PBL Decision Framework

Linking Policy, Process, & Best Practice Elements in Performance-Based Life Cycle Product Support Management

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Foreword

Performance-based logistics (PBL) is the Department of Defense's preferred product support strategy to deliver improved weapons systems readiness at the same or lower total cost. Additionally, AFI 63-101 states, "A performance based logistics (PBL) strategy shall be used in accordance with the PBL guidance section in this AFI".

The cornerstone of PBL is the purchase of weapons system sustainment as an affordable, integrated package based on output measures such as weapons systems availability, rather than input measures such as parts and technical services. Simply put, performance-based strategies buy outcomes, not products or services.

Air Force program offices managing a weapons system have to make tradeoffs in the face of finite resources. On one hand, weapons systems should be designed, maintained, and modified to continuously reduce the demand for logistics; accomplishing this demand reduction requires investment. On the other hand, logistics support itself respects budgetary constraints; this often drives for postponement of expenditure, no matter how compelling the payback.

To succeed at PBL, a program office must integrate these perspectives, investing in the future while providing current support, all the while staying within statutory and budgetary guidelines. And the program office must adopt the viewpoint of a life cycle strategy, in particular providing to the maximum extent possible a stable funding environment, from program inception through retirement.

Using PBL creates a cost avoidance opportunity for Air Force program managers. This cost avoidance can facilitate investments in affordability, reliability, and availability when Support Providers with system knowledge and investment-oriented business models innovate to convert cost avoidance into performance gains.

This guide introduces a decision framework designed to help product support IPT's navigate key issues related to the development and execution of a PBL product support strategy incorporating best practices associated with the PBL Tenets.

Frameworks of this nature are not uncommon in the Department and there is no standard to how to employ such decision support tools. The Joint Capabilities Integration and Development System (JCIDS), the Defense Acquisition System and the Planning, Programming, and Budgeting system are other examples of decision support frameworks.

Doctrine, policy and guides exist to help the product support IPT as they work their way through the challenges of developing and executing a performance-based product support strategy. What is missing from this documentation is a means to integrate best business practices – the Tenets - into the development and execution of the strategy that is constrained or directed by other guidance. This framework attempts to bring key doctrine and guidance together in a

series of decision points associated with standard DoD practices and sequences, highlighting PBL specific questions necessary to improve incorporation of PBL tenets into the strategy. It is intended as a companion guide to the "The Tenets of PBL, Second Edition: A Guidebook to the Best Practices Elements in Performance-Based Life Cycle Product Support Management," also developed for the Air Force by the University of Tennessee.

This guide is structured to be compatible with DoD's Product Support Manager (PSM) Guidebook, signed and issued by the Assistant Secretary of Defense for Logistics and Materiel Readiness (L&MR) in April 2011, with a particular emphasis on the 12 step process for Product Support Strategy implementation.

As the initial version of a "Decision Framework" this document will improve with review and use. As another "tool" in the performance-based product support toolbox, this framework can evolve into a repository that supports business and compliance decisions associated to a product support strategy.

Introduction

DoDD 5000.01 states, "Planning for Operation and Support and the estimation of total ownership costs shall begin as early as possible. Supportability, a key component of performance, shall be considered throughout the system life cycle."

Choosing to follow an outcome-based product support strategy does not change how programs approach the mechanics and the compliance issues that a program faces when designing an executable sustainment strategy. The DoD 5000 series and amplifying instruction are still the overarching directives. What changes with the selection of an outcome-based strategy is the business logic.

This change in logic changes the perspective of the product support IPT when making decisions in order to effectively establish practices in pursuit of a successful performance based outcome product support strategy. The Performance-Based Logistics (PBL) Tenets[1] provide a mechanism that identifies "best-practices" common to successfully executed outcome based product support strategies. However, the Tenets do not directly address how best practices coexist with statute, regulation or policy, nor do they consider the timing of key decisions for a given event or time in the lifecycle related to the compliance structure.

Product support strategies emerge and evolve over the life cycle of the product. This implies that decisions, and the associated application of the tenets, emerge over time. So, some understanding of the timing of decisions, and their relationship to PBL, is necessary.

This PBL Decision Framework is a tool designed to identify decision points along the program schedule to consider incorporating the PBL Tenets to help develop and execute the strategy and plan. Our approach was to first establish a policy baseline for compliance and then apply a product support process flow derived from DoD's 12-Step Process to introduce elements of timing. Then, we correlated appropriate questions intended to support the application of the Tenets.

With USAF product support, AFI 63-101 is the authoritative policy baseline for the framework. As the USAF implementing instruction for product support, AFI 63-101 lays out the higher-level directions and guidance – the boundary conditions - that a PSM must comply with across the lifecycle of the program.

DoD's Product Support Manager (PSM) Guidebook, signed and issued by the Assistant Secretary of Defense for Logistics and Materiel Readiness (L&MR) in April 2011, includes a12-Step Implementation Process. For this guide, we use

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[1] The Tenets of PBL, Second Edition: A Guidebook to the Best Practices Elements in Performance-Based Life Cycle Product Support Management, June 2012

the 12-Step Process as a generally accepted process with a semblance of sequence and timing. This Guide establishes a mechanism to help understand the timing of actions to support a performance-based strategy. Following this approach then simplifies the process and supports the ability of the product support IPT to tailor and evolve the decision points in order to address issues as they are likely to arise.

When deploying the traditional approach to product support, the majority of the IPT already understands how to apply legacy best practices to execute a product support strategy while concurrently respecting the compliance requirements. Finding IPT members with experience in outcome-based strategies when considering or initiating a performance-based product support strategies is not easy, as they are not as readily available as employees experienced in a traditional approach transactional approach.

The compliance issues remain in a performance-based strategy. However, the best practices to be applied in order to meet the defined outcomes are now slightly different. The change means that there is a steeper learning curve and fewer experienced resources available to implement an outcome-based product support strategy. The initial version of the decision framework is designed to begin to bridge the experience gap and build the necessary tools to aid in the transition from traditional to performance-based strategies.

Approach

Product Support Managers are like jugglers on a high wire. They must keep many balls in the air, while still retaining their own balance and not falling off the wire. So, for the PSM, guidance on the appropriate questions to ask – and a linkage to understand how the answers to these questions drive PBL Best Practice – is invaluable.

Our research recognizes, across the enterprise, policy exists and there is a fair amount of guides, training and education available to support the PSMs and their IPT's. In particular, the USAF has done a good job crafting policy that is relevant and implementable. Further, through the recently issued products from the OSD, there is an abundance of intellectual property and guidance that a PSM must understand.

In simplest terms, the purpose of this guidebook is the identification of a series of questions that support decisions facing a Product Support Manager (PSM) when implementing a performance-based product support strategy. A decision framework leveraging the existing body of work (policy, guidance, and education) provides a foundation and a launch point for the Product Support Manager (PSM). This newly defined position, established by statute, is responsible for day-to-day oversight and management of the product support planning to incorporate PBL tenets into the performance-based strategy.

The decision framework provides a mechanism to support the PSM as they attempt to incorporate the tenets into their strategy, while remaining consistent with the guidance. This framework leverages existing USAF policy, guidance, and education as foundation to link with the PBL Tenets.

There are fundamental concepts the PSM must continue to mature from the initiation of the project through the entire lifecycle, so revisiting earlier decisions across the life cycle is warranted. Statute requires a reassessment of strategies at least every five years for ACAT I programs, and OSD has released an "Independent Logistics Assessment" guidebook to support this.

Yet, no life cycle is a series of distinct elements. It is a continuous process, and as it matures and evolves decisions also evolve.

A simple example of maturing a concept is performance management. Early in requirements determination phase there may be one performance measure that is needed to seek approvals and enter the next phase. As the program matures so must the thinking within the performance plan, likely leading to a richer performance management approach, perhaps emphasizing tiered metrics and alignment (with associated oversight) up, down, and across the supply chain. Once the strategy is ready to execute, the performance plan must be mature and create an appropriate balance between effectiveness and efficiencies. Then, as the product support plan moves through the operational phase of the life cycle the performance plan must continue to evolve and mature to remain affordable and meet the needs of the warfighter.

This framework does not address decisions relative to identifying the level of support (i.e. system, sub-system, or component). DoD's Product Support Manager's Guidebook explores the mechanics of these decisions in detail. When designing this framework we sought to provide a tool for a program where this decision has already been made and the team is in the planning process. That is not to say that further review and management of the portfolio may not revise previous decisions. There are implementing structures at the Program Executive Office and higher in the enterprise that must address and identify the overarching strategies for selecting levels of support in a program; in a portfolio and across a suite.

Organization

The Decision Framework is organized around the three major activities, Align, Establish and Implement. This approach recognizes this notion of maturation concepts as the IPT navigates through the framework.

The framework integrates USAF product support policy (AFI 63-101) with DoD's Product Support Manager (PSM) Guidebook and the PBL Tenets. Where there is policy it forms the foundation for decision, and DoD's Product Support Manager (PSM) Guidebook provides the lens to look through at the tenets. The tenets have been distilled to questions that spur the PSM and the IPT to understand what and when to seek out better practices for a particular activity.

This decision framework has only scratched the surface of the decisions that face a PM relative to executing a product support strategy. The decisions for an outcome-based strategy do not change significantly from a legacy approach. What changes is trying to work within a culture familiar with the legacy approach and is not yet as skilled in an outcome-based approach. If this decision framework demonstrates value, there are areas that would improve this document. Improvements may include:

1. Expand the framework to include other pertinent policy.
2. Model a decision branch
3. Design a similar framework to support level of support decisions
4. Design a framework for the enterprise strategy

PBL Decision Framework

Establish		
Existing Policy	**Action requiring decisions**	**Analyze Information /Decisions to Incorporate Best Practices**
Integrate Requirements and Support		
AFI 63-101: PM shall ensure that integrated logistics support objectives are considered and introduced as early as practical with a far-reaching life cycle view concerning logistics design and supportability of the system.	Has the PM team clearly identified, within the operational commands and organizations, the correct participants to understand the support requirements that the combatant commanders require?	What is your marketing strategy to senior leadership, from both customer and supplier organizations, to drive towards a true win-win product support model? How can you leverage champions as strong advocates for the need to change from the existing course of action; and mitigate the risk of detractors maintaining status quo? Have you identified stakeholders and an approach to gain consensus and participation toward common support strategy objectives? Is there strong top-down support to align stakeholders for optimal solutions? Is there an approach to get interaction from the champions and provide a clear escalation venue for resolving problems? Have you sought industry peers and vendors to get their perspective of the current process?
AFI 63-101: The PM shall support the establishment of the operational and sustainment related performance attributes that provide the capability that support the warfighter.	Is there a clear definition of the overall performance for the materiel solution?	Who owns and who can influence product support decisions? What types of preferred outcomes are part of the strategy? What are the positive and negative impacts? What improvements can be made from past support strategies and execution going forward? Can you assess today's performance for follow-on efforts where a contract already exists for product support on this materiel?
AFI 63-101: User Needs and Technology Opportunities. The purpose of this phase is to identify and validate mission needs and to examine promising technology concepts. Key activities include: identifying capability shortfalls, conducting Analysis of Materiel Approaches (AMA), Analysis of Alternatives (AoA) Study Plan, and the development of the Initial Capabilities Document.	What are the initial Key Performance Parameter (KPP) considerations?	What are the high-level mechanisms to be able to link supportability to performance? What are the broad performance objectives that support form the foundation of the product support approach? Are these early metrics clearly aligned to desired outcomes (ideally focused on achieving end Customer requirements)?

Establish		
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	Has the team identified all the tiers of support that the PM should consider to align with/across?	Can you segment your customers in order to understand champions and detractors in both organizations?
		Are the outside influences that can cause "ripples" identified (i.e. who benefits; whose job becomes harder when you perform badly; etc.)?
		Can you identify potential opportunities to leverage organic and commercial support?
		Is the customer responsible to develop a Statement of Objectives (SOO)?
		Does SOO support a product support strategy that blends the best of organic and commercial suppliers?
	As a part of the stakeholder engagement does force provider (customer) advocate for the required funding?	Is there an approach to ensure strong consensus and participation across all stakeholders toward common support strategy objectives?
		Is there a top-down support strategy to align stakeholders for optimal solutions?
		Is the force provider prepared for the fact-of-life funding variability that can occur?
		Is the strategy for the customer and supplier to prepare to adjust performance and risk to accommodate funding variability?
Form the Product Support Management IPT		
AFI 63-101: Collaborative and Continuous Requirements Management. Collaborative requirements development requires the user, acquirer, enterprise architect, developer, tester, and sustainer to operate as one team.	Has the PM established achievable goals in order to help team members understand what must be accomplished?	Is each process discipline (functional) represented?
		Can you identify the process owners across the program where product support decisions will have impact?
		Are all the roles from user through suppliers identifiable?
	Does the PM team approach include government and private-sector functional experts?	Are there provisions to include both government and private-sector representatives?
AFI 63-101: Stakeholders will participate to gain understanding and communicate the "art of the possible."	Is the composition of the PM team such that customers, stakeholders, and suppliers are represented?	Is there an approach to ensure strong consensus and participation across all stakeholders toward common support strategy objectives?
		Who are the stakeholders, customer and suppliers that shall participate?

Establish

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AFI 63-101: JCIDS implements an approach that leverages the expertise of DOD and non-DOD agencies and industry to identify, assess, and prioritize joint force capabilities.	Do the team members have ability to able to work across and make decisions across organizational boundaries?	Can the team count on senior leadership champions from both customer and supplier to be fully engaged with respective organizations to drive alignment between both organizations? Is there a common vision shared by the senior leadership from both customer and supplier organizations that will support a true win-win PBL business model?
	Is the team composition such that they pursue a system orientation based strategy based on performance outcomes versus a legacy approach that looks at individual support elements (integration across traditional stove piped organizational boundaries)?	Do team members share the same basic knowledge base in PBL concepts, tenets, business model, and strategy implementation? Do the team members have sufficient shared understanding to move from the legacy model to a performance product support strategy?
AFI 63-101: Product support strategies consider a balance between organic and commercial capabilities, partnerships, and factors to optimize product support	Is there a Public/Private Support Strategy IPT?	Is there a formal supply chain management strategy that focuses on maximum integration (management and visibility) of end-to-end supply chain effectiveness? Are the correct functional(s) available in order to establish a well-defined process guaranteeing alignment, coordination, and horizontal integration? Are workloads distributed to the most effective providers consistent with statutory guidelines; best competencies, best value, effective use of public-private partnering?
Baseline the System		
AFI 63-101: Materiel Solution Analysis Phase/Concept Studies Phase. The purpose of this phase is to assess potential materiel solutions and satisfy phase-specific entry criteria for the next program milestone designated by the MDA/AoA, TDS, MS-A/KDP-A-- elements.	What is the scope of the support requirement?	Is there a SOO from the customer that helps define scope? Does the SOO specify desired outcomes in terms of high-level objective metrics with minimal prescriptive direction? Does the scope of supplier work cover a broad range of logistics elements and fully aligned with assigned performance and support logistics? Is the SOO worded such to allow the supplier the flexibility to significantly change current traditional process? What is the current strategy? Has the team reviewed current contracts or programs to understand current performance against

Establish

Existing Policy	Action requiring decisions	Analyze Information /Decisions to Incorporate Best Practices
		contemplated measures?
		Have you sought industry peers and vendors to get their perspective of the current process?
	Is this effort is for an existing product support strategy?	Can you assess today's performance for follow-on efforts where a contract already exists for product support on this materiel?
		What improvements can be made from past support strategies and execution going forward?
		How well is the performance on existing work satisfying customer's needs?
	Who are the key stakeholders?	Does the program office have a marketing approach that helps develop strong consensus and participation across all stakeholders toward common support strategy objectives?
		What are the mechanisms for top-down support to align stakeholders for optimal solution?
		Does the PMO know their stakeholders and have a communication strategy at the staff level to gain their perspective and buy-in?
AFI 63-101: Costs are to be included regardless of funding source, and the value should cover the planned life cycle timeframe, consistent with the timeframe used in the Materiel Availability KPP.	What are your cost and performance objectives?	Will the draft performance measures provide a clear understanding of financial impact of metrics across all levels?
		Is there visibility of financial metrics such that the PMO can you tell if the profits of the supplier are linked directly to achieving success in delivering performance outcomes?
		Is PBL funding prioritized to maintain significant confidence of funding availability over total contract term?
AFI 63-101: The PM shall consider life cycle sustainment during the Materiel Solution Analysis phase and mature sustainment planning in the Technology Development phase.	For fielded systems, what are the historic readiness rates and Operations and Support (O&S) costs relative to the upgraded or new system?	From the past product support strategy have you looked at past contracts to determine what improvement that can/will be made going forward?
		If a contract already exists for this service, how are you doing today?
	Is the baseline assessment sufficient to form the basis for BCA of PBL approach being considered?	Does the baseline assessment satisfy the customer's needs?

Align		
Existing Policy	Action requiring decisions	Analyze Information /Decisions to Incorporate Best Practices
Identify /Refine Performance Outcomes		
AFI 63-101:_AFGM1 20 July 2010: RAM requirements shall be developed for all programs, regardless of ACAT level, in concert with operational requirements and addressed throughout the system life cycle. The PM shall implement a RAM strategy that includes a reliability growth program as an integral part of design, development, and sustainment to ensure mandatory sustainment KPPs and supporting materiel reliability KSAs are met. AFI 63-101: 3.103.5.2. Performance measures that reflect the specific service definitions and unique circumstances of the PBL arrangements.	Are capability needs translated into performance and support metrics? Does the performance plan reflect a RAM strategy and the ability to encourage reliability growth? Does the performance plan emphasize a reduction in life cycle costs through RAM initiatives and investments?	Are metrics clearly aligned to desired outcomes (ideally focused on achieving end Customer requirements)? Do the performance outcomes focus on the warfighter's needs? What are the differences between existing and desired performance requirements?
AFI 63-101: Objectives for the metrics shall be established early in the Materiel Solution Analysis Phase, refined throughout the Technology Development and Engineering and Manufacturing Development (EMD) Phases, and then carried through as program baseline goals until system retirement.	Is there a focus on outcomes using a limited number of measures aimed at achieving the desired behavior?	Are the initial performance measures focused on a few (generally 5 or less) top level desired outcomes versus transaction or activity focused metrics?
AFI 63-101: 3.103.8.6. Linkage of lead/using MAJCOMCs metrics to contract incentives for commercial PBL. For organic PBL support, linkage of MAJCOMs requirements to performance based agreements (PBA) between the PM and the organic product support providers.	Do the performance outcomes consider measures that account for a system that is operationally available, reliable, and effective, with minimal logistics footprint and a reasonable cost?	Are Metrics identified and tracked for the entire process to best understand the performance across the entire process (PBLs rely on both parties acting toward to the common desired outcomes and metrics should not be limited to supplier metrics)?
AFI 63-101: 3.103.5.1. Performance defined in terms of military objectives using criteria such as operational	Are the measures of readiness and supportability performance balanced against costs and schedule?	Are there metrics that capture the financial impact across all levels? Have the data sources, relative accuracy and

Align		
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availability, operational reliability, total cost, logistics footprint, and logistics response time. AFI 63-101: 3.103.5.3. Focus on system performance outcomes versus individual support elements.	Are the supportability measures linked to existing warfighter measures of performance?	timeliness been identified?
AFI 63-101: 3.103.5.5. Long-term agreements with support providers, which may be organic, commercial, and/or a PPP, which empower and provide incentives to meet overarching performance requirements to improve product support effectiveness while reducing TOC. AFI 63-101: 3.103.5.4. Best use of public and private sector capabilities through PPP initiatives.	Will each PBL provider have authority over the metrics that they have performance responsibility?	Are the metrics accountability aligned with the scope of Suppliers authority? When there is a lead supplier do the metrics provide a scope of authority sufficient to be held responsible for performance? Are the profits of the Supplier linked directly to achieving success in delivering performance outcomes?
Product Support Value Analysis		
AFI 63-101: 3.89.3. The PM, PGM and Air Logistics Center (ALC) Commander shall ensure appropriate subject matter experts and stakeholders are involved in developing the DSOR decision package, validating and implement DSOR decisions. AFI 63-101: 3.100.3. PM in collaboration with candidate depots, lead/using commands and other stakeholders will develop a depot maintenance strategy that addresses both the requirement to conduct organic repair and to pursue a PPP approach, where feasible	Does the workload allocation strategy include a mechanism that considers leveraging competencies and partnering opportunities?	Are senior leadership and champions from both customer and supplier fully engaged with respective organizations to drive alignment between both organizations? Do senior leadership from both customer and supplier organizations have a common vision to drive towards a true win-win PBL business model?
AFI 63-101: DSOR determinations for specific programs, systems, sub-systems, and end items are processed and approved through AFMC.	Does the work allocation strategy address each discrete workload and assess where, how, and by whom it can best be accomplished, while considering statutory (i.e.,	Is there a true "partnership" mentality with a desire to develop a "win-win" business model based on mutual self-interest? Does the strategy focus on total system value proposition and total ownership costs? Does the strategy look to reward supplier(s) for

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Align		
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AFI 63-101: 3.89.4.2. The DSOR process considers a broad range of factors but at a minimum shall consider: public law (e.g. Title 10 USC §2464, Core Logistics Capabilities and §2466, Limitations on the Performance of Depot-level Maintenance of Materiel)	Title 10 of the United States Code (10 U.S.C.)), regulatory, and pertinent Military Department (MILDEP) guidance?	innovation (customer shares in benefits and savings)? Are workloads distributed to the most effective providers consistent with statutory guidelines; best competencies, best value, effective use of public-private partnering?
AFI 63-101: 3.89.4.3. There are five situations when a DSOR is required: • New acquisitions. • New work. • Modification follow-on workloads. • Overseas Workload Program (OWLP). • Workload Shifts. AFI 63-101: 3.89.6. While cost is a consideration in any posturing decision, a formal costing effort may not always be necessary. In those instances where a costing effort is required, the PM (who may utilize DSOR team) will determine the scope and methodology. The primary consideration is the cost to the Government and not to individual acquisition programs. However the costs associated with the shift in workload shall be identified as quickly as possible so that these activities may be programmed and budgeted. AFI 63-101: 3.100.1. PM shall identify potential public-private partnerships (PPP) as early as possible in the acquisition life cycle.	Are the following considerations included in the workload allocation strategy and sourcing decisions? • Title 10 U.S.C. applicability (Core, 50/50); • Existing support process (e.g., contract, organic); • Existing support infrastructure (in-place, to be developed); • Best capabilities evaluation (public, private sector market research); • Opportunities for Public/Private Partnering	Does the strategy make a conscientious approach to reducing transactions to drive costs down? Does the approach to workload encourage the development of a formal supply chain management strategy that focuses on maximum integration (management and visibility) of end-to-end supply chain effectiveness? Are supply chain components aligned to optimizing the end-to-end process, vice internal process effectiveness? How can the workload strategy help establish and define a processes that guarantees alignment, coordination, and horizontal integration (weapon system program management, engineering, item management, customer representative, etc.)? Does the workload strategy encourage transparency of customer and supplier involvement? Is the customer willing to allow the supplier to make significant changes to improve supply chain processes/flow? Does the workload strategy look to balance risk with a comprehensive mitigation strategy focused on all parties? Is specific attention paid to balancing supplier accountability and authority?
	Does the Supply Chain Management (SCM) strategy allow the supplier the flexibility regarding the how	Are incentives (aka performance payments) specifically connected to the vital few top-level outcomes? Is there formal supply chain management strategy that focuses on maximum integration (management and

Align		
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	in order to achieve the designated outcomes?	visibility) of end-to-end supply chain effectiveness?
		Do the Supply chain components align to optimizing for the end-to-end process, vice internal process effectiveness?
		What is the maturity and definition of the processes that facilitate alignment, coordination, and horizontal integration of the supply chain?
		Does the approach to supply chain alignment leverage a virtual arrangement or a physical co-location of all support organizations (weapon system program management, engineering, item management, customer representative,)?
		What steps are necessary to assure transparency of the supply chain to the customer?
		Is the customer willing to allow the supplier to make significant changes to improve supply chain processes/flow?
		Is metrics accountability aligned with the scope of Suppliers authority?
		Does the SCM strategy address the concept of lead supplier with a scope of authority sufficient to be held responsible for performance?
	Does the SCM strategy balance risk relative to resource management that encourages the supplier to invest as appropriate to improve performance at equal or less cost?	How is the responsibility for managing most aspects of resources shifted to supplier to include associated risk?
		Is asset ownership investment by the supplier considered as an option if relevant to the business?
		If full inventory management control shifts to the supplier is the corresponding risk accompany that practice?
		Does the SCM strategy weigh the length of the contract term and encouraging long-term investment to improve product/process efficiencies?
		Is the pricing model designed to fix revenue and encourage activities to reduce cost?
	What consideration does the SCM strategy consider to create an environment in which the supplier is willing to invest in the short-term?	How does the supply chain management strategy focus the supplier's on reducing non-value added transactions vice simply reducing transaction price?
		Does the SCM strategy contemplate the necessary provisions to recognize supplier investment and provide opportunity for recoupment?
		Does the contract length support opportunity for a

Align

Existing Policy	Action requiring decisions	Analyze Information /Decisions to Incorporate Best Practices
		payback period for supplier's investments?
	What mechanisms are in place in the SCM so that there is a willingness by the PMO to allow the supplier flexibility on improvements to improve performance?	Does the SCM strategy include mechanisms that allow the supplier to earn increased profit through incentive structures that is based on their ability to reduce overall costs and/or achieve performance target?
		Conversely, does the SCM strategy have mechanisms to discourage the supplier from seeking short-term profits at the expense of achieving longer-term gains over the life of the contract?
		Are the incentives balanced so that rational economic behavior drives goal alignment between the supplier and the customer?

Implement

Existing Policy	Action requiring decisions	Analyze Information /Decisions to Incorporate Best Practices
Designate Product Support Integrator(s); Identify Product Support Providers		
AFI 63-101: Product support integration consists of integrating the activities of the product support providers as well as intra-system and inter-system integration with supporting systems, subsystems, end-items, components and facilities.	Is the product support strategy organized around a PSM that employs a PSI, or a number of PSI(s) as appropriate, to achieve identified outcomes?	Is there an established and well-defined process that guarantees alignment, coordination, and horizontal integration (weapon system program management, engineering, item management, customer representative, etc.)?
		Are Workloads distributed to the most effective providers consistent with statutory guidelines; best competencies, best value, effective use of public-private partnering?
AFI 63-101: 3.88.4 Product support integration consists of integrating the activities of the product support providers as well as intra-system and inter-system integration with supporting systems, subsystems, end-items, components and facilities. The PM shall identify a product support integrator as a single point of contact	Are there mechanisms that will coordinate the work and business relationships necessary to satisfy the performance based agreement?	Do supply chain components align to optimizing for the end-to-end process, vice internal process effectiveness?
		Are SOO desired outcomes specified in terms of high-level objective metrics with minimal prescriptive direction; supplier has flexibility regarding "how" to achieve the designated outcomes?
		Does the scope of supplier work encompasses a broad range of logistics elements and is fully aligned with assigned performance and support logistics?
		Is there explicit linkage and flow down of Sub Supplier

Implement		
Existing Policy	**Action requiring decisions**	**Analyze Information /Decisions to Incorporate Best Practices**
		to top-level outcomes?
	Does the product support strategy have a single point of contact that is responsible for integrating all sources of support, public and private, to meet the identified performance outcomes?	Is there a true "partnership" mentality with a desire to develop a "win-win" business model based on mutual self-interest? Are the supply chain functional(s) aligned to optimize the end-to-end process, vice internal process effectiveness?
Identify/Refine Financial Enablers		
AFI 63-101: 3.101.2. MAJCOMs and PMs shall utilize the HQ AFMC developed CAM procedures, meet established timeframes/ suspense, and support associated reviews.	Does the business strategy include leveraging financial tools as enablers?	Is PBL funding prioritized to maintain significant confidence of funding availability over total contract term? Does the FM plan address the need for stable funding incentivizes to the support provider in order to encourage behavior that leads to process improvement?
AFI 63-101:3.101.3. MAJCOMs and PMs shall collaborate with HQ AFMC to advocate and ensure all requirements associated with the weapon systems' support receive equitable consideration under CAM.	Does the business strategy seek to buy performance using the minimum number of line items and colors of money?	Does FM strategy include industry best practices to include metrics, minimizing the number of Contract Line Item Numbers (CLINs), cap on liabilities, risk mitigation, long-term (5 years +), incentives, Return on Net Assets (RONA), and clarity and flexibility?
	As a part of the stakeholder engagement does force provider (customer) advocate for the required funding?	Is there an approach to ensure strong consensus and participation across all stakeholders toward common support strategy objectives? Is there a top-down support strategy to align stakeholders for optimal solutions? Is the force provider prepared for the fact-of-life funding variability that can occur? Is there a strategy for the customer and supplier to prepare to adjust performance and risk to accommodate funding variability?
	Does the business case analyze trade-off(s) within colors of money and single lines of accounting within appropriations?	Is there complete visibility of funding and how it is managed against this product support? Are all necessary "colors of money" aligned in program as needed?

Implement		
Existing Policy	Action requiring decisions	Analyze Information /Decisions to Incorporate Best Practices
AF 63-101: 3.103.11.1. The AF Working Capital Fund (WCF) may be used to fund CSS arrangements if: 1. The weapon system /modification is currently supported organically; 2. There is a defined customer base; 3. A well-defined and established buyer and seller relationship exists; 4. The assets are currently managed and paid for by the WCF, no exceptions. AFI 63-101: 3.103.11.2. Appropriated funds will not be merged to fund CLS arrangements without Congressional approval; e.g., 3400 (O&M) funds cannot be merged with 3010 (Aircraft Procurement) funds.	Do stakeholders understand the trade-offs and advocate as appropriate for working capital funds (WCF) and contracts with multiple-year performance periods?	How will the FM strategy influence the length of the terms for the contract (FM strategy support long-term contracts that incentivize contractors to make long-term investments to improve weapons systems support and performance)? Does the FM strategy recognize funding, as an enabler and looks for ways to incentivize behavior that otherwise does not occur under traditional support agreements? Does the approach provide for confidence in continuing cash flow, compared with the risk of single-year avoiding contracts re-competed annually? Is contract length commensurate with payback period for supplier's investments? Is the time horizon sufficient to allow contractor investment to improve products and processes, confident that they will receive an adequate Return On Investment (ROI)?
AFI 63-101: PMs will use life cycle metrics, including sustainment metrics, to evaluate program status and determine if programs are meeting the weapon system life cycle requirements.	Does the SOO and business strategy include a performance assessment plan for monitoring performance and revising the product support strategy and PSA(s) as necessary?	Is there a structured plan to incorporate the contractor in to the team (Remember, they are no longer the outsiders, but now an integral part of achieving the desired outcomes)?
AF 63-101: Post Implementation Review (PIR). The purpose of the PIR is to compare actual system performance to program expectations and mission realities based upon the operational environment and CONOPS.	Is there a plan to conduct periodic assessments of system support strategies vis-à-vis actual versus expected levels of performance and support for the following minimum product support functions: • PSI/PSP performance; • Product improvements incorporated; • Configuration control; • Modification of PSA as needed based on changing warfighter requirements or system design changes?"	Is there a plan to retain as much of the core sourcing team to transition to execution? Has a schedule been constructed so that metrics reports are reported on a regular basis at frequent intervals? Does the reporting schedule recognize the varying levels of metrics and when to review them and by whom? Are metrics reports used as part of regular review meetings across all functions/all levels (e.g.. linking strategy to shop floor metrics to ensure all parties are marching to the beat of one drum) Are metrics used to drill down and change the process to get results? Are metrics posted and communicated across the product support team and PMO and readily accessible (e.g.. intranet, etc)?

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		Are metrics reports seen/used by all levels to proactively manage performance?
		Are there fully automated dashboards with "Drill down" functionality for Root Cause Analysis?
AF 63-101: 3.103.6. BCA(s) will continue to be used throughout the life cycle process with oversight to ensure reassessment at appropriate times, such as life cycle cost (LCC) updates, reduction in total ownership cost (R-TOC) activities and continuous improvement actions.	Is there a plan to conduct periodic assessments of system support strategies vis-à-vis actual versus expected levels of performance and support for the following min product support functions: • PSI/PSP performance; • Product improvements incorporated; • Configuration control; • Modifications of PSA as needed based on changing warfighter requirements or system design changes?	Is contract Management recognized as key function over Life Cycle to include the execution phase? Are there mechanisms that ensure that the process continually monitored to make sure that the required benefits are being delivered and it is expected that everyone involved is participating? Is there a mutually agreed upon Quality Assurance Surveillance Plan (QASP) that validates achievement of objectives and is executable?
Establish/Refine Product Support Arrangements		
AFI 63-101: 3.47.3.6. The PM shall document the RAM parameters and methods of calculation that, as a minimum, include the following areas: availability, reliability, cost of ownership, and mean down time (MDT). The PM's reliability growth program shall address compliance with initial mandatory sustainment KPPs and supporting materiel reliability KSAs.	Are the PBL strategies implemented via agreements (PSA) specifying a range of performance outcomes? Can the performance and support metrics be documented in Performance Based Agreements and serve as the primary measures of support provider performance?	When constructing a PBL PSA do they include the following elements--performance objectives, responsibilities, reliability growth targets, maintainability improvements, term of contract, flexibility (range of support), Diminishing Manufacturing Sources (DMS)/obsolescence, continuous modernization /improvement; incentives /penalties, and cost reduction/stability?
AFI 63-101: 3.103.9. PBA(s) shall delineate measurable performance outcomes that correspond to support requirements and the resources to achieve both.	Have all stakeholders (the user/warfighter, PM, and support provider) enter into a formal relationship for levels of support?	Is there consensus and participation across all stakeholders toward common support strategy objectives that all parties will agree to? Is there top-down support to align stakeholders for optimal solutions? Is there a senior leadership champion from both customer and supplier fully engaged with respective organizations to drive alignment between both organizations? Does the senior leadership from both customer and supplier organizations have a common vision to drive

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		towards a true win-win PBL business model?
AFI 63-101: 3.103.9. PBA support established performance baselines and define required metrics necessary to achieve the performance requirements. They may be used as a basis for support arrangements or contracts and as a tool to ensure accountability in meeting requirements by defining the expectations, range of support requirements, and roles and responsibilities.	Is there an agreed upon baseline of performance, and corresponding support necessary to achieve that performance, whether provided by commercial or organic support providers?	Does the a support provider agreement exist that specify the performance parameters that will meet the requirements of the warfighter: • Flexibility to spend year-of-execution funding • Flexibility to accept priority revisions • Reflect a range of support levels to allow revisions in support requirements Does the support provider in your PBL arrangement held accountable for only those functions in which they have direct control to perform or manage?
	Are there considerations for specific terms and conditions related to surge and warfighting operations that will be considered 'over-and-above' activity?	Are these considerations flexible enough to address a range of support requirements, so as to accommodate changes in OPTEMPO or execution year funding, including surge or contingency requirement? Does the PSA address contingencies in those cases that the supplier has an off-ramp; or the additional work needs to be absorbed elsewhere?
AFI 63-101:_AFGM1 20 July 2010: The RAM strategy shall emphasize the reduction of life cycle costs through cost-effective RAM initiatives and investments throughout the life of the system.	Has a pricing model been selected; are metrics defined; and are incentives ready to go; it is time to issue a request for proposal. Does the contract structure encourage RAM initiatives and investments that result in the reduction of life-cycle costs?	Does the business strategy focus on total system value proposition and total ownership costs? Are the incentives tightly aligned in order to encourage behaviors and outcomes that benefit both the customer and supplier? Does the incentive approach reflect explicit reflection of factors like, program maturity, scope of agreement, complexity of the system, context of use, etc.? Has consideration been given to award term extensions as part of the incentives strategy to encourage the supplier to meet or exceed outcomes/goals? Does the pricing model provide the supplier with the potential to earn increased profit through incentive structures based on their ability to reduce overall costs and/or achieve performance target? Does the business strategy provide the contractor sufficient time to make investments that will lead to reductions in life-cycle costs?

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	Are the performance requirements in the SOO constructed such that they clearly delineates roles and responsibilities on both sides; specifies metrics; includes incentives as appropriate; and specifies how performance will be assessed?	Are the performance requirements designed to focus on reducing non-value added transactions—not on simply reducing transaction price? Does the pricing model fixes revenue and encourages activities that reduce cost? Are incentives (performance payments, award term, etc.) specifically connected to the vital few top-level outcomes, and balanced so that rational economic behavior will drive goal alignment between the supplier and the customer? Does the contracting strategy encourage the customer/ supplier to gain/share benefits from reduced supplier costs and process improvements?
	Is there a SOO for this work, versus early development of a detailed Performance Work Statement?	Is the customer responsible for developing a SOO? Does the SOO specify desired outcomes in terms of high-level objective metrics with minimal prescriptive direction allowing the supplier flexibility regarding "how" to achieve the designated outcomes? Does the scope of supplier work encompass a broad range of logistics elements that are aligned with assigned performance and support logistics? Is there sufficient flexibility in the SOO to allow the supplier the flexibility to significantly change current traditional process?
	Is the business strategy memorialized in the contract to adequately address the term length of the business arrangement (contract length, award terms, etc.) when implementing a PBL strategy?	Is contract length commensurate with payback period for supplier's investments? Are longer-term contracts considered in business arrangements in order to encourage long-term investment by the supplier to encourage product or process efficiencies? Will the contracting strategy create an environment that discourages the supplier from seeking short-term profits at the expense of achieving longer-term gains over the life of the contract? Are award terms contemplated to encourage supplier behavior for achievement of pre-specified outcomes, which may be set at a level that correlates to superior performance? Are there provisions to recognize supplier investment and provide opportunity for recoupment? Does the PMP recognize Contract Management as key function over the Life Cycle to achieve

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		objectives/goals?
	Does the business strategy address adequate exit criteria or 'off-ramps' should worst-case scenarios arise regarding contractor inability to (or loss of interest in) continuing to provide support?	Does the contract include adequate exit criteria and off-ramps to cover probable contract off-ramp requirements? Are the off-ramps maintained to ensure flexibility in courses of action available as the program evolves and matures? Are off-ramp limitations and available options identified early in process (i.e., data rights, customer rights to asset ownership, etc.)?
	Does the business strategy and SOO look to industry to provide the how and a reduced reliance on well-defined transactional approach?	Do contracting priorities include industry best practices to include metrics, minimizing the number of Contract Line Item Numbers (CLINs), cap on liabilities, risk mitigation, long-term (5 years +), incentives, Return on Net Assets (RONA), and clarity and flexibility?
	Has a pricing model been selected that is tailored for this program?	Does the pricing model consider the pros and cons of using fixed price contract type to incentivize the supplier to reduce costs; to drive profit margin while attaining set performance levels; or a cost plus type where profit margin is earned by achieving desired targets for cost and performance; supplier "earns" margin for achievement of desired outcomes, and risk is shared by incorporating "cost plus"? Are there cost cutting targets inherent in the model if a fixed price model is used? Can the stakeholders and customers allow the supplier the ability, within reason, to cuts costs and realize a larger margin? Are there built in reviews that establish a level of control over a period of time a supplier can reap increased margins so the government can renegotiate a contract price that allows them to harvest the savings over time? Have you considered establishing contract price adjustments at pre-defined timeframes to review costs and re-price the work; customer has a strategy of "harvesting the savings" created by cost reductions and process improvements? Is the pricing model is based on mutual self-interest?

Implement		
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	Does the business strategy consider methodology to evaluate and understand risk criteria that each model poses to determine the best fit for the contract?	Does the pricing model reflect the balance of risk/reward tradeoff? Is there a mechanism in place to allow the pricing model to change over time as risk levels change (e.g. shift from a cost plus to a fixed price contract once a firm baseline is known)? Is there a balancing of risk with a comprehensive mitigation strategy focused on all parties? Is there a plan to introduce improvements to reduce total program risk where appropriate? Does the contracting strategy address the balancing of supplier accountability and authority?