OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

ACQUISITION, TECHNOLOGY AND LOGISTICS

December 12, 2011

MEMORANDUM FOR DEFENSE ACQUISITION BOARD (DAB) MEMBERS AND ADVISORS

SUBJECT: Should-Cost Templates

References: (a) Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending Memorandum, September 14, 2010
(b) Implementation Directive for Better Buying Power – Obtaining Greater Efficiency and Productivity in Defense Spending Memorandum, November 3, 2010
(c) Implementation of Will-Cost and Should-Cost Management Memorandum, April 22, 2011
(d) Should-Cost and Affordability Memorandum, August 24, 2011

On September 14, 2010, the Under Secretary of Defense (Acquisition, Technology, and Logistics) directed the manager of each major program to conduct a Should-Cost analysis justifying each element of program cost and showing how it is improving year by year or meeting other relevant benchmarks for value.

In his April 22, 2011 memorandum, he further stated that "Program Managers (PMs) will develop, own, track, and report against should-cost estimates. In doing so, they should use all relevant resources within the Department to facilitate the development of program Should-Cost estimates. I expect PMs to provide program-level Should-Cost estimates for their ACAT I, II, and III programs as they are reviewed at major milestone decisions."

The attached Should-Cost Templates are provided to guide PMs of ACAT I programs to prepare their Should-Cost information for presentation to the Milestone Decision Authority at decision meetings and execution reviews (MS B and later). PMs for ACAT II and III programs are also encouraged to use the templates as guidance. This guidance is effective immediately and will be posted at the OSD(AT&L) Better Buying Power web sites: https://acc.dau.mil/bbp and https://dap.dau.mil/bbp.

Nancy L. Spruill
Nancy Spruill
Director, Acquisition Resources and Analysis &
DAB Executive Secretary

Attachments: As stated