THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION AND TECHNOLOGY

14 SEP 1998

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARY OF DEFENSE (COMPTROLLER)
ASSISTANT SECRETARY OF DEFENSE (COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE)
GENERAL COUN SEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Corporate Councils

The Single Process Initiative (SPI) has resulted in the formation of industry-initiated Corporate Councils by several companies, designed to provide leadership for corporate-wide initiatives, strengthen the relationship with the Department, and elevate SPI proposals for corporate-wide endorsement and implementation. These Corporate Councils offer the Department of Defense an opportunity to communicate with key suppliers on global acquisition reform initiatives. This memorandum expands existing policy on SPI to provide guidance on the Department's relationship with Corporate Councils.

Empowerment of the DoD component representatives, who interface with the Corporate Council, by the Component Acquisition Executive and establishment of a charter is critical. Corporate Councils provide an interface between company representatives and senior component, Office of the Secretary of Defense, Defense Contract Management Command, Defense Contract Audit Agency, and, in some cases, National Aeronautics and Space Administration and Federal Aviation Administration representatives.

The corporate block change process depicted in the attached narrative and flowchart is built on existing SPI authority and designates the Defense Contract Management Command as the Department of Defense lead to implement this process. The goal of this process is to accelerate the rate of acquisition reform across the defense industrial base. Corporate Councils can also facilitate resolution of disagreements, encourage consensus, and elevate and resolve issues. Corporate initiatives can

either be SPI proposals or other corporate endeavors designed to achieve efficiencies for the company and ultimately produce savings for the government.

I anticipate Corporate Councils will go a long way toward achieving our goal of civil-military integration. I look forward to your full support for these Councils.

J.S. Gansler

Attachments
As stated

cc:
Administrator, National Aeronautics and Space Administration
Administrator, Federal Aviation Administration

CORPORATE COUNCIL
CONCEPT PAPER

Industry is responsible for preparing and coordinating Corporate Council concept papers across the corporation, prior to submittal to the Corporate Council. Industry is encouraged, but not required, to pilot the proposed change, with government approval, at a specific facility prior to proposing the corporate wide change. Corporate concept papers should, where practicable, generally conform to the content requirements imposed on concept papers submitted at the local management council level, detailing the proposed processes and associated metrics, rough order of magnitude cost benefit analysis, the consequent changes in the government's involvement in the process, and required process and/or contractual changes. Assessment of the cost benefit of the proposed change can be made either on a business segment basis, or facility by facility basis, depending on the nature of the change. Once industry submits the concept paper to the Corporate Council, the Council should make a determination as to whether or not to proceed. If the Council does not agree to endorse it, then the process ends. If the Council considers it worthy of consideration, then the process continues.

TECHNICAL/BUSINESS REVIEW

Technical review of the concept paper can be accomplished one of two ways. If the concept paper has already been approved and successfully piloted at one or more sites, then the component representatives should coordinate with the remaining customers for approval. If the concept is new, a working group composed of subject matter experts should develop an assessment. Where practicable, the company should identify, up front, the contracts and customers that would be affected by the proposal, either by program or by contract number. The degree and availability of detail, will vary depending on the type of change proposed. Upon identification, component representatives can accomplish the technical and business review considered necessary. If up front identification of all the contracts and customers that would be affected by the proposal is not feasible, it will be accomplished at the local level, after Corporate Council endorsement. Single Process Initiative block change proposals that potentially affect essential business arrangements or product form, fit, function, or interface, require approval from affected Program Managers and Procuring

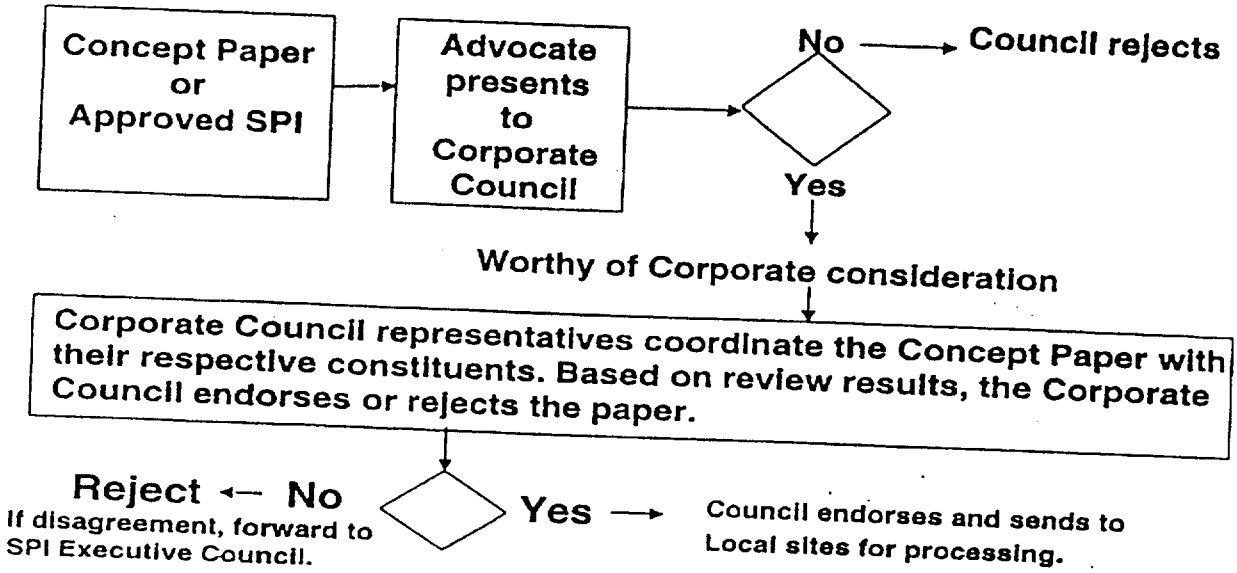
Contracting Officers. Component representatives shall notify the Defense Contract Management Command in writing when the review is complete and approval has been obtained.

CUSTOMER NOTIFICATION

Notification of the entire customer base affected by a corporate change is ultimately the responsibility of the component representative. Written notification by the Component Acquisition Executive's representative to the affected buying organizations should be made if the component representative determines that notification of all customers is necessary.

CORPORATE COUNCIL ENDORSEMENT/(DLA)

The Corporate Council government representative's role is to achieve consensus within and across components for corporate initiatives. If there is a disagreement between customers within a component, the issue must be raised to a level within the component as designated by the respective Component Acquisition Executive. If there is a disagreement among the components, the issue must be raised for resolution to the SPI Executive Council.

Once the technical review and customer notification is complete, Corporate Council endorsement can be in the form of a Memorandum of Agreement (MOA) or by endorsement of a contract modification. This modification should be executed by the cognizant Administrative Contracting Officer. If an MOA is chosen, this MOA will establish the corporate template for subsequent contracts and/or modifications executed by those components or agencies executing the MOA.

Corporate Council
Concept Paper Review Process