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Basic Organizational Description

A federal government organization, the Federal Aviation Administration Logistics Center (FAALC) serves as the central supply and maintenance facility for the Federal Aviation Administration (FAA). Its mission is to ensure the safety of aviation by providing support services to maintain the operation of 54,000 National Airspace Systems (NAS), located at 28,000 facilities worldwide. These systems include: air traffic control towers, radar systems, air navigation systems, runway lighting systems, and others. The FAALC is responsible for providing parts support for 37 FAA owned aircraft used for flight inspections, research, and development. Additionally, the FAALC provides support to certain Department of Defense (DoD) activities, international customers, and other government entities.

In order to provide the support, the FAALC manages and stocks almost 100,000 line items. Each line item may consist of hundreds of individual parts. Also, FAALC support includes engineering, repair, modification, and fabrication of items used in FAA ground facility systems as well as in-house repair of items and on-site repair of FAA's long-range RADAR equipment.

Location and Size

The FAALC is located at the Mike Monroney Aeronautical Center (MMAC) Oklahoma City, Oklahoma. Two of the major FAALC structures are the Logistics Support Facilities (LSF) and the Thomas Road Facilities (TRF). The LSF is

comprised of 15 acres of distribution and repair facilities under one roof, 17 acres of outdoor steel and cable storage, and a state-of-the-art hazardous material building. The TRF is comprised of 237,000 square feet (over 5 acres) of storage space.

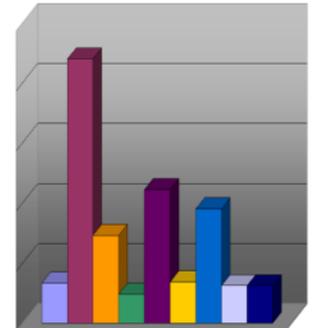
FAALC Culture

The FAALC Strategic Plan states the FAALC culture best in the FAALC Organizational Values. "We Believe In and Are Committed To: Customer and Employee Satisfaction, Quality and Teamwork, Leadership and Communications, Diversity and Corporate Citizenship, Innovation and Risk-Taking, and Best Value Support for Our Customers." Moving to those organizational values led to the FAALC being designated a National Reinvention Laboratory in 1997. As a federal government reinvention laboratory, the FAALC is empowered to lead change that could ultimately affect all government organizations. The FAALC is experimenting with new processes and different and new ways of doing business.

As the organizational values have matured, the FAA Logistics Center has been featured at national *Excellence In Government* conferences in 1999 and 2000 and participated in *International Productivity and Quality Consortium* conferences as a prime example of leadership and innovation. At the 2000 *Excellence In Government* conference, the FAALC was honored by receiving the *President's Quality Award for Merit*. *Government Executive* magazine highlighted the FAALC initiatives twice in 1999.

Communications and corporate citizenship are important to the FAALC and the FAALC has shared its organizational values and reinvention knowledge in a number of ways. The *FAA Logistics Center Strategic Plan*

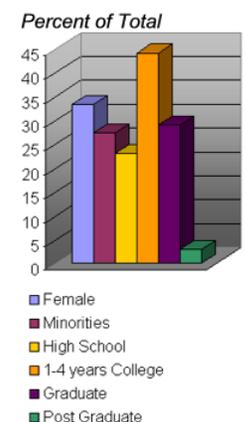
"Our people: highly skilled,..."



- Engineering
- Technicians
- Administrative
- Administrative Hourly
- Supply
- Distribution
- Distribution Hourly
- Programmer/Systems Analyst
- Manager/Supervisor

"the FAALC is now one of only a few federal organizations with ISO 9000 certification."

...diverse and well educated."



Organizational Overview

has been used as a model for strategic plans in many government agencies and several international communities. It is featured in Ted Gaebler's latest book: Positive Outcomes, Raising the Bar on Government Performance. The FAALC has written and published an innovative guide to reinvention entitled: *A Taste of Reinvention Change, Recipes From the Heartland*. The guide is a creative cookbook about how to take an

“ Our Mission:

To provide comprehensive logistics services, product support, and information services for the NAS and other valued customers by:

- ✓ *Managing our customers' inventories*
- ✓ *Ensuring reliable and cost-effective products*
- ✓ *Providing distribution, packaging, storage, and transportation of the customers' assets*
- ✓ *Providing automation in support of our customers' requirements ”*

organization through major change. Another outcome of the organizational value efforts was the designation of the FAALC as one of the few federal government organizations to earn ISO 9000 certification. (See category 6.) The FAA Logistics Center was the first organization within the FAA to earn ISO 9000 certification.

A strong culture value of the FAALC and the MMAC is community involvement. The FAALC and the MMAC actively support the surrounding communities through many programs, such as the annual Combined Federal Campaign, Christmas In April, and community volunteerism. (See category 1.)

Workforce Profile

The FAALC employs a multifaceted, diverse workforce of 628 authorized full-time employees, responsible for providing logistics materiel and services to more than 28,000 NAS facilities worldwide, as well as managing FAA's central

inventories and distribution system.

The American Federation of Government Employees (AFGE) Union Local 2282 represents over 86% of the workforce. Our employees are well educated with over 44% having received from 1 to 4 years of college education, and over 20% have a bachelor's degree or higher level of education. (See category 5.)

The FAALC provides a safe work environment by proactively enforcing FAA and Occupational Safety and Health Administration (OSHA) safety requirements. (See 5.3.) A goal in the new Technical Support Facility (TSF) is to exceed all health and safety requirements.

FAALC Organization Structure

The FAALC is composed of six product divisions, a distribution center, and three system support groups. The product divisions were recently reorganized to focus on customers' needs. Each product division is a stand-alone entity that is staffed with employees with the expertise to provide responsive, high quality

“ Our Pledge:

The FAA Logistics Center exists only to serve our customers, and we will give them only quality products and services.

We're committed to:

- *100% customer satisfaction*
- *100% accuracy on all customer service shipments*
- *100% on-time delivery*
- *Increasing levels of all employees*
- *Involving employees in workplace decisions*
- *Creating partnerships with our suppliers ”*

products and services to their customers. The support groups provide administrative and support functions to the product divisions and FAALC customers. The support functions range from marketing to supporting information technology requirements, and from financial management to employee management programs such as training. (See attached organizational chart.)

Major Equipment and Facilities

The Logistics Support Facility (LSF) is the primary facility dedicated to the support of the FAA Logistics Center mission. Parts needed to support the FAA are received, stored, packaged, and shipped to our customers from the storage areas, which make up 75% of the building. The remaining 25% of the LSF is used for the repair of electronic and mechanical equipment. Major facilities are housed at the FAALC, such as an automated printed circuit card test and repair facility used in circuit board repair, and the machine shop used to fabricate and/or repair mechanical structures, such as radar antenna and radar drive trains. Test equipment includes various mock-ups of operating FAA air traffic control systems, such as navigation, landing, and weather systems. In some instances, actual radar systems are used to test repaired units and components in a live environment to ensure that supplied parts are defect free when shipped to our customers.

The TSF, currently under construction, will be state-of-the-art and engineered to assure that all repairs can be accomplished in a controlled environment. One major consideration in the building design was employee safety. Electrical distribution and Electro-Static Discharge (ESD) damage prevention were also key design elements.

The additional storage space in the new facilities will allow the FAALC to drastically reduce the amount of space currently leased off-site, with the added benefit of collocating those previously geographically separated employees.

The TSF is scheduled for completion in the summer of 2000. Equipment and employees will move in during the fall of 2000.

Regulatory Environment

As a federal government organization, the FAALC complies with federal, state, and local laws, and is regulated by FAA regulations, policies, and standards. The organization operates under stringent safety and environmental regulations and guidelines as specified by OSHA, and the Environmental Protection Agency (EPA). The FAA is mandated to comply with statutory requirements promulgated by OSHA, EPA, and Executive Orders. There are requirements in over sixty technical areas. Compliance requires program managers be actively involved in the integration of appropriate work practices in day-to-day activities. The FAA and MMAC assist the FAALC in monitoring and evaluating such requirements. All federal regulations apply to the FAALC. This includes regulations concerning employee compensation and benefits, procurement, and small business, etc. The Government Accounting Office (GAO) dictates certain inventory management practices. The FAALC is operating under congressional budget constraints. Our ability to support aging National Airspace System equipment in a timely and cost effective manner is one key to our success.

Parent Organization

The FAA employs approximately 48,600 personnel. The MMAC employs approximately 3,029. The FAALC, as a subsidiary of the MMAC, employs 628 full-time employees (FTE) and comprises approximately 21% of the MMAC workforce or 1.3% of the total FAA workforce.

“Our Business:

- *NAS Systems & Equipment: Centralized Repair, Fabrication, Site Overhaul*
- *NAS Parts & Supplies: Storage, Distribution, Transportation*
- *Inventory Management*
- *Technical Consulting “*

“Our Customers:

- *FAA Air Traffic Services*
- *FAA Aviation Systems Standards*
- *US Department of Defense*
- *International Governments*
- *State and Local Governments”*

“Our Experts:
Provide lifecycle planning and sustainment for all NAS systems and equipment.”

“Our Vision:
Top three in three.”

Organizational Overview

Relationship of Products to Parent

The parent FAA procures new NAS equipment and determines which organization will provide logistics support for that equipment.

“Our Goals:

- *For our customers: Ensure timely delivery; increase quality of items; improve technical support and customer service.*
- *For our financial stakeholders: Reduce costs; attain a clean financial statement; enhance role in NAS decisions; ensure effective investment in new capabilities.*
- *For internal business: reduce cycle time; reduce number of defective items.*
- *To improve customer information processes: Improve product innovation and technology insertion; reduce rework.*
- *For learning and innovation: develop, train, and retain employees; align data systems to the way we work; enhance lowest level decision making; tie incentives to quality; increase employee satisfaction and productivity.”*

Key Support Services Provided by Parent Organization (See 6.2a(1).)

Key support services provided by the parent MMAC organization or by the FAA include:

- Payroll and accounting services
- Human resources staffing functions
- Personnel and facility security
- Legal services
- Procurement and contracting services
- Benefit programs (Health, Thrift Savings, etc.)
- Employee health clinic
- Facilities and environmental support
- Telecommunications services and support

Customer and Market Requirements

The FAALC meets key customer and market requirements by providing logistics support with

quality products that work the first time, are delivered on-time, are provided at low cost to the buyer, and provide quality services that are highly responsive to the customers’ needs. The FAALC’s customers are government organizations. The parent FAA procures new NAS equipment. If the FAALC is selected to supply logistics support, it has a captive customer base. (See 3.1.)

As a part of an initial NAS equipment purchase, the FAA examines life cycle logistic support of the equipment. An initial supply of spare parts is purchased based upon engineering studies and projected failure rates. The FAALC stores and manages those system spares defined as logistic support. The majority of such items are Exchange & Repair (E&R) items. For the life of that system, whenever an operational facility experiences the failure of an E&R item, they requisition a replacement from the FAALC. The FAALC ships a

“Our Challenges:

Major factors affecting our future include –

- *FAA modernization, including replacement of ground based navigational systems with Global Positioning Satellites (GPS)*
- *Our need to give the American public the best value for their dollar while we move to more business-like operations”*

serviceable unit. The facility returns the failed unit, to be repaired and returned to serviceable stock.

A Repair and Return (R&R) program is designed such that the FAALC can support a request for a non-stocked or otherwise unavailable item. When a facility requires a replacement part and none is available, they can ship the failed item to the FAALC to be repaired and returned directly to them.

Rapid response to requisitions for E&R and R&R items is essential to the safe and continuous operation of FAA NAS systems.

The FAA Aviation System Standards organization selects providers for replacement aircraft parts. This is a voluntary customer. They expect a part to be delivered within four hours after requisitioning it. A documented partnership exists between the FAALC, Acquisition Support (AMQ-100, our purchasing partner,) and the Aviation System Standard Operations. (See Org Charts.)

Agreements with the DoD, foreign, state, and local governments for logistics support are developed and controlled by the parent FAA. These are voluntary customers. Our selection by the FAA to provide National Airspace System and other federal organizations logistics support is our competitive edge derived from our rapid response time, the quality of our products, and the services we offer.

Partnerships with Customers

The FAALC has formed several partnerships with our customers to provide special opportunities for attaining our key strategic goals of customer satisfaction and fast response to customers' needs. In the past, partnerships existed with the FAA New England Region, the FAA Southwest Region, and the FAA Alaskan Region.

These partnerships with our customers provided a needed feedback forum. These partnerships were replaced with FAALC Customer Service Representatives who periodically visit FAA field customers. The FAALC staffs a Customer Care Center providing one-stop customer shopping 24 hours per day, 7 days per week in order to assist customers in obtaining the product and/or services required. (See category 3.)

Supplier and Partnering Relationships

The FAALC does business with approximately 4,000 vendors in maintaining an inventory of approximately 100,000 different line items. Vendors supplying critical electronic components

are the most important. Partnerships with vendors are limited by regulatory restrictions. All vendors of the public sector must have equal opportunity to gain FAALC business.

Competitive Situation

The law prohibits the FAALC from competing directly with the private sector and thus limits our opportunity to market products and services to non-governmental customers. Converting to a fee-for-service organization and developing an expanded customer base are critical elements to customer satisfaction. Congressional involvement complicates this issue. The bottom line is: Our ability to meet our customers' demands for the timely delivery of quality products is a major key to our continued success.

One of our strategic plan initiatives is to transition to fee-for-service practices. The FAALC is committed to "raising the bar" on government performance and exporting our capabilities and initiatives. We have assisted FAA acquisition, MMAC acquisition, and Tinker Air Force Base in obtaining ISO-9000 certification. In order to promote benchmarking on a broader government scale, the FAALC co-funded the Department of Transportation's (DOT) 110,000 employee membership in the American Benchmarking Consortium.

Organization Directions

Quality Principles and Tools

Historically, the FAALC has relied upon accepted quality control practices and the use of Military Specifications. In the early 1990's, we started employing quality assurance practices and relying less upon quality inspections. In 1996, the decision was made to implement a quality management system based upon the ISO-9002 Standard. In 1998, the FAALC quality management system was certified as ISO-9002. This certified system is now the basis for our quality management.

Organizational Overview

In 1999, the FAALC established the intent to utilize the Capability Maturity Model (CMM) requirements to control software development. In 1999, the FAALC applied for the government organizations Year 2000 President's Quality Award based upon the Malcolm Baldrige Criteria. The FAALC was one of eight applicants to receive a site visit. The FAALC was named recipient of the President's Quality Merit Award. The feedback report will serve as a roadmap for future improvements.

measured. They identified strategies for leadership development and succession planning which are presented and recommended for future process implementation. This strategic plan will be completed in the fall of 2000.

"Our Values:

- ✓ *Customer and Employee Satisfaction*
- ✓ *Quality and Teamwork*
- ✓ *Loyalty, Commitment, and Trust*
- ✓ *Diversity and Corporate Citizenship*
- ✓ *Innovation and Risk-Taking*
- ✓ *Best Value Support for our Customers"*

"Our Culture:

- *Everyone understands the vision and priorities of the organization.*
- *People enjoy coming to work and take pride in the job they do.*
- *Everyone is treated with respect.*
- *Leaders model the value of employee involvement and customer satisfaction.*
- *People are committed and loyal to this organization.*
- *Everyone knows who their customers are and their needs.*
- *Everyone has the opportunity to influence how the work is done and what it costs.*
- *We know and measure how well we are doing in satisfying customers.*
- *Ideas are exchanged openly.*
- *We systematically analyze and improve how the work is done.*
- *Decisions are usually made by consensus. "*

Human Resource Planning

The FAALC has chartered the Workforce 21 team. This is an initiative to develop a comprehensive workforce management strategy for the FAALC that will address the full range of workforce management programs and related issues. Program areas include but are not limited to: employee training and development, rewards and recognition, career progression, and employee satisfaction. A primary objective of this effort is to ensure the FAALC workforce management strategy is clearly linked to and supports FAALC strategic goals and objectives. A comprehensive workforce management strategy and appropriate implementation plan will be presented to FAALC management in the fall of 2000.

Protecting our Environment

In April of 2000, an executive order entitled "Greening the Government Through Leadership in Environmental Management" requires an environmental management system be developed and deployed. A preliminary study shows the MMAC and FAALC in compliance with this order. A joint FAALC MMAC team is considering certification to the ISO-14000 Standard for Environment Management and gaining ISO-14001 certification on this system.

Leadership Succession

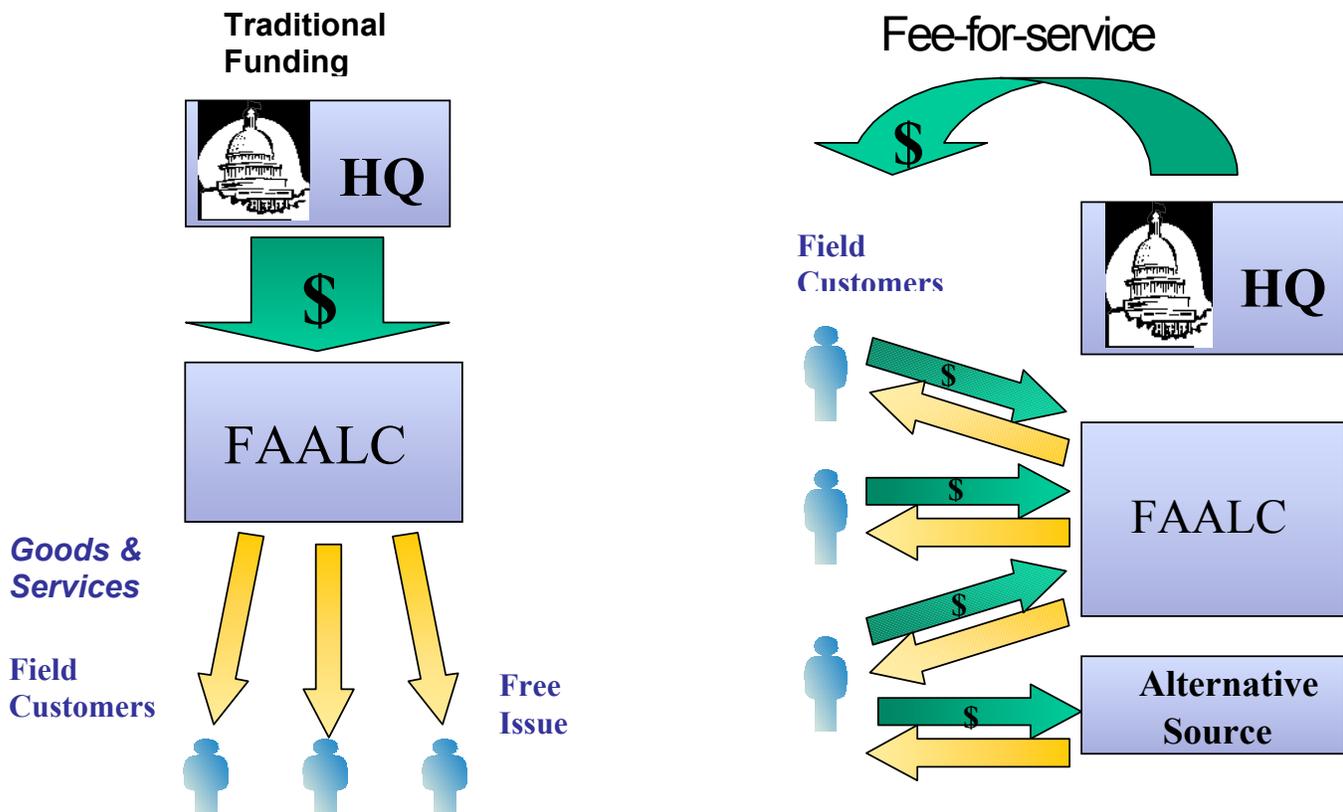
The FAALC recognizes the value of leadership succession planning and development to ensure the success of our strategic objectives in a diverse environment. To meet this challenge the FAALC chartered a Leadership Team composed of a cross section of FAALC employees. Using extensive benchmarking and "best practices" studies in this project, the team defined how leaders are identified, assessed, developed, and

Glossary & Abbreviations

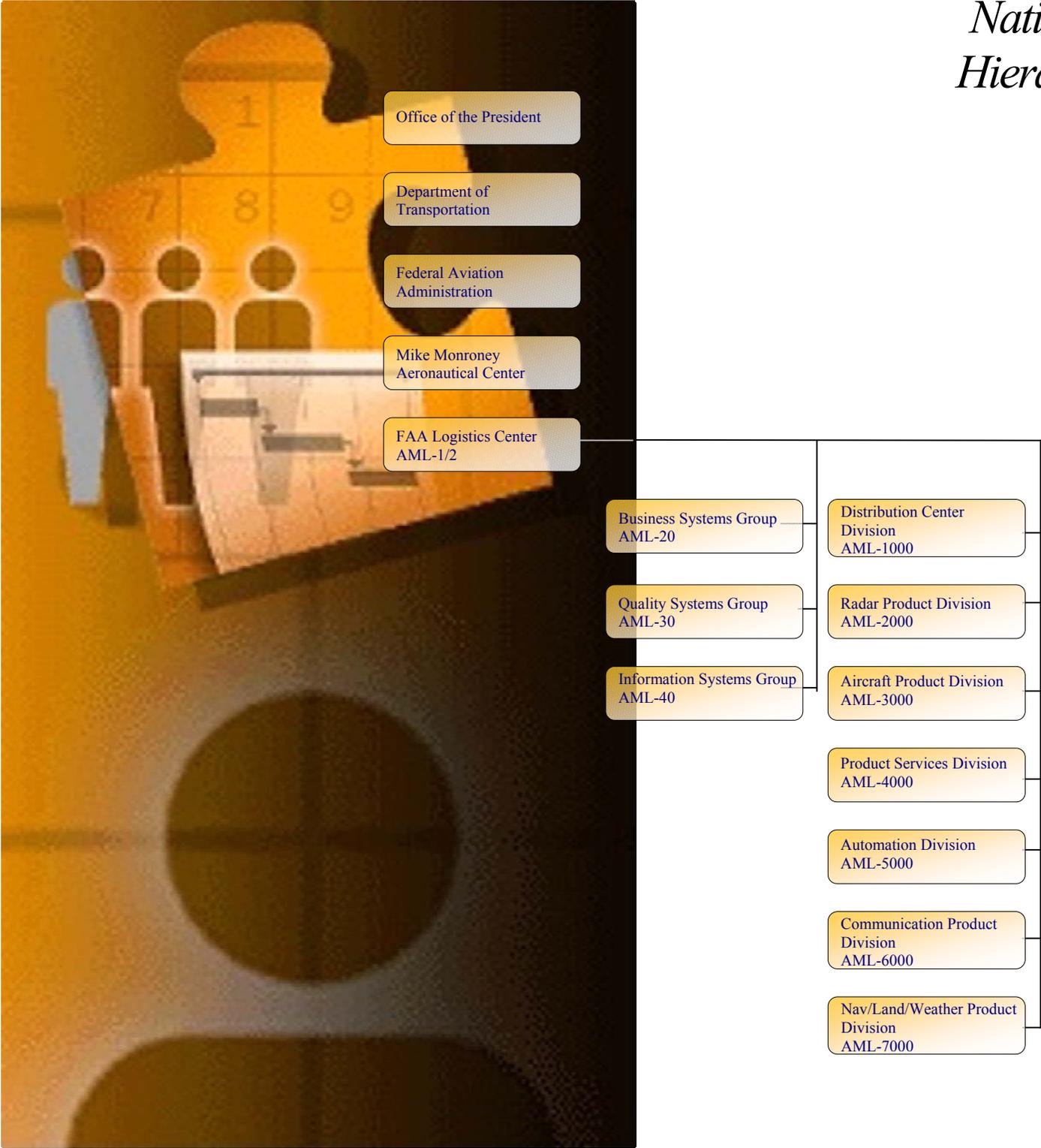
Abbreviation	Meaning
AFGE	American Federation of Government Employees
AMQ -100	The MMAC aircraft parts procurement organization
BSG	Business Systems Group
CAT	Customer Advocacy Team
CCC	Customer Care Center
CMD	Center for Management Development
CDLS	Contract Depot Level Support
CSA	Customer Service Action
CSR	Customer Satisfaction Rating
DAFIS	Departmental Accounting & Financial Information System
DLA	Defense Logistics Agency
DoD	Department of Defense
ESD	Electro Static Discharge
E&R	Exchange and Repair
EAP	Employee Assistance Program
EAS	Employee Attitude Survey
EPA	Environmental Protection Agency
FAA	Federal Aviation Administration
FAALC	Federal Aviation Administration Logistics Center
FQCG	Federal Quality Consulting Group
FTE	Full Time Equivalent (Employee)
GAO	General Accounting Office
GPRA	Government and Performance Results Act
GSA	General Services Administration
HQ	FAA Headquarters
IDP	Individual Development Plan
IPI	Incremental Process Improvement
IPT	Integrated Product Team
ISG	Information Systems Group
ISO-9000	An international Quality Management System Standard that requires a documented quality management system verified by periodic 3 rd party audits.
LIS	Logistics Information System
LSF	Logistics Support Facility
MMAC	Mike Monroney Aeronautical Center
MRPS	Materials Requisition Planning System
MWE	Model Work Environment

Glossary & Abbreviations

NAS	National Airspace System
NASSEC	NAS Supply Support Executive Committee
NMOC	National Maintenance Operations Center
NOCC	National Operations Control Center
NPR	National Performance Review
NPRG	National Partnership for Reinventing Government
NWS	National Weather Service
OSHA	Occupational Safety and Health Administration
PAT	Process Action Team
PC&B	Personnel Costs and Benefits
PT	Product Team
QMS	Quality Management System
QSG	Quality System Group
R&R	Repair and Return
RPD	Radar Product Group
TRF	Thomas Road Facility
TSF	Technical Support Facility
Tulsa 27	The team that developed our mission, vision, values, and Strategic Plan
Y2K	Year 2000



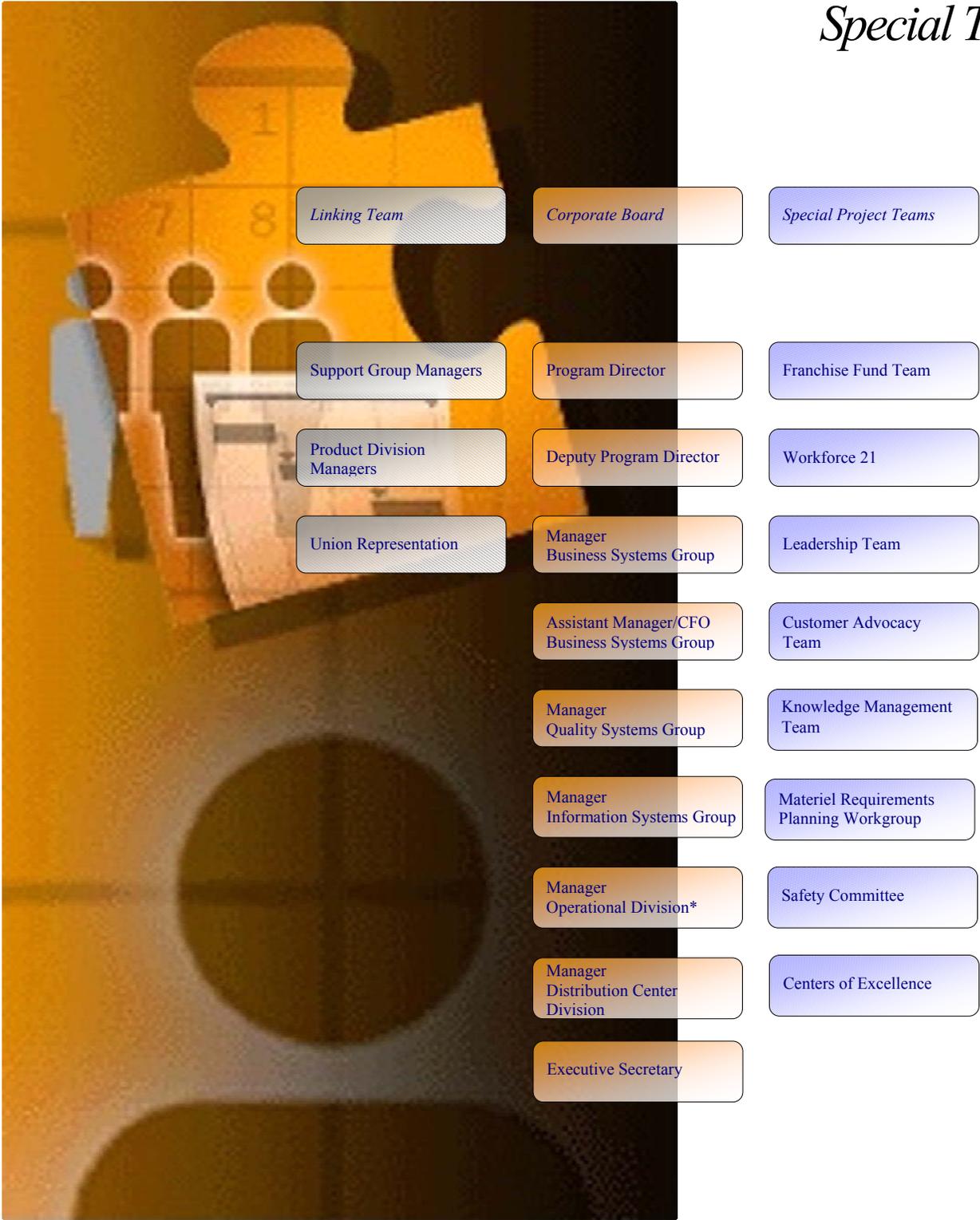
National
Hierarchy



Functional Hierarchy



Special Teams



*Rotated quarterly

In 1993, the way the federal government conducts business changed radically. The National Partnership for Reinventing Government (NPRG) report emphasized a government that costs less and operates more efficiently. In order to accomplish this, a variety of goals and objectives were established, communicated and implemented. These goals and objectives included creating a new culture and business-like environment throughout all levels of the federal government. Additionally, Congress passed the Government and Performance Results Act (GPRA) of 1993, which holds all government agencies accountable for achieving results. This Act placed uniform requirements on federal agencies for the establishment of strategic planning processes, including annual performance plans with measurable performance goals for each budgeted activity.

1.1 Organizational Leadership

The FAALC senior leaders decided to put customers and the flying public first by cutting unnecessary spending, serving customers and partners, empowering employees, helping communities solve their problems, and fostering excellence.

1.1a. Senior Leadership Direction

Our commitment to succeed and set the pace for other government agencies is evident in our leadership team.

1.1a(1) Setting, Communicating, and Deploying Organizational Values, Performance Expectations, and Focus on Balancing Values for All Stakeholders

The FAALC leadership system is illustrated in Figure 1.1.1. This graphic depicts most of the variables within our leadership system. The triangle indicates the three sources of energy surrounding the system. The customer is at the apex of the figure indicating the overall focus of our organization. The two points that form the foundation of the figure are management and the skilled workforce, indicating the stability of our work is based on full partnership between these

two entities within the organization. In the middle, the major parts of the leadership system operate in a fluid, changing, overlapping environment; the arrows indicate our anticipation of movement, adjustment, and refinement of our work activities and products. The FAALC has exceeded the MMAC's employee-to-manager goal of 15-to-1 for FY-98, FY-99, and up to July 2000.

The FAALC leadership system consists of a team headed by the Program Director and Assistant Program Director. This team is composed of the senior managers, various committees, and special task groups that assist in the decision-making process. (See 5.1a(2).)

The FAALC has re-engineered from a functional to process management organizational model and has chosen to operate like a competitive, leading business enterprise rather than a monopolistic, and government activity. We hired Organizational Support Incorporated (OSI) to conduct "World Class Organization, Phase II" training to provide employees the basic knowledge and tools needed to succeed in this "entrepreneurial-type" arena. (See 5.2.)

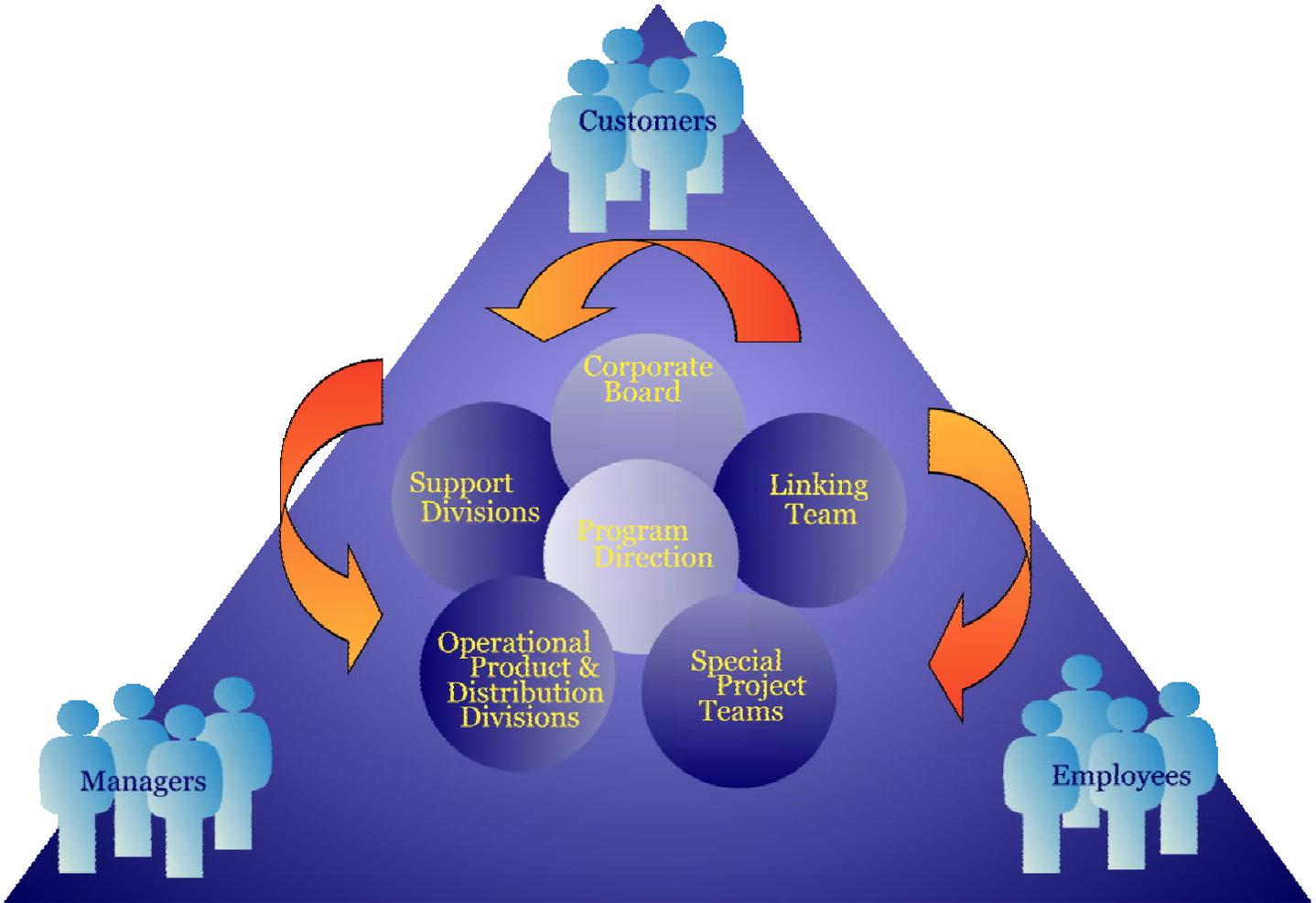
The training objectives for participants were:

- Ability to apply basic knowledge, skills and abilities to effectively execute their mission in a competitive arena.
- Make better-informed financial management decisions.
- Optimize the macro processes of their business using valid problem solving tools.
- Participate in FAALC discussion re: pertinent business processes.

The FAALC Strategic Plan for 1999 to 2002 was published and distributed to all employees. Managers discuss the plan with employees to ensure their awareness of our objectives.

Development of the mission, quality policy and objectives were employee led and remains focused on our customers. (See 2.1a.)

Our organizational values, performance expectations, and the need to focus on customers are developed in strategic planning, as described in category 2, and communicated to employees through a variety of methods including briefings and meetings.



Influence and communicate national policy; provide program direction, leadership, motivation, and enthusiasm.



Define broad corporate goals into specification plans.



Set standards, policy, and procedures. Prioritizes actions consistent with corporate goals.



Use collective process with active participation from all levels of the organization to provide strategies and decision-making processes at functional level day-to-day operations.



Centers for Excellence and Special Project Teams perform functions as defined in their charter.



Assist Corporate Staff & Operational Divisions achieve strategic goals.

Figure 1.1.1 FAALC Leadership System

Our intranet is a major factor in keeping employees aware of our operations and keeps them focused on maintaining a balance of values to satisfy all stakeholder needs. Links are available to such things as our Quality Manual, Quality Procedures, Work Instructions, Safety Committee meeting minutes, Job Vacancy announcements, program review minutes, Reinvention Lab documentation, Core Compensation and many other subjects.

The Program Director and senior leadership team remain customer focused through the use of information sharing forums such as the National Operations Control Center (NOCC) Telecons and NAS Support Executive Committee (NASSEC) meetings. These forums are discussed in detail in Categories 2, and 3.

The Program Director and senior managers attend Management Review meetings. These meetings serve as a review of the quality management system, evaluate the suitability and effectiveness of the overall system, and are tied into the FAALC Strategic Plan. Additionally, the leadership team hosts quarterly all-hands meetings to keep employees informed of past accomplishments, current status of initiatives, and future goals.

As of April 2000, performance expectations of the organization, management, and employees changed and are better defined in the new FAA Core Compensation pay system. (See 5.1a(4).)

The FAALC recognizes the value of leadership succession planning and development to ensure the success of our strategic objectives in a diverse environment. To meet this challenge, the Leadership Team was chartered from a cross section of our organization. Using extensive benchmarking and "best practices" studies, the team defined how leaders are identified, assessed, developed, and measured. They identified strategies for leadership development and succession planning which are recommended for future process implementation. This strategic plan will be completed in the fall of 2000.

1.1a(2) An Environment for Empowerment and Learning

Employee innovation and empowerment are encouraged through extensive use of cross-

functional teams. One example of team action is the formation of a team including several younger employees tasked to develop an action plan for selecting and developing future FAALC Managers. (See 5.1a(2).)

The team structure of the organization fosters an environment of employee empowerment and learning. Our ISO-9002 quality management system requires that employee training needs to be identified and training is provided. (See 5.2a.) The FAALC accomplishes this through the use of competency models, job task analysis, and supervisory appraisal of training needs. Training budgets for critical training needs are formulated.

Employee Performance Management

In August 2000, the Quality Systems Group of the FAALC was recognized in the OPM Director's Performance, Incentives, and Leadership Linked to Results (PILLAR) Award. The PILLAR award symbolizes successful employee performance management practices that effectively support organizations as they carry out their mission. The QSG was recognized for its performance management practices, particularly establishing and implementing individual performance plans linked directly to the FAALC strategic plan, using a balanced scorecard as a framework to ensure that all areas of the business are addressed. Each employee assists in developing his or her own performance plan with the encouragement of team leaders and division managers. Each performance plan focuses on accomplishments rather than activities. The employee performance plans effectively communicate organizational goals and initiatives to employees and allow employees to see how their work aligns with the organization's strategic direction. The FAALC uses a 360-degree assessment process to enhance communication. This has increased employee satisfaction and productivity and brought about improved organizational, team, and individual performance.

1.1a(3) Seeking Future Opportunities

The FAALC Leadership seeks future opportunities by producing extensive plans for converting to a fee-for-service organization. A business plan "*Franchise Fund for FAA Material*" and a "*Design and Implementation Plan*" were

developed in 1998 and identify how the FAALC will convert to this structure, when congressional approval is obtained. (Originally planned for October of 1999, but now expected in the year 2001.)

1.1b. Organizational Performance Reviews

The FAALC Strategic Plan identifies a balanced scorecard and establishes measures to ensure all stakeholder concerns are addressed. See category 2 for a discussion of the strategic plan.

Strategic performance objectives link directly to leadership's performance expectations. The program director's performance objectives link

directly to congressional mandates and FAA strategic goals and objectives. The program director's performance objectives cascade down to senior leadership and supervisory levels. Leadership team members are evaluated against these objectives to determine individual performance during the rating period. (See figure 1.1.3.)

1.1b(1) How Senior Leaders Review Organizational Performance and Capabilities

The Quality Management System is evaluated for suitability and effectiveness during an annual ISO-9002 management review. Semi-annual quality audits by the ISO-9002 Registrar provide a third party assessment of the quality management system. Organizational performance, capability,

	<i>Model Work Environment</i>	<i>Performance Management, Labor/Employee Relations</i>	<i>Support of Organizational Mission & Objectives</i>	<i>FAA Corporate Objectives</i>	<i>High Visibility Project Goals</i>
Program Director Performance Objectives:	Workforce that is productive, hospitable, and diversified.	Leading change and people; Building partnerships; Empowering managers and employees.	Balance utilization of resources; Represent Aeronautical Center in community; Improve quality of NAS Logistics Service.	Safety – reduce accident rates; Security – security incidents are prevented; System efficiency – delays are down.	Energy conservation; Procurement preferences to small and disadvantaged businesses; Y2K compliance validation.
Division Managers Performance Objectives:	100% of Workforce apprised of and adheres to policy; Assigns employee work for variety to enhance careers; Actions to prevent and eliminate harassment of any kind; Ensures all supervisors, team coordinators train, coach, and mentor their employees; Develops comprehensive plan to improve diversity posture.	Supervisors resolve grievance at lowest possible level; Provides employees and teams with resources to meet developmental needs and accomplish work objectives; Supervisors and teams encourage suggestions and new ideas to improve work processes and services; Supervisors will foster/enhance relationships with union.	Maintain training initiatives including team training; Supervisors operate under results oriented performance measure; Operation profile and skill assessment plan developed inventory of operating material/supplies maintained; Provides resources for transition plan to fee-for-service.	Recognizes and anticipates impact of regulatory, political, competition, customers, and financial forces; Fosters environment that rewards continuous organizational improvement; Provides cross-functional teams to maximize efficiency, productivity and customer service to advance corporate goals.	Participate in Federal Executive Board and intergovernmental activities; Support the Combined Federal Campaign; Support the community in civic/service activities.

Figure 1.1.3 Performance Objectives

and organizational health are examined and evaluated during quarterly performance reviews. Structured FAALC program reviews are conducted quarterly to provide the opportunity for the management team to collectively review balanced scorecard strategic measures, and determine if stretch targets are being met, or progress is being made towards targets. Category 4 contains a more complete list of key performance measures.

1.1b(2) Translating Review Findings into Priorities for Improvement

The key performance measures relate to measuring our progress toward being a customer-driven organization. The management team actively participates in reviewing such measures, comparing them to strategic objectives and identifies and prioritizes opportunities for improvement, innovation, and reinvention. Action items are assigned which often result in the formation of a cross-functional team to develop and implement improvement plans. (See 5.1a(2).)

1.1b(3) Key Recent Performance Review Findings

Our most recent program reviews have identified three areas of primary concern:

- Improving our Human Resources strategic plans. One area is being addressed with a “Health Incentive Plan.” The goal of this program is to provide employees with opportunities to become healthier in their every day living. (See category 5)
- Converting to a fee-for-service organization.
- Human Resources planning. A strategic initiative called “Workforce 21” addresses the development of a comprehensive strategy for the FAALC that addresses work force issues for the 21st century, such as employee training and development, recognition and awards, career progression and employee satisfaction. (See 5.1a.)

1.1b(4) Using Organizational Review Findings and Employee Feedback to Improve Leadership Effectiveness

The FAA conducts extensive biannual Employee Attitude Surveys (EAPS.) Performance reviews and the results of the Employee

Satisfaction Survey are a basis for evaluating management performance. Feedback from individual employees and union officials reinforce findings of the EAPS. Plans for improving the quality of leadership are the result of these reviews.

The new Core Compensation pay system requires evaluations of how well program objectives are met, how managers perform, and how employees perform. Pay is then determined from these evaluations. Performance based pay will provide the emphasis needed to improve FAALC leadership.

1.2 Public Responsibility and Citizenship

The FAALC management participates in, and actively supports the parent organization’s (MMAC) Environment, Health and Safety Strategic Plan. This plan ensures accountable, integrated, sound environmental policies, procedures, and practices. The strategic focus of this plan involves three elements: goals, recurring evaluation, and management focus. Over 100 goals are documented. Periodic status reports are presented to senior management. During the past two years, the MMAC evaluations of FAALC operations show no safety violations, no OSHA violations, and no hazardous material handling violations.

1.2a. Responsibilities to the Public

One element in the MMAC Environment Health and Safety Strategic Plan is “Impact and Risk Assessment.” The goal of this element is to minimize adverse impacts of proposed Aeronautical Center policies, programs, and projects on the environment, human health, and the FAA mission.

1.2a(1) Impact on Society of Products Services and Operations

The MMAC and FAA monitor environmental controls. The FAALC operates within strict guidelines to prevent problems relating to the environment. (See 6.3a(6).)

The handling of hazardous materials is controlled such that these type materials are properly stored, shipped, or disposed of in a safe manner. The FAALC has a building dedicated to the storage of hazardous materials.

Although we are in compliance with all legal and regulatory health, safety and environmental requirements, we have formed a proactive partnership with the parent MMAC to develop and implement an environmental management system in compliance with the ISO-14000 Standard. This will far exceed the requirements of the Executive Order signed in April 2000 entitled “*Greening the Government Through Leadership in Environmental Management*”. The documented Environmental Management System will allow third party auditors to verify our environmental practices.

1.2a(2) Public Concerns with Current and Future Products and Services

Before a product is brought into the FAALC for repair or storage, a process capability study is accomplished. This study includes environmental and safety concerns. The impact on the community is a factor. All changes in operations at the MMAC, including new facilities are referred to the Oklahoma City Airport Trust Authority for comment and approval. The Authority is a watchdog organization that owns the buildings occupied by the MMAC and controls activities on and near the MMAC. They are the conscience of the public.

1.2a(3) Ethical Business Practices

The FAALC ensures ethical business practices in all stakeholders’ transactions by first training all key players on the requirements of the job and the associated legal requirements. The FAALC values and ethical practices are established and made known to all employees. Financial disclosure statements are required of all senior managers. The legal requirements for procurement are very well spelled out in DOT/FAA regulations.

1.2b. Support of Key Communities

The FAALC participates in the MMAC action plan to support the surrounding communities. Community involvement is one factor in the managers’ performance standards. The FAALC acts in many ways to support our communities. Applications for assistance are received from various organizations. The FAALC works with the MMAC Public Relations Office in reviewing applicants’ needs and making a decision on which applicants we can support.

Plans to support communities are deployed to employees in various ways, including briefings, Intranet articles, and the publication of

opportunities to participate in special projects.

The annual Combined Federal Campaign (CFC) is a fund-raising drive conducted each fall. Each year the FAALC raises thousands of dollars through the CFC that benefits hundreds of non-profit charities to help those in need across our community and throughout the world.

The tradition of commitment to the community through the selfless efforts of the FAALC’s employees has its roots in many successful campaigns. Unprecedented management support promotes philanthropy through innovative programs, encourages maximum participation and provides

employees with the opportunity to improve the quality of life for all.

The FAALC has established a partnership with the Oklahoma City Kirkpatrick Science and Space Museum. We have furnished a display of fiber optics and loaned them a portable air traffic control tower. This museum is popular with area schools and offers students the opportunity to learn about careers with the FAA and FAALC.

Partnering with local public schools is another important program. The MMAC has been so successful in this program that we receive more requests than we have staff to support.

CFC Fundraisers:

Fun:

- Cow Patty Bingo
- Marshmallow Golf
- Dance-a-thon
- Costume Contest

Sales:

- Gourmet Popcorn
- Books
- Jewelry
- Art

Tournaments:

- Golf
- Basketball
- Pool
- Volleyball
- Bowling

2.1 Strategy Development

Our current Strategic Plan is based in part on a historic model of a fixed market, budget, customer base, product design, and a controlled vendor selection process. Another part addresses the future fee-for-service environment and takes on an entirely different view of risk analysis, financial management, and methods for legally expanding our product and customer base within government guidelines.

2.1a. Strategy Development Process

In 1996, the FAALC teamed with the Federal Quality Consulting Group (FQCG) to align the vision of the FAALC's top leaders into a customer-driven focus. In August 1996, the leadership team attended a two-day training program, "Creating a Customer-Driven FAA Logistics Center". A powerful leadership base consisting of a cross-section of twenty-seven employees and managers developed the vision, mission, and values forming the base of our Strategic Plan. Figure 2.1.1 depicts the developmental process used to create our 1997 Strategic Plan, our objectives, and develop associated action plans. Figure 2.1.2 shows the strategic planning cycle and the factors that were considered for the current revision, the 1999-2002 Strategic Plan. The new plan was distributed to all Logistics Center employees, via the intranet, meetings and hard copies. Managers discussed the strategies with their employees to ensure their awareness of our objectives.

2.1a(1) Strategic Planning Process

The FAALC develops strategy by performing a gap analysis. We compare our current state to a future desired state and note the differences or gaps. The Planning Team identifies key issues/barriers to achieving our vision and maps out a strategy or a series of strategies to close the gaps. (See figure 2.1.2.) We use a balanced scorecard as a framework. Our scorecard addresses customers, financial stakeholders, internal business, and learning and innovation perspectives. A revised Strategic Plan for 1999-2002 was completed in the fall of 1999. During

this revision cycle, additional emphasis was placed on pre-planning research and analysis of environmental factors to enable a more comprehensive situational analysis.

Special teams are often chartered to develop specific objectives and strategies. For example, the Leadership team is described in category 1.1a(1), and the Workforce 21 team is described in category 5.1a.

2.1a(2) Key Planning Factors

Customer and Mission Expectations

The safety of the flying public and the aviation industry dictate the needs of our customers and products while our mission remains constant. We reviewed the FAA's Strategic Plan and primary customers' strategic plans to assess external factors and ensure consistency with the FAA strategic direction. One key FAA goal is to "Improve service delivery by maintaining operational availability of equipment..." Our supply support of Airway Facilities equipment is a key to their success. We examined what our customers need now, will need in the future, and addressed any differences. A comprehensive analysis of future workload demand was used to predict future potential markets for FAALC services.

Mission Environment and Changing Technologies

We are legally restricted to supporting the FAA and other government agencies, such as DoD and International Government organizations. The FAALC is prohibited from competing with private industry. We keep abreast of changing technologies through training seminars and benchmarking. We determine current and future needs to support our customers and update our capabilities and processes to ensure we meet the needs of the flying public and aviation industry.

Financial, Societal, and Other Potential Risks

Financial projections based on projected cost of operation, investments, and budget allocations are used in strategic planning. Societal risks, such as environmental impact and safety concerns, as well as other potential risks such as the privatization of portions of the FAA, are considered.

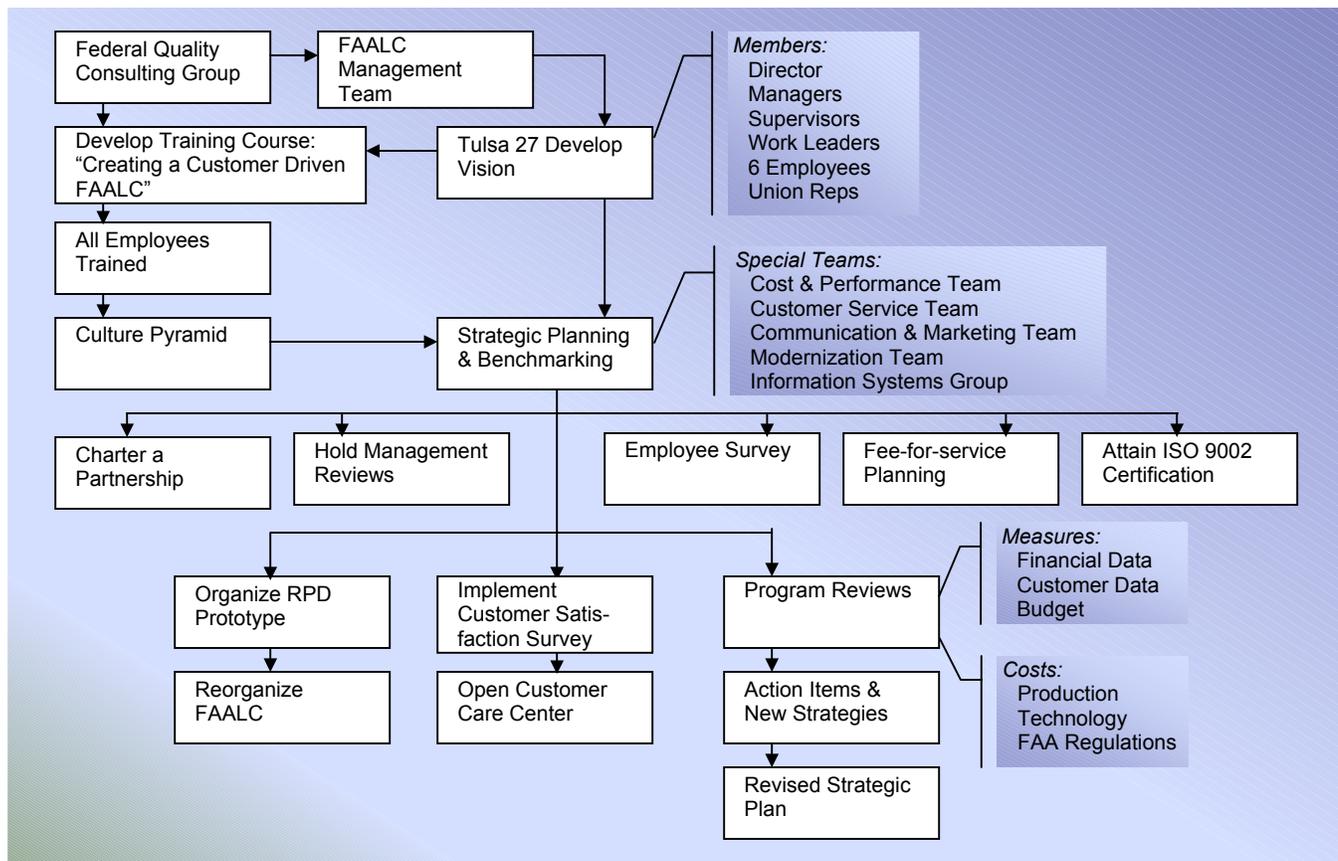


Figure 2.1.1 1997 Strategic Planning Process

Human Resources

We ask what are the major internal business processes necessary to meet customer expectations for the future. These include human resource programs, policies or issues, equipment, technology and facilities. Are they adequate to meet future demands? What new skills will be required? What are the new systems or facilities? Do we have significant weaknesses in these areas that prevent optimum performance of the current processes? Using the answers helps the FAALC initiate appropriate human resource programs.

Leadership Succession

Leadership succession planning and development will ensure the success of the FAALC strategic objectives in a diverse environment. The cross-functional FAALC Leadership Team was chartered to benchmark and find “best practices” for identifying, assessing, developing, and measuring potential leaders. The strategies for

leadership development and succession planning will be completed in the fall of 2000.

Operational Capabilities and Resource Availability

Over the years, our operational capability to meet FAA requirements has been established. Our resource needs are made known in annual budgets submitted to the FAA. The FAALC operates on funds appropriated by Congress and distributed by the FAA. The FAA controls both dollars and the number of full-time employees.

Supplier and Partner Capabilities and Needs

We have over 4,000 vendors who provide products and services. Our efforts have been to identify their needs for assistance in meeting the FAALC ISO-9000 quality management system requirements.

2.1b. Strategic Objectives

Our key strategies were developed based on a situational analysis considering current

environmental factors, both internal and external, that could affect the future of the FAALC. The strengths, weaknesses, opportunities, and threats associated with each were also analyzed. The results of this analysis formed our basis for identification of our strategic objectives. The analysis of the environment included evaluating

our planned entrance into a competitive market, including such factors as new technology, resource availability, financial risks, societal responsibilities, and human resource capabilities and needs. The key strategic objectives identified for the next three years are:

- Grow support and business associated with



Figure 2.1.2 FAALC Strategic Planning Cycle

the operational National Airspace System.

- Grow support and business associated with the planned National Airspace System.
- Establish the FAALC as the fastest delivery source of quality products in the government sector.

These objectives all relate to our key business processes, which are identified in the overview. Our Strategic Plan contains 27 specific objectives with measurements and stretch goals identified. These strategic objectives and measures are summarized in Figure 2.2.1. Options for attaining our goals are evaluated by management. Our present state is compared to the desired state and options are examined for cost, ease of implementation, and the probability of success.

2.2 Strategy Deployment

The development and deployment of strategies and plans are accomplished through cross-functional teamwork.

2.2a. Action Plan Development & Deployment

2.2a(1) Action Plan Development and Deployment

A strategy describes or indicates the need for action, and it provides a framework or parameters for action plans. Subject matter experts and employees at the “grass roots” level who will implement the action plan develop the FAALC action plans. Figure 2.1.1 indicates the major action plans developed from the 1997 Strategic Plan. All objectives of these action plans were accomplished except the move to a fee-for-service operation (not approved by Congress.) Our key short-term plan is to become a fee-for-service organization in FY 2000 (or whenever congressional approval is obtained.) Our long-term plans involve developing a larger customer base through the fee-for-service opportunities. Our situational analysis resulted in a 61-page draft document, “*FAALC Demand Analysis and Opportunities*,” published in April 1999.

2.2a(2) Key Human Resource Requirements:

The FAALC requires a mixture of engineers, technicians, systems analysts, and inventory management specialists. We plan to provide training when needed as indicated in competency models and performance studies. We plan to provide a safe workplace free of bias or prejudice. We utilize FAA and MMAC assistance in hiring employees.

2.2a(3) Resource Management

The FAALC Corporate Staff is responsible for reviewing resource needs and budget allocations and correlating the needs to strategic action plans.

2.2a(4) Key Performance Measures and Indicators

The key measures and indicators identified in Figure 4.1.1 are used to track progress towards accomplishment of our action plans.

2.2a(5) Communication

All of the methods of communicating to employees discussed 1.1a(1) are used to deploy plans, goals, and objectives.

2.2b. Performance Projection

2.2b(1) Two-to-Five Year Projections

Our key performance indicators of success can be summarized as customer satisfaction, expanding our customer base, and reducing our costs of operation. The next two years will see the FAALC transition to the fee-for-service concept. Based upon benchmark studies, the new business environment will likely result in a slight reduction in sales of expendable items during the next two years. Our five-year outlook is that an aggressive marketing approach will find new customers. Our focus is on contracts which FAA awards for initial depot level repair and support and capturing that market. Our customer satisfaction is expected to increase and our operating costs to reduce.

2.2b(2) Projected Performance Comparison with Competitors

We have limited competitors at this time. Our strategic plan provides a basis for measuring our success. Improvement in our key performance is reflected in Criteria 7: Business Results.

Objective	Measure	Target	2000	2002
Increase Customer Satisfaction	Customer Satisfaction Rating (CSR)	Raise CSR to 4.75	CSR = 4.2	CSR = 4.75
Increase Product Availability	Customer Satisfaction Rating	Raise CSR to 4.5	CSR = 4.3	CSR =4.5
Increase quality of items	% Defective Rate	50% decrease in defectives		50% decrease from 1999 base
Increase quality of items	CSR for technical reliability	Raise CSR to 4.5	CSR = 4.1	CSR = 4.5
Increase Quality	CSR for delivery accuracy	Raise CSR to 4.6	CSR = 4.4	CSR =4.5
Be the Best Value Logistics Support Provider	Gross Sales Attributable to New Systems			5% increase in gross sales is attributable to new systems
Reduce Cost	Repair Cost			Reduce by 10% from 1999
Reduce Cost	Inventory turn-over rate		Improve by 10%	Improve by 20% from 1999 level
Reduce Cost	Distribution Cost Per Issue			3% reduction from \$51.77
Increase Gross Sales	Volume of Sales			Increase gross sales by 25% from 1999
Reduce Average Repair Time	Average Repair Time			Reduce by 10% from 1999 baseline
Improve Product Delivery	<ul style="list-style-type: none"> • Number of customer orders filled in 24 hours • Customer returns receipted to stock in 24 hours • Inventory Accuracy • Warehouse Refusals 			<ul style="list-style-type: none"> • Increase No. by 50% from 1999. • 100% of returns receipted in 24 hours. • 99% inventory accuracy • 0.1% refusal rate
Develop, train and retain workers	% Of total competencies inventories completed.		100%	
Encourage and facilitate self-development of managers	Managerial 360 degree assessment			Composite scores for all managers of .75
Employees motivation and job satisfaction	Employee Attitude Survey			A 0.3 point increase from the 1998 EAS
Implement an effective shop production control system	Production control efficiency index		Index identified and implemented	

Figure 2.2.1 Summary of Key Strategic Objectives

3.1 Customer and Market Knowledge

Customer and market focus processes are designed and implemented to create value for the FAA, customers, stakeholders, and flying public and to determine customer needs and expectations.

3.1a Customer and Market Knowledge

The FAA provides materiel support to the National Airspace System operations through a field infrastructure of technicians and Logistics Specialists. The field infrastructure is supplemented by national-level materiel management and by repair operations provided by the FAALC. The FAA selects those systems to be supported by the FAALC.

3.1a(1) Customer Determination

While the FAA selects our customers, our primary focus is always the American flying public. The FAA commitment to safety of the flying public dictates our products and services.

Figure 3.1.1 identifies FAALC customer segments by percentage of our customer base. The FAALC cannot compete for private sector customers due to the FAA mission and statutory limitations.

3.1a(2) Customers' Key Requirements

We keep aware of our customers' needs and priorities through customer surveys, the Customer Care Center, regional customer service representative site visits, management participation in customer conferences, NOCC conference calls, and participation in new system development and implementation planning.

Figure 3.1.2 shows the correlation between FAALC customers, their selecting authority, requirements, and measures the products or services we provide to them.

3.1a(3) Determining Key Product/Service Features and Relevant Data

As part of the FAALC's overall marketing strategy, an FAALC demand analysis and opportunity study was completed in 1999.

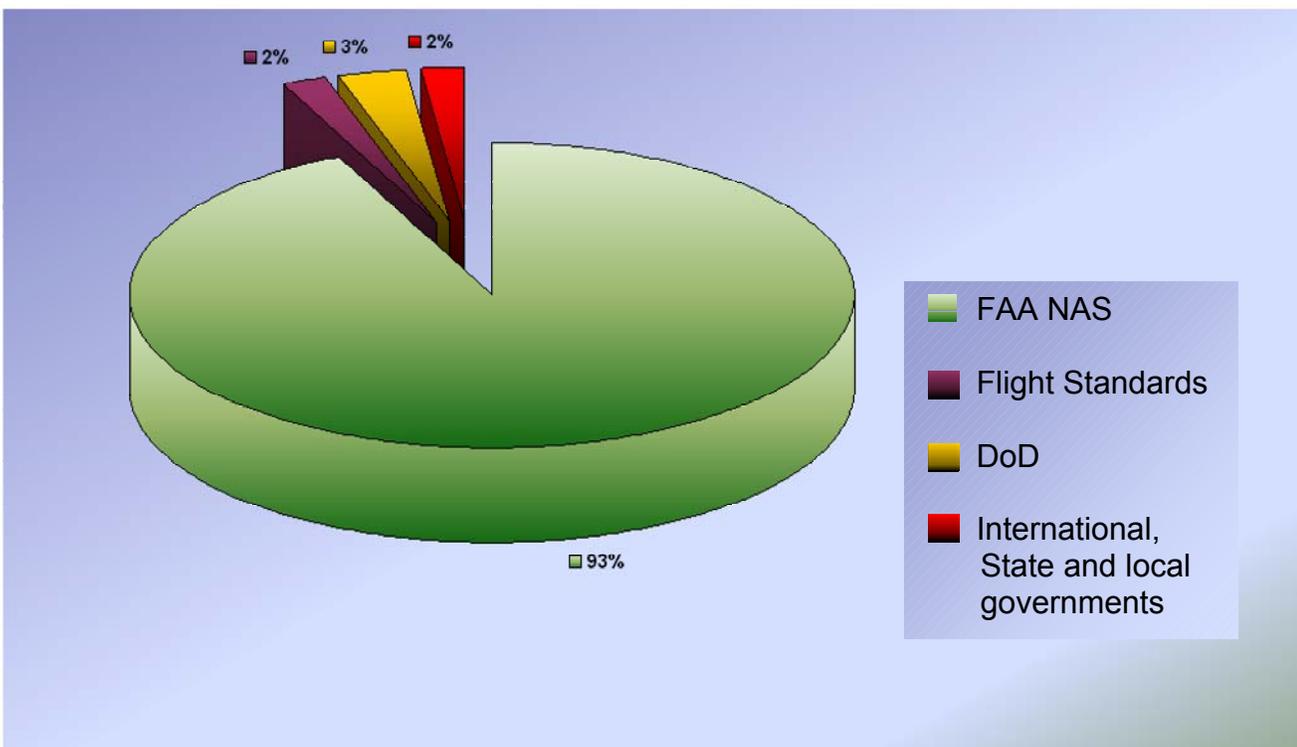


Figure 3.1.1 Customer Segments

<i>Customer</i>	<i>Selecting Authority</i>	<i>Products/Services</i>	<i>Requirements</i>	<i>Measures</i>
Airway Facilities NAS	FAA	Logistics, repair, & inventory control	On-time delivery and product reliability	Customer surveys, reliability measures, delivery times
Other FAA Organizations	FAALC	Expendable items	On-time delivery and product reliability	Customer surveys, reliability measures, delivery times
FAA Aircraft	Flight Standards	Certified aircraft parts	On-time delivery of certified replacement parts	Customer data on aircraft delays due to late delivery
Department of Defense	FAALC/ DoD agreements	Logistics support of specific equipment	On-time delivery and product reliability	Delivery time and product reliability data
International Governments	FAALC/ International agreements	Logistics support of specific equipment	Delivery of obsolete repair and hard to find parts	Quality of product delivered as agreed by contract
Private Airports	Congressional interest or a sole source provider	Parts unavailable from other sources	Delivery of sole source items	Delivery of items as per contract

Figure 3.1.2 Key Customer Data

It had a goal of expanding current business and moving into new business areas consistent with our business model and regulatory guidance. Trend charts were developed for the last three years of Logistics Center sales. Based on these trends, projections were made on sales for the next two years.

Some new or expanded business opportunities identified are:

- Fiber Optics and Cable Technologies
- Microcomputer Repair Laboratory
- Engineering Consulting Services

Depot Level Repair and Supply Support is an area of consideration for expansion. As the FAA deploys new National Airspace System equipment, the FAA assigns a source for depot level maintenance (repair and spares) to either the FAALC or the original manufacturer of the equipment. Traditionally, the equipment is maintained by contractor support for the first few years following installation and commissioning. Following this period, the systems are transitioned to the FAALC for life-cycle maintenance and

support as well as decommissioning. The FAALC is examining ways to improve marketing techniques and become the provider of choice as quickly as possible after system commissioning.

3.1a(4) Keeping Current

Expansion of logistics services provided to federal, state, local, and international governments are areas for business expansion. Opportunities for improvement will be developed based on information gathered from FAA Headquarters, other government agencies, customer surveys, customer service representative visits, and NOCC conference calls.

3.2 Customer Satisfaction and Relationships

The FAALC has retained its current customer base for nearly a half century. Customer desires have driven the methodology of customer access to the FAALC. New technological advances are incorporated and implemented as necessary.

3.2a. Customer Relationships

3.2a(1) Key Customer Access Mechanisms

The key mechanisms used by the FAALC to determine customer access needs for ordering, seeking assistance and information, or making complaints are summarized in Figure 3.2.1.

Action	Method
Customer Surveys	Survey by Mail
Customer Service Representatives	Personal Visits
NOCC Telephone Conferences	Daily participation in National Telcons
NAS SEC	Periodic Conferences
FAA Program Reviews	FAALC participates
Customer Care Center	24 Hrs per day telephone customer assistance and LIS.

Figure 3.2.1 Key Customer Access Mechanisms

3.2a(2) Determination of Customer Access Requirements and Associated Deployment

The 1997 Customer Satisfaction Survey identified those things important to the customer. Results of this survey and the final results of the 1999 survey can be found in Category 7. These surveys created the focus of recent action plans in those areas identified as opportunities for improvement.

Essential needs that have been identified and actions taken include:

- Making it easier to access LIS, and improving the tracking of shipments. This system is described in more detail in Category 4.
- Implementing the Customer Care Center (CCC). This Center was established to provide 24-hour one-stop customer shopping for FAALC customers. In the 1997 survey, customers stated they needed a central point of contact 24 hours a day at the FAALC.
- Implementing the Customer Service Action (CSA) Database to provide better feedback to the customer and to better track customer feedback. This database is used throughout the FAALC to collect data. Collection and

evaluation of this data are discussed in Category 4.1.

Data captured in the CSA database is based on customer feedback and is available on-line to all FAALC employees and managers. This database is real-time and information is immediately available to all areas of the FAALC. CSA provides data for trend analysis of many of our key performance measures.

3.2a(3) Customer Complaint Management

The Customer Care Center captures complaint data and alerts the proper person to react. Based on the complaint, the appropriate Product Division or support group is responsible for initiating and completing the necessary corrective action in accordance with our ISO-9002 Quality Procedures.

A vital link to our customers is provided through a daily telephone conference call with a collection of FAA engineers, technicians, analysts, and managers. The National Operations Control Center (NOCC) monitors all failures in the Air Traffic Control System. This team gathers data and information relating to problems that occur. They host a daily telephone conference call with the major organizations concerned with system maintenance, system usage, and logistics support. The FAALC participates in these daily conferences. Our major concern is the determination of whether a system failure is caused or extended by FAALC products or delivery systems.

3.2a(4) Building Relationships with Customers

Our Oklahoma City customers who operate the FAA aircraft are now collocated with our FAALC Inventory Management team. Together, they operate as a team and provide daily, face-to-face feedback on FAALC products and services. This allows for rapid response and immediate corrective actions if needed. Our Customer Service Representatives build relationships with field customers through personal visits.

3.2a(5) Business Currency

The NAS Supply Support Executive Committee (NASSEC) is an advisory group composed of FAA regional managers and

Headquarters directors. They meet periodically with FAALC management and personnel to verify the needs of FAALC customers.

3.2b. Customer Satisfaction Determination

The FAALC builds customer loyalty and positive relationships with our customers through fulfilling our quality objectives. We further build relationships through the Customer Service Field Representative visits.

3.2b(1) Processes for Determining Satisfaction

The key measure of customer satisfaction is the on-time delivery of a satisfactory product. On-time delivery and product reliability are measures reviewed by management as indicators of customer satisfaction. The customer surveys, daily NOCC telecons, and the review of CSA data in periodic program reviews are vital to ensuring customer satisfaction. The NOCC telecons allow us to capture feedback that can be used as positive referrals from our current customers. The Customer Care Center is the initial point of contact for customers 24 hours a day. Providing easy access for customers and offering a variety of communication methods. Customer complaint data is entered in real time into the CSA database. The data is routed to the proper individual to resolve any problem and respond to the customer as necessary. Managers can monitor complaint resolution through the CSA database. Analysis of the database is part of program reviews. The CSA database provides the ability to sort the data into various components and provide data for measures as described in Category 4.

A second source of customer satisfaction is the FAALC Customer Representatives. They are the primary face-to-face customer contact points for FAALC products and services and have the most frequent customer interaction.

3.2b(2) Customer follow up

We have a chartered partnership with our aircraft customer that assures day-to-day contact and opportunities for evaluating and improving our relationship. The FAALC encourages all customers to provide feedback. The opening screen of our on-line requisitioning system lists the

Customer Care Center telephone number. Additionally, the Care Center's telephone number and toll-free number are both listed in customer service brochures and on labels distributed to our customers. Our customers can access customer service information through our intranet/internet pages, and they can send inquiries or feedback through e-mail. All calls to the Customer Care Center go through a call director system. The call director system automatically sends incoming calls to the next available Customer Specialist and captures information used by management to monitor the telephone activity. Information recorded in the call directory system includes number of hang-ups, how long a caller waits to be connected to an agent, caller identification, length of call, and call transfer information.

Customer Specialists are trained to respond to a myriad of customer concerns and provide any necessary remedies immediately.

3.2b(3) Benchmarks and Comparisons

Since the FAA assigns the majority of the FAALC customers, the FAALC has limited access to benchmark competitors. Benchmarking is based on a desire to find role models for FAALC operations.

3.2b(4) Keeping Current

The FAALC monitors FAA and other government operations and keeps current of potential opportunities. This allows the FAALC to monitor FAA plans for future FAALC missions and opportunities. The daily conference calls provide us with current, often late-breaking, news and information relevant to FAA national and regional events. The FAALC's proactive approach to these events enables us make adjustments and minimize any possible impact on our customers. Seminars and trade shows allow us to keep abreast of current technology.

Information & Analysis

4

The FAALC performance measuring system selects key performance measurements for use in management analysis of organizational performance. Periodic performance and management reviews are mandatory.

4.1a Measurement of Organizational Performance

Certain data is collected and distributed for use in day-to-day operations, and other data is accumulated for program reviews. Much of this data is available to FAALC employees and customers through the LIS or CSA database.

Stakeholders:

- Customers
- Financial
- Internal Business
- Learning & Innovation

4.1a(1) Performance Measurement System

The components and development of the FAALC performance measurement system are described as follows.

Data Selection

The goals and related measures arising from the 1999-2002 FAALC Strategic Planning session were referred to the Cost & Performance team for refinement. From the consensus of the team of cross-functional employees and seven subject matter experts, emerged the measures in use today.

In Figure 4.1.1 we look at the organization's total health by correlating key performance measures, stakeholders, processes and strategic goals from baseline data summarized earlier in Category 2 (figure 2.2.1.) This data was selected from the balanced scorecard of the Strategic Plan.

Figure 4.1.1 Key Performance Measures

Performance Measure	Customers	Financial	Internal Business	Learning & Innovation	Process	Strategic Goals
Number of defective shipments	●	●		●	Equipment Repair	Increase quality of items
CSA activity per issue			●		Quality Control	On-time delivery/quality of items
CSA Data	●	●	●	●	Customer Satisfaction	Rapid response
Vendor measures	●	●	●		Quality Control	Reliability
Cycle time		●	●		Equipment Repair	On-time delivery/reduce costs
Average unit cost of items repaired		●	●		Equipment Repair	Reduce costs
Inventory turnover		●	●		Inventory Control	Reduce costs
Number of backorders	●	●	●		Inventory Control	On-time delivery
Warehouse refusals	●	●	●		Inventory Control	On-time delivery
Non-cataloged requisitions	●		●		Inventory Control	On-time delivery
Inventory accuracy		●	●		Inventory Control	Reduce costs
Number of employees		●	●		Fiscal Control	Reduce costs
Ratio of PC&B cost to sales		●	●		Fiscal Control	Reduce costs
Capture 10% of commercial repair in-house		●	●		Fiscal Control	Increase income

Employee survey		●		●	Human Resources	Retain current workers
Employee training		●		●	Continuous Education	Retain knowledgeable workers
Employee grievances				●	Employee Satisfaction	Retain current workers
Number of accidents		●		●	Employee Safety	Safety of workers
Employee sick leave		●		●	Human Resources	Employee satisfaction/productivity
Environmental measures		●	●	●	Societal Responsibilities	Employee/community safety
LIS down time				●	Internal Business	Efficiency

The primary focus of the FAA and its customers is the safety of the flying public. Minimizing downtime of equipment failures is essential to the safety of the flying public. Thus, rapid response in on-site repairs, on-time delivery of parts and equipment, and ensuring that repaired items operate properly are critical measures of our success. Customer orders, inventory, stock levels, shipping data, and customer feedback are all on-line and used daily to ensure the customers' orders are correctly filled in a timely manner.

Tracking Overall Organizational Performance

Performance measures are readily available to all managers. Periodic program and performance reviews examine the compiled data relating to the FAALC Strategic Plan and to the balanced scorecard to ensure all stakeholders' interests are secure. Such reviews provide an overview of organizational health.

Comparative Data

To effectively implement the changes discussed in the strategic planning session, the FAALC recognized the need for comparative data and information. In the time frame of 1996 through 1998, the FAALC made 28 formal and informal benchmark studies including some site visits to world-class organizations such as Federal Express and NCR Worldwide Service Logistics. The visits were used primarily to find role models for the changes planned for the FAALC. Observations were made on how businesses managed costs and used performance measures as a management tool. Figure 4.1.2 summarizes the FAALC benchmarking activity and purpose of the study.

Defense Distribution Depots are government distribution centers. To improve our warehousing and repair process the Modernization Team toured those facilities to review their shipping and receiving docks, distribution center, storage practices, and inventory and automation systems. Also reviewed were the repair facility asset and bench stock management and distribution practices.

The FAALC also participated in a National Performance Review initiative by hosting a national benchmarking web site for one year.

Figure 4.1.2 reflects benchmarking team products as recommended for infrastructure changes and expected corporate results, based on best practices observed. These system changes set the wheels in motion for becoming the best of the best.

- The Modernization Team proceeded into process benchmarking utilizing new infrastructure changes. Fifteen recommendations for improvements were made, approved by management, prioritized according to stakeholder importance and scheduled for implementation between 1998-2001. Four of the fifteen are implemented.
- Recommendation #1, Inventory Integrity Organization Implemented 5/99.
- Recommendation #2, Warehouse Refusal Process Action Team (PAT) Implemented 5/99.
- Recommendation #7, "Real Time" Receipt Processing Implemented 11/99, ongoing process improvements.
- Recommendation #5, Establish Work Load and Performance Measures, Implemented 7/00.

Information & Analysis

Comparison targets, standards and results from these process improvements are used in Program Reviews to determine and prioritize additional process improvement areas, assign improvement authority/accountability to an FAALC Center of Excellence or Product Division as needed, and reward Product Divisions and/or Centers of Excellence for exceptional results.

Reliability of Data and Information

Electronic data is safeguarded and a daily backup of the LIS and CSA system is performed and maintained at a separate facility. The FAALC verified that their computer systems and software

were not susceptible to Y2K problems, and no disruption of activities occurred during the transition to the year 2000. Using state-of-the-art data systems to compare data from multiple sources and utilizing expert data analyst reviews ensures the integrity of data.

Cost of Options

Entering the competitive environment of fee-for-service places emphasis on lowering costs to compete with commercial business enterprises for our customers' funding. Costs of various operations and options are detailed in "A Study of the FAA Logistics Center's Costs of Doing Business, Fiscal Year 1999." Costs, sales, and other performance measures were used in compiling the data included in the fee-for-service study reported in the FAALC "Demand Analysis and Opportunities" report of 1999.

Expected Results in:

- Improved Productivity
- Increased Customer Satisfaction
- Increased Stakeholder Satisfaction
- Increased Employee Satisfaction

Products				Anticipated Improvements	
Strategic Planning Model		●	●	●	Improved organizational planning and performance management, reduced cost.
Quality Management System		●	●		Enhanced quality management of products, functions, policies and process productivity.
Performance Management System Model	●		●	●	Enhanced management decision making to: improve accountability, reward appropriate behaviors and cost management.
FAALC Activity Model for FAA Cost Account System Model	●	●	●	●	Enhanced for management decision making.
Process Mapping Model	●	●	●	●	Enhanced process and cost management, reward appropriate behaviors.
Benchmarking Model	●	●	●	●	Enhanced process and cost management, reward appropriate behaviors.
Oracle Data Mart Repository	●	●	●	●	Enhanced management decision making to: manage cost, and manage performance.
Customer Service Operating Model		●	●	●	Improved customer service processes and policies, reduced cost.
ISO Certification	●	●	●	●	Enhanced process and cost management.
Distribution Process Model	●		●	●	Manage distribution cost, performance, process, and quality.
Receiving Inspection Model	●	●	●	●	Manage distribution processes and quality; and process cost and performance.

Figure 4.1.2 Benchmarking Team Products

Correlation of Data

As Figure 4.2.1 indicates, the Corporate Staff is responsible for monitoring initiatives and setting priorities to ensure conformity to goals and strategies. (See Category 1.) They also ensure that the data collected is proper for tracking changing processes, business objectives, and goals.

4.1a(2) Keeping Data Current

With the FAALC's move to fee-for-service, extensive research was required for such things as pricing information, inventory, turnover rates, transportation costs, etc. It was recognized changes would have to be made to the current Logistics and Information System (LIS) and to the appropriation and expenditure system, Departmental Accounting and Financial Information System (DAFIS). Each system is mainframe based and independent of the other.

Initiatives to modernize DAFIS are being made at the Department of Transportation level. The modernization will use a commercial-off-the-shelf (COTS) Oracle based system. This is a multi-agency initiative so customizing the system to meet FAALC needs will be very limited.

Since the FAALC requirements will not necessarily be included in the DAFIS modernization, the FAALC has initiated major changes to its own LIS and established an Oracle based Data Mart information system to maintain current data. The Data Mart system also captures information from LIS allowing retrieval of data in summary or detail by product, region, type of issue, item manager, Product Division, month and year, or any combination.

Major changes being made to LIS include major coding changes driven by the move to fee-for-service and the reorganization of the FAALC; new formulas for pricing FAALC products and services; detailed inventory tracking; spending/budget tracking accessible by FAALC customers; and changes being driven by new FAALC processes. The FAALC Information Systems Group (ISG) is responsible for coordinating and making the changes to the LIS and Data Mart systems. Other ISG initiatives to track and store current data include a bar coding system to track inventory; automated serial number

control/tracking; repair facilities automation; and capturing production control data in Data Mart.

In addition the FAALC Business Systems Group (BSG) prepares monthly reports on the financial and performance data of the Customer Care Center, storage and transportation, and repair shops activities. The BSG places this information on a shared drive accessible by FAALC managers.

Finally, the FAALC maintains membership in the American Productivity and Quality Control (APQC) organization, thus maintaining online access to benchmarking and best practice studies along with other current comparative data.

4.2a. Analysis of Organizational Performance

A key factor to success is analysis and dissemination of information throughout the organization to all users, including customers and partners.

4.2a(1) Analysis Process

Quality Management Reviews are mandatory under the ISO-9002 certification. Such reviews determine the effectiveness of the Quality Management System. Both internal and third party quality audits are required. Audit reports must be a part of the Management Review.

Another requirement of the quality review is a discussion of areas for improvement and subsequent actions. The Customer Satisfaction survey of 1997 was reviewed by top management and resulted in driving changes in the 1999-2002 FAALC Strategic Plan.

In 1998, the review of all pertinent data required for management review was examined. As a result, in January 1999, an "Internal Program Review Template" was developed and distributed.

4.2a(2) Deployment and Links

Key performance measures identified in the Strategic Plan are tracked. Key business results and strategic measures are used in program reviews to analyze the overall organizational health. Figure 4.2.1 lists responsibilities for the review of

<i>Data Review Source</i>	<i>Method</i>	<i>Type of Information</i>
Customers (CSA Reports)	On-Line	Customer complaints, requests, problems etc.
Information Systems Group	On-Line	Assure reliability, effectiveness, and rapid access to data and information.
Corporate Staff Committee	Weekly Corporate Staff meeting minutes posted on Intranet	Logistic Center wide decisions and prioritizing of actions consistent with corporate goals and strategies.
Linking Team	Weekly Management and Union Representative meeting minutes posted on the Intranet	Priorities and decisions on current projects. Discussion of items requiring action.
Customer Advocacy Team	Weekly meeting, minutes posted on the Intranet	Ensure all customer inputs are considered and appropriate actions in place to address the inputs. Identify processes to standardize and re-engineer from customer input.
Program Review	Quarterly meeting Division Management and Financial Team Hard copy of minutes	Review of FAALC-wide key performance measures and financial data. Discuss results and action required. Presented overall and by Division.
QMS Management Review	Annual meeting as required by ISO-9002 Hard copy of minutes	Review of suitability and effectiveness of the Quality Management System.
FAALC News	Monthly newsletter	Events, news stories, recognition, and awards.
FAALC Intranet Web sites: LIS User Guide	Updated on Intranet	Users manual for FAALC inventory programs.
Benchmarking Team	Web sites; Links to other Web sites	Benchmarking, methods used, case studies.
Human Resources	Web site on Intranet	Department vision, benefits, handbooks, training information, tips on interviewing, career planning.
Employee Express	Web site information service	Secured employee access to own personnel information, changes to employee benefits.
Franchise Fund Team	Intranet web site news updates	Implementation plan, business plan, concept, customer and employee briefings, contacts.
Other web sites	Intranet web sites	ISO 9000 information, FAALC Quality Manual, Document Master List, Reinvention Lab status.

data, and information for communicating policies, progress, and priorities to employees and other major stakeholders.

4.2a(3) Supporting Daily Operations

LIS provides on-line requisitioning of parts by our customers. An integrated cataloging system

allows our customers to cross reference catalog part numbers with numbers utilized by the FAALC and the MMAC Procurement office. System updates occur real time on-line.

5.1a Work Systems

The FAALC’s organizational values state that people are the most important resource. The broad diversity of our workforce is our defining strength.

The FAALC has chartered the Workforce 21 team. This is an initiative to develop a comprehensive workforce management strategy for the FAALC that will address the full range of workforce management programs and related issues. Program areas include but are not limited to: employee training and development, rewards and recognition, career progression, and employee satisfaction. A primary objective of this effort is to ensure the FAALC workforce management strategy is clearly linked to and supports FAALC strategic goals and objectives. A comprehensive workforce management strategy, based on a study of best practices of industry and government organizations, and appropriate implementation plan will be presented to FAALC management in the fall of 2000.

Model Work Environment

The Model Work Environment (MWE) policy is part of our culture and is used as a fundamental platform for employee development. Our MWE goal is to exceed the diversity of the civilian workforce in our region.

5.1a(1) Work and Job Design

The FAALC ISO-9002 certification and the reorganization of the FAALC into Integrated Product Teams forced a restructuring of jobs and working relationships. Such changes required a rewrite of work instructions and extensive team development. Team training has been provided in accordance with our goal of the team becoming self-directed. A cross-functional team designed the Radar Product Division as a model for the FAALC reorganization. The system designed was a self-directed team with the freedom to use innovative ideas for improvement.

All people required to support a product line are now collocated. These changes have made communication easier and cooperation and knowledge sharing commonplace.

5.1a(2) Employee Motivation

Flexibility and rapid responses are team characteristics. Employees are encouraged to find answers within their own organization. Employees are urged to participate at every level of the organization, especially serving on cross-functional teams. Employees are empowered to create new processes and improve existing processes.

Employees participate in strategic planning. Designing and implementing new or improved services empowers cross-functional teams.

Figure 5.1.1 is an example of how teams support the FAALC's Key Action Plans.

Employees are encouraged to request to be considered for a job detail or “shadow” cross training as a result of developing their Individual

Team	Function
Franchise Fund Team	Initiative to reduce costs and improve materiel support by adopting a revolving fund concept for the FAA logistics support structure.
Customer Advocacy Team	Cross-functional team to provide an integrated process used to improve customer experiences.
Leadership for the Future Team	Identify strategy for selecting managers.
Workforce 21	Identify critical gaps or key issues related to FAALC workforce management.
FAALC Materiel Requirements Planning Workgroup (MRP)	Facilitate communication between the users of a system and the senior managers who make the policies and systems changes that effect the operations of that system.
Safety Committee	Provide safety awareness, training and opportunities for employee involvement in workplace safety.
Centers of Excellence	Five Center of Excellence Teams Policy setting cross-functional teams that develop procedures and process controls in their areas of expertise that applies to all Divisions.

Figure 5.1.1 Cross-Functional Teams

Development Plan (IDP). The IDP is a document, prepared by the employee and approved by his/her supervisor, which is used to broaden the employee's career opportunities.

5.1a(3) Supporting High Employee Performance

Figure 1.1.3 (Leadership Category) indicates that performance expectations and measurement ripple down from the Program Directors. An annual performance evaluation records employee performance and supervisory feedback to employees and identifies training needed to strengthen performance.

5.1a(4) Compensation and Incentives

The FAA Performance Plan and Recognition Procedures direct the approval of awards. Monetary, honorary, and time off awards are given to recognize efforts that improve quality. The FAALC operates under the Federal Pay Comparability System as administered by the Office of Personnel Management.

5.1a(5) Communication

Communication, cooperation, and knowledge sharing are encouraged through our team alignment. Our Centers of Excellence are Centers of Knowledge shared by all Divisions. All team members have had extensive training on team formation, expectations, and operations.

5.1a(6) Recruiting and Hiring

The FAALC has developed a comprehensive competency modeling system for all 32 of our occupation fields. These models are augmented by specific position descriptions, which are classified by the Office of Personnel Management (OPM) standards and the applicable OPM qualifications. Applicants are required to address knowledge, skills, and other abilities and job based questionnaires when applying for federal employment.

Training is linked to key performance requirements that are determined by the Division Managers.

Diversity of our community and fair workforce practices are taken into account. The FAALC does not discriminate on the basis of political

affiliation, race, religion, origin, sex, sexual orientation, marital status, age or any other characteristics not bearing on job performance. On a case by case basis, the FAALC also makes reasonable accommodations for applicants with disabilities.

5.2a. Employee Education, Training and Development

The FAALC invests in training and education to give employees the tools to make the FAALC workforce the best that it can be.

Balancing Training Needs

Our quality procedures, in accordance with ISO 9002, require ongoing competency studies and supervisory/employee skill assessments. Emphasis is placed on scheduling training to ensure key competencies are maintained for present and future work processes.

5.2a(1) Keeping Training Current

The MMAC Office of Human Resource Management performed a detailed job task analysis of FAALC jobs. This provided a foundation that identified existing job skills and the current knowledge base. From this point it was further identified what future training would be required to support the organization's work systems. Managers and Supervisors evaluate organizational performance and employees' performance and determine current training needs. Process capability studies for new processes identify specialized skills training needs.

5.2a(2) Employee and Supervisor Input to Training

During performance evaluations, employees and supervisors identify training needs and provide input to the FAALC training budget. Training budgets project training needs for three consecutive years.

5.2a(4) Training Delivery and Evaluation

The knowledge and skills necessary for an employee to complete assigned tasks and processes have been identified and documented. Such required training is provided through a

variety of methods. One source of formal technical training is the FAA Academy. Other formal training is administered by the FAA Center for Management Development (CMD).

With ever increasing federal budget constraints, more locally conducted on-the-job training is required. On-the-job training is planned training conducted at a work site by the supervisor or a designee appointed by the supervisor.

A course evaluation is provided at the end of each training course. The training coordinator solicits input from the students regarding the quality and content of the course, the effectiveness of the instructor, and the value added by the course to enhance the employee's skills and abilities. The effectiveness of the training is evaluated by students, supervisors, and training coordinators. Supervisors evaluate the learning process by observing employee performance.

5.2a(5) Key Developmental Training

The FAA, MMAC, and FAALC all manage diversity training. Such training is mandatory and is provided to every employee, and training is updated periodically. Safety training is provided in quarterly all hands safety meetings.

5.2a(6) Training on Measurement Skills

Training in skills associated with performance excellence is provided primarily through classroom instruction. Every FAALC employee was trained on the requirements of the ISO-9002 Standard. Approximately 100 employees were trained as Internal Quality Auditors before our ISO-9002 certification. Eight employees were trained as ISO-9000 Lead Assessors.

The various benchmarking teams received training as discussed in section 4.1 a. Skills used in measurements, use of standards, and quality control methods are taught in classrooms supplemented by on-the-job training.

5.2a(7) Reinforcing Training on the Job

Pairing a trainee with a full performance level employee or supervisor who coaches the newer employee reinforces key skills and knowledge of the job. On-the-job training is documented.

5.3 Employee Well-Being and Satisfaction

The personal safety and health of each FAALC employee receives precedence over all other work requirements.

5.3a Work Environment

The FAA and MMAC provide guidance and assistance in ensuring the FAALC employees' work environment is the best possible, consistent with mission and resources. The FAALC has a Safety Committee, which meets regularly and identifies important issues. Minutes of the meetings are available on our Intranet home page.

A new facility to house the repair functions of the FAALC is being constructed. In addition to meeting all environmental planning requirements, employee focus teams helped design their future workplace.

As a safety concern after the Federal Building bombing in Oklahoma City, the MMAC was made into a closed campus. In accordance with FAA directives, an assessment is currently being conducted to evaluate the FAALC security needs and plan effective responses in the areas of terrorist attacks, violence in the workplace, and loss and theft prevention.

The FAALC participates in the MMAC Environmental Safety and Health Strategic Plan. This plan has established goals and measures.

5.3b Employee Support Climate

5.3b(1) Employee Services, Benefits, and Policies

Some of the many employee benefits and services are listed in Figure 5.3.2. The FAA, MMAC, and FAALC tailor programs to meet individual needs. Employee surveys provide suggestions for improvement. Examples of program tailoring are the on-site day care center for employees' children, the voluntary leave transfer program, and the flexible work schedule. An extensive Employee Assistance Program provides professional counseling for employees and their families at no cost.

5.3b(2) Diverse Workforce

The FAALC senior management has embraced the Model Work Environment concept, which states that the FAALC is committed to a comprehensive approach of managing diversity. The FAALC encourages equal employment opportunities, engages in affirmative efforts to create and maintain an environment that supports and encourages the contribution of all employees, and provides a workplace free of inappropriate and unlawful behavior.

5.3c Employee Satisfaction

5.3c(1) Determining Key Factors

One of the formal methods that the FAALC uses to assess the work environment and work climate is participating in the biannual FAA Employee Attitude Survey (EAS). In 1997 and again in 1999, an EAS was conducted across the FAA. Random samples of employees were selected to participate in the survey. Past surveys have identified those factors important to employees. In the areas of resource availability, equity in pay and benefits, organizational communication, and quality of work life, the FAALC performed well compared to the FAA.

5.3c(2) Assessments and Measures

The Employee Attitude Survey provides data relating to employee satisfaction. This data provides a comparison of the FAALC workforce to the rest of the FAA. Division Managers use weekly all-hands meetings to assess employee satisfaction and well-being. Indicators such as absenteeism, employee turnover, and grievances are examined during management reviews and provide a barometer of employee satisfaction and well-being.

5.3c(3) Relationship between Employee Well-Being and Key Business Results

Some of the goals of the FAALC Strategic Plan are to develop, train, and retain employees; align data systems to the way we work; enhance lowest level decision-making; tie incentives to quality; and increase employee satisfaction and productivity.

Management review of key business results and employee satisfaction and well-being identifies areas of success and areas for improvement. Based on our findings of employee satisfaction, we relate those findings to our key business results by Management review and by prioritizing work environment improvements to make sure we achieve our key business results.

Program	Purpose
Employee Assistance Program (EAP)	Free, confidential counseling service for employees and family.
Thrift Savings Plan (401-K)	Retirement savings plan.
Voluntary Leave Transfer Program	Employees voluntarily donate annual leave to co-workers who are experiencing a personal or family medical emergency.
Leave	Paid annual, sick and holiday leave.
Medical Clinic	Emergency treatment, flu shots, blood screening, etc.
Retirement	Specified retirement benefits.
Community involvement	Employees are encouraged to support community activities.
Alternate work schedules	Employees have a choice of flexible work schedules.
Federal Women's Program	Career progression assistance.
Training Symposiums	Free training.
People with Disabilities Program	Promote well-being for disabled employees.
Fitness Center	Physical training.
Childcare Program	On-site day care center.

Figure 5.3.2 Employee Benefits

The FAALC does not design products. The FAA purchases systems and assigns logistics support to the FAALC after purchase and deployment. The FAALC does participate in such procurement by designing life-cycle logistics support plans for new equipment purchases. The requirements of the Quality Award criteria element 6 are first described as they relate to our involvement in FAA purchases. Our response to the criteria for equipment and services already provided by the FAALC is presented next.

The FAALC is an integral member of a team that controls design of new systems to be deployed at FAA field locations. Our responsibilities are spelled out in an FAA document "*NAILS Master Plan*." Our responsibilities are in the area of life-cycle logistics support. Air traffic controllers and the aviation community identify major new systems needed by the FAA. System requirements are generated by elements of the FAA outside of the FAALC. System design and acquisition are the responsibility of a cross-functional Product Team (PT). Product Teams are based in FAA Headquarters, but have membership from all affected areas of the FAA. The FAALC actively participates in PT activities in accordance with the Integrated Product Development System (IPDS). The FAALC provides input to the Integrated Product Plan (IPP).

The PT controls and coordinates design reviews, design testing, delivery schedules, and deployment to ensure trouble free system design, installation, and operation. Customers provide the needs, user requirements, human engineering, and other requirements, and must agree with the initial system design.

At contract award, a system developer is selected and then becomes a part of the team. The original Contract Statement of Work usually requires the manufacturer to provide state of the art products and services.

The FAALC is a major participant in the In Service Review process (ISR) to ensure that necessary facilities, tools, test equipment, technical expertise, training, and documented work and test instructions for depot level or contractor repair are in place. Customers participate as well

to ensure that field-level support processes are in place at deployment.

Process management is based upon the analysis of customer-based data and information and making needed process improvements

6.1 Product and Service Processes

Key FAALC processes are managed to ensure the key customer requirements of rapid response and reliable product delivery are met. The key measurements identified in Category 4.1 are reviewed by management and result in revised plans and processes as needed.

6.1a. Design Processes

On an annual basis, we review our process capabilities to assure the FAA that we can support the systems assigned to us.

6.1a(1) Products and Services Design Processes

Our ISO-9002 Certified Quality Management System assures proper design and operation of processes. A process Capability Study is conducted to ensure the necessary items are in place and are adequate to support the FAA and FAALC needs.

6.1a(2) Changing Customer and Mission Requirements

Category 3 discusses how we obtain customer requirements and feedback to ensure changing missions and FAALC capabilities are considered. The FAALC uses a Supportability Review process to evaluate and improve products and services. A Supportability Review occurs whenever a concern with mission capability or a problem with product quality or delivery occurs. Reviews also utilize information such as obsolescence of repair parts, inability to acquire replacement parts, customer complaints, and personal knowledge or experience. When a Supportability Review is called, FAALC engineers, inventory management specialists, and others develop plans for addressing and resolving the issues.

6.1a(3) Incorporating New Technology

As technology develops, the FAALC can select improved versions of items and replace them on a form, fit, and function basis. Such improvements are based on an analysis of components that most often fail. Selection is based upon availability and engineering data specifications. These parts are selected or designed based upon the original customer's requirements.

6.1a(4) Quality, Cycle Time Efficiency, etc.

The FAALC has an ISO-9002 certified Quality Management System. Our Quality Manual, procedures, and work instructions are used to ensure our products and services are the quality expected by our customers. Process capability studies are required of new processes or designs. Quality audits by our Registrar, the American Bureau of Shipping, and internal audits verify the quality management system is followed and is adequate. The FAALC uses a method of supplier selection that provides a 12% advantage to an ISO-9000 certified vendor.

Past experience is a great teacher. Our trained technicians are experienced in supporting older systems. When new systems arrive, the technicians' skills can easily be upgraded by training.

In the FAALC technical repair facilities, there are no continuous repair assembly lines. Most items are repaired on an exchange and repair basis or on an "as required" basis. The unit cost to

repair is monitored along with repair cycle time. Performance reviews allow control of costs. Cycle time in procurement actions and customer delivery is monitored and measured to ensure the ability to meet customer demands as well as control costs.

6.1a(5) Assuring Process Key Requirements

Our ISO-9002 certified quality management system requires documented work instructions for all processes except "where the absence of such

will have no effect on the product or service quality." Also, the ISO-9002 Standard requires proof of process capability. Quality audits by our ISO registrar have verified compliance with these requirements.

6.1a(6) Trouble Free Introduction of New Products or Services

When new systems are assigned to the FAALC for depot level repair, a process capability study is performed. This ensures that all necessary assets are available. A prototype repair is accomplished, and

customers do final testing. The process is then documented for subsequent repairs.

6.1b. Production and Delivery Processes

6.1b(1) Key Processes and Their Performance

Key processes and their performance requirements are summarized in Figure 6.1.1.

Products & Services	Major Processes
Equipment repair	Testing, repair of electronic and mechanical subsystems
Inventory control	Inventory stocking and issuing procurement requests
Storage (warehouse)	Receiving inspections, storage location assignment, stocking
Handling	Packaging, stocking
Shipping	Retrieving from storage, packing, selecting carriers, dispatching shipment
Aircraft parts delivery	Retrieval from storage, direct immediate delivery to customer
Field assistance	On-site repair of equipment
Form, fit, and function engineering	Select replacement parts
Logistic design	Participate as a PT member

Figure 6.1.1 Key Products, Services, and Major Processes

Key Processes	Standards & Measures	Control Strategies
Equipment repair	FAA specifications/ defective rate (customer complaints.)	Documented procedures. ISO-9002 Process control.
Inventory control	FAA Procurement regulations. Inventory Managers' Handbook of work instructions /warehouse refusals, back orders, inventory accuracy.	Computerized automated inventory balance and storage locations. ISO-9002 process control. Internal and external quality audits. Inventory audit.
Storage, handling, shipping	FAA Regulations, misdirected shipments, damage in transit, wrong item shipped.	Computerized storage locations, carrier selection and shipment tracking. Internal and external quality audits.
Engineering	FAA specifications, rules, regulations, original equipment specifications.	Process capability reviews. Internal and external quality audits.
Aircraft parts delivery	Partnership Charter, on time delivery, product reliability.	Customer reviews, and internal and external quality audits.
Logistics planning	Integrated Logistics Support procedures/ cycle time.	Integrated Logistics Support reviews.

Figure 6.1.2 Key Processes, Standards & Measure, and Control Strategies

6.1b(2) Meeting Key Performance Requirements

Our ISO-9002 certified Quality Management System provides the basis for ensuring that our key processes meet their requirement. Element 4.3 of our Quality Management System requires a review of customer orders and contracts to assure the requirements are understood and met. Our employees are trained and follow documented procedures and share technical expertise. Quality audits verify the validity and use of work instructions. In the equipment repair and fabrication area, all test and measuring equipment is calibrated at regular intervals. Final testing of repaired items is documented.

6.1b(3) In-Process Measures and Indicators

Key process standards, measurements, and control strategies are summarized in Figure 6.1.2.

Customer Service Representatives and Customer Care Representatives solicit real-time customer input.

6.1b(4) Process Improvement

When areas of concern about process control are detected, several options are available. The most effective is the use of the Customer Advocacy Team (CAT.) This is a cross-functional team chartered and authorized to study a process, identify opportunities for improvement and drive the implementation of the changes. One tool used by the CAT is the Incremental Process Improvement (IPI,) a documented procedure for breaking a process down into its components, analyzing any problems, improving the process, testing, implementing, and later testing the effectiveness of the changed process.

6.2a. Support Processes

6.2a(1) Key Support Processes

Most support processes are furnished and controlled by the MMAC and/or the FAA. Although we have no direct control over these processes, we can influence them by focusing on impacts their support has on our customers. The FAALC responsibilities are interpreting and implementing the FAA orders. The FAALC Quality Management System guides the operation of the BSG, ISG, and QSG (see FAALC organization chart.) Quality audits verify their compliance with the quality manual, procedures and work instructions.

Figure 6.2.1 summarizes support functions,

Support Function	Owner	FAALC Responsibility
Quality Assurance	●	Quality Systems Group Provide Quality Assurance.
Information Management	●	Information Systems Group Collect and provide data through LIS.
Financial Management	●	Business Systems Group Provide financial guidance.
Payroll	●	Time & attendance and leave administration.
Salary	●	Fixed & regulated No control.
Human Resources	●	Equipment Repair Provide input, follow guidance.
Physical Plant	●	MMAC & Oklahoma City Partnership.
Security	●	Property protection.
Procurement	●	Research & requisition.

Figure 6.2.1 Support Functions, Owners & FAALC Responsibilities

their owner, and FAALC responsibilities.

6.2a(2) Determining Key Support Requirements

The one important support process controlled by the FAALC is the LIS system. This data as discussed in Category 4, provides cataloging data, parts information, customer orders, customer

feedback, CSA data, and inventory control and management tools.

6.2a(3) Meeting Key Process Requirements

The key requirements of LIS are availability and accuracy of data. Our ISO-9002 certified quality management system requires documented work procedures, data control, and data backup.

6.2a(4) Day-to-Day Operations

Our key support process, LIS, is essential to day-to-day operations and ensuring we meet performance requirements. The customer orders, transaction history, shipping data, and CSA data are all captured and deployed by LIS. Maintaining LIS in operating status is a key measurable factor in our business success.

6.2a(5) Updating Support Processes

The FAALC provides feedback to other process owners for improvement. For example, reimbursement of travel expenses could take three weeks or more. We provided an employee to serve on a process improvement team. Now reimbursement occurs in less than one week.

6.3a. Supplier and Partnering Process

U.S. Government rules regulate the selection and relationship with vendors.

6.3a(1) Purchased Products and Services

The FAALC has approximately 4,000 qualified suppliers. Nearly 100,000 different line items are purchased by the FAALC. Key purchases relating to system components such as high power RADAR equipment are sometimes contracted out.

6.3a(2) Performance Requirements

In order to better communicate our needs and specifications to suppliers, the FAALC follows the procedures of its ISO-9002 Certified Quality Management System. The first step is a documented process for writing procurement requests, statements of work, specifications, and receiving, inspection, and quality requirements. When necessary, pre-award conferences are held to ensure suppliers understand the requirements, and post-award conferences are held, as needed, to further clarify what is expected of the supplier. A numerical method of rating the complexity of an item, its importance to the FAA, and item cost is used to select the appropriate Quality Standards and to select suppliers.

6.3a(3) Ensuring Requirements are Met

On larger contracts, the FAALC utilizes Quality Reliability Officers furnished by other government agencies to monitor our contracts. In certain purchases, a first article approval is required. Quality inspections at the vendor's site are always an option in government contracts.

6.3a(4) Minimizing Inspection Costs

The FAALC does no routine receiving inspections. We do only those that are absolutely necessary. We reduce the need for inspections, test, and audits by writing a proper statement of work. Also, we coordinate with other government offices and share a Quality Reliability Officer at vendor's sites when available. We share qualified vendor lists and quality audit results with other government agencies.

6.3a(5) Supplier Assistance

Federal regulations limit the partnerships that the FAALC can enter into with vendors. We do assist suppliers in qualifying as ISO-9000 compliant or certified. We offer a 12% incentive to suppliers who are ISO-9000 certified, or a 6% incentive if they are ISO-9000 compliant.

6.3a(6) Improving Partner Processes

We are limited by Federal regulations on how we partner with suppliers. One key partnership has been established with the Moore-Norman Technology Center relating to ISO-9002. FAALC employees, private industry employees, and the Moore-Norman Technology Center ISO-9000 coordinator have joined to provide low or no cost quality auditing services to Oklahoma based organizations

Partnering on the EPA Support Process

In April of 2000, an executive order was issued. The order "Greening The Government Through Leadership in Environment Management", requires an environmental management system be developed, documented and deployed. Although the primary responsibility for this program rests with MMAC, its application deeply affects the FAALC. The FAALC and MMAC are working as a team to evaluate the possibility of Certification to the ISO-14001 Standard for Environmental Management as a method of improving and managing our Environmental Management System.

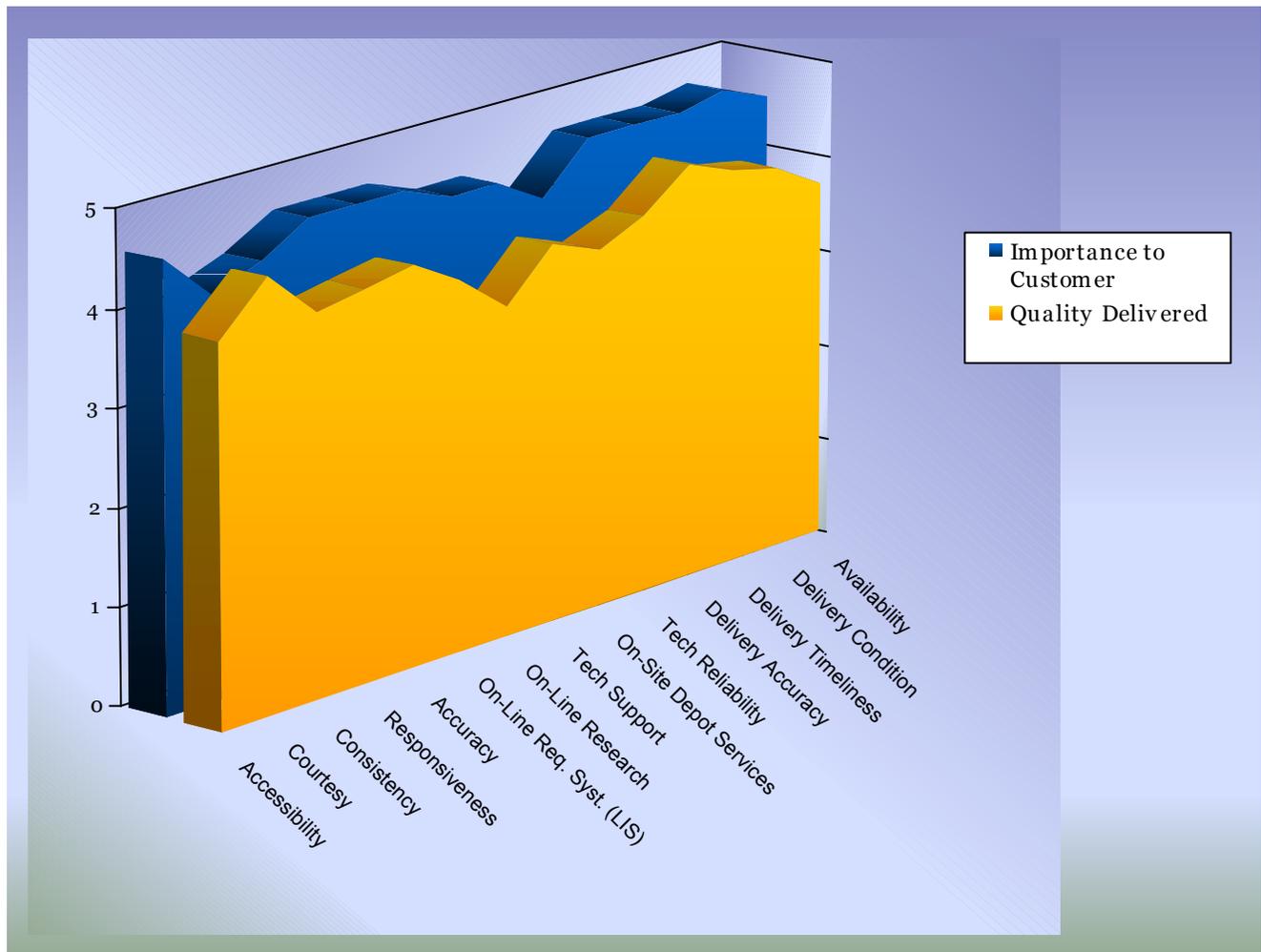


Figure 7.1.1 Customer Satisfaction Scores - 1997

7.1a Customer Focused Results

7.1a(1) Customer Satisfaction

The FAALC customer survey is described in 3.2a(2). Figures 7.1.1 and 7.1.2 indicate improvements in customer satisfaction. The FAALC conducts a customer satisfaction survey once every 18 months. Figure 7.1.1 shows the results of the first Customer Survey conducted in 1997 by the Take Charge Consultants, Inc. The objectives of the survey were to: provide an FAALC customer satisfaction index; provide actionable data on how to improve service to FAALC Customers; integrate customer data into FAALC cost and performance measurements; assess FAALC customers' perceived value of

service received; and increase customer satisfaction and quality of service at the FAALC.

This survey served as a basis for an expanded Customer Care Center, creating regional FAA customer representatives and the selection of performance measures. The customer rated the importance of the subjects and how well we are meeting those expectations. Delivery condition was their primary concern. Delivery timeliness, accessibility, responsiveness, and on-line requisitioning were also highly regarded. The gaps between expectations and our delivery drove the strategic planning. The gaps between expectations and our scores in the categories of delivery condition, timeliness and accuracy reinforced our belief that the primary customer requirement is: on-time delivery of a reliable

product. These gaps drove short-term goals for improvement.

Figure 7.1.2 shows the results of the 1999 customer satisfaction survey. In each year, a Customer Satisfaction Index was calculated as an average of the following categories of the questionnaire: product service quality; customer needs/expectations; perceived value; and feedback processes.

A comparison of the 1997 vs. 1999 survey shows changes in customer expectations. This is not unusual and does not affect the quality of the survey.

One consistent expectation is a better method of accomplishing on-line catalogue research. Actions have been taken to add more cataloging

options to the LIS on-line system. This should result in a better customer satisfaction rating on accessibility.

Also noticeable in a comparison of the 1997 and 1999 data is that, in 1999, there was a definite closure of the gap between expectations and results in many categories. Complete survey reports are available for review.

A comparison of the two surveys shows a customer satisfaction index of 3.664 in 1999 as compared to 3.578 in 1997.

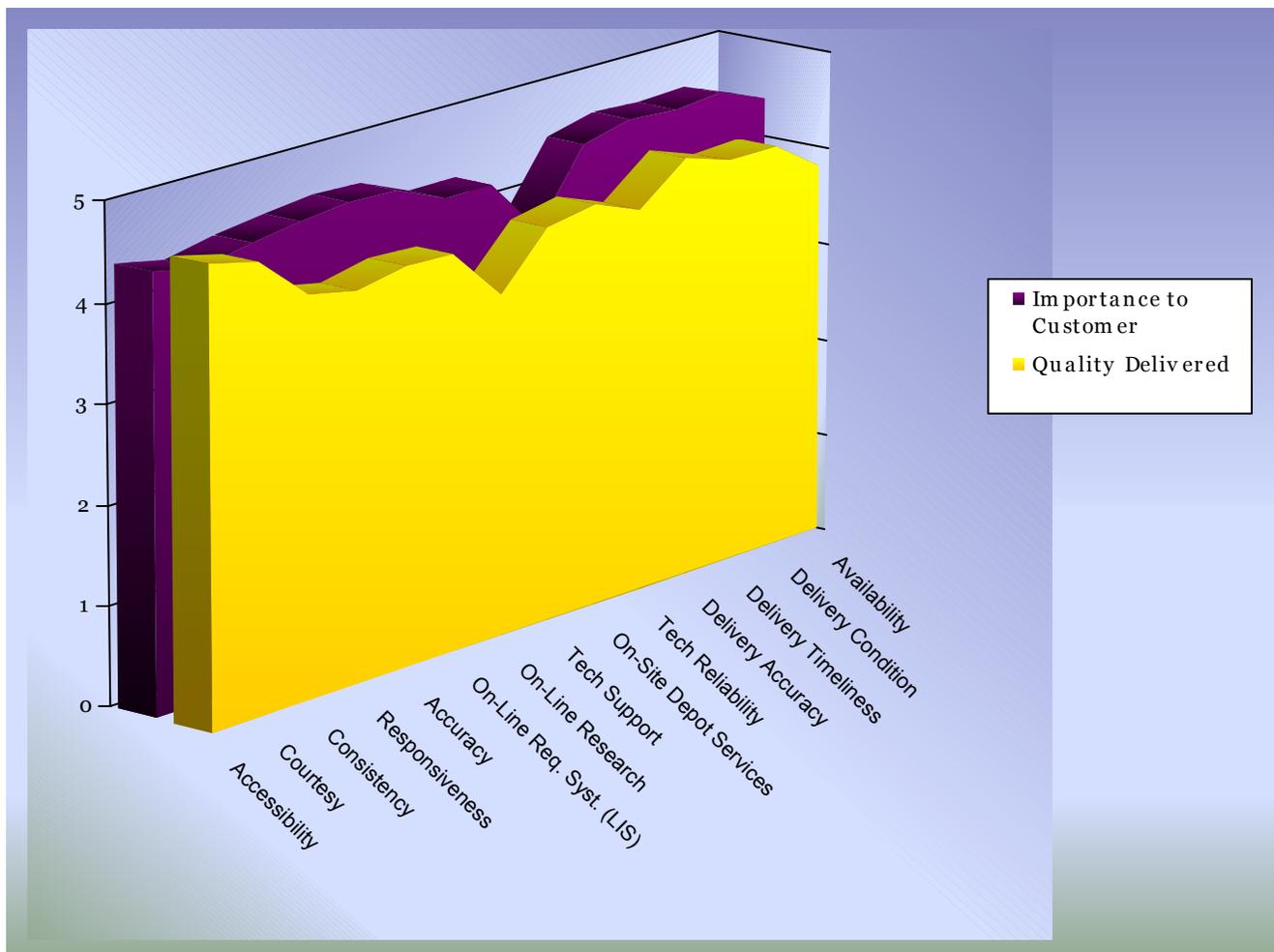


Figure 7.1.2 Customer Satisfaction Scores - 1999

7.1a(2) Customer Perceived Value

The key business success factor of on time delivery is discussed in 4.1.a (1). Some key measures of our success are orders filled in 24 hours, backorders and the requisition fill rate.

Figure 7.1.3 is a measure of one of our most critical customer requirements, on time delivery. Priority 1 requisitions are the most critical to the customer, and the priority 5 is routine in nature. The chart shows significant improvement. Although not shown, in 1997, 68% of the priority 1 requisitions were filled within 24 hours. This increased to 83% during FY-98 and further increased during the first quarter of FY-00, to 95%. This significant continuous improvement is a very good indicator of meeting customer needs and customer satisfaction.

Figure 7.1.4 shows the number of backorders. A backorder occurs when an item is ordered and is not stocked at the FAALC. Such items are ordered from manufacturers or fabricated in the FAALC shops. This is an indicator of our commitment to on time delivery. A significant reduction in backorders is noted in the first three quarters of FY-00.

Figure 7.1.5 shows that we are meeting our goal of filling 92% of the requisitions for material. Certain items are not stocked by the FAALC per FAA directives, or the items are not otherwise available.

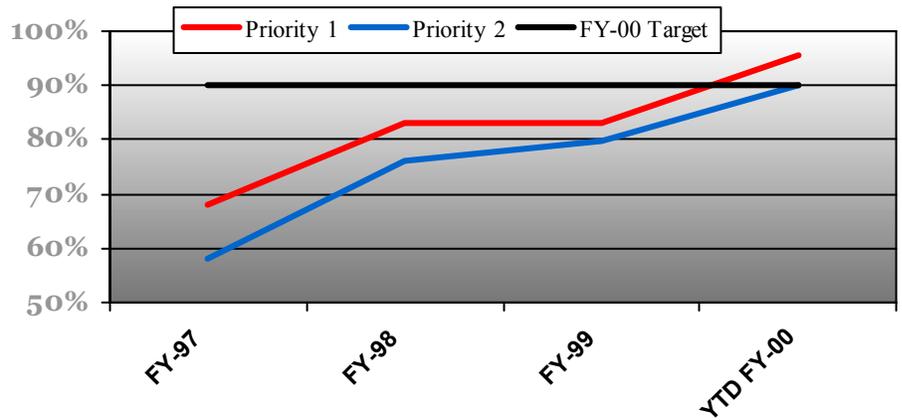


Figure 7.1.3 Orders Filled Within 24 Hours by Percentage

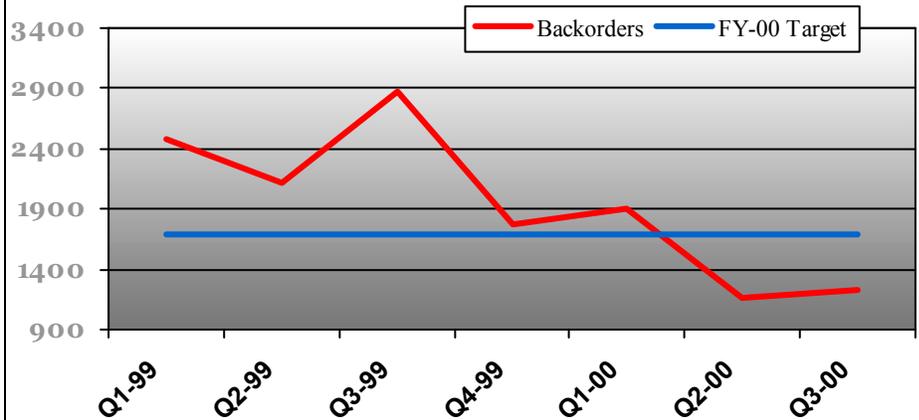


Figure 7.1.4 Backorders

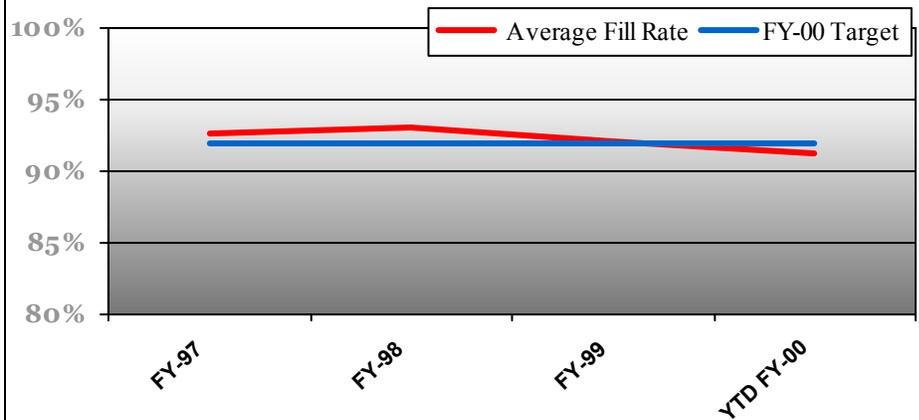


Figure 7.1.5 Requisition Fill Rate

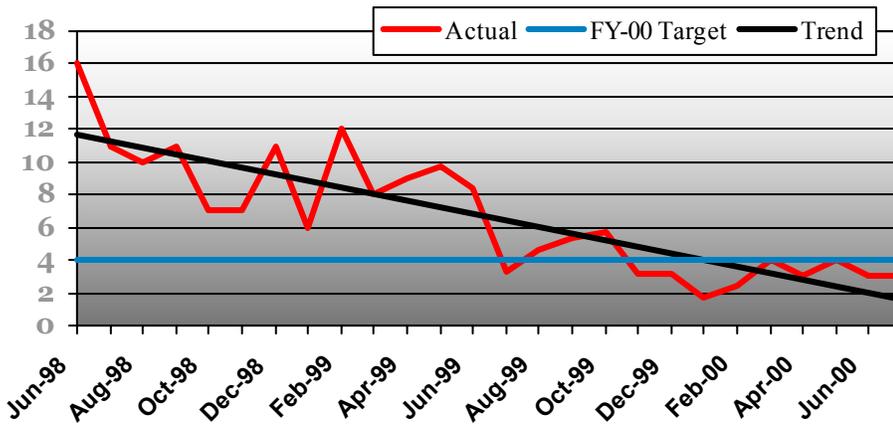


Figure 7.1.6 Number of Refusals per 1,000

7.1a(3) Indicators of Product and Service Quality

Our strategic objectives, goals and measures are shown in figure 2.2.1. Our success in meeting our goals are shown in the following three figures.

Figure 7.1.6 represents the number of warehouse refusals per 1,000 issues. A refusal occurs when a requisition is issued, but there is no stock on hand to fill the order. Refusals may result when items are no longer available from the manufacturer, a long lead-time from an upstream supplier, or unusually heavy demand for the item. Continuous long-term improvement shows that we are surpassing our goal.

Figure 7.1.7 shows the number of incorrect shipments per 1,000 to our customers. Although the previous error rate was acceptable, a short-term goal for a 25% reduction during 2000 and a stretch goal of 50% reduction by 2002 were established. A process improvement plan was implemented and random inspections started in April 2000. The trend since then shows us to be on track to reach both our short and stretch goals. This also validates our improvement plan.

Figure 7.1.8 shows the rate of customer rejected products. Included in the totals are a large number of items that are returned to the FAALC defect-free that must be thoroughly tested before they are returned to serviceable stock. We have a stretch goal of 50% reduction in this rate by 2002.

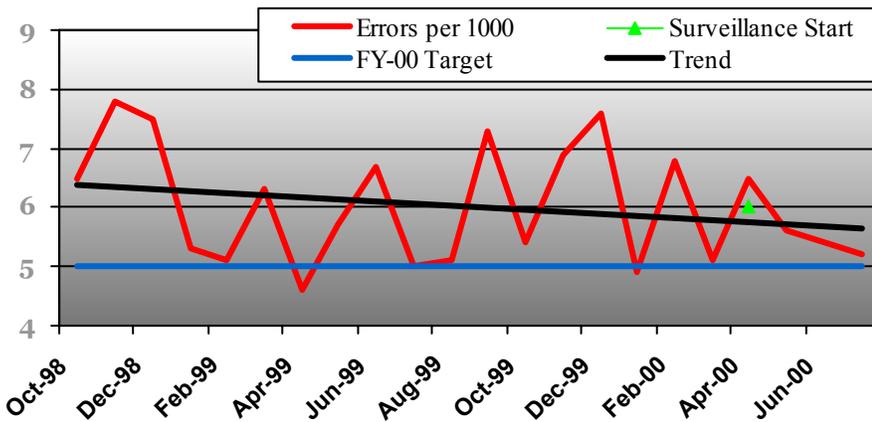


Figure 7.1.7 Shipping Errors

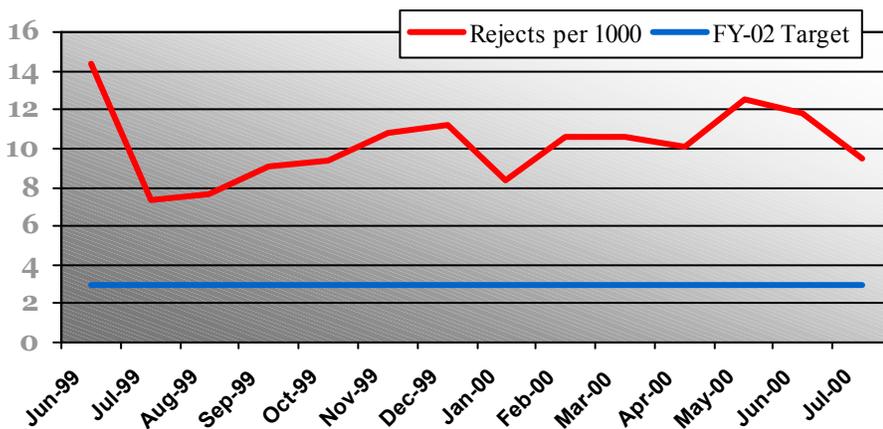


Figure 7.1.8 Defective Shipments

Our Customer Care Center is discussed in 3.2.a (2). The following two figures depict the use of data obtained directly from customer feedback.

Figure 7.1.9 shows the percent of calls received by the Customer Care Center reporting defective products or services. This indicates that our customers are using the CCC to communicate with the FAALC on many issues.

Figure 7.1.10 shows the distribution of customer reports by cause. This data allows us to determine where to better spend our resources.

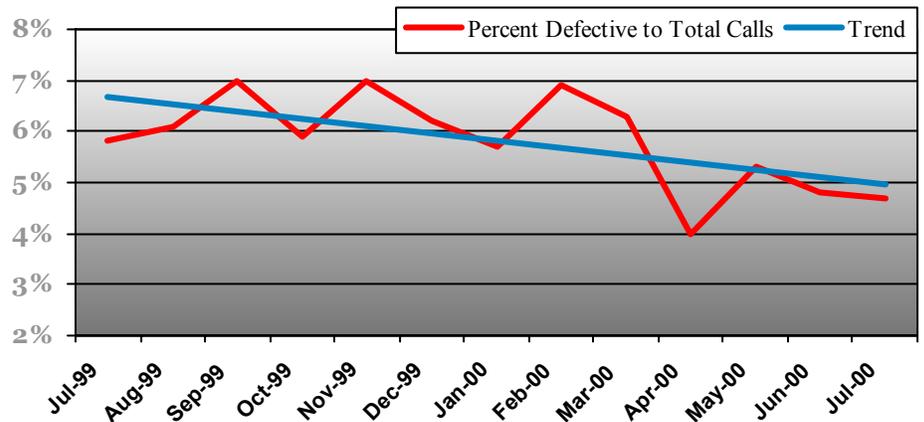


Figure 7.1.9 Percent Customer Reports of Defect

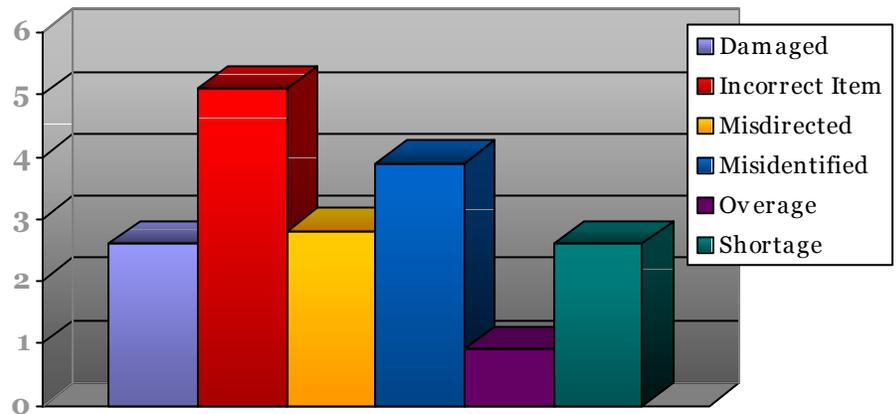


Figure 7.1.10 Customer Reports by Cause YTD 00

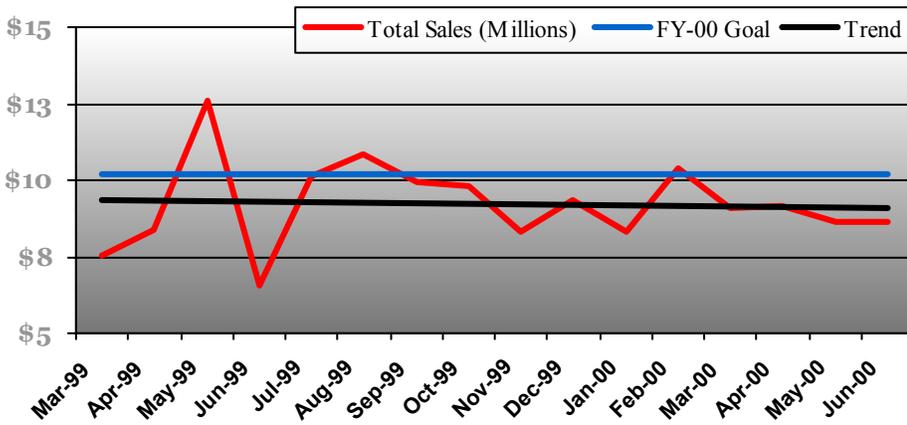


Figure 7.2.1 FAALC Total Sales (In Millions of Dollars)

7.2 Financial and Market Results

In 1999 the FAALC focused on improving how we operate in the financial area. Several measurements were implemented to ensure the financial stakeholders interests were protected. Financial charts and program costs and FAALC sales are discussed in quarterly program reviews.

Since the FAALC is restricted to serving FAA and government organizations and the FAA selects our customers, no market data is shown.

The tie between our strategic plans to our financial stakeholders is discussed in category 2.

Figure 7.2.1 shows the FAALC sales. This is our total sales delivered to our customers. We are very near our stretch goal.

Figure 7.2.2 shows the sales per employee. Since we began tracking this measure in late FY-98, we've noted a significant increase of 1.7% overall.

Figure 7.2.3 show the gross margin per employee. The gross margin is defined as the net sales less the cost of the goods sold. The cost includes direct labor, direct materials, costs of indirect material used in the repair function, the cost of products for expendable products, and costs of commercial repairs.

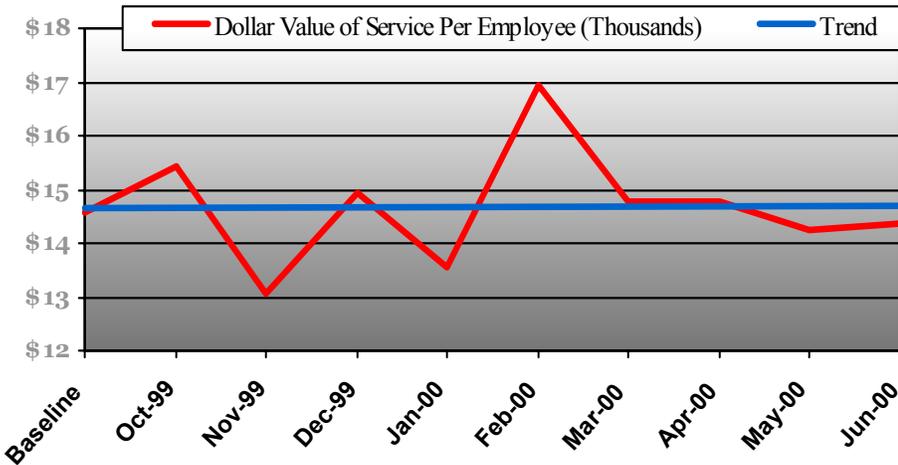


Figure 7.2.2 Sales Per Employee (In Thousands of Dollars)

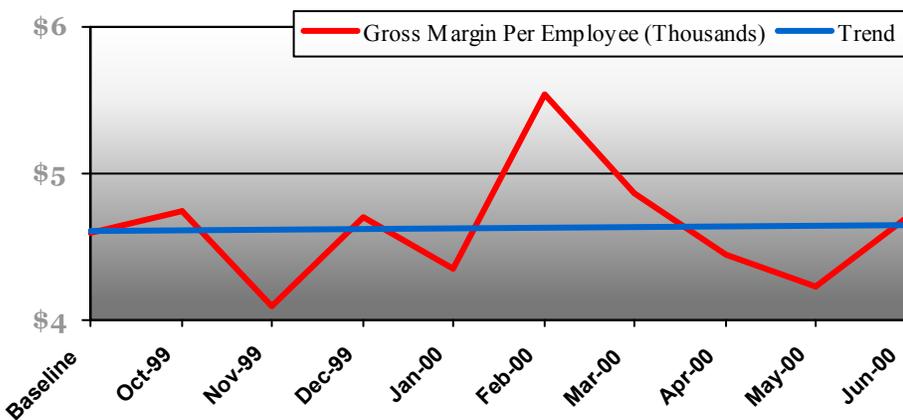


Figure 7.2.3 Gross Margin Per Employee (In Thousands of Dollars)

Figures 7.2.4, 7.2.5 and 7.2.6 are measures of our commitment to our financial stakeholders as discussed in category 2.

Figure 7.2.4 show the cost of Personnel, Costs and Benefits (PC&B) as a percent of gross margin. PC&B is the sum of personnel costs, including salary, health insurance programs and retirement benefits.

Figure 7.2.5 show the FAALC sales by product or service line, in millions of dollars. (E&R is Exchange & Repair.)

Figure 7.2.6 show the average dollar value of the FAALC inventory. To assure product availability in times of emergency the FAA mandates much of the inventory level.

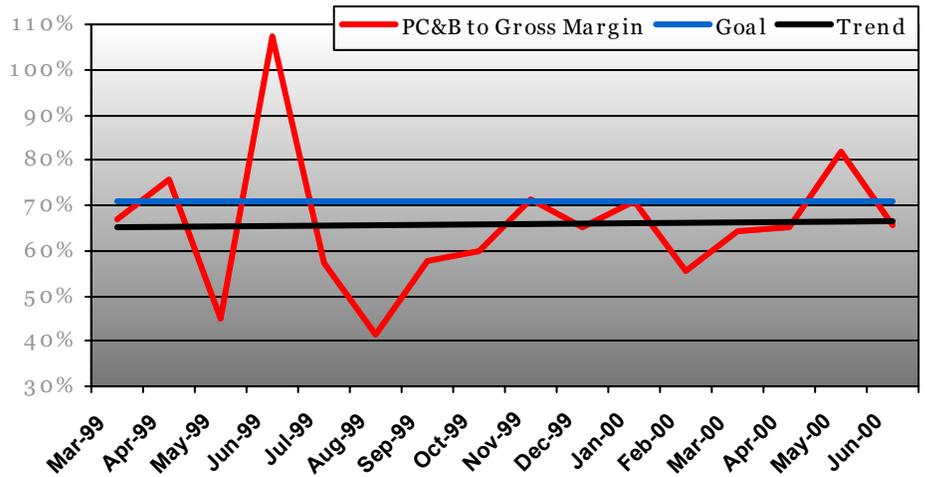


Figure 7.2.4 PC&B as Percent to Gross Margin

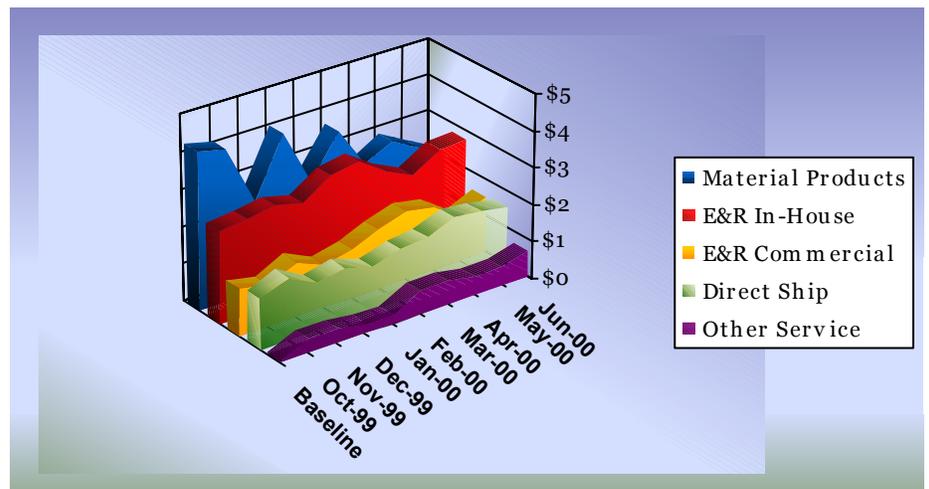


Figure 7.2.5 FAALC Sales Mix (In Millions of Dollars)

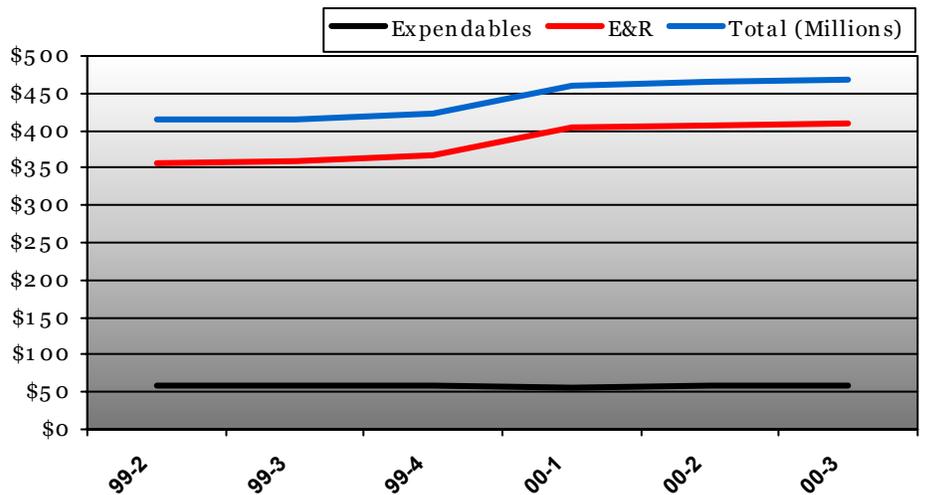


Figure 7.2.6 Average Quarterly Inventory Value (In Millions of Dollars)

7.3a Human Resource Results

As discussed in 5.1a, people are the FAALC’s most important resource. To get results the flying public cares about, the FAALC needs to attract and retain highly qualified and motivated people.

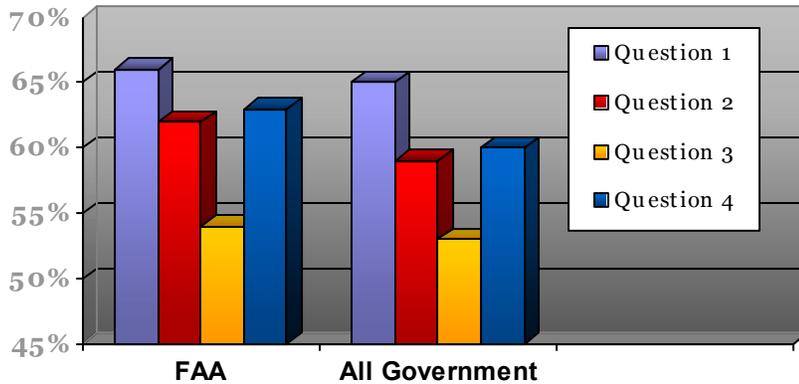


Figure 7.3.1 Employee Attitude Survey Results - Percent Favorable

To help Federal agencies assess how satisfied their employees are with their jobs and the extent to which reinvention and customer orientation have taken hold within their organizations, an interagency team with representatives from OPM, the Merit Systems Protection Board, and the Federal Aviation Administration created an Employee Survey. Over 30,000 Federal employees were asked what they need to make them more effective in their jobs.

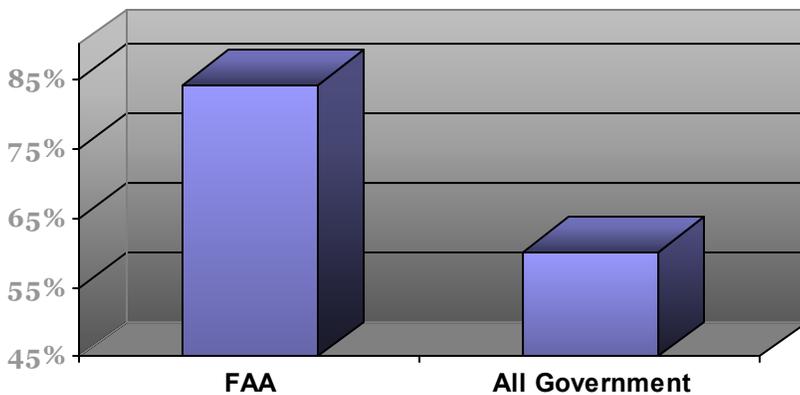


Figure 7.3.2 Employee Attitude Survey Results - Percent Favorable

We learned what employees say is working well, what needs to improve, and what is being done to make government a great place to work. The survey results will help identify what to do to make the FAALC a better place to work and thereby better serve their customers and improve operations.

While full survey results are available, here’s some of what we learned from listening to our employees:

- *Reinvention is making a difference in the work place.*
- *Workers are generally satisfied with their jobs.*
- *This is a family-friendly place to work where differences among individuals are respected.*
- *Employees now recognize that customer service is part of their jobs.*
- *More cooperation between labor and management is still needed.*
- *Employees want good performers to be rewarded fairly and poor performance to be addressed.*

Figure 7.3.1 shows four questions in the survey that were asked of all federal employees. The comparison shows the percent of favorable responses by FAA employees to other federal workers government-wide.

- Question 1: “Supervisors/ team leaders understand and support employees’ family and personal life responsibilities.”
- Question 2: “A spirit of cooperation and teamwork exists in my immediate work unit.”
- Question 3: “Employees receive the training they need to perform their jobs.”
- Question 4: “Considering everything, how satisfied are you with your job?”

A statistical analysis of the survey items that are the best “predictors” of overall job satisfaction not only ranked the FAA higher than other agencies but also indicated that process improvements in their workplaces contribute to an even higher satisfaction level for our workers, as shown in figure 7.3.2.

In category 6, figure 6.2.1 we describe an objective to “develop, train and retain workers.”

Figure 7.3.3 shows an aggressive goal of 4 percent of our total available staffing is to be devoted to training, formal and OJT. Even with budgetary cuts, we are progressing toward this goal.

Figure 7.3.4 shows FAALC expenditures for training tuition and travel by thousands of dollars. On-the-job training costs are not included. Because of budgetary constraints, more training is conducted via on-the-job methods. Training costs in 1998 were exceptionally high due to preparations for ISO-9002 certification and team training prior to reorganization.

Figure 7.3.5 shows the ratio of training opportunities taken compared to the total number of employees. As described in 5.2a(4), training assignments are based upon FAALC needs and employee competency models. While an average of 85% of our employees obtained training each year, clearly some are attending training more than once a year.

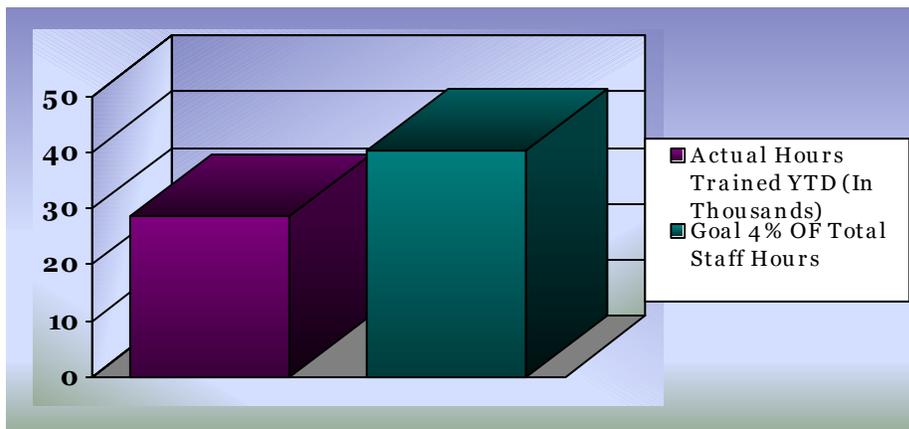


Figure 7.3.3 Training Hours YTD (In Thousands)

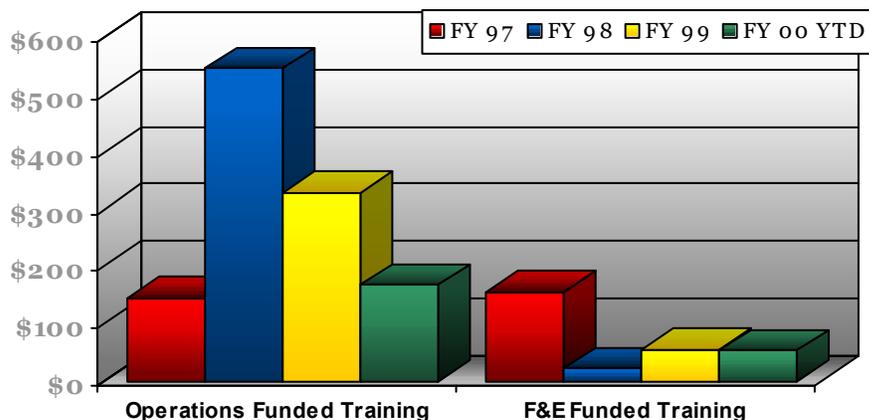


Figure 7.3.4 Training Expenditures – Tuition & Travel (In Thousands of Dollars)

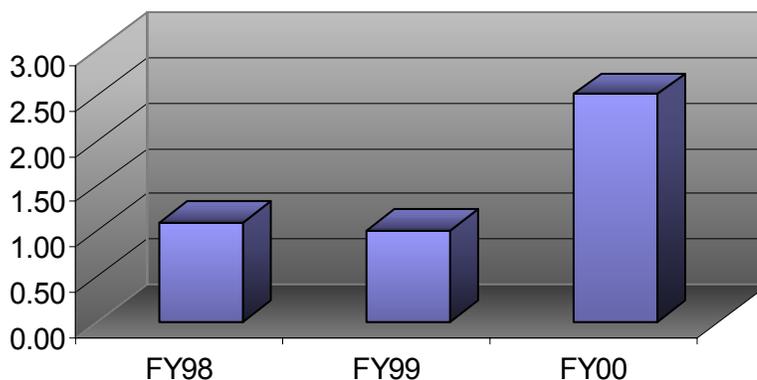


Figure 7.3.5 Ratio of Training Opportunities Taken by Employees

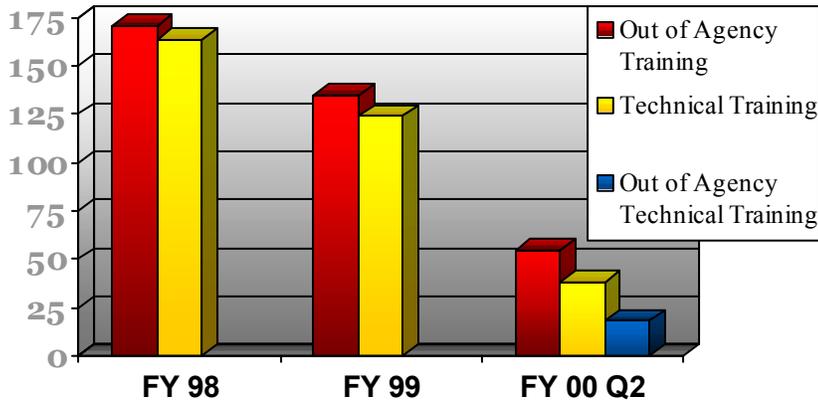


Figure 7.3.6 Number of Training Courses

Figure 7.3.6 shows the number and general category of training courses provided to employees. It depicts our commitment to meeting our strategic objectives for training employees as discussed in category 2, section 2. As our training requirements are met, the number of required courses decreases.

In 5.2a(4) we discussed the requirements of course evaluations. Figure 7.3.7 shows the results of evaluating the training course "World Class Organizations Phase 2." This is an example of our training evaluation methodology. The students were asked to evaluate the training on a scale of 1 to 5.

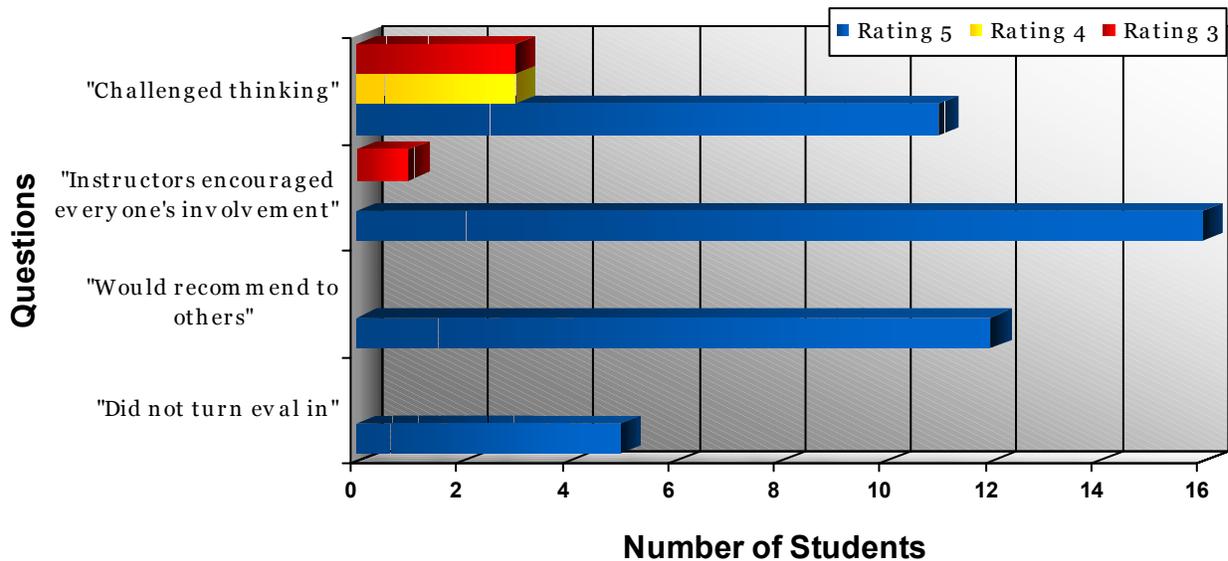


Figure 7.3.7 Course Evaluation Results

The FAALC – MMAC Safety Program objectives are stated in category 1.2, and category 5.3 includes our safety policy.

Figure 7.3.8 shows the number of days lost due to accidents. Comparative data is difficult to find, and the closest categories listed by OSHA are the public warehousing and miscellaneous repair service categories. OSHA data was available only for 1996 and 1997.

The FAALC employee incentives are discussed in category 5.1.a (4). Figure 7.3.9 shows the number of awards earned by FAALC employees. Awards may be monetary, time off or documented recognition.

Not shown are informal awards to all FAALC employees relating to winning the President's Quality Merit Award. These informal recognition awards exceed 1,200.

Employee benefits are discussed in 5.3c(3). Figure 7.3.10 shows the average hours of sick leave used per employee. Employees earn 104 hours of sick leave annually.

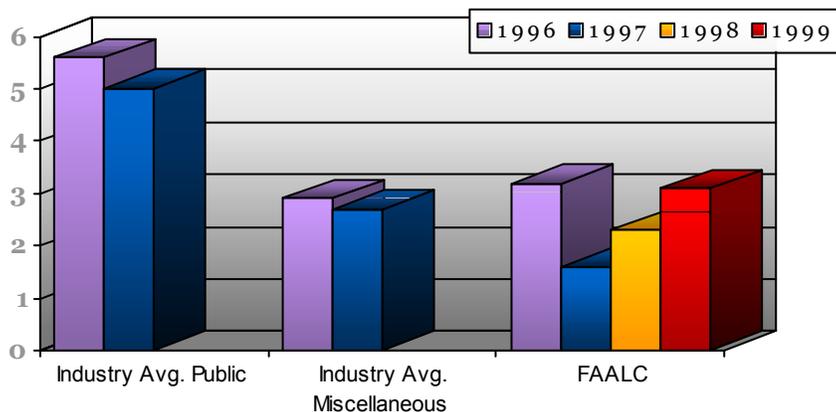


Figure 7.3.8 Average Work Days Lost Due to Accidents Annually

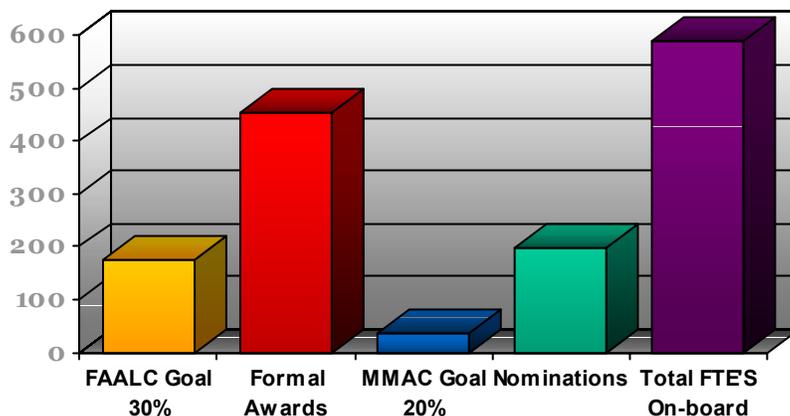


Figure 7.3.9 Recognition

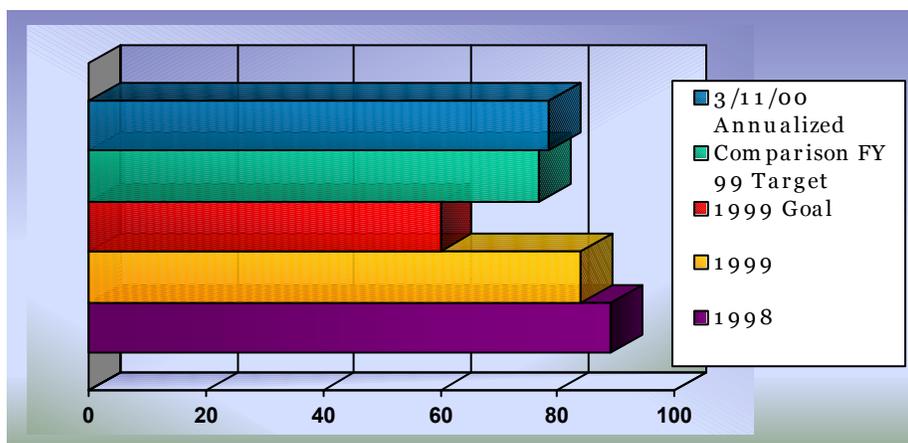


Figure 7.3.10 Average Annual Sick Leave Hours Used Per Employee

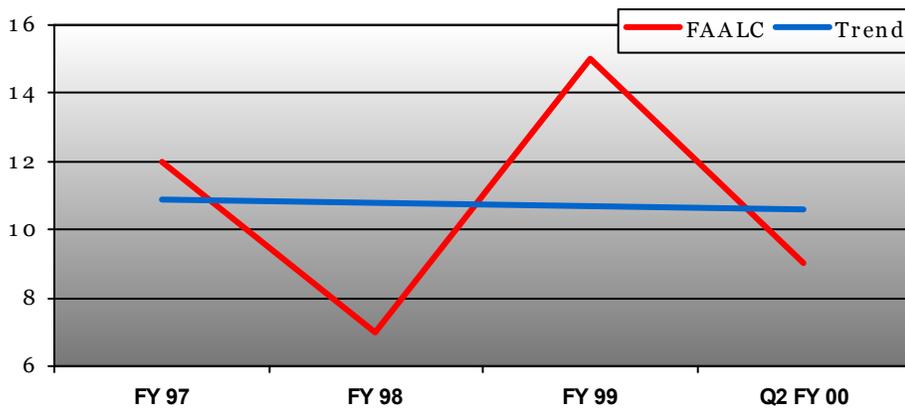


Figure 7.3.11 Employee Discipline – Adverse Actions

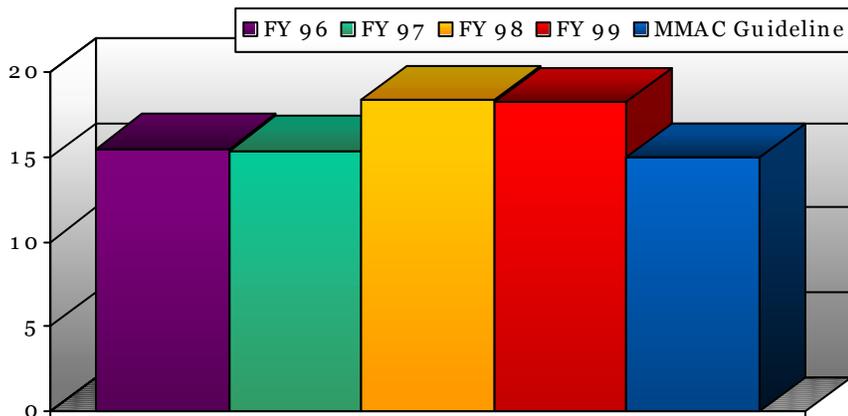


Figure 7.3.12 Employee to Supervisor Ratio

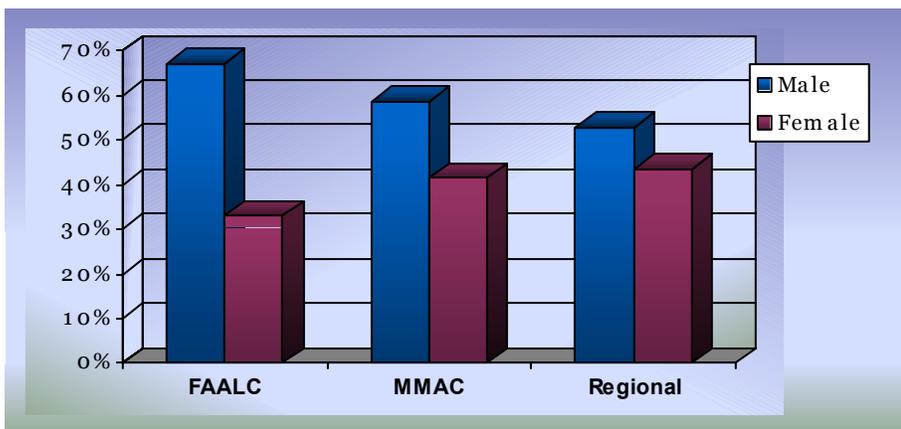


Figure 7.3.13 Employee Demographics Percentage by Gender

Figure 7.3.11 shows the number of employee adverse actions for FAALC. This is one measure of employee management.

Figure 7.3.12 shows the ratio of FAALC employees to supervisors. We exceed the goal set by the MMAC of 15 to 1. The FAALC/MMAC employee to supervisor ratio is discussed in category 1.1a.

Figure 7.3.13 compares the demographic make-up by gender of FAALC and MMAC employees versus the regional civilian labor force average. Workforce demographics are discussed in category 5.1a.

Figure 7.3.14a, b, and c compare FAALC employee demographics by ethnicity to the parent MMAC and regional civilian labor force averages. This demonstrates the FAALC's commitment to the FAA's Model Work Environment goals and objectives for diversity in the work place.

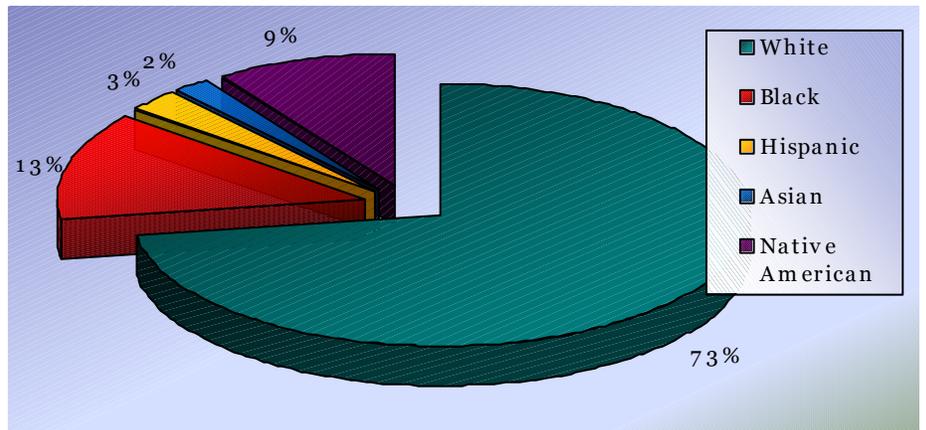


Figure 7.3.14a FAALC Employee Demographics by Ethnicity

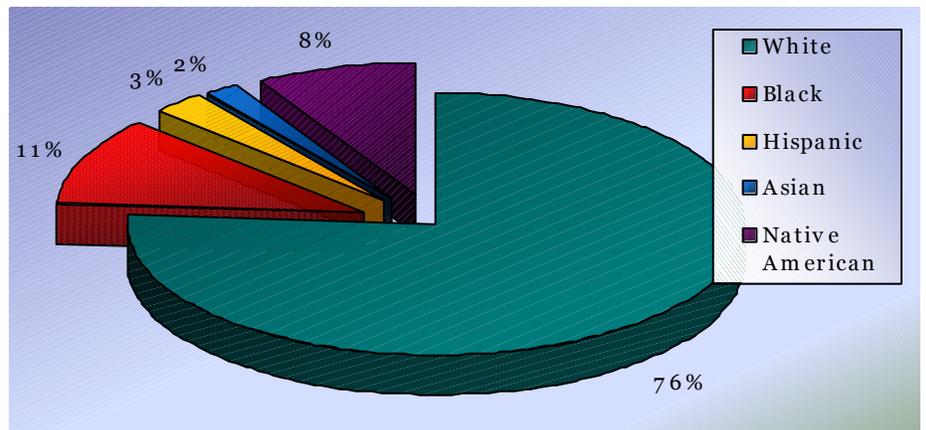


Figure 7.3.14b MMAC Employee Demographics by Ethnicity

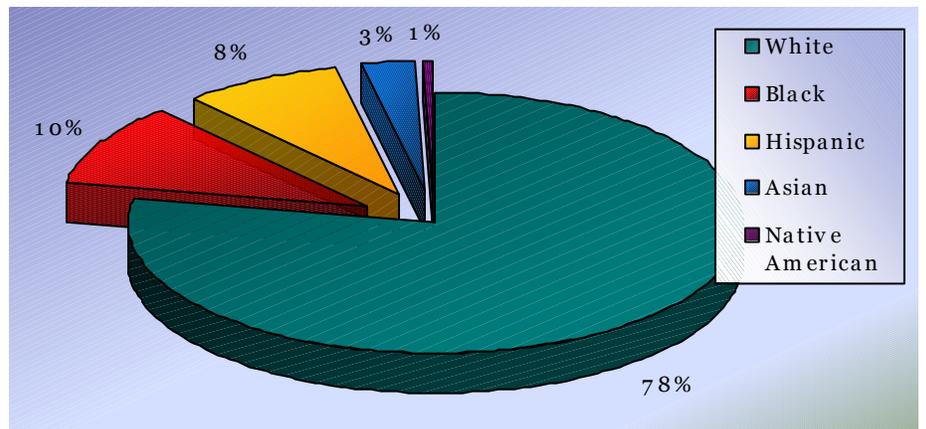


Figure 7.3.14c Regional Employee Demographics by Ethnicity

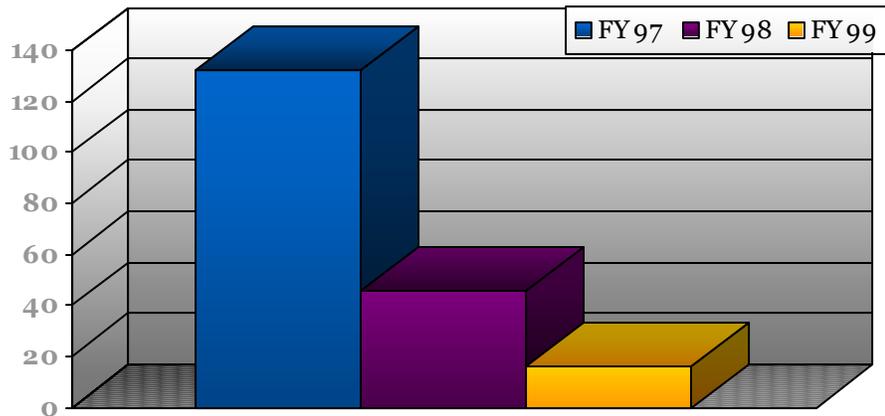


Figure 7.4.1 Number of Items Inspected (In Thousands)

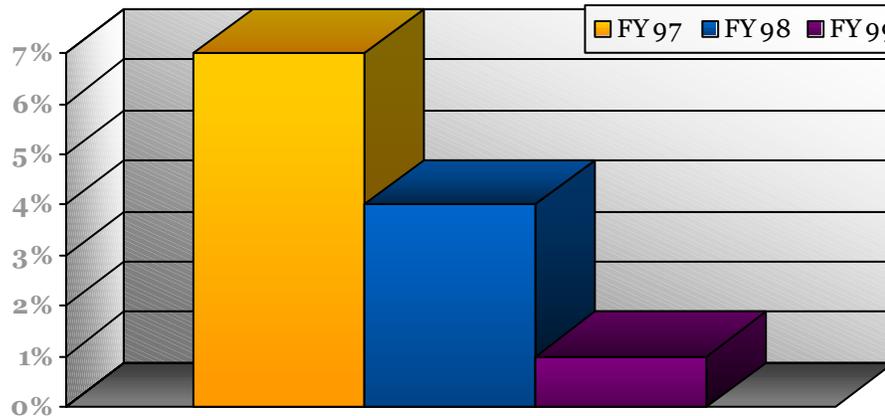


Figure 7.4.2 Vendor Rejection Rate

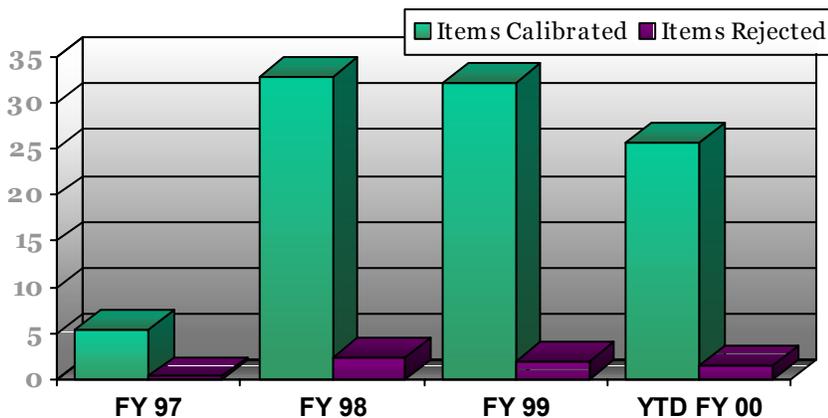


Figure 7.4.3 National Calibration Program (In Thousands)

7.4 Supplier and Partner Results

We discuss the requirements of ISO-9002 certification and its benefits in category 6.1b(2). Figure 7.4.1, 7.4.2 and 7.4.3 show our progress in monitoring vendors.

Figure 7.4.1 shows the number of vendor-supplied items inspected by the FAALC. Our emphasis on quality assurance and adherence to our ISO-9002 purchasing process controls has allowed a marked reduction in inspections and a reduction in the cost of quality.

Figure 7.4.2 shows the rate at which vendor supplied items were rejected by the FAALC.

The FAALC supplies the FAA with calibrated test instruments. We also calibrate test equipment used in our in house repair facilities. This requires huge numbers of calibrations.

In figure 7.4.3, the number of calibrations and the rejection rate of such calibrations are shown. The 1999 rejection rate improved over the 1998 figures, and the trend is still improving for 2000.

Figure 7.4.4 demonstrates one application of process improvement by showing the number of outgoing shipments inspected in accordance with a Process Improvement Plan beginning in April 2000. This plan was designed to reduce the number of incorrect shipments to our customers. As we streamline and perfect the process, the number of inspections required diminishes accordingly. Process improvement is discussed in category 6.1b(4).

Figure 7.4.5 shows the inventory turnover rate. The rate is important in that it includes storage costs. However, the FAA dictates a safety margin of stock that precludes maximizing inventory by using just-in-time procedures. One measure of our concern for our financial stakeholders is the control of our inventory.

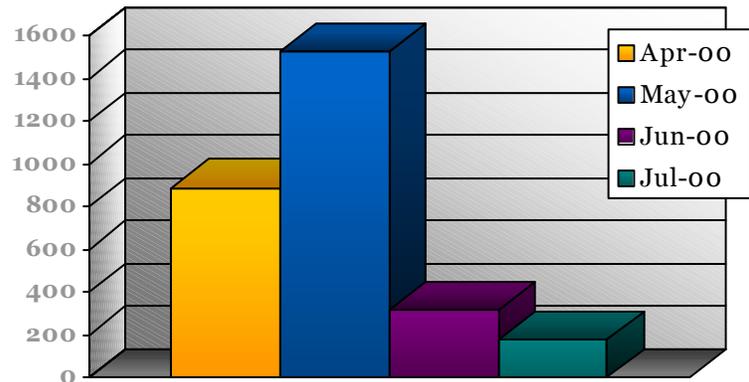


Figure 7.4.4 Outgoing Shipment Inspections

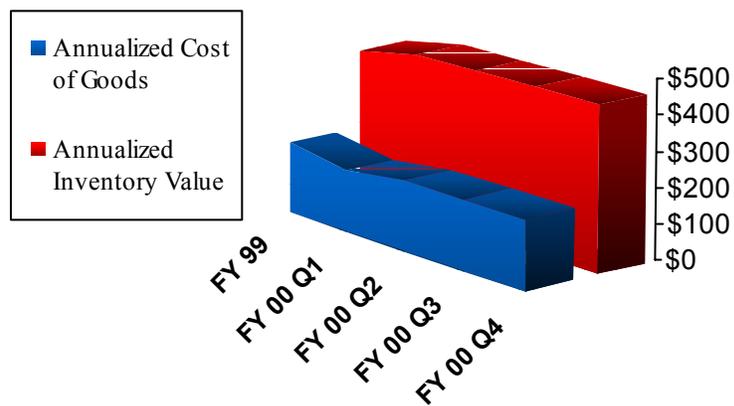


Figure 7.4.5 Inventory Turnover (In Millions of Dollars)

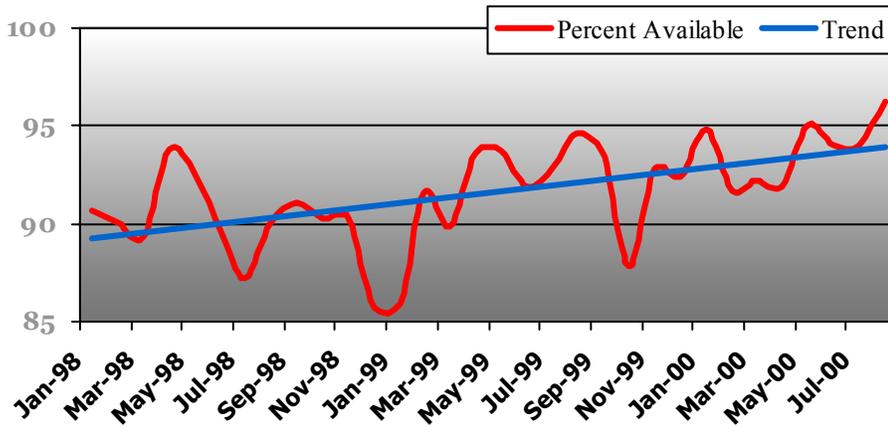


Figure 7.5.1 LIS System Availability

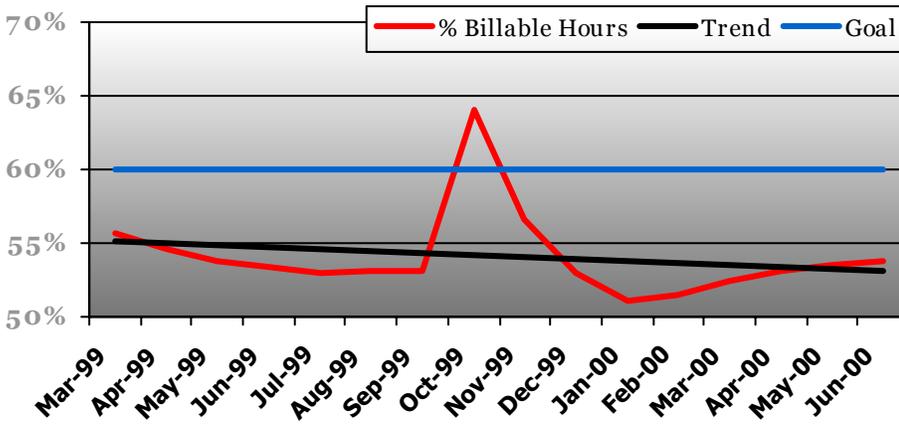


Figure 7.5.2 Repair Facilities Percent of Billable Hours

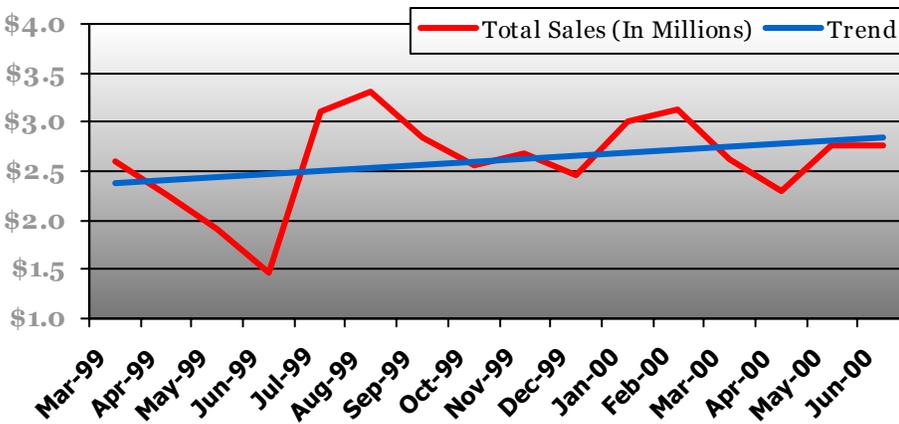


Figure 7.5.3 Sales – In House Repairs (In Millions of Dollars)

7.5 Organizational Effectiveness Results

The FAALC employs a number of measures and indicators to determine organizational success. We attempt to align measures with strategic objectives and key business success factors. As depicted throughout our application, especially in category 4, LIS availability is a key business success factor. LIS is also described in category 6.2a(3).

Figure 7.5.1 shows the availability of the LIS system from 1998 to the present. Since the LIS is the backbone of our data system it is essential that LIS be available as much as possible. Program and system maintenance necessitating down time are scheduled for off-peak usage hours, to limit impact on users.

LIS availability impacts all the measures noted in category 4 and is a key to customer satisfaction as noted in category 3. A continual improvement in this key measure is noted and reflection of this improvement is expected in our next customer satisfaction survey.

Figure 7.5.2 shows the percent of FAALC repair facility staff hours that are directly required to repair items that we sell. We are improving our processes by employee training. Also, the conversion to a fee-for-service organization impacts production. It is expected that as training is completed and the conversion finished, significant improvement will occur.

Figure 7.5.3 shows an upward trend in sales from in house repairs.

As described in the overview, one key business segment is the repair of E&R equipment in FAALC facilities. Figure 7.5.4 shows that we are exceeding our goal in one important line of business. The repair of E&R items in the FAALC repair facilities reflects on the financial stakeholders perspective. It shows that we are managing our assets, controlling our work processes and improving our overall business management. This trend continues its already significant improvement.

The manner in which the FAALC controls processes is described in category 6.1. Figures 7.5.5 and 7.5.6 indicate that our process control is effective. Figure 7.5.5 shows the accuracy of our warehouse location. This relates to finding the proper item at the location specified in LIS. It is impossible to reach the desired goal of 100%, but 98.8 is very near our goal of 99%.

Figure 7.5.6 shows the accuracy of our inventory is 99.93%, which exceeded our stretch goal of 99%.

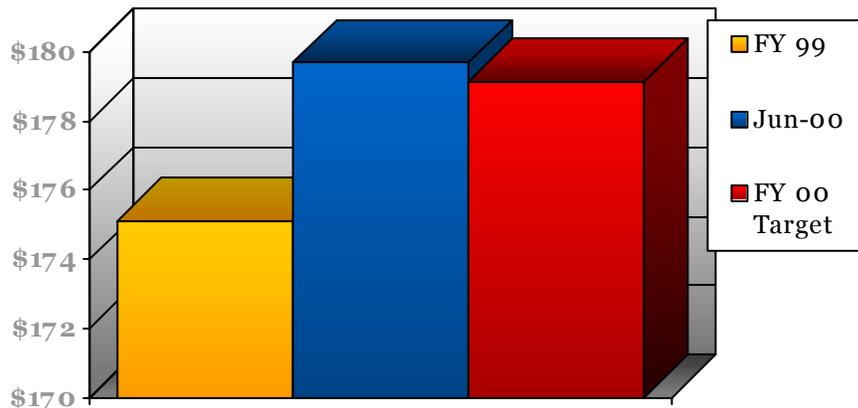


Figure 7.5.4 Productivity Per Employee (In Thousands of Dollars)

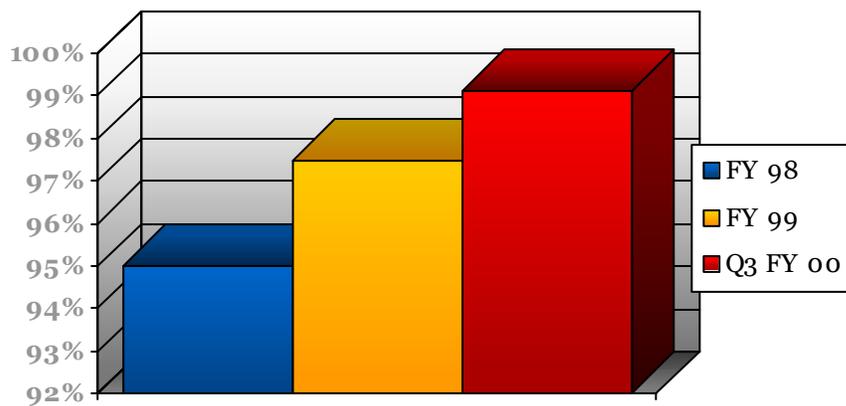


Figure 7.5.5 Location Audit Accuracy

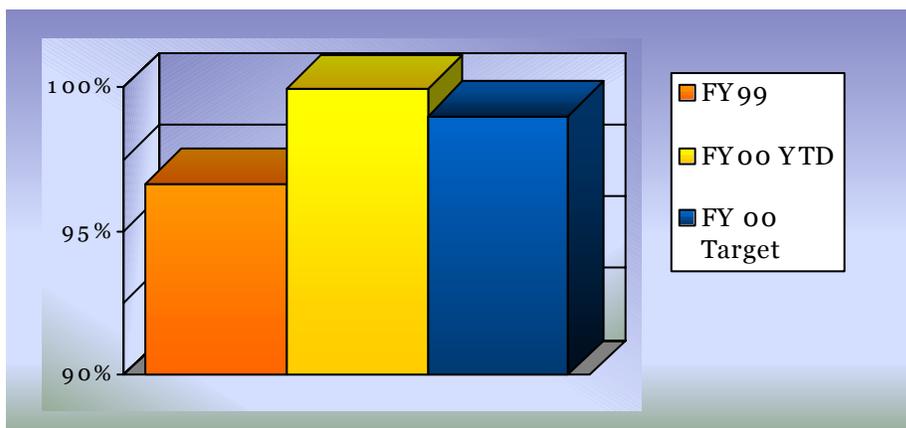


Figure 7.5.6 Inventory Accuracy

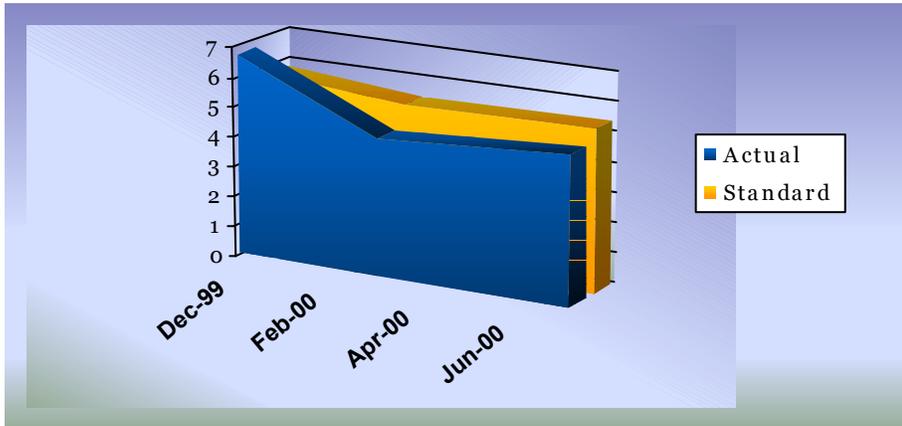


Figure 7.5.7 Repair Production Standards – Average Hours Per Unit

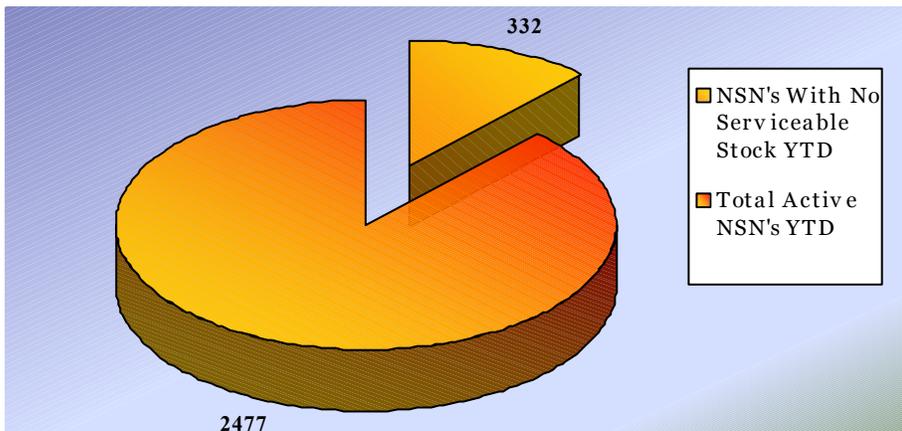


Figure 7.5.8 Active NSN's with No Serviceable Stock – YTD Jul-00

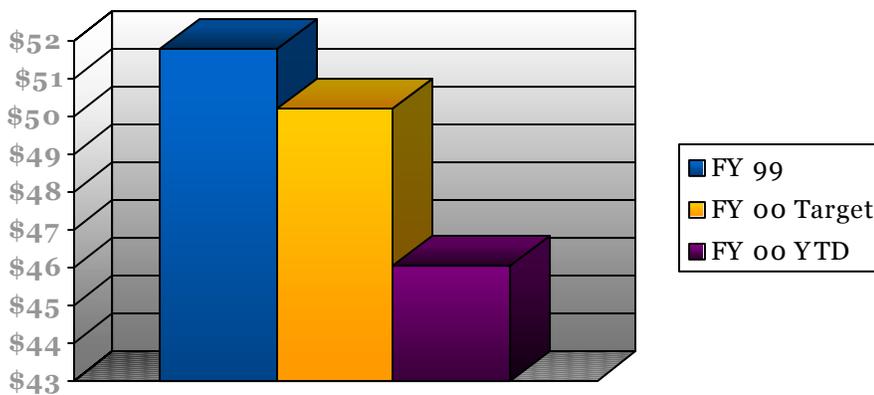


Figure 7.5.9 Unit Cost of Distribution (In Dollars)

The following figures demonstrate our commitment to controlling costs and satisfying our financial stakeholders.

Figure 7.5.7 shows the average standard hours allowed to repair an item in house and the average actual repair time. Since our inventory is constantly changing, and the condition of the repairable items deteriorates with age, it is difficult to reliably predict repair times. On average, each item is repaired in less time than allowed by the standard, by nearly as much as an hour. We are nearly attaining our stretch goals.

Figure 7.5.8 shows the number of active NSN's with no stock. We set a goal to reduce this number by 50% of the baseline by 2002. An active NSN is one on which we have had a requisition. It is impractical to stock 100% of all items (like an entire aircraft.) We strive to balance a projected need with a customer demand and control costs without sacrificing customer satisfaction.

Figure 7.5.9 shows a significant reduction in the unit cost to distribute an item. It encompasses the average cost of handling, storing, packing and shipping an item to the customer.

A 10% reduction in distribution cost is also a measurable goal in our Program Director's performance goals. Continual improvements such as this make our overall objectives attainable.

Visit Purpose:

- Strategic Planning
- Logistics
- Cost & Performance
- Information Systems
- Quality Systems
- ISO-9000 Certification

Figure 7.5.10 shows a listing of FAALC benchmark activity. Our benchmarking activity has been primarily to identify role models for process improvement. We are meeting our goals in benchmark activity. See figure 4.1.2.

Organization						Location	
City of Oklahoma City	●					Oklahoma City, Oklahoma	
Dana Corporation		●				Oklahoma City, Oklahoma	
Century Incorporated		●				Oklahoma City, Oklahoma	
Defense Distribution Depot		●				Oklahoma City, Oklahoma	
Defense Distribution Depot		●				Jacksonville, Florida	
Defense Distribution Depot		●				Warner Robbins, Georgia	
Southwest Distribution Center		●				Fort Worth, Texas	
NCR Worldwide Service Logistics		●				Peachtree, Georgia	
Defense Logistics Agency			●			Mechanicsburg, Pennsylvania	
City of Indianapolis			●			Indianapolis, Indiana	
City of Phoenix			●			Phoenix, Arizona	
Harris Corporation			●			Melborne, Florida	
DSC Communications, Incorporated				●		Plano, Texas	
Pace-Butler					●	Oklahoma City, Oklahoma	
Eaton Corporation						●	Shawnee, Oklahoma
Charles Machine Works						●	Perry, Oklahoma
Goff Industries						●	Seminole, Oklahoma
Seagate Corporation						●	Oklahoma City, Oklahoma
Love Box Corporation						●	Oklahoma City, Oklahoma
US. Coast Guard Yard						●	Baltimore, Maryland
Naval Surface Warfare Center						●	Philadelphia, Pennsylvania

Figure 7.5.10 Benchmarking Visits

Figure 7.5.11 lists some of over one hundred goals set by the MMAC in their Environmental, Health, and Safety Strategic Plan. We actively support these goals. (See category 1.2.)

CATEGORY	GOALS
<i>Health:</i>	<ul style="list-style-type: none"> • Comply with the Clean Air Act • Comply with regulations for control of blood borne pathogens. 29CFR 1910, subpart L • Comply with respiratory protection regulation • Comply with regulations for first aid. 29 1910.151, order 3940.2ACFR
<i>Hazardous Material:</i>	<ul style="list-style-type: none"> • Comply with toxic and hazardous substance requirements addressed in subpart Z of 329CFR 1910
<i>Environment:</i>	<ul style="list-style-type: none"> • Comply with applicable asbestos management regulations • Comply with ventilation requirements to limit contamination and employee exposure • Evaluate the need for a noise pollution plan
<i>Program:</i>	<ul style="list-style-type: none"> • Establish a “bench mark” environmental, health, and safety program
<i>Employee:</i>	<ul style="list-style-type: none"> • Comply with employee Right-to-Know regulations, 29CFR1910.109
<i>Risk Analysis:</i>	<ul style="list-style-type: none"> • Minimize adverse effects of proposed MMAC policies, programs, and projects on the environmental health and the mission

Figure 7.5.11 MMAC/ FAALC Goals for Environment Health and Safety

Civic Organization	Action Plan	Result
United Way, Combined Federal Campaign (CFC) for 1998.	Reach or exceed 100% of FAALC contribution goal.	Reached 136% of 1998 goal. Awards earned: Spirit Award; Overall Top and Top Carnival Fundraising Award.
Department of Human Services (DHS).	Provide Christmas gifts for between 4 to 7 children in DHS care annually.	Children given new coats, clothing, and toys. AML-100 recognized with Outstanding Volunteer Service Award.
Kirkpatrick Center Museum.	Add aviation display to the Museum to attract and educate potential workforce.	A Fiber Optics Display and an Air Traffic Mobile Control Tower were donated to the Museum.
Metro Tech Aviation Career Center and Local Junior Colleges.	Assist with developing courses that support aviation occupations/careers.	The Metro Tech and local Junior Colleges were provided with new insight in aviation technology.
Federal Executive Board's Council on Disability Concerns (CODC).	Assist with initiating and implementing projects that promote the employment, advancement, and awareness of people with disabilities in the Federal Government.	In June 1998, the CODC co-sponsored “Challenge Air” for students with disabilities. Approximately 50 local students with disabilities participated. Students received free airplane rides and information on flying by the sponsoring pilots who were also people with disabilities.
Hispanic Association of Colleges & Universities (HACU) Natl. Interns.	Sponsor a Hispanic college student to intern at the FAALC.	The Intern is given an opportunity to gain experience on the Budget and Finance operations of the FAALC.
Mentoring Program	Mentor in Coolidge Elementary School	Starting September 1999.
Christmas in April.	Partner with other Federal agency employees to rehabilitate a home for an elderly disabled woman.	In April 1998, FAALC employees partnered with other Federal agency employees to renovate an elderly disabled woman's home.

Figure 7.5.12 FAALC Civic Activities

Figure 7.5.12 on the previous page provides a summary of activities designed to assist and strengthen the surrounding communities. (See 1.2b.)

In accordance with our strategic plan, our financial stakeholders are considered. Meeting our training requirements and converting to fee-for-service have impacted the average unit cost. We project significant improvements in these measures for FY 2001. Figure 7.5.13 shows the average in house repair cost of an item. The average cost is hard to control because the nature of our business is to repair items on demand, and is not a continuous production line. Also, the items differ widely with differing numbers of each repaired in any given week.

Our support of our surrounding communities is discussed in 1.2.b. Our support of CFC is only one of our activities for the communities surrounding the FAALC. Figure 7.5.14 shows how the FAALC has generously contributed to the Combined Federal Campaign. Contributions have steadily increased every year since 1996, exceeding our goal by 44% last year alone.

Increases in FAALC employee contributions and participation stand out amongst our peers, demonstrating our commitment to those in need. This remarkable increase is only one of many actions taken by the FAALC in support of the surrounding communities.

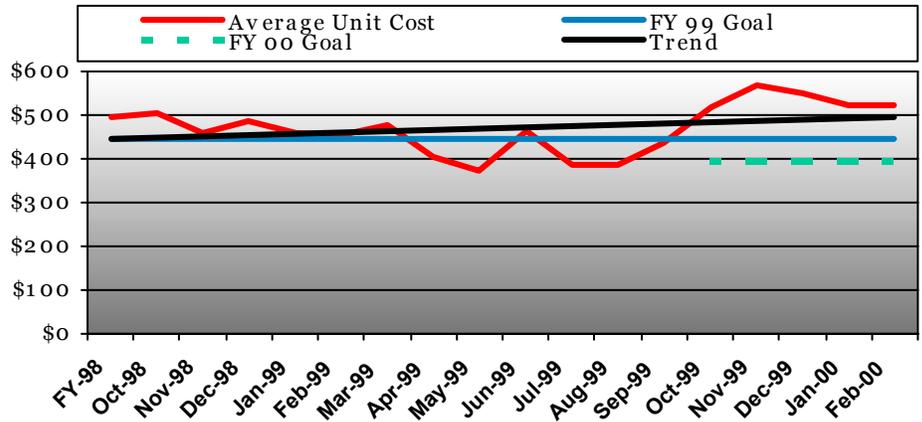


Figure 7.5.13 Average Unit Cost of In-house Repairs

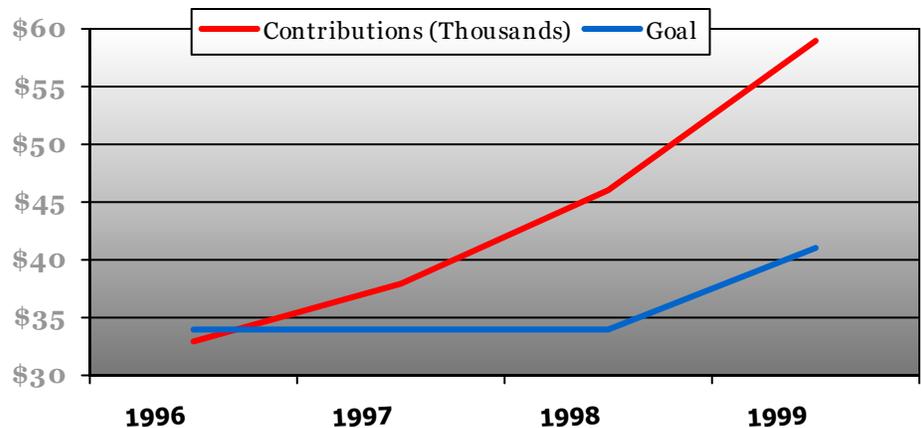


Figure 7.5.14 CFC Contributions (In Thousands of Dollars)