

Industry Panel

Transforming the Munitions Enterprise to Meet
Strategic Demands

*Ensuring Readiness, Affordability, and Future
Capabilities*



Panel Members

- Moderator:
 - Kevin Knotts; President and CEO of Azimuth Consulting Services
- Panel Members
 - Todd S. Anderson; President of AMTEC Corporation
 - Steve Dart; President and CEO of EXPAL USA
 - Joseph A. Fedeler; Director of Defense Products Group, NovaTech
 - John Fleitz; Vice President of Sales and Business Development for Chemring Countermeasures USA
 - Michael A. Kahn; President, Defense Systems Group, Orbital ATK
 - Timothy M. McAuliffe; Vice President and General Manager, Medium Caliber Ammunition and Weapon Systems Business Unit of General Dynamics Ordnance and Tactical Systems.
 - Michael H. Yoh; President and CEO Munitions and Government business of Day & Zimmermann

Rules of Engagement

- Short overview: our environment from industry's perspective – as compared to past history
- Panel Members:
 - Conduct a short introduction to their companies
 - Address their approach to ensure readiness, affordability and retaining future capabilities
 - Make recommendations on how the Government can help them
- Open the panel up for questions and answers

Setting the Stage

- “Prepare for the unknown by studying how others in the past have coped with the unforeseeable and the unpredictable”
— George S. Patton
- We’ve been here before: there are many parallels today with the circumstances faced by the defense industry in 1989

Then

The Atlanta XV American Defense Preparedness Association (NDIA) 1989 Executive Conference for Industry and the U.S. Army Materiel Command

“Moving Ahead Together”

Now

2015 Munitions Executive Summit & Advance Planning Briefing for Industry (APBI)

“Transforming the Munitions Enterprise to meet Strategic Demands”

“Ensuring Readiness, Affordability, and Future Capabilities”

Similar Parallels

Relevant Issue	April 1989	April 2015
Global Threats	<ul style="list-style-type: none"> • Global drug trade • Soviet Union – threat evaporating or entrenching? (The Berlin Wall had not fallen and Saddam Hussein had not invaded Kuwait) 	<ul style="list-style-type: none"> • Eastern Europe: Russia, Ukraine • Asia - North Korea & China • Middle East • Africa <p>Terrorism, Unrest, and Aggression</p>
Budget	<ul style="list-style-type: none"> • Force Restructuring (Smaller) Declining requirements • Base closures 	<ul style="list-style-type: none"> • Force Restructuring (Smaller) - Declining requirements • Sequestration • Base closures?
Industry Restructuring	<ul style="list-style-type: none"> • Rightsizing through mergers & acquisitions • Loss of capabilities 	<ul style="list-style-type: none"> • Rightsizing through mergers & acquisitions • Loss of capabilities & single point failures
Stream Lining Acquisition	<ul style="list-style-type: none"> • Takes too long to acquire and field equipment • Acquisition team needs development 	<ul style="list-style-type: none"> • Takes too long to acquire and field equipment • Loss of experienced acquisition personnel
Acquisition Challenges	<ul style="list-style-type: none"> • Contract award protests were costly and time consuming • Acquisition costs, unit prices are too high 	<ul style="list-style-type: none"> • Contract award protests are costly and time consuming • Acquisition costs, unit prices are too high
Communications	<ul style="list-style-type: none"> • Perception that the DOD Industry is dishonest & unethical • Relationships – Maintain a balance between Strictly Business and Team Work 	<ul style="list-style-type: none"> • Perception DOD industry is too profitable • Relationships – Maintain a balance between Strictly Business – Team Work

Lessons Learned

Relevant Issue	Lesson Learned
Global Threats	<ul style="list-style-type: none"> • Be prepared for the unpredictable – expected the Berlin Wall to fall, not Saddam Hussein’s Invasion of Kuwait • The Army and Industry rose to the challenge
Budget	<ul style="list-style-type: none"> • Requirements must adapt to the resources
Industry Restructuring	<ul style="list-style-type: none"> • Companies left the business • Managed mergers and acquisitions and then worked with consolidated enterprises
Stream Lining Acquisition	<ul style="list-style-type: none"> • Packard Commission/Goldwater’s Nichols Act <ul style="list-style-type: none"> • Established the PEO Organization • Established Clear Lines between PEO and AMC • Established a Professional Acquisition Corps, improved training and education • NSR 11 Implemented Acquisition reform <ul style="list-style-type: none"> • Acquisition People and Organization – focused on the PEO process and personnel • Improvements on the Planning Process – focused on PPBES process • Acquisition Practices and Procedures – focused on improving the acquisition business processes • Government Industry Relationships – focused on increased productivity and reduced costs
Acquisition Challenges	<ul style="list-style-type: none"> • Utilized Acquisition Policy/Strategy to stabilize programs and provide for economic procurements <ul style="list-style-type: none"> • Endorsed Multi-Year contracting – 22% of FY 1990 procurements were Multit-Year • Multiple Awards 60/40-70/30 • Protests – the AMC Ombudsman empowered to resolve contracting issues, preventing many protests • Could cost – Dr. Costello’s USD(AT&L) initiative
Communications	<ul style="list-style-type: none"> • Continually worked by all at all levels • Improved communications between Industry and Government to provide one voice