



DEFENSE ACQUISITION UNIVERSITY

ACQ 315 - Understanding Industry (Business Acumen)

130211

Course Learning/Performance Objectives followed by its enabling learning objectives on separate lines if specified.

1	<p>Students will explain how scope and diversity of the current industry landscape influences companies' methods of competing for defense contracts.</p> <p>Describe general historical background of DoD industry evolution from WW II to present</p> <p>Compare differences in business/market strategies, priorities, and processes between DoD large (first tier), medium (second tier), small business.</p> <p>Compare differences in business operations and strategies between companies focused on weapons systems, commercial products, and/or IT/services.</p> <p>Differentiate between public and private companies and implications to DoD.</p> <p>Explain how industry can be vulnerable to trends within the landscape, such as economic downturns, technology breakthroughs, raw material supplies, etc.</p> <p>Describe macro issues that drive DoD industry today.</p>
2	<p>Students will describe how a company's organization adapts to strategy, resource capacity, and program phase.</p> <p>Explain how company market sector and growth strategies influence organizational structure.</p> <p>Explain the tactics and rationale for establishing a competitive advantage.</p> <p>Compare types of teaming arrangements such as prime-sub and joint venture and impacts to competitive strategy and cost.</p> <p>Describe the difference between functional, sector, and hybrid company organizations.</p> <p>Identify company key stakeholders to include shareholders, debt holders, board of directors, executive management, business units, program managers, etc.</p> <p>Explain how companies manage relationships with their key stakeholders.</p> <p>Identify the general value chain of business functions in a company organization.</p> <p>Examine stakeholder constraints on investment decisions.</p> <p>Describe business functions in a company's organization to include marketing, finance, operations, human resources, accounting, etc.</p> <p>Compare how the functions in a company's organization shift oversight responsibilities over a program life cycle.</p> <p>Highlight organizational differences between large and small companies.</p> <p>Compare the roles of external organizations such as SEC, rating agencies, investment bankers, Wall Street analysts, and accounting firms.</p>
3	<p>Students will explain cost accounting basics defense companies use to manage direct, indirect costs, and rates for proposals and program execution.</p> <p>Identify basic differences between cost accounting and financial accounting to include Cost Accounting Standards and Generally Accepted Accounting Principles.</p> <p>Evaluate differences between accounting terms such as direct/indirect costs, direct material/labor, G&A expenses, standard/variable/fixed/overhead costs, etc.</p> <p>Calculate and assess company fully burdened labor rates to account for direct/indirect labor costs.</p> <p>Explain differences between rates typically used in defense contracting: forward price rate agreement, forward price rate recommendations, billing rates, and actuals.</p> <p>Show how companies break down their overhead pool structure, including leveraging and charging for efforts across related but separate contracts.</p> <p>Explain how company rates differ because of management, different products, services and/or production.</p> <p>Explain how companies use rates with different contract types (cost, firm fixed price contracts, time and materials).</p> <p>Explain how companies account for "imputed cost" of facilities capital cost of money.</p> <p>Explain how companies account for investment options using B&P and IR&D in compliance with US Government policy.</p> <p>Explain how contract provisions and payment methodologies create opportunities to generate additional margin through free cash flow.</p>
4	<p>Students will describe the importance of defense company cost estimating requirements, methods, and key process elements.</p> <p>Describe industry motivations and advantages for selecting standard cost estimating methods: analogy, parametric, engineering, and extrapolation.</p> <p>Compare the contractor's cost estimating methods and terminology with the roughly equivalent government method and terms</p> <p>Explain how the Government/Industry relationship is unique and forms unique challenges</p> <p>Explain why industry's method of cost and price is different from the government and will ultimately impact how they bid on projects</p>



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5	Using standard company financial reports and metrics, students will assess company's financial health to enable best-value program decisions.
	Review financial statements for due diligence to assess company viability.
	Define general accounting terminology and finance and accounting language.
	Appraise ratio and trend analysis applications from financial statements.
	Assess critical financial parameters of profitability and predictability that drive company decisions
	Explain the importance of financial consistency and predictability to shareholders of a public company.
	Apply cash flow analysis to compare impacts between contract types.
	Explain financial impacts from inventory and asset management.
	Explain importance of new orders/backlog to forecast projections and quarterly/annual reporting.
	Describe revenue recognition conditions and accounting impacts.
	Compare company financial benefits between bookings, sales, and profit.
	Evaluate the importance of liquidity, profitability, predictability, stability, leverage, and valuation to industry performance and health.
	Assess corporation financial profiles to compare their financial health.
	Explain the importance of financial consistency and predictability to shareholders of a public company.
	Apply cash flow analysis to compare impacts between contract types.
	Explain financial impacts from inventory and asset management.
	Explain importance of new orders/backlog to forecast projections and quarterly/annual reporting.
	Review financial statements for due diligence to assess company viability.
Define general accounting terminology and finance and accounting language.	
Appraise ratio and trend analysis applications from financial statements.	
Assess critical financial parameters of profitability and predictability that drive company decisions	
6	Students will assess opportunities and constraints companies weigh in prioritizing market opportunities, B&P resourcing, teaming, and strategy.
	Compare potential strategies for achieving corporate business development goals and objectives.
	Describe the factors a company evaluates to determine its competitive position.
	Describe the process for assessing the general economic environment influencing the defense market used in developing the company's annual operating plan (AOP).
	Use externally available financial metrics to identify key areas for benchmarking against the competition.
	Describe three basic principles of business planning (core competence, core business, and core products).
	Explain the potential impact of adjacency growth strategy on company performance.
	Evaluate an example of a company's Marketing and Opportunity Assessment phase, go-ahead criteria in competing for a new DoD program.
	Explain differences between Bid & Proposal (B&P), independent Research & Development (IR&D), and company internal R&D funds used for business development.
	Compare key elements of a company roadmap that match technology, market opportunities, and product deliverables to company strategic goals.
	Explain the role of a market strategy in developing a business model, including use of teaming with other companies and strategic alliances.
	Describe the phases of industry business development and how companies engage Government during those phases.
Identify communication tools available to promote company business strategies with the Government that help influence program requirements.	
7	Students will evaluate a company capture planning bid/no-bid decision process and an RFP response from the proposal development process.
	Survey business intelligence gathering to gain a competitive advantage.
	Collect information on the Government's budget and funding profile.
	Compare proposal strategy and impacts between a lowest-cost, marginally compliant solution, a capability-satisfied solution, and a value-driven solution.
	Construct a price-capability tradeoff profile.



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	Use a price-capability tradeoff profile to compare competitors.
	Evaluate Bid-No Bid questions/ROI analysis during the capture phase.
	Compare three elements of a price-to-win knowledge base: customer data, competitive data, and company data.
	Evaluate partnering strategy and decision process to propose as a prime, join a team, or offer a competitor an opportunity to join as a subcontractor.
	Explain general elements included in the company proposal development planning and execution process.
	Explain a typical proposal response preparation sequence used by a defense company.
	Compare purpose and outcomes from the "color" team review process.
	Describe a company's cost impacts for RFP responses.
8	Students identify and assess company management challenges in optimizing prime/sub contractor relationships and decisions in its supply chain.
	Explain supplier management impact on company margins.
	Describe trends in company outsourcing
	Describe how company finances are affected using supplier management
	Describe prime contractor support for subcontractors
	Assess risks and financial considerations for various make-buy decisions to include company motivation to outsource scope.
	Describe a general Supply Chain process
9	Students will apply the strategies defense companies use to incentivize their workforce at various levels.
	Identify key financial metrics that influence industry behavior in dealings with DoD acquisition personnel
	Describe how the key financial metrics influence employee compensation and rewards and can influence industry behavior at all levels of the corporation
	Explain how various contract types & incentives might drive industry behavior
	Assess the limitations of different contract incentives.
	Identify what (and how) incentives can impact program planning and execution and future acquisitions
	Evaluate how Government actions can affect company financial metrics and be leveraged into a Win-Win situation for both the company and the Government
	Explain warning signs of company behavior that may precede future performance problems and address potential mitigating strategies
	Select the right contract type to match contractor cost responsibility and associated risk.
	Describe the characteristics of a high-quality contract.
	Describe examples of Government actions that affect company planned financial revenue forecasts (e. g., changing requirements, data rights, and funding constraints).
10	Students will develop a company negotiating strategy using business acumen tools that promotes a fair profit and better taxpayer deal.
	Identify negotiation process basics.
	Identify different types of negotiations.
	Describe negotiating strategy options.
	Explain the importance of pre-negotiation assessment for both Government and company interests.
	Given a pre-negotiation assessment, identify opportunities for mutual gain.
	Given a pre-negotiation assessment, identify barriers to agreement.
	Determine objective criteria for negotiation leading to agreement in the " <i>Zone Of Potential Agreement (ZOPA)</i> "
	Explain the difficulty of reaching agreement when employing positional negotiations.
	Describe the importance of a " <i>Best Alternative To Negotiated Agreement (BATNA)</i> " in negotiations.
	Identify different contract types that affect strategy selection and expected outcomes.
	Explain the importance of adhering to a sequential negotiating process to preclude negative impact to acceptable terms and conditions.
11	Given a company financial situation and market segment, students will evaluate the company's annual decisions to "meet the numbers".
	Appraise ratio and trend analysis applications from financial statements.



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	Evaluate operational budget development and application of cost management techniques.
	Appraise risk and return considerations applied to capital budgeting.
	Assess company risk and opportunity management considerations based on key financial ratios and parameters.
	Explain industry management team pressures to "make their numbers."
	Assess critical financial parameters of profitability and predictability that drive company decisions:
	Explain financial impacts from inventory and asset management.
	Explain importance of new orders/backlog to forecast projections and quarterly/annual reporting.
	Explain working capital management and financing impacts and importance.
	Evaluate effect of both Government and company decisions/actions on a company's business strategies and financial capability assessments.
	Evaluate the relationships of the business processes used by the company in its day-to-day operations.
	Evaluate the inter-relationships between the Government contractor and Government customer.
	Assess corporation financial profiles to compare their financial health.
12	Apply business knowledge of defense industry practices and basic Business Acumen to facilitate decision-making recommendations.
	Assess how the scope and diversity of the current companies in differing market segments influences companies' methods of competing for defense contracts.
	Assess how a company's organization adapts to strategy, resource capacity, and program opportunities.
	Evaluate a company's financial trends and health to enable best-value program decisions.
	Assess the opportunities and constraints defense companies weigh as elements in prioritizing market opportunities, B&P resourcing, teaming, and business direction.
	Assess business incentives defense companies can apply to promote affordable quality products with best profitability.
	Apply business acumen tools to decide on annual opportunities that support company strategies, financial landscape, and operational capacity to meet financial goals.