



DEPARTMENT OF THE AIR FORCE  
WASHINGTON, DC

OFFICE OF THE ASSISTANT SECRETARY

MAR 11 2013

MEMORANDUM FOR ALL AFPEOs

FROM: SAF/AQ  
1060 Air Force Pentagon  
Washington, DC 20330-1060

SUBJECT: Expectations Regarding Should-Cost (SC) Management of Acquisition Programs

1. I recently submitted an annual SC report to USD(AT&L). This report did not reflect a positive review regarding our efforts to take full advantage of the cost-saving opportunities inherent in the SC management initiative. So far the Air Force has waived four times as many should cost assessments as the other services and we have only 20% of their savings.
2. We must all commit to being more rigorous in using SC to help drive down program costs. We must also consider programs across the lifecycle to include those in sustainment. Our current policy delegates SC waiver approval to each PEO for ACAT II and III programs; however, based on FY12 data, I believe we are losing valuable opportunities to realize potential SC savings. Therefore, I will now review all waiver requests for all ACAT Levels.
3. A continuous SC accounting process is a critical program management tool. Moving forward, we will further refine our processes to improve reporting and results from SC initiatives. With this in mind, I am directing that each PEO provide SAF/AQX with the following information:
  - a. A SC POC for the overall portfolio (provide by 15 March).
  - b. A SC target cost and strategy to achieve the SC goal for each ACAT program.
  - c. The methodology you intend to use to capture and track savings.
4. In order to support this initiative, I am directing SAF/AQX to do the following:
  - a. Conduct monthly SC reviews with each AFPEO Staff. In addition, when your organization is "spotlighted" at the SAF/AQ staff meeting, include SC as a topic.
  - b. Formulate a new SAF/AQ policy that governs this program.
  - c. Develop a training program that the PEOs can use to improve workforce skills.
5. SAF/AQX will assist your staff to establish a timeline for the requested information and help ensure we make progress. My SC POC is Mr. Ray Flores, SAF/AQXR, 571-256-0408.

CHARLES R. DAVIS, Lt Gen, USAF  
Military Deputy, Office of the Assistant Secretary  
of the Air Force (Acquisition)