



# DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY



## Value Management

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# Agenda

- Value Management (VM)/Value Engineering Defined
- DoD Efficiency Initiatives and VM
- Source Development
- Replenishment Parts Purchase or Borrow (RPPOB)
- Value Engineering Change Proposals (VECP's)
- Sustaining Engineering (SE)
- Castings and Forgings
- Additional VM Programs Managed at DLA
- Summary
- Points of Contact



# Value Engineering/Value Management

- Value Engineering is an organized/systematic approach used to analyze the function(s) of systems, equipment, facilities, services, and supplies to achieve the essential function(s) at the lowest life cycle cost consistent with required performance, reliability, quality, and safety.
- Bottom Line: Identify and Eliminate unnecessary cost!
- Value Management is the overarching term used at DLA to integrate many cost reduction and customer focus programs.



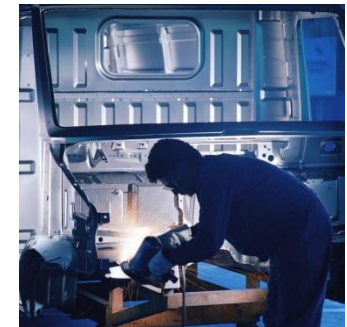
# DoD Efficiency Initiatives and VM

- September 2, 2010 Memo, Subject: Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending, Under Secretary of Defense for Acquisition, Technology, and Logistics
  - Target Affordability and Control Cost Growth
  - Incentivize Productivity and Innovation in Industry Initiative
  - Promote Real Competition
  - Reduce Non-Productive Processes and Bureaucracy
- DLA Goal to Deliver Effective Warfighter Support at optimal cost – Conference Theme
- Value Management tools contribute to the above



# Source Development

- Source Development includes several functions that are intended to aid procurement activities in obtaining hard-to-procure items
- Leverages relationships with suppliers and service engineering activities
- Targets items with no-sources, nonresponsive-sources, or over-pricing issues
- Accomplished primarily through:
  - In-house reverse engineering
  - Contractor reverse engineering
  - Source Approval Request (SAR) development (contractor)
- Aggressive development of new programs targeting reverse engineering as an improved solution





# Source Approval Requests (What is a SAR?)

A Source Approval Request is a Contractor's proposal to Supply Technical Data on a Specific item of supply, in an effort to become an Approved Source

**Your unsolicited SAR, needs to be submitted to DLA for evaluation**



# SAR

- Submitted packages must be IAW DLAD 52.217.9002
- Offerors must furnish complete copies of all drawings, technical specifications and testing data required to clearly describe the characteristics and features of the item being offered
- The data submitted must also cover design, material, performance, function, and testing criteria of the product offered



# SAR

When submitting your SAR package, submit to:

## **DLA Land & Maritime**

Directorate of Business Process Support  
Alternate Offer Monitor (BPP)  
P.O. Box 3990  
Columbus, OH 43218-3990  
OR

Electronically submit to:

[DSCC\\_AO-SAR@dla.mil](mailto:DSCC_AO-SAR@dla.mil) (file should not exceed 10Mb)

## **DLA Troop Support**

ATTN: Neil Kovnat  
700 Robbins Ave.  
Philadelphia, PA 19111-5092  
(215) 737-4300  
[Neil.Kovnat@dla.mil](mailto:Neil.Kovnat@dla.mil)

## **DLA Aviation**

Competition Advocate SAR Program  
8000 Jefferson Davis Highway  
Richmond, VA 23297-5100  
Phone: (804) 279-3557

Do not send product samples with your SAR package





# Replenishment Parts Purchase or Borrow Program

RPPOB



# Why RPPOB?

- Statutory Requirement
  - Defense Procurement Reform Act of 1984
    - Public Law 98-525, Section 1216(a)
    - Codified at Title 10 U.S.C. 2320(B)
- Promote full and open competition
- Develop new sources
  - Sole Source
  - Limited Competition Items





# RPPOB – What it is Not

- Not intended to proof their manufacturing
- Not available on solicitations/contracts when:
  - In accordance with a specification
  - In accordance with a drawing
- Not to test a competitor's part



**Purpose: Develop New Sources**



# RPPOB Process

- Contractor request received
- Item reviewed as an RPPOB candidate
- Contact with ESA for approval to bail out
- Contractor provides monies and signs the agreement
- Item directly sent to Contractor
- Contractor provides alternate offer data package
- Data package sent to ESA for final approval
- System updated with approval



# RPPOB Methods

- Statutory Requirement
- Direct Purchase
  - Contractor buys at Standard Unit Price (SUP)
  - Item is not returned
- Bailment
  - Item loaned at SUP
  - SUP held in Trust by DFAS
  - SUP monies returned (If item is returned in “A” condition)
- View of Part - Contractors may inspect part in a designated area





# Benefits of RPPOB

- Break Sole Source
  - Average 30-40% in procurement savings
- Provide additional sources on limited source items
- Provide source for obsolete items
- Reduce cost through enhanced competition
- Potential for Unlimited Rights Technical Data Packages (TDPs)

**Increased Competition = Lower Cost to Taxpayers**



# Value Engineering Change Proposals

VECPs



# Value Engineering Change Proposals

- Contractual method to share savings
  - Improve DoD supplies and/or equipment
  - Savings shared between Contractor and DoD
  - Described in FAR Part 48 and Clause 52.248-1
- Improvements include any price savings
  - Processes
  - Materials
  - Manufacturing techniques
  - Other







# Rules and Tools

- VECP clause in most DLA contracts >\$25K
- Clause can be added by modification
- VECP can only be received on an instant contract
- Typical share ratio: 50/50
- Collateral lifecycle savings may be negotiated



# Sustaining Engineering Program

SE



# Sustaining Engineering

- Proposals solicited from all services
- Proposals evaluated by DLA Aviation and DLA Land and Maritime teams
  - Value Management Team lead
  - Weapon System Support Manager (WSSM)
  - Cognizant DLA Aviation/Maritime/Land Application Team
    - Engineer/technical
    - Product Assurance
    - Buyer
- Selections funded/implemented in order of
  - Date of receipt
  - Weapon system support impact
  - Overall best value to customer
- Accepted proposals funded by DLA
  - Coordinated with ESA
  - Funds available FY11: \$5M





# Project Selection Criteria

- DLA managed item
- Minimum ROI of 10:1
  - Lifecycle savings
- Make positive impact
  - Operational readiness
  - ALT/PLT
  - Item demand
  - Unit price
- Reduce field maintenance actions
- Improve competitive position
  - Availability of tech data
  - Increase sources of supply





# DLA Casting and Forging Assistance Tools



# Forging Advanced System Technology

- R&D Challenges:
  - Disproportionate share of unfilled orders
  - Fragile supply chains – hidden sole source
- Objectives:
  - Reduce unfilled orders
  - Improve forging technology
- Accomplishments:
  - Tooling database with 62,000 part numbers and/or National Stock Numbers
  - Developed new software for Lean manufacturing capabilities at forge shops
  - Developed Spray Metal Tooling Machine, Rapid Solidification Process (RSP)
- Plans:
  - Metal and Process Optimization (MPO) project to evaluate production methods and materials as a decision making guide for spare and repair parts
  - Automate Job shop Lean & six sigma integration – Reduce energy to move material
  - Email alert of new solicitations to forge shops with existing tooling or capabilities
  - Laser Deposition of Tooling, an additive Mfg technology for Forging Die Repair

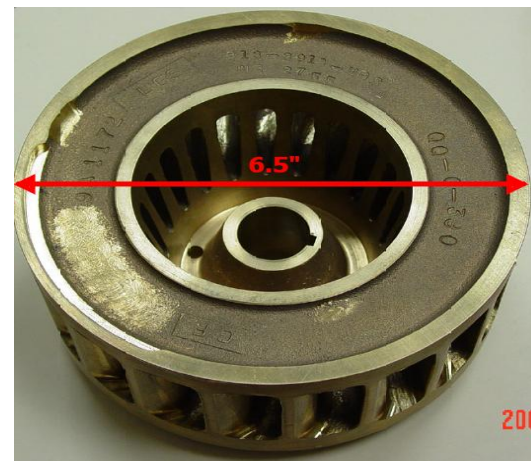


\$ in Millions	2009	2010	2011	2012	2013	2014	2015
PRO-FAST	1.182	1.145	1.230	1.252	1.268	1.290	1.313



# Casting for Improved Readiness

- R&D Challenges:
  - Disproportionate share of unfilled orders
  - Fragile supply chains – hidden sole source
- Objectives:
  - Reduce unfilled orders
  - Improve forging technology
  - Improve responses to solicitations
- Accomplishments:
  - 22K tools in database & \$1.5M/mo of solicitations pushed to foundries w/tooling
  - Digital radiography Std for steel investment castings – Eliminating film use/storage
  - Developed & tested mechanical properties of E357 – Beryllium free Cast aluminum alloy
  - Three projects striving to lighten cast components – Reducing weight to save fuel
- Plans:
  - Finalize new digital radiographic casting standards with ASTM International
  - Publish guidelines to select filler metals & welding parameters to reduce corrosion on the welds of SS castings.



\$ in Millions	2009	2010	2011				
CIR	2.4	.94	? CR				



# National Forging tooling Database (NTFD)

NTFD is available commercially through  
Haystack Gold:

[http://engineers.ihs.com/products/procurement/  
haystack-logistics/haystack\\_lp.htm?ocid=  
haystack\\_lp&s\\_kwcid=haystack%20gold|523548435](http://engineers.ihs.com/products/procurement/haystack-logistics/haystack_lp.htm?ocid=haystack_lp&s_kwcid=haystack%20gold|523548435)

NFTD





# Additional Casting Resources

- **Defense Tooling Locator**  
<http://www.defensetooling.net>
- **Steel Founders Society of America**  
<http://www.sfsa.org>
- **America Founders Society Inc.**  
<http://www.diecasting.org>
- **Non-Ferrous Founders Society**  
<http://www.nffs.org>
- **American Metalcasting consortium**  
<http://www.amc.aticorp.org>



# Additional Value Management Programs Managed at DLA



# Additional VM Programs

## Reverse Engineering

- Performed using Gov't resources
- Items ordered from Gov't stock
- Identifies physical, material, mechanical, and environmental properties
- Test requirements identified/determined
- Technical Data Package developed for use in full and open competitive acquisition



## Organic Manufacturing

- Utilize manufacturing capacity of government labs/arsenals when private industry cannot meet our needs
- **Public** (organic) and **Private** sources cannot compete against each other for awards!
  - Exceptions:
    - Price: quoted price is formally determined to be unacceptable
    - Delivery: quoted delivery time frame does not meet our requirements.



# Summary

- DLA's Value Management Office provides support
  - Government
  - Customers
  - Suppliers
- Our focus
  - Provide solutions on problem parts
  - Reduce acquisition and support costs
- For further information
  - Contact attached P.O.C.'s
  - Visit our booths: **#737, #739**



**Overall Goal: Support the Warfighter**



# Points of Contact

## **DLA Logistics Operations:**

Mary Hart

703-767-1637 / DSN 427-1637

[Mary.Hart@dla.mil](mailto:Mary.Hart@dla.mil)

## **DLA Aviation:**

Ralph Newlon

804-279-5226 / DSN 695-5226

[Ralph.Newlon@dla.mil](mailto:Ralph.Newlon@dla.mil)

## **DLA Land and Maritime:**

Dan Krist/Don Howell

614-692-3320/8837 / DSN 850-3320/8837

[Daniel.Krist@dla.mil](mailto:Daniel.Krist@dla.mil) or  
[Donald.Howell@dla.mil](mailto:Donald.Howell@dla.mil)

## **DLA Troop Support:**

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