MEMORANDUM FOR COMMANDER, NAVAL AIR SYSEMS COMMAND
COMMANDER, NAVAL SEA SYSTEMS COMMAND
COMMANDER, SPACE AND NAVAL WARFARE
SYSTEMS COMMAND
COMMANDER, MARINE CORPS SYSTEMS
COMMAND

SUBJECT: Systems Command/Program Executive Office/Naval Warfare Center
Business Model

This memorandum directs the Systems Commands (SYSCOMs), Program
Executive Officers (PEOs) and Naval Warfare Centers (NWC) to align within a
Competency Aligned Organization (CAO)/Integrated Product Team (IPT)/Naval
Warfare Center (CAO/IPT/NWC) business model. CAO/IPT/NWC is a
collaborative operating structure designed to operate horizontally across
stakeholder and organizational boundaries while honoring lines of command,
fiscal accountability, program requirements, and competency technical authority.
An effective model for this type of organization is the Naval Air Systems
Command CAO/IPT/NWC organization that was implemented in 1995.

Competencies are Command-wide ‘nationally’ aligned technical authorities
and will draw upon capabilities from all aligned elements. This will result in key
technical disciplines with clear technical lines of authority. Competencies will
support program execution and aid in balancing the cost, schedule and
performance pressures inherent in program management. Additionally, they will
assist in identifying program risks and participate in developing strategies to
mitigate these risks.

PEOs and Program Managers manage cost, schedule, and performance of
assigned programs. PEOs will identify current and planned workload to the
competency leaders. Competency leaders will work collaboratively with PEOs,
PMs and IPT leaders to deliver technical support to program execution and
business operations. Technical support can be provided by organic or contractor
resources and may require reimbursement. Technical support will be assigned to
programs in priority order and will be sourced from appropriate Command
elements and mapped into IPTs.

NWCs will be fully integrated subordinate commands of SYSCOMs and
provide science, engineering, and technical support to the broader Naval
community. NWC capabilities will be available, generally on a reimbursable
SUBJECT: Systems Command/Program Executive Office/Naval Warfare Center Business Model

basis, for assignment to support program execution and other mission requirements. The capabilities will be cultivated to provide focus on collective best value to the Navy and Marine Corps customers. National Competency and NWC leadership must work collaboratively to optimize national technical needs with local NWC business operations.

Development of a common and consistent interpretation of fiscal policy is a key enabler for application of reimbursable workforce to leverage the available flexibilities under financial management policies for program management and support functions.

The SYSCOM Commanders and PEOs are directed to develop plans of action and milestones that create a collaborative plan for reorganizing under the fundamental tenants and basic operating principles of the above CAO/IPT/NWC construct.

Request you brief status to me on February 29, 2008, or as soon as practicable.

John S. Thackrah
Acting

cc:
COMNAVSUPSYSCOM
COMNAVFACENGCOM
RDA DASN (AIR)
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RDA DASN (IWS)
RDA DASN (IP)
RDA DASN (M&B)
RDA DASN (RDT&E)
RDA DASN (SHIPS)
RDA OGC
RDA DACM
DRPM (SSP)
PEO (A)
PEO (CARRIERS)
PEO (C4I)
SUBJECT: Systems Command/Program Executive Office/Naval Warfare Center
Business Model

cc (cont’d):
PEO (EIS)
PEO (IWS)
PEO (JSF)
PEO (LMW)
PEO (LS)
PEO (SHIPS)
PEO (SPACE)
PEO (SUBS)
PEO (T)
PEO (W)