

# Defense Logistics Agency



**BRAC 2005**

## **DLR Procurement Road Ahead**

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**27-29 Aug 07**



# Agenda



- **BRAC Initiatives**
- **Implementation Strategy**
- **Strategic Sourcing Overview**
- **Challenges**
- **Progress**
- **Questions**



# Overview of the BRAC 05 Supply and Storage Decisions and Pillars



## Decision 35

### (Recommendation 176):

## **Depot Level Repairable (DLR) Procurement Management Consolidation**

### DLR

#### Procurement Pillar:

Transfer procurement management and related support functions for the procurement of DLRs from the Military Services to the Defense Logistics Agency (DLA).

#### Consumable Item Transfer (CIT) Pillar:

Transfer of function related to the management of consumable items from the Military Services to DLA.

## Decision 43

### (Recommendation 175): **Commodity Management Privatization**

#### Commodity Management Privatization Pillar:

Transfer supply contracting functions for tires, packaged petroleum products, and compressed gasses from the Military Services to DLA. Disestablish (privatize) all other supply, storage, and distribution functions for these commodities.

## Decision 51

### (Recommendation 177): **Supply, Storage, and Distribution Management Reconfiguration**

#### Strategic Distribution Pillar:

Designate 2 DLA Distribution Depots as Strategic Distribution Platforms (SDPs), mirroring the 2 existing SDPs. Designate remaining DLA Defense Depots (DDs) as Forward Distribution Points (FDPs), focused on local customers.

#### Maintenance Depot Supply and Storage (Retail Supply Operations) Pillar:

Transfer all supply, storage, and distribution functions / work in the Military Service Maintenance Depots from the Military Services to DLA.

**Note:** For briefing purposes Decision 35 will be presented as two recommendations.



# DLR Procurement Management Consolidation



## The Decision

- *...realigns or relocates the procurement management and related support functions for the procurement of depot-level reparable (DLR) to the Defense Logistics Agency....*

## Post-BRAC Business Model

- **A Single, Integrated new DLR procurement management provider supporting all Service requirements by FY 11:**

Value Added

- **A single face to industry for all new DLR procurement**
- **DoD fully leveraging its DLR buying power**
- **Reduced inventory**
- **Commercial partners maintaining a single procurement management strategic partnership**

**Saves DOD \$ by leveraging all procurement buys and managing them within a single agency!**



# DLA Today & Tomorrow Streamlined Acquisition

## Today

The 'Today' section is set against a grey background and illustrates a fragmented acquisition landscape. It lists five military branches, each in a colored oval, with associated acquisition characteristics to their right. A large black curly bracket on the right side of this section encompasses all the listed items, indicating that these fragmented elements are the current state of affairs.

- Air Force**
- Army**
  - Multiple Clauses
  - Multiple Policies
- DLA**
  - Fragmented Collaboration
- Marine Corps**
  - Multiple Processes
  - Multiple Systems
- Navy**

## Tomorrow

The 'Tomorrow' section is set against a light blue background and illustrates a streamlined acquisition landscape. It is contained within a dark blue rectangular box with a black border. This box lists five goals, each preceded by a checkmark and the word 'Single' underlined. A large black curly bracket on the left side of this section encompasses all the listed items, indicating that these are the future state of affairs.

- ✓ Single Policy
- ✓ Single Process
- ✓ Single Automated System
- ✓ Single Supplier Collaboration Model



# DLA's Strategic Plan for DLR Procurement Management



## Extend the DLA Enterprise

*Maximize warfighter potential by extending the Enterprise to provide worldwide response and integrated, best value supplies and services consistently to our customers.*

- **Extend competencies and capabilities closer to the warfighters.**
- **Actively engage the warfighters to better understand their needs and meet their requirements.**
- **Align demand and supply chain capabilities within the supply chain management model to better support the warfighters and their weapons systems.**
- **Design, implement, and sustain a best value enterprise IT environment.**



# Implementation Strategy



# DLR Detachment Implementation Strategy



## Initial Transition

- Buy all new DLRs
- Tiered Implementation
- “As-is / Where-is” - Policy, Process, & IT systems
- Work is reimbursable for acquisition services
- Military Services retain Item Management
- Joint Governance for Joint Acquisition Strategies
- Establish Strategic Materiel Sourcing Group (SMSG) I.T. Solution for strategic sourcing data
- Consolidated buys identified by Strategic Materiel Sourcing Group...long term contracts for consumables & DLRs
- Jointly established Key Performance Indicators and PBAs

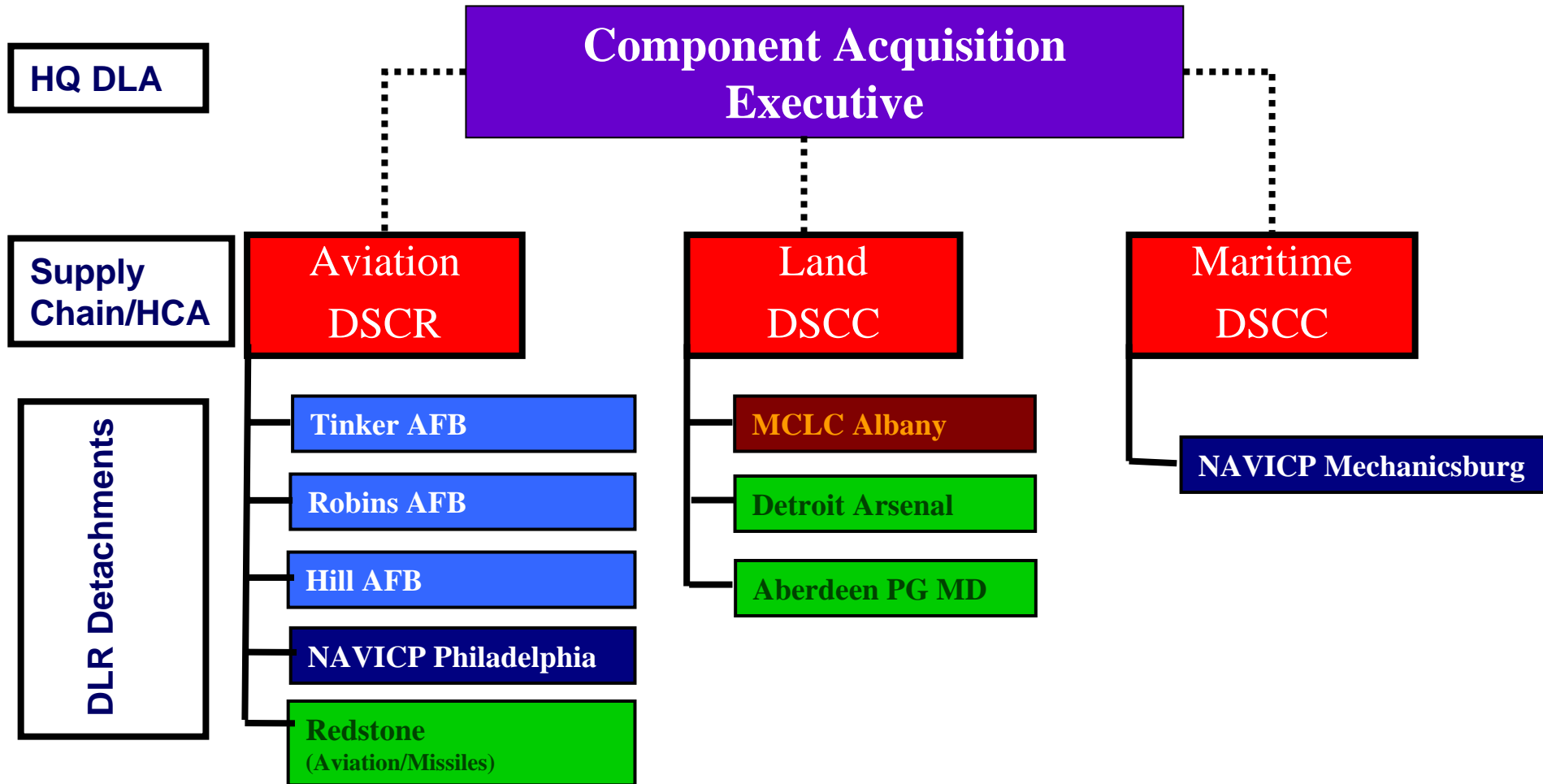
## DLA Desired End-State

- Detachments remain in place & report to single Chief of Contracting Office at appropriate DLA Supply Chain Head of Contracting Authority
- Single contract writing tool in BSM (e-Procurement)...DLA Policies & Procedures
- DLA Detachment responsible for all DLR procurement
- Full visibility of all procurement & requirement forecasting information
- Fully automated Performance Measurement system to capture & report performance
- Joint Governance for Joint Acquisition Strategies





# Depot Level Repairables Organization Structure





# Tiered Implementation Approach (Notional)



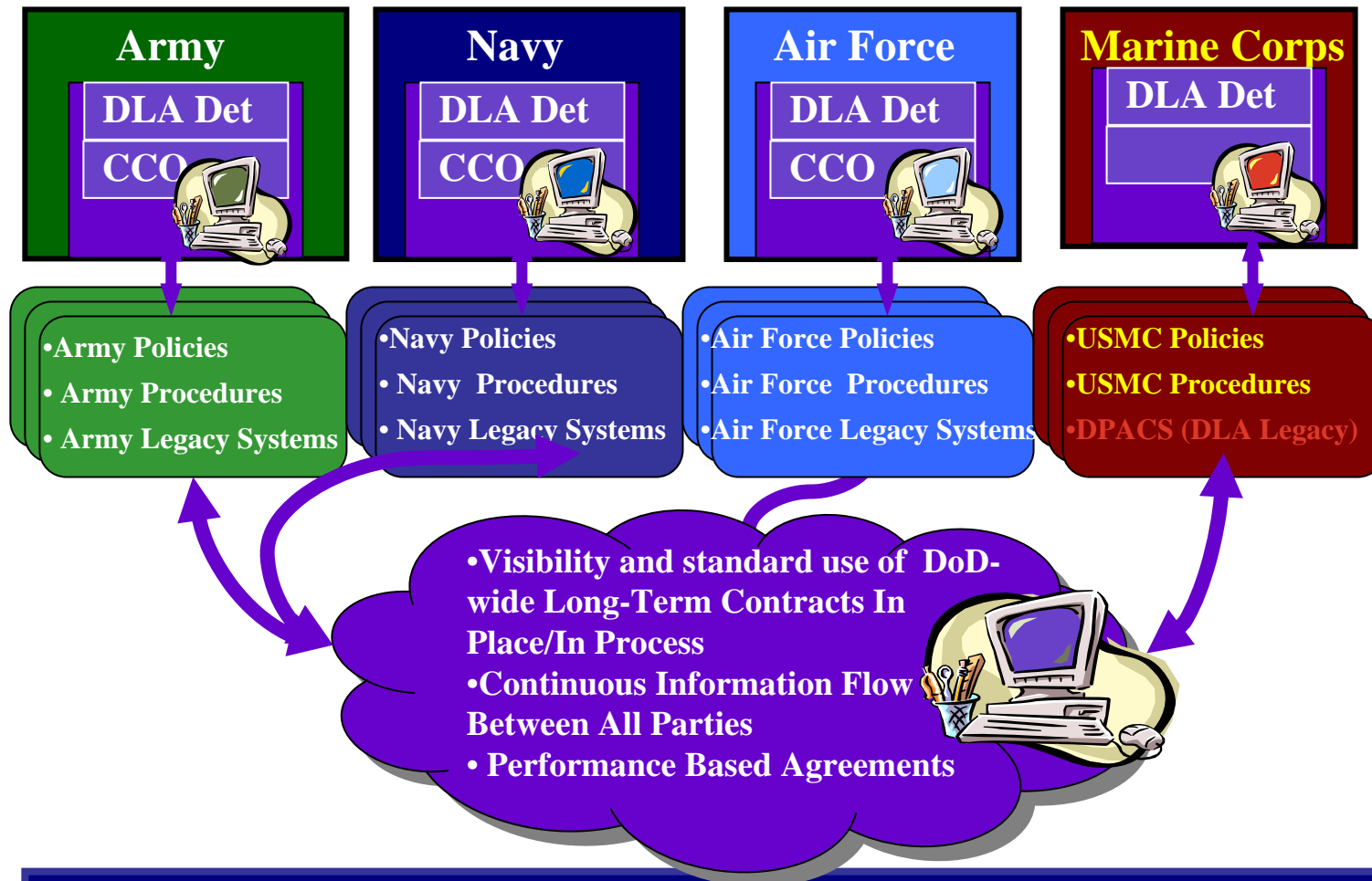
Tier I - 48%/16%**	Tier II - 46%/62%	Tier III - 5%/20%	Tier IV - 1%/2%
<ul style="list-style-type: none"> <li>• No Data Rights</li> <li>• No First Article</li> <li>• Part Number Buy (non-NSN)</li> <li>• Single Item Procurement (NSN)</li> <li>• Transactional Buys (NSN)</li> <li>• New DLR Procurement (NSN)</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Contracts – Buy ONLY</li> <li>• Single Item Procurement (not in Tier I)</li> <li>• Multiple Item Procurements (NSN/non-NSN)</li> <li>• New DLRs</li> <li>• Special Tests</li> <li>• Technical Requirements</li> <li>• No Special Services</li> </ul>	<ul style="list-style-type: none"> <li>• OSD Maturity Model I &amp; II PBLs</li> <li>• DLR with incidental services - not repair</li> <li>• Performance Incentives (Positive and Negative)</li> <li>• Requires Business Case Analysis</li> </ul>	<ul style="list-style-type: none"> <li>• OSD Maturity Model III &amp; IV PBLs</li> <li>• Combined with Program Requirements</li> <li>• Requires Business Case Analysis</li> </ul>

- **USAF -- All Tiers transferred concurrently**
- **Track and report performance based on jointly established Key Performance Indicators**

**\*\* Items/Dollar Value**



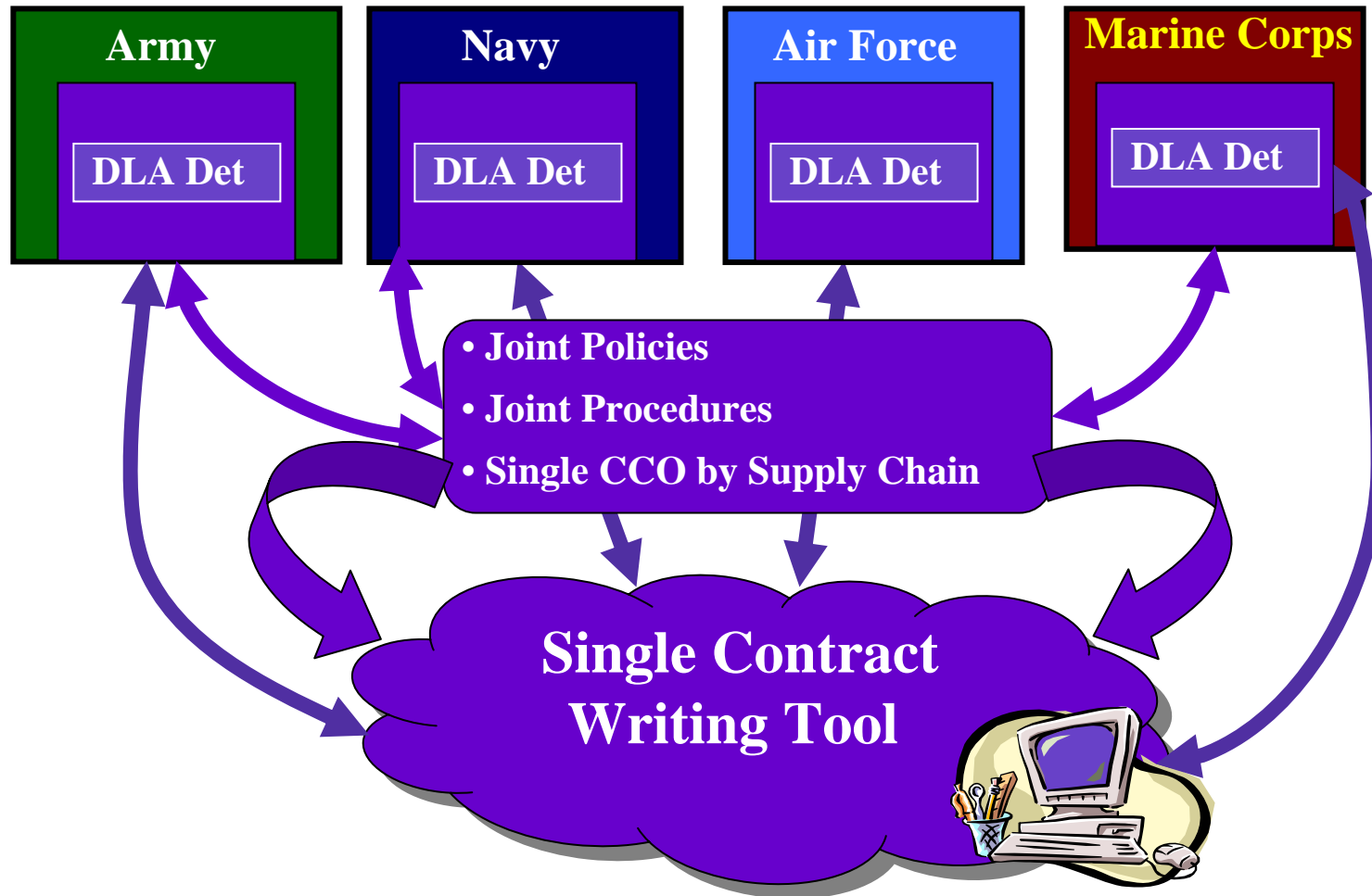
# Procurement Business Process – At Detachment Stand-up



**DLA buyers will execute contract actions for current purchase requests & administer existing contracts**



# End-State Procurement Process

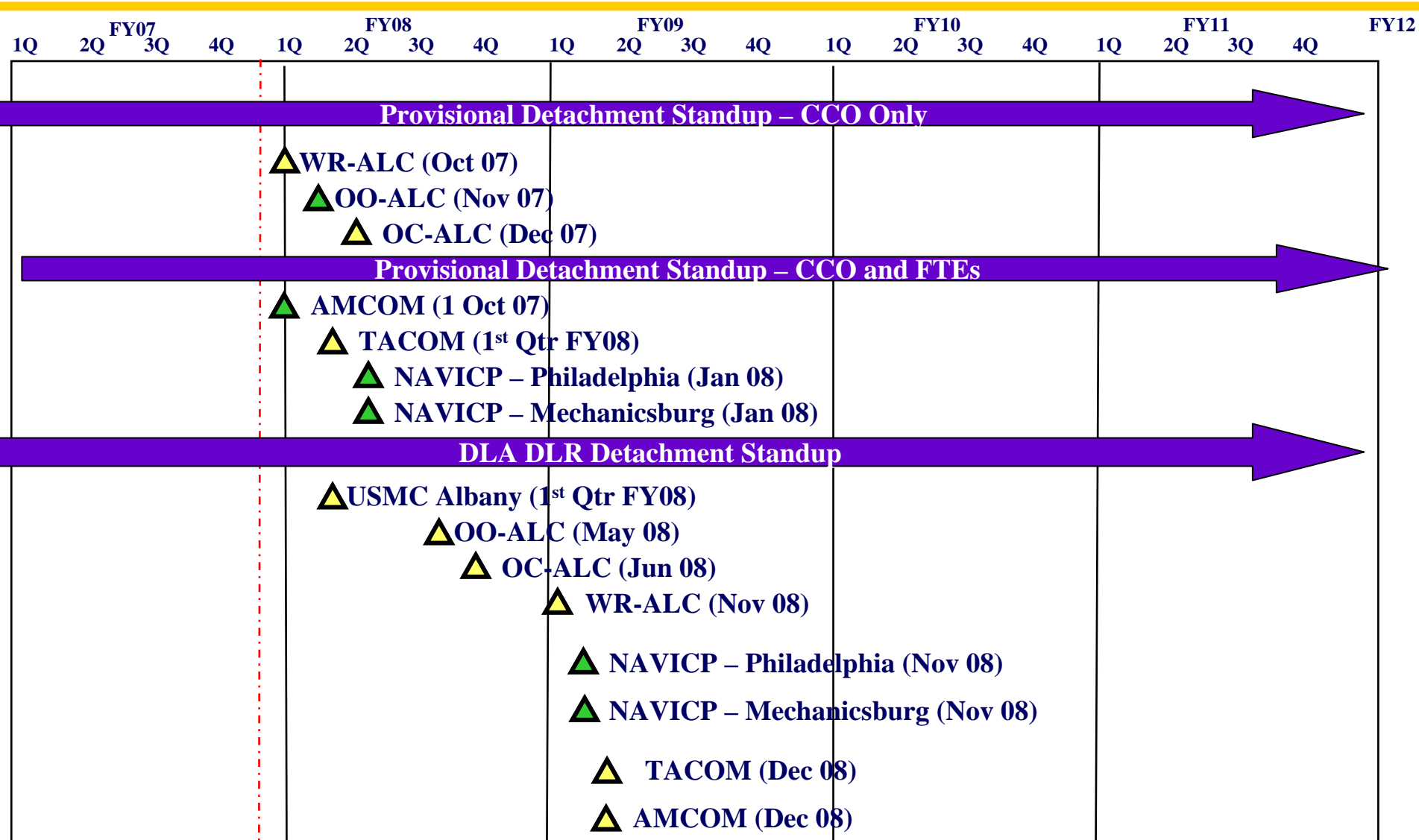


**DLA buyers will execute contract actions using  
single contract writing tool**



# Implementation POA&M

## FY07 – FY11



▲ Firm      ▲ Notional



# Strategic Sourcing Overview



# DLA Strategic Partners & Top MILSVC Suppliers

## ■ Synergy Across Department – Opportunities to Leverage DoD Buying Power

Military Service Top Vendors (2003-2005)				
DLA Strategic Partners	Air Force	Army	Navy	Marine Corps
<b>General Electric</b>	<b>General Electric</b>	<b>Goodyear</b>	<b>General Electric</b>	<b>Canadian Commercial Corp</b>
<b>Boeing</b>	<b>United Technologies</b>	<b>AM General</b>	<b>Bell Boeing Joint Project Office</b>	<b>Raytheon</b>
<b>Textron</b>	Dynamic Gunver Technologies	<b>Boeing</b>	<b>Boeing</b>	Ronal Industries
<b>Oshkosh</b>	GKN Aerospace	<b>Lockheed Martin</b>	<b>Sikorsky</b>	Rodelco Electronics
<b>Honeywell</b>	<b>Rolls Royce</b>	<b>Oshkosh</b>	<b>All Tools Inc</b>	Mantech Systems Engineering
<b>Rolls Royce</b>	<b>Parker Hannifin</b>	Purdy Corp	<b>Raytheon</b>	<b>Lockheed Martin</b>
<b>AM General</b>	Kaiser Electronics	<b>Honeywell</b>	<b>Lockheed Martin</b>	<b>L-3 Communications</b>
<b>Goodrich Corp</b>	<b>Northrop Grumman</b>	<b>General Electric</b>	<b>Bell Helicopter/Textron</b>	<b>Northrop Grumman</b>
Parker Hannifin	<b>Raytheon</b>	<b>Bell Helicopter/Textron</b>	<b>Hamilton Sundstrand</b>	Centron Industries
<b>Sikorsky</b>	<b>Goodrich Corp</b>	DRS Optronics	<b>Rolls Royce</b>	Wendon Company
<b>Hamilton Sundstrand</b>	<b>Hamilton Sundstrand</b>	<b>General Dynamics</b>	<b>Canadian Commercial Corp.</b>	Carleton Life Support Systems
Dresser Rand	CFM International	<b>Raytheon</b>	<b>Northrop Grumman</b>	Harris Corp
Eaton Corp	<b>BAE Systems</b>	Pacific Harness and Cable	<b>BAE Systems</b>	Detroit Diesel
<b>Canadian Commercial Corp</b>	<b>Honeywell</b>	<b>Sikorsky</b>	<b>United Technologies</b>	<b>Oshkosh</b>
<b>Pratt &amp; Whitney</b>	<b>Boeing</b>	CE Nehoff & Co	<b>L-3 Communications</b>	Aegis Power Systems
<b>Northrop Grumman</b>	AAR Parts Trading Inc	Fenn Manufacturing		Communications & Power Industries
<b>Lockheed Martin</b>	EFW Inc	Hutchinson Industries		Sensis Corp
<b>General Dynamics</b>		GTA Containe		System Technical Support Corp
<b>BAE Systems</b>		Commins In		<b>General Dynamics</b>
Smiths Aerospace				
<b>Raytheon</b>				
Moog				
United Defense LP/BAE				
Alcoa Global Fasteners				
Aircraft Braking Systems				
Warren Pumps				
Avibank				
York				

Significant Overlap in Top Suppliers

- DLA Unique
- Air Force Unique
- Army Unique
- Navy Unique
- Marine Corps Unique
- DLA/Military Service Common Supplier



# Joint Acquisition Strategies Board Governance Model



**Level I Roles**

- Champion joint acquisition strategies
- Resolve conflicts that inhibit joint acquisition strategies
- Approve overall sourcing and supply chain goals
- Oversee and Monitor performance metrics
- Establish Level II Board



•Standing Membership

(Some Acquisitions May Require Other Vested Senior Leaders)

**Level I\***  
(MRCAG / HQ)  
GO/Flag Off / SES

Direction - Strategic Sourcing Strategies- Approval

**Level II (Aviation, Land or Maritime Supply Chain) Roles as Delegated by Level I**

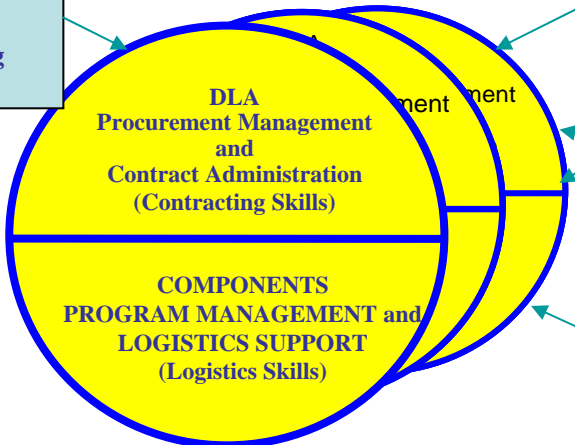
- Own DLR sourcing process
- Set overall sourcing and supply chain objectives and goals
- Approve DLR Acquisition Strategies, Plans, Measures
- Evaluate ongoing strategic procurement performance
- Charter DLR Procurement IPTs



**Level II**  
(Supply Chain)  
GO/Flag Off / SES

DLR Procurement IPT

DLA SPE Provides Contracting Guidance



**Level III**  
(Program Execution)

**Level III – DLR Procurement Roles**

- Establish/execute Joint Component DLR procurement strategies under the direction of the Level I & II Governance
- Execute supplier business agreements (includes sole source & competitive)
  - ✓ determine contract Terms & Conditions
  - ✓ performance requirements
  - ✓ determine price reasonableness
  - ✓ select source
- Capture, monitor, and distribute supplier performance
- Manage operational relationships with suppliers
- Conduct & maintain DLR market intelligence



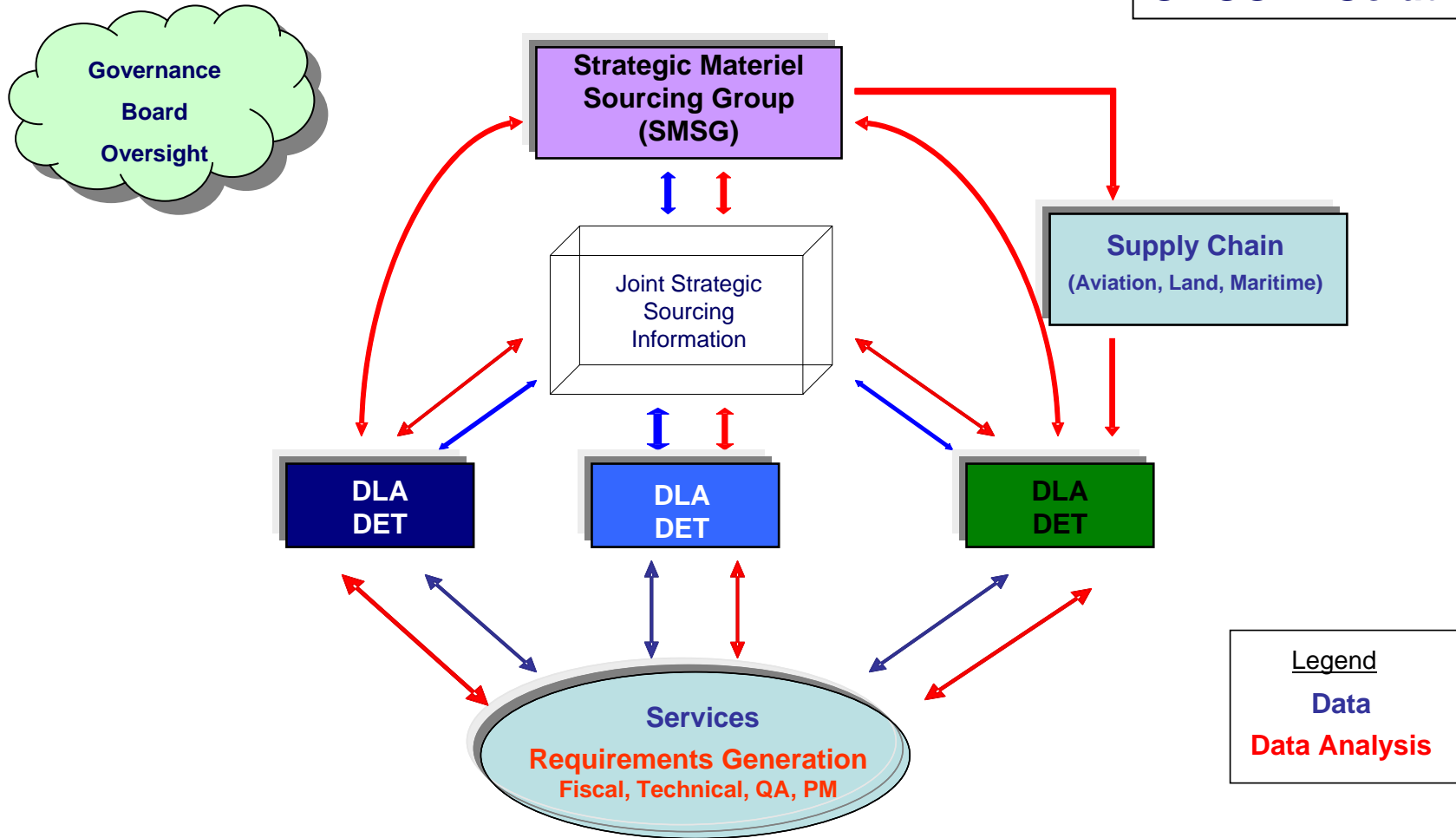


# Developing Joint Opportunities



## Joint DLR Acquisition Collaboration and Data Flow Model

**SMMSG IT Solution**





# Challenges



# Depot Level Reparables Transition Challenges



- 1. Day one DLA DLR detachment standup schedule shows earliest transition May 08, two thirds of the way through FY 08**
- 2. Provisional Detachment Stand-up schedule of 01 OCT 07**
- 3. Identifying & Programming Legacy IT System Changes**
- 4. Ensuring that the transferring workforce numbers match the work which will be processed by DLA**



# Progress



# Progress



- **Governance Structure agreed upon by Materiel Readiness Component Advisory Group (MRCAG)**
- **Implementation Strategy Document completed and agreed upon by each Service and DLA**
- **Overarching Plan of Action & Milestones completed**
- **Initiated Pathfinder effort**
- **Finalized Savings Model**
- **Finalized Financing Of DLR Purchases**



# Depot Level Reparable Next Steps



- **Obtain USAF signature on Governance Charter**
- **Identify Site CCO**
- **Complete Site specific Plan of Action & Milestones**



# Summary



- **DLA and Air Force committed to a smooth transition**
- **DoD DLR Working Group aggressively spearheading effort**
- **Remaining challenges being worked**
- **Detachment Stand-up gives best chance to achieve savings**
- **Change management activities ramping up.**