

## **BAE Systems - U.S. Combat Systems (USCS) Extends Our Mentoring Role....**

BAE Systems USCS recently extended our involvement in the Department of Defense Mentor-Protégé Program in a desire to mentor a small disadvantaged, woman-owned, Native American business develop an approved quality program and accelerate their technical expertise in computer-aided design using 3D annotated models. This program is the model for the transition of small disadvantaged businesses into qualified organizations that contribute significantly to our National Defense. The goal is to foster and form long-term relationships that benefit the Department of Defense. BAE Systems is proud to share our knowledge and expertise with a small business to help them become a dependable source of supply.

Small businesses are strategic partners in our overall continued success. Mentor-Protégé Agreements develop people, as well as fostering the needs of the small business. Mentoring helps set our expectations with a supplier and increases the potential for them to remain a valued member of the supply chain team. This initial agreement initiated by Mitzi Whittenburg in the USCS Small Business Office provides considerable insight into the relationship between Supply Chain, the Office of Small Business Programs and a small disadvantaged business.

Participation in the DoD Mentor-Protégé Program has definitely increased the Company's reputation in the small business community and in the eyes of the general public. BAE Systems has adequate resources and talent available that we can share with a strategic small business supplier. Adding a Mentor-Protégé Agreement to the USCS Small Business Program improves the scope and effectiveness of our efforts in the small business arena.

This opportunity also gives BAE Systems employees the ability to observe the viewpoint of working in the defense industry from the eyes of a small business owner. Ultimately this experience will provide ideas for a better transfer of requirements to our suppliers for the benefit of the ultimate customer, the Warfighter. Successful Mentor-Protégé Agreements provide a winning relationship for the Protégé, the Mentor, and the DoD, as well as other Lines of BAE Systems Business that buy from the same supplier.

The Department of Defense Mentor-Protégé Program encourages defense contractors to mentor small businesses that supply to the DoD. This effort creates good will toward meeting small business goals in future proposals. This Mentor-Protégé Agreement will be a pilot for many more for Land & Armaments. Small businesses have many innovative products that we want to buy, thus the Mentor-Protégé Agreement is the perfect tool to strengthen the important supply chain relationship.

For every labor dollar spent working with a protégé, USCS receives three times the amount in credit against our small business subcontracting goals. And in the case of BMI Defense Systems, buying direct from the supplier can avoid upwards of a 30% mark-up for services from a broker.

Small business subcontracting goals are used as a competitive factor in proposal responses to our customer the Department of Defense. Once we have made a commitment to achieve a specified goal of dollars awarded to a small disadvantaged

supplier, the Mentor-Protégé Agreement helps prove our intent to utilize small businesses to the fullest extent possible.

Initiating a Mentor-Protégé Program at BAE Systems - USCS mitigates the risk of liquidated damages being assessed against BAE Systems for not meeting small business subcontracting goals. Liquidated damages are equal to the dollar amount by which the contractor failed to meet each subcontracting goal, which, in the case of BAE Systems, can be in the hundreds of thousands if not million dollar range.

Addressing the needs of the protégé has provided USCS with various opportunities to develop internal cross functional relationships. Originally the MRAP buyer, Curtis Bolig brought the disadvantaged status of the potential supplier to the attention of Mitzi Whittenburg in the Small Business Office. Unfortunately, BMI Defense Systems had failed the quality audit to become an approved supplier to BAE Systems, thus their product would have to be purchased at a higher cost from a broker.

Mitzi Whittenburg approached BMI Defense Systems to inquire if they were interested in entering into a Mentor-Protégé Agreement with BAE Systems. Beverly Greenwood, President of BMI Defense Systems acknowledged that they would be honored to be mentored by USCS.

Mitzi Whittenburg completed the Mentor Application for BAE Systems – USCS to participate as a mentor in the Department of Defense Mentor-Protégé Program. Subsequently, BAE Systems and BMI Defense Systems entered into a Department of Defense Mentor-Protégé Agreement.

- *Mentor Application Approved for BAE Systems, Land & Armaments – USCS – 7/31/08*
- Joseph Misanin, Deputy Director for Program Operations, Office of the Under Secretary of Defense Acquisition, Technology and Logistics, Pentagon informed BAE Systems, Land & Armaments – USCS of approval to participate as a mentor in the Department of Defense (DoD) Mentor-Protégé Program
- *Mentor-Protégé Agreement Approval – 9/4/08*
- Elaine S. Howell, Division Chief, DCMA Mentor-Protégé Division approved the credit agreement between BAE Systems & BMI Defense Systems for participation in the Department of Defense (DoD) Mentor-Protégé Program. The period of performance on the agreement is through September 3, 2009. USCS is eligible for credit only for \$50,000 developmental assistance provided to BMI Defense Systems. This agreement has now been extended for another 1-year period ending September, 3, 2010 including a total assistance package of \$87,000 over the life of the 2-year agreement.

Participation in the program can provide USCS with a competitive advantage in proposals with the DoD; conversely, not participating in the program puts us at a competitive disadvantage. Participating in the program is new for USCS and our agreement with BMI Defense System's is breaking new ground in the way we partner with suppliers.

Effectively mentoring and investing in a small business has raised the profile of USCS to the Department of Defense and to the general public by providing the means for a small business to prosper and hire additional employees. Strengthening small businesses provides an economic boost to the entire nation. News of BMI Defense Systems Mentor-Protégé Agreement with BAE Systems was the driver for BMI to be approved for an additional small business loan from their local bank. Also, since the agreement was signed, BMI has hired 48 additional individuals for a total payroll of 66 employees.

Additional efforts working with individuals in the USCS supplier quality department have provided BMI Defense Systems with the ability to pass the required on-site quality audit. The efforts to enhance BMI Defense Systems' quality program have resulted in approving a new direct source of supply for USCS instead of buying the product through a broker.

BMI has also been identified as an attractive partner in the **Model Based Enterprise (MBE) initiative**. BAE Systems has provided BMI Defense Systems with 2 seats of Pro/Engineer, training and maintenance for 1 year. Knowledge of MBE and other Lean techniques will provide BMI Defense Systems with a transfer of knowledge that will generate a competitive advantage in the future.

Representatives from the National Institute of Standards and Technology Manufacturing Extension Partnership (NIST MEP) and USCS Advanced Manufacturing Engineering, together with USCS Supply Chain individuals, have conducted an assessment of BMI's interest and knowledge of using 3D annotated models in production. BMI also played an integral role in helping NIST MEP validate the series of questions to be used as a supply chain-wide roll-out of the assessment tool. Recently USCS completed the assessment of our supply base and met with the Office of the Secretary of Defense's Manufacturing Technology Directory to report the outcome. Upon hearing the results, the Director requested a pilot part fabrication using 3D annotated models instead of 2D drawings of 2<sup>nd</sup> and 3<sup>rd</sup> tier suppliers which will be conducted by BMI Defense Systems.

As a requirement of a Mentor-Protégé Agreement, a historically black college or university (HBCU) partner has been contacted to work with BMI in an engineering development effort. We are engaging the Mechanical Engineering (ME) Department at Prairie View A&M University to assist BMI with developing the procedures and capabilities for the MBE initiative supported by USCS.

Additional good news for BMI Defense Systems is the fact that they have been invited to participate in a new Supplier Council function formed by the USCS Supply Chain department. This opportunity will provide them with a voice in developing supplier strategy and proposing improved communications to the supply base as a whole in the future.

In summary, The DoD Mentor-Protégé Program is not merely a process of teaming and building acumen in the use of improved business systems and defining infrastructure, it is ultimately the means for a Protégé to become a valued business partner, an innovator within a relationship that fosters technical progress.



John Kraynak, Director, Purchasing and Supplier Management at USCS and Beverly Greenwood, President of BMI Defense Systems sign the extension to the initial Mentor-Protégé Agreement for U.S. Combat Systems. John Kraynak recently nominated the BAE / BMI Mentor-Protégé Agreement for the prestigious DoD Office of Small Business Programs Nunn-Perry Award for outstanding and successful mentor-protégé relationships.

For more information visit: [www.model-based-enterprise.org](http://www.model-based-enterprise.org)