



Foundational Learning



Workflow Learning



Performance Learning

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Creating a Successful Acquisition Strategy



Premise

While a program throughout its life cycle requires a significant amount of documentation, at its core there are very few key documents that require a PMs personal attention

- Acquisition Strategy (AS)
- System Engineering Plan (SEP)
- Test and Evaluation Master Plan (TEMP)
- Life Cycle Sustainment Plan (LCSP)

Amid a wash of paper, a small number of documents become the critical pivots around which every project's management revolves. These are the manager's chief personal tools.

Frederick P. Brooks, Jr., The Mythical Man Month





What is an Acquisition Strategy?

- A Statutory Requirement at Milestone A, RFP release, C
- The Program Manager's risk assessment
- The template for your RFP
- A program status “snap shot” for the MDA
- A contract between the PM and the MDA
- A guideline for program success

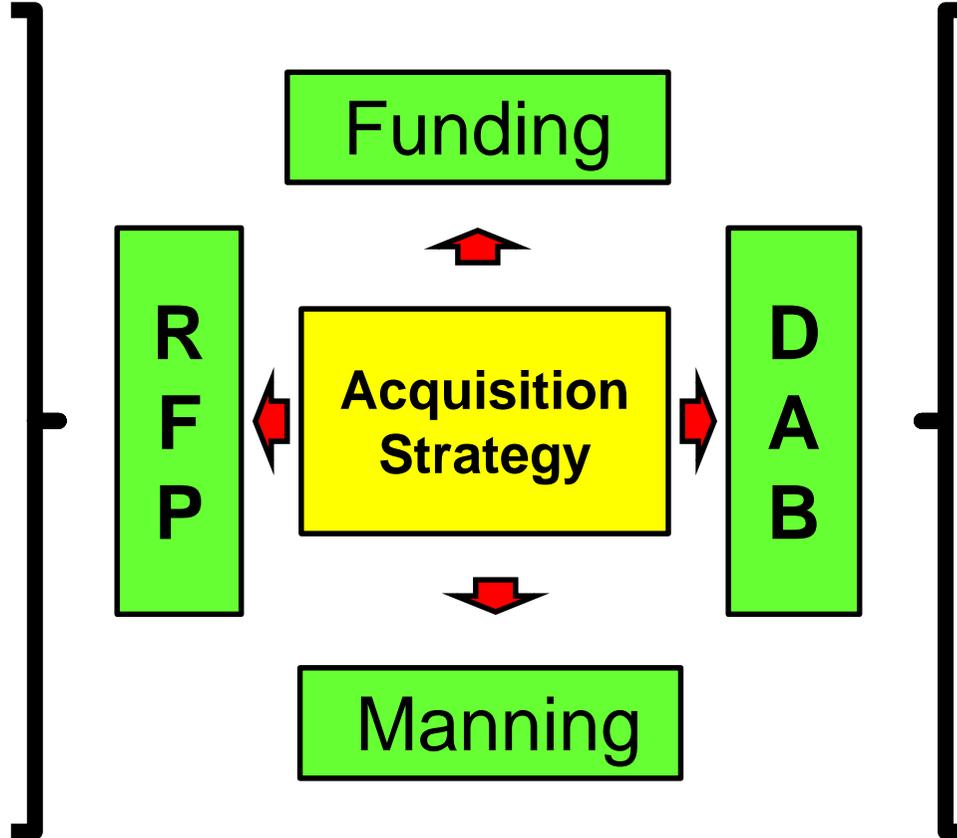
AS Perspective

What is the contract structure?

What unique terms need to be included?

How will the winning contractor be selected?

What future competition is expected?



Why should this investment be made?

What are the risks with this approach?

What mitigations are being pursued?

What incentive structure is being proposed?



Discussion

Who writes your Acquisition Strategy?

- The support contractor who has written them for many other programs and has lots of experience
- The contacting officer who focuses on ensuring the document chooses/defends the “right” contract type
- The “new guy” in the office. Give him the old document and just have him update it
- Everyone in the program office since the document reflects the total acquisition process



Why a good AS is vital

Recent DAB questions:

- What is the value of additional range beyond the current threshold requirement?
- What does MS C mean for a shipbuilding program?
- What program tailoring do you want to pursue? How does it make this acquisition better?

**Your AS helps answer these types of questions
for your program**

- Policy and Guidance
 - Fundamental Questions
 - Creating an effective AS
 - Proven Practices
 - Follow-on Activities



Acquisition Strategy

New DoD 5000.02 Definitions:

- A comprehensive, integrated plan that identifies the acquisition approach, and describes the business, technical, and support strategies that the Program Manager plans to employ to manage program risks and meet program objectives
- Defines the relationship between the acquisition phases and work efforts, and key program events such as decision points, reviews, contract awards, test activities, production lot/delivery quantities, and operational deployment objectives.
- Reflects the Program Manager's understanding of the business environment, technical alternatives, costs and risks/opportunities in the market, and the plan to support successful delivery of the capability at an affordable life-cycle price on a realistic schedule
- The program's business approach ... should fairly allocate risk between industry and the government
- How program management will realize and maximize competition from program inception through sustainment

A yellow starburst graphic with a blue outline, containing the text 'What is the art of the deal?'.

What is the art of the deal?



AS Requirements in new 5000.02

Milestone and Phase Requirements	A	B	C
(S) Benefits Analysis and Determination (for bundled contracts)	X	X	X
(S) Consideration of Technology Issues	X	X	
(S) Contract Type Determination		X	U
(S) Cooperative Opportunities	X	X	X
(S) General Equipment Validation			X
(S) Industrial Base Capabilities Considerations		X	U
(S) Intellectual Property Strategy	X	U	U
(S) Market Research	X	U	
(S) Small Business Innovation Research Technologies		X	
(S) Termination Liability Estimate	X	U	U

S = Statutory Req

X = Required content
U = Updated input required



NDAA 2016

Title VIII, Subtitle C, Provisions Related to MDAPs

- Sec. 821. Acquisition Strategy Required for Each Major Defense Acquisition Program, Major Automated Information System, and Major System.
 - Creates 10 USC 2431a, Acquisition Strategy. Requires an acquisition strategy for MDAPs (ACAT I), MAIS (ACAT IA) and Major Systems (ACAT II).
 - Requires each strategy, where appropriate, to consider:
 - Delivering capability in increments
 - National technology and industrial base considerations
 - Risk Management
 - Business Strategy
 - Contracting Strategy
 - Intellectual Property Strategy
 - International Involvement
 - Multiyear Procurement
 - Integration of Intelligence Assessments
 - Requirements related to logistics, maintenance, and sustainment
 - MDA review and approval required at: Milestone A, Development RFP Release Decision, each subsequent decision, and when significant or critical changes to cost, or significant changes to schedule or performance occur.
 - Requires Congress to be notified of any MDA revisions to the strategy.



NDAA 2016

Title VIII, Subtitle C, Provisions Related to MDAPs

- Sec. 822. Creates 10 USC 2431b. Risk Management and Mitigation in Major Defense Acquisition Programs and Major Systems.
 - Requires comprehensive approach to managing and mitigating risk to be included in acquisition strategy. Requires, at a minimum, consideration of following risk mitigation techniques:
 - Prototyping (to include preference for competitive prototyping prior to MS B)
 - Modeling and Simulation
 - Technology demonstrations
 - Multiple design approaches
 - Alternate designs
 - Phasing of program activities or related technology development to address high-risk areas soon as possible
 - Manufacturing and industrial base availability
 - Independent risk assessments
 - Schedule and funding margins



Acquisition Strategy- Should Be a Key Document

The Program Manager's plan to manage program execution across the entire program life cycle –Focus should be on the next phase(s) of the LCC

- **Business Approach**
 - **Contract Type**
 - **Incentive Structure**
 - **Competition – maintaining/creating a competitive environment**
 - **Intellectual Property Strategy**
- **Technical Approach**
 - **Risk Management/Mitigation**
- **Decision Criteria**
 - **Source selection/evaluation criteria**
 - **Exit criteria for transition to the next phase**

An approved Acquisition Strategy enables confident RFP preparation



Acquisition Strategy (AS) Coordination Timeline

- The Standard is to have it on the MDA chair's desk within 2 weeks of its arrival in AT&L
- Don't spend more time than this trying to resolve issues
- Write the issues down with the pros and cons
- OIPT Lead with ARA should document issues in a list with a summary of the perspectives and a recommendation
- Route through ASD(A) to MDA who will make a recommendation
- MDA will decide what to do about them:
 - Accept the recommendation or not
 - Ask for more data or a meeting



A View from the Back of the DAB

- Expect your risk analysis to be challenged – how do you know that everything is OK?
- Anticipate a question on the health of your industry and how your approach impacts it
- A good plan that is funding challenged is better than a fully funded, but flawed plan
- What are you doing to ensure competition now and in the future?

- Policy and Guidance
- Fundamental Questions
- Creating an effective AS
- Proven Practices
- Follow-on Activities

Defining Your Role

Challenges

- Selling vs. Supporting
- Consistency vs. Flexibility
- Accommodating vs. Focused

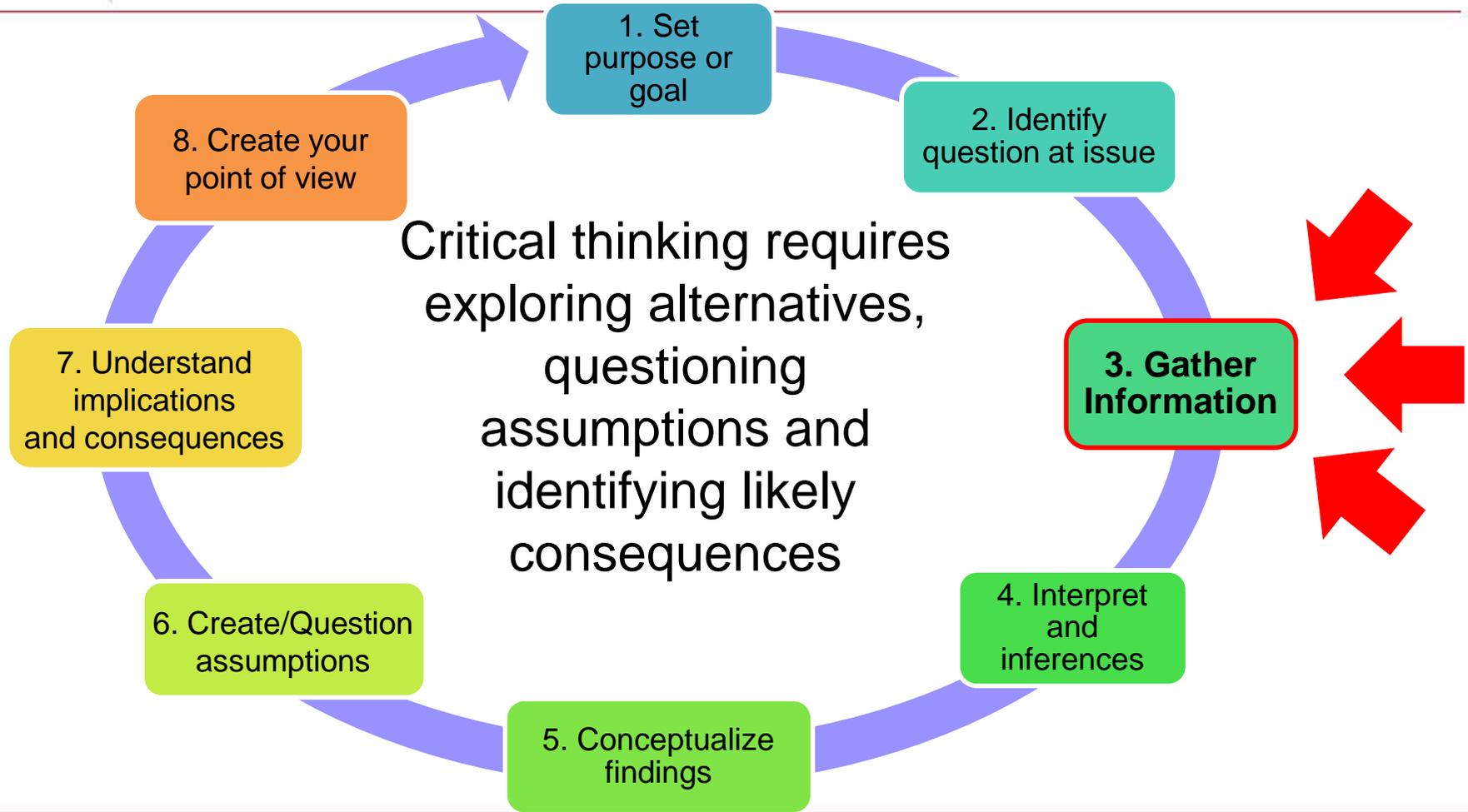


Writer



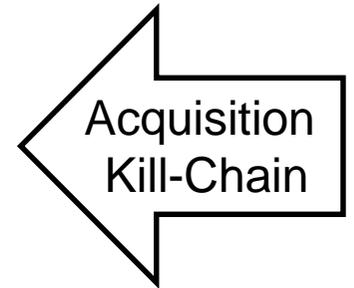
Reviewer

Use Critical Thinking



Four Initial Questions

- WHAT is the program trying to accomplish?
 - How is the program manager planning to achieve those results
- WHY the program is important ?
 - Gap → Requirement → CONOPS → KPPs
- WHAT the system does and how it addresses the requirement?
- HOW is the plan constructed?
 - Schedule, tech development, testing, affordability, etc.





Measures of Effectiveness

- ***How do you know when you have a good Acquisition Strategy?***
 - All reasonable program risks are identified and mitigated to an acceptable level
 - Monitoring processes are in place to check on progress
 - The predicted outcomes (cost, schedule, performance) meet expectations
 - The strategy is actionable and achievable
 - The product will meet the users needs

Final Fundamental Questions

- Things to consider before hitting the send button

What are the strategic questions on my program?

What are the MDA expectations?

Ten Strategy Questions

1. What is my intended outcome?
2. What resources do I need to achieve this outcome?
3. Other than resources, what help do I need? Do I have those agreements?
4. What alternatives were considered to achieve my objectives?
5. Why is my option the superior alternative?
6. What ways can I fail to execute my plan?
7. What do I need to reduce probability of failure?
8. What organization will I use to apply resources?
9. What external approvals are needed for success?
10. What metrics can I use to determine progress?

“What best practices would you like to pass on to the acquisition community regarding AS development?”

Responses from interviews with MDAs:

- Challenge the requirement when it doesn't make sense – don't just accept the undeliverable/untestable/unaffordable requirement
- A PM needs to think as an entrepreneur – be more business-like in your programmatic decisions
 - Affordability should be the maximum the Government will pay for development/production. Be willing to walk away from a bad deal
 - Adaptability/expandability needs to be baked into the program – allow for future capability growth up front
 - Ensure schedule margin in development and testing. Ensure the testing program is in sync with the risk
 - Focus on lowering the risk for a program. In general, lowest risk should be to the operator. Don't bring a strategy forward with a RED risk

Can I share my AS with the contractor? Why/why not?

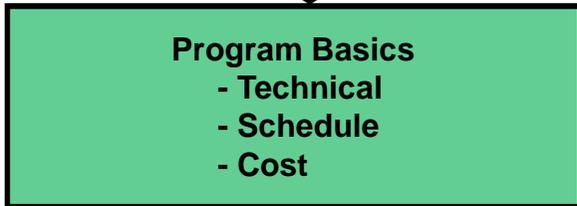
- Fully
- Redacted → What do you take out?
- Never

- Policy and Guidance
- Fundamental Questions
- Creating an effective AS
- Proven Practices
- Follow-on Activities

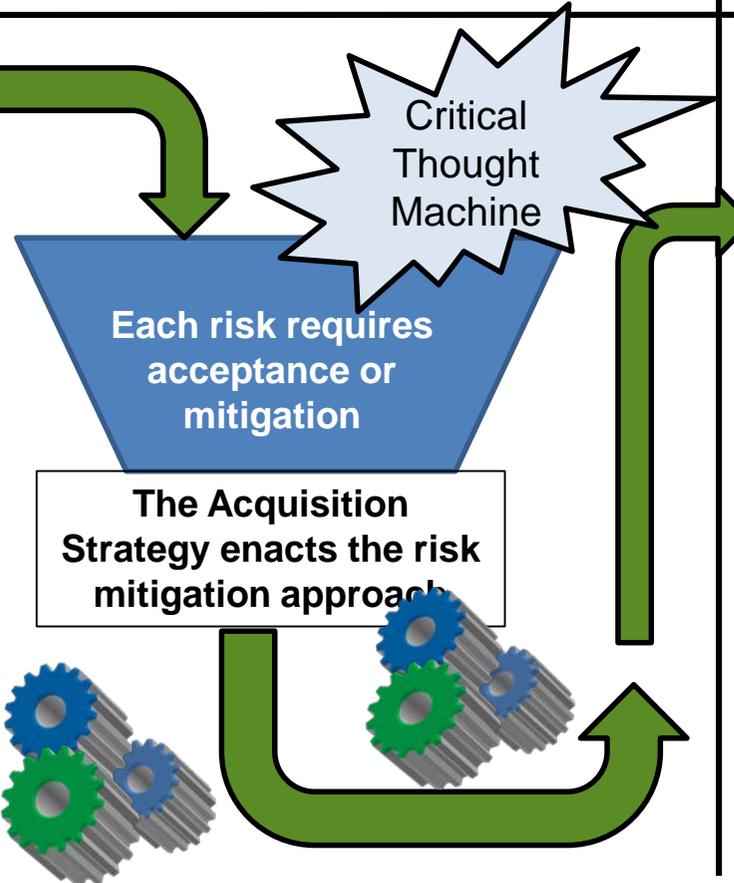


Creating an Acquisition Strategy

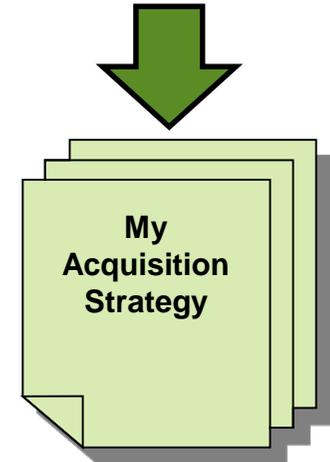
Environmental Scan/Diagnosis



Evaluation of Available Choices



Selection of a Coherent Action Plan





Stakeholder Perspectives

Stakeholder

Program Manager

MDA

Program Office

Requirements

Comptroller

Industry

PCO

User

Expectation

Vision, Success Criteria

Strategic Vision, Deliverables

Requirement, Motivation

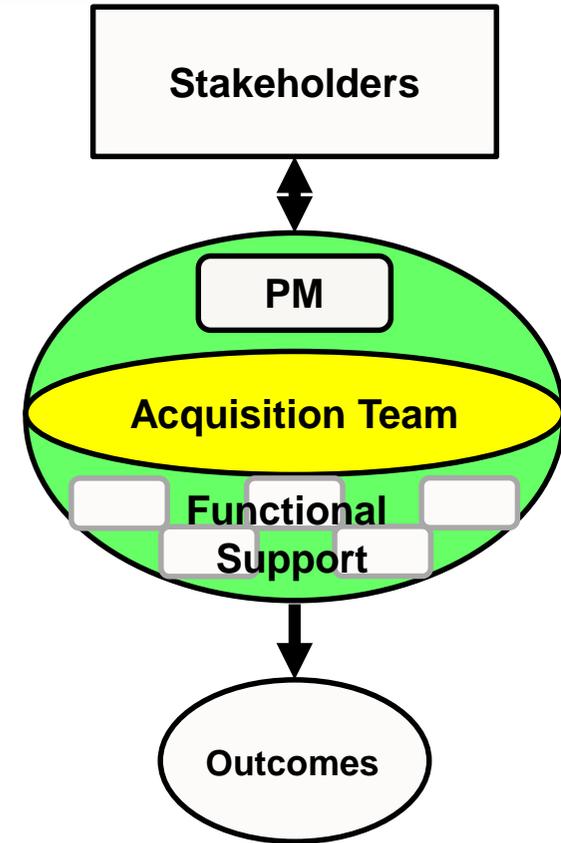
Capability, Affordability

Resources Req'd

Clear RFP requirements

Contract requirement

Capability, Delivery date



Not a one-time event, not a program sales job, but the recipe for success

Employ a Risk Based Approach

- The risk analysis defines the areas of the program that need attention/action



- The program's risk prevention/mitigation approach defines the program's acquisition strategy



Tailoring and Waiving

- Tailoring - Proposing an alternate means of achieving the same results consistent with meeting all statutory, programmatic/ joint requirements and agreements.
 - The AS can be used to define how tailoring will be employed.
- Waiving – Proposing the elimination of specific requirements.
 - The AS can be used to request a regulatory waiver.

Authorities:

- Regulatory requirements can be tailored/ waived with the consent of the MDA.
- Statutory requirements can only be waived by act of law.

Desired Outcome

Requirement:

- Threat Analysis
- AoA Results
- KPPs

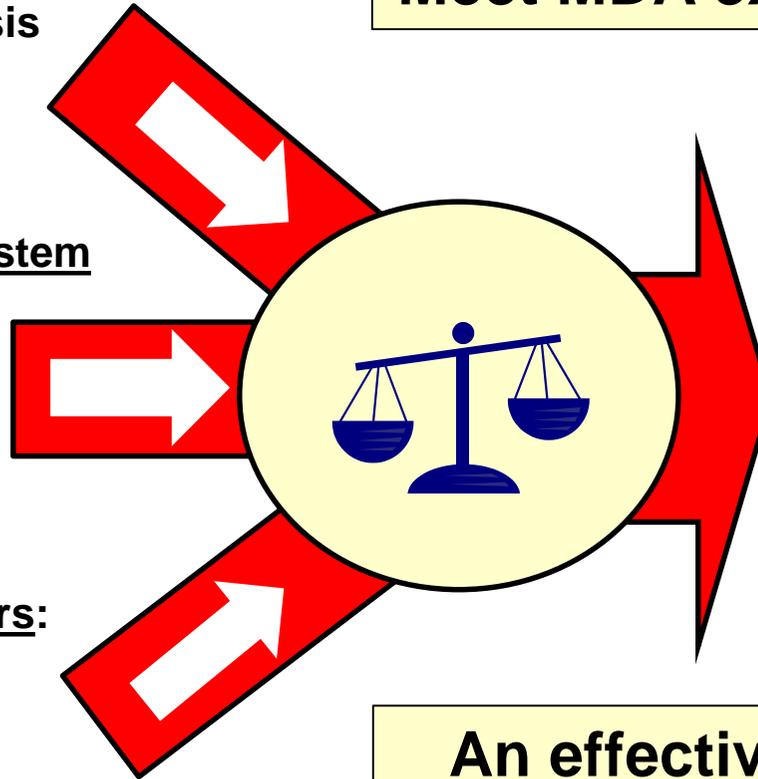
Acquisition System

- Budget
- Manning
- Schedule
- Technology

External Actors:

- Congress
- Industry
- Allies
- Nat'l Debt

Meet MDA expectations



~ 30 page document
outlining:

- Technical Approach
- Budgetary Approach
- Contracting Approach
- Incentive Approach

An effective PM tool

- Alignment
 - The AS must align with sections L & M of the RFP
- Quantification of risk
 - “Dollarize” risks by consequence and probability to establish an expected ceiling price for the contract
- Incentives
 - Getting the best price
 - For the right product
 - Providing industry with an equitable return





Incentives – **Hottest** Topic

- Do's:
 - Know the deal that you are trying to reach
 - How does the incentive work from the business' point of view
 - Provide sufficient detail to justify the deal
 - Make incentives achievable
 - Create natural incentives
- Don'ts:
 - Front load the incentive structure
 - Use a “peanut butter” spread approach to incentives

Acquisition Strategy Breakdown

Definition: Is the basis for formulating functional plans and strategies defined in a business and technical management approach designed to achieve program objectives within the resource constraints imposed.

1. Purpose
2. Capability Need
3. Acquisition Approach
4. Tailoring
5. Program Schedule
6. Risks and Risk Management
7. Business Strategy
8. Cost and Funding
9. Resource Management
10. International Involvement
11. Industrial Capability and Manufacturing Readiness
12. Life Cycle Signature Support
13. Military Equipment Validation





Program Office Expectations

- Develop a strategy that is:
 - INNOVATIVE and COLLABORATIVE with industry and user
 - Provides EFFECTIVE, AFFORDABLE tools for the joint warfighter
 - LEADS the enterprise and DRIVES business success
 - operates COOPERATIVELY within systems of systems and SATISFIES multiple communities of interest
 - develops PEOPLE to strengthen the acquisition community.

All while:

- ***Remaining Constantly Aware of Technology, Cost, & Schedule;***
- ***Coordinating and Evaluating User Requirements;***
- ***And Meeting Certification Imperatives***



OSD Reviewer Expectations

The AS defines your “contract” with the MDA

- Obvious that the PM has put **critical thought** into the document
- Identified all realistic acquisition challenges and addressed them in:
 - Budgets and Resources
 - Mitigation Plans
 - Strategies
- All known risks identified and appropriately “sized”

Read the document cover to cover



Informal AS Feedback

Top Tip for Program Offices

- Use the MDA staff to your advantage – Pre-coordination has potential benefits
 - A Program Office may see a single AS, but the staff has reviewed multiple and can identify flaws you may be unaware of
 - Getting clarity upfront ensures the whole team is behind the effort versus fighting each rice bowl
 - Harder to make changes once the document is in the signature cycle

- Policy and Guidance
- Fundamental Inputs
- How to create an effective AS
- Best Practices
- Follow-on Activities

- Start early; Engage openly; Aim for “No surprises”
 - Look for systematic solutions – defeat rice bowl mentality with critical thinking/factual arguments
- Consensus not required, but frame issues for MDA decision
 - Acknowledge stakeholders with legitimate interests
- Writing Axioms:
 - Brevity is better than volume – thicker ~~≠~~ better
 - A good chart is better than text; a good picture is even better
- Build relationships with other programs
 - Program Managers, program offices, contractors

- Fluff & “Cut and Paste”
- No margin – no ability to cope with unidentified risks
- Lack of substantive business planning
 - “Red” funding numbers in the near years
 - Following policy without knowing the “why”
- Starting to write before completing thinking
 - Artificially limited scope
 - Too many TBDs at the end of the program
- Linking high technology dependency with a moderate-low technical risk assessment
- Ignoring stakeholder concerns
- Poor integration with the other key documents

- Policy and Guidance
- Fundamental Inputs
- How to create an effective AS
- Best Practices
- Follow-on Activities



Thinking beyond Major Milestones

- Using a strategic thinking approach has benefits below the major program level ensuring:
 - Critical thought is employed
 - Risks are identified/quantified/mitigated
 - Contract terms are effective and appropriate
 - Synergy obtained between outcomes and incentives
 - Opportunity for training

Making informed strategic decisions is just as important when developing a change order or approving an ECP



It's a living document ... Expect & Manage Change

How long is your AS valid / accurate?

The only constant element in the acquisition is change ...
be prepared to revisit your AS as necessary

- Proper execution may be a best guarantor of success, but it's not absolute
- Congressional marks, Comptroller tweaks, and technical knowledge points are part of the DoD program manager's world
- Be proactive rather than reactive

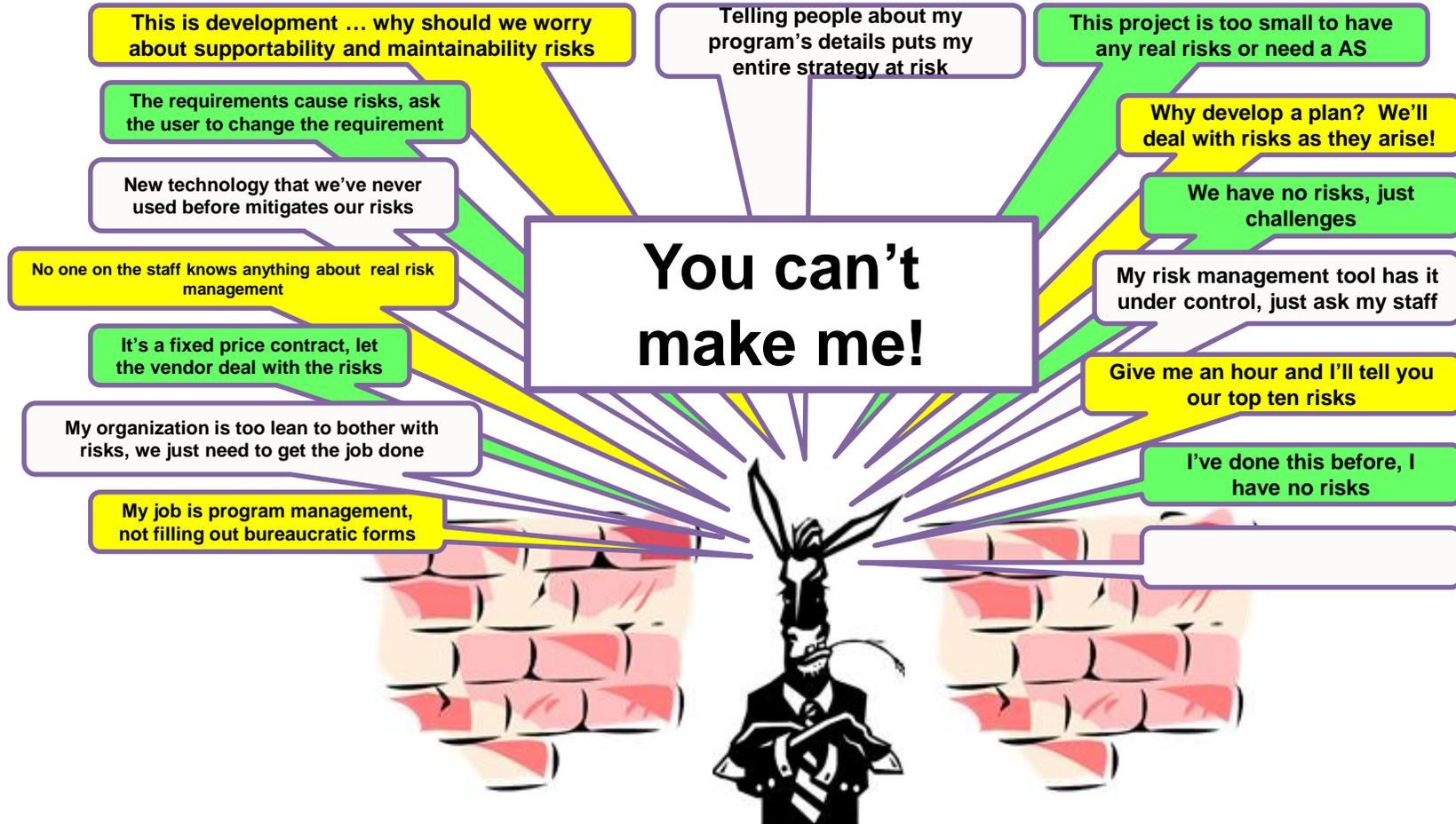


Final Words

- While an AS is most likely the work of a committee, in the end it must be the voice of the PM
 - The strategy must be flowed throughout the entire team to get everyone on the same page.
- Use the AT&L/Service staff as a resource
 - Greater experience with AS documents
 - Identification of items of particular interest
- Obtaining the final signature on the AS is not the finale
 - Provides guidance throughout the life of the program
 - Creates an environment for program success
- A successful AS demonstrates how well you know your program, not how long you can talk about it



Denial is Not a Strategy





Electronic References

- **Template:** http://www.acq.osd.mil/se/docs/PDUSD-Approved-TDS_AS_Outline-04-20-2011.pdf
- **Additional Guidance:**
 - Reliability Analysis <https://dap.dau.mil/policy/Lists/Policy%20Documents/Attachments/3270/DTM-11-003.pdf>
 - Milestone Strategy https://dap.dau.mil/policy/Documents/2011/Implementation_Directive_Better_Buying_Power_110310.pdf
 - Business Approach <https://dap.dau.mil/policy/Documents/Policy/TDS%20and%20AS%20Documents%20-%20ATL.pdf>
- **Article: Acquisition Strategy as a Roadmap for Program Success**
http://www.dau.mil/pubscats/ATL%20Docs/May_Jun_2012/DATL%20May_June2012.pdf



BACK UP





Ten Strategy Questions

- 1. What is my intended outcome?**
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Words of Advice form an OIPT Lead

“What best practices would you like to pass on to the acquisition community regarding AS development?”

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