



“Welcome Suppliers” Land & Maritime Supply Chains





Managing Land & Maritime Supply Chains Within DLA

**James McClaugherty, SES
Deputy Commander, DSCC**



BG Patricia McQuiston



New DSCC Commander



12 Sep 07
Assumption of Command



What Has Changed Within The DLA Enterprise



- Re-engineered Processes
- New Organization Structure
- New Touch points:
 - Crossing The DLA Sites/Supply Chains
- New IT Tools
- New Mission (BRAC)



BSM Components



BSM Program Primary Components

SAP

- Order Fulfillment
- Procurement
- Financial Management
- Tech Quality
- CRM

DPACS Suite

- Solicit
- Award
- Report

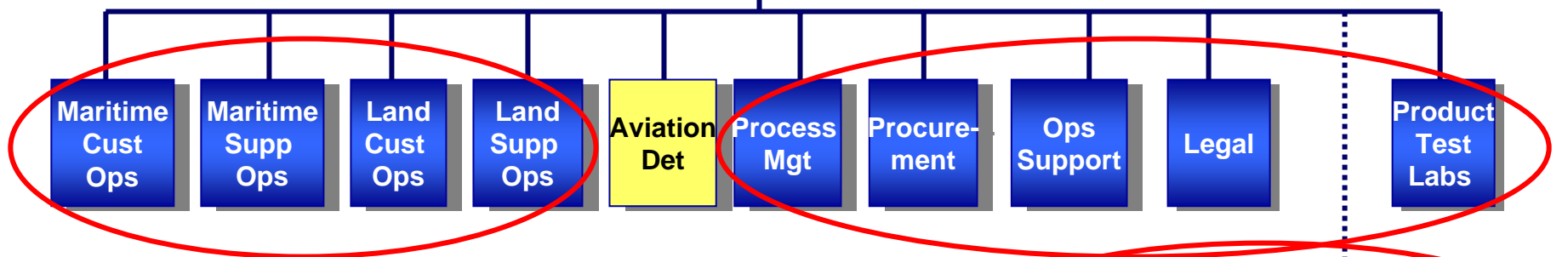
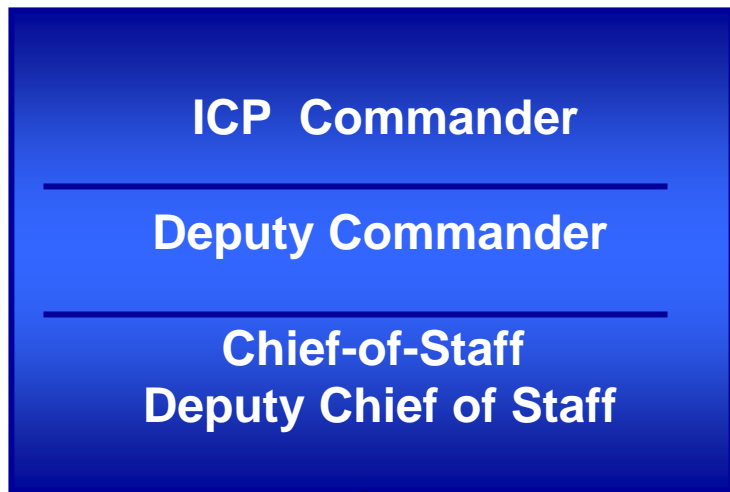
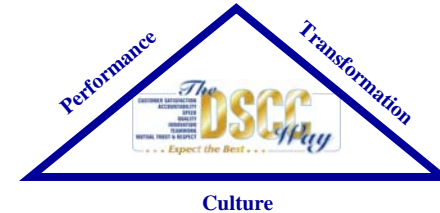
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- Demand Planning
- Supply Planning
- Collaborate

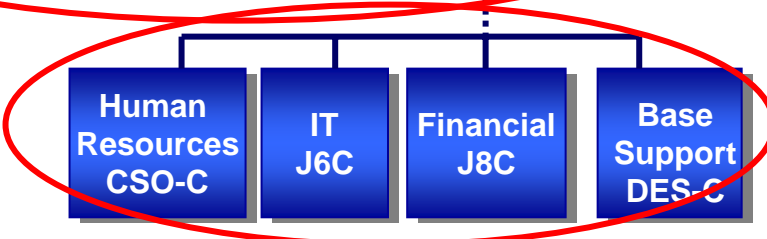
BW and Crystal Reports



DSCC ICP... Organization

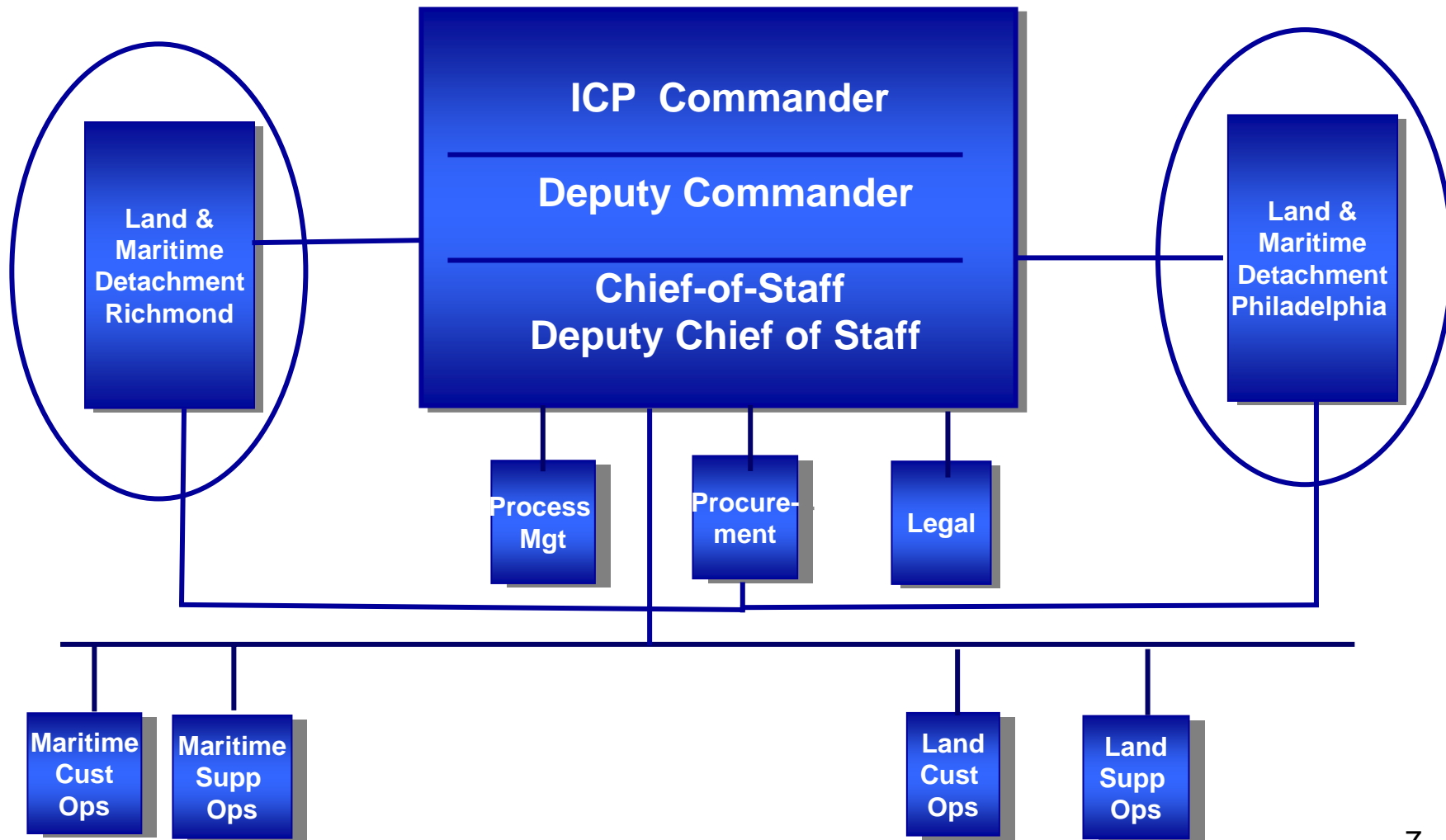


Aligned to BSM Business Model





Land & Maritime Supply Chains





Organizing by Demand and Supply Chains



Demand Chains -
grouping of
customers that are
managed by
Customer Operations

“Each Customer is
aligned to one and only
one demand chain”

Aviation
Land
Maritime
Construction
and Equipment
(C&E)
Clothing and
Textiles (C&T)
Medical
Subsistence

Supply Chains –
grouping of
items/suppliers that
are managed by
Supplier Operations

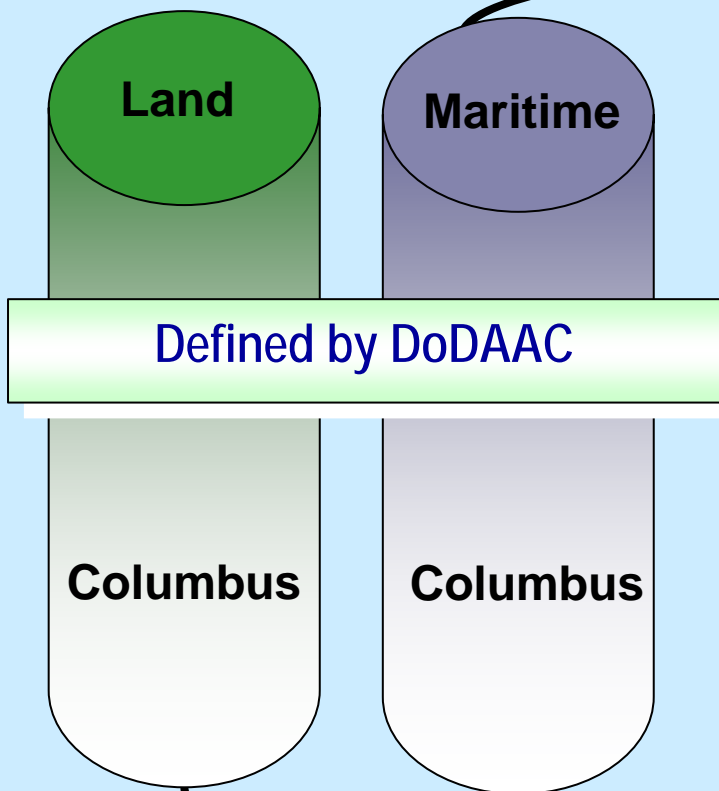
“Each item is aligned with
one and only one supply
chain”



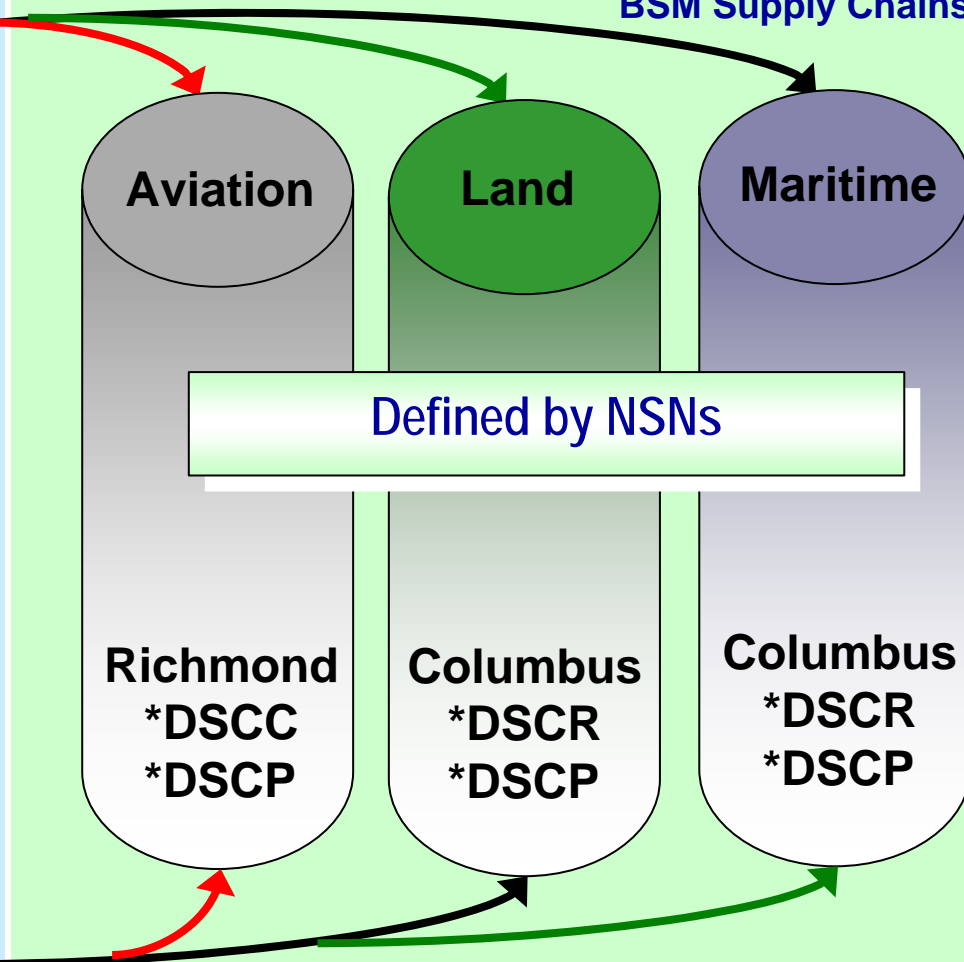
Demand/Supply Chains



**Customer Operations:
CRM Cell Demand Chains**

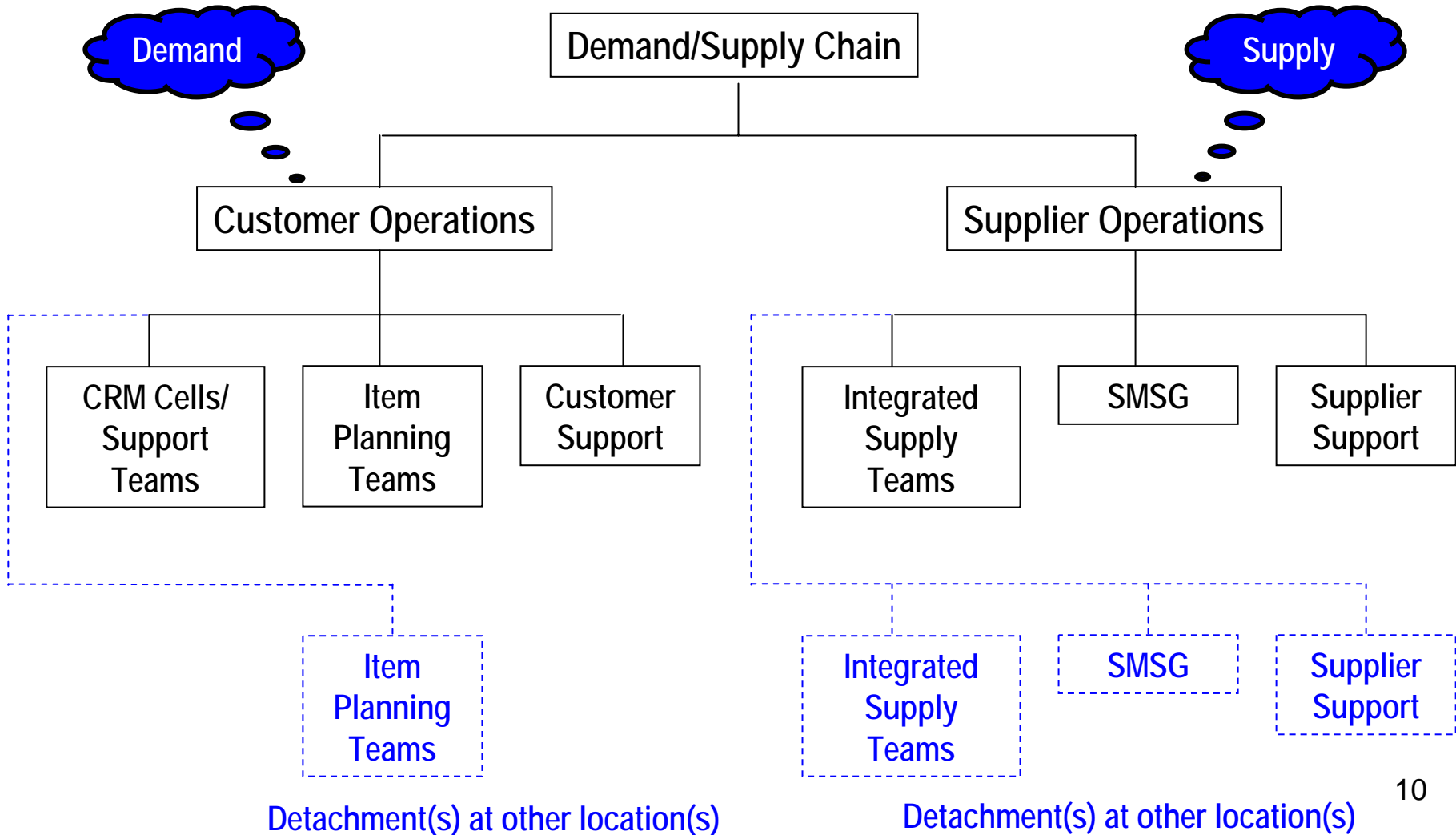


**Supplier Operations:
BSM Supply Chains**





Demand/Supply Chain Organization Units





The Mission... Supply/Demand Chains



Land

- 360K NSNs, 3 sites, \$1.4B in sales
- Army/Marines...85% of demand



Maritime

- 1.6M NSNs, 3 sites, \$1.7B in sales
- Army/Marines...51% of demand



Aviation Detachment

- 330K NSNs, \$.6B in sales
- Army/Marines...53% of demand



The Mission...Land Demand/Supply Chain



MCLB Albany

Industrial and Operating Forces Support...



Industrial Support Efforts

- IFSGs
- Collaboration
- Customer Pay
- Tailored Production Kitting

Operational Support Efforts

- Air Cond. Parts Support
- Land Readiness Room
- Armor/Suspension Kits
- Reset/Reconstitution
- Forward Deployed CAS's



MCLB Barstow

A call from the operating forces is not a disruption of our daily routine.

...and a Weapons Systems Focus...



The Mission...Maritime Demand/Supply Chain

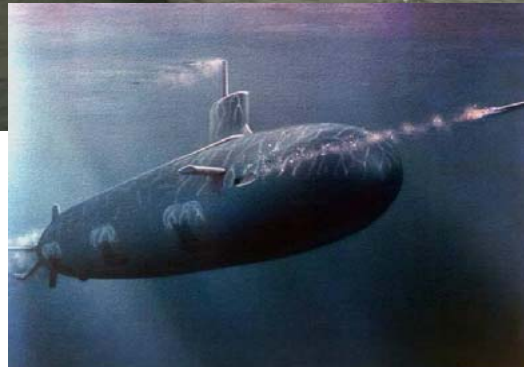


Norfolk Naval Shipyard

Industrial and Operating Forces Support...

"...without a Respectable Navy, Alas America!"

John Paul Jones



Industrial Support Efforts

- NAVSEA Shipyard CMP
- Shipyard Value Stream Analysis
- Collaboration
- EMALL
- Account Management

Operational Support Efforts

- Nuclear Reactors Program
- LCAC Parts Support
- Fleet CASREP Support
- ALRE



TRF Kings Bay

...and a Weapons Systems Focus...



The ICP... Business Profile



Sales Trend

- FY02 \$2.3B
- FY05 \$3.1B
- FY06 \$3.1B
- FY07(Proj) \$3.2B

Sales by Supply Chain

- Land \$1.4B
- Maritime \$1.7B
- Aviation \$0.5B*

Foreign Military Sales

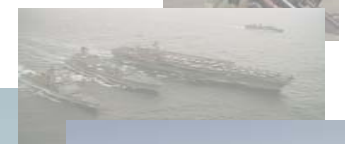
- Sales: \$240M
- Supporting 90 nations

Scope of Business

- 8.2M requisitions/yr
- 525K contracts/yr
- 2M NSNs
- 1.3K+ weapon systems
- 25K+ customers
- 6K+ suppliers

Our People

- 2500+ civilians
- 43 active duty
- 32 reserve

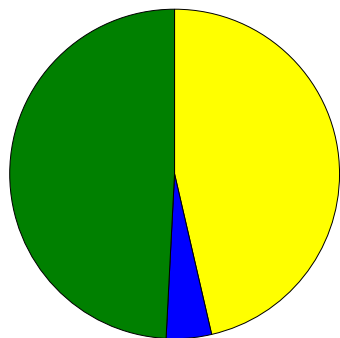




Supply Chain NSN Distribution



Land Supply Chain (NSNs)

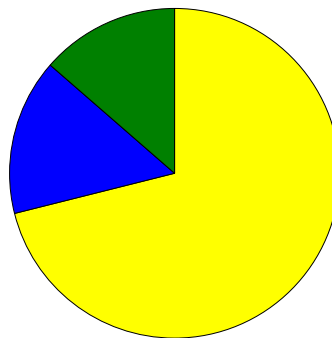


Total = 361,325

Columbus = 168,108
Richmond = 15,113
Philadelphia = 178,104

Note: Land Items Dominated by Col and Philly

Maritime Supply Chain (NSNs)

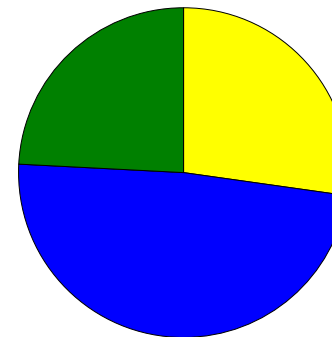


Total = 1,652,751

Columbus = 1,177,151
Richmond = 252,136
Philadelphia = 223,464

Note: Columbus Items Heavily Influenced by Electronics

Aviation Supply Chain (NSNs)



Total = 1,220,458

Columbus = 331,072
Richmond = 594,116
Philadelphia = 295,270

Note: Heavy Aviation Presence at All Three Locations

Columbus

Richmond

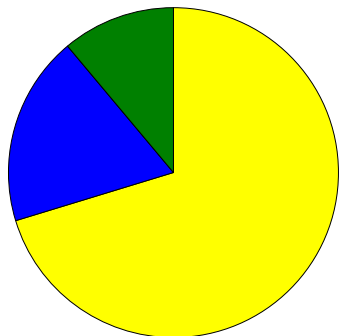
Philadelphia



Supply Chain Annual Demand Value Distribution



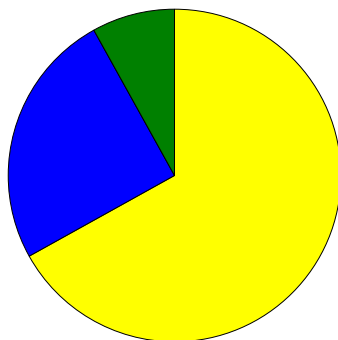
Land Supply Chain (ADV)



Total = \$1,017M

Columbus = \$715M
Richmond = \$188M
Philadelphia = \$114M

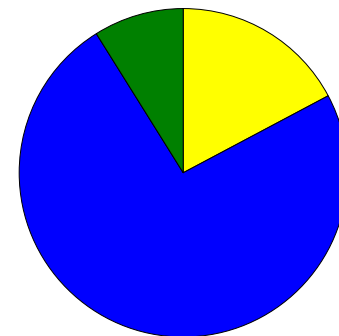
Maritime Supply Chain (ADV)



Total = \$1,323M

Columbus = \$883M
Richmond = \$331M
Philadelphia = \$107M

Aviation Supply Chain (ADV)



Total = \$2,648M

Columbus = \$453M
Richmond = \$1,957M
Philadelphia = \$239M



Columbus



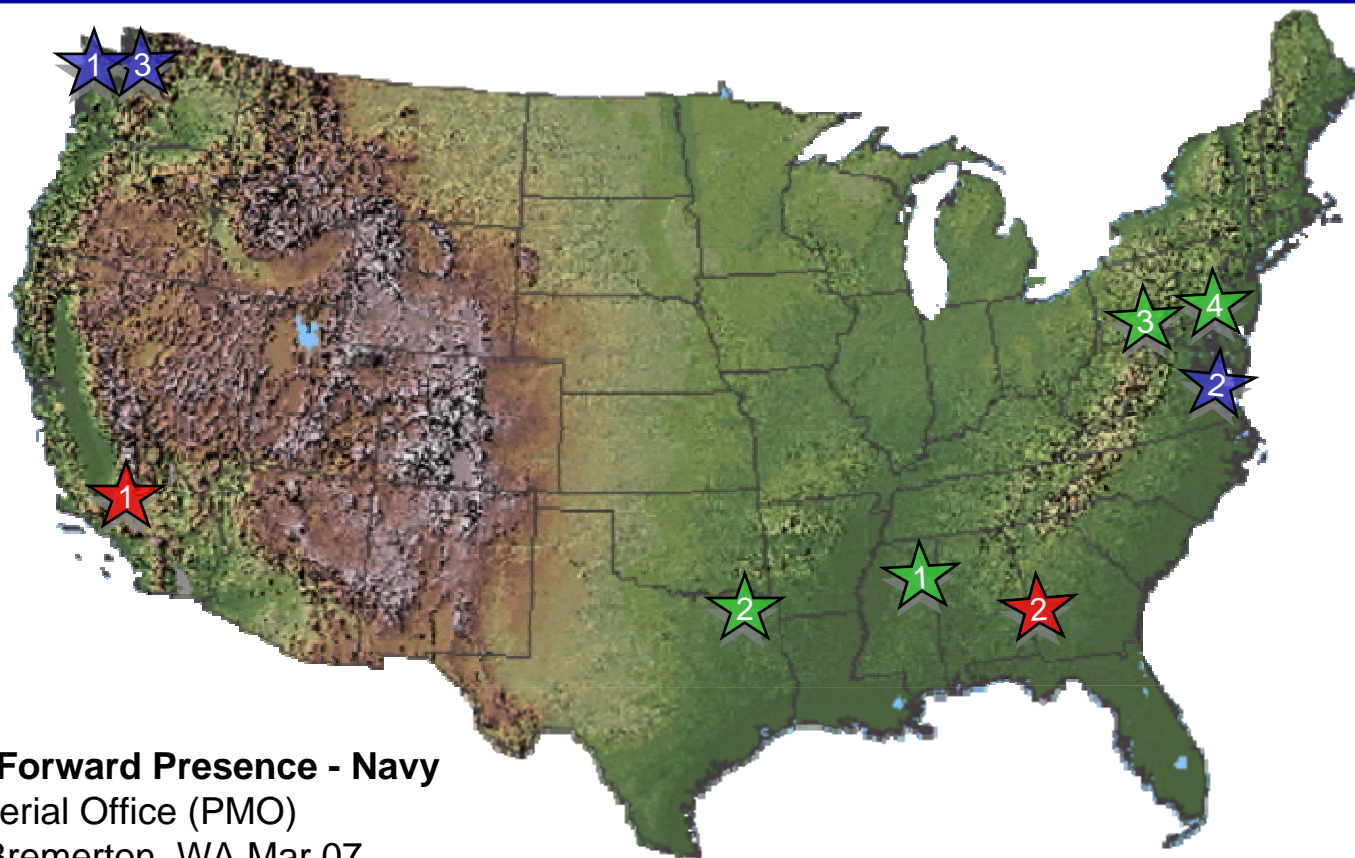
Richmond



Philadelphia



Forward Presence Locations



Maritime Forward Presence - Navy

1. Priority Material Office (PMO)
– Bremerton, WA Mar 07
2. Norfolk NSY – Norfolk, VA Mar 07
3. Puget Sound NSY – Seattle, WA Sep 07

Land Forward Presence - Marine

1. MCLB Barstow, Barstow, CA May 07
2. MCLB Albany, Albany, GA May 07

Land Forward Presence - Army

1. Anniston Army Depot – Anniston, AL May 07
2. Red River Army Depot – Texarkana, TX May 07
3. Letterkenny Army, Depot – Chambersburg, PA May 07
4. Tobyhanna Army Depot, Tobyhanna, PA May 07



New Mission



4 Major BRAC Initiatives Affecting DSCC and our Partners



Law says:
• Realign **DLR Procurement** management and related support to DLA

End state: **FY2011**
• Single face of all DLR/consumable procurement
• Single procurement management strategic partnership with vendors
• Leveraged DoD buying power



Law says:
• **Consolidate supply, storage and distribution** functions and inventories of local DD with local base support

End state: **FY2011**
• Single manager of inventory and infrastructure
• Single tailored investment strategy



Law says:
• **Privatize Management**, storage, distribution, and realign contracting functions for tires, packaged petroleum products, and compressed gases from services to DSCC and DSCR.

End state: **FY2011**
• Prime Vendor arrangements for supply, storage, distribution and disposal requirements.

Execution
• Contracts by '07
• Storage by '08

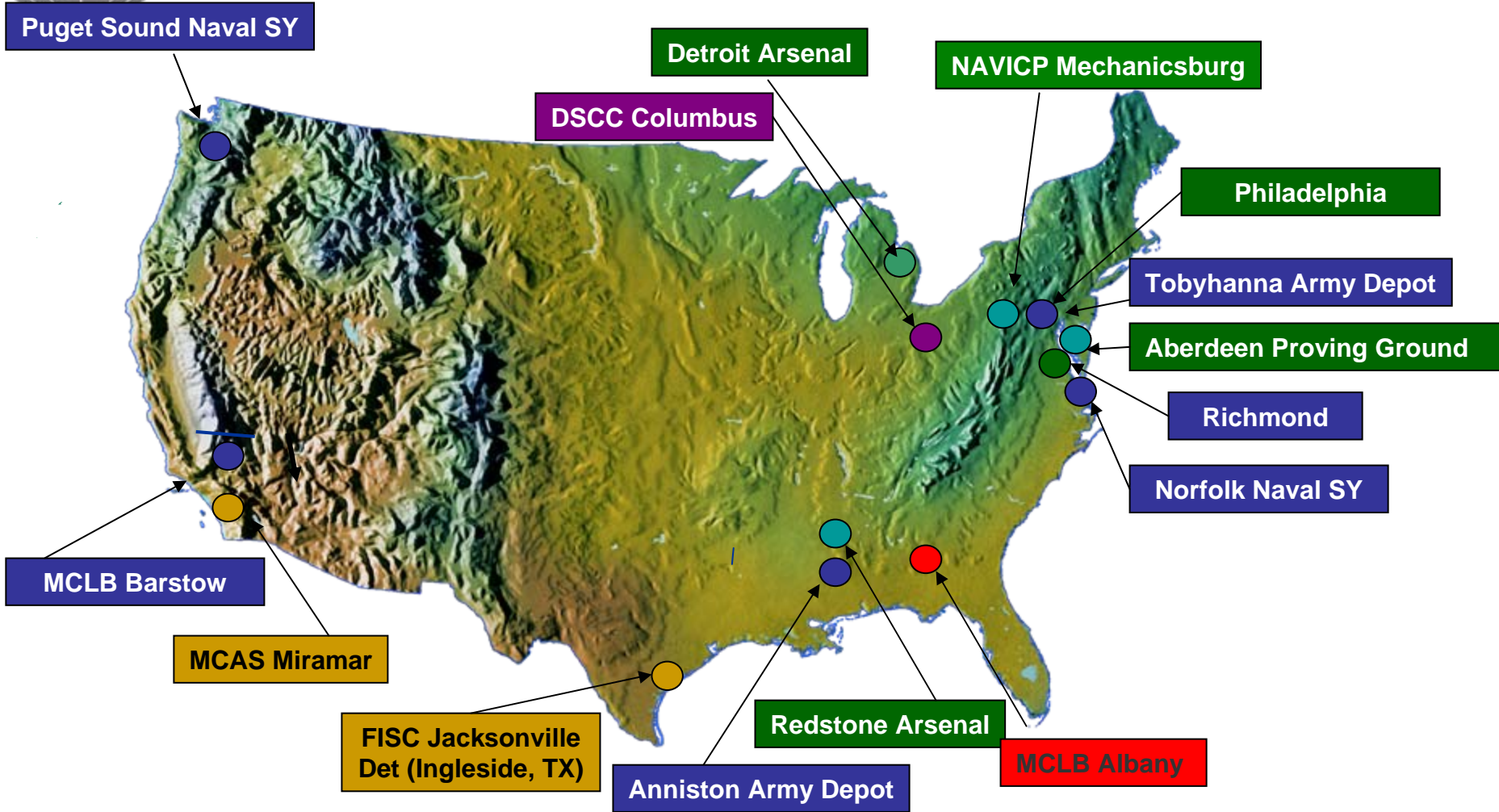
Law says:
• Most **Consumable Items** managed by the services will transition to DLA



End state: **FY2011**
• Cross Service Group identifying items
• Population considerably less than expected
350K



Future DoD Enterprise Responsibilities (DLRs/NIMS/Supply, Storage, Distribution)



● DLR Sites

● SS&D Sites

● DLR & SS&D Site

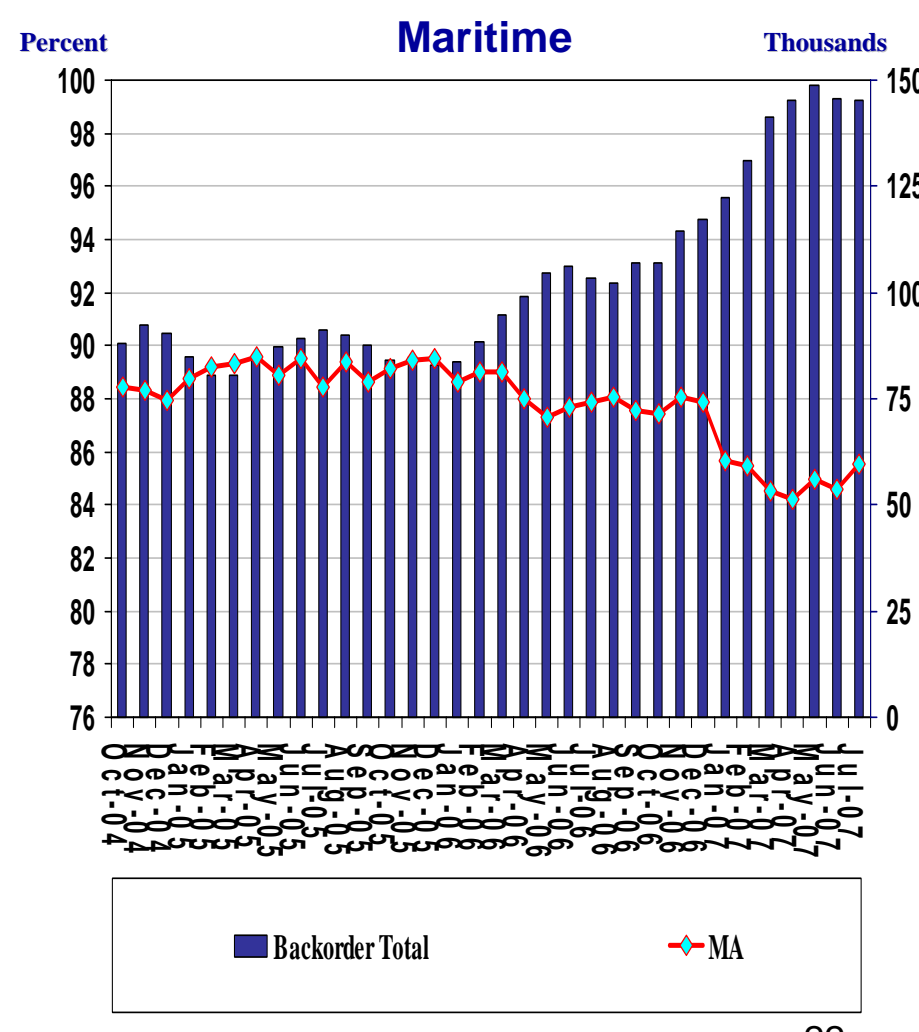
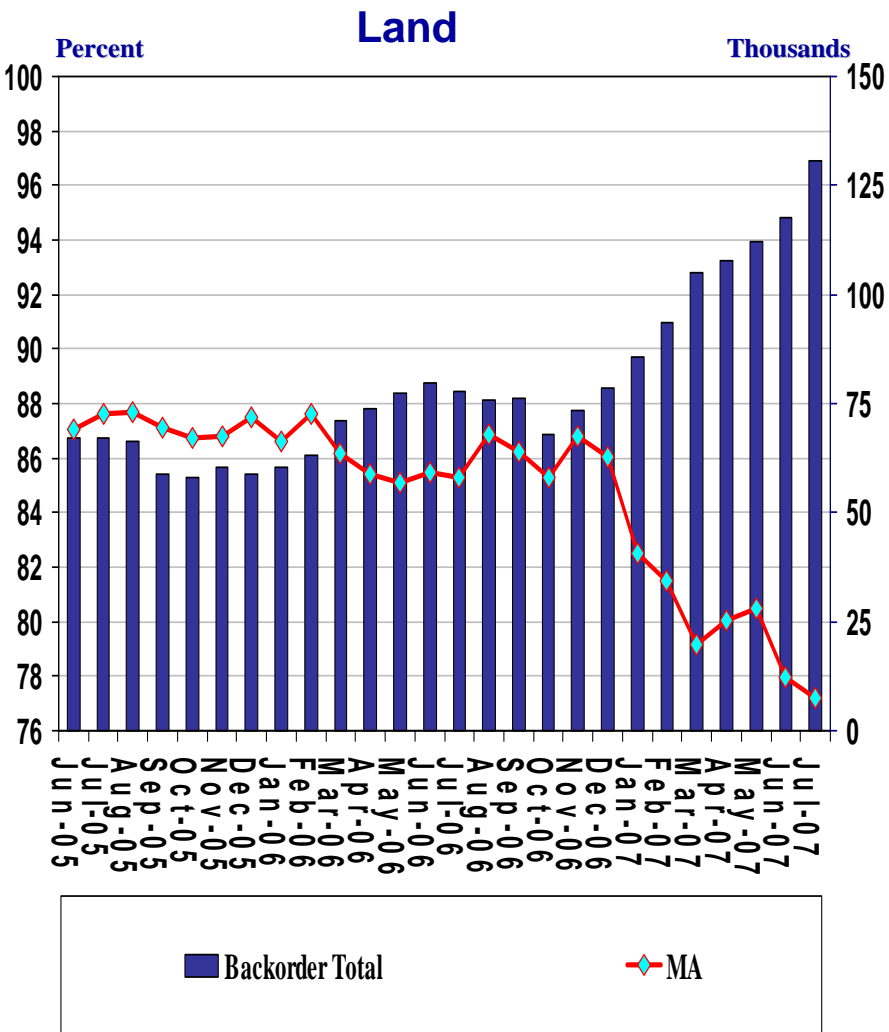
● NIMS Lead Sites



Challenges



Maritime & Land Performance Backorders & Materiel Availability





MRAP Vehicle Categories



Category I (6 PAX):

Small unit combat operations in urban or confined areas.



Category II (10 PAX):

Ground logistics support operations/Multi-Mission.



Category III (12 PAX):

Explosive Ordnance Disposal & Route Clearance.



CAT 1 – Competing Vendors:

- Armor Holdings - Variant of the LMTV
- BAE - Model [RG 33]
- Force Protection Ind [Cougar 4 X 4]
- GDLS Canada [RG 31]
- International Truck Co [Model ?]
- Oshkosk Truck Co [Alpha Veh + kit]
- Protected Veh Inc [GOLAN + ERA]

CAT 2 – Competing Vendors:

- Armor Holdings - Variant of the LMTV
- BAE - Model [RG 33L]
- Force Protection Ind [Cougar 6 X 6]
- Force Protection Ind [JERRV 6 X 6 EOD]
- GDLS Canada [RG 31 Extended]
- International Truck Co [Model ?]
- Oshkosk Truck Co [Bushmaster + kit]
- Protected Veh Inc [GOLAN + ERA]

CAT 3 – Vendor:

- Force Protection Ind [Buffalo (MPCV)]

Potential DoD Procurement as High as ~22K Vehicles & ~\$25B

- Ref: Inside Pentagon, 17 May 2007



Strategic Material Sourcing



- Establish Long-term Corporate Contracts
- Buy capability vice inventory
- Minimize procurement cost drivers
- Minimize logistics costs
- Ensure Surge & Sustainment
- Establish strategic alliances with sole source vendors of significance
- Establish supply chain alliances with competitive or other sole source vendors

SPEND ANALYSIS

By Item

By Supplier

Items representing largest business drivers

Support Performance Based Logistics

Vendors representing largest business base

304k Items:

- 8% of Hardware Items
- 88% of All Procurement Actions
- 87% of Hardware Sales

- 28 Strategic Supplier Alliances
- 21 Supply Chain Alliances

Assured Availability at Reduced Costs



Strategic Material Sourcing



Commodity Improvements:

- Strategic support plan for high demand/low dollar items (15K items)
- Strategic support plan for Joint Regional Material Management items (JRIMM) (8,648 items)
- Strategic support plan for fasteners (415K items of which 68K are SMS)

Process Improvements:

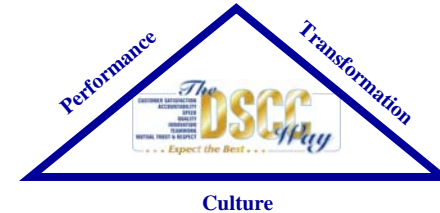
- Monthly review of NSNs on expiring LTCs
- Quarterly review of NSNs on LTCs in process with closed solicitations

Land % of Obs on LTC: 61.9%
Maritime % of Obs on LTC: 36.9%

FY07 Goals:
Aviation: 58% C&E: 65%
Land: 61% Maritime: 41.5%



SMALL BUSINESS GOALS



	FY06 GOALS	FY06 ACTUALS	FY07 GOALS
SMALL BUSINESS	60.0%	64.9%	60.2%
HUBZone	2.5%	3.4%	2.2%
SDB	4.1%	5.2%	3.3%
WOMAN OWNED	6.9%	9.3%	7.0%
SERVICE DISABLED	.80%	.80%	.80%
8(a) (SDB Subset)	.72%	1.7%	.30%

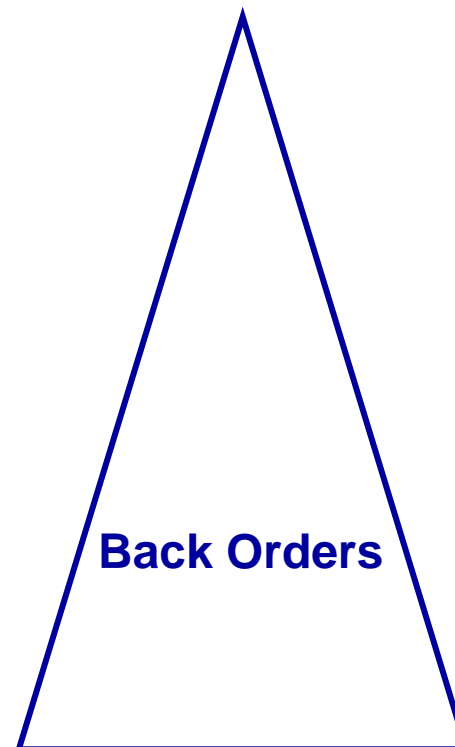
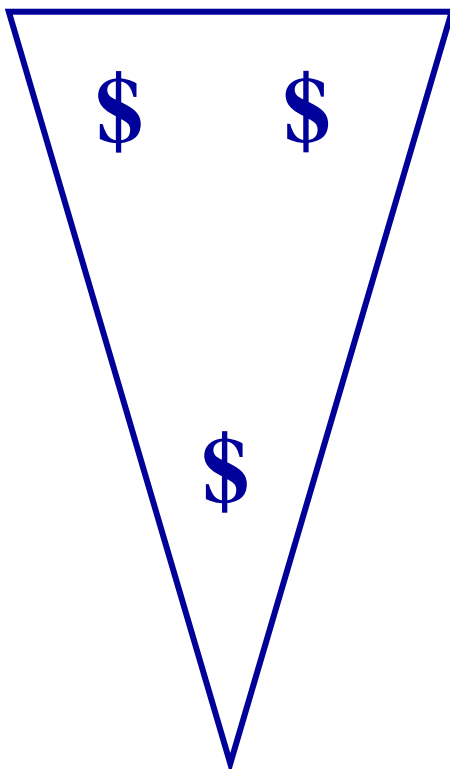


FY 07 Cash Flow vs Customer Backorders



Months

- Oct 06
- Nov
- Dec
- Jan
- Feb
- Mar
- Apr
- May
- Jun
- Jul
- Aug
- Sep 07





Plan of Action Next 120 Days



Land & Maritime

Target Our Business Drivers



- **Ensure Parts are Shipped in most timely manner**
 - **Aggressively Work Delinquent Contracts**
 - **Expedite Shipments Whenever Possible**
- **Give Top Priority to Awarding Contracts in Support of these items**
- **Develop Long Term Contracts In Support of these Items**





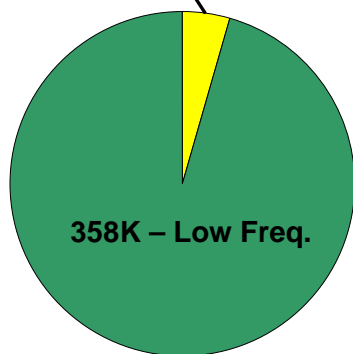
Execution

Key Item Driver (KID 1-4)



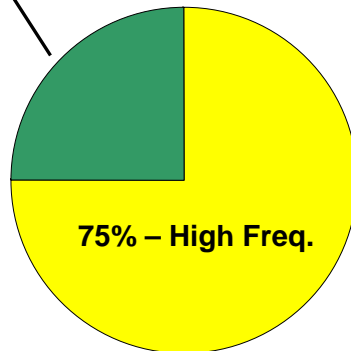
Land NSNs

17K – High Freq.



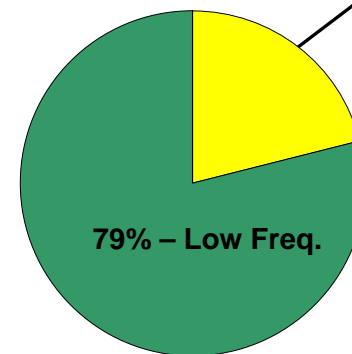
Land B/Os

25% – Low Freq.



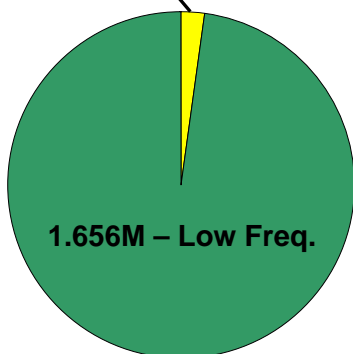
Land PRs

21% – High Freq.



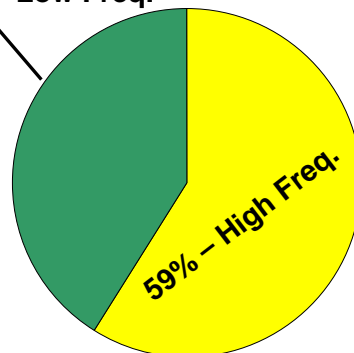
Maritime NSNs

38K – High Freq.



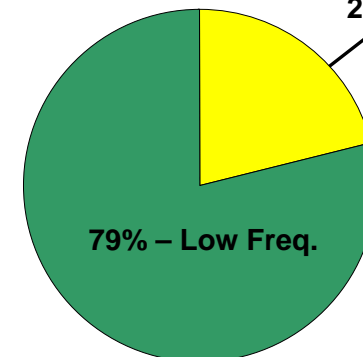
Maritime B/Os

41% – Low Freq.



Maritime PRs

21% – High Freq.

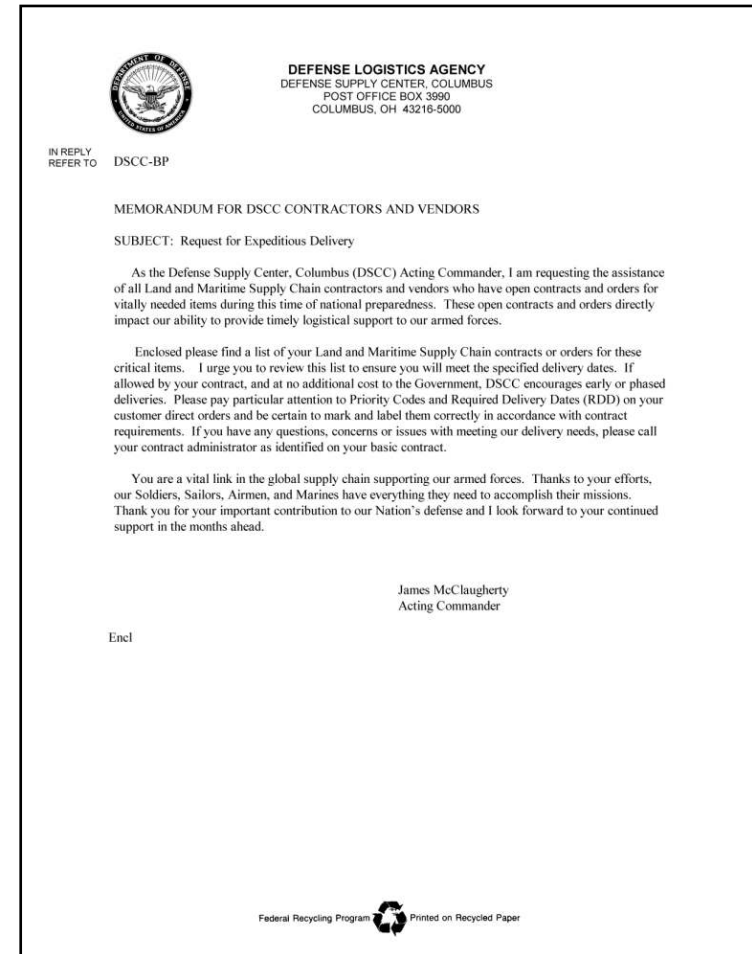




Targeted Mass Fax



- One Time
- KID 1-4 Open Contracts/POs
- Request for Expedited Delivery
- Command Signature
- Announcement & Launch – DSCC Vendor Conference





Scope of Mass Fax (KID 1-4)



- Vendors Affected
2,702 out of 6,512
- Contracts Affected
44,989
- NSNs Affected
20,791 Out of 54,199
- CLINS Expedited / CLINS Delinquent
60,200 / 16,490



VendorLink Email



- Monthly to Suppliers
- Includes:
 - **Awards for Previous Month**
 - **CLINS Due in Next 90 Days**
 - **KID Indicator**
 - **Request to Expedite High Priority CLINS at No Cost to Government**



Closing Comments



Supplier Engagement “Critical to Our Success”



**Defense Supply Center Columbus
Land & Maritime Supply Chains
Business Conference and Exhibition
“The SOURCE Behind the FORCE
Extending the Enterprise”**



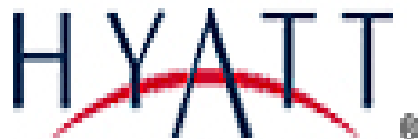
Guest Speakers



- **Navy Rear Admiral Henry B. “Hank” Tomlin, III, USN, Commander, DSCP**
- **Major General James. H. Pillsbury, USA, Deputy Chief of Staff for Logistics and Operations, US Army Materiel Command**
- **Major General Willie J. Williams, USMC, Commander, LOGCOM**
- **Mr. John D. Harris, II, VP Raytheon Company**



Thank You



Hyatt Regency Columbus



GREATER COLUMBUS
CONVENTION CENTER



LOCKHEED MARTIN



