

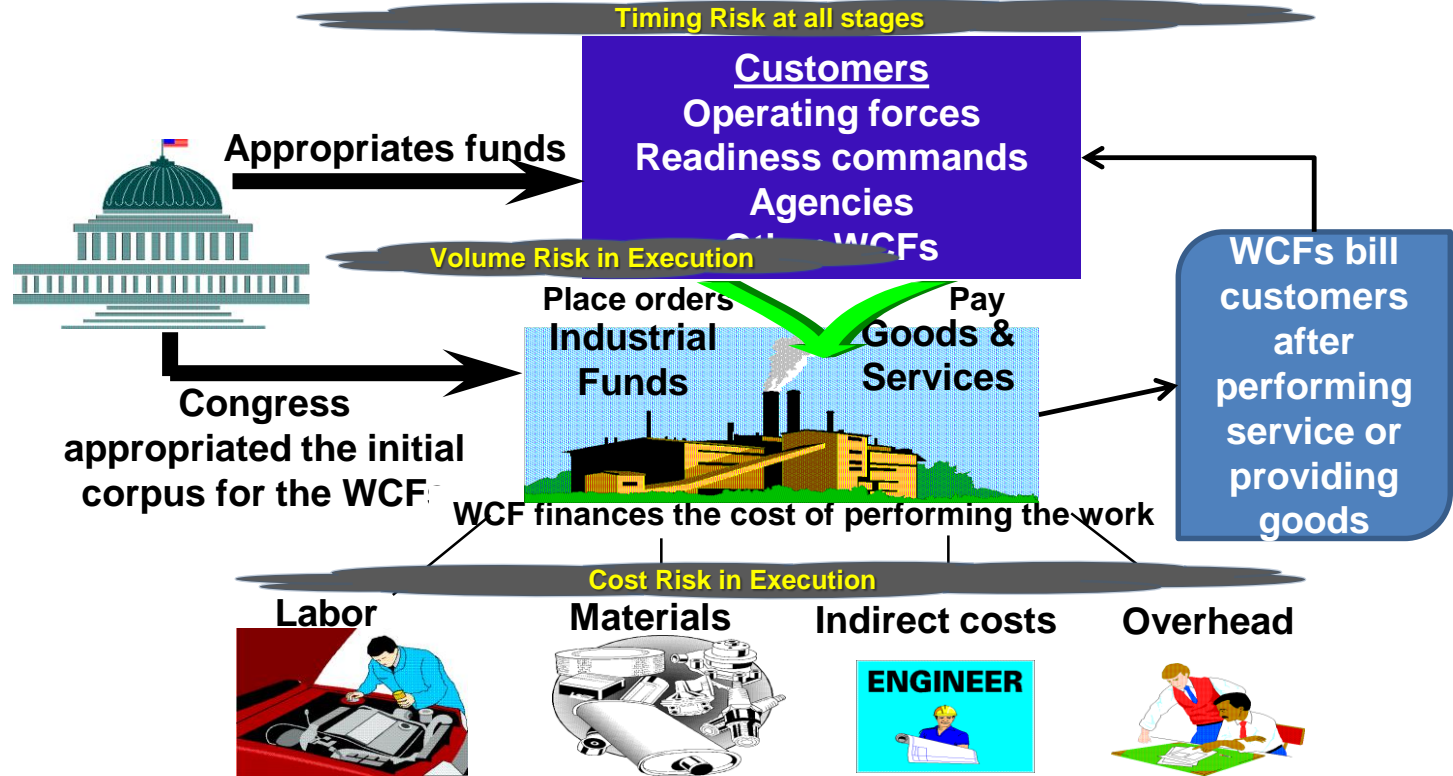


Cost Effectiveness

ASMC PDI 2016

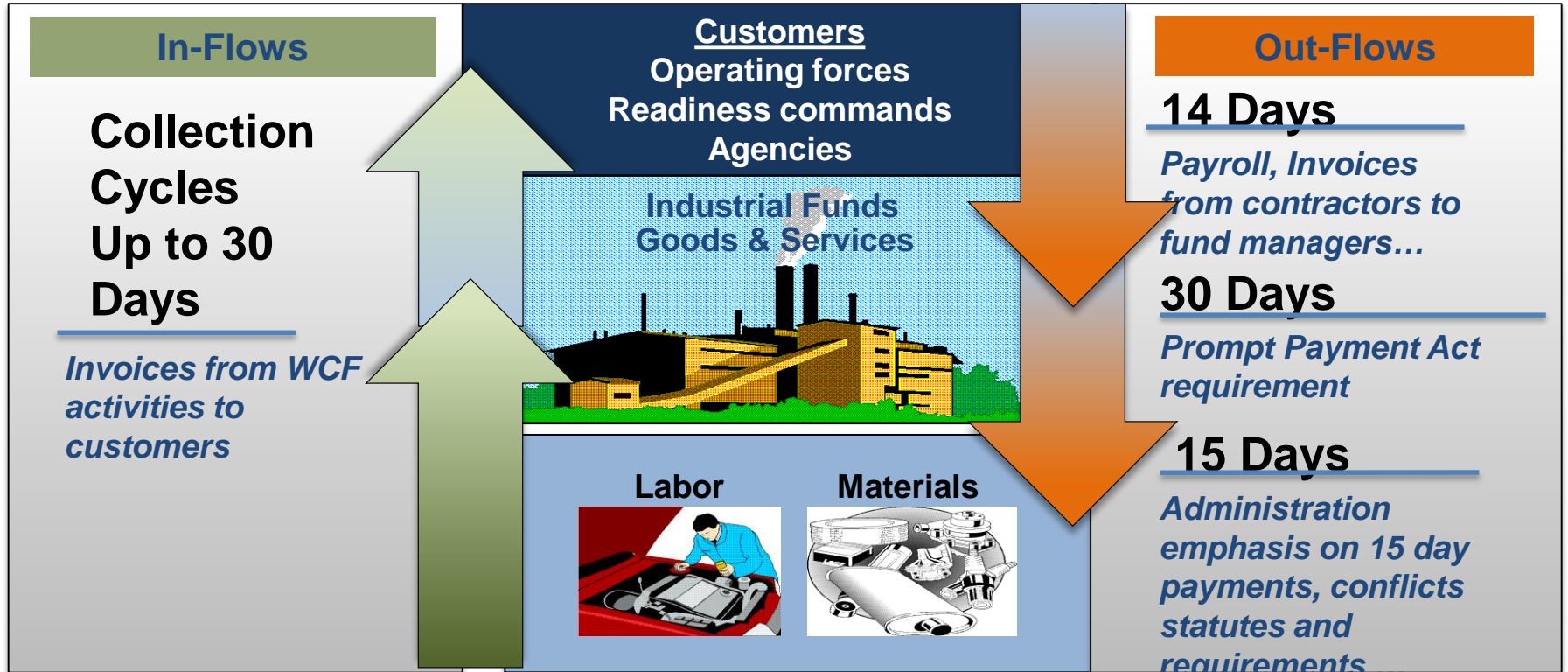
Orlando

WCF Operating Concept



The WCFs are DoD's "in-house contractors"
Components spend ~13% of appropriated \$ on WCF orders

WCF Operating Payment Cycles



The gap between billing and payment cycles creates significant issues for paying contractors within 15 days...

Concept: Types of Cost

- Direct
 - Perform functions for specific customers: e.g., Salaries and Benefits of personnel directly identifiable to a specific job.
 - Typically, the direct Cost Centers are the Technical Departments.
- Indirect
 - Non-touch labor such as shift supervisors
 - Within and Above Shop Overhead: e.g., Operating materials such as grease
- Overhead
 - Provide overall support services to the entire activity
 - General and administrative support

Cost recovery: Total cost of operations divided by expected sales valued at cost; yields cost recovery percent to be applied to each sale