

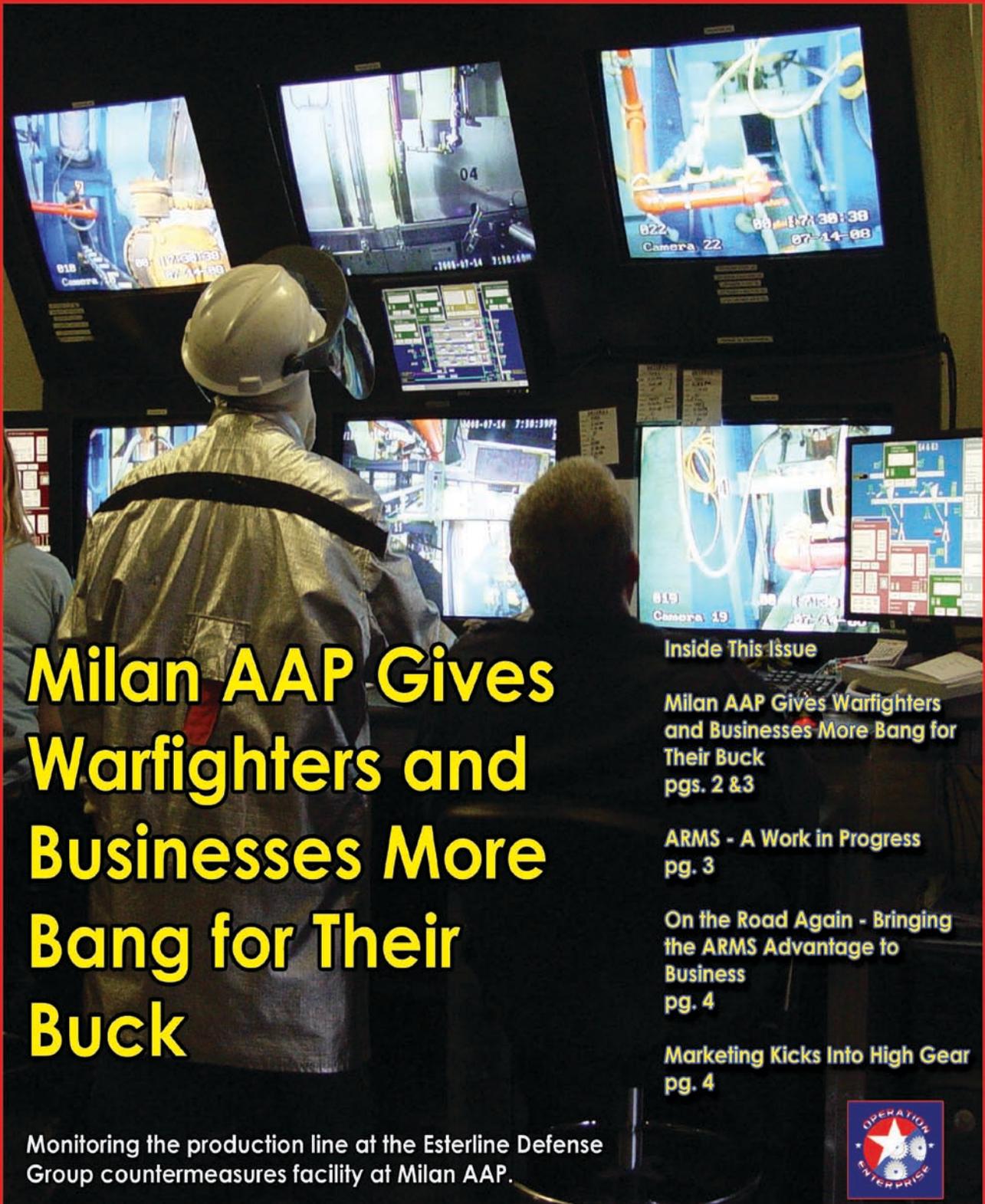


News @ ARMS

Late Summer/Early Fall 2008

A Publication of Operation Enterprise - A National Cooperative

www.openterprise.com



Milan AAP Gives Warfighters and Businesses More Bang for Their Buck

Monitoring the production line at the Esterline Defense Group countermeasures facility at Milan AAP.

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Milan AAP Gives Warfighters and Businesses More Bang for Their Buck

The Milan Army Ammunition Plant (MLAAP) in Milan, TN with American Ordnance LLC (AO) as the operating contractor has undergone a dramatic transformation in the past few years thanks in part to the Armament Retooling and Manufacturing Support (ARMS) program.

ARMS encourages commercial tenants at MLAAP to use program funding for building and infrastructure modifications and improvements to meet their individual business needs. The revenue generated by having a commercial tenant at the MLAAP helps to lower operations and maintenance expenses, and provides efficiencies that lead to reduced costs.

The savings, from ARMS revenue, to the Army, can be seen as a reduced cost for the ammunition products they provide to the warfighter meaning that the Army is able to get more for their money. Specific projects that have been executed consist of electrical upgrades, repairs of water mains, security upgrades, relocation of production operations, roof repair/replacement, environmental studies, IT improvements, basic utility upgrades, ventilation improvements, roadway paving, equipment upgrades/replacement, rail maintenance, ergonomic improvements for LAP lines, and required facility maintenance.

In discussing how ARMS revenue benefits the MLAAP, Tom Rudy, Chief Operating Officer for American Ordnance LLC states, "ARMS revenue allows AO to more quickly complete planned ammunition production and infrastructure initiatives to meet future Army requirements. This improves our flexibility and capability to fulfill customer requirements and produce quality ammunition for soldiers."

The ARMS program benefits both the commercial industry and the long-term success and vitality of our nation's defense infrastructure. AO continually strives to attract tenants that help the mission of ensuring this lasting success. Two such partnerships are seen with AMTEC and DSE, Department of Defense small business 40mm systems prime contractors. MLAAP is the only ammunition plant to load, assemble, and pack (LAP) 40mm ammunition and therefore is a major subcontractor to AMTEC and DSE. In order to have an on-site presence, both companies utilize office space thru the

ARMS program at the MLAAP.

Jon Phillips, AMTEC, Vice President Programs, states, "ARMS has afforded AMTEC the ability to station our employees along side the facility contractor & local Army staff. This connection has enabled AMTEC to meet the needs of the warfighter and has shown AMC that small businesses can

A flare auditor recently remarked that the Esterline-Milan facility is "the most outstanding line layout he has witnessed in 30 years in the flare industry."

succeed given the opportunity." AMTEC Corporation was selected as the lead Prime Contractor for the first ever 40mm Systems Prime Contract. The contract was awarded in early 2005 and will continue thru FY2009.

DSE, Inc, the other small business 40mm systems prime contractor, is located in Tampa, FL and has supplied 40mm components to the U.S. Army for over 30 years. Three years ago DSE was awarded a five year contract to manage and be one of the two designated systems contractors for

40mm ammunition for the Armed Forces.

Under an ARMS agreement thru American Ordnance LLC at the MLAAP, DSE maintains two full time representatives to oversee the 40mm contract. Bob Gall, DSE's Milan Representative, states that "DSE insures that only the highest quality low and high velocity 40mm cartridges are supplied to our warfighters in Iraq and Afghanistan and to our troops worldwide. The high quality is insured and verified by extensive inspections and test firings of each ammunition lot." Low velocity 40mm is fired through the M203 launcher affixed to a rifle and high velocity 40mm is fired through the MK 19 machine gun, which fires six 40mm rounds a second. DSE also supplies 40mm training and practice cartridges to insure all our service personnel are properly trained and combat ready when deployed or are called to serve their country.

Another first rate example can be seen with Esterline Technologies (formally FR Countermeasures Inc), Department of Defense contractor of countermeasure flares. Early in 2000, FR Holdings, a subsidiary of Cobham, U.K. began searching for a site to build airborne expendable countermeasure flares in the U.S. Countermeasures are electronic warfare devices used for preemptive protection of aircraft from heat seeking guided missile attack. Decoy flares act as decoys for diverting heat seeking missiles. Countermeasure devices are deployed

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Full steam ahead - ARMS revenue dollars in progress to repair a railroad trestle at MLAAP.

ARMS - A Work in Progress

On June 17 and 18, 2008, the ARMS team, plant marketing representatives, individual plant government representatives, Joint Munitions Command (JMC) officials, PEO Ammo and PM Joint Services all attended an ARMS Strategic Planning Session workshop in Kingsport, TN to progress the work of ARMS. The gathering was hosted by the Holston Army Ammunition Plant operated by BAE/Ordnance Systems Inc.

The purpose of the workshop was to define a strategic plan for sustaining and growing the ARMS program and continuing to reduce the overall cost of Army ownership through public/private partnerships, streamlined processes and actively engaged stakeholders. Mandates were identified, stakeholders determined, goals defined and objectives finalized. Action plans were agreed upon and action teams assigned to address the objectives. Suspense dates were assigned to each action team. Clearly, the focus was to improve the visibility and awareness of the program, increase program funding, and define ways to sustain and grow the program allowing even greater success in the future.

“We were pleased to host this important planning workshop at Holston AAP,” said Tony Hewitt, Director Commercial Development and Community Affairs for BAE/Ordnance Systems Inc. “The ARMS program is a unique and successful program that has been a prototype for reducing the Army’s cost of ownership and promoting reuse of underutilized facilities. We believe that it offers future continued benefit to the Army, opportunity to the private sector and value to all the stakeholders. We are staunch supporters of the program and are determined to do our part in achieving still more success in the future.”



Workshop participants included from Left to Right: LTC Kristine Nakutis, Commander Milan AAP; David Turrisi-Chung, ARMS Program Manager in PM Joint Services; COL Andre Kirnes, Program Manager Joint Services; Dennis Dunlap, Joint Munitions Command Industrial Support; Robert Ragan, Commander’s Representative for Holston AAP



ARMS Revenue Projects: (i) A spray foam roof application to provide weather protection and insulation; (ii) electrical upgrades to the production facilities extruding M112 MICLIC pellets.

from fixed or rotary wing aircraft equipped with countermeasure dispensers. In late 2001, the MLAAP was selected. The old Line Z facility at the MLAAP was perfect for rehabilitation and restoration for an explosives manufacturing process. The appeal of the local area, the potential of the site and the support of the ARMS program were the key factors in choosing the MLAAP as the U.S. corporate headquarters and manufacturing center. In July 2002, a 20-year ARMS agreement was signed by FRC Countermeasures (known today as Esterline Technologies). Esterline Technologies states, “The availability of contract services through American Ordnance LLC were also a plus including the availability of hazardous waste services, X-ray facilities and emergency response.” Under the U.S. Army ARMS program, a construction phase ensued and in April 2004, production began.

The facility at Line Z, MLAAP was designed and engineered in order to create a world class, state-of-the-art manufacturing facility that operates under the highest technical and safety conditions unparalleled in the flare industry. Extensive research of the lessons learned from the last 30 years of safety and environmental issues that plagued flare production provided the blue print to build the most advanced, automated, environmentally compliant infrared countermeasure manufacturing facility in the world. A recent auditor from one of the most qualified flare auditing companies in the U.S. (Explosives Safety and Environmental Consulting) called the Esterline-Milan facility “the most outstanding line layout he has witnessed

in 30 years in the flare industry.” He went on to comment that the “minimization of employees to the hazards of flare manufacturing was the lowest exposure that he has ever encountered.”

Late in 2005 and early 2006, Esterline Technologies acquired both the Milan Operations and their sister plant in Wallop, Hampshire England to add to existing Esterline defense plants in Coachella, CA; Camden, AR; and Lillington, NC. This group of five plants is operated under the marketing name of Esterline Defense Group—a global leader in the manufacture of countermeasures and combustible cartridge cases. Esterline Technologies, founded in 1967 with headquarters in Bellevue, Washington has 9,000 employees.

Under the guidance of Esterline Defense Group, the Tennessee Operations facility has experienced rapid growth of production and capability. “Today the Tennessee Operations facility is at full capacity, producing a range of countermeasures to protect our warfighters and our allies. We are very proud to be a part of the Milan Army Ammunition Plant,” as quoted by Jim Palmer, Vice President and General Manager, Esterline Defense Group.

As new ARMS tenants are able to locate to the MLAAP or current ARMS tenants have expansion opportunities, the ability to create greater revenue is enhanced. The creation of more funding for projects from ARMS revenue results in cost reductions that ultimately benefit the Army’s most important combat system, the soldier.



Line Z Facilities Before Upgrades



Esterline Facilities at Line Z After Upgrades

On the Road Again - Bringing the ARMS Advantage to Business

Selling the “wow” factor of the ARMS advantage sometimes requires bringing the show on the road.

“Like any real estate commercial leasing activity, the ARMS program spends a great deal of time and effort to keep our lease product in front of potential customers,” said Jack Figg, Director of Business Development and Community Affairs for ATK’s Lake City Army Ammunition Plant. “We have spent a lot of time and money to evaluate the local real estate market for comparable facilities. We have developed a redevelopment master plan for the commercial zones identified at Lake City. We try to target small business gatherings in our search for desirable commercial use customers who can benefit from the ARMS advantage we offer at the Lake City Business Center (LCBC). In short, we are trying to sell the wow factor of the program.”

Each year the Lake City AAP packs up their bags and travels to two local Chamber of Commerce events, two or three area economic development events and one or two regional conference opportunities to promote the success of the ARMS program.

One such regional conference is the Skelton Procurement Conference which has been going on since 1988. Wes Savage, Director of Missouri’s Small Business Development Center regional office at the University of Central Missouri, stated that “ATK has been a key supporter and participant of the annual conference hosted by Rep. Ike Skelton,

Jack Figg, Director of Business Development and Community Affairs, explains the ARMS program advantage to Chris Williams at the 2008 Skelton Procurement Conference.



who is also chairman of the House Armed Services Committee and the SBDC.”

ATK’s involvement is a natural fit - they are the area’s largest manufacturer, largest employer and a highly respected member of the aerospace and defense community.

“This event is a tradition aimed at enhancing economic development by improving access to information for Missouri’s small businesses,” said Rep. Skelton.

The LCBC has been very active throughout the West Central Missouri small business community in its effort to identify potential lease tenants under the ARMS program.

“We have been successful helping startup companies, women owned businesses, veteran owned businesses and small business entrepreneurs make those critical connections with larger firms after they graduate from the SBDC program,” said Savage.

Figg states that “any opportunity to share the ARMS advantage gives us a very good chance of keeping the Lake City Business Center near full occupancy. To us, this partnership between the U.S. Army, ATK and small business owners and operators is exactly what was intended when the Armament Retooling and Manufacturing Support (ARMS) initiative was approved by Congress in 1992. The ability to reinvest ARMS tenant rents in the upgrade of our aging infrastructure and facilities at LCAAP will insure a solid return for years to come. It is a partnership that truly works.”



Marketing Kicks Into High Gear

The openterprise website has a fresh new look that was unveiled in July 2008.

Also, an issue of Defense Solutions magazine was produced solely on the ARMS plants.

“It was time to update the website and inject some new content for the facilities,” said Jim Burgin, contracted project manager at Pendulum Management Co. for the ARMS National Marketing Program. “At the same time, we are also actively promoting the fact that because the ARMS program helps reduce costs for the Army, ultimately we are supporting our troops and strengthening our business and industrial base. The Defense Solutions issue really highlighted this fact. Also, it was a first for us - an entire magazine devoted to the ARMS plants.”

For more information, visit www.openterprise.com.

