

Secretary Hegseth Issues Directives to Transform Acquisition Process and Defense Industrial Base

November 2025

On November 7, 2025, Secretary of War Pete Hegseth issued three memoranda that collectively direct a significant shift in defense policy and management. These memoranda – addressed to Senior Pentagon Leadership, Commanders of Combatant Commands, and Defense Agency and Department of War Field Activity Directors – seek to modernize the defense acquisition process, reform the joint requirements process, and revamp the Foreign Military Sales (FMS) and Direct Commercial Sales (DCS) programs that supply weapons systems to allied countries.

Together, these directives set the stage for changes in how the Department plans, acquires, and delivers military capabilities, as well as how it partners with industry and international allies. The memoranda signal an increased emphasis on speed, accountability, and integration across the Government. The Department also released an accompanying Acquisition Transformation Strategy as directed in Executive Order (EO) 14265, “Modernizing Defense Acquisitions and Spurring Innovation in the Defense Industrial Base.”

[Acquisition System: “Transforming The Defense Acquisition System Into the Warfighting Acquisition System to Accelerate Fielding of Urgently Needed Capabilities to Our Warriors”](#)

In this memorandum, the Defense Acquisition System (DAS) is redesignated as the Warfighting Acquisition System (WAS) to accelerate delivery of advanced capabilities, rebuild the defense industrial base, and ensure readiness. This overhaul is in accordance with EO 14265 and is coordinated with reforms in FMS, as described

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in the memorandum titled “Unifying the Department’s Arms Transfer and Security Cooperation Enterprise to Improve Efficiency and Enable Burden-Sharing.”

The Acquisition System memorandum recognizes acquisition as a warfighting function, emphasizing speed and mission outcomes over process compliance, noting that “[s]peed to capability delivery is now our organizing principle.” The system will be structured to reward timely delivery and penalize delays, with incentives tied to outcomes. Consistent with acquisition reform efforts in other parts of the Government, including the FAR Overhaul, the memorandum directs the Department to maximize use of commercial products, direct-to-supplier relationships, and alternative procurement methods to expand the industrial base and accelerate innovation.

To that end, the memorandum directs the establishment of Portfolio Acquisition Executives (PAEs), who will be empowered to make rapid decisions and trade-offs across the programs in their portfolios. Contracting Officers will report directly to PAEs in the acquisition chain of command. The memorandum’s appendix, “Initial Directed Implementation Actions,” also directs establishment of career paths and term-limited models for program managers, with tenure aligned to delivery cycles (four-year minimums with two-year extensions) and incentives tied to outcomes.

The memorandum also directs the Under Secretary of War for Acquisition and Sustainment (USW(A&S)) and the Service Acquisition Executives to start executing the WAS transformation immediately. The USW(A&S) must issue implementing guidance within 30 days, and each military department will issue its implementation plan within 60 days after that. Monthly Acquisition Acceleration Reviews, chaired by the USW(A&S), will track progress, including the establishment of PAEs, portfolio performance, removal of barriers, and adoption of the directives in the memorandum. Updates to regulations, contracting guidelines, portfolio scorecards, and education programs must be developed and published within 150 to 180 days. In particular, it directs the USW(A&S) to revise the Defense Federal Acquisition Regulations Supplement (DFARS) and other acquisition guidance within 150 days to “enable speed,” reduce documentation requirements, replace analysis of alternatives with competitive prototyping where possible, and implement other aspects of the memorandum. The memorandum also directs the USW(A&S) to establish a Wartime Production Unit to accelerate production and optimize supply chains.

As part of the “commercial-first” policy, the appendix directs the USW(A&S) to issue guidance that prioritizes commercial products and non-Federal Acquisition Regulation (FAR)-based procurement, focuses on deliveries and volume, uses “all incentives” to prioritize timely delivery, including by rewarding early delivery and penalizing delay, and creates processes to evaluate alternative solutions with different technical approaches. The guidance will also include a preferred use of Commercial Solutions Openings, with items procured through such methods designated as commercial; if no commercial solution is available, acquisition personnel must consider modifications to commercial options before turning to new development. The USW(A&S) must also issue guidance that mandates competition, modularity, and multi-source practices, including maintaining multiple qualified sources and designing for exportability, and a two-to-production standard where appropriate. The appendix directs military departments to develop and expand programs that provide acquisition professionals with direct exposure to commercial industry practices.

The accompanying Acquisition Transformation Strategy sets out the Department's plan to overhaul its acquisition processes and revitalize the defense industrial base. The strategy prioritizes speed, flexibility, and rigorous execution to place the Department on a war footing and emphasize urgency. The Department identifies five pillars for transformation: rebuilding the industrial base; elevating and empowering the acquisition workforce; maximizing acquisition flexibility through reduced regulations and processes; developing high-performance systems through technical excellence; and improving lifecycle risk management.

The strategy seeks to revitalize the industrial base by lowering entry barriers, diversifying sourcing, and stabilizing demand through longer-term, higher-volume contracts. The strategy states that the Department will work with the Office of Management and Budget to advocate for legislative reforms to the bid protest process "to discourage offerors from filing frivolous bid protests and accelerate processing and adjudication." It also notes that the Department will emphasize flexible contracting through other transaction authority and engagement with nontraditional vendors.

The strategy also includes leveraging digital and AI tools to streamline documentation and decision-making and reforming information technology acquisition processes to prioritize outcomes and commercial technology adoption. The strategy supports reducing the burden of Government-unique Cost Accounting Standards (CAS) through conformance with Generally Accepted Accounting Principles and other CAS reforms.

Requirements Process: "Reforming the Joint Requirements Process to Accelerate Fielding of Warfighting Capabilities"

This memorandum directs a major overhaul of the Department's process for determining and prioritizing joint requirements, with the goal of accelerating the delivery of new technology and capabilities. The reform is pursuant to EO 14265 and is intended to streamline acquisition, strengthen industry engagement, and better align resources with operational needs.

The memorandum begins the disestablishment of the Joint Capabilities Integration and Development System (JCIDS), the Department's system for identifying and validating joint military capability requirements to ensure statutory compliance and interoperability across the military services. It reorients the Joint Requirements Oversight Council (JROC), a statutory body under 10 U.S.C. § 181, as the single forum for annually ranking the Joint Force's Key Operational Problems and associated capability gaps. While JCIDS is implemented through instructions and manuals that the Department may rescind, JROC has a statutory role to review and validate joint requirements and set joint performance standards. Under the revised framework, military service requirements determinations will be the responsibility of the individual military services.

Within 120 days, the memorandum directs the Vice Chairman of the Joint Chiefs of Staff (VCJCS) to rescind instructions and manuals governing JCIDS and transition essential Joint Staff acceleration activities from JCIDS to JROC. During the transition period, only requirements validations expressly required by statute will continue under JCIDS, and qualifying submissions will be subject to a 15-day adjudication with a single comment round. Within 30 days, the Joint Staff will deliver a termination-or-transition plan for remaining JCIDS activity.

The memorandum also directs the VCJCS to establish a new Requirements and Resourcing Alignment Board (RRAB), which will be co-chaired by the VCJCS and the Deputy Secretary of War. The RRAB will select topics from the top-ranked operational problems and issue programming guidance, recommend funding allocations from the Joint Acceleration Reserve, and may recommend modification or termination of specific requirements or activities. The RRAB will serve as the Department's single decision forum for aligning fiscal resources to the Joint Force's most pressing operational problems.

The memorandum directs the Under Secretary of War for Research and Engineering (USW(R&E)) and the USW (A&S) to establish a Mission Engineering and Integration Activity (MEIA) intended to rapidly engage with industry, conduct mission engineering analysis, and run experimentation campaigns to refine requirements and integrate solutions. Within 90 days, the USW(R&E) and the USW(A&S) will provide the Deputy Secretary and VCJCS an integrated charter, implementation plan, and industry engagement plan for the MEIA, allowing the MEIA to stand up within 120 days. The MEIA will report results and recommend funding for validated solutions to the RRAB.

The memorandum directs the Director of Cost Assessment and Program Evaluation (CAPE) to support the RRAB and, in each budget cycle, establish and maintain the Joint Acceleration Reserve in Fiscal Guidance to fund prioritized operational problems and validated outputs of the MEIA. CAPE will implement the Joint Acceleration Reserve beginning with the Fiscal Year 2027 budget cycle. These reserved funds are intended to address the "valley of death," the gap between development and funded production, for joint capabilities by aligning funding to military services in the annual budget request.

The memorandum requires each military department to launch reviews of its requirement processes within 90 days, with the goals of speeding up delivery of new systems to the field, working more closely with industry, encouraging innovation through testing and experimentation, and making sure new systems are better matched to real operational needs. They will share approved requirements and program data with the Joint Staff and other stakeholders, including the USW(A&S) and CAPE, and identify an approach to share relevant data with the MEIA. They will submit initial findings to the Deputy Secretary within 180 days, and provide detailed implementation plans within 90 days after that.

This memorandum marks a decisive shift toward speed, integration, and accountability in joint requirements determinations. Contractors should expect earlier and more rigorous engagement with the Department, increased opportunities for experimentation and rapid prototyping, and a stronger alignment between requirements and resource prioritization. The Department will continue to streamline processes, remove low-value reviews, and focus on delivering effective capabilities to the warfighter. In doing so, the Requirements Process memorandum, along with the Acquisition Transformation Strategy and the Acquisition System memorandum, encourage providing acquisition personnel with flexibility to trade performance for speed of delivery or reduced cost.

Foreign Military Sales: "Unifying the Department's Arms Transfer and Security Cooperation Enterprise to Improve Efficiency and Enable Burden-Sharing"

Citing EO 14268, “Reforming Foreign Defense Sales to Improve Speed and Accountability,” the FMS memorandum confirms that the Administration has reinstated the 2018 Conventional Arms Transfer Policy, which is intended to reduce regulatory barriers and increase transparency. The scope of items requiring government-to-government sales has been narrowed, expanding opportunities for DCS by U.S. industry to foreign governments.

The Department has finalized a plan to modernize FMS and DCS information technology systems, including integration of the Department’s acquisition, industrial base, technology protection, and FMS and DCS case data for forecasting international demand and capacity. Contractors should note the new emphasis on building exportability into system design from the outset, which may affect program requirements and funding.

The memorandum also directs the realignment of functions within the Defense Security Cooperation Agency (DSCA), responsible for foreign military sales and training, and the Defense Technology Security Administration (DTSA), which oversees military technology export controls. Oversight of DSCA and DTSA functions related to FMS and DCS will move from the Under Secretary of War for Policy (USW(P)) to the USW(A&S). The USW(P) will retain strategic direction to ensure alignment with national security objectives and the National Defense Strategy, while USW(A&S) will oversee execution and delivery. The memorandum directs the USW(A&S) and USW(P) to draft an implementation plan within 60 days, subject to Deputy Secretary approval and compliance with existing law. The plan will also address the future placement of any DSCA and DTSA activities not directly related to FMS or DCS.

In sum, this memorandum intends to start the modernization and streamlining of the entire FMS and DCS systems by improving efficiencies and reducing regulatory barriers to expanding capacity and facilitating growth. Contractors should anticipate changes in program requirements, reporting, and engagement with acquisition and policy offices as these reforms are implemented, along with those in the other memoranda, the Acquisition Transformation Strategy, and other acquisition reform efforts such as the FAR Overhaul.

Key Takeaways for Industry

These memoranda direct a dramatic reworking of the Department’s acquisition process, including the redesignation of the Warfighting Acquisition System, major changes to Foreign Military Sales, and a shift in organizational authority and accountability. The scope of reform is broad, touching everything from contracting methods and regulatory requirements to workforce management and industrial base strategy. While the specific impact will depend on how the implementation plans are developed and executed in the coming months, the intended effect is to accelerate delivery, increase flexibility, and fundamentally reshape how the Department acquires and fields capabilities.