PLEASE “TAILOR IN” YOUR ADAPTIVE ACQUISITION STRATEGY!

by BRIAN SCHULTZ

SCHULTZ is a professor of Program Management and an executive coach in the DAU’s Capital and Northeast Region at Fort Belvoir, Virginia. The author can be contacted at Brian.Schultz@dau.edu
This article is a “refresh” of “Please Tailor Your Acquisition Strategy,” published in the March-April 2018 issue of this magazine. Since then, much has changed and the imperative to develop sound acquisition strategies in this new environment is even more critical. Meanwhile, the concepts we discussed in the previous article still apply. Starting with program priorities, conducting prerequisite tasks, employing critical thinking, understanding the industry perspective, and iterating all remain integral to strategy development. Let’s review these concepts in the context of the new environment and begin by briefly reviewing the new acquisition guidance.

Implementation of the Adaptive Acquisition Framework (AAF) provides a new paradigm for defense acquisition. The AAF was implemented in December 2019 and provides regulatory and policy guidance for the acquisition of products and services. The new framework provides a set of acquisition pathways that the program manager (PM) can select to enable better warfighting solutions at a faster pace. The new framework includes separate 5000 series Department of Defense Instructions (DoDIs) for each acquisition pathway. The Framework also provides separate 5000 series instructions for each functional area, versus the previous DoDI 5000.02, which included enclosures and tables in one comprehensive document.

Featured in the new framework are the six acquisition pathways versus the previous acquisition models in the DoDI 5000.02. Additional details on each pathway are available at https://aaf.dau.edu/. The pathways are the (1) Urgent Capability, (2) Major Capability, (3) Middle Tier of Acquisition, (4) Business Systems, (5) Acquisition of Services, and (6) Software. PMs will use one or more of these pathways as part of the acquisition strategy and will “tailor-in” the regulatory information for program plans and how that information will be provided for review by the decision authority. This is a new approach from the previous model of tailoring out regulatory requirements and has significant ramifications for acquisition strategies.

Using a football analogy to highlight the new tailoring-in paradigm, think about an Offensive Coordinator (OC) starting the initial game-plan effort with a full playbook. The OC decides to delete some plays based on the strengths, weaknesses, and expected defensive schemes of the coming opponent. The OC’s job is straightforward since he can select the team’s existing plays in the big playbook and tailor out plays that do not seem to be a good fit.

Conversely, using our tailoring-in construct, the OC now starts game-planning with a blank playbook and thinks through which type of plays are best suited for the upcoming game. The OC starts selecting or even designing a small number of plays and then customizes them even further to optimize the team’s ability to move the ball and defeat the opponent. As this analogy demonstrates, tailoring-in requires greater preparation, analysis, and critical thinking to be effective. It also should produce a better plan of action and help avoid the checklist mentality of just doing everything in the book.

The AAF includes the following major tenets: (1) Simplify Acquisition Policy; (2) Tailor Acquisition Approaches; (3) Empower Program Managers; (4) Conduct Data Driven Analysis; (5) Actively Manage Risk; and (6) Emphasize Sustainment.

While each tenet is important and relevant for acquisition strategies, items No. 1 (Simplify Policy) and 3 (Empower Program Managers) provide opportunities for fundamental change. PM empowerment sends a clear message that the person charged with leading the integrated product team has the requisite responsibility and authority to make strategy decisions. Rather than just consolidate inputs from the team and stakeholders, the PM must decide how to best integrate the various interests into a comprehensive and executable strategy.

Simplifying policy, when combined with tailoring in regulatory requirements, suggests that PMs must no longer try to satisfy every possible regulation and functional requirement as part of the program strategy. Rather, PMs can focus on the critical areas that deserve the resources and attention based on the unique program situation. The burden of justification switches from why are you deleting this requirement to why should we include it? Tailoring-in for the acquisition strategy suggests a new approach, but we can still use the following strategy development concepts to help navigate the process.

**Start With Program Priorities**

Strategies involve choices that need to link directly to the program priorities. Recently, we have heard about Operation Warp Speed (OWS), an interagency partnership
to accelerate medical countermeasures to combat COVID-19. If we consider OWS as an example, we can obviously observe that schedule is a top priority to save lives and fully re-open economies and other public institutions. Rapidly acquiring vaccines, therapeutics, and diagnostics to combat COVID-19 is a top priority for the nation and global community.

In addition to rapidly awarding multiple contracts to companies for the most promising medical countermeasures, the government in some cases accepted financial risk to fund concurrent development, clinical trials, and manufacturing ramp-up. This enabled much earlier availability of the critical vaccines and therapeutics, some them already proven effective and safe. It also encouraged greater industry participation. The urgency of rapid delivery across the entire nation drives many other decisions and shapes the overall strategy.

Program priorities should drive acquisition strategy decisions. Start with a full understanding of the relative importance of cost versus schedule versus performance (or quality). But PMs also must consider overall constraints since desired performance or quality must be affordable and available within a reasonable schedule. PMs also must consider tradeoffs between technical parameters and ensure that the program can quickly access the data and models to inform good decisions.

Prerequisite Tasks and Critical Thinking

As I work and consult with program teams, I often observe the tendency to jump right to contract type when discussing an upcoming acquisition strategy. As we indicated in the previous article, contract type, and overall business strategy should be among the last topics vetted. In order to develop a sound acquisition strategy, PMs must have accurate and timely information that form the basis for the business strategy. Conducting prerequisite tasks enables the accumulation of that needed data. Activities such as market research, identification of framing assumptions, technical strategy development, risk management planning, and opportunity management typically are the key tasks that will feed the business strategy and the resulting contract type.

A notional starting point of questions to address in this phase might include, but not be limited to the following:

- Is this a developmental item? If so, what is the scope of development?
- What existing data, test results, other users/developers, and infrastructure are available? How will we use them?
- How do commercial technology and products support this acquisition?
- What should we prototype, and how will we demonstrate the capability to gain early knowledge and confidence in the system design?
- What are the opportunities for innovation? What new or novel concepts and technologies are relevant?
- What are the opportunities to accelerate development and fielding?
- What are the minimum essential regulatory and policy items, reviews, and tasks?

The new tailoring-in methodology will require robust critical thinking. We know from various sources that critical thinking is one of the most sought-after job skills in a technology-driven workforce. It is worth emphasizing that critical thinking is a skill that grows with training and practice. As a professor, when I ask students how many have taken critical thinking training and then practiced that skill, I often get blank stares. Critical thinking training is available in multiple venues and platforms, including virtually. PMs should make this skill a priority for their teams and emphasize the need to develop processes to enforce the use of thinking methodologies within the organization.

Consider the Industry Perspective

Since industry is the ultimate recipient of the strategy, PMs must consider how industry will respond to it. There is potential danger in making assumptions about industrial capabilities and motivations when developing the acquisition strategy. Industry is constantly changing, with the introduction of new companies, business models, and offerings. New start-ups, small businesses, and commercial technology companies can provide opportunities for innovation in defense acquisition, but only if we exploit the opportunities.

Many of these companies have not previously worked in the defense market and may be hesitant to pursue DoD contracts based on their fear of the Federal Acquisition Regulation (FAR) and other government regulations. We should not assume that multiple companies will pursue or bid on new defense solicitations since many are leaving the defense sector for greener commercial pastures. Fortunately, authorities like Other Transactions Agreements (OTAs) provide DoD the flexibility to work with nontraditional defense companies. Agencies are using OTAs more frequently, even in combination with or in support of traditional defense company efforts.
OTAs, if structured properly, can even support follow-on production after a prototype effort.

Industry can provide valuable feedback on key tasks that should be tailored-in. As part of our dialogue with industry, we should assess reducing, revising, or even eliminating various tasks, reviews, and documents that can add unnecessary costs and time.

**Iterate and Integrate**

As Porter’s previous quote suggests, tailoring-in an acquisition strategy involves addressing what to do and even more important, what not to do. In my PM experience, various functional experts and other stakeholders want their areas of concern addressed in the strategy. It is not an easy conversation to tell teammates that their desired “play” is not part of the upcoming game-plan, but those conversations need to occur. As part of the iterative nature of the strategy process, we can explore different approaches and assess benefits and costs. But the PM has the ultimate decision and subsequent accountability.

The flow of analytical tasks in developing the strategy refers to integration. There is no cookbook or standard method, but the flow typically begins with technical drivers—especially for developmental efforts. This is due to the premise that technical aspects often drive decisions in other elements that follow it. Figure 1 represents a revised notional strategy flow. Given the importance of tailoring-in items in the strategy, we include a new Step 3 (Determine Pathways and Tailoring-in).

**Final Thoughts**

The Tailoring-in paradigm and other recent changes in acquisition provide acquisition professionals an exciting opportunity. Expectations are high for innovation, speed, and streamlined processes. To meet the expectations, the entire acquisition community should be open to new ways of doing business and learning new skills. The DAU can help with training on the AAF and acquisition strategy development, including various workshops that we can customize to support an organization’s specific needs.

We will all learn as we enter this unchartered territory. Please share your lessons learned and ideas with others so we can all benefit. I continue to be very interested to discuss and review your thoughts experiences on this subject. Thanks in advance for your support as we all try to figure out what not to do!