In the 2001 Quadrennial Defense Review, Secretary of Defense Donald Rumsfeld announced that the Department of Defense would henceforth use capabilities-based planning to guide the development of the armed forces. The popularity of the idea spread to many allied countries who also embraced the concept. However, the successful implementation of the method has been hindered by a number of factors: lack of an agreed lexicon, confusion in many defense organizations to the degree to which ‘threats’ are used, inattention to policy priorities, heavy institutional analytical requirements, and a lack of acknowledgement of the importance money must play in any planning system. The paper concludes that whilst elements of the method are well-suited to providing objective data in support of senior leadership’s decision-making; alone, it is insufficient to drive planning, which is inherently a political process.