

A The CAIG estimates traditionally—and I [speak from] years [of experience with CAIG estimates] since I worked for PA&E in 1967 when we first started the CAIG —[are] usually within about 2 percent of the actual cost of a program when it's finished. The Service estimates are anywhere between 17 and 19 percent low. I'd rather go with a program that I have a little more confidence in, even though it's not perfect. And there will be some changes to it. In fact, the CAIG's been 2 percent low—it hasn't been high—on the average. And so I think it is better to take an independent look where people have data that go far beyond the indi-

vidual program managers' [data]—they see all of these programs of all the Services. And they have a lot more data on which to make an assessment of what they believe the cost is really going to be. I feel more comfortable taking that estimate than I do taking the Service estimate, although in some cases I've taken the Service estimate when I thought it was better. In fact, that's what we did with the F-22. We just bought the number of airplanes we could buy at the CAIG number.

If I want to tell somebody that I have properly priced the program, I have a tool, and I'm going to use that tool. It's called CAIG. And if I feel that there's a

huge difference in the cost between a Service and the CAIG, I want to use the CAIG, because we are more likely to come in at that cost. I've made this speech before—the combination of evolutionary spiral development that gets something to the field quicker, with less risk, coupled with properly pricing programs—I can't think of any better way to maintain stability in a program than those two events.

Editor's Note: This information is in the public domain at <http://www.defenselink.mil/news>.

DEFENSE ACQUISITION UNIVERSITY AND THE BOEING COMPANY FORM STRATEGIC PARTNERSHIP

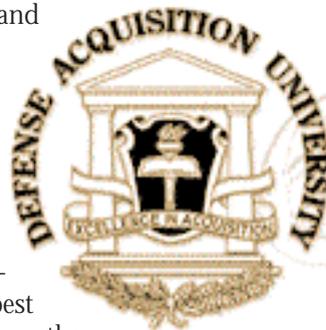
On June 20, 2002, Defense Acquisition University (DAU) President Frank Anderson Jr., and Stephen R. Mercer, Vice President, Learning and Leadership Development, The Boeing Company, formalized their ongoing relationship by signing a Memorandum of Understanding (MOU) to support each other's efforts to leverage the best business practices of government, corporate universities, and business for world-class training and education.

DAU and Boeing have long shared a mutual commitment to excellence in learning and an ongoing strategic collaboration for the best training that builds on the expertise of both the public and private sectors. This MOU establishes the framework to pursue educational opportunities that are mutually beneficial. Opportunities indemnified for the partnership include but are not limited to the following:

- The sharing of training resources, including the attendance of Department of Defense personnel

at Boeing courses, and the attendance of Boeing personnel at DAU courses for the purpose of improving each other's course offerings.

- Collaboration on course topics and course content, including reviews of student case presentations and mock negotiation exercises, providing the contractor's perspective in DAU courses and providing the government's perspective in Boeing courses.
- Guest visits by Boeing senior leadership as well as other participation by Boeing leaders as instructors and panel members at DAU courses.
- Guest visits by DAU's senior leadership as well as other participation by DAU leaders as instructors and panel members at Boeing courses
- Providing feedback to each other on training pilots and other course development activities.



For further information on this partnership, contact Wayne Glass, Director for Strategic Partnerships, Strategic Planning Action Group, at Wayne.Glass@dau.mil, or call 703-805-4480.