



ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE  
3015 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3015

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MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
COMMANDER, U.S. SPECIAL OPERATIONS COMMAND  
COMMANDER, U.S. TRANSPORTATION COMMAND  
DIRECTORS, DEFENSE AGENCIES  
DIRECTORS, DOD FIELD ACTIVITIES

SUBJECT: Improving Milestone Process Effectiveness

Our current milestone review process does not provide adequate opportunity for the Milestone Decision Authority (MDA) to review program plans prior to release of the final Request for Proposals (RFP), the point at which the Department's requirements, schedule, planned program content, and available funding should be firm and available for review. By waiting until all bidding activities, proposal evaluation, and source selection are complete, we are making our most significant program acquisition investment decisions at a point when changes to acquisition strategies and program plans would be highly disruptive. In addition, the desire throughout the milestone process is to minimize the overhead associated with the reviews and to rely on planning documents, including System Engineering Plans and Test and Evaluation Master Plans, which are actually used to plan and manage the program as opposed to documents created solely for review by the MDA and supporting staff. These planning documents should generally accompany RFPs as guidance to bidders or even compliance documents, and they are expected to evolve to higher levels of specificity and detail as the program becomes more firmly defined over the acquisition cycle.

Consequently, the following changes to our milestone review process (see Attachment) are directed:

1. Milestone A: MDAs shall conduct a Milestone A (MS A) review supported by the information required by Department of Defense Instruction (DoDI) 5000.02 before approving release of the final RFP for the Technology Development Phase. Program Managers may submit their Technology Development Strategy for MDA approval sufficiently prior to the milestone to facilitate preparation of the final RFP. If substantive changes to the plan approved at MS A result from source selection, the MDA will conduct an additional review prior to contract award. Normally, this should not be required. Draft RFPs released prior to MS A shall inform potential offerors that the terms of the RFP may change based on staff comment and direction resulting from the milestone review.
2. Pre-Engineering and Manufacturing Development (EMD) Review: Program Managers shall plan for and MDAs shall conduct a Pre-EMD Review before releasing the final RFP for the EMD Phase.

*Gate 5 pre Milestone RFP Milestone B*

- a. The purpose of the review will be to assess the Acquisition Strategy (AS), RFP and key related planning documents (see Attachment) and determine whether program plans are affordable and executable and reflect sound business arrangements. Specific attention shall be given to overall affordability; the competition strategy and incentive structure; engineering trades and their relationship to program requirements; should cost initiatives; risk management; and the rationale supporting the program schedule. Pre-EMD Review documents shall be provided in final draft form 45 days prior to this review. Program Managers may submit their AS for MDA approval sufficiently prior to the Pre-EMD Review to facilitate preparation of the final RFP.
  - b. Following this review, the MDA shall authorize Final RFP release. The MDA decision shall be documented in an Acquisition Decision Memorandum.
3. Milestone B: Milestone B (MS B) shall be conducted in accordance with the procedures outlined in DoDI 5000.02 and will include Acquisition Program Baseline approval and, for Major Defense Acquisition Programs (MDAPS), 10 U.S.C. 2366b certification. Unless submitted and approved in support of the Pre-EMD Review, all remaining MS B information requirements (including any significant changes to documents following the Pre-EMD Review) shall be satisfied prior to the milestone. MS B approval shall precede contract award for the EMD phase. By statute, MS B and EMD award for MDAPs must occur after the Preliminary Design Review (PDR). The timing of PDR relative to the Pre-EMD Review is at the discretion of the DoD Component, which must balance the need for more mature design information with the costs and benefits of extending multiple sources' design activities from the time of PDR until formal MS B approval and award of the EMD contract. MS B is expected to focus on changes that have occurred since the Pre-EMD Review as a result of source selection or other program events. If there have been no substantive changes since the Pre-EMD Review then a "paper DAB" should be sufficient.
4. Milestone C: The AS and RFP for the Production and Deployment (P&D) Phase shall be submitted for MDA review and approval prior to Milestone C (MS C) and in sufficient time to allow source selection to be completed prior to the milestone event. MS C shall be conducted consistent with the procedures in DoDI 5000.02 and shall precede contract award for the P&D Phase. MS C approval is dependent primarily on progress in EMD and on the ability, demonstrated through test events, to meet requirements at projected costs. In contrast, MS A and MS B approvals are primarily dependent on reviews of plans and analyses, which are to be implemented through the RFP. Because of this distinction, MS C is not being moved to an earlier point in the process.
5. Peer Reviews: For competitive acquisitions, a Phase 1 Peer Review shall be conducted prior to release of the final RFP for any acquisition phase. For non-competitive acquisitions, a Phase 1 Peer Review shall be conducted prior to commencing negotiations.

The intent of these changes is to move the substance of milestone reviews to an earlier point in the acquisition process without affecting program funding and fielding schedules. Key program execution dates, such as contract awards, Initial Operational Capability, should NOT change as a result of this policy change, and any resulting perceived issues affecting program execution should be brought to the attention of the DoD Component Acquisition Executive and/or MDA for resolution.

These procedural changes constitute expected business practice and shall be applied to programs in acquisition categories I and IA and II through IV with associated reviews not later than October 1, 2011, and, wherever feasible, prior to that date. The procedures will be documented in the Defense Acquisition Guidebook and institutionalized in the next update to DoDI 5000.02.



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Attachment:  
As stated

# Improving Milestone Process Effectiveness

