

DOD'S 5000 DOCUMENTS: EVOLUTION AND CHANGE IN DEFENSE ACQUISITION POLICY

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The article begins with a brief discussion of the origins of the 5000 documents. Then the author analyzes the nine different versions issued between 1971 and 1993, highlighting the major principles and themes of each issuance, the principal catalyst behind each revision, and the significant changes evident from one version to the next. The article concludes by reviewing likely changes to be pursued in the near future as various acquisition reform study efforts near completion and DoD revises 5000 once again.¹

By any measure the defense acquisition system is undeniably complex. Hundreds of thousands of employees work in DoD acquisition organizations, which execute millions of contract actions every year. Until very recently, the total DoD acquisition budget exceeded \$100 billion annually. Major defense acquisition programs, which account for a large share of this total budget authority, are technologically advanced products, often designed to achieve performance levels never before realized. The resulting high levels of uncertainty and technical risk demand skilled and intelligent management.

Since the early 1970s DoD executives have used a few key policy documents to govern the sprawling defense procurement empire. DoD Directive 5000.1 and its ac-

companying DoD Instruction 5000.2 (hereafter DoDD 5000.1 and DoDI 5000.2) have been the foundation of the defense acquisition process for over 20 years. Since 1971 DoD has issued a new version of DoDD 5000.1 and DoDI 5000.2 nine different times. During this period, DoD has developed and produced hundreds of major acquisition programs under the broad principles articulated in these documents. Literally thousands of career employees and political appointees have played a role in these various revisions.

Based on their longevity and relatively frequent revisions, the 5000 documents offer a unique window on the evolution of policy in a major government department. Reviewing this policy evolution is especially relevant today as the Clinton

administration continues its ambitious program of acquisition reform. Many of the emerging reform recommendations—from military specifications and standards to pilot programs—involve some sort of proposed change to DoDD 5000.1 and DoDI 5000.2. A good example is the recently completed Oversight and Review process action team, whose final report deals directly with many of the processes and procedures set forth in the 5000 documents (Process Action Team, 1994).

Given the inextricable connection between the 5000 documents and the way that DoD manages its acquisition process, and the current emphasis on acquisition reform, it would be useful to gain some historical perspective on the development and evolution of the 5000 documents. What were their original purpose? Why and how have they been changed over the years? How do these changes illustrate larger trends in defense acquisition management? What are the prospects for future policy development? These questions are the main focus of this paper.

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with a review of likely changes to be pursued in the near future as various acquisition reform study efforts near completion and DoD revises 5000 once again.

THE ORIGINS OF POLICY

How did the 5000 documents become the principal vehicle for managing defense acquisition? To answer that question it is necessary to turn our attention back to President Richard Nixon's first term, when Melvin Laird was Secretary of Defense and a politically active industrialist named David Packard was serving as Laird's Deputy. Energy and environmental programs were gaining widespread currency while the increasingly unpopular war in Vietnam and the rising costs of defense acquisition began to result in congressional disenchantment with DoD weapons programs. (Acker, 1982)

This disenchantment led in turn to determined congressional attempts to reduce defense spending. As the Vietnam drawdown began and defense spending declined, Laird and Packard recognized that they needed a mechanism for effectively managing defense acquisition and controlling cost growth, especially in an environment of fiscal constraint.

Establishing a formal acquisition management regime was the solution they

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settled on. In May 1969 Packard formed the Defense Systems Acquisition Review Council (DSARC) to serve as an advisory body to the Secretary of Defense on matters concerning acquisition of major weapon systems (Packard, 1969). The original DSARC was chaired by the Director of Defense Research and Engineering (DDR&E) and was chartered to review major acquisition programs at major milestones in the acquisition cycle. In addition, Packard directed DDR&E to conduct occasional management reviews of major programs.

In May 1970 Packard issued another policy memorandum on defense acquisition (Packard, 1970). This memo articulated many of the broad themes that would later become the foundation for the 5000 series, including decentralized execution, streamlined management structures, and use of appropriate contract mechanisms. According to Packard, the primary objective of DoD oversight was to “enable the Services to improve the management of their programs.” Packard clearly believed that the defense acquisition system needed improving: “It is imperative that they [the Services] do the job better than it has been done in the past.” The May 1970 policy memo established broad guidance in five major areas: management, conceptual development, full scale development, production, and contracts. Approximately a year later, in July 1971, the first DoDD 5000.1 was formally issued.

**THE FOUNDING DOCUMENT:
DoD DIRECTIVE 5000.1, JULY 1971²**

Measured against the standards of today's DoD directives and instructions,

the first DoD Directive 5000.1 was in many ways a very austere document: Only seven pages long, it described the acquisition-related duties of only three DoD officials³ and included references to only a handful of other policy documents. In many ways, the entire acquisition reform agenda since 5000.1's original publication in 1971 can be characterized as one long effort to realize the simple but powerful vision contained in Packard's founding document:

Successful development, production, and deployment of major defense systems are primarily dependent upon competent people, rational priorities, and clearly defined responsibilities. Responsibility and authority for the acquisition of major defense systems shall be decentralized to the maximum practicable extent consistent with the urgency and importance of each program.

The development and production of a major defense system shall be managed by a single individual (program manager) who shall have a charter which provides sufficient authority to accomplish recognized program objectives. Layers of authority between the program manager and his Component Head shall be minimum... [the] assignment and tenure of program managers shall be a matter of concern to DoD Component Heads and shall reflect career incentives designed to attract, retain, and reward competent personnel.

It is not too difficult to trace the intellectual heritage of many of today's statutes, policies, and institutions such as the

Defense Acquisition Workforce Improvement Act, the streamlined acquisition chain of command, and the Defense Acquisition University, to these five sentences.

The first DoDD 5000.1 applied to all acquisition programs, although it referred specifically to “major programs,” to be designated by the Secretary of Defense on the basis of “dollar value,⁴ national urgency, or recommendations by DoD Component Heads or Office of the Secretary of Defense (OSD) officials.” While OSD and the Components were charged with program monitoring, the directive was careful to “place minimum demands for formal reporting on the program manager.”⁵

The directive described three significant decision points: program initiation, full-scale development, and production/deployment. Each one of these decision points required the approval of the Secretary of Defense. Program initiation occurred at some point in time after “early conceptual efforts” when the Component Heads in question determined “that a major defense system program should be pursued.” Entry into full-scale development would occur when the Component “is sufficiently confident that program worth and readiness warrant commitment of resources to full-scale development.” Similarly, entry into production would be approved by the Secretary when the Component could demonstrate that “engineering is complete.”

The final section of the 1971 DoDD 5000.1 was entitled “Program Considerations.” This section described a number of important requirements pertaining to

progression of a program through the acquisition process, including: (1) wherever feasible, operational needs shall be satisfied through the use of existing military or commercial hardware, (2) practical tradeoffs shall be made between system capability, cost, and schedule, (3) logistic support shall be considered as a principal design parameter, (4) schedules shall be structured to avoid unnecessary overlapping or concurrency, (5) test and evaluation shall commence as early as possible, (6) contract type shall be consistent with all program characteristics, including risk, (7) source selection decisions shall take into account the contractor’s capability to develop a necessary defense system on a timely and cost-effective basis, and (8) documentation shall be generated in the minimum amount to satisfy necessary and specific management needs.

The first DoDD 5000.1 included one enclosure entitled “Related Policy.” This enclosure delegated responsibility for preparation of related policy documents to a few OSD officials. Development of a policy document on the defense technology base, for example, was delegated to the DDR&E. Preparation of a document on cost analysis was delegated to the Assistant Secretary for Systems Analysis (now the Director of Program Analysis and Evaluation). Establishment of a policy document on logistic support was assigned to the ASD for Installations and Logistics (now the Deputy Under Secretary of Defense for Logistics). In all, the enclosure described 14 separate policy subjects to be documented in official policy memoranda.

THE DoD 5000 SERIES: 1971–1995

An analysis of subsequent issuances of the 5000 series. In the discussion below, particular attention is paid to major principles and themes, policy complexity, and policy context. The questions addressed include:

- What have been the major principles and themes articulated in the 5000 series? In other words, what have been the “constants” of defense acquisition policy?
- What have been the major changes and shifts in acquisition policy? What has been the political-historical context surrounding the major revisions?
- What conclusions can be drawn from this policy history?

At the end of the paper is a table that summarizes the key differences, and similarities, among the various 5000 editions.⁶

THE 5000 SERIES: POLICY STABILITY

The constant pressure to reform and improve DoD’s acquisition processes notwithstanding, it is interesting to note that with very few exceptions there has not been wide variation in the fundamental management principles underlying the defense acquisition system. The founding 5000.1 set the tone and all subsequent documents have been remarkably consistent in continuing to articulate a few key themes. This is remarkable because, as even the most casual observer of the DoD procurement scene is aware, the last two

decades have witnessed an extraordinary and persistent agitation for reform and improvement. The juxtaposition of “timeless” management principles etched in the granite of the 5000.1 and the nonstop calls for reform raise a very interesting issue: While DoD seems to have become quite accomplished at preaching the values of good management, the Department appears quite dissatisfied with its efforts to practice what it preaches.

What are the constant principles and themes? A review of all the 5000 issuances since 1971 reveals that a few in particular stand out in each version of the directive:

Centralized Policy, Decentralized Execution. Each 5000 series revision since 1971 has stressed the importance of centralized policy-making and decentralized program execution. The two examples below illustrate the kind of language used to communicate this principle. The 1971 revision states:

Responsibility and authority for the acquisition of major defense systems shall be decentralized to the maximum extent practicable consistent with the urgency and importance of each program.

The 1977 version states:

Responsibility for the management of system acquisition programs shall be decentralized to the DoD Components except for decisions retained by the Secretary of Defense.

The logic underpinning this principle is simple but persuasive: Policy formulation and adoption are best done by central

actors because they have a broader appreciation of the entire Department's interests than do local actors, such as program managers or contracting officers. On the other hand, local actors are best positioned to manage the day-to-day affairs of defense programs and projects: making cost-performance tradeoffs, negotiating with suppliers, and managing contract performance. Each 5000.1 issuance from 1971 to 1986 used some close variant of the 1977 language above. Later versions have expanded this concept in new sections on subjects such as "tailoring" and "streamlined acquisition organizations."

Fly Before Buy. Another consistent theme has been "fly before buy," which generally refers to activities, such as prototyping and operational test and evaluation, designed to enhance understanding of technical challenges and mitigate associated risks before a commitment to production is made. Consider the two examples below, the first from the original 1971 document, the other from the 1987 version:

Technical uncertainty shall be continually assessed. Models, mock-ups, and system hardware will be used to the greatest possible extent to increase confidence levels.... Test and evaluation shall commence as early as possible. A determination of operational suitability, including logistic support requirements, will be made prior to large-scale production commitments, making use of the most realistic test environment possible and the best representation of the future operational system available. (1971)

Competitive prototyping of critical components, subsystems, or systems and early operational test and evaluation beginning in the concept demonstration and validation phase are encouraged and shall be emphasized. (1987)

Streamlined Organizations. Each 5000 reissuance has also emphasized the need to keep the number of management layers to a minimum. The 1987 version, for example, stated that DoD Components "shall establish a streamlined management structure" for managing acquisition programs, and that "program management direction shall only be issued by and flow through this streamlined management structure." Similarly, the 1991 issuance called for "short, clear lines of authority and accountability." "No more than two levels of review shall exist between Program Managers and their designated milestone decision authority." The 1991 version also made a point of singling out "boards, councils, committees, and staffs" as existing only to provide "advice to those responsible for managing programs." Such entities, however, will have "no authority to and shall not issue programmatic direction or impede the orderly progression of programs through the acquisition process."

Limited Reporting Requirements. An austere reporting approach has been emphasized repeatedly in the various 5000 reissuances. The 1975 version, for example, stated that "documentation shall be generated in the minimum amount to satisfy necessary and specific management needs." And the 1996 drafts⁷ include a policy statement that "consistent with statutory requirements, program manag-

Table 1:
Number of 5000 Issuances per Administration

Administration	No. of Issuances
Nixon	1 (1971)
Ford	2 (1975, 77)
Carter	1 (1980)
Reagan	4 (1982, 85, 86, 87)
Bush	1 (1991) ⁸
Clinton	1 (Just completed)

ers and other participants in the defense acquisition process shall be required to present only the minimum information necessary for decision authorities to understand program status and make informed decisions.”

Program Stability. Program stability has also been a hardy perennial in the annals of defense acquisition policy. Nearly every issuance of the 5000 documents has made much of the importance of program stability. A good example comes from the 1987 version of the 5000.1, which stated that:

Reasonable stability in acquisition programs is essential to satisfying identified military requirements in the most effective, efficient, and timely manner. Accordingly, program funding and requirements changes shall be minimized and shall not be introduced without assessing and considering the impact of such changes on the overall acquisition strategy and the established program baseline.

THE 5000 SERIES: POLICY CHANGE

While there has been a remarkable degree of underlying stability in general principles, acquisition policy has changed over time. As shown in the summary table at the end of the paper, historically there have been two main catalysts for 5000 policy change. The first is a change in presidential administration. Every administration has issued its own version, and sometimes more than one. The Reagan administration, which held office for two full terms, issued four different versions of the 5000 documents, three of them in the three years between 1985 and 1987. Today, the Clinton administration is working on a new version (discussed in a later section).

What changes have been made in acquisition policy since the first version of 5000? A chart of the “course of policy change in chronological fashion” follows.

1975: A New Instruction. The first reissuance of 5000 was published in 1975 by Deputy Secretary William Clements. Differences in content between the 1971 version and the 1975 version were mini-

Table 2:
DSARC and DAB Membership

<p>DSARC (c. 1977) Defense Acq. Exec., Chair Dir., Def Res. & Eng. ASD (Install & Log.)⁹ ASD (Comp.) Dir., Planning & Evaluation Dir., Telecom. & C² Systems</p> <p>Selected Advisors: Chairman, JCS DDR&E (Test & Evaluation) Chairman, Cost Analy. Impr. Group Component Head</p>	<p>DAB (Today) USD(A&T), Chair Prin. Dep. USD(A&T) Vice Chair, JCS, Vice Chair USD (Comp.) Dir., Prog. Anal. & Eval. ASD (Strat. & Res.) Comp. Acq. Execs. Overarching IPT Leader</p> <p>Selected Advisors: ASD (Econ. Sec.) DUSD (Acq. Ref.) DUSD (Env. Sec.) DUSD (Log.) Dir., Def. Proc. Dir., Acq. Prog. Integ. Asst. Gen. Counsel (Acq. & Log.) Dir., Test, Sys. Eng., & Eval. Chair, Cost Analy. Improv. Group</p>
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mal. The big change in 1975 was the issuance of an accompanying instruction, DoD Instruction 5000.2, signed by Malcolm Currie, then-Director of Defense Research and Engineering.

The new instruction was narrowly focused, intended to establish “instruction guidelines governing the use of the Decision Coordinating Paper (DCP) and the Defense Systems Acquisition Review Council (DSARC).” The DCP was to be summary document that would “support the DSARC review and the Secretarial decision-making process throughout the acquisition phase of the system program.” Interestingly, this description of the DCP bears a close resemblance to the System Acquisition Management Plan (SAMP) now being instituted by the Air Force as a

new streamlined means of presenting program information to top decision makers.

The new instruction only briefly referred to the DSARC. The membership of the DSARC and other administrative details were contained in the DSARC Charter, DoD Directive 5000.26. According to DoDI 5000.2 the DSARC was to serve “as an advisory body to the Secretary of Defense on major defense system acquisition programs and related policies.” The DSARC was chaired by the DDR&E (DSARC and DAB memberships are compared in Table 2).

1977: A New Milestone. Institutionalizing policy change literally at the last minute, the Ford administration issued a new set of 5000 documents on Jan. 18,

1977, just two days before Jimmy Carter's inauguration. This time, Deputy Secretary William Clements signed 5000.1 and 5000.2, both of which were issued that year as directives. The reason was that this version of 5000.2 cancelled the separate DSARC Charter and included DSARC membership and responsibilities in the body of the instruction. The new documents were the product of several years of work. Several important events contributed to the formulation of the 1977 version, including the recommendations of the Commission on Government Procurement, the establishment of the Office of Federal Procurement Policy, and the issuance of OMB Circular A-109.

The major change evident in this version was the addition of a new milestone decision point. The 1971 and 1975 versions had described three major decision points: program initiation, full-scale development, and production and deployment. The 1977 issuance described a new decision point and corresponding phase: demonstration and validation. This addition was part of a continuing trend to concentrate management effort on reducing technical risk early in a program's life-cycle before initiation of full scale development. Of course, the late 1970s were a period of heightened Cold War tensions between the U.S. and the U.S.S.R. United States defense acquisition policy during this period was to respond to the Warsaw Pact's overwhelming quantitative advantages by pursuing ever more advanced technological solutions to mission needs.

The 5000 documents described the new decision as follows:

When the DoD Component completes the competitive exploration of alternative system concepts to the point where the selected alternatives warrant system demonstration, the DoD Component Head shall request approval to proceed with the demonstration and validation effort.

The DoD Component Head may conclude that the demonstration and validation phase should involve several alternatives, be limited to a single system concept, or involve alternative subsystems only and not be conducted at the system level. [The Component Head could also conclude that] there should be no demonstration and that the program should proceed directly into full-scale engineering development.

Other important changes made in the 1977 version included explicit direction to the Service Secretaries to "charter a System Acquisition Review Council similar in composition, responsibilities, and operation to the DSARC to review major system acquisition programs and to advise the Service Secretary." The "SARC" was to be chaired by the Service Secretary or Under Secretary. Given the contemporary focus on interorganizational teamwork, it is interesting to note that the 5000 provided that "upon request of the SARC Chairman, the Defense Acquisition Executive shall designate a senior OSD staff official to participate in the SARC."

1980: Focusing on Cycle Time and Adding More Detail. The Carter administration version of the 5000 is notable for several reasons. First, it included a discus-

sion of several important concepts, including acquisition time and the interaction between the acquisition process and budget process. According to the 1980 5000.1, a “primary objective of management shall be to minimize the time it takes to acquire materiel and facilities to satisfy military needs. Particular emphasis shall be placed on minimizing the time from a commitment to acquire an operable and supportable system to deploying it with the operating force.” To reduce cycle time, the 5000 authorized Components to explore various alternatives, including experimental prototyping of critical components, combining phases, or even omitting phases altogether.

Second, the 1980 version greatly expanded the descriptive nature of the 5000.2 instruction. For example, the instruction included an 8-page enclosure that listed “DoD policy issuances related to the acquisition of major systems.” This enclosure was quite detailed, listing such documents as the Defense Acquisition Regulation, DoD Directive 5000.23, *System Acquisition Management Careers*, DoD Directive 4105.62, *Selection of Contractual Sources for Major Defense Systems*, and DoD Instruction 7000.11, *Contractor Cost Data Reporting*. The 1980 version also included detailed descriptions and formats for required documentation, such as the DCP.

Third, the 1980 version added a new document to the list of reports required at major milestone reviews. The new document was the Integrated Program Summary (IPS), which is still in use today (current changes in documentation are discussed in the last section of the paper). According to the 1980 5000.2, the purpose of the IPS was to summarize “the imple-

mentation plan of the DoD Component for the life cycle of the system. The IPS provides information for a management overview of the entire program.”

Finally, the 1980 version described the new position of “DSARC Executive Secretary.” According to 5000.2, the “Defense Acquisition Executive shall designate a permanent Executive Secretary who shall administer and coordinate the DSARC process.” In addition, the DSARC Executive Secretary would be responsible for maintaining and distributing periodic status reports, assembling and distributing necessary documentation, maintaining a central reference file of program documentation, and controlling attendance at the DSARC.

1982: Implementing the Carlucci Initiatives. The main impetus driving the issuance of the 1982 revisions was the establishment of the Defense Acquisition Improvement Program (DAIP), better known as the “Carlucci Initiatives,” after then-Deputy Secretary Frank Carlucci. The DAIP, which had been launched by Carlucci shortly after the Reagan administration took office in early 1981, was a comprehensive reform effort aimed at improving numerous aspects of the defense acquisition process. The DAIP consisted of 32 management initiatives, ranging from multiyear procurement and economic production rates to design-to-cost and linking acquisition and budgeting.

The 1982 revisions reflected many of the DAIP’s themes. As Carlucci stated in a cover memorandum, “The attached Directive has been revised to reflect the principles and policies of the Acquisition Improvement Program.” Many of these principles were particularly evident in 5000.1:

Improved readiness and sustainability are primary objectives of the acquisition process.... Reasonable stability in acquisition programs is necessary to carry out effective, efficient, and timely acquisitions. To achieve stability, DoD Components shall conduct effective long range planning, consider evolutionary alternatives, estimate and budget realistically, [and] plan to achieve economical rates of production.

The 1982 version also made a change in milestone documentation, replacing the Mission Element Need Statement (MENS) with the Justification for a Major Systems New Start (JMSNS). The primary objective of this change was to more closely link the mission need determination process with the resource allocation process. As 5000.1 stated, "The mission need determination is accomplished in the PPBS process based on a Component's JMSNS which is submitted with the Program Objectives Memorandum (POM) in which funds for the budget year of the POM are requested."

1985–86: Responding to the "Horror Stories." Near the end of President Reagan's first term, procurement "horror stories" began cropping up with alarming regularity in the major media. As J. Ronald Fox has written:

In the mid-1980s, an atmosphere of uncertainty, frustration, and apprehension pervaded the Pentagon and its contracting base, for each new day brought with it additional regulations and concerns that more errors would be uncovered by either the press or

congressional auditors, investigators, and overseers. By 1986, the logjam of procurement legislation awaiting implementation had become so great that the Pentagon and defense industry officials pleaded with Congress for a moratorium on further reform legislation. (Fox, 1988)

The most significant change in the 1985 version designed to respond to procurement "horror stories" was the naming of the Deputy Secretary as the "Defense Acquisition Executive." Appointment of a single acquisition executive was a signal to Congress that the Pentagon was taking acquisition management seriously (although clearly the Deputy Secretary was not a "full-time" acquisition executive, since he spent a good deal of each working day on other matters not related to acquisition).

1987: Implementing the Packard Commission. In 1987, Congress and the Pentagon both began an intensive campaign to respond to the major recommendations of the Packard Commission. President Reagan had chartered this blue ribbon commission in 1985 to examine ways to improve defense management in general, and defense acquisition specifically. The commission made several important recommendations: Among other things, the commission suggested the establishment of a new full-time political appointment in OSD, an Under Secretary of Defense for Acquisition (USD(A)) who would have wide-ranging powers to supervise acquisition throughout the entire Department. The commission also recommended the institutionalization of baselining weapons programs to ensure a

corporate commitment to key cost, schedule, and performance objectives.

Congress responded to the Packard recommendations very enthusiastically and, in short order, enacted the Defense Acquisition Improvement Act of 1986, which created the new USD(A) position. President Reagan nominated Richard Godwin, an executive with the Bechtel Corporation, to take the new job of acquisition czar. Within a few months of his confirmation, Godwin initiated another revision of the 5000 series documents, a revision which proved to be very controversial and ultimately played a starring role in Godwin's resignation after less than a year in the job.¹⁰

The 1987 documents contained several major changes over previous versions. First, they codified the new streamlined acquisition chain of command. This chain of command had been another major Packard recommendation. The new chain ran from the Program Manager through a Program Executive Officer to the Acquisition Executive of the military department. For selected major programs, of course, the chain went one link further to the new USD(A), who functioned as the Department's Acquisition Executive. Previously this position had been held by the Deputy Secretary.

Second, the 1987 documents established a new system of committees to support the operation of the Defense Acquisition Board (DAB).¹¹ According to the 1987 DoDI 5000.2, the committees were to "provide assistance in program review and policy formulation." The committees included three which focused on programmatic matters: strategic systems, conventional systems, and C³I systems, and seven others that were designed to focus on

broader policy issues. Among the latter set were science and technology, nuclear weapons, and international programs. The catalyst for the creation of these committees was Richard Godwin's frustration with the number of standing boards and councils that reported to him as USD(A). One count went as high as 126 separate boards and councils under his jurisdiction, many of them not directly related to acquisition. Godwin saw the DAB committee system as a means of consolidating his management structure and streamlining his span of control. Ironically, only the three programmatic committees exist today (now reconstituted as Overarching Integrated Product Teams); the policy-oriented committees never took root in the acquisition bureaucracy.

Third, the 1987 documents established two new milestones: Milestone IV and Milestone V. Milestone IV was designed to be a review one to two years after initial deployment to assure operational readiness and support objectives are being achieved and maintained during the first several years of operation. Milestone V was defined as a review, 5 to 10 years after initial deployment, of a system's current state of operational effectiveness and suitability to determine if major upgrades are necessary. Both post-production milestones were added to the 5000 in response to long-standing criticisms that the acquisition system paid too little attention to the life-cycle implications of new systems. The theory was that the institutionalization of formal decision reviews in the trans- and post-production periods would force the Department's acquisition leadership to continue to focus on the progress of weapons systems after a successful Milestone III, and to evaluate the possi-

bilities for system life extension improvements in lieu of costly new acquisition programs.

1991 AND 1996: WHAT A DIFFERENCE FIVE YEARS MAKE

The 1991 and 1996 revisions of the 5000 documents are easily the most far-reaching changes enacted since the 5000 was originally published in 1971. The 1991 documents represented a dramatic centralization of policy control and procedural specificity. And the 1996 version represents an equally dramatic reversal of these elements! The following section analyzes these two issuances.

1991: Policy Overhaul. The 1991 revision was prompted by Secretary of Defense Dick Cheney's 1989 Defense Management Report (DMR) and resulted in two revised issuances, DoDD 5000.1, "Defense Acquisition," DoDI 5000.2, "Defense Acquisition Management Policies and Procedures," and a new DoD 5000.2-M Manual, "Defense Acquisition Management Documentation and Reports." The DMR criticized the acquisition management system as being undisciplined and overburdened by regulation and made many specific recommendations for improvement. The 1991 documents were a concerted effort to respond to the DMR critique.

There were four main objectives of the 1991 overhaul (Sylvester, 1991). The first goal was to create a uniform system of acquisition policy by consolidating OSD guidance in one set of documents and enforcing a "no-supplementation" rule that barred the Components from supplement-

ing the 5000 guidance with their own policy initiatives.

The second objective was to discipline the acquisition management process by articulating very clear (and, as some critics argued, rigid) guidelines for how programs should proceed through the acquisition life cycle, and by providing specific requirements for program documentation.

Third, the 1991 documents were an attempt to streamline the acquisition regulatory regime. This was to be accomplished by consolidating and cancelling numerous DoD directives, instructions, and policy memoranda that had previously been issued separately. More than 50 such documents were cancelled and their salient content combined into the new 5000 issuances. Examples include an August 5, 1988, Deputy Secretary policy memorandum on "Computer-Aided Acquisition and Logistics Support," DoD Directive 4120.18, "The DoD Metrication Program," and DoD Instruction 7220.31, "Unit Cost Reports." In most cases, much of the substantive content of these documents was retained.

The fourth and final aim of the 1991 rewrite was to address a litany of common complaints. Some of the most often voiced complaints were that the decision process was cluttered with too many people and offices and that many of these officials openly operated as "advocates" capable of exercising "veto" power over a program's progress if their unique demands weren't met.

The 1991 version reflected several major changes. First, the 5000.2 was now applied to *all* acquisition programs, not just major programs. This was a significant departure from previous practice, under which the procedures spelled out in

the 5000.2 were intended for specific application only to major programs. (Since the first Packard edition, the 5000.1, on the other hand, has always stated general policies intended for application to all acquisition.)

Second, the documents created a new set of four acquisition categories, or “ACATs,” which characterize a program’s risk, complexity, and level of management authority. ACAT I programs are major programs, as defined in Title 10.¹² ACAT II programs are smaller programs that meet the statutory criterion for “major systems.”¹³ ACAT IIIs and IVs are still smaller programs, whose proper level of management authority is determined by the Component.

Third, the 1991 documents were the most comprehensive in 5000 history in terms of guidance and information provided to the field. The three documents—5000.1, 5000.2, and the manual—spanned over 900 pages in length. No other version of the 5000 documents since 1971 ever exceeded 60 pages. In part, this increase in volume was due to the consolidation of numerous directives and instructions that formerly had been issued as separate documents. The increase was also due to a deliberate attempt to provide as much specific information as possible on subjects such as decision criteria, key phase activities, and document formats.

In sum, the underlying shift in 1991 was a transition from a personal interaction among OSD, the Components, and program offices to a more formalized report-based interaction in which all necessary information would be transmitted in writing. This basic shift has now been reversed by the new 1996 documents, which are discussed next.

1996: Institutionalizing Acquisition Reform. Today, the Department is again revising the 5000 series documents. At this writing, the new 1996 version has just been completed and is being forwarded to the Secretary of Defense for final approval. The 1996 version was prepared by a joint working group, which consisted of representatives from OSD, the military departments, and the Defense agencies, and was co-chaired by the Deputy Under Secretary of Defense (Acquisition Reform) and the Director, Acquisition Program Integration.¹⁴

There are four principal objectives underpinning this most recent rewrite. First, this revision seeks to clearly separate mandatory policies and procedures from *discretionary* practices. The intent is to free managers to exercise sound judgment when structuring and executing defense acquisition programs.

Second, the new version incorporates into the 5000 series new laws and regulations that have been enacted since the last update. These include the Federal Acquisition Streamlining Act of 1994 and numerous policy memoranda issued by DoD acquisition officials, including new policy documents issued to implement acquisition reform recommendations.

Third, the latest edition consolidates, for the first time ever, acquisition policy guidance for weapon systems and automated information systems. Historically, the Department has treated these two classes of acquisition programs separately in terms of policies and procedures. Several separate AIS policy documents in the 7920 and 8120 directive and instruction series will be cancelled.

Finally, this revision is intended to respond to a growing perception that the

current 5000 documents are unwieldy and too complex. To make the documents more “user-friendly,” the final documents will be incorporated into the forthcoming Defense Acquisition Deskbook. The Deskbook will be the universal electronic and hard-copy repository of all DoD mandatory direction and discretionary guidance.

The new 1996 documents institute several major changes. First, while the new DoD Directive 5000.1 specifies guiding principles for all acquisition programs across the Department, the new regulation (more below on the switch to a “regulation”) 5000.2 only applies to major programs. This reverses the scope of the 1991 5000.2. The intent of this change is to decentralize acquisition practice as much as possible and allow Component Acquisition Executives more of a hand in managing the programs for which they are being held accountable.

Second, the 1996 5000.1 articulates several new guiding principles that reflect how the department’s acquisition system is responding to the larger changes in the global security environment wrought by the end of the Cold War. For example, one of the new policy principles stresses the importance of “nontraditional acquisition”:

The Department must be prepared to plan and execute a diverse variety of missions. To meet the user’s needs in a timely manner, the acquisition system must be able to rapidly insert advanced technology directly into the warfighter’s arsenal. Doing so means being able to demonstrate new and improved military capabilities on a scale adequate to establish

operational utility and affordable cost. Demonstrations based on mature technologies may lead to more rapid fielding. Where appropriate, managers in the acquisition community shall make use of non-traditional acquisition techniques, such as Advanced Concept Technology Demonstrations (ACTDs), rapid prototyping, evolutionary and incremental acquisition, and flexible technology insertion.

Other new policy principles include modeling and simulation, innovative practices, and Cost As an Independent Variable (CAIV).

Third, the 1996 version moves away from the 1991 document’s report-based interaction model. The 1996 version explicitly relies on Integrated Product Teams (IPTs) to break down the barriers between different organizations and acquisition disciplines and encourage integrated solutions to management problems. Moreover, the 1996 version cancels numerous report formats previously mandated by the 1991 documents (see Table 3). The focus in the new 5000 is on assembling the proper information for decision makers; the specific packaging and formats of this information is treated as an issue of secondary importance.

Fourth, at this writing, OSD leadership is considering a new method for updating the 5000 documents. As this article has shown, the traditional approach has been to engage in a “full-court press” of Herculean proportions every several years to update policy and practice. Now, to make the policy more of a dynamic representation of the areas currently being emphasized by the Department’s leadership,

Table 3:
Report Formats in the New 5000

Specifically Mandated	Format No Longer Cited
Consolidated Acquisition Reporting System Operational Requirements Document Test and Evaluation Master Plan Live Fire Test and Evaluation Major AIS Quarterly Report	Mission Need Statement Integrated Program Summary (Includes Acquisition Strategy Report) System Threat Assessment Report Manpower Estimate Report Cost and Operational Effectiveness Analysis LRIP Report for Ships/Satellites Value Engineering Report Program Deviation Report MYP Contract Certification Fixed Price Contract Certification

one proposal under consideration is to use a standing board,¹⁵ chaired by OSD and including representatives of the military departments, to vet policy proposals and authorize their inclusion in the 5000 documents. The chief advantages of such an approach would be to instill more discipline into the policy-making process and to avoid such long lag times between the initial articulation of a new policy and its ultimate institutionalization in the 5000 series.

CONCLUSION

The 5000 series documents are a unique window that allow us to see both the stability and change evident in defense acquisition policy over the last 25 years. While it is easy to criticize the fairly frequent changes in the 5000 documents over the years as evidence of a Department unclear about how it wants to proceed, there

is a more optimistic (and, I would argue, realistic) view. The evolution of the 5000 documents reveals a Department sensitive to changes in its environment and quite willing to adapt its internal procedures to respond to this environmental turbulence.

In the early 1970s, as the Vietnam draw-down began, the Department's leadership took action to ensure a disciplined approach for managing acquisition in the post-Vietnam era. In the mid-1980s, the Department moved to institute several policy changes in response to the Packard Commission and the acquisition improvement legislation it spawned. And finally, in the 1990s, the Department has moved, first, to consolidate an acquisition policy system that had grown out of control, and second, to "deconstruct" this consolidated mass into a minimal set of mandatory principles and procedures that provides managers the greatest possible discretion. In each of these policy eras, the 5000 has been the primary vehicle for change.

The 5000 Series in Historical Perspective

Indicators	1971	1975	1977	1980	1982
Who Signed It?	<ul style="list-style-type: none"> David Packard 	<ul style="list-style-type: none"> William Clements (5000.1) Malcom Currie (5000.2) (plus other DSARD members) 	<ul style="list-style-type: none"> William Clements (5000.1 and 5000.2 - both were issued as DoDDs that year because the DSARC charter was included in 5000.2) 	<ul style="list-style-type: none"> W. Graham Claytor (5000.1 and 5000.2) 	<ul style="list-style-type: none"> Frank Carlucci (5000.1) Paul Thayer (5000.2 - actually issued in 1983)
Title	<ul style="list-style-type: none"> Acquisition of Major Defense Systems (5000.1) 	<ul style="list-style-type: none"> Acquisition of Major Defense Systems (5000.1) The Decision Coordinating Paper and the Defense Systems Acquisition Review Council (5000.2) 	<ul style="list-style-type: none"> Major Systems Acquisitions (5000.1) Major System Acquisition Process (5000.2) 	<ul style="list-style-type: none"> Major Systems Acquisitions (5000.1) Major Systems Acquisition Procedures (5000.2) 	<ul style="list-style-type: none"> Same as 1980
Catalyst for Insurance	<ul style="list-style-type: none"> Demonstrating to Congress a credible management system Responding to Vietnam-era drawdown 	<ul style="list-style-type: none"> New administration Issuance of New DoDI 5000.2 	<ul style="list-style-type: none"> Implement OMB A-109 Institutionalize changes before Carter administration took office 	<ul style="list-style-type: none"> Change of administration Emphasize need to reduce cycle time and to correlate acquisition decisions with PPBS 	<ul style="list-style-type: none"> Change of administration Implement Carlucci Initiatives and Defense Acquisition Improvement Program
Major Changes	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> Minimal changes to 5000.1 Included references to 19 DoDDs and DoDIs 	<ul style="list-style-type: none"> DSARC Charter included in 5000.2 Both documents issued as DoDDs Added Dem/Val milestone Directed establishment of Service-level "SARCS" Added Definitions section 	<ul style="list-style-type: none"> Separate discussion of affordability, acquisition time, and tailoring Added new milestone documentation and included administrative details such as a pre-DSARC countdown Called out "Secretary of Defense Decision Memorandum" as official document 	<ul style="list-style-type: none"> More explicit language on program stability, realistic budgeting, economic production rates, and evolutionary acquisition strategies Justification for Major Systems New Starts replaces MENS
Major Milestones	<ul style="list-style-type: none"> Program Initiation Full Scale Development Production and Deployment 	<ul style="list-style-type: none"> Program Initiation Full Scale Development Production and Deployment 	<ul style="list-style-type: none"> Program Initiation Demonstration/Validation Full Scale Development Production and Deployment 	<ul style="list-style-type: none"> Program Initiation Demonstration/Validation Full Scale Development Production and Deployment 	<ul style="list-style-type: none"> Program Initiation Demonstration/Validation Full Scale Development Production and Deployment (delegated to Component)
Format Milestone Documentation	<ul style="list-style-type: none"> Decision Coordinating Paper (DCP) 	<ul style="list-style-type: none"> DCP 	<ul style="list-style-type: none"> Mission Element Need Statement (MENS - for Milestone 0) DCP 	<ul style="list-style-type: none"> MENS DCP Integrated Program Summary (IPS) 	<ul style="list-style-type: none"> JMSNS System Concept Paper (SCP) Test and Evaluation Master Plan DCP IPS
References	<ul style="list-style-type: none"> 14 (not clear if all 14 were actual documents) 	<ul style="list-style-type: none"> 23 	<ul style="list-style-type: none"> 29 	<ul style="list-style-type: none"> 136 	<ul style="list-style-type: none"> 37
Page Count (including DoDI)	<ul style="list-style-type: none"> 7 	<ul style="list-style-type: none"> 14 	<ul style="list-style-type: none"> 33 	<ul style="list-style-type: none"> 60 	<ul style="list-style-type: none"> 38

The 5000 Series in Historical Perspective

	1985	1986	1987	1991	New 1996 Version
Who Signed It?	<ul style="list-style-type: none"> William Howard Taft (5000.1 and 5000.2) Same as 1980 	<ul style="list-style-type: none"> William Howard Taft (5000.1 and 5000.2) Same as 1980 	<ul style="list-style-type: none"> William Howard Taft (5000.1 and 5000.2) Major and Non-Major Defense Acquisition Programs Defense Acquisition Program Procedures 	<ul style="list-style-type: none"> Donald Atwood Donald Atwood and Robert Duncan 	<ul style="list-style-type: none"> William Perry John White
Title				<ul style="list-style-type: none"> Defense Acquisition Defense Acquisition Management Policies and Procedures Defense Acquisition Management Documentation and Reports 	<ul style="list-style-type: none"> Defense Acquisition Mandatory Procedures for Major Defense Acquisition Programs and Major Automated Information Systems
Catalyst for Insurance	<ul style="list-style-type: none"> Respond to procurement "horror" stories Demonstrate that top officials were paying attention to acquisition system 	<ul style="list-style-type: none"> Reflect establishment of new Director of Operation Test and Evaluation (DOT&E) and associated reporting requirements 	<ul style="list-style-type: none"> Implement Packard Commission and related acquisition improvement legislation Reflect establishment of new Under Secretary of Defense for Acquisition Emphasize that 5000 acquisition policies apply Department-wide 	<ul style="list-style-type: none"> Change of administration Implement Defense Management Report 	<ul style="list-style-type: none"> Institutionalize acquisition reform efforts Implement Reinventing Government Initiatives Integrate policy for weapon systems and automated information systems
Major Changes	<ul style="list-style-type: none"> Named Deputy Secretary as "Defense Acquisition Executive" Reflected new ASD (Acquisition and Logistics) as Milestone III DSARC chair 	<ul style="list-style-type: none"> Includes discussion of DOT&E as member of DSARC Includes discussion of content and timing of the Beyond-Low Rate Initial Production (B-LRIP) report 	<ul style="list-style-type: none"> Includes discussion of USD(A) Breaks major programs into two categories: DAB and Component Includes discussion of Program Baselines 	<ul style="list-style-type: none"> Consolidation of over 50 Directives, Instructions, and policy memoranda into a unified set of acquisition guidance Application of 5000.2 procedures to all Acquisition Category programs Creation of a Manual specifying detailed formats and procedures for acquisition reports 	<ul style="list-style-type: none"> Deletion of substantial volume of guidance formerly treated as mandatory New guiding principles on Non-Traditional Acquisition, IPPD, and Innovative Practices Institutionalization of IPTs and IPPD Deletion of numerous report formats
Major Milestones	<ul style="list-style-type: none"> Same as 1982 version 	<ul style="list-style-type: none"> Same as 1982 version 	<ul style="list-style-type: none"> Milestone 0, Concept Exploration and Definition Milestone I, Demonstration and Validation Milestone II, Full Scale Development/Low Rate Initial Production Milestone III, Full Rate Production and Initial Deployment Milestone IV, Review Readiness and Support Milestone V, Upgrade or other Replacement Action 	<ul style="list-style-type: none"> Same as 1987 except for deletion of Milestone V 	<ul style="list-style-type: none"> Same as 1987 except for <ul style="list-style-type: none"> Deletion of Milestone V Treatment of LRIP as a separate decision point that may be held after the Milestone II decision

The 5000 Series in Historical Perspective

	1985	1986	1987	1991	New 1996 Version
Indicators Formal Milestone Documentation	<ul style="list-style-type: none"> Same as 1982 version 	<ul style="list-style-type: none"> Same as 1982 version plus the B-LRIP report 	<ul style="list-style-type: none"> Mission Need Statement Cooperative Opportunities Document System Concept Paper Test and Evaluation Master Plan Cost and Operation Effectiveness Analysis Common-Use Alternatives Statement Program Baseline Independent Cost Estimate Decision Coordinating Paper Acquisition Strategy Report Beyond-LRIP Report Manpower Estimate Report 	<ul style="list-style-type: none"> Same as 1987 with the following changes: <ul style="list-style-type: none"> Several documents formerly treated in separate regulations, such as the Operational Requirements Document and System Threat Assessment Report, were now discussed in the new 5000 2-M Manual The SCP, DCP, and Common-Use Alternatives Statement were deleted 	<ul style="list-style-type: none"> Same as 1991 with the following changes: <ul style="list-style-type: none"> Mandatory formats only specified for CARs, ORD, TEMP, LFT&E, MAIS Quarterly Report
References	<ul style="list-style-type: none"> 38 	<ul style="list-style-type: none"> 38 	<ul style="list-style-type: none"> 54 	<ul style="list-style-type: none"> 152 (does not include the documents that were cancelled) 	<ul style="list-style-type: none"> 64 (does not include the documents that were cancelled)
Page Count	<ul style="list-style-type: none"> 42 	<ul style="list-style-type: none"> 40 	<ul style="list-style-type: none"> 38 	<ul style="list-style-type: none"> app. 900 (includes both the Manual and Change I published in February 1993) 	<ul style="list-style-type: none"> 160

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END NOTES

1. The author would like to acknowledge the kind assistance of several colleagues, including David Anderson, Fred Reinhard, John Smith, and Ric Sylvester.
2. The reader should note that before the 5000 series, DoD had relied on the 3200 series to articulate defense R&D and procurement policies and procedures. For example, Secretary of Defense Robert McNamara issued DoD Directive 3200.9, "Initiation of Engineering and Operational Systems Development," in July 1965.
3. The Secretary, Director of Defense Research and Engineering, and the Assistant Secretary for Telecommunications. It is interesting to note that the first 5000 distinguished between acquisition programs under DDR&E's cognizance and those programs under the jurisdiction of the ASD(Telecommunications). Twenty-six years later, the names have changed but the Department is still wrestling with this division of labor.
4. Then defined as "programs which have an estimated RDT&E cost in excess of 50 million dollars or an estimated production cost in excess of 200 million dollars."
5. Limited reporting, of course, continues to be a major concern today.
6. Please note that this table is a summary and is not intended to provide a complete description of each document.
7. As of this writing, USD(A&T), DOT&E, and ASD(C³I) have approved the 1996 final drafts and forwarded them to the Secretary of Defense for final approval.
8. An update was published in February 1993, right at the beginning of the Clinton administration, but this was really only an administrative change, not a formal reissuance of the directive and instruction.
9. The reader should note that the old ASD(I&L) organizations had broad responsibilities, to include both production and contracting issues.
10. During the final stages of the 1987 5000 revision, Mr. Godwin complained that higher officials had revised key sections of the documents to dilute his statutory authority. A point of particular contention was the replacement of the word "establish" with the word "develop" in a sentence stating that a primary role of the USD(A) was to "establish" acquisition policy for the Department.
11. The DAB was the new name for the DSARC, which had been temporarily renamed the Joint Requirements and Management Board during 1986.

12. 10 USC 2430.
13. 10 USC 2302.
14. It is worth noting that this working group method is a departure from previous practice. Many (but not all) previous 5000 rewrites were developed by small teams of OSD officials and then coordinated with the rest of the Department. The 1996 version was developed jointly by a working group that included over 20 representatives of the Department's acquisition organizations.
15. One candidate for this standing board is the Joint Functional Team (JFT), which was established in 1995 to oversee the operations of the Defense Acquisition Deskbook. The JFT is co-chaired by the DUSD(AR) and the D, API.