



THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

September 14, 2010

MEMORANDUM FOR: Director, Defense Procurement & Acquisition Policy

SUBJECT: Implementation Directive for Better Buying Power – Restoring Affordability and Productivity in Defense Spending

As detailed in my September 14, 2010 memorandum for acquisition professionals, I am seeking to restore affordability and productivity through initiatives in the following five areas: (1) Targeting Affordability and Controlling Cost Growth; (2) Incentivizing Productivity and Innovation in Industry; (3) Promoting Real Competition; (4) Improving Tradecraft in Services Acquisition, and; (5) Reducing Non-Productive Processes and Bureaucracy.

These initiatives include steps that can be taken immediately and steps that will require more development and staffing before they are implemented. This memorandum provides actions that I expect you to execute either immediately or in the time frame specified. Additional actions in support of these five initiatives will be developed over the next few weeks and months.

You will review my September 14, 2010 memorandum to determine what changes to DoD Directive 5000.01, DoD Instruction 5000.02, and other regulatory and statutory requirements may be required to implement the guidance in the memorandum. You will report to me by October 15, 2010 with a plan to implement these changes. Coordinate with the Director, Acquisition Resources & Analysis to ensure there is no duplication of effort.

Review the Weighted Guidelines with the aim of emphasizing the tie between profit and performance. Provide me with the results of this review by December 1, 2010.

By December 1, 2010, develop a cash flow model and accompanying guidance that can be used by all contracting officers contemplating financing other than customary progress payments. Ensure the guidance is developed so that the improved cash flow opportunities for industry provide benefit to both industry and the taxpayer.

With the Defense Acquisition University (DAU), review acquisition policy training curriculum and revise as appropriate by January 1, 2011, to ensure that the efficiency initiatives I am implementing are reflected in the DAU curriculum.

By December 1, 2010, develop and staff a directive for my approval detailing specific implementation guidance for the effort to standardize service taxonomy as provided for in my memorandum of September 14, 2010. This taxonomy will be utilized by each component to ensure basic consistency within the separate governance structures for services.

By December 1, 2010, develop detailed guidance for establishing a taxonomy of preferred contract types in services acquisition that is consistent with the guidance provided in my September 14, 2010 memorandum.

Effective immediately, ensure that the Defense Office of Small Business Programs is included as a member of the Office of the Secretary of Defense peer reviews of service acquisitions.

Work with the Defense Contract Audit Agency (DCAA) and the Defense Contract Management Agency (DCMA) to develop guidance which will clearly spell out the roles and responsibilities of each organization in those areas where duplication and overlap occur. Provide recommended guidance to me and to the Under Secretary of Defense (Comptroller) by December 1, 2010.

By October 1, 2010, you are to task DCMA to be responsible for the promulgation of all Forward Pricing Rate Recommendations. In those cases, where DCAA has completed an audit of a particular contractor's rates, DCMA shall adopt the DCAA recommended rates as the Department's position with regard to those.

A handwritten signature in black ink, reading "Ashton B. Carter". The signature is written in a cursive, flowing style with a large initial 'A'.

Ashton B. Carter