

A Business Process Analysis of the Surface Navy's Depot Maintenance Program



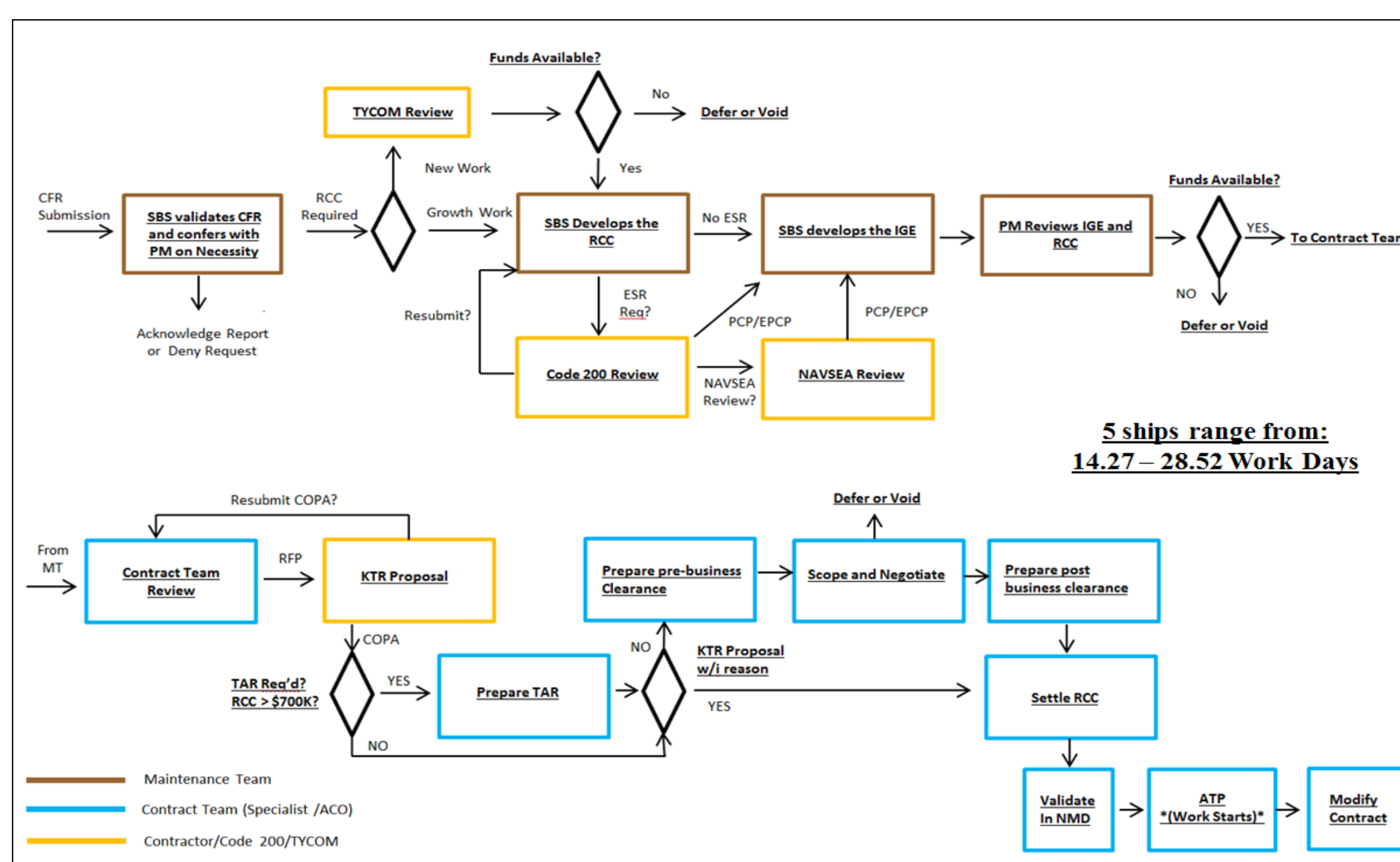
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Overview

To maintain the Surface Fleet, the Navy spent approximately \$7.2 billion in FY2015 and requested \$7.8 billion for FY2016. In response to years of costs overruns and missed deadlines, the Navy wants to make better use of these funds by shifting from executing Multi-Ship Multi-Option Contracts with cost-plus fee types to Multi-Award contracts with fixed-price fees. The new contract choice will increase competition and shift risk to the contractor. This thesis conducts an in-depth analysis of the contract change process during execution of depot maintenance availabilities using five ships as case studies.



San Diego Naval Shipyard (BAE Systems)



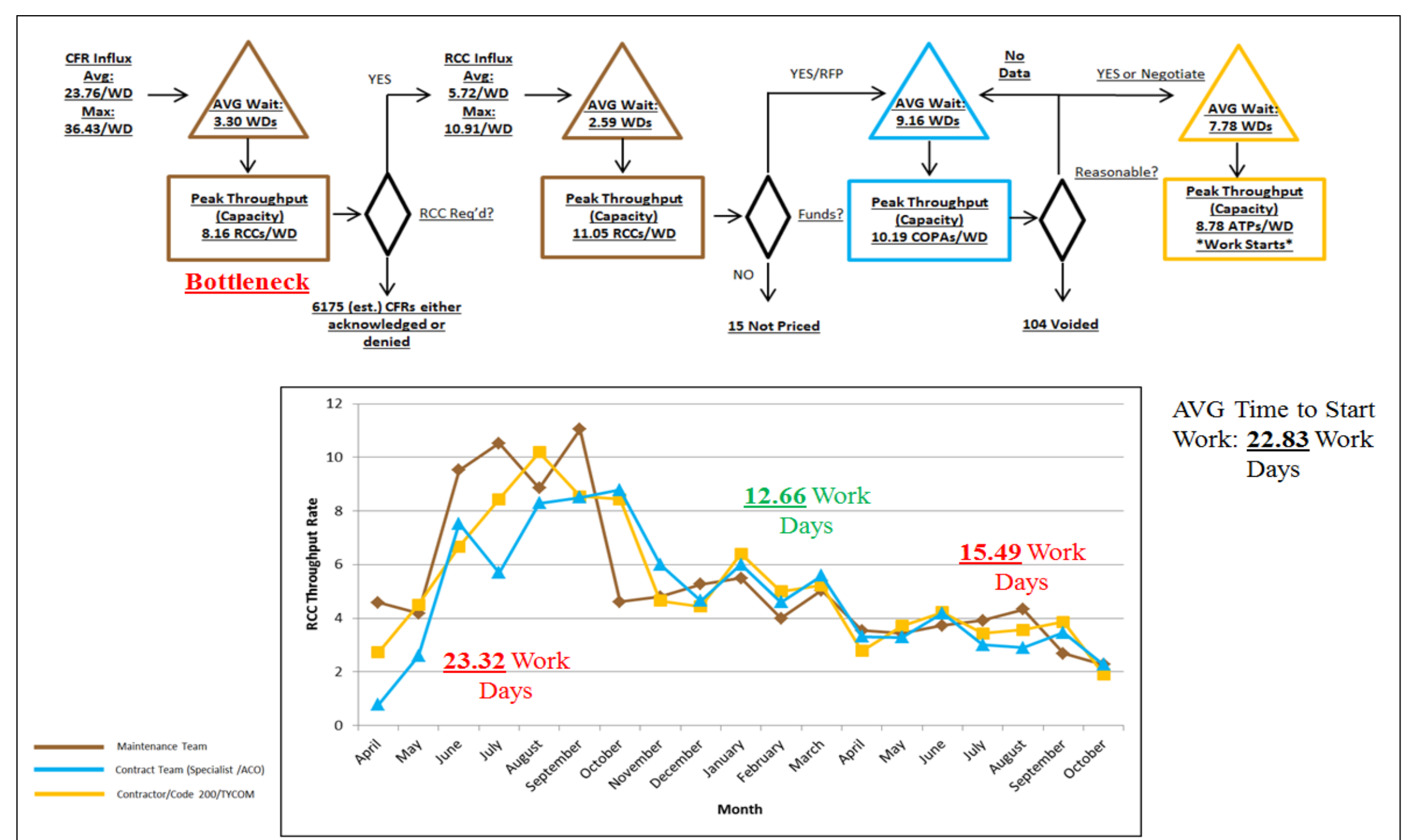
Complete Map of the Contract Change Order Process

Research Questions

- Is the Navy prepared to shift to a new contract strategy?
- What is the best means for reducing cost and maintaining schedule?

Methods

- Lean Six Sigma – The change order process is treated like a manufacturing process and Lean principles are used to identify inefficiencies and recommend solutions
- Buyer-Supplier Relationships – Parallels are drawn between Depot Maintenance and studies of 1980's Automakers establishing best practices and tenants of effective relationships.



Sample case study process analysis

Recommendations

- Increase Contractor Cooperation
- Increase Capacity at the Bottleneck
- Coordinate "Level of Effort"
- Reduce Defects
- Utilize Available Talent

Conclusions

The thesis concludes that process improvement is required, as a basis for estimating costs and accurately articulating complex requirements, before shifting to a new contract strategy. In addition, improving the working relationship with the contractor is paramount to process improvement.