



Office of the Under Secretary of War (Comptroller)

Large Lot Procurement for Munitions Acceleration

A Novel Acquisition Typology to Catalyze a Defense-Industrial
Renaissance

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Agenda



- **The Need for Acquisition Transformation**
- **Overview and Brief History**
- **Implementation Considerations**
- **Recent Policy**
- **Why It Works**
- **Applications**
- **Lessons Learned and Conclusion**

The Need for Acquisition Transformation



How do we get from here:

Bottlenecks Threaten to Thwart Pentagon's Missile Demands

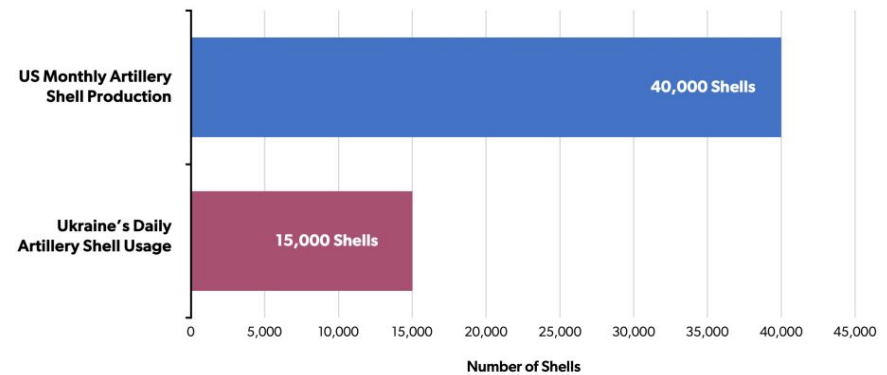
THE CRUMBLING FOUNDATION OF AMERICA'S MILITARY

The U.S. failed to produce weapons and ammunition fast enough to supply Ukraine. Could it equip its own armed forces in the event of war?

America's Munitions Crisis Is Real

By Mackenzie Eaglen
National Security Journal

US Artillery Production vs. Ukraine's Peak Daily Usage



Source: Mackenzie Eaglen and Brady Africk, "The U.S. Can't Handle a War," *The New York Times*, May 1, 2025, <https://www.nytimes.com/2025/05/01/opinion/us-military-weapons-war.html>.

To here?

Pentagon Pushes to Double Missile Production for Potential China Conflict

Military leaders are urging defense contractors to increase assembly of 12 critical weapons

Overview



Main Points

- First proposed in FY24 President's Budget
- Large Lot Procurement (LLP) is a derivative of Multiyear Procurement (MYP) and, to a lesser extent, Block Buy Contracting (BBC)
 - It is a conceptual descendent of past approaches such as the Weapon Systems Acquisition Reform Act of 2009 (WSARA) and “Better Buying Power,” an initiative first started by Frank Kendall in 2009-2010
- It has the potential to (1) ameliorate many of the problems facing weapons production, including supply chain challenges and delays on long lead time components; (2) meet goals of entities like the MAC; and (3) respond to Congressional and Administration interest in acquisition reform
- Utilizes existing authorities in a new way



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NOV - 7 2025

MEMORANDUM FOR SENIOR PENTAGON LEADERSHIP
COMMANDERS OF THE COMBATANT COMMANDS
DEFENSE AGENCY AND DOW FIELD ACTIVITY DIRECTORS

SUBJECT: Transforming the Defense Acquisition System into the Warfighting Acquisition System to Accelerate Fielding of Urgently Needed Capabilities to Our Warriors

What is Large Lot Procurement?



- LLP consists of parallel, overlapping and concurrent MYP contracts
- Production rates/sequence are phased to:
 - Create synergy across production lines
 - Maximize capacity across Original Equipment Manufacturers' (OEM) and sub-contractors' supply chains
- End items are procured at Economic Order Quantity (EOQ) to minimize ordering costs
 - In other words, production quantities are set to the level of the optimum (lowest) total variable cost to buy and hold inventory of final products
- Most importantly, savings derived from contracting efficiencies are reinvested to procure additional munitions (“buy-to-budget”)

Comparison with Multiyear Procurement (MYP)



- Compared to MYP, LLP has the following additional features:
 - Commonality of covered programs/munitions
 - Procurement quantities are fixed for the life of the contract at full Economic Production Rate
 - Dedicated funding is set aside for Defense Industrial Base (DIB) needs
 - Well-funded Economic Order Quantity (EOQ)
 - Allows for financing of weapons components across the entire or portion of the MYP contract



- In the proposed FY 2024 pilot, the munitions for proposal (not enacted):
 - AGM-158B JASSM-ER (Lockheed)
 - AGM-158C LRASM (Lockheed)
 - RIM-174 (SM-6) (Raytheon)
 - AIM-120D AMRAAM (Raytheon)
- Critically, the LLP portfolio leverages commonality between covered weapons systems:
 - JASSM-ER and LRASM are both assembled in Troy, AL. They share a common set of sub-contractors, raw materials, tools, etc.
 - SM-6 and AMRAAM are both assembled in Tucson, AZ
- Proposal can include munitions that lack commonality, but its utility is maximized with systems that share parts and assembly lines

Issues and Challenges



- Internal issues/concerns for LLP:
 - Funding is locked across the contract period, thus reducing overall financial flexibility
 - Financing commitments are legally binding for the government
 - May be viewed with suspicion as a departure from typical financing and contracting practices
 - Robust and continuing buy-in and support from leadership will be needed through the entire rollout and execution process

Congressional & External Concerns



- Disconnect between appropriators and authorizers
 - Support in a future NDAA does not necessarily mean that appropriation committees will provide sufficient funds
 - Appropriation committees will also need to provide dedicated funds
- While MYP is well understood by congressional oversight committees, LLP has been viewed with skepticism
 - In other words, why try this new approach when we're already investing significant resources into production?
 - Will the effort to implement this new approach pay off? Is the marginal utility sufficient to justify?

Benefits



- Upfront financing to meet EOQ allows Original Equipment Manufacturers (OEM), Tier II and Tier III subcontractors to:
 - Invest in long lead-time components, and
 - Proactively plan for potential production constraints.
 - While this requires additional funding upfront, there are significant downstream benefits on both production rate and per-unit costs.
- Dedicated industrial base funding further addresses longstanding issues.
 - Original pilot proposal provided funding for:
 - Solid Rocket Motors
 - Small Gas Turbine engines
 - Ball Bearings
 - Missile Control Actuators
 - Missile Antennas

Why It Works



- LLP succeeds because it solves a *coordination problem* between the government and contractors.
- Both parties will benefit from reforms that increase munitions production, but:
 - Doing nothing (status quo) is still beneficial, if sub-optimal
 - Change requires credible commitment that the other party will make the required changes
- LLP's provisions and legal framework serve as a credible signal for both sides that is required to make munitions procurement reform successful.

Recent Policy and Its Relevance



- Over the past several months, the DoW and vendors have been announcing agreements, deals, and investments aimed at increasing production of current munitions, improving the industrial base and supply chain, etc.
- This indicates a recognition of LLP's benefits and a vindication of its thesis.
- However, legislation is required to solidify the benefits of this approach beyond any series of deals.

Operational Impacts

- LLP provides a way to match the delta between (1) current inventory and production rate, and (2) the Joint Staff's Global Floor (GF) and Total Munitions Requirements (TMR) metrics
- It directly addresses lost capacity and facility modernization shortfalls on Tier II and III levels
- It is particularly beneficial given the need to increase production & funding being set aside to achieve that

Racing Against Time: Realizing a True Defense Industrial Enterprise

GEN. (RET.) CQ BROWN, JR.

November 5, 2025



Meeting the MAC



Call to Action: Munitions Acceleration

The July 30, 2025 Deputy Secretary memorandum, Optimizing DoD Acquisition to Accelerate Delivery of Critical Munitions, highlights the importance of speed in strengthening our military position, surging to meet needs, and supporting the warfighter. The memorandum challenges us all to “increase the pace at which we develop, produce, and field critical munitions.”

Your contracting functional leadership is leading an Acquisition Policy and Optimization effort aligned with this call to action. You can help support this in two ways: **leverage existing authorities** to support munitions buys where it fits your business case, and **share your ideas for improvements**.

- LLP actualizes the MAC’s goals under constrained resources:
 - Pilot proposal predicted production increases at 10% above notional budget, for:
 - +101 SM-6 AURs (1,106 vs. 1,005 originally)
 - +256 AMRAAM AURs (2,812 vs. 2,556 originally)
 - +76 LRASM AURs (839 vs. 763 originally)
 - +348 JASSM-ER AURs (3,832 vs. 3,484 originally)
- LLP is a straightforward modification of a well-understood contracting typology that would permit further accelerated munitions production

Large Lot Beyond Munitions



- Defense articles that could benefit from LLP have:
 - Shared intermediary components
 - Diminished manufacturing sources and supply chain challenges
 - Repeatable and mass producible end items
 - Assembly of multiple systems at shared locations and/or contractor facilities
- Small satellites and spacecraft components, radars and sensors, and turbines and rocket engines share these attributes and therefore could also benefit from LLP.

Conclusion



- LLP is an improvement upon conventional MYP
- It allows for increased production(speed and quantity) without additional resources
- Also provides foundational support directly to the DIB
- Concerns generally center around buy-in and political support