



AVIATION WEEK EXECUTIVE ROUNDTABLE:

ADVANCING THE MRO MILITARY ENTERPRISE

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April 23, 2009
Dallas, Texas*

Beginning in April 2005, military and industry leaders supporting the Maintenance/Repair/ Overhaul and Sustainment initiatives of the Defense Dept. have met annually to identify key actions that will improve the overall *MRO Military Enterprise*. This year's meeting, held in conjunction with the MRO Military Symposium in Dallas, TX, brought together 70 leaders to discuss how best to improve performance for the warfighter on availability/readiness, reliability, (overhaul) cycle reduction, and total lifecycle cost, the Key Performance Parameters (KPPs) established for all weapon systems.

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This year's roundtable, hosted by Siemens PLM Software and in association with Click Commerce, was held following the symposium. This allowed participants to hear first about progress in each of the KPP areas before beginning work to establish an action plan for the coming year.

The process involved three separate roundtables:

Continuous Process Improvement, hosted by David V. Pauling, VP Strategic Planning, Lockheed Martin Aeronautics Global Sustainment, and LeeAnn Tegtmeier, Man. Editor, Overhaul & Maintenance magazine

Performance-Based Sustainment/Contracting Strategy, hosted by Jim O'Neill, VP/GM Integrated Logistics, Boeing Integrated Defense Systems, and Frank Jackman, Editor, Overhaul & Maintenance magazine

Public/Private Partnerships, hosted by Gen (USAF Ret) William Begert, VP Aftermarket Services, Pratt & Whitney, and Michael Bruno, Dep. Man. Editor-Defense, AVIATION WEEK.

Participants in the roundtables represented the U.S. Army, U.S. Air Force, U.S. Marine Corps, U.S. Navy, Office of the Secretary of Defense, AAR Corp., AiRepair, Battelle Institute, Bell Helicopter, Boeing, Eaton, Lockheed Martin, Goodrich, HEICO, L-3 Communications, M7 Aerospace, MIRO Technologies, Moog Corp., NORDAM, Northrop Grumman Aerosystems, Pratt & Whitney, Sikorsky Aircraft, Supply Chain Visions, Timken, Siemens PLM Software and Click Commerce.

The objective of the roundtable process is to identify top level actions that will lead to better meeting the mission of the *MRO Military Enterprise*. The timeline is that the actions be achievable in the near-term as opposed to long-term. In addition, the actions are designed around what individuals can commit to achieving versus requiring regulatory, policy or statutory resolution.

The three roundtables met separately and then gathered as a larger group to define the top-line actions for the coming year:

- Working with OSD, analyze PBL contracts to identify why a specific fix/failure occurred and share.
- Identify, collect, and analyze public/private partnership case studies and integrate into *MRO Military Enterprise*
- Define a plan to accelerate acceptance of business model and data collection/analysis/modeling standards to further transparency of system status, demand, and lifecycle costs.

Next Steps:

- a. OSD, LMI, AVIATION WEEK establish plan to achieve PBL contract “why” analysis and share enterprise wide.
- b. Military and Industry leaders identify public/private partnership case studies and launch collect/analyze effort; integration to be achieved via MRO Military Symposium. Supply Chain Visions has some metric methodology, as does AVIATION WEEK, to drive this effort.
- c. Communicate action items and concerns to senior leadership to assure areas of joint concern addressed to include – December 2009 release of NDAA Interim Report, LMI analysis of PBL data (success/failure), case studies based on data collection/analysis as meat of 2010 MRO Military Symposium.
- d. Define straw man model to assess organizational readiness/maturity for continuous process improvement.

Following is a review of each roundtable’s conclusions.

Performance-Based Outcomes Strategy

- Develop a lifecycle sustainment business model that all parties agree is sustainable.
- Analyze PBL contracts based on metrics of readiness, cost and the environmental

context (the context of operation is critical to assessment).

- Using PBL successes, identify why the methodology “fixed” a performance issue when an organic process failed and share the information.

Continuous Process Improvement

- Create a balanced scorecard template/standard to assess achievement and progress of a program toward well-defined requirements and metrics (similar to technology maturity modeling); must collect, sort and model; must incorporate “cost” from ramp back to depot/readiness center.
- Benchmarking the best in class systems, accelerate establishment of operational data sharing standards and develop firewalls to protect sensitivities (coordinated with efforts underway with Aerospace Industries Association and its European counterpart, ASD)
- Assess and establish a collaborative forecast modeling tool for KPP/KSAs and the systems, organizations that feed MRO capacity/capability (DLA, etc.)
- Create a model that will align resources to performance outcome sensitivities – cost of readiness.
- Continuous process improvement efforts should look not only for big wins; incremental improvements are critical to addressing lifecycle cost and maintaining momentum as well.
- Establish flexibility in business models and sustainment contracts to incorporate the deployment of the aircraft (mission capable vs. training capable, for instance)
- Organizations should assess themselves on some type of continuous process improvement maturity model – what are the indicators that an organization is moving in the right direction at the right speed with an integrated team (this recalls the maturity models placed on high performance work teams to assess their operation).
- Sustainment/lifecycle segment needs to incorporate milestone reviews similar to those used in the system design/development stage.

Public/Private Partnerships

- Gather, analyze, share existing public/private partnership case studies
- As MRO Military enterprise (defense and industry), develop long-term strategy for assuring readiness, reliability and total lifecycle cost goals are met
- Assure cost-savings and cost avoidance are realized and transparent as occur

As the above items indicate, two principal issues emerged among all three roundtables – the need for trust between industry and the military in establishing long-range strategies and the fact that such trust is based on visible and valid data. Participants also found that there are efforts underway that need to be more closely linked and aligned to assure an increase in the speed of improvement. These include:

- The Defense Dept. is currently conducting the NDAA study on military/organic capacity and capability. The interim report is due December 2009 and will allow for the longer-term strategy planning identified by the groups.
- LMI is examining performance-based contracting and the current body of work to establish why sustainment efforts fail/succeed. The opposing question is why did the organic process previously in place “fail”? This “why” information needs to be transported from research into the enterprise.
- Too often continuous process improvement efforts are looking for big wins; the incremental improvements are critical to addressing lifecycle cost and maintaining momentum.
- In establishing business models to assess sustainment contracts, flexibility is needed to incorporate the deployment of the aircraft (mission capable vs. training capable, for instance)
- Participants believe that organizations should assess themselves on some type of continuous process improvement maturity model – what are the indicators that an organization is moving in the right direction at the right speed with an integrated team (this recalls the maturity models placed on high performance work teams to assess their operation).

- As part of program planning and execution, the sustainment/lifecycle segment needs to incorporate milestone reviews similar to those used in the system design/development stage.

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