



ODA Metric Continuous Improvement Team Summary Report for 2016





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Executive Summary

A foundation of AIR's transformation includes strengthening AIR-industry relationships. The Organization Designation Authorization (ODA) Scorecard is both a tool and a process to help FAA and industry institutionalize how we work together and improve our relationships at the local and national levels. The scorecard provides data that is the foundation for productive dialogues leading to action plans, where needed. Use of the ODA Scorecard process and metric data has enabled the FAA and industry to work more collaboratively.

In 2016 the ODA Scorecard was implemented with all of the TC and STC ODA holders. It was completed with 40 companies resulting in 46 scorecards. A review of the results in this report will show that ODA is working well overall. Based on the data, we have also identified improvements we can make as we move forward to make ODA even more effective for both the industry and the FAA.

Summary of scorecard results

The goal is for our measures of success to show a year-to-year improvement. Of our 12 measures of success, 11 trended in the positive or neutral direction in 2016. Our overall measure of success of company and FAA performance was positive with 72% of scorecard rating pairs achieving a green/green rating (meeting expectations). This is a 9% increase over the prototype in 2015. Working together, the FAA and industry completed 97% of the local joint action plans from the 2015 prototype. The results and trends indicate that we are successfully partnering together and that we are agreeing on and completing actions to improve how we work together. Perhaps the most important outcome of the Scorecard process is the generation of local action plans that help ODA holders and the FAA identify and correct or improve on processes and relationships.

Opportunities for improvement

Scorecard data also reveals that while we have made good progress there is still room for improvements, particularly in the areas of increasing use of delegation of Instructions for Continued Airworthiness (ICA) and increasing use of delegation of Electrical Wiring Interconnect System (EWIS). We would also like to see an increase in the use of No-PNL for qualifying repetitive activities by having a No PNL process approved for all ODAs and to expand the scope of activities as appropriate.

CIT analysis of scorecard data and defined measures of success included reflection of whether there are additional areas of ODA performance that may be of value to support continuous improvement. Discussion revealed nuances and differences in the understanding and collection of data for FAA involvement in terms of participation,



retention and delegation of compliance activities so this is being clarified in the 2017 work instructions and Scorecard. In addition, new metrics have been created for the 2017 cycle to better capture the granularity in FAA participation in issue papers, flight testing and test witnessing to understand how this effects project completion and delegation. The data collected from these metrics may help identify appropriate opportunities to further improve the utilization of ODA and reduce FAA involvement in the critical path.

Lessons learned have resulted in clarifications in guidance to promote better understanding and clarification of data gathering to better compare and trend results. We also modified the guidance document and our training to reinforce the importance of including the compliance and corrective action elements of the lower-half of the scorecard in the overall qualitative assessment color code determination. The CIT will look closer at ODA and company performance elements in the next review cycle to better utilize this data to identify opportunities for improvement.

Background

The FAA Modernization and Reform Act (FMRA) of 2012 required the FAA to work with industry stakeholders to streamline and improve the certification process. Section 312 of the FMRA was aimed at reducing certification delays through a collaborative effort with industry stakeholders while maintaining or improving the existing level of safety.

Both Industry and FAA agree that delegation continues to be a very powerful tool to leverage industry expertise and reduce certification cycle time with no negative impact to safety. Organizational delegation is reliant on industry processes and a healthy compliance culture coupled with an oversight approach that is properly executed by the FAA. Over the past 10-15 years, there have been significant improvements in certification processes. Specifically, with the creation of ODA in 2005, FAA and Industry began to make the necessary investments in moving toward a systems approach to certification and greater reliance on applicants' capabilities and processes. Although more work needs to be done by both FAA and industry applicants in implementation and oversight to achieve the full potential of ODA, its creation has been a significant step forward.

In 2015, the FAA collaborated with industry to develop a set of metrics aimed at measuring the overall performance and health of the ODA system in type certification projects. The objectives were to define mutually agreed metrics, identify areas that were in need of greater focus and to identify issues and concerns with respect to FAA and ODA holders' performance. The FAA initiated an ODA Scorecard pilot project to resolve implementation issues and obtain data to support implementation of the metrics nationwide.



AIA (Aerospace Industries Association) and GAMA (General Aviation Manufacturers Association) supported this activity and assisted in securing greater involvement by ODA holders and participated in regional meetings around the country. Twenty-four companies participated in this pilot project which was concluded in December of 2015.

In January 2016, in a joint AIA, GAMA, and FAA meeting, the results of the pilot project were reviewed and discussed. The results indicated that the initiative was a resounding success, with over 80% of participants (both FAA and companies) indicating they experienced value in the pilot and recognized the greater potential that the scorecard could present to all stakeholders. The FAA, with full support of industry, decided to proceed with implementation of the metrics nationwide for all ODAs with type certificate and supplemental type certificate approval authorization.

One of the key elements foundational to the success of this effort was the true partnership between industry and the FAA in defining the metrics and working together during the implementation. The stakeholders were given an opportunity to be part of the plan and did not shy away from increased accountability. Going forward, it is important to keep an open, constructive dialogue to be successful in this joint effort. To achieve this objective, the FAA and industry (AIA and GAMA) agreed to establish an ODA Metrics Continued Improvement Team (CIT). The mission of this team is to advance systems performance through reliable and accurate indicators such that all stakeholders agree on ODA performance and make contributions to improvement plans designed to enhance ODA effectiveness. The CIT is a tool for ensuring continuing progress toward the effective and efficient certification processes that are needed to maintain U.S. leadership in aviation.

The scorecard provides the opportunity to identify and address, via action plans, areas for improvement that are essential to the success of both parties. The scorecard allows the FAA and the ODA holder to assess each other's performance and satisfaction with the ODA program and associated certification activity. The scorecard also provides data that can differentiate local from national issues, so the appropriate group can address them. Currently, the scorecard is largely focused on the engineering design approval aspects of Type Certification (TC) and Supplemental Type Certification (STC) ODA holders.

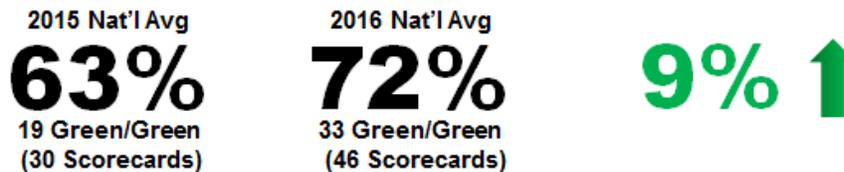
At the local level, the scorecard is intended to promote healthy data-driven discussions between the ODA holder and the FAA as to what each considers valuable and to encourage a working relationship to meet each other's expectations when possible. The scorecard is not a perfect measure of involvement, efficiency or compliance and is not intended to identify the acceptability of any given metric.

2016 ODA Scorecard Measures of Success

For 2016 the following 12 measures of success were identified by the CIT as indicators of overall ODA program health (this data captures CY2016 scorecard results and action plan progress through 1/11/2017):

- 1) Qualitative Company/FAA Performance: The goal is for overall ratings to show a year-to-year improvement in the percentage of green/green Company/FAA pairings. In 2015, 63% of the scorecards indicated a green/green Company/FAA pairing. In 2016, 72% of the scorecards indicated a green/green Company/FAA pairing. The year-to-year improvement from 2015 to 2016 was reflected in the 9% increase.

Measure 1 - Qualitative Company/FAA Performance



- 2) ICA Delegation Action Plan Status: The goal is to show a year-to-year increase in the number of ODAs with ICA Delegation. ICA Delegation is a 2015 ODA Scorecard Initiative. Prior to the ODA Scorecard Prototype, 18% of companies held ICA delegation. By January of 2017, half of the companies had received ICA delegation. The year-to-year improvement was reflected in the 32% increase. The CIT recommends that a joint action plan be completed for any ODAs that have not been delegated ICA acceptance.

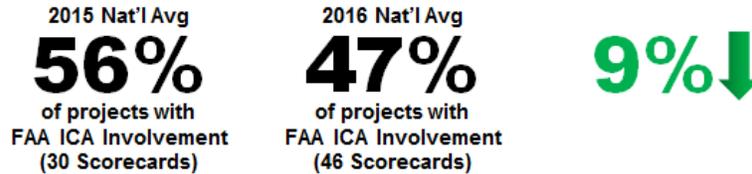
Measure 2 - ICA Delegation Action Plan Status



- 3) FAA Involvement – ICA: The goal is to show a year-to-year decrease in the percentage of projects with FAA involvement when ICA is listed as a reason. In 2015, there were 56% of projects with FAA ICA involvement. In 2016, there were 47% of projects with FAA ICA involvement. The year-to-year improvement from 2015 to 2016 was reflected in the 9% decrease. Over this same period of time, there was a 32% increase in the number of ODAs with ICA

delegation so FAA involvement due to ICA should continue to drop as more ODAs are delegated ICA acceptance and OMTs utilize the available delegation on more projects.

Measure 3 - FAA Involvement – ICA



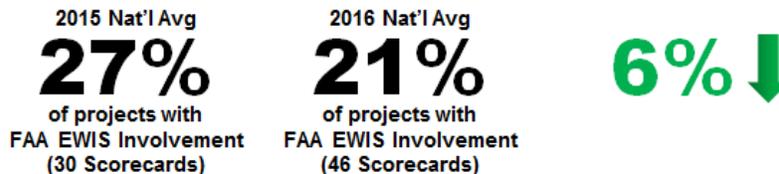
- 4) EWIS Delegation Action Plan Status: The goal is to show a year-to-year increase in the number of ODAs with EWIS Delegation. EWIS Delegation is a 2015 ODA Scorecard Initiative. Prior to the ODA Scorecard Prototype, none of the 29 companies that EWIS is applicable to held EWIS delegation. By January of 2017, 14% of the companies had received EWIS delegation. The year-to-year improvement was reflected in the 14% increase.

Measure 4 - EWIS Delegation Action Plan Status



- 5) FAA Involvement – EWIS: The goal is to show a year-to-year decrease in the percentage of projects with FAA involvement when EWIS is listed as a reason. In 2015, there were 27% of projects with FAA EWIS involvement. In 2016, there were 21% of projects with FAA EWIS involvement. The year-to-year improvement from 2015 to 2016 was reflected in the 6% decrease.

Measure 5 - FAA Involvement – EWIS



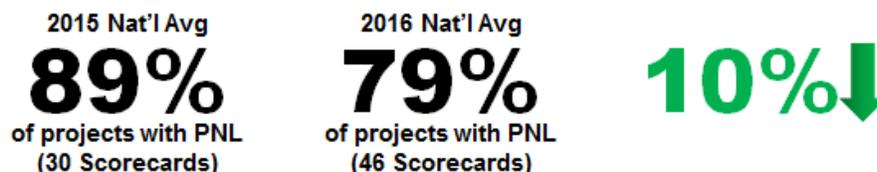
- 6) No-PNL Action Plan Status: The goal is to show a year-to-year increase in the number of ODAs with No-PNL Authority. No-PNL Authority was available for Type Certification projects when ODA was established and expanded to STC ODAs in 2015 and identified as a 2015 ODA Scorecard Initiative to facilitate implementation. Prior to the ODA Scorecard Prototype, 14% of companies had obtained the No-PNL delegation. By January of 2017, 67% of the companies had received No-PNL delegation. The year-to-year improvement was reflected in the 53% increase. The CIT recommends that joint action plans be developed for those ODAs that currently do not have a No PNL process approved in their Procedures Manual or to expand the scope of authorized No PNL project activities.

Measure 6 - No-PNL Action Plan Status



- 7) FAA Involvement – PNL Projects: The goal is to show a year-to-year decrease in the percentage of projects with PNL requiring FAA involvement. In 2015, 89% of projects had FAA PNL involvement. In 2016, 79% of projects with a PNL had FAA involvement. The year-to-year improvement from 2015 to 2016 was reflected in the 10% decrease. While this data shows an improvement, CIT discussion revealed nuances and differences in the understanding and collection of data for FAA involvement in terms of participation, retention and delegation of compliance activities. Additional metrics related to test participation and retention and issue papers have been added to help identify any other appropriate opportunities to reduce FAA involvement.

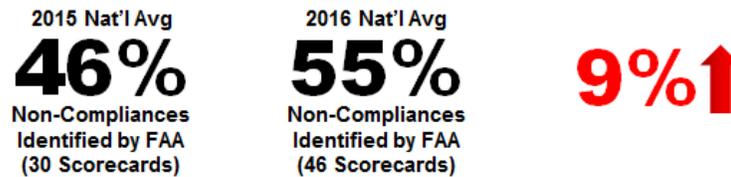
Measure 7 - FAA Involvement – PNL Projects



- 8) Identified Non-Compliances: The goal is to show a year-to-year decrease in the percentage of Non-Compliances found by FAA in comparison to those identified by the Company. In 2015, 46% of Non-Compliances were identified by the FAA. In 2016, 55% of Non-Compliances were identified by the FAA. The year-to-year

regression from 2015 to 2016 was reflected in the 9% increase. The increased number of ODAs (46 scorecards in 2016 compared with 30 in 2015) and differences in how findings are classified by FAA and ODA holders may have contributed to this increase. Changes are incorporated into the 2017 Scorecard to clarify how to categorize and count non-compliances to improve consistency and standardization of FAA and ODA holder measures for audit results.

Measure 8 - Identified Non-Compliances



- 9) Corrective Action Timeliness: The goal is to show a year-to-year improvement in company corrective action timeliness. In 2015, no data was collected for corrective action timeliness on ODA scorecards. In 2016, the national average was 143 days. After review of the 2016 data it was apparent that the current metric did not consider what the agreed corrective action timeframe was and therefore, we could not determine if this national average reflected a problem or an acceptable state. Changes are incorporated into the 2017 Scorecard to define this metric to be measured relative to an approved schedule for the corrective action.

Measure 9 - Corrective Action Timeliness



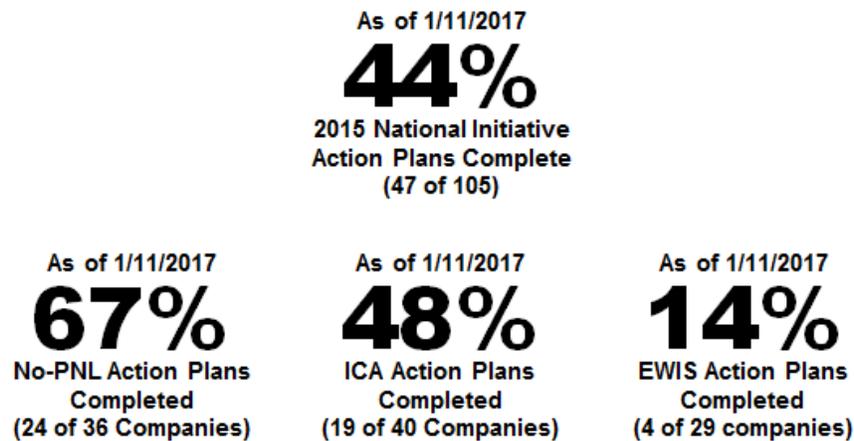
- 10) Airworthiness Non-Compliances: The goal is to show a year-to-year decrease in the number of airworthiness non-compliances. In 2015, 238 total airworthiness non-compliances were found across 24 companies. In 2016, 190 total airworthiness non-compliances were found across 40 companies. The year-to-year improvement from 2015 to 2016 was reflected in the 20% decrease.

Measure 10 - Airworthiness Non-Compliances



11) National Initiative Action Plans (No-PNL, ICA, EWIS): The goal is to maximize the percent of National Initiative Action Plans completed each year. In 2015, 44% of National Initiative Action Plans were completed. Examining further, 67% of No-PNL Action Plans were completed, 48% of ICA Action Plans were completed, and 14% of EWIS Action Plans were completed.

Measure 11 - National Initiative Action Plans (No-PNL, ICA, EWIS)



12) Local Action Plans: The goal is to maximize the percent of Local Action Plans completed each year. In 2015, 97% of Local Action Plans were completed (29 out of 30 companies).

Measure 12 – Local Action Plans



Changes to the 2017 ODA Scorecard

The following changes to the Scorecard, Scorecard FAA Users Guide, and Training Materials were suggested and approved by the CIT:

- 1) Increased fidelity of FAA participation and retention metric – To improve understanding and collection of scorecard data for FAA involvement in terms of participation, retention and delegation of compliance activities, the work instructions and training has been updated. In addition, the CIT agreed to better capture the granularity of FAA participation by adding explicit counts for flight test and engineering test witness, and retention in those areas to understand how this effects project completion and delegation.
- 2) Counting Issue Papers – The CIT has agreed to add a count of the total number of issue papers initiated annually to the 2017 ODA Scorecard. We will use this data to determine if and what actions are needed related to issue papers.
- 3) Improve non-compliance definitions – Additional details are required so both the ODA holder and the FAA can categorize non-compliances more consistently; resulting in increased standardization and FAA audit findings that are comparable to company findings which will lead to a better understanding and normalization of those metric areas. The CIT agrees to include this improvement in the user’s guide and training material for the 2017 Scorecard. Feedback was also provided to the policy office for FAA Order 8100.15 for consideration if any adjustments should be made to the definitions of non-compliances defined in the ODA order to address this concern.
- 4) Improved corrective action timeliness metric – A measure focused on whether a corrective action response is overdue is needed. Currently the scorecard just measures the number of days but does not put that in context of the scope and complexity of specific tasks and when the corrective action was planned to be completed. The CIT has agreed to replace the existing corrective action metric with a new metric that measures corrective action timeliness relative to committed completion dates on the 2017 ODA Scorecard.
- 5) Importance of meeting Face-to-Face – Many of the participants in the 2016 ODA Scorecard activity commented that it is a best practice to meet face-to-face to have the discussions on the overall results. Using the scorecard as a tool to facilitate data driven discussions on performance between the FAA and industry is considered to be one of the major benefits of the scorecard activities. The current training material and user’s guide indicate the CIT recommendation stating that face-to-face meetings are a best practice.
- 6) Require action plans for any rating other than green -- A best practice is to use the scorecard for an opportunity to drive improvement in the relationship and

processes. Any rating other than green and green should be required to develop action plans to improve performance. To this end, even if a company and FAA rate each other green and green, they should still strongly consider developing action plans to maintain and improve the relationship. The CIT recommends including this as a best practice in the user's guide and training material for 2017.

- 7) Target rich opportunities for decreasing FAA Involvement – The CIT also recommends that all applicable ACO/company pairings complete action plans for accomplishing No-PNL, ICA delegation and EWIS delegation as soon as possible to allow the FAA to decrease involvement in these low risk activities.



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