



DEFENSE LOGISTICS AGENCY
TROOP SUPPORT
700 ROBBINS AVENUE
PHILADELPHIA, PENNSYLVANIA 19111-5092

IN REPLY
REFER TO

DLA TROOP SUPPORT POLICY STATEMENT
NO. 5

FEB 07 2011

MEMORANDUM FOR ALL DIRECTORS

SUBJECT: DLA Troop Support Value Management (VM) Award Program

DLA Troop Support is required to maintain a Value Management (VM) program that analyzes the items we acquire and the logistics support we provide, with the goal of reducing costs and capturing savings associated with improved effectiveness. In order to promote employee participation and enhance our ability to achieve annual VM cost saving goals, a VM award program has been established.

The VM award program has two phases. The first phase offers recognition to individuals or groups that have identified a viable VM candidate project. This encourages participation by providing prompt acknowledgement and small awards are to be presented regardless of the project's ultimate savings. The next phase is designed to address the significance of the project. This phase considers many factors including, actual savings amount, impact to readiness and warfighter support and, relatedness to the job/position(s). Adoption of a VM suggestion and the significance of the savings will result in additional recognition and compensation commensurate with the VM impact on Troop Support operations. Furthermore, the DLA Troop Support VMARP compliments the Agency's "Million Dollar Savings" award program.

Your endorsement of this VMRP policy is appreciated. A timely and meaningful VM awards program will serve to motivate DLA Troop Support personnel and result in increased participation and actual cost savings. This will insure the VM program is an integral component of our "Efficiency Roadmap" and consistent with the Fiscal Year 2011 Director's Guidance regarding Resource Stewardship.

R.A. Ellis
Acting Commander

2 Attachments

DLA Troop Support Value Management Awards Process

Implementing the Awards Process

I. PURPOSE: To provide recognition and awards to DLA Troop Support personnel who apply Value Management concepts to the items we acquire and/or the logistics support we provide, resulting in reduced cost and/or improved effectiveness.

II. POLICY:

- A. The Value Management Awards Program applies to all DLA Troop Support personnel other than VM Program Managers (PM) or related staff members.
- B. VM Proposals eligible for awards must result in improvement to the value of systems, equipment, facilities, services, or supplies, if the suggested proposal is implemented. It will be shown to improve quality, reduce cost, or improve schedules.
- C. An award nomination shall be processed for a VM Proposal submitted, reviewed and determined to be a valid VM Project (Phase I) with the potential for savings and/or improvements. Next, valid VM Projects that are ultimately adopted, resulting in actual savings and/or improvements (Phase II) are eligible for an additional award. Lastly, any DLA employee other than VM staff members contributing to the VM program by accumulating over one million dollars in VM savings shall be nominated for the DLA Million Dollar Club award.
- D. An audit trail will be maintained by VM Program Offices in each Supply Chain and will include written evidence that the individual (s) submitting nominations expended effort over and above that which would be expected in the normal accomplishment of their duties, and at least one of the major disciplines (cost analysis, functional analysis, or evaluation of worth) was applied.
- E. VM awards will be submitted on a DLA Form 2822 for processing after documentation verifying the VM savings has been completed by the VM PM and senior staff. The award may be submitted for an individual or for a group. A group award will be apportioned to the nominees equally or in pro rata shares, as determined by evaluating officer.
- F. Employees may submit savings proposals or ideas only to one Supply Chain (SC) VM Program Office. If identical proposals are received (under the same or different programs), only the proposal received first will be compensated.

III. PROCEDURES:

- A. PHASE I BEGINS - Employees should discuss their ideas and proposals with the SC VM PM.
- B. The SC VM PM will identify the potential savings and benefits of implementing the idea.
- C. The SC VM PM and employee will prepare the VM Proposal via DSCP Form 2822.
- D. The proposal is submitted for review to the Troop Support VM PM.

- E. The Troop Support VM PM will determine if the VM Proposal meets the VM Awards Program criteria. (At this point, the proposal can be sent back for revisions, in which case, the Phase I process will begin again at A., above. Rejected projects will no longer be considered.)
- F. A proposal approved by the Troop Support VM PM will be submitted to the SC Director or Deputy Director for approval. (At this point, the proposal can be sent back for revisions, in which case, the Phase I process will begin again at A., above. Rejected projects will no longer be considered.)
- G. PHASE I ENDS - A proposal approved by the SC Director or Deputy Director will result in the implementation of a VM Project. The SC VM PM will establish the VM Project and monitor the progress and savings. At this time, the impacted SC shall consider processing an On-the-Spot Award (OTSA) of \$150 for distribution to the employee(s) submitting the proposal.
- H. PHASE II BEGINS – The SC VM PM conducts an analysis/study of potential savings and benefits of the VM Project, at a time determined appropriate by the SC or Program.
- I. The SC VM PM performs the actions proposed in the VM Project and measures the results.
- J. The SC VM PM prepares the DSCP Form 4028, reporting the savings realized from implementing the VM Project.
- K. The SC VM PM validates the actual savings and benefits.
- L. The Troop Support VM PM will review the savings realized. (At this point, the proposal can be sent back for revisions, in which case, the Phase II process will begin again at H., above. Projects rejected due to lack of cost savings will no longer be considered.)
- M. At this point, the VM Project Proposal Process is complete. An OTSA or Special Act or Service Award (SAS) is processed by the SC for the VM Project submitter(s). DLA HQ will process the Million Dollar Club Award if applicable.
- N. The SC VM PM conducts all follow-on actions for the VM Project.
- O. The SC VM PM monitors and records all actions associated with the VM Project.
- P. PHASE II ENDS – VM Project is complete.

Awards and Recognition

As Phase I of the VM Awards Program Process identifies a viable VM candidate project, there will be prompt recognition for submission of a viable project. An award of \$150 is recommended for individual(s) responsible for developing a viable VM Project idea.

Phase II of the award recognition process will focus on rewarding employees for their efforts in a successful VM Project. DLA Troop Support will issue awards to Troop Support employees to compliment the DLA HQ Million Dollar Club awards program, which is already in place. The amount of the award will be determined by the total savings and significance of the

benefits to strategic focus areas (i.e. Warfighter Support, Stewardship and Workforce Development) incurred from implementing the VM Project. The following chart is provided for guidance in determining award amounts.

BENEFITS* / SAVINGS	AWARD AMOUNT
Low / < \$1,000,000	\$250 to \$450
Low / < \$10,000,000	\$250 to \$450
Low / > \$10,000,000	\$250 to \$450
Medium / < \$1,000,000	\$450 to \$1,000
Medium / < \$10,000,000	\$450 to \$1,000
Medium / > \$10,000,000	\$450 to \$1,000
High / < \$1,000,000	Up to \$5,000
High / < \$10,000,000	Up to \$5,000
High / > \$10,000,000	Up to \$5,000

*** Benefits:**

Low – limited impact to strategic focus area(s); involves single activity/process

Medium – moderate impact to strategic focus area(s); affects DLA Troop Support

High – significant impact to strategic focus area(s); Agency level or broader scope

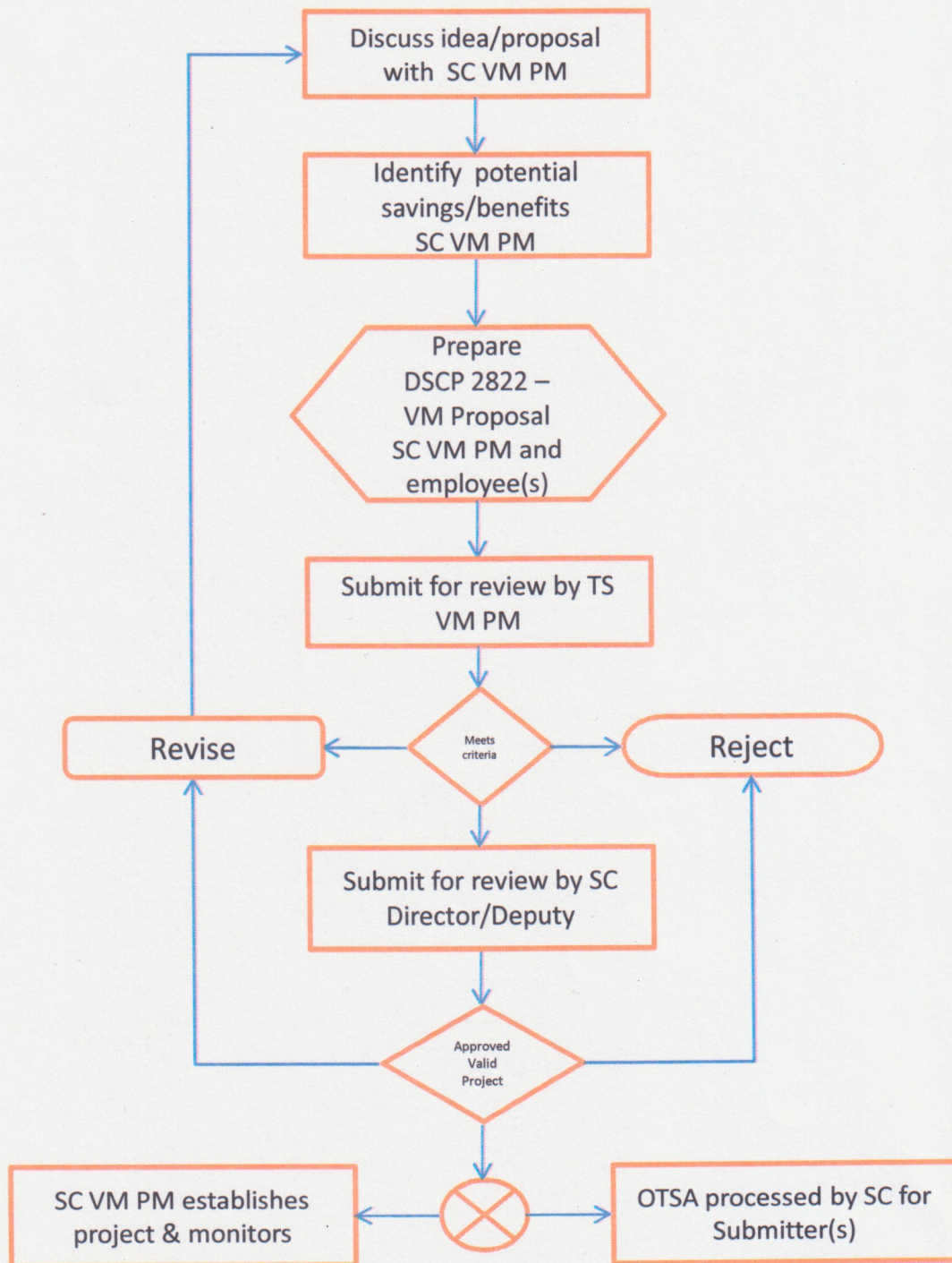
NOTES:

- (1) The above award amounts are based on the benefit and savings of an implemented VM Project submitted by a group or individual. For recognizing a group, it is recommended that the award is apportioned equally or in pro rata shares, as determined by approving officials.
- (2) Approving official(s) may choose to award an amount above or below the amounts listed above commensurate with the resulting benefits and savings.

Troop Support Value Management Program

In-house VM Proposal

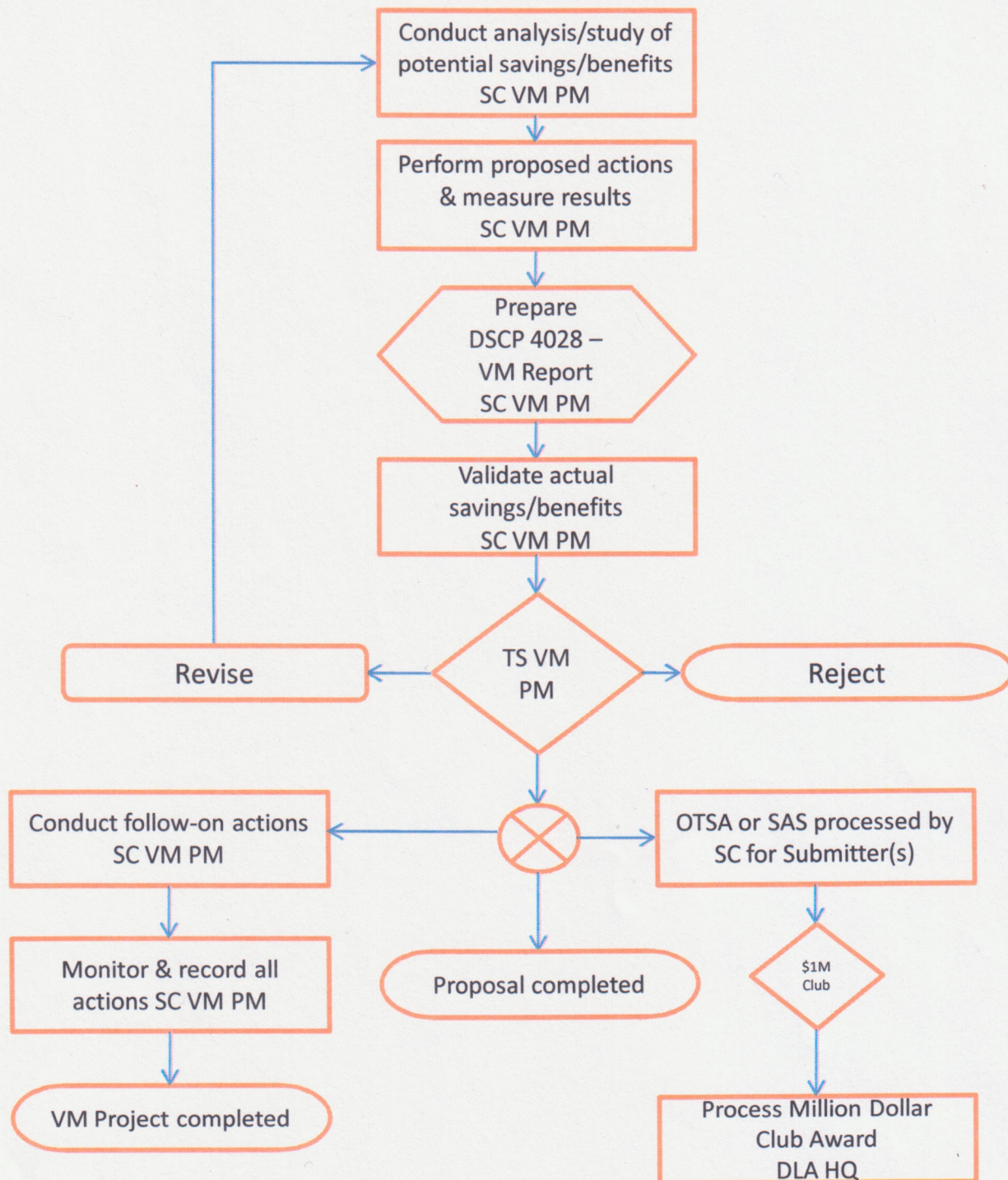
Phase I



Troop Support Value Management Program

In-house VM Proposal

Phase II



DSCP Value Management Program
DOD In-House Value Engineering or Value Management Proposal (VEP) (VMP)

Description (Item, Initiative, Process, Program, Service or Nomenclature)	Date	Project No.
		National Stock Number (NSN) if applicable:
Technical Data Sources (Specifications, Drawing No., Articles, etc.)		
Initiator(s)	Office	Telephone extension
Concept before proposal applied (Describe original status and function, contract, etc.) Please attach paper if additional space is needed.		
Proposed Concept After VE or VM applied. (Describe proposed change and the basis for overall cost, including other benefits. Attach additional supporting information, if available, to explain proposal. Please attach paper if additional space is needed.)		
Unit cost before proposal	Unit cost before after proposal (estimated)	
Estimated Net Savings	Annual Demand (if Known and or applicable)	
DSCP Supply Chain VM Program Manager: (Please print name & sign) <input type="checkbox"/> Approved initial phase <input type="checkbox"/> Disapproved initial phase		Date:
DSCP Supply Chain VM Program Manager's Supervisor: (Please print name & sign) <input type="checkbox"/> Approved initial phase <input type="checkbox"/> Disapproved initial phase		Date:
DSCP VM Program Director: (Please print name & sign) <input type="checkbox"/> Approved initial phase <input type="checkbox"/> Disapproved initial phase		Date:
DSCP Supply Chain Division Chief: (Please print name & sign) <input type="checkbox"/> Approved initial phase <input type="checkbox"/> Disapproved initial phase		Date: