

DEFENSE CONTRACT MANAGEMENT AGENCY



**DCMA**

ACQUISITION INSIGHT  GLOBAL ENGAGEMENT

# Mitigation Strategies to Reduce Quality Threats in the Supply Chain

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**Presented By:**

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**Date: March 16, 2010**

# Agenda

- **Ongoing Problems**
- **Interim Findings & Recommendations of the HASC Panel on Defense Acquisition Reform**
- **Weapon System Reform Act of 2009**
- **Expanding Role of the Office of Performance Assessment & Root Cause Analysis (PARCA)**
- **OSD AT&L Directive Type Memo (DTM) 09-027**
- **Strategic Initiatives to mitigate current & future threats**



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# Recent & Ongoing Problems

- **Materials substitution**
  - **DoD Ti Task Force – Improper raw material used in multiple weapons systems has contaminated the supply system – limited traceability**
  - **Semiconductor base plates**
  - **Class 3 fasteners**
  - **Grade 8 bolts**
- **Improper materials treatment**
  - **West Coast Aluminum – Improper Heat Treatment**
- **Limited Prime control at the sub-tier and distributor supplier base**
  - **Same supplier sources used for sustainment**
  - **Lack of objective evidence on approved manufacturers, variables test/inspection records**
  - **Limited traceability of raw materials and parts once worked into final parts and components**
  - **Increased global demand for commodities and specialized metals increases supply chain risk**





# HASC Panel on Defense Acquisition Reform

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- **Selected Interim Findings & Recommendations**
  - **Purchase of commercial goods and commodities, and the suppliers of these goods are a significant portion of the industrial base.**
  - **Major focus of policy and congressional oversight has focused on Major Defense Acquisition Programs (MDAPs). However the bulk of acquisition systems procurements are outside direct oversight of USD AT&L.**
  - **The role of the Office of Performance Assessment & Root Clause Analysis (PARCA) should be expanded to serve as a performance management function for the DoD Acquisition System.**





# Weapon System Acquisition Reform Act

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- Acquisition strategy for MDAPs must describe measures & ensure competition at both the prime and subcontract levels.
- Primes must give consideration to sources other than the prime for development and construction of major subsystems and components of major weapon systems.

4/14/2010





# Implementation of WSARA

## Acquisition Strategies to Ensure Competition

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- **Acquisition strategy for MDAPs must describe measures to ensure competition, or option of competition, at both prime and subcontract level throughout life-cycle**
- **Measures may include (if cost effective):**
  - Competitive Prototyping
  - Dual-sourcing
  - Unbundling of contracts
  - Funding of next-generation prototypes or subsystems
  - Modular, open-architectures
  - Built-to-print approaches
  - Acquisition of complete Technical Data Package (TDP)
  - Competition for subsystem upgrades
  - Licensing of additional suppliers
  - Program reviews to address competitive long-term effects of program decisions
- **Strategy must document rationale for selection of subcontract tier or tiers, and indicate that primes must give consideration to sources other than the prime for development/ construction of major subsystems and components of major weapon systems**

Source: DAU



# PARCA

## Root Cause Analysis

**Considers the underlying cause or causes for shortcomings in cost, schedule, and performance including the role, if any, of:**

- Unrealistic performance expectations;
- Unrealistic baseline estimates for cost and schedule;
- Immature technologies or excessive manufacturing or integration risk;
- Unanticipated design, engineering, manufacturing, or integration issues arising during program performance;
- Changes in procurement quantities;
- Inadequate program funding or funding instability;
- Poor performance by government or contractor personnel responsible for program management;
- or any other matters.

# Strategic Initiatives

- **Achieving Operational Excellence:**
  - **All new QA policies developed and aligned by core business processes**
  - **New cost accounting codes aligned to business processes to measure productivity and optimize workload distribution**
  - **New performance management program and metrics developed to measure supplier performance**
  - **Increased emphasis on evaluating effectiveness of prime's quality control system of sub-contractors**





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# Strategic Initiatives

- **Leadership which effectively influences industrial base performance**
  - **New Top Problem Supplier Metrics by program and sustainment commodities**
  - **Building expanded holistic supplier profiles and system maturity models**
  - **Surveillance plans will be based on supplier profile maturity models and tailored by process and application risk assessments**
  - **Developing new procurement guidance instructions, CSI, and Cost of Quality clauses through the DAR QA Council**
  - **Working joint Industry/Government Improvement Projects**
  - **Expanding the QA Community of Practice through Industry/Government Quality Forums**





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# Strategic Initiatives

- **Revitalizing & Transforming our Workforce & Infrastructure**
  - New training program focused on competency requirements and professional ASQ certifications.
  - ASQ Corporate Membership
  - New Agency Functional Realignment,
    - Quality Assurance Directorate Established
    - All QA specialists functional aligned throughout the Agency



# Strategic Initiatives

- **Increase QA support throughout the Acquisition System**
  - **Moving up the value stream towards a more preventative posture**
    - **Source approval support, process capability analysis, expanded system evaluations, independent pre-acceptance product verification**
    - **Working with buying commands to improve contractual QA provisions**
    - **Improved communication channels providing expanded acquisition insight**
    - **Expanded preproduction and limited production engagement**