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DEFENSE LOGISTICS AGENCY  
*Established 1961*



The Nation's Combat Logistics Support Agency



# Supplier Operations Commodities Webinar Series

Daniele Kurze, Director Supplier  
Operations Commodities  
July 27, 2022

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# Agenda


- **Opening Remarks**
  - Catherine Contreras, Head of Contracting Activity, Defense Logistics Agency (DLA) Aviation
- **Facilitator**
  - Daniele Kurze, Director, Supplier Operations Commodities, DLA Aviation
- **Presenters**
  - Julia Roquemore, Deputy Director, Supplier Operations Commodities, DLA Aviation
  - Joann Hoder, Chief, Cost and Price Division, Procurement Process Support, DLA Aviation
- **Open Q&A**
  - Chris Hall, Deputy Director, DLA Small Business Programs
  - John Henley, Supervisory Procurement Analyst, Small Business, DLA Aviation
  - Linwood “Lenny” Rogers, Deputy Chief Counsel, General Counsel, DLA Aviation
  - Kent Ennis, Director, Planning, DLA Aviation
  - Denise Prince, Deputy Chief, Electrical Components and Cables Division, DLA Aviation
  - Kerry Bunting, Branch Chief, Contract Administration Vendor Support, DLA Aviation
  - Brett Jackson, Price Analyst, DLA Aviation




# How to Submit a Question in the Q&A

Zoom Webinar

Enter Full Screen



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**Supplier Operations  
Commodities Webinar Series**

Daniele Kurze, Director Supplier  
Operations Commodities  
February 9, 2022

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Join Audio

Chat

Raise Hand

**Q&A**

Leave

A red arrow points from the Q&A button in the Zoom interface to the 'Supplier Operations Commodities Webinar Series' text on the slide.

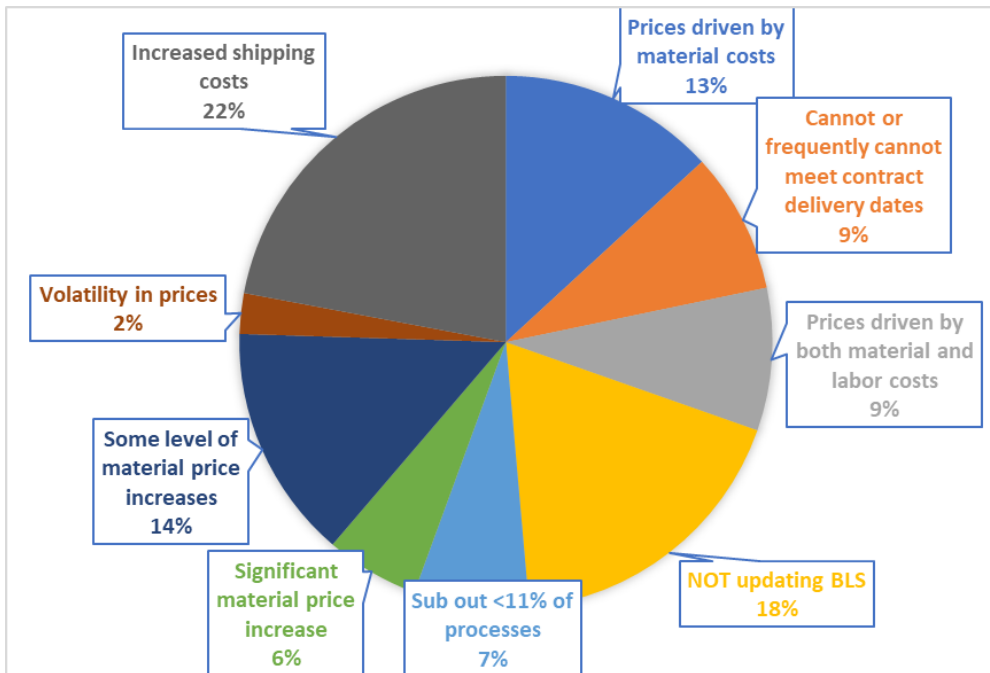
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Briefer: Daniele Kurze



# Survey Responses

## MOST SIGNIFICANT CHALLENGES



CHALLENGES	% Respondents
Prices driven by material costs	56.9%
Cannot or frequently cannot meet contract delivery dates	37.0%
Prices driven by both material and labor costs	37.4%
NOT updating BLS	78.8%
Sub out <11% of processes	30.2%
Significant material price increase	24.6%
Some level of material price increases	61.5%
Volatility in prices	10.7%
Increased shipping costs	95.3%

POSITIVES	% Respondents
Interested in Long-Term Contract	82.9%
Able (or mostly) to meet contract delivery date	63.0%
Mfg: sub out > 10% processes	69.8%
Quote validity > 30D	39.6%



## Bureau of Labor Statistics (BLS)

- BLS is used by industry to develop price analysis
- Information used by BLS is based on voluntary disclosures from vendors.
- If BLS could get more suppliers to respond, the BLS indices could be more of a market driven response.
- This leads to better understanding of current price trends



# Producer Price Index (PPI) Pamphlet

Your company is being asked to provide a small amount of pricing information to one of the principal statistical agencies of the Federal Government. Your data will be used to construct the **Producer Price Index**.

## What is the Producer Price Index (PPI)?

The PPI, one of the Nation's principal Federal economic indicators, measures the average change in selling prices received by domestic producers of goods and services in over 600 industries. More than 8,000 indexes for individual products and services are released each month. Indexes are available for the products of virtually every industry in the mining and manufacturing sectors, as well as many industries in the service and construction sectors of the U.S. economy.

## How does the PPI impact and benefit you?

The PPI is widely used by the government and businesses to make better-informed business decisions. Some valuable uses are:

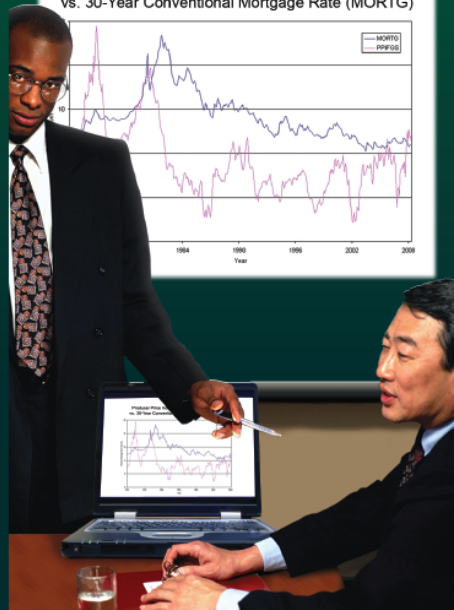
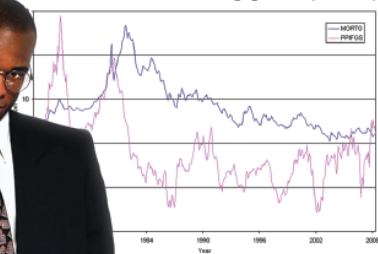
**As an economic indicator**- The Federal Reserve, Congress, and Federal agencies

regularly monitor the PPI when formulating fiscal and monetary policies, such as setting interest rates for consumers and businesses.

**Contract escalation**- The PPI can be used in purchase and sales contracts; for instance, a builder may use the index for steel in their construction contract to effectively hedge against input price changes.

**Measuring inflation**- Indexes can be used to measure price changes in inputs incurred by producers of goods and services. This information is useful for businesses in determining pricing strategy.

Producer Price Index: Finished Goods (PPIFGS) vs. 30-Year Conventional Mortgage Rate (MORTG)



**Inventory valuation**- The Internal Revenue Service (IRS) has mandated that the PPI be used for "Last In, First Out" (LIFO) inventory valuation purposes.

## Why should you participate?

You count! The quality of data produced by the U.S. Bureau of Labor Statistics (BLS) is a direct reflection of the number of businesses included.



The PPI carefully constructs survey samples to keep the number of contacts to a minimum, making every business, large and small, critical to the accuracy of the data.

The Nation depends upon BLS for accurate statistics, and BLS relies upon people like you to provide us with data.

## How do you provide data for the PPI?

A BLS economist will meet with you to determine which products or services will be included in our indexes. You will then be asked to provide periodic updates for the selected products or services. BLS uses these

updates as the basis for our PPI indexes. The update process is straightforward and will normally only take a few minutes to complete.

## Will your information be kept confidential?

**Yes.** Your company's participation, including sampled products and prices, will be held in confidence to the full extent permitted by law.

BLS will use the information you provide for statistical purposes only, in accordance with the **Confidential Information Protection and Statistical Efficiency Act of 2002** (Title 5 of Public Law 107-347).



## How can BLS data help you?

In addition to the PPI, BLS produces a wealth of useful information that is free of charge. These include:

**Contract negotiation tools**  
During contract negotiations, BLS data may be used to ensure that prices reflect market costs over the term of the



# Producer Price Index (PPI) Pamphlet

contract. Contract escalation guides are available on the BLS Web site.

### Evaluating wage/benefits packages

Data from the BLS compensation programs show the average salaries for selected occupations, industries, and localities. Information on the types and costs of employee benefit packages is also available.

### Provide information on workplace injuries, illnesses, and fatalities

Worker compensation rates are partly determined by workplace injury rates. BLS data from the Occupational Safety and Health program report the number of accidents and fatalities by specific occupation and industry.

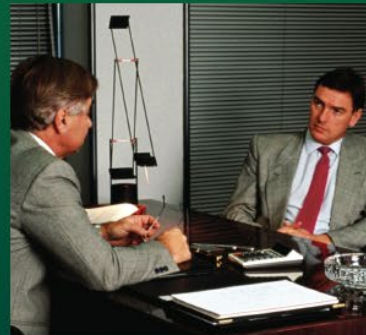
### Assessing growth industries, occupations, and career counseling tools

The BLS *Occupational Outlook Handbook* is a nationally recognized source of career information. This book is used by high school and college guidance counselors across the country. This publication provides information on the training and education needed for specific career fields and earnings and job prospects for a variety of careers. It also provides job search tips and specific information about the job market in each State.

Additionally, BLS has a Web site designed for young people to explore career opportunities and choices.



A BLS economist can assist you in understanding how to use our products. To find out more, visit our Web site at [www.bls.gov](http://www.bls.gov).



Or, contact your regional BLS Economic Analysis and Information Office.

### For general information and analysis on the PPI, contact:

#### Producer Price Index

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Washington, DC 20212

Phone: (202) 691-7705  
E-mail: [ppi-info@bls.gov](mailto:ppi-info@bls.gov)  
Web site: <http://www.bls.gov/ppi>



## BLS Regional Economic Analysis and Information Offices

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## The U.S. Bureau of Labor Statistics needs your help



### Producer Price Index (PPI)





# Common Contract Types

- Transactional: Single NIIN, Firm Fixed Price Purchase Orders or Contracts for a single Purchase Request with a firm quantity
  - Issues: No quotes, Expired quote, Justification of Prices, Lack of cost / pricing data
- Long Term Contracts: Indefinite Quantity, Firm Fixed Price Contracts for a term of over 2 years. It may contain multiple NIINs and tailored provisions
  - Issue: Contract pricing for longer periods of time increase risk





# Joint Solutions

- Market Research
- Use of appropriate contract type
- Inclusion of Economical Price Adjustment Provisions
- Input into BLS
- Reduce rework
- Reduce the amount of time taken to make award
- Substantiation of manufacturing costs (material and labor)



## Discussion and Questions

