



USD (AT&L) Better Buying Power Initiative: Target Affordability and Control Cost Growth

Achieve Stable and Economical Production Rates “OTA” – Organized Team Activity

This slide deck is intended to serve as the kick-off/introduction for the Mission Assistance Effort entitled: “Achieve Stable and Economical Production Rates.

Background: A “Rapid Deployment Training (RDT)” effort was initiated to provide a general overview of the five overarching “Thrust Areas” which in-turn encompass 22 specific Better Buying Power Initiatives (BBPi), included on the “Guidance Roadmap (next slide). Of the 22 specific initiatives, 14 have been broken out to comprise an initial set of Mission Assistance Modules that may be presented to Program Management Offices, or other organizations, on an ad-hoc basis.

Many of the initiatives are inherently complementary. In particular, this one, entitled: **“Contributing Factors to Achieving Stable and Economical Production Rates”** is no exception. More specifically, it focuses on production planning with an emphasis on Joint Supply Chain Architecture, Funding stability, Contracting approach (e.g. Multi-year, advance procurement, options, dual sourcing), Operational Requirements, Contractor capacity (e.g. Personnel, tooling, shifts...), Accurate estimating, Requirements stability, Use of process improvement methodologies, such as Continuous Process Improvement, Lean/Six Sigma, and Total Ownership Cost, and Support and sustainment requirements... To name a few!

Recommended Approach: It is anticipated that this module, including these introductory charts, will be used to facilitate and instill critical thinking that will result in the establishment of processes that effectively and efficiently address the various facets of achieving Stable and Economical Production Rates.



Notional Agenda

**Better Buying Power Initiatives (BBPi)
Mission Assistance Module:
"Achieving Stable & Economical Production Rates"**

Minutes	Block Title	Block Description
0-50	"Training Camp"	Introductions and why we're here
50-60		-Break-
60-110	"Game Plan"	Identify factors for consideration
110-120		-Break-
120-210	"OTA" (Organized Team Activity)	Application of tools & Critical Thinking
210-220		-Break-
220-240	"Chalk-Talk"	Recap and plan forward

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USD AT&L Expectations

- “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 approved by me. Therefore, beginning immediately, **I will expect production rate to 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.”
- “**I expect to see a 5 percent annual increase in the number of ACAT ID and IC programs executing at their EOQ level.**”

Excerpts from USD AT&L Better Buying Power Initiatives

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USD AT&L expectations are clear:

Production rates are an inherent part of any Program affordability analysis.

Programs should execute at their EOQ level.



OSD AT&L Objectives

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

These are some other key means and benefits of executing at your EOQ.



RFP/Contract Factors

Uniform Contract Format

Part I -- The Schedule

- A - Solicitation/contract form.
- B - Supplies or services and prices/costs.
- C - Description/specifications/statement of work.
- D - Packaging and marking.
- E - Inspection and acceptance.
- F - Deliveries or performance.
- G - Contract administration data.
- H - Special contract requirements.

Part II -- Contract Clauses

- I - Contract clauses.

Part III -- List of Documents, Exhibits, and Other Attachments

- J - List of attachments.

Part IV -- Representations and Instructions.

- K - Representations, certifications, and other statements of offerors or respondents.
- L - Instructions, conditions, and notices to offerors or respondents.
- M - Evaluation factors for award.

1. How was quantity in solicitation derived?
 - a) Are quantity ranges utilized?
 - b) Does solicitation allow offerors to propose delivery schedules?
2. Was market research performed (to include an Industrial Capabilities Questionnaire, DD Form 2737)?
3. Was EOQ/EPQ considered and addressed in Source Selection Plan and Section L & M of the solicitation?

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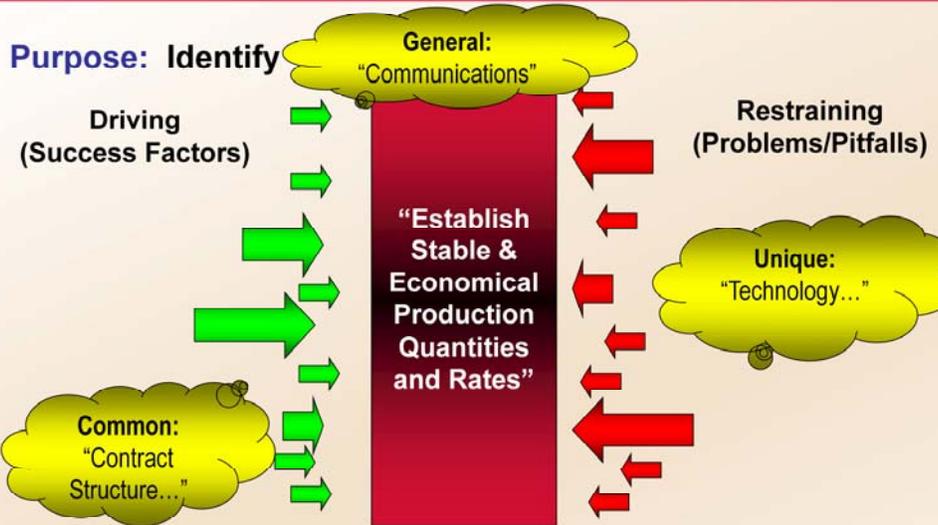
Participants should consider their ongoing acquisition, whether it be pre-award or post-award: What factors or sections of the contract might be impacted to drive toward attaining their EOQ/EPQ?

What variables can they better manage to achieve the same?

Using the following slide and the subsequent information capture slide, have teams work up a force field analysis to identify those factors they see as driving them toward or away from obtaining their EOQ/EPQ.



Force Field Analysis



Team Objective: Report out and address top 3-5 driving and top three restraining forces.



“Capture”

Please Circle One:

Driving Force

Restraining Force

Parking Lot

Subject:

Brief Description:

Place in “Parking Lot Box”

This slide may also be used as a handout to aid the teams in capturing and documenting their Driving and Restraining Forces.



Assignment/Brief-out

- **Present the driving and restraining forces identified by your team**
 - Identify specific current enablers leading to stable and economical production
 - Identify impediments to leanness
 - Identify causes of program turbulence
- **Identify how the restraining forces might be overcome**
- **What specific areas should be addressed**
 - Immediately
 - Long-Term

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As teams brief, facilitator should be guiding the discussion while ideally a second facilitator captures the essence of the group discussion, including actions or assignments.

NOTE: Any actions not assigned real-time should be addressed and assigned during the Chalk-Talk wrap-up discussion.