Munitions Executive Summit

Industrial Base Panel
GOCO Perspective

Michael H. Yoh
President & CEO
Munitions and Government
Day & Zimmermann, Inc.
Munitions Executive Summit
2009
Government Owned Contractor Operated

- **WWII** Designed, built and operated the Iowa Army Ammunition Plant
- **1951** Received the operating contract for the Lone Star Army Ammunition Plant
- **1970** Received the operating contract for the Kansas Army Ammunition Plant
- **1981** Received the operating contract for the Hawthorne Army Depot
- **1998** Acquired Mason and Hanger
  - 50% of American Ordnance JV that operates the Iowa and Milan Army Ammunition Plants
  - Operating contract for the Newport Chemical Depot
- **2007** Acquired the other 50% of American Ordnance
Day & Zimmermann

- Happy to say we have been successful in all competitions

So this part of the Ammo Base is working perfectly!!
What is the Ammo Base doing right

- **First and Foremost**

  - We are meeting the Services’ requirements for High Quality, Effective Munitions that are Delivered On Time.
What is the Ammo Base doing right

- Adapting to a significantly reduced supplier base
  - Developing and qualifying new sources
  - Standing up new capabilities internally

- Utilizing new and enhanced technologies
  - Qualifying new materials and processes
  - Qualifying, incorporating and expanding the use of new technologies such as
    - Improved digital x-ray systems
    - Enhanced vision systems
What is the Ammo Base doing right

- Continual process improvement for products and services
- ISO 14000 certifications for Environmental Management
- The MIBTF continues to be a very strong advocate for the industrial base.
What is the Ammo Base doing wrong

- The consolidation of the base has:
  - Driven a lot of capability and flexibility from the base.
  - Created more single points of failure
  - Increased our dependency on foreign produced munitions and components
  - Reduced the ability to replace aging talent
- Taking far too long to update technical data to latest configuration
- Still imputing a rent factor in competitions even though facilities contract requirements more than make up for any possible advantage
What is the Ammo Base doing wrong

- Micro-managing operating contractors rather than focusing on the results.
  - Old cost plus mentality in a fixed priced reality
  - Forcing sub-optimized use of resources rather than focusing on improvements

- Lack of recognition of the cost of operating and maintaining these large facilities and its effects on competition
  - Recognized for GOGOs, but not GOCOs

- The GOCOs are being re-competed to test the competitiveness of the contractor operator (good thing), the same should be done for GOGO operations and for the same reason.
What can the Ammo Base do better

- Don’t pay for more quality than is required
  - Develop acceptance criteria which meets the users requirements
  - Pushing for absolute perfection generally adds little to effectiveness but can have significant impact on cost and schedule.

- Eliminate non-value added criteria from the technical data and don’t add more that aren’t listed;
  - Just because you can measure it, does not mean you should.
What can the Ammo Base do better

- There needs to be more thought on the Teaming concept.
  - When it works, it is a fantastic tool and better promotes cooperation and yields win-win relationships – better serves the ultimate customer
  - It is sometimes used to press a different agenda
  - And in its really bad form, it's used as a PR club – if you don’t comply with our demands, you really aren’t teaming.

- There has been renewed energy around life cycle mgmt of munitions, this is great, but it's been at the expense of other critical disciplines such as producibility engineering
What can the Ammo Base do better

- As capacity is reduced, there needs to be a better look at mobilization and surge needs to insure we always have what we might need.
- As the requirement for ammunition is adjusted, there needs to be a strong look at the base within the United States. Buy America becomes more important.
  - Reduction of foreign dependency is needed more than just in the oil fields.
  - GOCOs are major employers in small economic areas. Given the economy in general, this employment is critical.
GOCO Perspective
Ammo Base

Thank You