

IDS Terms and Conditions Guide
Section M

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CONTINUOUS IMPROVEMENT PLAN

The Seller shall promptly develop a Continuous Improvement Plan (CIP) and shall maintain and update this plan every six (6) months or sooner if any changes are made to the plan. The CIP, as it is updated, shall be based on improvement goals, with suitable metrics, that are approved by the Buyer, following a joint product value stream analysis of both administrative and manufacturing processes focusing on reducing process variability, improved performance, and elimination of waste from the product value stream. The Seller shall also include in the CIP, its key subcontractor's processes.

The Seller shall develop their plan to include the creation of Value Stream maps of the processes, using any Lean, Six Sigma, or other cost saving techniques which is appropriate. The results of the Value Stream analysis shall provide detailed activities with implementation milestones and dates. The activities may include, but not be limited to, Lean improvement projects, such as lead time reduction, set-up time reduction, pull or continuous flow systems and inventory reduction.

The Seller agrees to support the activities detailed in the CIP, with the appropriate personnel and resources.

Progress towards reaching CIP milestones shall be jointly reviewed by Buyer and Seller on a regular basis and the CIP shall be revised annually to ensure its ongoing relevance to the program needs.

The following is a sample outline for a Continuous Improvement Plan.

1. Goals----This section should state the overriding goals for the improvement efforts.

Examples might be:

- To improve affordability of the product
- To improve quality of the delivered product
- To reduce the lead time to deliver the product
- To improve ability to deliver the product on time

2. The CIP should include a listing and description of specific projects and events that will work towards the above goals. For example, Workforce training; Accelerated Improvement Workshops or Kaizen workshops to reduce long setup times, to reduce in-process inventory, or improve product flow; Autonomous Maintenance workshops to improve reliability and availability of critical equipment; 6 Sigma projects to improve first time yield; 5S workshops to improve workplace order and organization.

3. Metrics---these should be measurable, include the current baseline, and should demonstrate progress made towards the goals.

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4. Projected schedule---The events listed in section two should be shown on a timeline, with projected conclusion dates. The timeline should also indicate dates for review of progress on the CIP and dates for the next update.