Please Tailor Your Acquisition Strategy!

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> **"Strategy 101 is about choices: You can't be all things to all people."**
>
> **—Michael Porter, noted academic expert on strategic thinking**

The guidance from Department of Defense (DoD) leadership is very clear when it comes to developing acquisition strategies. Every program should consider and propose tailoring of information, work efforts, and decision reviews if this tailoring will result in a more cost-effective approach. The words tailor and tailoring appear 48 times in the Aug. 10, 2017, DoD Instruction 5000.02. However, as is the case with most complex acquisition tasks, no single cookbook solution will work for every program.

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Figure 1. Integrating Acquisition Strategy Elements
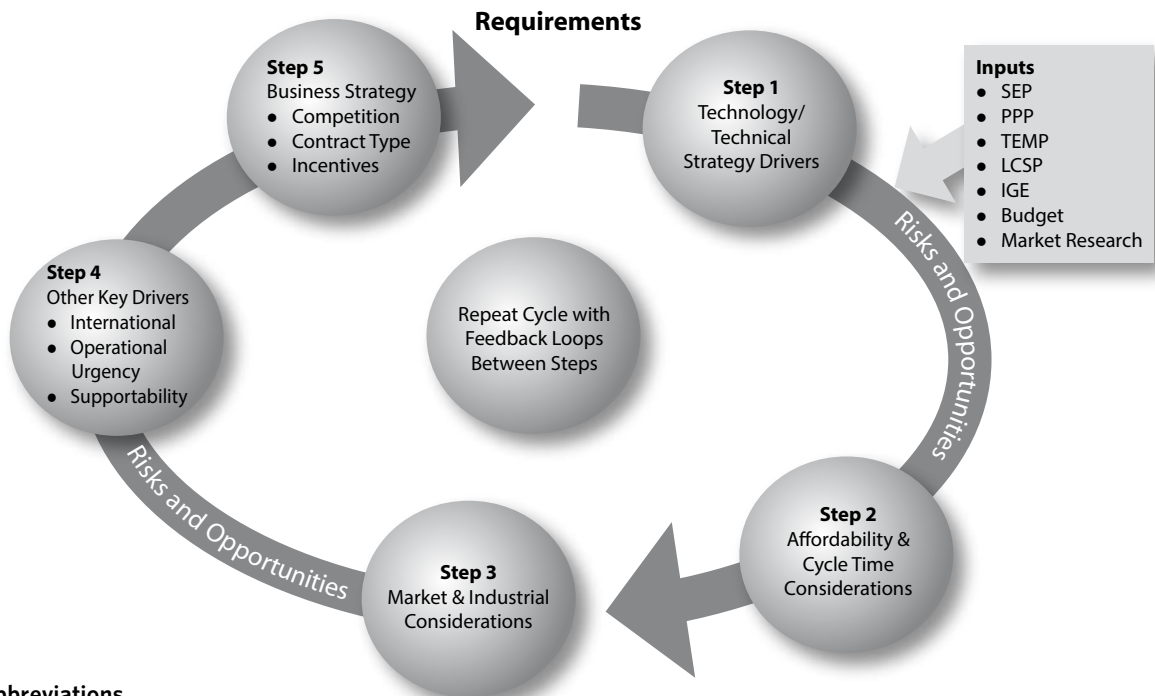
Key to Abbreviations
SEP=System Engineering Plan; PPP=Program Protection Plan; TEMP=Test and Evaluation Master Plan; LCSP=Life Cycle Sustainment Plan; IGE=Independent Government Estimate

Source: WSM 014 Integration Topic (Defense Acquisition University workshop)

As the Michael Porter strategy quote suggests, an important part of any strategy is making good choices, including what not to do or pursue. In the context of a corporate business strategy, a company typically will determine what it is good at and then use that core competency as a competitive advantage to grow its business and increase shareholder value. Companies realize they cannot be everything to everybody, so they play to their strengths and choose to avoid opportunities where they are weak. This mind-set of playing to strengths, choosing opportunities carefully, and determining what not to pursue also applies to DoD acquisition. DoD program managers (PMs) should consider similar factors when developing an acquisition strategy.

When I participate in workshops, courses, and other training events with DoD acquisition workforce staff, I often am asked how we should go about streamlining and tailoring the program's acquisition strategy. This topic is the central theme of our Acquisition Strategy Development Workshop (also known as WSM 014 in the Defense Acquisition University i-catalog). The following discussion captures some of the many of the points I try to convey based on my PM experiences. While the final strategy will reflect the key tailoring decisions, there are some fundamental building blocks that should be considered.

Start With Program Priorities. It may seem obvious, but PMs need to determine the priorities that will drive their strategy. These priorities are not to be confused with under-standing and analyzing user requirements and the resultant trade-space, some of which will be executed after contract award in a development effort. The starting point should be the upfront analysis to assess the relative importance of cost versus schedule versus performance. For example, there are trade-offs associated with prioritizing schedule over cost and performance and this determination will drive the overall strategy and tailoring decisions.

On the other hand, a program may be more willing to accommodate some schedule slippage and cost growth to achieve greater technical performance. Understanding this relative importance can drive other strategy considerations, including scope, constraints and even contract type and structure. This analysis should involve acquisition leadership, user and test communities to ensure a common understanding and alignment of stakeholder expectations. The government is required in the request for proposal (RFP) to state the relative of importance of cost versus no-cost factors, but this should be determined well in advance of developing the RFP. It is useless to tailor a strategy without thinking through the cost, schedule and performance priorities upfront.

A few years back, my team managed an urgent surveillance radar program that was to be deployed to support emergent combat operations. Based on the importance of schedule, we structured the program to accelerate tasks and conduct concurrency in site design and radar production. We recognized

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that some aspects of the program, including quality and cost, would not be optimized based on rushing everything from contract award to production sequencing and site deployment.

I have observed programs that were essentially procuring commercial-off-the-shelf (COTS) equipment but had program constraints that resulted in a longer-than-expected fielding cycle. An example was a program with a requirement to conduct a significant operational test on the COTS equipment before it was approved for full-rate production and fielding. This testing would add at least 18 months to the schedule for initial operating capability. Rather than wait for a limited procurement of the COTS items as test assets, followed by a gatekeeper event like Initial Operational Test and Evaluation, this program could consider an alternate path. Since the item is COTS and is used by others, its effectiveness and suitability already have been demonstrated for those users who are operating it. Assessing the test and operational data available from these existing users could eliminate the need for another lengthy test cycle. Using new COTS equipment in operational demonstrations and exercises also could supplement the existing test data to help assess whether the COTS equipment should be acquired.

Perform Prerequisite Tasks and Employ Critical Thinking

In order to make informed tailoring decisions, PMs should examine evidence that supports the proposed tailoring. In the context of the acquisition strategy, tasks such as market research, identification of framing assumptions, and risk and opportunity management are good starting points to provide that evidence. PMs and their teams may have some preconceived notions about the best alternative for the strategy and some tasks that could be tailored. While these notions may be based on experience and good judgment, PMs should keep an open mind as to other alternatives and new possibilities. The pace of technological change is so rapid that previously unassessed new approaches now may be relevant for consideration.

As an example, consider software reliant programs. The traditional waterfall method has been used in DoD (and industry) for decades, and has wide acceptance. Based on recurring information technology acquisition problems, the traditional waterfall method now is being challenged by new methods such as Agile and Agile DevOps. These innovative software development methods are based on the Agile Manifesto and may require policy or regulatory waivers, depending on how the method is implemented. The acquisition strategy is an appropriate vehicle to obtain these waivers but should be based on a sound business case.

Many commercial companies have employed cloud computing technology, automated test and development tools, and new methods to rapidly develop and deliver software to their users and customers. Likewise, many DoD programs now either are migrating their existing processes or starting out with this new method.

Critical thinking is necessary since it enables a disciplined, rational and structured approach to help design the way forward. There are many critical thinking tools available and we address one in detail during the WSM 014 workshop. The team developing the strategy should ensure that all the key players involved in developing the strategy have the appropriate training in the particular critical thinking approach employed. This will help ensure a clear focus of the thinking process.

Another suggested technique is the use of powerful questions related to the strategy from reviewers independent of the program team. These questions can create new awareness and challenge the status quo, generating additional ideas that can help design an effective strategy. The questions help us to think about possibilities to overcome any obstacle that will negatively affect cost, schedule and performance expectations. The WSM 014 workshop conducts topic exercises around questions for the team to consider and they are tailored to fit the program circumstances.

Several years ago, my team used brainstorming and critical thinking questions to help identify a way ahead to renegotiate a contract that was tainted by fraud involving a senior DoD acquisition official. What initially seemed an impossible task was unexpectedly executed with very little difficulty. We even reduced the contract price by more than $12 million!

Consider the Industry Perspective

Since the targeted customer of the acquisition strategy (and subsequent RFP) is industry, looking at the strategy through their lens is vital to future success. DoD teams that have little or no industry experience should seek assistance with this task. Erroneous assumptions about industry contractors, including their commitment, incentive to control costs, and capability to provide the product or service within the contract terms, can lead to disaster. I suggest to the teams that soliciting comments on a draft RFP is only a small part of this effort.

The following are a few examples of pre-RFP information that should be considered and can often be obtained through appropriate research efforts:

Financial situation and motivations. Not every company is motivated to control costs with a cost or incentive type contract. I worked in a business unit at a commercial company that made great profit margins on most of our work. I often was more concerned about growing my sales numbers at the expense of margin on many DoD contracts. Teams also should consider a company's ability to absorb losses on a risky fixed price contract.

Strategic alignment. Companies tend to focus on opportunities that are closely aligned with their corporate strategy. PMs and their teams should understand where the new program fits within company priorities. In some cases, industry will invest to not only win the contract but also to enhance the product or service.

Leverage. We'll define leverage as the relative bargaining power of industry to DoD and to a company's competitors. Knowledge of the mission area and corporate market share are good starting points to consider. Leverage can also apply based on time pressures and ability to meet financial goals. When I worked in industry, I could offer substantial discounts at the end of the quarter when I was trying to hit my new booking goal.

Suppliers and outsourced content. Given the ramp-up in outsourcing across multiple business domains, DoD teams need to understand both the potential prime and key suppliers. Many programs have seen cost and schedule issues associated with subcontractors and were surprised at the extent of the prime's outsourcing. Several strategy considerations will be affected if significant outsourcing is expected. Multiple tools exist that can assist teams, but the supplier management risk mitigations, to be effective, must be planned early and be included in the RFP and contract.

The imperative to better understand industry perspectives is gaining momentum. In addition to the DAU course ACQ 315, Understanding Industry, initiatives such as Reverse Industry Days are becoming popular. A Reverse Industry Day is intended to provide an opportunity for government employees to listen to senior industry speakers discuss industry's view of market research, bid process, evaluation criteria, incentives, bid pricing, and similar topics.

Iterate and Integrate the Strategy

The acquisition strategy typically involves a very broad and far looking approach. Bringing everything together in an integrated manner is one of the bigger challenges. The flow of content development depicted in Figure 1 represents one way to develop this integration. The flow begins with requirements and then begins with the technical strategy that often drives other, following strategy elements, including tailoring of these elements to support the technical approach. It is similar to the systems engineering process in that this should be an iterative and recursive effort, repeating steps and at different levels in order to optimize the strategy.

Final Thoughts

Developing a tailored and streamlined acquisition strategy often is a difficult task. While many tools and template are available to assist in the development, there is no one-size-fits-all approach. The upfront planning and data gathering are critical and should be aimed at determining parameter importance, conducting prerequisite planning tasks, using critical thinking, and considering the industry perspective.

There are not a great deal of data and research on tailoring approaches, lessons learned, and benefits realized. I am very interested to discuss and review your thoughts, lessons learned, and experiences on this subject. Thanks in advance for your consideration. &

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