

# Smart Shutdown

Research of Existing Standard Department of Defense Acquisition

Programs, Terminations or Transitions of Programs



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By  
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## **ABSTRACT**

During these times of fiscal constraints our leadership looks for ways to efficiently and effectively manage the resources available to the Department of Defense's acquisition programs. The Department of Defense provides plenty of guidance on establishing and executing programs. The Department of Defense has directives, instructions and a guidebook to direct the Component acquisition activities which are flowed down to the acquisition workforce. These activities include development of acquisition master plans, strategies and integrated schedules to monitor and track program progress. (Department of Defense Instruction 5000.02, 2008) The combination and integration of these activities provide an efficient and effective way to manage the resources of a program. Part of program management is terminating or transitioning programs in an efficient and effective manner as not to waste taxpayer's resources.

This research looks at that area, program terminations and transitions. The research found there is little guidance for the acquisition workforce in these areas. Termination or transitioning of systems from a program of record to another program, a laboratory, or disposing of them all together are areas that need additional guidance so resources used to develop, produce and sustain programs are shut down smartly. The question is "Does the Department of Defense Acquisition Workforce have a tool or tools to effectively shut down a program?"

The author finds that there is abundant guidance in running a program, yet minimal guidance in shutting down/terminating/transitioning a program. There are ongoing efforts that attempt to provide the acquisition workforce tools, lessons learned or best practices to assist

with shutting down a program. Based on the type of system being terminated or transitioned, an aircraft, ship or missile for example, the termination or transition will highlight considerations that are essential to address. This research will examine efforts that make sense when shutting down a program.

## INTRODUCTION

### Identifying the Problem

Given our current Federal fiscal environment, Department of Defense (DOD) Executives will continue to evaluate weapons, information systems, and program portfolios on the basis of cost, schedule and performance parameters. Depending on meeting key parameters, certain programs will be shut down/terminated, allowed to finish their current contract action and then closeout, or transitioned to other agencies/organizations/programs. When this occurs, our Acquisition Workforce will develop, plan, coordinate, and execute a smart shutdown of these programs.

The research examines terminating or transitioning DOD programs and highlights a lack of formal DOD guidance in smartly shutting down programs. The question this research attempts to address is:

- Does the DOD Acquisition Workforce have a tool or tools to effectively shut down a program?

The scope of the study is limited to the Redstone Arsenal acquisition workforce, current Senior Service College Fellows and Alumni, and approximately 18 senior acquisition leaders spread throughout the Department of Defense and Industry. Program Executive Office (PEO) Missiles and Space and PEO Aviation were provided an online anonymous survey. The 18 Senior Acquisition Leaders that were interviewed had the responsibility for program shutdown



activities. The anonymity requirements of the survey and interview respondents limit analysis of the data to narrative presentation, charts and graphs. The study was designed to research the lack of available shutdown guidance after program shutdown has been established and is an ongoing effort. The study is not intended to develop new methodology or ideas to prevent program shutdown.

The paper is organized as follows:

- Introduction
- Literature Review
- Methodology
- Fieldwork
- Analysis and Discussion
- Conclusions and Recommendations

The Introduction of the research includes a Background discussion. This portion of the paper highlights our current processes in which we manage our acquisition programs within the Department of Defense. It will also highlight some of the key documentation used by Project/Program Managers to insure we meet the warfighter's needs.

Next is the Literature Review of sources in support of this research paper. Literature reviewed came from government documents, Google searches, journals, research papers, interviews and anonymous survey data.

Following the Literature Review is the Methodology section. Detailed in the Methodology is how this research was conducted. Methodology includes the interview questions, the survey questions, and the analysis of the data collected.

Next is Fieldwork that examines the research process. Fieldwork goes into more detail about the three techniques used to gather information. The techniques used were a research of literature, an online survey, and interviews of personnel who participated in shutting down programs.

The Analysis and Discussion paragraph is where the data collected during interviews and surveys are presented. It will provide insights in answering the question posed earlier, “Does the Department of Defense Acquisition Workforce have a tool or tools to effectively shut down a program?”

Conclusions and Recommendations is the last area discussed. Conclusions and Recommendations will be based on the research and support the purpose of this research paper: To determine if Program Executive Office (PEO)/Program Managers (PM) and other key program leaders have the tools it needs for program transition/termination.

## **Background**

There are key documents that help PMs execute their programs within the Defense Acquisition Management System shown in figure 1 below. They are the Acquisition Strategy (AS), Acquisition Program Baseline (APB), the Test and Evaluation Master Plan (TEMP), Systems Engineering Plan (SEP) and the Acquisition Plan to name a few. (Department of Defense

Instruction 5000.02, 2008) They will be discussed in the next few paragraphs. These documents become important planning and documentation tools during a program shutdown.

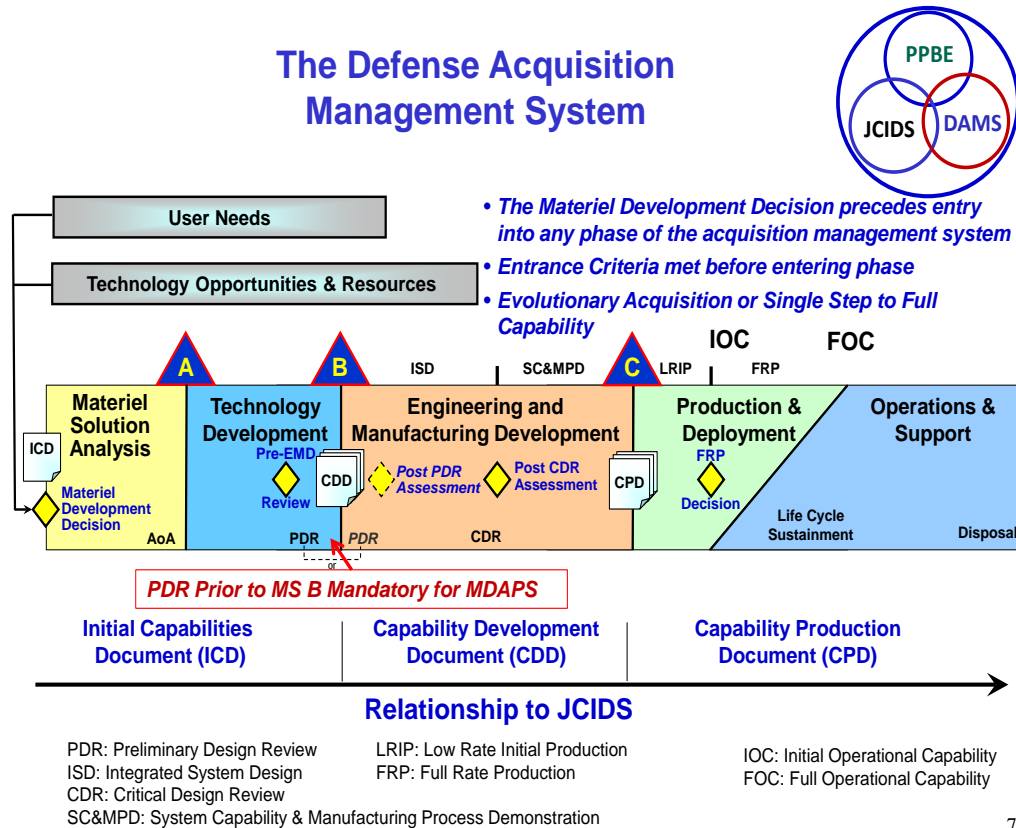


Figure 1: Defense Acquisition Management System

The DOD Acquisition Workforce is respected for developing and maintaining acquisition programs. In a note from the Under Secretary of Defense for Acquisition, Technology & Logistics, Mr. Kendall indicates that the recent General Accounting Office annual report notes progress on DOD's progress in controlling costs. (To the DoD Total Acquisition Workforce – Well done!, 2013)

DOD has approved Acquisition Strategies (AS) that provide guidance on accomplishing program objectives. The Integrated Master Schedule (IMS) supports the AS. The IMS provides a schedule overview of the program at the macro level. The details are found in the AS. The IMS visually depicts the acquisition phases and work efforts, along with the managerial and technical decision points.

The AS and IMS indicate when Materiel Solutions Analysis (MSA), Technology Development (TD), Engineering Manufacturing Development (EMD) phases start and end. They also indicate when Production and Development (PD) and Operations and Support (O&S) phases begin and end. This includes Low Rate Initial Production (LRIP) lots followed by the production lots to support quantities delivered to the User/Warfighter. The AS and IMS identifies major test efforts from developmental, operational testing, and finally live fire tests. The test activities are also found in the TEMP. (Department of Defense Instruction 5000.02, 2008)

The Master Schedule also identifies funding by appropriation, year and amount. It describes the kind of appropriation: (Research and Developmental Test and Evaluation (RDTE), Procurement (PROC), Operations and Maintenance (O&M), Military Personnel (MILPERS) and Operations and Sustainment (O&S); in which fiscal year is it to be funded and how much is required by fiscal year.

In order to better understand this process, an Acquisition Workforce member should refer to the Department of Defense Instruction (DODI) 5000.02, Enclosure 4 and review the tables found in that enclosure. Enclosure 4 identifies the key documents (both statutory and

regulatory) that support the established acquisition policies by Acquisition Category (ACAT) level, either ID (Defense), IC (Component) or AIS (Automated Information System). DODI 5000.02 defines what are Major Defense Acquisition Programs (MDAPs) or Major Automated Information Systems (MAIS). Typically, the Acquisition Category is based on oversight level and funding amount. It also defines what review boards are chaired by either the Under Secretary of Defense for Acquisition, Technology, and Logistics (AT&L), with the duties of Defense Acquisition Executive (DAE) or the Service Acquisition Executives (SAE) of the Army, Navy, or Air Force. The designated acquisition executive is key to the decision to shutting down a program. (Department of Defense Instruction 5000.02, 2008)

The Acquisition Workforce has the Acquisition Program Baseline (APB) that identifies threshold and objective parameters for key cost, schedule, and performance parameters associated with a program. For example, the APB contains the thresholds and objectives concerning unit and program costs for quantities identified. Threshold is defined as the minimum acceptable standard the Warfighter will accept. Objective standards are desired but not required. In other words, threshold and objective parameters are the upper and lower bounds of acceptable performance. For instance, life cycle cost for a program, \$150M - \$200M, objective - threshold. A few threshold and objective parameters are identified as Key Performance Parameters (KPPs). These are identified by the user/warfighter as capabilities (e.g. range or lethality for a system) that must be met in order to produce the system. The schedule thresholds and objectives allow us to track progress over a specified time. The APB is one of the key acquisition documents the acquisition leadership uses to manage a program. (Department of Defense Instruction 5000.02, 2008)

The Test and Evaluation Master Plan (TEMP) documents the strategy dedicated to testing and evaluating the system to insure effectiveness, suitability, and survivability of the system in combat. Similar to an AS, the TEMP describes how the system will be tested and evaluated during developmental, operational, and live fire testing. The TEMP also provides an integrated test schedule indicating when the appropriate types of tests occur in support of the time phased work efforts and acquisition phases identified in the AS. It describes what data is to be collected to support the KPPs identified in the APB. The TEMP also indicates when and where the test activities will occur. Finally, it identifies the resources (funds, equipment, manpower, facilities, test ranges, etc.) that support the program decision points, both technical and managerial. The TEMP is another key acquisition document the program develops to support the program and the program's Systems Engineering Plan.

A Systems Engineering Plan (SEP) is a "living" document that captures a program's current and evolving systems engineering strategy and its relationship with the overall program management effort. The [DODI 5000.02, Enclosure 12, paragraph 2](#), directs that Program managers shall prepare a SEP for each milestone review, beginning with Milestone A. The SEP at Milestone B and later shall support the Acquisition Strategy. The SEP shall describe the program's overall technical approach, including key technical risks, processes, resources, metrics, and applicable performance incentives. It shall also detail the timing, conduct, and success criteria of technical reviews. (Department of Defense, 2008) The SEP is supportive of the Acquisition Plan discussed next.

The Acquisition Plan frames the contract strategy that the program will follow through the lifecycle of the program. It addresses the types of contracts that will be used during each phase of the program: cost reimbursable or fixed price. Also addressed is how we will reward the Contractor. Will it be an Award Fee, Incentive Fee, or just Fixed Fee? Another way to reward the contractor is through a Firm Fixed Price contract. If the Contractor is efficient, he can increase his profit thus rewarding company and the Stockholders. The importance of the contract type is to balance the risk associated with the program, even when terminating or transitioning a program. The government will assume more risk with more complex contracts (e.g. cost plus contracts), however as the program matures, the Contractor can assume more risk by moving toward fixed price contracts. The Acquisition Plan provides the framework of contract types to be used by the program. These acquisition documents form the baseline plans for a program. Depending on when a program is terminated, different actions will be required to smartly shutdown the program.

### **Review of Service Acquisition Documentation**

Given the information above, the acquisition workforce is good at insuring that programs are established and well executed in the authors opinion and latest Kendall memorandum based on GAO's report. (To the DoD Total Acquisition Workforce – Well done!, 2013) Yet a review of service acquisition policies, instructions, directives, and guidebooks indicate there is minimal guidance for termination or transition of programs. SECNAV M-5000.2 Acquisition and Capabilities Guidebook, briefly discusses a termination report for a Navy program. Army Pamphlet 70-3: *Research, Development and Acquisition; Army Acquisition*

*Procedures* Section V, paragraph 1-14 discusses a termination plan and provides a basic outline. Air Force Instruction 63-101: *Acquisition and Sustainment Lifecycle Management*, page 70, paragraph 3.22 highlights Program Terminations in 3 short sub-paragraphs. Unfortunately, they are general discussions of what might be considered during a termination. However, there is no real guidance or assistance to effectively and efficiently manage a program transition or termination. The Program Manager or designee is left to his or her own discretion as to what to do, who to notify, and how to deal with the impacts.

In response to a question about service specific guidance concerning program shut down, a former Air Force PEO and Army Acquisition Executive, however Claude Bolton, wrote, "I wish such processes (Smart Shutdown) had existed when I was an Air Force PEO, and later the Army's Acquisition Executive where I had to terminate over 70 programs and their associated contracts. Once terminated, these programs required significant time and effort to accomplish the shutdown to ensure it was done in the best interest of the warfighter, DOD and the tax payer" (Smart Shutdown Guidebook - Considerations for a Successful Shutdown - Second Draft, 2012, p. 3). His comment was based on a 10 year period (1998-2008) in which he held the positions of a PEO and the Army's Acquisition Executive. This reinforces the notion that DOD or Services do not have a formal transition or termination process for Program Managers to guide them.

Given the Defense Acquisition Management System in Figure 1, there is compelling evidence that Project/Program Managers and their Senior Leadership above them have well



established procedures and processes to manage active programs within DOD. There are literally hundreds of pages of statutes and regulations governing the acquisition process.

A missing component from the Defense Acquisition Management System is a tool, process(es), or guidebook to assist in the efficient and effective shutdown of a program. It could be used for early termination or for a normal end of life for the system. Overlaying these tools, processes, or guidebook on the Acquisition Framework provides that missing component that allows an effective shutdown. (Anonymous Senior Leader Interviews on Smart Shutdown, 2011)

## **LITERATURE REVIEW**

### **Regulations, Pamphlets, Directives and Instructions Related to Program**

#### **Shutdown**

In a general search for literature discussing termination or transition of DOD weapon system programs, one does not find much. Goggle searches on “program termination” returned approximately 5.4 million hits, “government program terminations” returned approximately 2.9 million hits, and “weapon system program termination” returned 63.3 million hits. That sounds like a lot of hits. Scanning those hits indicated that these hits discussed termination of software programs, federal agency programs, employment, terminating contracts and the identification of non-DOD systems that were terminated by the U.S. Government. There was not much in the way of terminating acquisition programs. The only hit that related to termination guidance was information found on the DAU website discussing Smart Shutdown.

Acquisition documentation, such as: Department of Defense Directives, Instructions, Defense Acquisition Guidebook and Regulations were reviewed to see what was documented about program termination or transitioning a program. Service regulations, pamphlets, and instructions were also reviewed to see what was stated in their documentation on program terminations or transitions. All mention termination yet limited their guidance related to the strategy of terminating or transitioning a program. This lack of literature for the Acquisition Workforce in shutting down a program is discussed below.

A review of the Defense Acquisition Process document, Department of Defense Directive (DODD) 5000.01 (2003), The Operation of the Defense Acquisition System, DODI 5000.02 (2008), and Defense Acquisition Guidebook (DAG) (2012) identified that these acquisition documents do not discuss a process, operation or instruction on how to terminate or transition a program. This indicates that it is left to the Services to provide that guidance.

In reviewing Army acquisition documentation, chapter three of Department of the Army regulation 70-1, Army Acquisition Management Process, specifically the paragraph that discusses transfer, mergers, and disestablishment or termination of programs, states that terminations can occur due to the following reasons: (Department of the Army Regulations 70-1. Army Acquisition Policy., 2011)

- Presidential, Congressional, DOD, or Army leadership's decision is to terminate.
- Program management objectives have been achieved and the system is removed from inventory, thereby absolving the PM of life-cycle management responsibility.
- Program objectives cannot be achieved or no longer meet the threat or the desired capabilities.
- Technology no longer meets operational requirements or is no longer suitable.
- Funding for the program is withdrawn.

In essence, it states who can terminate a program and that a termination plan must be prepared (Department of the Army Regulations 70-1. Army Acquisition Policy., 2011, p. 32). Later in the regulation it states that the Program Manager "...shall brief estimated program termination costs at every program milestone review and at the FRP Decision Review."

(Department of the Army Regulations 70-1. Army Acquisition Policy., 2011, p. 55) Program termination costs occur when a program is terminated and contracts are cancelled, affecting current program resources.

The Army also publishes a Department of the Army Pamphlet, (DA PAM) 70-3 in which it provides additional guidance as to what a disestablishment or program termination plan should cover. The plan covers 10 areas that the Program Manager must address. The outline for each chapter can be found in DA PAM 70-3, Acquisition Management Process, paragraphs 1-13 and 1-14 (Department of the Army, 2009, pp. 15-19).

In regards to the Navy acquisition literature, the Navy Marine Corps Acquisition Supplement dated April 2008 (revised July 2010) indicated that a Termination Report, which is focused on contracting costs, is required (Department of the Navy Office of the Assistant Secretary (Research, Development and Acquisition), 2008, p. 113). Beyond the Navy Marine Corps Acquisition Supplement nothing else was found when searching Navy acquisition literature that discussed the process or procedures with respect to program terminations.

Researching the Air Force literature revealed a discussion of program termination in Air Force Instruction (AFI) 63-101. It is similar to the Army's guidance. The Air Force Instruction stated that:

- It may be necessary to terminate a program for a variety of reasons including a Presidential, Congressional, DOD or an AF Leadership decision, change in threat, poor contractor performance, or withdrawal of funding.
- Upon the termination decision, the PM shall notify the Head of Contracting Activity (HCA) and Senior Procurement Executive of all ACAT program

terminations. The termination decision is normally documented in a Program Decision Memorandum (PDM).

- Upon termination decision, the PM shall develop a termination strategy to describe how to close the program down in an expeditious, orderly manner with the least impact to the government. The termination strategy shall at a minimum address status of contracting activities, status of contract, location of the Termination Contracting Officer (TCO), the most advantageous way to conclude open contracts, termination costs and un-liquidated obligations, potential for claims against the government, disposition of technology, disposition of accumulated equipment, organizations' responsibilities, enterprise/architectural impacts, and reassignment of Government personnel. A TCO is assigned to a program in the event of a program termination. Their role differs from the other Contracting Officers.
- The Milestone Decision Authority (MDA) shall approve the termination strategy.

In short, Air Force acquisition documentation provides only general guidance for terminating a program (Air Force Instruction 63-101; Acquisition: Acquisition and Sustainment Life Cycle Management, 2009 (rev 2011), p. 70). In addition to AFI 63-101, the Air Force also put out an Air Force Memorandum dated 9 February 2012; Subject: Air Force Guidance on Program Terminations which provided a Termination Template Plan format, it is an attachment of the memorandum (Draft-Draft-Draft Sample Template Termination Plan, 2012).

## **Presentations**

Only two presentations discussing program termination and transition activities resulted from the research. One was an industry presentation for the Crusader weapon system developed by United Defense Limited Partners (UDLP). It established a termination team, made assumptions, developed a schedule, and then addressed the functional areas impacted by the termination of the program. (United Defense Limited Partners, Undated)

The other presentation was one from the Defense Acquisition University (DAU). The presentation highlighted the need for a guidebook to assist Program Managers and their office on what issues to consider when a program is terminated. It provided six areas of consideration. The areas of considerations are:

- Personnel
- Capabilities/ Requirements
- Technologies
- Facilities
- Contracts
- Budget and Financial Management

These areas provide the framework for an orderly and efficient shutdown of a program (Briefing Charts. Smart Shutdown - Considerations for a Successful Shutdown, 2012, p. 7).

## **Previous Research on Acquisition Program Shutdowns**

A review of previous research on this topic resulted in two research papers that looked at programs that were identified for shutdown. One research paper focused specifically on the

reuse of technology once a program had been identified for shutdown. The scope of this research was limited to the Army over a period of 20 years from 1990 to 2010. The author indicated that 22 Major Defense Acquisition Programs were cancelled, with 15 of those programs having been cancelled since 2001. The author concluded that reuse of technologies from cancelled acquisition programs yielded “warfighter capabilities” to the warfighter (Doloff, 2012, p. 36). For example, Doloff identifies several key technologies that were transitioned into the Counter-Rockets, Artillery, and Mortars (C-RAM) program from cancelled programs.

The other paper, titled “The End of Acquisition Reform: Creating Guidelines to Reduce the Cost of the Weapons System Program Closeout Process” uses a case study approach to examine the Medium Extended Air Defense System (MEADS) ongoing closeout activities. The author indicated that closing out acquisition programs with better guidance would be less expensive. What is of interest here is that this is an International Cooperative program involving two allied countries (Chatterton, 2012). Thus, international agreements and processes complicated the termination process. Congress, for instance, was a key player in the program’s termination.

## **Report**

The General Accounting Office (GAO) published a study and report looking at termination costs, circumstances resulting from completing the contract instead of terminating, and retaining value when DOD shuts down a program. The report indicated that terminations are a tool to create trade space for DOD programs in a competitive budget environment. GAO also indicated that there could be residual value in a program being terminated. That value,

material or technology, can be utilized for other efforts. Thus, DOD can recoup some of their investment. For example, terminations of the Comanche program allowed the Army to transition the flight control technology to other DOD programs. Likewise, the Crusader program termination allowed the transition of technology to the Non Line of Sight Cannon program. (Defense Acquisitions: Termination Costs Are Generally Not a Compelling Reason to Continue Programs or Contracts That Otherwise Warrant Ending, March 2008)



## **METHODOLOGY**

An extensive literature review was conducted of DOD and Service policies, statutes, guidance, GAO reports, and articles related to the topic. Interviews of senior leaders who were involved in program shutdowns occurred. In addition, the survey instrument was the prevalent methodology used to collect information for this study. A survey instrument is a method for collecting quantitative information about items in a population. With the use of a survey, semi structured interviews and literature review it allowed data collection from various sources in an attempt to answer the research question posed earlier. The information collected was then examined for existing relationships.

This research was designed to survey and interview a selected number of acquisition workforce members. The population that was surveyed was concentrated at and around Redstone Arsenal, Alabama to include supporting organizations located in other parts of the United States. Senior Leaders in the acquisition community from Department of Defense, Services, and Industry were interviewed about tools that existed to assist program leaders to shutdown programs when terminated. All respondents were asked questions, provided in Appendix A, about the availability of shutdown tools within their organizations or outside their organizations. Each respondent was allowed to expand on the set of questions and provide their personal interpretation as to lack of program shutdown tools. Respondents' shutdown responses along with survey responses are presented in charts, graphs and narrative comments in the research paper. A summary of the Senior Leaders Insights is located at Appendix B.

The anonymous survey asked twenty one questions which were designed to capture data on shutting down programs. The survey also asked demographic questions to determine

experience and functional area preferences. Appendix C contains the survey to which participants provided responses.

### **Limitations of the Study**

The sample size, interview methodology, and anonymity requirements of the responses limited the analysis of the data to charts, graphs, and narrative presentation. Therefore, specific responses are not attributed to individual in most cases.

## **FIELDWORK**

### **Research Process**

The research process was a sequential approach. Initially, there was a literature search to see what information was available on shutting down the programs within the Department of Defense. Second, a questionnaire survey was developed and deployed that was designed to capture data on individual personal experiences of terminating or transitioning of programs. This questionnaire survey was an online anonymous survey using Opinio survey software. Lastly, interviews were conducted with personnel who had been involved in programs that had been terminated or transitioned to other phases of the Defense Acquisition Management System. These three techniques were utilized during the research to provide information to respond to this research.

### **Literature Search**

The literature search, described earlier, attempted to reveal what was available to acquisition workforce members when confronted with terminating or transitioning a program. The literature addressed termination/transitioning of a program in a broad perspective with minimal guidance, policy, and processes.

### **Survey**

The questionnaire survey consisted of an online set of questions to query the acquisition workforce at Redstone Arsenal, to include respondents not geographically located at Redstone Arsenal. The survey was sent to the Program Executive Officer, Aviation, and Program

Executive Officer, Missiles and Space. These organizations were asked to forward the survey to their respective acquisition workforce members, both government and industry. Also included in the survey were the alumni and current members of the Senior Service College Fellowship Program. The questions varied from yes or no responses to selecting multiple responses. Respondents were also allowed to provide written comments on most questions.

## **Interviews**

Eighteen participants were interviewed anonymously within the Department of Defense. These Interviewees came from the Service Agencies, both military and civilian, and the industry workforce. Some interviewees had worked in both the public and private workforce. The Interviewees positions of responsibility ranged from Service Acquisition Executives, Military Assistants, Program Executive Officers, and Program Managers. A list of questions asked is located at Appendix A. Since this was a semi structured interview participants were allowed to expand beyond the list of questions.

## **ANALYSIS AND DISCUSSION**

### **Introduction**

In the analysis and discussion of the study, the collected data was evaluated through the analysis of inputs from the methodology; findings from the literature research, anonymous written comments from the online survey questionnaire, and from the interviews conducted. The survey assisted in the analysis by providing quantitative inferences concerning the shutdown of a program. Together this provided both a qualitative perspective based on the written data and a quantitative perspective given the data from the online survey to answering the question posed earlier:

- Does the Department of Defense Acquisition Workforce have a tool or tools to effectively shut down a program?

### **Discussion**

The literature search revealed what was and was not available to the acquisition workforce with respect to shutting down a program, either through termination or transitioning to other organizations. Department of Defense Directive, 5000.01, the Defense Acquisition System, the Department of Defense Instruction 5000.02, Operation of the Defense Acquisition System, and the Defense Acquisition Guidebook (DAG) provide little, if any, guidance with respect to program terminating or transitioning to other organizations. The Army and the Air Force provided some additional guidance in their service pamphlets or instructions. Army Pamphlet 70-3: *Research, Development and Acquisition; Army Acquisition Procedures* and Air

Force Instruction 63-101: *Acquisition and Sustainment Lifecycle Management* provided minimal guidance on what to do in the event of a termination.

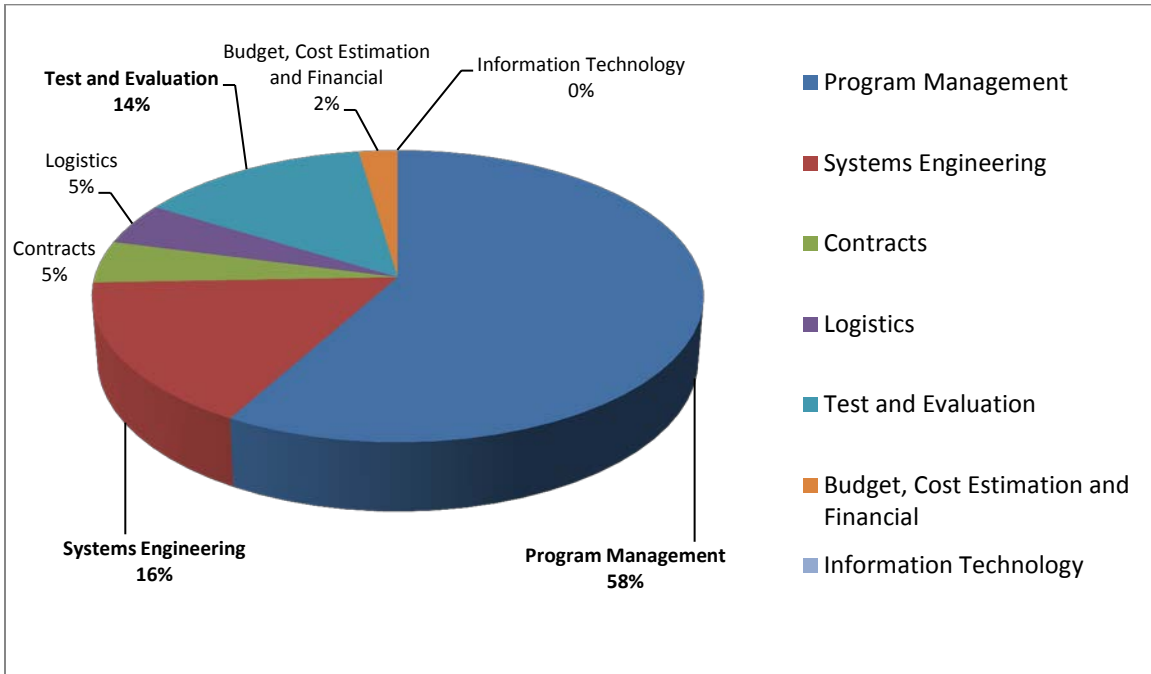
The online survey indicated that approximately two thirds of the respondents were not aware of any program shutdown, termination, or transition tools available when their program was told to shutdown. The perceived lack of program shutdown tools was also captured in the interviews conducted. General termination comments found in the *Smart Shutdown Guidebook; Considerations for a Successful Shutdown*, Appendix E, Anecdotes from Senior Leaders indicated a lack of guidance or process. Some of the comments were:

- “There is no process in place to terminate programs. There is a lot of talk but no set or adjustable process. Nobody had a plan even after they were told of the possibility of their program termination.”
- “There were no tools available to assist in shutting down the program”
- “There were no tools for shutdown or combining of programs I could find.”
- “There is no process in place to terminate programs” (Smart Shutdown Guidebook - Considerations for a Successful Shutdown - Second Draft, 2012, pp. 1-19)

Given these responses one could argue that there was very little guidance with respect to effectively shutting down a program available to the acquisition workforce.

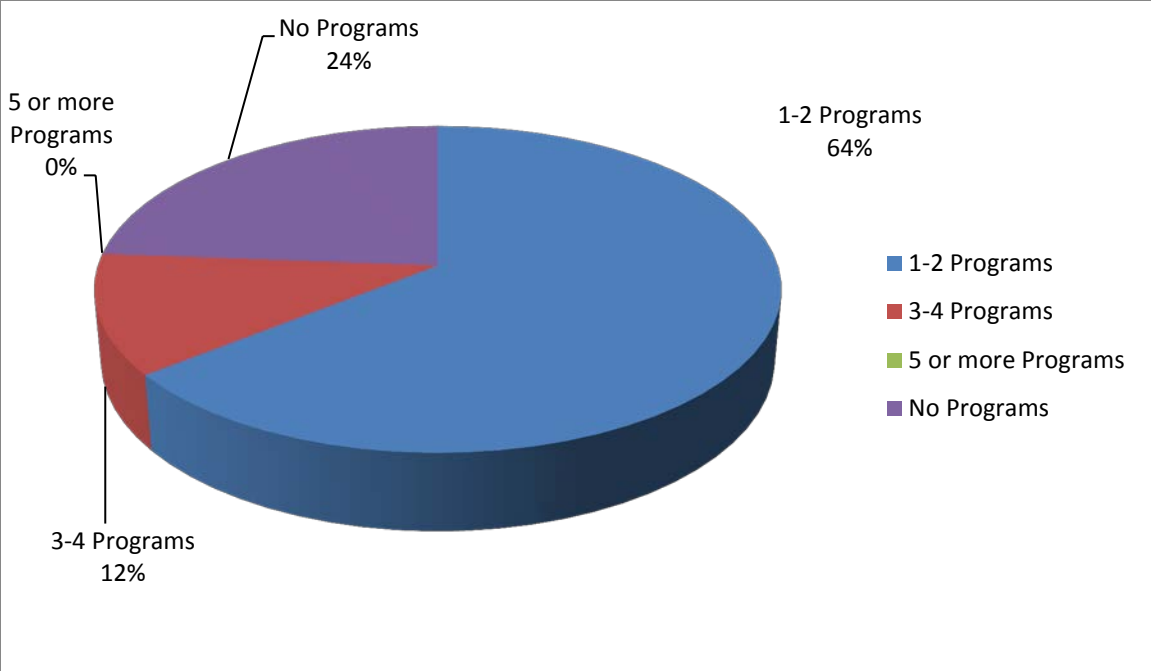
The demographics of the online survey indicated a majority of the respondents had Program Management as their primary functional specialty. (See Figure 2) The next two largest functional areas identified were Systems Engineering followed by Test and Evaluation. They

were followed by Contracts, Logistics, and Budget/Cost Estimation/Financial functional specialties.



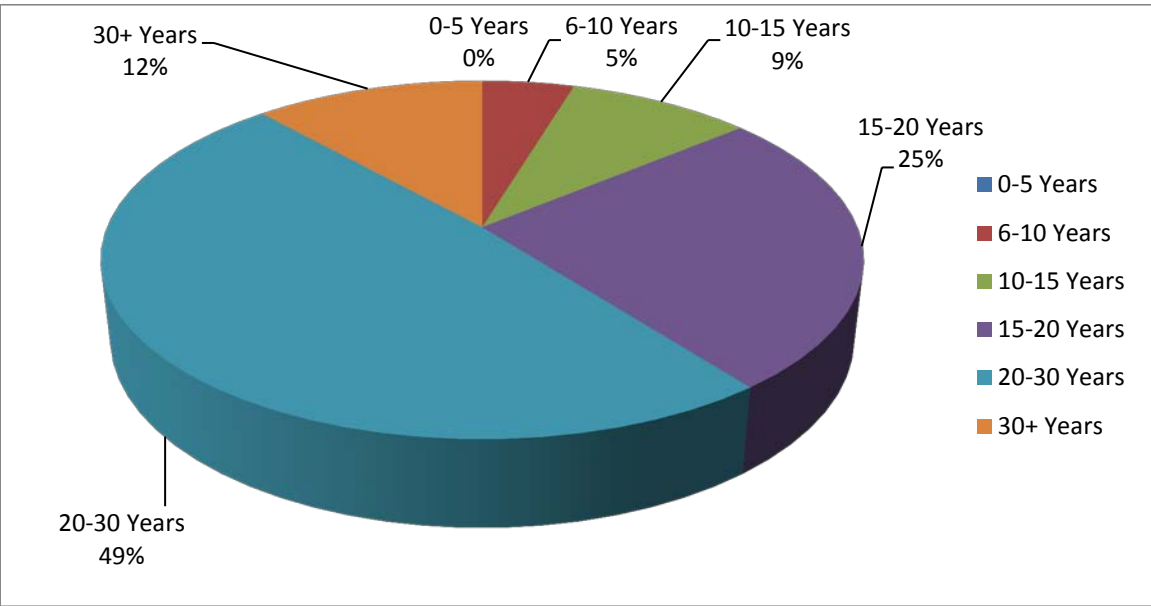
**Figure 2: Respondents Primary Functional Specialty**

Figure 3 provides data on the number of personnel surveyed and how many of them had participated in a program termination. Approximately 64% of the respondents were involved in either one or two program terminations. This was higher than expected. 12% of the personnel had been involved in more than two programs that were shutdown. 24% of the respondents had not been associated with programs that had been terminated.



**Figure 3: Participation in Programs Terminated**

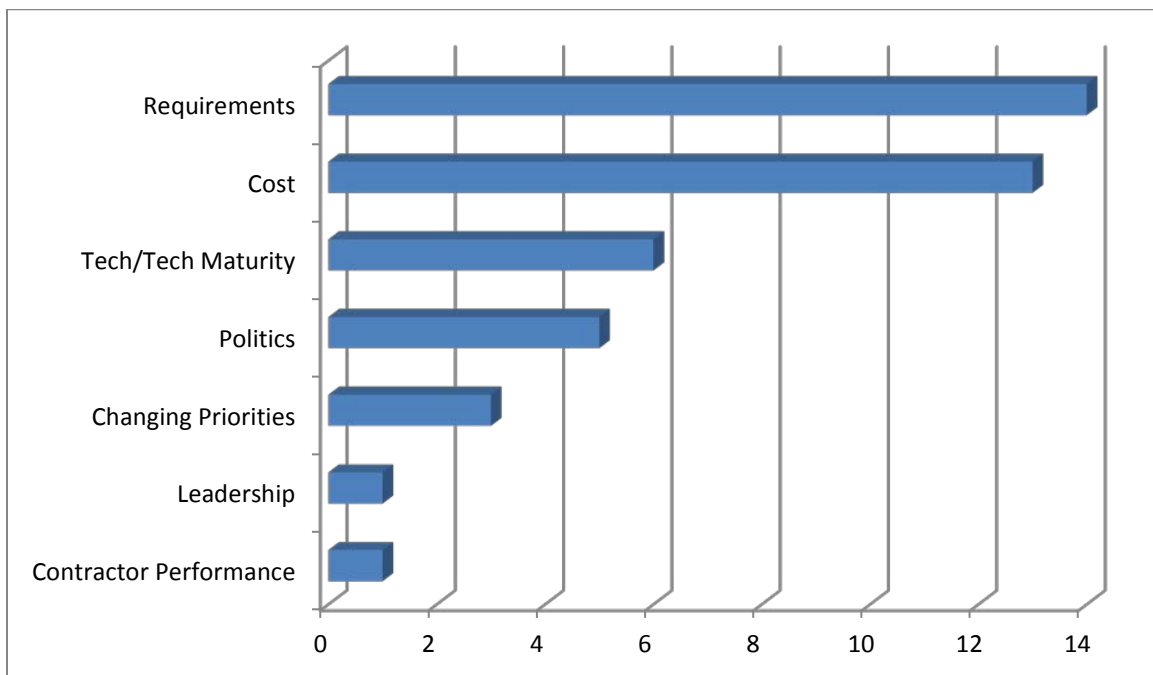
Demographics analysis (Figure 4) identified the number of years the respondents have worked in acquisition related activities. Almost half of the respondents had between 20 and 30 years' experience.



**Figure 4: Years worked in Acquisition Related Activities**



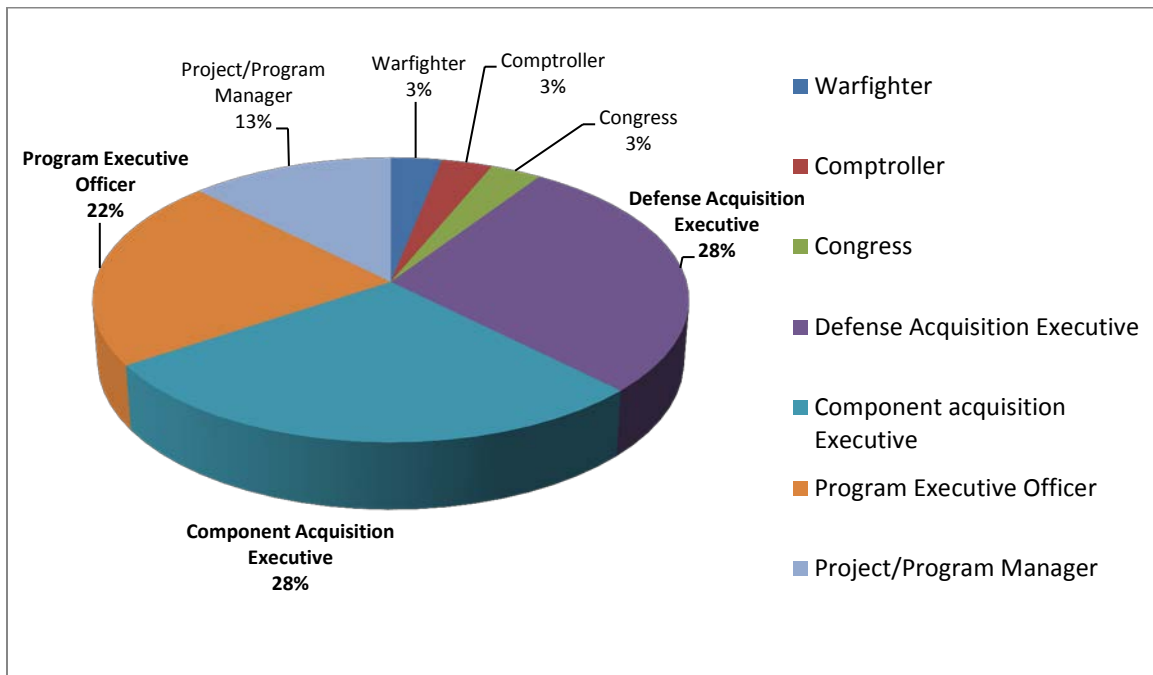
The top three reasons for shutting down or terminating a program were requirements, cost and technology. (See Figure 5) Other considerations of notable mention were politics, contractor performance, and a lack of confidence in the leadership to meet cost/schedule/performance in the program. Requirements led the way for a couple of reasons. Changes in the threat made the program requirements ineffective. In addition, requirements creep, revised priorities or lack of defined requirements were mentioned in the analysis of data. Increases in cost due to budget constraints from congressional language along with accepting the risk associated with the gap in capabilities impacted program costs. In many instances, maturation of technology had an impact on cost, requirements, and the other identified reasons list below.



**Figure 5: Reasons for Termination**

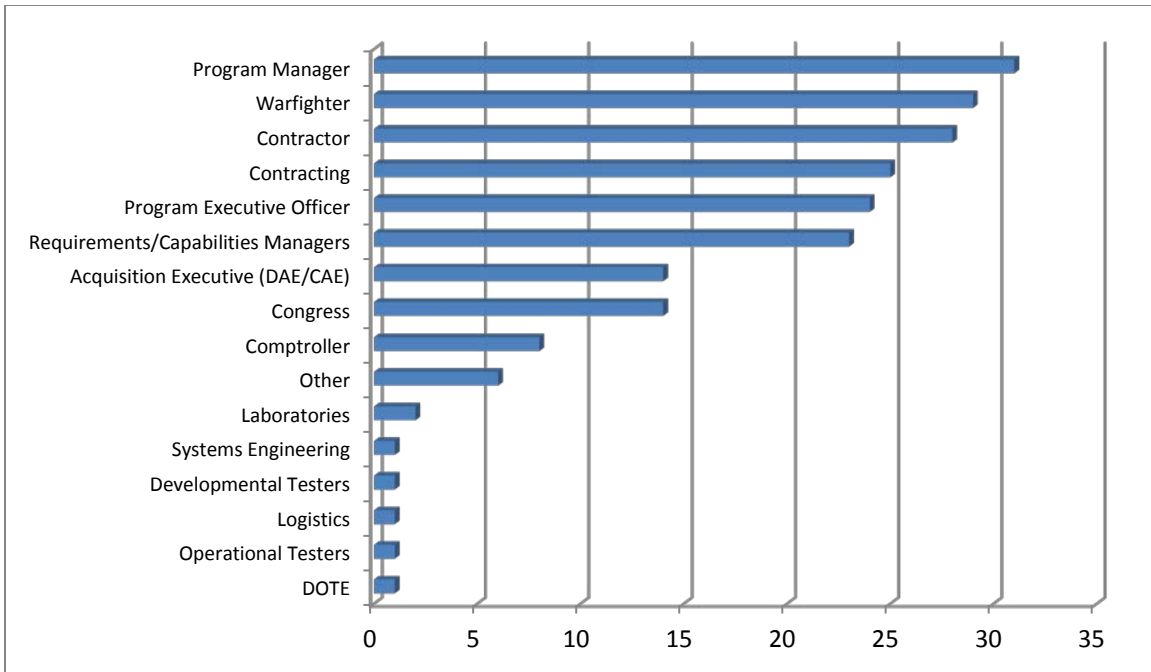
Respondents said the recommendation to terminate a program came from the senior leaders within Department of Defense (Figure 6). The respondents to the survey indicated that

28% of the time the Defense Acquisition Executive or Component Acquisition Executive recommended termination. That was followed by 22% of the Program Executive Officers with 11% of the Project/Program Officer making the recommendation. (Smart Shutdown Survey, 2013, p. 17)



**Figure 6: Personnel Recommending Shutdown**

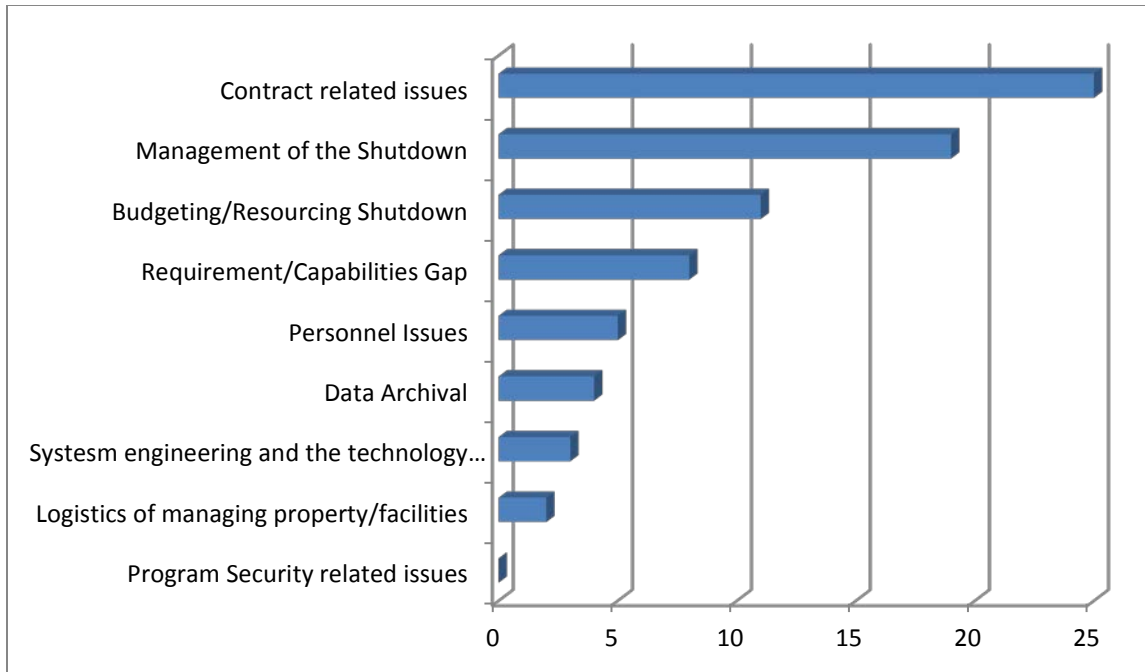
Once the determination was made to shut down a program, who might be some of the key stakeholders to consider during shutdown operations? The top five stakeholders identified in the online questionnaire survey (Figure 7) were the Program Manager, the Warfighter, the Contractor, Contracting Officer (Government), and the Program Executive Officer. (Smart Shutdown Survey, 2013, p. 7)



**Figure 7: Key Stakeholders in the Shutdown Process**

Even though there was not much in the way of guidance or processes in shutting down a program, leadership was supportive in assisting program offices in closing out their programs. In the online survey, 50% of the respondents indicated that their “Leadership was helpful to the extent of what they can influence.” (Smart Shutdown Survey, 2013, p. 9)

Next we will look at what were the two most challenging areas respondents indicated in the online survey. Based on the online survey respondents indicated that “contract related issues” were the most challenging when shutting down a program.



**Figure 8: Challenges in Shutting Down a Program.**

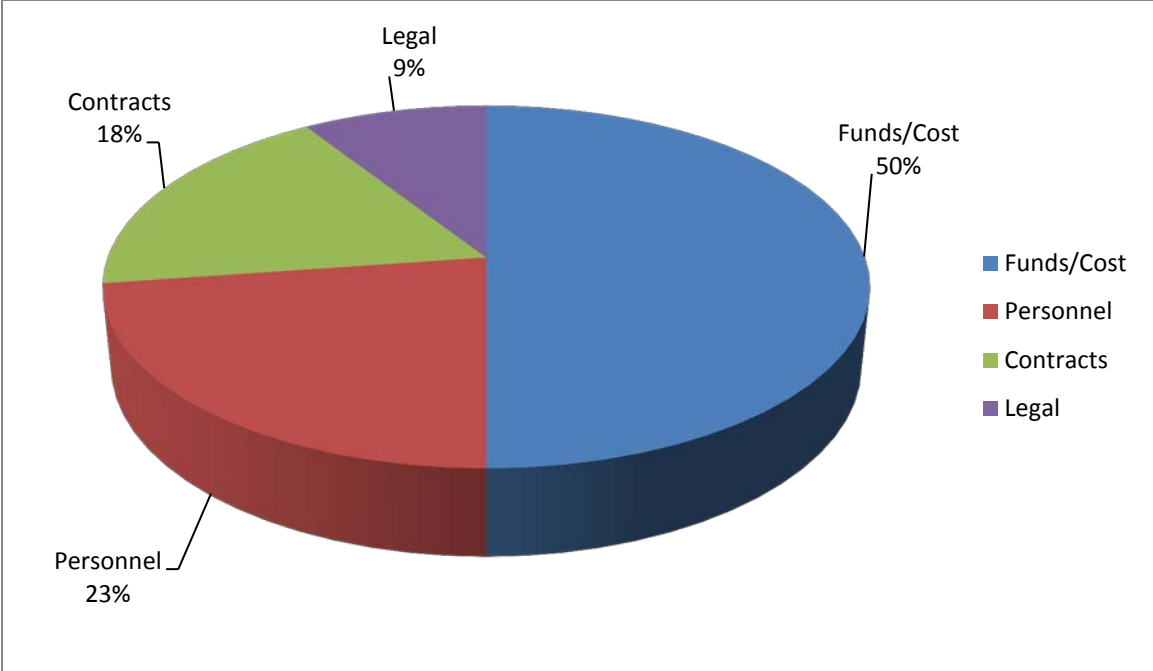
This is confirmed from the interviews found in Appendix E; Anecdotes from Senior Leaders. A majority of the Leaders that were interviewed commented on contractual issues (Smart Shutdown Guidebook - Considerations for a Successful Shutdown - Second Draft, 2012). This is not surprising since once a program is shut down, the Procurement Contracting Officer (PCO) and Terminating Contract Officer (TCO) manage the contracts to close out the program. Close out contract activities may take months to years depending on the complexity of the program being shut down. Examples of this include the Crusader program which took approximately five years to completely close out contracts for that program. The Non-Line of Sight Launch Systems (NLOS-LS) is still closing out its contracts activities from 2010. DOD is still closing out the Navy's A-12 program which was terminated in January of 1991 by then the Secretary of Defense, Dick Cheney. (Marcus Weisgerber, 2011)

The second most challenging area identified in this survey was “management of the shut down”. The interviews confirm that there were not management tools or processes available to Leaders at all levels of the acquisition environment. Some of the comments from the interviews substantiating this challenge are: (Anonymous Senior Leader Interviews on Smart Shutdown, 2011)

- “There are no tools available to assist in shutting down the program”
- “Look for tools to help in the shutdown process. We had no tools and could not find them.”
- “There were no tools for shutdown or combining of programs that I could find”
- “There is no process in place to terminate programs.”

These comments further support the assertion that there is little guidance for the acquisition workforce when it comes to shutting down or transitioning a program.

When it came to resources used to shutdown a program, the survey and interviews identified a variety of resources, both internal and external. (Figure 9) The most prevalent response concerning resources had to do with funding. Respondents identified the use of existing budget or program budgeted dollars, were used to shutdown the program. Personnel were another resource identified highlighting contracts, legal and finance as being important areas. What this identifies is key personnel are required to close out the program and it will require funding, either internal or external.



**Figure 9: Resources Used to Shutdown Programs**

## **CONCLUSIONS AND RECOMMENDATIONS**

### **Introduction**

The following conclusions and recommendations are based on the author's research. After conducting the research, evidence supports the assertion that there was not much information on how to shut down and terminate/transition a DOD program. It was stated by MG (R) John Holly, an Acquisition Professional who has led programs both in the public and private sectors, that it might be more effective to slow down a program rather than shut it down. In today's fiscal constrained environment, the acquisition leadership may make decisions to terminate programs. The workforce needs additional guidance on what to consider when shutting down programs in an effective and efficient manner.

### **Conclusion**

The DAU efforts to produce a smart shutdown guidebook are a step in the right direction. The Guidebook, currently in the process of being published, provides a foundation in which to build on as one plans to shut down a program. The various considerations addressed in the guidebook assist in sorting out and organizing a shutdown process.

Invariably each program shutdown will be different based on the system and ACAT level. Airplanes have different characteristics than missile systems to consider when shutting down. More definitive documentation, training or tools need to be made available to workforce members. The Army and Air Force provide minimal guidance in these areas. Within the Navy

there seems to be no actual genuine material guidance on terminating a program provided to their acquisition workforce. The Marine Corps supplement being the exception.

If shutting down a program is done with forethought the impact can be minimized and support other ongoing acquisition programs. The technology developed in the Crusader program was reused and applied to the Non Line of Sight Cannon. Technologies from the Comanche helicopter program were used in other Army aviation platforms. Non Line of Sight Launch Systems was careful to collect and store system components for the purpose of future reuse. Smart shutdown can be an effective tool in supporting objectives established by the USD AT&L like BBPI 2.0.

In essence, shutting down a program is just another phase of a program of record. It requires the same sort of management oversight and resources from various functional areas in order to shutdown the program as it does to execute the program.

### **Recommendations**

Improve the awareness of program termination or transitions. The following four recommendations are a start down a path to effectively and efficiently addressing shutting down a program, either because of a termination or transition decision by leadership. All these would require DOD level engagement.

The first recommendation is the development of a Continuous Learning Module through DAU on smart shutdown. The online modules would highlight areas to consider when terminating or transitioning a program. The intent is to provide short modules to introduce shutting down a program, the key areas one might consider and reference material to assist shutting down a program. This would be available at [www.dau.mil](http://www.dau.mil).



Second, look at the development of web based application(s) or some macro driven software, to develop termination/transition plans. The application would initially provide relevant program information needed for planning. The output would be a tailored report with various considerations to address; a baseline of considerations to start from. From that baseline, you could add additional considerations in key areas given the nature of the program being shutdown. It would be a living database updated by the Users.

Third, establish a workshop on smart shutdown. This workshop would be tailored to a program office based on where their system is in the acquisition framework. The intent is to facilitate a Program Office discussion to consider the many things that will impact the program as it shuts down. Prior to the facilitated discussion key program documentation, such as the AS and TEMP, would be made available to facilitators to prepare them prior to the workshop.

Finally, incorporate shutdown or transition awareness into all levels Defense Acquisition Workforce Improvement Act (DAWIA) courses. At the lower levels courses, 100-200, focus on the acquisition functional area considerations of shutting down a program. The 300-400 level courses would use case studies or vignettes to synthesize all the considerations a program office must consider in shutting down or transitioning a program.

These recommendations are just a start in the attempt to leverage resources in an effective and efficient manner. Further research is warranted, given the number of terminations in recent years. In addition, the experience of the workforce needs to be captured before they leave programs or retire. It will require further discussions at all levels to address ways to shutdown or transition a program so that DOD utilizes the resources from that program to support our national interests.

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## **GLOSSARY OF ACRONYMS**

AAE	.....	Army Acquisition Executive
ACAT	.....	Acquisition Category
AF	.....	United States Air Force
AFI	.....	Air Force Instruction
AoA	.....	Analysis of Alternatives
APB	.....	Acquisition Program Baseline
AS	.....	Acquisition Strategy
ASR	.....	Alternative Systems Review
AT&L	.....	Acquisition Technology & Logistics
CAE	.....	Component Acquisition Executive; Computer-Aided Engineering
CDD	.....	Capability Development Document
CDR	.....	Critical Design Review
CPD	.....	Capability Production Document
DAB	.....	Defense Acquisition Board
DAE	.....	Defense Acquisition Executive
DAG	.....	Defense Acquisition Guidebook
DAMS	.....	Defense Acquisition Management System
DAWIA	.....	Defense Acquisition Improvement Act
DOD	.....	Department of Defense
DODD	.....	Department of Defense Directive
DODI	.....	Department of Defense Instruction

EMD.....Engineering and Manufacturing Development (phase of the Defense Acquisition Management System)

FOC.....Full Operational Capability

FRP .....Full-Rate Production

FRPDR.....Full-Rate Production Decision Review

HCA.....Head of Contracting Activity

ICD .....Initial Capabilities Document

IMS .....Integrated Master Schedule

IOC.....Initial Operational Capability

ISD .....Integrated System Design (effort of the Engineering Manufacturing Development phase)

ISR.....In-Service Review

JCIDS.....Joint Capabilities Integration Development System

KPP .....Key Performance Parameter

LRIP.....Low-Rate Initial Production

MAIS .....Major Automated Information System

MDA .....Milestone Decision Authority; Missile Defense Agency

MDAP .....Major Defense Acquisition Program

MILPERS .....Military Personnel

MS or M/S .....Milestone

MSA.....Materiel Solution Analysis (phase of the Defense Acquisition Management System)

O&M.....Operation and Maintenance

O&S .....Operations and Support (phase of the Defense Acquisition Management Framework); also a life cycle cost category

PCO.....Primary or Procuring Contracting Officer

PDM.....Program Decision Memorandum

PDR.....Post-Deployment Review; Preliminary Design Review; Program Deviation Report

PDR.....Preliminary Design Review

PEO .....Program Executive Officer

PM .....Product or Project Manager

PPBE .....Planning Programing Budgeting Execution

PROC .....Procurement

RDT&E .....Research, Development, Test, and Evaluation

SAE .....Service Component Executive

SC&MPD.....System Capability and Manufacturing Process Demonstration (effort of the Engineering and Manufacturing Development phase)

TCO.....Terminating Contracting Officer

TDS .....Technology Development Strategy

TEMP .....Test and Evaluation Master Plan

USD.....Under Secretary for Defense

## APPENDIX A – SMART SHUTDOWN QUESTIONS FOR SENIOR LEADERS

### Smart Shutdown Questions for Senior Leaders

1. Were you aware of any termination tools available when you began your shut down process?
2. Did you or the PMs use any available tools in the shutdown process?
3. Were the existing shut down tools useful to you?
4. Did you have an adequate number of people and resources for the shutdown of the program?
5. Did you have the right persons to conduct the shut down in the appropriate manner?
6. Did you have to create new shut down tools beyond those available?
7. What were your greatest Challenges in shut down of the program?
8. In your opinion what guidelines/tools/people could have made the process better?
9. Could your challenges have been addressed through training and use of experienced support experts?
10. Did you contact outside sources (like DAU) to help with the shutdown process?
11. Who were the key stakeholders with you shut down?
12. How was the termination announced and did you have senior leadership support?
13. Was the shutdown process (termination) addressed when the Acquisition Strategy was developed?
14. Was the termination plan written/planned before the notice of shut down?
15. Would a list of considerations for shut down of programs be of benefit to you?
16. Would a shutdown guidebook have helped in you shut down process?
17. How was government property (GFE-etc.) addressed in you shut down? How were they managed and tracked?
18. What do you think about on developing a termination annex as part of the Acquisition Strategy?

19. What do you think was the greatest asset and short fall with the shutdown process?
20. How did you personally feel about the shutdown process of your program?
21. Was the Senior Leadership supportive and helpful?



## APPENDIX B - SENIOR LEADERS INTERVIEW INSIGHTS

### *General Termination Comments*

- How the shutdown process happens depends on the program. ACAT 1 shutdowns have a different feel than ACAT II and ACAT III programs in regard to workforce and materials.
- There can be a long time between termination notice and actual close out of the program.
- There is long wait time between decision to shutdown and real shutdown. There may be a requirement to get into the POM for shutdown funds or congressional approval. Sometimes it takes years.
- At notice the program is terminated ask “what are we not going to do” and what can we do to move forward during the termination period.
- Tools or plans for termination do not exist. No one is geared to this – it would look like a “failure Plan.” This is not a good way to go for the PM/PEO.
- Think about your ACAT 1 programs – a major stakeholder is congress – make plans and comments for the Hill.
- Most programs are terminated because of cost, schedule and performance.
- Start over quickly to reset your program and budget. Coordinate with the sponsor and user. This will prevent the death spiral for your people and the slow death of the program.
- Some programs never really die. They just change the name, organization or mission and continue on. They will come back in some form.
- What really kills a program is “no more money.” With some programs “there is plenty of time to find a new job – just relax.”
- If your program is going out, go out with a bang, and be useful to the service.
- No tools are available to guide acquisition managers, hence a gap that needs to be filled. This effort, Smart Shutdown, is a step in filling that gap. Others like DCMA may have some tools but it is not widely known what tools are available to a PMO.
- Training in how we shut down a program is important. We are a success oriented acquisition force. When the decision is made that this requirement and program need to go away, training and guidance is minimal.
- Put a plan together. Ensure you have the time (schedule). Resource the plan.
- There is no process in place to terminate programs. There is lot of talk but no set or adjustable process. Nobody had a plan even after they were told of the possibility of their program termination.
- Everything is subject to be terminated. However, termination of programs is not in Army mind set.”
- The DAE, AE, PEO and PM are the persons responsible for programs. The better they know/understand your program, the more responsive they are to support your requests.

- Look at non performing programs (cost, schedule, performance) and evaluate for termination.
- Consider, at closure, the many stakeholders to include: warfighter, headquarters, Services, OSD, Congress, political administration, foreign countries and the media.
- Suggest consideration of programs in this text: “If a program is not performing, KILL IT” – this is done in industry government needs to do the same.
- It is always best to plan before termination – to consider processes, personal, PEO level training and TDPs – these must also be considered/developed after program termination if not developed
- Suggest education and training of program shutdown personnel. Look at case studies, guides, DAU support and information on other terminated/shutdown programs. Make sure to cover termination liability clause.
- Attend a DAU class on termination guides and suggestions. The class could be tailored to program close-out.
- The size of your program can determine the amount of visibility at senior levels. Smaller programs lack the visibility of the larger ones and thus need to get your PEO to watch/help the termination process.
- Understand and follow the mission assigned for termination of the program.
- Use visuals such as graphs and pie charts to display your metrics in support of the termination process. People understand graphs.
- Consider political concerns – industry teams and local interest groups may cause changes in your plan or even the termination.
- Consider other services and industry: they may try to stop you and your process for their own benefit.
- It is always best to be prepared and have a plan before the termination of a program.
- You may be disinclined to represent your program if your systems are transferred to another service.
- The program’s PM can be cut off from transfer discussions.
- Go to PEO and/or higher to get as much head cover as possible. This level can communicate with the AE for smoother termination.
- Where there is a conflict in guidance, ask leadership to resolve the issues and try to get one direction. This may not be possible because there are a number of groups that are interested only in their part of the termination.
- There is lack (or no) documentation for shutdown of material related to a classified and/or unclassified termination.
- Leadership may look at sharing data between industries. There are problems in that each company is competing with the other and will not want their data visible to competitors.
- There were no tools available to assist in shutting down the program.
- Who decides? The USAF decides it doesn’t need X. The USAF goes through the process which eventually reaches the Hill. Yet there is push back. A resource management document (RMD 802) came out and cancelled the program. Later in

the year RMD 700 funded the capability/requirement. An observation was that most cancelled programs do come back because the capability/need still remains within the component/agency.

- Having a shut down or termination plan/annex in the strategy is not a good thing. At that point in time personnel should be focusing on the successes of the program. Once the shutdown has been determined then develop a plan utilizing existing resources and tools.
- Use of checklists will assist personnel in developing a termination plan as will a guidebook. Having these tools available on the web makes it accessible to workforce members.
- Go to your senior leaders and get their support in conduct the termination/shutdown for the greatest benefit to government.
- Ask for leadership head cover in termination actions.
- Think about required actions in termination plan; our program termination was with no notice and we did not see it coming. Thus, there was little planning for termination.
- Look for tools to help in the shutdown process. We had no tools and could not find them. A DAU developed list it will help.
- Consider that your leaders and headquarters may not even talk to you after termination. Plan/develop your own termination plan and termination guide if left alone.
- Suggest DAU develop a check list and termination guide to provide a guide to programs that have been terminated.
- Suggest that DAU consider developing a Termination Annex for consideration in the Acquisition Plan.
- Termination may be to combine programs; people and all elements of the program.
- There were no tools for shutdown or combining of programs that I could find. Consider DAU Check List as guide.
- Think about working with the users of the program; there had to be a requirement for beginning the program. Is that requirement still there and how will it be met for the user?
- Consider “Trust but Verify” when told there is no longer need for the program or its product check to be sure.
- Considered how to answer questions for the advocates who wanted the program. Start with senators and congress that funded your program to fill a user gap.
- Some programs will not die. There are programs that have been in shutdown phases for years. Will your program be one of these?
- Consider method to “wrap up obligations” entered into before the termination. Are there contracts that must be paid? The TCO is likely the first person out the door. Obligations may be short term or long term.
- Program terminations are all different – in one termination experience there was lots of support and head cover. Leadership provided an excellent SES for help and 96

% of people were reassigned; the others were placed. Good leadership support makes a difference.

- Consider the impact of your termination on industry. Smaller programs may not have a large impact but larger programs can have impact nationwide.
- Many existing processes need to modification for large shutdowns. Items like logistical support plan and demilitarization plan need to be changed.
- Consider the unique requirements of your program and incorporate systems and subsystems for review and action by your termination team.
- Small program shutdowns can provide somewhat of a standard process for shutdown - but with larger programs there needs to be many unique approaches and applications.
- Suggest that DAU make a standard guide for terminated programs.
- Suggest that DAU develop both classroom instruction and an on site team to provide the PM with information and support for the program termination.
- Consider a real standard practice for terminated programs, with DAU to take the lead in the development.
- Suggest a team be established for the purpose of development of termination and shutdown information and considerations for the PM. We need to be better prepared for the termination of our programs.
- There is no process in place to terminate programs. There is lot of talk but no set or adjustable process.
- The DAE, AE, PEO and PM are the persons (adult leadership) responsible for programs. The better they know/understand your program, the more responsive they are to support your requests.
- It is always best to plan before termination. Consider processes, personal, PEO level training and TDPs. These must be considered/developed after program termination if not developed beforehand.
- Educate and train program shutdown personnel. Look at case studies, guides, DAU support and information on other terminated/shutdown programs.
- Consider non performing programs (cost, schedule, performance) and evaluate for termination.
- Consider two main areas for the termination: plan for people and plan your money.
- At closure, there are many stakeholders to include: warfighter, headquarters, Services, OSD, Congress, political administration, foreign countries and the media.
- The size of your program can determine the amount of visibility at senior levels. Smaller programs lack the visibility of the larger ones and thus need the PEO to watch/help the termination process.
- Consider, if the program is large, a proposal or RFP to obtain needed expertise for conducting the termination.
- Other services and industry may try to stop you and your process for their own benefit.
- Use visuals such as graphs and pie charts to display your metrics in support of the termination process. People understand graphs.

- Consider political concerns – industry teams and local interest groups may cause changes in your plan or even the termination.
- Suggest consideration of programs in this text: If a program is not performing KILL IT.
- Prepare a chart showing the cost of your program when at war and for comparison the cost of your program when not at war.
- It is always best to be prepared and have a plan before the termination of a program.
- Understand and follow the mission assigned for the termination of the program.
- There should be a required annex to your program plan for the possibility of the program being shut down.
- Consider actions required for Black or White programs – shutdown for Black programs could be very different and have required special regulations.
- In one case the PEO was not told of shutdown and the AE was blindsided as well. These people/leaders should have been told before shutdown of the program was announced to the public.
- Talk to the AAE/PEO and get their perspective on your program shutdown; what direction they have for you.
- Use your “fast action plan” to see if your program was canceled by mistake. Some are canceled when not intended to be canceled. Follow up on notice quickly and correct the mistake and to keep funds.
- Review your shutdown plans and if there are none, find examples. Look to DAU for support and guides for program shutdown.
- You contractor organizations may have better idea of what your program contains than do your workers: work with the industries as partners to plan actions and shutdown dates.
- Consider that senior military leadership and acquisition leadership “may not have same motives” or even be against purposes.
- Your service may have limited tools for shut down operations. Contracting is normally better ready for shutdown, but they are not the only players – consider other sources.
- Be flexible to new ideas and methods.

### ***Organization/Leadership***

- Ask for or find a Czar (SES) to help with your close out. Some programs have used single point of contact (leader) for the close out. It worked very well.
- If you are at the senior level (some PMs may already be looking for their next job), it may help to have a Czar to help close out the program.
- Consider establishing an IPT for termination. Ensure the right mix of skills is included. Include outside organizations as appropriate (i.e. DCMA, DCAA, Industry).
- Need Leadership empowerment and top cover for the IPT for both government and industry leaders involved in the program.

- If the program is large, consider a proposal or RFP to obtain needed expertise for conducting the termination.
- Consider a termination team; use key persons from all program areas with expertise to complete the mission.
- Get organized quickly. Often there is no notice before a program is shutdown. You learn your program is shut down by hearing it on TV.
- Suggest very early linkage/partnering of government and industry organizations and personal to support the termination action.
- Identify individuals that are core/key players of the program to meet the required elements for proper program shutdown.
- Form a termination team.

### ***Communication***

- Communicate with your people at least weekly – the changes in plans (if any) need to be passed on.
- Consider the best method for open communication. Shutdown letters should come via AE, PEO and PM.
- Always keep in mind: Communication with/and consideration of the leaders that have the power to make decisions regarding your program.
- Plan and develop a communication plan.
- Develop a time schedule for program shutdown meetings. The sessions need to be often and include all key players. Schedule town hall meetings for information flow to all employees in the program.
- In addition to open forum town hall meetings, there needs to be a written and electronic posting of events and direction (daily is good).
- Communicate with the staff via staff meetings and separate meetings as required or scheduled.
- Consider best method for open communication – shutdown letters should come via AE, PEO and PM.
- Always keep in mind communication with/and consideration of the leaders that have the power to makes decisions regarding your program.
- Try to keep in the communication loop for the termination of your program. With high level information cut out, this may not be possible.
- Communication with leaders to develop orderly shutdown.
- Suggest close communication/information with the program's people; they will be unsure of their future. Some of your people will be angry and not understand why with no warning the program was terminated.
- 

### ***Personnel***

- People will stay with you if you provide a fun project for the closeout period.
- Reprogram you funds to keep the program a good place to work; the people may stay for up to a year if work is meaningful.

- No one is excited about the last months of the program unless you make it so.
- People may feel “no one is looking out for me.’ People are important and some will stay if they feel you care.
- Consider the program time/period for close out. It is unusual for a program to close quickly. People may want to stay with you if they have an idea of the real closure time.
- Your biggest challenge in shutdown is to overcome the sense of failure. People have given themselves to the program.
- Think about a reset of program and funds. Make staying around fun for people. The more senior your people are, the more likely they will stay with the program a while.
- Once the Government shuts a program down Industry partners will move key personnel to other programs/activities. Hence do you have the Varsity or sub Varsity player to help you close out the program?
- Consider two main areas for the termination: plan for people and plan your money.
- Consider people first.
- Suggest that priority one is the people. In this terminated program 100% of the core people were or found placement.
- Consider sending some of your people to training or school during the transfer period. Pay for the training and ensure they are in position after training.
- Look at your people’s need for cover. Your program may pay some of the people cost until October to receiving organizations. This was done so the new organizations could include them in new budget.
- Consider sending (paying for) one of your qualified people to Senior Service College Fellowship. This will be of benefit to individual and the service. Placement is then done after SSCF.
- Many of your projected placements require PEO approval. Work with organizations and the PEO to make sure placement is correctly accomplished.
- Work with your program people to reduce the impact of termination. A good effort by the PM helps a lot. Talk to the people; they have ownership in the program.
- Termination is always personal, regardless the reason for termination. Your people are disappointed. They feel like they failed even when it is not their fault.
- The best and youngest will depart fast.
- Senior leadership may really not have a plan for the higher level employees from your organization.
- People are the key to a shutdown/termination.
- Beware of cherry picking of both technology and personnel. Both need to be managed smartly.
- Personnel are your key resource when shutting down a program.
- The most important thing to consider is people and money.
- Termination is a normal part of life. Make sure to work with your people to find them positions and keep up their moral.
- Try to maintain program expertise. The people running the program know it best and can greatly aid in the shutdown process.

- Consider shutdown of a non-record program. Your current people may be the only people with needed knowledge. It may be a shutdown from in-house. Keep your people if possible.
- Continue communication with headquarters in finding positions for program people. In our case, our leaders came down and said all the right words and then walked out and said “you are on your own.”
- Think about people and their emotions; for one program there was no a follow though by my headquarters. They came, announced the termination and then never came back. This termination had no support from leadership.
- If no support by leadership, you will need to deal with the people and their “shock and anger”. In your Termination Plan include communication and emotional considerations.
- Workers have ownership for the program; help them to heal and move on.
- Offer training for terminated program employees. Training could help to develop a good skill mix of the remaining personnel. This can fill the gaps caused by your people departing.
- Be innovative in your handling of people. If possible, after termination, interview them personally. Show them you care and do a career interview with them.
- “Tell Truth & Be Honest” with people. Do not “cotton wrap” what is a painful process.
- Consider “all relationships are individual”. Treat each individual as a person so they know you care.
- Your people and their expertise are a critical asset when a program is shut down; people are the family jewel - protect them.
- Consider using your current people that may be retiring in next 1-2 years for your close out team. Other workers will move on more quickly. Ask appropriate workers to stay.
- Protect the people that agree to stay with your program for the shutdown process; help them find appropriate positions.
- Think about your people and consider ways to help them.

### ***Budget/Financial***

- If your program(s) are closed out, look at reprogramming current funds. Redirect efforts and use funds for closeout and on things good for the service.
- If congress has not approved the close out – look for best value use of funds. Think about a different “Play Book.”
- Plan new activities for the 11 months of already programmed money. Find exciting work to keep people; get them to buy in for the time of close out.
- Identify where the funds will come from – current funding or from another organization?
- Who will oversee those funds to the very end? Establish a process or procedure.
- Consider close out cost. There is a major cost in termination of programs – be sure hold back or ask for enough money to cover these required cost.



- Determine adequate resourcing (funds) to meet shutdown requirements, and obtain the right people for termination.
- Determine the proper amount of funds that are needed to close out the program.
- Consider funds management: ask your PEO to run top cover for you.
- Know where and how much money there is for termination and the date to close the doors and turn the lights off.
- Prepare a chart showing the cost of your program when at war and for comparison the cost of your program when not at war.
- Even though the program has been terminated, funds are needed to close out current activities.
- Get and earmark funds to pay people and shutdown cost.
- Determine the “actual or real” cost of shutdown of your program. Compute the “total shutdown cost” and keep or ask for funds that will be required.
- Make a list of unintended cost of the termination and how will it affect other programs – does the user lose a required product etc.
- Include the cost for missing equipment. In my terminations many items disappeared.
- Identify the “Butcher Bill” or bottom line for termination.
- Suggest PM/PEO monitor “keep watch” over the termination funds.
- Consider Comptroller prospective on taking your funds before close out is completed. The comptroller is not your friend; however, work with the comptroller to best complete the shutdown.
- Allow for funding for the shutdown. Considerations may be needed in reprogramming, Army requirements and shutdown timeframes may have direct impact on your processes.
- Consider close out cost. There is a major cost in termination of programs. Be sure to hold back, or ask for, enough money to cover required cost.
- Obtain adequate resourcing (funds) to meet shutdown requirements, and obtain the right people for termination.
- Consider the proper amount of funding needed to close out the program.
- Consider funds management; ask your PEO to run top cover for you.

### ***Facilities/Hardware/Software***

- When terminated, issue letter requesting an inventory of all data/materials under the already programmed money.
- Suggest the program ask for a letter requesting destruction of parts or the entire system (destroy in place) to cover yourself at a later time.
- Prepare a total inventory of government equipment and conduct reviews of contracts. Often the contractors have no idea where the government equipment is or how to locate it.
- Find the best avenues to distribute GFE materials/equipment or, if required, their proper disposal.
- Large program shutdowns are complex and there are many property issues (government or industry owned).

**Contracts**

- Require contractor submit a termination proposal.
- Contact DCMA for support. A Termination Contracts Office (TCO) supports the Procuring Contract Officer (PCO) in an orderly shutdown of a program.
- “What are the TAX liabilities when shutting down” came up. From the governments perspective there probably is no major concern. From Industry’s perspective there could be an impact to the bottom line. The PMO needs to monitor and bring in the Lawyers and Resource personnel at the appropriate time to consider if that is an allowable shut down cost.
- Contract administration of ending a contract is not covered well in DOD/Service related courses. It is mostly a “learn as you go” process. TCO’s are a very small group and for the most part that is the only thing they do.
- Include legal in the process. Determine when they are needed or required.
- Conduct an inventory with the support of DCMA. We learned that much of the government property for our program was not able to be found. Everything is owned by the PM.
- An active program has great number of contracts related to termination issues that must be resolved. Consider hardware and the classified materials.
- In some cases the Contractor has up to a year to submit a termination/close out proposal.
- The contractor is to submit their termination plan to you at closedown notice. Some contractors will take 6-12 months to produce this plan and you may not be able to protect your money.
- Consider litigation issues coming from the shutdown. Get and keep legal people involved in the termination. Often the government will be sued because of the shutdown.
- Consider that contractors may sue government as matter of course. “We are going to sue you (government) because if we don’t sue you our stockholders will sue us (prime contractor).
- Your contractor may be your close partner right up until termination then could come out hard against you and the program. It happened to me and my program.
- Look at the program total contracting records “many contracts have never been closed out”. Identify contract issues and work termination plan to close out all contracts.
- Include all old contracts needing close out in your termination funding plan.
- Keep TCO throughout the shutdown process if possible. He/she is a key person, and often the first person recruited from your terminated program.
- Use DCAA and DCMA for shutdown support. These organizations have a great deal of experience in the shutdown of small programs but are limited in their support of large programs.
- Large program shutdowns may need outside support and staff. DCAA and DCMA should be contacted to determine if they can provide personnel or other support.

### ***Technologies***

- Determine what to do with the technology. Is it shelved, put on the shelf, sent back to the lab?
- Is there a vehicle/organization/agency that can coordinate the transfer of technology to others who may have an interest?
- Treat data properly realizing that most programs have proprietary data, classified data and unclassified data
- Think about taking your program technology back to the Labs.
- Plan the storage of data and how it is to be inventoried. Consider who has access to the data.
- If possible, and there is time, put data into a standard format. It is common that there will be several formats for data and inventory of products.
- Make sure the data package is not lost.
- Consider the best avenues for placing your technology into other programs or archive the technology for possible future use.
- Pay special attention to IT related areas when you receive termination notice. IT is complex and in some programs it is linked to 60% of the activity in the program.
- Consider how to save program successes and products for the future. It is possible we do not have enough acquirers in government to take care of national assets. Don't think someone else has a plan to save valuable data and equipment.
- Protect the technology your program has developed. Sometimes, the Army just walks away from the technology of shutdown programs. It is up to you to find a place for the technology.
- Check to ensure technology does not go to "wrong" places, countries or unauthorized agencies.
- Consider the ramification of your technology in the right or wrong hands.
- Capture your Technology Data Package (TDP). Plan where to send the TDP or where to store it. Future wars may require your same technologies and TDP.
- Think of other government organizations that may be able to use your technology; look for/develop pass off mechanism.
- Consider using a Research Lab as a repository for your technology or a place to put your program data.
- There are few, if any, new technologies in development for the Army. We do not know what technologies will be needed in future wars. Protect your technology data. It may be back in need in the future.
- Data from the program should be reviewed and placed with other DOD agencies. Consider who may best use your technology and data.
- In the case of a large program shutdown, there may be 20 years of data. Work with industry and government to find proper resolution to data and TDP
- Consider taking your program technology back to the Labs.

## APPENDIX C – QUESTIONNAIRE SURVEY

I am conducting a research project for the Defense Acquisition University Senior Service College Fellowship Program. The purpose of this research is to determine if the Acquisition Workforce has the tools it needs for program terminations/transitions.

Your participation in this research is purely voluntary. Your confidentiality and anonymity are assured (you will not have to enter your name or email address). The use of this data will be limited to this research. You may discontinue participation in the survey at any time. Simply exit from the survey before you complete it and your answers will not be collected for analysis. You may express any concerns to me at the email address below.

This survey will take approximately 10 minutes. Please answer all questions. Most questions only take a few seconds to answer though a few questions ask for comments. Comments are encouraged to clarify responses. There is no right or wrong answer to these survey questions. This survey merely attempts to determine if the Acquisition Workforce has the tools it needs for program terminations/transitions.

I greatly appreciate your participation in this survey.

Mark Unger

[Mark.unger@dau.mil](mailto:Mark.unger@dau.mil)

### Survey Questions

1. Have you participated in a program that was terminated?

Yes

No

2. Have you ever terminated a program within DOD?

Yes

No

3. Choose the top 5 considerations from the list below that you believe are the most important in shutting down a program.

Programming

Personnel

Contracts

Data Archival

Technology

Planning

Financial

Budgeting

Facilities

Requirements

Capabilities

Staffing

Logistics

Other \_\_\_\_\_

4. Identify key stakeholders you consider to be important during shutdown?

Warfighter

Program Executive Officer

Program Manager

Congress

Laboratories

Acquisition Executive (DAE/CAE)

DOTE

Developmental Testers

Operational Testers

Requirements/Capabilities Managers

Logistics

Systems Engineering

Contracting

Comptroller

Contractor

Other \_\_\_\_\_

5. How were program personnel kept informed of the shutdown process?

Email

Telephone

- Program Town Halls                       Directorate Meetings  
 Memorandums                       Management by Walking Around  
 Program Website/Blog     Other \_\_\_\_\_  
 N/A (Have not been involved in a termination)

6. Was leadership supportive and helpful during the shutdown process?

- No  Yes  Mixed  N/A (Have not been involved in a termination)

Comment Box

7. From the Functional list below what were the two greatest challenges in shutting down the program?

- Requirement/Capabilities gaps  
 Contract related issues  
 Budgeting/Resourcing Shutdown  
 Logistics of managing property/facilities  
 Management of the Shutdown  
 Systems Engineering and the technology associated with the program  
 Program Security related issues  
 Personnel Issues  
 Data Archival  
 N/A (Have not been involved in a termination)

8. Were the right personnel available to execute the shutdown/transition?

- YES  NO  Mixed

Comment Box

9. Were you aware of any shut down or termination tools available when the program was shut down?

YES  NO  Mixed

Comment Box

10. Should the Acquisition Strategy contain a termination/shutdown appendix/annex?

YES  NO  Undecided

Comment Box

11. What was the primary reason for termination?

Comment Box

12. Is there another process/system in the Department of Defense to perform the mission?

YES  NO. If YES please identify.

Comment Box

13. Who was the principle decision maker that recommended termination?

Warfighter

Comptroller

Congress

Defense Acquisition Executive

Component Acquisition Executive

Program Executive Officer

Project/Product Manager

N/A (Have not been involved in a termination)

14. What resources did you use to shut down the program?

Comment Box

15. Age

21-30

31-40

41-50

51-55

56-60

60+

16. What is your primary functional specialty?

Program Management

Systems Engineering

Contracts

Logistics

Test and Evaluation

Budget, Cost Estimation and Financial

Information Technology

17. You currently work for whom?

DOD

Army



- Navy
- USAF
- Industry

18. How many times have you participated in a program that was terminated?

- 1-2
- 3-4
- 5 or more
- N/A (Have not been involved in a termination)

19. What is the total years you have worked in the doing acquisition related activities?  
(Include both Federal government and Industry time)

- 0-5 years
- 6-10 years
- 10-15 years
- 15-20 years
- 20-30 years
- 30+ years

20. Gender

- Male
- Female

21. Are there any additional comments you would care to add?

Comment Box