



Defense Supply Center Columbus

Land & Maritime

Demand and Supply Chains

2009 Land & Maritime Supply Chain Business Conference



James M. McClaugherty, SES
Deputy Commander

**Warfighter
Support**

**Stewardship
Excellence**

**Workforce
Development**



Agenda



Organization

Warfighter Support

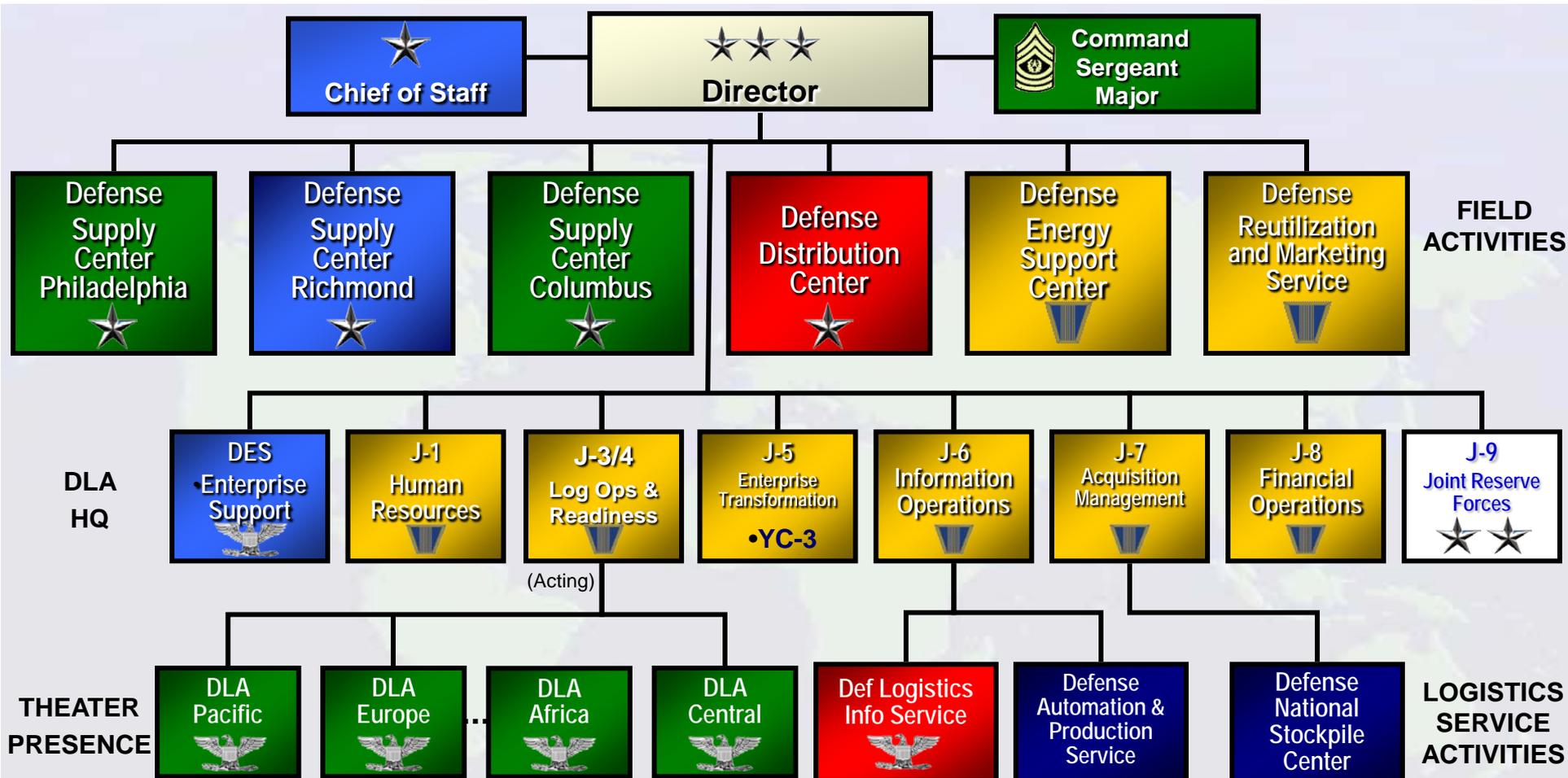
Stewardship Excellence

Workforce Development





DLA Organization





The DLA Enterprise



- **Our People:**

- 23,853 Civilians, 470 Active Duty Military, 733 Reserve Military
- Located in 48 States/28 Countries

- **Support Warfighters the world over by:**

- Making 111,000 Requisitions a day
- Producing 11,200 Contract Actions a day
- Resulting in 22.8M Receipts and Issues a year
- Staffing 25 Distribution Depots Worldwide
- Managing 3.8 Million NSNs via eight supply chains
- Supporting nearly 1600 Weapon Systems
- Providing ~95% of Services' repair parts
- Providing 100% of Services' subsistence, fuels, medical, clothing & textile, construction & barrier material



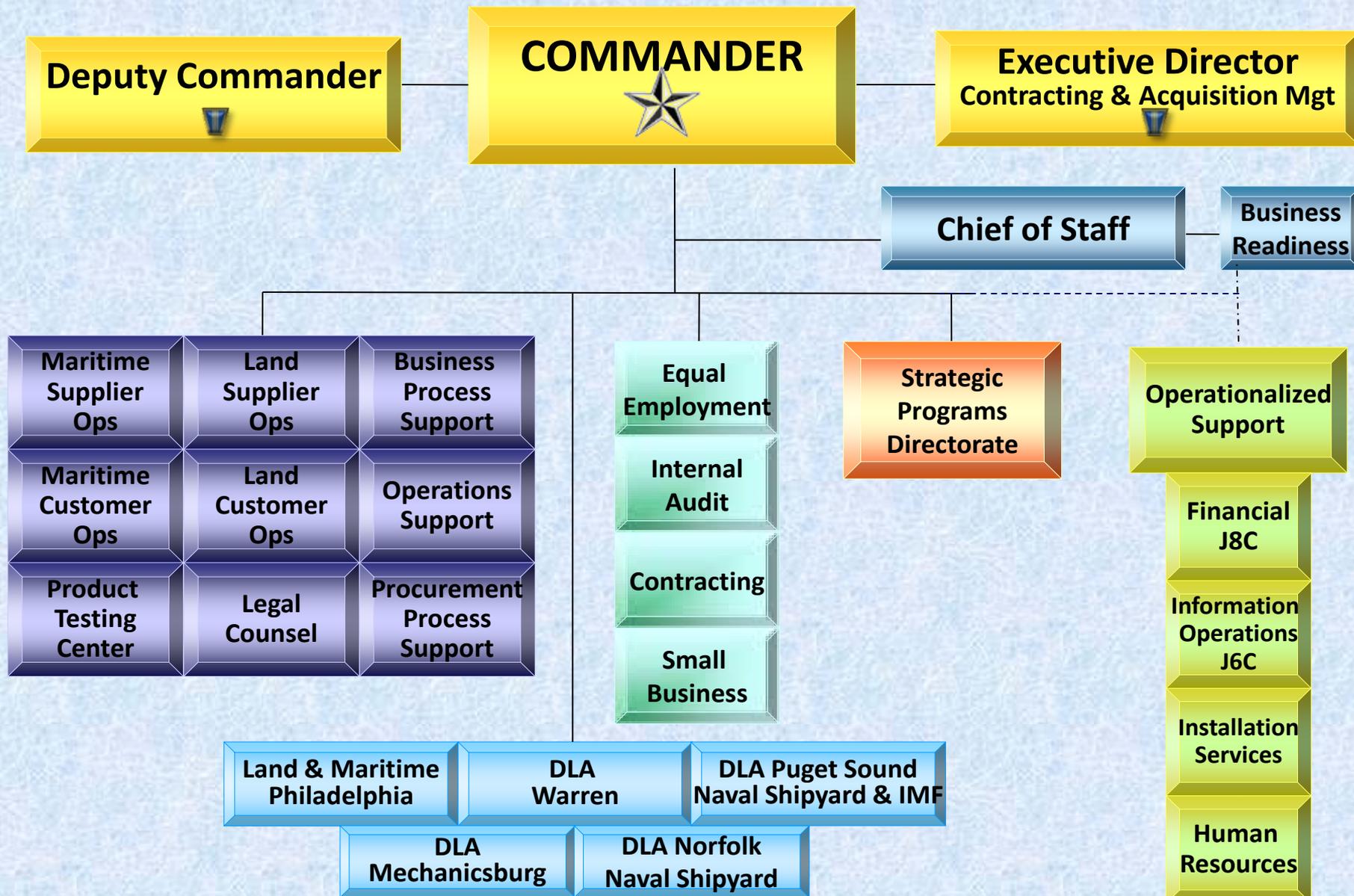
DLA – In Elite Company



- **FY04 sales/services of \$28B to FY09 projected sales/services of \$36.8B make DLA:**
 - #56 in the Fortune 100 (Above Lockheed Martin, Pepsico & Intel)
 - Third largest storage capacity of the top 50 Distribution Warehouses (Only FedEx and UPS have more)
 - 94.4M Barrels of Fuel sold already for FY09 and 132.53M in FY08
 - \$20.3B Disposals & 1.4B Reutilizations for FY09
- **Our reach extends far beyond DoD**
 - Foreign Military Sales program supports 115 Nations
 - FY08 Foreign Military Sales of \$2.07B
 - FY09 Projected Sales of \$1.53 Billion
 - 570K shipments in FY09



Organization Chart





DSCC Leadership Team



Deputy Commander

Mr. James McClougherty, SES



Commander

Thomas J. Richardson, BG



**Executive Director,
Contracting & Acquisition
Management**

Mr. Milton K Lewis, SES



Chief of Staff

Col. Daniel K. Hicks, USAF

Mr. Griff Warren, Deputy

Currently deployed as
the DLA Support
Team Commander at
Camp Victory, Iraq





DSCC Leadership Team



Land Customer Ops
COL Carl D. Bird, USA
Mr. Eugene Williams, Deputy



Land Supplier Ops
LTC(P) Ryan B. Kivett, USA
Mr. Ben Roberts, Deputy



Maritime Customer Ops
CAPT Kevin Head, USN
Ms. Deborah Haven, Deputy



Maritime Supplier Ops
CAPT Roland G. Wadge, USN
Ms. Patricia A. Shields
CAPT Sel Cliff Scott, Deputies

Land Supply Chain

Maritime Supply Chain



DLA Warren Ms.
Ellen Dennis



DSCC Philadelphia
Mr. Roger Dixon



DLA Mechanicsburg
Mr. Doug Nevins



DLA Norfolk
CDR Bill Nash



DLA Puget Team
CDR Chris Anderson

DLRs

Land & Maritime

DLRs

Supply Storage & Distribution



DSCC Leadership Team



MRAP & A76

Mr. Dan Bohn



Office of Counsel

Mr. Edward C. Hintz



Bus. Process Support

Mr. Todd Lewis



Procurement Support

Mr. Stephen Rodocker
Ms. Julie Van Schaik, Deputy



Operations Support

Mr. Sam Merritt
Mr. Michael Jones, Deputy



BRAC Office

Mr. Don Schulze



Product Test Labs

Mr. Keith Robinette



Small Business

Mr. Dwight DeWeaver



EEO

Mr. Charles Palmer



Internal Audit

Mr. Jim Kreimer



Public Affairs

Ms. Debra Perry



Information Operations (J6C)

Ms. Susan L. Van Meter
Mr. Robert Dunlap, Deputy



Financial
Operations (J8C)
Mr. Oscar Mitchell,
Director



Site Director
Mr. Kenny K. Youn
Mr. Robert Genton,
Deputy



Human Resources
Mr. Derek Saunders



AFGE
Ms. Patti
Viers



IFPTE
Mr. Philip
Henry



Agenda



- Organization**
- Warfighter Support**
- Stewardship Excellence**
- Workforce Development**





DLA Overview...

Demand/Supply Chains



Aviation	Land	Maritime	C&T	Medical	Subsistence	C&E	Energy
<i>Richmond</i>	<i>Columbus</i>		<i>Philadelphia</i>				<i>Ft. Belvoir</i>
<ul style="list-style-type: none"> • Aviation Original Equipment Manufacturer (OEM) Items • Engines & Airframes • Aviation Supply Chain Commodities 	<ul style="list-style-type: none"> • Wheeled Vehicles • Tracked Vehicles  • Batteries • Nuts & Washers • Converters 	<ul style="list-style-type: none"> • Valves/Hardware • Fluid Handling • Electronics • Bearings • Motors • Packing/Gaskets  	<ul style="list-style-type: none"> • Recruit Clothing • Organizational Clothing Equipment  	<ul style="list-style-type: none"> • Pharmaceutical • Medical/Surgical Equipment  	<ul style="list-style-type: none"> • Institutional Feeding • Operations Rations • Produce  	<ul style="list-style-type: none"> • Construction • Equipment  	
EBS							FAS



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”

Customer Focus

from demand signal

Aviation

Land
Maritime

Construction and
Equipment (C&E)

Clothing and
Textiles (C&T)

Medical
Subsistence

to

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

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

Supplier Focus

order fulfillment

the magic happens in the middle

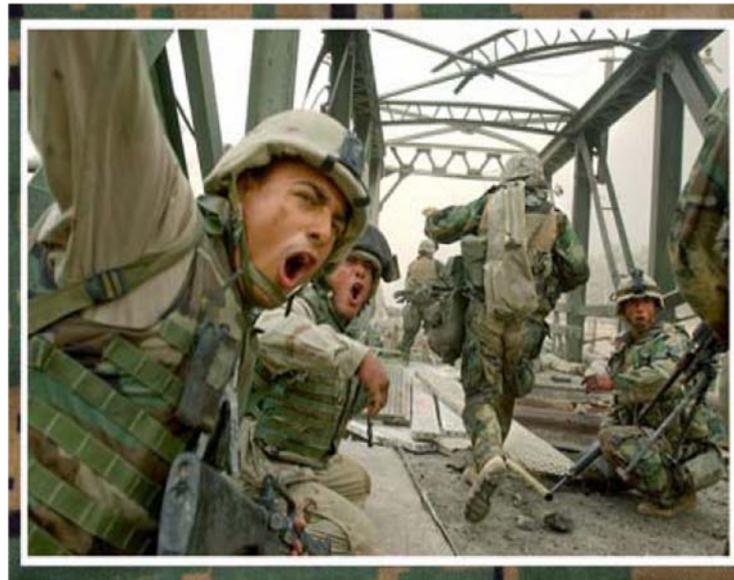


The Mission...Land Demand/Supply Chain



MCLB Albany

Industrial and Operating Forces Support...



Industrial Support Efforts

- IFSGs
- Collaboration
- Customer Pay
- Tailored Production Kitting

Operational Support Efforts

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

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

...and a Weapons Systems Focus...



MCLB Barstow



The Mission...Maritime Demand/Supply Chain



Industrial and Operating Forces Support...

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

John Paul Jones



Norfolk Naval Shipyard

Industrial Support Efforts

- Corporate Material Process Team
- Shipyard Value Stream Analysis
- Demand Collaboration
- Insulation Prime Vendor
- Forward Positioned Resources



Operational Support Efforts

- Nuclear Reactors Program
- New Ship Class/System Support
- Fleet Equipment Casualty Support
- Forward Positioned Resources

Trident Refit Facility Kings Bay



...and a Weapons Systems Focus...



Other Distributed Ops



Int'l Zone

Bagram

Speicher

Anaconda

Tallil

Arifjan





Warfighter Support Successes



Warfighter Support Programs and Initiatives

Customer Alignment; Engagement at multiple levels and sites

Army Reset Support

Robust Development of Performance Based Agreements with Customers

Surface Warfare Partnerships and Fleet Engagement

Rapid Readiness Response for Maritime Customers

Tires Privatization Initial Contract – end to end supply chain

Transfer of Batteries Management to DSCC – seamless

Integrated Logistics Partnerships at organic repair facilities

Industrial Product Support Vendor Initiatives

Fleet Automotive Support Initiative – Regional and Global

MRAP Support -- a true DLA success story

Organic Manufacturing

Theater Provided Equipment Refurbishment Programs

Iraqi Security Forces M1114 Transfer Program

M2 Machine Gun Production Support



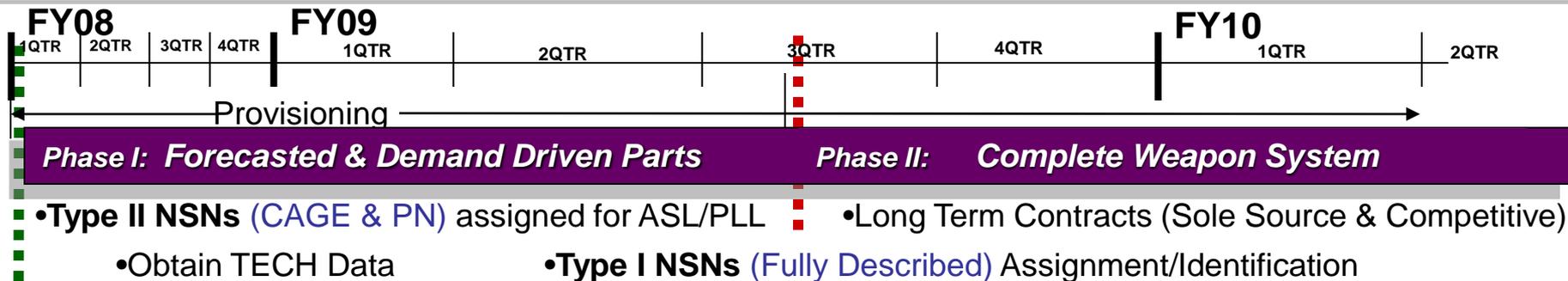
DLA Support to MRAP



We broke the mold in provisioning and sustainment

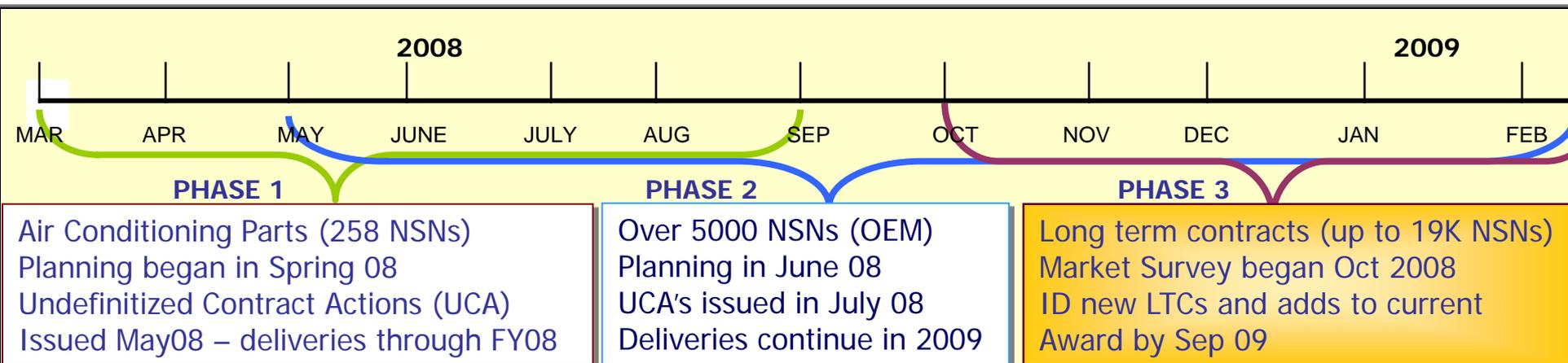
Parts Support Strategy: Original Plan vs Actual

Incremental CLS transition to organic, based on NSN assignment and theater requisitions



Army G4 direction: Enable units to order via NSN using tactical STAMIS

Organic Supply System (MILSTRIP) NSN Requisitions





M-ATV Vehicle Support



- Initial production delivery order to **Oshkosh Defense** to build MRAP-All Terrain Vehicles (M-ATV) for Afghanistan ops.
- 3 year contract with orders up to \$3.3B for production, delivery, and associated support.
- First M-ATVs will be **fielded by October**.
- Produce **1,000 vehicles/month** by Dec 2009.
- MRAP JPO is planning to procure limited initial spares and wants DLA to provide sustainment during fielding, as we are doing for rest of MRAP
- **DSCC/DLIS/ DLA** are supporting early sustainment efforts



Oshkosh M-ATV

M-ATV FACT CHECK

- ▶ The M-ATV is a separate category within the MRAP family of vehicles.
- ▶ **Mission:** Small-unit combat operations in highly restricted rural, mountainous and urban environments.
- ▶ **Troop Transport:** Carry up to five personnel — four plus a gunner.

Service Requirements:

☑ Army vehicles	- 2,598
☑ Marine vehicles	- 1,565
☑ SOCOM vehicles	- 643
☑ Air Force vehicles	- 280
☑ Navy vehicles	- 65
☑ Test vehicles	- 93

"From an equipment standpoint, there's no higher priority than to get these vehicles in theater as rapidly as we can."

- ADM Mike Mullen, Chairman Joint Chiefs of Staff



Fleet Engagement



Seawolf & Virginia Class Support

Stock Redistribution

**CVN 73
5th-6th FLT SSNs**

**PC/MCM
SSGNs**



San Antonio Class



LHD 8 Interim Spares



CVN 71 Support



**CG & DDG
Modernization**





Readiness Rapid Response



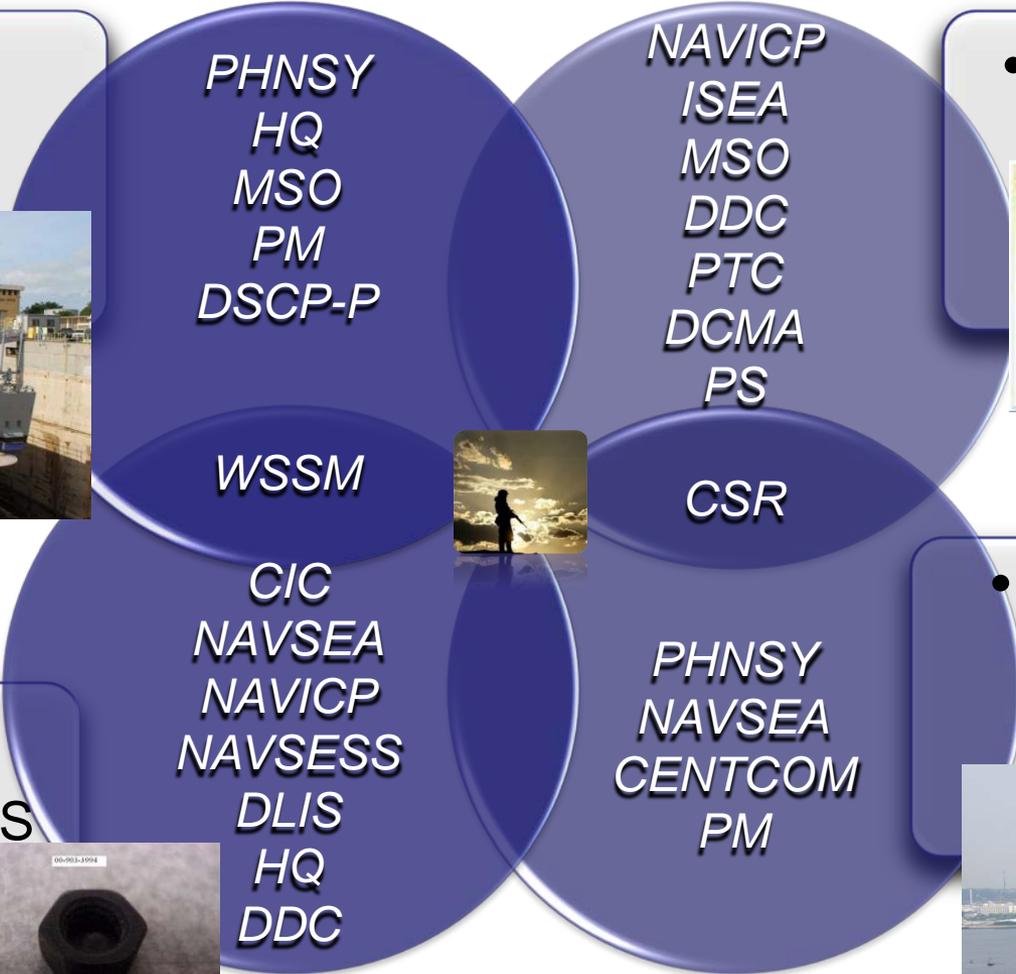
- USS PORT ROYAL GROUNDING



- USS GEORGE WASHINGTON GLOBE VALVE



- BLACK OXIDE COATED BRASS THREADED FASTENERS

- USS GEORGE WASHINGTON (CVN 73) FIRE



Support by Fleet & Infrastructure Relationships



Four 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.

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

End state: **FY2011**

- Prime Vendor arrangements for supply, storage, distribution and disposal requirements.

Execution

- Contracts by '07
- Storage by '08



DSCC BRAC/Wynne Sites



- DLR Sites
- SS&D Sites
- DLR & SS&D Site
- Wynne Site

Pearl Harbor Naval SY & IMF

MCLB Barstow

Puget Sound Naval SY & Bangor IMF

Warren

NAVICP Mechanicsburg

Portsmouth Naval SY

Tobyhanna Army Depot

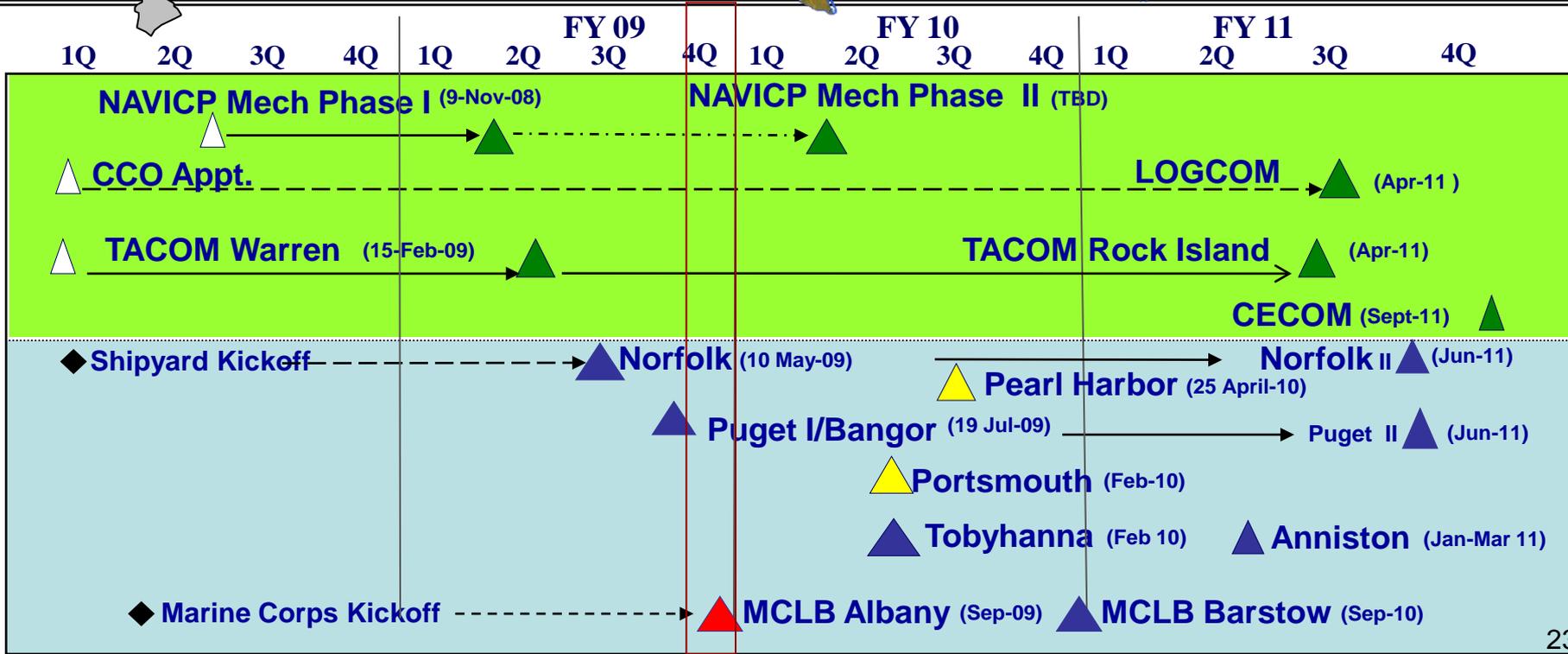
Aberdeen Proving Ground

Norfolk Naval SY

DSCC Columbus

MCLB Albany (DLR & SS&D Site)

Anniston Army Depot





Agenda



- Organization**
- Warfighter Support**
- Stewardship Excellence**
- Workforce Development**





DSCC Business Profile



Scope of Business

- 2.1M NSNs
- 1,400+ weapon systems
- 145,000+ customers
- 6.7M requisitions
- 7,000+ suppliers
- 1,900 contracts at \$7.8M/day
- 707K contracts/year

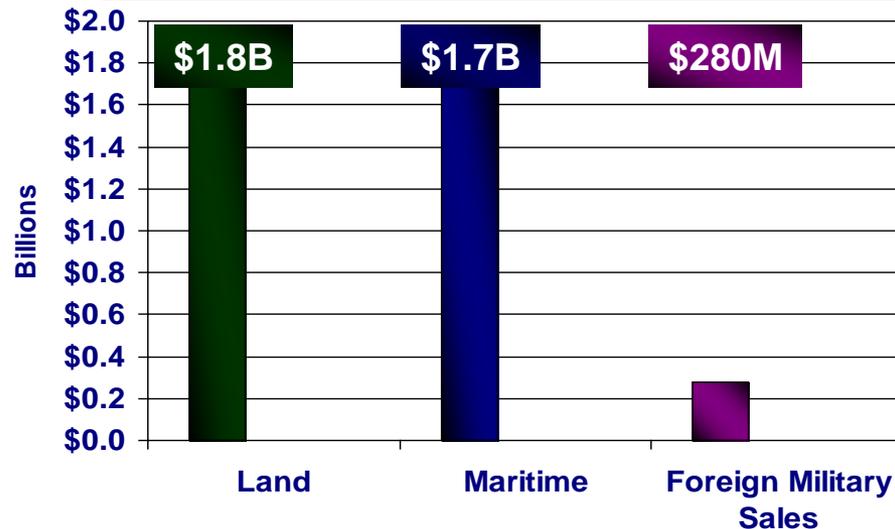
FY09 Depot Level Repairables

- DLA-Mechanicsburg:
 - 7,400 contracts
 - Valued at \$240M
 - Supporting NAVICP
- DLA-Warren:
 - 800 contracts
 - Valued at \$195M
 - Supporting TACOM

Sales Trend



Sales by Supply Chain

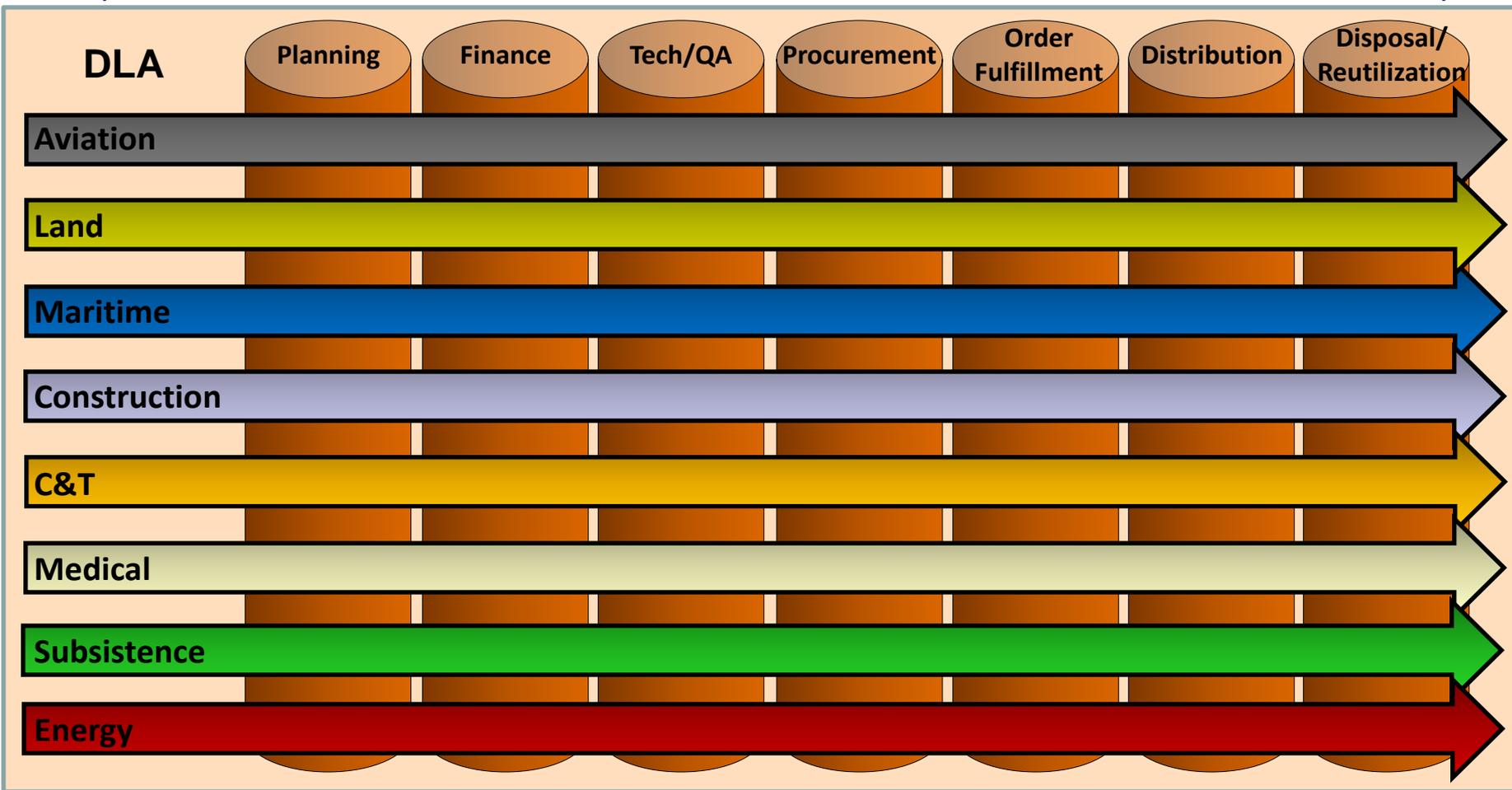




DLA's Business Strategy Within Supply Chains



End to End Supply Chain Integration



Common Processes/Services Define Our Enterprise Supply Chains



Supporting Rapid Acquisition



Four Procurement Avenues of Approach

1. Acquire whole supply chains

- Privatization: Tires
- **Microelectronics**
- **Batteries**

2. Where an end-to-end supply chain does not exist, acquire and integrate supplies and services

- PBL arrangements, Integrated Logistics Partnerships, Industrial Product Support Vendors, Fleet Automotive Support Initiative-Global

3. Where integration services are not required, acquire strategic material with flexible response

- Long-term contracts with performance requirements, strategic supplier alliances

4. For non-strategic material: transactional buys



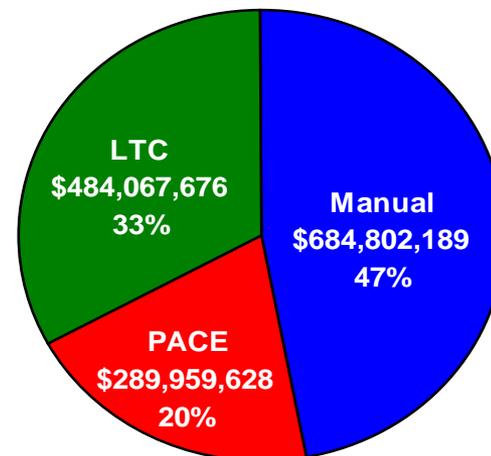
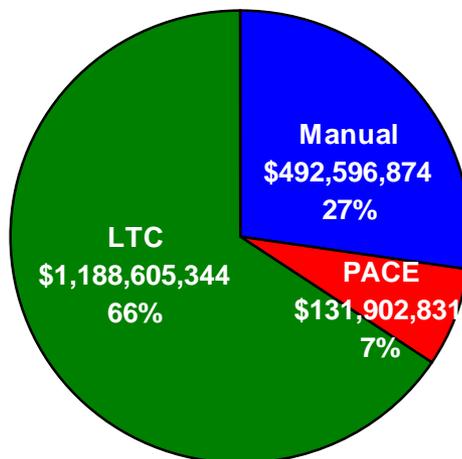
Contracts Breakout



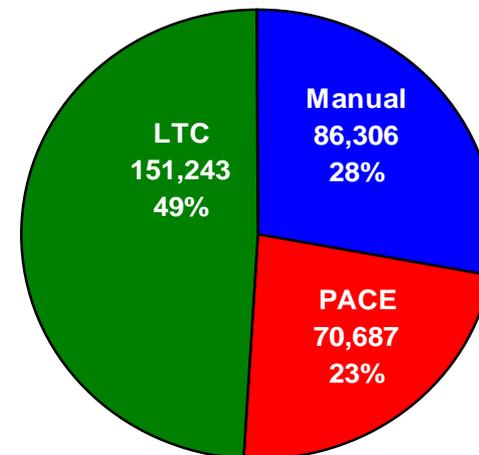
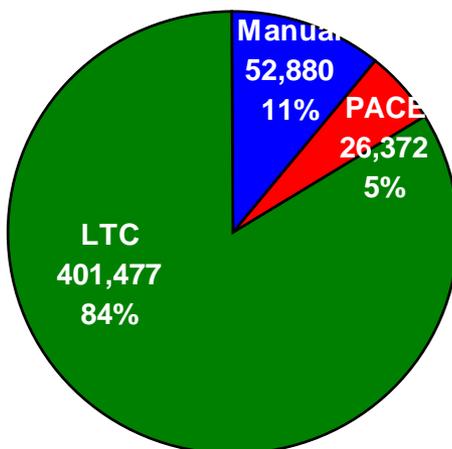
Land Suppliers

Maritime Suppliers

Dollars



Award Actions

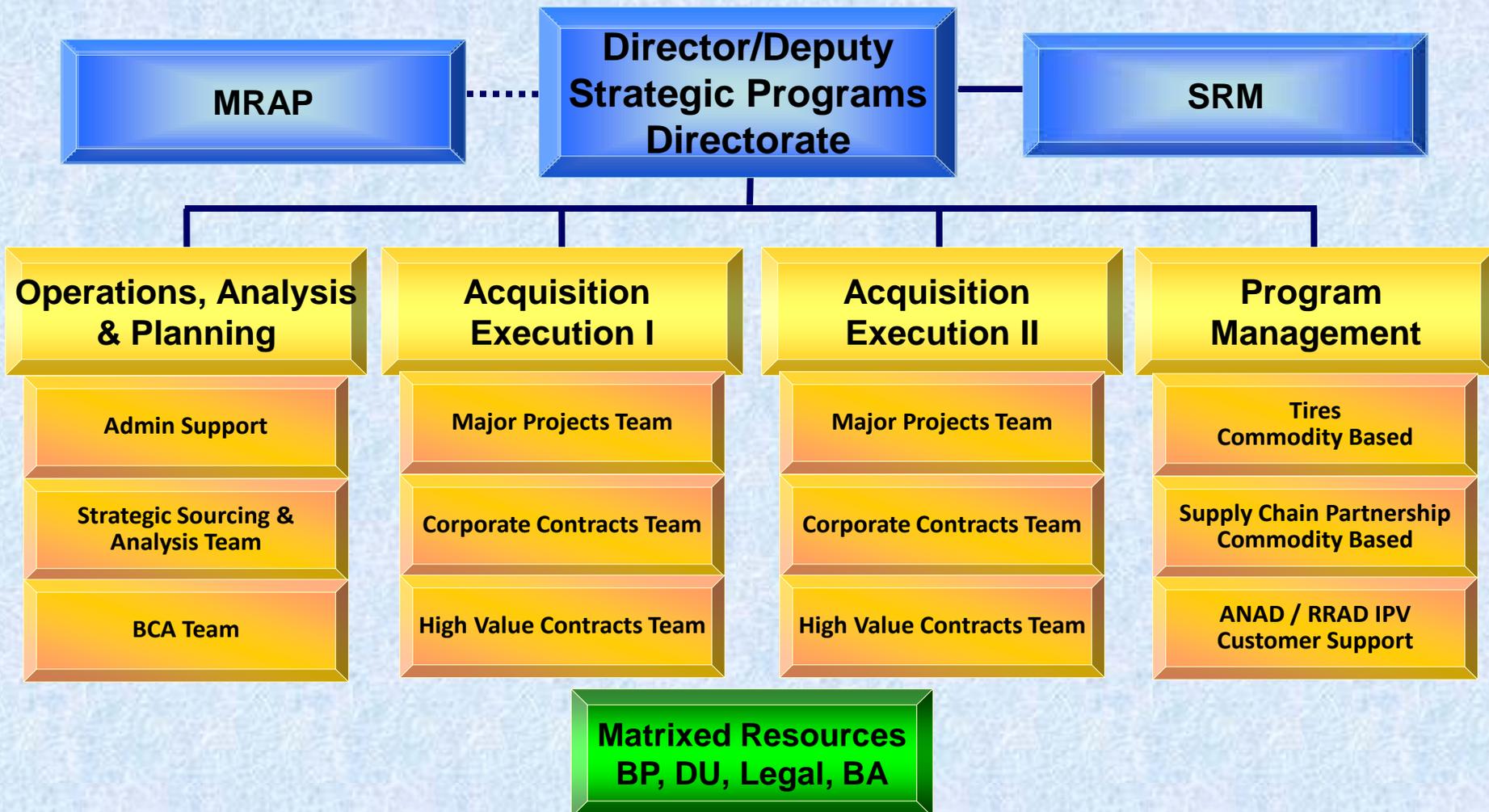


LTC = Long Term Contracts

PACE = Procurement Automated Contracting Evaluation



Strategic Programs Directorate



★ Aug-09
Phase I
IOC, CONOPS

★ Oct-09
Phase II
Physical Move SMSG

★ Mar-10
Phase III
Program Mgmt Div

★ Oct-10
Phase IV
FOC



Eprocurement Overview



EProcurement is a continuation of DLA's EBS Transformation

The Plan

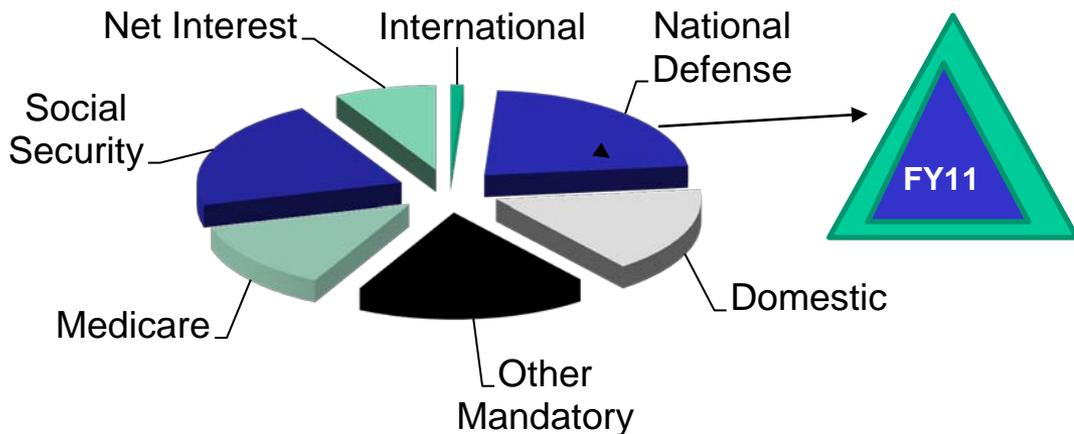
- **What:** Replacement of all current EBS procurement functionality plus inclusion of DPACS, ECF, PACE with DIBBS as a bolt on
- **When:** Initial Operational Capability (IOC) (pilot) in April 2010; Full Operational Capability (FOC) in Sept 2012.
- **Where:** Stand-up of EProcurement functionality for current DLA Supply Chains, BRAC DLR sites, and 6 DLA sites with no previous EBS implementation (DDC, DRMS, DCSO, DAPS, DESC, DNSC)



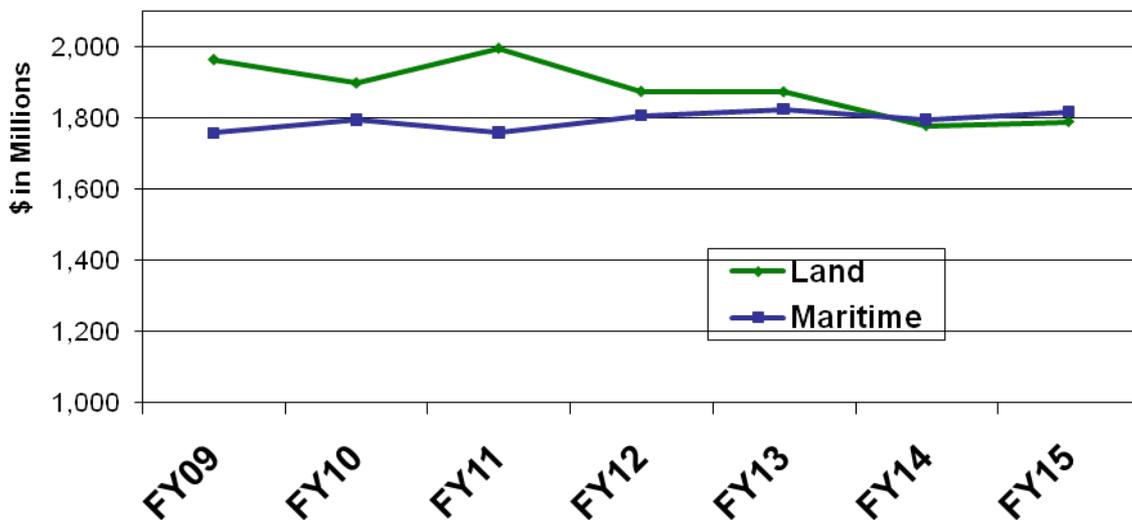
National Defense Budget



FY10 Federal Budget



Land and Maritime Gross Sales



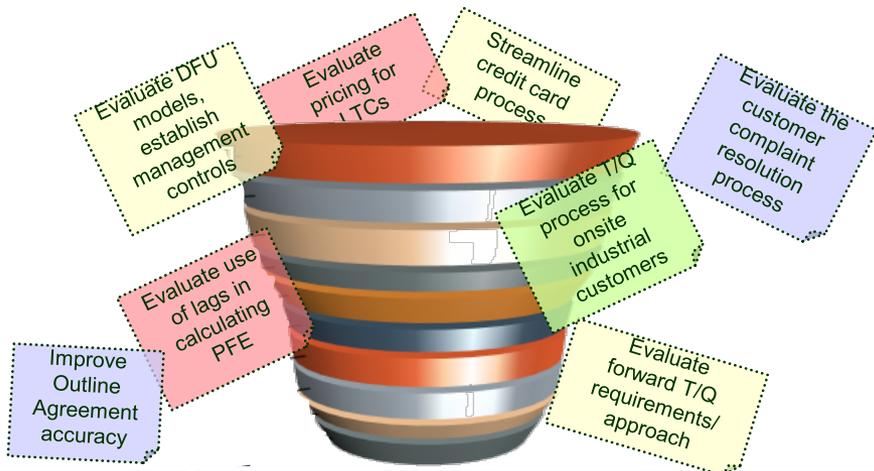
- DoD Budget Facing Downward Pressures
- Land & Maritime Business Driven by DoD Budget
 - Surge since FY01
 - Overall business volume peaked...but many pockets of strong demands... MRAP/M-ATV/Reset
- Outlook
 - FY09 on target with slight belt tightening
 - FY10 on plan
 - FY11 anticipated decreases



Continuous Process Improvement



CPI projects aligned to identified risk areas (ERM) and NSPS goals



CPI Profile

- **Personnel**
 - 4 certified Black Belts; 16 Certified Green Belts
 - 61 trained Green Belts
- **Training**
 - 3 GB classes at DSCC (Dec, Jan, Apr): 130 trained GB
 - 1 BB class at DSCC (Feb-Jun 2009): 12 trained BB
 - LSS Champion/Project Sponsor Tng: 40 trained
 - DAU On-Line training available
- **Active Projects**
 - DSCC: 11 RIEs, 4 LSS project; 1 TOC DBR project
 - DLA: 4 Enterprise projects (ESA and Dmd Plng)
 - Customers: Participating in 5 projects, many RIEs

Institutionalizing CPI



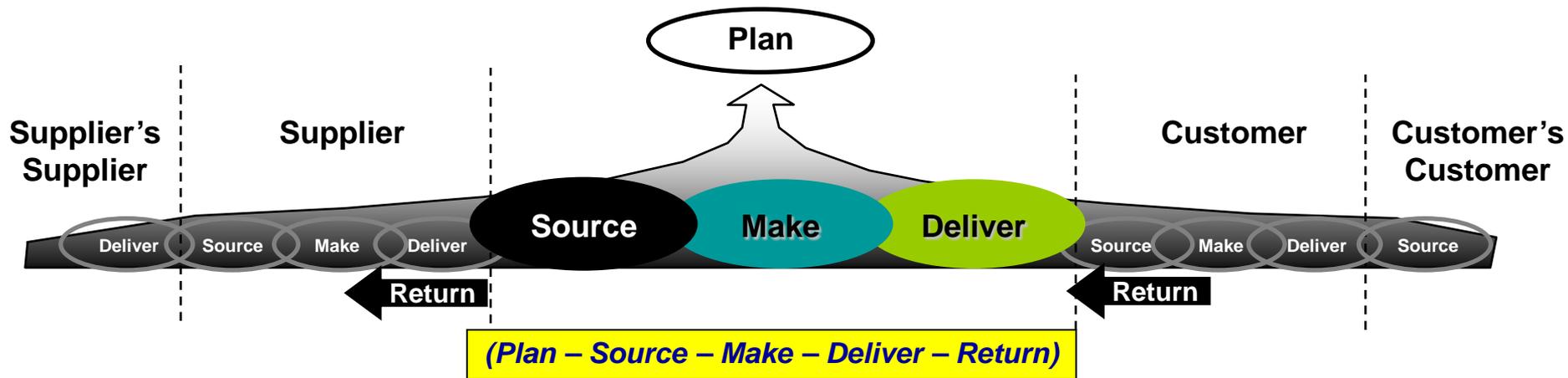
<https://centerwide.dsccl.dla.mil/programs/LeanSixSigma/index.html>

Our Journey Continues...

	Launch	Early Success	Scale Replication	Institutionalization	Culture Transformation
Culture Change					DNA of Org.
Beyond DMAIC				DFS, Lean	IT, Product Dev.
Strategy Maturing			Maps, Goals	Project Roll-up	Full Closed-Loop
Software		Excel, Stats	Project Tracking	Portfolio Mgmt	Strategy + Portfolio
Reporting	Anecdotal	Aggregate, Average	Aggregate, Average	Company Comps.	Multi-Year History
Financial Impact	Ad hoc	Cost Reduction	Consistency, EP	Validation	General Ledger
Project Selection	Burning Platform	Low Hanging	Early Success	Idea Pipeline	Formalized Eval.
People	Driven Few	More Believers	Career Development	Repatriated	Majority
Training	Champion, Exec.	Internal	External, Custom	Internal, eLearning	Internal, Specialty
Leadership Support	1 or 2 Visionaries	Validated	Across Company	Expected	Ingrained
	Level 1	Level 2	Level 3	Level 4	Level 5
	3-9 Months	6-18 Months	12-36 Months	24-48+ Months	
	Jun 08 - Present	Feb 09 - Dec 09	Jan 10		



Supply Chain Operations Reference (SCOR) Model



DLA Enterprise

- Perfect Order Fulfillment
- Demand Plan Accuracy
- Attainment to Plan
- Cost Performance

Service Needs

- USN/USMC: CASREPs
- USA: AOG, Reset, CCIR
- USAF: AAIP, MICAPs
- Material Avail, Unfilled Orders

Being Bilingual -- Goal Congruence in a Global Materiel Enterprise



DLA Fusion Center Portal



Customer Outcomes Tab

Service Summary Page

Month	Service	Green	Red
Dec-07	Air Force	9	5
	Aircraft	14	5
	Engines	13	1

Cell	Orders	MA	BB UFOs
Air Force FMS	14,304	77.41%	18,312
Ogden ALC	29,176	75.72%	24,385
Oklahoma City ALC	29,168	77.93%	19,653
Warner Robins ALC	19,892	81.84%	13,536
AF Operations	55,288	82.15%	30,540
AF/Civil Aviation	21,530	95.10%	3,218

- **Customer Targeted Outcome (CTO) metrics programmed into the Fusion Center Portal**
 - Access to detailed status information and analysis by Service and weapon system
 - Links outcomes to each Supply Chain partner's contribution to those results

F-15 Summary

Weapons Systems Summary Page

F-15 - Mountain Home FB4847

Unit Drill Down Summary Page



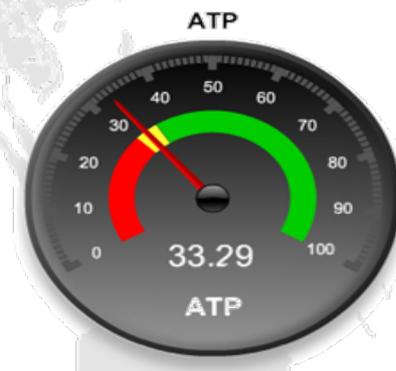
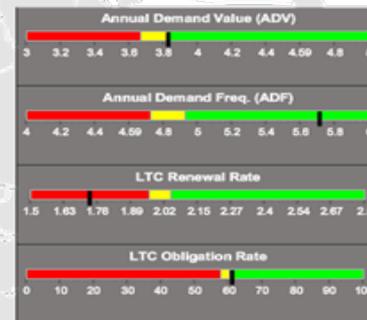
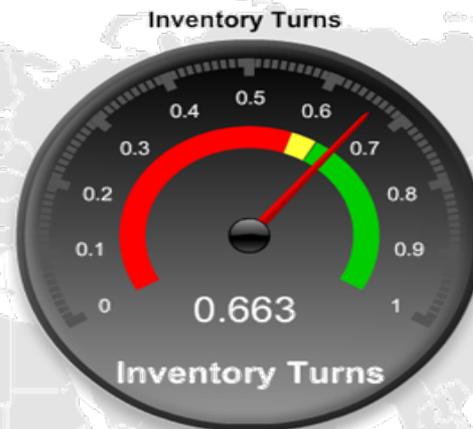
Fusion Center Dashboard



May-09 | Enterprise | Order Management | Planning | Acquisition | Financials | ROE | Dashboard | Select Metric

Enterprise Performance Review - Reporting Month: May-09

Click here to display previous month's data





Agenda



- Organization**
- Warfighter Support**
- Stewardship Excellence**
- Workforce Development**





What Is Culture?



- Beliefs about what is really important
- Widely shared and strongly held social expectations about appropriate attitudes and behaviors
- When organizations stand for something of universal value, employee commitment is deeper and more enduring



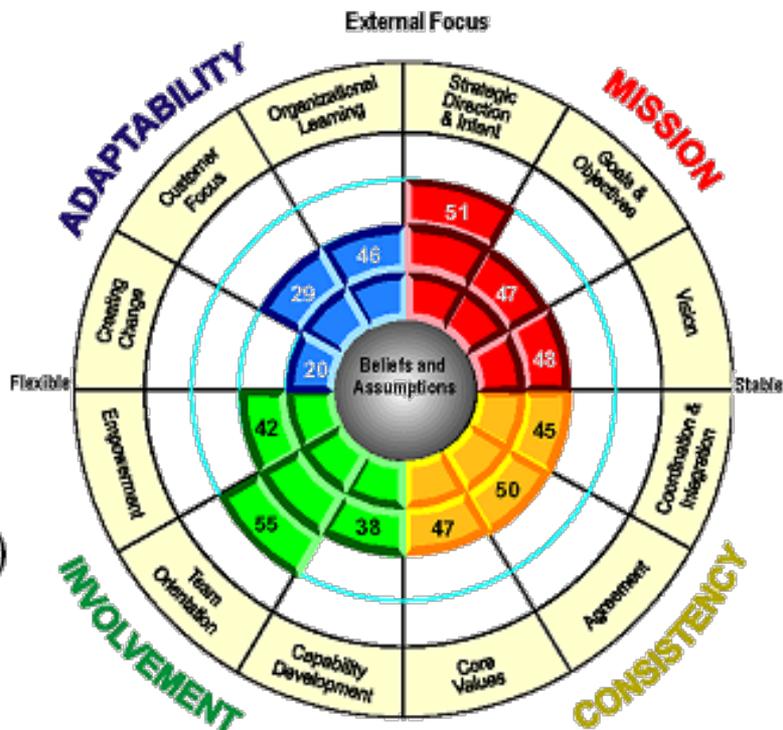
Culture Survey



DSCC Response Rate 71.3% -- we'd like it higher

**D
S
C
C**
(with BRAC)

2006



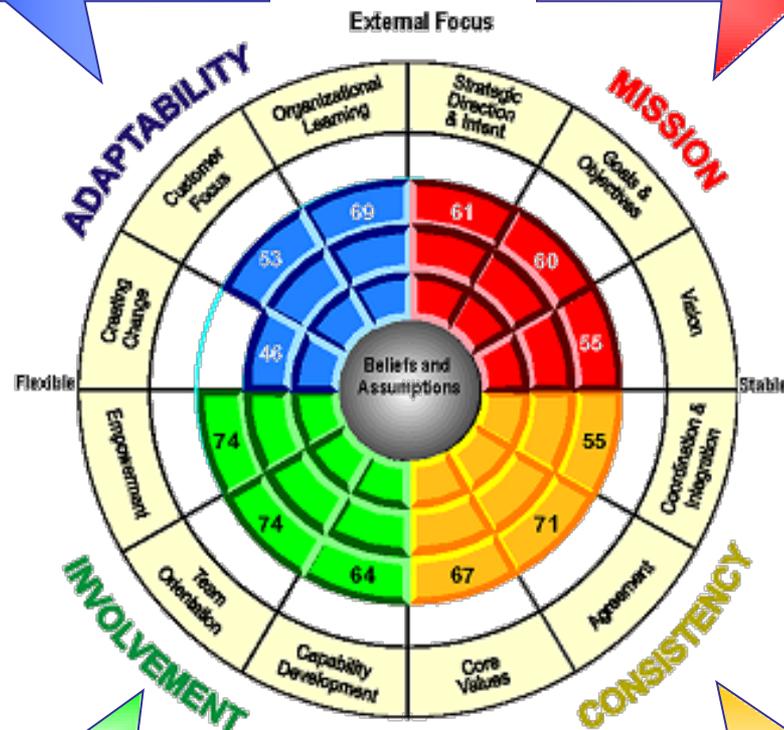
Internal Focus

N = 1352

**Adaptability...
up 73 points**

2009

**Mission...
up 30 points**



Internal Focus

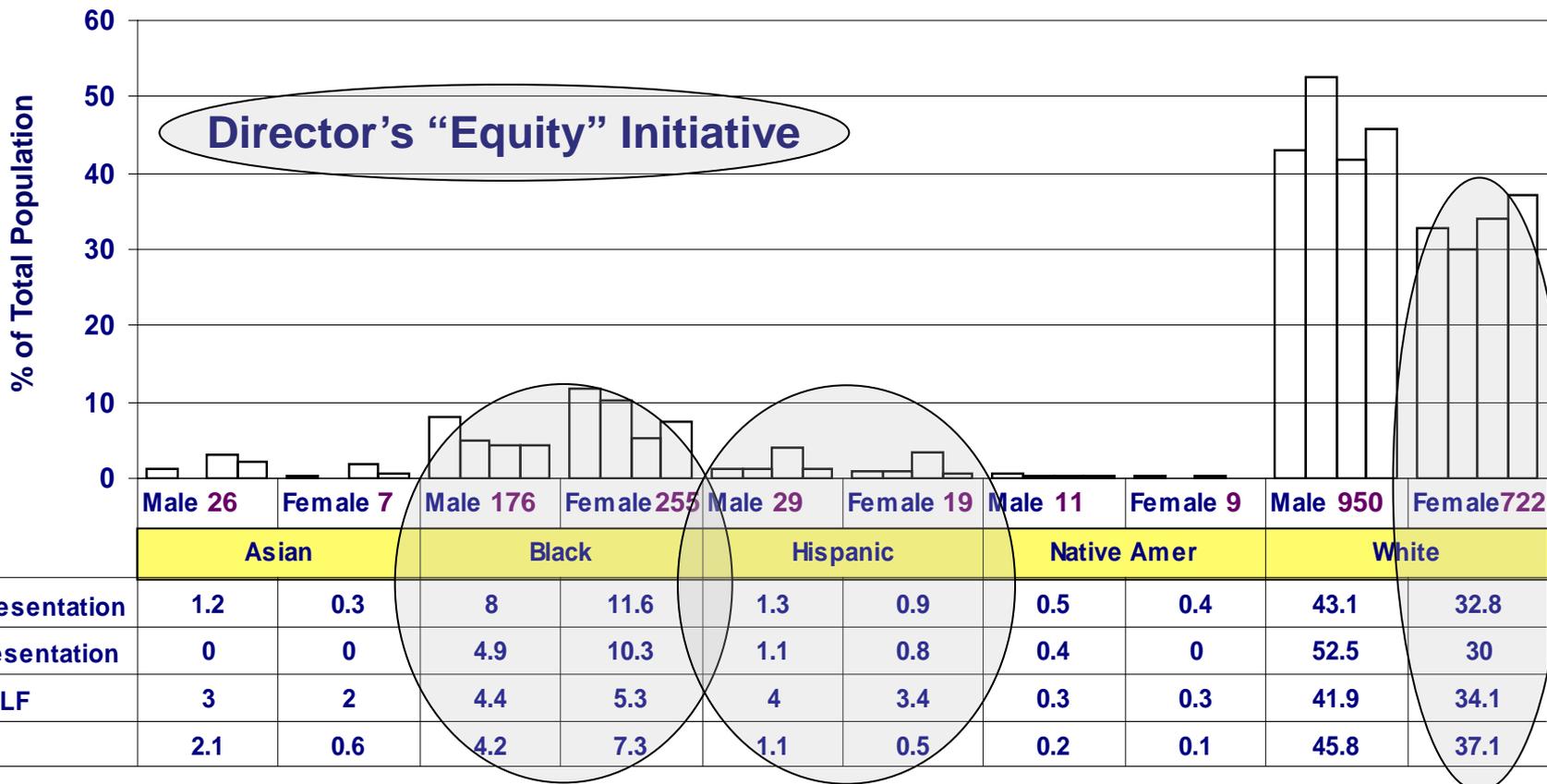
N = 1724

**Involvement...
up 77 points**

**Consistency...
up 51 points**



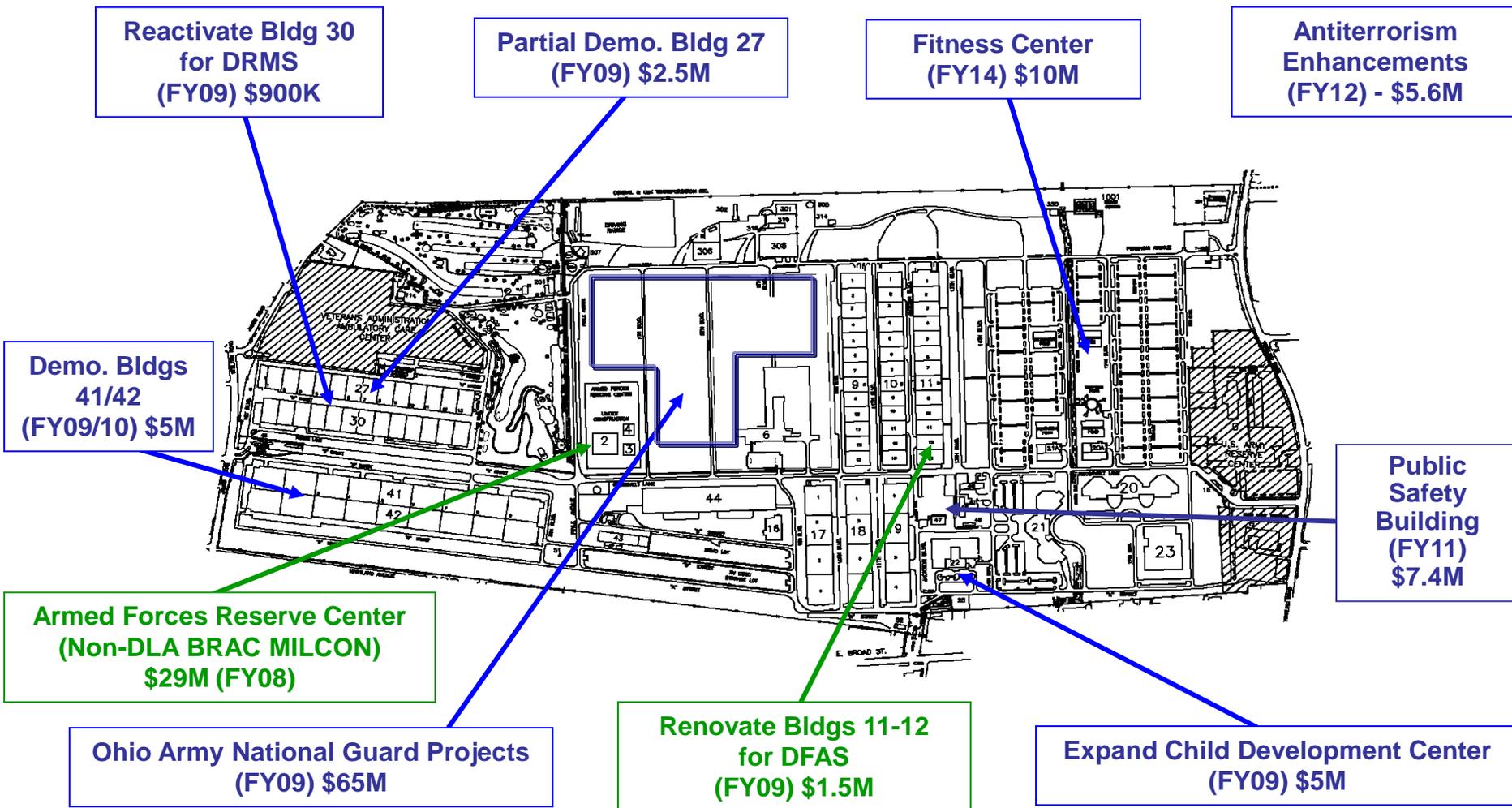
DSCC Diversity



Targeted Disabilities Goal 3%; DLA Columbus 2.17%



Master Plan / Capital Improvements



Green = Projects Under Construction / Blue = Future Projects



Commander's Intent Strength and Balance



Enhance Associates' Capabilities (Skill, Knowledge, Attributes)

Continuous Process Improvement underpins all efforts