

The background of the slide features the official seal of the Joint Chiefs of Staff. It is a circular emblem with a central shield containing a blue chief and red and white vertical stripes. Above the shield are two crossed swords. The shield is flanked by two olive branches. The words "JOINT" and "CHIEFS OF STAFF" are inscribed in blue on a yellow banner that curves around the shield. The entire seal is surrounded by a wreath of olive and oak leaves.

Improving Defense Logistics *Supply Chain Synergy*

National Defense Industrial Association Conference

LTG C.V. Christianson

Director, Logistics (J-4)

Joint Staff

19 April, 2006

AGENDA

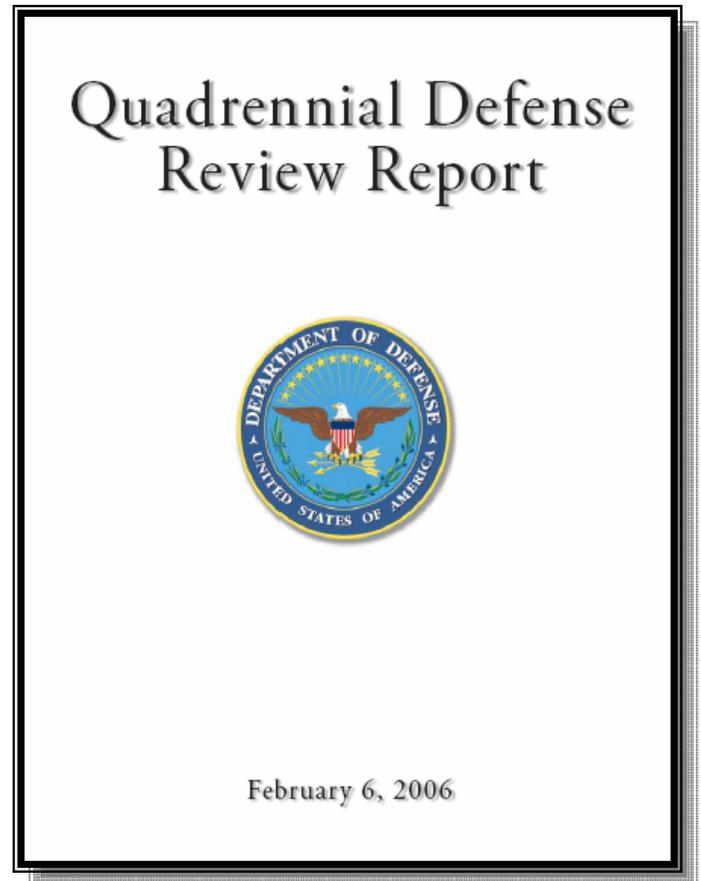
- **The Defense Logistics Environment**
 - *Mandate, Scope, Framework*
- **The Defense Supply Chain**
 - *Processes, Players, Deliverables*
- **Measuring Success**



THE ENVIRONMENT – OUR MANDATE

“Just as U.S. forces are becoming more agile and capable of rapid action and are exploiting information advantages to increase operational effectiveness, . . . processes that support them need to develop similar attributes.”

- Quadrennial Defense Review, 2006



THE ENVIRONMENT - SCOPE

- Over 100,000 active suppliers
- Over 30,000 DOD customers
- 20 Maintenance Depots
- 26 Distribution Depots
- 14 Inventory Control Points
- 2 Strategic Cargo Consolidation Points
- 17 military sea/11 military aerial ports (CONUS)
- 27 military sea/32 military aerial ports (OCONUS)



1.1 Million Pers
AD, Civ, RC



\$98.6 B
Annually

THE ENVIRONMENT - ATTRIBUTES



- **Widely dispersed operations** – *Demands a globally-distributed concept of support*
- **Increased contractor support** – *210 contractors with an Army Brigade; multiple supply chains; complicated tactically*
- **A new enemy** – *Knows that our logistics capability gives us staying power*
- **Joint, inter/intra-agency & multinational** – *Scope & complexity has expanded dramatically*
- **Unsecured LOCs** – *Entire logistics pipeline is a target*
- **Resource Pressure** – *We must become more efficient*

THE ENVIRONMENT - FRAMEWORK



Strategic Space

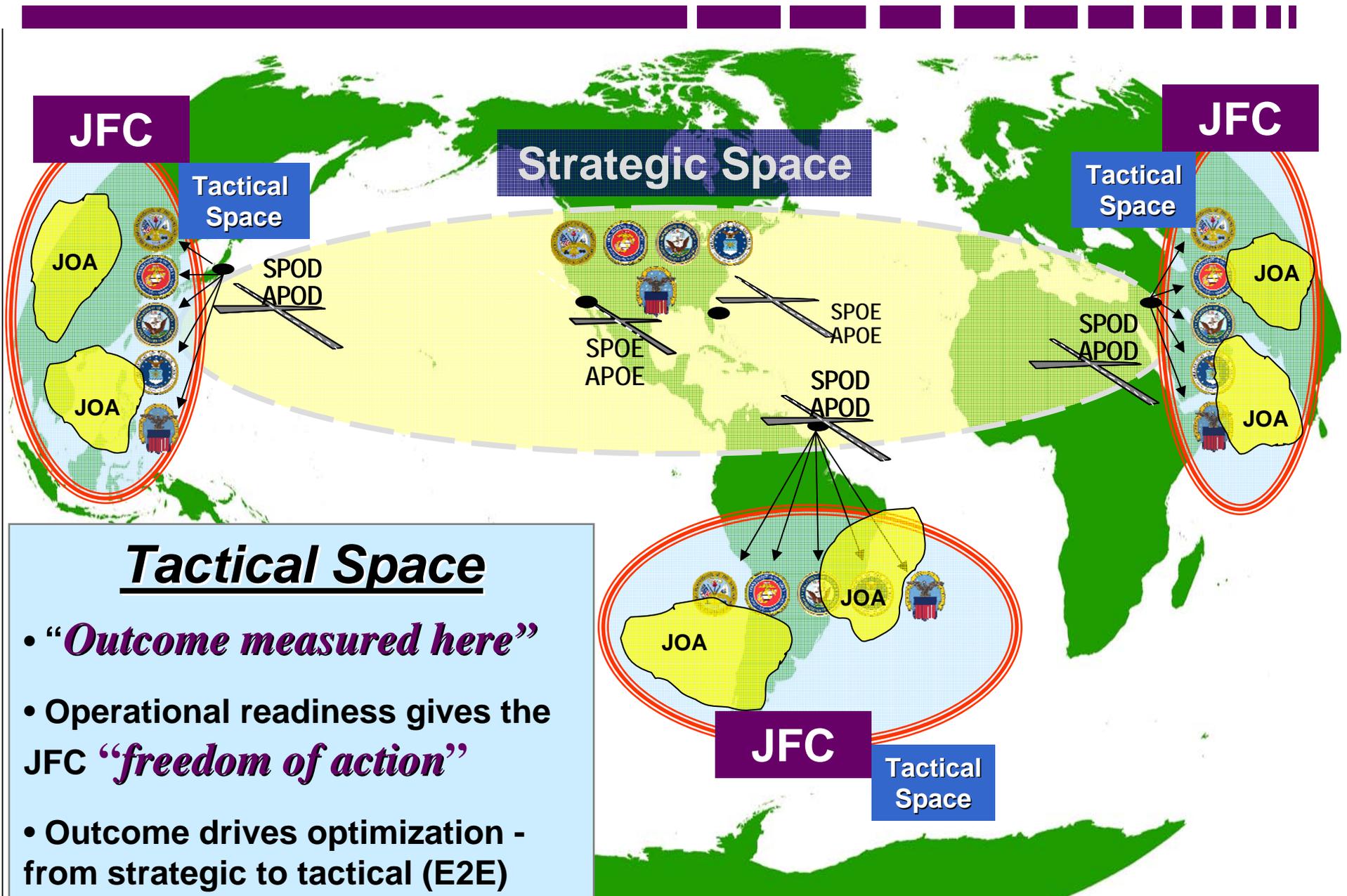
Strategic Space

- Industrial base (gov't & industry) capacity enables sustained operations
- E2E processes drive efficiencies across Services, Agencies & commercial sectors
- *“Optimized for JFC outcomes”*

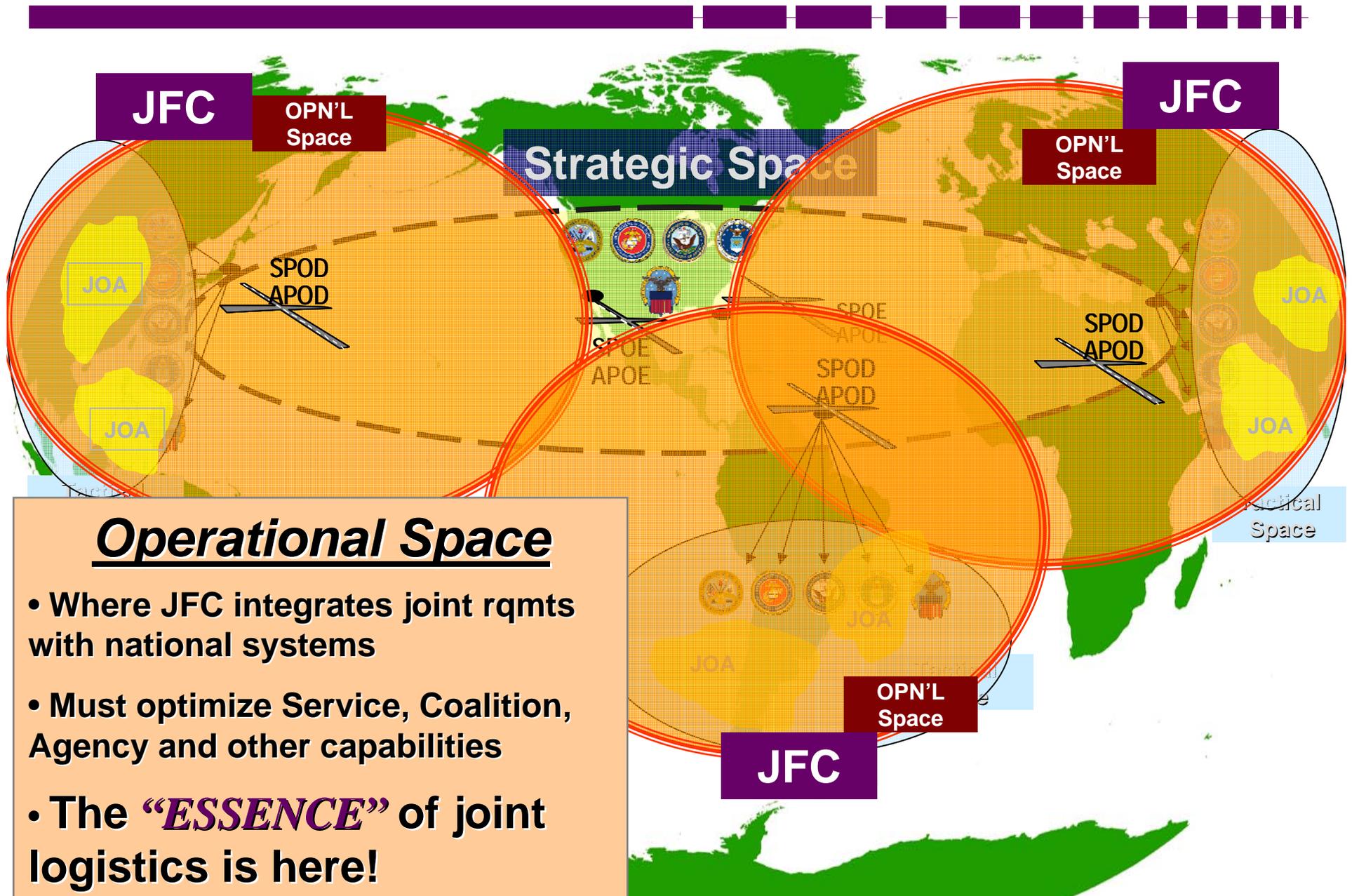
“The end for which a soldier is recruited, clothed, armed, and trained, the whole objective of his sleeping, eating, drinking, and marching is simply that he should fight at the right place and the right time.”

Major-General Carl von Clausewitz,
On War, 1832

THE ENVIRONMENT - FRAMEWORK



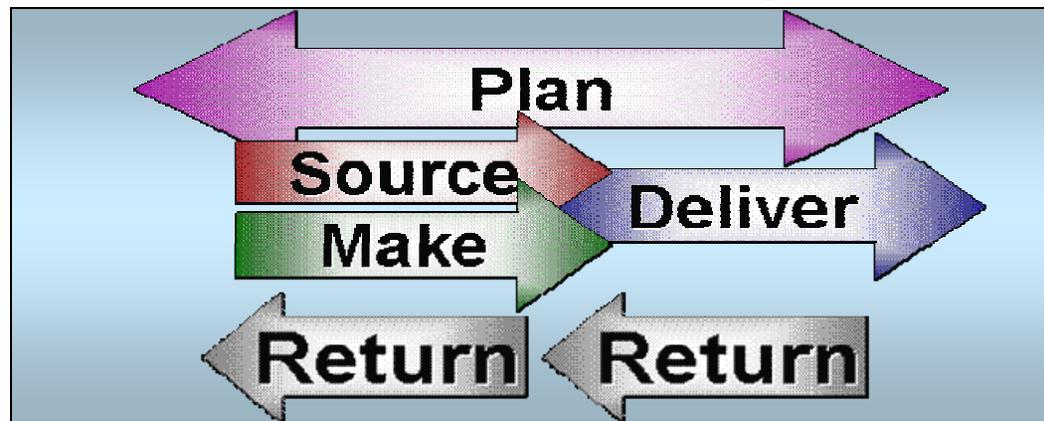
THE ENVIRONMENT - FRAMEWORK



DEFINING THE SUPPLY CHAIN

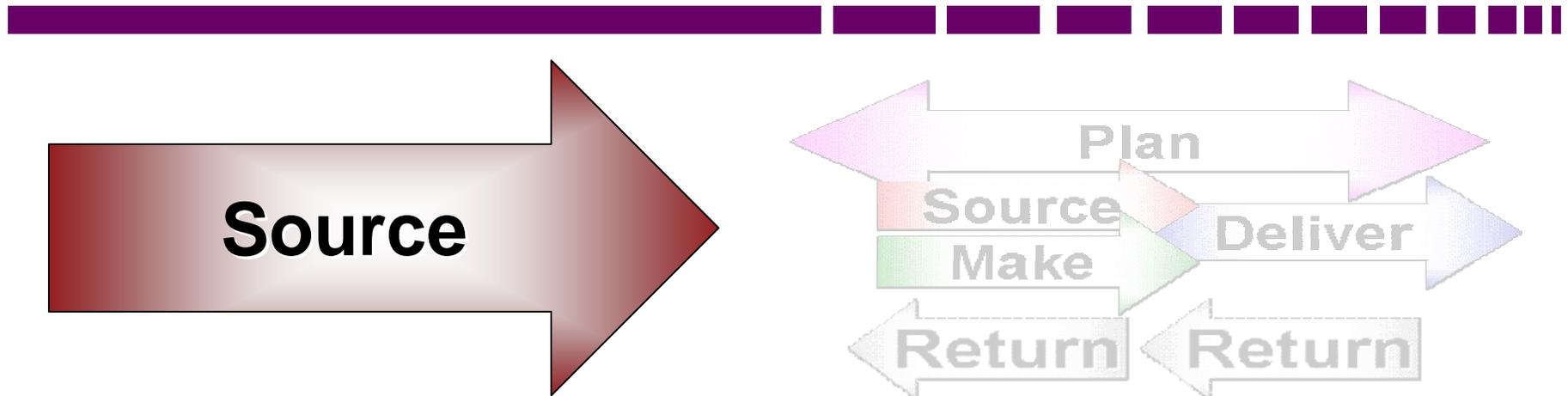
Supply Chain Operations Reference (SCOR) Model

- Widely used to describe the supply chain
- Common framework & language
- Comprised of five standard processes
- Uses standard metrics to measure performance



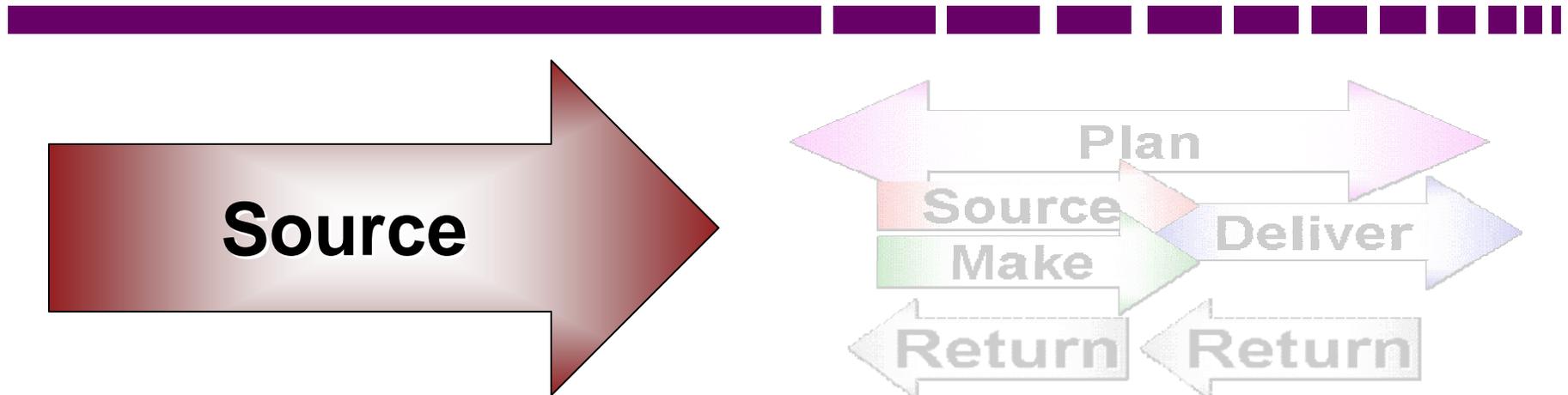
“The DOD Components shall use the supply chain operational reference processes of Plan, Source, Maintain/Make, Deliver, and Return as a framework for developing, improving, and conducting material management activities.” - DOD 4140.1R, DOD Supply Chain Material Management

SUPPLY CHAIN PROCESSES



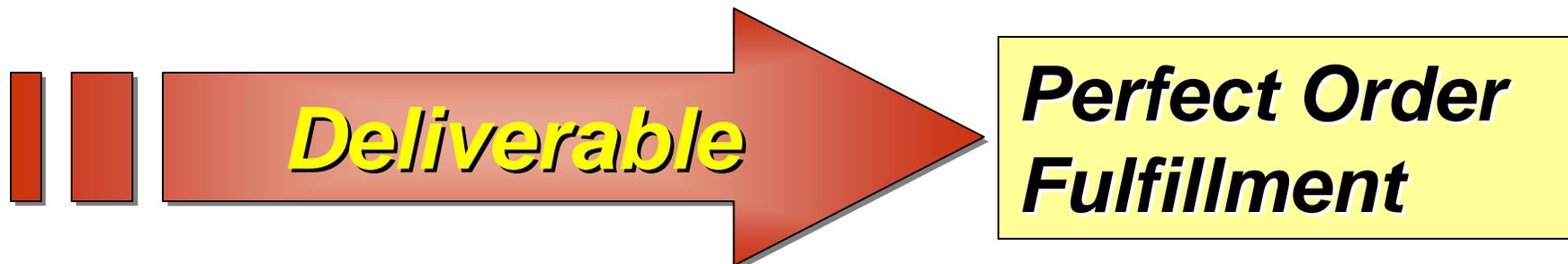
- **Processes that procure goods and services to meet demands**
- **Includes activities involved with material acquisition and source infrastructure**
- **Obtaining, receiving, inspecting, holding, and issuing material**

THE PLAYERS & DELIVERABLES

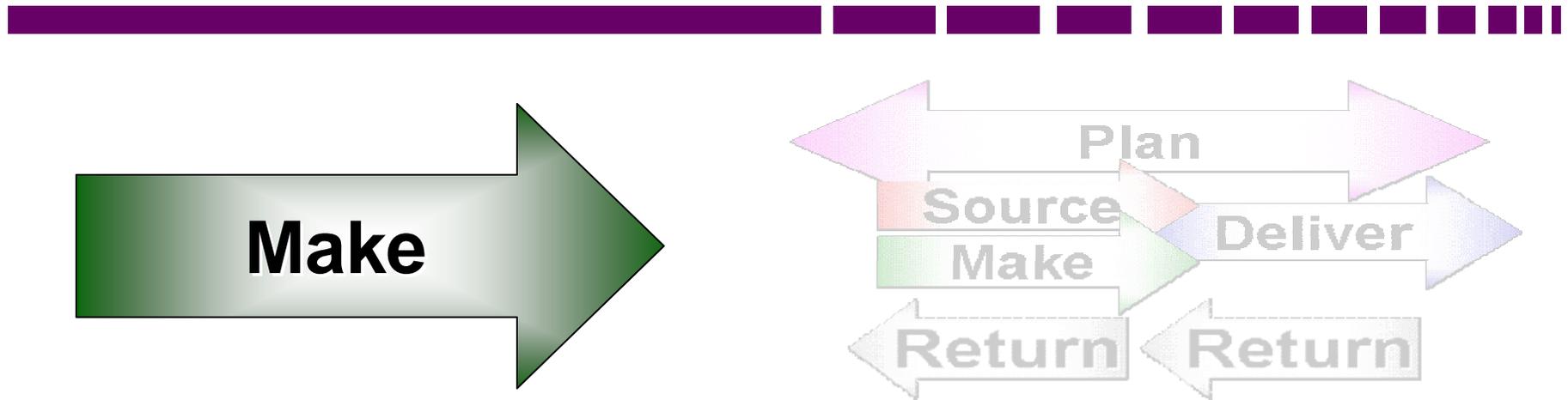


Players

DLA GSA Services Industry JFCOM

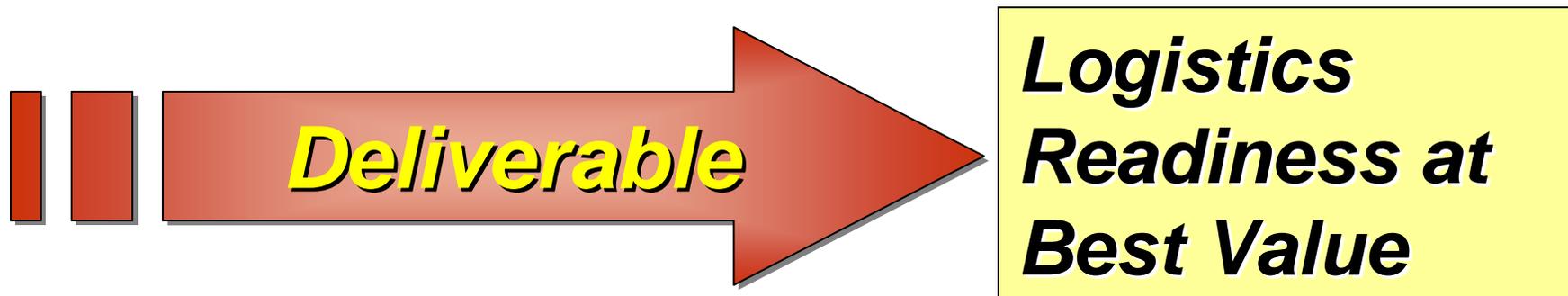
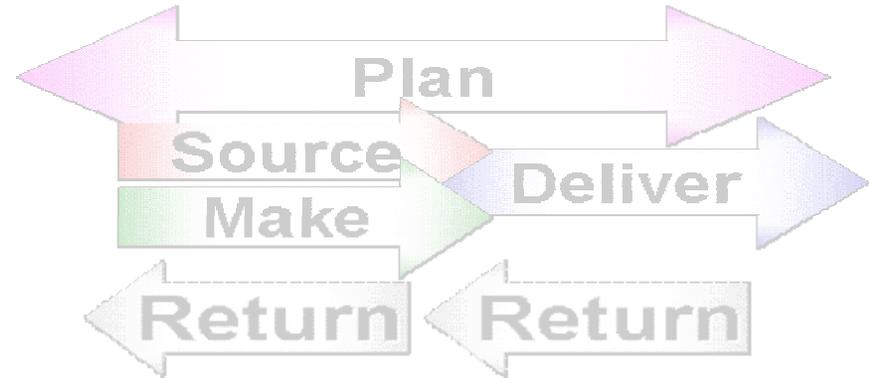


SCOR MODEL

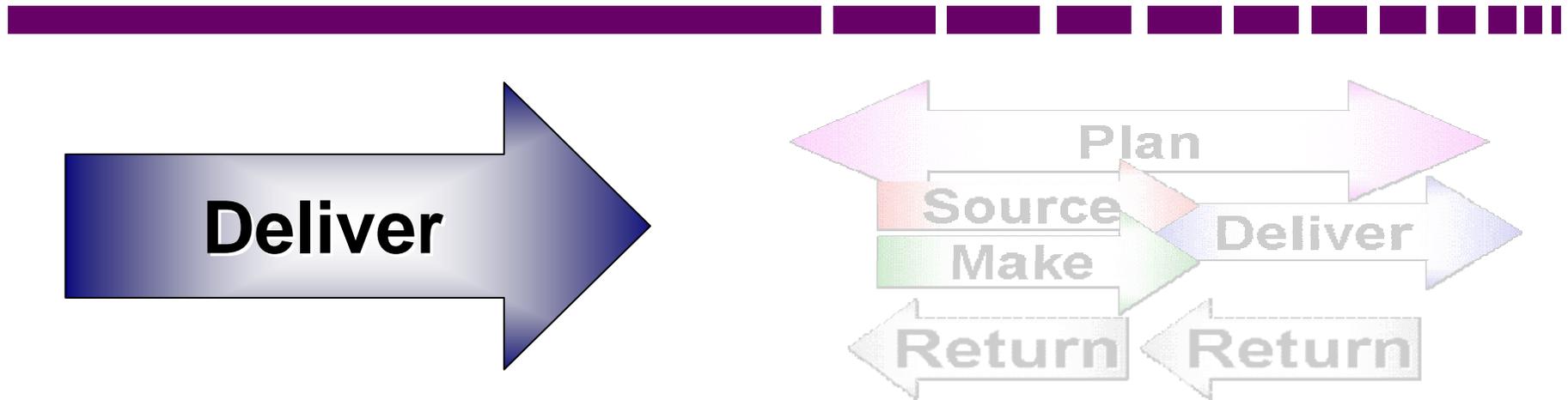


- **Processes that transform product to a finished state to meet scheduled and unscheduled demand; includes repair of unserviceable assets**
- **Schedule production activities, produce and test, package, and release product for delivery**
- **Manage rules, performance, data, equipment and facilities, and production network**

THE PLAYERS & DELIVERABLES

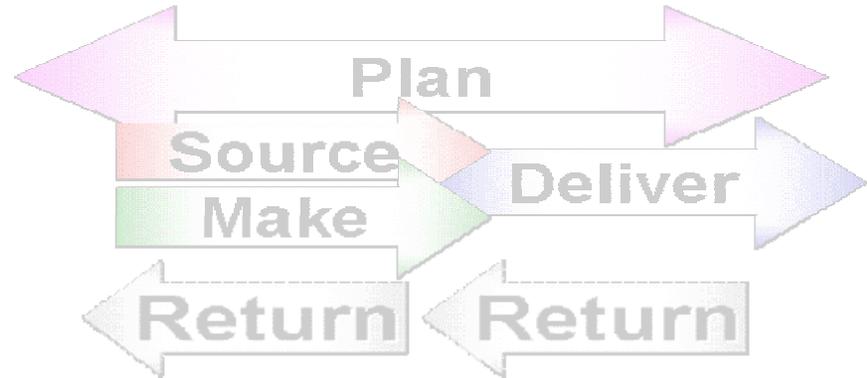


SCOR MODEL

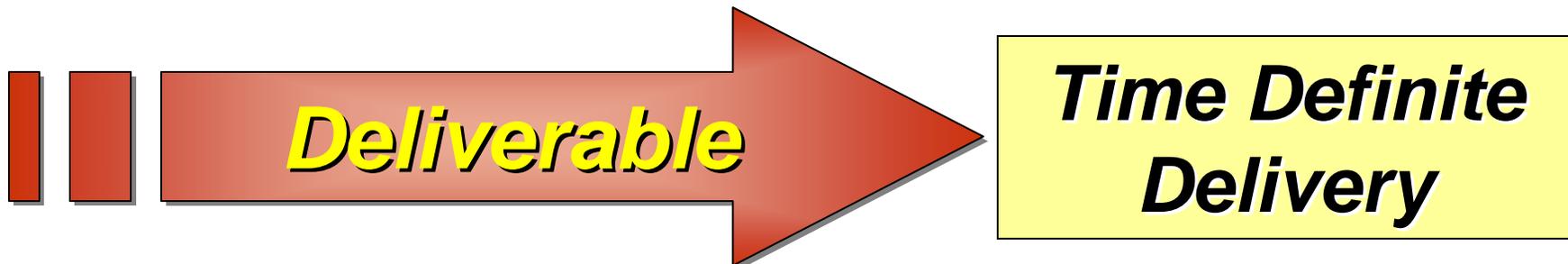


- **Process that provides goods and services to meet scheduled and unscheduled demand, and delivery infrastructure**
- **Order management from processing customer inquiries to routing shipments**
- **Manage business rules, information, and finished product inventories**

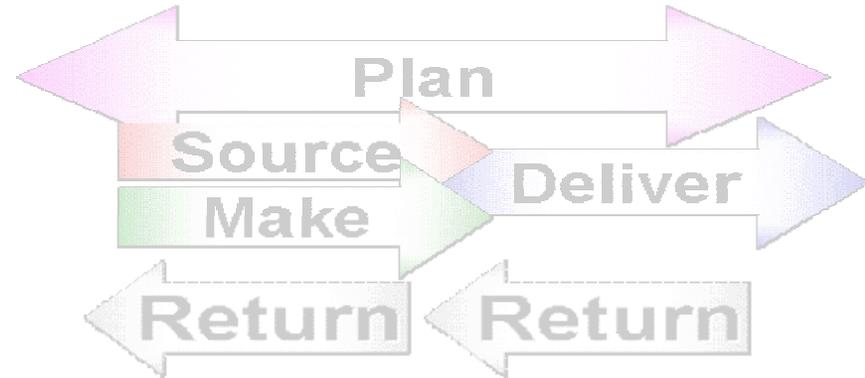
THE PLAYERS & DELIVERABLES



Players
TRANSCOM DLA Services Industry

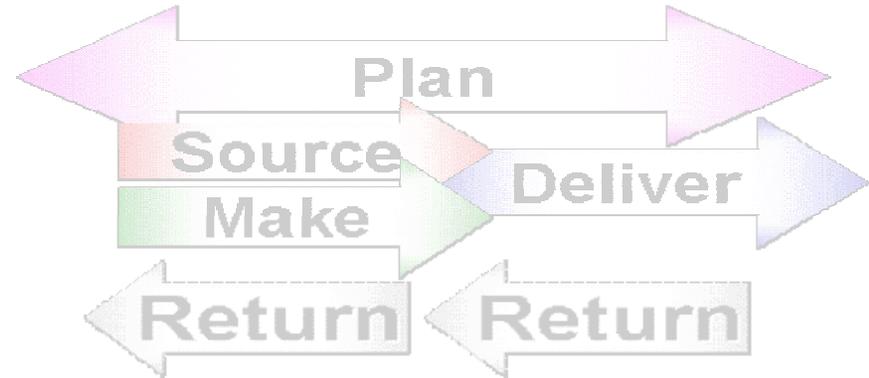


SCOR MODEL

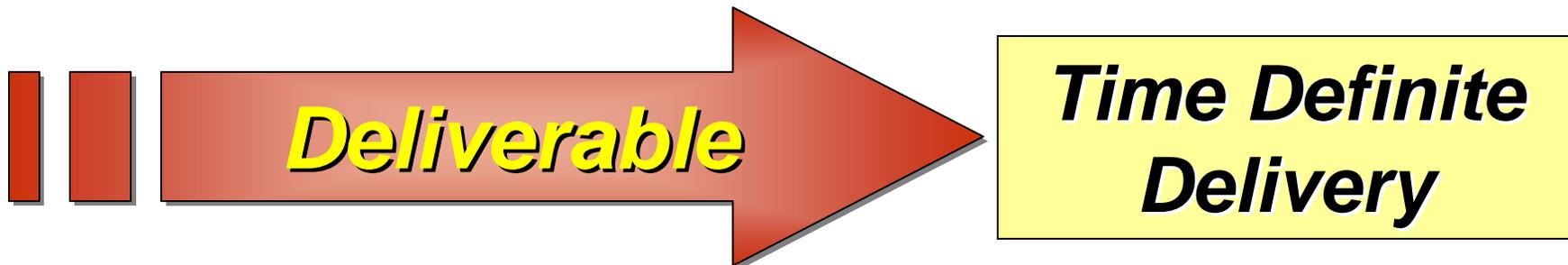


- **Processes associated with returning or receiving returned products**
- **Return excess inventory, disposal and salvage**
- **Includes items requiring maintenance, repair, and overhaul**

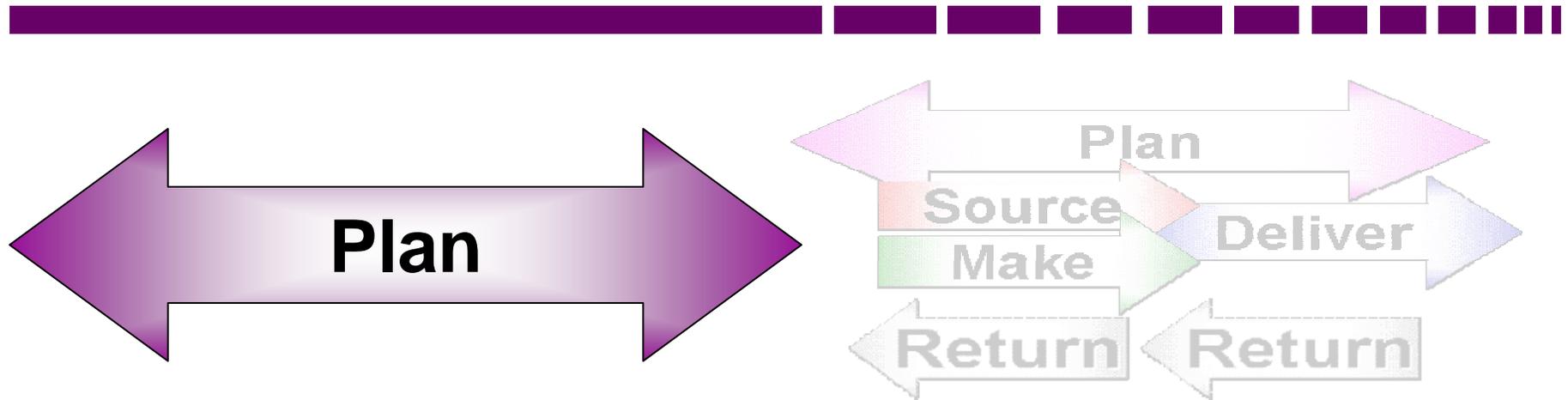
THE PLAYERS & DELIVERABLES



Players
Services TRANSCOM DLA Industry

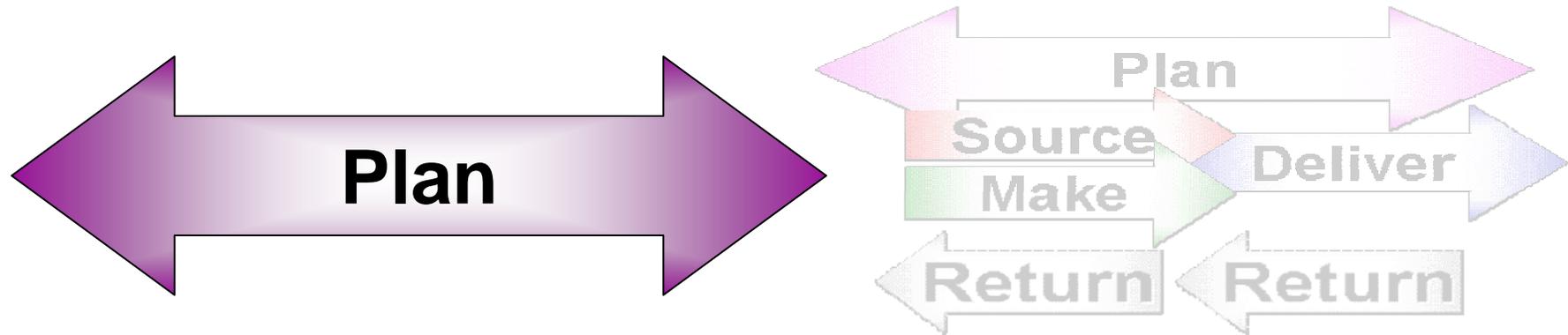


SCOR MODEL

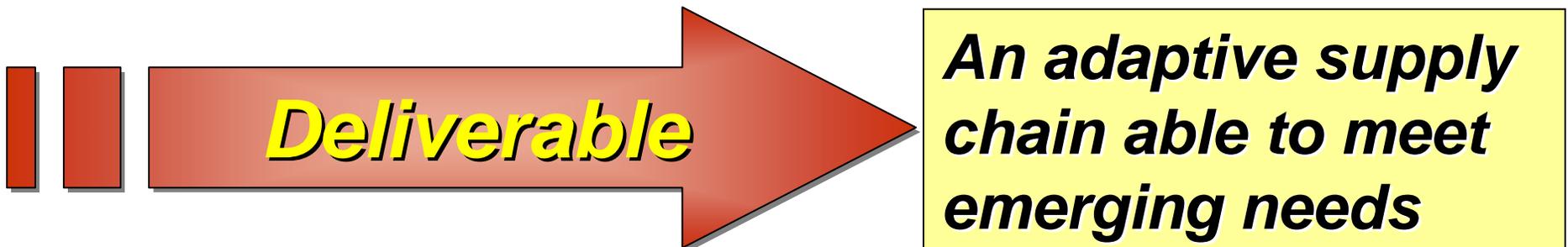


- **Process that balances supply and demand to best meet sourcing, make, and delivery requirements**
- **Management of business rules, data collection, regulatory requirements, and compliance**
- **Manage supply chain performance**

THE PLAYERS & DELIVERABLES



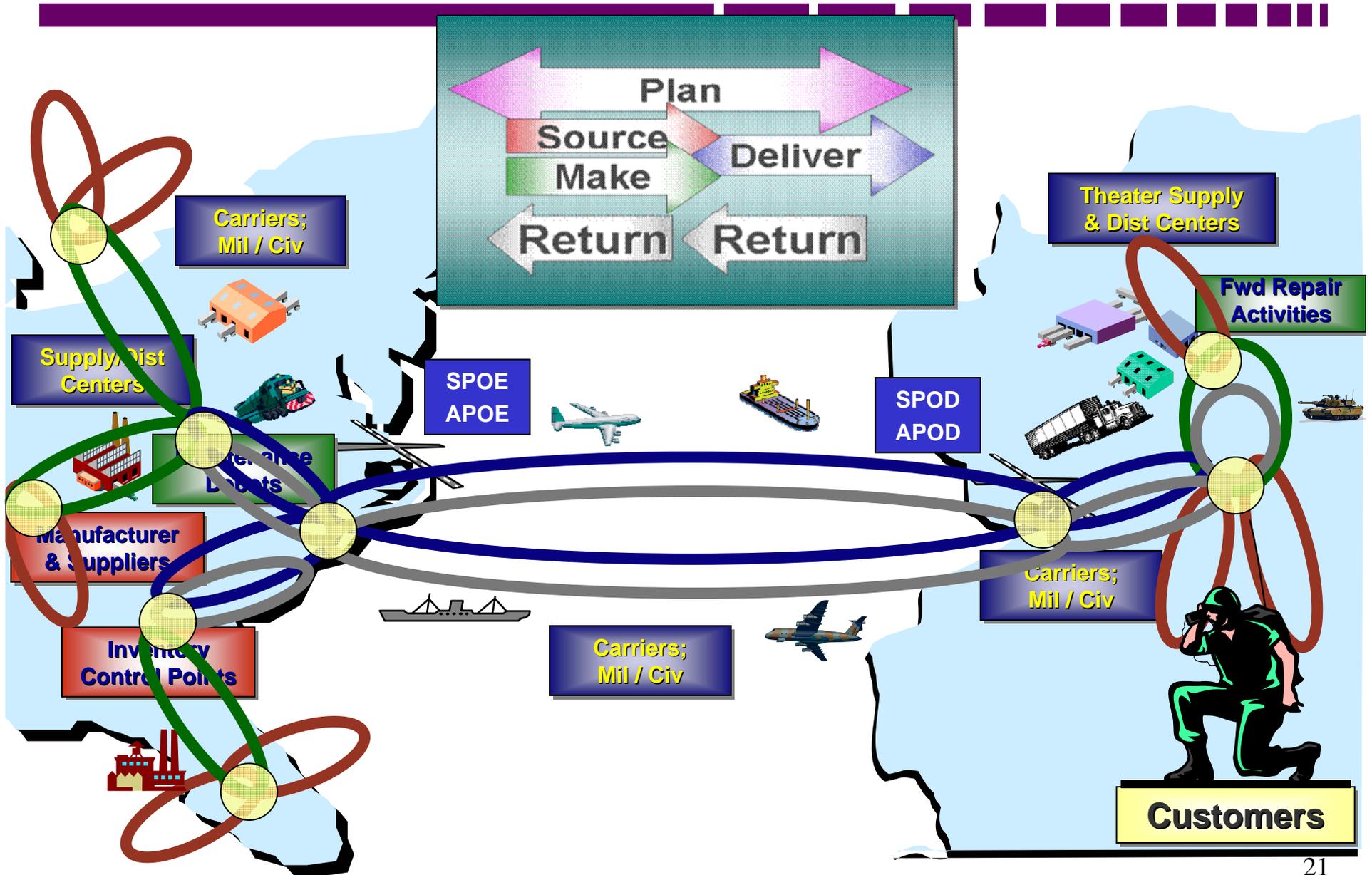
Players
ALL



DOD SUPPLY CHAIN



DOD SUPPLY CHAIN



HOW DO WE MEASURE SUCCESS?

Objective: *Rapid & Precise Response!*

- Speed:
“Get me what I need, where I need it, when I need it . . . quickly!!”
- Reliability:
“Consistency and predictability . . . Time definite delivery!”
- Visibility:
Immediate order confirmation and EDD . . . “Where is my stuff, and when will I receive it?”
- Efficiency:
Eliminate non-value steps; same output for less cost; fewer people needed to deliver same output.
- Performance tracking:
“How is our supply chain doing?”
- Process diagnosis:
“Where are the choke points?”

OUR CHALLENGE

“Optimizing the supply chain”

- ✓ **Deliver unity of effort across the supply chain**
 - Use the SCOR model to define
 - Ensure we have the right authorities & capabilities
 - Develop shared awareness & common processes
 - Use the same metric of success
- ✓ **Deliver enterprise- wide visibility**
 - Connectivity – 24 x 365
 - Data architecture – enterprise view
 - Global focus – anything less will sub-optimize output
- ✓ **Measure success at same point in the supply chain**
 - *The supply chain must be optimized to deliver the best outcome **for the customer***

STRATEGIC QUESTIONS



- **How do we clearly define the roles of our global providers?**
- **What are the responsibilities of a “Process Owner?”**
- **Should the Defense Department have a single “owner/executive” responsible for each SCOR process?**
- **Who should be held accountable for the performance of the supply chain?**
- **Can we agree on a common, high-level performance metric?**

FINAL THOUGHT

**Optimizing the supply chain is
critical to provide and sustain
logistics readiness**

**Delivering *freedom of action* for the
Joint Force Commander.**

***We must achieve unity of effort without
unity of command***



QUESTIONS?