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Unit 10

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SUBCONTRACT MANAGEMENT PLAN

LORRI II



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SUBCONTRACT MANAGEMENT

The Contractor subcontract management approach meets all requirements of the Defense Contract Audit Agency, and the LORRI II (L-II) Program will be authorized to issue required subcontracts. The prime/subcontractor relationship is a critical relationship that is based on a contact between the parties. The subcontract requires a clear definition of requirements, and a relationship must exist to discuss and resolve problems on any subject on a day-to-day basis. The Program Manager is accountable to the customer and to Contractor general management for the overall success of the Program subcontracts and will insure compliance with the performance, schedule, and cost requirements established by the Customer and Contractor. He will provide program direction and implement effective controls to insure compliance with subcontract requirements.

1.1 SUBCONTRACT MANAGEMENT RESPONSIBILITIES AND CONTROLS

This section explains how the subcontract management responsibility is carried out by the Program and how major functional organizations assist and support the Program in this critical activity.

The Program Manager has named a Responsible Individual (RI) who will direct the Subcontract Management effort for the L-II Program. The RI will be responsible for overall performance of each subcontractor and the integration of all functional disciplines needed to insure success of each subcontract.

The RI will serve as the Program Office point-of-contact with the Subcontractor's Management and with the customer on subcontract matters. The RI will also serve as the Program Office focal point for the team, (1) in the identification of potential or actual problems, either in-house or at the subcontractor, that may impact the subcontractor performance, (2) in the prompt resolution of problems and development of corrective action plans, and (3) in

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the execution of corrective action plans. He will conduct subcontract program reviews, evaluate subcontractor performance, and verify that the subcontractor has taken corrective action.

1.1.1 Team Composition and Function

The functional disciplines needed to support the RI are as follows:

- a. Responsible Equipment Engineer (REE)
- b. Subcontract Administrator (SCA)
- c. Product Assurance Program Representative (PAPR)
- d. Program Office Representative (POR)
- e. Responsible Reliability Engineer (RRE)

Team members are identified with the responsibility in Fig. 3-1.

The RI will be familiar with subcontract requirements and aware of subcontract progress. He will be responsible to provide the Program Manager and the Customer with cost, schedule, and problem status on each subcontract as required. He will conduct subcontract program reviews with support from appropriate team members. The RI and the supporting team will:

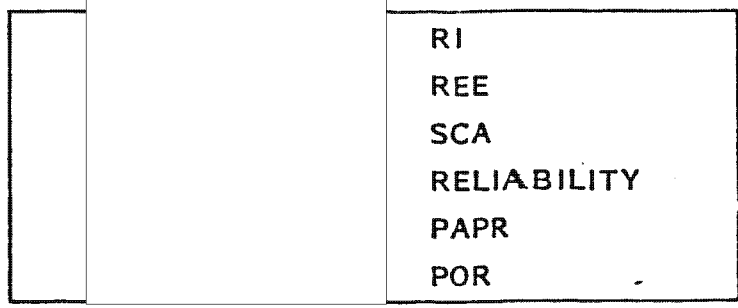
- a. Insure that definition of subcontract requirements is established in a timely manner.
- b. Plan and insure that the subcontract activity is performed in accordance with subcontract requirements.
- c. Exercise surveillance over on-going effort to insure satisfactory progress.
- d. Insure that problems are detected early, and resolved promptly.

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Fig. 1-1 L-II Subcontract Teams

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The Responsible Equipment Engineer (REE) is the technical representative of the responsible engineering organization. He is responsible for coordinating and establishing all technical requirements for the subcontract effort. During the life of the subcontract, he conducts design reviews, maintains technical surveillance, and provides status of technical progress. The REE will call upon other specialized technical disciplines as necessary to assist in detecting and resolving problems involved with his subcontract effort.

The Subcontract Administrator (SCA) (assigned to each team by the materiel organization) administers the subcontract, and interprets and implements customer regulations and Contractor procurement policies. The Subcontract Administrator takes his program direction, except on procurement policy matters, from the RI.

The Product Assurance Program Representative (PAPR) is assigned by the product assurance organization. He establishes quality requirements for each subcontract and insures their implementation throughout subcontract performance. He facilitates the complete support of the product assurance organization.

The Program Office Representative (POR) is assigned by the program controls organization. He is responsible for defining, acquiring, and analyzing subcontract cost and schedule data. He maintains surveillance over subcontract budgets/cost data and evaluates performance against plan.

1.1.2 Contractual Direction

The SCA is the only person authorized to provide contractual direction to the Subcontractor. All such direction will be properly coordinated and will have the prior approval of the RI.

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1.1.3 Technical Guidance

Throughout the course of subcontract activities, it is necessary to provide frequent technical guidance, information, and clarification to Subcontractors. This will be provided by the REE after appropriate coordination.

1.2 NEW PROCUREMENTS

It is presently anticipated that the L-II task will require the procurement of new and different pieces of equipment from new suppliers. The Subcontract team will perform the following tasks to support these new procurements:

- o Prepare a qualified bidder list
- o Prepare proposal packages
- o Evaluate vendor proposals against published criteria
- o Conduct source evaluation fact findings at potential subcontractor's facilities
- o Select and negotiate with the successful bidder

1.3 SUBCONTRACTOR PLANNING AND REPORTING

Technical and fiscal reporting requirements will be imposed on each Subcontractor to the extent and with the frequency necessary to insure complete and timely information as to the Subcontractor's progress, status, problem identification/resolution, and control.

Formal reporting will be supplemented by information gathered at design and status reviews, and through informal contacts. If during the course of the subcontract it becomes apparent that the reporting activity by the Subcontractor is inadequate, increased frequency and/or a change in the level of reporting will be implemented.

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One of the Subcontractor's first tasks after award will be to provide detailed milestone schedules consistent with subcontract milestone/delivery dates. These schedules will be approved by the subcontract team. The detailed schedule will show planned milestones for frequent tracking. It will include, but will not be limited to, detailed information on such things as progress in design release, procurement, development (including major sub-tier suppliers), qualification, flight hardware, etc. Recovery planning will be required in the event of schedule slip. Once approved, these schedules will not be altered by the Subcontractor without prior Contractor approval.

The purpose of this requirement is to be sure that both Contractor and the Subcontractor are monitoring progress against the same baseline.

Milestones and completion dates will be agreed upon between Contractor and the Subcontractor. The milestones are keyed to the WBS and to the responsible task leader. The events will be statused during the weekly progress telecon/ meeting held between Contractor and the Subcontractor. Emphasis will be placed on design progression when design is a requirement of the subcontract. A review of the completed and new term milestones will be conducted during the monthly status meetings at the Subcontractor's facilities. Fiscal budgets will be required, time-phased to coincide with detailed milestone schedules.

1.3.1 Specific Reporting Requirements

The SCA for each subcontract will receive status reports weekly via meetings with the subcontractor's Program Manager. He will assemble this information and provide it to the RI and the respective REE.

1.4 SUBCONTRACT REQUIREMENTS

The directions for performing work under L-II are described in the respective Statements of Work (SOWs). The Statement of Work is modified only as necessary to ensure that the requirements fit the work to be accomplished and the

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type of subcontract to be negotiated. Each Statement of Work requires the Subcontractor to appoint a single individual who shall be responsible for the management and administration of the subcontract. The Statement of Work also details the type of status reporting, change control, drawings to be generated and delivered, testing to be accomplished, and shipping instructions. It defines the documents, specs, etc. that apply. The Statement of Work is a controlled document which cannot be changed without approval of the RI.

1.4.1 Design Reviews

The RI and REE will schedule and coordinate all design reviews. The REE will conduct design reviews, supported by appropriate representatives of the team and other necessary support disciplines. Action items from these meetings will be recorded, published, and tracked by the REE with closure of each item approved by the REE and RI.

1.4.2 Subcontract Reviews

The RI and Subcontract Management Team will conduct and participate in regularly scheduled subcontract reviews at the Subcontractor facility to evaluate technical, schedule, and fiscal progress against planned progress. Emphasis will be on problem identification and solution. Action items will be recorded and assigned with formal closure required.

1.4.3 Surveillance

The RI and Subcontract Management Team will monitor all phases of Subcontractor performance including implementation of corrective action. Wherever appropriate, the RI will call upon Contractor specialty disciplines to assist the subcontractor in resolving problems. He will be sensitive to the proper application of Program resources to assure satisfactory Subcontractor progress and performance. Actual schedule progress and incurred costs will be measured against plans, and analyzed independently to verify Subcontractor reporting.

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1.5 SUMMARY

Advantages of this method of subcontract management are as follows:

- a. A Responsible Individual (RI) is designated to assure overall satisfactory Subcontractor performance.
- b. A team of functional support personnel is assigned to work with and assist the RI in meeting all subcontract requirements.
- c. A planned method for the management of each subcontract effort is established and understood by all persons involved in subcontract management.
- d. Visibility into all aspects of Subcontractor performance is provided so that technical, schedule, and fiscal problems can be detected early and effective corrective action taken.

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