

# Acquisition Information Memorandum (AIM)



**August 2000**

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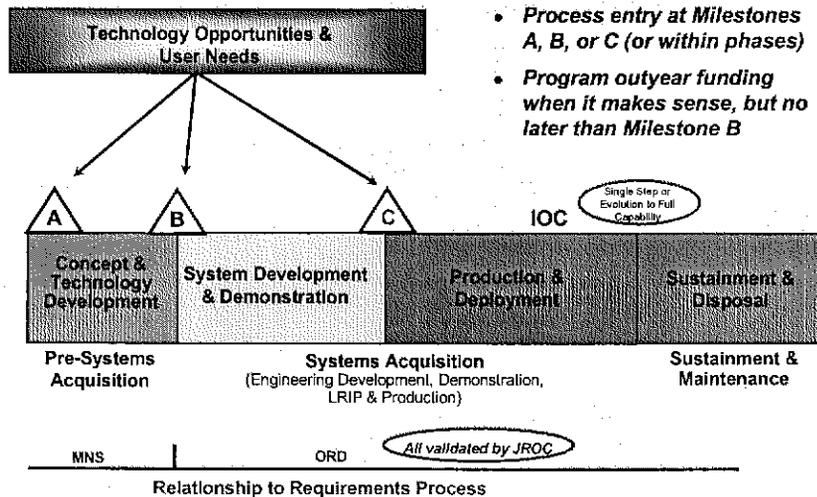
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# Coming Soon - The New DoD 5000

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## THE 5000 MODEL



- Process entry at Milestones A, B, or C (or within phases)
- Program outyear funding when it makes sense, but no later than Milestone B

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Since the DoD 5000 series of acquisition instructions was first published in 1971, it has been changed ten times. The newest change is a big one since it changes the acquisition model itself.

This change to the DoD 5000 series was made in response to a number of forces. As in previous changes, the DoD 5000 series was changed to accommodate legislation that had been enacted, and new policies that had been signed but not yet incorporated into the 5000 documents.

In addition, various study groups formed in response to Section 912(c) of the National Defense Authorization Act for Fiscal Year 1998 had reported their results. Section 912 had, among other things, directed the Secretary of Defense to develop an implementation plan to

streamline the Defense acquisition organizations, workforce, and infrastructure.

Perhaps the biggest reason for the new change was to tackle the long-term nemesis: acquisition cycle time. There were a number of thoughts about how to do this. One key was the success the commercial world has had at shortening cycle times, where a 50%-70% reduction in development times is typical. Other studies provided other possible solutions. In the view that emerged, the key to cycle time reduction is the maturity of the technology that is to be incorporated into the new product. The new preferred approach is evolutionary acquisition. In previous versions of the DoD 5000, the default acquisition approach was single step to full capability in which the Program Manager was tasked to develop a product to meet an

ambitious requirement where the underlying technology was not completely understood or in hand. The Program Manager was forced to invent on the critical path.

Under the evolutionary acquisition model, as the underlying technology matures, it is incorporated into separate blocks of the new system. Using mature technology, the Program Manager can concentrate on rapid design, production and deployment of the product to the warfighter. This approach encourages the use of existing and commercially available solutions.

Two things make this work:

- The requirements are time-phased into readily realizable increments of capability, rather than waiting for years for the ultimate full capability which, given the pace of the world, may be obsolete when deployed.
- The system architecture must be open to allow compatibility with future blocks of the system.

The rewrite of the DoD 5000 series was placed under the direction of the Defense Acquisition Policy Steering Group (DAPSG) consisting of senior representatives from the various Department of Defense agencies as well as the Services. The Defense Acquisition Policy Working Group (DAPWG), consisting of personnel from these same agencies and Services, did the actual writing.

The rewrite resulted in a revised DoDD 5000.1 Directive and a new DoDI 5000.2 Instruction which replaces parts 1 (Acquisition Management Process), 2 (Program Definition), and 5 (Program Assessments and Decision Reviews) of the current DoD Regulation 5000.2-R. There is also a revised DoD 5000.2-R Regulation, which retains and updates the

guidance currently in parts 3 (Program Structure), 4 (Program Design), and 6 (Periodic Reporting) of the current Regulation. The Regulation is in preparation and is expected to be completed some time this Fall.

There are many differences and many things the same in the new and old DoD 5000 series.

The underlying acquisition model itself is different. Milestones and Phases A, B, and C replace Milestones and Phases 0, I, II and III. With the exception of Milestone A, which is equivalent to the old Milestone 0, the milestones and phases do not equate to each other. For statutory purposes, many requirements that used to occur at Milestone II, the beginning of Engineering and Manufacturing Development, are now met at the new Milestone B. Many of the efforts that used to occur during Phase I, Program Definition and Risk Reduction, now occur during the Component Advanced Development part of Phase A, Concept and Technology Development. In that sense, a formal program start might be seen as occurring later in the acquisition process. The new Milestone C, the Commitment to Low-Rate Initial Production and to Produce and Deploy Systems, occurs ahead of the old Milestone III. The old Milestone III production and deployment decision is no longer a major milestone but is now made at a Full-Rate Production Decision Review that occurs during Phase C, the Production and Deployment Phase.

Other changes are:

- Evolutionary Acquisition, previously one of many options is now the preferred option.
- The new 5000 acquisition model proposes rapidly producing and

deploying multiple blocks of increasing capability instead of having a grand design resulting in a single configuration capable of satisfying the ultimate ORD.

- Under the new 5000 acquisition model a program starts either at Milestone B or Milestone C. Future blocks start when their ORDs and technology are sufficiently defined and mature. Previously, a Program could officially start as early as Milestone I.
- Under the new 5000, program commitment will still be requirements driven, but will be based upon the demonstration of technology mature enough to quickly meet the requirement. Previously, program commitment was driven by requirements.
- The new 5000 puts greater emphasis on the Science and Technology community for the development of technology. Previously, the Program Manager was typically responsible for development of technology and the final product.

Beyond the basic model there are many program features that receive added emphasis in the new 5000 series. Interoperability is a key performance parameter in Operational Requirements Documents, which require the new 5000 series to reflect the increased emphasis on system interoperability. Programs initiated after successful technical demonstrations such as Advanced Concept Technology Demonstrations (ACTDs) and warfighting experiments, were not the norm under the 1996 DoD 5000 series. They are now strongly encouraged as the precursor to acquisition program starts.

Whereas the 1996 DoD 5000 series encouraged tailoring, the new DoD 5000 series more strongly encourages

tailoring and provides more guidance.

Many of the other features governing acquisition programs have stayed the same:

- Acquisition categories
- Program participants: Defense Acquisition Executive, Component Acquisition Executive, Milestone Decision Authority, Program Executive Officer, Systems Command Commander, Program Manager.
- Defense Acquisition Board
- Teams such as the Overarching Integrated Product Teams and Working level Integrated Product Teams are even more encouraged.
- Program documentation such as the Mission Need Statement, Capstone Requirements Document, Operational Requirements Document, Acquisition Program Baseline, and Test and Evaluation Master Plan (Timing and uses may be different)
- Submission of Selected Acquisition Reports and Defense Acquisition Executive Summaries
- Acquisition Reform Initiatives of the last several years including Single Process Initiative, use of Commercial Off the Shelf and Non Developmental Items, and Open Systems Architecture

Acquisition programs will comply as follows.

- Programs that have passed Milestone II will continue to Milestone III following the guidance in the 1996 version of DoD 5000.2-R.
- Programs that have not yet passed Milestone I will follow the procedures in the new DoD 5000.
- Programs that have passed Milestone I, but have not yet

passed Milestone II, will follow the guidance in either the 1996 version of the DoD 5000 or the new DoD 5000 at the MDA's discretion.

The DoDD 5000.1 Directive and DoDI 5000.2 Instruction are expected to be signed by the end of August.

Once signed, a more detailed comparison of the new and old 5000 will be presented in a future Acquisition Information Memorandum.

For more information on the new DoD 5000, please contact Chuck Cotton or Denis Catalano at 602-8518.

## Exit Criteria - The Good, the Measurable, and the Achievable

At Program Decision Meetings (PDM), the Milestone Decision Authorities (MDA) approve exit criteria, proposed by the Program Manager (PM), for ACAT programs to use as the basis for readiness for the subsequent milestone.

Exit criteria are defined in DoD 5000.2-R.

"The exit criteria shall serve as gates that, when successfully passed or exited, demonstrate that the program is on track to achieve its final program goals and should be allowed to continue with additional activities within an acquisition phase or be considered for continuation into the next acquisition phase. Exit criteria are not part of the APB and are not intended to repeat or usurp the minimum required accomplishments for each phase contained in the APB or this Regulation. They do not cause program deviations. Exit criteria are some level of demonstrated performance outcome (e.g., level of engine thrust), the accomplishment of some process at some level of efficiency (e.g., manufacturing yield) or successful accomplishment of some event (e.g., first flight), or some other criterion (e.g., establishment of a training program or inclusion of a

particular clause in the follow-on contract) that indicates that aspect of the program is progressing satisfactorily."

What makes an exit criterion good or bad? Is it measurable? Is there any ambiguity in the way it is stated?

Exit criteria should not duplicate the documentation requirements for a Milestone. Exit criteria should not be more stringent than those the program needs in order to enter the next phase. Too many or too few criteria are also undesirable options.

How does the PM tailor the criteria to the size and complexity of a program? A review of exit criteria documented in various Acquisition Decision Memoranda revealed many that have withstood the test of time. These criteria are used many times across programs because they provide invaluable measures of the readiness of the program to proceed to the next phase of development, or to enter full production.

Here are some examples of well-written exit criteria.

- Determine range of values for critical system characteristics,

their sensitivity to cost, and their contribution to the key mission areas.

- Delivery of Engineering Development Models.
- Delivery of Technical Data Package (TDP) suitable for competition.
- Successful completion of Critical Design Review

Here are examples of proposed criteria, which were eliminated, as they were duplicative of milestone documentation requirements.

- Update APB
- Update TEMP
- Have signed Acquisition Strategy

These documents must be completed before the milestones regardless of whether or not they appear as exit criteria. They also are not assessments of program readiness to proceed.

Whenever a PM is preparing the proposed exit criteria to present at an upcoming Milestone Review, the PM should consider what is measurable, achievable and most useful in assisting the MDA.

Any program office preparing for your next review is welcome to request the assistance of the Acquisition Support Office in defining good exit criteria for their ACAT programs.

Please call our office, 602-8518, to schedule consultations as you are planning for your next milestone review.

## Reminder - Procedures for Submission of DAES and SAR Reports

As a reminder to the ACAT I Program Managers, we are reprinting the notice sent in March 2000 with respect to submission dates for DAES and SAR reporting:

To ensure compliance with DOD 5000.2-R and the Consolidated Acquisition Reporting Software (CARS), starting with the Group A DAES reporting in April 2000, all DAES must be submitted to SEA 91Y no later than the 12th of the month in which your report is due. The exception to this would be the months of October (due 6 October) and November (due 3 November). Please submit 6 paper copies and 2

diskettes of the DAES for your program.

The annual SAR will be due in SEA 91Y no later than 12 days after the President's Budget has been submitted. The quarterly SAR, if required, will be due to SEA 91Y ten days after the end of the fiscal quarter (March, June, or September) in which a breach to your program has occurred. Twelve paper copies and 2 diskettes of the SAR are required for the annual and quarterly submission.

If you have any questions, contact Kim Rollins at 602-8518, X404.

Distribution (If your code is not correct, please notify SEA 91Y2 on

602-8518 ext. 401 of the correct code.):

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	00L		05L		92C6	PEO	S
	00M		05L4		92P		PMS429
	00N		05M		92T		PMS500
	00T		05N		PMS392		PMS510
SEA	09		05P		PMS395		PMS512
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	02C	SEA	08		PMS312L		PMS450A11
	02K	SEA	53		PMS378		PMS450A12
	022		53B	PEO	EXW	PEO	TSC
	024		53C		EXW (C)		PMS400
	025		53D		EXW (D)		PMS400B
	026		53E		EXW (G)		PMS400D
	028		53G		PMS317		PMS400E
	029		53H		PMS325		PMS400E4
SEA	04		53K		PMS325R		PMS400F
	04B		53R		PMS333		PMS400G
	04L		53T		PMS334		PMS400G3
	04LB	SEA	91		PMS373		PMS400G31
	04L1		91B		PMS377		PMS410
	04L2		91CO		PMS377R		PMS410-1
	04L25		91D		PMS377RB		PMS400-2
	04L3		91FCT		PMS3773		PMS422
	04L4		91M		PMS430		PMS422-2
	04L5		91P		PMS440		PMS422-23
	04LR		91R		PMS444		PMS451
SEA	05		91T		PMS471		PMS452
	05B		00C		PMS472		PMS456
	05BX		00CB	PEO	MUW		PMS461
	05D		00C1		MUW (F)		PMS465
	05D1		00C12		MUW (IP)		PMS467
	05D2		00C2		MUW (T)		PMS473
	05D3		00C3		PMS210		
	05D4		00C5		PMS303		
	05D5		PMS305		PMS403		
	05F		PMS306		PMS407		
	05F2		PMS307		PMS411		
	05F21		PMS308		PMS411E		

The AIM is prepared by SEA 91Y and is intended to provide acquisition and procurement guidance. Unless otherwise noted in an article, the POC for information herein is SEA 91Y, NC#3, Room 4E20, (703) 602-8518. Electronic copies of the AIM can be found at the NAVSEA Intranet Web Site, on the Acquisition Support Office web page, accessed from <http://corp.navsea.navy.mil/>.