

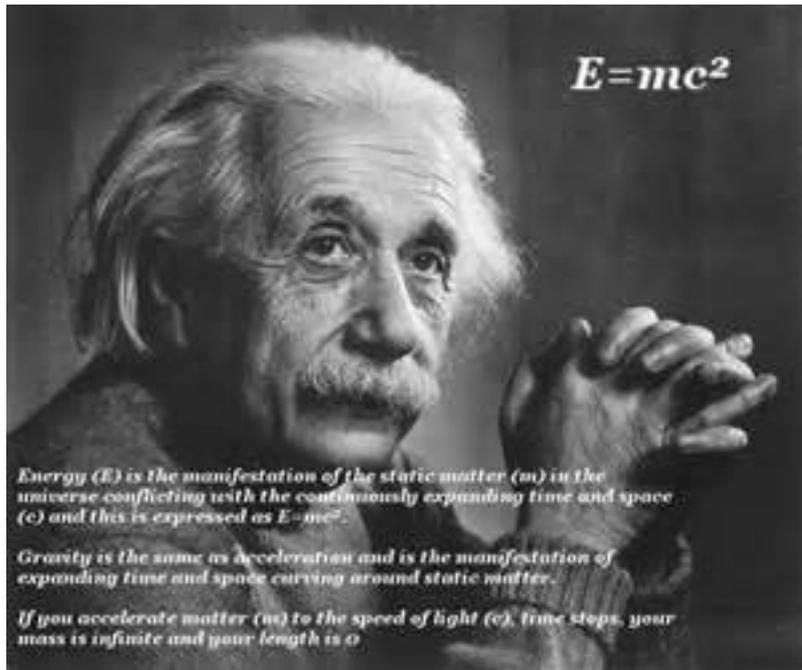


Understanding Industry For the Executive Refresher Course



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Is it really possible to understand industry?



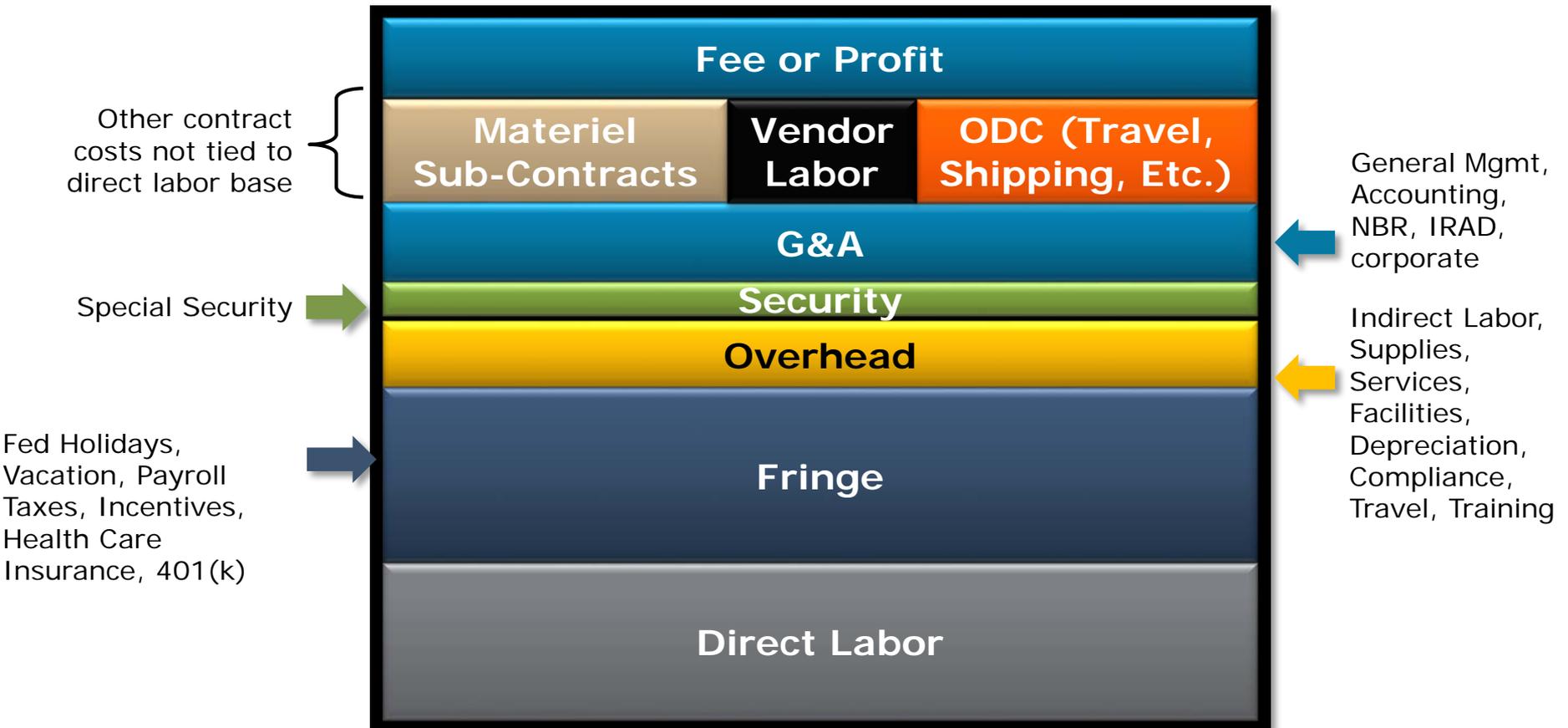
Understand the Universe

$$W = \frac{F + OH + GA}{DL}$$

Understand Industry's Universe

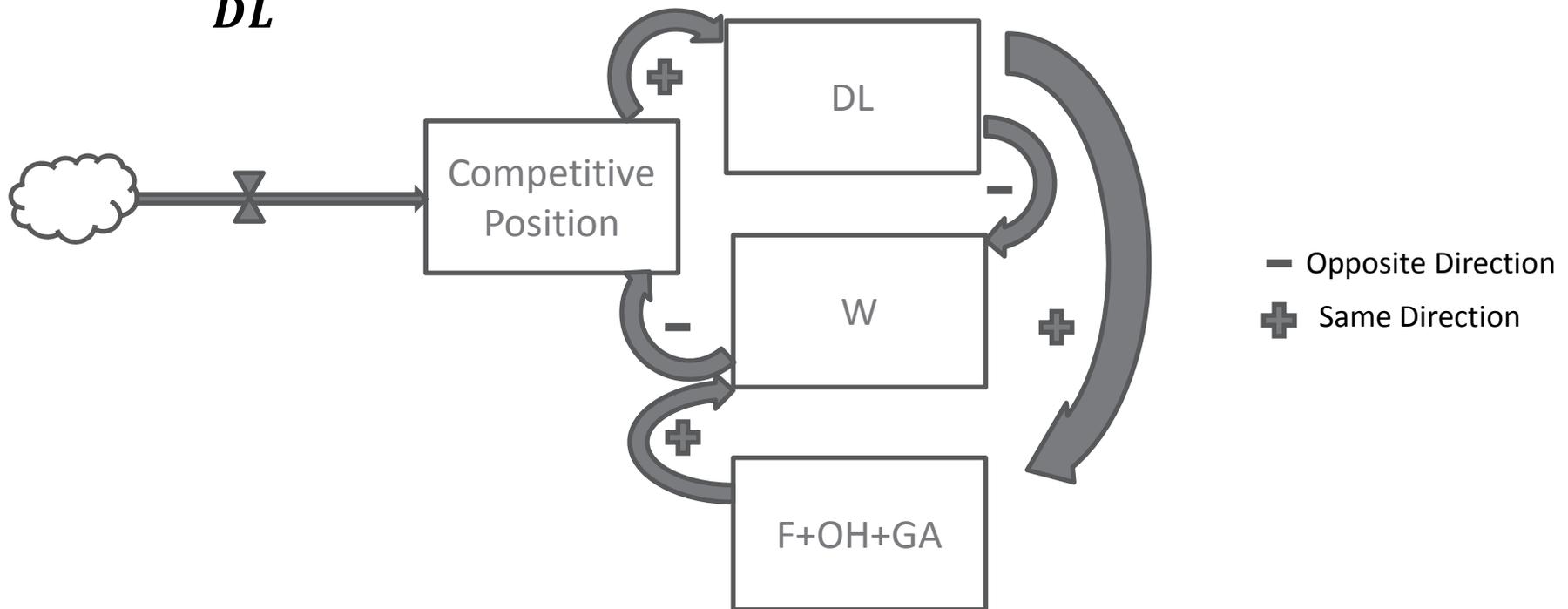
Rates: Graphical View of Cost & Price Buildup

Total Costs + Fee or Profit = Price



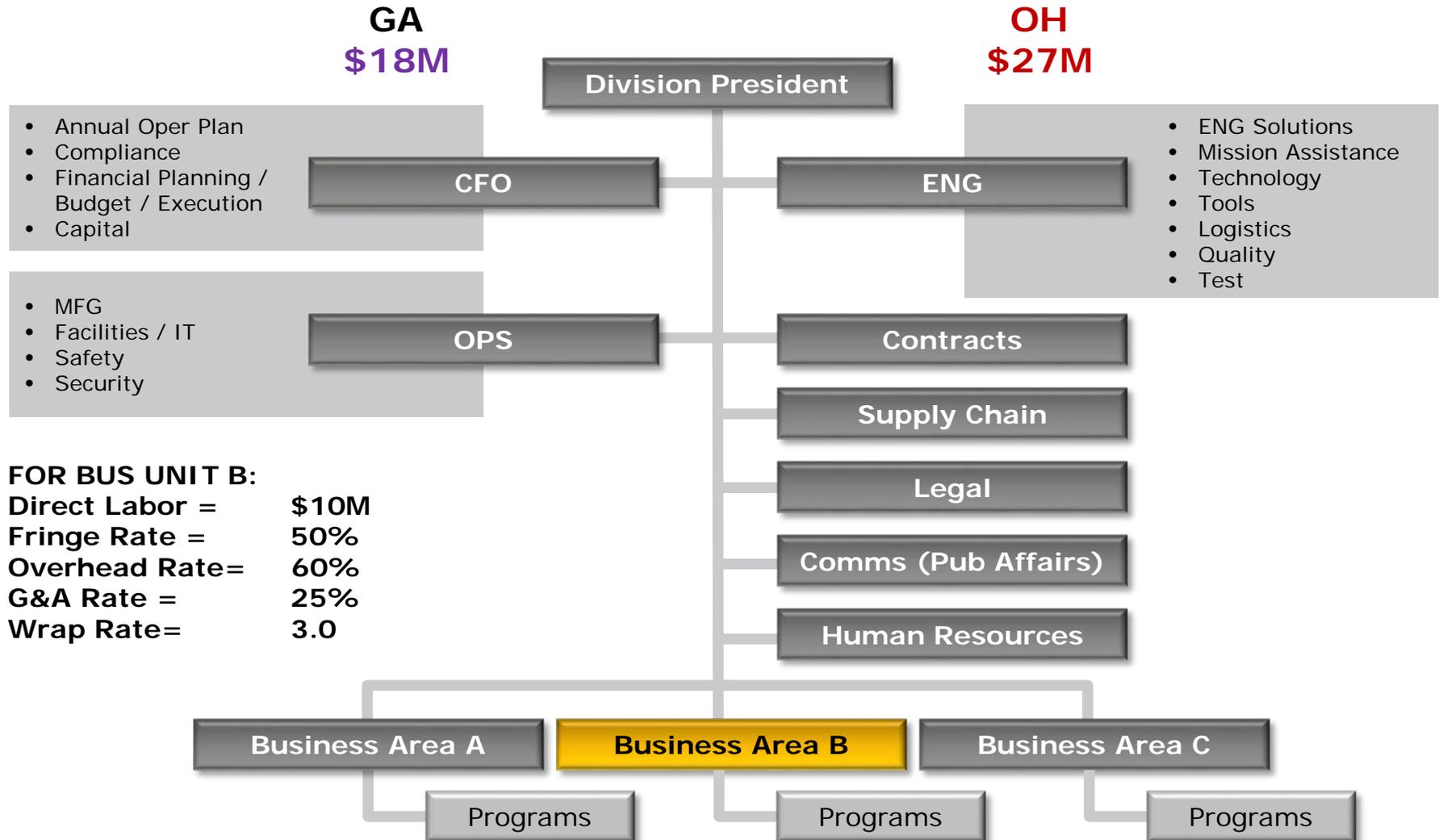
A Systems Dynamics View of Your Industry Partner's Universe

$$W = \frac{F+OH+GA}{DL}$$



- Is it possible to increase DL without winning new business?
 - Can we disconnect “F+OH+GA” from “DL”?

BMC Corporate Division Organization



What does all this mean for Defense Engineering LLC?

Defense Engineering, LLC			
Indirect Rates			
Period Ending 12/31/13			
	Fringe	Overhead	General & Administrative
Goal	30%	20%	30%
Actual	29%	49%	43%

- What does this data tell you about the DE's wrap rate?
- What does this data tell you about DE's competitive position?