



June 12, 1969

MEMORANDUM FOR THE RECORD

SUBJECT: Support of Value Engineering

After talking with [redacted] I called [redacted] on the attached memo and asked if he would have any objections to [redacted] calling him and explaining SAFSP's procedures with respect to the value engineering clauses in certain contracts. [redacted] welcomed the idea and I called [redacted] again to suggest that he talk with [redacted]

I had a call from [redacted] this date in which he indicated that [redacted] had in fact called him and discussed the value engineering clause matter with him. He explained that while Col [redacted] discussion provided him a better understanding of SAFSP's procedures, [redacted] had promised him several pieces of correspondence which would more specifically relate SAFSP's approach to satisfying this type of requirement in their contracts. [redacted] said he also planned a visit soon to the West Coast and had promised [redacted] to stop by and discuss the matter further.

[redacted] considers that we have responded to his memo.



WILLIAM H. YOST
Lt Colonel, USAF

Copy to General Berg

DEPARTMENT OF THE AIR FORCE
WASHINGTON 20330



JUN 10 1969

OFFICE OF THE ASSISTANT SECRETARY

MEMORANDUM FOR BRIGADIER GENERAL RUSSEL A. BERG, SAFSS

SUBJECT: Support of Value Engineering

Twice I have been asked to explain why the contracting officers for certain programs under cognizance of OSAF do not support the DOD Value Engineering program. The following is one example.

Lockheed Missile and Space Company requested that a VE clause be included in contract AF 04(695)-896, but this requested clause was rejected with the statement, "... the cost penalty provision of the incentive plan will provide sufficient emphasis on cost control to assure sound financial program management." This reason for not incorporating a VE clause in the contract is contrary to ASPR Section I, Part 17.

Can you help me understand why these apparent conflicts with policy exist or provide me with information to satisfy the contractors who contact me?



Assistant Deputy for
Engineering

906-10-004
45-69

SANDS FILE