



Delivering Life Cycle Excellence



in Today's Environment



Tuesday, March 25, 2014

2:00 p.m.

Panel

A Strategic Look at Life Cycle Management Senior Leadership Perspectives
Kenney Hall



Paul D. Peters

Acting Assistant Secretary
of Defense
(Logistics and Materiel
Readiness)



**Lt Gen Charles R.
Davis, USAF**

, Military Deputy, Office
of the
Ass't Sec. of the AF Acq.



**Lt Gen C.D. Moore II
USAF,**

Commander
AFLCMC



**Lt Gen Bruce
Litchfield
USAF**

Commander
AFSC



**Senior Leadership Perspective Panel
March 24-25, 2014**

**The role of product support in delivering
affordable programs through improved
sustainment planning and performance
based logistics**



Urgency For Affordable Programs



“We can't afford to pay whatever people want in terms of capabilities. We have to limit our reach to stay within our grasp. Program managers have a fundamental responsibility to understand their cost and to act to try to control their costs to drive them down.

Hon. Frank Kendall, Under Secretary of Defense for Acquisition, Technology and Logistics



If Sequestration Returns in FY16 & beyond:*

- More force cuts (KC-10, Global Hawk Block 40, Predators/Reapers)
- Less recovery in readiness
- Less growth in procurement (326 JSF and 36 ships vice 343 JSF and 44 ships)
- RDT&E declines (1.3% per year)
- Carriers and air wings reduced below pre-sequester goals

*Office of the Under Secretary of Defense (Comptroller) March 04, 2014 Press Release

Life Cycle Sustainment Plan... ...Lip Sync or Valuable Tool

Product Support Manager Responsibilities*:

- Develop and implement product support strategy
- Ensure achievement of desired product support outcomes through implementation of product support arrangements
- Review product support arrangements to ensure consistency with product support strategy



Life Cycle Sustainment Plan:

- Sustainment Requirements
- Product Support Strategy
 - Arrangements
 - Schedule
 - Cost/Funding
 - Management
 - Analysis
- Updated Guidance for 2014
 - Affordability
 - Should Cost
 - Traceability of requirements, outcome metrics and Performance-based Arrangements

PSM Guidebook
(Apr 2011)

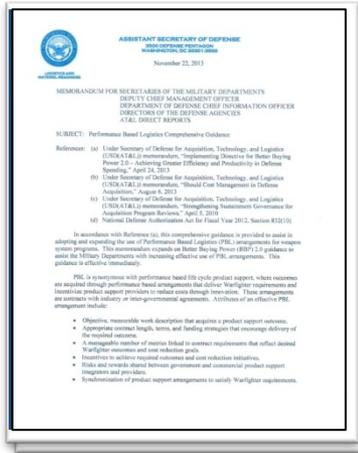
Guidance
DAU Training

LCSP Annotated Outline
(Sept 2011)

*excerpt from 10 USC Sec. 2337 – Life-cycle management and product support

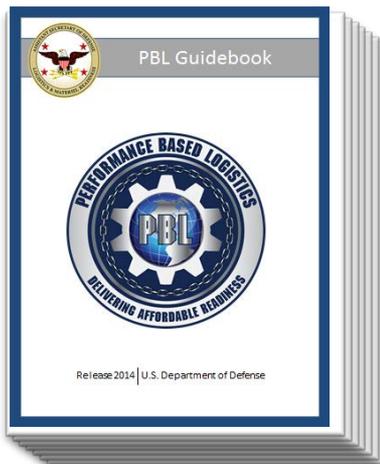
Performance Based Arrangements are Effective When Properly Structured and Executed

PBL Guidance Memorandum (November 2013)



- Provides consistent definition and attributes of effective performance based arrangements
- Includes considerations for circumstances that may or may not support PBL implementation
- Provides indicators of effective performance based arrangements
- OSD and Service actions
 - Include plans for performance based arrangement implementation in milestone decision reviews
 - Review departmental barriers to adopting performance based arrangements
 - Assess performance based arrangement effectiveness in sustainment reviews
 - Assess PBL skills gaps among PM, Contracting, Engineering, Cost Estimating, Financial Management functions, and refine training and DAU learning assets

Performance Based Arrangement Guidebook (March 2014)



- Reference for the skilled practitioner...How-to guide
- Consolidated resource of best practices needed to implement effective arrangements
- Unifying use-case to demonstrate concepts in practice
- Sample contract
- Metrics reference guide of 150 performance metrics
- Frequently Asked Questions section to ease reference



Delivering Life Cycle Excellence



in Today's Environment



Lt Gen Charles R. Davis

Military Deputy, Office of the Assistant
Secretary of the Air Force for Acquisition



Senior Leader Perspectives Panel

*“A Strategic Look At
Life Cycle Management”*

Lt Gen C. D. Moore II
Commander
25 Mar 14



U.S. AIR FORCE

AFLCMC Focus Areas: Shaping a New Culture

AFLCMC... Providing the Warfighter's Edge



- Aggressive Cost Management
 - Driving “Should Cost” Benefits Across Life Cycle
- Product Support Enterprise Management
 - Maturing Enterprise Governance to Reduce Support Costs
- Cyber System Security / Resiliency
 - Improve SoS Cyber Security Capabilities
- Strategic Resource Management
 - Greater Agility in Resource Constrained Environment
- **Process Standardization / Improvement**
 - **Measuring Cycle Time >> Driving “Speed with Discipline”**
- Building Stronger Partnerships
 - Emphasizing Industry, Academia and Other Gov’t Agencies



Enduring Life Cycle Management Framework



U.S. AIR FORCE

AFLCMC... Providing the Warfighter's Edge



❖ **Standardize and Continuously Improve Center Processes**

Vision: To forge one team delivering
 ant
 e, on cost
 rt war-
 ter's edge!

DELIVER TO COMMITMENTS

A "Learning" Organization . . . Measuring, Improving, Adapting



“The AFLCMC Factory”



AFLCMC... Providing the Warfighter's Edge

Work Incoming

Customer Requirements

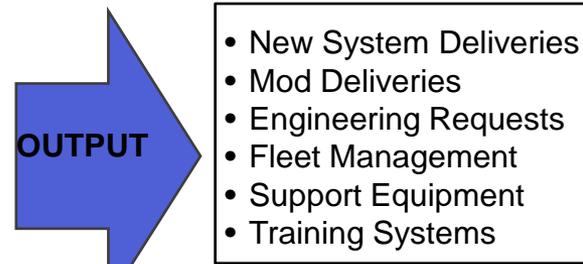


Work in Progress (WIP)

Matching Resources to WIP



Work Complete



Workload Assessment Processes

- Forecasting
- Workload Assignment
- Resource Allocation

Work Complete Processes

- Site transition support plans

Learning and Adapting Through Standardized and Improved Processes – Creating a More Effective, Agile Factory



Standardize and Improve Processes



- **What Have We Done**
 - Significant progress with process standardization
 - Effective enterprise-level governance process (S&P board)
- **What Are We Doing / What Did We Learn**
 - Continue standardization work
 - More processes to be added to list
 - Measure, feedback and adapt
 - Become a more effective “learning” org
 - Complete targeted LEAN events



Measureable Standard Processes Key to Center-Wide Progress

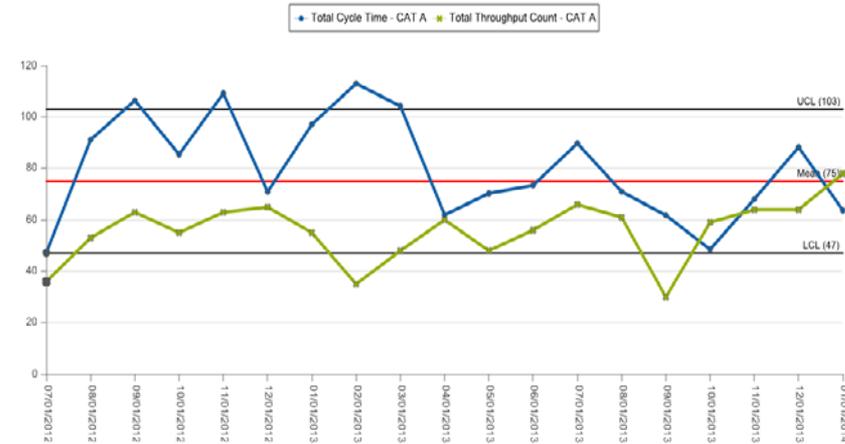


Processes, Standardization & Cycle-time

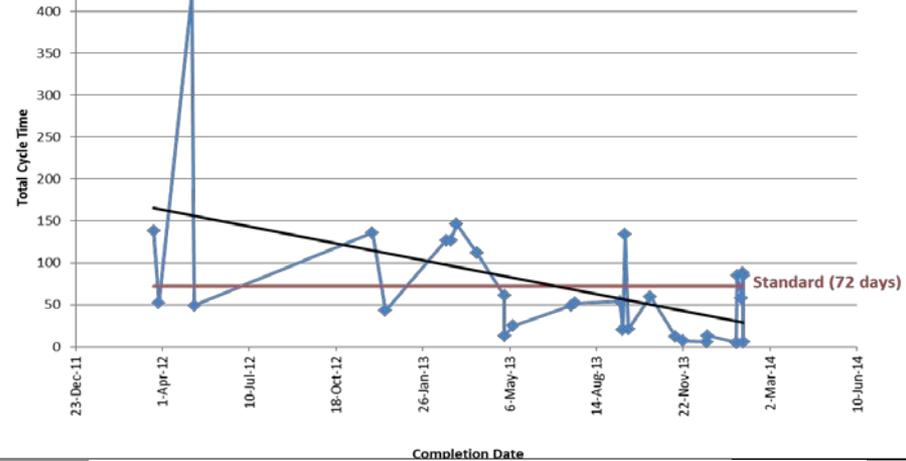
AFLCMC... Providing the Warfighter's Edge



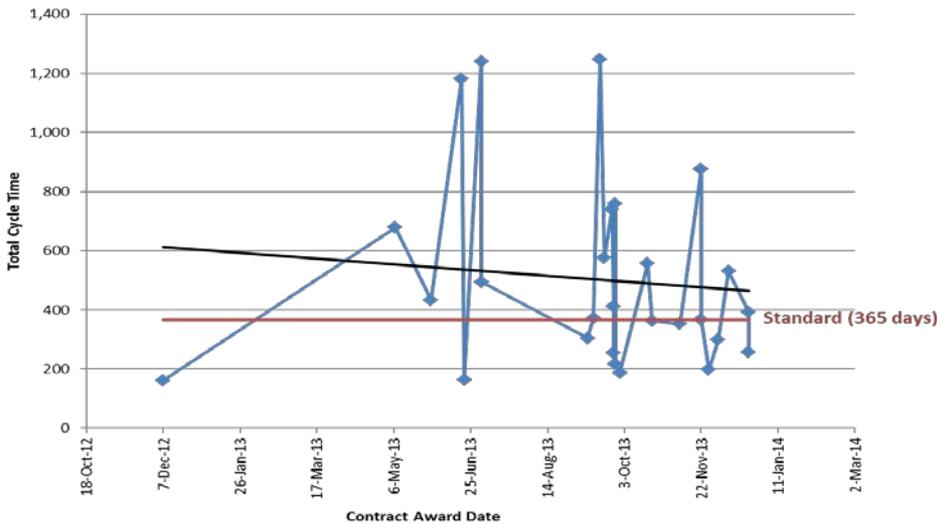
Letter of Acceptance (LOA)



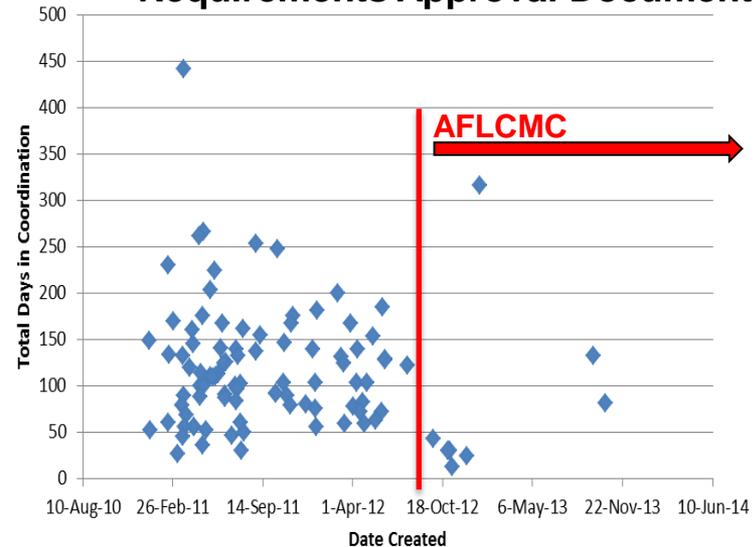
Flight Authorization (Airworthiness)



Contract Award (Sole Source \$50-500M)



Requirements Approval Document (RAD)

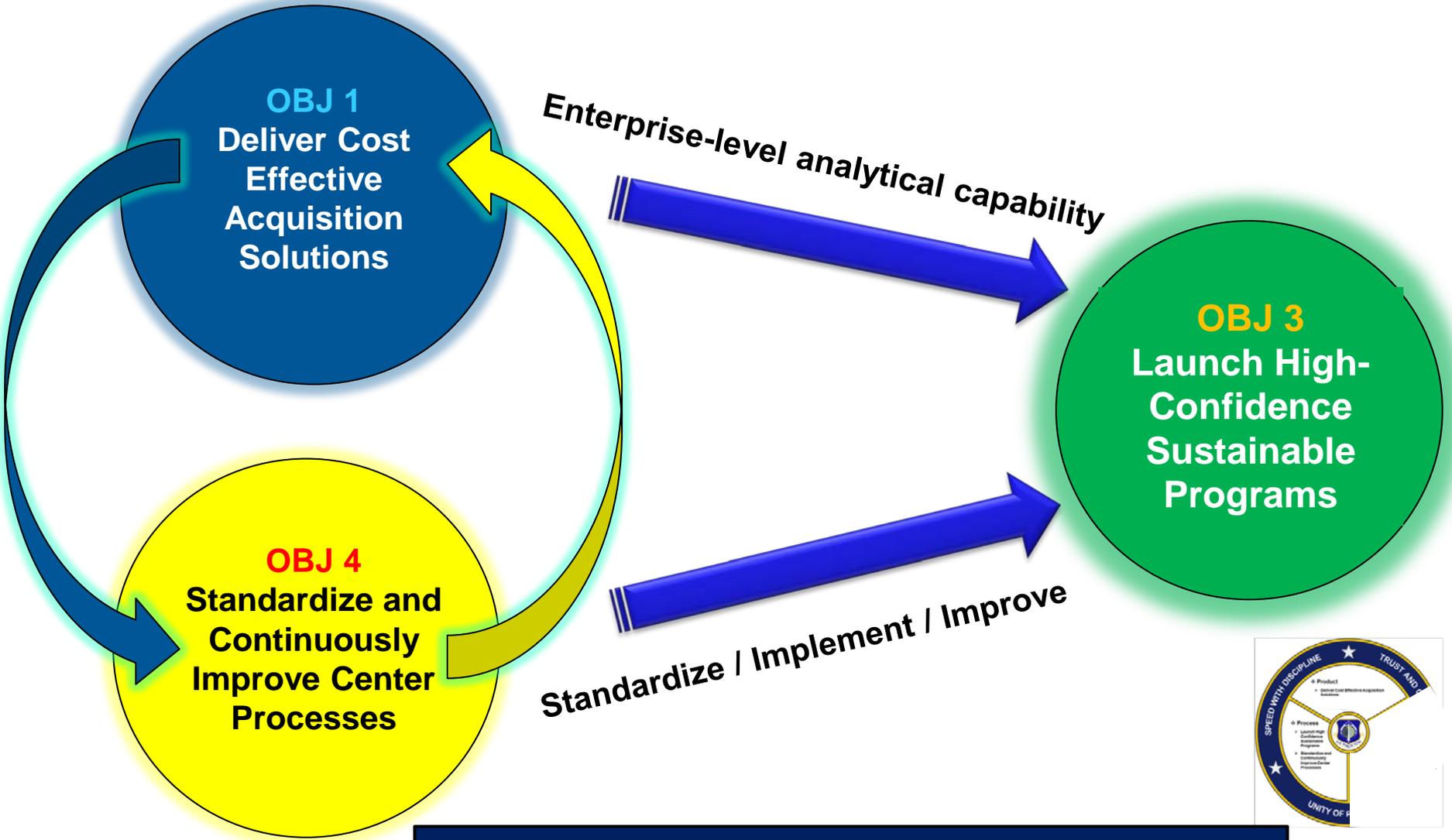


IMPORTANT DATES

- August 2012: AFLCMC Stand-up & No Delegation under \$10M
- November 2012: Requirements approval of service acquisitions under \$100M associated with a weapon system pushed to PEO

Enabling High Confidence Sustainable Programs

AFLCMC... Providing the Warfighter's Edge



Learning and Improving Keys to Success





AFLCMC: A Revolution in Acquisition and Product Support



Delivering Life Cycle Excellence



in Today's Environment



Lt Gen Bruce Litchfield, Commander
Air Force Sustainment Center