A guide to achieving “Faster, Cheaper, Better”
An introduction to a better way of acquiring capability for the UK’s Armed Forces

Acquisition = Requirements + Procurement + Support + Disposal

Through
- Teamworking
- Whole Life Approach
- Using Best Practice

Capability Acquisition is
- Faster
- Cheaper
- Better

Edition 4 — January 2002
Part of the Acquisition Management System
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What is this handbook for?

This handbook will introduce you to Smart Acquisition — a better way for the Ministry of Defence to decide what capability is needed to carry out the defence tasks required of it, and how that capability should be acquired, i.e. specified, procured, supported and, whilst it is in service, maintained and improved, and safely disposed of at the end of its life.

The handbook will:

- **Set out** the aim and objectives of Smart Acquisition, and how these are supported by certain values and beliefs
- **Describe** the roles of the main stakeholders in the capability acquisition process and how they are working together to produce results
- **Describe** the business processes by which defence equipment is specified, procured and supported
- **Outline** the management systems in place to select, develop and motivate the people involved in the acquisition process
- **Tell you** where you can find out more about Smart Acquisition, and explain some of the jargon. If you come across a term you don't understand — try the jargon buster at the back.

The Handbook will be of interest to everyone in Defence and in particular the acquisition community; the Equipment Capability Customer (ECC), the Defence Procurement Agency (DPA), Defence Logistics Organisation (DLO), the Second Customer, our Industry supplier and other parts of the Ministry.

**Fourth edition**

In this fourth edition of the Handbook, there are significant revisions to the sections on the Equipment Capability Customer, the Second Customer and Whole Life Costs, as well as other minor changes and corrections.
What is the aim of Smart Acquisition?

The aim of Smart Acquisition is:

“To enhance defence capability by acquiring and supporting equipment more effectively in terms of time, cost and performance.”

Understanding this aim means understanding that the effective procurement and support of defence equipment are not ends in themselves. They only have value if they enhance defence capability. This aim gives equal emphasis to initial procurement and support as integral parts of the overall acquisition process.

The objectives of Smart Acquisition are:

- To deliver projects within the performance, time and cost parameters approved at the time the major investment decision is taken (the Main Gate, defined later in this handbook)
- To acquire military capability progressively, at lower risk, and with optimisation of trade-offs between military effectiveness, time and whole life cost
- To cut the time for key new technologies to be introduced into the frontline, where needed to secure military advantage and industrial competitiveness

Smart Acquisition has a number of key features:

- A whole-life approach, embodied in a single Integrated Project Team (IPT) bringing together the main stakeholders. The IPT exists for the life of the project, moving from the DPA to the DLO at an appropriate time. Industry is part of the IPT except when competition makes this impracticable.
- Clearly identified customers for the IPT. An Equipment Capability Customer (ECC) who has responsibility for identifying the capability required to meet the UK’s Defence objectives, for translating those requirements into an approved Equipment Programme and for acting as lead customer for the equipment until it enters service. A Second Customer responsible for converting the capability provided by the ECC into a military capability, managing the equipment in-service and for providing relevant advice and expertise to support the ECC’s remit to optimise future capability.
The aim of Smart Acquisition

- A willingness to identify, evaluate and implement effective *trade-offs between system performance, whole-life costs, annual cost of ownership and time.*
- An *open and constructive relationship with Industry,* based on partnering and the identification of common goals including gain-share opportunities, underpinned by competitive contractor selection whenever this provides best value for money.
- A *streamlined* process for *project approvals.*

People who make an effective contribution to Smart Acquisition are likely to share the following values and beliefs:

- An *empathy with the customer,* supporting a commitment to providing equipment which meets the user’s needs, on time and budget
- The *drive to deliver* a high level of performance, as a result of programme setting and monitoring progress against agreed target milestones
- A *desire to work co-operatively* with fellow team members and others, valuing the diversity of the team and understanding the different roles of colleagues
- A predisposition to *share ideas* and information, and the resolve to overcome *problems*
- A wish to *challenge* convention and improve processes rather than hide behind ‘the rules’ and be satisfied with *current performance ‘norms’*
What are the main Smart Acquisition Processes?

The Acquisition Cycle

The objective of the Acquisition cycle is to assist the reduction of risk during the Concept and Assessment stages so that, at Main Gate, there is a high level of confidence that project targets for time, whole-life cost, annual cost of ownership and performance will be achieved. Encouraging a greater proportion of project expenditure in these early stages is therefore a key feature of Smart Acquisition.

At the highest level, each of the six acquisition stages involves executing the plan agreed in the previous stage, reviewing the outcome, and planning for the remaining stages. The basic content of each stage is as follows:

**Concept:** Produce and baseline a statement of the outputs or results that users require from the system, framed as a User Requirements Document (URD). Form the IPT. Initial involvement of Industry. Identify technology and procurement options for meeting the need that merit further investigation. Obtain funding and agree plan for the Assessment and subsequent stages, identifying performance, cost and time boundaries within which it is to be conducted. Produce Through Life Management Plan (TLMP). Pass Initial Gate, where the Assessment Stage is approved and time, cost and performance boundaries of validity will be noted for the project as a whole.

**Assessment:** Produce and baseline the System Requirements Document (SRD), defining what the system must do to meet user needs as stated in the URD. Establish and maintain the linkage between user and system requirements. Identify the most cost-effective technological and procurement solution. Develop SRD, trading time, cost and performance to identify the technological solution within the Initial Gate boundaries. Reduce risk to a level consistent with delivering an acceptable level of system performance to tightly controlled time and cost.
parameters. Refine TLMP. Pass Main Gate with tightly defined and approved performance, time and cost boundaries.

**Demonstration:** Progressively eliminate development risk in order to fix performance targets for manufacture, ensuring that linkage is maintained between the final selected solution and the SRD and URD. Place contract(s) to meet the SRD. Demonstrate ability to produce integrated capability. In many cases, demonstration is the stage where a single contractor is selected. However, this should be done at a stage appropriate to the project, which could either be earlier or later in the project life-cycle.

**Manufacture:** Undertake production and deliver the solution to the military requirement within the time and cost limits appropriate at this stage. Conduct System Acceptance to confirm that the system satisfies the SRD, and thereby the URD, as agreed at Main Gate. Transfer line management of IPT to DLO and lead customer function to the Second Customer.

**In-Service:** Confirm that the military capability provided by the system is available for operational use, to the extent defined at Main Gate, and declare In-Service Date. This may happen in Manufacture instead. Provide effective support to the front line. Maintain levels of performance within agreed parameters, whilst driving down the annual cost of ownership. Carry out any agreed upgrades or improvements, refits or acquisition increments.

**Disposal:** Carry out plans for efficient, effective and safe disposal of the equipment.

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**Variations on the CADMID Cycle**

The CADMID cycle may need to be tailored for some projects, such as those delivering a capability without a 'Manufacture' stage or with a significant Defence Estates element. Examples are output-based service provision arrangements (eg: training systems) and Private Finance Initiative/Public/Private Partnership proposals. These may require a transitional phase wherein new arrangements are incrementally introduced, with the two approval gates being supplemented by Review Notes.
**Smart Requirements**

Smart Requirements is a method of capturing, engineering and managing requirements based on the principles of Systems Engineering. The key objective is to deliver a whole-system, whole-life, evolutionary requirements process which involves all stakeholders and delivers effective and sustainable defence systems to the front-line. Smart Requirements replaced the old process of producing Staff Targets, Staff Requirements and their equivalents for smaller projects, and focuses on user needs rather than equipment characteristics.

The Smart Requirements process is based around two key documents or databases:

- **User Requirements Document (URD) (prepared and owned by the relevant Director Equipment Capability (DEC))**

  The URD is an all-embracing, structured expression of the user needs for a bounded operational capability. It is generated from the Single Statement of Mission Need identified through the capability strategy process. The URD identifies the capability that may, over time, be satisfied by one or several systems.

  The URD consists of a complete set of individual user requirements supported by other documents. URDs are the means by which the DEC develops, communicates and maintains the user’s requirement throughout the life of the system.
URDs identify and clarify the need in order to:

- Communicate the user need to other parties, primarily the IPT and Industry. The URD underpins the Customer Supplier Agreement (CSA) between the DEC and the IPT Leader and, together with the SRD, underpins the Invitation to Tender issued to Industry.
- Provide the benchmark against which analysis of trade-offs is conducted.
- Underpin the Business Case for Initial Gate and, along with the SRD, Main Gate Approval.
- Provide the verification criteria against which the final solution is validated.
- Maintain the link between the changing needs and achieved capability throughout the life of the equipment.

**System Requirement Document (SRD) (prepared and owned by the IPT)**

The SRD defines, in output terms, what the system must do to meet user needs as stated in the URD. Together with the URD, it provides the basis for advising Industry of MOD’s requirements. The linkage between individual requirements within the URD and the SRD is maintained to show the origin of every demand placed on the system and how each user requirement is met.

The SRD is produced by the IPT. Some SRD work will take place ahead of Initial Gate approval in order that equipment options can be identified for Initial Gate. The SRD is updated as required to reflect trade-off decisions and approved system enhancements in response to changes in the URD. It is baselined as necessary to allow the approval of the planned system, or system
upgrade, and progressive development of solutions (including the potential for collaboration with one or more nations).

Although the Smart Requirements process continues through life, the periods of main effort on user and system requirements, and the resulting necessary system design work undertaken by Industry, are illustrated in the following figure.
The acquisition process is designed to respond to the reality that user requirements evolve, not only in the light of changing external events, but also as a result of further studies into system effectiveness and technical feasibility. In some cases, technical risks might suggest a programme of incremental acquisition, where risk is reduced by building the capability up in stages. In other cases, where it seems that a particular requirement cannot be met without disproportionate time or cost penalties, or a major performance improvement is possible without disproportionate time or cost penalties, the DEC, in consultation with other stakeholders and the IPT Leader, is encouraged to trade the requirement off either against a requirement in another project or against time and cost in the same project. The IPT Leader has the authority to trade-off between the three dimensions of a project's time, whole-life cost and performance parameters, staying within the boundaries set by the customer. Trade-offs outside these boundaries, but within the wider bounds of validity set by the Approving Authority, need the agreement of the customer. Many trade-offs take place before Main Gate, but whenever a decision is taken it must be supported by the use of cost-effectiveness analysis, and must be recorded within the SRD and URD.

Statements of requirement are recorded and managed at an individual level, and individual requirements are structured to facilitate understanding of the requirement set. Within the set of individual user requirements, those which are assessed as key to the achievement of the mission need, or which are for some other reason assessed as of particular interest to the IPT Leader and/or DEC (or Capability Working Group (CWG)), will be identified as Key User Requirements (KURs) and Key System Requirements (KSRs). Typically an overall capability will be characterised by no more than ten KURs.

KURs are used to:

- **Characterise the requirement within the Initial and Main Gate Business Cases.**
- **Identify boundaries on user requirements.**
- **Facilitate the assessment of the impact of trade-offs, and of the gap between the evolving user requirement and the achieved (or planned) performance in the system requirement.**
- **Measure the performance of the IPT in meeting DPA Targets.**

KSRs are used to:

**Characterise the system solution through the essential features of the SRD.**

KSRs are not system requirements linked to KURs; these system requirements can be highlighted by querying links between the URD and SRD. KSRs should normally only be required to cover issues beyond those covered by KURs that are of particular interest to the IPT leader and/or DEC (or CWG).
The Requirement Set

Conceptually, the set of individual user and system requirements are in the form illustrated in the following figure, noting that each individual system requirement is underpinned by one or more linked user requirements, and that each individual user requirement will be satisfied by one or more linked system requirements.

The Anatomy of the Requirement Set

Key:
- Single Statement of Mission Needs
- User Requirement
- Key User Requirement
- System Requirement
- Key System Requirement

Note: 'Many to Many' links exist between atomised user and system requirements

Small Project Point

Smart Requirements
Small projects need to follow the same URD and SRD process as large projects, although the length of the documents and databases involved will be considerably less.
The Through-Life Management Plan (TLMP)

To achieve Smart Acquisition it is vital that there is an integrated through life approach to managing acquisition. This starts as soon as the ECC has identified the capability gap, and continues up to the point of final disposal.

**TLMP Aim**

*To plan how to take a project through its life, across the CADMID cycle, meeting Customer needs and providing visibility to all stakeholders of the through life management planning process.*

TLMPs:

- demonstrate that projects
  - have a clear customer focus
  - have been ‘whole life’ planned
  - have been ‘whole life’ costed
  - are realistic
- enable stakeholders to inform and visualise the project
- record commitments made
- ensure completeness, robustness and relevance

A TLMP is maintained and refined as the project progresses, improving in accuracy at each stage, thereby increasing confidence in the IPT’s time, cost and performance targets. Most importantly it states the objectives, assumptions and resources that comprise the through life planning process, and should inform all project-related decisions. A TLMP is not an end in itself, but a means to an end.

The TLMP guidance is as much an underpinning concept as a detailed document structure. Each TLMP will have common features but the final solution may differ, depending on the nature of the project. A TLMP has a product focus, so IPTs that manage more than one product should have a TLMP appropriate to each one.

The TLMP may be likened to a route map taking the project through its lifecycle — a route that is driven by outputs and decisions, that draws out inter-dependencies between different parts of the project, and with other projects. Essentially, it is an articulation by the IPT Leader (and each project manager in an IPT that manages more than one project) to their customers and key stakeholders of how they will manage their project through its life — their response to the task set in their CSA.
Through Life Management Plan (TLMP)

It should bring all aspects of the project together into a single planning and information **focal point for stakeholders**, (including industry at the appropriate stages in both the procurement and in-service stages of the lifecycle) providing a gateway into the detailed project information as indicated by the figure below. So it becomes a **primary decision support tool**.

![TLMP Diagram]

A typical TLMP should include, but not be limited to, the following topics:

1. Project Mission & Objectives  
2. Stakeholders  
3. Strategies  
4. Method  
5. Whole Life Costs and Resources  
6. Evaluation of Success

This framework is pitched so as **to provide a context to all aspects of the project and its life** and should therefore have wide utility.
Whole Life Costs and Cost Of Ownership (WLC and COO)

Smart Acquisition includes the need to examine critically the Whole Life Costs and Cost of Ownership of defence equipment. In order to ensure that investment decisions take full account of the support implications of procurement, a better understanding of the costs associated with operating, maintaining and disposal of the equipment is essential. Whole Life Costing includes the management of costs associated with all phases of the CADMID cycle. Costs associated with the In-Service stage of an equipment’s life are described as the Costs of Ownership.

Whole Life Costs and Costs of Ownership profiles, established early and refined throughout the life of a project, will be used to inform decision making and thereby contribute directly to the optimisation of military output.

Whole Life Costing is the continuous process of forecasting, recording and managing costs throughout the life of an equipment with the specific aim of optimising its whole life costs and military output.

Cost Of Ownership is an annualised representation of the resources consumed directly in the procurement, operation, training, support and maintenance of military equipment at all stages of its life. It works in the same resource currency as the Short Term Plan (STP) and employs similar costing techniques to those employed in Output Costing.

COO is the costed element of the TLMP.

Whole Life Costing and Cost Of Ownership are an integral part of the Through Life Management Planning Process. By establishing a clear linkage between the Equipment Plan cash requirement and the future STP resource provision, an IPT and its major stakeholders are able to identify, and hence develop strategies to manage, future resource peaks. Longer-term initiatives can be considered and agreed between stakeholders based on the corporate objective of reducing annual Cost Of Ownership totals.
## Cost of Ownership Activities in the CADMID Cycle

<table>
<thead>
<tr>
<th></th>
<th><strong>OUTPUTS</strong></th>
<th><strong>BENEFITS</strong></th>
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</thead>
<tbody>
<tr>
<td><strong>CONCEPT</strong></td>
<td>Complete stakeholder financial responsibility analysis.</td>
<td>Provides a baseline against which to judge the affordability of investment decisions</td>
</tr>
<tr>
<td></td>
<td>Identify benchmark for new capability.</td>
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<td></td>
<td>Develop appropriate Cost Breakdown Structure.</td>
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<tr>
<td><strong>ASSESSMENT</strong></td>
<td>Publish Key Programme Assumptions.</td>
<td>Identifies the potential resource implications of performance, cost and time trade-offs.</td>
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<td></td>
<td>Develop and Populate COO Template.</td>
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<tr>
<td></td>
<td>Produce COO affordability comparison for Main Gate submission.</td>
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</tr>
<tr>
<td><strong>DEMONSTRATION</strong></td>
<td>Validate key programme assumptions and update COO.</td>
<td>Offers a common currency to highlight and manage stakeholder processes and costs in order to optimise whole life costs.</td>
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<td></td>
<td>Maintain linkage between cost models and COO.</td>
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<td></td>
<td>Monitor actual costs against forecasts.</td>
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</tr>
<tr>
<td><strong>MANUFACTURE</strong></td>
<td>Validate key programme assumptions and update COO.</td>
<td>Anticipates stakeholder resource requirements for individual equipment well ahead of normal.</td>
</tr>
<tr>
<td></td>
<td>Maintain linkage between cost models and COO.</td>
<td>Projects In-Service STP horizon.</td>
</tr>
<tr>
<td></td>
<td>Monitor actual costs against forecasts.</td>
<td></td>
</tr>
<tr>
<td><strong>IN-SERVICE/ DISPOSAL</strong></td>
<td>Validate key programme assumptions and update COO.</td>
<td>Enables demand-led resource peaks beyond the STP period to be identified and managed.</td>
</tr>
<tr>
<td></td>
<td>Maintain linkage between cost models and COO.</td>
<td>Improves confidence.</td>
</tr>
<tr>
<td></td>
<td>Monitor actual costs against COO.</td>
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</table>
Approvals
Streamlined Approvals embody increased delegations and give more responsibility over the content and staffing of approval documents to the DEC and IPT Leader. The staffing process itself has been simplified. There is also a renewed emphasis on comparing the cost of procurement and support options using whole-life costs and making decisions on that basis. Independent scrutiny and review of approvals submissions are more sharply focused, but the scrutineers are more closely involved with the IPT, discussing and resolving any problems with what is proposed at an early stage.

The system replaces the old three or four approval points by no more than two: the Initial Gate and the Main Gate. Following the Concept Stage, on which up to £10M or 2% of the procurement cost (whichever is the lower) can be spent without an Equipment Approval Committee (EAC) approval, an Initial Gate approval is required before funds can be released for the Assessment Stage. The Initial Gate is intended to be a relatively low hurdle, encouraging early and full exploration of a wide range of options and trade-offs (including collaborative possibilities) for meeting a particular capability, and with emphasis on investment in early risk reduction work. The focus of the Approving Authority at Initial Gate will be on confirming that there is a well-constructed plan for the Assessment Stage that gives reasonable confidence that there are flexible solutions within the performance, cost and time envelope the customer has proposed. Approval at Initial Gate implies no commitment by the ECC or the Approving Authority to a project proceeding to or beyond Main Gate.

Following the Assessment Stage, by the end of which typically up to 15% of the initial procurement cost of the system might be spent, a Main Gate approval is required before any money can be spent in the Demonstration Stage. For Main Gate, a single technological and procurement option (but not necessarily a single supplier) should be recommended. Risk should have been reduced to the extent that the DEC and IPT Leader can, with a high degree of confidence, undertake to deliver the project to narrowly defined performance, cost (procurement) and time parameters. Potential industrial or collaborative issues must be addressed not later than Main Gate, in consultation with the Department of Trade and Industry (DTI) and other Departments (particularly the Treasury) as necessary. The parameters agreed at Main Gate will be those used for external reporting and performance measurement with the Treasury and the National Audit Office (NAO).
Approvals

Equipment projects are divided for approvals purposes into the following four categories:

<table>
<thead>
<tr>
<th>Category</th>
<th>Procurement Cost</th>
<th>Approving Authority Level and Scope for Delegation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Above £400M</td>
<td>Approved by the Equipment Approvals Committee (EAC) (Chief Scientific Adviser (CSA), 2nd Permanent Under Secretary (PUS), Vice Chief of the Defence Staff (VCDS), Chief Defence Procurement (CDP) and Chief Defence Logistics (CDL)), then Ministers.</td>
</tr>
<tr>
<td>B</td>
<td>£100M to £400M</td>
<td>Normally approved at 2* level by representatives of each EAC member. However, members of the 2* Approving Authority may, at their discretion, formally delegate responsibility for approval to a lower level for specific projects. An executive summary of all submissions in Category B is copied to Ministers.</td>
</tr>
<tr>
<td>C</td>
<td>£20M to £100M</td>
<td>Normally approved at 1* level by representatives of each EAC member. However, members of the 1* Approving Authority may, at their discretion, formally delegate responsibility for approval to a lower level for specific projects. An executive summary of all submissions in Category C with procurement costs over £50M is copied to Ministers.</td>
</tr>
<tr>
<td>D</td>
<td>Under £20M</td>
<td>Normally approved at 1* level or below by the DEC and IPTL (or their representative) and a Finance Officer. Chief Scientific Adviser (CSA), Director Capability Resources and Scrutiny (DCRS) and HQDLO stakeholders should be given an opportunity to comment on draft submissions (mandatory, if procurement cost exceeds £2M).</td>
</tr>
</tbody>
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</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>See small project box on page 17</td>
<td>Normally approved at 1* level or below by the DEC and IPTL (or their representative) and a Finance Officer. Chief Scientific Adviser (CSA), Director Capability Resources and Scrutiny (DCRS) and HQDLO stakeholders should be given an opportunity to comment on draft submissions (mandatory, if procurement cost exceeds £2M).</td>
</tr>
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</table>

A Business Case, initiated by the DEC, makes the case for taking the project forward at each Gate. The DEC and the IPTL seek confirmation that all stakeholders are satisfied with the Business Case, including DLO clearance of the Support Strategy. There are no prescribed page caps for a Business Case but, even for the most complex projects, the case should not exceed thirty pages in total (including Annexes). The Executive Summary of the case is used for briefing Ministers and senior officials. There is much greater emphasis on oral presentations, discussions and meetings with the Approving Authorities, or their delegates or representatives, to clarify key points and resolve difficult issues.

After Main Gate, no further Approvals are required, provided the project remains, and plans to remain, within the bounds set at Main Gate. Selection of a prime contractor may well be made after Main Gate. While the outcome of this, the resolution of any industrial or collaborative implications, and an appropriate presentation strategy, may need to be agreed with or communicated to the relevant stakeholders and Ministers, no further central approval should normally be necessary.
Acceptance and In-Service Date

Smart Acquisition defines a common top-level acceptance process, through which it is confirmed that the users’ needs for military capability have been met by the systems supplied. The DEC is the Acceptance Authority. The IPT Leader is responsible for the gathering and presentation of evidence to demonstrate that the SRD and, thereby, the URD have been satisfied.

Acceptance is a through-life process, outlined in the following diagram. At an early stage during the acquisition process the IPT Leader and the DEC agree an acceptance strategy which identifies how the acceptance process will be applied, and enables an Integrated Test, Evaluation and Acceptance Plan (ITEA Plan) to be drawn up. Prior to reaching the stage at which formal Acceptance is conducted, the audit trail back to the capability gap and user requirement is assured through the endorsement of the SRD and URD. Later, at a suitable point in the programme, the build standard for production purposes will be frozen for the DEC to

Small Project Point

Approvals

For Category C Initial Gate and Category D Main Gate approvals, the Business Case is normally shorter (no more than ten pages). There is no formal Initial Gate for Category D Projects, which can proceed to the Assessment Stage if the customer and IPT Leader can agree a suitable Customer Supplier Agreement; Assessment Stage activities and deliverables; and cost, time and performance parameters for the Assessment Stage and the project as a whole. In such cases, the relevant budget holder may approve expenditure of up to 15% of the estimated total procurement cost before Main Gate.
Acceptance and ISD

endorse. Thereafter, Acceptance is reviewed and authorised at two formal, closely related stages:

- **System Acceptance** assesses whether the system acquired by the IPT satisfies the SRD and, thereby, the URD. Where full satisfaction is not provided but the Acceptance Authority is prepared to allow initial issue to the Second Customer, Limited System Acceptance may be granted with the provisos being lifted as they are progressively satisfied.

- **In-Service Date** (ISD) is declared when the military capability provided by the system is assessed as available for operational use.

ISD should normally closely follow System Acceptance. However, the consideration of two distinct stages of acceptance recognises that the IPT Leader does not have authority over all elements contributing to operational availability. It does not, however, remove from the IPT Leader the responsibility for ensuring the successful integration and development of all elements of the system into an operational capability.

In circumstances where insufficient evidence is available to seek either limited or full system acceptance, but beneficial military capability would be provided if the system were operating in service, the Acceptance Authority may grant **Initial Acceptance**. This can be time limited and special support arrangements may be needed.
Incremental Acquisition

Incremental Acquisition provides for a capability to be upgraded in a planned way, from the initial delivery of a specified baseline capability to eventual achievement of a higher full capability. The diagram below illustrates this approach.

The advantages of acquiring equipment in this progressive way are:

- a reduction of the risk inherent in introducing large improvements in capability through a single major technological step
- systems can be developed and put into service which can progressively incorporate evolving technology as it becomes available
- conversely, avoiding early commitment to a specific approach which may result in the delivery of obsolescent equipment

Incremental Acquisition should be considered in drawing up the procurement and support strategy for all projects and be detailed in the TLMP. These strategies will need to take account of research programmes underway or planned in the Applied Research Programme or in other areas. Incremental Acquisition is particularly beneficial in the acquisition of all systems with a significant element of IT hardware and software (including commercial off-the-shelf equipment), and of high performance sensors or other sub-systems in areas where technology is evolving rapidly. It is also particularly relevant to the acquisition of platforms that hold or are designed to hold several weapons systems or other sub-systems. However, Incremental Acquisition may also have disadvantages such as a lack of competitive pressure for later increments and the possibility of managing a non-identical fleet.
Where it is possible, at Main Gate, to identify within narrow limits the time, cost and performance to be provided by the last increment it will normally be possible to approve the complete project at that stage. Where increments after the first are less well defined, it may be possible for the Approving Authority to delegate authority for approving subsequent increments.

Performance Measures, Targets and Indicators

Each IPT has a number of performance measures related to the team’s output, particularly the performance, cost and time aspects of the team’s project(s). New performance measures can be added as a project progresses. Targets are set for each performance measure, a target being a quantified objective to be attained at a specified future date. An IPT’s success is judged by how well its performance compares with its targets. Correctly set performance measures and targets focus people on the essentials of their job — achieving or bettering the targets means overall success.

Targets for the IPTs fall into two categories.

The first are steady state targets agreed with the customer and recorded in the CSA. Where these are based on a Main Gate approval for a project, these support the DPA’s Key Targets. The targets set out in CSAs for in-service projects support the corporate level targets for the DLO.

Targets for a pre Main Gate procurement project might be:
- Completion of the assessment study within £9M (90% confidence value)
- Completion of all studies in time for Main Gate by Dec 05

Simple performance measures and targets for a hypothetical post Main Gate procurement project might be:
- Performance — achievement of all Key User Requirements
- Achievement of ISD — March 2006 (the 90% confidence date)
- Whole-life cost — within £150M (90% confidence)
- Procurement cost — within £45M (90% confidence)

Similar targets for a project in service might look like:
- Reduce annual Cost of Ownership by 20% within 2 years (such targets would be set once a project has entered service, and would not be set at Main Gate)
- Availability level — defined as number of track miles, flying hours etc.
- Reliability level
The second category of targets forms an essential part of the IPT’s continuous improvement. These targets are defined as **hard and stretch targets** and challenge an IPT to make significant improvements in performance, time and cost. Example targets for improvements to the project might be:

- **To reduce slip on a project by six months (hard) and 18 months (stretch)**
- **To regain original performance (stretch)**
- **To reduce cost by 10% (hard) and 25% (stretch)**

<table>
<thead>
<tr>
<th>Hard Targets</th>
<th>Stretch Targets</th>
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| - Testing but achievable
- Work as a true team to overcome barriers and share ideas
- Team required to adopt novel approaches to identify savings
- If the team can easily achieve these they are set too low | - Encourage team to think “out-of-the-box”
- Target is out of reach but not out of sight
- Stretch targets are significantly harder than hard ones
- Stretch targets give a requirement and mandate to address all boundaries and constraints, even ‘impossible’ ones to uncover all possible savings
- Team must determine ‘what needs to come true’ for the stretch target to be met and then make it happen |

Successfully established hard and stretch targets will be incorporated into the CSA. Progress against the project’s targets should be reviewed regularly by the customer(s) and IPTL.

**International Co-operation**

An increased proportion of equipment expenditure is being spent on collaborative projects. By their very nature, time, cost and performance risks are often magnified in collaborative programmes. The Smart Acquisition principles aim to address these problems not least by greater investment earlier in the project cycle than before. By doing so, the risks of a project can be assessed earlier and a better judgement reached as to whether to proceed collaboratively or not. Several of the UK’s major partners are starting to think along Smart Acquisition lines, and this trend is also evident in the OCCAR (Organisation Conjointe de Cooperation en Matiere d’Armement) framework. The aim is that the introduction of Smart Acquisition principles into collaborative projects will reverse the trend of magnified risks in favour of better-managed collaborative programmes.

DPA and DLO staff have been closely involved in the development of rules and procedures for the management of collaborative defence equipment projects by OCCAR, the armaments cooperation organisation created in 1996 by the UK, France, Germany and Italy. As a result, many Smart Acquisition concepts have been adopted for use by the organisation, including the use of integrated project teams and a through-life approach to acquisition. Work is also underway to develop simplified and harmonised approvals processes for OCCAR-managed programmes.
Public/Private Partnership (PPP)

Policy
Public Private Partnership (PPP) is one of the central strands of the Government’s strategy to modernise public services under the Better Quality Services initiative. The PPP programme encompasses a number of initiatives such as the Private Finance Initiative (PFI), Partnering, the Wider Markets Initiative and Outsourcing. PFI is at the core of the PPP programme and can involve the private sector in creating (or buying) a new physical asset and the selling of a range of services to the Department built round the asset over an agreed period of time.

MOD Ministers have endorsed the use of PFI to provide services throughout the Department. Only if PFI has been demonstrated to be unworkable, inappropriate or uneconomic should IPTs consider the MOD’s own capital funding resources.

The CWG should carefully explore, with the IPT, the scope for PFI and Partnering Arrangements as procurement options from the earliest stages of the Concept Stage.

PFI
PFI aims to provide better value for money by allowing MOD to focus on its core tasks, while benefiting from additional capital investment. PFI offers the potential for greater risk transfer (including demand, construction and residual value risk) to the private sector, and is likely to involve rigorous ‘due diligence’ scrutiny of the project by banks. PFI allows the private sector the opportunity to show innovation in the method of service delivery and places strong incentives on the contractor to deliver the service to time, cost and performance targets, as well as affording scope for the generation of third party revenue.

PFI involves contracting for a service, with service-based payment mechanisms, where substantial capital investment is needed in an asset essential to deliver that service.

Partnering
Partnering is essentially the development of new, much more co-operative long term relationships between MOD and Industry. Partnering differs from conventional contracting relationships in that effective communication strategies amongst partners leads to trust, better and earlier identification and hence management of project risks, and increasing better value for money being gained in large scale complex requirements.

PPP Projects
For all types of PPP projects customer awareness and understanding need to go beyond pure technical knowledge. Management structures and incentives at all levels need to be established such that the relationship is constructive and predisposed to solve problems. Nevertheless, there is no substitute for a clear and robust contract that specifies outputs, risk apportionment, and processes for change and dispute management.
For a PFI project, MOD should specify its needs in output terms, based on the required capability rather than a pre-determined technical solution. “Smart Requirements” lends itself to this process, although the bounds and constraints placed on the programme within the URD will need to be closely scrutinised to ensure that the potential for PFI is fully explored. Bidders will then have the maximum possible flexibility to adopt innovative approaches or introduce practices from other sectors of Industry. The procurement process for a PFI project can be a substantial task for both the MOD and bidders, with a consequent need for adequate resources. PFI is demanding but has realised savings of up to forty percent in forecast costs compared with other forms of procurement.

The following are broad indicators of the scope for PFI in a project:

- A requirement for significant capital investment now or in the future;
- A substantial element in the requirement can be configured as a service;
- Scope for innovation in the delivery of the service;
- MOD risks which could be better managed in the private sector;
- Scope for long term contracts;

Projects with scope for third party revenue or for the transfer of demand risk to the private sector particularly suggest themselves for PFI, but these are not mandatory requirements for a PFI deal.

Projects need to be aware of a number of features that differ from other procurement approaches:

- The need to develop a public sector comparator, representing the cost of meeting the requirement by non-PFI means;
- Consultation with the Trades Unions, as any deal is likely to have an impact on civilian staff given Transfer of Undertaking (Protection of Employment) (TUPE) requirements;
- The impact of European Union procurement directives;
- The use of the negotiated procedure and pre-qualification questionnaires;
- A close MOD/contractor relationship during the in-service phase;
- The need for additional skills and expertise which may not be found in MOD;
- The probable involvement of banks and finance houses in the negotiation of the deal.
PFI will not always be the answer and should only be considered where there is scope to achieve greater value for money than by conventional procurement. To minimise the possibility of expending unnecessary resource investigating PFI for inappropriate projects, and to maximise the chances of extracting best value for money in projects that pursue PFI, it is very important to seek advice at the earliest stages of a project. The DPA Senior Commercial Group Private Finance Unit (for DPA projects), the DLO PPPG (for DLO projects) or other local Private Finance Units are the first points of contact for advice and support. The PPP Unit in London considers wider PPP policy and becomes involved in large and novel projects.

Team-working with Industry, Competition and Incentives

Team-working with Industry
A better relationship between MOD and Industry is one of the key themes of Smart Acquisition. There is a lot to be gained:

- Membership of an IPT provides Industry with a clear understanding of the required capability and allow early and positive participation in the key process of trade-off between time, performance and whole-life costs. This results in requirements which both meet the MOD’s capability need and are better tuned to industrial and technological reality.
- Industry’s improved understanding of the customer’s requirement plus its input to the early discussions will reduce the number of iterations required to reach a satisfactory proposal, saving Industry and MOD time and money.
- Team working will encourage a joint approach to risk reduction throughout the acquisition cycle. This is particularly important before Main Gate as it enables the subsequent demonstration and manufacture stages to proceed more quickly and with confidence that targets will be met.
- The culture of team working with Industry encourages critical examination of current and/or proposed contract arrangements and working practices to see how they can be improved to provide value added benefits to both MOD and Industry. For current contracts this process is known as gain-sharing and for future contracts incentivisation.

Competition and Partnering with Industry
The words “partnering” or “teaming” will often be used to describe this new relationship although its precise form will, in fact, vary according to the stage that a project is in. But, whatever it is called, it is essential to understand that an improved relationship with Industry and the continued use of competition are mutually compatible and will work together. Obtaining the greatest advan-
tage from competitive leverage, at prime and sub-contract level, remains a major tool in defence procurement. Experience of partnering and teaming in Industry, both within and outside the defence sector, shows that there is no conflict between robust contracting and mutually beneficial team working.

The aim, therefore, is to continue, wherever it provides best value for money, to select contractors by competition, which does not mean competition just for competition’s sake. In the early stages of the acquisition cycle, firm price information is unlikely to be available, so other criteria for selecting contractors come into play. These include a company’s track record on similar projects, processes for reducing cost on a continuing basis, enhancing value through the introduction of new technologies, people strategies, risk management processes, more effective use of capability and capacity, synergy with other business activities, supply chain management (including appropriate use of competition and strategic partnering at sub-contract level), and processes for continuous benchmarking of performance to demonstrate that the product or service being provided remains ‘best in market’. Industry needs to demonstrate that its own processes for gathering and implementing best practice will benefit MOD and that a long-term partnering or teaming arrangement is consistent with its wider corporate strategies and objectives. Timing of contractor selection is also an important issue. The recognised benefits of continuing competition will have to be weighed against the possible advantages of an earlier selection decision, in order to ensure more efficient use of MOD and Industry resources and those benefits of partnering or teaming which can only arise when MOD and the contractor are in a one-to-one relationship. There is no single model for this selection process; the procurement strategy for each project will have to be developed by the IPT for approval at Initial Gate and confirmed or amended at Main Gate.

**Industry Involvement in Capability Working Group (CWG)**

The involvement of Industry in the CWG is invaluable in ensuring that the DEC has a breadth of input on potential technologies, solutions and costs, particularly during the early Concept stage. However, this Industry involvement needs to be handled carefully both to protect individual company’s Intellectual Property Rights (IPR), so as to encourage a willingness to share ideas, and at the same time to ensure that any involvement does not prejudice the fairness of any competition for contracted project work later in the CADMID cycle. Regardless of where in the CADMID cycle Industry may be involved, DPA and DLO members in the CWG should provide the expertise on how Industry involvement can best be achieved.

**Incentivisation and gainshare**

An MOD-Industry group has produced a joint statement of intent to which both sides work to nurture the greater and more effective use of incentives. The statement recognises the cultural shift required in the attitudes of MOD and Industry and encourages both sides to think radically and imaginatively about means of incentivising performance. For new contracts, these may be positive (rewards for good performance) or negative (sanctions in the event of failure to perform contractual obligations). Positive incentives may include paying bonuses where value is added for
MOD beyond the baseline contractual requirement, and more flexible use of interim payment arrangements by which any retention against the contract price is adjusted to reflect good or poor performance. Positive incentives need to be balanced by a clear recognition that sanctions are still available to MOD and may be applied more rigorously than in the past if contractor performance, despite every effort made, is not up to the mark.

Where reopening and examining existing contracts will bring benefit to both MOD and Industry, this should be done using gainshare. The concept of gainshare is central to Smart Acquisition. There is no prescribed manner in which gainshare opportunities might be identified, assessed and implemented, except that its application is focused on existing contracts. Gainshare opportunities may offer one or more of accelerated delivery of the product or service, performance changes, and reduced costs — faster, better, cheaper. Technology advances, changes to trials programmes, innovative support arrangements, and income stream opportunities from the transfer of assets are examples of gainshare that may develop while a contract is in action. Effective team working presents the greatest scope to identify mutually beneficial opportunities. The benefits arising are shared between the MOD and the supplier. Sharing arrangements are not pre-determined in that there is no established formula. They take into account relevant factors such as contract structure/duration, price/cost format, options for change, source of ideas, etc in order to balance the advantages arising from gainshare.

**Small Project Point**

**Industry Involvement**

Although the key principles of participation, openness and Teamworking still apply, an individual company's involvement in an IPT managing more than one project may be more intermittent than for major projects. It will depend on project size, complexity and which projects are at key stages within the acquisition cycle.
Financial Management

Smart Acquisition has impacted in four main areas:

- **IPTs provide financial management information to the Customers**
  For the procurement of new capabilities, IPTs work closely with the ECC on resource allocation and consumption to ensure sufficient funding provision is included in the Equipment Plan to deliver the required outputs. To allow the ECC to monitor progress and make informed decisions on resource allocation between projects, the IPT regularly provides information on actual and forecast expenditure compared with approvals, plans and budgets. For equipment support expenditure, IPTs provide information about the cost of outputs to enable informed decisions on priorities by the Second Customer. In-year, it is the IPT’s Customers who decide any changes to agreed outputs (project progress and deliverables or levels of support services) judged necessary by the IPT to maintain expenditure within budgeted levels.

- **Project budgets are agreed with Customers**
  The ECC decides how much is to be spent on individual procurement projects. In the annual planning and budgeting process, the ECC screens the equipment procurement costings compiled by the IPT Leaders and allocate, in the 10 year Equipment Plan and the associated Short Term Plan, the planned funding, agreed with the IPT Leader, for each project. For in-service projects, the Second Customer specifies the required levels of equipment availability, which the IPT will cost. Following negotiations, the agreed levels of funding and availability are set out in CSAs and reflected in the Short Term Plan.

- **Dual Accountable IPTs plan and account for their expenditure as necessary in both the DPA and DLO budgets**
  Many IPTs are responsible for expenditure on both procurement of new capability (generally DPA funds) and the provision and procurement of in-service support (predominantly DLO funds). The IPT Leader’s accountability to the respective TLB Holders (CDP and CDL) is for keeping expenditure within allocated resources while meeting the agreed outputs and ensuring value for money, propriety and accurate accounting.

- **IPTs are responsible for Whole Life Cost and Cost of Ownership forecasting of the complete project**
  The IPT maintains costed project plans covering a capability’s whole life cycle and reflecting the full cost of the project, which may involve elements outside the DLO and DPA TLBs. The IPT is responsible for ensuring the consistency, completeness and coherence of all cost forecasts and funding provision included in forward plans, using the Programme Responsibility Matrix within the TLMP.
IPT/Project Transition Management
Through-life management of military capability necessitates transfer of management responsibilities for a project from the DPA to the DLO. Transition planning aims to provide continuous assurance to all stakeholders that the transfer of management responsibility, and the availability of project data, will be achieved in a seamless manner.

Transition of management responsibility can occur under one of the following two scenarios:

- Transition of a Through-life IPT
- Transition of a Project

The transition process requires considerable planning, agreement, and close co-operation by the DPA and the DLO. The Transition plan is a key element within the Through Life Management Plan (TLMP). Detailed guidance on Transition planning is available on the AMS.

Business Tools for Acquisition (BTA)
The new ways of working described in this handbook require new and improved Acquisition business tools. These include such things as:

- Shared Data Environments
- Requirement Management tools
- Project Management tools
- Product Data Management tools
- Commercial and Contractual tools
- Performance Reporting tools
- Finance and Human Resources systems and tools

Noting that the emphasis of Smart Acquisition is on:

- A whole life approach, involving all key stakeholders
- Closer working with Industry
- Empowered delivery teams (IPTs), with
- Dual Accountability to equipment supplier organisations (DPA & DLO)
- Answerability to equipment customer organisations (ECC and the Second Customer)

There is therefore a need to ensure a coherent approach is taken between the ECC, DPA, DLO, Second Customer and Industry in the definition and delivery of their business tools. The key is to move away from an organisational approach to defining and delivering these tools, to one where a joint approach is taken leading to interoperable or common tools to support shared business processes.
Who is involved?

The Business Tools for Acquisition (BTA) programme has been set up to help understand the current and future business needs across Acquisition, with a particular focus on IPTs, and put in place a prioritised programme to deliver business tools that meet these needs. The BTA Vision is:

“An Acquisition business environment based on common business processes where timely access to the shared information necessary to work collaboratively is provided by an interoperable set of business tools”

The BTA programme has itself been modelled on Smart Acquisition principles. This is to ensure that business capability gaps are correctly identified and prioritised, that user requirements are defined to address the gaps, and that an empowered delivery team is tasked with delivering business solutions that meet these requirements, including all technical elements (Information Systems, etc) and non-technical elements (training, business process changes, etc).

Acquisition Policy and Process Group (APPG)

The APPG, which involves the owners of key acquisition processes, is intended to enable the guidance on acquisition policies and processes to be both consistent with each other and the objectives of Smart Acquisition.

The APPG’s outputs will be:

- A single view of how acquisition processes interrelate;
- A catalogue of all acquisition policies and processes, their owners, and the maturity of the AMS guidance;
- A mechanism for reviewing, endorsing and prioritising the development of acquisition policies and processes.

Who is involved in the Acquisition Process?

Within MOD, the core relationship in the acquisition process is between the customer and the supplier.

Customers

Over the life of a project there are two customers.

The ECC is responsible for developing and managing a balanced and affordable equipment programme to meet the current and future needs of the Armed Forces. Within this overarching mission, the ECC’s tasks are:
The Customers and the IPT

- **Requirements Definition** — the capture, analysis, specification and progressive refinement of capability needs to form a URD. Where relevant, bilateral and multilateral activity will be undertaken to identify where the capability needs might be shared with other nations.

- **Equipment Planning** — the prioritisation and balance of investment between and within capabilities

- **Seeking Approvals** — in conjunction with IPT Leaders

- **Authorising Acceptance** — the confirmation that the need for capability has been met by the systems supplied.

Within the ECC organisation a Joint Capabilities Board (JCB), headed by the Deputy Chief of Defence Staff (Equipment Capability) (DCDS(EC)) and comprising four 2* Capability Managers (CM), the 2* Director General Equipment and the 2* Director General (Research and Technology) has been formed. The JCB is responsible for providing strategic direction, based on Departmental priorities, and for making Balance of Investment decisions across the entire Equipment Programme.

Each Capability Manager has a number of Directors of Equipment Capability (DsEC) who are responsible for defined areas of capability and a number of projects. DsEC produce Capability Area Plans (CAPs) for their capability areas and form one or more Capability Working Groups (CWGs). CWGs will include representatives from all stakeholders in the capability area, including users, the scientific community, concepts, doctrine and force development staffs, the DLO, personnel and training staffs, IPT Leaders and Industry representatives. CWGs are the primary means by which the views of stakeholders are taken into account, and provide the advice from which the empowered DEC makes decisions.

A DEC acts as the customer for an IPT which is concerned primarily with the acquisition of new equipment. The DEC tasks the IPT through a CSA, agreeing boundaries for time, cost and performance, and the trade-offs amongst them. The ECC also has a through life responsibility for the capability.
The Second Customer is responsible for converting the capability provided by the ECC into an operational military capability, managing the equipment when in-service and for providing relevant advice and expertise to support the ECC’s remit to optimise future capability. There are two dimensions to this role, Core Leadership and Pivotal Management.

The Core Leadership (CL) role is undertaken by the Single Service Chiefs and provides overall strategic management of the individual Services and their professional direction. This role supports ECC decisions on capability by providing advice and experience on the full range of factors contributing to military capability, including: concepts and doctrine, in-service equipment, sustainability, training, force structure, decision support, and personnel. Single Service Chiefs are responsible for ensuring that the JCB and CWGs receive appropriate input on such matters to develop future capability.

The Pivotal Management (PM) role is undertaken by those who use the equipment in-service - primarily the Front Line and Training Commands. Those undertaking the PM role have the responsibility for specifying the in-service outputs required, negotiating CSAs with the IPTs and monitoring their performance against them. For in-service projects, or for those that are about to enter service, the Second Customer will appoint Availability Managers who will specify and review equipment availability and supportability requirements through User Working Groups (UWG).

Equipment is accepted into Service when the DEC, as Acceptance Authority, supported by relevant stakeholders from his/her CWG (particularly the PM), agree that it has met the customer’s requirements. The acceptance process is covered elsewhere in the Handbook, but the precise mechanism for doing this varies between platform types. This acceptance may be staged, but leads to the declaration of an In-Service Date (ISD) when an agreed quantity of the equipment that represents a deployable capability is available, along with its attendant support. At ISD the status of lead MOD Customer transfers from the ECC to the Second Customer (PM), and the IPT transfers from the DPA to the DLO. Thereafter, the Second Customer employs the mechanism of the UWG to maintain the links with all agencies required to sustain the equipment in operational use and to resolve issues as necessary. The ECC retains a responsibility for ensuring that the delivered capability continues to be available until disposal, and exercises this through membership of the UWG.

Supplier — The Integrated Project Team

Although there are separate customers for the procurement and support stages of an equipment acquisition project, the equipment will only have one supplier within MOD, the IPT. The IPT will be responsible for translating the ECC’s expression of the outputs or results that users require from the system (the URD) into an output-based statement of what the system must do to meet these requirements (the SRD). The IPT will also devise and cost equipment solutions to meet the SRD, produce the material required to support the DEC’s Initial and Main Gate submissions, and manage the assessment, demonstration, manufacture, in-service support and eventual disposal of the equipment. These responsibilities will vary for PPP solutions. The IPT remains responsible.
for the project throughout its life. The IPT will be part of either the DPA, under the Chief of Defence Procurement (CDP) as Chief Executive of the Agency, or the DLO, under the Chief of Defence Logistics (CDL).

The IPT has three key characteristics:

**It is responsible for managing the project from concept to disposal.** Prior to Initial Gate, the DEC will task the DPA Future Business Group to recommend the best approach for meeting new or changed capability requirements to IPTs. Then either an IPT is formed under an IPT Leader, or an existing IPT tasked, to advise the CWG on equipment options that should be investigated and their likely time and cost boundaries, to assist in the preparation of the Business Case for Initial Gate and in the planning for the subsequent Assessment stage. Following Initial Gate, the overall direction of the IPT’s work is established in a CSA agreed with the DEC. The foregoing equally applies where collaboration with one or more nations may constitute an equipment option.

For smaller projects, the pre-Initial Gate work is normally conducted by an appropriate existing IPT, which assumes formal responsibility for the project after Initial Gate. Later, the change in the balance of activity within the IPT from risk reduction and procurement to equipment deliveries and in-service support determines the timing of the transfer of the IPT from the DPA to the DLO. This whole-life perspective, together with the clearly defined customer-supplier relationship described below, allows an IPT to plan, procure and support equipment in a consistent manner.

**It includes all the skills necessary to manage the project.** These range from requirements management through project management and engineering and technical skills to equipment support. The IPT includes representatives from Industry, except when competition makes this impracticable, and, at the appropriate points, independent scrutineers. The balance of skills changes over time to reflect the demands of the project. Most skills are held within the core team, reporting to the IPT Leader, but the IPT Leader may need to ‘hire in’ specialist resources from time to time, such as a senior contracts officer for complex negotiations or specialist pricing experts. This integrated team approach ensures close and effective involvement of all major stakeholders in the build-up to key decisions, avoiding costly last-minute conflicts. Such teams both promote a successful final outcome and offer major improvements in time and whole-life cost reductions.

**Small Project Point**

**Cluster IPT**

Many projects are not large enough to require an IPT of their own. In such cases, an IPT will be responsible for a group of related projects and is referred to as a Cluster IPT.

It is headed by an effective and empowered IPT Leader. The IPT leader is the line manager for all MOD core members of the IPT, although there may be functional links
(“dotted lines”) to senior specialist staff outside the IPT. The success of an IPT depends in large part on the calibre of the team leader and his/her authority, both within the team and in relations with industry and the customer.

Customer Supplier Relationships
It is vital that the customer supplier relationships within MOD are right. These are governed by a CSA which outlines the working practices to be adopted between the IPT and the Customer. It also records expected levels for the equipment’s performance, in-service date, availability and cost, and ranges for these parameters within which the IPT Leader has the freedom to work. Typically, the CSA will also specify work plans including time and cost targets for completing the next project stage. It will also set out the equipment options (including the prospect of collaboration with one or more nation) to be investigated by the IPT, and the outputs to be provided for the support of the equipment when in-service.

The IPT deals with the ECC mainly through the appropriate DEC, who will need to assess and focus the various strands of interest within the ECC, the Second Customer (as the user), and other stakeholders into a single, coherent, line of direction for the IPT Leader throughout the procurement stages of the project. When the ECC is the lead customer, the IPT reports progress against the CSA. Once an equipment is in service the emphasis shifts to the support function and the prime IPT relationship with the Second Customer. IPTs managing a range of projects at different stages of the acquisition cycle are answerable to the appropriate customer for each project for the type of effort and expenditure concerned.

Where a project is at a stage where the IPT is simultaneously expending funds from both the DPA and DLO TLBs, on procurement and in-service support respectively, or providing costing estimates for their programmes, or where there are different projects in procurement and support stages, the IPT Leader has financial accountability to both CDP and CDL. The IPT Leader provides financial information for both support and procurement plans and accounts to the appropriate TLB holder (CDP or CDL) for the expenditure.

Who is in the Integrated Project Team?

The Team Leader
The IPT Leader may have an extensive background in any one or more of the core IPT membership areas, or the Industry equivalent. To succeed, he or she needs to have strong leadership and management skills.

Continuity and stability of leadership of the IPT across approval gates and key phase changes, and particularly during the transfer of the IPT to the DLO’s line management, is critical to success. Effective succession planning is required to achieve this but the IPT leader, whether civilian or military, typically expects to remain in post for four to five years to provide continuity. IPT leaders and members can be promoted while in post.
The IPT Leader leads the team throughout the project’s life-cycle, managing the project in ways which secure the most cost-effective balance between time, whole-life cost, annual cost of ownership and performance, and achieving results beyond what was previously accepted as the ‘norm’. He or she involves all team members and external stakeholders in the project, balancing their needs and gaining support for the most effective course of action.

The IPT Leader provides a strategic direction and vision with which the team members can identify and through which they can visualise the contribution of their roles. The leader is a motivator and role model for the team, demonstrating the values and beliefs which promote the principles of Smart Acquisition. He or she sets clear and common goals for all team members, team and individual performance targets, reviews performance regularly, coaches and develops the team to reach their full potential, addresses under-performance, and acknowledges and takes steps to recognise and reward excellence.

The IPT Leader is:
Answerable to the customer, through a CSA, for the procurement or support of a capability, meeting agreed cost and performance targets and milestones within the agreed budgeted resources and the parameters set by the approving authority.

Accountable to CDP and/or CDL for the propriety and professionalism of the IPT, and the efficient and effective use of resources in delivering the customer’s requirements.

Core IPT Members
MOD core members of the IPT are under the line management of the IPT Leader. The core roles within an IPT are likely to include:

- Requirements management
- Project programme management and risk management
- Project engineering, technical, quality and reliability expertise
- Integrated Logistic Support (ILS) management, including the traditional equipment support functions
- Commercial management
- Finance management
- Secretariat
- Industrial expertise

Each of these roles has a part to play in each project stage, but the relative importance of the contribution of each of these core team roles will vary during the different stages of the acquisition cycle.
Associate IPT Members

An IPT Leader sometimes needs to draw on expertise beyond that covered in the core team. Those providing this expertise may act, usually part-time, as associate IPT members. A decision to include someone as an associate IPT member would have regard to the importance and duration of their contribution to the IPT. They come under the IPT Leader’s direction when working on the project, but not necessarily under his or her line management.

Examples of associate IPT members include:

- Customer scientific staff, particularly supporting operational analysis
- Customer research managers
- Staff from the Specialist Procurement Services
- Staff from the DPA Senior Commercial Group Private Finance Unit (for DPA projects), the DLO Public Private Partnership Group (for DLO projects) or the Public Private Partnership Unit (for other projects and policy)
- Service Users, Trainers, or Acceptance and Trials units
- Training Support Managers
- Specialist service support areas (e.g. publications, transport)
- Safety specialists, such as the Defence Ordnance Safety Group
- Staff from the Defence Export Services Organisation
- Representatives from the Department of Trade and Industry
- Staff who contribute less than 50% of their effort to any one IPT and who are therefore normally provided from a central “pool”

Attached IPT Members

At certain times, and most particularly in the periods leading up to the submission of the Initial Gate and Main Gate Business Cases, Technical Scrutineers (from the Chief Scientific Adviser’s staff) and scrutineers from the Capability Resources and Scrutiny branches in MOD Headquarters may be attached to the IPT. Their role is two-fold. First, to support the IPT by advising on the assessment and management of technical risk and operational analysis, and the preparation of documentation and analysis for the Approving Authorities. Second, providing an additional level of oversight. To fulfil these roles effectively, they need to remain formally independent of the IPT, but will work closely with it.

Small Project Point

Combining IPT roles

Although each of the core roles has to be carried out in an IPT, it is not necessary in most cases for them to be carried out by different people. Whereas for larger projects many of these functions will be carried out by a sub-team under a manager reporting to the IPT Leader; for small projects one sub-team or one individual could take on more than one role.
People and Smart Acquisition

Sustaining Smart Acquisition places an emphasis on the development, training and sustaining of people in acquisition.

The Acquisition Stream (AS) is central to this commitment to develop our people and is open to all in acquisition. Its goal is a thoroughly committed, highly skilled and well-trained acquisition community.

The Acquisition Leadership Development Scheme (ALDS) is an integral part of the AS and is a key element of the commitment to develop leadership within acquisition. The ALDS is a capped scheme providing entry at foundation, core or expert levels by competition.
The Acquisition Stream (AS)
The AS was launched in February 2001 to create a stream of people in acquisition who are highly committed, skilled and well trained. Membership of the stream will offer individuals, who have selected acquisition as one of their career anchors, a range of development opportunities and enable them to acquire a comprehensive set of acquisition competences. This will improve their acquisition skills and hence broaden their career opportunities. Membership is voluntary and open to all military and civilian staff and members of Industry on secondment to MOD. The implementation of the AS delivers a pan-acquisition training and development strategy and the following development tools:

- The Acquisition Competence Framework
- A Personal Development Record
- A Training and Development Directory
- Development Route Maps

Members continue to be managed by their existing Personnel Management Authority or Service Secretary. They will be encouraged to move in and out of Acquisition posts, whilst remaining in the Stream to gain important wider experience.

AS Focal Points have been established in the ECC, DPA, DLO and the Service Secretaries. Individuals seeking membership should do so through their appropriate Focal Point.
Acquisition Leadership Development Scheme (ALDS)

The aim of the ALDS is to develop existing and future leaders in acquisition. It provides an effective development environment that will support military, civilian and Industry acquisition staff who wish to develop a career in acquisition and who aspire to become or develop as a leader in this field.

The scheme is open to MOD civilian and military personnel. Industry representatives working on secondment in the MOD, or who intend to seek a secondment in due course as part of their career plan, will also have the opportunity to join.

The scheme is divided into three stages: Foundation, Core and Expert; the primary difference between them being the competences which an individual is expected to possess, and the progress that they have made against the ALDS Route Maps. These Route Maps provide an aid to individuals in identifying the types of job experience and competences that they are likely to have acquired and developed before entering the next stage of the scheme.

<table>
<thead>
<tr>
<th>EXPERT LEVEL</th>
<th>Features</th>
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<tbody>
<tr>
<td>Entry Routes</td>
<td>Features</td>
</tr>
<tr>
<td>Entry through previous Graduation from Core level or managed selection process of test and interview based on aspiration to develop as a Leader in acquisition, route map requirements and objectives for joining scheme.</td>
<td>As Core and Foundation plus: Mentoring of Core Members Enhanced Leadership Training</td>
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<th>CORE LEVEL</th>
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<th>FOUNDATION LEVEL</th>
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<tr>
<td>Entry Routes</td>
<td>Features</td>
</tr>
<tr>
<td>Entry through application form endorsed by Line Manager Selection based on aspiration to develop as a Leader in acquisition, self-development and objectives for joining scheme.</td>
<td>Competence based Personnel Development Plan Learning Sets Development based on ALDS Route maps Mentoring Development Directory Leadership Training</td>
</tr>
</tbody>
</table>
Acquisition Competence Framework (ACF)

The ACF brings together in a single, comprehensive source, all the competences that support the Acquisition process as a whole. The ACF content comprises the new Behavioural Competences and those Functional Competences relevant to Acquisition. In most cases they were existing functional skills, updated to support the new processes, although a small number are new e.g. Requirement Management and Acquisition Finance.

The Framework identifies the range of skills for acquisition, and provides a compendium of competences, from which to select those competences relevant to individual posts in acquisition. Behavioural Competences support the selection processes for IPT Leader appointments as well as entry onto the ALDS. The Framework provides a basis for the Training and Development programmes supporting the AS and anyone working in acquisition.

The Behavioural Competences are used for assessing the development needs of the individual whilst the Functional Competences are used for both the formal Performance Appraisal Review system and assessing development needs.

The ACF is updated regularly and published electronically via the AMS.

IPT Leader Selection

All IPT posts are normally competed for and the recruitment and selection process is defined below:

Recruitment

In the normal course of events, the requirement for a replacement IPT Leader is identified by the incumbent’s Estimated Relief Date. Additionally, Line Managers, Personnel Managers and Service Secretaries may identify the requirement for a replacement team leader from a change in status of the project or a change in the career management situation of an Officer. However, in all cases the formal succession process will be initiated by the owning Civilian Personal Management Authority.

Selection

The process to be followed is defined by the type of competition. There are 3 types of competition:

a. **Internal Competition** — This is applicable to Civil Servants and Military personnel only and undertaken via the MOD internal advertising process.

b. **Limited Competition** — This is applicable to Civil Servants, Military personnel and nominations from Industry made by the Defence Industries Council (DIC). For Civil Service and Military personnel a post is promulgated through the MOD internal advertising process, whilst, when appropriate, the DIC will advertise the post to all companies on its roll.
c. Open Competition — These are advertised only through the national press and are thus open to any applicant, internal or external, who responds to the advertisement.

Anyone applying for a post is required to complete an IPT Leader Application form which is based upon the competences. The forms are available in the AMS, from personnel management organisations or the DIC.

The key principle of the selection process is that it is clear to all, transparent and demonstrably fair and robust. The selection board comprises line management from the IPT host organisation (although, for some IPTs there may be representation from both the DPA and DLO), the customer (again, for some IPTs, there may be representation from both customers) and a representative from one of the Civil Service personnel management authorities.

The actual process is divided into 2 parts. Firstly the applicants are sifted by the board into a final short list of candidates who are subjected to the full selection process. The selection process will be a combination of a number of activities which include scenario assessments, psychometric critical reasoning tests, an Occupational Personality Questionnaire and a structured competence based interview.

Staff Reporting

All MOD core members of the IPT will have line management chains within the IPT to the Team Leader. Where neither the immediate nor second line manager is of the same specialism as the individual being reported on, the immediate line manager will act as reporting officer and the most appropriate member of the core member’s specialism will act as countersigning officer. Under this arrangement, an IPT member’s reporting officer will normally be the Team Leader, thus providing the IPT Leader with sufficient authority to carry out the job, or a fellow Team Member. Everyone’s report, however, will have a contribution from someone of the same specialism when this is required.

The staff reporting chain for an IPT Leader is determined case by case.

Normal MOD staff reporting procedures will not apply to reports made on Industry IPT members. An IPT Leader may need to establish arrangements to provide feedback on the performance of industry IPT members to their parent company.

IPT Leaders and members from industry who act as reporting or countersigning officers will be given training in MOD staff appraisal procedures (civilian and military as appropriate) as soon as possible after joining the IPT.
Performance Management

Developing an effective performance management system is fundamental to the success of any organisation, whether public sector or private. Experience has shown that all high performing organisations share certain characteristics, one of which is robust performance management. The Public Services Productivity Panel, which includes top private sector managers, has developed and refined a Framework for Performance Management which comprises the following five building blocks:

- A bold aspiration, to stretch and motivate the organisation.
- A coherent set of performance measures, and a demanding set of targets based on these, to translate this aspiration into a set of specific metrics against which performance and progress can be measured.
- Clear accountability for these targets at an appropriate level within the organisation, so that the individuals who are best placed to ensure their delivery have real ownership for doing so.
- A rigorous performance review process to ensure that continuously improving performance is being delivered in line with expectations.
- Meaningful reinforcements and incentives to motivate individuals to deliver the targeted performance.

Small Project Point

Staff Reporting

In areas where smaller projects are common, it might be that certain individuals are core members of more than one IPT. In such cases, reporting officer responsibility falls to a member of the IPT (or, if appropriate, the IPT Leader) in which the individual expends the largest part of their effort. One aim in establishing IPTs should be to ensure that each individual contributes at least 50% of their effort to one IPT, thus providing a clear path for appraising and reporting. Reporting arrangements, including any arrangements for consulting members of the other IPTs to which the individual contributes, must be agreed in writing at the beginning of the reporting year.
Missions, Visions and Objectives have been clearly articulated and communicated, stretching targets have been set, accountability and delegation addressed and rigorous performance review processes put in place with top leadership fully engaged.

The Defence Management Board (DMB) has developed its own balanced scorecard for the Department as a whole bringing together, amongst others, key measures from the DPA, the DLO, the ECC and the Second Customer. The balanced scorecard is used by the MB/XBs of the ECC, the DLO and the DPA.

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**Performance Management Process Model**

**1. How are we doing?**
- Review four boxes in the Balanced Scorecard
- Review the team in relation to the Excellence Guide
- canvassing views of the whole team preferably in a workshop environment
- Looking at customer feedback
- Looking at financial position
- Set in context of previous and current positions and targets

**2. Find out the good points**
- Making reference to the Key Performance Indicators KPIs and customer feedback
- Seeking the views of everyone in the team
- Identifying items of “best practice” to be shared across the territory

**3. Identify areas of concern**
- Making reference to the KPIs, and customer feedback
- Looking at areas where performance is below the average

**4. Generation of ideas**
- Asking individuals or pairs in the team for their ideas/solutions to the concerns
- Prioritising the ideas in terms of feasibility of implementation

**5. Draw up action plan**
- Allocating clearly defined actions to individuals to be done within an agreed timescale

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Use the KPIs to:
- Assess current position
- Monitor progress
- Identify areas for development

**Balanced Scorecard**
Acquisition Training Cell

An Acquisition Training Cell (ATC) has been formed following the publication of the Defence Training Review (DTR) Report. The ATC works within the DTR Implementation Team to co-ordinate the delivery of acquisition training across acquisition organisations.

The ATC will ensure that a federated acquisition training strategy is implemented using defined standards. This will involve shared functional training being provided across acquisition by lead acquisition business areas, corporate training by central training providers, and discrete functional training by specific business areas.

The ATC communicates acquisition learning activities using an intranet based Acquisition Training and Development Directory. This is available on the AMS and allows individuals to assess their own learning styles, and to identify an extensive range of appropriate acquisition training courses, development support, reference text, distance learning tools etc. to support the development of competences within the ACF. This Directory is updated every three months.

The Cell is also developing the concept of an Acquisition Diploma which will be an accredited course open to civilian, military and Industry staff with acquisition management and leadership potential. The Diploma will provide students with a thorough understanding of management and leadership theory and practice in the context of Smart Acquisition processes, tools and techniques.
Where can you find out more?
If you are a new arrival in a customer area or IPT already working under Smart Acquisition, then your line manager or IPT Leader will be happy to explain more about the acquisition process.

This handbook forms part of the AMS. The AMS is the established Knowledge Management System of the defence acquisition community. It provides a ‘one-stop shop’ for all constraints, authoritative guidance, additional information, best practice and user expertise supporting the whole-life management of defence capability acquisition. The AMS contains more detail on all the subjects covered by this handbook. It is replacing or incorporating existing instructions and has been endorsed by the Acquisition 3 Star Group.

Key AMS features are:

- it is designed to be used by all involved in defence capability acquisition
- it includes simple route maps explaining the business processes
- it is designed to be ‘user-friendly’
- it supports different ways of getting to what the user needs
- it provides links to a wide range of acquisition principles, business process information and standards.
- it is updated monthly.

At present, the AMS is available to staff on most of the MOD’s intranets, at Abbey Wood (on DAWN), Main Building and Ensliegh (on CHOTS), Foxhill (on NAVYNET), Andover (on QWEB), Wilton (on LandWeb), Brampton, Wyton and Yeovilton (on ES(Air)Net), Paris (PAAMS), Munich (NETMA) and many other sites and organisations. Please ask your team colleagues or your IT support staff about how to access the AMS from your site.

The AMS is available to all on the Internet at [www.ams.mod.uk](http://www.ams.mod.uk) and is available to Industry intranets via CD-ROM (contact 01225 449025).

Queries regarding Smart Acquisition within Industry should be directed to the Secretary of the Defence Industries Council.
This handbook is available, in electronic form, on the AMS.

Alternatively, you can ask for more paper copies by telephoning 01225 449521 (MOD Pinesgate 49521).

If you have any comments on the Handbook, please submit them to the editor via e-mail to “ams@dpa.mod.uk” or by fax to 01225 449548.
A process, under the control of the DEC as the Acceptance Authority, confirming that the users’ needs for military capability have been met by the systems supplied. There are two formal stages, System Acceptance and In-Service Date.

**Acceptance**

The process of requirement setting, procurement management, support management and disposal, implying a whole-life approach to defence capability.

**Acquisition**

A comprehensive Framework of the competences required for those working in acquisition. The Framework comprises Behaviours exclusive to acquisition, and Functional competences, not all of which are exclusive to acquisition.

**Acquisition Competence Framework**

A scheme to provide an effective development environment that will support military, civilian and Industry acquisition staff who are developing a career in acquisition and who aspire to become a Team Leader.

**Acquisition Leadership Development Scheme (ALDS)**

An on-line ‘one-stop shop’ website for authoritative guidance, templates, best practice and user expertise relating to defence acquisition under Smart Acquisition.

**Acquisition Management System (AMS)**

Those staff, both civilian and military, who wish acquisition to be one of their career anchors and aspire to develop, or can demonstrate that they have developed, the skills necessary to contribute effectively to the acquisition business.

**Acquisition Stream (AS)**

Either Initial Gate, at the end of the Concept Stage, or Main Gate, at the end of the Assessment Stage.

**Approval Point**

The body responsible for approving a project’s progress beyond an approval point. The most senior Approving Authority is the Equipment Approvals Committee (EAC) which advises Ministers. It comprises CSA, 2nd PUS, VCDS, CDL and CDP. Most projects are approved at lower levels by other Approving Authorities representing EAC members’ interests.

**Approving Authority**

The second stage of six, beginning after a project has passed Initial Gate. The IPT produces and baselines a SRD and identifies the most cost-effective technological and procurement options for the requirement. Risk is reduced to a level consistent with delivering an acceptable level of performance to a tightly controlled time and cost. A Business Case is assembled for the Main Gate Approval.

**Assessment Stage**
### Associate IPT Member
An IPT member, either full or part-time, providing specialist advice, beyond that covered in the core team, to an IPT and not necessarily under the line management of the IPT Leader.

### Attached IPT Member
An independent scrutineer, working closely with the IPT usually on a part-time basis leading up to an Approval Point, providing oversight and advice to the IPT Leader and representing the interests of either 2nd PUS or CSA.

### Better Quality Services
The guidance for central government departments on the creation of Public/Private Partnerships through market testing and contracting out.

### Breakthrough
A twelve-week period in which a new project team looks for ways to do its business faster, cheaper and better. It is a unique opportunity for a team to examine the way its people work together, their relationship with customers and suppliers, and to explore new ways of working while developing a culture of continuous improvement.

### Business Case
The documentation submitted to the Approving Authority at Initial Gate or Main Gate, making the case for proposed expenditure on the next stages of the project.

### CADMID
The acronym for the new acquisition cycle comprising six stages — Concept, Assessment, Demonstration, Manufacture, In-Service and Disposal — which replaces the Downey cycle.

### Capability
An operational outcome or effect that users of equipment need to achieve.

### Capability Area Plan (CAP)
The plan prepared by the DEC for his or her capability area, recording the analysis of the military need, how it is currently met, the resulting capability gap and how it is proposed to be closed by appropriate research and new equipment acquisition. The plan takes into account affordability and Whole Life Costs.

### Capability Manager (CM)
The Capability Manager is responsible for managing a group of related capability areas and representing the capability group on the Joint Capability Board.

### Capability Working Group (CWG)
A stakeholder group responsible to a DEC for the development of strategy in their area, the consideration of options in the annual planning process, and the development of specific equipment options to meet capability gaps.
<p>| <strong>Cluster IPT</strong> | An IPT which is responsible for a group of related projects which individually are not large enough to require an IPT of their own. |
| <strong>Concept Stage</strong> | The first stage of six, during which the IPT is formed. The DEC, assisted by the CWG, produces a URD. A Business Case is assembled for the Initial Gate approval. |
| <strong>Core IPT Member</strong> | An IPT member, either full or part-time, who is under the line management of the IPT Leader. Also includes representatives from Industry. |
| <strong>Cost Of Ownership</strong> | The full annualised representation of resources consumed directly in support, operation and maintenance of military equipment at all stages of its In-Service life. It employs the same resource currency as the Short Term Plan and employs similar costing techniques as those employed in Output Costing. |
| <strong>Customer</strong> | The body to which the IPT is answerable for meeting agreed cost and performance targets within agreed and approved resources. In the early project stages, the customer is the Equipment Capability Customer, in the in-service stages it is the Second Customer. |
| <strong>Customer Supplier Agreement (CSA)</strong> | An agreement between the Customer and Supplier setting out the working relationship between them and recording other key project information such as deliverables required, and performance measures and targets. Such agreements will exist between the Equipment Capability Customer and each IPT for the procurement stages of a project, and between the 2nd Customer and the IPT for the In-Service and Disposal stages. |
| <strong>Defence Estates</strong> | Defence Estates is an Agency of the MOD which exists to ensure that MOD land and property is managed and developed to meet the needs of the Armed Forces as efficiently and cost effectively as possible. |
| <strong>Defence Logistics Organisation (DLO)</strong> | The tri-Service logistics organisation formed on 1 Apr 1999 under the command of the Chief of Defence Logistics. The DLO Mission is to provide joint logistics support to the Armed Forces. |
| <strong>Defence Procurement Agency (DPA)</strong> | An agency of the MOD formed on 1 Apr 1999 replacing the MOD Procurement Executive. It procures new equipment for the Armed Forces in response to approved requirements and provides other procurement-related services to its customers. |</p>
<table>
<thead>
<tr>
<th>Jargon Buster</th>
<th>Definition</th>
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<tr>
<td>Demonstration Stage</td>
<td>The third stage of six, immediately after Main Gate approval. During the demonstration stage the prime contractor will often be selected (in some cases this will have happened earlier) and a contract based on the SRD placed. The ability to produce an integrated capability will be demonstrated.</td>
</tr>
<tr>
<td>Director Equipment Capability (DEC)</td>
<td>The single point of contact between the IPT Leader and the Equipment Capability Customer, responsible for a defined area of capability. Manages the work of Capability Working Groups.</td>
</tr>
<tr>
<td>Disposal Stage</td>
<td>The final stage of six, during which plans are carried out for the efficient, effective and safe disposal of the equipment.</td>
</tr>
<tr>
<td>Dual Accountability</td>
<td>Dual accountability is a term applied to those IPTs who have management responsibility for carrying out both equipment procurement and support activities and who are therefore accountable to both CDP and CDL for these respective activities.</td>
</tr>
<tr>
<td>Equipment Capability Customer (ECC)</td>
<td>The customer prior to the point when equipment becomes available to the user, and for upgrades to in-service equipment that reflect a change to the user’s requirement.</td>
</tr>
<tr>
<td>Equipment Plan</td>
<td>The Equipment Plan is used to re-cost and adjust the content of the equipment programme over a ten-year period. The costs identified in equipment planning are those incurred by the DPA while the content of the plan will be the responsibility of the ECC.</td>
</tr>
<tr>
<td>Gainshare</td>
<td>Gainsharing is working together to derive mutual advantage where there is a benefit to both MOD and Industry in reopening and renegotiating current contracts.</td>
</tr>
<tr>
<td>Hard Target</td>
<td>A target for which a plan for achievement can currently be envisaged, but which may require novel approaches and team working to achieve.</td>
</tr>
<tr>
<td>Indicator</td>
<td>An indirect measure that gives supporting information about input, output or performance (e.g. staff skill levels). Indicators can also provide warning of potential problems or risks.</td>
</tr>
<tr>
<td>Initial Gate</td>
<td>The approval point between the Concept and Assessment Stages, intended to encourage early and full exploration of a wide range of options for meeting a particular capability. A lower hurdle than Main Gate.</td>
</tr>
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### Jargon Buster

<table>
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<tr>
<td><strong>In-Service Date (ISD)</strong></td>
<td>The second formal stage of Acceptance. In-Service Date is declared when the military capability provided by the system is assessed as available for operational use.</td>
</tr>
<tr>
<td><strong>In-Service Stage</strong></td>
<td>The fifth stage of six. The IPT, now under DLO line management, provides effective support to the front line. It maintains the levels of performance agreed with the Second Customer and carries out approved upgrades or improvements, refits or acquisition increments.</td>
</tr>
<tr>
<td><strong>Integrated Logistic Support (ILS)</strong></td>
<td>Integrated Logistic Support is a disciplined, through life, management approach affecting both MOD and Industry, aimed at providing equipment in-service support at the optimum whole life cost. It considers all support elements to influence equipment design and determine support requirements to provide supportable and supported equipment.</td>
</tr>
<tr>
<td><strong>Integrated Logistic Support Manager (ILSM)</strong></td>
<td>The ILS Manager is a core member of the IPT and is responsible for the support aspects of the whole project. He or she is the central point of contact for all ILS elements affecting the project.</td>
</tr>
<tr>
<td><strong>Integrated Project Team (IPT)</strong></td>
<td>The body responsible for managing a project from Concept to Disposal. The Smart Acquisition IPT is characterised by its ‘cradle to grave’ responsibility, the inclusion of all the skills necessary to manage a project, and its effective and empowered leader.</td>
</tr>
<tr>
<td><strong>IPT Leader (IPTL)</strong></td>
<td>The person with overall responsibility for the IPT, and the line manager of all its core members. The IPT leader may have an extensive background in any one or more of the core IPT membership areas, or the Industry equivalent.</td>
</tr>
<tr>
<td><strong>Integrated Test, Evaluation and Acceptance (ITEA) Plan</strong></td>
<td>The ITEA Plan defines the method of verification of user requirements through factory tests, modelling, simulation, development and operational evaluation trials. It shows the range of methods that will be used to demonstrate full compliance with the user requirement and enable acceptance.</td>
</tr>
<tr>
<td><strong>Joint Capability Board (JCB)</strong></td>
<td>The ECC’s cross-capability committee responsible for providing strategic direction to the Equipment Programme.</td>
</tr>
<tr>
<td><strong>Key System Requirements (KSRs)</strong></td>
<td>KSRs are requirements critical to system cost, performance, time or risk that provide management indicators of overall system performance.</td>
</tr>
<tr>
<td>Key User Requirements (KURs)</td>
<td>Capability requirements or constraints identified from within the wider set of user requirements which are assessed as key to the achievement of the mission, or which are for some reason assessed as of particular interest to management. KURs characterise the whole URD and are used to measure project performance.</td>
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<tr>
<td>Main Gate</td>
<td>An exacting approval hurdle, between the Assessment and Demonstration Stages. A Business Case at Main Gate should recommend a single technological and acquisition option.</td>
</tr>
<tr>
<td>Manufacture Stage</td>
<td>The fourth stage of six. The IPT delivers the solution to the military requirement, completing system development and production. The Capability Manager conducts Systems Acceptance. The transfer of the line management of the IPT to the DLO, and of the lead customer function to the Second Customer, takes place.</td>
</tr>
<tr>
<td>OCCAR</td>
<td>The organisation for joint armament co-operation, created by the UK, France, Germany and Italy, which aims to provide improved management of collaborative defence equipment programmes and build a centre of expertise using principles of best acquisition practice.</td>
</tr>
<tr>
<td>Partnering</td>
<td>An open, co-operative and interactive relationship between MOD and Industry, aimed at meeting or bettering time, cost and performance parameters while identifying and implementing gainshare opportunities. The contractual and organisational pattern of partnering will vary according to the needs of a particular IPT. (N.B. Partnering should not be confused with partnership, a business arrangement in which each partner is fully liable for the actions of other partners.)</td>
</tr>
<tr>
<td>Peer Group</td>
<td>DPA IPTs are gathered into peer groups of projects sharing similar characteristics. Peer groups are intended to be a valuable but informal source of advice for an IPT Leader and members.</td>
</tr>
<tr>
<td>Performance Measure</td>
<td>A direct measure of output performance against which targets can be set.</td>
</tr>
<tr>
<td>Procurement</td>
<td>That part of the acquisition process concerned with managing the development and production of a system to an agreed User Requirement.</td>
</tr>
</tbody>
</table>
**Programme Responsibility Matrix**
The Programme Responsibility Matrix provides a complete record of the resources available to a particular project and who is responsible for them. The Matrix tracks and manages who contributes to the delivery of the IPT's output, both in terms of work and sources of funding. The Programme Responsibility Matrix provides definitions of which costs should be tracked by an IPT and which should not, so that whole life costings can be constructed on a consistent basis across MOD.

**Public/Private Partnerships (PPP)**
A central government initiative embracing a whole raft of interfaces with the private sector, including the Private Finance Initiative, Partnering and Outsourcing.

**Requirements Manager (RM)**
The individual, usually a military officer, responsible to the IPTL for interpretation of the DEC’s User Requirement Document (URD) and construction of the System Requirement Document (SRD).

**Second Customer**
The customer responsible for user and in-service aspects of the programme. The role is two-fold, with Single Service Chiefs undertaking the Core Leadership role in support of the Equipment Capability Customer, and the end users of equipment (primarily the Front Line and Training Commands) undertaking the Pivotal Management role, with responsibilities for specifying the in-service outputs required, negotiating CSAs and monitoring IPT performance.

**Short Term Plan**
The Short Term Plan defines the Department's final and intermediate outputs over the coming four years and allocates resources to budget holders in line with those outputs. The short term planning process includes the first four years of the Equipment Plan.

**Stakeholder**
Those who have an interest in the system. Includes operational stakeholders (users) and systems development and support stakeholders.

**Standardisation**
The development and implementation of concepts, doctrines, procedures and design to achieve and maintain the required levels of compatibility, interchangeability or commonality in the operational, procedural, materiel, technical and administrative field to attain interoperability.

**Stretch Target**
A target which is currently out of reach, but not out of sight. Significantly more difficult than hard targets, stretch targets require the breaking of previous boundaries and constraints. The team determines what needs to happen for the stretch target to be achieved and then makes it so.
<table>
<thead>
<tr>
<th><strong>System Acceptance</strong></th>
<th>The first formal stage of Acceptance, in which the DEC, as Acceptance Authority, assesses whether the system acquired by the IPT satisfies the SRD.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>System Requirement</strong></td>
<td>An intermediate step between the user requirement and system design. An abstract, internally consistent definition of what a system will do, and how well it will do it, in order to meet the user need.</td>
</tr>
<tr>
<td><strong>System Requirements Document (SRD)</strong></td>
<td>A complete set of individual systems requirements supported by a general description. Can be either a document or a database.</td>
</tr>
<tr>
<td><strong>Systems Engineering</strong></td>
<td>The set of activities which control the overall design, implementation and integration of a complex set of interacting components or systems in order to meet the needs of all users and other stakeholders.</td>
</tr>
<tr>
<td><strong>Through Life Management Plan (TLMP)</strong></td>
<td>The TLMP brings together three key themes of Smart Acquisition, Systems Engineering and improved commercial practices. An outline TLMP is produced in the concept stage and is maintained throughout all the CADMID stages of the project’s life cycle. It shows the full resources needed to meet the objectives of the project and is recognised by all stakeholders.</td>
</tr>
<tr>
<td><strong>Transfer of Undertakings (Protection of Employment) (TUPE)</strong></td>
<td>Where relevant facts are present, TUPE protects the terms and conditions of staff transferring to a private sector (or other) employer, when the undertaking in which they work transfers.</td>
</tr>
<tr>
<td><strong>User Requirement</strong></td>
<td>An expression of a single and unique user need.</td>
</tr>
<tr>
<td><strong>User Requirements Document (URD)</strong></td>
<td>An all-embracing, structural expression of the user needs for a bounded operational capability. It is generated from the single statement of need identified through the capability strategy process. The URD is owned by the DEC and consists of a complete set of individual user requirements supported by other documents.</td>
</tr>
<tr>
<td><strong>Whole Life Costing</strong></td>
<td>A continuous process of forecasting, recording and monitoring costs throughout the life of an equipment with the specific aim of optimising its whole life costs and military output.</td>
</tr>
<tr>
<td><strong>Whole Life Costs (WLC)</strong></td>
<td>The total resource required to assemble, equip, sustain, operate and dispose of a specified military capability, as detailed in the Departmental Plan at agreed levels of readiness, performance and safety.</td>
</tr>
</tbody>
</table>