DCMA Manual 3401-01
Industrial Base Assessment

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Purpose: In accordance with the authority in DoD Directive 5105.64 and DCMA Instruction 3401, "Defense Industrial Base Mission Assurance":

- Assigns responsibility, describes procedures, and provides guidance for conducting Industrial Base Assessments to support defense acquisition program manager execution of DoD Instruction 5000.02, as amended, in accordance with DoD Instruction 5000.60
- Describes the role of Industrial Base Assessments as an integral part and essential data source for Defense Industrial Base Mission Assurance pursuant to DoD Directive 3020.40, DoD Instruction 3020.45, National Security Memorandum-22, and related issuance.

TABLE OF CONTENTS

FIGURES

SECTION 1: GENERAL ISSUANCE INFORMATION

1.1. APPLICABILITY.

This issuance applies to all DCMA commands, as well as DCMA components and capabilities that contribute to Industrial Base Assessments (IBA), as identified in Section 2 of this manual.

1.2. POLICY.

This manual provides guidance to the DCMA workforce responsible for executing IBA activities, defines high-level roles, and delineates responsibilities for the various DCMA components and capabilities. It is DCMA policy to:

a. Conduct IBAs in support of statutory and regulatory acquisition program requirements (e.g., program milestone decisions), contingency planning (e.g., critical munitions list analysis), and contingency operations (e.g., surge assessment). IBAs initiate the Defense Industrial Base (DIB) Mission Assurance (MA) process cycle and execute DoD and national critical infrastructure responsibilities by evaluating essential and unique industrial capabilities through continuous assessment.

b. Perform IBAs in a multifunctional, synchronized, and coordinated manner by integrating data throughout DCMA and partnering with other DoD, Federal, state, local, and commercial entities that have a stake in DIB MA.

c. Deliver value-added DIB insight and share IBA products, where appropriate and as permitted by law: (1) externally to DoD, Federal, state, local, and commercial industry partners to manage DIB risk efficiently and effectively; and (2) within DCMA to support corporate risk evaluation, major program risk monitoring, contract risk assessment, critical sub-contractor oversight delegation, and surveillance planning.

d. Safeguard business sensitive and proprietary DIB data, controlled unclassified information, protected critical infrastructure information, and classified material routinely gathered or developed during IBA execution.

e. Execute this manual in a safe, efficient, effective, and ethical manner.

1.3. RECORDS MANAGEMENT.

a. DCMA employees will maintain all records created as a result of this issuance pursuant to DoDI 5015.02, the National Archives and Record Administration General Records Schedules (GRS), Volume 1 of DCMA Manual (DCMA-MAN) 4501-04, "Records and Information Management Program," and Volume 2 of DCMA-MAN 4501-04, "Records Retention Schedule."

b. Appendix 1A outlines records created as a result of this issuance, identifies the office of primary responsibility (OPR) records custodian, and details correlating storage requirements.

Records responsibilities are pursuant to Volume 1 of DCMA-MAN 4501-04. The approved DCMAF 4501-04, "Records File Plan," is linked on the resource page for this manual.

1.4. OVERVIEW.

a. MA informs mission owners and senior leaders of operational risk to critical capabilities that support mission essential functions (MEF). DoD applies a standardized MA framework to achieve comprehensive mission risk management across a spectrum of essential capabilities, including those provided by the DIB. DCMA leverages its worldwide presence and access to industrial facilities to execute national DIB sector MA responsibilities on behalf of the national DIB Sector-Specific Agency (SSA).

b. DIB MA is an integrating capability within the DCMA Business Capability Framework (BCF) that utilizes available Agency data and gathers industry data to analyze industrial capability risk. The Industrial Analysis Group (IAG) is the DIB MA office of primary responsibility (OPR) in accordance with (IAW) DCMA Memorandum 17-072, "Agency Mission Essential Functions," and as implemented in DCMA Instruction (DCMA-INST) 3401, "Defense Industrial Base Mission Assurance." The IAG serves as the DoD MA center of excellence to identify, analyze, and assess the DIB supply chain network that supports DoD mission execution and assist other DoD Components' efforts with DIB-related analysis. DIB MA is defined by the following processes that act in concert to achieve comprehensive DIB risk management: Conduct IBA; Identify and Prioritize DIB Assets; Assess DIB Mission Risk; Manage DIB Mission Risk; Execute DIB Monitoring and Reporting; and Administer DIB MA Industry Outreach and Awareness.

c. IBAs evaluate the skills, knowledge, processes, facilities, equipment, and technologies needed to design, develop, manufacture, repair, and support DoD materiel and their necessary subsystems and components. IBAs help determine whether the industrial capabilities required to meet current and future national security requirements are affordable, available, of sufficient quality, and if required, from a trusted source. IBA is a continuous assessment process that gathers industrial base information, analyzes that data, and informs DoD decision makers throughout the acquisition lifecycle. The information gathered during an IBA is integral to DIB MA execution (DCMA-INST 3401). An IBA supplies an input dataset for DIB Critical Asset Identification and Prioritization (DIB CAIP) (DCMA Manual (DCMA-MAN) 3401-02, "Defense Industrial Base Critical Asset Identification and Prioritization"). The IBA process is also leveraged to perform proactive assessment during DIB Monitoring and Reporting IAW DCMA-MAN 3401-05, "Defense Industrial Base Monitoring and Reporting," and can provide input into the DIB Mission Risk Assessment process (DCMA-MAN 3401-03, "Defense Industrial Base Mission Risk Assessment"). An IBA differs from a DIB Mission Risk Assessment (DCMA-MAN 3401-03) in its scope. An IBA is typically acquisition program-centric and determines risk to supporting industrial capabilities; a DIB Mission Risk Assessment is operational mission-centric and determines risk to strategic defense missions.

1.5. SUMMARY OF CHANGES.

This manual has been substantively changed to include updated organizational terms, records management information, and Operational Analytics and Integration Center responsibilities.

APPENDIX 1A. DCMA 3401-01 RECORDS

Step, Function, Activity, or Section	**Record(s) Created - Key Documentation**	**Record Series**	**Storage Location** Include direction for OPR records custodian	**OPR Records Custodian**
DIB MA	Assessments supporting acquisition decisions	Series 800.01a	DoD365	IAD
DIB MA	Other non-acquisition assessments	Series 800.03a	DoD365	IAD
DIB MA	Important Capabilities List (ICL)	Series 800.03a	DoD365	IAD
DIB MA	Task Asset List (TAL)	Series 800.03a	SIPR	IAD
Draft/review Forms Program Policy	Draft policy (Word), as applicable Formal coordination package Approval package Notes, including emails, with evidential information of changes / modifications for the issuance	400.07a1 400.07a2	DoD365	Issuance Program Manager

SECTION 2: RESPONSIBILITIES

2.1. EXECUTIVE DIRECTOR, ENTERPRISE ANALYTICS AND MODERNIZATION (EA&M).

In addition to the responsibilities in Paragraph 2.4., the EA&M Executive Director must:

a. Ensure continued execution of DCMA DIB MA MEF. Specifically, ensure that the IBA process is sufficiently resourced, integrated within the Agency, and can be executed under any operational condition.

b. Empower the IAG Director to take Agency-level action needed to accomplish IBAs, and facilitate gathering of DIB information across Agency components and capabilities.

c. Review and approve IBA workload and work products that support defense acquisition programs, contingency planning, and contingency operations. Elevate to the DCMA Director, as necessary, any IBA product that may identify industrial base risk (e.g., potential production shutdown, facility closure) impacting the Under Secretary of Defense for Acquisition and Sustainment (USD(A&S)), equivalent or higher DoD leadership offices, and other Federal entities (e.g., Department of Homeland Security, Department of Commerce, Department of Justice).

d. Share industrial base analysis with Agency Senior Leadership Team, as needed.

2.2. DIRECTOR, OPERATIONAL ANALYTICS AND INTEGRATION CENTER.

The Operational Analytics and Integration Center Director must:

a. Build enterprise data analytic capabilities based off the requirements and thresholds established by the Capability Framework using system of record internal and external data sources.

b. Maintain the data analytics if system of record changes occur.

c. Provide health metrics and data analytics using systems of record data internally and externally.

2.3. DIRECTOR, INDUSTRIAL ANALYSIS GROUP.

The IAG Director must:

a. Serve as the Agency OPR for IBA.

b. Ensure required IBA MEF output tasks can be executed under any operational condition.

c. Safeguard IBA data integrity and security. Maintain IAG personnel security clearances, classified infrastructure, controlled unclassified information, and protected critical infrastructure

information controls necessary to perform IBA functions. Ensure position descriptions and position requirements documents define appropriate security clearance levels for assigned personnel to perform required job duties associated with IBA products. Maintain classified (SECRET and TOP SECRET) information processing environments and databases to communicate industrial base risks to acquisition programs and contingency operations.

d. Review program security classification guides to develop data handling, security plans, and expectations as part of IBA planning.

e. Perform IBAs to support defense acquisition program manager execution of DoD Instruction (DoDI) 5000.02, "Operation of the Defense Acquisition System," IAW DoDI 5000.60, "Defense Industrial Base Assessments."

f. Support contingency planning (e.g., critical munitions list analysis) and contingency operations (e.g., surge assessment) with industrial analysis.

g. Provide training and tools to maintain technical staff capable of producing IBAs and other DIB analytical products.

h. Use insight gained during the IBA process to inform and facilitate the DIB CAIP process IAW DCMA-MAN 3401-02.

i. Perform proactive IBAs in support of the DIB Monitoring and Reporting process IAW DCMA-MAN 3401-05.

j. Leverage and integrate available Agency data while conducting IBAs. A list of baseline elements of information (BEI) is available on this manual's Resource Page.

k. Maintain a database of defense industry information including suppliers, products, capabilities, and associated relationships throughout the DIB.

l. Where appropriate and as permitted by law, share upcoming IBAs, findings, and DIB risks identified during IBAs with: (1) DCMA stakeholders to support contract administration via quarterly Commanders' Exchanges and on an as-needed basis; and (2) USD(A&S), Joint Industrial Base Working Group (JIBWG), and other DoD, Federal, state, local, and commercial industry partners to manage DIB risk efficiently and effectively.

m. Assist other DoD Component efforts with DIB-related analysis. Engage USD(A&S), defense acquisition Program Executive Offices, and other DoD customers annually to capture requirements for IBAs and manage workload.

n. Regularly interface with customers throughout the IBA process from workload acceptance to product delivery.

o. Notify Contract Management Office (CMO) Commanders prior to assessing and visiting suppliers in their areas of responsibility, IAW the Federal Acquisition Regulation (FAR) 42.402, "Visits to contractors' facilities."

p. Prior to visiting a cleared DIB facility, determine if the facility participates in the National Industrial Security Program (see Executive Order 12829, "National Industrial Security Program") and take necessary compliance actions before, during, and after the visit.

q. While performing IBA site visits, conduct DIB outreach to form partnerships with industry, inform communities about DIB MA, and overcome challenges of executing risk management with non-DoD-owned assets. Promote related resources, including available Government programs that may improve industrial security, robustness, resilience, and innovation.

2.4. HEADQUARTERS COMPONENT HEADS AND CAPABILITY MANAGERS.

Headquarters component heads and capability managers must:

a. Accept and manage requests for DIB data in support of IBAs, assigning action officers as needed.

b. Proactively engage DCMA IAG and seek DIB analysis to support DCMA activities such as corporate risk evaluation, major program risk monitoring, contract risk assessment, critical sub-contractor oversight delegation, and surveillance planning.

c. Promote IAG's IBA capability to appropriate external customers.

d. Define and develop enterprise data analytic requirements for agency internal health metrics to include compliance thresholds.

2.5. EXECUTIVE DIRECTORS, DIRECTORS, AND COMMANDERS, COMMANDS.

Command executive directors, directors, and commanders must:

a. Accept and manage requests for DIB data in support of "high visibility" IBAs that may impact multiple CMOs within the OU's area of responsibility, assigning action officers as needed. A list of IBA BEIs is available on this manual's Resource Page.

b. Proactively engage DCMA IAG and seek DIB analysis to support DCMA activities such as corporate risk evaluation, major program risk monitoring, contract risk assessment, critical sub-contractor oversight delegation, and surveillance planning.

c. Promote IAG's IBA capability to appropriate external customers.

d. Provide CMO oversight and accountability in support of IBA.

e. Participate in IAG's quarterly Commanders' Exchanges when the IBA scope includes a supplier in the OU's area of responsibility.

f. Comply with this manual's intent to the maximum extent practical and as permitted by law or regulation for Special Access Programs and Sensitive Compartmented Information contracts managed by Director, Special Programs.

2.6. COMMANDERS AND DIRECTORS, CMO.

CMO commanders and directors must:

a. Accept and manage requests for DIB data in support of IBAs, assigning action officers as needed. A list of IBA BEIs is available on this manual's Resource Page.

b. Facilitate site visits to supplier facilities during IBA survey validation and industrial capabilities verification, as requested by IAG.

c. Promote IAG's IBA capability to appropriate external customers.

d. Proactively engage DCMA IAG and seek DIB analysis to support DCMA activities such as corporate risk evaluation, major program risk monitoring, contract risk assessment, critical sub-contractor oversight delegation, and surveillance planning.

e. Participate in IAG's quarterly Commanders' Exchanges when the IBA scope includes a supplier in the CMO's area of responsibility.

f. Where appropriate, partner with IAG during CMO-hosted industry days or town hall events to facilitate industry outreach and promote DCMA's DIB MA mission.

g. Review and act on agency internal health metrics.

2.7. TEAM LEAD, COST AND PRICING COMMAND, FINANCIAL CAPABILITY TEAM (FCT).

The FCT Team Lead will:

a. Accept and manage requests for financial assessments supporting IBAs.

b. Survey the IBA supplier population to capture facility and parent company historical and forecasted financial data. Coordinate the survey with DCMA IAG to ensure efficiency and avoid overburdening industry.

c. Evaluate supplier financial risk IAW FCT internal operating procedures. Provide supplier financial risk ratings and associated financial reports to IAG for IBA integration. Include a general methodology description with the report.

SECTION 3: PROCEDURES

3.1. ACCEPTING INDUSTRIAL BASE ASSESSMENT WORKLOAD.

A request for an IBA can come from DoD Components and defense acquisition program offices, DCMA components and capabilities, and as a result of DIB Monitoring and Reporting (DCMA-MAN 3401-05). Additionally, Joint Staff components and Combatant Commands (CCMD) may request IBA support to contingency planning and contingency operations. Once IAG receives a request, discussions and negotiations occur with the requesting organization to determine the IBA scope, requirements, timeline, travel estimates, and personnel resources. If the IBA request falls within IAG core capabilities and resources are available, the EA&M Executive Director will accept the workload and the IAG Director will assign the project to one of the group's functional teams.

3.2. PLANNING IBA.

a. During the planning phase, IAG creates the study plan, supplier population, industry survey, draft letter to industry, and project schedule. IAG also gathers initial industrial base data during this phase to inform the supplier population and study plan development. The study plan outlines the project to clearly translate customer requirements to study objectives and links objectives to methodology and expected outcomes. Both the requesting customer and the IAG functional team supervisor sign the plan. The study plan also establishes the project schedule and identifies deliverables. IAG works with the customer to develop a survey that captures the facility, product, capabilities, production, and supply chain data needed for analysis. IAG tailors the survey to meet the specific requirements of each IBA (e.g., acquisition milestone decision, production gap assessment, surge analysis), but should use DD Form 2737, "Industrial Capabilities Questionnaire," where applicable and appropriate (see this manual's Resource Page). During this phase, IAG also acquires and reviews relevant security classification guides to incorporate data handling and security precautions in the study plan.

b. The supplier population typically includes prime contractors and critical component suppliers for the defense acquisition program/weapon system or industrial capability of concern to the customer. The requesting customer provides the initial supplier list and then works with IAG to prioritize the population to meet the project timeline. IAG identifies possible alternate sources and known critical suppliers to potentially include in the supplier population. Determining potential alternate sources of supply is a required MEF output task for DIB MA. IAG may contact DCMA CMOs, components, and capabilities to assist in supplier population development and to identify supplier points of contact.

c. When financial analysis is required, IAG requests that FCT conduct financial analysis on the supplier population. FCT contributes to the planning phase by providing initial financial data, if available.

d. The customer signs a letter to industry to explain why the organization requested IAG to conduct the study and to encourage voluntary survey response, industrial facility access, and study support.

e. IAG conducts a Board of Review (BoR) to ensure all planning documents are complete and it can achieve the IBA plan and scope within the customer's schedule. The IAG IBA process owner, functional team supervisor, and technical lead approve, sign, and date a completed BoR checklist before IAG begins gathering data.

3.3. GATHERING INDUSTRIAL BASE DATA.

a. The primary IBA data gathering method is a survey that IAG issues to the supplier population. IAG sends the survey directly to each supplier, along with the customer's letter to industry. Typical data elements collected in the survey include facility sales and employment, production rates and capacity, industrial capabilities, product descriptions, and information on critical component suppliers. A full list of IBA BEIs is available on this manual's Resource Page.

b. In addition to direct surveying, IAG integrates available industrial capabilities, capacity, and business information for each supplier. Data sources include open-source research, JIBWG partners, telephone interviews, defense program offices, previous IBAs, DIB databases, DCMA component and capability outputs (e.g., Program Assessment Reports), and DCMA CMOs.

c. DCMA CMOs, components, and capabilities contribute to the data gathering phase by providing IBA BEIs. A full list of IBA BEIs is available on this manual's Resource Page.

d. IAG conducts site visits to review and validate survey responses, witness manufacturing processes, and gather further data about each supplier's industrial capabilities. DCMA CMOs often help coordinate site visits and accompany IAG, when possible. The site visits also serve as DIB outreach to foster partnerships with industry, inform facility operators about DIB MA, and promote related resources, including available Government programs that may improve industrial security, robustness, resilience, and innovation.

e. As part of the data gathering effort, if financial analysis is requested, FCT will collect financial data on each contractor in the supplier population. If the supplier is publicly traded, then aggregate corporate financial data is publicly available. However, facility-level financial data is often required to assess risk to industrial capabilities. Therefore, DCMA FCT issues its own financial survey directly to the supplier population in coordination with DCMA IAG to ensure efficiency and avoid overburdening industry. The FCT's survey captures facility and parent company historical and forecasted financial data for financial analysis.

f. IAG prepares a milestone checklist to confirm it collected sufficient data to perform analysis. The IAG functional team supervisor and technical lead review, approve, sign, and date the completed checklist before IAG begins analyzing the industrial base data.

3.4. ANALYZING INDUSTRIAL BASE DATA.

a. The goal of analysis is to identify industrial capabilities, evaluate their importance and uniqueness relative to the industry sector or defense program/weapon system under review, assess industrial capability risk, and recommend risk management actions, where appropriate.

b. Most IBAs require supplier financial assessments to analyze company financial condition as an essential component of industrial capability risk. FCT determines each company's financial condition and assigns a risk rating by analyzing key financial ratios, company liquidity, available financing, trends, and performance comparisons to industry averages. FCT focuses specifically on the probability a contractor will encounter financial disruption to determine how vulnerable each company is to market forces. FCT categorizes a company's financial risk rating (i.e., the probability a supplier will encounter liquidity or solvency problems) as Low, Moderate, or High. FCT evaluates supplier financial risk according to the following general approach:

(1) Identify corporate parent-child relationships.

(2) If evaluating a subsidiary, determine if a corporate guaranty agreement is in place with the parent company. The parent company's financial risk rating does not apply to any of its subsidiary companies unless a corporate guaranty agreement has been executed on behalf of the subsidiary company or unless the parent company's financial risk is higher than the subsidiary.

(3) Assess each company's financial data by calculating summary financial metrics (e.g., cash flow, profitability ratios, liquidity ratios, working capital turnover ratios) and compare against standards.

(4) Conduct industry comparison and trend analysis to evaluate company viability.

(5) Investigate ongoing or recent litigation.

(6) Determine financial risk (Low, Moderate, or High).

(7) Deliver report to IAG for incorporation into IBA.

c. IAG evaluates industrial capabilities according to available data. Depending on the IBA objectives, IAG assesses the industrial base's capability and capacity to design, develop, produce, upgrade, surge, and/or maintain weapon system platforms, subsystems, and components. It also identifies potential alternate sources (required DIB MA MEF output task), highlights areas of risk, and provides risk management recommendations, where appropriate. Analysis encompasses the following key datasets: Company Profile, Business Profile, Product Profile, Industrial Capabilities, Critical/Key Subtier Suppliers, Program Dependencies, Potential Alternate Sources of Supply (required DIB MA MEF output task), Production Assessment (e.g., surge analysis, a required DIB MA MEF output task), Historical Contract Performance, Financial Risk Assessment, Industrial Capability pRisk Assessment, and Risk Management Recommendations. Analysts use the following steps to evaluate industrial capabilities:

(1) Identify the essential skills, knowledge, processes, facilities, equipment, and technologies (i.e., the industrial capabilities) required to research, develop, manufacture, repair, and maintain each defense program/weapon system, subsystem, and component in the IBA population.

(2) Evaluate each essential industrial capability to determine if it is **unique**. A unique capability does not exist at another site and could not be recreated within acceptable cost and schedule parameters. Assess who may possess alternate capabilities within the DIB (a required DIB MA MEF output task). IAG validates capability uniqueness via surveys, site visits, and industry-wide perspective.

(3) Determine the relative importance of a company's unique industrial capabilities (i.e., criticality) to the industry sector or defense program/weapon system under review.

(4) Examine each essential industrial capability to determine if it is **endangered**. For example, a capability can be endangered if:

(a) The needed capability is in danger of reduction or interruption that will/could lead to its loss (e.g., competition for production resources).

(b) Near-term requirements are too low to sustain the capability (e.g., below minimum sustaining rate).

(c) The supplier has poor financial performance or product line profitability (a break-even analysis may be required).

(5) If important defense-unique industrial capabilities are identified, determine if they are at risk of being lost and characterize their probability of disruption (i.e., fragility).

(6) Conduct additional analysis IAW the study plan. These efforts may include trend analysis, comparative analysis, production surge analysis (a required DIB MA MEF output task), statistical assessments (e.g., regression modeling), and other customer specific requests (e.g., production gap analysis).

d. For any important industrial capability identified as unique, IAG evaluates the risk to each capability as follows:

- **Low**: There are several sources currently providing the requisite industrial capabilities, or there is at least one reliable source currently providing these capabilities with potential alternative qualifiable sources available, if necessary.
- **Moderate**: There is only one reliable source currently providing the requisite industrial capabilities. There are no alternative qualifiable sources available within acceptable time and cost parameters.
- **High**: There is one participating source, but one that lacks the projected requisite industrial capabilities, is unable to develop the requisite capabilities, and/or is not financially viable; or there is no active, reliable source and there are no potential alternative qualifiable sources available within acceptable schedule and cost parameters.

e. The above industrial capability risk criteria incorporate financial viability into the overall industrial capability risk determination. Financial assessments are essential to support these criteria. DCMA FCT's financial assessment provides a facility-level financial risk rating that

IAG reviews and assesses with the component-level industrial capability risk to determine an overall industrial capability risk for the industry sector or defense program/weapon system under review. The highest lower-tier industrial capability risk (e.g., component or material) is considered the minimum level of risk to the industry or weapon system.

f. Industrial capability risk is baselined in DoDI 5000.60, which provides that the only unacceptable risk requiring DoD intervention is a circumstance where a truly unique essential capability is endangered. It further provides that the goal of an IBA is to identify truly endangered industrial capabilities that may require government intervention. Generally, High risk is an unacceptable risk. Low and Moderate risks are acceptable risks.

g. IAG highlights key findings and analytical outcomes that contribute to satisfying the objectives throughout the assessment.

h. IAG reviews the industrial analysis to verify it addresses risk and meets study objectives. IAG prepares an industrial base data analysis milestone checklist that the functional team supervisor and technical lead approve, sign, and date.

3.5. CREATING IBA PRODUCT.

a. IAG uses the industrial analysis results to create the IBA product. The IBA product includes the background of the study, defense acquisition program requirements (i.e., the demand signal), study methodology, supplier write-ups for the study population, findings, conclusions, summary industrial capability and supplier financial risk ratings, and risk management recommendations. The IBA product distills and analyzes the data acquired in order to systematically answer the study objectives.

b. Conclusions fully address IBA objectives and render an overall industrial capability risk rating for the industry sector or defense program/weapon system under review. In this step, IAG summarizes the results of the analysis, which includes key findings, risk assessments, and justification for the determined risk. IAG highlights factors that contribute to and substantiate the industrial capability risk determination.

c. The results of the assessment help DoD officials make decisions that affect acquisition strategies, logistics, readiness, operational contingency planning, and related DoD activities. They also provide actionable alternatives to manage associated risks. Risk management includes elements of risk acceptance, risk mitigation, and risk remediation. Examples of industrial capability risk management recommendations include investment (e.g., qualify alternate source, life of type buy, increase capacity, mature manufacturing technology), legislative change, or policy change (e.g., acquisition strategy changes, business practice changes).

d. As described in DoDI 5000.60, DoD should only consider taking action in those exceptional instances where an essential industrial or technological capability for national security requirements is at risk of being lost. Intervention is based on a thorough analysis rather than an assumption that existing capabilities need to be preserved. It must be conducted on a case-by-case basis considering all possible alternatives, as well as the schedule and cost associated with each alternative.

e. IAG conducts a final BoR to ensure the IBA product is a comprehensive, high-quality assessment that fulfills customer requirements and expected outcomes, as outlined in the study plan. IAG completes a BoR checklist that the IBA process owner, functional team supervisor, and technical lead approve, sign, and date before product delivery.

3.6. CLOSING OUT IBA PROJECT.

a. After IAG delivers the IBA product to the customer, an out-brief is scheduled to review the study findings, conclusions, recommendations, and discuss possible follow-on IBA requirements, if appropriate.

b. Once the IBA is complete, IAG completes closeout procedures. These include posting necessary files to DCMA's digital file library, creating a summary write-up for the Annual Industrial Capabilities Report to Congress, and entering the IBA study population, critical suppliers identified during the IBA, and possible alternate sources into the DCMA DIB data system of record. After approval, the new data entries become part of the All Data Points report. The All Data Points serves as the foundational dataset for the DIB CAIP process IAW DCMA MAN 3401-02.

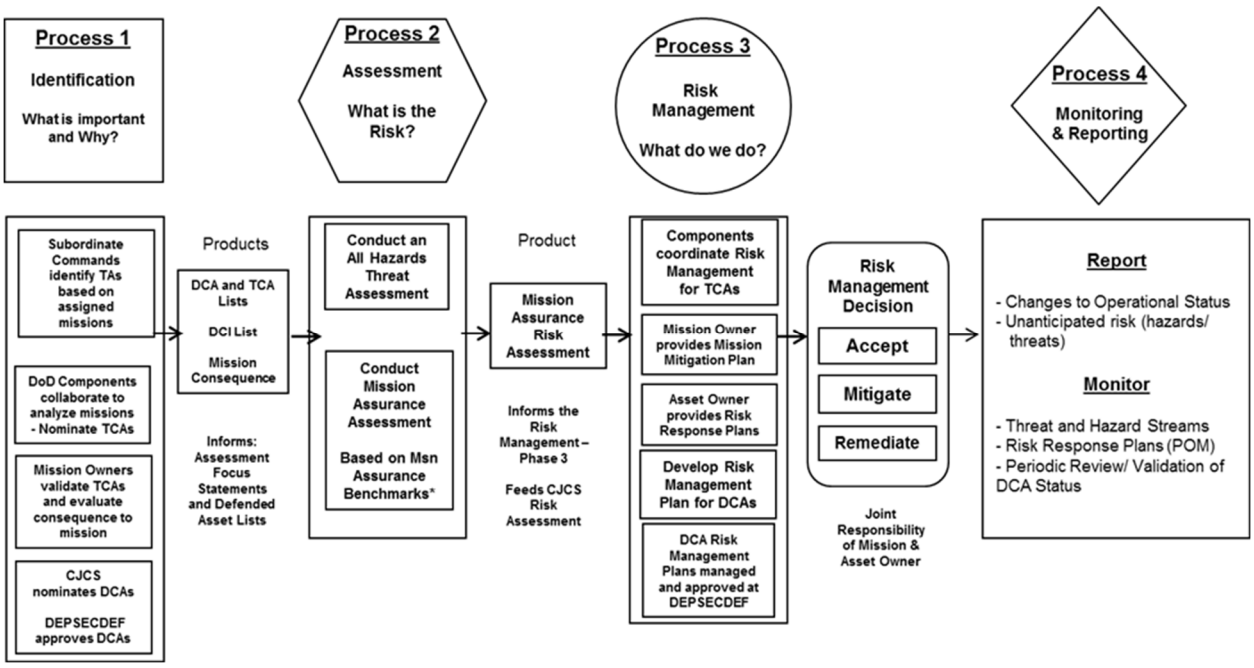
c. Upon project completion, IAG notifies Executive Director, EA&M it has delivered the IBA to the customer. IAG shares findings and DIB risks identified during IBAs with DCMA stakeholder components via quarterly Commanders' Exchanges. IAG also shares the findings and DIB risks with external stakeholders (e.g., through the JIBWG). As part of closeout, IAG issues an External Customer Satisfaction Survey to the customer to capture feedback and lessons learned for continuous improvement.

SECTION 4: GENERAL PRINCIPLES

4.1. DoD MISSION ASSURANCE CONSTRUCT.

MA seeks to prioritize DoD's efforts and resources to address the most critical mission execution risks. To achieve comprehensive risk management, the MA construct synchronizes and integrates various existing DoD risk management programs and activities. The general processes within the DoD MA construct are identification, assessment, risk management, and monitoring and reporting. The relationship of these processes to one another is illustrated in Figure 1. IAW DCMA-INST 3401, DCMA applies the MA construct to evaluate the DIB sector.

Figure 1. Mission Assurance Construct



4.2. DCMA DEFENSE INDUSTRIAL BASE MISSION ASSURANCE.

IAW DCMA-INST 3401, DCMA IAG is assigned responsibility to identify, analyze, and assess the DIB supply chain network supporting DoD mission execution and assist other DoD Component efforts with DIB-related analysis. According to DCMA-INST 3401, DCMA executes DIB MA through six processes that integrate and expand upon the DoD mission assurance construct: conduct IBAs; identify and prioritize DIB assets; assess DIB mission risk; manage DIB mission risk; execute DIB monitoring and reporting; and administer DIB MA industry outreach and awareness. DIB MA focuses on commercial and organic DIB asset risks that could impact the supply of mission essential goods or services required by the warfighter.

4.3. INDUSTRIAL BASE ASSESSMENT.

a. The IBA process provides the foundational dataset that enables the subsequent DIB MA processes. IBA is a category of industrial analysis that encompasses a broad range of products including industrial capability assessments, white papers, sector economic assessments, and Fragility and Criticality (FaC) assessments. DCMA IAG conducts IBAs in support of statutory and regulatory acquisition program requirements (e.g., program milestone decisions), contingency planning (e.g., critical munitions list analysis), and contingency operations (e.g., surge assessment). IAW DoDI 5000.02 and DoDI 5000.60, IBAs are conducted before milestone B and milestone C to support the acquisition strategy. Public Law 111-23 also requires an IBA upon the termination of a major defense acquisition program. Furthermore, DoDI 5000.60 prescribes that IBAs may be conducted on a case-by-case basis when a DoD Component identifies a known or projected industrial base risk. Any DoD manager may initiate an IBA when there is an indication that an essential industrial capability could be lost.

b. While IBA is traditionally performed to support defense program manager acquisition strategies, one of the most critical applications is in support of contingency planning and contingency operations. IBA includes the execution of required MEF output tasks that support global DoD military operations. IBA data and analysis directly supports Joint Staff and CCMD mission planning, surge assessments, and preparatory exercises.

c. IBAs evaluate industrial capabilities required to develop, manufacture, and sustain DoD materiel. IBAs determine industrial capability risk and identify unique DIB capabilities. The goals of an IBA are to analyze DIB capability risk and propose actionable recommendations when possible. The output of an IBA is identified suppliers, products, and associated industrial capabilities combined with industrial capability risk and risk management recommendations. IBA is a continuous assessment process that gathers industrial base information, analyzes that data, and informs DoD decision makers throughout the acquisition and military operations life cycle. Upcoming IBAs, IBA findings, and risk management actions are shared across the DoD acquisition community through the JIBWG to ensure efficient use of resources and to maximize situational awareness.

d. The information gathered during IBA is integral to DIB MA execution IAW DCMA-INST 3401. IBA supplies the foundational dataset for the DIB CAIP process IAW DCMA-MAN 3401-02, which ultimately identifies critical industrial capabilities supporting strategic defense missions to the Chairman of the Joint Chiefs of Staff and the CCMDs. IBA also complements the DIB Monitoring and Reporting process IAW DCMA-MAN 3401-05, where DIB facility, product, or sector data gaps are identified for proactive IBAs. Furthermore, IBA can be an input supporting the DIB Mission Risk Assessment process IAW DCMA-MAN 3401-03. The unique analytical skillset required to perform IBA equips DCMA to perform its assigned national DIB sector MA responsibilities.

GLOSSARY

G.1. ABBREVIATIONS AND ACRONYMS.

ACRONYM	MEANING
BCF	Business Capability Framework
BEI	Baseline Element of Information
BoR	Board of Review
CAIP	Critical Asset Identification and Prioritization
CCMD	Combatant Commands
CMO	Contract Management Office
DCMA-MAN	DCMA Manual
DCMA-INST	DCMA Instruction
DCI	Defense Critical Infrastructure
DD Form 2737	Industrial Capabilities Questionnaire
DIB	Defense Industrial Base
DoDI	Department of Defense Instruction
EA&M	DCMA Enterprise Analytics and Modernization Directorate
FaC	Fragility and Criticality
FCT	Financial Capability Team
IAG	Industrial Analysis Group
IBA	Industrial Base Assessment
JIBWG	Joint Industrial Base Working Group
MA	Mission Assurance
MEF	Mission Essential Function
OAIC	DCMA Operational Analytics and Integration Center
OPR	Office of Primary Responsibility
USD(A&S)	Under Secretary of Defense for Acquisition and Sustainment

GLOSSARY

G.2. DEFINITIONS.

TERM	MEANING
Action Officer	Appointed DCMA employee who serves as the subject matter expert and primary focal point for a particular area of responsibility.
Asset	See "DIB Asset."
Assessment (risk)	A systematic examination of risk using disciplined processes, methods, and tools. A risk assessment provides an environment for decision makers to evaluate and prioritize risks continuously and to recommend strategies to remediate or mitigate those risks.
Baseline Elements of Information	The minimum, essential dataset required to perform a given analysis.
Business Capability (DCMA)	Ability to achieve a desired effect under specified standards and conditions; involves a combination of ways and means across doctrine, organization, training, materiel, leadership and education, personnel, and facilities to perform a set of tasks to execute a specified course of action.
Component (DCMA)	A DCMA unit reporting to the DCMA Director as defined in DCMA-MAN 4501-03, "Organization Structure, Mission and Functions."
Component Head (DCMA)	Leader of a DCMA component as defined in DCMA-MAN 4501-03.
Contract	Mutually binding legal relationship that obligates the seller to furnish supplies or services (including construction) and the buyer to pay for them. Includes all types of commitments that obligate the Government to an expenditure of appropriated funds that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to) awards and notices of awards; job orders or task letters issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications. Contracts do not include grants and cooperative agreements.

Contract Administration Service (CAS)	Pre-award and post-award actions accomplished for the benefit of the Government that are necessary for performance of a contract or in support of buying offices, system/project managers, and other organizations. Includes quality assurance, engineering support, production surveillance, pre-award surveys, mobilization planning, contract administration, property administration, industrial security and safety.
Contract Management Office	Organizational unit within DCMA assigned post-award functions related to contract administration. Office is responsible for managing and administering assigned contracts from contract receipt to contract closeout.
Critical	Designation assigned to an essential capability, system, or asset without which a supported strategic mission would be significantly degraded or could not be executed.
Criticality	A metric used to describe the consequence of loss of an asset, based on the effect the incapacitation, destruction, or loss of the asset would have on a DoD acquisition program or DoD operations.
Criticality Factors	Criticality factors are those that make a product or service difficult to replace. Six example criticality factors are skilled labor, design, and facility/equipment requirements needed to produce a military product or service, its "defense uniqueness," the availability of alternative sources, and the time and cost required to replace it.
Critical Infrastructure Information (CII)	Information that is not customarily in the public domain and is related to the security of critical infrastructure or protected systems.
Defense Industrial Base (DIB) Asset	A distinguishable DIB entity (typically a contractor facility) that provides a service or capability. Assets are people, physical entities, or information located either within or outside the United States and employed, owned, or operated by domestic, foreign, public, or private sector organizations.
Defense Critical Asset	An asset of such extraordinary importance to operations in peace, crisis, and war that its incapacitation or destruction would have a very serious, debilitating effect on the ability of the Department of Defense to fulfill its missions.
Defense Critical Infrastructure (DCI)	The composite of DoD and non-DoD assets essential to project, support, and sustain military forces and operations

	worldwide. DCI is a combination of task critical assets and Defense Critical Assets.
Defense Unique	Specifically adapted for defense applications to meet extraordinary performance demands or operate in extreme environments.
Essential Capability (DoD)	A mission owner-defined ability necessary to execute a mission essential task from a strategic mission. Mission owners, with support from appropriate resource providers, define essential capabilities during mission decomposition as tactical-level, Service or Defense Agency Universal Joint Task List tasks linked to those strategic national, strategic theater, or operational Universal Joint Task List mission essential tasks necessary to execute their strategic mission.
Essential Capability (Industrial Base)	A skill/knowledge, facility, piece of equipment, process, or technology necessary to meet defense production, repair, or maintenance requirements that would require major investment and/or significant time to reconstitute if lost.
External Customer	Non-DCMA organization that receives products or service requests that result from DCMA action (e.g., military service program offices).
Force Management Risk	This area defines risks of sufficiently trained, equipped, and ready forces to meet operational requirements. Military Departments will assess and report force management risk related to their Title 10, United States Code, responsibilities.
Fragility and Criticality (FaC) Assessment	IBA methodology standardized by USD(A&S) Industrial Policy as an analytical tool to assess and prioritize industrial base risk within a sector. Fragility is the likelihood of disruption. Criticality corresponds to the importance that a product has to the DoD and its replacement difficulty if disrupted. A critical defense industrial capability is one that cannot be readily reconstituted or assumed by another facility without significant adverse effects to cost, schedule, and/or performance. If a capability is not critical, or if it is not in danger of disruption, further analysis is unnecessary. Results of a FaC assessment are displayed in a two dimensional risk plot, where the traditional axes of probability and consequence are replaced by fragility and criticality, respectively.
Future Challenges Risk	This area defines risks to future objectives, capabilities, or capacities to address anticipated threats. These risks are

	addressed through the weapon system acquisition, reliability, and force management processes where the MA community works with other governance structures established to address these issues.
Industrial Base Assessment (IBA)	An objective analysis performed to determine if U.S. Government funds should be used to preserve an industrial capability and to enable a program to deliberately structure the acquisition strategy through identification and mitigation of supply chain problems that have the potential to impact DoD both near and long term. The purpose of the IBA is to ensure that the defense industrial capabilities needed to meet current and future national security requirements are affordable, available, of sufficient quality, and if required, from a trusted source.
Industrial Capabilities	Skills, knowledge, processes, facilities, equipment, and technologies required to design, develop, manufacture, repair, maintain, and sustain defense programs/weapon systems, subsystems, components, and material.
Institutional Risk	This area defines risks to organizational, operational, and process effectiveness in improving national defense. Office of the Secretary of Defense (OSD) and DoD Components will assess and report institutional risk related to their MEFs.
Integrate	The arrangement of efforts to reduce redundancy and operate as a whole.
Internal Customer	DCMA organization or capability that receives products or service requirements from another DCMA organization or capability.
Joint Industrial Base Working Group	A DoD-wide vehicle chartered to provide senior DoD leadership with accurate and timely industrial capability analysis, exchange information, collaborate on DIB issues, and to coordinate and manage limited DoD industrial analysis resources to minimize redundancy.
Mitigation (risk)	Actions taken in response to a warning or after an incident occurs that are intended to lessen the potentially adverse effects on a given military operation or infrastructure.
Mission Assurance	A process to protect or ensure the continued function and resilience of capabilities and assets, including personnel, equipment, facilities, networks, information and information

	systems, infrastructure, and supply chains, critical to the execution of DoD MEFs in any operating environment or condition.
Mission Essential Function	The specified or implied tasks required to be performed by, or derived from, statute, Executive Order, or other appropriate guidance, and those organizational activities that must be performed under all circumstances to achieve DoD Component missions or responsibilities in a continuity threat or event. Failure to perform or sustain these functions would significantly affect the DoD's ability to provide vital services or exercise authority, direction, and control.
Mission Owner	The OSD or DoD Component with responsibility for the execution of all or part of a mission assigned by statute or the Secretary of Defense.
Operational Risk	This area defines risk to current military objectives as described in current, planned, or contingency operations. CCMDs will assess and report operational risk related to campaign plans, operational plans (OPLAN), and concept of operation plans (CONPLAN).
Remediation (risk)	Actions taken to correct known deficiencies and weaknesses once a vulnerability has been identified.
Risk Management	A process by which decision makers accept, reduce, or offset risk and subsequently make decisions that weigh overall risk against mission benefits. Risk management is composed of risk assessment and risk response. Risk management includes elements of risk acceptance, mitigation, and remediation.
Sector Economic Assessments	IBA product to determine the current supply and demand status and impact on industrial sectors. The assessment methodology considers macroeconomic issues, census data, Federal and DoD budget trends, technology trends, production trends, and financial health of industry firms. The purpose of these assessments is to review industry trends and economic outlook and make projections for out-years. The reports also review industrial factors that affect current and future conditions of the marketplace that could impact industrial capacity and capabilities. DCMA identifies major prime and sub-tier suppliers and provides production forecasts and trends.

Stakeholder	Any group or organization with a responsibility or influence directly related to the outcome of an action or result; can affect the outcome or are the recipient of the results.
Unique Capability	A skill/knowledge, facility, piece of equipment, process, or technology that does not exist at another site and could not be recreated within acceptable cost and schedule parameters.
White Paper	Least formal IBA product to accommodate short delivery timeframe (typically less than 3 months). White papers do not require a study plan and often do not use surveys or include site visits as in a more formal IBA. Examples of white paper topics include proactive DIB assessment identified during the DIB Monitoring and Reporting process, merger and acquisition analysis, technology assessment, and alternate source of supply analysis.

REFERENCES

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