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Munitions Executive Summit

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Day & Zimmermann

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- ▶ The difference between a soldier and a tourist...



- ▶ Without ammo the **soldier** is a just a **tourist**

Courtesy of LTG(R) Roy Beauchamp

Three Key Questions

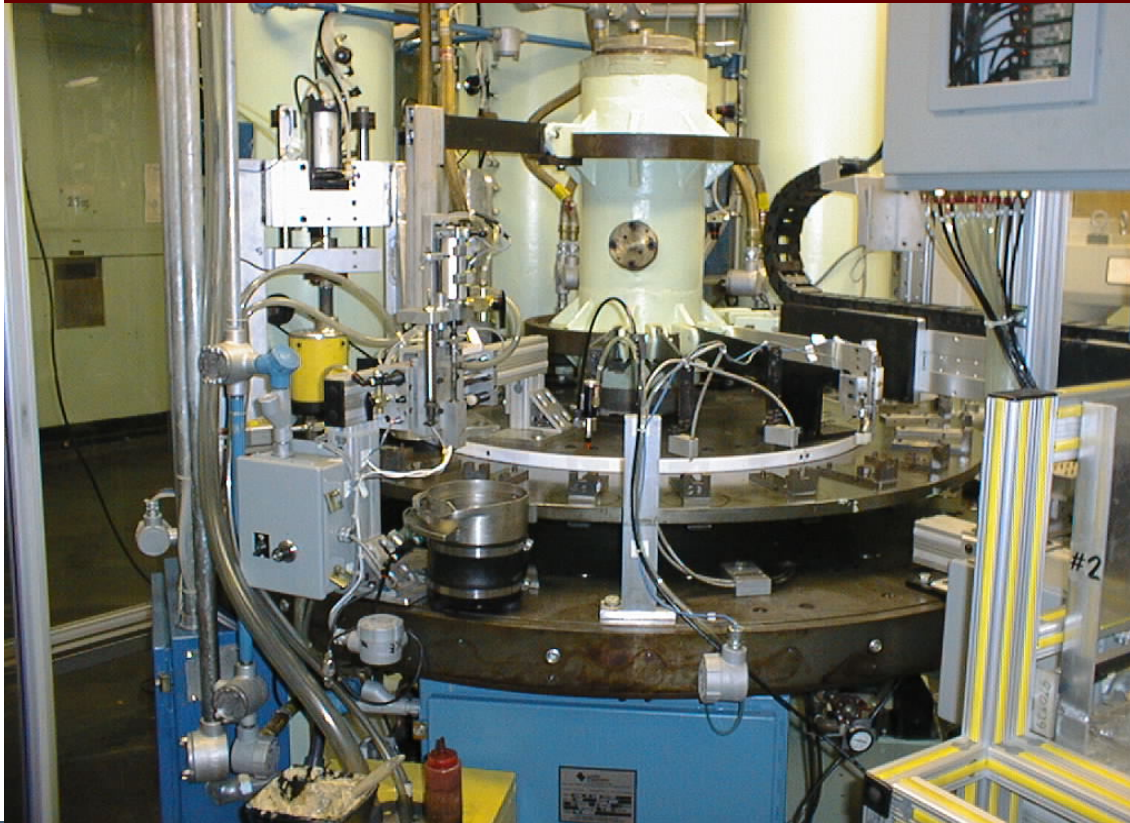
▶ Are we

- Sustaining the munitions base?
- Modernizing the munitions base?
- Caring for the current stockpile?

... in a manner that ensures our **soldiers** will not be **tourists** in the future?



Sustaining the Base



- ▶ Specialized industrial skills & capabilities are essential

Sustaining the Base

Why Are We Concerned?

- ▶ Munitions base not considered in budgeting
- ▶ No coordination of service munitions budgets
- ▶ Services increasingly procure own ammunition
 - Original intent of SMCA has eroded
 - Loss of CAWF contributed to erosion



Sustaining the Base

These circumstances led to ...

Episodic demands for specific products

- Skilled workers released then hired back
 - Production lines must be re-qualified
 - Quality and responsiveness suffered
 - Capital investments difficult
- ▶ Multiple solicitations from different procurement organizations for same product

Leads to a roller coaster environment for industry

Sustaining the Base

Recommendations

- ▶ Level procurements
- ▶ Coordinate service ammo budgets
- ▶ Restore SMCA procurement authority
- ▶ Maximize multi-year procurements



Modernizing the Base



Goal

- ▶ Variable rate flexible production

Modernizing the Base

Not A High DoD Priority

- ▶ MANTECH does not compete well for funding
- ▶ BRAC has inhibited investment

Result?

- ▶ Growing dependence on single sources and foreign suppliers
 - Makes current base less robust and potentially less responsive



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Examples of Sole Source/Foreign Items

- ▶ Links for small and medium caliber
- ▶ Cotton Linters for combustable cartridge cases
- ▶ Grenade Bodies for submunitions
- ▶ Lead Azide
- ▶ Black Powder



Modernizing the Base

Why Is Industry Concerned?

- ▶ Army has modernization strategy, but funding constraints may prevent implementation
- ▶ No disciplined process for modernizing privately-owned base
- ▶ Uncertain requirements calls for comprehensive Surge Planning
- ▶ Robust MANTECH is essential necessary equipment and processes



Modernizing the Base

Recommendations

- ▶ MANTECH requires Senior Command Emphasis to compete for funding
- ▶ Involve industry in Surge Planning
- ▶ Modernization must include both government-owned and private capabilities
- ▶ Reliable, steady funding
 - Ammo Procurement Surcharge?
 - Significant Tax Credits?
 - Provide Matching Funds?

Caring for Inventory



Current Inventory

- ▶ What the next war is fought with
- ▶ Most ammo has a shelf life
- ▶ Imperative to know condition of stockpile because it influences procurement decisions!



Current Inventory

- ▶ Ammunition Management — Budget Line that funds care of stockpile is historic bill payer
- ▶ Ammunition Management funded from O&M Appropriation, not Ammo Procurement Appropriation

Safety/Security

Inventory

Receipt/Issue

Surveillance

Re-warehousing

Maintenance

Current Inventory

Learn from history

- ▶ Ammunition Management funding at historic low level 1989-1992
- ▶ Stockpile study in 1993 found:
 - Physical Survey – 15% accuracy rate
 - Lot Inspections – 51K Lot backlog (190K Lots Total In Storage)
 - Large Cal Ammo Tests – 43% past due
 - Lot Substitution – 63% of shipments

Current **Inventory**

OMA UNDERFUNDING LEADS TO

- ▶ False sense of security
- ▶ Deferral of essential procurements
- ▶ Shipment denials
- ▶ Inefficient outload
- ▶ Stockpile deterioration
- ▶ **INCREASED RISK!!**



Current Inventory

Recommendations

- ▶ Adopt key metrics from 1993 Study to Command Readiness Reviews
- ▶ Avoid returning to “Bad Old Days” – Fund Ammo O&M as fully as budgets allow

Summary

- ▶ Three Key Issues — Sustaining the Base, Modernizing the base and Caring for inventory
- ▶ Best addressed by Government & Industry Cooperation
 - ICAP
 - MIBTF





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