assessments of Selected Major Weapon Programs* (GAO-05-301, March 2005), found that acquisition strategies having programs entering the Engineering and Manufacturing Development (E&MD) acquisition phase too early with immature technology incurred development cost increases of 41 percent and production cost increases of 21 percent. Conversely, programs that used mature technology incurred development cost increases of 9 percent and production cost increases of less than 1 percent. The study also highlighted how the majority of the 54 programs assessed were costing more and taking longer to develop than planned.

Recent DoD initiatives have addressed process and policy changes to ensure that programs consider and analyze key elements in the development of the acquisition strategy. While the DoD leadership emphasis is clear, we believe that producing high-quality and comprehensive strategies will continue to be a major challenge. This challenge is due to the nature of the task, which involves a very complex and dynamic environment that, when coupled with the requirement to analyze the costs/benefits of several factors, can drive different alternatives.

The June 23, 2011, memorandum, "Improving Milestone Process Effectiveness" outlined changes to the DoD milestone review process which provides the Milestone Decision Authority (MDA) with a separate, pre-milestone B and C review that focuses exclusively on the acquisition strategy, request for proposal (RFP), and other programmatic documents. Program Managers (PMs) must now develop, present, and defend their acquisition strategy and RFP at a point where changes to the proposed strategy (and documents) will not be disruptive or impractical to an ongoing procurement action. This process change clearly highlights the importance of the acquisition strategy and expectations for a thorough review by the acquisition management decision chain. But, do program teams have the right resources, knowledge, and skills to meet the need?

Let's start with what is readily available to help develop acquisition strategies. There are several online resources (Defense Acquisition Guidebook, Defense Acquisition Portal, PM's E-Tool Kit, etc.) that provide guidance on developing an acquisition strategy. The Better Buying Power Gateway on the Defense Acquisition Portal has links to all the new document templates and has the latest policy and training information.

Within some agencies, there may be local resources and staff experts available to assist with acquisition strategy development. Organizations may have "gray-hair" experts available on staff who can help guide the IPTs and participate in strategy review sessions. Some acquisition agencies (e.g., Air Force Product Centers) are required to obtain support from the local Acquisition Center of Excellence staff that is chartered to assist Program Office teams. Program Offices also can seek assistance from the Defense Acquisition University in the form of mission assistance support within each of the DAU regional campuses.

In addition to the online and support resources, there are many best practices that should be considered. These practices may not fit every program and should be tailored to the specific needs of the situation. A common thread throughout all these practices is the idea of upfront, early planning. The following best practices are highlighted as some of the most beneficial, based on our collective experiences:

▪ ***Ensure adequate time and resources are allocated to the task***

Developing a comprehensive acquisition strategy for a complex system will take time and must include participation from the functional area experts and stakeholders (e.g., PM, system engineer, logistics, contracting, legal, etc.). The participants should fully understand their roles, expectations, and program constraints so they can plan well in advance for such a critical program event. Plan adequate time to conduct analytical efforts and then interpret, refine, and vet the results. An upfront time investment can pay dividends in the form of a more credible and executable program strategy.

▪ ***Conduct a Procurement Planning Conference (PPC)***

One of the key tenets of acquisition strategy early planning should be to convene a PPC in order to:

- Identify key issues that require action and resolution.
- Establish key milestones, assign responsibilities, and get buy-in from the stakeholders on the plan of action and milestones. Remember that the release of a contract solicitation is dependent on approval of the acquisition strategy, so start early enough to support the planned solicitation release date.
- Develop a Procurement Planning Agreement (PPA). The PPA is like a charter, documenting team buy-in regarding the program schedule and



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responsibilities. The PPA should be a living document that guides the team and is updated as events are accomplished or delayed.

▪ **Use robust Systems Engineering (SE)**

The importance of a sound SE approach in acquisition management has been receiving more emphasis in DoD. The SE's role in acquisition strategy development is crucial, especially for developmental efforts. To the extent practical, the program office should leverage the engineering expertise and analytical efforts of industry since performance, cost, and schedule tradeoffs may be unique to a contractor's design. A few key areas the SE team should address include technical risks, technology readiness, technical data, and planned dates and types of major technical reviews. The SE team also should address logistics and sustainment aspects of the technical strategy, including reliability growth, maintainability, and design influence on life cycle cost. Note that all of this is consistent with the content that engineers should be addressing in the new Systems Engineering Plan (SEP) outline.

▪ **Manage risks and opportunities**

The approach for dealing with program risks should be one of the first steps in the acquisition strategy development since these risks could heavily influence the selected strategy. Addressing risks also helps focus analytical efforts to shape the acquisition strategy. The acquisition strategy not only should identify, assess, and plan for risk mitigation, it also should address the process for identifying and implementing opportunities that can provide positive impacts to the program. Opportunity management is the process to exploit opportunities based on its estimated likelihood and benefit. Many organizations have institutionalized a combined risk and opportunity management program that has resulted in significant benefits, some of which may not have occurred without a combined effort.

▪ **Use of peer and/or gray-hair reviews**

Obtaining the advice and support of senior acquisition leaders and staff experts is an excellent method to get feedback on the strengths and potential weaknesses of your approach. Some organizations may require a "quick-pass" briefing or working-level review prior to senior leader review of the acquisition strategy with the objective of identifying

and resolving issues at the appropriate level. PMs should recognize that it may take more than one review to get a credible product with stakeholder buy-in. If practical, also consider getting appropriate industry inputs.

These resources and best practices are useful, but we believe there are additional items that could be considered to improve this critical acquisition task. The need for improvements in acquisition strategy development was noted as one of the top three issues (second behind oversight) in the Defense Acquisition Performance Assessment (DAPA) Report of 2006. This comprehensive study of the acquisition system, chartered by the acting secretary of Defense in 2006, addressed systemic problems and recommended improvements in all areas of our acquisition system, many of which have or are being implemented.

The following is a list of our thoughts on areas that either could or are having a positive impact on the workforce's ability to develop sound acquisition strategies:

▪ **Reduced cycle time strategies for both acquisition and requirements**

One of the key strategy development criteria should be the time it takes to get the capability to the warfighter. While we have seen a push for reduced acquisition cycle time in policy guidance, this mandate also could be considered as part of the requirements generation process. The requirements development community could institutionalize a faster fielding mandate by making time to initial operational capability, the key focus of the initial requirements statement. Note that the new Joint Capabilities Integration Development System (JCIDS) update in January 2012 supported this concept in the context of deliberate, emergent, and urgent operational requirements.

The DAPA report clearly highlighted this recommendation, referring to it as "Time Certain Development." This idea is different than evolutionary acquisition since defined start and end dates are established and performance and costs are traded off to support the need date. Capabilities assessed as moderate and high risk may be deferred to later increments of system upgrades or deferred indefinitely. Supporting processes (budget, source selection, systems engineering, etc.) are adjusted to support the schedule.

Finally, as part of this paradigm change, performance metrics for key functional areas (e.g., contracting lead-times, risk and trade-off analysis, and cost estimates) that support reduced cycle times should be established, measured, and institutionalized. A few pilot programs could be selected to test this approach before broader implementation. This time-certain development concept currently applies to defense business systems acquired via the business capability life cycle model, as documented in Directive-Type Memorandum 11-009, Acquisition Policy for Defense Business Systems, issued June 23, 2011, by the principal deputy under secretary of Defense (AT&L).

■ **Guidance on analytical methods**

Given the renewed importance of cost, schedule, and performance trades, there may be benefit in establishing guidance on analytical and cost estimating methods to ensure that trade-off analyses are based on sound data and methods. This is not to suggest that only one approach should be used for all situations, but establishing expectations for appropriate analytical rigor should be considered. This should be a joint effort with industry since DoD will often be relying heavily on contractor's data and methods as part of this process, including the cost trade-off analysis as part of the Milestone B review.

■ **Best practices and communities of practice for development of the acquisition strategy**

Our experience suggests that collaboration with others who have skills and experience in the task at hand can be a great tool to help teams navigate through complex tasks. This could also apply to developing the acquisition strategy. Methodologies, lessons learned, and best practices specific to the type of acquisition (e.g., weapon systems, services, information technology, etc.) could be developed and made available online. Additionally, communities of practice that address acquisition strategy development may be useful in sharing valuable information as teams prepare for and execute this task.

Developing the acquisition strategy is a critically important task. It is clearly the key document that has far-reaching implications for acquisition outcomes. There have been many attempts over the years to reform the acquisition system and many of the reforms have targeted topics directly linked to acquisition strategies. Developing and seeking approval of the strategy is hard work and expectations for innovative and cost-effective strategies have increased. While we are getting much better at this task, we must continue looking for opportunities to improve. There is no "silver bullet" that will make this process more effective or any easier. However, we believe that efforts to improve the DoD capability and process for acquisition strategy development can pay big dividends in the form of better and more efficient outcomes. 

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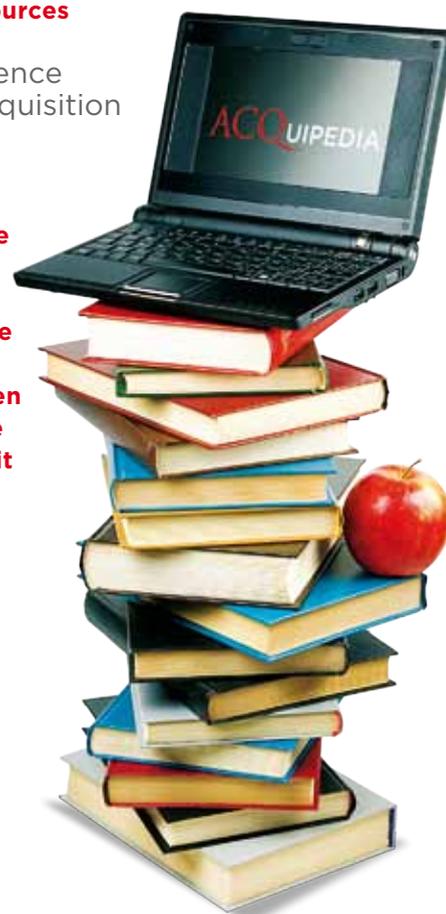
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