

# Jane's

## Pentagon changes acquisition instructions

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The Pentagon released an updated version of its instructions to acquisition officers for buying defence products on 7 January, with an emphasis on varying contract types to fit individual programmes that includes four separate examples of types of contracting approaches.

The new document, the Defense Department's Instruction 5000.02, was released more than a year after the guidance received an interim update on 25 November 2013. That update had included several major changes including codifying rapid acquisition techniques, an area that received considerable attention after the US invasion of Iraq as rapid acquisition was employed to quickly field armored vehicles that protected US troops from explosive devices.

The final update is very similar to the interim instructions, including several different examples of potential acquisition structures to help officers recognise the variability deemed necessary to ensure cost effective purchasing, an improvement from the one model included in the last full update released in 2008.

"Even more than previous versions, this DoDI [Department of Defense Instruction] 5000.02 emphasises tailoring of programme structures, content, and decision points to the product being acquired," Pentagon acquisition chief Frank Kendall wrote in an implementation letter. "DoDI 5000.02 includes several programme structure models instead of a single model. These models, however, are not alternatives from which a programme manager must choose; they serve as examples of starting points that can and should be tailored to the actual product being acquired."

Brett Lambert, former industrial base chief for the Pentagon, summarised the effort as: "Think and I'll support you."

"This culture of binary decisions was really what we were trying to break," Lambert, now a senior fellow at the National Defense Industrial Association, said. "We wanted people to use their minds. It's a license to think."

Kendall's letter also emphasises the role the new guidance is playing in a broader effort to improve acquisition, which includes the Better Buying Power initiative now in its third iteration, and the technology offset push announced in late 2014. Kendall has repeatedly mentioned in public comments that the acquisition rules have become burdensome and difficult for officers to navigate, a problem he has been attempting to address.

"The update to the 5000.02, including the effort to promote a more tailored approach to acquisitions, could be an excellent step in the right direction," said Moshe Schwartz, a specialist in defence acquisition for the Congressional Research Service. "However, it is just a step."

Schwartz said that to achieve everything the acquisition chief has targeted, those outside of the acquisition community would likely have to participate.

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"Many analysts believe that to succeed acquisition reform must focus on issues including requirements, cost estimating, and budgeting issues that are partly outside the scope of the 5000.02," he said.

The four models that are included in the now final instruction include versions for purchasing hardware, both defence unique and incrementally deployed software, and rapid acquisition. Another two models referred to as 'hybrids' are also outlined.

In a report released in 2014 Schwartz, describing the interim instructions that have largely been included in the finalised version, described how the update fit into several other efforts to improve the acquisition system.

"These updates focus on fostering a culture that provides more autonomy to the workforce and an emphasis on making good management decisions instead of managing by compliance or a check-the-box mentality," he wrote.

He also pointed to a memo that the Kendall released to put the second version of Better Buying Power into use in 2013.

"The first responsibility of the acquisition workforce is to think," Kendall wrote. "We need to be true professionals who apply our education, training, and experience through analysis and creative, informed thought to address our daily decisions. Our workforce should be encouraged by leaders to think and not to automatically default to a perceived 'school solution' just because it is expected to be approved more easily."

However, one of the primary hurdles that has faced the acquisition staff in their efforts to provide flexibility and efficiency has been the increase in reporting requirements as well as complication of the system, something Kendall addressed in a 2012 speech about 5000.02.

"I've discovered that the document that I used to know when I first got into acquisition in 1985 was 20 pages long," he said. "The current version is 200 pages long."

To that end the new version also includes a lengthy table outlining the various reporting requirements, an area that Kendall said in his letter he will seek to address.

"They are planning, preparing for a conversation with Congress about necking down the documentation requirements," Steven Grundman, a fellow at the Atlantic Council and former deputy undersecretary for industrial affairs and installations at the Pentagon, said.

Grundman pointed to the timing, immediately after the new Congress was sworn in on 6 January, as an indicator of the importance of the legislative process to future reform.

Lambert said that Kendall had collaborated with Congress before releasing the new version, potentially setting up legislative action.

"What's remarkable about 5000.02 is just how closely the department worked with staff on the hill," Lambert said. "There should be no surprises, just like-minded people trying to make the system better."

One of the things that the increasing emphasis on flexibility in acquisition models will require is effective decision making from acquisition officers, Lambert said.

"Part of this is trust, you have to trust that the education system and the training system has worked," he said.

Grundman also noted the need for increased information to help acquisition officers make decisions.

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"There's certainly a lot of evidence from all the way back to Better Buying Power 3.0 that acquisition managers need more information, and they need tools and guidance for how to make use of that information," he said.

While the new 5000.02 does provide more models, it does not detail many areas of what it repeatedly references as 'Acquisition Strategy' that acquisition officials will have to develop, he said.

"It's the formulation of these acquisition strategies that is in my mind critical to establishing and running effective acquisition programmes," he said.

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