



**DCMA**

# Achieving Desired Results with Less: Supply Chain Management

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**Mission:** To provide Contract Administration Services to the Department of Defense Acquisition Enterprise and its partners to ensure delivery of quality products and services to the warfighter; on time and on cost

**Vision:** DoD's leading experts in Quality Assurance; Cost, Schedule, and Supply Chain Predictability; and Contract Administration; enabling our partners to achieve contract objectives



- **DoD's Better Buying Power Objectives**
- **Cost of Quality**
- **Future DCMA Supply Chain Surveillance**

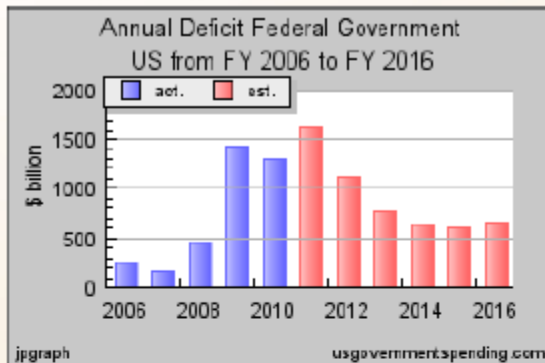


Fig. 1 Federal Deficit in Dollars

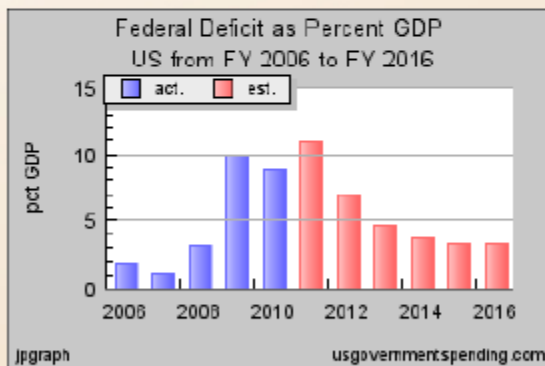


Fig. 2 Federal Deficit as Percent of GDP

- US Economic Indicators
  - Federal Deficit
  - US Debt
  - Gross Domestic Product

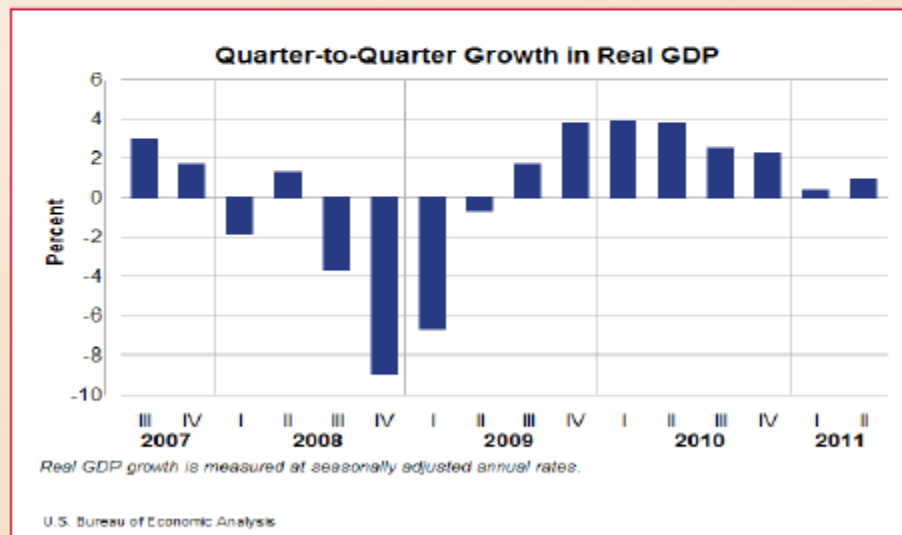


Fig. 3 Quarterly Growth in Real GDP

Defense budget will be reduced automatically by about \$500 billion by 2021

- Major Program Cost Overruns
- Major Program Schedule Delays

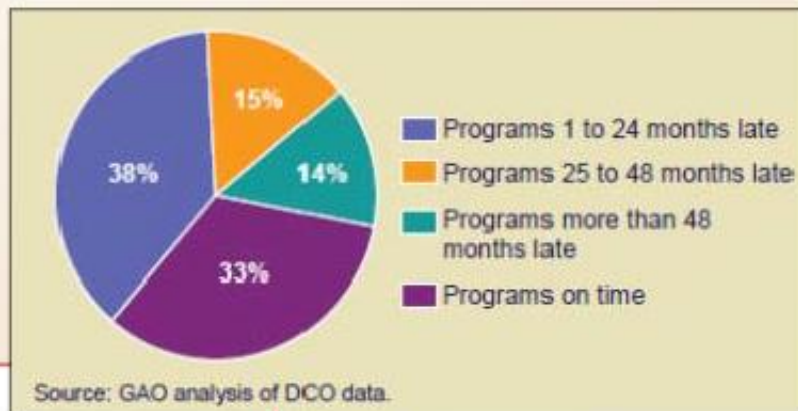


Figure 2: Schedule delays

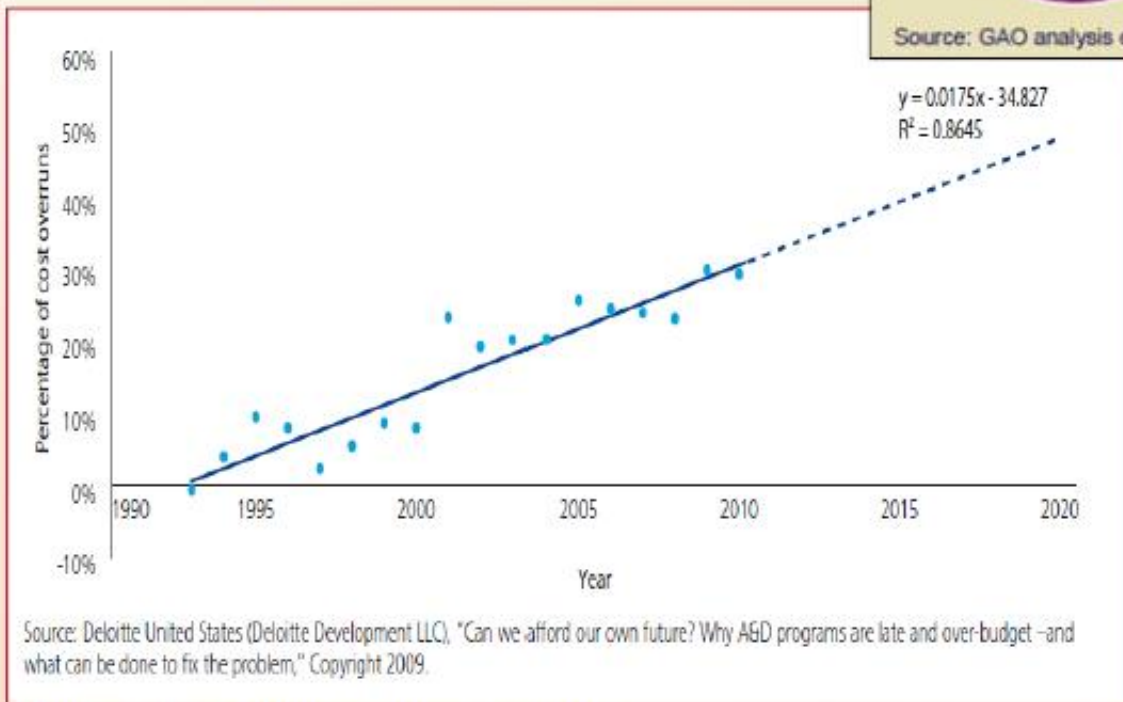


Figure 1: Budget overruns continue to accelerate

- ***Deliver the warfighting capability we need for the dollars we have***
- Get better buying power for warfighter and taxpayer
- ***Restore affordability to defense goods and services***
- ***Improve defense industry productivity***
- Remove government impediments to leanness
- Avoid program turbulence
- ***Maintain a vibrant and financially healthy defense industry***

**Obtain 2-3% net annual growth in warfighting capabilities without commensurate budget increase (\$100 billion over next 5 years)**

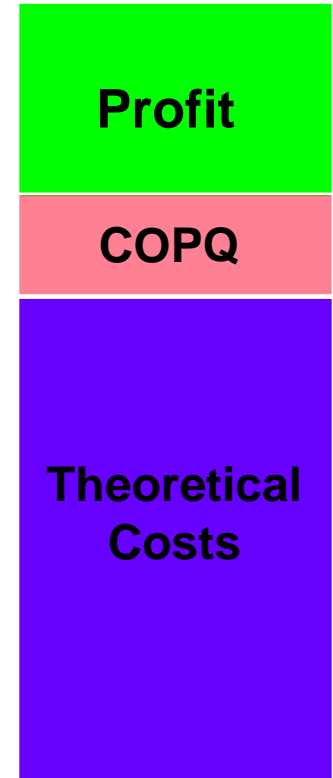
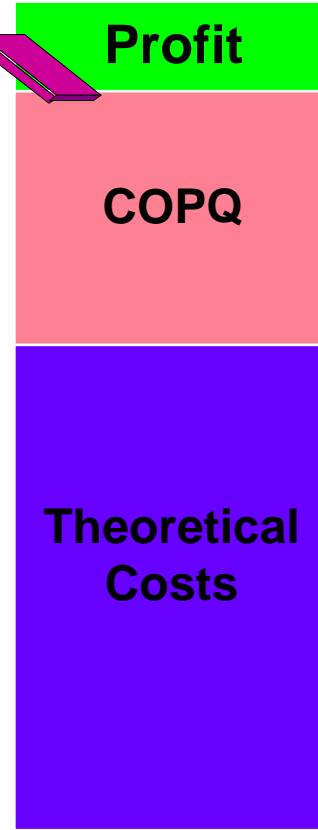
**Quality and Supply Chain Management are key elements to improving productivity & driving out inefficiency**

Typical View

Reality View

Sales &  
Profit Erosion

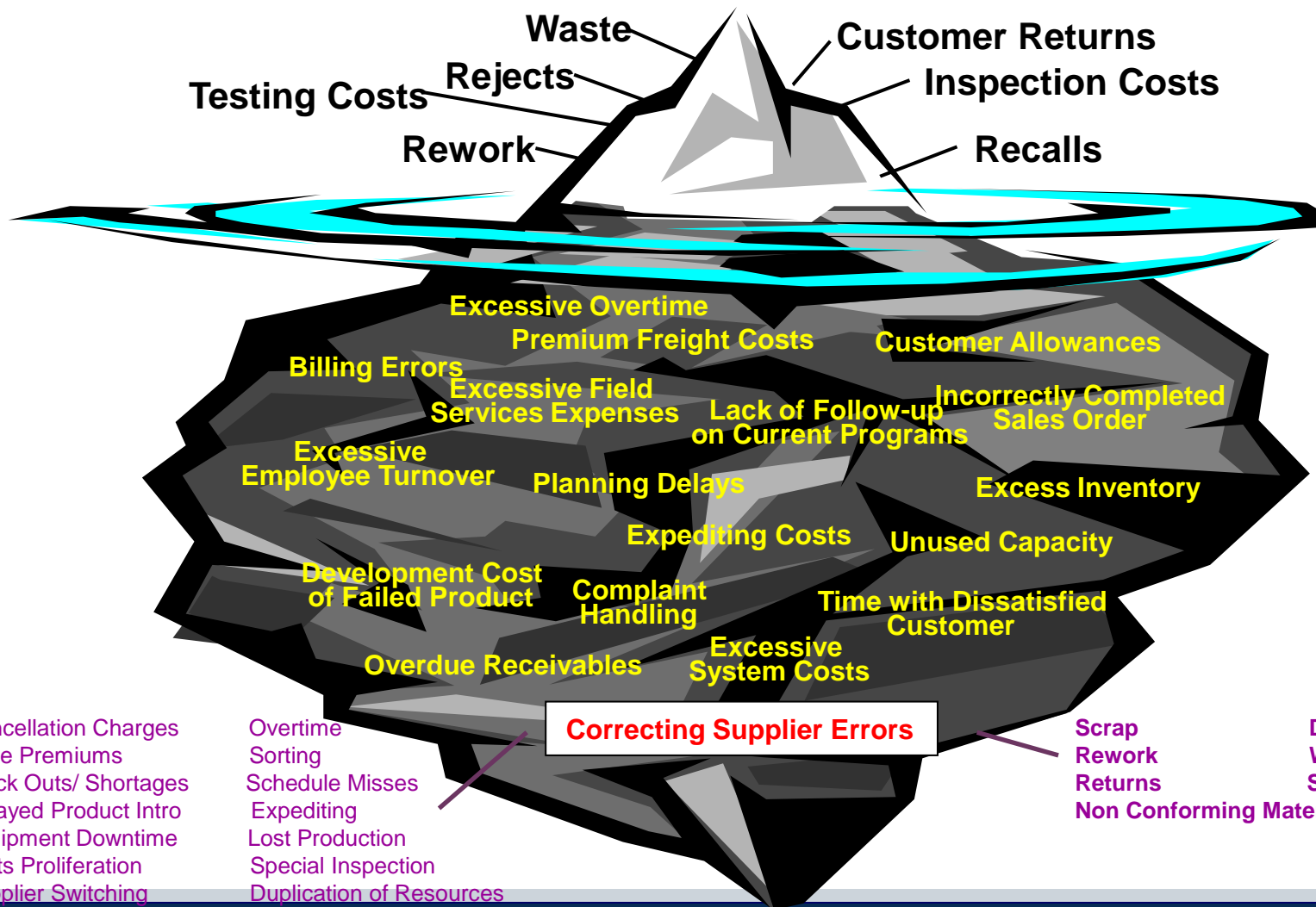
A Better Way



***WHICH IS BETTER?***



As a company gains a broader definition of poor quality, the hidden portion of the iceberg becomes apparent:



# Future DCMA Supply Chain Surveillance

- **Supply chain risk assessments on all Surveillance Criticality Designator (SCD) A/B contracts**
  - Initial assessment of prime contractor's control systems
  - Past performance on like contracts
- **Focus:**
  - Applicable FAR/DFAR clauses
  - Applicable mgt system requirements (e.g. AS9100, ISO 9001)
  - Weapon System Code
  - Defense Priorities and Allocation Systems (DPAS) requirements
  - Surveillance Criticality Designation (SCD)
  - Special requirements (e.g. first article requirements)
  - Also, SOW, CDRLs and all applicable MOA and PBA

## Assess Risk

1. Contractor System
2. Contract-Specific

## Assess Prime

1. Procurement & Supply Chain systems
2. Scheduling accuracy
3. Sourcing strategy
4. Resources committed
5. Performance to plan
6. Continuous Improvement Process

## DCMA Surveillance

## Monitor System Level

1. Sourcing Strategy for materials & services
2. Supplier Qualification process
3. Procurement process (material flow)
4. Requirement Flow Down
5. Continuous Improvement Process

## Monitor Contract

1. Supply Chain Mapping
2. Supply Chain Mfg Readiness
3. Material Records Management
4. DPAS Rated Order Surveillance
5. Supplier Performance Assessment
6. Delivery Analysis

- **Assessment process to gather information about prime contractor's supply chain performance**
- **Provides independent analysis regarding:**
  - **Supply chain risk levels**
  - **Supplier subcontractor performance through acquisition process**
- **Promotes the delivery of products & services within technical, schedule and cost expectations & ...**

**Supports Department's Better Buying Power Objectives**

