SPI—Progress Made and Lessons Learned

The Expedited Process is Working!

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During a December 8, 1995 Department of Defense (DoD) Press Briefing, Secretary of Defense Dr. William J. Perry, and Under Secretary of Defense for Acquisition & Technology, Dr. Paul G. Kaminski, announced the Single Process Initiative (SPI). As designed, SPI accelerates the shift from multiple Government-unique management and manufacturing systems toward facility-wide common processes on existing DoD contracts. From the start, the Defense Contract Management Command (DCMC) played a pivotal role in this initiative by encouraging contractors to submit common process proposals and by facilitating the expedited review and approval of these proposals. This article focuses on the progress made and lessons learned since SPI began.

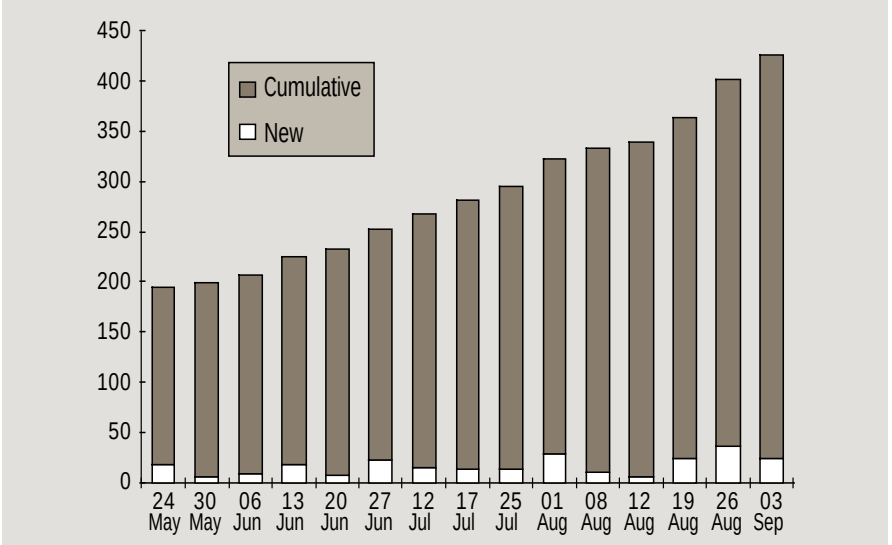

Figure 1. Proposed Process Changes Submitted

Progress Thus Far

In the nine months since the initiative started, 103 contractors submitted 341 concept papers proposing 426 process changes (Figure 1).[1] Of these, 349 process changes were initially accepted, and 104 processes were implemented by contract modification. It took us an average of 104 days to adopt these modifications, well under the 120-day time frame specified by Kaminski. *The expedited process is working!*

Currently, the three most frequently proposed processes are in the areas of quality programs; manufacturing processes, such as plating, encapsulation, and electrostatic protection; and business practices, including certification requirements, subcontracting authorization, and work measurement (Figure 2). We still have much to do in order to fully implement the SPI, but we have already enjoyed a great deal of success.

The first two block change agreements were with Texas Instruments Defense Systems and Electronics. One block change modification targeted the product assembly process. Before the SPI, 65 variations on 38 defense specifications controlled the assembly process; now, the process will be governed by eight specifications and standards. Moreover, all eight are performance-based, commonly accepted commercial specifications and standards. That means that Texas Instruments can use the same processes to make commercial and government products and, in turn, they have the flexibility to allow their suppliers to consolidate their processes.

We learned another important lesson through our other block change modification agreement with Texas Instruments: Not only can we save time and reduce costs, but also we can make the workplace safer and cleaner. Texas Instruments and the Joint Logistics Commanders Group on Acquisition Pollution Prevention worked together to develop a block change modification for a paint and primer facility. They found that by eliminating four military specifications, the facility would also eliminate thousands of pounds of volatile organic compounds, solvent, and paint from their waste stream every year.

We also signed a block change modification with Raytheon. This single block change affects 16 separate Raytheon facilities and a total of 884 contracts and covers the areas of soldering pro-

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cedures, engineering change approval, acceptance testing, configuration audits, annual test station certification, material review boards, cost data and performance reporting, calibration standardization, and component re-screening. The agreement is simple—the modification allows Raytheon to take advantage of industry-wide practices that meet the intent of military specifications and standards.

Next, we signed block change agreements with AAI Corporation and Lockheed Martin Orlando. Both agreements will permit the contractor to use an ISO 9000-based quality system on current contracts—about 300 contracts, in the case of Lockheed Martin. We moved from the concept stage to a signed agreement in just 70 days with AAI and 117 days with Lockheed Martin Orlando. Other facilities where we also completed block change agreements include: United Defense Limited Partnership, Boeing Seattle, Hughes Missile Systems Company, ITT Gilfillan, Rockwell Collins, and GE Aircraft Engines, just to name a few (Figure 3). These modifications reflect a great deal of effort on the part of the contractors—Air Force, Army, Navy, and the Defense Contract Audit Agency (DCAA) as well as DCMC.

The most important lesson we learned so far is that we can turn these agreements around quickly and at minimal cost, allowing industry—and the taxpayer—to capture the cost savings and efficiency improvements in short order.

Communication is Key

Another important lesson learned is the need for effective communication. Early during the initiative, I issued guidance to all DCMC field offices outlining their responsibilities in the implementation of SPI. Subsequently, each Component, DCAA, and the Defense Logistics Agency (DLA) issued guidance. We submit weekly and quarterly reports on SPI progress to Kaminski and the Component Acquisition Executives (CAE) to keep them informed. Additionally, we issued SPI information sheets. To provide easier access to SPI information for the people who need it, we posted all our reports and other SPI material on our World Wide Web Home Page: **http://www.dcmc.dcrb.dla.mil**

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At the local level, each DCMC field office established a local Management Council comprised of contractors, DCMC, DCAA, and key customer representatives. However, serving on a local Management Council is not without some difficulties. In addition to a great deal of work involved in serving on a Management Council, members often may have conflicting demands on their time. This situation may be further exacerbated by the fact that some customer representatives serve on more than one Management Council. Frequently, significant geographic distances between the offices of all the members is a problem that must be overcome. Also, the concept papers and the issues surrounding the Management Councils are complex.

In spite of these difficulties, we saw several examples of Management Councils that rose to the challenge. Effective, frequent communication among the members of the Management Council is absolutely essential for success. The keys are getting the right people together, expediting concept paper coordination, facilitating technical analysis, and preventing excessive cost data requests.

To provide a vital link of communication between policy makers and those charged with implementing the SPI, I established a Block Change Manage-

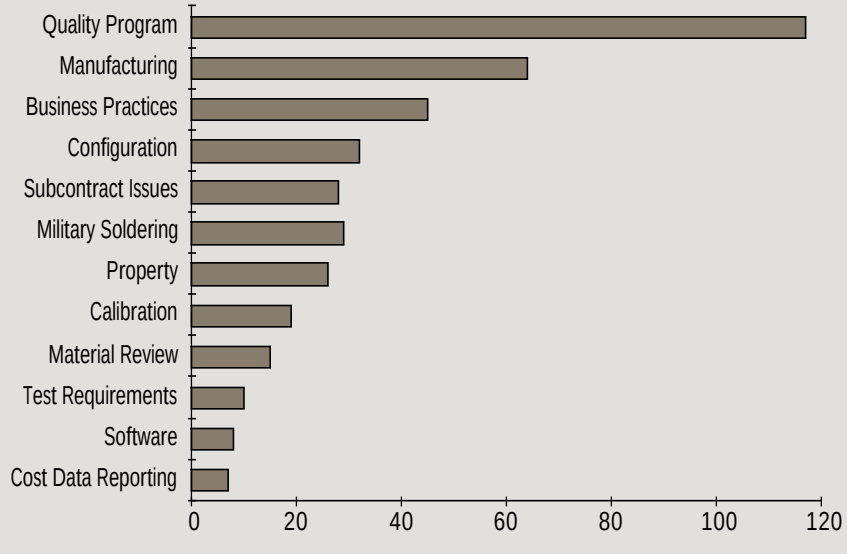

Figure 2. Most Frequently Proposed Process Changes

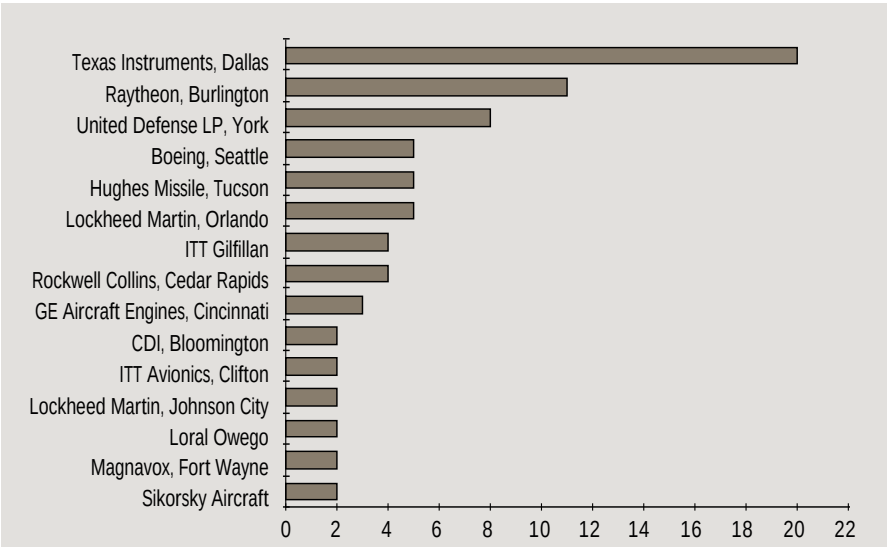

Figure 3. Processes Modified by Block Change

ment Team at Headquarters DCMC. In addition to DCMC members, the team also includes representatives from the Office of the Secretary of Defense, Military Departments, DLA, DCAA, Office of the DoD Inspector General, National Aeronautics and Space Administration (NASA), and Federal Aviation Administration (FAA).

One of the main functions of the Management Team is to get the word out. To this end, the Management Team participated in such activities as DoD Acquisition Reform Acceleration Day presentations; satellite broadcasts on the SPI; as well as numerous conferences, panel discussions, and field office assistance visits. In addition, I established "SWAT" teams of contracting, legal, and technical experts to provide advice and assistance to local sites, as needed. Despite all that, I found that we need to do even more to increase awareness and understanding of this initiative. In September 1996 we began a series of road shows around different DCMC locations that we believe will benefit the many people involved in implementing SPI.

Effective communication is especially critical when implementing block changes at prime contractors that are also subcontractors. Early during the initiative, both government and industry representatives expressed concern over how to best implement block changes at major subcontractors. As a result, I chartered a joint industry and government process action team to develop a workable process for quickly implementing common processes on both prime and subcontracts.

As a result of their efforts, Kaminski issued a memorandum on September 3, 1996, which provides guidance for dealing with specification or process changes on subcontracts. Briefly stated, prime contractors are encouraged to identify, in their concept papers, government-related subcontracts that are candidates for block change implementation. When this occurs, the Management Council receiving the concept paper shall ensure that both the affected DoD program manager and the prime contractor are consulted as part of the technical review. Once the Management Council and the prime contractor agree on the acceptability of the proposed change, the prime contract and subcontract may be modified as necessary.

Recently, we took a significant first step toward expanding the SPI, including civilian agencies. On May 17, 1996, Daniel Goldin, the NASA Administrator, issued a policy letter expressing his enthusiastic support of the SPI. Also, NASA issued implementing guidelines and identified points of contacts for all of their centers. This is a milestone achievement. As our partnership with NASA continues to gain momentum, the FAA has indicated that a policy letter detailing their involvement in the initiative will be issued in the near future.

Ensuring an expedited process was the bias toward moving the approval process forward. The process is designed to quickly resolve disagreements, facilitate consensus, and elevate issues of substantial concern. If program managers or other customers within a Component disagree over the acceptability of a contractor-proposed change, the issue is promptly raised to the CAE for resolution. If the Components disagree, the issue is elevated through the Headquarters Management Team to the Defense Acquisition Executive. As a result, no single organization can veto a contractor's proposed change; the issue must be brought forward and resolved. I credit this concept with keeping the initiative on track.

Adopting common processes is a critical component of acquisition reform, *and it's working!* Together, we made significant progress in the transition away from government-unique management and manufacturing requirements. However, we must continue to accelerate the shift toward facility-wide common processes. As Winston Churchill said during World War II when the United States entered the war, "This is not the end, or even the beginning of the end, but it is, I believe, the end of the beginning." We are at the end of the beginning of the SPI.

For further information or questions concerning the DCMC and its implementation of the SPI, please contact Ms. Marialane Schultz at (703) 767-2471 or DSN 427-2471. In addition, please check out our web site for SPI information sheets, reports, letters, briefings, and other data: **http://www.dcmc.dcrb.dla.mil**

ENDNOTE

Data is current as of September 3, 1996.