

PEO Ammo better buying power nets more than \$6 billion in savings

U.S. Army

PICATINNY ARSENAL, N.J. (July 12, 2013) -- Since 2010, the Program Executive Office Ammunition at Picatinny has saved the Army more than \$6 billion through better buying power initiatives aimed at strengthening buying power, improving industry productivity, and providing affordable military capabilities.

Launched in 2010, by the Defense Department, better buying power, or BBP, encompasses a set of fundamental acquisition principles to achieve greater efficiencies through affordability, cost control, eliminating unproductive processes and bureaucracy, while promoting competition. The goal is to maximize the ability to deliver critical capabilities to service members as budgets shrink.

"The original premise of BBP was that defense budgets would be flat, neither increasing or decreasing, and that this focus on improving our buying power by improving our business practices was intended as a way to 'do more without more,'" explained Vince Dahmen, a cost analyst with the Program Executive Office for Ammunition.

"It is now three years later and the fiscal environment is even tougher than when better buying power was first launched," he said. "The need to get the most 'bang for the buck' is even more sharply felt, and appropriately senior leaders in OSD (Office of the Secretary of Defense) have not lost focus regarding BBP."

But achieving better buying power is not easy.

"A defense acquisition program has many stakeholders, many moving parts and requires the expertise of many different functional experts," Dahmen continued. "So first off, it requires as a prerequisite an acquisition team that is highly skilled and able to meet its primary mission which is to ensure the acquisition program meets its cost, schedule and performance requirements."

"To obtain better buying power the acquisition team has to be knowledgeable about how the decisions being made today affect future costs, and they must be willing to take on additional challenges and sometimes additional risks today in order to reduce costs," he said.

Most PEO Ammunition initiatives fall into the focus area of controlling costs throughout the product lifecycle.

"I think this is due to the nature of the ammo portfolio. There are many conventional ammo programs that are in full rate production whose designs have not changed in years, sometimes decades," Dahmen noted. "These programs are

prime candidates for engineering changes to simplify designs and reduce unit costs. There are some very innovative proposals out there now to update old designs with the potential to save a lot of money in the future."

"A critical component of PEO Ammunition's BBP process is employing a project management mindset to cost-saving initiatives," said Dahmen. "The initiatives themselves run the gamut from basic efficiencies of office administration to highly complex plans for the optimization of acquisition programs and processes.

"At PEO Ammo, we have found a peer review forum extremely effective for implementing BBP," Dahmen continued. "On a quarterly basis (the commanding general) meets with all of the PMs (project managers) to review ongoing initiatives. It has become a terrific forum for sharing ideas, successes and lessons learned. Often a cost-saving idea presented by one PM office can have application in another PM office. This is one case where stealing ideas is absolutely encouraged."

"Another important point is that the PMs who are taking on additional challenges to achieve better buying power get recognition from the PEO in the company of their peers," Dahmen added. "I think that becomes a powerful motivator for others to also take on challenges."

The Program Executive Office Ammunition has 41 open BBP initiatives and has completed 54.

EXAMPLE INITIATIVES

Ammunition Cross-Leveling Event

Each year, the military services exchange ammunition stocks that have accumulated beyond their requirement. This seemingly simple arrangement is a win-win for the services and the taxpayer. Not only is the cost of buying new ammunition avoided, but also the storage cost and potentially the demilitarization cost associated with excess ammunition. The fiscal year 2013 "cross-leveling" avoided an estimated \$121 million of ammunition procurement costs across the services.

Husky Mounted Detection System Program Restructure

PEO Ammo will provide ground penetrating radar, deep buried metallic detection and semi-autonomous control of Husky vehicles used in route clearance missions for detecting and marking explosive threats. Systems with only the ground penetrating radar capability were fielded under a Joint Urgent Operational Needs Statement, or JUONS, to support Operation Enduring Freedom. By capturing numerous lessons learned from operations in Afghanistan with the JUONS systems, the PM and the Maneuver Support Center of Excellence optimized the requirements and restructured the program.

The restructured program reduces the procurement objective, leverages the JUONS systems and will use a training surrogate system. The restructured program will meet the warfighter's needs and achieve an estimated \$84 million savings and more than \$1 billion of cost avoidance over the lifecycle of the Husky Mounted

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Detection System.

40 mm Practice Grenades

The PEO Ammunition anticipates reducing the cost of 40 mm target practice grenades substantially by eliminating the fuze and energetics associated with the flash/bang signature.

The overall complexity of the high velocity 40mm practice grenade will be reduced from 39 parts to 10 parts. The new round will still meet the user's requirement for training effectiveness during day/night training and using thermal sights.

In addition to a potential savings of up to \$42 million per year, the improved round would eliminate the serious problem of unexploded grenades with the current design that can be left on practice ranges.

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