Industrial Committee of Ammunition Producers (ICAP)

Industry Perspective on Capability Layaway
40mm Fuze Lines as Example

29 March 2016
Can Layaway Be Done? Yes

- Production lines can be mothballed and prepared for storage in one of two ways:
  - Leave in place: best option because it allows occasional cycling
  - Disassemble and store: Frees up floor space for other ventures, but prevents cycling
  - Cost estimated at $400,000 per fuze line
  - Annual storage rate ~ $50,000 per fuze line

- Processes can be prepared for layaway (additional documentation, video, etc.):
  - Must use disciplined approach to capture as much “tribal knowledge” as possible
  - Cost estimated at $75,000 - $100,000 per fuze line

- Supply base tooling can be mothballed and stored:
  - Prime contractor would take possession (when possible) to ensure future availability
  - Cost estimated at $75,000

- Workforce management would be the most difficult:
  - Without other program(s) needs, layoffs would be required
  - Maintaining engineering / technical personnel through funded non-recurring projects could provide dual benefit of retaining key talent and improving product
Bringing production lines out of mothball/storage - costly and time consuming:
- Less if lines are mothballed, but left in place
- If disassembled and stored, time to production (FAT) ready is ~ 12 months
- Cost estimated at $750,000 per fuze line

Bringing processes out of layaway successfully dependent on quality of documentation, but is probably the lowest risk aspect of the project

Re-establishing supply base is significant risk
- Weakest suppliers may be gone
- Establishing new suppliers willing to do Mil-Spec work can be difficult
- Time to re-establish complete supply base could exceed 12 months

Re-establishing workforce is highest risk
- Even the best job of capturing knowledge during layaway process will miss things
- Replacing technical/engineering talent if it is gone is virtually impossible
- Training could cost upwards of $200,000

Full qualification of product once lines are re-established will take an additional 3 – 6 months and ~ $250,000

Total estimated cost per line is ~$1.7M (not including annual storage) and as much as 18 months to qualification