UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON WASHINGTON, DC 20301-3010

SEP 1 7 2013

Ms. Marillyn A. Hewson

Chief Executive Officer and President

Lockheed Martin Corporation

6801 Rockledge Dr.

Bethesda, MD 20817

Dear Ms. Hewson,

Thank you for your comments on the November 20, 2012, Better Buying Power (BBP) 2.0 memorandum and suggestions on specific ways to achieve greater efficiency and productivity in defense spending. One of my top BBP priorities is to identify, analyze, and assess Department of Defense (DoD)-related statutes, policies, processes, and practices for which costs potentially outweigh benefits. As stated in the original September 10, 2010, BBP guidance, our aim is to unwind duplicative and overly rigorous requirements that add to costs but do not add to quality of product or timeliness of delivery and, in so doing, achieve a decline in the overhead that is charged to the Department by our industrial base.

Enclosed is a list of DoD- and statutorily-imposed requirements that industry indicated can be implemented more effectively. The purpose of this letter is to solicit your company's support for a DoD-led effort to conduct a cost-benefit analysis of this list of requirements to inform law- and policy-makers whether such requirements should be changed or eliminated. We request that our industry participants identify a specific program or programs for which they are willing to provide data to quantify the cost of as many of these requirements as is practical. Obtaining substantiated actual costs is vital to attaining legislative and DoD support for contemplated changes. Any data submitted in response to this request will not be treated as proprietary information. In addition, we would appreciate your support in identifying negative impacts, outcomes, or inconsistent application of the requirements listed in the enclosure.

Your participation in this effort is appreciated, and we look forward to a continued exchange of ideas. My point of contact is Dr. Mark Husband, Performance Assessment and Root Cause Analyses, at 571-256-1686 or david.m.husband.civ@mail.mil.

Sincerely,

Enclosure:

As stated

Frank Kendall

UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON WASHINGTON, DC 20301-3010

SEP 1 7 2013

Mr. W. James McNerney, Jr. Chairman and Chief Executive Officer The Boeing Company

100 N. Riverside Plaza/

Chicago, IL 60606

Dear Mr. McNerney,

Thank you for your comments on the November 20, 2012, Better Buying Power (BBP) 2.0 memorandum and suggestions on specific ways to achieve greater efficiency and productivity in defense spending. One of my top BBP priorities is to identify, analyze, and assess Department of Defense (DoD)-related statutes, policies, processes, and practices for which costs potentially outweigh benefits. As stated in the original September 10, 2010, BBP guidance, our aim is to unwind duplicative and overly rigorous requirements that add to costs but do not add to quality of product or timeliness of delivery and, in so doing, achieve a decline in the overhead that is charged to the Department by our industrial base.

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Sincerely,

Enclosure: As stated

Frank Kendall

ACQUISITION. TECHNOLOGY

UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON WASHINGTON, DC 20301-3010

SEP 1 7 2013

Ms. Phebe N. Novakovic Chairman and Chief Executive Officer General Dynamics Corporation 2941 Fairview Park Dr. Ste. 100 Falls Church, VA 22042

Dear Ms. Novakovic,

Thank you for your comments on the November 20, 2012, Better Buying Power (BBP) 2.0 memorandum and suggestions on specific ways to achieve greater efficiency and productivity in defense spending. One of my top BBP priorities is to identify, analyze, and assess Department of Defense (DoD)-related statutes, policies, processes, and practices for which costs potentially outweigh benefits. As stated in the original September 10, 2010, BBP guidance, our aim is to unwind duplicative and overly rigorous requirements that add to costs but do not add to quality of product or timeliness of delivery and, in so doing, achieve a decline in the overhead that is charged to the Department by our industrial base.

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Sincerely,

Frank Kendall

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3010 DEFENSE PENTAGON WASHINGTON, DC 20301-3010

SEP 1 7 2013

Mr. William H. Swanson Chairman and Chief Executive Officer Raytheon Company 870 Winter St. Waltham, MA 02451

Dear Mr. Swanson,

Thank you for your comments on the November 20, 2012, Better Buying Power (BBP) 2.0 memorandum and suggestions on specific ways to achieve greater efficiency and productivity in defense spending. One of my top BBP priorities is to identify, analyze, and assess Department of Defense (DoD)-related statutes, policies, processes, and practices for which costs potentially outweigh benefits. As stated in the original September 10, 2010, BBP guidance, our aim is to unwind duplicative and overly rigorous requirements that add to costs but do not add to quality of product or timeliness of delivery and, in so doing, achieve a decline in the overhead that is charged to the Department by our industrial base.

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Sincerely,

Frank Kendall

Enclosure: As stated

UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON WASHINGTON, DC 20301-3010

SEP 1 7 2013

Mr. Wes Bush Chairman, Chief Executive Officer. and President Northrop Grumman Corporation 2980 Fairview Park Drive Falls Church, VA 22042

Dear Mr. Bush.

Thank you for your comments on the November 20, 2012, Better Buying Power (BBP) 2.0 memorandum and suggestions on specific ways to achieve greater efficiency and productivity in defense spending. One of my top BBP priorities is to identify, analyze, and assess Department of Defense (DoD)-related statutes, policies, processes, and practices for which costs potentially outweigh benefits. As stated in the original September 10, 2010, BBP guidance, our aim is to unwind duplicative and overly rigorous requirements that add to costs but do not add to quality of product or timeliness of delivery and, in so doing, achieve a decline in the overhead that is charged to the Department by our industrial base.

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Sincerely,

Frank Kendall

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UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON WASHINGTON, DC 20301-3010

SEP 1 7 2013

Mr. Michael T. Strianese Chairman, President, and Chief Executive Officer

L-3 Communications Corporation

600 Third Avenue

New York, NY 10016

Dear Mr. Strianese.

Thank you for your comments on the November 20, 2012, Better Buying Power (BBP) 2.0 memorandum and suggestions on specific ways to achieve greater efficiency and productivity in defense spending. One of my top BBP priorities is to identify, analyze, and assess Department of Defense (DoD)-related statutes, policies, processes, and practices for which costs potentially outweigh benefits. As stated in the original September 10, 2010, BBP guidance, our aim is to unwind duplicative and overly rigorous requirements that add to costs but do not add to quality of product or timeliness of delivery and, in so doing, achieve a decline in the overhead that is charged to the Department by our industrial base.

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Sincerely,

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Frank Kendall

UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON WASHINGTON, DC 20301-3010

SEP 1 7 2013

Mr. Louis R. Chênevert Chairman and Chief Executive Officer United Technologies Corporation United Technologies Building Hartford, CT 06101

Dear Mr. Chênevert

Thank you for your comments on the November 20, 2012, Better Buying Power (BBP) 2.0 memorandum and suggestions on specific ways to achieve greater efficiency and productivity in defense spending. One of my top BBP priorities is to identify, analyze, and assess Department of Defense (DoD)-related statutes, policies, processes, and practices for which costs potentially outweigh benefits. As stated in the original September 10, 2010, BBP guidance, our aim is to unwind duplicative and overly rigorous requirements that add to costs but do not add to quality of product or timeliness of delivery and, in so doing, achieve a decline in the overhead that is charged to the Department by our industrial base.

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Sincerely,

Frank Kendall

UNDER SECRETARY OF DEFENSE



3010 DEFENSE PENTAGON WASHINGTON, DC 20301-3010

SEP 1 7 2013

General John P. Jumper, USAF (Ret.) Chairman and Chief Executive Officer SAIC, Inc. 1710 SAIC Drive

Dear General Jumper,

McLean, VA 22102

Thank you for your comments on the November 20, 2012, Better Buying Power (BBP) 2.0 memorandum and suggestions on specific ways to achieve greater efficiency and productivity in defense spending. One of my top BBP priorities is to identify, analyze, and assess Department of Defense (DoD)-related statutes, policies, processes, and practices for which costs potentially outweigh benefits. As stated in the original September 10, 2010, BBP guidance, our aim is to unwind duplicative and overly rigorous requirements that add to costs but do not add to quality of product or timeliness of delivery and, in so doing, achieve a decline in the overhead that is charged to the Department by our industrial base.

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Sincerely,

Frank Kendall

Enclosure: As stated 7 MJ. M.

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SEP 1 7 2013

Mr. Mike Petters President and Chief Executive Officer Huntington Ingalls Industries Communications 4101 Washington Ave. Newport News, VA 23607

Dear Mr. Petters.

Thank you for your comments on the November 20, 2012, Better Buying Power (BBP) 2.0 memorandum and suggestions on specific ways to achieve greater efficiency and productivity in defense spending. One of my top BBP priorities is to identify, analyze, and assess Department of Defense (DoD)-related statutes, policies, processes, and practices for which costs potentially outweigh benefits. As stated in the original September 10, 2010, BBP guidance, our aim is to unwind duplicative and overly rigorous requirements that add to costs but do not add to quality of product or timeliness of delivery and, in so doing, achieve a decline in the overhead that is charged to the Department by our industrial base.

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Frank Kendall

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As stated

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UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON WASHINGTON, DC 20301-3010

SEP 1 7 2013

Mr. David M. Cote Chairman and Chief Executive Officer Honeywell International Inc 101 Columbia Rd. Morristown, NJ 07962

Dear Mr. Cote,

Thank you for your comments on the November 20, 2012, Better Buying Power (BBP) 2.0 memorandum and suggestions on specific ways to achieve greater efficiency and productivity in defense spending. One of my top BBP priorities is to identify, analyze, and assess Department of Defense (DoD)-related statutes, policies, processes, and practices for which costs potentially outweigh benefits. As stated in the original September 10, 2010, BBP guidance, our aim is to unwind duplicative and overly rigorous requirements that add to costs but do not add to quality of product or timeliness of delivery and, in so doing, achieve a decline in the overhead that is charged to the Department by our industrial base.

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Frank Kendall

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3010 DEFENSE PENTAGON WASHINGTON, DC 20301-3010

SEP 1 7 2013

Dr. Ralph W. Shrader

Chairman, Chief Executive Officer and President

Booz Allen Hamilton, Inc.

8283 Greensboro Dr.

McLean, VA 22102

Dear Dr. Shrader,

Dear Dr. Shrader,

Thank you for your comments on the November 20, 2012, Better Buying Power (BBP) 2.0 memorandum and suggestions on specific ways to achieve greater efficiency and productivity in defense spending. One of my top BBP priorities is to identify, analyze, and assess Department of Defense (DoD)-related statutes, policies, processes, and practices for which costs potentially outweigh benefits. As stated in the original September 10, 2010, BBP guidance, our aim is to unwind duplicative and overly rigorous requirements that add to costs but do not add to quality of product or timeliness of delivery and, in so doing, achieve a decline in the overhead that is charged to the Department by our industrial base.

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UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON WASHINGTON, DC 20301-3010

SEP 1 7 2013

Mr. Anthony Smeraglinolo President and Chief Executive Officer **Engility Corporation** 3750 Centerview Drive

Chantilly, VA 20151

Dear Mr. Smeraglinolo,

Thank you for your comments on the November 20, 2012, Better Buying Power (BBP) 2.0 memorandum and suggestions on specific ways to achieve greater efficiency and productivity in defense spending. One of my top BBP priorities is to identify, analyze, and assess Department of Defense (DoD)-related statutes, policies, processes, and practices for which costs potentially outweigh benefits. As stated in the original September 10, 2010, BBP guidance, our aim is to unwind duplicative and overly rigorous requirements that add to costs but do not add to quality of product or timeliness of delivery and, in so doing, achieve a decline in the overhead that is charged to the Department by our industrial base.

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Requirements to be Examined

Department of Defense (DoD)-imposed Requirements:

- 1. Government-unique clauses for procurement of commercial items based on Federal Acquisition Regulation (FAR) Part 12.
- 2. Contract auditing under FAR Part 42.1 (Defense Contract Audit Agency) or FAR 42.11 (Defense Contract Management Agency): concurrent auditing of systems and incurred costs; streamlined audit processes and enterprise-wide negotiations to better meet acquisition timelines; and eliminating audit backlogs.
- 3. Component-specific Defense Federal Acquisition Regulation Supplement (DFARS) supplements.
- 4. Application of Earned Value Management (EVM); streamline EVM compliance criteria and review procedures; implement tiered EVM capability with explicit incentives for improvement.

Statutorily-imposed Requirements:

- 5. Conditions to provide cost and pricing data added by Section 817 of the National Defense Authorization Act for Fiscal Year 2003 (Pub. L 107-314) (and DFARS 215.403-1(c)(4)(A)(1)). Truth in Negotiation Act (TINA) requirements related to supplier reporting thresholds. Consider changing the reporting requirement to base it on a percentage of the Bill of Material, rather than on the supplier threshold.
- 6. DoD application of the Buy America Act.