

## Better Buying Power Initiatives (BBPI)

### Mission Assistance Module:

### **“Achieving Stable and Economical Production Rates”**

#### **Module Description**

This module provides a fundamental working knowledge of the varied aspects of achieving stable and economical production rates and prepares and guides participants to apply critical thinking skills that will result in the same, for their program.

#### **Course Objectives**

At the conclusion of this module participants will:

1. Have discussed at least one tangible benefit that will accrue from effective execution of this initiative at the enterprise level.
2. Have identified and developed a strategy for removal of one or more government impediments to leanness
3. Have identified and planned actions to avoid one or more causes of program turbulence
4. Have identified one or more factors that will aid them in calculating their Program's Economic Order Quantity, consistent with the offerors'/contractor's Economic Production Quantity.

#### **Reading Material**

- 14 Sep 2010: “Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending”
- 3 Nov 2010: “Implementation Directive for Better Buying Power - Obtaining Greater Efficiency and Productivity in Defense Spending”
- 20 Apr 2011: “Document Streamlining – Program Strategies and System Engineering Plan”
- Demand Solutions: “Guide to Improving Forecast Accuracy” (available for free via [demandsolutions.com](http://demandsolutions.com))

## Module Outline

This module is divided into four blocks (with one ten minute break between blocks), as indicated and described in the agenda:

<b>Notional Agenda</b> <b>Better Buying Power Initiatives (BBPi)</b> <b>Mission Assistance Module:</b> <b>"Achieving Stable &amp; Economical Production Rates"</b>		
Minutes	Block Title	Block Description
0-50	<a href="#"><u>"Training Camp"</u></a>	Introductions and why we're here
50-60	-Break-	
60-110	<a href="#"><u>"Game Plan"</u></a>	Identify factors for consideration
110-120	-Break-	
120-210	<a href="#"><u>"OTA"</u></a> <a href="#"><u>(Organized Team Activity)</u></a>	Application of tools & Critical Thinking
210-220	-Break-	
220-240	<a href="#"><u>"Chalk-Talk"</u></a>	Recap and plan forward

Four hours are allotted for the entire module. Each block of the module is conveyed via a PowerPoint presentation and guided discussion by an experienced facilitator.

Additional details are included on the attached prescribed reference guidance sheet.

## ***BBPi Mission Assistance Reference Package (Module 1.4)*** ***Achieve Stable and Economical Production Rates***

### **Purpose/Description:**

In his first year as the Under Secretary of Defense for Acquisition Technology and Logistics, Dr. Ashton Carter noticed limited productivity across DoD, to include:

- Production Cost continued to increase for the same item over time
- Noted that Small Business was not constructively engaged

Requirements were occurring without consideration of cost or affordability

### **Initiative:**

Achieve Stable and Economical Production Rates

### **Expectations:**

- Production rate to be part of the affordability analysis presented at Milestones A and B
- 5 percent annual increase in the number of ACAT ID and IC programs executing at their EOQ level

### **Objectives/Key Learning Points:**

Discussion of tangible, pragmatic benefits that will accrue from effective execution of this initiative at the enterprise level:

- Removing government impediments to leanness
- Avoiding program turbulence
- Maintaining a vibrant and financially healthy defense industry
- Developing our Acquisition Workforce

### **Overarching Benefit:**

“Government and industry both benefit from economic order quantity (EOQ) rates of production, and from stability in production year after year. Unfortunately, quantity cutting and turbulence to meet budget targets is widespread. Production rates are a critical part of any acquisition strategy” –USD AT&L–

### **Target Audience: Program Manager/IPT Leads/Program Office Personnel**

- The program manager is responsible for the ensuring stable and economical production quantities and rates, which will “...be part of the affordability analysis presented at Milestones A and B. Furthermore, at Milestone C, I will set a range of approved production rates. Deviation from that range without my prior approval will lead to revocation of the Milestone.” –USD AT&L–
- As such inputs from all functional areas are required to ensure all aspects of the production strategy have been considered and vetted.

**“WIFM” - Benefits and Value: Discussion of tangible, pragmatic benefits that will accrue from effective execution of this initiative at the tactical level**

- As Facilitators of this or any Mission Assistance effort, we clearly have no way of knowing the peculiar dynamics of a program better than the PM or members of the the PMO. But we can hope to facilitate an introspective review of the issues and factors that they may or may not have previously raised, and then facilitate the PM/PMO in addressing the same. Our goal is to use proven techniques such as Force Field Analysis (and possibly some associated multi-voting), along with the “5-Whys” or Fishbone Diagraming to initiate and instill the PM/PMO to pursue Better Buying Power. And more specifically, to drive them to think about and establish Stable and Economical Production Rates.
- These techniques have proven successful in our Acquisition Support and Program Start-up Workshops and are prudent tools to be used in identifying the areas and initiatives available to the PM/PMO to support this initiative.

**Short Videos/Lessons Learned**

Facilitators are encouraged to seek out and document success stories (such as the E2D and SDB, as cited in the initial AT&L memorandum (also documented in the opening slide show and in the reference material, both on the ACC site for BBPi Mission Assistance). We hope to acquire or initiate some videos of interviews with “successful” PMs and PMO personnel, that may be incorporated in the Mission Assistance effort.

**Examples/Good Practices in Initiative Implementation (general and/or specific as pertinent)**

Although this initiative is NOT a mandate for Multi-year contracting, it does borrow from and is intended to instill some of the efficiencies that are cited in association with Multi-year contracting. As such, DFARS 217.174 and other Multi-year sections of the FAR/Supplements provide a good source of rationale and approaches for achieving Stable & Economical Production Rates: [i.e. Excerpt - (vii) The proposed multiyear contract provides for production at not less than minimum economic rates, given the existing tooling and facilities. The head of the agency shall submit to USD(C)(P/B) information supporting the agency’s determination that this requirement has been met (10 U.S.C. 2306b(i)(1)(G)).]

**References (OSD/Services policies, DAU training/CAU KM assets (including performance learning tools, etc)**

- 14 Sep 2010: “Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending”
- 3 Nov 2010: “Implementation Directive for Better Buying Power - Obtaining Greater Efficiency and Productivity in Defense Spending”
- 20 Apr 2011: “Document Streamlining – Program Strategies and System Engineering Plan”
- Technology Development Strategy [or] Acquisition Strategy for [Program Name] Sample Outline:

“8.2.2 Acquisition strategies for ACAT I programs will specify (no more than one page) how the procurement rate and schedule were set at Milestone A, as adjusted at Milestone B.”

**Summary of Recommended Mission Assistance Approach**

1. Use of the standard workshop checklist (Developed by Mr. Dave Ahern, Dr. Owen Gadeken, and Dr. Jesse Stewart) is encouraged (included in ACC references for this MA Module).
2. At the workshop, present overview presentation for this module (included in ACC references for this MA Module).
3. Follow agenda as previously determined in using checklist from item 1 above.
4. May include use of:
  - a. Forcefield Analysis
  - b. Run Rules
  - c. Five Whys
  - d. Fishbone
  - e. Think Tank web tool for brainstorming