

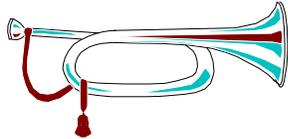


AMC COST BUSTERS BUGLE



Vol. 1

1 November 1996



General Wilson Establishes AMC Cost Busters Efficiencies Council

In August, General Johnnie E. Wilson, AMC's Commanding General, chartered a Council to be the focal point for efficiencies and cost reduction efforts throughout AMC. The Council has three basic tasks:

- Make sure we deliver on the Savings Promise.
- Replicate successes throughout the Command.
- Identify new efficiencies.

The Savings Promise. AMC, in conjunction with our DA counterparts, has developed a group of efficiencies which will save the Army \$1.8 billion during the FY98-03 Program Objective Memorandum (POM) period. These projects are collectively known as "The Savings Promise," as shown in the chart. Most of the money saved would have gone to troop units to buy repair parts for equipment they use during training. If AMC fails to achieve the promised savings, those units won't have enough money to fund their training -- that is, they will be unable to drive their tanks or fly their helicopters or operate their radios -- and they will be less ready to fight. Implementing these initiatives will require a concerted effort by many different organizations and functions and will challenge our creativity and resolve. But, given the criticality of this effort, General Wilson has committed his personal efforts and those of everyone in AMC to making sure we deliver on our promise. Future editions of this newsletter will highlight several of these initiatives and describe various innovations to implement them.



The Council. The AMC Cost Busters Efficiencies Council has a member, designated the "Efficiency Czar," from each major subordinate command (MSC) and from other activities

involved with efficiencies -- the Army Materiel Systems Analysis Activity (AMSAA), the Management Engineering Activity (MEA) and the Logistics Support Activity (LOGSA). Associate members were invited from the Army Audit Agency (AAA) and the Army Cost and Economic Analysis Center (CEAC) to help track savings and smooth the approval process for new efficiencies. The Council is further supported by a team of functional experts in AMC Headquarters. The Council designed an action plan to accomplish objectives with a minimum of additional workload. The plan focuses on coordinating and reporting on the activities of numerous groups and programs already underway, sharing and replicating successes, and systematically searching for new efficiencies.

The Clearinghouse. A key component of the Cost Busters plan is the establishment of a clearinghouse in the form of a database to be a single repository for all actions, record validated savings estimates, and avoid any possible double counting of savings. That database has been implemented in Lotus Notes and is currently available to everyone in AMC Headquarters and to each Efficiency Czar. It provides information on each of the initiatives in the Savings Promise and on many other efforts which have been approved for implementation. It will be expanded as new efficiencies are identified and grow as more ways are discovered to enhance Army efficiency. The database design allows viewing or printing of the information on the various efficiencies in several formats -- from very detailed to a single page summary. The database can be sorted for projects by particular functional area, such as Logistics or Acquisition, or by the MSC/proponent of the project. In addition to specific efficiencies and

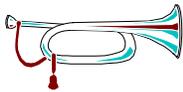
their associated savings, the database also contains Cost Buster Success Stories. These are brief descriptions of good ideas and best practices which will help us achieve the Saving Promise or other efficiencies. We will share those good ideas throughout the Command with this newsletter. In addition, anyone wanting to find good ideas supporting a particular initiative can search this file for suggestions.

Future Plans. Over the next several months, the Council will concentrate on two areas: marketing the Cost Busters effort and finding new efficiencies. In addition to this newsletter, a World Wide Web page has been implemented for sharing of ideas and accomplishments. Other opportunities are being explored for publicizing both the objectives and progress of Cost Busters, such as a Command video or a "standdown day" as was used recently to emphasize acquisition reform. Particularly significant achievements may be recognized with a Cost Busters Award. Finding new efficiencies is the biggest challenge facing the Council. We sometimes become so entrenched in the current way of doing business that it is difficult to see that other, more efficient means might exist to obtain the same outcomes, or that some outputs of the process are no longer crucial to the end result. But the sharing of good ideas from throughout the Command should inspire new approaches and adaptations at other sites which will multiply the savings to ever higher levels. Benchmarking can identify opportunities for savings, and can be used among our MSCs, against the other Services' performance of similar activities, or against industry standards. And the best ideas will come from the AMC workforce who have the knowledge, insights and expertise to find and implement needed efficiencies.

POC: Ms. Maryann Dominiak
DSN: 767-9100

**Look for Cost Busters on the World Wide Web at
<http://www.amc.army.mil/amc/rm/costbust.html>**

*****S U C C E S S S T O R I E S *****

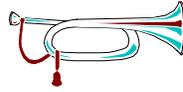


CECOM Redesigns Helmet--Saves \$Ms

A simple redesign of the combat vehicle crewman's helmet will save the Army over \$45 million during the next 10 years. The helmet includes two earcups which provide both active and passive noise suppression. This not only saves the crewman's hearing, but also increases his effectiveness during sustained operations. Previously, when one earcup failed, the entire helmet was replaced since the earcups are not economical to repair. A redesign of the connecting cable to include a coupler will permit replacing only one earcup and avoiding unnecessary waste. The \$4.5M annual savings would be enough to provide pay and benefits for about 100 soldiers (grade E5) each year.

POC: Mr. Charles Penta
DSN: 992-5273

**Do you know of a similar item where waste could be avoided by changing repair practices? See your local Efficiency Czar or email your suggestion to:
amcrm-e@hqamc.army.mil.**



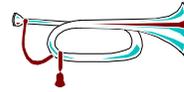
AAE / AMC Cost Reduction Effort

On October 2, 1996, Mr. Gil Decker, Army Acquisition Executive, and General Johnnie E. Wilson, AMC Commanding General, jointly established a cost reduction effort for all Army programs, targeting a 20 percent reduction of costs funded by the Research, Development, Test and Evaluation (RDTE) and procurement appropriations. The Army expects to keep the savings for modernization capital. Dr. Herbert K. Fallin, Director of Assessment and Evaluation in the Office of the Assistant Secretary of the Army for Research, Development and Acquisition, is coordinating this effort. A team from DA and AMC will lead the project to apply proven techniques used to reduce costs on Acquisition Category (ACAT) I programs to all programs ACAT I through IV. The team will be developing on-site training for PEOs, PMs and other AMC personnel involved. Industry partners will be asked to participate in designing the cost reduction plans. Within AMC, program reductions via restructuring will be fed by the local Efficiency Czar into the Cost Busters database. We will report those good ideas in this newsletter so they may be adopted or adapted for application throughout the Command. The PMs will need access to every good idea to master this challenge.

POC: Mr. Ken Freund
DSN: 767-9082



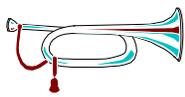
POC: Mr. Gene Duncan
 DSN: 767-9237



Benchmarking Base Support Cost

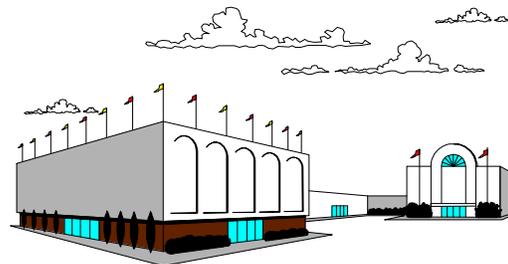
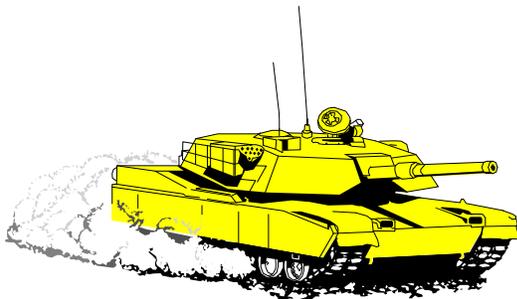
AMC initiated a significant study effort to benchmark base support costs at the 24 installations AMC operates. Building on a DA initiative to develop standard definitions for 122 services commonly provided, cost information was gathered from each installation for each service; for example, the cost of providing janitorial services or utilities. Additionally, data were obtained on factors that would drive costs, such as the numbers of employees, size of buildings, or miles of roads. The focus of the benchmarking effort is to establish rules for allocating resources for future years using the cost drivers. Installations which are less efficient will be encouraged to adopt the practices of their more efficient counterparts. Thus far, 80 percent of AMC's base support cost has been analyzed. Also under development is a spreadsheet for the services performed by installations which will allow calculation of future budgets.

POC: Mr. John Chapman
 DSN: 767-8030



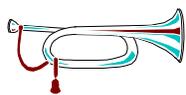
FAA Proposals Reduce Cost of Contracting

Last year's Functional Area Analyses (FAAs) identified three opportunities for savings in the contracting arena. Taken together, these three initiatives will save over \$53 million during the FY98-03 POM period. Credit card use for micro purchases reduces purchasing agent time and eliminates the need for a purchase order. Consolidation of multiple contracting offices on the same installation reduces overhead and administrative costs. Benchmarking contracting offices identified some which were less efficient than the average. Those were targeted for reduction to bring their staffing size in line with the more productive groups. The \$9M per year in savings would be enough to fund repair parts to drive a battalion of Abrams tanks 1000 miles.





Teamwork Reduces Howitzer Parts Prices



A team effort by AMC Headquarters, TACOM, ACALA, RIA and ARDEC has achieved a significant reduction in the prices of 12 parts for the M119A1 Howitzer. Since the prices were established from small production runs at Rock Island and Watervliet Arsenals, there were opportunities for process improvements. Based on recent breakout contracts, commercial alternative estimates, and independent government estimates of production run quantities, prices were reduced by 28 to 97 percent. Efforts to further reduce system operating costs will be made through the Supply Management, Army Operating and Support Cost Reduction (OSCR) Program.

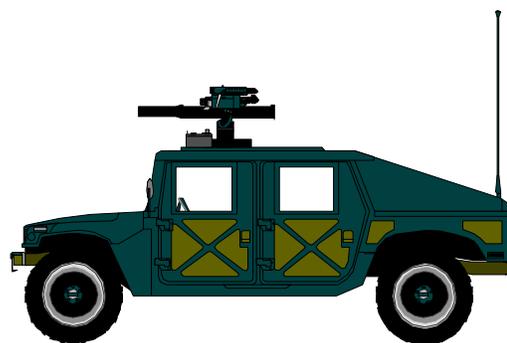
POC: Mr. Greg Boddorf
 DSN: 767-3275



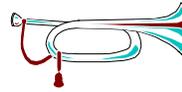
Simulation Offers Potential Benefits

Significant opportunity for savings will be possible when expensive field training and exercises can be augmented with simulation. To have confidence in the results, we must be sure that the simulation is properly representative of the actual vehicles. Aberdeen Test Center (ATC) has been working closely with STRICOM, AMSAA, and TECOM to verify that the operator control functionality and vehicle performance of the M1A2, M1A1, M2-M3, M113 and HMMWV Close Combat Tactical Trainer simulators faithfully represent the vehicles. Support included an intensive two-week test phase at the manufacturer's facility in Oviedo, FL, using ATC expertise and instrumentation. Follow-up testing included identical testing of actual vehicles at ATC with virtual performance testing in August and September.

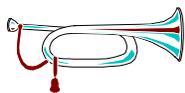
POC: Mr. Randy Babcock
 DSN: 298-3918



Sometime this week, you said “There’s got to be a better way to do this!” Sometime this month, you read about something and thought “Wow! That’s a really good idea, maybe we could use that.” Your Efficiency Czar needs your ideas on what can be improved.



AMC Efficiency Czars

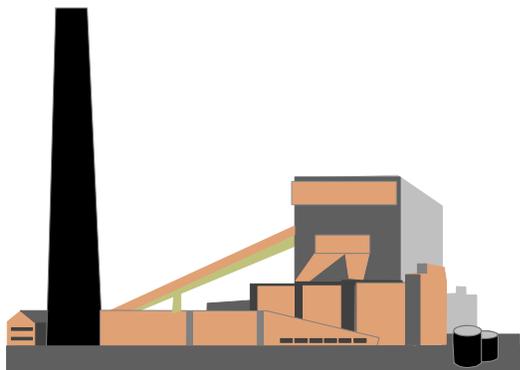


Value Engineering

Continues to Save

The fourth quarter FY96 Value Engineering (VE) videoteleconference was held on October 8, 1996. Each organization presented its FY96 VE savings against planned objectives. Soldier Systems Command exceeded its FY96 goal by 98 percent (\$1.9M actual savings versus \$1.0M FY96 goal). The VE program funds efforts to reduce production-acquisition costs through design modifications and the development of improved production and process methodologies.

POC: Mr. Kenneth Rice
 DSN: 256-4883



AMC Efficiency Czars, Alternate Czars and their DSN numbers are:		
AMC HQ	Ms. Maryann Dominiak	767-9100
	Mr. Kurt Shovestul	767-9101
ARL	Mr. Chuck Denney	290-1001
	Mr. Richard Murphy	290-2826
ATCOM	Mr. Bill Matthews	693-2807
	Mr. Thomas Malone	693-0184
CBDCOM	Ms. Helen Morrison	584-2554
	Ms. Donna Streett	584-3911
CECOM	Mr. Bernie Price	992-8752
	Mr. Lawrence Smith	992-4250
IOC	Ms. Mary Sutton	793-4740
	Mr. Greg Zelnio	793-3470
MICOM	Mr. John Finafrock	788-2817
	Mr. Riley Monroe	746-9801
SSCOM	Mr. Len Dube	256-4234
	Ms. Carole Przygoda	256-4911
STRICOM	Mr. Mack Perry	970-5102
	Mr. Bill Blanding	970-5118
TACOM	Mr. Aaron Goldsmith	786-5571
	Mr. Richard Bradley	786-5600
TECOM	Mr. John Herbst	298-1224
	Mr. Les Wallace	298-1234
USASAC	Mr. Rick Alpaugh	767-8433
	Mr. Al Orr	767-5418
AMSAA	Ms. Pat Cook	298-6776
	Ms. Ann Vogt	298-2493
LOGSA	Ms. Lynda Locke	645-0528
	Ms. Wanda Nall	645-0530
MEA	Ms. Shari Harrison	746-5604
	Mr. Joe Henderson	746-5212

The AMC Cost Busters Bugle is a newsletter designed to share ideas and success stories throughout the Command. If you have a good news story to include, see your local Efficiency Czar or call Mr. Phil Brodowski at AMC Headquarters on DSN 767-1104.