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SECRETARY OF THE ARMY
WASHINGTON

MAR 24 2003



MEMORANDUM FOR COMMANDING GENERAL, U.S. ARMY MATERIEL
COMMAND, 5001 EISENHOWER AVENUE,
ALEXANDRIA, VA 22333-0001

SUBJECT: Defense Industrial Base Transformation—ACTION MEMORANDUM

Reference White Paper from Commander, U.S. Army Materiel Command (AMC), subject as above, dated February 5, 2003; and memorandum from the Secretary of Defense, subject: Transformation Through Base Realignment and Closure, dated November 15, 2002.

This is my direction for the Army's implementation of the subject initiative.

The AMC shall develop a written concept for consolidation, divestiture, or leasing, as appropriate, of the government-owned/government-operated (GOGO) and government-owned/contractor-operated (GOCO) ammunition facilities. This concept may include mission realignment to improve utilization and operating efficiencies. There will be no implementation activity, to include development of plans, other than as part of the Base Realignment and Closure (BRAC) process.

The AMC will continue to work towards reducing GOGO manufacturing arsenal plant capacity and will institute internal efficiency initiatives, e.g., Lean Philosophy, to facilitate the business base at all Ground Systems Industrial Enterprise (GSIE) installations. The GSIE will continue to leverage the full capability of the Defense Industrial Base to utilize existing capabilities and ultimately reduce the cost of products and services to a level comparable with industry without the need for subsidies.

The AMC will continue to use existing legal authority to form and maintain partnerships between GOGO maintenance depots and the private sector, and will aggressively institutionalize Lean Philosophy and other initiatives to improve efficiencies, optimize utilization, and upgrade the core capabilities required to meet current and future requirements.

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The referenced memorandum from the Secretary of Defense is a statement of his current policy on BRAC. All activities related to realignment and/or closure will be taken only in conformity with that policy.

A handwritten signature in black ink, reading "Thomas E. White", with a horizontal line extending to the left and right of the name.

Thomas E. White

CF:

Assistant Secretary of the Army (Acquisition, Logistics and Technology)