



# DEFENSE LOGISTICS AGENCY

THE NATION'S COMBAT LOGISTICS SUPPORT AGENCY



**C&T Value Management  
Program  
VECP Breakout**

DeHaven Pollard

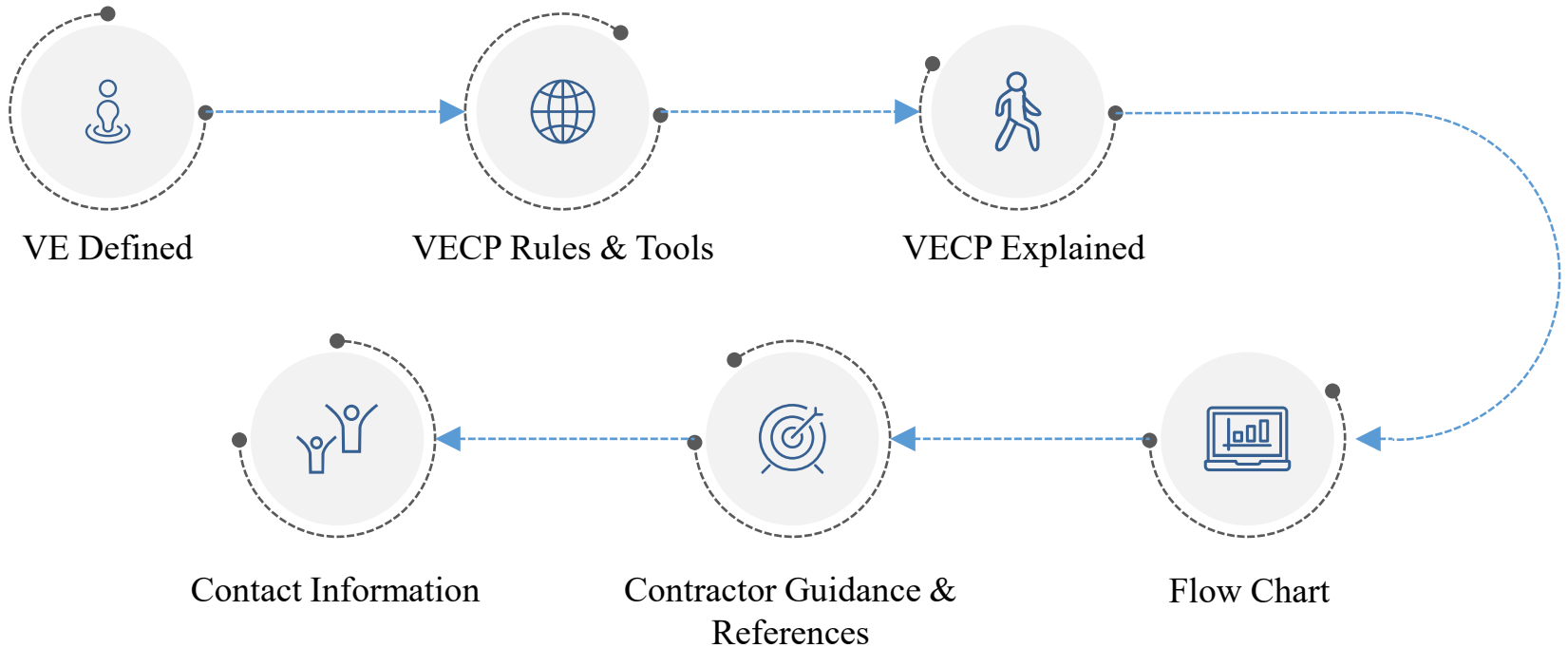




# OVERVIEW



## Value Management:





# What is VE? Value Engineering



An organized technique and effort to purchase:  
An essential function  
At the lower cost  
At the desired time and place  
Without degradation of

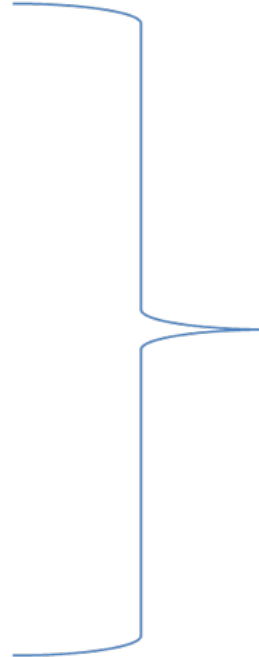
- Performance
- Quality
- Reliability
- Maintainability



# Visualizing Value Engineering



Customer needs to stir paint...



Which solution is most appropriate?





# VECP



## Value Engineering Change Proposal



Contractual method to share savings

- Contractor Initiated
- Improve DoD supplies and/or equipment
- Savings shared between Contractor and DoD
- Described in FAR Clause 52.248.1



Improvements include any price savings

- Process
- Materials
- Manufacturing Techniques

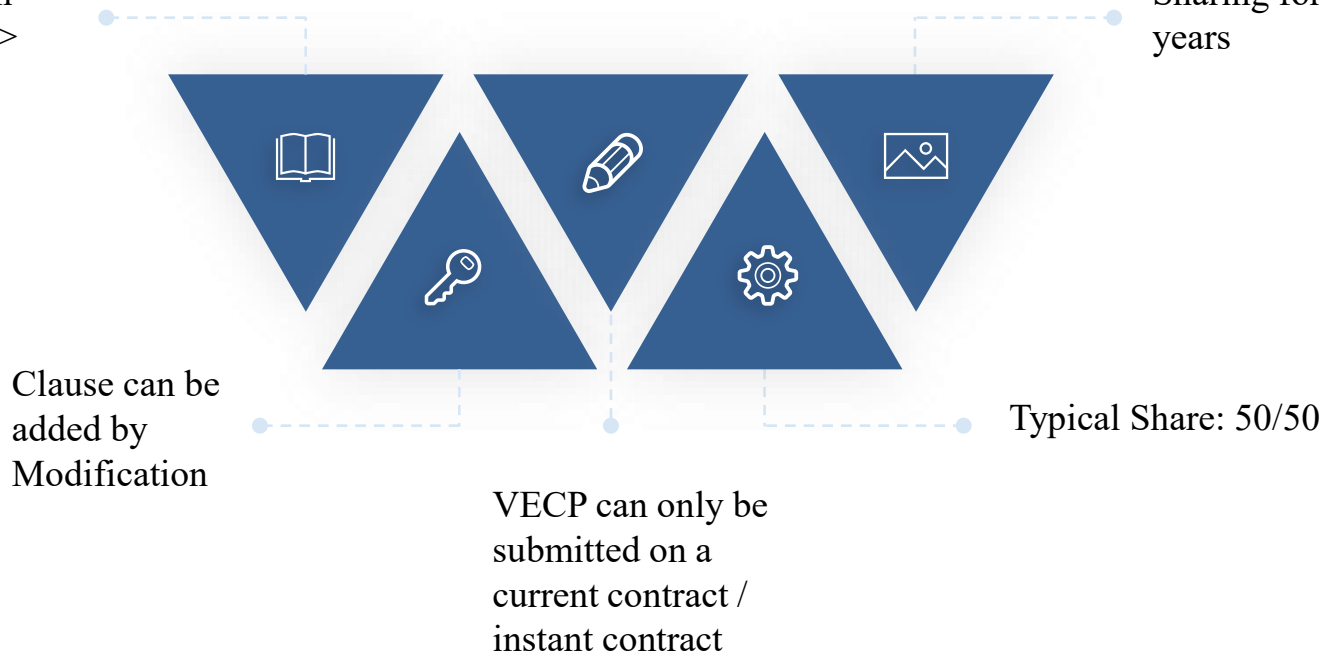


# Rules & Tools For VECPs



VECP Clause in  
DLA contracts >  
Simplified  
Acquisition  
Threshold

Sharing for 3-5  
years

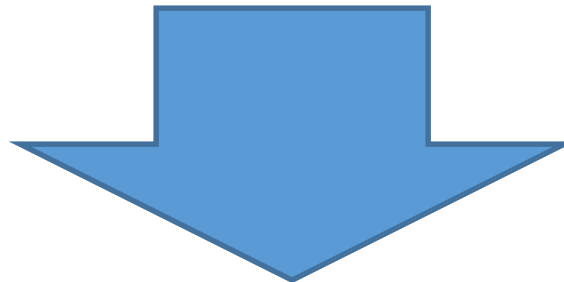




# VECP Clause Preparation



**As a minimum**, the Contractor shall include in each VECP the information described in paragraphs (c)(1) through (8) of this clause. If the proposed change is affected by contractually required configuration management or similar procedures, the instructions in those procedures relating to format, identification, and priority assignment shall govern VECP preparation. The VECP shall include the following:





# VECP Point One



- A description of the difference between the existing contract requirement and the proposed requirement
- The comparative advantages and disadvantages of each
- A justification when an item's function or characteristics are being altered
- The effect of the change on the end item's performance
- Any pertinent objective test data





# VECP Point One Continued



## Current Requirement



- Do:
  - Include pictures
  - Be descriptive

## Recommended Modification



- Don't:
  - Assume anything is common knowledge



# VECP Point Two



- A list and analysis of the contract requirements that must be changed if the VECP is accepted
  - Include any suggested specification revisions

- Do:
  - Cite specific language in Spec
  - Cite specific language in contract

INCH POUND

Document for Standardized Vecp coat  
Revised 7/30/99 to reflect changes per services. Vecp # 1998006, 1998007, 1998008, 1998009

A-A-XXXXX

(Proposed)  
COMMERCIAL ITEM DESCRIPTION

COAT, ALL-WEATHER, MEN'S AND WOMEN'S  
Army, Navy, Air Force, Marines, Coast Guard

The General Services Administration has authorized the use of this commercial item description for all Federal agencies.

1. **Scope.** This document covers the requirements for men's and women's all-weather coats made of water repellent-treated cloth, with a removable liner.

2. **Classification.** The coat shall be in the following classes and sizes:

Class 1 - Marine Corps Pewter 2246  
Class 2 - Army Black 385

- Don't:
  - Use generalizations
  - Forget reference docs



# VECP Point Three



- Identification of the unit to which the VECP applies



- Do:
  - Include PGC(s)
  - Include NSN(s)
  - Include Part Number(s)
- Don't:
  - Include items not on your contract



# VECP Point Four



- A separate, detailed cost estimate for:
  - The affected portions of the existing contract requirement and the VECP
  - The cost reduction associated with the VECP shall take into account the Contractor's allowable development and implementation costs, including any amount attributable to subcontracts under the Subcontracts paragraph of this clause





# VECP Point Four Continued



## A separate, detailed cost estimate

Current Process Cost

Minus

Recommended Process Cost

Equals

Cost Savings

- Do:
  - Fixed and variable costs
  - Provide details
- Don't:
  - Forget Contractor's allowable development and implementation costs



# VECP Point Five



- A description and estimate of costs the Government may incur in implementing the VECP
  - such as test and evaluation and operating and support costs
- Do:
  - Be specific
  - Include testing
- Don't:
  - Be afraid to list costs





# VECP Point Six



- A prediction of any effects the proposed change would have on collateral costs to the agency.



- Do:
  - Include savings otherwise
- Don't:
  - Just include costs



# VECP Point Seven



- A statement of the time by which a contract modification accepting the VECP must be issued in order to achieve the maximum cost reduction, noting any effect on the contract completion time or delivery schedule
- Do:
  - Try to provide date
  - Account for complexity
- Don't:
  - Assume that all requirement's will be accomplished by date provided







# VECP Point Eight



- Identification of any previous submissions of the VECP
- If there are previous submissions include:
  - The dates submitted
  - The agencies and contract numbers involved
  - Previous Government actions, if known
- Do:
  - Provide as much information as possible to help in locating file
  - Reach out to VM to verify previous submissions
- Don't:
  - Assume prior denial will result in future denial



# DSCP Form 1772



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**SUGGESTED FORMAT FOR VALUE ENGINEERING CHANGE PROPOSALS**

TO: \_\_\_\_\_ FROM (Contractor): \_\_\_\_\_

THE PROPOSAL DESCRIBED HEREIN (or attached hereto) IS SUBMITTED PURSUANT TO PROVISIONS OF THE VALUE ENGINEERING INCENTIVE CLAUSE WHICH FORMS A PART OF CONTRACT NUMBER \_\_\_\_\_

AWARDED TO \_\_\_\_\_ (Contract Number) FOR \_\_\_\_\_ (Item)

ON \_\_\_\_\_ (Contractor)

DATE \_\_\_\_\_ CONTRACTOR'S AUTHORIZED REPRESENTATIVE (Signature) \_\_\_\_\_

**SECTION CHIEF'S CERTIFICATION**

1. DESCRIPTION OF VALUE ENGINEERING CHANGE PROPOSAL FOR \_\_\_\_\_ (Item)

SPECIFICATION NUMBER \_\_\_\_\_

a. APPLICABLE REQUIREMENTS AS STATED IN CONTRACT  
 b. DESCRIPTION OF PROPOSED CHANGE  
 c. NARRATIVE DISCUSSION, ESTABLISHING THAT THE PROPOSAL DOES NOT ADVERSELY AFFECT QUALITY, PERFORMANCE OR RELIABILITY

2. SPECIFIC CONTRACTUAL MODIFICATIONS NEEDED TO IMPLEMENT THIS PROPOSAL. (Furnish proposed necessary additions and/or deletions to contractual provisions which will effect the change.)

3. COST ANALYSIS OF SAVINGS TO BE REALIZED FROM ADOPTION OF PROPOSAL.

a. FIXED COSTS:		TOTAL FIXED COST IF REQUIREMENTS ARE CHANGED AS OUTLINED IN ABOVE PROPOSAL
TOTAL FIXED COSTS INVOLVED IN MEETING PRESENT REQUIREMENTS	ENGINEERING	_____
_____	TOOLING	_____
_____	MACHINERY	_____
_____	TESTING	_____
_____	OTHER (Specify)	_____
b. VARIABLE COSTS:		COST (Per Unit) IF REQUIREMENTS ARE CHANGED AS OUTLINED IN ABOVE PROPOSAL
COSTS (Per Unit) INVOLVED MEETING PRESENT REQUIREMENTS	MATERIALS	_____
_____	LABOR	_____
_____	OVERHEAD	_____
_____	OTHER COSTS (Specify)	_____

ESTIMATED SAVINGS PER UNIT \_\_\_\_\_

4. TIME SCHEDULE WITHIN THE ABOVE VE CHANGE PROPOSAL SHOULD BE APPROVED IN ORDER TO EFFECT SPECIFIC SAVINGS ON THE CONTRACT:

DATE(S)	NUMBER OF UNITS ON WHICH SAVINGS WILL BE REALIZED
_____	_____
_____	_____

LAST CUT-OFF DATE ON WHICH NO SAVINGS WILL ACCRUE \_\_\_\_\_

DSCP FORM 1772, JAN 2010 PREVIOUS EDITION IS OBSOLETE PDF (DLA)

- If you have all 8 points covered in your submission form should be easy to fill out.
- Bare minimum of information required for processing of VECP



# Submission



SUBMIT



The Contractor shall submit VECP's to the Contracting Officer

- unless this contract states otherwise

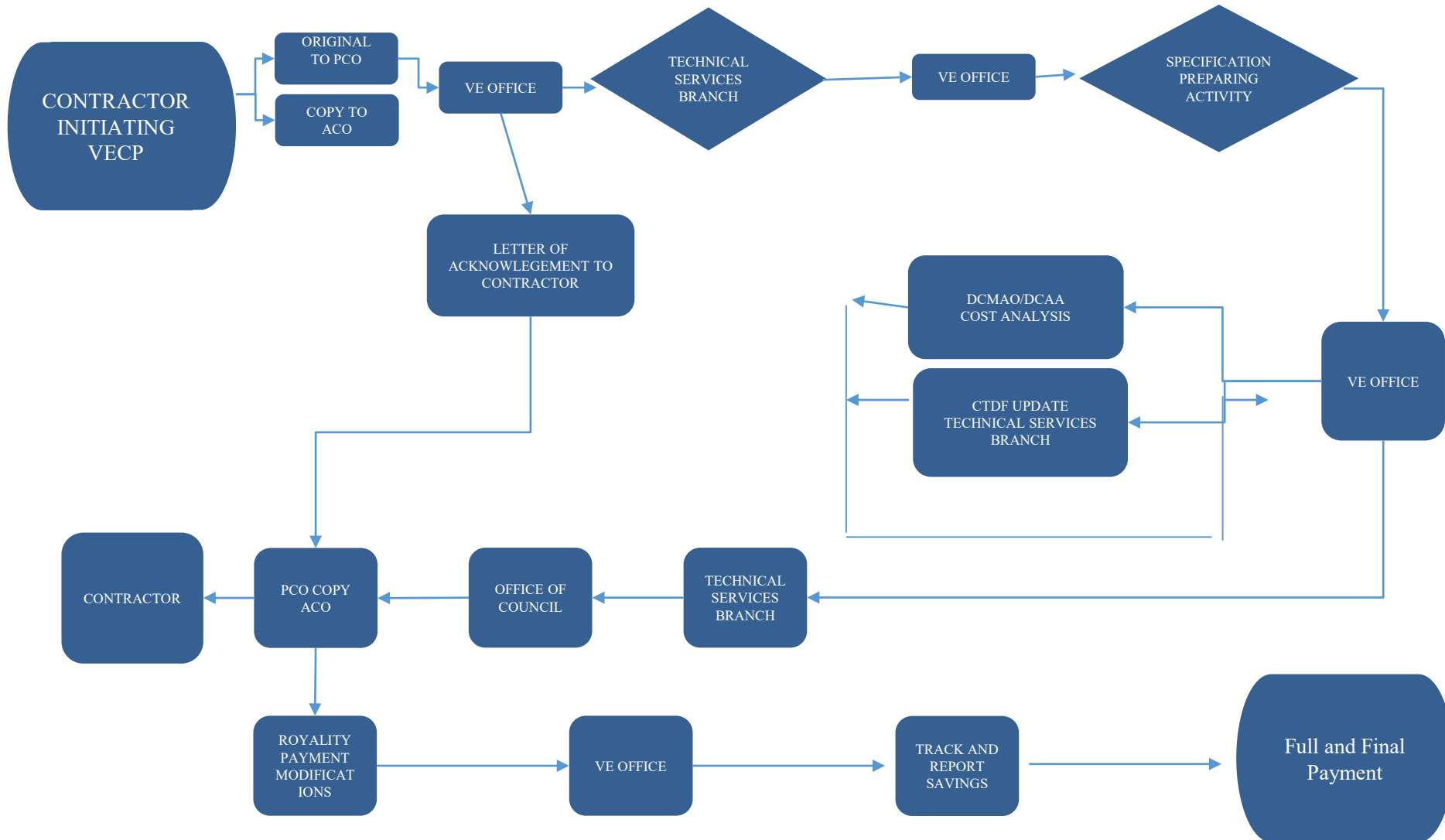


If the contract is administered by other than the contracting office

- The Contractor shall submit a copy of the VECP simultaneously to the Contracting Officer and to the Administrative Contracting Officer



# Flow Chart





# Value Engineering/Management References



## Instructions:

- DoDI 4245.14 Value Engineering
- DLAI 4245.01 Value Management
- DLAD 48.101

## FAR (Federal Acquisition Regulation):

- 48.201 Clauses for supply or service contracts

## Contract Clause

- 52.248-1 Value engineering
  - Prescribed by 48.201 on all contracts over SAT (Simplified Acquisition Threshold)



# Points of Contact

## **DLA Troop Support C&T Value Management Office**

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<http://www.dla.mil/TroopSupport/ClothingandTextiles/Value-Management/>