



Small Arms Industrial Base (SAIB) Discussion

Discussion Points:

1. Promotion of the SAIB
2. Actions that have damaged the SAIB
3. Recommendations for revitalization
4. Recommendation outcomes
5. Current perspective



1. Promotion of the SAIB

1. Congressional ***recognition*** of the need to preserve reliable sources for the development, production, and maintenance of small arms weapons and parts
2. Congressional ***recognition*** of the benefits of full and open competition
 1. Increased innovation
 2. Decreased cost
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3. Current Congressional ***perception*** that small arms industrial conditions and capabilities are strong



2. Actions That Have Damaged the SAIB

1. 2011: Congressional repeal of the SAIB “Big Three” restriction
2. 2010: Establishment of Joint Manufacturing & Technology Center (JMTC) at Rock Island Arsenal

Strategic objectives:

 1. Organic and sustainable level of small arms parts production
 2. Support surges and increased requirements of critical small arms parts

Potential impact: bypass industry altogether
3. In sourcing of product support and design activities – ARDEC
 1. Excludes industry
 2. Atrophies industry strengths and investments in Engineering and R&D
4. Organic service support – Aniston Small Arms Center for Industrial & Technical Excellence:+83,000 ft² \$24.6M facility & equipment new investment



2. Actions That Have Damaged the SAIB

5. Increased use of small-business set-asides
 1. Most major small arms OEMs are not able to participate in opportunities
 2. Many small business bidders lack small arms experience – quality & delivery problems
 3. OEMs (large & small) can provide compliant parts the first time and usually with lower costs and reduced lead times due to warm production
6. Management of Small Arms procurement cycle
 1. Cyclical nature painful for SAIB
 1. Feast or famine
 2. Idle equipment & personnel or panicked capital investment and rushed workforce training.
 2. Lack of forecasting prevents efficient management of SAIB
 1. Increased likelihood of cold base
 2. Sub-tier vendors moving to more stable industries
 3. Reduction in specialized labor forces
 4. Longer lead times and increased costs



2. Actions That Have Damaged the SAIB (cont.)

7. Decrease in LTCs (Long Term Contracts) in favor of frequent and repetitive
small value, low volume procurements
 1. Increased USG & Contractor administrative costs
 2. Obstructs efficient operations and supply chain management
8. Lack of full commercial market equivalent to sustain capabilities
 1. Machineguns
 2. Grenade machineguns



3. Recommendations for Revitalization

1. Redefine the SAIB
 1. Establish minimum criteria for membership in SAIB
 1. OEM manufacture and design capabilities
 2. Quality certification
 3. Financial strength
 2. Identify critical small arms systems and items:
 1. Operating groups
 2. Barrels
 3. Receivers
 4. OEM defined critical components (e.g., feeding mechanisms)
2. Limit procurement of these critical items to the SAIB
3. Promote **full and open** competition within the SAIB
- 4. Apply consistent procurement techniques that incentivize contractors**
5. Industry partnerships – OEMs have singular expertise
 1. System Technical Support
 2. System overhaul activities
6. Utilize long term contracts (LTCs)
 1. Best value assessments & dual source awards



4. Recommendation Outcomes

1. Shorter lead times and lower costs
2. Efficient material buys and production scheduling (economies of scale)
3. Contractor incentives
 1. Expend resources on cost reductions
 2. Uninterrupted continuous improvement efforts
 3. Recoupmment of investments
4. Reduced costs
 1. Diminished frequency of First Article Testing through avoidance of production lapses
 2. Lower contractor and USG administrative costs
 1. Minimizes frequency of processing small value, single NSN buys
5. Increased ability for quick response/surge capabilities
6. Avoid sudden stock outs of critical items due to production lapses
7. Improved visibility of system/program demands
 1. Funding & inventory levels
 2. Refurbishment schedules

~~Procurement~~ => Sourcing!



5. Current Perspective

1. Contractors ability to quickly and cost-effectively respond to DoD needs is deteriorating
 1. SAIB contractors have one key customer – is that customer able and willing to commit to sustainable production orders?
2. Contradictions between what we hear and what we see
 1. Solicitations increasingly have an unappetizing minimum buy obligation but enticing maximum potential
 2. However, instead of buying beyond the minimum, USG is increasingly issuing new solicitations
3. Current system forces contractors to assume unreasonable risk
4. Poor forecasting causing some traditional sub-tier small arms suppliers to seek more visible and stable industries
5. Diminishing margins, workforces, competencies, and opportunities
6. SAIB may cease to exist unless DoD implements changes
Private sector needs to generate minimum returns to remain engaged