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WR-ALC Public-Private Partnering “Road Ahead”



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Public - Private Partnering



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“Partnering is a logistics sustainment philosophy that focuses on a cooperative agreement between the program manager, system sustainment manager, depot maintenance manager, and private sector supplier of sustainment and modernization.”

Partnering is a cooperative effort not a competitive engagement!



Partnering Directives



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■ **Title 10 USC 2474**

- Secretary concerned shall ...designate CITEs...and reengineer industrial processes & best business practices...establish PPPs to accomplish this ...

■ **OSD (OSD Memo, 30 Jan 02)**

- “Public-private partnerships in their many forms shall be pursued to the extent that they are authorized by law or regulation ...”

■ **AFMC & SAF/AQ (Joint Memo, 15 Apr 02)**

- “The Air Force strategy for supporting our products is to aggressively pursue strong partnerships” ... early in the acquisition life cycle”

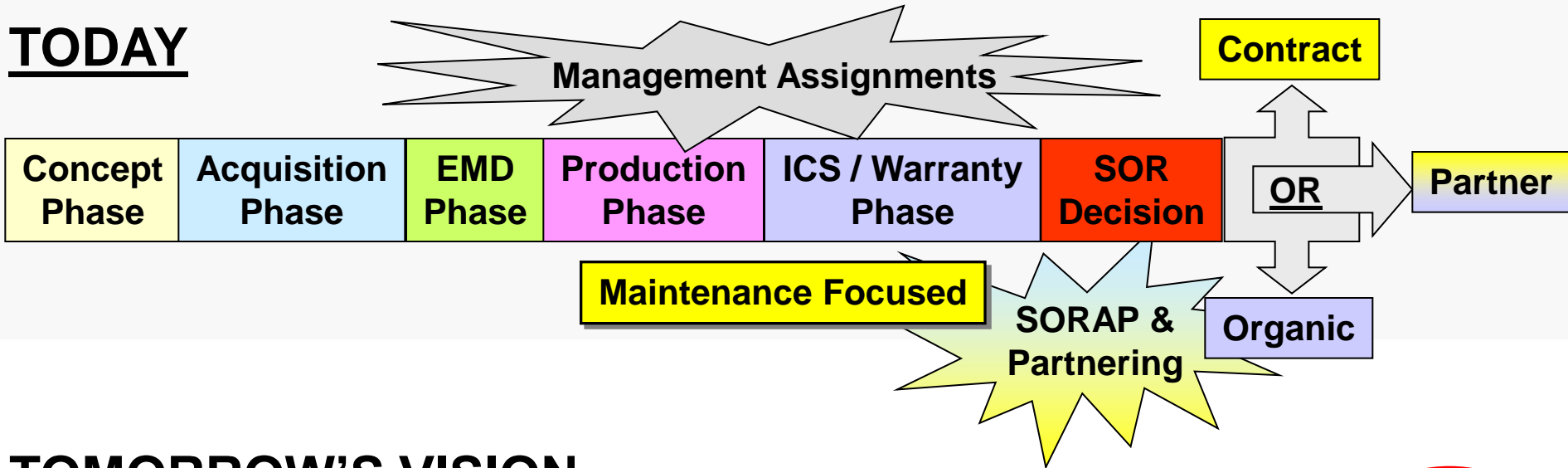


Partnering Vision: Acquisition Strategy

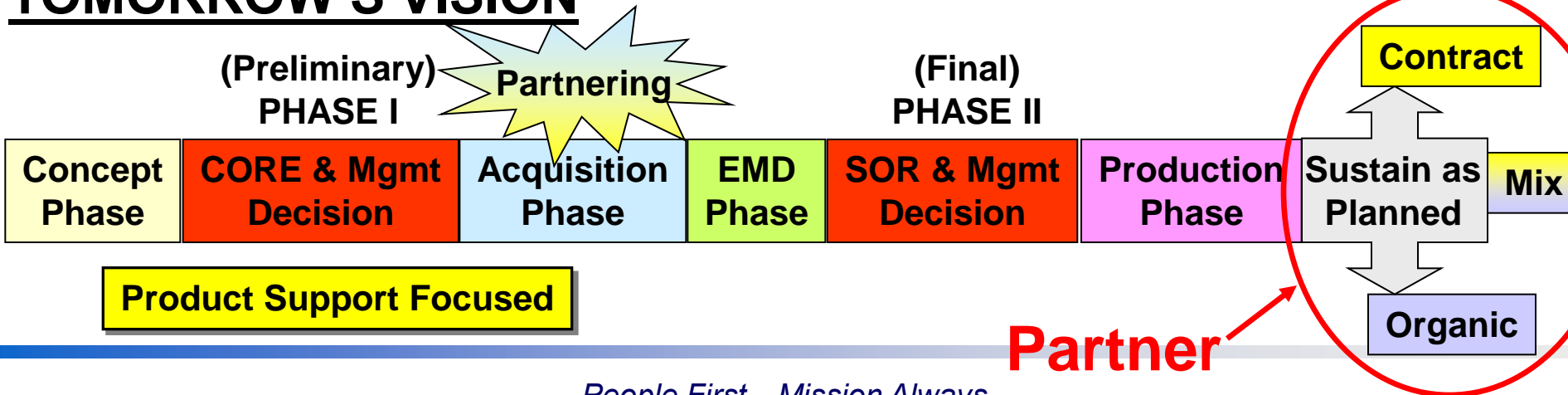


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TODAY



TOMORROW'S VISION





WR-ALC Partnering Vision

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Tools

Workshare, Direct Sales, Lease
Contracts
Other

PHASE IV

Integrated Strategic Partnerships
All Phases Are Common Practice

All Phases
Common Practice

PHASE III

Logistics Partnering
Partnership Across All Logistics & Mult Prgms

C-130J
Rockwell
Others

PHASE II

Maintenance Partnering--Plus
Partnership "Morphing" Into Other Areas

JSTARS
C-130
AMP
Others

PHASE I

Depot Maintenance Partnering
Partnering Focused only on Depot Mx

IWSSP
LANTIRN, C-17 ACI
JSTARS
Others

Logistics Transformation

Now



Partnering: Current State



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- **Maintenance focused**
 - Organic as “sub-contractor”
- **Program managers “outside” the partnership**
- **Focused on contracts – not relationships**
- **Platform/commodity centric**



Partnering: Future State



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■ **Integrate Government & Industry Objectives**

- Recognize DoD capability focus & legal mandates
 - » AF Transformation CONOPS and Processes
 - » Title 10 Law (Core, 50-50, partnering, CITE)
- Leverage Performance-Based Logistics (PBL)
 - » Align product performance to capability needs
 - » Incentivize providers with PBL arrangements
- Leverage core competencies of all parties (capability planners, program managers, organic providers, industry providers)

■ **Develop partnering strategies that provide optimal solutions across the spectrum of Product Support**

Best Mix of Capabilities for the Warfighter



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ALC/CC View of Partnering

People First...Mission Always



ALC/CC View



Public - Private Partnering

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- What partnering is **NOT**: A contract!
- What partnering **IS**: A relationship
 - Shared risk
 - Shared reward
 - Shared investment
 - Shared goals, objectives and vision

To Meet an Air Force Need



Partnership...Shared Risk



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■ Partnership Risk Management

- Mutual trust in the partnership
- Develop Innovative tools to manage risk
- Shared management actions in problem resolution
- Partnership Benchmarking... “Best Practices”
- Shared quality performance indicators – jointly developed (system/capabilities measures)

» Avoid “Gotcha” measurements



Partnership...Shared Rewards



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■ Rewards in terms of:

- Additional work based on performance
- Satisfy Public Law...Core and 50/50
- Satisfy warfighter requirements and expectations
 - » Reputation and self esteem...pride of accomplishment
- Publicity and Marketability
- Added capabilities / New technologies at ALC
 - » Posture planning for the future



Partnership...Shared Investments



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■ Investments in terms of:

- Modernized plant and equipment
- Highly trained multi-skilled workforce
- Intellectual Property...A 2 way street
- Manpower to augment ALC workforce

If we are not keeping up...we're catching up!



Partnership...Shared Goals, Objectives and Vision



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■ **Goals, Objectives, Vision in terms of:**

- Increase weapon system availability
- Enhance partnership performance
- Promote partnership communication
- Require mutual dependence
- Provide affordable sustainment
- Leverage core logistics capabilities

Teamwork is the Key!



Partnership Roles & Responsibilities



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■ Program Managers

- **Leaders of the Partnerships!**
- Champion PPPs on programs
 - » Ensure core competencies by using organic capabilities in support strategies
 - » Create cooperative relationships between organic & industry providers
- Program investment dollars for selected sustainment approach
 - » Ensure key organic knowledge, skills, abilities & data access is retained
 - » Protect program dollars to ensure long term product support partnerships

Owners of the Program



Partnership Roles & Responsibilities



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■ Maintenance Managers

- Create long term strategies for Core requirements
- Assist program managers in identifying & implementing depot maintenance partnerships
- Seek appropriate partnerships with industry for core and core-plus (best value) workloads
- **Create culture of Continuous Process Improvement that is agile, proactive and responsive**

Think Efficient Flexibilities



Partnership Roles & Responsibilities



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■ Industry

- Learn & understand government core competencies in all areas of Product Support
- Understand & acknowledge Title 10 Law
- Offer ***innovative*** partnering solutions that leverage organic capabilities across Product Support
- Plan for partnered sustainment strategies during the development phase of new weapon systems
- Think creatively about profit, risk, investments, & ROI

Think Best Value for All



ALC Roles & Responsibilities



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- **Wings** -Lead/manage partnership implementation on programs or commodity groups with major suppliers
- **XR** -Develop & acquisition strategies to implement partnering
-Advocate partnering early in the acquisition process
- **XP** -Overall OPR for guidance & ALC partnering strategies
-Mesh partnering methodologies with ALC strategies
- **MXW** -Initiate, implement & renew maintenance partnerships
-Perform & report on maintenance partnerships
- **PK** -Develop contracting strategies for partnering
-Contract/proposal clauses to implement partnerships
- **JA/FM** -Field legal / financial issues related to partnering



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ALC Core Competencies & Performance Based Agreements

People First...Mission Always

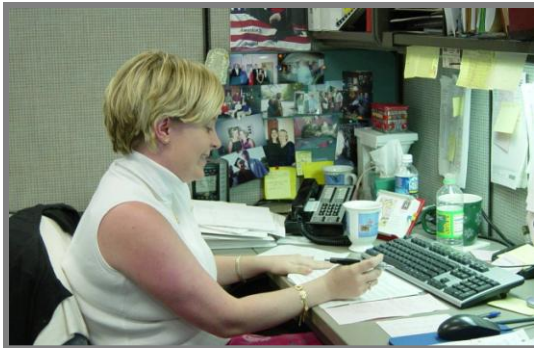


Government Core Competencies



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- Sustainment Integration at platform level can be performed by Government or Industry
- Sustainment Integration at capabilities level must be performed by the Government
 - Organic abilities are essential
 - Integrator of Integrators critical to the future



Guarantee Availability of Fielded Systems



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Core Depot Maintenance

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- Strategic Airlift & Structures
- F-15
- Airborne Electronics
- Software (**CMMI Level 5**) - OFP EW & Non-EW
- Electronic Components & Support Equip
- Instruments
- Life Support Systems
- Propellers
- Portable Shelters
- Gyros
- Electrical Harnesses & cables
- Machine Manufacturing
- Tubing

What Government Brings to the Relationship



WR-ALC



Current Examples

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- C-130 Integrated Weapon System Support Program (IWSSP)
- C-17
- Low-Altitude Navigation & Targeting Infrared for Night (LANTIRN) – Phase 1 (Lease)
- LANTIRN – Phase 2 (Direct Sales Agreement)
- Flexible Acquisition and Sustainment Tool (FAST)
- Joint Surveillance Target Attack Radar System (JSTARS)
- C-130 Avionics Modernization Program (AMP) Special Operations Forces (SOF) Extendable Integration Support Environment (EISE) Software Lab
- Rockwell Collins Communication/Navigation
- F/A-22 Sustainment
- C-130J Sustainment
- Manufacturing Technology, Inc. (MTI) Hybrid Lab
- F-15 Digital Map Set
- FAST H-130P Combat Search and Rescue (CSAR)
- ALR-69 Depot Technology Insertion
- Alion Science and Technology
- Innovative Technologies Corp – CLR-3
- MIDS



Industry



Core Competencies

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- **Engineering expertise on products**
- **Cutting edge technology**
- **Good business practices**
- **Expanded supplier base**
- **Innovative problem solutions**
- **Fresh perspectives**
- **Ability to operate “outside the box”**

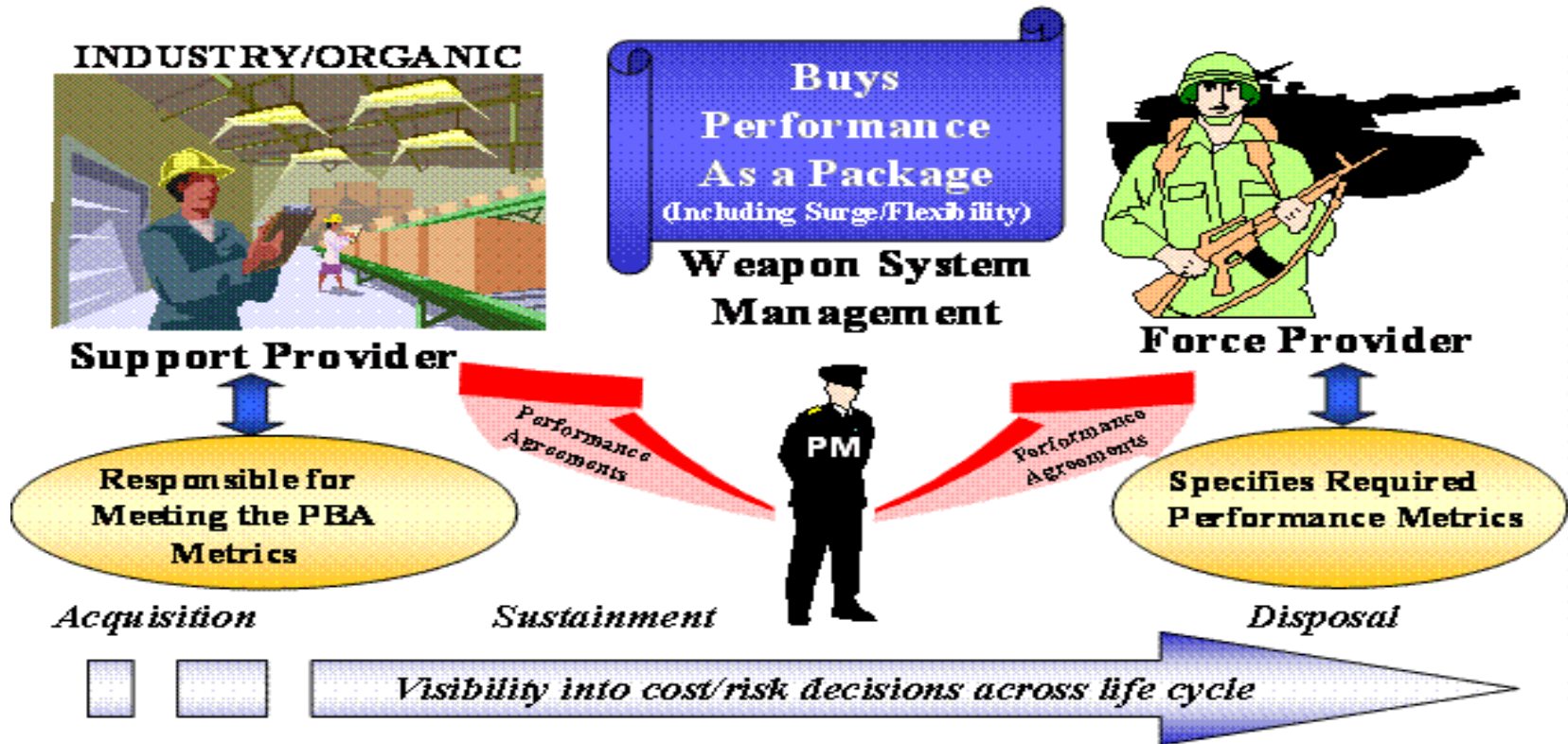
What Industry Brings to the Relationship



Partnership PBA

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PBL: Performance-Based Agreements





Partnership Performance Based Agreements (PBA's)



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- **Performance Based Agreements - key components of product support strategy – DoD 5000.1**
 - Establishes the baseline of performance, and support necessary to achieve performance
 - Program Manager enters into performance-based agreements with users, which specify the level of operational support and performance required
 - Program Managers enters into performance-based agreement with public-private partners with focus on supporting the users in terms of cost, schedule, performance, sustainment, and disposal.



Partnership Performance Based Agreements (PBA's)



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■ **Public/Private Support Strategy IPTs**

- IPTs will develop sustainment support strategy and criteria necessary to achieve an optimum Performance Based Logistics strategy that utilizes the best capabilities of the public and private sectors in a cost effective manner.
- Includes all stakeholders
 - » Headquarters, supply, maintenance, operational commands, engineering, technical, procurement, comptroller, information technology organizations, and contractor(s)
 - » Members establish goals, develop plans of action and milestones, and obtain adequate resources



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New Partnership Concepts

People First...Mission Always

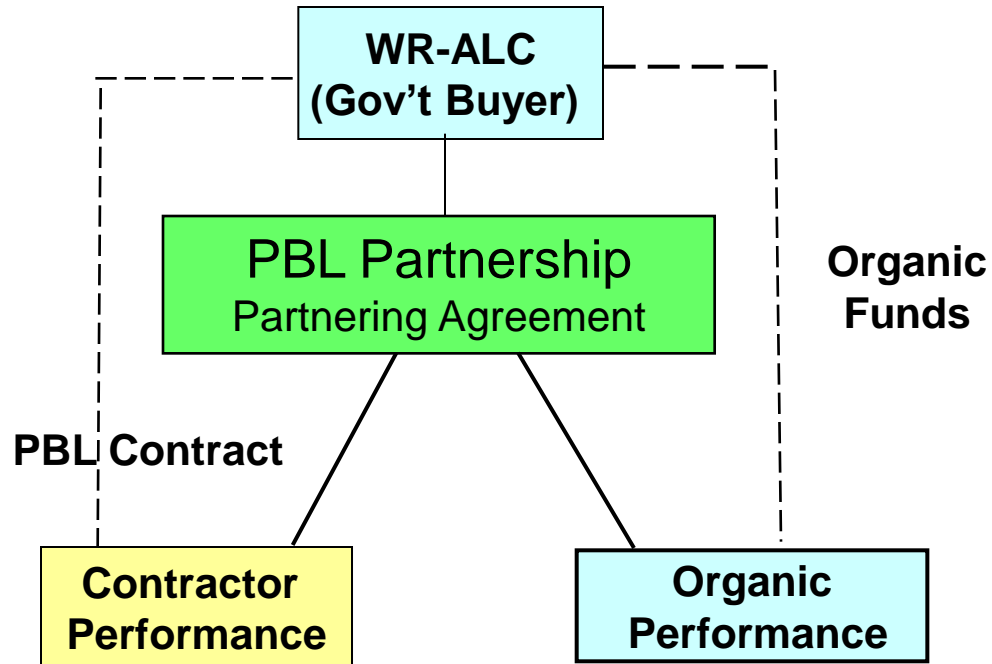


Depot Mx PBL Partnership Concept



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- Good example for Low Density/High Demand Requirements
- PBL Partnership btwn public and private providers for maintenance
- Partnership recommends workload mix based on capacity, capability, core, 50/50, etc.
- MXW has final approval of workload





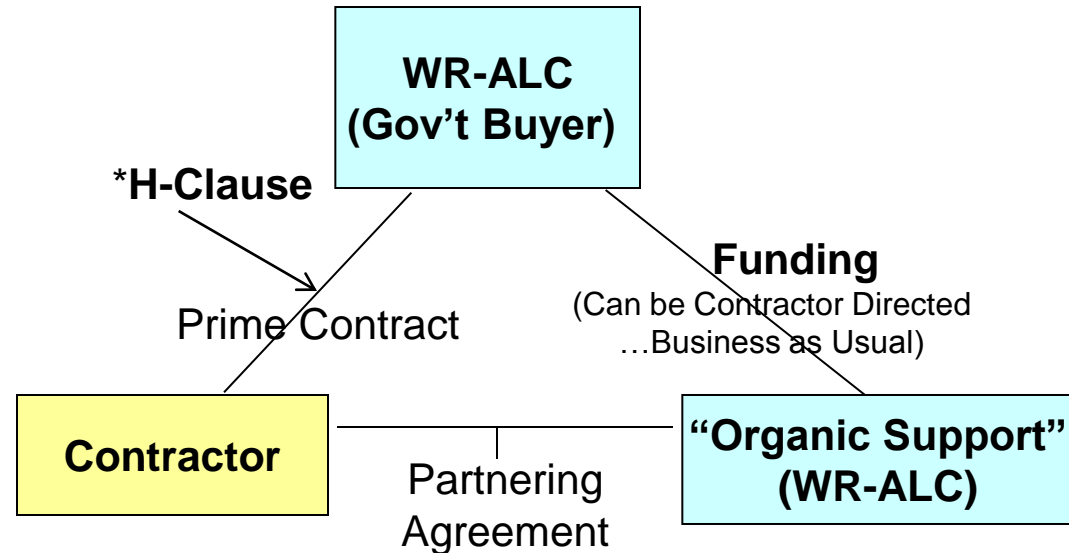
Product Support Partnership



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Product Support

- Consolidate multiple contracts with partnerships for contract services
- Retain current capability (KSAs)
Potential to grow additional “Organic” Capabilities
- Small Businesses are key players



Authorities: Inherent to PCO based on best value to government (FAR 45)
 Used for any mission area
 Payment Government to Government
 Direction/requirements determined jointly by Gov't/Contractor
Three-party relationship lead by government buyer
 PA and IA become attachments to prime contract via H-clause
 Significant interface between all parties



Summary

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The world has changed, the war has changed, we must change

- Public & private sectors must transform thinking & strategies to accommodate the change
- Public-Private Partnering continues to show results in depot maintenance . . .

Partnering must not be “maintenance as a sub-contract” It must be for the full spectrum of Product Support & focus on effects-based capabilities for warfighters



Partner for Product Support

People First...Mission Always