

PS 8260.02 PRODUCT DEVELOPMENT, FPI



Program Statement

OPI: FPI
NUMBER: 8260.02
DATE: 03/06/98
SUBJECT: Product Development,
FPI

1. PURPOSE AND SCOPE. To guide and facilitate effective decision making in the planning, development, and implementation of Federal Prison Industries' (FPI) products and services. A comprehensive product development plan shall follow the procedures as outlined in this policy, with the level of planning and documentation commensurate with the size and scope of the project involved.

The procedures specified herein do not anticipate all the unique requirements for all products. The intent is to define a framework to coordinate development activities in the most effective manner and to insure that all product development activities at the Product Support Center and at the factory level comply with this policy. All product ideas are to be referred to the appropriate Senior Program Manager for consideration of formal product development.

2. PROGRAM OBJECTIVES. The expected results of this program are:

a. Resources will be systematically prioritized and expended toward developing new business opportunities that maximize inmate employment and profitability.

b. A comprehensive product development and implementation plan will be defined and communicated to insure timely development and involvement of all appropriate FPI staff.

c. Products will be designed to meet customer requirements using methods within FPI capabilities.

3. DIRECTIVES AFFECTED

PS 8053.02 Engineering Bulletin, FPI (02/28/97)
PS 8340.03 Quality Assurance Program, FPI (09/30/94)
PS 8264.01 Product Design Control (03/06/98)

Interim Definitions FPI Expansions Guidelines, March
12, 1997, Federal Register.

4. STANDARDS REFERENCED. None.

5. DEFINITIONS

a. New Product. A "new product" is a product that is not currently produced by FPI and requires a significant expenditure of FPI technical resources to develop.

"New product" is used as an internal FPI term only and is not necessarily a separate, specific product as defined for the Industry Involvement Guidelines Process.

b. Product Development. Product development is a systematic method of defining a product or service and documenting the design and manufacturing processes.

6. RESPONSIBILITIES

a. Program Management shall:

- ! Define the product/or customer needs.
- ! Identify target pricing ranges.
- ! Define buy/demand cycle if known (i.e. every five years).
- ! Screen product idea for initial feasibility.
- ! Define the list of specific products to be developed.
- ! Identify project team factory and representatives.
- ! Define/develop customer ordering process.
- ! Finalize production site.
- ! Establish selling price.

b. The Planning, Research and Activation Branch shall be responsible for:

- ! Industry Involvement Guidelines adherence, if applicable.
- ! Market Research.
- ! Development of a Business Plan.

c. The Product Support Center shall be responsible for:

- ! Preliminary technical evaluation.
- ! Scheduling product development meeting to determine scope of project and identify staff and outside resources.
- ! Development plan and reporting process.
- ! Coordination of all product development activities, to include field initiatives and vendor development.
- ! Distribution of monthly product development schedules to Program Management.
- ! Development of manufacturing cost.
- ! Design documentation and control.

d. Factory Management shall be responsible for all tasks assigned to them in the project plan developed at the start of Phase II. No factory product development initiatives shall be conducted without Program Management approval as outlined below. The status of ongoing activities shall be communicated monthly with the PSC for inclusion in the monthly report to Program Management.

e. Sales and Marketing shall be responsible for developing:

- ! Sales strategy
- ! Advertising and promotional plan

7. INITIAL SCREENING. Only those submittals that the Senior Program Manager has initially screened and approved as an acceptable product idea shall be forwarded via a memorandum to Planning, Research and Activation (PRA), and the Product Support Center (PSC) for assessment. All product proposals should contain, to the extent practicable, the following information:

- ! Description of the item.
- ! Background information, such as:
 - < National Stock Numbers(NSN),
 - < customer requirements,
 - < quantity estimates,
 - < market trends,
 - < vendor, and
 - < price information.
- ! Potential competitors.
- ! Buying/demand cycles if known (i.e., every five years).

8. PHASE I: INITIAL ASSESSMENT

a. Initial Competitive Risk Assessment (PRA). Upon receiving the request from the Senior Program Manager, the Planning, Research and Activation Branch shall determine if the product or service is "new" for the purposes of the Industry Guideline process, and whether there are implications for significant expansion of current production levels. If there are industry guideline implications, PRA shall identify appropriate issues and conduct a preliminary market assessment. At this point, PRA shall do a preliminary examination of the potential impact on private industry, including an assessment of competition with NIB/NISH.

b. Preliminary Technical Evaluation (PSC). Upon receiving a request from the Senior Program Manager, the Product Support Center shall:

- ! Analyze product specifications and/or design requirements.
- ! Define manufacturing processes.
- ! Identify machinery/technological requirements.
- ! Estimate investment required for materials and capital equipment.
- ! Identify potential for inmate employment opportunities.
- ! Prepare preliminary cost estimate or analysis of item, if applicable, to assess whether FPI can be competitive.
- ! Determine minimum feasible production levels.
- ! Estimate time and resources required to conduct full product development as described in Phase II.
- ! Estimate return on investment for capital expenditures.

At the conclusion of Phase I, a written determination of findings and recommendations from the PSC and PRA shall be forwarded to Program Management with copies distributed to all parties involved.

c. Program Management Review. When Program Management receives the written assessments from PRA and PSC they shall interpret the data and determine whether to move forward with product development via a memorandum to the PSC with a copy to PRA.

If determined to be a new product for purposes of the FPI Industry Involvement Guideline process, a joint memorandum with signatures from the Senior Program Manager and the Planning, Research and Activation Manager shall be required to continue

further product development. If the Senior Program Manager and PRA Manager cannot reach agreement, the decision shall be elevated to Corporate Management.

9. PHASE II: PRODUCT DEVELOPMENT. If the decision is made to advance the project to full product development, the Senior Program Manager shall notify the PSC and PRA in writing. The PSC shall coordinate with the Senior Program Manager and PRA (if applicable) to prepare a product development schedule.

Concurrent approvals of this project plan by the PSC Manager, Senior Program Manager, and PRA (if applicable) will allow work to begin on the project. The project plan shall identify the assigned project manager, and clearly defined factory and PSC responsibilities for all tasks and scheduled time lines to complete the product development project.

a. Program Management shall identify target pricing ranges on product schedules and the FPI Factory site(s) and representative(s) to coordinate development efforts with the PSC. In addition, Program Management shall coordinate with Sales and Marketing to develop a sales strategy, and advertising/promotional plan to market the product to customers.

b. The PSC shall be the repository to receive and consolidate all reports related to a product development project for inclusion in a monthly report they publish detailing the status of all on-going projects.

The Product Support Center's comprehensive design package shall include the following items as appropriate:

- ! Schedule of Products
- ! Construction methods
- ! Material requirements
- ! Prototypes
- ! Quality and test requirements
- ! Items for make/buy determination
- ! ECIM part numbers
- ! Specification text
- ! Manufacturing process
- ! Packaging requirements
- ! Corporate item routings
- ! Production standards
- ! Equipment requirements
- ! Design documentation
- ! Work measurement standards
- ! Unit cost estimates

- ! Vendor sources
- ! Bill of materials
- ! Training plan

Concurrent with PSC product development, PRA, if applicable, shall:

- ! Develop initial business plan.
- ! Refine market data.
- ! Initiate Industry Involvement Guideline Process, if applicable.

10. PHASE III: PRODUCT IMPLEMENTATION. Once product development has been completed and a factory location identified, the Product Support Center shall provide the factory location with technical support to implement the product, to include:

- ! Development/Data Package.
- ! Technical assistance as needed to establish production processes.
- ! Support in establishing local production routings.
- ! An evaluation of pre-production samples to ensure adequacy of production procedures.

/s/
Kathleen M. Hawk
Director