

The Defense Acquisition University ACQ 315 Understanding Industry Course covers a wide range of business acumen competencies including industry orientation, organization, cost and financial planning, business strategy/development, supplier management, incentives, and negotiating strategies. Business skills are learned on aligning company strategies, finances, and operations that motivate company decisions to meet their business goals. Learning the basics of “business language” of company strategy and operations leads to executable knowledge of incentives, motivations, and rewards. This translates into a negotiation strategy that promotes competition, best taxpayer buying power, and a fair profit for our defense contractor. This course will focus on learning business skills from an industry perspective. This again fair and reasonable profits, while providing best taxpayer value to the government on defense products.

ACQ 315 is designed to supplement DAWIA workforce business knowledge gaps for those either currently Level III certified or as a Level III certification requirement. This provides additional cross-career-field business knowledge curriculum integration. The ACQ 315 target audience is intended for all DAWIA career fields. Students come from a wide range of functional backgrounds.

Students will not become business expert, but can expect to:

- Learn the “business language” (language of finance) to better communicate
- Emerge with an understanding of how business strategies drive company operating plans
- Know what incentivizes companies, and how different motivations lead to successful negotiating strategies
- Learn strategies to enable best taxpayer value with a fair, reasonable profit
- Be better equipped to interpret how a company’s finances, strategies, operations, and decisions impact program success
- Better negotiate with industry as a more informed customer

ACQ 315 was developed and designed for Level-III personnel in positions likely to involve direct engagement with industry. ACQ 315 is particularly unique for DAU because it approaches this topic from the industry perspective; although most students are government employees. ACQ 315 strives to examine business practices from a company’s point of view. The intent of this approach is to quite literally allow students to “walk a mile in a company’s shoes” to gain insight into the many factors that drive a company to grow or falter. DAU faculty who teach the course are required to have relevant experience working in the defense industry.

Students with Government experience and positions will be able to use what they learn in ACQ 315 to influence their decisions, improve negotiation skills, and enable increased communication and understanding between themselves and their industry partners. From the beginning of the course students are themselves situated in the industry perspective. They engage in the lessons that follow not as Government employees scrutinizing industry practices, but rather as businessmen and women eager to understand what makes a company tick.

Areas that students benefit by walking a mile in a company's shoes to better understand business acumen:

- Financial literacy is important not only so a company knows how to make money (win the competition), but also so that customers dealing with a company (particularly in the defense-related business) understand the rationale for how that company conducts its business.
- Better business acumen generally leads to better profits for a company, and on the other hand should aid Government acquisition professionals to garner best value for the taxpayer and the Government.
- We want our acquisition workforce better equipped with the ability to look at an organization's structure and financial landscape and see the connections between finances, strategies, operations, and decisions a company may make.
- Increasing knowledge of business will produce a better understanding of motivations, competitive impacts, and better business relationships between the Defense industry and the Government customers.

ACQ 315 is designed to take an industry perspective of balancing all business decisions based on competing factors to keep the company profitable, predictable, and alive. ACQ 315 provides a high-level examination of relationships, processes, and takeaways from a company's viewpoint. Each of the lesson blocks is tied to instruction through the week.

The Defense industry is generally focused on the long term, to earn profits that exceed the cost of capital, attract investors by demonstrating profitability, and attract and retain world-class employees. The company's financial pipeline must be filled with sales, orders, cash flow, and profit. Business development works the corporate strategy into a nominal five-year operating plan where the right program priorities must be picked based on the marketing funnel, market intelligence, and capture plans. The Wall Street factor is always in play because the shareholders own the company – unless it's not public.

This course is not designed to teach an MBA in 4.5 days, but rather to enable students to better associate and understand the businesses with which they work. Businesses want to actively engage and integrate their product development efforts to meet their Government customers' needs. Understanding the following topic areas will facilitate students' abilities to make better business decisions for both company and the Government acquisition personnel:

- Language of finance
- Business processes of managing and tracking costs
- How prices are established
- Company management of nominal business operations including how the company plans ahead, prioritizes investments, and engages to win Government opportunities
- What motivates, incentivizes, and rewards companies adapted to the right negotiating strategies

Company financial health is measurable but not always clear. But the language of finance – when better mastered and in sync between Government and business – improves a program’s and company’s probability of success. Company incentives, motivations, and rewards lead to best-value negotiating strategies for the company to get the right contract consistent with accepted risk. ACQ 315 will see a broad look at all these factors through the week.

This schedule depicts the course structure for the week. Monday, Tuesday, and Wednesday focus on business orientation background, financial tools, while Thursday and Friday focus on application of knowledge and tools in a Negotiations exercise and Finance Capstone game based on a strategy and company operating plan. The concept of “business strategy” links each lesson together.

The course covers a lot of business territory in a short amount of time. There are a number of exercises, case studies, and even a capstone business simulation at the end of the week to tie together the application of what the students will learn earlier.

A summary of each day:

Day 1: Background on industry, then considering how business strategies impact organization and lead to development of an operating plan. At end of Day 1 students begin looking at basic aspects of business strategy, organization, and finances. Key financial ratios are used to show how companies and stakeholders measure financial performance trends and investment potential to achieve the revenues and profit margins needed to keep companies in business; Cost components leading to profit margins that all companies use to make their numbers (financial reporting via financial statements and ratios that are used by customers, investors, and competitors to compare a company’s efficiency and progress as a business). These tools will be integral to the language of finance that we want you to appreciate by the end of this course. Want students to understand the financial health of companies when making program decisions. These revenues and profits margins are outlined in companies’ operating plans.

Day 2: We look at impacts of company cost, prices, and rates in d Part of tools are cost, prices, rates, margins, time value of money, resourcing projects, and how a company views cost estimating as it leads to a price to win bid on those projects that they prioritize as important for the company to win. The operating plan charts the company’s course. The day ends with a two-hour overview of supplier management. We’ll examine areas of supplier management that are important both for pre- and post-contract award and through the production and sustainment phases. A number of real-world examples show trends in subcontractor management and make-buy decisions where cost, pricing, rates, and resources all are considered for business outcomes.

Day 3: It’s important to understand how a company views the capture planning process as it parallels Government program acquisition development leading to eventual contract award.

Business communications and understanding requirements are critical, especially leading to the RFP development phase. Business acumen and the language of finance are extremely critical to a company's financial success across their supply chain. While all companies are not the same, we'll learn about some general incentives, motivations, and rewards that companies pursue to make their numbers. We'll also learn about the negotiating strategies a business employs to achieve a solid contract award that supports their business strategies and operating plan. Government and industry communicate best (and achieve the best outcomes) when they have the same general business acumen (when they're essentially speaking the same language). We'll end this day with a celebration of knowledge!

Day 4: On Day 4 and 5 we work to apply the tools we've been exposed to over the last three days. We'll take these tools and apply them to negotiations and finance scenarios. In the negotiation lesson we focus on "Getting to Yes" and mutual benefits using a company negotiation strategy to provide the customer the best value while achieving outcomes that are important to the company. On Thursday afternoon we begin an eight-hour financial reporting and metrics game during which we'll role play as companies forecasting, executing an operating plan, dealing with the ups and downs of doing business, briefing outcomes to leadership, and seeing whether our decisions enabled us to meet our numbers.

Day 5: The final day of the course continues with the financial game leading to the last of three business unit annual reports to corporate leadership. At this stage we want the students speaking "the language of finance," with an understanding of the many variables inherent in not just creating an operating plan, but also being exposed to the many challenges, opportunities and decisions that a business has to constantly make to be successful – or not. With that background, these Government students can now begin to better understand many of the tugs and pulls their defense contractors are exposed to in decision making. We expect the final annual briefing will cover aspects of each business unit's (table) three-year journey to make their numbers.

How will this information be used?

Students will better understand what motivates company decisions and strategies. They'll learn about company strategies, business development processes, operating plans, making the numbers, core products, impacts of the supply chain on company profitability, incentives, negotiating strategies, and actually operating a business unit and what impacts come from both strategy decisions and adapting to the challenges of the market environment.

Students will better understand how companies compete in their market space, particularly how competition can be enhanced by Government requirements and actions.

Students will leave with valuable references and resources for follow-on learning pertaining to every level of company involved in Government acquisition.