Transforming The Relationship Between Manufacturers And The DoD

Mitch Free, MFG.com Founder and CEO

The challenges of sourcing complex manufactured goods to support the Department of Defense (DoD) create significant obstacles for the U.S. manufacturing industry. These obstacles increase defense costs, hinder the Department's ability to keep equipment operational and impede military readiness. While today's manufacturing environment is notably global, opportunities exist to help strengthen the U.S. defense industrial base while improving supply chain security. Leveraging digital innovations, like online manufacturing marketplaces, fosters a collaboration between manufacturers and the DoD which benefits American industry and helps get needed parts to our soldiers, sailors and airmen faster. Let's look at how:

The percentage of goods manufactured for the DoD by foreign suppliers is relatively small, only ranging from 3.6 to 8 percent annually over the past five years. However the total dollar value is large – especially when viewed from the perspective of U.S. small- and medium-sized manufacturers.[1]

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Since 2007, the DoD has spent from $5.08 to $10.3 billion dollars annually with foreign suppliers on items needed to support the American military.[2]

One of the reasons for this is our agreements with allies that help improve interoperability and our foreign military sales. However, another reason is that there are often no U.S. companies that bid on DoD requests for quotes (RFQs). An average of $55 billion in defense contracts each year has only one bidder. This is often due the excessive time it takes to find opportunities, challenges in understanding government regulations and confusion from a lack of standardized information.

The DoD is keenly aware that it needs to achieve two strategic goals in its relationship with the manufacturing sector of U.S. economy. First, it needs to reduce the effort and time required for U.S. manufacturers to match their capabilities to DoD needs for complex manufactured goods. Second, it needs to expand its reach to American manufacturers that aren't already doing business with the DoD — and leverage innovative platforms to do so.

DoD has launched the Connecting American Manufacturing (CAM) program to streamline the solicitation and bidding processes for manufacturers and enhance

RFQ matching and quoting.

Sponsored by the Office of the Secretary of Defense, Manufacturing and Industrial Base Policy, and addressing the direct interests of the White House Office of Science and Technology, the CAM program highlights digital innovations — such as those provided by MFG.com [1] — to automate many of the labor-intensive processes that previously functioned as complex barriers between manufacturing firms and the DoD. Using the MFG.com [1] platform, manufacturers no longer have to sift through mountains of DoD solicitations to find opportunities that best align with their capabilities. Many previously difficult bidding processes have been reduced to a few clicks of the mouse.

The program is generating a wide array of ancillary benefits too, such as supporting job creation at U.S. manufacturing firms and reducing environmental impact by enabling the purchase of goods domestically.

Brench Boden, Senior Industrial Engineer at the Air Force Research Lab which manages the progam, sums it up: “The CAM program is an example of how we are supporting the Warfighter by leveraging commercial best practices. Online manufacturing marketplaces, like MFG.com [1] and others selected to advance the goals of CAM, help position the U.S. industrial base to be competitive in a global and digitally connected world. [This effort] will help provide a bridge between the DoD and American manufacturers, and help the DoD create a seamless and robust infrastructure to quickly find U.S. manufacturers with the right capabilities."

Reducing the Effort and Time Required to Find Relevant Opportunities

Companies that are new to the process of working with the federal government often find the initial registration process daunting and time-consuming. But assistance from MFG.com [1] helps takes the pain out of this discovery and registration process. Additionally, MFG.com [1] provides guidance about whether manufacturers may be eligible to become certified in one of the federal government’s small business programs. Certification enables businesses to qualify for significant small business “set asides” and other incentives that the DoD applies when evaluating bids.

For example, if a manufacturer is located in a historically underutilized business zone (HUBZone), the company will receive a 10 percent price evaluation preference in its bid. If the bidding firm can meet the requirements of the RFP, government contracting officers are required to add 10 percent to the price of all other non-HUBZone bids when awarding contracts.

The bottom-line benefits of the CAM program are straightforward: it gets parts to the Warfighter faster, reduces costs for the U.S. taxpayer and helps U.S. industry. As more manufacturers sign up to participate, the defense industrial base is strengthened, soldiers get needed equipment faster and U.S. taxpayers benefit from reduced costs in the acquisition process. It’s a formula for success that delivers big benefits for everyone involved.

For more information about how to participate, manufacturers can visit the MFG.com website at www.mfg.com/dod/registration [2].

Mitch Free *is founder and CEO of MFG.com and has led its growth to become the world's largest online manufacturing marketplace. With more than $115 billion in RFQs passing through the marketplace, MFG.com has helped thousands of manufacturers—ranging from small single-person machine shops to large conglomerates—increase sales and grow their profits.*

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[1] Department of Defense, Report to Congress on Purchases of Supplies Manufactured Outside the United States in FY 2011 — http://www.acq.osd.mil/dpap/cpic/cp/docs/DoD_FY_2011_Purchases_of_Supplies_Manufactured_Outside_the_United_States percent20.pdf [3]

[2] Department of Defense, Report to Congress on Purchases of Supplies Manufactured Outside the United States in FY 2011— http://www.acq.osd.mil/dpap/cpic/cp/docs/DoD_FY_2011_Purchases_of_Supplies_Manufactured_Outside_the_United_States percent20.pdf [3]

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