

# **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

## Is Layaway the Best Option? Probably Not

- 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