Vertical Lift

AH-64 & AH-6 Programs



John Williamson III

Sr. Business Manager - BDS Apache Program

March 3rd 2023

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Authentic Brand Statement:

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Authentic Brand Statement:



I am an **Executive / CFO**, who leads a **successful program and partners** with fellow teammates and stakeholders to drive **business results and influence profitability**.

I will improve the **group morale and engagement** though a positive **"we can win"** philosophy by recognizing accomplishments and **communicating effectively.**

Authentic Quality Focus:

- Openness
- Warmth

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Audience Summary

Audience: BDS Finance Senior Leadership

Attendees:

- Caty Sacco – BDS VP Controller
- Tanya Monnig – Enterprise Accounting & Cost Policy
- Chris Geile – Cost Policy
- Mike Cassidy – BDS Sr. Finance Director VL Division
- Kat Copiozo - BDS Apache CFO

Setting: Webex (virtual meeting)

Style Recognition: Mostly Point and Planner

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Common Block Allocation – Apache Program Accounting Change Request

John Williamson III

Sr. Business Manager - BDS Apache Program

March 3rd 2023

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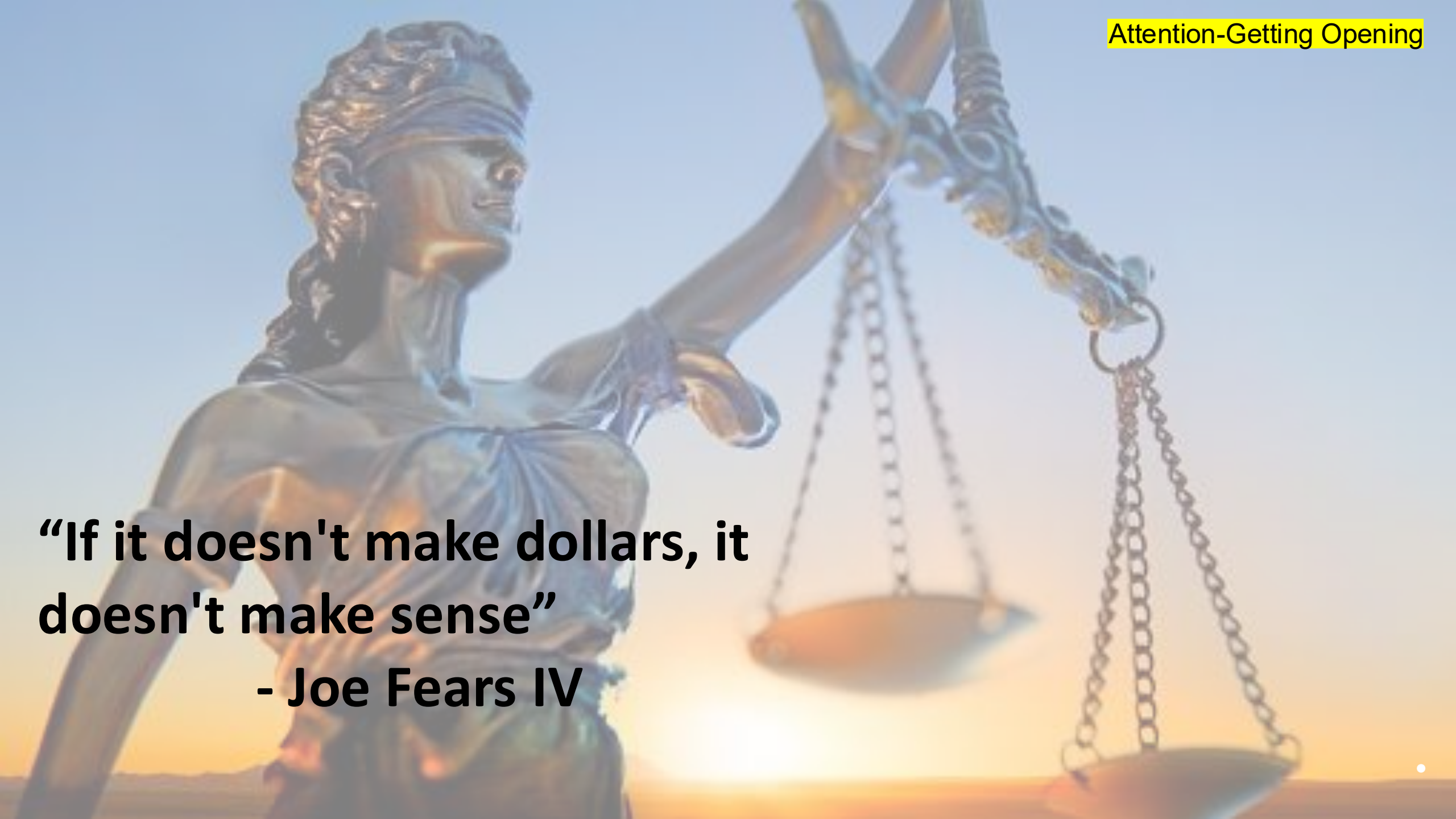
Attention-Getting Opening

Attention-Getting Opening



“If it doesn't make dollars, it doesn't make sense”

- Joe Fears IV

Executive Summary

Purpose: Evaluate and discuss the current Common Block accounting allocation methodology and develop an amended approach across contracts

Rationale:

- Improved shared cost equity across programs
- Reduced proposal costs to new individual customers

Next Steps: Decision and Approval to proceed with proposed Accounting Change Request (ACR) for changes in CY 2024

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Agenda

- Current State - Common Block accounting allocation
- Future State - Proposed accounting changes
- Cost shift impact results post ACR

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"H" = Highlight the Point,

Current Allocation Methodology

BOEING PROPRIETARY

Submitted Date: 31 October 2022
Effective Date: 01 January 2015
Revision Number: 23A

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679	PART II – Continuation Sheet Page 23 of 27 Name of Reporting Unit: *Boeing Defense, Space & Security – Boeing Military Aircraft (BDS-BMA)*

Item No.	Item Description
2.7.0	DESCRIPTION OF OTHER DIRECT COSTS (continued)

11. Apache Common Block Costs – Mesa (Loc ME)

Common Block addresses the recurring engineering scope required to maintain the Apache Program in Mesa. Common Block is necessary to maintain the technical infrastructure/environment, equipment, data, analysis and coordination, to execute and support all Apache Programs. Therefore, Common Block is a cost pool that must be allocated across all Apache Programs. The Change Control Board (CCB) is used to decide if Apache Block allocations are used for authorized configuration change support costs. Activities associated with Common Block include, but are not limited to maintaining:

- Maintenance of Apache Specifications (D/E Common; E Unique)
- Configuration Management (D/E Common; E unique)
- Longbow Integration Maintenance Support System (LIMSS) (D/E Common; E unique)
- Failure Reporting, Analysis, corrective Action System (FRACAS) (D/E Common; E unique)
- Apache Change Board (D/E Common; E unique)
- Fuselage (D/E Common; E unique)
- Flight Safety Parts (D unique; D/E Common; E unique)

The costs pooled in the Common Block Costs Pool are allocated across benefiting contracts (only programs currently on contract) for the current year in the proportion of the next calendar year deliveries in each contract to total deliveries for that year, using the Cost Distribution Table. The benefiting contracts would include all Apache production contracts. The Cost Distribution Table processes a journal voucher to move total cost incurred at the Project I. D. level. The table contains a "from" Project I. D. and a "to" Project I. D., and is maintained by BDS Cost Accounting.

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"H" = Highlight the Point,

Current Allocation Methodology

The costs pooled in the Common Block Costs Pool are allocated across benefiting contracts (only programs currently on contract) for the current year in the proportion of the next calendar year deliveries in each contract to total deliveries for that year, using the Cost Distribution Table. The benefiting contracts would include all Apache

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"O" = OK, So What



Current Allocation Methodology

The costs pooled in the Common Block **Costs Pool are allocated across benefiting contracts for the current year in the proportion of the next calendar year deliveries** in each contract to total deliveries for that year.

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"R" = Relevant Information

Current Allocation Methodology

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"R" = Relevant Information

Current Allocation Methodology



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"R" = Relevant Information
“E” = Ease to the Next H

Current Allocation Methodology

1 Year Spread



40% = $40

60% = $60

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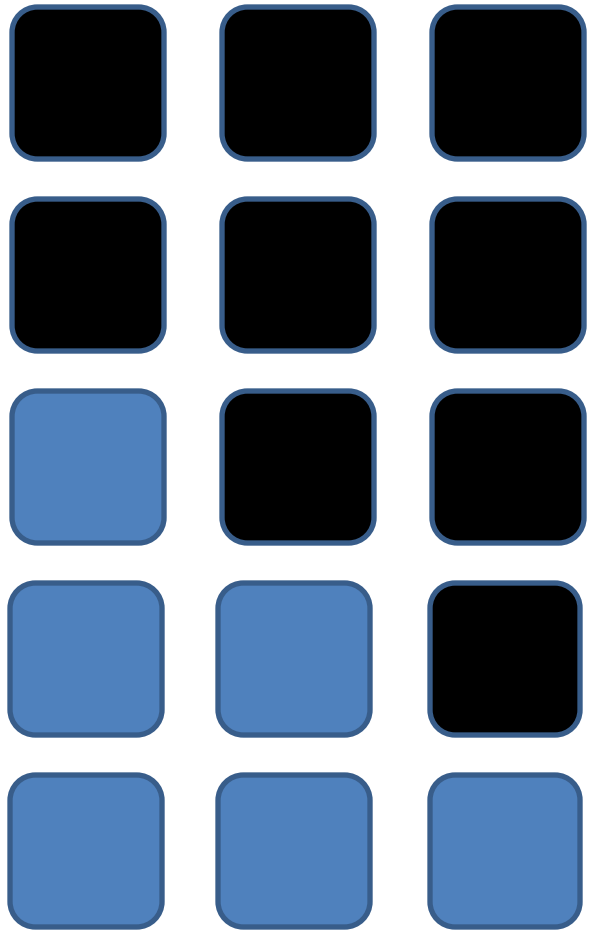
Proposed Allocation Methodology

3 Year Spread

”H" = Highlight the Point
“O” = Okay, So What
“R” = Relevant Information
“E” = Ease to Next H





60% = $60

40% = $40

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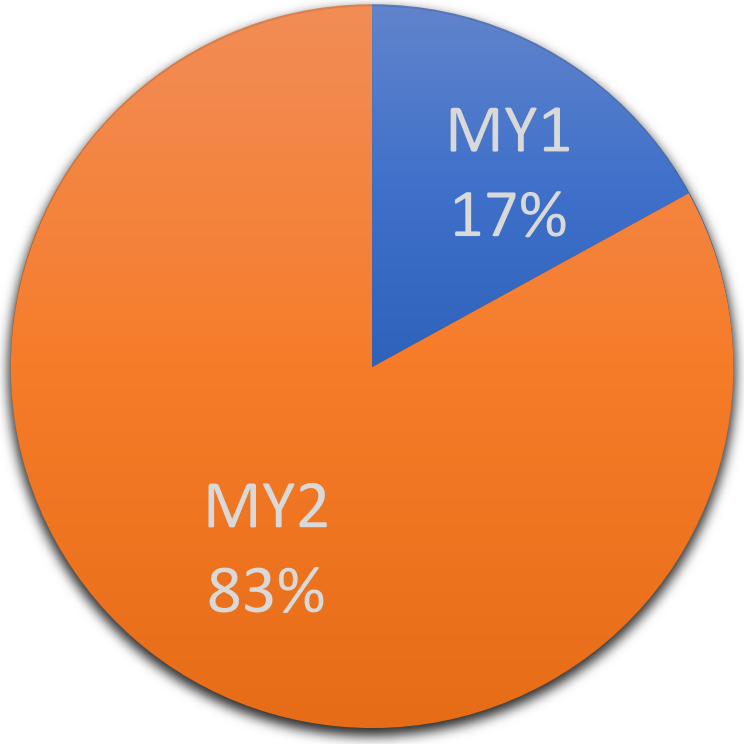
"H" = Highlight the Point,
"O" = OK, So What
"R" = Relevant Information
"E" = Ease to Finish Strong

Cost Shift Impact Results

Proposed



- $31M annual costs
- $10M cost shift
- Improved cost distribution fairness across all programs
- Reduced cost impacts for future contract proposals

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Finish Strong



"If it doesn't make sense, it doesn't make sense"

- Dominic Vicitello