

A Smart Shutdown Primer

Considerations for a Successful Shutdown



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Preface

This primer was first published as “Smart Shutdown Guidebook,” in December 2013, and placed on DAU’s Acquisition Community Connection. The original publication was the result of more than 4 years of information gathering and research from affected programs and selected senior leader interviews. It has been renamed “A Smart Shutdown Primer” to reflect the original intent of being a thought-provoking primer for program managers (PMs) rather than a “how to” guidebook. The Tools tab on the Smart Shutdown Program Support (SSPS) Community of Practice (COP) provides examples of useful “tools” to assist PMs in their smart shutdown of a program. In addition to this primer, there is a companion workbook that gives a list of considerations and a synopsis of senior leader interviews and lessons learned.

You’ll find that this primer is not chock full of policy, regulations, directives, and other requirements—another reason it has been renamed. It is meant to be used in conjunction with the SSPS COP to support the acquisition community with a forum to learn and share information as they consider all aspects of program shutdown activities. The COP and the considerations workbook have many good ideas, lessons learned, and details, and they will continue to grow as long as the workforce continues to contribute to the content.

The late Honorable Claude M. Bolton shepherded the team through the initial publication. You will read the term “guidebook” in his Foreword in the next section. It is with sadness that we cannot provide an update from him for this edition, but his vision and intent are still valid.

The Smart Shutdown Program Support Team

Foreword

It is an absolute pleasure and honor to provide a few words regarding this *DAU Smart Shutdown Guidebook*. At present, the Department of Defense (DoD) has no formal process to terminate a program, and once a program is terminated, has no formal process, education, or training to smartly shut it down. I wish such processes existed when I was an Air Force program executive officer (PEO) and later the Army's acquisition executive, when I had to terminate more than 70 programs/contracts. Once terminated, these programs required significant time and effort to ensure the shutdown was done in the best interest of the warfighter, DoD, and the taxpayer. While the DoD still has no formal termination process, I am happy to say DAU has developed a very effective guidebook to help program managers (PMs) smartly shut down programs once the termination decision is made.

DoD faces a critical fiscal challenge, and it is certain that many DoD programs will be terminated. PMs will be asked to shut down as quickly as possible yet do so effectively and efficiently. The question for the PM given no formal process, no training, and no tools is, *how?* This guidebook provides the answer. Some of the many considerations captured by the guidebook include personnel, operational capability/requirement need, technology use, facilities/hardware/software, program security, contracting, and budget-related issues. In addition to providing the guidebook, DAU gives assistance to PMs to help them through the shutdown and has done so for a number of programs terminated over the last few years.

Given all the foregoing, I can think of no better tool for the DoD than the *DAU Smart Shutdown Guidebook*, and I highly recommend it to all PMs. With this guidebook, PMs who have been directed to terminate programs can do so with confidence that their programs will be shut down effectively, efficiently, and in the best interest of the warfighter and taxpayer. I wish all who read and use this guidebook the very best in a challenging endeavor.

The Honorable Claude M. Bolton
DAU Executive-in-Residence

Executive Summary

This primer is offered to the PM or program management personnel faced with shutting down a program. This shutdown could be a complete termination, a partial termination, or a transfer of execution responsibility from one agency to another. In each case, the basic set of considerations is the same. The reader is provided with general and pointed discussion of areas to consider in the shutdown process and an exhortation to employ leadership and management principles with vigor in planning and executing the shutdown process.

Program termination is an appropriate and effective management tool. The PM must realize that senior management's decision to terminate a program will not be made lightly. The PM must execute the program shutdown with the same attention to effectiveness and efficiency employed in the on-going program.

Factors leading to a shutdown decision:

- Changes in the threat the system was designed to counter
- Changes in the materials or technology used in the design
- Changes in the budget available to fund the program
- Unaffordable cost growth in development, production, or deployment and sustainment
- Inability to meet the key performance parameters required by the user
- Changes in the policy governing the employment of the system technology or the deployment of the system to certain regions
- Selection of an alternate approach for satisfying the mission need
- Changes in execution responsibility from one Service to another
- Or some other reason identified by management

Despite the recognition of program termination as an appropriate course of action, there was no resource available to guide the PM in executing a program shutdown until the development of the SSPS COP at DAU. The Federal Acquisition Regulation (FAR) and its derivatives provide ample instruction to the contracting community for how to manage the termination of a contract, but there was no companion guide to outline the broader responsibility of the PM. The SSPS was created to give PMs a toolkit to use to plan, organize, direct, and control a program shutdown that involves not just the contract(s), but the personnel, property, hardware, software, data, technology, and program security apparatus in place to execute the overall program. The SSPS body of work is online in the SSPS COP of the DAU portal (<https://www.dau.mil/cop/smartshutdown>). Visit the site and become a member today. The COP contains planning and reporting templates and thought-provoking questions, statements, and interviews with senior leaders to stimulate the shutdown planning process. This primer will help the PM synthesize that information and build a plan of action.

Not only is this a good structure and dataset for shutdown planning, but the review of it is a good process for the PM to go through whether planning a start-up or shepherding a program through the various stages of its life cycle. A proactive PM will use this in developing an acquisition program plan, not only to address the shutdown course of action, but to shape provisions for staffing, intellectual property, hardware, software, and data storage and archiving. A proactive PEO and/or Milestone Decision Authority will see that the PM does so. This thought process does not drive a focus on failure. Rather, it drives clarity of purpose in everything from program organization, planning, and

resourcing; to record-keeping methodology; to contracting for people and products; to communicating the importance of diligent and efficient program execution. The PM always must consider the perspective of those above, those below, and those to follow while laying out the program plan of action, regardless of phase—and then drive relentless execution.

The termination/shutdown plan is where the PM documents the objectives and tasks for planning, organizing, directing, and controlling the shutdown. The plan should include the following sections:

- Management (organizing, planning, executing, communicating, and reporting)
- Areas of consideration such as:
 - Personnel
 - Operational Capability/Requirement
 - Technology
 - Facilities/Hardware/Software/Program Security
 - Contracts
 - Budget
- Special appendices as required for key references such as the Acquisition Decision Memorandum (ADM)
- Other sections necessary for a tailored plan

A sample termination plan is available on the SSPS COP Web site.

The complexity of a program shutdown is driven by many factors, such as:

- Maturity of the program
- Classification of the program or certain hardware and software items
- Size of the program, whether in number of participants (multiple Services/ agencies, multiple countries, multiple contractors) or in number of subsystems and interfaces
- State of the contract (is the procuring contract officer caught up with change orders?)
- Congruency of the program acquisition approach with the current mindset of senior acquisition leadership
- Relationship between the government and industry PM offices
- Visibility of the program with Congress
- Number of possibilities for transferring hardware/software/technology to potential recipients
- Resources available to execute the shutdown

The degree to which these factors and others vary will drive the uniqueness of situation. The DAU SSPS is designed with enough structure to be a practical tool and enough freedom to be flexible for tailoring.

This individuality and complexity highlight the importance of the shutdown plan as the single place for the PM to identify the overall vision and to plan and communicate it with those executing and overseeing it. The SSPS does not address the process or factors used by the DoD, Services, agencies, or PEOs in making the decision to shut down programs, but rather addresses critical thoughts, planning, and actions appropriate for the PM to use to expedite the shutdown action once the decision is communicated. This primer serves to walk the PM through the SSPS COP and help synthesize that information into a plan of action for executing a smart program shutdown.

Shutdown Planning and Execution

As mentioned, the shutdown plan is the single place for PMs to organize and document their thoughts regarding their task and how they will go about preparing for and executing the shutdown, as well as for communicating with their team, horizontally to affected organizations and vertically to the organizational leadership. This section will provide discussion of the foundational elements of the shutdown plan.

Management

PMs needs to describe:

- The objectives they are setting out to achieve
- The organization needed to accomplish those objectives
- The time-phased plan for those accomplishments
- The means to execute, communicate, document, and report progress toward completion

The ADM documents the decision to shut down a program and provides the “commander’s intent” with respect to the objectives the PM is expected to accomplish during the shutdown phase. These objectives are the guiding principles that PMs must consider as they organize their team, assign responsibilities, pull together the execution plan, and determine the metrics for managing and reporting progress. Other areas will be discussed later, but this is the place to start when setting the path for the program shutdown.

Organizing

Pull your key leaders together into a shutdown integrated product team (IPT) that:

- Organizes around the objectives to accomplish in the shutdown process.
- Matches personnel to objectives without consideration of current organizational position. Is conscious of its knowledge and ability to finish the tasks quickly and strongly, and of the likelihood it can remain through completion of the assigned tasks.
- Includes the procuring, administrative, and terminating contracting officers (PCOs, ACOs, and TCOs).
- Assigns full authority and responsibility to plan and accomplish assigned areas of responsibility.
- Considers beforehand how to move or transition personnel



when assigned tasks are complete and as they leave for other employment. Remember that it is good for these people to work themselves out of a job.

- Includes, to the degree affordable and possible, prime contractor leadership. There will be times when the prime's presence isn't necessary—but, as with any contracted activity, the more both parties understand about what the other is trying to accomplish, the better.
- Focuses on the job at hand and doesn't let meetings turn into gripe sessions. Remember, the job now is to get on with wrapping up the program and moving on to the next acquisition objective.

Planning

What gets measured gets done. Work with the shutdown IPT to:

- Craft a detailed integrated master schedule for the shutdown that addresses the major objectives called out in the ADM, major reporting milestones, and the details of what must be accomplished in each of the areas of consideration.
- Estimate and obtain the personnel and funding resources required to accomplish that plan. Plan for contingencies.
- Establish a set of metrics to use to measure progress in each of the areas of execution. Don't get carried away, but put some key metrics together. They will become important management and reporting tools.
- Develop a business case analysis process to analyze and determine alternative courses of action so a common, disciplined approach is available to apply across the board.

Executing

Lead the shutdown IPT to:

- Hold its membership accountable for executing the plan in accordance with established processes.
- Establish a meeting cadence to:
 - Focus on specific topics (one or two per meeting to focus on the discussion and allow time to work the issues from one week to another) and to inform subsequent meetings.
 - Formalize varying levels of involvement (IPT alone, or IPT plus prime contractor, or IPT plus program office (PO)) as well as varying agendas over a defined period.
 - Use meeting minutes and action items to identify issues for resolution, communicate status, and prompt action. Post these for all program personnel to see.
 - Be sure to address all PO members regularly to keep them informed of progress, dispel or confirm the latest rumor of program resurrection, and remind the workforce of the milestones of the termination plan.

Communicating

Throughout the shutdown process, it is important to establish and maintain frequent, regular communications with the IPT, the PO, and higher leadership. The PM should also be prepared to assist the PCO and TCO with their correspondence requirements with contractors and to assist higher leadership in its communication with external stakeholders, such as Congress and industry. Be consistent and acknowledge and address changes as messages evolve. Keep records of all communications.

Reporting

One means of communicating the objectives of the shutdown and the plans and status of that is the shutdown plan itself. In addition to this, recording meeting minutes and actions and providing status briefings to leadership, PO personnel, and other stakeholders are key activities during the shutdown process. Keep records of everything.

A sample status briefing can be found on the SSPS COP Web site.

Primary Areas of Consideration

The primary focus of the shutdown process is the realignment or disposition of the resources assigned or created for program completion, as well as the realignment or disposition of the requirement that initially drove the need for the program.

The primary areas of the shutdown process are:

- Personnel
- Operational Capability/Requirement
- Technology
- Facilities/Hardware/Software/Program Security
- Contracts
- Budget

The following sections provide a broad discussion of each area of consideration and why it is important. They draw from the SSPS Special Interest Area for questions to ask while developing the plan of action.

Personnel

Two major problem areas associated with terminating a program are worker morale and reassignment of personnel. Program workers dedicate their professional lives to achieving program success. When the program is terminated prematurely, the staff members experience a tremendous letdown. All the work and energy they have invested in the attempt to achieve program success seems wasted.

The deflated worker morale is followed by the anxiety associated with an uncertain future. If follow-on job assignments are uncertain or do not appear desirable to program personnel, the resulting anxiety takes energy and focus away from the close-out activities. Individuals will spend excessive time job hunting or dragging their feet to extend the close-out period. An additional problem is when program personnel find another job and leave sooner than you planned. This creates a void that is often hard to fill, resulting in more time and cost to close out the program and adding to the existing stress imposed on the remaining program team.

The realities of closing a program make it difficult to transfer program personnel under ideal conditions for all parties involved.

Practices employed in program execution are applicable to the close-out phase. Plan the close-out project with clearly identified tasks, and assign responsibility to the appropriate groups. Develop the close-out project with schedules, budgets, and deliverables.

Communicating goals will boost morale and enhance project participation up to final closure. Effective communication can help minimize problems with morale, fatigue, motivation, technical details,

and logistics. Regularly scheduled status meetings are an effective method to maintain open communication and to keep rumors in check. A good program plan that defines the tasks and schedule for accomplishing a smart shutdown is a good tool for communicating the job at hand to the workers. It lets them know the goals and defines the point where transition to a new position is needed.

A PO is often made up of individuals who can be classified as government civilian personnel, government functional/matrix personnel, military personnel, and support-contractor personnel. Prime contractor personnel also are a part of the program team. Below are a few considerations that apply to each particular group of personnel:

Government Civilian Personnel

- Engage the PEO, headquarters (HQ), and direct managers for help in finding positions for your program people.
- Consider providing training or school during the shutdown period or providing for it afterward.
- Consider award recommendations.
- Provide recommendations to program personnel for other positions.
- Consider including termination objectives in individual performance objectives.
- Inform qualifying personnel of Voluntary Early Retirement Authority (VERA) or Voluntary Separation Incentive Payments (VSIP) opportunities.

Functional/Matrix Personnel

- Meet with matrix managers to secure retention agreements for key personnel while ensuring they don't miss out on attractive positions.
- Provide recommendations for transition positions.
- Identify key personnel required for retention in order to ensure proper execution of termination activities and discuss retention requirements with supervisors.
- Determine if there is a memorandum of agreement with the matrix organization that needs to be updated or terminated.

Military Personnel

- Engage the PEO and HQ as well as assignment officers concerning placement.
- Consider initiating military orders.
- Consider giving Service-specific award recommendations.
- Consider initiating officer evaluation reports.

Support-Contractor Personnel

- Contact or meet with contract PMs to make them aware of the termination and to secure retention agreements for key personnel while ensuring they don't miss out on attractive positions.
- Consider providing inputs to close-out performance appraisals.
- Consider letters of endorsement for deserving individuals.
- Make sure you have funding to cover science, engineering, and technical assistance personnel through the planned drawdown.
- Send a contract letter to the contractor informing them of the termination.

Prime Contractor Team

- Work with prime contractor leadership to retain key personnel through the close-out process.

It is essential to maintain program personnel to execute an effective program close-out. They have the expertise and knowledge needed. Good communications with the program staff can go a long way in maintaining the proper team. Above all, maintain honesty and transparency.

Operational Capability/Requirement

Programs are terminated for various reasons. In many cases, the requirement has not gone away. If the mission is moved to another organization, or if a new program is started in the future to meet the requirement, technology developed during the now terminated program may prove useful to the new organization. When a program is executing shutdown activities, it is important to ensure that technology and data developed during execution are not lost.

If the termination is not due to the threat becoming irrelevant, the PM should work with his counterpart in the requiring activity as well as with the PEO and fellow PMs to determine if the requirement should be allocated wholly or partly to other systems. This is likely the quickest path to get a materiel solution in the hands of the warfighter. Consider the entire DoD enterprise when looking for alternatives, not just peer programs within the component PEO. If no suitable transfer recipient is identified, starting anew with a different programmatic or technical approach is in order.

Technology

Programs are started when a need or requirement is identified. The purpose of the program is to satisfy the requirement. From the beginning, the program is developing new technologies in the form of engineering studies, drawing packages, software development, and modeling and simulation activities. Program management documentation, in the form of major decision briefings, formal acquisition documents, information papers, financial records, and more are generated that document the history and progress of the program. Unlike facilities and hardware, for which ownership may transfer from one program to another, technology, software, and data may be useful to multiple organizations for a variety of purposes.

Technologies developed during program execution may be transferred to other programs or may go back to the labs. Technological advances associated with specific subsystems may find applicability to other programs, either in development, or as upgrades to currently fielded systems. In many cases, the labs will have insight into the overall Service portfolio and will be able to identify potential candidates for the application of new technologies.

Over the life of a program, data have been generated and likely are stored in a number of places. Handling classified data is discussed in the Facilities/ Hardware/Software/Program Security section of this document. The following paragraphs will address the handling and archiving of unclassified data.




Given the pace of an acquisition program, there has probably been little effort in developing and maintaining a logical, structured file system. Unclassified electronic files are likely stored on a program-specific share drive as well as on individual team members' local hard drives. There probably are multiple copies of many documents as well as multiple revisions of documents. Structured archiving of program documents will ensure that data that need to be retained will be available in the future in a format allowing them to be found relatively easily.

In addition to electronic files, there are likely certain documents, such as those containing company proprietary information, that may be available in hard copy and do not belong in an electronic archive. Any such documents must be identified and dealt with appropriately.

A good place to start planning for data archiving is with the organization's Records Management Office. The office can help with:

- Definitions of what needs to be kept vs. discarded.
- Defining the storage requirements.
- Identifying where the hard-copy records reside.
- Determining how long the hard copies should be kept before destruction.
- Identifying where the electronic records are to be archived.
- Laying out the process for future accessing of stored documents.

Some considerations for archiving electronic data files include:

- Define a data structure. This likely will follow the program's IPT structure or possibly a second- or third-level work breakdown structure. A well-defined structure will aid significantly in the event someone, not necessarily familiar with the program's execution phase, needs to locate the specific information.
- Set up a separate location for the storage of files during the archive process. As files are placed in the archive structure, they should be deleted from the original location. That way, when the original location goes to zero files, you know the archive process is complete. The new location is the source of the program's archived data.
- Assign responsibilities. Each folder in the original data location needs to have an assigned responsible person.
- Develop a metric for measuring progress. A sample metric that monitors the size of the archive structure and the original structure is included in **the appendix**  part of the sample status briefing.

A note of caution: The current practice of shared electronic workspaces, developed and maintained by prime contractors, presents an issue with data archives. Many files from these electronic workspaces have been copied to the program office shared drives during the execution of the program.

Further, there is a desire to archive as much of this data as possible, so program personnel will want to download as much information as possible. The prime contractor has developed the data present in the electronic workspace; much of the data is not in a deliverable format and, therefore, has not been marked properly. If these data are placed in the terminated program's archive, controls will be needed if the data are to be accessed in the future.

Facilities/Hardware/Software/Program Security

From the time a program is started, it begins acquiring assets. When the program is shut down, it faces the task of disposing of all these assets. The type and amount acquired vary greatly from program to program, based on the size and nature of the program. Large programs acquire more assets during their life than do small programs. Fielded programs have assets in the field and depots that may not apply to research and development programs. Whatever the case, as a part of shutdown, assets must be transferred to another product/project/program/lab within DoD or another government agency. Disposition actions are to be accomplished in accordance with regulatory and statutory requirements (e.g., FAR 45.6 and Federal Management Regulation Subchapter B – Personal Property §102-35 through §102-42).

To understand the total scope of what must be dispositioned, one needs to understand what one "owns." Start the process with an accurate inventory list and break down the basket of "total assets" into logical buckets. This primer suggests the following buckets:

- Facilities
- Hardware
- Software
- Program Security

Each asset class has unique disposal requirements. As you develop an inventory associated with each asset class, disposition plans begin to take form. Activities associated with each class of asset are defined, external interfaces are identified, and a schedule begins to emerge. The shutdown project can be structured by breaking down the total scope into manageable pieces, by developing activities, timelines, and resources. The same program management tools used during execution of the original program are applicable to program shutdown.

General questions that may be applied to each asset include:

- Ownership?
- How long do I need it to execute program shutdown?



-
- Is there another product in the PO that wants/needs it?
 - Does another program within the PEO want/need it?
 - Does someone within the Service or agency want/need it?
 - Does anyone within DoD want/need it?
 - Does another government agency want/need it?
 - Does a Security Assistance partner want/need it?

Facilities

For purposes of this primer, facilities include buildings, office space, and capital equipment such as special tooling. Each item needs to be reviewed individually to determine the required disposition activities. Work scope, schedule, and funding are required for each facility.

Considerations for facility disposition include:

- Is the facility leased or owned?
- Is there a memorandum of agreement with another government agency that needs to be updated or terminated?
- Are there environmental considerations that need to be addressed prior to turning over the facility?
- Are there security considerations that need to be addressed prior to turning over the facility?
- Returning the facility to its original state.

Hardware

Hardware typically encompasses the bulk of what the program owns. This includes furniture and computer equipment in the PO, material, and equipment at contractor facilities that was purchased on contract (government owned), inventory of assets and associated spares, equipment or assets currently in storage or at other government facilities (test ranges, maintenance depots, etc.). Each group of hardware must be accounted for, though the method of disposition likely will vary.

As recipients are found for the various items, DD Form 1149 (Requisition and Invoice/Shipping Document) can be used to transfer ownership from the terminated program to another program. Transfers from one contract to another require two contract modifications; one for the losing contract and the other for the gaining contract. No forms or documents, such as the DD Form 1149, are authorized for the transfer of Government property accountability from one contract to another. (Reference FAR 45.105 and DFARS PGI 245.103-71.)

In many cases, the hardware owned by a program is unique and finding an interested and willing recipient proves difficult. Several classes of hardware likely require different treatment. For example, there will be contractor-acquired property that is at the contractor facility but is owned by the government; property owned and in the possession of the government; and special cases such as explosives and hazardous materials that require special disposition plans.

Excess property that is in the government's possession can be processed through the Defense Logistics Agency's (DLA) Disposition Services (formerly known as the Defense Reutilization and Marketing Service). DLA Disposition Services provides worldwide disposal management solutions through the reuse, transfer, donation, sale, or disposal of excess property.

Depending on the phase and size of the program, there may be quite a bit of Property in the Possession of a Contractor (PIPC). PIPC may consist of Government Furnished Property, Contractor Acquired Property, and Progress Payment Inventory. Accounting and disposition of these are regulated by the FAR (and supplements) the Financial Management Regulation and DoD Instruction 5000.64.

(See [OUSD \(AT&L\) P&E Policy White paper](#).) This property may be dispositioned in a fashion similar to other hardware: obtain an inventory, look to other programs that may have interest, and transfer the property. Additionally, the contractor may have other programs or contracts that can use the property and the items can be transferred from one contract to another. Residual hardware that does not find another program or contract can be processed through the Defense Contract Management Agency's (DCMA's) Plant Clearance Automated Reutilization Screening System (PCARSS). PCARSS provides reporting, screening, requisitioning, and dispositioning of excess government property located at contractor facilities. Details concerning PCARSS are available from DCMA or the local plant clearance officer.

Software

Software comprises all computer programs owned and/or developed for the program, including software requirements, software documentation, and source code.

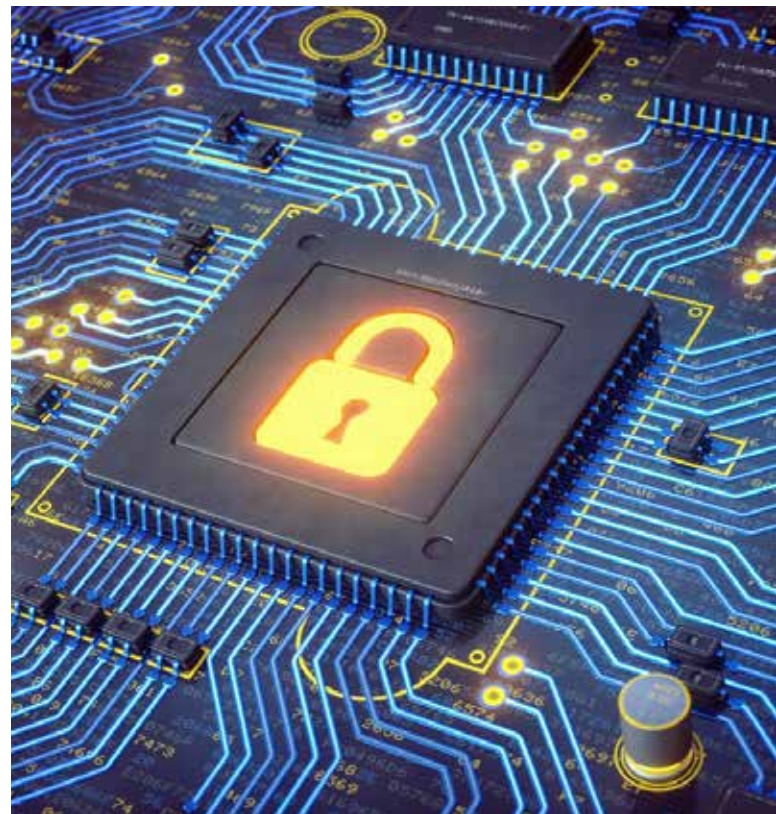
Some developed software is system-specific, but, as programs are built into systems of systems, there is software designed to allow new systems to communicate with existing systems. As more new systems come on line, the potential for reuse of portions of software increases. Developed software, including documentation, needs to be preserved and provided to potential users. Most labs have directorates specifically focused on software development, or delivered software may reside with the configuration management area of the program's parent organization. Work with the appropriate technology organizations to make sure software that has been developed and paid for will be available to others who may have a need.

Program Security

Though program security can be thought of in one or more of the other categories, requirements for handling equipment associated with classified information involve separate planning and execution. Several areas of concern, from a program security point of view, are addressed below.

Continue to protect critical program information. Alert the appropriate authorities to the change in program status so they can be on the lookout for unusual activity.

One of the first things to be done in planning for termination is to meet with the responsible Security Office. There is a remote possibility that program termination may cause an extreme reaction by a disgruntled employee, either contractor or government. PO management should be aware of psychological signs that may indicate an individual is a threat, either physically or technically. To protect against insider threats such as logic bombs, a process should be set up to ensure that access to program systems is removed as soon as possible once individuals depart the contract.



If your program is a Special Access Program, individuals may have been granted Sensitive Compartmented Information access. As individuals leave the program, debriefing will be required. Debriefing program personnel should be included in your termination planning.

Document control involves the retention and disposition of classified documents. An inventory of all classified documents by location is required. The PO should determine what is to be retained and then provide guidance concerning the timeline for disposition, as well as guidance concerning protection of any proprietary or sensitive information. Any documents being retained require a location; the program needs to make sure the storage location is suitable and approved for document retention. Once the long-term storage of documents has been determined and executed, the safes can be sanitized and dispositioned.

Classified network sites may have been provided by your program. These sites may be at test sites, contractor and subcontractor locations. If there is not another program to take on responsibility for these sites, they will have to be shut down. The PO will determine the timeline for shutting down classified sites and will determine the disposition of classified hard drives. All classified computers will need to be sanitized. Work with the appropriate Security Office to ensure that classified computers and Internet sites are dispositioned appropriately.

Another security-related special case of hardware disposition is how to deal with communications security (COMSEC) material, which includes COMSEC keying material, items that describe, or implement cryptographic logic, and other items produced by or for the U.S. Government for communications security purposes. The following activities should be considered in dealing with COMSEC material:

- Prepare an inventory of all COMSEC material and locations for which the program is responsible.
- Determine when COMSEC operations need to cease at each location.
- Determine disposition of program-owned COMSEC equipment.
- Work with the appropriate Security Office and COMSEC custodians to issue disposition of COMSEC equipment.

Contracts

The contract and its associated documents are the only binding element of the relationship between the government and the contractor. Outstanding contract actions between the government and the prime and between the prime and its subcontractors (and so on) will be very difficult to complete in a shutdown environment. Good will and cooperation among program participants disappear in favor of organizational protection (government, prime, or subcontractor). The more the contract represents the current state of play, the quicker the parties are able to resolve the shutdown elements.

The PM likely will have several contracts or parts of several contracts in play at any given time for prime item development as well as for oversight assistance, independent verification, and planning for operationalization. The PM will need to inventory these contracts, task orders, and other instruments to obtain a comprehensive site picture of the situation, prioritize shutdown planning for these items, and begin notifying the contracted parties of the changing requirement and what is intended regarding each contract. Consider carefully tailored stop-work notices in advance of termination notices to focus the remaining effort and funding on those things required to prepare and execute the shutdown.

The PM's concern here is broader than just what the FAR says about termination. In fact, the PM may not be terminating contracts at all. The PM may be transferring part or all of his or her contracts to another executing activity or allowing existing task orders to expire and opting not to award new ones. The variations are many, but the key principles are the same. PMs must know what they have, know what they want to do, and be clear and swift in execution. Clear and accurate property accountability and intellectual property accountability records put the PM in the best position. Disagreements over inventory and intellectual property routinely drag contract terminations out for years. Develop the contracts strategy, review it thoroughly, and then execute it swiftly.

The FAR Part 49—Termination of Contracts, will provide direction to the PCO and ACO for how to proceed with the mechanics of a contract termination if that becomes part of the program shutdown. Find out as soon as possible who the TCO is and make that person an integral part of the shutdown IPT. Recognize that contract termination activities will continue for years once the decision to do so is made—even if termination responsibility is delegated to the TCO. This needs to be considered as the PM and contracting functional leadership decide on staffing levels going forward.

As mentioned, not every case of program shutdown requires a conventional contract termination. The PM may be able to allow tasks of an Indefinite Delivery Indefinite Quantity type contract to reach their natural conclusion without exercising a termination clause. In this case, termination costs may be limited to property disposition. In other cases, the PM may be able to transition all or part of the contract to another organization for execution. If this happens, all transferred elements must be identified and a likely disposition alternative attributed to each.

The Final Contractor Performance Assessment Report and award fee determination, if applicable, need to be addressed as quickly as possible before key contributing personnel disperse.

Early in the program, thoughtful planning to limit termination liability costs and to shape contractor behavior with an award fee in the face of a termination will benefit the shutdown process. It is best to do this prior to award; better to do it early; and nearly impossible to implement at the end.

The PM must stay organized and up to date in the contracts area. The effort to pursue this during program execution will pale in comparison to the effort required to get organized and up to date in the midst of the chaos of a program shutdown.



Budget

An active program requires funding, and a program in the shutdown phase is still active, so don't give away all the funding.



The lag associated with financial reporting can lead some to make the wrong decision with respect to how much funding is available to cover the ramp down of a program. The lack of a comprehensive termination liability cost estimate (program vs. just contract) also will lead to poor financial decision making in a termination.

The PM must review the five areas of consideration discussed above and determine the cost of completing the disposition of all the personnel, facilities, hardware, software, and materials identified as well as that of activities associated with overseeing and executing that disposition. Once this estimate is completed and updated, compare it to the funds available—unobligated, obligated and not expended, and budgeted for the following fiscal year—to see if there is enough available to handle the job at hand. Make the determination and report the situation to leadership immediately.

These estimates are as critical to managing the shutdown efforts as they are to defending remaining program funds from those looking to use these funds elsewhere.

In advance of a formal termination notice, the PM should identify and issue stop-work orders for all unnecessary activities on the contracts, task orders, and other instruments that he has in

play for the program as soon as possible. This is the surest way to increase the funds available to execute the shutdown.

Move swiftly to recover excess funds and obligate them on instruments necessary to complete the shutdown. Excess funds may be found all across the chart of accounts, such as on contracts executed by the PO, funds executed via the military interdepartmental purchase request process, host-tenant support agreements, as well as personnel and travel accounts.

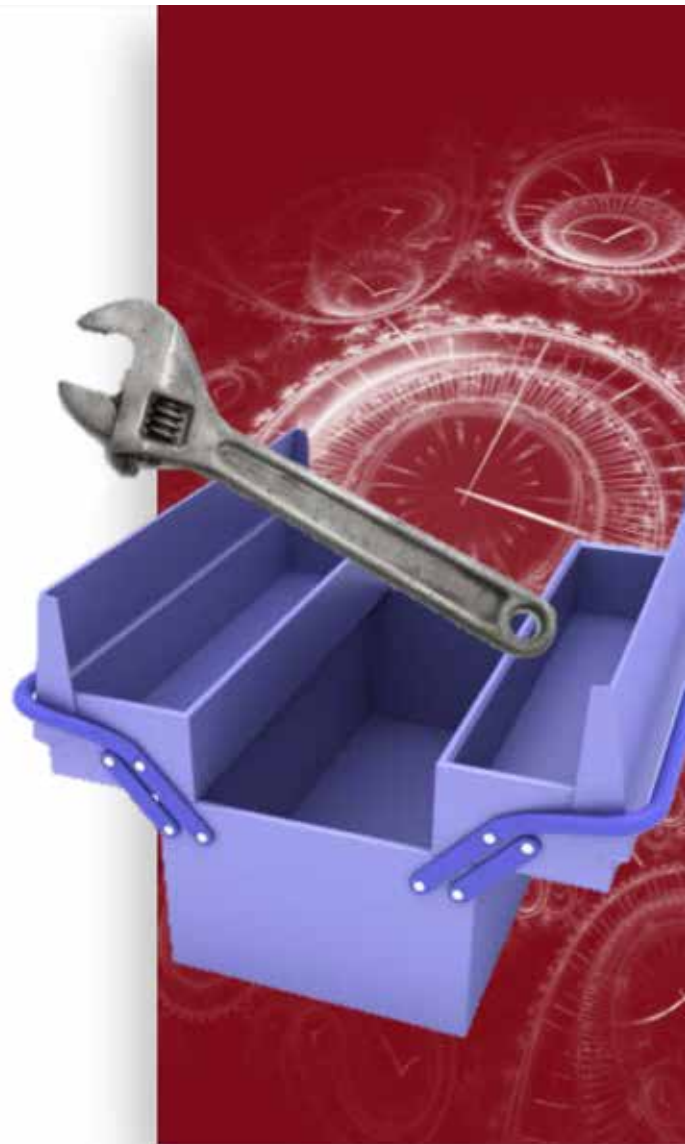
The Planning, Programming, and Budgeting System process looks backward as well as forward. Reporting responsibilities will continue.

The PM must have as much insight into where the money is and why it is in those places in these times as at any other time in a program's life. This should be treated as a super end-of-year sweep and reallocation of funds. The consequence of not properly funding the shutdown activity within program funds will fall on peer programs and higher HQ and may require congressional reprogramming. Those who search for "excess funds" should be reminded of that as they attempt to take away funding.

PM's SSPS Toolkit

The SSPS COP contains many assistance items that can be used to accomplish the shutdown task. In addition to this SSPS primer, other “tools” available as a source for guidance and reference are listed below.

- SSPS Leadership Overview Brief
- SSPS Considerations Workbook
- SSPS Community of Practice
- SSPS Senior Leader Insights (lessons learned)
- Sample Shutdown Plan, schedule and update briefing



Summary

Transferring or truncating a program will be a trying experience for all involved. Individuals, despite leadership reassurances, will find themselves wondering what's next. Reactions to this sudden change of direction and purpose for the team may vary from extremely passive/internalized behavior to extremely active/externalized behavior. The leadership challenge cannot be ignored, and it will test the PM's personnel and organizational leadership capabilities. PMs should review leadership material for reminders on leading through change and difficult times. They also should remember that they might need to lead their leadership in this time as well.

Thoughtful leadership, comprehensive planning, and relentless execution of the principles outlined in this guide combine to give the PM the best chance of organizing and conducting a smart shutdown.

