

NOTE: This standard has been extensively revised, reformatted, retitled and converted to a military handbook.

NOT MEASUREMENT  
SENSITIVE

MIL-HDBK-965  
26 September 1996  
SUPERSEDING  
MIL-STD-965B  
22 JANUARY 1993

# MILITARY HANDBOOK

## ACQUISITION PRACTICES FOR PARTS MANAGEMENT



AMSC N/A  
DISTRIBUTION STATEMENT A.

Approved for public release; distribution is unlimited

FSC SDMP

MIL-HDBK-965

FOREWORD

1. This handbook is approved for use by all Departments and Agencies of the Department of Defense.
2. This handbook is for guidance only.
3. Beneficial comments (recommendations, additions, deletions) and any pertinent data which may be of use in improving this document should be addressed to: Commander, Defense Supply Center, Columbus, ATTN: DSCC-VS, 3990 East Broad Street Columbus, OH 43216-5000, by using the Standardization Document improvement Proposal (DD Form 1426) appearing at the end of this document or by letter.

MIL-HDBK-965

CONTENTS

<u>PARAGRAPH</u>		<u>PAGE</u>
1.	SCOPE .....	1
1.1	Purpose .....	1
1.2	Intended use .....	1
1.3	Application .....	1
2.	APPLICABLE DOCUMENT .....	2
2.1	Government document .....	2
2.1.1	Specification, standards, and handbooks .....	2
2.2	Order of precedence .....	2
3.	DEFINITIONS .....	3
3.1	Acquisition Activity (AA) .....	3
3.2	Approved corporate baseline .....	3
3.3	As-built parts list .....	3
3.4	As-designed parts list .....	3
3.5	Diminishing Manufacturing Sources and Material Shortages (DMSMS) .....	3
3.6	Government Furnished Baseline (GFB) .....	3
3.7	Government-Industry Data Exchange Program (GIDEP) .....	3
3.8	Integrated Production Team (IPT) .....	3
3.9	Life cycle .....	3
3.10	Military Parts Control Advisory Group (MPCAG) .....	3
3.11	Modernized Parts Control Automated Support System (MPCASS) .....	4
3.12	Non-Development Item (NDI) .....	4
3.13	Non-Government Standard (NGS) .....	4
3.14	Nonstandard part .....	4
3.15	Off-The-Shelf (OTS) .....	4
3.16	Original Equipment Manufacturer (OEM) .....	4
3.17	Part .....	4
3.18	Parts Control Board (PCB) .....	4
3.19	Part or Identifying Number (PIN) .....	4
3.20	Program Parts Selection List (PPSL) .....	4
3.21	Proliferation .....	4
3.22	Replacement part .....	4
3.22.1	Alternate part .....	4
3.22.2	Substitute part .....	4
3.23	Standard part .....	4
4.	GENERAL GUIDANCE .....	5
4.1	General .....	5
4.1.1	Data .....	5
4.1.2	Options .....	5
4.1.3	Levels .....	5
4.1.4	Considerations .....	5
4.2	Application to OTS and NDI .....	6
4.3	Order of preference in parts selection .....	6
4.4	Replacement parts .....	6
4.5	Source selection considerations .....	7
4.5.1	Parts management criteria .....	7
4.5.2	Parts quality and availability .....	7
4.6	Alternate proposal .....	7
4.7	Acquisition activity .....	7
4.7.1	Pre-contract award .....	7
4.7.2	Post-contract award .....	8
4.7.3	Defense Logistics Agency Military Parts Control Advisory Groups .....	8
4.7.4	Contractor .....	8

MIL-HDBK-965

CONTENTS

<u>PARAGRAPH</u>	<u>PAGE</u>
5. DETAIL GUIDANCE.....	9
5.1 Parts management option flexibility and tailoring .....	9
5.1.1 Option A - No formal Government guidance .....	9
5.1.2 Option B -AA guidance through program reviews and IPTs .....	10
5.1.3 Option C - Government guidance with as-built parts list .....	11
5.1.4 Option D - Government advisor in parts selection .....	12
5.2 Government/Industry data exchange program (GIDEP) .....	13
5.3 Diminishing Manufacturing Sources (DMS) requirement .....	13
6. NOTES.....	14
6.1 Comparison of options .....	14
6.2 Applicable part categories .....	15
6.2.1 Mechanical parts.....	15
6.2.2 Electrical and electronic parts .....	16
6.3 Subject term (key word) listing .....	17
6.4 Changes from previous issues .....	17

FIGURES

1 Option A - no formal Government guidance .....	18
2 Option B - Government guidance through program reviews and IPTs .....	18
3 Option C - Government guidance with as-built parts list .....	18
4 Option D - Government advisor in parts selection .....	18

APPENDIX A

<u>PARAGRAPH</u>	<u>PAGE</u>
A.1 GENERAL.....	18
A.1.1 Scope .....	18
A.1.2 Application .....	18
A.1.3 Tailoring assistance .....	18
A.2 STATEMENT OF WORK EXAMPLES .....	19
A.2.1 Tasks for the four options.....	19
A.2.1.1 Option A.....	19
A.2.1.2 Option B.....	19
A.2.1.3 Option C .....	19
A.2.1.4 Option D .....	20
A.2.2 DMS task.....	21
A.2.3 GIDEP task.....	21

APPENDIX B

<u>PARAGRAPH</u>	<u>PAGE</u>
B.1 GENERAL.....	22
B.2 FORMS OF INCENTIVES.....	22
B.3 ITEMS WORTHY OF INCENTIVES.....	22
B.4 METRICS .....	23
CONCLUDING MATERIAL.....	24

1. SCOPE.

1.1 Purpose. This handbook is a guide for Military Acquisition Activities (AA) in the evaluation of contractor responses to Requests for Proposals (RFPs) with respect to parts program management and standardization and will help determine to what extent parts management and standardization should be for a given program. It will also identify those attributes in a proposal that will promote effective part program management and standardization. This document will also provide insight for the contractor in the preparation of RFP responses in that it will allow the contractor to identify parts management program attributes that are considered important by the government. This document was developed in order to provide for the accomplishment of the following objectives in a manner consistent with Department of Defense (DoD) acquisition reform initiatives:

- a. Minimize the proliferation of parts and drawings through standardization;
- b. Enhance the interchangeability, reliability, and availability of parts;
- c. Minimize diminishing source impacts and parts obsolescence;
- d. Assist with parts selection and qualification procedures;
- e. Become compatible with the business environment and trends;
- f. Assist in meeting end item performance requirements in a cost effective manner, throughout the life cycle of the item (i.e., development, manufacturing, test and evaluation, verification, deployment, operations, support, training and disposal).
- g. Promote the use of Non-Government Standards (NGSs) usage covering commercial/industrial parts (see 4.3) in support of DoD Military Specification Reform Policy.

1.2 Intended use. This document provides tailorable parts management options for new designs and modifications where life cycle cost benefits can be derived.

1.3 Application. This document contains tailorable options for defining appropriate levels of parts management for all types of military programs. One or more options may apply depending on program business and support strategy, technologies used, etc. This document is to assist the Acquisition Activity (AA) in preparing Requests for Proposal (RFPs), Statements of Objectives (SOO), Statements of Work (SOWs) <sup>1/</sup>, offeror instructions, etc. This document is also to assist contractors in preparing proposals and structuring their parts management processes. Applicable mechanical and electrical/electronic part categories are covered in 6.2.

<sup>1/</sup> The Air Force is now using Statement of Objectives (SOO) in lieu of statement of work. Throughout this document only the SOW acronym will be used and should be construed to include SOO.

2. APPLICABLE DOCUMENT.

2.1 Government documents.

2.1.1 Specifications, standards, and handbooks. The following specifications, standards, and handbooks form a part of this document to the extent specified herein. Unless otherwise specified, the issues of these documents are those listed in the Department of Defense Index of Specifications and Standards (DoDISS) and supplement thereto.

HANDBOOKS

DEPARTMENT OF DEFENSE

- MIL-HDBK-179 - Microcircuit Acquisition Handbook
- MIL-HDBK-402 - Guidelines for the Implementation of the DoD Parts Control Program

(Unless otherwise indicated, copies of the above specification, standards, and handbooks are available from the Standardization Document Order Desk, 700 Robbins Avenue, Building 4D, Philadelphia, PA 19111-5094.)

2.2 Order of precedence. In the event of a conflict between the text of this document and the references cited herein, the text of this document takes precedence. Nothing in this document, however, supersedes applicable laws and regulations unless a specific exemption has been obtained.

### 3. DEFINITIONS.

3.1 Acquisition Activity (AA). The Government office or agency that is responsible for acquiring the military system or equipment.

3.2 Approved corporate baseline. A listing of Acquisition Activity approved parts for use in military system or equipment design application. The contractor creates and maintains this listing.

3.3 As-built parts list. A listing of all parts actually used in a military system or equipment design.

3.4 As-designed parts list. A listing of all parts used in the design of the military system or equipment. For contracts not requiring a production unit, the as-designed parts list becomes the as-built parts list.

3.5 Diminishing Manufacturing Sources and Material Shortages (DMSMS). The loss or impending loss of manufacturers of items, reduction of suppliers of items, or shortages of raw material. DMSMS is caused by manufacturers of items or suppliers of raw material who discontinue production. Some of the reasons for DMSMS situations are:

- Rapid changes in technology which cause obsolescence;
- Uneconomical production requirements and increasing emphasis on use of commercial products;
- Foreign source competition;
- Federal environmental and safety regulations;
- Limited availability of items and raw materials used in the manufacturing process.

DMSMS situation tend to have a pervasive effect that precludes repair of materiel and prevents procurement of additional systems, equipment, spare assemblies, and subassemblies that depend on the availability of items and raw materials that are no longer manufactured or available.

3.6 Government Furnished Baseline (GFB). A listing of standard parts recommended for selection and application in new designs or modifications. The Military Parts Control Advisory Group creates, maintains, and provides the GFB.

3.7 Government-Industry Data Exchange Program (GIDEP). A cooperative program to support government systems readiness, logistics effectiveness, productivity, and cost reduction through timely retrieval, storage, and distribution of data among government and industry organizations.

3.8 Integrated Product Team (IPT). IPTs are composed of representatives from all appropriate functional disciplines working together to build successful programs and enabling decision-makers to make the right decisions at the right time producing a system or equipment. Individuals from various disciplines representing the acquisition activity, Military Parts Control Advisory Group, consulting contractor(s), prime contractor(s), subcontractor(s), and parts suppliers may comprise this team.

3.9 Life cycle. The time period from development to disposal of systems or equipment; including manufacturing, test and evaluation, verification, deployment, operations, support and training (i.e., cradle to grave).

3.10 Military Parts Control Advisory Group (MPCAG). A Government organization that provide advice and recommendations on the selection and use of preferred standard and nonstandard parts.

3.11 Modernized Parts Control Automated Support System (MPCASS). An on-line automated data processing system that supports the parts management program as defined in this document. The system is available for use by military acquisition activities, prime contractors, subcontractors, and MPCAG personnel. The system is used to process part evaluations and to provide a database of parts being used in a military system or equipment.

3.12 Non-Developmental Item (NDI). System or equipment with little or no development effort required by the Government on the current contract. This definition does not apply to the part level (see 3.17).

3.13 Non-Government Standard (NGS). A standard or specification developed and maintained by a national consensus standard society or organization.

3.14 Nonstandard part. Any part other than a standard part (see 3.23).

3.15 Off-the-Shelf (OTS). An item developed and produced to military or commercial standards and specifications, available for delivery from an established source, and acquired without change, to satisfy a military requirement. This definition does not apply to the part level (see 3.17).

3.16 Original equipment manufacturer (OEM). The contractor who developed the original design of the system or equipment and produced at least a prototype model.

3.17 Part. One piece, or two or more pieces joined together, which is not normally subject to disassembly without destruction or impairment of intended design use. The categories of parts that are subject to this document are in 6.2 of this document.

3.18 Parts Control Board (PCB). An organization that ensures an efficient parts management operation and timely implementation of parts selection and documentation decisions. The PCB is typically for large programs where several prime contractors, an integrating contractor, and/or many subcontractors will participate in the program.

3.19 Part or Identifying Number (PIN). An alpha-numeric designator which identifies parts, items, or bulk materials that are covered by a specification.

3.20 Program Parts Selection List (PPSL). A list of all parts (both standard and nonstandard) being selected by the contractor(s)/subcontractor(s) for design on a specific contract. The PPSL may also contain parts selected from the GFB. The PPSL is a tool to indicate standardization activity evaluations and to verify compliance with contract requirements.

3.21 Proliferation. Parts which have various characteristics, nomenclatures, or any other means to differentiate between variations of the same part.

3.22 Replacement part. A part other than that specified on a parts list. Types of replacement parts are in 3.22.1 and 3.22.2.

3.22.1 Alternate part. A part that is equal to or better than the part specified on a parts list. These may be: (1) parts listed in a specification or standard as superseding parts; (2) upgraded or better than parts (such as JANTX in place of JAN, Standard Microcircuit Drawing parts in place of vendor unscreened parts, military temperature range parts in place of commercial temperature range parts); or (3) equivalent or interchangeable parts that are functionally, mechanically, and of the same quality as the specified parts, such as from a different vendor.

3.22.2 Substitute part. A part whose performance may be less capable than the part specified on a parts list for one or more reasons (i.e., quality or reliability level, tolerance, parametrics, temperature range, etc.).

3.23 Standard part. A part widely used, as determined by the MPCAG in the categories in 6.2. Alternatively, the SOW may define which parts are standard for the contract, equipment, or system.



#### 4. GENERAL GUIDANCE.

4.1 General. The selection and application of parts are the responsibility of the contractor whose primary objective is to meet the performance requirements of the system or equipment. To assure meeting those objectives, the contractor may have parts engineering processes and procedures similar to those in MIL-HDBK-179 and MIL-HDBK-402. The AA should become familiar with these documents before assessing the contractor proposals, plans, and effort.

4.1.1 Data. The AA may stipulate, in the contract solicitation or RFP and in the SOW, some type or level of data to be provided to themselves and/or MPCAG. This data may be used to:

- a. Provide guidance to the contractor for minimizing parts proliferation.
- b. Evaluate system or equipment expected operating performance.
- c. Assess contractor performance against a parts management plan.
- d. Review the anticipated logistics support.
- e. Inform the MPCAG of industry usage of parts so that MPCAG can focus on specification problems and trends for standardization and update the GFB.

4.1.2 Options. Depending on the application and technical or logistics concerns, four predetermined parts management options are available to the AA for specifying the contractor data to be provided.

4.1.3 Levels. For purposes of spanning the potential approaches to parts management and offering flexibility for meeting all or most acquisition circumstances, the four options define distinct levels of parts management and Government involvement from no Government oversight to directed Government involvement in parts selection. Any of these four options may be tailored in the RFP or SOW to revise the data requirements, to specify IPT, or to provide program review details for monitoring contractor effort.

4.1.4 Considerations. The following considerations contain options for various levels of AA participation and contractor data requirements. The AA must select or tailor the degree of data and AA oversight required. The option with the least participation and data submittals, consistent with assessing contractor performance, is preferred to avoid unnecessary cost to the contractor, the AA, and MPCAG.

Option A - No formal Government guidance

No Government logistics/depot support required  
No organic repair/maintenance of system or equipment  
Examples:  
Unique, limited purchases of test equipment  
Commercial or NDI

Option B - AA Guidance through program reviews and IPTs

No Government logistics/depot support required  
No organic repair/maintenance of system or equipment  
Examples:  
Limited quantities of systems or equipments with no follow-on contract  
Prototype proof of concept (not to be used as future baseline)

- Option C - Government guidance with as-built parts list  
Limited Government logistics/depot support required  
No line repair/maintenance below depot level  
Examples:  
Major procurements  
Subsystems of major procurements
- Option D - Government advisor in parts selection  
Government logistics/depot support required  
Full line/depot repair/maintenance  
Examples:  
Major procurements  
Subsystems of major procurements  
High reliability program such as space operations

Appendix A contains suggested, tailorable task statements that may be used in a SOW. Detailed guidance for implementation of these options is addressed in 5.1.

4.2 Application to OTS and NDI. Parts contained in commercial and NDI equipment used in the end item are not subject to the parts management procedures described in options B, C, and D unless required by the AA in the RFP and/or the SOW. In response to the RFP, the prospective contractor should identify the commercial and NDI systems, subsystems, or assemblies for use under the contract to the extent possible. When commercial and NDI equipment requires modification, only the new parts proposed for modification of the equipment should be subject to the appropriate parts selection procedures described herein.

4.3 Order of preference in parts selection. Unless otherwise specified in the contract, the contractor should select parts in the descending order of preference as follows:

- a. Parts required to meet Government regulatory organizations' regulations.
- b. Parts defined by standards produced by recognized national consensus standards societies and organizations.
- c. Military or Government standard parts.
- d. OEM corporate standard type parts.
- e. Source control drawings or vendor item drawings.
- f. Parts identified by part manufacturer part numbers which are controlled by their drawings, catalogs, or company standards.

4.4 Replacement parts. The process for the management and documentation of parts, other than those on an as-built or as-designed parts list, should be specified in the SOW or by a program document specified in the SOW. In specifying the part replacement process, care should be taken to ensure that the program is consistent with the intent and application of other systems engineering disciplines (e.g., reliability, configuration management, quality, logistics, etc.). These disciplines are interdependent with the parts management program and the activities of each should be coordinated. The part replacement process should address the scope of management for each phase of hardware manufacture (i.e., prototype, preproduction, and production).

4.5 Source selection considerations. The AA or designated representative should review the contractor's proposed parts management plan or internal parts management procedures for the criteria listed in the following subparagraphs. (NOTE: The criteria listed below are tailorable to the parts management option chosen by the AA.)

4.5.1 Parts management criteria. In order to manage the selection and use of parts to reduce life cycle cost and to avoid unnecessary proliferation of part types, the contractor should have procedures to:

- a. Define the parts selection process or criteria, including an order of preference.
- b. Use the MPCAG for part information.
- c. Use GFBs to enable selection of standard parts.
- d. Establish the parts evaluation and authorization processes.
- e. Use and maintain an approved corporate baseline, parts selection list, or other database to give visibility to designers and subcontractors of parts preferred for use.
- f. Provide parts usage data to the MPCASS database.
- g. Manage subcontractors.

4.5.2 Parts quality and availability. To ensure part quality, enhance equipment/system reliability and supportability, and reduce DMS occurrences, the contractor should have provisions for:

- a. Assessing parts suppliers.
- b. Documenting and maintaining part failure information.
- c. Using GIDEP data.
- d. Using DMS information databases.
- e. Enhancing competitive reprocurement of spares.

4.6 Alternate proposal. If a potential contractor responds to the RFP for the specified parts management process and in addition offers a different parts management process with advantages (e.g., life cycle cost) to the AA substantiated, the source selection team should consider both and select the best for the AA. Under no circumstances should the potential contractor be penalized for offering what may be more beneficial to the AA than the parts management process specified in the RFP.

4.7 Acquisition activity. To implement an effective parts management and standardization program, the AA must specify in the SOW the appropriate level of Government involvement and should monitor the contractor performance accordingly. The following are the AA primary decisions and tasks:

4.7.1 Pre-contract award. The following are possible methods for ensuring that parts management and standardization become part of the contractor's development and/or production efforts:

- a. Determine level of AA involvement needed and prepare SOW tasks, as applicable. The options, with suitable tailoring, in section 5 should be the basis for this decision. Appendix A provides suggested SOW task statements.
- b. Establish parts management and parts standardization criteria for contractor source selection.
- c. Evaluate and negotiate tailoring of contractor's parts management process before preparation of contract SOW, if applicable.
- d. Determine the need for and methods to implement incentives for parts management and standardization. (See appendix B).

4.7.2 Post-contract award. Depending on the level of involvement, the following recommendations are methods of monitoring the contractor:

- a. If applicable, the AA or contractor can initiate a post-contract award meeting.
- b. If applicable, assign Government IPT representative as responsible for participating in the contractor parts management effort.
- c. Include parts management and standardization agenda items for design reviews and program progress reviews.
- d. If applicable, review MPCAG recommendations and make them discussion items for the design reviews and program progress reviews.
- e. As applicable, review the contractor parts lists and part procurement documentation of new parts for compliance with the contractor's parts management program.
- f. As applicable, evaluate contractor performance for standardization and nonproliferation. Also, if applicable, evaluate this performance against contractual incentive criteria.

4.7.3 Defense Logistics Agency Military Parts Control Advisory Groups. These Government groups will provide assistance in selecting parts. Specific responsibilities are below:

- a. Generate and maintain the GFBs and make them available to the AA and the contractor, either paper copies or electronically.
- b. Assign contract codes for MPCAG evaluations and recommendations.
- c. Process part evaluation requests.
- d. Track and analyze parts requests and as-built parts lists for usage trends for updating the GFBs.
- e. Generate and maintain PPSL.
- f. Maintain and upgrade, as necessary, the electronic data interchange system.
- g. Serve as a repository of shared data from Government, contractor, and part suppliers.
- h. Provide focal points for DMS and General Emulation of Microcircuits programs.
- i. Provide contract support to the AA upon request.

4.7.4 Contractor. The contractor is to perform parts management in accordance with its response to the solicitation or the SOW. The following suggestions are contractor responsibilities:

- a. Participate in IPTs and in-process and design reviews which address parts management issues.
- b. Provide data, such as as-built parts lists, to the MPCAG database, as required.
- c. Submit part requests for all parts as contractually required for applicable options or tailoring.
- d. Ensure the subcontractor parts selection process complies with the contract requirements.
- e. Ensure the part selection and usage allow the equipment to meet the performance requirements of the equipment specification.

## 5. DETAIL GUIDANCE.

5.1 Parts Management option flexibility and tailoring. The four options defined below are all keyed to the objectives of reducing life-cycle costs through parts standardization and minimizing future parts proliferation. These options include parts selection in the order of preference defined in 4.3. The Acquisition Activity should accept the contractor's procedure, select another option, or negotiate tailoring of specific points.

5.1.1 Option A - No formal Government guidance. The contractor's parts management program is totally an internal process in which the Government has no direct involvement. However, the Government does have an interest in ensuring that the contractor has a requirements based parts selection process which assures the product meets the performance criteria and minimizes life-cycle costs. See figure 1.

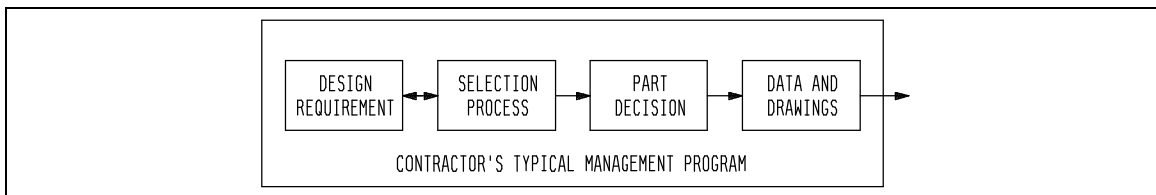


FIGURE 1. Option A - No formal Government guidance.

The following procedures are for use for successful implementation of option A:

- a. The contractor should respond to RFPs, by describing methods to reduce life cycle costs, achieve GIDEP participation, achieve parts standardization to minimize parts proliferation, and prevent DMS cases.
- b. Any monitoring of part selection and application by the AA and MPCAG should be limited to IPT interfaces or as offered by the contractor.
- c. There should be no Contract Data Requirements List (CDRL) Data Item Description (DID) for data delivery for parts management.
- d. The contractor may request advice from the AA and MPCAG on parts selections. If MPCAG parts advice is requested, MPCASS is the preferred method of submitting part evaluation requests.

5.1.2 Option B - AA guidance through program reviews and IPTs. The contractor's parts management program is an internal procedure that complies with Government guidance, but the Government requires a level of participation in ensuring supportability over the life of the product. Also, the Government has no interest in logistically maintaining the system or equipment. See figure 2.

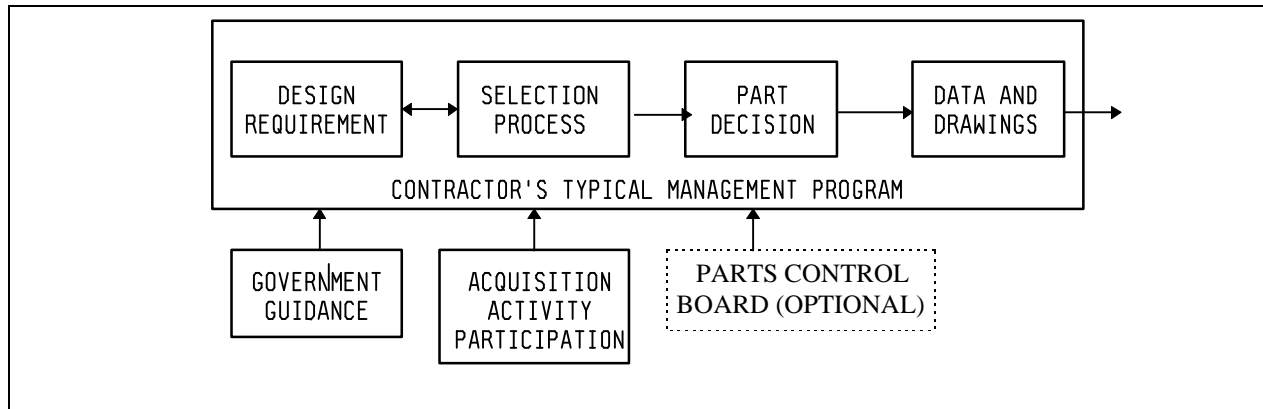


FIGURE 2. Option B - Government guidance through program reviews and IPTs.

The following procedures are for use for successful implementation of option B:

- a. The contractor should respond to RFPs, by describing methods to reduce life cycle costs, achieve GIDEP participation, achieve parts standardization to minimize parts proliferation, and prevent DMS cases.
- b. The AA monitors success of the program through contract language and scheduled periodic program reviews and interfaces with IPTs to assess the accomplishment of parts management goals and objectives and to discuss and resolve part problem areas/issues.
- c. There should be no CDRL DID for parts submissions. However, the contract may require AA and MPCAG access to an as-built parts list.
- d. The contractor may request advice from the AA and MPCAG on parts selections; however, the contractor has no obligation to request or to accept such advice. If MPCAG parts advice is requested, MPCASS is the preferred method of submitting the parts evaluation requests to the MPCAG.
- e. Contractor may elect to establish a PCB even though it is not a contractual requirement.

5.1.3 Option C - Government guidance with as-built parts list. The Government provides guidance and acts as an advisor, while requiring the contractor to provide an as-built parts list to the AA and MPCAG. See figure 3.

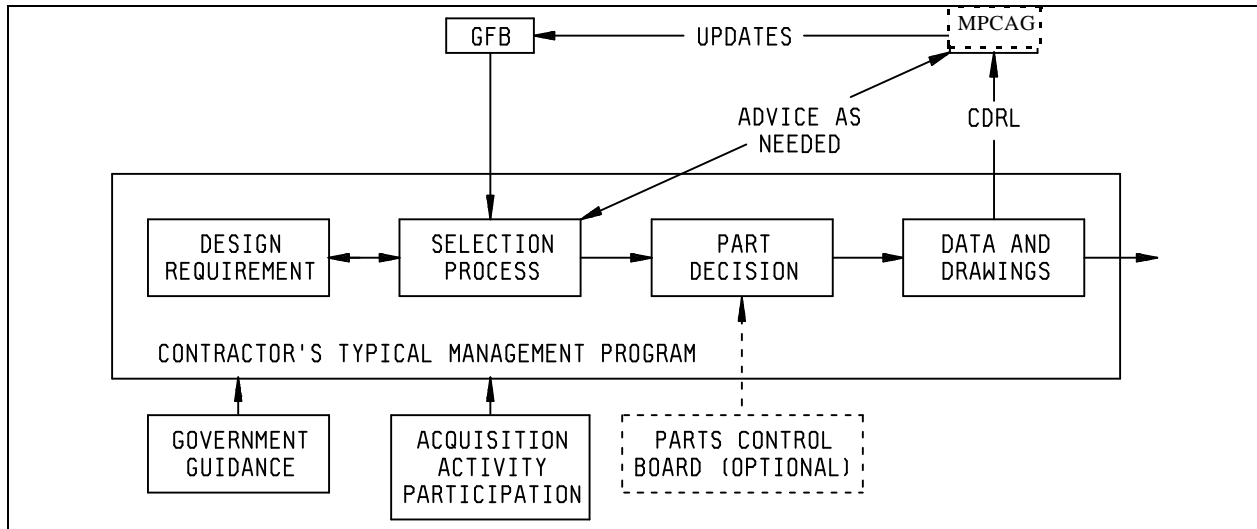


FIGURE 3. Option C - Government guidance with as-built parts list.

The following procedures are for use for successful implementation of option C:

- a. The contractor should respond to RFPs by describing methods to reduce life cycle costs, achieve GIDEP participation, achieve parts standardization to minimize parts proliferation, and prevent DMS cases.
- b. The AA monitors success of the program through contract language and scheduled periodic program reviews and interfaces with IPTs to assess the accomplishment of parts management goals and objectives and to discuss and resolve part problem areas/issues.
- c. MPCAG will provide access to the GFBs to the contractor for part selection assistance.
- d. The contractor may request advice from the AA and MPCAG on parts selections; however, the contractor has no obligation to request or to accept such advice. If MPCAG parts advice is requested, MPCASS is the preferred method of submitting the parts evaluation requests to the MPCAG.
- e. The contract may require the contractor, or the contractor may elect, to establish a PCB, or the contractor may elect to do so.
- f. The SOW should have a task and a data item to deliver an as-built parts list to the AA and the MPCAG in accordance with the contract.

5.1.4 Option D - Government advisor in parts selection. The Government acts as an advisor in the parts management program by making it mandatory for the contractor to seek Government advice on parts selected for the design and manufacture of the product. See figure 4.

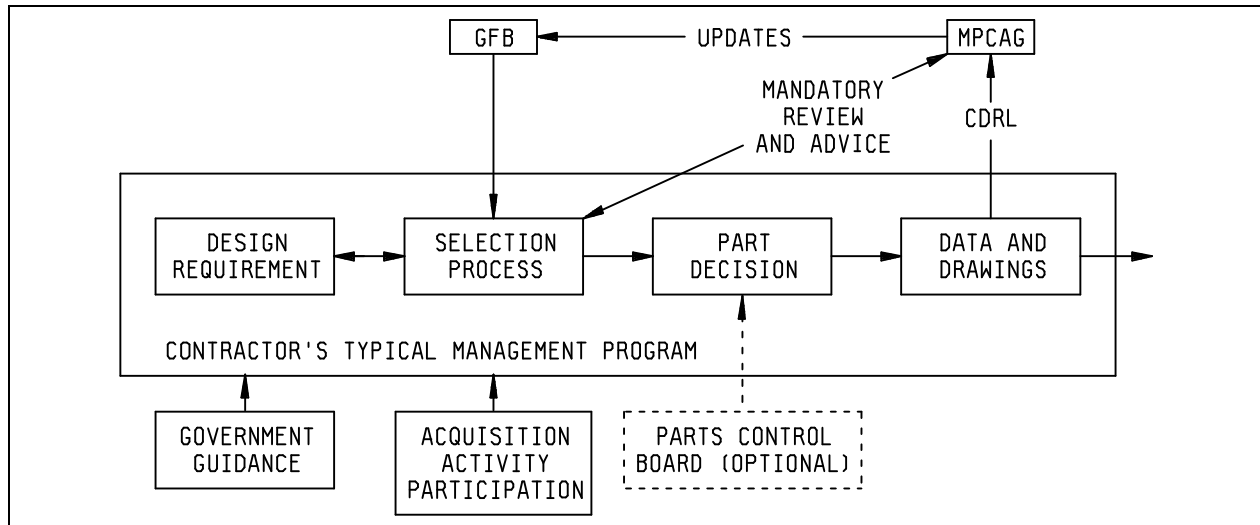


FIGURE 4. Option D - Government advisor in parts selection.

The following procedures are for use for successful implementation of option D:

- a. The contractor should respond to RFPs by describing methods to reduce life cycles costs achieve GIDEP participation, achieve parts standardization to minimize parts proliferation, and prevent DMS cases.
- b. The AA monitors success of the program through contract language and scheduled periodic program reviews and interfaces with IPTs to assess the accomplishment of parts management goals and objectives and to discuss and resolve part problem areas/issues.
- c. The RFP and/or SOW should specify the baseline parts selection list for the program or contract. Parts on this list are standard and approved. This list may be the GFBs (electrical and/or mechanical), approved corporate baseline, and/or a list of pre-approved parts provided by the AA. The MPCAG will provide access to the GFBs to the contractor for part selection assistance.
- d. All selected parts and parts data should be submitted for AA, AA's agent, and/or MPCAG review and recommendation in accordance with the CDRL. Use of other than the Government recommended part should be resolved by the contractor prior to design application. The resolution should be documented, retained, and made available to the AA upon request. MPCASS is the preferred method of submitting the part evaluation requests to the MPCAG.
- e. The contract may require the contractor to establish a PCB, or the contractor may elect to do so.
- f. The SOW should have a task and a data item to deliver an as-built parts list to the AA and the MPCAG in accordance with the contract.



5.2 Government/Industry Data Exchange Program (GIDEP). The contract task statement, for the parts management program, should address participation in GIDEP.

5.3 Diminishing Manufacturing Sources (DMS) requirement. If DMS is a concern for a program or a contract, then the AA should specify in the SOW any requirement for identifying and/or resolving, during a specified time period, the DMS or obsolescence problems, such as maintaining replacement sources, searching and reporting on alternative or replacement parts, redesigning, etc.

6. NOTES.

6.1 Comparison of options. Table I compares the four options regarding specific tasks or responsibilities that the AA may impose or prohibit in the RFP, SOW, or contract. The RFP and/or SOW should specify the individual task or responsibility expected of the contractor.

TABLE I. Comparison of contractual options for parts management.

TASK OR RESPONSIBILITY	OPTION A NO FORMAL GOVERNMENT GUIDANCE	OPTION B AA GUIDANCE THROUGH PROGRAM REVIEWS & IPTs	OPTION C GOVERNMENT GUIDANCE WITH AS-BUILT PARTS LIST	OPTION D GOVERNMENT ADVISOR IN PARTS SELECTION
PARTS MANAGEMENT PROCESS	Contractor's description of process methodology	Assess contractor's parts management process	Assess contractor's parts management process	Assess contractor's parts management process
MONITORING	Limited to normal IPT interfaces	Specified in SOW. Scheduled reviews and IPT interfaces	Specified in SOW. Scheduled reviews and IPT interfaces	Specified in SOW. Scheduled reviews and IPT interfaces
PARTS SELECTION CRITERIA	Contractor's option in order to meet system operational requirements and life cycle costs effectiveness	Contractor's option in order to meet system operational requirements and life cycle costs effectiveness	Contractor's option in order to meet system operational requirements and life cycle costs effectiveness	Parts selection list specified in SOW
GFB APPLICATION	No requirement, but MPCAG provided GFB is available	No requirement, but MPCAG provided GFB is available	MPCAG provided GFB should be used	MPCAG provided GFB should be used
REVIEW OF PARTS SELECTIONS	Contractor may request advice of AA and MPCAG	Contractor may request advice of AA and MPCAG	Contractor may request advice of AA and MPCAG	Contractor must request advice of AA and MPCAG
DATA (CDRL)	None allowed	None, but contract should allow access to as-built parts list	As-built parts list to AA and MPCAG at design completion	Part evaluation requests. As-built parts list to AA and MPCAG at design completion
PARTS CONTROL BOARD	N/A	Contractor may use	Contractor may use or contract may require	Contractor may use or contract may require
GIDEP	participation per AA requirements	participation per AA requirements	participation per AA requirements	participation per AA requirements
DMS	Address obsolescence issue per AA requirements	Address obsolescence issue per AA requirements	Address obsolescence issue per AA requirements	Address obsolescence issue per AA requirements

6.2 Applicable part categories. The items in the following lists should be subject to the guidance in this document and the contract requirements. These lists are tailorable and should include only those items of interest for the system or equipment being acquired.

6.2.1 Mechanical parts.

<u>FSC 2/</u>	<u>PART CATEGORY NAME</u>	<u>RESPONSIBLE MPCAG</u>
3110	Bearings, antifriction, unmounted	DISC
3120	Bearings, plain, unmounted	DISC
3130	Bearings, mounted	DISC
4030	Cable fittings, etc.	DISC
4710	Pipes and tubes	DSCC
4720	Hoses and tubing	DSCC
4730	Tube fittings, hose clamps	DSCC
4820	Valves, nonpowered	DSCC
5305	Screws	DISC
5306	Bolts	DISC
5307	Studs	DISC
5310	Nuts and washers	DISC
5315	Pins	DISC
5320	Rivets	DISC
5325	Fastening devices	DISC
5330	Seats and packing	DISC
5340	Miscellaneous hardware limited to: Bolts (barrel, chain, flush, and strap); brackets; caps, protective; casters; clips; handles; hinges; latches; locks; mounts, resilient; padlocks; pads, stock mount; rod ends; slide sections, drawer; straps; turn-buckles; and wire fabric	DISC
5360	Springs, coil, flat and wire	DISC
5365	Rings, shims, and spacers	DISC

2/ FSC - Federal Supply Class

MIL-HDBK-965

6.2.2 Electrical and electronic parts.

<u>FSC</u>	<u>PART CATEGORY NAME</u>	<u>RESPONSIBLE MPCAG</u>
4140	Miniature blowers (for cooling electronic equipment)	DSCR
5355	Knobs and pointers	DSCR
5905	Resistors	DSCC
5910	Capacitors	DSCC
5915	Filters and networks	DSCC
5920	Fuses and lightning arresters	DSCC
5925	Circuit breakers	DSCC
5930	Switches	DSCC
5935	Connectors, electrical and associated handtools under FSCs 5120, 5130, 5180, and 5220	DSCC
5940	Lugs, terminals, and terminal strips	DSCR
5945	Relays, contactors, and solenoids	DSCC
5950	Coils and transformers	DSCC
5955	Crystals	DSCC
5961	Semiconductor devices (transistors and diodes) and associated hardware	DSCC
5962	Microelectronic circuit devices (including hybrids)	DSCC
5965	Headsets, handsets, microphones, and speakers	DSCC
5970	Electrical insulators	DSCR
5975	Electrical hardware and supplies limited to: Cable ties and clamps; electronic equipment cabinets; conduit tubing; rigid and flexible metal conduit fittings; conduit outlet boxes; junction boxes, extensions, and covers; stuffing tubes; and wall plates	DSCR
5980	Optoelectronics, light emitting diodes, and displays	DSCC
5985	Waveguides and radio frequency switches (antennas are excluded)	DSCC
5995	Cable, cord, and wire assemblies	DSCC
5998	Electrical and electronic assemblies limited to: boards, cards, and associated hardware	DSCC
5999	Miscellaneous electrical and electronic components limited to: mounting pads; electromagnetic interference gasketing material; delay lines; heat sinks; and wire mesh	DSCC
6004	Fiber optic rotary joints	DSCC
6005	Fiber optic couplers, splitters, and mixers	DSCC
6006	Fiber optic attenuators	DSCC
6007	Fiber optic filters	DSCC
6008	Fiber optic multiplexers/demultiplexers	DSCC
6010	Fiber optic conductors	DSCC
6015	Fiber optic cables	DSCC
6020	Fiber optic cable assemblies and harnesses	DSCC
6021	Fiber optic switches	DSCC
6025	Fiber optic transmitters	DSCC
6026	Fiber optic receivers	DSCC
6029	Fiber optic repeaters	DSCC
6030	Fiber optic devices	DSCC
6031	Fiber optic integrated optical circuits	DSCC
6032	Fiber optic light sources	DSCC
6033	Fiber optic photo detectors	DSCC
6034	Fiber optic modulators	DSCC
6035	Fiber optic illuminators	DSCC
6036	Fiber optic image transfer devices	DSCC
6040	Fiber optic sensors	DSCC

<u>FSC</u>	<u>PART CATEGORY NAME</u>	<u>RESPONSIBLE MPCAG</u>
6050	Fiber optic passive devices	DSCC
6060	Fiber optic interconnection	DSCC
6070	Fiber optic accessories and supplies	DSCC
6080	Fiber optic kits and sets	DSCC
6099	Fiber optic miscellaneous	DSCC
6135	Batteries, primary (nonrechargeable)	DSCR
6140	Batteries, secondary (rechargeable)	DSCR
6145	Wire and cable, electrical	DSCC
6150	Electrical power cords and grounding straps	DSCR
6210	Lighting devices	DSCR
6240	Electric lamps	DSCR
6350	Horns, bells, buzzers, and sirens	DSCR
6625	Meters, electrical indicating	DSCC
6645	Time totaling meters	DSCR
6680	Mechanical fluid flow and quantity measuring devices	DSCR
6685	Pressure, temperature, and humidity measuring and controlling devices	DSCR

DSCC - Defense Supply Center Columbus  
DSCC - VSC  
Columbus, Ohio 43216-5000

Telephone:  
DSN: 850-4144  
Fax: 614-692-1753

DSCR - Defense Supply Center Richmond  
DSCR - VED  
Richmond, Virginia 23297-5000

Telephone:  
DSN: 695-4887  
Fax: 804-279-6011

DISC - Defense Industrial Supply Center  
DISC - EPP  
Philadelphia, Pennsylvania 19111-5000

Telephone:  
DSN: 442-6833  
Fax: 215-697-0682

### 6.3 Subject term (key word) listing.

Acquisition  
Government Furnished Baseline (GFB)  
MPCAG  
MPCASS  
Parts Management

6.4 Changes from previous issue. Marginal notations are not used in this revision to identify changes with respect to the previous issue due to the extent of the changes.

OPTIONS FOR STATEMENT OF WORK TASKS

A.1 GENERAL.

A.1.1 Scope. This appendix contains suggested wording for new contract SOWs. The different options are those specified in 5.1. This appendix also contains suggested task statements for DMS and GIDEP.

A.1.2 Application. Before determining the SOW wording, consider the following factors:

- a. Type of equipment or system; for example, operational system, operational support equipment, test vehicle, maintenance or shop test equipment.
- b. DoD-wide part proliferation is a stated major concern.
- c. Whether the contract is an investigative or study contract.
- d. Quantity of systems or equipment's to be purchased on the contract.
- e. Reliability, safety, or nuclear hardness criticality of the part or equipment, coupled with the environment where used (e.g., flight, ground combat, ground benign, etc.).
- f. Whether the item is a new design or a modification of an existing design and if a modification, the extent of that modification.
- g. Maintenance concept: organic or contractor.
- h. Whether all or some of the equipment is commercial or NDI.
- i. Whether the equipment is almost exclusively electrical or mechanical.
- j. Ownership and level of technical data package, if required.

Depending upon the criteria above, there may be different tasks for different types of equipment within the same SOW. If so, each task should identify the level of parts management applicable to the specific equipment or types of equipment (such as support or test equipment).

A.1.3 Tailoring assistance. Prior to the release of an acquisition request for proposal and upon request, the MPCAG can provide tailoring assistance and information related to the MPCAG.

APPENDIX A

A.2 STATEMENT OF WORK EXAMPLES.

A.2.1 Tasks for the four options. The specific acquisition requirements may require the tailoring of the principal SOW tasks.

A.2.1.1 Option A. To invoke option A, the AA may use or tailor the following wording:

“The contractor shall select parts and conduct a parts management program, in accordance with the contractor's standard procedures, which assures the equipment (or system) meets the specification performance requirements with the lowest life cycle costs.”

Optional task: “Within \_\_\_ days after contract award, the contractor shall provide a copy of their documented internal procedures.”

Additional optional statement: “The contractor may request parts selection and application advice from the Acquisition Activity and the Military Parts Control Advisory Group.”

A.2.1.2 Option B. To invoke option B, the AA may use or tailor the following wording:

“The contractor shall select parts and conduct a parts management program, in accordance with the contractor's standard procedures, which assures the equipment (or system) meets the specification performance requirements with the lowest life cycle costs. The Acquisition Activity will conduct quarterly (semiannual, annual, etc.) reviews of the parts program to assess conformance to internal procedures, application of parts for meeting system performance requirements, and parts problem areas.”

Optional task: “Within \_\_\_ days after contract award, the contractor shall provide a copy of their documented internal procedures.”

Additional optional statement: “The contractor may request parts selection and application advice from the Acquisition Activity and the Military Parts Control Advisory Group.”

A.2.1.3 Option C. To invoke option C, the AA may use or tailor the following wording:

“The contractor shall select parts from a parts selection baseline and conduct a parts management program, in accordance with the contractor's standard procedures, that assures the equipment (or system) meets the specification performance requirements with the lowest life cycle costs. A source for selecting parts is be the (select one: (a) electrical, (b) electronic (c) mechanical, or (d) electro-mechanical) Government Furnished Baseline(s). The Acquisition Activity will conduct quarterly (semiannual, annual, etc.) reviews of the parts program to assess conformance to internal procedures, application of parts for meeting system performance requirements and parts problem areas.”

APPENDIX A

“Within \_\_\_ days after design completion, the contractor shall provide to the Acquisition Activity and the Military Parts Control Advisory Group an as-built parts list of all (select one: (a) electrical, (b) mechanical, or (c) electrical and mechanical) part numbers, including replacements, used in the final as-built configuration (data item number for parts list), and the documentation for nonstandard parts.”

Optional task: “Within \_\_\_ days after contract award, the contractor shall provide a copy of their documented internal procedures.”

Optional task: “The contractor shall convene a parts control board to address parts management issues.”

Additional optional statement: “The contractor may request parts selection and application advice from the Acquisition Activity and the Military Parts Control Advisory Group.”

A.2.1.4 Option D. To invoke option D, the AA may use or tailor the following wording:

“The contractor shall select parts and conduct a parts management program, in accordance with the contractor's standard procedures, that assures the equipment (or system) meets the specification performance requirements with the lowest life cycle cost. Also, (select one: (a) electrical, (b) mechanical, or (c) electrical and mechanical) parts selection shall be from the (select as applicable: electrical, mechanical, etc.) Government Furnished Baseline(s) (and the preapproved list of parts, if applicable). Parts not on this (these) list(s) are nonstandard and require submittal, along with appropriate data, to the Military Parts Control Advisory Group (MPCAG) (and the Acquisition Activity (AA), or the agent for the AA, if applicable) for evaluation. The Contractor shall follow the MPCAG (or the AA, or the agent for the AA, if applicable) recommendation if possible and practical for the intended use. If the recommendation is not followed, the Contractor shall document why the part is not used and supply that information to the MPCAG (and the AA, or the agent for the AA, if applicable) (data item number for the nonstandard part request).

“The Acquisition Activity will conduct quarterly (semiannual, annual, etc.) reviews of the parts program to assess conformance to internal procedures, application of parts for meeting system performance requirements, and parts problem areas.

“Within \_\_\_ days after design completion, the contractor shall provide to the AA and the MPCAG an as-built parts list of all (select one: (a) electrical, (b) mechanical, or (c) electrical and mechanical) part numbers, including replacements, used in the final as-built configuration (data item number for parts list), and the documentation for nonstandard parts.”

Optional task: “Within \_\_\_ days after contract award, the contractor shall provide a copy of their documented internal procedures.”



APPENDIX A

Optional task: "The contractor shall convene a parts control board to address parts management issues."

A.2.2 DMS task. The DMS task should be separate from the parts management options. The DMS task could be applicable to all options, and the AA must decide if the period of expected use, criticality, and cost of the hardware to be purchased warrant a DMS task. Suggested SOW wording is as follows:

"The contractor shall review, through the period of performance of the contract, the Government/Industry Data Exchange Program (GIDEP) Diminishing Manufacturing Source (DMS) notices and other supplier notifications for applicability of the (optional added word: operational) hardware being delivered. The contractor shall notify the Acquisition Activity within \_\_\_ days of any DMS situation that effects current deliveries or subsequently will effect equipment maintenance and repair (data item number for notification of DMS problems)."

Optional task: "Through the period of performance of the contract, the contractor shall: (1) identify alternate sources, replacement parts, or optional part numbers for parts and materials that become obsolete and (2) revise the assembly drawings to incorporate the new information. If a direct replacement is not possible, the contractor shall notify the Acquisition Activity."

A.2.3 GIDEP task. The GIDEP task should be separate from the above options and is appropriate with any of them. The decision on whether to impose the GIDEP task should be based on the factors in A.2.2 above, but the GIDEP task would be most applicable to options C and D. Suggested SOW wording is as follows:

"The contractor shall participate in the Government/Industry Data Exchange Program (GIDEP) ALERTs and PROBLEM ADVISORYs for potential impact to hardware both in production and delivered to the Acquisition Activity. If an ALERT or Problem ADVISORY has the possibility of causing a system malfunction or of inhibiting the specified performance, the contractor shall notify the Acquisition Activity. For ALERTs or PROBLEM ADVISORYs that identify parts or materials that are noncompliant to hardware specifications or drawings but do not affect performance requirements of production items, the contractor shall dispose of them through the internal quality assurance process (data item number for GIDEP response).

APPENDIX B

INCENTIVES (GUIDANCE TO THE AA)

B.1 GENERAL. The goal of incentives is to encourage, promote, and reward innovative efforts that are effective. Incentives work best when they reward the contractor and the employees involved in the process. Incentive programs should flow down from the prime contractors to their parts management professionals and to subcontractors and their parts management functions.

B.2 FORMS OF INCENTIVES.

- a. Monetary.
- b. Reduced oversight and control.
- c. Reduced level of parts management option (e.g., allow going from option D to option C).
- d. Positive considerations during proposal review and selection process.
- e. Nonmonetary awards (plaques, recognition, letters of commendation).
- f. Allowing proposed innovative parts management techniques to be implemented on programs and adopted when proven effective.
- g. Allowing subcontractors to submit part requests directly to the MPCAG through MPCASS.
- h. Contractor initiated incentives to their parts management professionals.

B.3 ITEMS WORTHY OF INCENTIVES.

- a. Cost avoidance.
- b. Reduced work hour requirement over the life of a program.
- c. Innovative, effective solutions to parts management problems.
- d. Effective subcontractor management.
- e. Automation of internal parts management functions.
- f. Empower internal parts management process.
- g. Record of exemplary past performance.
- h. Efficient training process for contractor personnel and subcontractors.
- i. Enhanced performance, reliability, or quality at no increase in total life-cycle cost.

APPENDIX B

- j. IPT/team organizational structure that includes the prime contractor, subcontractors, customers, MPCAG, and parts manufacturers.
- k. Elimination of non-value added tasks.
- l. Effective DMS management.
- m. Open, ethical resolution of internal errors.

B.4 METRICS. By developing standard methods of measuring and documenting parts management excellence, achievement, and efficiency, an equitable measure in quality and quantity of earned incentives may be determined.

Some examples of metrics that accurately reflect the quality of a parts management program are:

- a. Reduce life cycle costs.
- b. Work hour savings/work hours avoided.
- c. Time reduced through automation.
- d. Elimination of non-value added tasks.

Some metrics can be misleading and overstate gains or losses in the perceived quality of the parts management process. This is due to the numerous differences in contract types (e.g., engineering and manufacturing development, production, etc.), parts management options, level of technology involved, and other factors beyond the contractor's control. Some examples of metrics to avoid are:

- a. Number or percentage of GFB parts selected.
- b. Number or percentage of MPCAG recommended parts used.
- c. Number or percentage of nonstandard part requests.
- d. Number of parts submitted then not used.
- e. Number or percentage of disapproved parts.

CONCLUDING MATERIAL

Custodians:

Army - MI  
Navy - AS  
Air Force - 10  
DLA - ES

Preparing activity:  
DLA - ES

Review activities:

Army - AL, AM, AR, AV, CR, ER, GL, HD, ME, MR  
Navy - EC, MC, OS, SA, SH, TD  
Air Force - 11, 13, 14, 15, 17, 18, 19, 26  
DLA - CS, GS, IS

(Project SDMP - 0020)

STANDARDIZATION DOCUMENT IMPROVEMENT PROPOSAL

INSTRUCTIONS

1. The preparing activity must complete blocks 1, 2, 3, and 8. In block 1, both the document number and revision letter should be given.
2. The submitter of this form must complete blocks 4, 5, 6, and 7.
3. The preparing activity must provide a reply within 30 days from receipt of the form.

NOTE: This form may not be used to request copies of documents, nor to request waivers, or clarification of requirements on current contracts. Comments submitted on this form do not constitute or imply authorization to waive any portion of the referenced document(s) or to amend contractual requirements.

I RECOMMEND A CHANGE:

1. DOCUMENT NUMBER  
MIL-HDBK-965

2. DOCUMENT DATE (YYMMDD)  
September 26, 1996

3. DOCUMENT TITLE

Military Handbook, Acquisition Practices for Parts Management

4. NATURE OF CHANGE (Identify paragraph number and include proposed rewrite, if possible. Attach extra sheets as needed.)

5. REASON FOR RECOMMENDATION

6. SUBMITTER

a. NAME (Last, First, Middle initial)

b. ORGANIZATION

c. ADDRESS (Include Zip Code)

d. TELEPHONE (Include Area Code)

7. DATE SUBMITTED  
(YYMMDD)

- (1) Commercial
- (2) AUTOVON  
(If applicable)

8. PREPARING ACTIVITY

a. NAME  
Defense Supply Center, Columbus

b. TELEPHONE (Include Area Code)  
(1) Commercial (614) 692-3965  
(2) AUTOVON 850-3965

c. ADDRESS (Include Zip Code)  
DSCC-VS  
3990 East Broad Street  
Columbus, OH 43216-5000

IF YOU DO NOT RECEIVE A REPLY WITHIN 45 DAYS, CONTACT:  
Defense Quality and Standardization Office  
5203 Leesburg Pike, Suite 1403, Falls Church, VA 220413466  
Telephone (703) 7562340 AUTOVON 289-2340