



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

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MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
(ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES SPECIAL
OPERATIONS COMMAND (ATTN: ACQUISITION
EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Acquisition System Management

As a result of his recent review of the management of the KC-767-A Tanker Program, the DoD Inspector General made several broader observations regarding our overall acquisition control system and the procedures the Department employs to evaluate proposed acquisition approaches, including leasing. This letter is intended to clarify Department policy on both points.

The acquisition of major systems is governed by a substantial body of policy captured in OMB circulars, the Federal Acquisition Regulation, and the DoD 5000 acquisition policies. These policies serve as a management control system intended to ensure that needed capabilities are provided while addressing risk and satisfying all other applicable federal government acquisition requirements. These policies also facilitate program success by structured consideration of a broad spectrum of issues that might endanger that success.

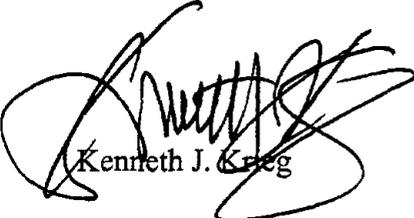
Many of these policies are inherently flexible to provide decision makers with the opportunity to tailor policy to the unique circumstances of each program. However, the opportunity to tailor and streamline must not be taken without thoughtful consideration of the issues our policies are designed to address. Flexibility and discipline are not mutually exclusive objectives.

We must also ensure we make the best use of the analytical tools available. DoD acquires capability through various means; however, use of an alternative approach such as leasing does not alter the requirement to review a program as rigorously as any other



program of comparable size and complexity. The approach employed should be consistent with the requirement, and carefully evaluated in the context of a formal analysis of alternatives. In short, quantitative analysis must play a key role in our determination of the most cost-effective solution. I plan to review the results of those analyses at designated program decision points and strongly suggest that other decision authorities do likewise.

I believe that this flexible but disciplined approach will enhance our ability to make well informed decisions, improve our responsiveness to the warfighter, and ensure confidence in our acquisition system.



Kenneth J. Krieg