



# Public-Private Partnerships

## an Industry Perspective

November 13, 2007

**Honeywell**

# Honeywell PBL Partnerships Across the DoD



Location	Scope	Highlights
Fleet Readiness Center-East, Cherry Point, NC Awarded 2000, FAR Part 12	Aircraft Auxiliary Power Units P-3, F/A-18, C-2, S-3, KC-130 10 years	<ul style="list-style-type: none"> <li>• Local employment (Honeywell and Caterpillar Logistics census = 12 personnel)</li> <li>• Local investment (Central Distribution Center)</li> <li>• Honeywell Supply Chain (Local inventory control)</li> <li>• Shared workload</li> <li>• 98% Availability to the Fleet</li> </ul>
Fleet Readiness Center-South East, Jacksonville, FL Awarded 2003, FAR Part 12	Aircraft Engine Main Fuel Ctrl F/A-18 10 years	<ul style="list-style-type: none"> <li>• Local employment (census = 4)</li> <li>• Increased Depot Workload to 100%</li> <li>• 98% Availability to the Fleet</li> </ul>
Corpus Christi Army Depot, TX Awarded 2004, FAR Part 15	Helicopter Engines CH-47 5 years	<ul style="list-style-type: none"> <li>• Local employment (Honeywell census = 6)</li> <li>• Local investment (Distribution Center)</li> <li>• Partnered Supply Chain (Local inventory control, partner with Defense Logistics Agency)</li> <li>• 100% Depot Workload</li> </ul>
Anniston Army Depot, AL Awarded 2005, FAR Part 15	AGT 1500 Tank Engines M1A Abrams Battle Tank 5 years	<ul style="list-style-type: none"> <li>• Local employment (Honeywell census = 15)</li> <li>• Honeywell Supply Chain (Local inventory control)</li> <li>• 100% Depot Workload</li> </ul>
Ogden Air Logistics Center, Hill AFB, UT Awarded 2007, FAR Part 15	Aircraft Secondary Power Systems C-130, B-2, F-15, Ground Power 10 years	<ul style="list-style-type: none"> <li>• Local employment (Honeywell and subcontract census = 12 personnel)</li> <li>• Local investment (Central Distribution Center)</li> <li>• Honeywell Supply Chain (Local inventory control)</li> <li>• Shared workload</li> <li>• &gt;90% Availability to the Wing Required</li> </ul>
Oklahoma City Air Logistics Center, Tinker AFB, OK PROPOSED (est. 2008), FAR Part 15	Aircraft Avionics B-1B 10 years	<ul style="list-style-type: none"> <li>• Technology insertion and modernization (Digital Capability)</li> <li>• Local employment (Honeywell and subcontract census = 6 personnel)</li> <li>• Local investment (Distribution Center)</li> <li>• Honeywell Supply Chain (Local inventory control)</li> <li>• Shared workload</li> <li>• 99% Availability to the Flight Line Required</li> </ul>

# PBL Performance Results

Honeywell

<b>Depot Partner</b>	<b>Team Highlights</b>
Fleet Readiness Center-East, Cherry Point, NC  <b>"2005 Secretary of Defense PBL Award Winner"</b>	<ul style="list-style-type: none"><li>• 98% Availability to the Fleet, 1280 shipments in 2007</li><li>• Fleet Requisition Processing</li><li>• Worldwide Export</li><li>• TAT reduced from 122 days to 55 days</li><li>• Cherry Point is Hon subcontractor</li><li>• Outstanding Cooperative Relationships</li></ul>
Fleet Readiness Center-South East, Jacksonville, FL	<ul style="list-style-type: none"><li>• 98% Availability to the Fleet</li><li>• TAT reduced from 73 days to 31 days</li><li>• Lean implemented in 2005</li><li>• JAX is Hon subcontractor</li><li>• Outstanding Cooperative Relationships</li></ul>
Corpus Christi Army Depot, TX	<ul style="list-style-type: none"><li>• 100% On-Time Engine Delivery (100 engines over last two and a half years)</li><li>• First Pass Yield improved from 25% to &gt;92%</li><li>• TAT reduced from 363 days to 121 days</li></ul>
Anniston Army Depot, AL (TIGER)	<ul style="list-style-type: none"><li>• Part Shortages reduced by 40% since April 2007</li><li>• First Pass Yield improved from 58% to 95%</li><li>• 18 Durability Improvements tested and approved</li><li>• Avoided 370 Depot overhauls by inserting Field Repairs - \$28M Cost Avoidance for US Army</li></ul>

*Joint Commitment to Continuous Improvement*

# The Road Ahead

<b>Depot Partner</b>	<b>Continuing Team Challenges</b>
Fleet Readiness Center-East, Cherry Point, NC	<ul style="list-style-type: none"><li>• TAT improvements plateaued</li><li>• Depot works to Induction Schedule vs. Production</li><li>• Annual Labor Rate Increases average 5%</li><li>• Need to drive labor hour reductions</li></ul>
Fleet Readiness Center-South East, Jacksonville, FL	<ul style="list-style-type: none"><li>• Annual Labor Rate Increases average 5%</li><li>• Need to drive labor hour reductions</li><li>• Note - TAT improvements resolved scheduling issues</li></ul>
Corpus Christi Army Depot, TX	<ul style="list-style-type: none"><li>• Lean implementation is slow (cultural shift difficult)</li><li>• Depot works to Induction Schedule vs. Production</li><li>• High cost to AMCOM of Depot overhaul labor costs vs. industry cost</li></ul>
Anniston Army Depot, AL (TIGER PBL)	<ul style="list-style-type: none"><li>• Identifying Hidden Factory processes (parts needed but not on Depot Repair BOM)</li><li>• Undefined ownership of improving Overhaul process<ul style="list-style-type: none"><li>• Honeywell tasked to improve but Depot is not</li><li>• Depot is subcontractor to TACOM (not Honeywell) and there is no agreed upon SOW</li></ul></li></ul>

*Addressing the Challenges*

# Lessons Learned, Recommendations

---

- FAR Part 12, Commercial Service Contract
  - no reduction of visibility or control for USG
  - most efficient for realizing improvements
- Complementary SOW and Goals
  - Ideal Relationship is for Depots to be Subcontractor
  - At minimum, aligning SOWs for Depot and Prime
- Teamwork & Communication are Vital and require:
  - Leadership support from all organizations
  - Cross-functional and cross-organizational teams
  - Empowerment to challenge old ways and implement new processes

*Partnerships Work!*



# Honeywell

[www.honeywell.com/logistics](http://www.honeywell.com/logistics)