

# DAU PROGRAM MANAGERS TOOL KIT

Tenth Edition (online update)  
February 2002



DAU PROGRAM MANAGERS TOOL KIT

## **PREFACE**

This online update of the 10th Edition of the “Tool Kit” contains a graphic summary of acquisition policies and managerial skills frequently required by DoD program managers. It is a current version of a “Tool Box” that was first developed by Mr. Charles F. Schied of PMC 92-1. For convenience, it is sized for insertion into a 3-hole, 5-1/2” x 8-1/2” “Day Runner.” The information was extracted from material presented by the Defense Acquisition University (DAU) in the Intermediate Systems Acquisition Course (ISAC) and Advanced Program Management Course (APMC). It reflects the January 2001 changes to DoDD 5000.1 and DoDI 5000.2, and the June 2001 changes to DoD 5000.2-R. Material from the DAU Acker Library & Learning Resource Center was also used.

Users of the “Tool Kit” are reminded that this summary is a guide only and should not be used as a substitute for official policy guidance. Periodic review of official policy guidance is recommended.

## ACKNOWLEDGMENTS

As Sponsor of the “Tool Kit” I wish to recognize the following members of the Defense Acquisition University (DAU) faculty and staff for their input to this 10<sup>th</sup> Edition: Maj Norman Patnode, USAF, and Mr. Bill Bahnmaier of the Program Management and Leadership Department (PML) on the Capital/Northeast Regional Campus, who coordinated the input and editing of material from various DAU departments; Mr. Eduard Boyd of the Visual Arts Department for his support in preparing and editing drafts for printing, and Mr. Greg Caruth and Ms. Debbie Gonzalez of the same Department for their detailed proofing of the final drafts. Other significant contributors were Mr. John Kelley, PML Department; Ms. Leslie Deneault, CM Department; Ms. Miriam Cohe, BCEFM Department; Mr. Richard Kwatnoski, Executive and International Department; and Mr. John Claxton, Dr. John Snoderly, Mr. Ed Verchot, Mr. George Prosnik, Mr. Larry Heller, Maj Mark McNabb, USAF, and LTC Ming Chang, USA of the Technology and Engineering Department. I also want to thank Mr. Tim Shannon, Dean of the Capital/Northeast Regional Campus for both his encouragement and support for this effort.



C.B. Cochrane  
Director, Center for  
Program Management

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## ACQUISITION MANAGEMENT

- Things that make you go “Hmmm?...”
  - “The only thing most auditors fix is the blame.”
  - “Experience is something you got just after you needed it.”
  - “People are smarter than they look; listen to them.”
  - “The last 10 percent of the performance sought generates one-third of the cost and two-thirds of the problems.”
  - “Never open a can of worms unless you want to go fishing.”
  - “Those who believe it cannot be done will you please get out of the way of those who are busy doing it.”
- Things we should always remember.
  - “Be honest in everything you say, write and do.”
  - “Be good to your people, and they will be good to you.”
  - “Forgiveness is easier to obtain than permission.”
  - “Keep everyone informed; when in doubt, coordinate.”
  - “Be the first to deliver bad news.”
  - “Bad news does not get any better with time.”
  - “If you are sitting at your desk, you are not managing your program.”

## **THE PROGRAM MANAGER'S BILL OF RIGHTS AND RESPONSIBILITIES**

### ***RIGHTS:***

Program Managers have the RIGHT to:

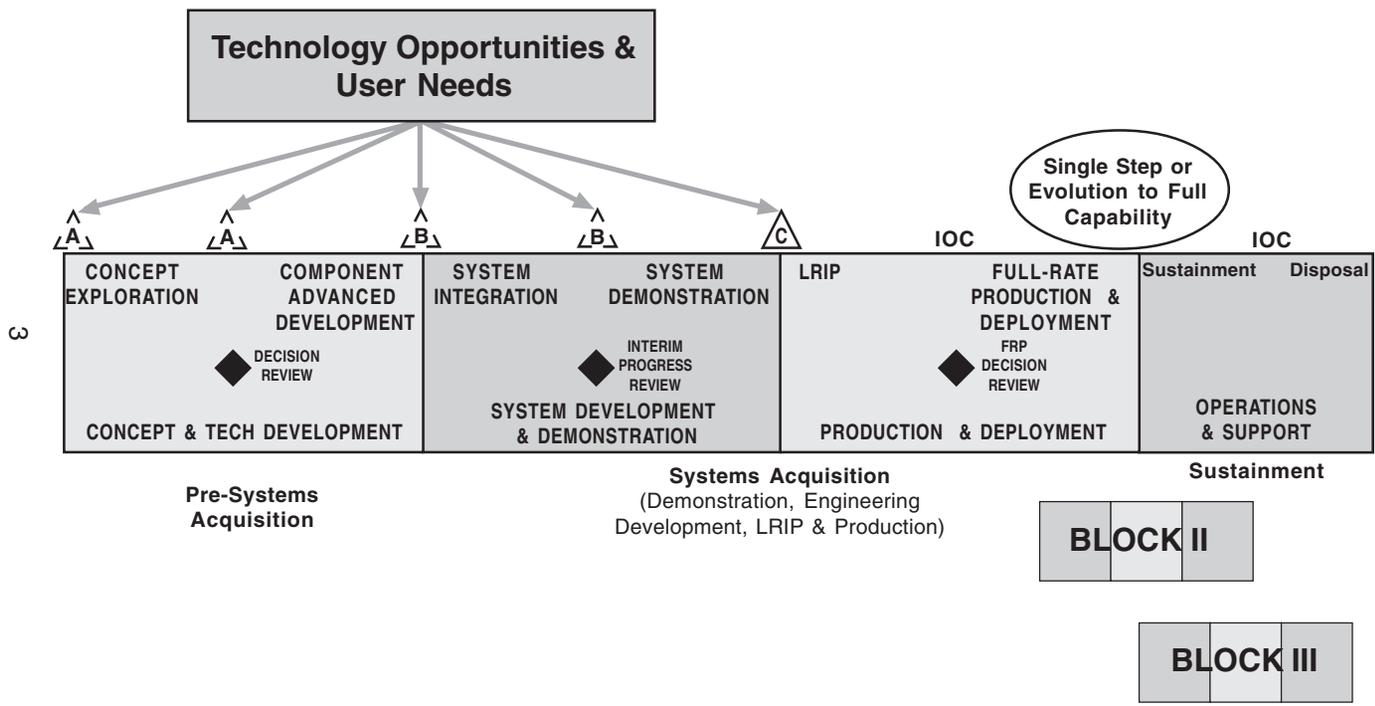
- A single, clear line of authority from the Defense Acquisition Executive.
- Authority commensurate with their responsibilities.
- Timely decisions by senior leadership.
- Be candid and forthcoming without fear of personal consequences.
- Speak for their program and have their judgments respected.
- The best available training and experience for the job.
- Adequate financial and personnel resources.

### ***RESPONSIBILITIES:***

Program Managers have the RESPONSIBILITY to:

- Accept program direction from acquisition executives and implement it expeditiously and conscientiously.
- Manage their programs to the best of their abilities within approved resources.
- Be customer-focused and provide the user with the best, most cost-effective systems or capabilities.
- Innovate, strive for optimal solutions, seek better ways to manage, and provide lessons-learned to those who follow.
- Be candid about program status, including risks and problems as well as potential solutions and likely outcomes.
- Prepare thorough estimates of financial and personnel resources that will be required to manage the program.
- Identify weaknesses in the acquisition process and propose solutions.

## DEFENSE ACQUISITION DECISION REVIEWS & PHASES



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**ACQUISITION CATEGORIES (ACAT)**

<b>Major Defense Acq Pgms</b>	<p><b>ACAT 1D:</b></p> <ul style="list-style-type: none"> <li>• DAB Review</li> <li>• Designated by DAE</li> <li>• Decision by DAE</li> </ul>	<p>\$365M RDT&amp;E or \$2.190B Procurement (FY00 Constant \$)</p>
	<p><b>ACAT 1C:</b></p> <ul style="list-style-type: none"> <li>• Component Review</li> <li>• Designated by DAE</li> <li>• Decision by Svc Sec/CAE</li> </ul>	
-----		
<b>Major AIS Acq Pgms</b>	<p><b>ACAT IAM:</b></p> <ul style="list-style-type: none"> <li>• ITOIPT Review</li> <li>• Designated by ASD(C3I)</li> <li>• Decision by ASD(C3I)</li> </ul>	<p>\$378M Life Cycle Cost or \$126M Total Prog. Cost or \$32M Prog. Cost in any single year (FY00 Constant \$)</p>
	<p><b>ACAT IAC:</b></p> <ul style="list-style-type: none"> <li>• Component Review</li> <li>• Designated by ASD(C3I)</li> <li>• Decision made by Comp. Chief Information Officer</li> </ul>	
-----		
<b>Major Systems</b>	<p><b>ACAT II:*</b></p> <ul style="list-style-type: none"> <li>• Does Not Meet ACAT I Criteria</li> <li>• Designated by Svc Sec/CAE</li> <li>• Decision by Svc Sec/CAE</li> </ul>	<p>\$140M RDT&amp;E or \$660M Procurement (FY00 Constant \$)</p>
-----		
<b>All Others</b> <small>(except for Army Navy, USMC)</small>	<p><b>ACAT III:</b></p> <ul style="list-style-type: none"> <li>• Does Not Meet ACAT I, IA or II Criteria</li> <li>• Designated IAW Component policy</li> <li>• Decision at lowest appropriate Level</li> </ul>	<p>No Fiscal Criteria</p>
-----		
<b>Army Navy USMC</b>	<p><b>ACAT IV:</b></p> <ul style="list-style-type: none"> <li>• Not otherwise designated ACAT I, IA, II or III</li> <li>• Designated IAW Component Policy</li> <li>• Navy/USMC ACAT IVT/IVM</li> <li>• Decision at lowest appropriate level</li> </ul>	<p>See AR 70-1 (Army) &amp; SECNAVINST 5000.2B (Navy and Marine Corps)</p>

\*Army has an ACAT IIA for AIS reviewed at Army CIO level

## ACQUISITION STRATEGY ELEMENTS

*DoD 5000.2-R, June 2001*

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Requirements             <ul style="list-style-type: none"> <li>– Approved Source Docs</li> <li>– Status of In-process Source Docs</li> </ul> </li> <li>• Program Structure</li> <li>• Acquisition Approach</li> <li>• Risk</li> <li>• Program Management             <ul style="list-style-type: none"> <li>– Resources                 <ul style="list-style-type: none"> <li>• Advance Procurement</li> <li>• PMO Staffing &amp; Support</li> </ul> </li> <li>– Info Sharing &amp; DoD Oversight</li> <li>– IDE</li> <li>– Tech Reps at Contractor Facilities</li> <li>– Government Property In Possession of Contractors</li> <li>– Tailoring &amp; Streamlining                 <ul style="list-style-type: none"> <li>• Requests for Relief or Exemption</li> <li>• Applying Best Practices</li> </ul> </li> <li>– Planning for Modeling &amp; Simulation</li> <li>– Independent Expert Review of Software Intensive Programs</li> </ul> </li> <li>• Design Considerations             <ul style="list-style-type: none"> <li>– Open Systems</li> <li>– Interoperability                 <ul style="list-style-type: none"> <li>• Information Interoperability</li> <li>• Other-than Info Interoperability</li> </ul> </li> <li>– IT Supportability</li> <li>– Protection of Critical Program Info &amp; Anti-Tamper Provisions</li> </ul> </li> <li>• Support Strategy             <ul style="list-style-type: none"> <li>– Product Support                 <ul style="list-style-type: none"> <li>• Management Planing</li> <li>• Integration</li> </ul> </li> <li>– Source of Support                 <ul style="list-style-type: none"> <li>• Depot Maintenance</li> <li>• Supply</li> <li>• Contractor Log Support</li> </ul> </li> <li>– Human Sys Integration</li> <li>– Environ Safety &amp; Occupational Health</li> <li>– Demil &amp; Disposal</li> <li>– Life Cycle Support Oversight</li> <li>– Post Deployment Evaluation</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Business Strategy             <ul style="list-style-type: none"> <li>– Competition                 <ul style="list-style-type: none"> <li>• Fostering a Competitive Environment                     <ul style="list-style-type: none"> <li>– Competition Advocates</li> <li>– Ensuring Future Competition</li> </ul> </li> </ul> </li> <li>• Building Competition Into Strategies                     <ul style="list-style-type: none"> <li>– Acquisition Phases</li> <li>– Evolutionary Acquisition</li> <li>– Industry Involvement</li> </ul> </li> <li>• Potential Obstacles                     <ul style="list-style-type: none"> <li>– Exclusive Teaming</li> <li>– Sub-Tier Competition</li> </ul> </li> <li>• Potential Sources                     <ul style="list-style-type: none"> <li>– Market Research</li> <li>– Commercial &amp; NDI</li> <li>– Dual-Use Tech &amp; Comm Plants                         <ul style="list-style-type: none"> <li>– Industrial Capability</li> </ul> </li> </ul> </li> <li>• SBIR Technologies</li> </ul> </li> <li>– International Cooperation             <ul style="list-style-type: none"> <li>• Cooperative Strategy</li> <li>• Interoperability</li> <li>• Compliance</li> <li>• Testing Required for Foreign Military Sales</li> </ul> </li> <li>– Contract Approach             <ul style="list-style-type: none"> <li>• Major Contracts Planned</li> <li>• Contract Type</li> <li>• Contract Incentives</li> <li>• Performance Mgmt</li> <li>• Integrated Baseline Reviews</li> <li>• Special Terms &amp; Conditions</li> <li>• Warranties</li> <li>• Component Breakout</li> </ul> </li> <li>– Leasing</li> </ul> |
|--|--|

**From DoDI 5000.2, Encl 3, Table 1**

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Partnering Analysis</li> <li>• Make or Buy Analysis</li> </ul> | <ul style="list-style-type: none"> <li>• Core Logistics Analysis/Source of Supply Analysis</li> </ul> |
|---|---|

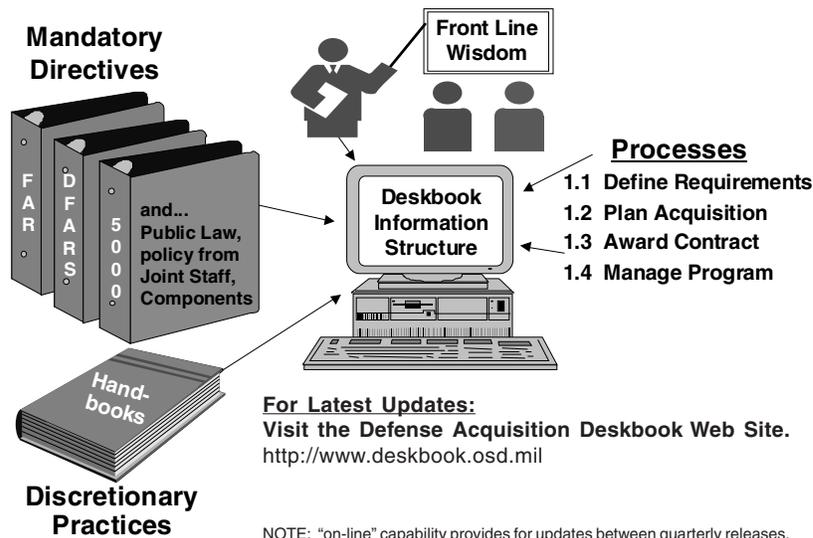
## **ACQUISITION EXCELLENCE INITIATIVES**

- Integrated Product and Process Development and Integrated Product Teams
- Movement from Detailed Design Specifications and Process Standards to Performance and/or Commercial Specifications
- Single Process Initiative
- DoD Cost/Schedule Control System Criteria Replaced by Industry Standard Guidelines for Earned Value Management System (EVMS)
- Commercial and Non-Developmental Item Acquisition and Practices
- Cost As an Independent Variable (CAIV)
- Open Systems Design and Interoperability
- Defense Acquisition Deskbook
- Defense Acquisition Pilot Programs
- Implementation of Federal Acquisition Streamlining Act (FASA), Federal Acquisition Reform Act (FARA) and Information Technology Management Reform Act (ITMRA); (latter two are now known as Clinger-Cohen Act)
- Electronic Commerce/Electronic Data Interchange
- Collection and Use of Past Performance Information
- Advanced Concept Technology Demonstrations (ACTD)
- Acquisition Reform Benchmarking Initiative
- Acquisition Workforce Personnel Demonstration Program
- Contract Administration Reform
- Procurement Process Reform
- Performance Based Service Contracting
- Logistics Transformation
- Alternative Disputes Resolution
- Price Based Acquisition
- Total Ownership Costs (TOC)

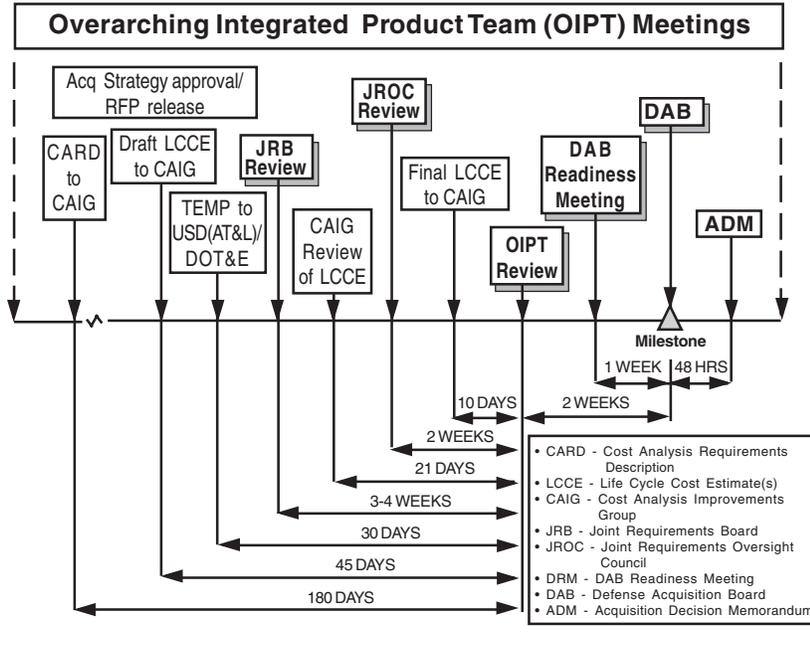
## PLANNING TO SUPPORT ACQUISITION PROCESS

- Planning to support the acquisition process is accomplished within the Integrated Product and Process Development (IPPD) environment.
- Program plans are for use by the PM and the integrated product teams (IPTs) that support the PM and are discretionary.
- There are four exceptions where specific plans are required: Acquisition Plan required by the FAR/DFARS; Program Protection Plan; Command, Control Communications, Computers and Intelligence, (C4I) Support Plan and TEMP -- the latter three are required by DoDI 5000.2.
- Typically, the following areas will require some level of program office planning:
  - Acquisition Strategy (page 5)
  - Systems Engineering
  - Logistics Support/Post Prod Spt
  - Program Protection
  - Training Development
  - Technology Assessment & Control
  - Risk Management
  - Computer/Software Devel/PDSS
  - Human Systems Integration
  - Deployment/Fielding
  - Manufacturing
  - Integrated Testing

## THE DEFENSE ACQUISITION DESKBOOK



### DAB TIMELINE (MILESTONES B, C & FRP DR)



### MILESTONE DECISION INFORMATION — A POSSIBLE CONSTRUCT

<p><b>1 WHY ?</b></p> <ul style="list-style-type: none"> <li>• Threat</li> <li>• Capability</li> </ul>	<p><b>2 WHAT ?</b></p> <ul style="list-style-type: none"> <li>• Requirement</li> <li>• Analysis of Alternatives</li> </ul>	<p><b>3 HOW ?</b></p> <ul style="list-style-type: none"> <li>• Acquisition Strategy</li> </ul>
<p><b>4 RISKS ?</b></p> <ul style="list-style-type: none"> <li>• Risk Mgmt Plan</li> <li>• T&amp;E Plan</li> <li>• T&amp;E Results</li> </ul>	<p><b>5 COST ?</b></p> <ul style="list-style-type: none"> <li>• CAIV Objectives</li> <li>• LCCE</li> <li>• ICE</li> </ul>	<p><b>6 MANAGEMENT ?</b></p> <ul style="list-style-type: none"> <li>• PMO Structure</li> <li>• IPT Structure</li> <li>• WIPT - OIPT Structure</li> </ul>
<p><b>7 AGREEMENT ?</b></p> <ul style="list-style-type: none"> <li>• APB</li> <li>• ADM</li> <li>• Exit Criteria</li> </ul>	<ul style="list-style-type: none"> <li>• Have I Presented All Necessary Information ?</li> <li>• Does the Info Flow Logically ?</li> <li>• Is the Info Clear and Accurate ?</li> <li>• Is it Concise, Executive-Level ?</li> </ul> 	

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**INFORMATION FOR DECISION REVIEWS**

Information (DoDI 5000.2 unless otherwise noted)	Decision/Reviews					
	A	DR	B	IPR	C	FRP
Acquisition Decision Memorandum (ADM)	X	X	X	X	X	X
Acquisition Program Baseline (APB)		Note 1	X		X	X
Acquisition Strategy (28 major elements) (See pg 5)		Note 1	X		X	X
Affordability Assessment			X		X	
Analysis of Multiple Concepts	X					
Analysis of Alternatives (AOA)			X		Note 3	
Application for Frequency Allocation			X		X	
Beyond LRIP Report (note 2)						X
C4 Integrated Support Plan		Note 1	X		X	
Clinger-Cohen Act Compliance (all IT)		Note 1	X		X	X
Compliance with Strategic Plan			X		X	
Component Cost Analysis (MAIS; optional MDAP)			X			X
Consideration of Technological Issues	X		X		X	
Cooperative Opportunities			X		X	X
Cost Analysis Requirements Description (MDAPs)			X		X	X
Analysis Economic (MAIS)			X			
Exit Criteria	X	X	X	X	X	X
Independent Cost Estimate (MDAPs; n/a AIS)			X		X	X
Independent Technology Assessment			X		X	
Interoperability Certification						X
IT Certification (MAIS)		X	X		X	X
Live Fire T&E Waiver (covered systems)(note 2)			X			
Live Fire T&E Report (covered systems)(note 2)						X
LRIP Quantities			X			
Manpower Estimate (MDAPs)			X			X
Market Research	X		X			
Mission Need Statement (MNS)	X					
National Environmental Policy Act Schedule		Note 1	X		X	X
Operational Requirements Document (ORD)			X		X	
Operational Test & Evaluation Results			X		X	X
Post Deployment Performance Review					X	
Program Protection Plan			X		X	
Programmatic Environ, Safety & Occupational Health			Note 4			
Registration of Msn Critical & Msn Essential Info Sys		Note 1	Note 1		Note 1	
System Threat Assessment (n/a AIS)			X		X	
Selected Acquisition Report (MDAPs)		Note 1	X		X	X
Test & Evaluation Master Plan (TEMP)	Note 5		X		X	X

Notes:

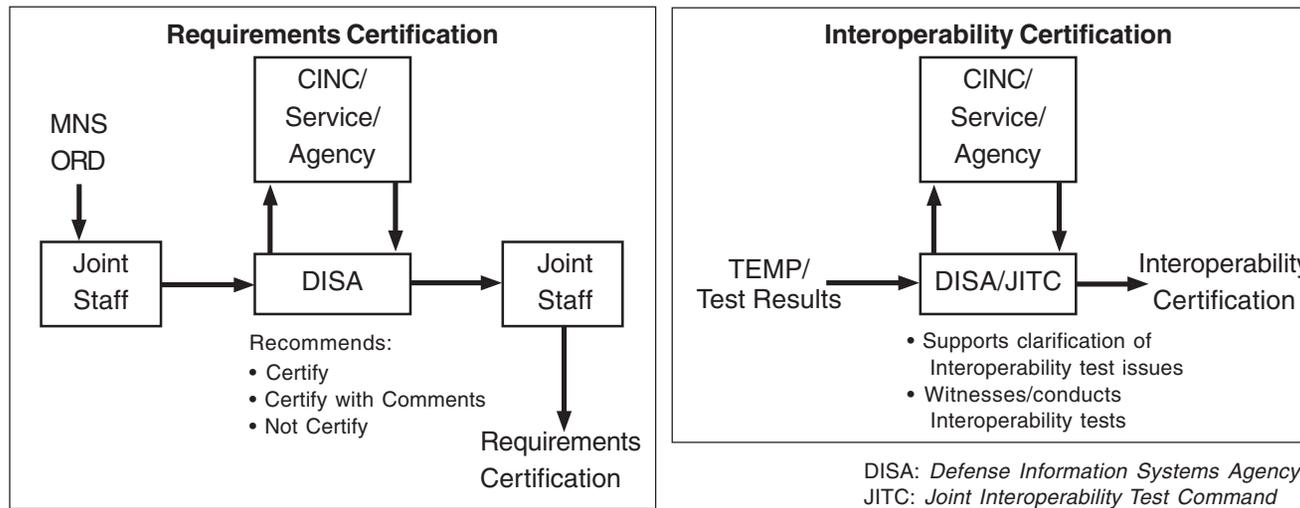
1. At entry to CAD if CAD is program initiation.
2. OSD T&E Oversight programs.
3. If no MS B, then at MS C.
4. The PESHE document is normally due at MS B (see DoD 5000.2-R, chapter 5).
5. Eval strategy for MNS capabilities due 180 days after MS A.

## C4ISR INTEROPERABILITY

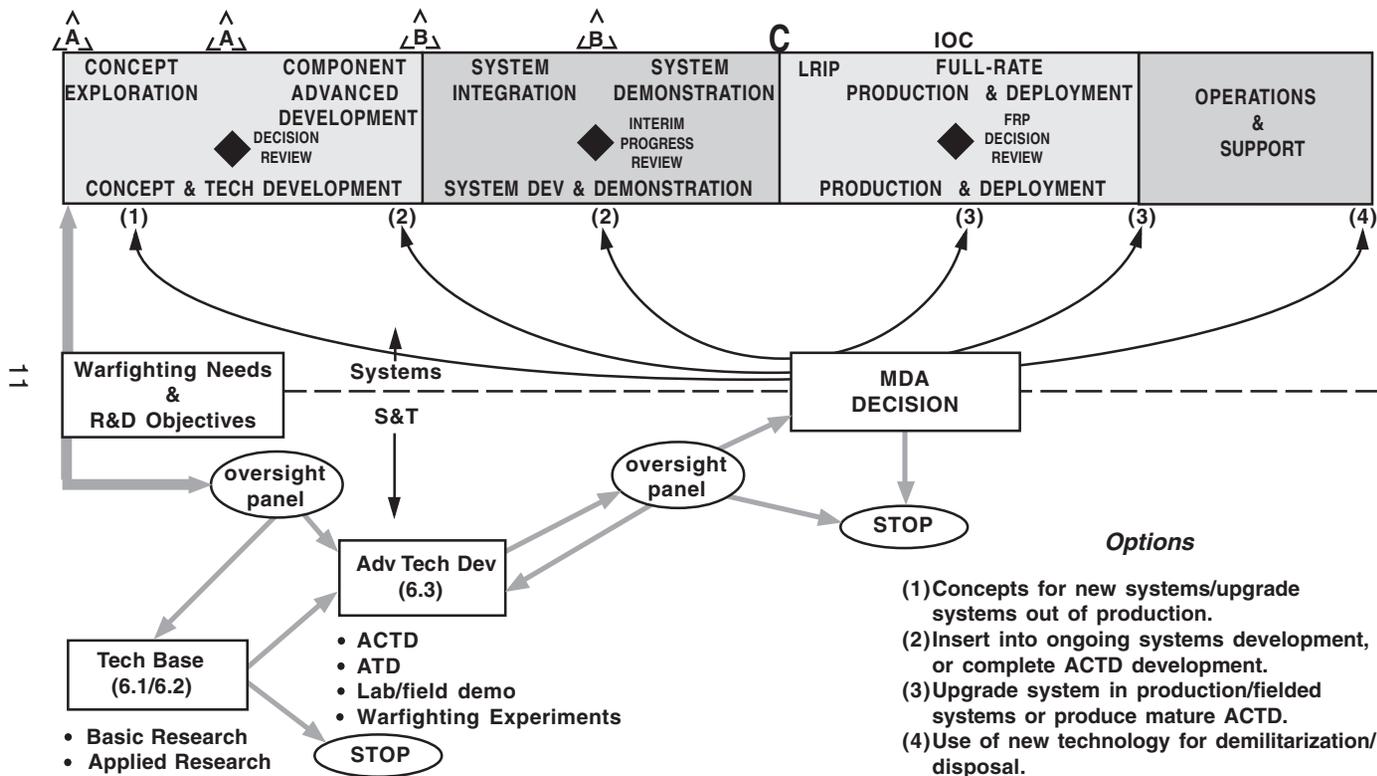
DoD Policy: (CJCSI 6212.01B)

- All C4I systems developed for use by U.S. forces are considered to be for Joint use.
- All C4I requirements shall be reviewed/updated at every milestone.
- Joint Staff will certify all MNS & ORDs for conformance with Joint C43I Policy & Doctrine, architectural integrity, and Interoperability standards.

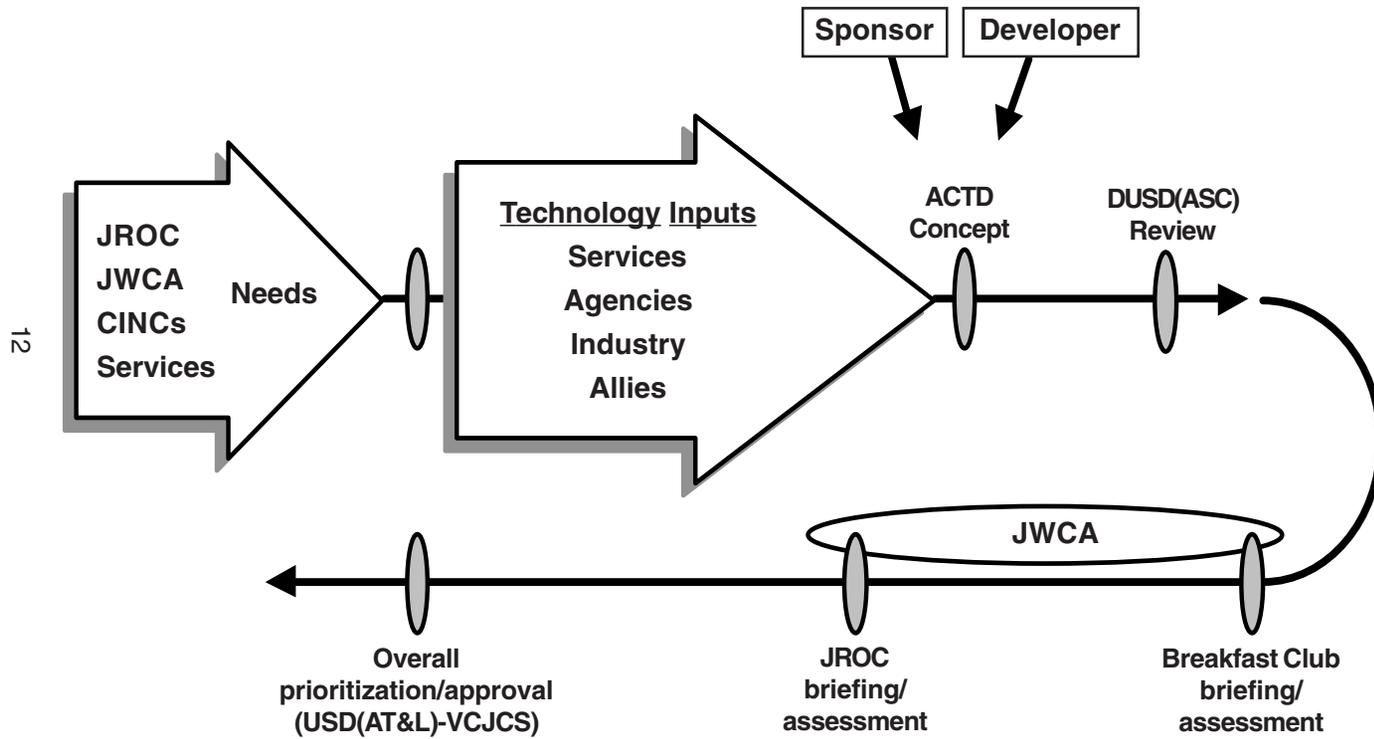
### Certification



## S&T LINKAGE TO DEFENSE ACQUISITION PROCESS



# ACTD INITIATION PROCESS



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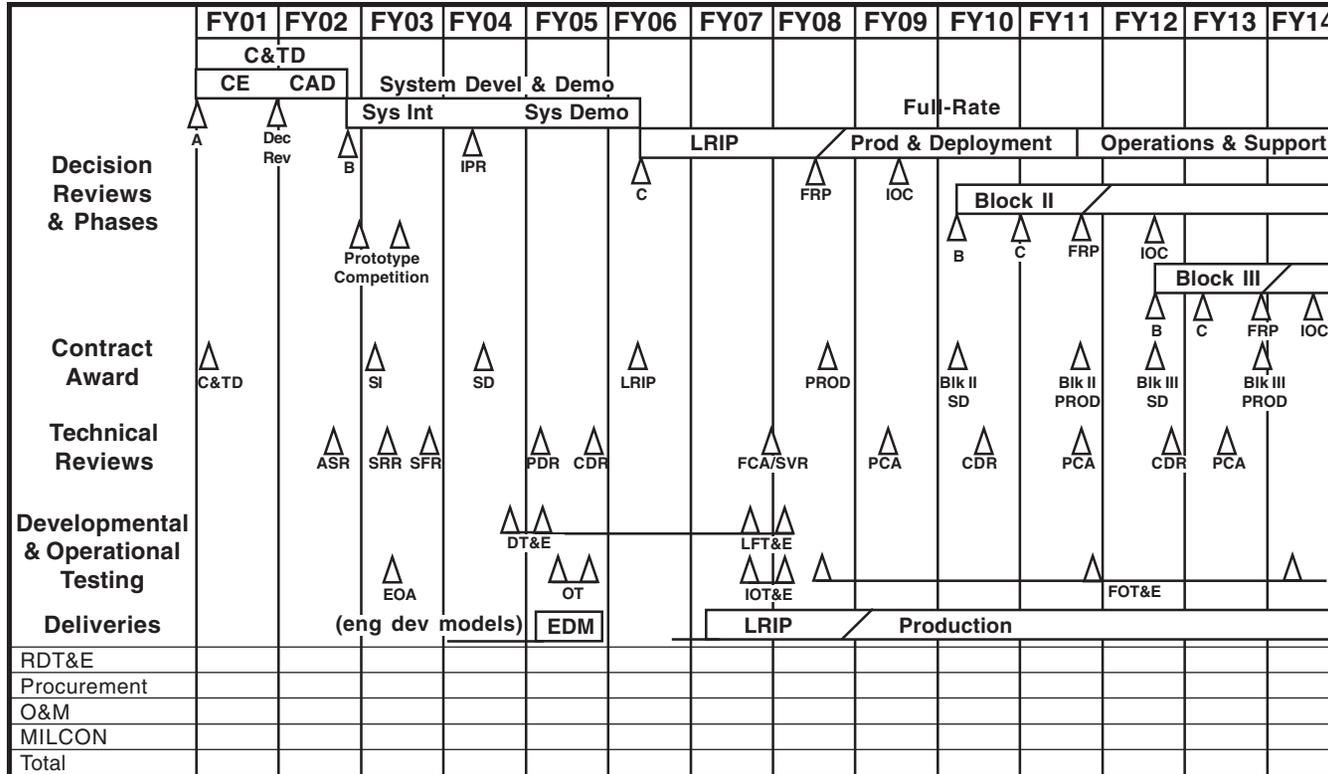
## ACQUISITION PROGRAM VS. ATD & ACTD

	<b>Acquisition Program</b>	<b>Advanced Technology Demonstration (ATD)</b>	<b>Advanced Concept Tech Demonstration (ACTD)</b>
<b>Motivation</b>	<ul style="list-style-type: none"> <li>• Develop, produce and field system</li> <li>• Cost, schedule, performance</li> </ul>	<ul style="list-style-type: none"> <li>• Demonstrate feasibility and maturity</li> <li>• Reduce technical risks and uncertainties at relatively low cost</li> </ul>	<ul style="list-style-type: none"> <li>• Gain understanding of and evaluate utility prior to acquisition decision</li> <li>• Develop concepts of operation and doctrine</li> </ul>
<b>Requirement</b>	MNS/ORD	not required	user sponsor & JROC prioritization
<b>Oversight</b>	Milestone Decision Authority	labs/R&D centers	DUSD(ASC) Oversight Panel (Breakfast Club)
<b>Funding</b>	fully FYDP funded	RDT&E	RDT&E (2 yrs in field)
<b>ACAT</b>	all ACATs	not ACAT effort	not ACAT effort
<b>Configuration &amp; Testing</b>	system/subsystem prototypes DT/OT	technology demonstrations	tech demonstrations in field environment with users
<b>Rules</b>	DoD 5000 Series/FAR	informal/FAR/OTA	implementation directive/FAR/OTA
<b>Role of User</b>	max involvement	some involvement	max involvement

ACAT: Acquisition Category  
 DT/OT: Developmental/Operational Testing  
 DUSD(AS&C): Deputy Under Sec Def (Advanced Systems & Concepts)  
 FAR: Federal Acquisition Regulation

FYDP: Future Years Defense Program  
 MNS: Mission Need Statement  
 ORD: Operational Requirements Document  
 OTA: Other Transition Authority

### PROGRAM STRUCTURE/SCHEDULE (EXAMPLE)



14

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**DoD INTERNATIONAL ARMAMENTS  
COOPERATION POLICY**

***SECDEF Memorandum 23 March 1997***

“It is DoD policy that we utilize International Armaments Cooperation to the maximum extent feasible, consistent with sound business practice and with overall political, economic, technological, and national security goals of the United States.”

**THE SCOPE OF DEFENSE COOPERATION**

<b><i>RDT&amp;E</i></b>	<b><i>Production &amp; Procurement</i></b>	<b><i>Follow-on Support</i></b>
Information Exchanges	Foreign Military Sales	Cooperative Logistics Supply Support
Engineer & Scientist Exchanges	Direct Commercial Sales Exchanges	Mutual Support
Cooperative R&D	Cooperative Production (Joint Funds)	Logistics Support
Comparative or Joint Testing	Coproduction/Licensing (Foreign Funds)	Host Nation Support Defense Industrial Base
Standardization	Reciprocal Procurement	



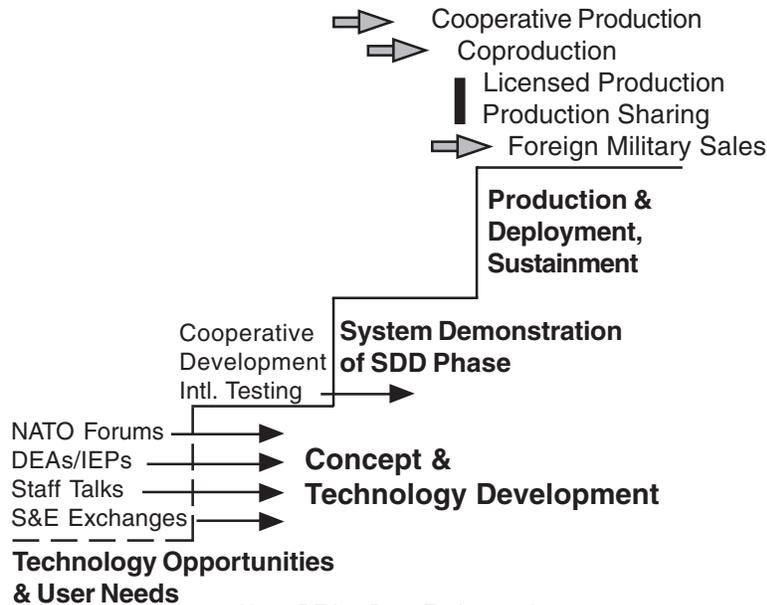
***The Program Manager's Focus***

## DEFENSE SALES VS. COOPERATIVE ACQUISITION

### *They are Different*

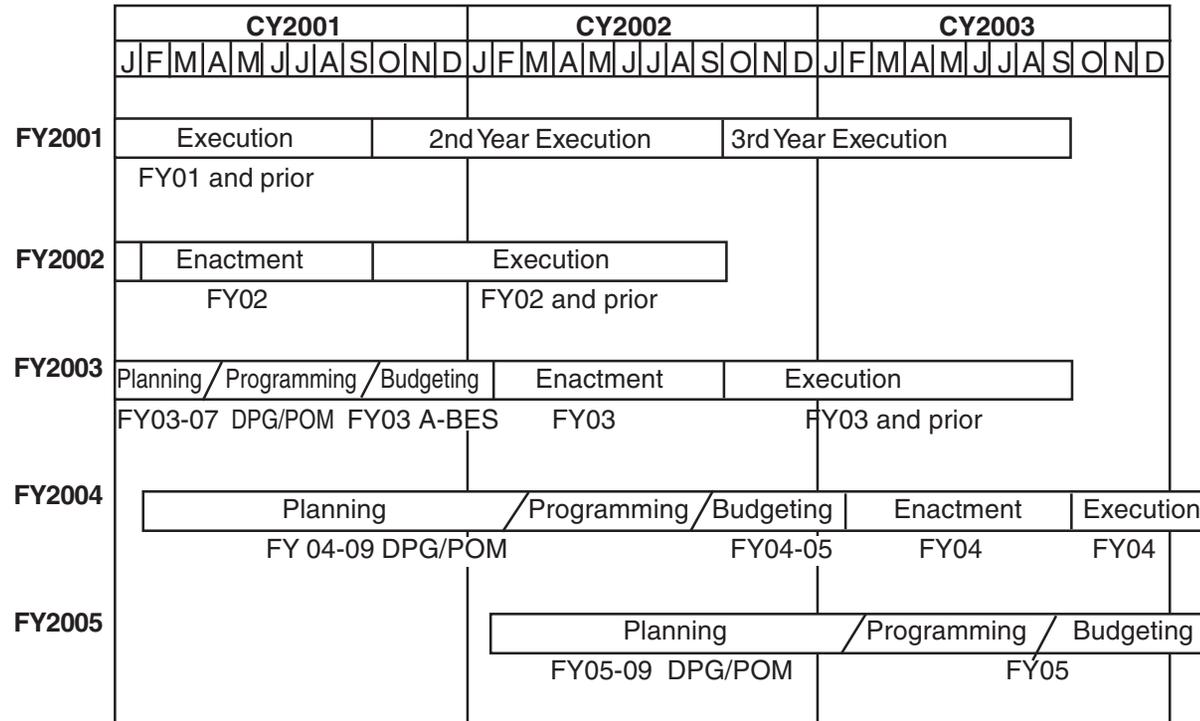
- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Defense Sales             <ul style="list-style-type: none"> <li>• Any Nation</li> <li>• U.S. Contracts (FMS)</li> <li>• U.S. Manages (FMS)</li> <li>• Production &amp; Support</li> <li>• DoS or DoC</li> <li>+ DoD - USD (Policy)</li> <li>• Foreign Initiated</li> <li>• Foreign Funds (or U.S. Credit/Grants)</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Cooperative Acquisition             <ul style="list-style-type: none"> <li>• Allied or Friendly</li> <li>• U.S., Ally or NATO</li> <li>• Jointly Managed</li> <li>• All Acquisition</li> <li>• DoD - USD (A&amp;T)</li> <li>+ DoS and DoC</li> <li>• U.S. and/or Foreign</li> <li>• Foreign + U.S. Funds</li> </ul> </li> </ul> |
|---|--|

## INTERNATIONAL ACTIVITIES ASSOCIATED WITH DEFENSE ACQUISITION PHASES

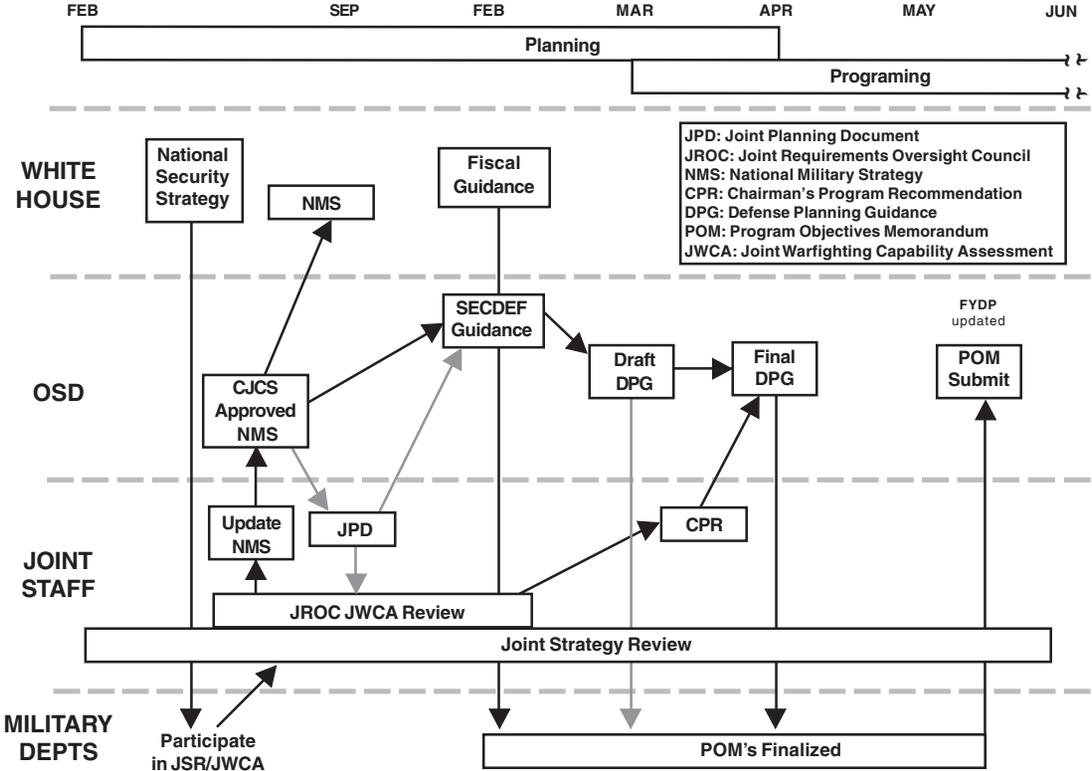


Note: DEA = Date Exchange Agreement  
 IEP = Information Exchange Project

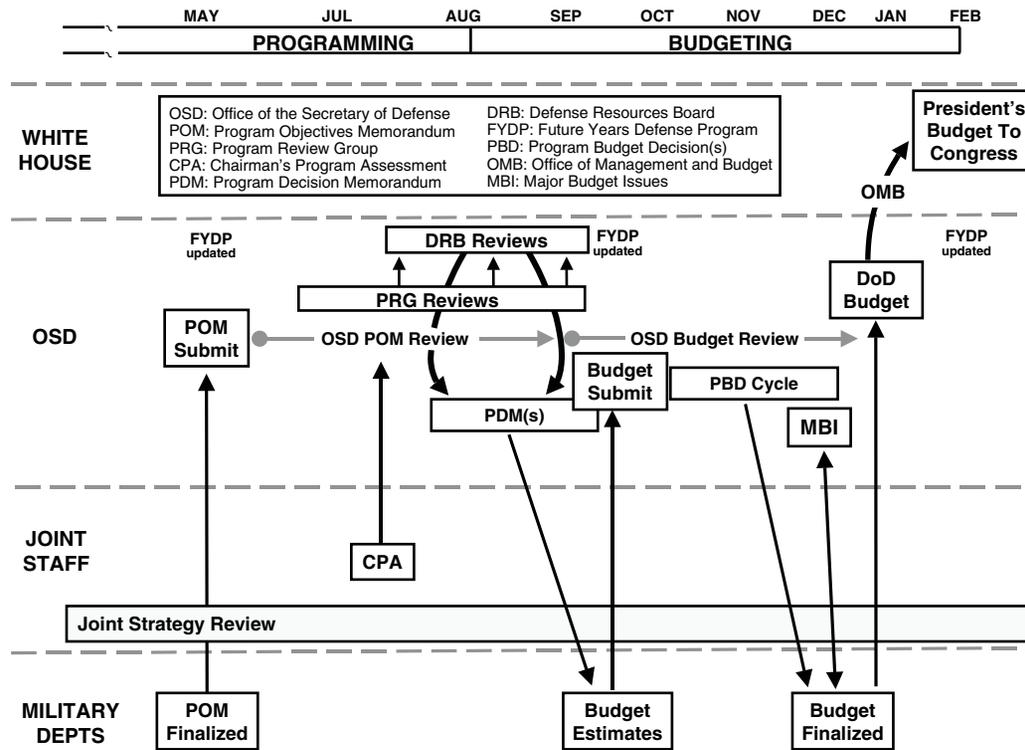
### RESOURCE ALLOCATION PROCESS - OVERLAP



# PPBS PLANNING AND PROGRAMING PHASES

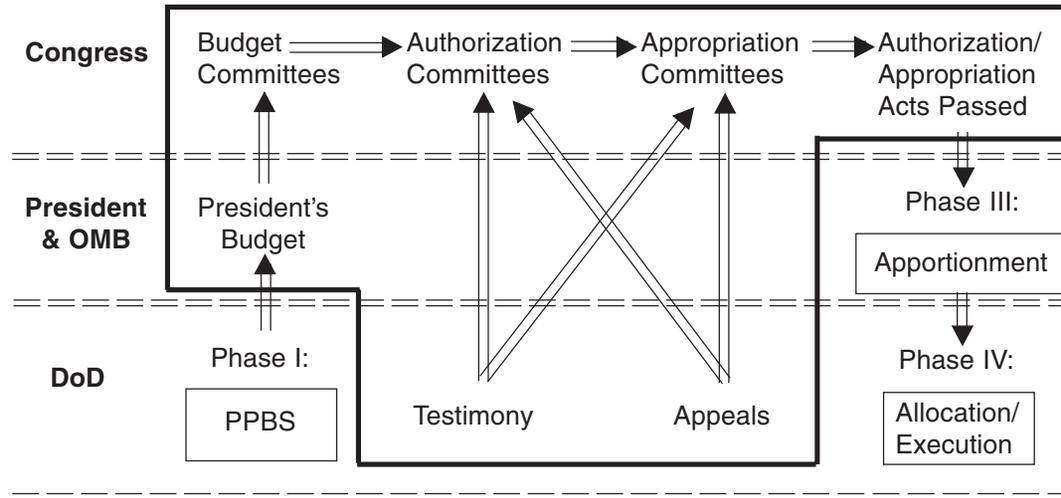


## PPBS - PROGRAMING & BUDGETING PHASES



# RESOURCE ALLOCATION PROCESS

## Enactment



DAU PROGRAM MANAGERS TOOL KIT

**PROCUREMENT APPROPRIATIONS  
(ACCOUNT NUMBERS AND BUDGET ACTIVITIES)**

<i><b>Appropriation</b></i>	<i><b>Budget Activity</b></i>
<b>Army (21 -)</b>	
Aircraft	- 2031 1. Aircraft 2. Modification of Aircraft 3. Spares & Repair Parts 4. Support Equipment & Facilities
Missile	- 2032 1. Other Missiles 2. Modification of Missiles 3. Spares & Repair Parts 4. Support Equipment & Facilities
Weapons	- 2033 1. Track Combat Vehicle 2. Weapons & Other Combat Vehicles 3. Spares & Repair Parts
Ammo	- 2034 1. Ammo 2. Ammo Production Base Support
Other	- 2035 1. Tactical & Support Vehicle 2. Commo & Electronics Equipment 3. Other Support Equipment 4. Spares & Repair Parts
<b>Navy (17 -)</b>	
Aircraft	- 1506 1. Combat Aircraft 2. Airlift Aircraft 3. Trainer Aircraft 4. Other Aircraft 5. Modification of Aircraft 6. Aircraft Spares & Repair Parts 7. Aircraft Support Equipment & Facilities
Weapons	- 1507 1. Ballistic Missiles 2. Other Missiles 3. Torpedoes & Related Equipment 4. Other Weapons 5. Not Used 6. Spare & Repair Parts
Ammo	- 1508 1. Ammo, Navy 2. Ammo, Marine Corps
Shipbuilding & Conversion	- 1611 1. Fleet Ballistic Missile Ships 2. Other Warships 3. Amphibious Ships 4. Mine Warfare & Patrol Ships 5. Auxiliary, Craft & Prior Year Costs
Other	- 1810 1. Ship Support Equipment 2. Commo & Electronics Equipment 3. Aviation Support Equipment 4. Ordnance Support Equipment 5. Civil Engineer Support Equipment 6. Supply Support Equipment 7. Personal & Command Support Equipment 8. Spares & Repair Parts
<b>Marine Corps (17 -)</b>	
Procurement	- 1109 1. Not Used 2. Weapons & Combat Vehicles 3. Guided Missiles & Equipment 4. Commo & Electronics Equipment 5. Support Vehicles 6. Engineering & Other Equipment 7. Spares & Repair Parts

DAU PROGRAM MANAGERS TOOL KIT

**PROCUREMENT APPROPRIATIONS  
(ACCOUNT NUMBERS AND BUDGET ACTIVITIES)  
(Continued)**

<i><b>Appropriation</b></i>	<i><b>Budget Activity</b></i>
<i><b>Air Force (57 -)</b></i>	
Aircraft	- 3010 1. Combat Aircraft 2. Airlift Aircraft 3. Trainer Aircraft 4. Other Aircraft 5. Modification of In-Service Aircraft 6. Aircraft Spares & Repair Parts 7. Aircraft Support Equipment & Facilities
Missile	- 3020 1. Ballistic Missiles 2. Other Missiles 3. Modification of In-Service Missile 4. Spares & Repair Parts 5. Other Support
Ammo	- 3011 1. Ammo 2. Weapons
Other	- 3080 1. Not Used 2. Vehicular Equipment 3. Electronics & Telecommunications Equipment 4. Other Base Maintenance & Support Equipment 5. Spares & Repair Parts
<i><b>Defense (97 -)</b></i>	
Defense-Wide	- 0300 1. Major Equipment 2. Special Operations Command 3. Chemical/Biological Defense
National Guard & Reserve Equipment	- 0350 1. Reserve Equipment 2. National Guard Equipment
Defense Production Activity Purchase	- 0360 1. Defense Production Activity Purchases
Chemical Agents & Munitions Destruction	- 0390 1. Chemical Agents & Munitions Destruction-RDT&E 2. Chemical Agents & Munitions Destruction-Procurement 3. Chemical Agents & Munitions Destruction-O&M

**RDT&E APPROPRIATIONS  
(ACCOUNT NUMBERS)**

<i>Appropriation</i>	<i>Account Number</i>
RDT&E, Army	21 - 2040
RDT&E, Navy	17 - 1319
RDT&E, Air Force	57 - 3600
RDT&E, Defense Wide	97 - 0400
Development T&E, Defense	97 - 0450
Operational T&E, Defense	97 - 0460

**RDT&E APPROPRIATIONS  
(RELATIONSHIP BETWEEN RESEARCH CATEGORIES  
AND BUDGET ACTIVITIES)**

<i>Research Category</i>	<i>Budget Activity</i>	<i>Budget Activity Title</i>	<i>Program Element #s</i>
6.1	1	Basic Research	0601xxx
6.2	* 2	Applied Research	0602xxx
6.3a	3	Advanced Technology Devel	0603xxx
6.3b	4	Demonstration & Validation	0603xxx
6.4	5	Engineering & Mfg Devel (EMD)	0604xxx
6.5	6	RDT&E Management Support	0605xxx
	7	Operational System Devel	010xxxx; 020xxxx; 030xxxx; etc.

**NOTES:**

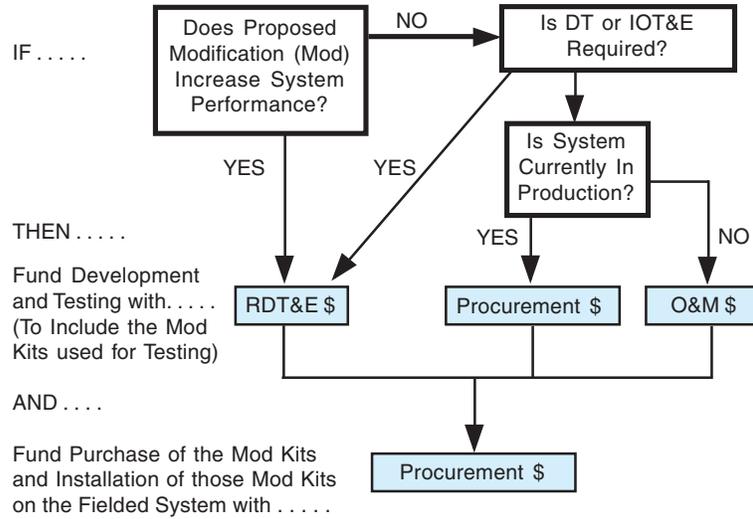
1. Definitions for RDT&E Budget Activities are specified by OMB Circular A-11 (paragraph 84.4) and provided in the DoD Financial Management Regulation (DoD 7000.14-R, Volume 2B, Chapter 5). Research Categories are specified by DoD 7045.7-H.
2. It should be noted there is not a direct correlation between the titles of Budget Activities and titles of acquisition phases as specified in the current (i.e., 2001) DoD 5000 series directives. Generally, RDT&E Budget Activities 1 through 3 are appropriate for "non-system specific" research efforts prior to formal initiation of an acquisition program; Budget Activities 4 and 5 are for "system specific" research; Budget Activity 6 is for operations and support for general research efforts; and Budget Activity 7 is primarily for developmental projects associated with acquisition programs for which procurements funds have previously been approved (e.g., research efforts for product improvements).

\* OVERSIGHT BY DDR&E

## SAMPLE NAVY APPROPRIATIONS AND BUDGET ACTIVITIES

RDT&E Research Category	RDT&E Budget Activity Number and Title		Below Threshold Reprogramming Rules		Years Available For Obligation Purposes	Funding Policy
			Max In *	Max Out *		
<i>RDT&amp;E, N</i>						
6.1	1	Basic Research	\$4M	Greater of	2	Incremental
6.2	2	Applied Research		\$4M or		
6.3a	3	Advanced Tech. Devel.		20% of		
6.3b	4	Demonstration & Val		amount		
6.4	5	EMD		appropriated		
6.5	6	RDT&E Mgmt Supp (T&E Ranges) (Civilian Salaries)				
	7	Operational Systems Devel. (Post-Production)				
<hr/>						
Procurement Budget Activity	Budget Activity Description		Below Threshold Reprogramming Rules		Years Available for Obligation Purposes	Funding Policy
			Max In	Max Out		
<i>PROCUREMENT</i>						
SCN-1	Ship Conv - FBM Ships		\$10M	Greater of	5	Full
SCN-2	Ship Conv - Other Warships			\$10M or		
SCN-3	Ship Conv - Aphib Ships			20% of		
SCN-4	Ship Conv - Mine & Pat Ships			amount		
SCN-5	Ship Conv - Aux, Craft & PY Costs			appropriated		
WPN-1	Weapons Proc. - Bal. Msl				3	
WPN-2	Weapons Proc. - Other Msl					
WPN-3	Weapons Proc. - Torp & Eq.					
WPN-4	Weapons Proc. - Other Wpn					
WPN-5	Weapons Proc. - Other Ord.					
WPN-6	Weapons Proc. - Spares & Repair Parts					
OPN-1	Other Proc. - Ship SE					
OPN-2	Other Proc. - Comm/Elec Eq					
OPN-3	Other Proc. - Aviation SE					
OPN-4	Other Proc. - Ordnance SE					
OPN-5	Other Proc. - Civil Engr SE					
OPN-6	Other Proc. - Supply SE					
OPN-7	Other Proc. - Pers & Com SE					
OPN-8	Other Proc. - Spares & Repair Parts					
APN-1	Aircraft Proc. - Combat					
APN-2	Aircraft Proc. - Airlift					
APN-3	Aircraft Proc. - Trainer					
APN-4	Aircraft Proc. - Other					
APN-5	Aircraft Proc. - Mods					
APN-6	Aircraft Proc. - Spares					
APN-7	Aircraft Proc. - SE & Fac.					
<hr/>						
Other Appropriations / Titles			Below Threshold Reprogramming Rules		Years Available for Obligation Purposes	Funding Policy
			Max In	Max Out		
<i>O&amp;M, N</i>	Operations & Maintenance		\$15M	No Congressional Restriction	1	Annual
<i>MILPER, N</i>	Military Personnel		\$10M	No Congressional Restriction	1	Annual
<i>MILCON, N</i>	Military Construction		Lesser of +\$1.5M or 25% Appropriated	No Congressional Restriction	5	Full
* Note: Below Threshold Reprogramming (BTR) amount limits are <u>cumulative</u> over entire period of time the specific fiscal year appropriation is available for obligation purposes (i.e., 1, 2, 3 or 5 years).						

## PRODUCT IMPROVEMENTS Funding Decision Tree



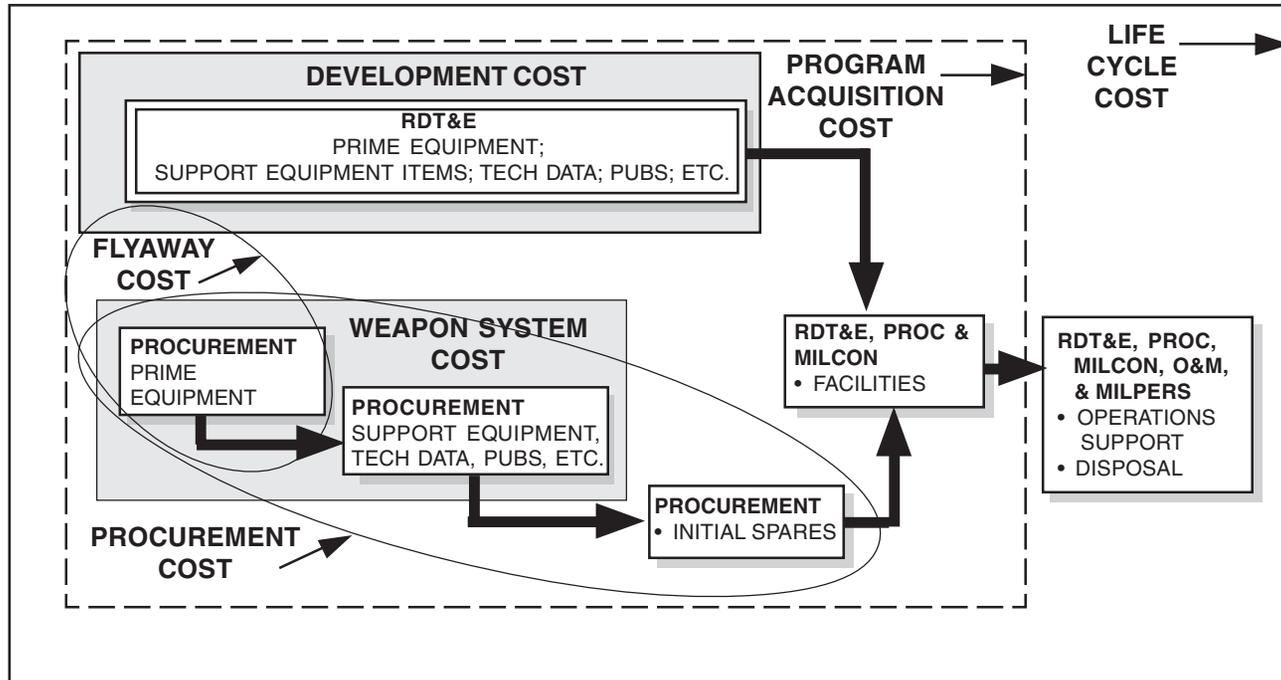
### BELOW THRESHOLD REPROGRAMMING ACTIONS

Amounts are Cumulative Over Entire Period of Obligation Availability

APPN	MAX INTO	MAX OUT	LEVEL OF CONTROL	OBL AVAIL
<b>RDT&amp;E</b>	+ \$ 4M	GREATER OF - \$ 4M - 20 %	PROGRAM ELEMENT	2 YEARS
<b>PROC</b>	+ \$ 10M	GREATER OF - \$ 10 M - 20 %	LINE ITEM	3 YEARS (SCN: 5 YEARS)
<b>O&amp;M</b>	+ \$ 15M	NONE, UNLESS OTHERWISE SPECIFIED	BUDGET ACTIVITY SOME BA 1 SUB- ACTIVITY LIMITATIONS ON DECREASES (OPERATING FORCES)	1 YEAR
<b>MILPERS</b>	+ \$ 10M	NO SPECIFIC CONGRESSIONAL RESTRICTION	BUDGET ACTIVITY	1 YEAR
<b>MILCON</b>	LESSOR OF + \$ 2M + 25%	NO SPECIFIC CONGRESSIONAL RESTRICTION	PROJECT	5 YEARS

Reference Sources: DoD Financial Management Regulation (DoD 7000.14-R); Volume 3 (Dec 96).

### LIFE CYCLE COST COMPOSITION



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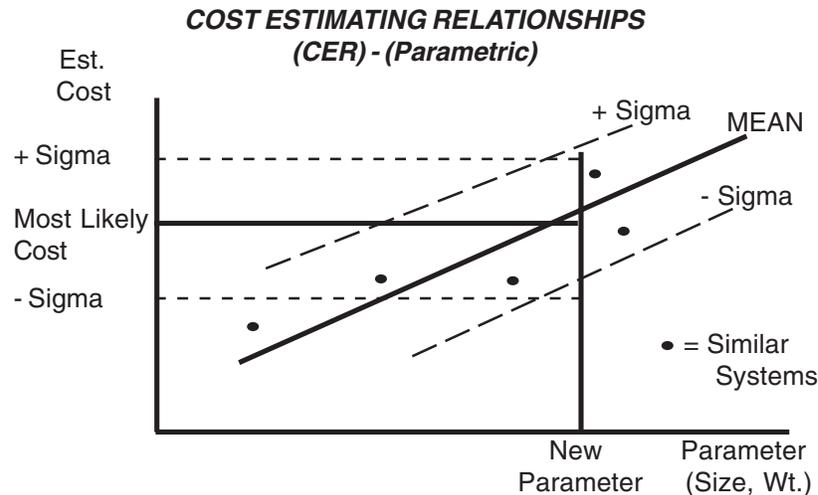
Source: DoDD 5000.4

## COST ESTIMATING

<b>Estimate Methods</b>	<b>Comments</b>
Analogy -	Comparison to <u>one</u> similar existing system; based on judgments. Little or no data available; Relatively quick, easy, flexible. Used in early phases (e.g., Concept & Tech Dev / CE).
Parametric -	Comparison to <u>many</u> similar existing systems; based on statistical analysis. Determine primary cost drivers and Establish Cost Estimating Relationships (CERs) Used in early to mid-phases (e.g., Concept & Tech Dev / CE and System Dev & Dem / PDRR / EMD).
Engineering or "Bottoms-Up"	Summation of "all" individual items in the system. Uses WBS structure for estimating purposes. Used in mid-phases (e.g., System Dev & Dem / EMD).
Extrapolation -	Comparison to historical cost of <u>same</u> system. Based on extrapolation from actuals. Uses Learning Curve Theory Used in late phases (e.g., production and replenishment spares).

### Guidelines

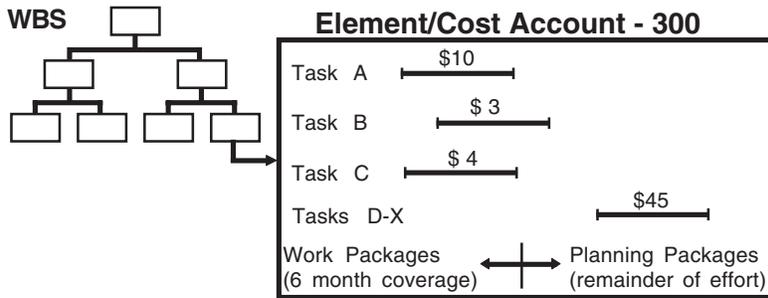
1. Make sure cost data is relevant and homogeneous. Caution: Watch out for historical data in times of change. Prior actuals may include uncompensated overtime or were priced as a "buy-in."
2. Focus on cost drivers.
3. Test sensitivities and data relationships.



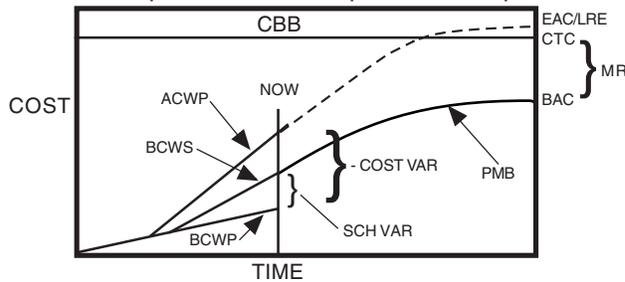
**PERFORMANCE MEASUREMENT**  
COST & SCHEDULE PERFORMANCE MEASUREMENT

1. Define the work (WBS)
  2. Schedule the work
  3. Allocate budgets
- } Cost Account

Defining, Planning and Budgeting



4. Prepare and monitor performance profiles



**TERMINOLOGY**

BCWS - Budgeted Cost of Work Scheduled  
 BCWP - Budgeted Cost of Work Performed  
 ACWP - Actual Cost of Work Performed  
 MR - Management Reserve  
 EAC - Estimate at Completion (Govt)  
 LRE - Latest Revised Estimate (Contractor)  
 BAC - Budget at Completion  
 CBB - Contract Budget Base (CTC+AUV)  
 CTC - Contract Target Cost  
 PMB - Performance Measurement Baseline  
 AUV - Auth Unpriced Work

**VARIANCES**

Cost Variance  $CV = BCWP - ACWP$   
 Schedule Variance  $SV = BCWP - BCWS$   
 Cost Variance %  $CV\% = \frac{BCWP - ACWP}{BCWP}$   
 Schedule Variance %  $SV\% = \frac{BCWP - BCWS}{BCWS}$   
 Variance at Completion  $VAC = BAC - EAC$

**PERFORMANCE INDICES**

Cost Performance Index  $CPI = \frac{BCWP}{ACWP}$

Schedule Performance Index  $SPI = \frac{BCWP}{BCWS}$

Percent Complete =  $\frac{BCWP(cum)}{BAC}$

Percent Spent =  $\frac{ACWP(cum)}{BAC}$

**ESTIMATE AT COMPLETION**

$EAC (Lowest Est.) = \frac{BAC}{CPI(cum)}$

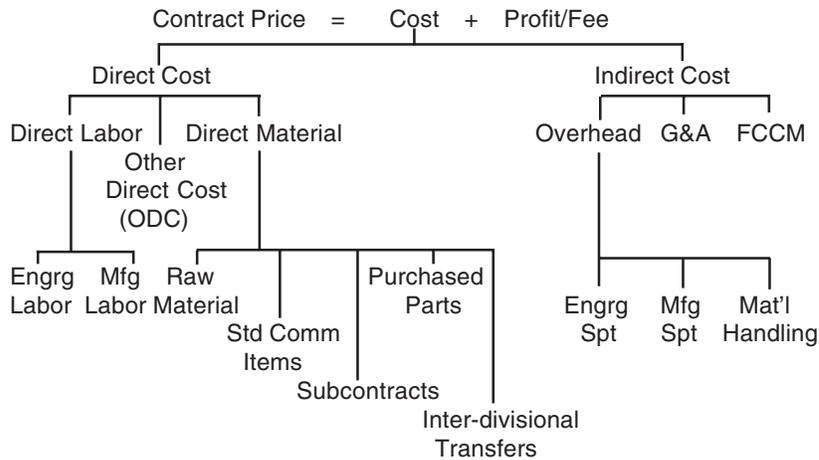
$EAC (Highest Est.) = ACWP(cum) + \frac{BAC - BCWP(cum)}{\{CPI(cum) * SPI(cum)\}}$

**TO COMP PERFORMANCE INDICES**

$TCPI(EAC) = \frac{BAC - BCWP(cum)}{EAC - ACWP(cum)}$

## CONTRACTING

### COMPONENTS OF CONTRACT PRICE



### TYPICAL CONTRACT TYPE BY PHASE

CTP	SDD/SI	SDD/SD	PROD
CPFF,FFP	CPFF, CPIF	CPIF, CPAF	FPI(F), FFP

## TYPES OF CONTRACTS

**Cost Family:** Appropriate when product not well defined; high risk; contractor provides best efforts; Government pays all allowable costs. Fee varies by type.

**Cost Plus Fixed Fee (CPFF)** - Fee same regardless of actual cost outcome.

**Cost Plus Incentive Fee (CPIF)** - Actual fee earned computed by applying share ratio to over/under run, subject to min/max fee limits.

**Fixed Price Family:** Product well defined, low risk; contractor must deliver product.

**Firm Fixed Price (FFP)** - Price fixed regardless of actual cost incurred.

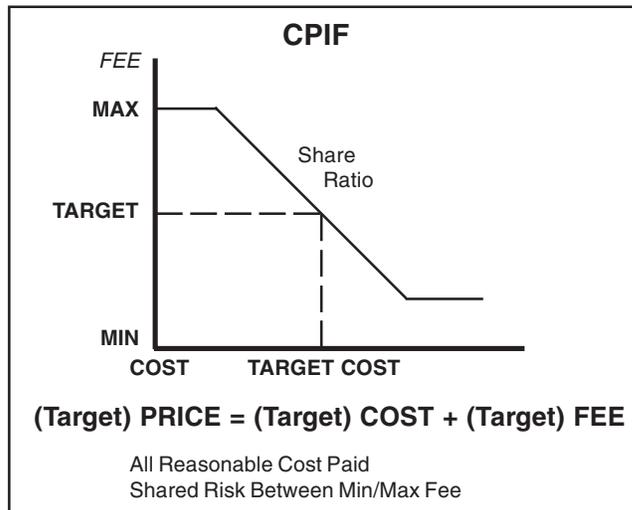
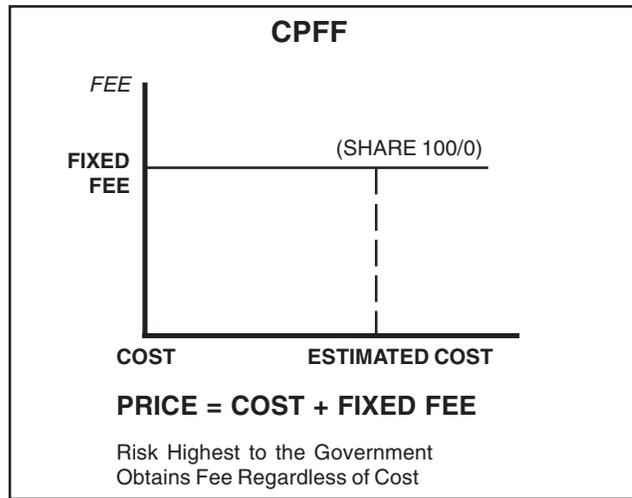
**Fixed Price Incentive Firm Target [FPI(F)]** - Final price computed by applying share ratio to over/under run,subject to ceiling price limitation.

**Award Fee (AF)** - Either stand alone Cost Plus Award Fee (CPAF) or combined with cost or fixed price types. AF unilaterally determined by government based on subjective evaluation of contractor's performance.

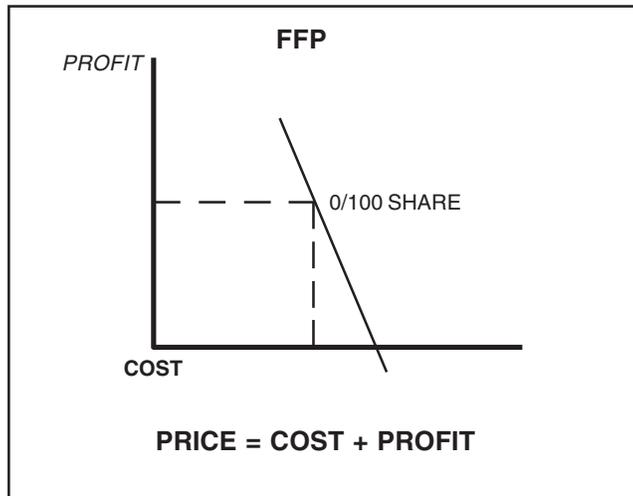
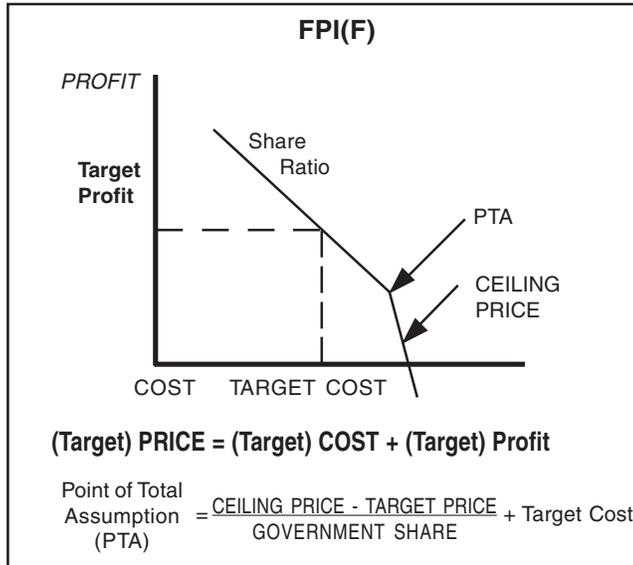
**Fee Limits:** CPFF - Fee limited to 15% for R&D; 10% for Production and services. No statutory or FAR/DFARS regulatory limitation on other contract types.

**CONTRACT TYPE FEATURES**

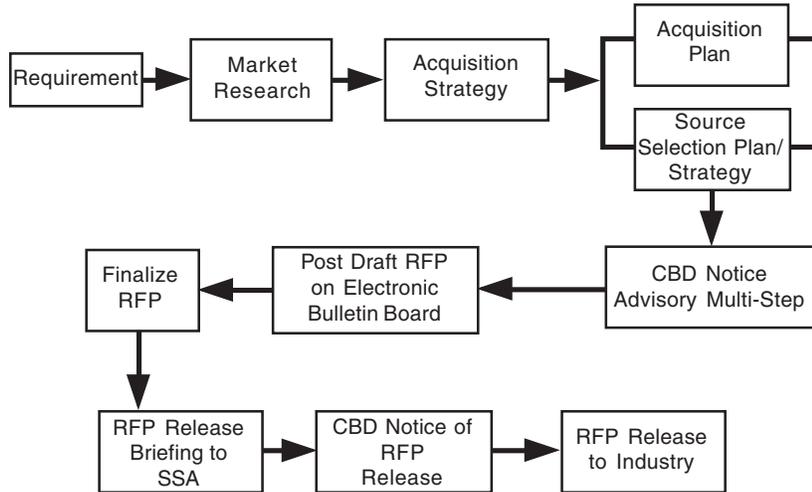
	<b>FIXED PRICE</b>	<b>COST REIMBURSEMENT</b>
Promise	Delivery	Best Efforts
Contractor Risk	High	Low
Cash Flow	Delivery	As Incurred
Progress Payments %	75/90/95	N/A
Administration	Low	High
Fee Limit %	None	15/10/6 on CPFF



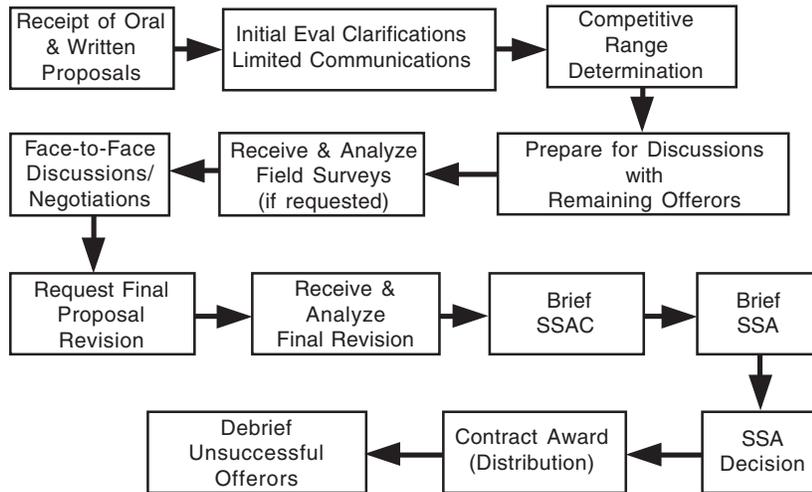
**CONTRACT TYPE FEATURES**  
(Continued)



### PRE-SOLICITATION PROCESS



### POST-SOLICITATION PROCESS



## OTHER WAYS TO BUY

- **GSA Multiple Award Schedules (MAS)**
  - *General Services Administration contracts for both products and services—available to all agencies.*
- **Government–Wide Agency Contract (GWACs)**
  - *similar to MAS but more restricted in products and services available.*
- **Indefinite Delivery/Indefinite Quantity Contracts**
  - *Task orders (services) & Delivery Orders (products) issued under omnibus umbrella contract.*
- **Other Transactions (OT)**
  - **Defined:** *Vehicles used for basic, applied and advanced research projects and prototype development. OTs are not Contracts, Grants, or Cooperative Agreements.*
  - **Objective:** *Attract commercial companies and consortia that historically have not done business with the Department of Defense because of statutory and/or regulatory requirements. OTs are not subject to the Federal Acquisition Regulation. Designed to increase DoD access to dual use Technologies.*
  - **Research Projects:**
    - *Where practical, government cost share should not exceed cost share of other parties.*
    - *Use OT when standard Contract, Grant or Cooperative Agreement is not appropriate.*
  - **Prototype Projects:**
    - *Must be directly relevant to weapons or weapon systems proposed to be acquired or developed by DoD.*
  - **Constraints:**
    - *At least one non-traditional contractor participating.*
    - *If no non-traditional contractor participates, 1/3 of cost paid by parties other than federal government, or, senior procurement executive justifies transaction*
  - **OT Guide for Prototype Projects, January 2001.**

## CONTRACTOR PROFITABILITY RATIOS

The basic concept of profitability ratios is to measure income against revenue or against the investment required to produce it. There are three principal profitability ratios with which you should be familiar. They are:

1. Return on Sales which shows what percentage of dollars are left after the company has paid for all costs, interest, and taxes. It is expressed as:

$$\text{Return on Sales} = \frac{\text{Net Income}}{\text{Sales}}$$

2. Return on Total Assets which looks at the efficiency with which management has used its resources, the company's assets, to generate income. It is computed as:

$$\text{ROA} = \frac{\text{Net Income}}{\text{Total Assets}}$$

As noted, ROA addresses how well management utilizes the assets of the firm in generating income. The ROA formula reflects the combined result of Return on Sales and the total asset turnover ratio (sales/ total assets), broken down as follows:

$$\text{ROA} = \frac{\text{Net Income}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Total Assets}}$$

3. Return on Common Stockholder's Equity measures the rate of return on the owners' investment—their equity in the company. This is also known as Return on Equity (ROE).

$$\text{ROE} = \frac{\text{Net Income} - \text{Preferred Dividends}}{\text{Common Stockholders' Equity}}$$

ROE can also be broken into two components: these being return on assets adjusted for preferred dividends and financial leverage (a ratio reflecting the relationship of creditor to owner financing—expressed as total assets/ common stockholders equity). This is shown by:

$$\text{ROE} = \frac{\text{Net Inc.} - \text{Pref. Div.}}{\text{Total Assets}} \times \frac{\text{Total Assets}}{\text{Common Stockholder's Equity}}$$

These profitability ratios give three different viewpoints concerning the "bottom line" on the income statement—how much net profit is being made on each sale, how much is being made for the assets that are employed, and how much is being made for the company owners. From an owner's perspective, another profitability ratio you may be aware of is Earnings Per Share (EPS):

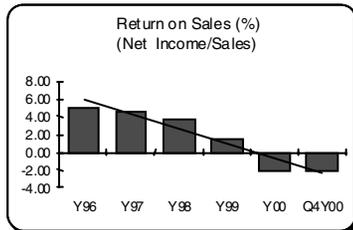
$$\text{Earnings Per Share} = \frac{\text{Net Income Minus Preferred Dividends}}{\text{Number of Shares of Common Stock Outstanding}}$$

SIC: 3760 GUIDED MISSILES &  
SPACE VEHC  
Fiscal Year End: 12

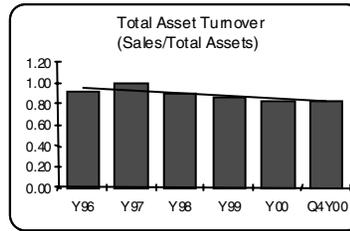
## LOCKHEED MARTIN CORP LMT

DUPONT ANALYSIS

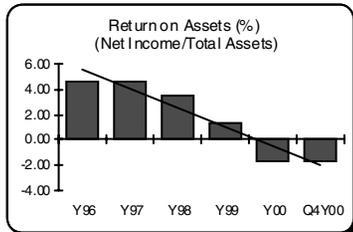
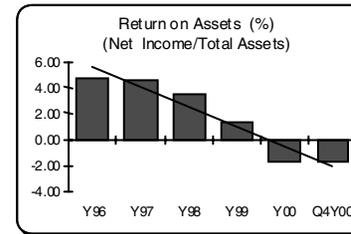
	Return on Sales %	X	Tot. Asset Turnover	=	Return on Assets %	Return on Assets %	X	Equity Multiplier	=	Return on Equity%
Y96	5.01		0.92		4.60	4.60		4.27		19.65
Y97	4.63		0.99		4.58	4.58		5.48		25.12
Y98	3.81		0.91		3.48	3.48		4.68		16.31
Y99	1.50		0.85		1.27	1.27		4.72		6.01
Y00	-2.05		0.83		-1.71	-1.71		4.24		-7.25
12 mo. trailing Q4Y00	-2.05		0.83		-1.71	-1.71		4.24		-7.25



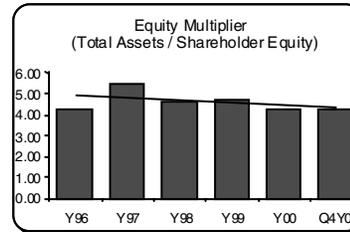
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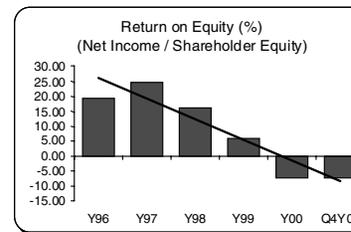
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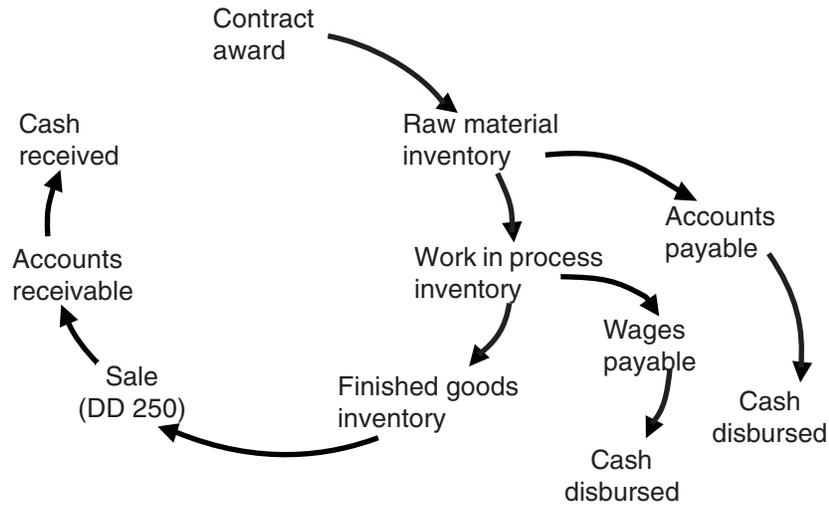


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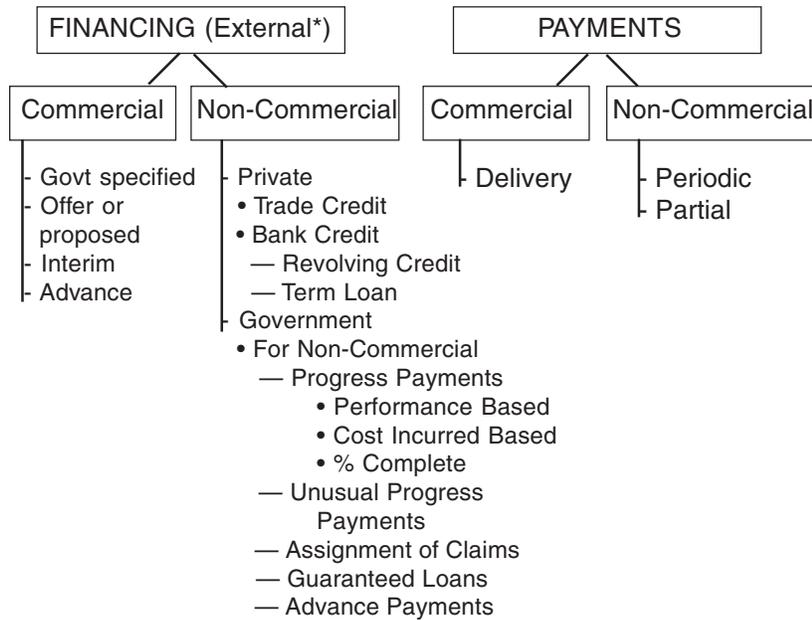
FINANCIAL ANALYSIS SHEET  
(EXAMPLE)

DAU PROGRAM MANAGERS TOOL KIT

### CASH CYCLE

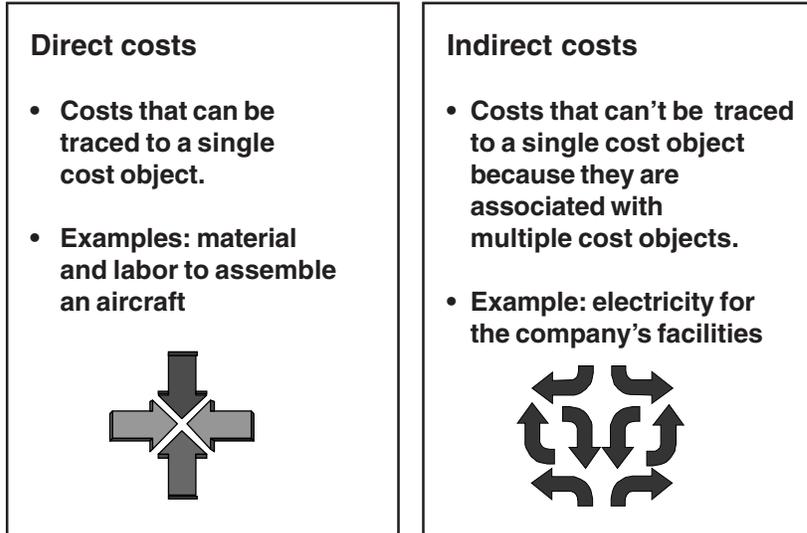


### CONTRACTOR FINANCING AND PAYMENTS

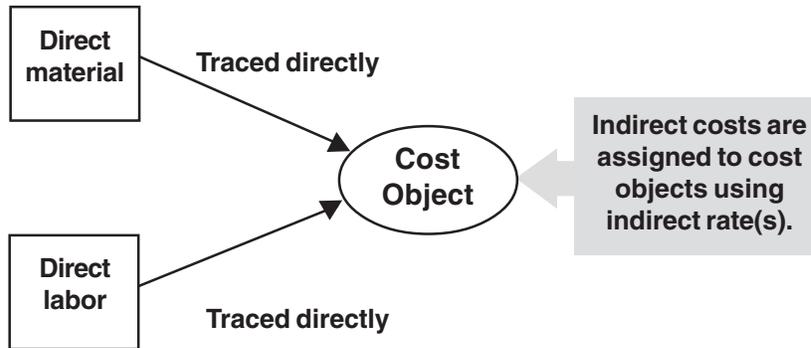


\* Internal Contractor Financing  
 — Retained Earnings

### DIRECT AND INDIRECT COSTS



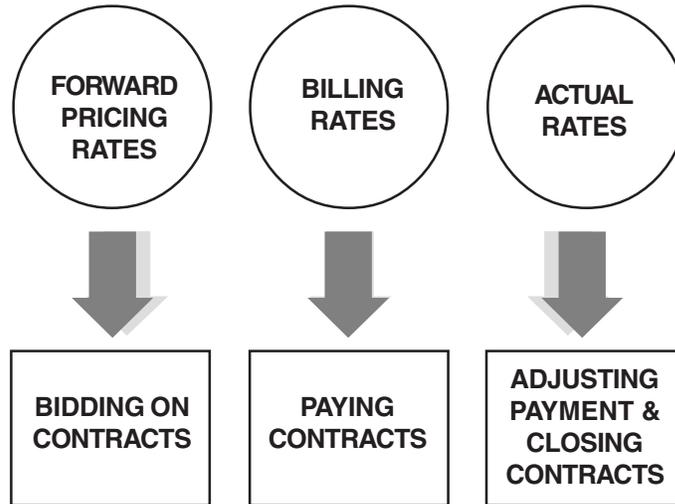
### ASSIGNING INDIRECT COSTS



### CALCULATION OF INDIRECT RATES

$$\text{RATE} = \frac{\text{Indirect Cost Pool}}{\text{Allocation Base}}$$

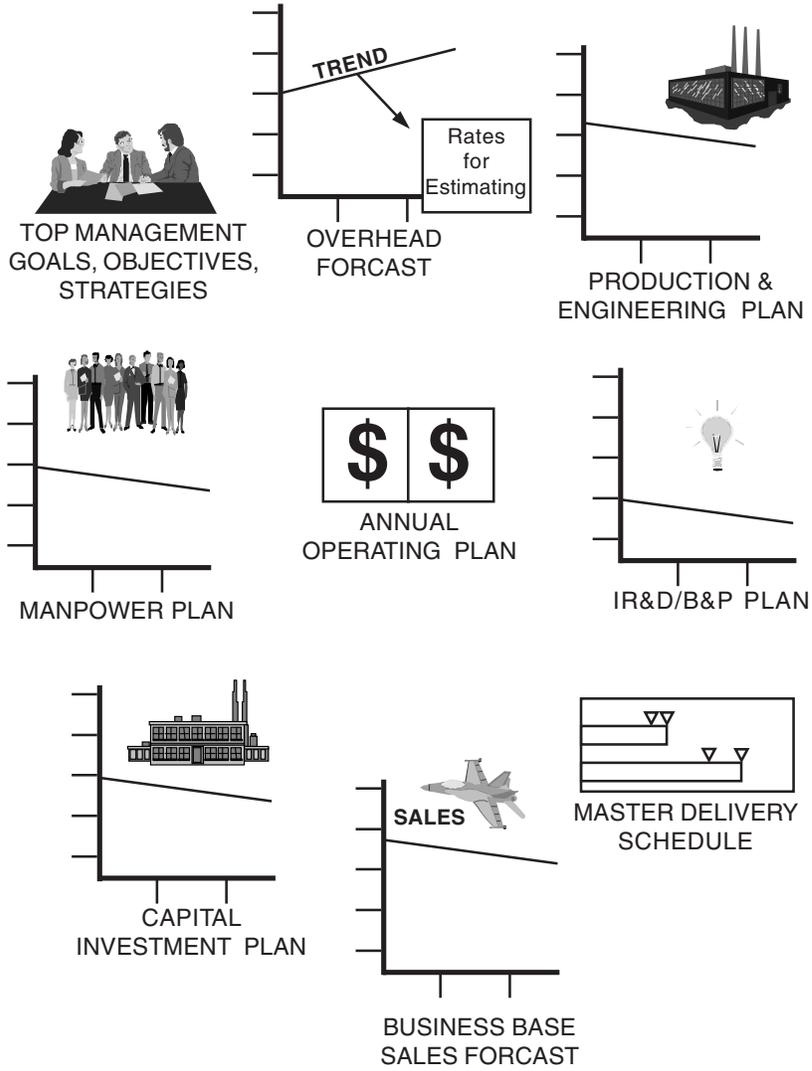
**LIFE CYCLE OF INDIRECT COST RATES**



**CONTRACTOR'S COST PROPOSAL  
EXAMPLE**

Direct material	\$ 40,000
Material handling 10%	4,000
Direct engineering labor	6,000
Engineering overhead 100%	6,000
Direct manufacturing labor	12,000
Manufacturing overhead 150%	18,000
Other direct costs	6,000
Subtotal	<u>92,000</u>
General and administrative 25%	<u>23,000</u>
Total cost	115,000
profit 15%	17,250
Cost of money for facilities capital employed	<u>1,500</u>
Price	<u><u>\$133,750</u></u>

## CONTRACTOR BUSINESS PLANNING PROCESS OUTPUTS



## ***PRINCIPAL ACQUISITION LOGISTICS GOALS/OBJECTIVES***

- Influence product design for supportability
- Design the support system
- Concurrently deploy system (includes support infrastructure)
- Maintain readiness and Improve affordability

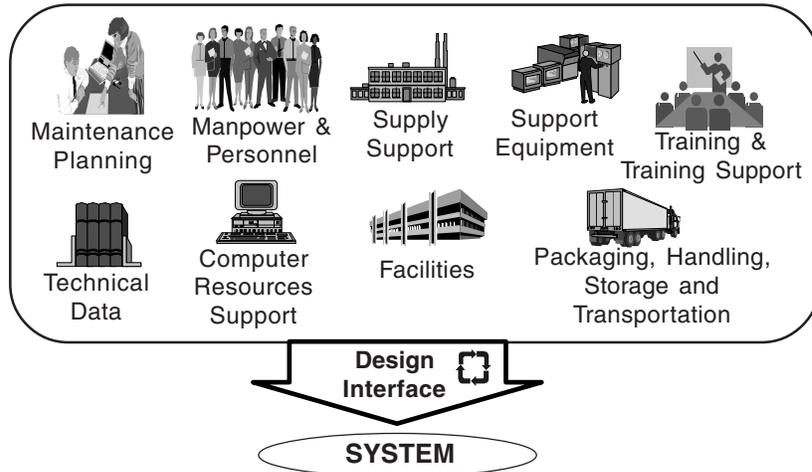


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## **LOGISTICS MANAGEMENT PROCESS NOTES**

- **Support Strategy** is part of the acquisition strategy and an integral part of the systems engineering process. The support strategy shall address life-cycle sustainment and continuous improvement of product affordability, reliability, and supportability, while sustaining readiness.
- **Supportability Analyses** is a set of analytical tools, conducted as an integral part of the systems engineering process, to determine how to most cost effectively support the system throughout the system life-cycle and form the basis for related design requirements included in the system performance specification and logistics support plan.
- **Product Support Management Plan** is a life-cycle plan that includes actions to assure sustainment, and continually improve product affordability. This plan is used throughout initial procurement, reprocurement, and post-production support. The plan documents an integrated acquisition and logistics strategy for the life of the system.
- **Performance-Based Logistics** is the output performance parameters to ensure a system ready capability, the assignment of responsibilities and implementation of incentives for the attainment of the goals associated with these performance parameters, and the overall life-cycle management of system reliability and sustainment, and total ownership cost.

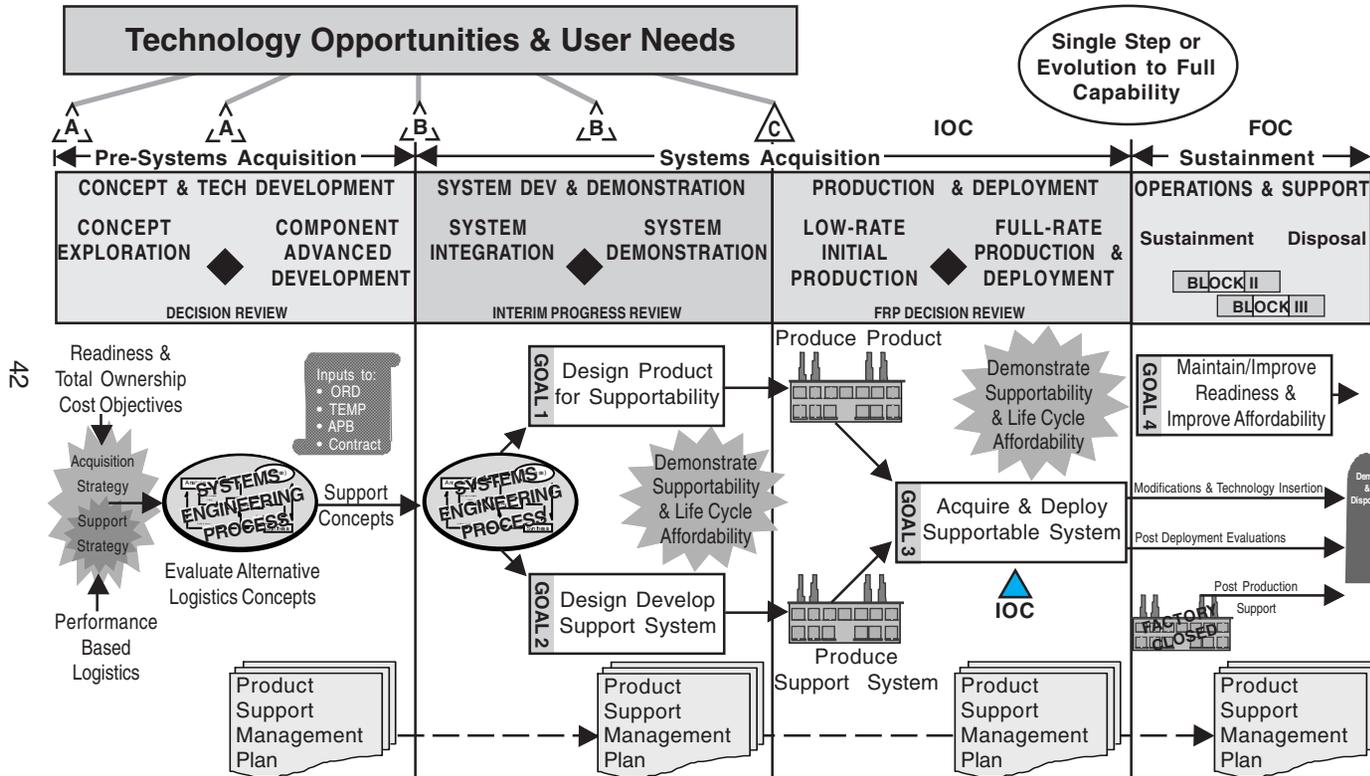
**BEST PRACTICE:**   
**Support Elements**



**SUPPORT ELEMENT DEFINITIONS**

- Maintenance Planning** – establishes maintenance concepts and requirements.
- Manpower & Personnel** – identification of personnel skills, grades and quantity required to support operation and maintenance of system.
- Supply Support** – determine requirements to acquire and manage spares and repair parts.
- Support Equipment** – identify all equipment required to support operation and maintenance of the system.
- Technical Data** – scientific and technical information used to support systems acquisition.
- Training & Training Support** – determine requirements to acquire training devices and conduct training of operators and maintenance personnel.
- Computer Resources Support** – identification of facilities, hardware, software and support tools to operate and support embedded computer systems.
- Facilities** – identify real property required to support system.
- Packaging, Handling, Storage and Transportation** – identify designs and methods to ensure the system is preserved, packed, stored, handled and transported properly.
- Design Interface** – relationships of logistics related design parameters to readiness and support resources requirements; influence design for supportability.

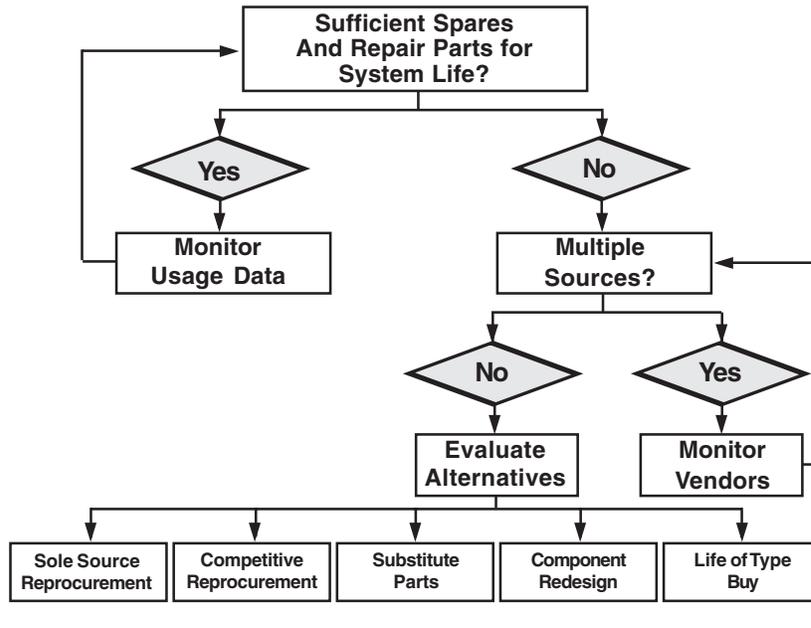
# SYSTEMS ENGINEERING (SE) LINKAGE TO DEFENSE ACQUISITION PROCESS



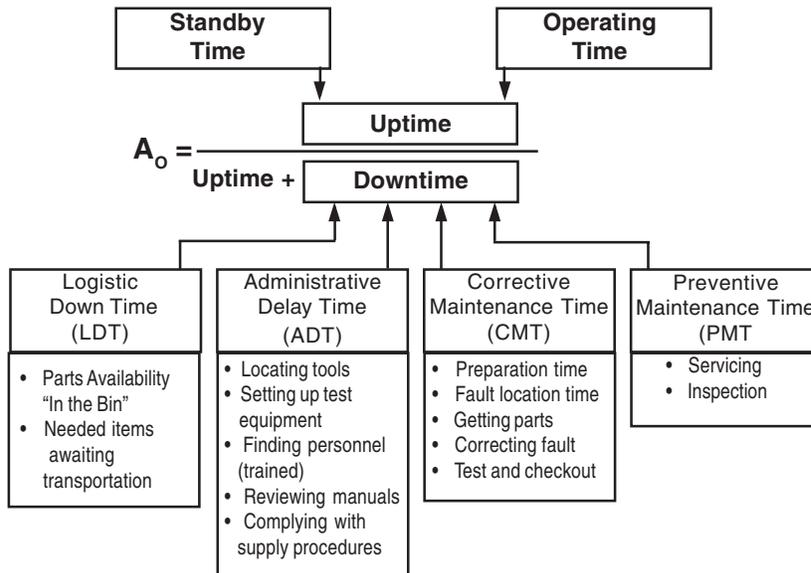
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### POST-PRODUCTION SUPPORT DECISION PROCESS

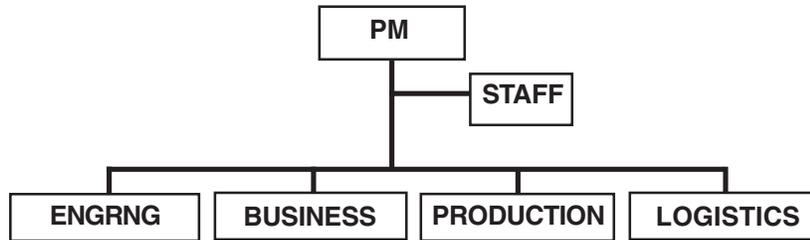


### OPERATIONAL AVAILABILITY

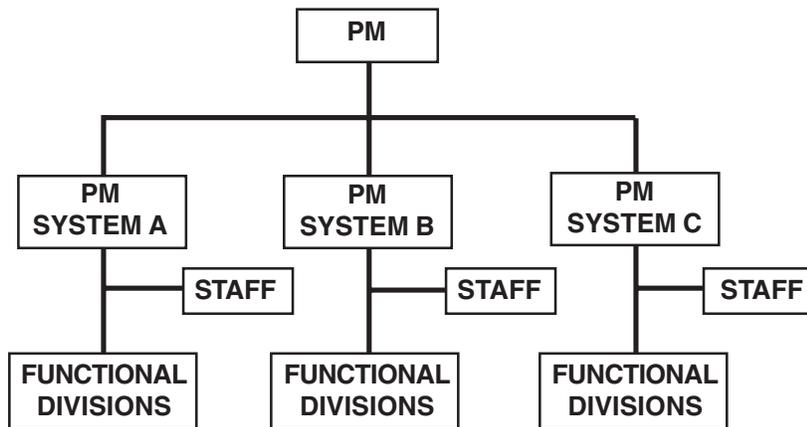


## PROGRAM OFFICE ORGANIZATION STRUCTURES

### *Functional Structure*

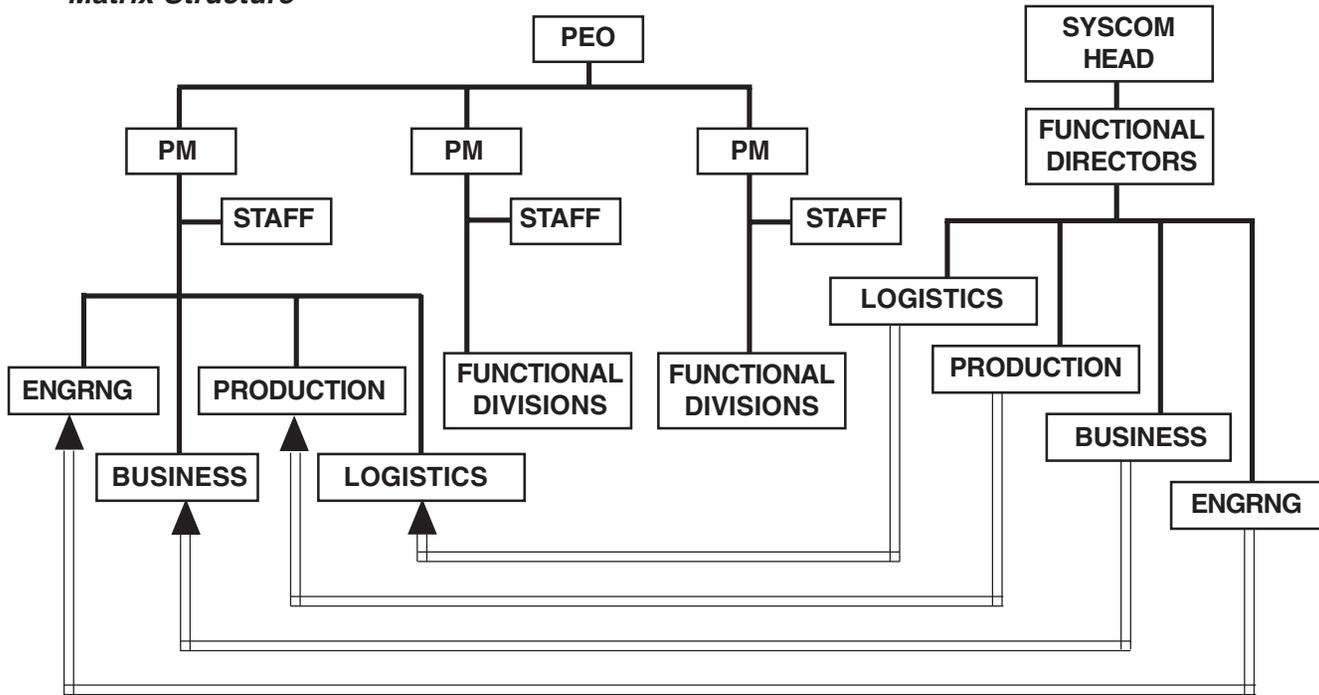


### *"Pure" Product Structure*



# PROGRAM OFFICE ORGANIZATION STRUCTURE (Continued)

*Matrix Structure*

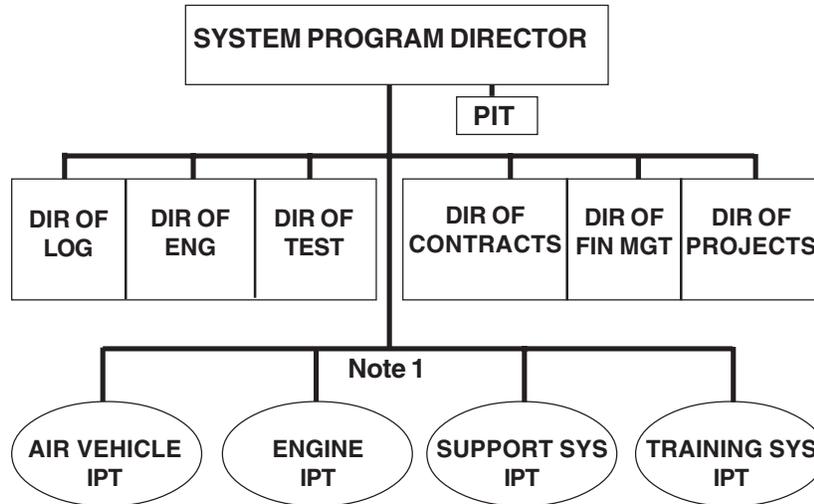


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**PROGRAM OFFICE ORGANIZATION STRUCTURE**  
(Continued)

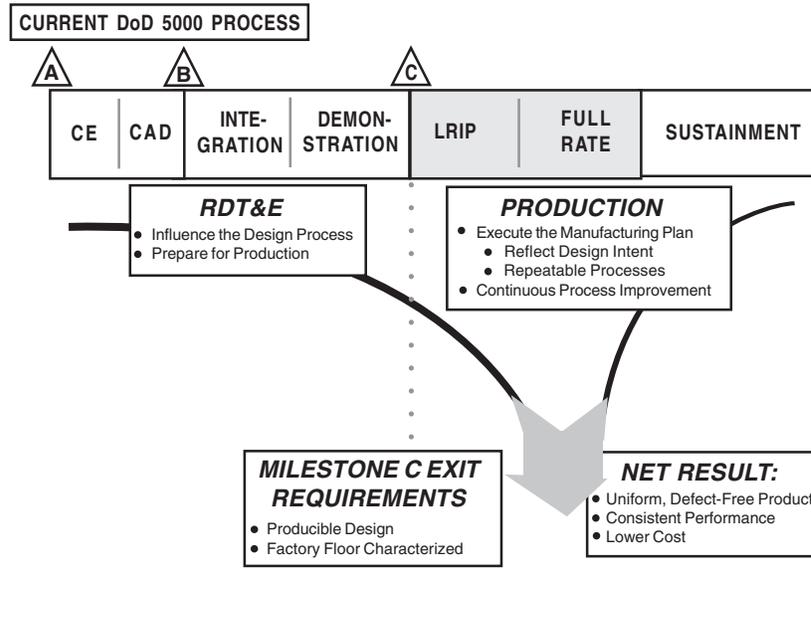
***INTEGRATED PRODUCT TEAMS***



IPT = Integrated Product Team  
PIT = Program Integration Team

Note 1: IPTs mirror Work Breakdown Structure

## THE ROLE OF MANUFACTURING IN THE ACQUISITION PROCESS



### COMMON PRODUCTION RISKS THAT GREATLY IMPACT COST, SCHEDULE & PERFORMANCE

- Unstable requirements/engineering changes
- Unstable production rates and quantities
- Insufficient process proofing
- Insufficient materials characterization
- Changes in proven materials, processes, subcontractors, vendors, components
- Producibility
- Configuration management
- Subcontractor management
- Special tooling
- Special test equipment

## PRODUCIBILITY

### **DEFINITION:**

The measure of relative ease of manufacturing a product. The product should be easily and economically fabricated, assembled, inspected and tested.

***\* The PM is responsible for Producibility \****

## PRODUCIBILITY

DoD 5000.2-R, June 2001

### 5.2.3.5.1 Producibility, 5.2.3.5.3 Quality

- Producibile system design ***shall be a development priority***
- Design/engineering ***shall focus on;***
  - Producibile design
  - Capable manufacturing process
  - Necessary process controls
  - Minimizing manufacturing costs
- Full rate production ***shall require;***
  - Stable systems design
  - Proven manufacturing process
  - Available production facilities and equipment
- Quality management process ***shall;***
  - Establish capable process,
  - Continuously improve the process
  - Monitor and control critical processes and product variation
  - Establish mechanisms for feedback of field product performance;
  - Implement an effective root cause analysis and corrective action system

## QUALITY MANAGEMENT SYSTEMS

### DoD 5000.2-R, June 2001, 5.2.3.5.3 Quality

“The PM shall allow contractors to define and use a preferred quality management process that meets required program support capabilities. The PM shall not require third party certification or registration of a supplier’s quality system.”

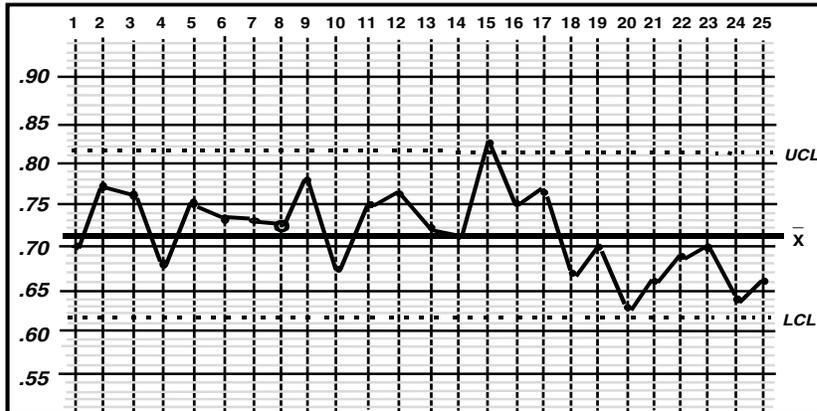
**Note:** ISO 9000 Series International Quality Standard is considered a Basic Quality System  
 --focus is mainly on “Document what you do, and do what you document”

Advanced Quality Systems (AQS) such as Boeing’s D1-9000, Motorola’s Six Sigma, and others, focus on Customer Satisfaction, Key Processes Identification and Control, Metrics, Flow-down to Suppliers, and many other advanced process-oriented techniques.

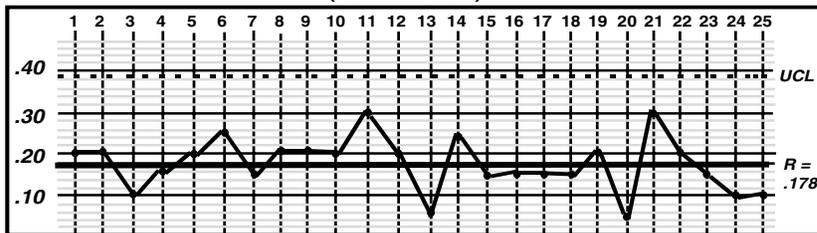
## VARIABILITY CONTROL

- **GOAL:** Minimize and control manufacturing variation on key product characteristics
- **WHY:** Direct correlation between deviation from nominal value on key characteristics and product quality and functionality
- **TOOLS:** QFD, DOE, Process control chart  
 (Statistical Process Control, see below)

$\bar{X}$  (Control Chart)



R (Control Chart)\*



\*Note: No lower control limit for R Chart for sample size below 7.

## PRODUCTION READINESS REVIEWS (PRRs)

### ***“WHY WE DO THEM”***

- Identify program risks, issues and opportunities **Early**
- Assess capability of contractor (and sub-contractor) to deliver on-time, within cost
- Assess actual contractor performance (metrics?)
- Assess effectiveness of contractor’s corrective actions
- Measure improvement of contractor’s performance

### ***“HOW TO DO THEM”***

- Get a Charter that the PMO and contractor both understand
  - Coordinate with DCMA/CAS - use them
  - Establish areas of Assessment with Metrics
    - Producibility
    - ECOs/design stability
    - Sub-contractor management
    - Cost of scrap, rework and repair
    - Manufacturing process control
    - Tooling status
  - Ask questions, touch things, talk to shop floor workers
    - ***See what is actually happening on the factory floor***
- 

## ADDITIONAL INFORMATION SOURCES

- DAU’s Advanced & Electronic Manufacturing Resources (A&EMR) website:
  - Go to [www.dsmc.dau.mil](http://www.dsmc.dau.mil), then click on Information Dissemination, then click on the A&EMR
  - Contains references to DoD Manufacturing Requirements, and Best Business Practices such as Lean Production, e-Commerce, Six Sigma, Basic and Advanced Quality Systems, and Supply Chain Management
- Best Manufacturing Practices Center of Excellence
  - [www.bmpcoe.org](http://www.bmpcoe.org)
- Lean Aerospace Initiative (LAI)
  - <http://web.mit.edu/lean/index.html>

## TEST & EVALUATION (T&E)

### Developmental T&E (DT&E)/Operational T&E (OT&E) Comparisons:

**DT&E**

- Tech. perf. measurement
- Dev. agency rsp. (PM)
- Technical Personnel
- Ltd. test articles/each test
- Controlled environment
- All types of Test Articles
- Contractor involved

**OT&E**

- Operational effective/suitable
- Operational Test Agency (OTA) resp.
- "Typical" User Personnel
- Many test articles/each test
- "Combat" environment/Threats
- "Production Rep" Test Articles
- Contractor may not be allowed

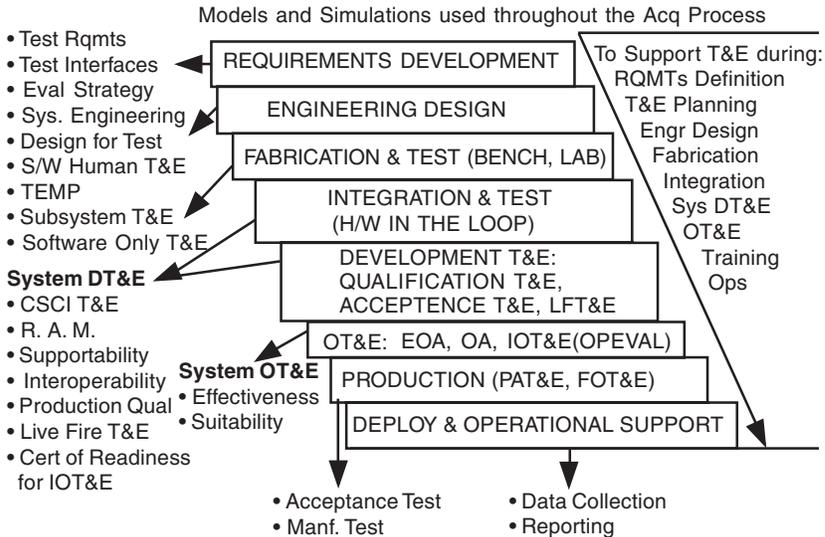
### T&E Required before going Beyond Low Rate Initial Production

**Production Qualification T&E** - Verify Design Article meets Spec/PM responsible Performed by Contractor &/or Government/DPRO assistance valuable. Readiness for IOT&E.

• **Live Fire T&E (LFT&E)** - Vulnerability and Lethality/Dev'l Agency fund and execute. DOTE oversight, approval and Congressional reporting for ACAT I, II and selected programs.

• **Initial Operational T&E (IOT&E)**- Operational Effectiveness and Suitability/ Independent Svc OTA plan and manage. DOTE oversight, approval, and Congressional reporting for ACAT I and selected systems.

### T&E Tasks & Events



**Use Combined DT/OT** - single integrated Contractor/Gov't DT and OT Team; shared test events & test data; independent data analysis & reporting.

**ACAT I & II Programs** - require an independent, dedicated IOT&E to proceed Beyond Low Rate Initial Production.

**AGONIZE OVER THRESHOLDS!**

## M & S PLANNING

- ACCESS YOUR SERVICE CENTERS OF M&S EXPERTISE
- Establish a simulation coordinating group; the EARLIER the better
- Design long term M&S applications and the Integrated Digital Environment through the acquisition strategy, TEMP, STEP, SSPs
- CONTINUOUS PLANNING ↔ PROGRAM PLANNING

TEMP



## HOW DO WE PLAN? - A NOTIONAL APPROACH

### IDE Planning

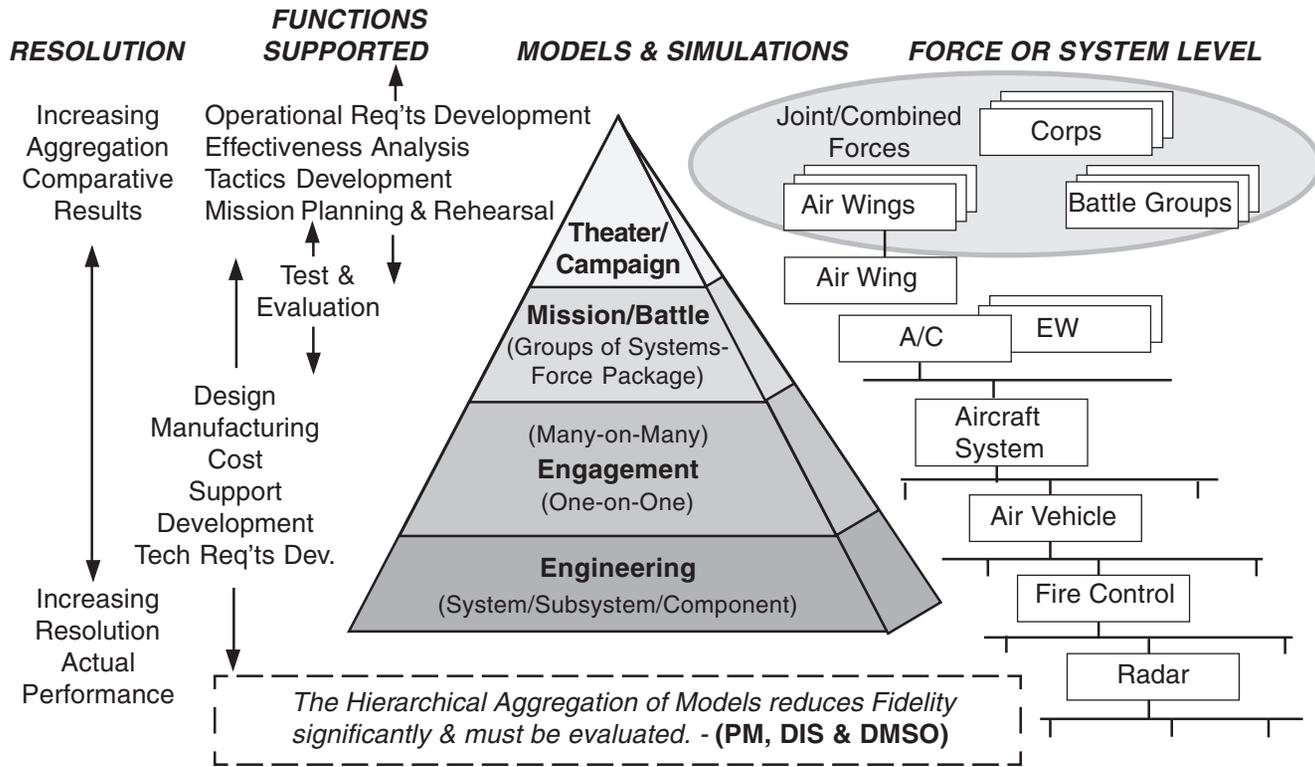
- Establish a business process improvement team
- Identify High Payback Process Areas
- Identify potential legacy systems and data repositories
- Identify user base including remote sites
- Capacity of PC workstations
- Bandwidth of communication lines
- Where servers are/will be located
- Identify legacy system host platforms

### SBA Planning

- Establish a *simulation & VV&A* planning process
- Identify High Payback Process Areas
- Identify potential legacy systems, Service/Joint-standard simulations, Architectures and data repositories
- Identify where user and simulators are / will be located
- Capabilities & Architectures of Existing Simulations
- Network Bandwidth Requirements
- IDE utilization opportunities
- Interoperability / Interface / Immersion Requirements
- Required Capability Gap
- Design SBA Architectures
- Establish long term plan, budget, DOCUMENT & implement
- Manage it, update, evolve, reiterate

Simulation Support Plan (A,MC),  
Single Acquisition Mgt Plan (AF),  
Acquisition Strategy, TEMP

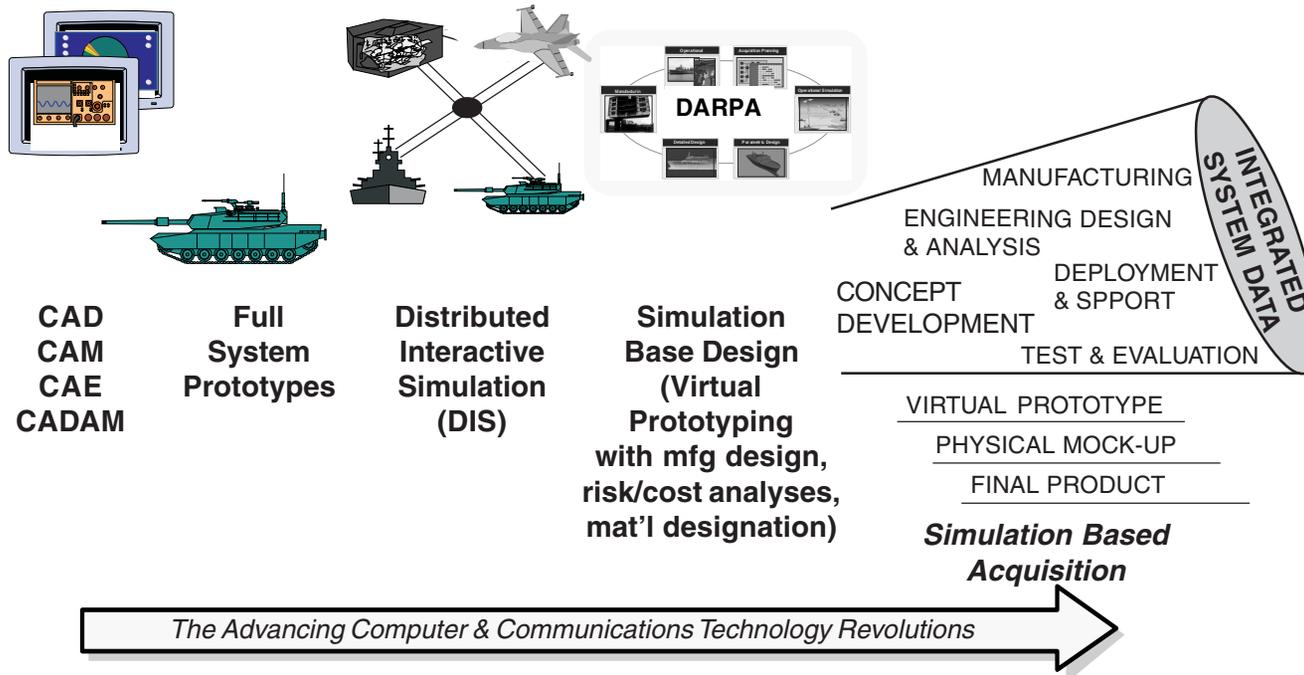
# HIERARCHY OF MODELS AND SIMULATIONS



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# THE EVOLUTION OF MODELING & SIMULATION



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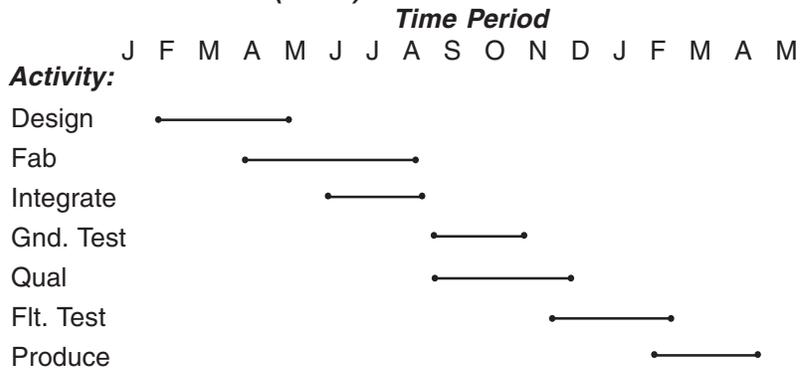
## PLANNING AND CONTROL

### TYPICAL TIMES FOR PROGRAM ACTIVITIES

<i>Event</i>	<i>Time (months)</i>
Procurement Request Development Time	6 - 9
Contract Lead-time	9 - 12
DAB Lead-time	6 - 8
SI Design, Fab and Test	24 - 30
SD Design, Fab and Qual	30 - 36
Test Readiness Review Lead-time	2 - 3
DT&E	9 - 12
OT Readiness Review Lead-time	2 - 3
OT&E	6 - 12
OT Report Preparation	3
Production Lead-time	18 - 30

### TYPES OF PLANING CHARTS

#### MILESTONE CHART (Gantt)

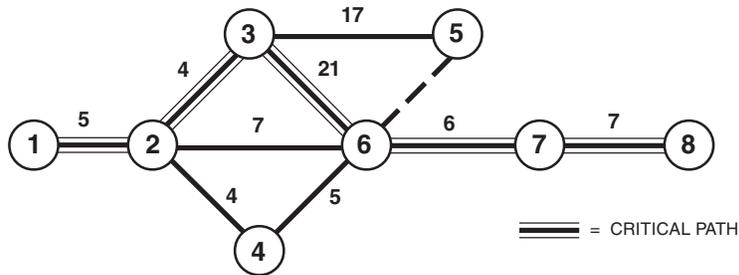


- Advantages: Simple
- Disadvantages: Difficult to show dependencies between activities unless computer-constructed chart.

(ADD'L TYPES OF PLANNING CHARTS ON NEXT 5 PAGES)

**PLANNING AND CONTROL**  
(Continued)

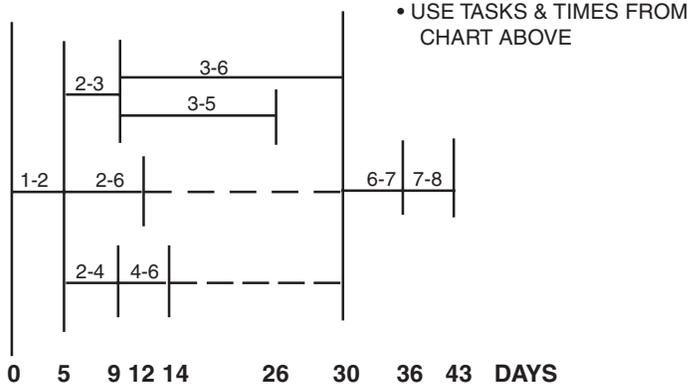
**NETWORK CHART**



TASK	TASK #	TIME	COST	ACCELERATE	
				COST	TIME
Brief	1-2	5	2,200	-	5
Transport	2-3	4	15,000	500	3
Ship GFE	2-6	7	2,500	600	4
Ship system	2-4	4	4,600	750	2
Inspect	4-6	5	0	-	5
Train maint.	3-6	21	28,000	800	14
Train oper.	3-5	17	23,000	800	12
Integ. sys.	6-7	6	13,500	-	6
Dry Run	7-8	7	9,000	400	5

- Advantages: Shows dependencies; computes critical path
- Disadvantages: Complex; computerized support required to maintain  
Does not provide any chronology

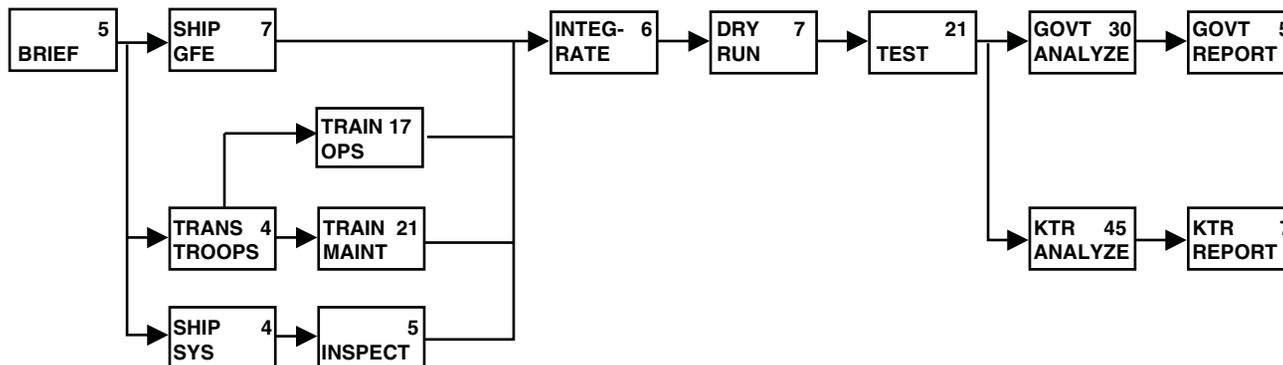
**SWAN CHART**



- Advantages: Shows chronology and dependencies
- Disadvantages: Complex; computerized support required to maintain

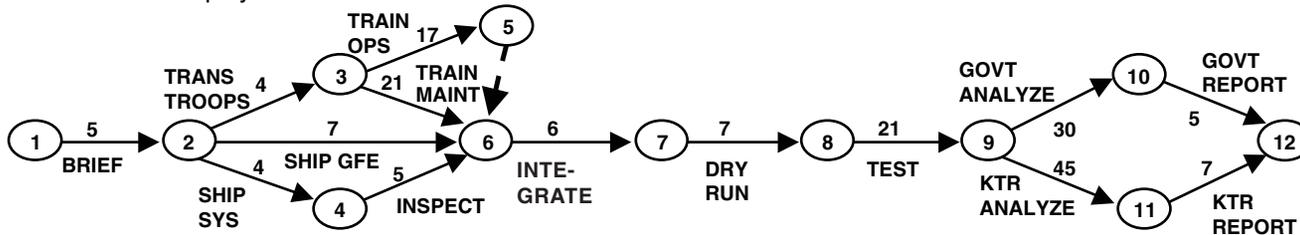
## PERT\* NETWORK CHARTS

Most widely-used PERT Display using scheduling software:



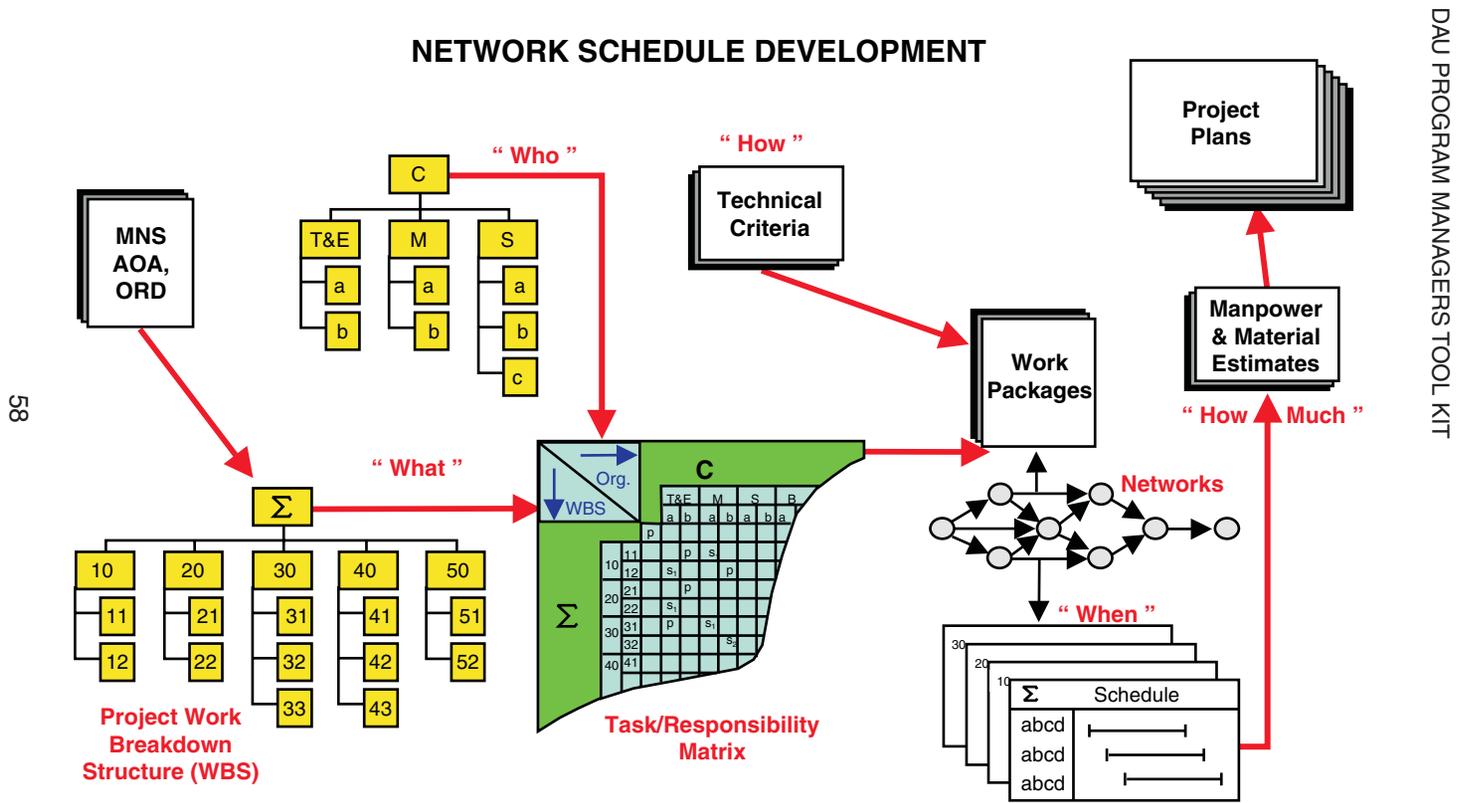
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Normal PERT Display for manual method:



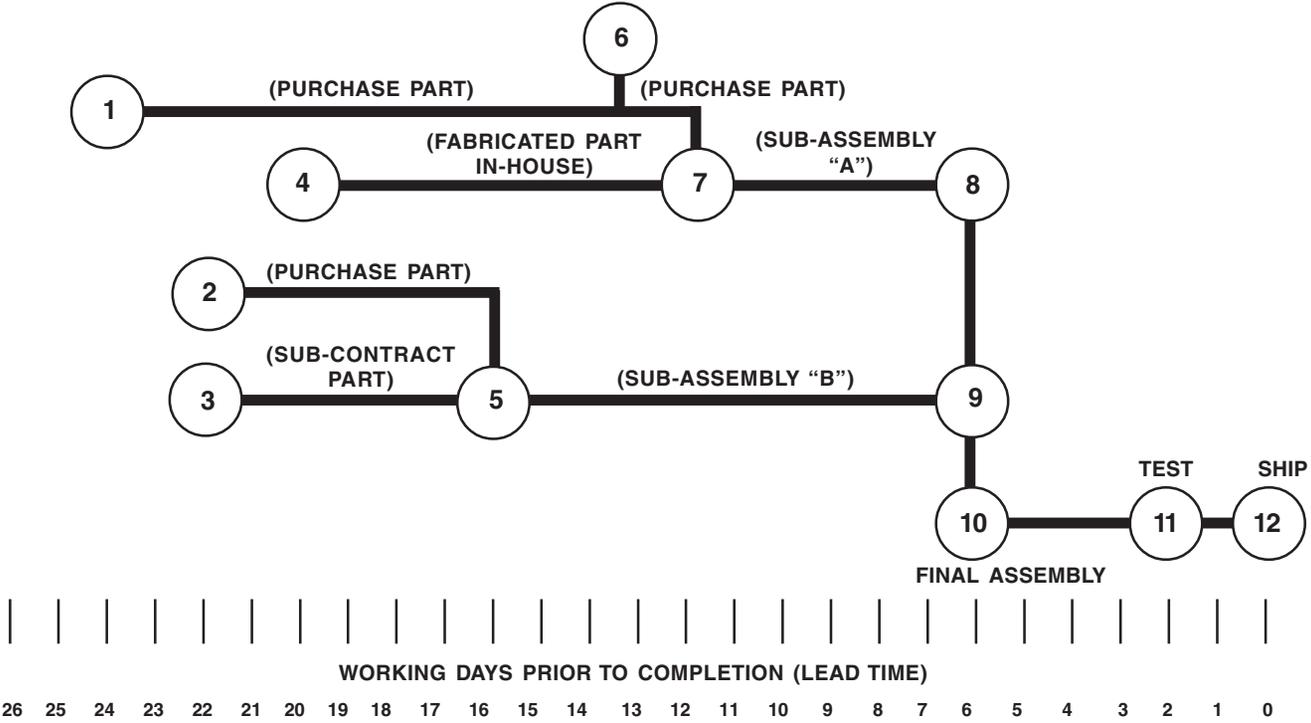
\* PERT = Program Evaluation & Review Techniques

# NETWORK SCHEDULE DEVELOPMENT



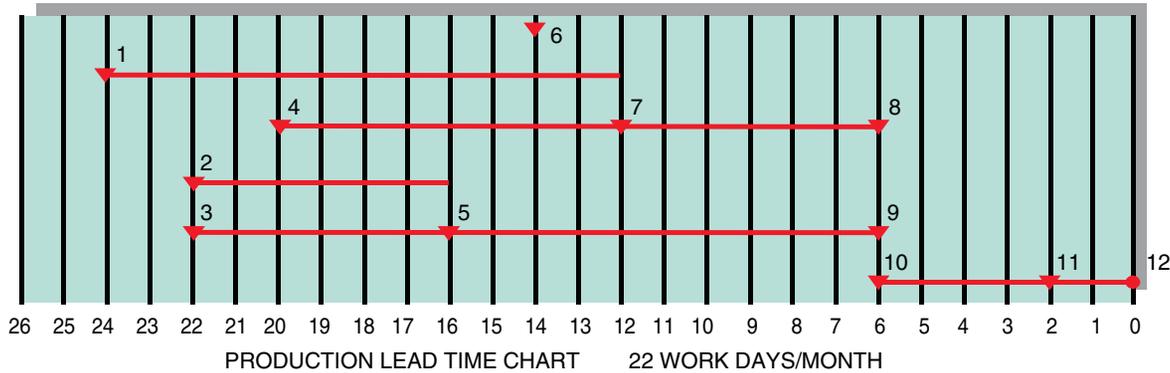
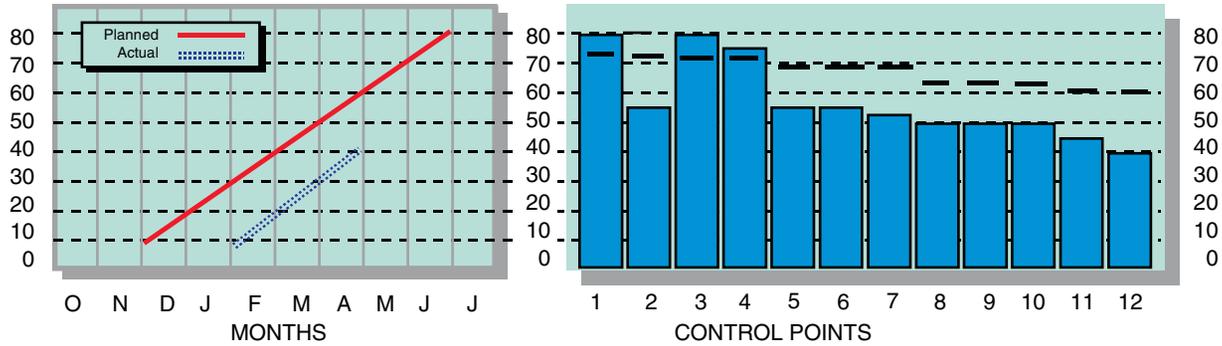
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### LEAD TIME CHART



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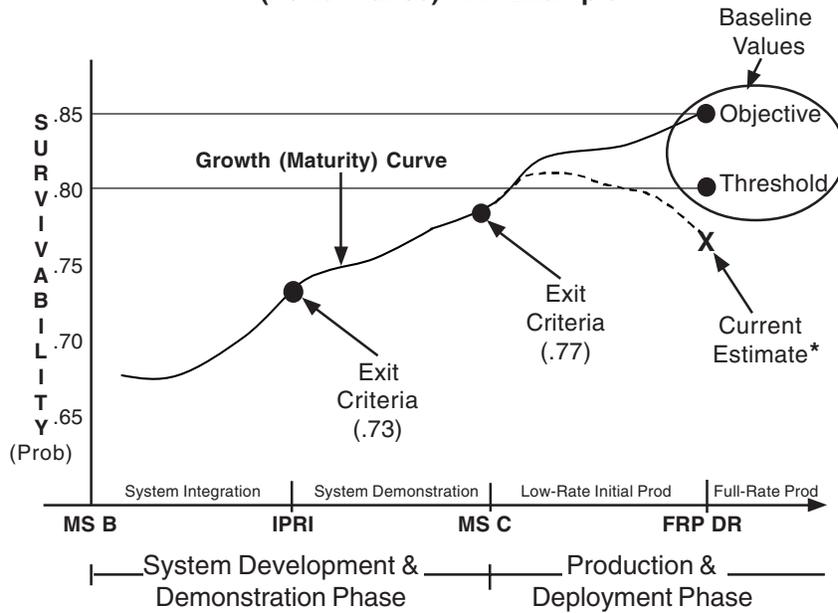
# LINE OF BALANCE TECHNIQUE



Snapshot in time: 1 May

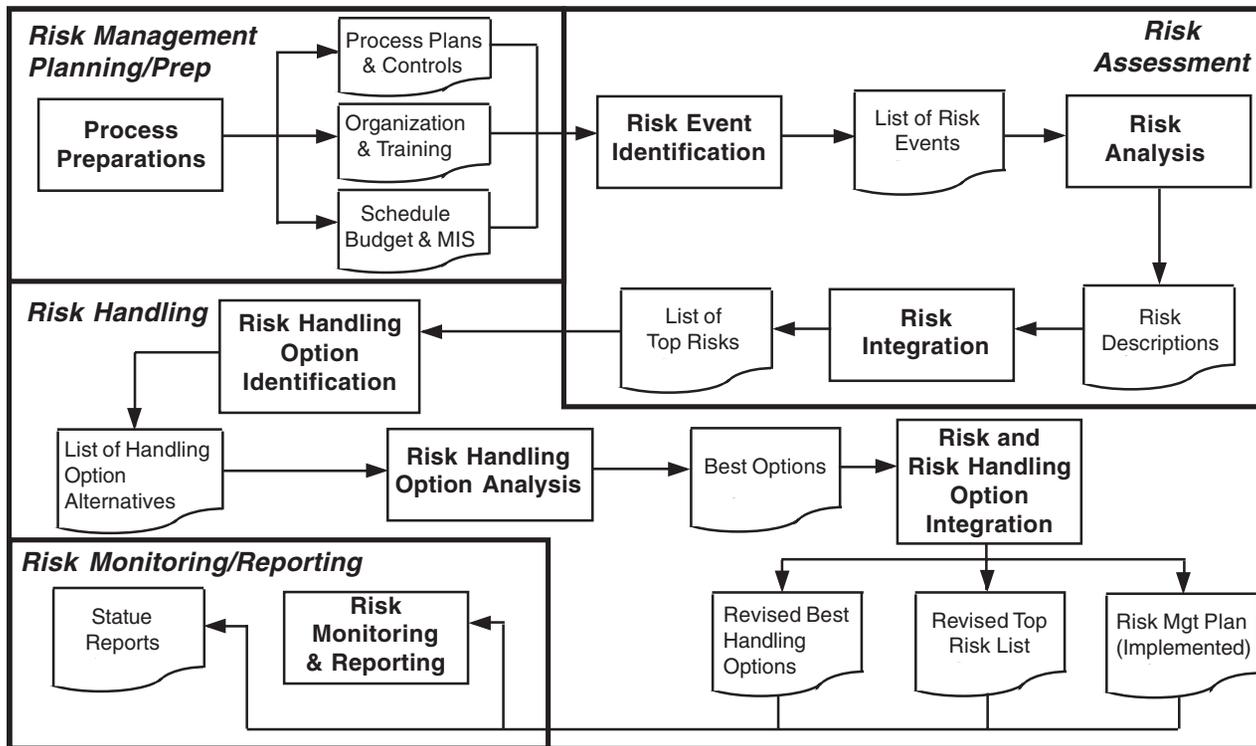
60

### ACQUISITION PROGRAM BASELINE (Performance) - An Example

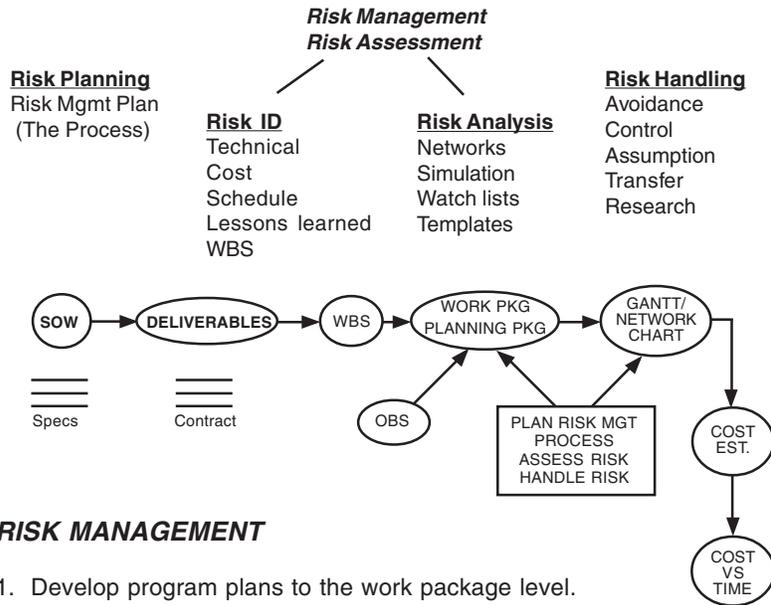


**\* in this example the current estimate falls below the threshold - this represents a baseline breach of performance.**

## RISK MANAGEMENT PROCESS MODEL



## RISK & TRADE-OFF ANALYSIS



### **RISK MANAGEMENT**

1. Develop program plans to the work package level.
2. Assess risk at the lowest work package/WBS level.
3. Manage the highest risk work packages; most others will work out.

### **TRADE-OFF ANALYSIS\***

1. Identify alternative solutions
2. Select evaluation criteria/factors & MOEs;  
i.e. cost, schedule, performance criteria
3. Weight evaluation criteria
4. Develop utility functions for each factor
5. Conduct evaluation (weighted utility summary table where weight is multiplied by utility function value)
6. Perform sensitivity check
7. Select highest scored alternative

**\*With Cost As an Independent Variable (CAIV), aggressive cost objectives are established as a result of trading performance and schedule for cost.**

## PROGRAM MANAGER'S CHECKLIST FOR REVIEW OF TRADE-OFF PLANNING AND STUDIES

### 1. ARE ALL VIABLE ALTERNATIVES BEING EXPLORED?

- Is each alternative clearly defined?
- Have the alternatives been prescreened? How?
- Are affordability limits established?
- Can all of the screened-out alternatives be defended?

### 2. ARE SELECTION CRITERIA IDENTIFIED?

- Are all significant criteria identified?
- Do the criteria discriminate between alternatives?
- Are the criteria measurable?
- Have the criteria been pre-approved?

### 3. IS THE CRITERIA WEIGHTING SYSTEM ACCEPTABLE?

- Are rationales for criteria weights explained?
- Are criteria weights consistent with guidance?
- Are criteria weights consistently distributed in the tree?

### 4. ARE UTILITY (SCORING) CRITERIA DETERMINED?

- Is defensible rationale established for each criterion?
- Are criteria developed from operational measures of effectiveness where possible?
- Do all plans use the same numerical scale?
- Is the location of the "zero point" explained?

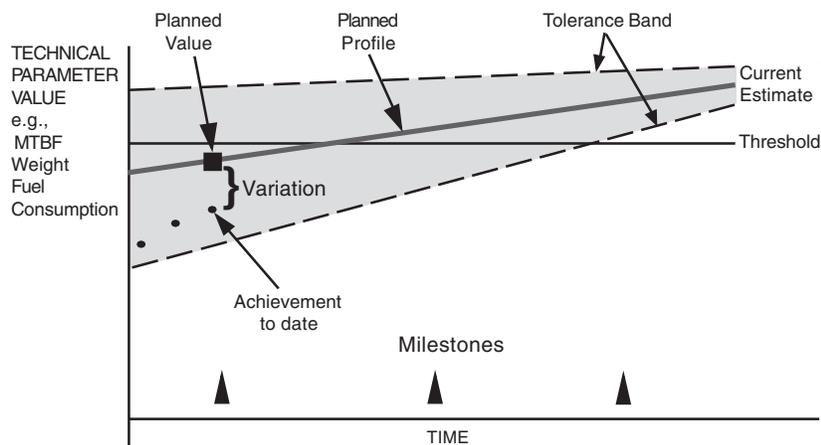
### 5. ARE EVALUATION METHODS DOCUMENTED?

- Are test data reliability estimates (confidence levels) incorporated?
- Are models validated? When? Who?

### 6. HAS SENSITIVITY BEEN ESTIMATED?

- Are error ranges carried through with worst-on-worst case analysis?
- Have the effects of changes in the utility curve shapes been examined?
- Have rationales for the limits been developed?

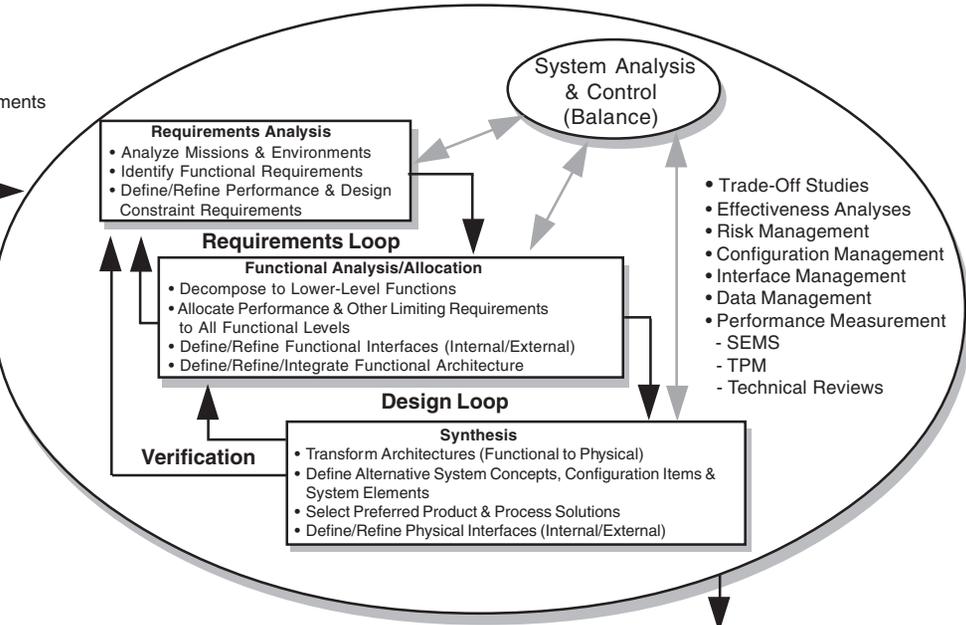
## TECHNICAL PERFORMANCE MEASUREMENT THE CONCEPT



# SYSTEMS ENGINEERING PROCESS

## PROCESS INPUT

- Customer Needs/Objectives/Requirements
  - Missions
  - Measures of Effectiveness
  - Environments
  - Constraints
- Technology Base
- Output Requirements from Prior Development Effort
- Program Decision Requirements
- Requirements Applied through Specifications and Standards



- Trade-Off Studies
- Effectiveness Analyses
- Risk Management
- Configuration Management
- Interface Management
- Data Management
- Performance Measurement
  - SEMS
  - TPM
  - Technical Reviews

## RELATED TERMS

- Customer = Organizations Responsible for Primary Functions
- Primary Functions = Development, Manufacturing, Verification, Deployment, Operations, Support, Training, Disposal
- System Elements = Hardware, Software, Personnel, Facilities, Data, Material, Services, Techniques

## PROCESS OUTPUT

- Development Level Dependent
  - Decision Data Base
  - System/Configuration Item Architecture
  - Specifications & Baselines

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## REQUIREMENTS ANALYSIS QUESTIONS

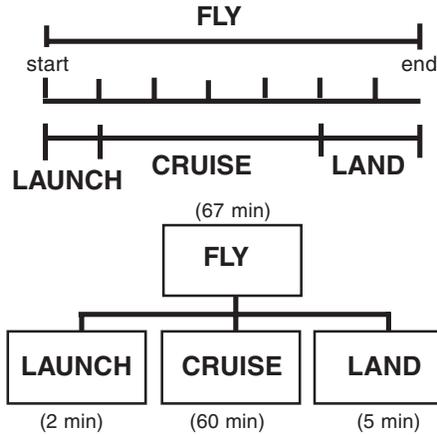
- What are the reasons behind the system development?
- What are the customer expectations? How will they measure the performance of the system?
- Who are the users and how do they intend to use the product?
- What do the users expect of the product?
- What are their level of expertise?
- With what environmental characteristics does the system have to comply?
- What are existing and planned interfaces?
- What functions will the system perform, expressed in customer language?
- What are the constraints – hardware, software, economic, procedural – with which the system must comply?
- What will be the final form of the product – model, prototype, mass production?

## ATTRIBUTES OF A WELL – DEFINED REQUIREMENT

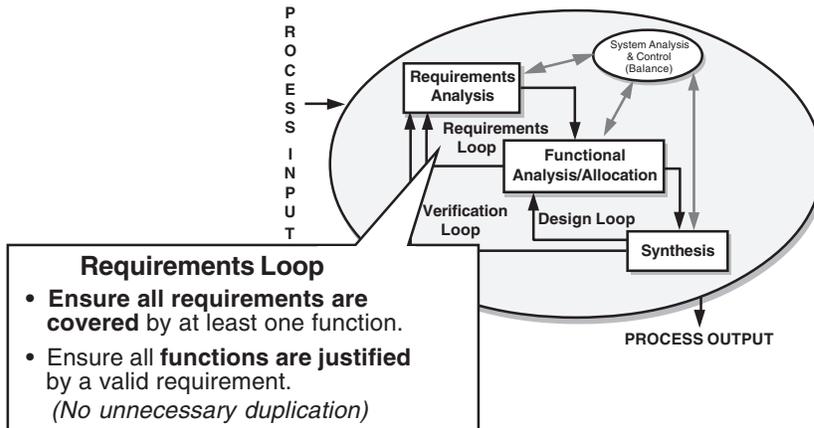
- **Specific, Clear and Unambiguous:** Contains no vague terms
- **Understandable:** Stated with sufficient detail in everyday language
- **Concise:** Contains no unnecessary words
- **Consistent:** Top-to-bottom consistency with identical usage of terms and conformance to standards
- **Stable:** Baselined and under configuration control
- **Traceable:** Derived from the mission profile or the contractor's design policies
- **Verifiable:** Determine whether the product is satisfying the requirement
- **Feasible:** Can achieve, produce, and maintain the requirement

## FUNCTIONAL ANALYSIS/ALLOCATION (THE CONCEPT)

- Allocate Functions
  - Decompose Higher Functions
- Allocate Performance
  - From Higher to Lower Functions
- Functional Descriptions
  - Functional Flow Block Diagrams
  - Time Line Analysis
  - Functional Architecture

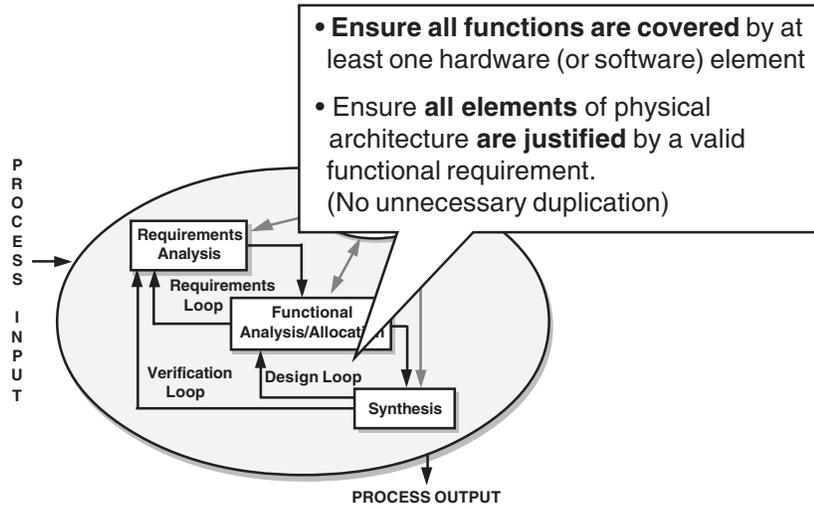


## REQUIREMENTS LOOP



Requirements	Functions						
	Transport	Load	Start	Carry	Stop	Unload	Communicate
Transport Troops	X	X	X	X	X	X	
Squad Level	X	X		X		X	
50 KM	X			X			
90 Minutes from Transporter Arrival	X	X	X	X		X	
Constant Communication							X

### DESIGN LOOP



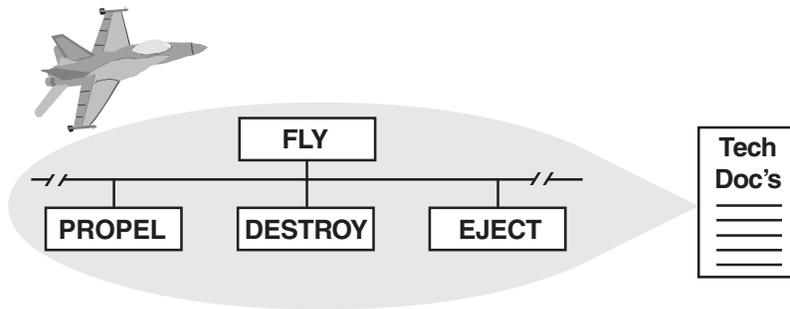
### AUDIT TRAIL, DECISION DATABASE, ITEM SPECIFICATIONS, ETC.

← PHYSICAL ARCHITECTURE →

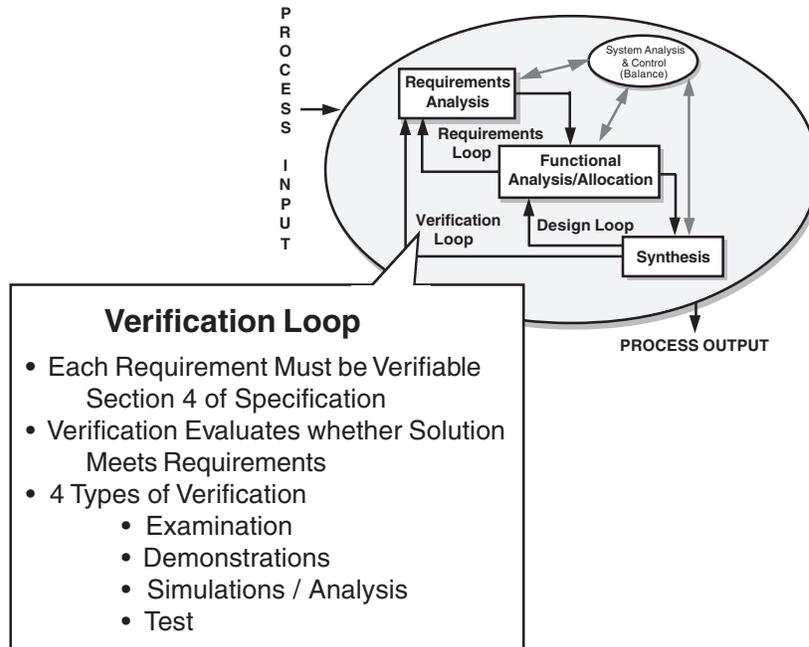
FUNCTIONAL ARCHITECTURE	Function Performed	Aircraft				
		Air Frame	Engine	Communications	Nav System	Fire Control
	Preflight Check	X	X	X	X	X
	Fly					
	Load	X				
	Taxi	X	X	X		
	Take-Off	X	X	X		
	Cruise	X	X	X	X	
	Recon	X	X	X	X	
	Communicate			X		
	Surveillance			?	?	?

## SYNTHESIS

- Defines the Physical Architecture
  - Each Part Must Meet At Least One Functional Requirement
  - Any Part Can Meet More Than One Requirement
- Justify Architecture by Trade Studies & Effectiveness Analyses
- Document All Process Information in Database
- Generate Documents from Database



## VERIFICATION LOOP



## SYSTEM ANALYSIS AND CONTROL (MGMTTOOLS)



- HOW DO I MAKE DECISIONS ? → TRADE STUDIES
- WILL IT DO JOB/WORTH THE \$\$ ? → EFFECTIVENESS ANALYSIS
- ARE WE DOING THE RIGHT THING ? → RISK MGMT
- HOW DO I KNOW IT WORKS? → TECHNICAL PERF MEASURES
- WILL IT MEET THE PERFORMANCE CRITERIA? → MODELING & SIMULATION
- WILL IT ALL WORK TOGETHER ? → TECH PERF MEAS
- DO WE KNOW WHAT WE HAVE ? → CONGFIG MGMT
- ARE WE READY TO GO ON ? → TECHNICAL REVIEWS
- HOW DO I RUN THIS PROGRAM ? → INTEGRATED PLANNING

**SPECIFICATIONS AND STANDARDS**

*A New Way of Doing Business (Acquisition Reform)  
(Sec Def Memo of 29 June 1994)*

1. Use **Performance**-Based Specifications
2. Cancel/**Convert** Manufacturing and Management Standards to **Performance** or Nongovernment Standards (NGSs)
3. Encourage Contractors to Submit **Alternative Solutions** to Military Standards/Specifications
4. **Prohibit** Use of Military Specifications/Standards **Except** when **Authorized** by SAE or Designee

**PERFORMANCE VS. DETAIL SPECIFICATIONS**

	<u>PERFORMANCE</u>	<u>DETAIL / DESIGN</u>
<b>Design/Fab</b>	Require desired outcomes or functions, Specific design to KTR	Specify <b>exact</b> parts and components
<b>Processes</b>	Few, if any	Specify <b>exact</b> processes
<b>Physical Characteristics</b>	Give specifics <b>only</b> for interfaces, environment, or human factors	Specify <b>more</b> physical characteristics, <b>than needed</b> for int, env,etc.
<b>Interface Reqmts</b>	Detail interface data does <b>NOT</b> solely make a perf. spec a detail spec.	Detailed interface data
<b>Materials</b>	Leave specifics to KTR	Require specific materials
<b>Test &amp; Eval</b>	State performance need; KTR picks test procedure	Prescribed testing process

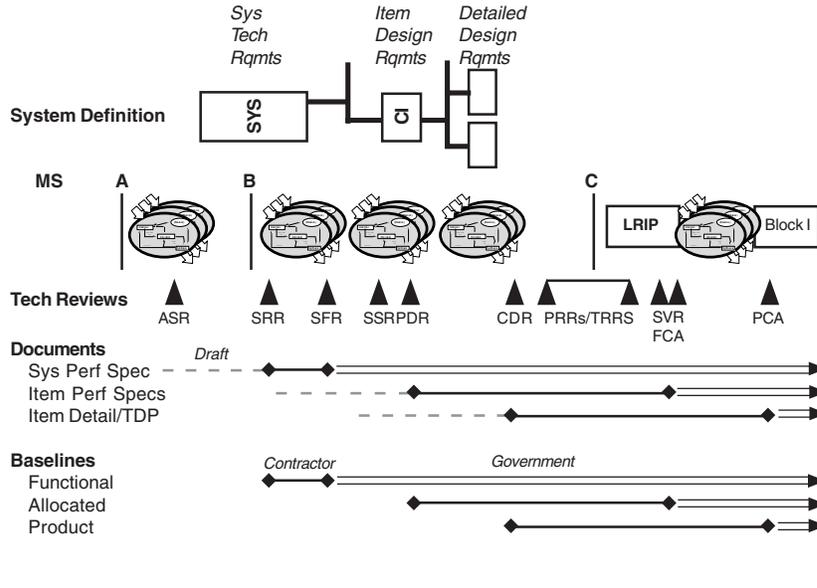
## PROGRAM-UNIQUE SPECIFICATIONS



- Program Unique Specifications advantages:
  - Help **avoid** duplication and inconsistencies.
  - Enables **good** estimates of necessary work and resources.
  - Provides consistent **communication** among players as people rotate.
  - Can be used to **prepare** test plans.
  - Can be used a long time **after** the system has been put into operation.
  - Serves as an **interface** between customers, developers and designers.
- Can act as negotiation and reference document for **engineering changes**.

Specification	Content	Baseline
<b>System</b>	<ul style="list-style-type: none"> <li>• Defines mission/technical performance requirements. Allocates Requirements to functional areas. Defines interfaces.</li> </ul>	Functional (“ <b>System</b> ”)
<b>(HW or SW) Item Performance</b>	<ul style="list-style-type: none"> <li>• Defines performance characteristics of CI’s (form, fit, function). Details Design Requirements only to meet interfaces. “<b>DESIGN TO.</b>”</li> </ul>	Allocated (“ <b>Design to</b> ”)
<b>(HW or SW) Item Detail</b>	<ul style="list-style-type: none"> <li>• Includes “how to” and specific design requirements. Usually includes specific processes and procedures. “<b>BUILD TO.</b>”</li> </ul>	Product (“ <b>Build to</b> ”)
<b>Process</b>	<ul style="list-style-type: none"> <li>• Defines process performed during fabrication.</li> </ul>	Product
<b>Material</b>	<ul style="list-style-type: none"> <li>• Defines production of raw materials or semi-fabricated material used in fabrication.</li> </ul>	Product

**SYSTEMS ENGINEERING MANAGEMENT  
in Acquisition**



**SYSTEM REVIEW DEFINITIONS**

- ASR - Alternative Systems Review - Preferred System Solution meets needs
- SRR - Systems Requirements Review - Preliminary Functional Requirements
- SFR - Systems Functional Review - Approve functional requirements  
- Review preliminary allocated requirements
- SSR - Software Specification Review - Approve S/W allocated requirements
- PDR - Preliminary Design Review - Approve allocated requirements  
- Establish allocated baselines
- CDR - Critical Design Review - Preliminary product requirements  
- Ready for fabrication
- PRR - Production Readiness Review(s) - Assess producibility/manuf readiness
- TRR - Test Readiness Reviews(s) - Assess test readiness  
- Approve test plans
- FCA - Functional Configuration Audits - Verify CIs perform to spec
- SVR - System Verification Review - Verify CIs perform to system spec
- PCA - Physical Configuration Audit - Verify the product baseline

**CONFIGURATION MANAGEMENT**  
**Non-Government Std: EIA Standard-649**  
*Also see MIL HNBK 61*

**“A management process for establishing and maintaining consistency of a product’s performance, functional and physical attributes with its requirements, design and operational information throughout its life.”**

- **Identify** and **document** the functional and physical characteristics of configuration items.
- **Control** changes to configuration items and their related documentation.
- **Record (or Status Accounting in DoD terms)** and report information needed to manage configuration items effectively, including the status of proposed changes and implementation status of approved changes.
- **Audit** configuration items to verify conformance to specifications, drawings, interface control documents, and other contract requirements.

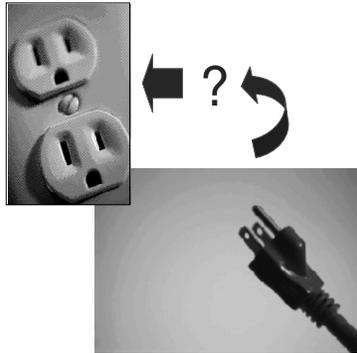
- Adopted by DoD, 22 Nov 96

**CONFIGURATION MANAGEMENT PLANNING**

- The decisions on
    - **Which baselines the government should eventually control**
    - **The data needed**
    - **When that control should be established**
- ...are strategic management decisions that involve
- **Acquisition strategies - sources, competition, etc.**
  - **Logistics support plans - repair levels, data needs, open systems, etc.**
  - **Technology insertion - stable vs rapidly moving technologies, etc.**
- Government should control the Functional Baseline (documents system level requirements)
  - DoD PMO’s increasingly choose to leave Allocated Baselines under contractor control until late in development. (Documents the CI level design requirements.)
    - **Promotes contractor design flexibility**
    - **Relieves PMO from administrative burdens of managing design ECPs**
    - **Requires effective implementation of IPPD**
  - When and if to control baselines is dependent on support philosophy and acquisition management strategy.

## INTERFACE MANAGEMENT

*Will it all work together?*



- The Government PMO:
  - Identifies External Interfaces
  - Establishes interface standards (baselines)
  - Maintains interface stability
- The Contractor:
  - Manages Internal Interfaces
  - Establishes Interface
    - Requirements to Include
    - Internal & External Interfaces
  - Controls Interfaces to Ensure
    - Accountability & Timely
    - Dissemination of Changes

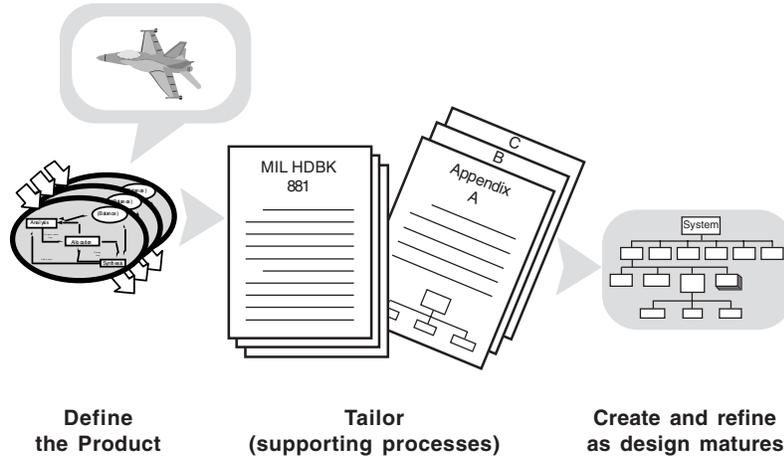
*The government increasingly chooses to manage interfaces leaving design details to contractors*

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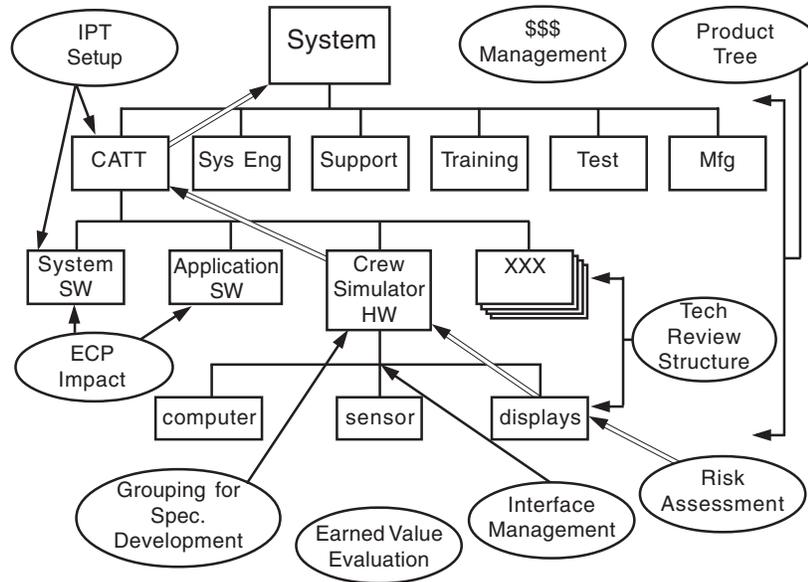
## INTERFACE CONTROL CONCEPT

- Identifies, documents, & controls all functional and physical characteristics.
- Interfaces, what?
  - Common boundary.
  - Types: Mechanical, Electrical, Operational, Software.
  - Functional & Physical characteristics.
- Where?
  - Within one contractor's design.
  - Between contractor's items and GFE.
  - Between multiple contractors' items.
  - Between systems
- Controlled by Interface Control Working Group.
- Documented in Interface Control Documents.

## HOW TO CREATE A WORK BREAKDOWN STRUCTURE



## BASIC PURPOSES OF WBS



## SOFTWARE MANAGEMENT

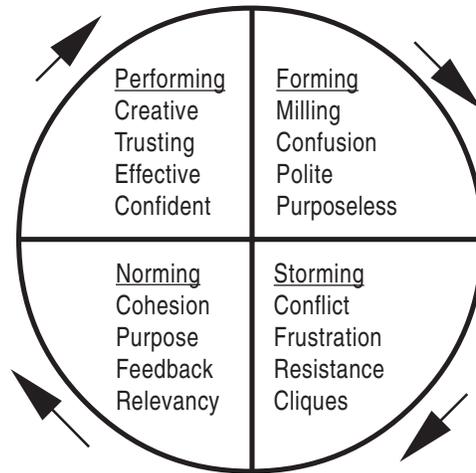
- Nine Principal Best Practices to Improve Software Development, Reduce Costs, and Increase User Satisfaction\*
  - Formal Risk Management
  - Agreement Interfaces
  - Peer Reviews/Inspections/Walk-throughs
  - Metric-Based Scheduling and Management
  - Binary Quality Gate, at Inch-Pebble Level
  - Program-wide Visibility of Project Progress vs. Plan
  - Defect Tracking Against Quality Targets
  - Configuration Management
  - People-Aware Management Accountability
  
- Nine Project “Breathalyzer ” Questions to provide “Quick Look” at Software Project Health\*\*
  - Do you have a current, credible activity network supported by a work breakdown structure (WBS)?
  - Do you have a current, credible schedule and budget?
  - Do you know what software you are responsible for delivering?
  - Can you list the current top 10 project risks?
  - Do you know your schedule compression percentage?
  - What is the estimated size of your software deliverable? How was it derived?
  - Do you know the percentage of external interfaces that are not under your control?
  - Does your staff have sufficient expertise in the project domains?
  - Have you identified adequate staff to allocate to the scheduled tasks at the right time?

\*“Little Yellow Book of Software Management Questions” (Software Program Managers Network)

\*\*\*“Project Breathalyzer Questionnaire Software Health”; Software Program Managers Council

## WORKING GROUPS

### TEAM DEVELOPMENT WHEEL



RECOGNIZE WHICH PHASE OF  
TEAM DEVELOPMENT YOU ARE  
IN AND TAKE POSITIVE ACTION  
TO WORK THROUGH

**Note:** These can be an additional phase – “Adjourning” – when the team disbands, says good bye, and reflects on lessons learned. This is a “celebration” phase.

---

### TYPICAL WORKING GROUPS

- Logistics Support Management Team (LSMT)
- Test & Evaluation Working Group (TEWG)
- Computer Resources Working Group (CRWG)
- Requirement Interface Working Group
- Interface Control Working Group (ICWG)
- Technology Assessment Working Group
- "Tiger" Team
- Process Action Team
- Integrated Product & Process Teams

## **WORKING GROUPS** **(Continued)**

*Group Consensus* - a general agreement by all team members that they can live with, and be committed to a particular course of action. Until you have this agreement, you don't have consensus. Guidelines for achieving:

1. Avoid arguing for your own opinion.
  2. Go for "win-win" solutions.
  3. Do not change your mind to avoid conflict.
  4. Avoid majority vote, coin-flipping, horse-trading.
  5. Expect differences of opinion.
- 

## **MANAGEMENT TRADE-OFFS** **FOR WORKING GROUPS**

### ***Advantages***

- More ideas & solutions
- Consensus positions
- Strong commitments

### ***Disadvantages***

- Takes more time
- Hard to terminate
- Paralysis by analysis

## TEAM PERFORMANCE MODEL





## LEADERSHIP & MANAGERIAL SKILLS

- More things that make you go “Hmmm?... ”

“An authority is a person who just happens to know the source.”

“A conservative is a person who believes nothing should be done the first time.”

“Diplomacy is the art of hearing all parties arguing in a dispute and nodding to all of them without ever agreeing with any of them.”

“The meeting raised our confidence that the contractor can actually accomplish the task and that it will occur in our lifetime.”

“This is the earliest I've been late.”

“The world would be a much better place if people weren't allowed to have children until they've proven they can successfully manage a DoD program.”

“Everyone is bound to bear patiently the results of his/her own example.”

“The superior person is firm in the right way, and not merely firm.”

## **DELEGATION**

### ***REASONS FOR DELEGATING***

1. Improve manager's time management
    - a. Increase manager's span of control
    - b. Increase time allocated to long range planning
    - c. Increased management efficiency
  2. Assure tasks performed by most qualified
  3. Build organizational depth
  4. Improve employee motivation
  5. Increased teamwork (IPTs/TQM)
  6. Maximize resources
  7. Appropriate organizational responsibility
- 

### ***12 STEPS FOR DELEGATING***

1. Set clear objectives and task statements
2. Select "Delegate"; check qualifications
3. Provide training, if necessary
4. Solicit input from Delegate
5. Assign task and deadline
6. Provide any relevant guidance
  - a. Critical information required to do tasks right
  - b. Potential approaches - only as suggestions!
  - c. Describe results desired
7. Makes a delegation "contract" (see next page)
8. Establish controls
9. Maintain controls
10. Provide feedback
11. Identify lessons learned
12. Evaluate performance

**DELEGATION  
(Continued)**

<b>(SAMPLE) DELEGATION RECORD</b>	
Description of Action:	
Date:	
Person Assigned:	
<i>Authority Level (specify):</i> 1 - Take action; do not report back 2 - Take action; report back (see Frequency) 3 - Prepare plan; proceed upon approval 4 - Do only as directed below	<i>Frequency of Contact (specify):</i> 1 - daily 2 - weekly 3 - monthly 4 - other _____
Delegation Guidance/Agreements:	
Suspense Action:	
Suspense Date:	
Performance Assessment:	

## **EFFECTIVE MEETINGS**

### *PRE-MEETING*

- A. Establish type of meeting
  - 1. Information (quick, crisp)
  - 2. Planning/Strategizing (slow, deliberate)
  - 3. Problem solving (divergent/convergent)
  - 4. Decision (deliberate)
  - 5. Staff/Conference (repetitive, short)
  - 6. Feedback/Evaluation (slow, contemplative)
  - 7. Training (smooth, flowing)
  - 8. Social (rambling)
- B. Select participants
  - 1. Based on purpose; relevant; decision auth.
  - 2. Size: 4-7 ideal; 10-12 tolerable; >13 unsat.
- C. Circulate agenda (3-5 days in advance)
  - 1. Type, purpose, date, place, start/finish times
  - 2. Topics, time allocated (minutes), speakers
  - 3. Assign recorder

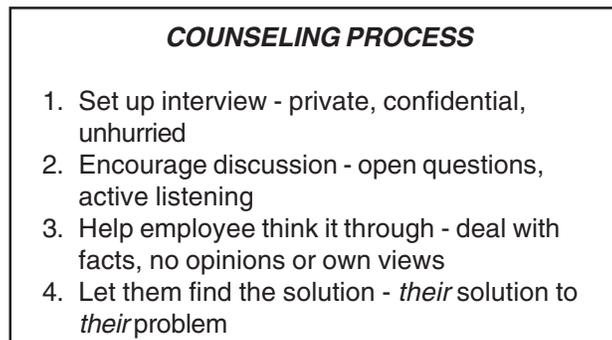
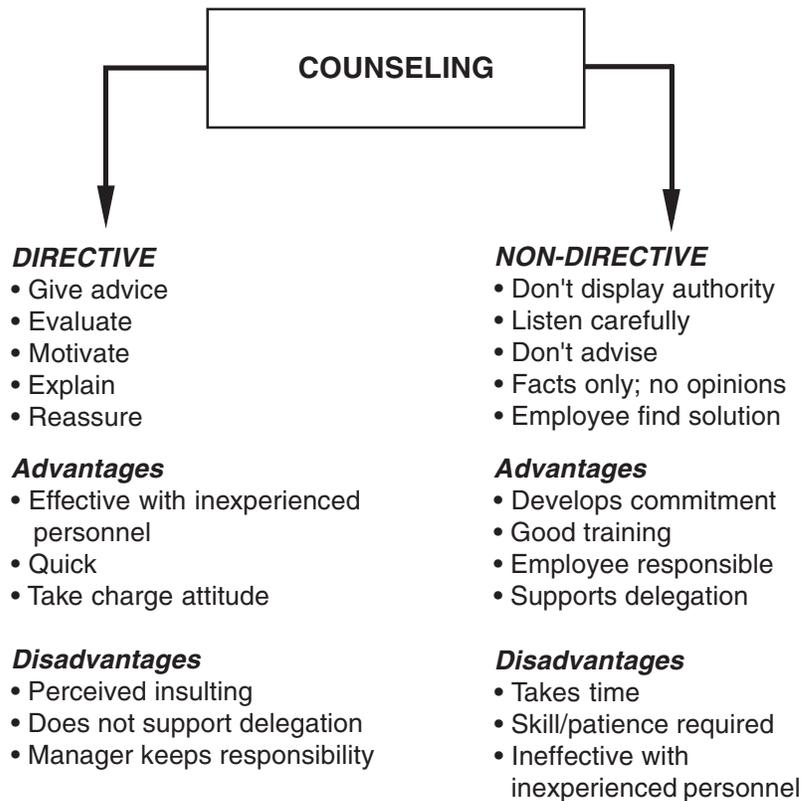
### *CONDUCTING MEETING*

- A. Opening
  - 1. Start on time
  - 2. Repeat type and purpose of meeting
- B. During
  - 1. Facilitate the meeting
  - 2. Encourage openness and communication
  - 3. Develop cohesion
  - 4. Use active listening
  - 5. Stick to agenda
- C. Closing
  - 1. Set time and date of next meeting
  - 2. Summarize agreements, actions, decisions
  - 3. Close on time or before

### *AFTER MEETING*

- A. Review minutes with recorder
- B. Publish minutes

## PERSONAL COMMUNICATIONS



**PERSONAL COMMUNICATIONS**  
(Continued)

***WIN-WIN NEGOTIATIONS***

FOCUS: Defeat the problem; not the person

APPROACH:

- Resolve conflict
- Reach agreement
- Normalize relationships
- Combine efforts

GOAL:

Acceptable gains by both parties

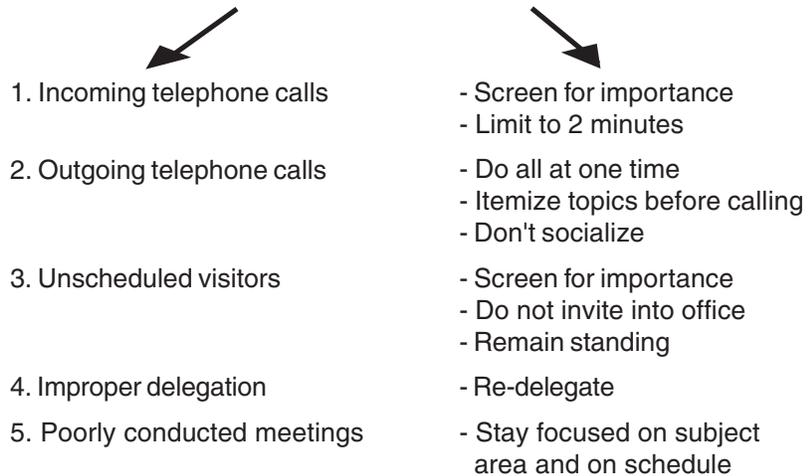
***INTER-PERSONAL NEGOTIATIONS***

1. Separate people and emotions from the problem
2. Focus on interests, not positions
3. Generate options for mutual gain
4. Insist on objective criteria

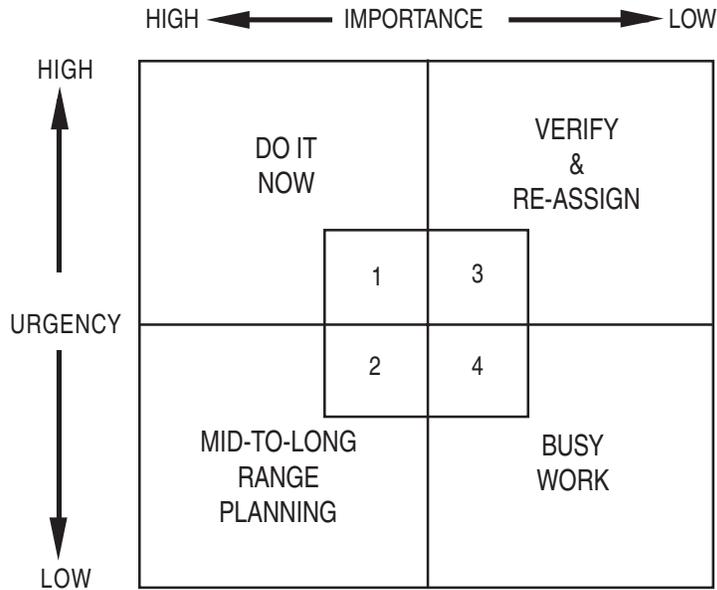
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**TIME MANAGEMENT**

**TIME ROBBERS AND AVOIDANCE TECHNIQUES**



**TIME MANAGEMENT  
(Continued)**



1. List all tasks.
  2. Categorize tasks using matrix.
  3. Review quadrant 3 items; re-assign as 1, 2, or 4 as appropriate.
  4. Do quadrant 1 tasks first; consider delegating!
  5. Strive to maximize time for quadrant 2 tasks (be proactive!).
  6. When all 1 and 2 tasks are complete, do quadrant 4 tasks.
- 

**KEEP A "TO DO" LIST**

1. List all goals and tasks.
2. Categorize as
  - A - High value
  - B - Medium value
  - C - Low value
3. Prioritize within each category (e.g. A-1, A-2, etc.).
4. Accomplish all A tasks, then all B. Do C if time permits.
5. Review list and priorities daily.

## **DECISION BRIEFING**

### ***Elements of a Decision Briefing***

- Purpose - Issues
- Outline - Agenda
- Background
- Assumptions
- Alternatives Identified
- Evaluation Criteria
- Analysis of Alternatives
- Recommendation
- Implementation Plan

### ***Things to Expect (from Briefee)***

- Challenges to assumptions, definitions, methodology
- Does it comply with or change policy?
- Is the situation sensitive to change?
- Issues with analysis, tradeoffs, recommendations, implementation
- Open/closed questions

## MANAGEMENT TOOLS & TECHNIQUES

- 1. Activity-based Management (ABM).** Uses detailed economic analyses of important business activities to improve strategic and operational decisions. ABM increases the accuracy of cost information by more precisely linking overhead and other indirect costs to products or customer segments. Traditional accounting systems distribute indirect costs using bases such as direct labor hours, machine hours, or material dollars. ABM tracks overhead and other indirect costs by activity, which can then be traced to products or customers.
- 2. Balanced Scorecard.** Defines what management means by “performance” and measures whether management is achieving desired results. The Balanced Scorecard translates mission and vision statements into a comprehensive set of objectives and performance measures that can be quantified and appraised. These measures typically include: financial, customer value, internal business process, learning and growth, and employee performance.
- 3. Cycle Time Reduction.** Decreases the time it takes a company or program to perform key activities throughout its value chain. Cycle Time Reduction uses analytic techniques to minimize waiting time, eliminate activities that do not add value, increase parallel processes, and speed up decision processes within an organization. Time-based strategies often emphasize flexible manufacturing, rapid response and innovation in order to attract the most profitable customers.
- 4. Groupware.** Refers to a broad range of technologies that allow people in organizations to work together through computer networks. These products range from sophisticated electronic mail packages to applications that link offices and employees. Organizations use such technology-aided communications to better inform strategic and financial decisions and to more effectively and economically bring together working groups. (DAU has a Groupware capability in its Management Decision Center, which is used for management decision making by offices and agencies throughout DoD.)

## MANAGEMENT TOOLS & TECHNIQUES

(Continued)

5. **Outsourcing.** Occurs when a company or Government agency uses third-parties to perform non-core business activities. Contracting third-parties enables a company or agency to focus its efforts on its core competencies. Many companies find that outsourcing reduces cost and improves performance of the activity. Third-parties that specialize in an activity are likely to be lower cost and more effective, given their scale. Through outsourcing, a company or agency can access the state of the art in all of its business activities without having to master each one internally.
6. **Business Process Reengineering.** Involves the fundamental redesign of core business processes to achieve significant improvements in productivity, cycle times, and quality. In Business Process Reengineering, companies start with a blank sheet of paper and rethink existing processes to deliver more value to the customer. They typically adopt a new value system that places increased emphasis on customer needs. Companies and/or Government agencies reduce organizational layers and eliminate unproductive activities in two key areas. First, they redesign functional organizations into cross-functional teams. Second, they use technology to improve data dissemination and decision making.
7. **Strategic Planning.** Is a comprehensive process for determining what a commercial business or Government agency should become and how it can best achieve that goal. It appraises the full potential of a business and explicitly links the business objectives to the actions and resources required to achieve them. Strategic Planning offers a systematic process to ask and answer the most critical questions confronting a management team – especially large, irrevocable resource commitment questions.

## /// PROBLEM SOLVING TOOLS

### BRAINSTORMING

**PURPOSE:** To stimulate the free flow of ideas.

**METHOD:** Group members take turns generating ideas. One idea stimulates another and then another. Freewheeling of ideas is encouraged. Brainstorming stops when all group members run out of ideas. See the back of this page for questions that may suggest new ideas for you.



**GROUND RULES:**

Put judgment aside. Remember, all ideas can be thought of as starters.

*No criticism allowed.* This is not the time to judge an idea. Don't criticize other ideas no matter how ridiculous they may seem. The ideas can be discussed in detail later; now, the objective is to generate more ideas.

*Welcome free-wheeling or blue-skying.* Let those wild ideas come out—otherwise you may conceal your creative process. The impractical ideas may trigger other ideas that are possible to use.

*Strive for quantity, not quality.* The more ideas brought out, the better the chance of a great solution.

*Combine and rearrange ideas.* Single ideas aren't the only way to make a suggestion. You can make additions or combinations of previously suggested ideas to create still better ideas.

*Record all ideas exactly as expressed.* This keeps the mind free of remembering what was said and allows you to build on previous ideas.

## **BRAINSTORMING**

**(Continued)**

### ***Why does it work?***

Some of the reasons why brainstorming enhances a group's creativity are that it:

- Increases involvement and participation.
- Produces the most ideas in the shortest time.
- Reduces the need to give the "right" answer.
- Frees up the group; allows the members to have fun and is interesting.
- Reduces the possibility of negative thinking.

### **QUESTIONS TO STIMULATE YOUR BRAIN CELLS:**

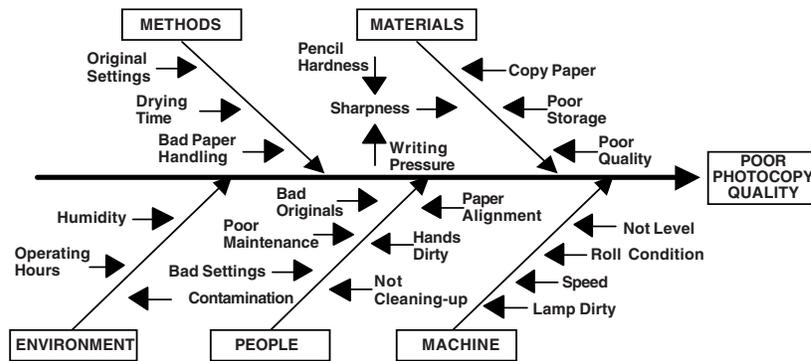
1. Can we use this idea elsewhere? As is? With changes?
2. If we change it,; Is there anything else like it? Any related issues?
3. Modify? Change? Rearrange? Meaning, color, motion, sound, odor, taste, form, shape, layout, etc.?
4. Magnify? Add what? More, stronger, larger, new?
5. Minimize? Subtract what? Eliminate, smaller, lighter, slower, split?
6. Substitute? Who, what, when, where?
7. Reverse? Opposite, backwards, upside down, inside out?

## CAUSE AND EFFECT DIAGRAM

The cause and effect diagram is a graphical illustration of the relationship between a problem or goal (the effect) and its potential contributors (the causes). Sometimes called the “fishbone” or Ishikawa diagram.

**Used for analyzing problems, a cause and effect diagram can help:**

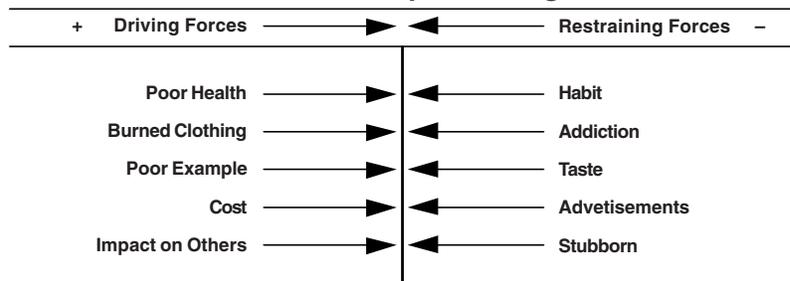
- Determine root causes of a given effect;
- Identify areas where there is a lack of data.



## FORCE FIELD ANALYSIS

A Force Field Analysis illustrates the relationship and significance of factors that may influence the problem or goal. This analysis helps us better understand driving and restraining forces.

### GOAL: Stop Smoking



**Used for making decisions, force field analysis can help:**

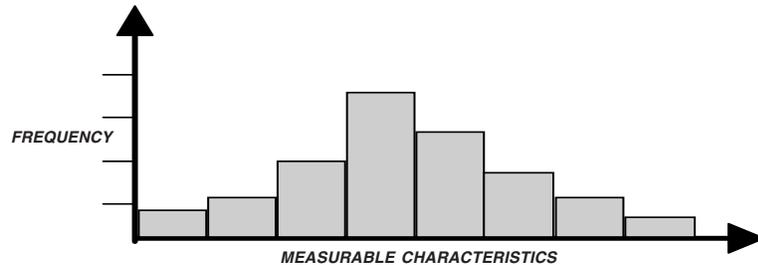
- Identify realistic improvement opportunities;
- Develop systematic action plan for problem resolution; and
- Create criteria for evaluating effectiveness of improvement actions.

## HISTOGRAM

The histogram chart displays the distribution of a measurable characteristic (for example: weight, length, speed, etc.). A histogram shows what the variability of the data is in a graphical or pictorial manner.

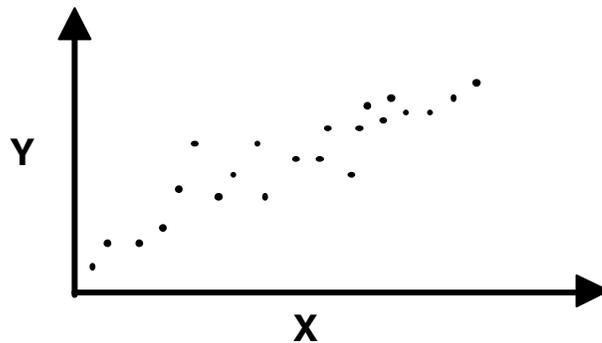
***Used for data analysis, a histogram can help:***

- Present a picture of how the process is operating;
- Compare actual process measurements with an expected distribution;
- Observe patterns in the data; and
- Investigate process stability.



## SCATTER DIAGRAM

A scatter diagram depicts the correlation between two variables (X and Y).



***Used for data analysis, a scatter diagram can help:***

- Confirm a hypothesis that two variables are related.
- Provide both visual & statistical means to test the strength of a potential relationship.

## SURVEYS

A Survey is used to collect data from a variable number of items or people for a comparative study. They are used when a new project is planned, to prove the need and the demand of the customer.

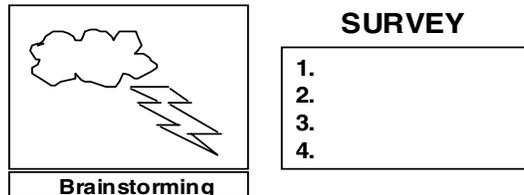
Surveys can be used anywhere in the organization to find out specific information which is necessary to make improvements in a process.

### Surveys:

- Are an inexpensive way to test a system or product.
- Can be used with a large number of people or a small group.
- Can give you an overall view, determined by the questions you ask.
- Show if an organization is meeting its quality goals.
- Help identify satisfied and dissatisfied customers or employees.

### Survey Process

1. Determine the group to be studied.
2. Determine what questions will be asked.



**Note:** Train your data collectors thoroughly. Everyone must know how to ask the questions, who to approach, and how to approach them.

3. Compile your results in chart form using a Pareto chart, histogram, and other tools that will give you clarification.
4. Use the compounded data to form a base for improvement.
5. Continue to take data to monitor improvements, and make sure the improvements you have made are working.

### Caution!

Data must be collected honestly and consistently.

An untrained collector can skew the data to reflect personal biases.

A poor, inconsistent survey will give you invalid data.

Make sure there is enough time allowed for the collecting process.

## AFFINITY DIAGRAM

An affinity diagram is a technique for organizing verbal information into a visual pattern. An affinity diagram starts with specific ideas and helps you work toward broad categories. This is the opposite of a cause and effect diagram, which starts with the broad causes and works toward specifics. You can use either technique to explore all aspects of an issue.

### Affinity diagrams can help you:

- Organize and give structure to a list of factors that contribute to a problem.
- Identify key areas where improvement is most needed.

### How to do it:

1. **Identify the problem.** Write the problem or issue on a chalkboard or flip chart.
2. **Generate ideas.** Use an idea-generation technique to identify all facets of the problem. Use index cards or sticky-back notes to record the ideas.
3. **Cluster your ideas (on cards or paper) into related groups.** Use questions like “Which other ideas are similar?” and “Is this idea somehow connected to any others?” to help group the ideas together.
4. **Create affinity cards.** For each group, create an affinity card, a card that has a short statement describing the entire group of ideas.
5. **Cluster related affinity cards.** Put all of the individual ideas in a group under their affinity card. Now try to group the affinity cards under even broader groups. You can continue to group the cards until your definition of “group” becomes too broad to have any meaning.
6. **Create an affinity diagram.** Lay out all of the ideas and affinity cards on a single piece of paper or a blackboard. Draw outlines of the groups with the affinity cards at the top of each group. The resulting hierarchical structure will give you valuable insight into the problem.

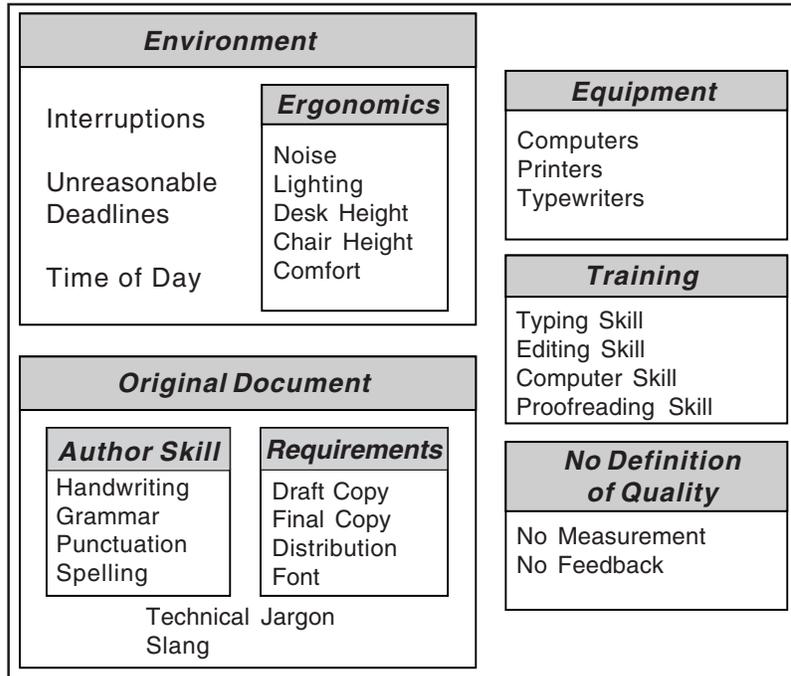
### AFFINITY DIAGRAM EXAMPLE

A publication team wanted to reduce the number of typographical errors in their program’s documentation. As part of a first step, they conducted a brainstorming session that produced the following list of factors that influenced errors.

- |                        |               |
|------------------------|---------------|
| Computers              | No Feedback   |
| Proofreading Skill     | Printers      |
| Unreasonable Deadlines | Noise         |
| Lighting               | Typewriters   |
| Chair Height           | Comfort       |
| Desk Height            | Time of Day   |
| Technical Jargon       | Interruptions |
| Handwriting            | Grammar       |
| Slang                  | Spelling      |
| Draft Copy             | Punctuation   |
| Distribution           | Font          |
| Final Copy             | Editing Skill |
| Computer Skill         | Typing Skill  |
| No Measurements        |               |

The following affinity diagram helped them to focus on areas for further analysis.

#### **Typographical Errors**



**Affinity Diagram**

## PAIRWISE RANKING

Pairwise ranking is a structured method for ranking a small list of items in priority order.

### Pairwise Ranking can help you:

- Prioritize a small list.
- Make decisions in a consensus-oriented manner.

### How to do it:

#### 1. Construct a pairwise matrix

Each box in the matrix represents the intersection (or pairing) of two items. If your list has five items, the pairwise matrix would look like this, with the top box representing idea 1 paired with idea 2:

	1			
2		2		
3			3	
4				4
5				

2. **Rank each pair.** For each pair, have the group (using a consensus-oriented discussion) determine which of the two ideas is preferred. Then, for each pair, write the number of the preferable idea in the appropriate box. Repeat this process until the matrix is filled.

	1			
2	2	2		
3			3	
4				4
5				

1 and 2 compared  
2 is better

	1			
2	2	2		
3	1		3	
4				4
5				

1 and 3 compared  
1 is better

...and so on  
untill...

	1			
2	2	2		
3	1	2	3	
4	1	2	3	4
5	5	5	5	5

4 and 5 compared  
5 is better

#### 3. Count the number of times each alternative appears in the matrix.

Alternative 5  
ranks 1st overall

Alternative	1	2	3	4	5
Count	2	3	1	0	4
Rank					

4. **Rank all items.** Rank the alternatives by the total number of times they appear in the matrix. To break a tie (where two ideas appear the same number of times), look at the box in which those two ideas are compared. The idea appearing in that box receives the higher ranking.

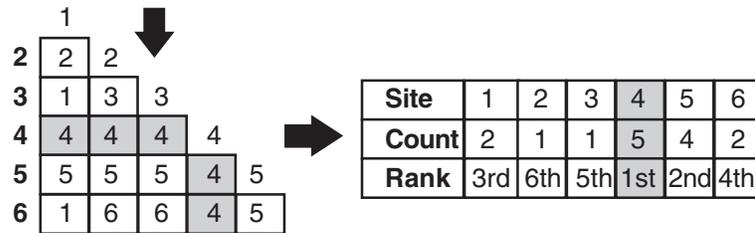
Alternative 5 appears  
4 times in the matrix

Alternative	1	2	3	4	5
Count	2	3	1	0	4
Rank	3rd	2nd	4th	5th	1st

### PAIRWISE RANKING EXAMPLE

A program team was asked to recommend a site for testing a unique portion of a system. A feasibility study produced a list of six possible locations. The team then used pairwise ranking to determine that Nellis AFB was best suited for this particular test.

- |                  |                |
|------------------|----------------|
| 1. Fort Huachuca | 4. Nellis AFB  |
| 2. Edwards AFB   | 5. Eglin AFB   |
| 3. Kirkland AFB  | 6. Hanscom AFB |



### PARETO CHART

A bar chart which arranges contributing factors/causes to a problem in order with respect to their degree of contribution to the problem.

**Used for analyzing problems, a Pareto chart can help:**

- Select improvement opportunities;
- Identify root causes with greatest impact from a cause and effect diagram;
- Check results of improvement efforts by comparing Pareto charts before and after action is taken.



## BENCHMARKING

Benchmarking is the process of measuring products, services, and practices against the toughest competitors or those known as leaders in their field. Benchmarking can help you:

- Understand how you compare with similar organizations.
- Identify areas for process improvement.

### How to do it:

**Identify the process to be benchmarked.** Select a process (as opposed to a product) that is important to both your organization and your customers. Be sure the process in your organization is similar to, and measured in the same manner, as the one it's being compared to.

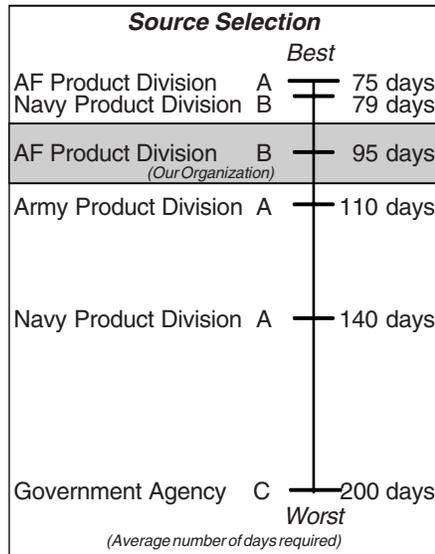
**Study other organizations.** Develop a list of organizations with comparable products and services. Determine what specific processes the organization performs. Based on this information, rank the organizations from best to worst.

**Compare and evaluate.** Compare your process to the best and worst cases, and list the important differences. These differences can suggest potential improvements to your process.

### Benchmarking Example

Using inputs their customers provided, the executive leaders at AF Product Division B decided that their source selection process needed improvement. As part of the initial analysis, they wanted to see how their process compared with others. They determined that the average number of days required for source selection was an important process measure.

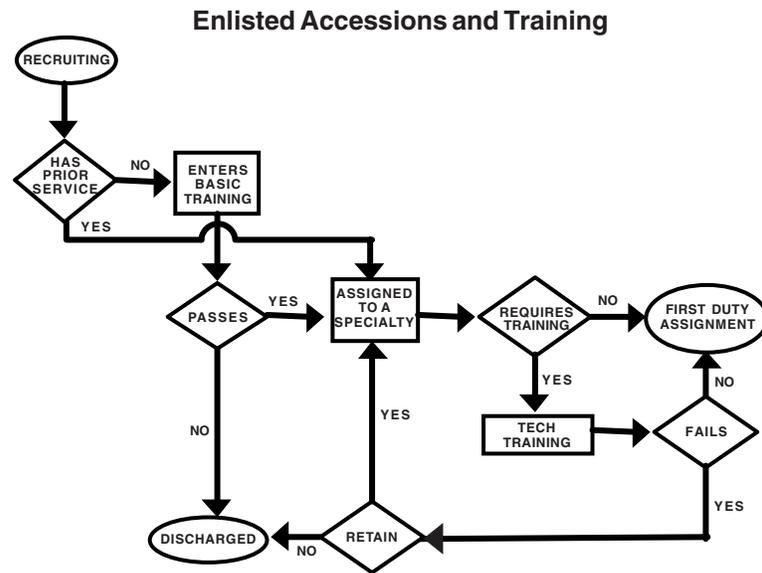
As a result of this analysis, representatives visited AF Product Division A and Navy Division B and studied their source selection procedures.



**Note:** Benchmarking is *not* replicating a process from an organization that excels. (Unless your goal is to be 2nd best.) It *is* studying the process, clearly understanding the theory behind the process and then restudying your own process to determine improvements.

## FLOWCHARTING

A flowchart is a graphic representation of the steps of a process. Flowcharts help us understand the process by mapping out the steps in as much or as little detail as needed.

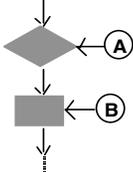


***Used for analyzing a process, a flowchart can help:***

- Understand the existing process;
- Locate improvement areas in a process;
- Document changes to a process;
- Show relationships between different steps in a process; and
- Identify critical stages of a process.

There are standard flowchart symbols. When you are developing a flowchart, especially in a group environment, the goal is to chart the process. Don't waste time debating which shape a symbol should be. A flowchart that doesn't use the standard symbols can be just as useful as a chart that does use them.

### STANDARD FLOWCHART SYMBOLS

This Symbol...	Represents...	Some Examples:
	<b>Start/Stop</b>	Recieve Trouble Report Machine operable
	<b>Decision Point</b>	Approve/Disapprove Accept/Reject Yes/No Pass/Fail
	<b>Activity</b>	Drop off travel voucher Open access panel
	<b>Document</b>	Fill out trouble report
	<b>Connector (to another page or part of the diagram)</b>	

### DEPLOYMENT FLOWCHARTS

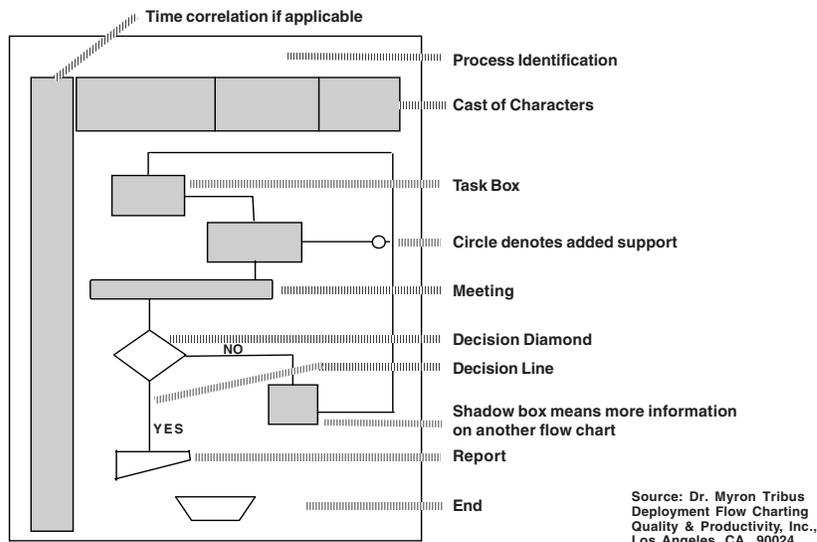
A deployment flowchart shows the process flow and the work groups involved in each step. It provides a graphic representation of a given process or system work groups, or individuals responsible for each activity.

A deployment flowchart is used anytime individuals or groups need to analyze a process in order to improve a system.

Deployment flowcharts are used for various functions such as training agenda, daily schedule, meeting analysis, emergency procedures, purchasing process, communication procedures, maintenance process, etc.

**Deployment Flowcharts:**

- Identify involvement in a process, as it relates to the whole process.
- Define work processes, and identify existing loops through people or departments.
- Visualize a process or system.



**Deployment Process**

1. Select a process or system to analyze.
2. Identify the cast of characters (people involved in the process).
3. Document the existing process using the flowchart symbols.
4. Discuss changes to be made in the process with all those involved with the process.
5. Update the deployment flowchart with the proposed changes and implement the new process
6. Study the effectiveness of the change and return to step #1 above.

## NOMINAL GROUP TECHNIQUE (NGT)

### *Ranking of consensus*

#### Why?

Allows a team to come to consensus on relative importance of issues, problems, or solutions by combining individual importance rankings into a team's final ranking.

#### What?

- Builds commitment to the team's choice through equal participation in the process
- Allows every team member to rank issues without being pressured by others
- Puts quiet team members on an equal footing with more dominant members
- Makes a team's consensus (or lack of it) visible; the major causes of disagreement can be discussed.

#### How to do it:

1. Generate the list of issues, problems, or solutions to be prioritized



In a new team with members who are not accustomed to team participation, it may feel safer to do written, silent brainstorming, especially when dealing with sensitive topics.

2. Write statements on a flipchart or whiteboard

3. Eliminate duplicate and/or clarify meanings of any of the statements



As a leader, *always* ask for the team's permission and guidance when changing statements.

4. Record the final list of statements on a flipchart or whiteboard

Example: Why does faculty have inconsistent output?

- A Lack of training
- B No documented process
- C Unclear quality standards
- D Lack of cooperation with other departments in developing standards
- E High turnover



Use letters rather than numbers to identify each statement so that team members do not get confused by the ranking process that follows.

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5. Each team member records the corresponding letters on a piece of paper and rank orders the statements

Example: Larry's sheet of paper looks like this:

A 4  
 B 5  
 C 3  
 D 1  
 E 2



This example uses "5" as the most important ranking and "1" as the least important. Since individual rankings will be later combined, this "reverse order" minimizes the effect of team members leaving some statements blank. Therefore, a blank (value = 0) would not, in effect, increase its importance.

6. Combine the rankings of all team members

	John	Paul	George	Ringo	Mary		Total
A	4	5	2	2	1	=	14
B	5	4	5	3	5	=	22
C	3	1	3	4	4	=	15
D	1	2	1	5	2	=	11
E	2	3	4	1	3	=	13

"No documented process," B, would be the highest priority. The team would work on this first and then move through the rest of the list as needed.

**Variation:**

***Weighted Multivoting***

Each team member *rates*, *not ranks*, the relative importance of choices by distributing a value, e.g., 100 points, across the options. Each team member can distribute this value among as many or as few choices as desired.

Example:

	John	Paul	George	Ringo	Mary		Total
A	20		10			=	30
B	40	80	50	100	45	=	315
C	30	5	10		25	=	70
D		5	10		20	=	35
E	10	10	20		10	=	50

With large numbers of choices, or when the voting for the top choices is very close, this process can be repeated for an agreed upon number of items. Stop when the choice is clear.

## **CREATIVE PROBLEM SOLVING**

### *PROCESS STEPS*

1. List perceived problems
2. Gather relevant data
3. Define actual problem
4. Determine alternative solutions
5. Analyze and evaluate alternatives
6. Select solution
7. Validate solution

### *DIVERGENT THINKING\**

1. Accept all ideas and alternatives
2. Defer judgment or evaluation
3. Discuss, combine, hitchhike, improve ideas
4. When exhausted, move to converge

### *CONVERGENT THINKING\**

1. Establish categories of alternatives
2. Develop evaluation criteria
3. Avoid premature closure
4. Keep eye on objective
5. List strengths and weaknesses
6. Select best alternative or idea

\*Used sequentially during all problem-solving steps

## KNOT CHART

**The Knot Chart is useful for:**

- Initially sorting the wheat from the chaff
- Organizing/coordinating the next steps of the problem solving process

Know	Need to know	Opinion	Think we know

As you work your way thru the problem, everything should move into the left column – Know.

**QUALITATIVE PROBLEM SOLVING**  
**(Kepner - Tregoe)<sup>1/</sup>**

Deviation Statement: (Describe the actual performance vs. should performance)

	Is	Is Not	What is distinctive about "Is" vs. "Is Not"?	Does the distinction suggest a change?
Specifying Question				
What? (Identify)				
Where? (Location)				
When? (Timing)				
Extent? (Magnitude)				
Possible Causes:				
Most Likely Cause:				

1. Define deviation.
2. Describe what deviation IS and IS NOT.
3. List distinctions between what deviation IS and IS NOT.
4. Do distinctions indicate or suggest a change?
5. Determine possible causes based on distinctions and changes.

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## GANTT CHART

A Gantt Chart is used for planning schedules and managing projects. It is a method for basic planning and work instruction.

### How to do it:

1. The Gantt Process begins by listing the activities of a project in order of execution.

ACTIVITIES
1. Requirements are written
2. Finances are arranged
3. Bidding takes place
4. Contractor is selected
5. Prototype is built
6. Testing begins

2. Place the number of each activity across the top of your chart. Time duration such as days, weeks, years, etc., can replace activity numbers if appropriate.

3. Draw vertical lines across the chart for each item.

4. Starting with number 1 begin comparing the activities. Can number 1 be done at the same time as number 5 or 6?

5. Draw horizontal lines to indicate which activities can be done simultaneously.

ACTIVITIES	1	2	3	4	5	6
1. Requirements are written						
2. Finances are arranged						
3. Bidding takes place						
4. Contractor is selected						
5. Prototype is built						
6. Testing begins						

6. You now have an overview of your project giving you a starting point, and time saving measures to help you complete the project on time.

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**Notes**

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