

INDIRECT CORPORATE AGREEMENTS

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AGENDA – INDIRECT CORPORATE AGREEMENTS

- Overview
- Commodities
- Process
- Small Business Inclusion
- Supplier Expectations



INDIRECT CORPORATE AGREEMENTS OVERVIEW

INDIRECT CORPORATE AGREEMENTS – OVERVIEW

Segments	Direct Commodities	Indirect Commodities	IT & Telecommunications	Travel	Transportation	Corporate Services
Profile	<ul style="list-style-type: none"> • Electronics • Wire & Cable • Fasteners • Connectors 	<ul style="list-style-type: none"> • Goods & Services • Administrative • Facilities MRO • Commercial & Professional Services 	<ul style="list-style-type: none"> • Hardware • Software • Services • Program • Infrastructure 	<ul style="list-style-type: none"> • Air • Hotel • Car • Agency 	<ul style="list-style-type: none"> • Small Packages • Air • Less Than Truckload • Household Goods 	<ul style="list-style-type: none"> • Enterprise Ops • EESH • Human Resources • Employee Programs

- Global Supply Chain Operations (GSCO) manages six different types of corporate agreements
- Each corporate agreement type is managed by a different group
- This presentation will focus on Indirect Corporate Agreements only

INDIRECT CORPORATE AGREEMENTS – OVERVIEW

➤ Indirect Corporate Agreements (CAs) includes:

- Materials and services essential for day-to-day maintenance, infrastructure and operational support
- Services may or may not require a Statement of Work
- Indirect Agreements projects afford a greater opportunity to consider small businesses

➤ Purpose:

- Leverage common requirements throughout the corporation to establish and manage long term supplier relationships, at the best value to LMC.
- Simplify the procurement process throughout the term of the agreement
- Reduce the product lead times for end users
- Build & Maintain relationships with key strategic suppliers

INDIRECT CORPORATE AGREEMENTS – OVERVIEW

➤ **Customers / Utilization:**

- Available to all business areas
- Wide cross-section of users (Buyers, P-Card users, Security, Crib managers, Janitors, Contract labor)
- CA's can be managed with integrated category management teams (CMT), based on general requirements and purchase history, or a hybrid of both
- Some include direct purchase requirements (ie, Test Equipment, Contract Labor)

➤ **Pricing: Flexible, but limited, may include more than one of the following elements**

- Firm Fixed Price (FFP) for 2 to 3 years (*preferred*)
- Discount off List Price (DOL)
- Annual Rebates

➤ **Commodity Determination**

- Spend (typically >M)
- Commonality across multiple locations
- CMTs / IPTs

INDIRECT CORPORATE AGREEMENTS COMMODITIES

INDIRECT CORPORATE AGREEMENTS – COMMODITIES

Category	← CMT Mixed CA →		
	CMT	Mixed	CA
Architecture & Engineering		✓	
Business Cards			✓
Contract Labor			✓
Contractor Screening	✓		
Facility Maintenance Services	✓		
Flooring & Furniture			✓
Guard Services	✓		
Indirect Electronics			✓
Misc. MRO: Electrical, Plumbing, Paint, etc...		✓	
MRO (Overall)			✓
Office Supplies		✓	
Records Management	✓		
Test Equipment		✓	
Translation Services			✓

- ❖ CMT – managed by integrated category management teams
- ❖ CA – categories managed by general requirements and purchase history
- ❖ All are managed by 3 GSCO project leads

INDIRECT CORPORATE AGREEMENTS PROCESS

INDIRECT CORPORATE AGREEMENTS – PROCESS

➤ Pre-work

- Historical spend analysis
- Customer requirements
- Request for Information (RFI)

➤ Strategy Development

- Coordinate with the customer to determine the strategy that best fits the needs
- Finalizing the SOW (if needed)
- Award Criteria (lowest price/best value)

➤ Solicitation

- Issuance of the Request for Proposal (RFP)
- RFP contains all documents required to submit a valid bid response

➤ Bid Response Evaluation

- Terms and Conditions Exceptions

➤ Services & Complex Commodities:

- Potential down-selection for demonstrations or face to face meetings and re-evaluation

INDIRECT CORPORATE AGREEMENTS – PROCESS

➤ Negotiations

- Price
- Services
- Parts: Corrections (ie, UOM)
- Terms and Conditions

➤ Awards

- Single or multiple supplier awards – depends on the commodity
- Parts: typically a single award (by package or the entire commodity)
- Services: SOW-based is typically a single supplier award

➤ Pricing Agreements

- Awards are generally issued as Pricing Agreements(PA) vs Requirements Contracts
- Buyers use PAs to generate purchase orders for material or services as needed
- Some commodities include e-catalog implementations to simplify support to end-users
- Purchase can be on P-Card or blanket POs (less common)
- On average, a 3 year term (may include option years)

INDIRECT CORPORATE AGREEMENTS – PROCESS

Process Step	Description	Estimated Time	
		Parts-only	Services
Pre-Work	Spend history analysis, customer engagement & requirements	2-4 weeks	1-2 weeks
<i>*RFI</i>	<i>Develop, issue, responses and analysis</i>	<i>3-6 weeks</i>	<i>3-6 weeks</i>
Strategy Development	Overall project, pricing and award strategy	2-4 weeks	1 - 3 months
<i>*SOW</i>	<i>Develop vs update, approvals, etc...</i>	<i>weeks to months</i>	<i>weeks to months</i>
Solicitation	The Request for Proposal (RFP) is issued	1 week	1 week
Supplier Responses	Supplier Bid - may include supplier Q&A and RFP updates	3-4 weeks	4 weeks
Evaluations	GSCP and Customer review and formal evaluations Scope, additional materials, exceptions, and assessment of T&C exceptions	2-4 weeks	2-4 weeks
<i>*Demonstrations</i>	<i>Online or face to face demonstrations and review</i> <i>Includes Re-evaluation</i>	<i>uncommon</i>	<i>2 weeks</i>
Negotiations	As needed; via phone or email	2-4 weeks	2-4 weeks
Award Decision	Award decision based on the pre-established criteria/strategy	1 week	1 week
<i>*Terms & Conditions</i>	<i>Legal negotiations with the awarded supplier(s)</i>	<i>weeks to months</i>	<i>weeks to months</i>
Approvals	Compliance documentation, reviews and approvals	2-3 weeks	2-3 weeks
Overall Process	<i>(excludes option elements above)</i>	3-6 months	4-7 months

**(Optional)*

INDIRECT CORPORATE AGREEMENTS – PROCESS

CHALLENGES

➤ **Inaccurate, Incomplete & Non-responsive offers**

- Part numbers vary by supplier, by packaging and can change from year to year
- Convert to requested Unit of Measure (UOM) or UOM/quantity (time consuming to identify and correct)
- Suppliers may bid a form-fit-function equivalent vs specified brand parts
- Failure to review the pricing before issuing to LM
- Examples

➤ **Small business partnerships**

- Working with the OEM/large business for a direct, no-cost, value add partnership

➤ **Current project schedule approx. 6-12 months**

- Pre-work: RFI, data analysis, SOW development (2-4 months or more)
- RFP process 3-6 months

➤ **Proprietary / Confidentiality Markings**

➤ **Terms & Conditions**

SMALL BUSINESS INCLUSION IN INDIRECT CORPORATE AGREEMENTS

SMALL BUSINESS INCLUSION IN INDIRECT CORP. AGREEMENTS

How does a small business get solicited for a corporate agreement project?

1. Ability to support all domestic locations & have a history of doing business with LM

- Approved in our P2P procurement system (2 Factor Authentication through Exostar)
- Authorized Supplier/Distributor for that specific commodity

2. Nominated by Business Area (BA) Supply Chain or CMT Customer

- Communicate the supplier's proven track record to other BAs
- Score card – Quality and Delivery
- Focus on maximizing small business participation/utilization

3. Supplier must agree to terms of the Corporate Agreement

- Will supplier provide discounted/firm fixed pricing for the entire length of the period of performance?
- Does the supplier accept LM CORPDOG and Agreement Terms & Conditions?

4. Supplier must be responsive and competitive

- Many suppliers are included in the solicitation only to no-bid, not be competitive, or bid incorrectly
- Awards are based on either lowest price or best value (with price always be a significant factor)

INDIRECT CORPORATE AGREEMENTS SUPPLIER EXPECTATIONS

INDIRECT CORPORATE AGREEMENTS – SUPPLIER SUCCESS

- **Develop relationships**
- **Be flexible**
- **All Suppliers are expected to hold pricing throughout the length of the Pricing Agreement**
 - Includes manufacturers holding pricing for any parts awarded
 - If a supplier requests to change pricing of multiple items, Lockheed Martin may cancel the entire Pricing Agreement
- **When issues arise, make sure to notify your Lockheed Martin POC promptly and follow the correct procedure**

SUMMARY

- Best ways for small businesses to be solicited on Indirect Corporate Agreement projects:
 - ✓ Be approved to bid on the specific commodity
 - ✓ History of doing business with Lockheed Martin
 - ✓ Cultivate relationships with Business Area buyers
 - ✓ Agree to the terms of our Corporate Agreements
 - ✓ Provide competitive pricing

- Expectations for Indirect Corporate Agreement suppliers:
 - ✓ Maintain high quality & delivery ratings
 - ✓ Hold pricing throughout entire agreement period of performance
 - ✓ Notify Lockheed Martin quickly when problems arise

RESOURCES

- [Steps in Becoming a Subcontractor](#)
- [Contact Us](#)
- List of existing [Corporate Agreements](#) (and term)
 - www.lockheedmartin.com
 - “Who We Are” → “Suppliers” → “Become a Supplier” → “Corporate Agreement Listing”
- [Direct Process Webinar](#)

SUMMARY



Questions or Comments?

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