



DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY



DLA Aviation Overview
Mr. Ken Winslette, Deputy Director
Strategic Acquisition
Mr. Floyd Moore, Deputy Director
Supplier Operations



Agenda

- DLA Aviation – how we've changed
- Planning and Execution
- Measuring Support
- Supplier Impact



The DLA Aviation Enterprise

DLA Aviation provides effective and efficient worldwide support to warfighters and our other customers



Aviation Demand Chain Customers (May 09-Apr 10 Sales at Standard):

• Air Force:	\$ 1.5B
• Navy:	\$ 976.9M
• Army:	\$ 772M
• FMS:	\$ 479.4M
• USMC:	\$ 87.9M
• Other:	\$ 373.6M

- 3930 Employees
- 20 CONUS locations

Scope of DLA Aviation

- \$11.2M in sales/Day (\$4.1B annually)
- 16.4K Requisitions/Day
- 1300 Weapon Systems Supported
- 1.3 Million NIINs managed
- Awards to 4,208 cage codes in FY09

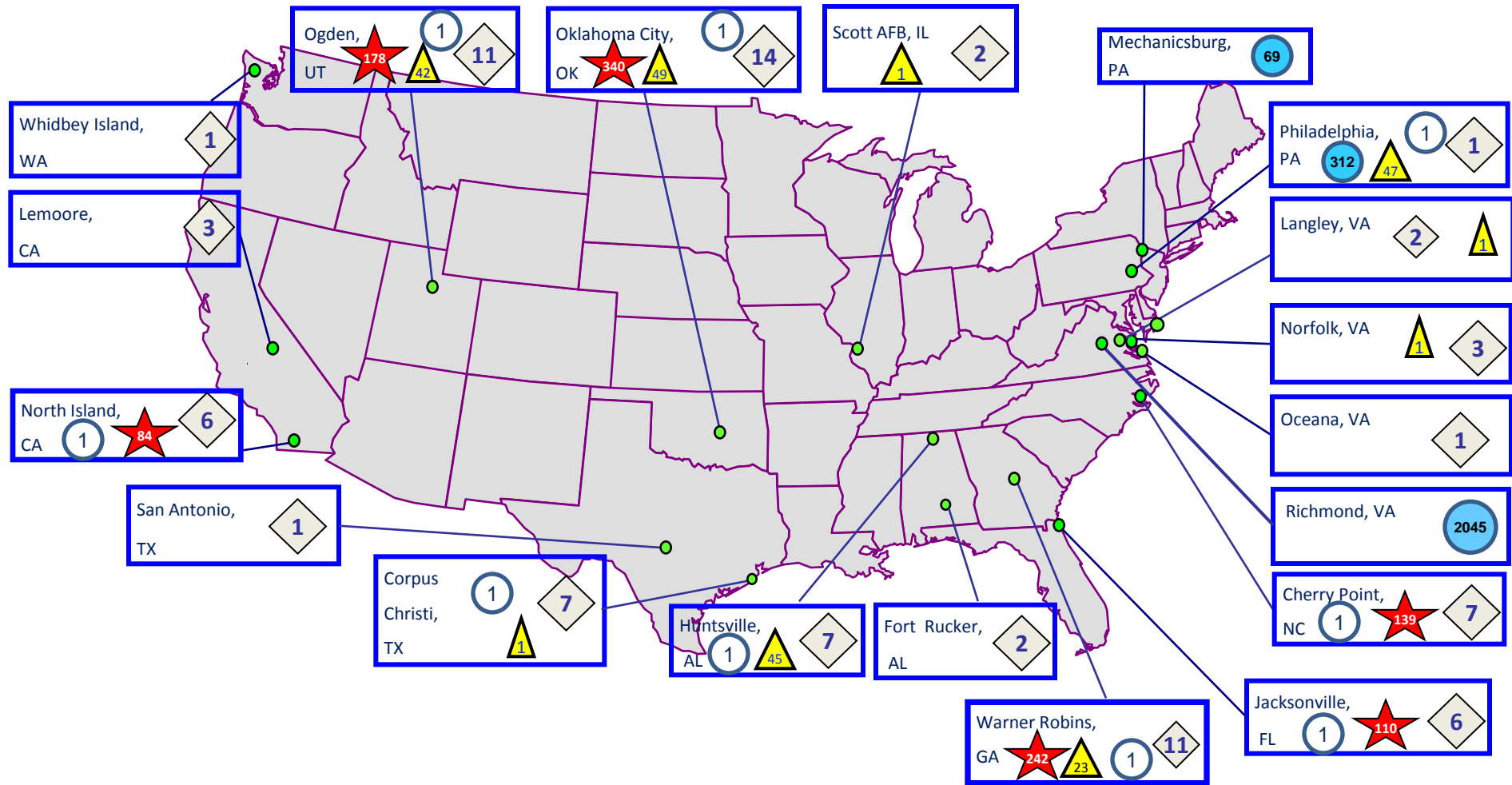
DLR Mission FY09 Work Processed

<u>Site</u>	<u>Actions</u>	<u>Dollars</u>
Huntsville	734	\$352M
Ogden	477	\$208M
Oklahoma City	1,874	\$822M
Philadelphia	4,031	\$892M
Warner Robins	376	\$205M

Warfighter-focused, Globally Responsive Aviation Support



DLA Aviation Profile



● = DLA Aviation @ Rich +

★ = Customer Ops Ind Spt

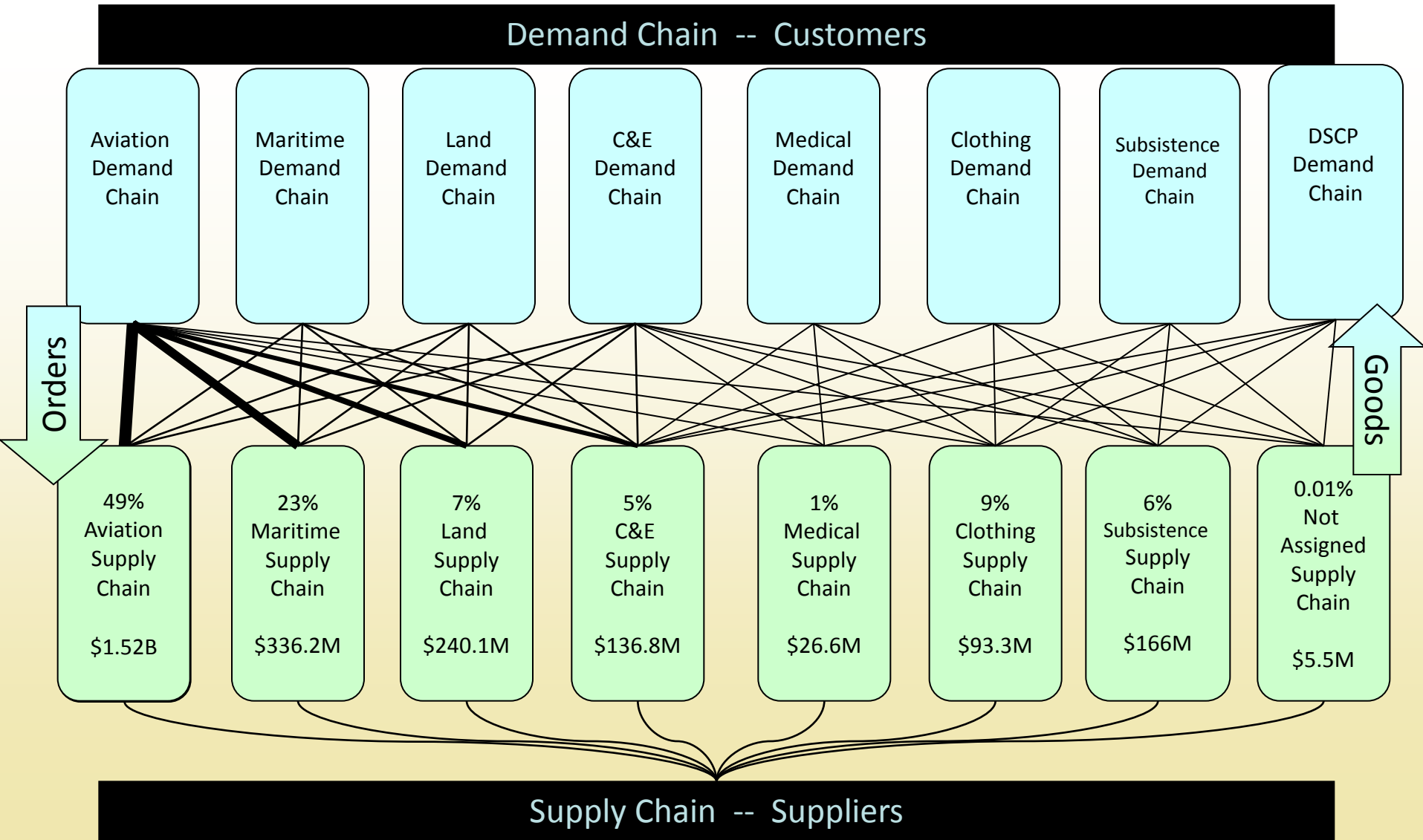
▲ = Strategic Acquisition/Supplier Ops

◇ = Customer Ops Spt.Area Rep

○ = Eng & Tech Mgrs (TM)-TDY



Demand /Supply Chain Interface



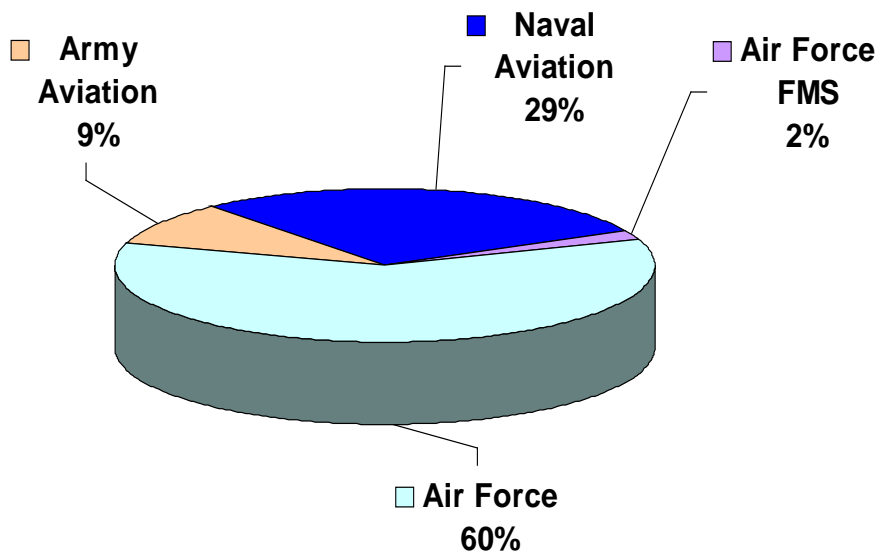


Aviation Demand Chain

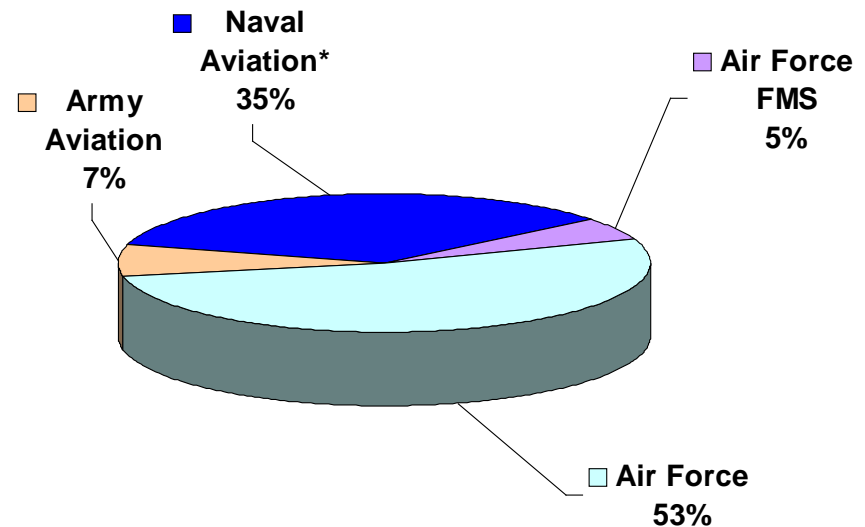
Demand Lines and \$ Value By Service

FY10 (Oct 09 – Jun 10)

Demand Lines
Total 4.7 Million Lines



Demand @ Acquisition \$ Value
Total \$3.5 Billion



Aviation Customer Market Share

Source: EIS Portals F67 Basic Tables (\$ values at MAUC)
Aviation Demand Chain Indenture by IST Report

Note: Dollar values based on Gross Demand – may not match actual sales
* Navy Demand Value estimated.



Director's Focus Areas

DLA Aviation Commander's Focus Areas

Director's Focus Areas

- Warfighter Support
- Stewardship Excellence
- Workforce Development

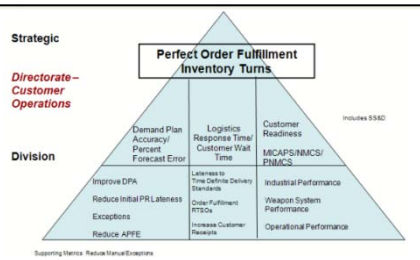
Commander's Focus Areas

- Planning
- Cost Management
- Human Capital/Performance/People
- Industrial Support
- Strategic Acquisition

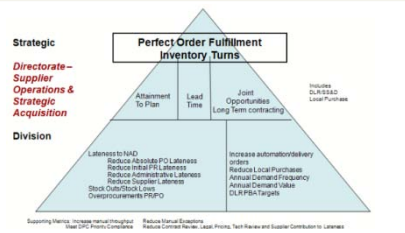
People
Processes
Technology

Metrics

Demand



Supply



Engagements

Air Force
NAVY/USMC
Army
Industry

Focus on
Sustainment
Disciplines

- Program Management
- Supply Chain Management
- Depot Maintenance



Supply Chain Planning Defined

Supply Chain Planning is the management of information, materials, and finances across customers and suppliers to ensure optimal performance

❑ Demand Planning

Working with customers and historical data to determine (forecast) needs

Focus on Demand Forecast Units (DFUs) (logical groupings of items/customers), referred to as “Customer Operations”

❑ Supply Planning

Working with existing capabilities and suppliers to obtain materials to meet needs

Focus on Stock Keeping Units (SKUs) (physical item at DLA Depot), referred to as or “Supplier Operations”

❑ Sales & Operating Planning

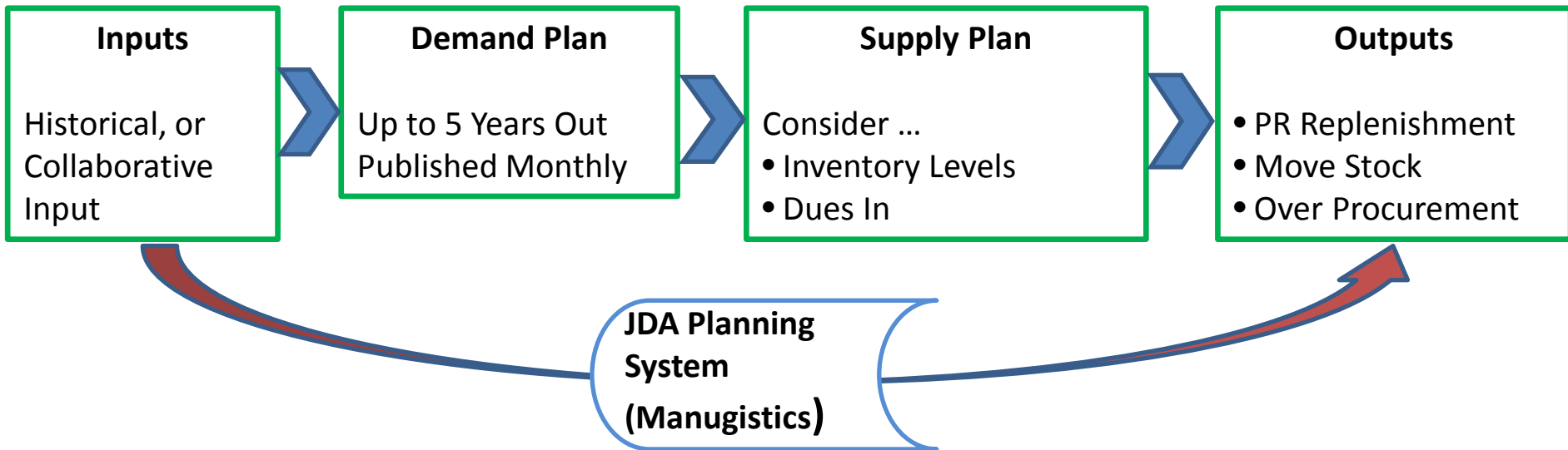
Integrating consensus demands with available supply while managing allocations of constrained items. Performed at the tactical level between demand and supply planners and at the strategic level between Directors of Customer & Supplier Operations

Operating Principle

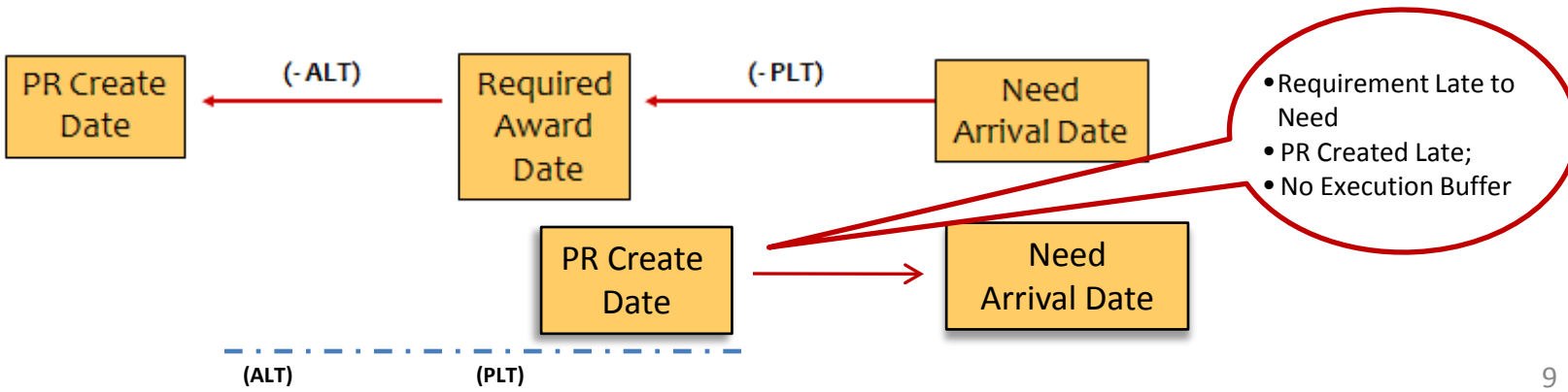
Manage the flow of demand and supply information across the supply chain to maximize customer service while achieving best overall value for the customer and DLA



DLA Planning Process



- For Replenishment Actions, Need Arrival Date (NAD) is Date Stock Is Needed Based on Demand Plans and Projected Stock Levels
- NAD is Key Prioritization Element of our Workload....It Does not Always Allow for Full Lead Time





A Case for Change...

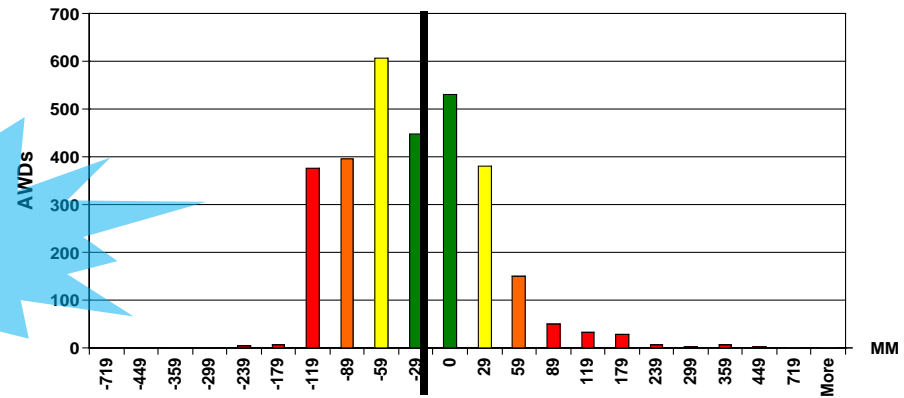
Administrative Lead-Time (ALT)

of Record

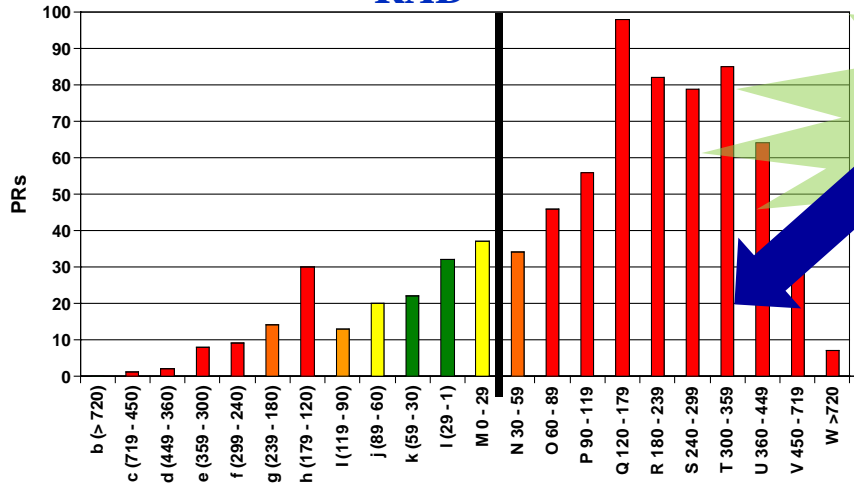


Misleading Picture

PRs vs. ALT



PRs vs. RAD



Actually late to customer need

Production Lead-Time of Record (PLT)

Current RAD *

Need Arrival Date/ Customer Need Date

* RAD=Required Award Date



Mechanisms To Fill Replenishment Orders

- Long Term/Strategic Contracts—Delivery Orders
 - 69 Percent of all Awards Executed off Long Term Instruments
 - Delivery Orders/Awards Completed in Hours/Days
 - \$84.3M Annual Demand Value Growth to Date
 - Baseline: \$1.206M; To Date: \$1.290M
 - 118K Annual Demand Frequency Growth to Date
 - Baseline 1.642M; To Date 1.760M
- Automated Purchasing
 - 78 Percent of all Awards Are Automated (Delivery Orders Included)
 - Awards Occur Within Weeks
 - 70 Percent Attainment To Plan on Purchase Orders
- Manual/Transaction Buys
 - 21 Percent of all Awards Are Manual

Goal to Shift Work From Manual to Automated with Priority on High Demand Frequency Items



Strategic Contracting Vision

Create Efficient and Effective Contracts that Optimize Support to the Department by:

- Developing innovative performance based support strategies
- Driving synergies between consumable and DLR business
- Benchmarking best procurement practices across DLA, Services and Suppliers
- Incorporating customer support related metrics and incentives – driving the right behavior
- Increasing the percentage of actions and dollars placed against joint opportunities and innovative contracts



Contract Evolution

- Virtual Prime Vendor Model Introduced
- Increased focus on corporate contracts



- One Pass Pricing focus increased



- First BRAC related joint opportunities formed



2000

2001

2003

2005

2007

2008

2009

2010

- Transactional
- Segmented



- Market Basket Concept Tested



- SAMMS to EBS
- Integration of DLR sites

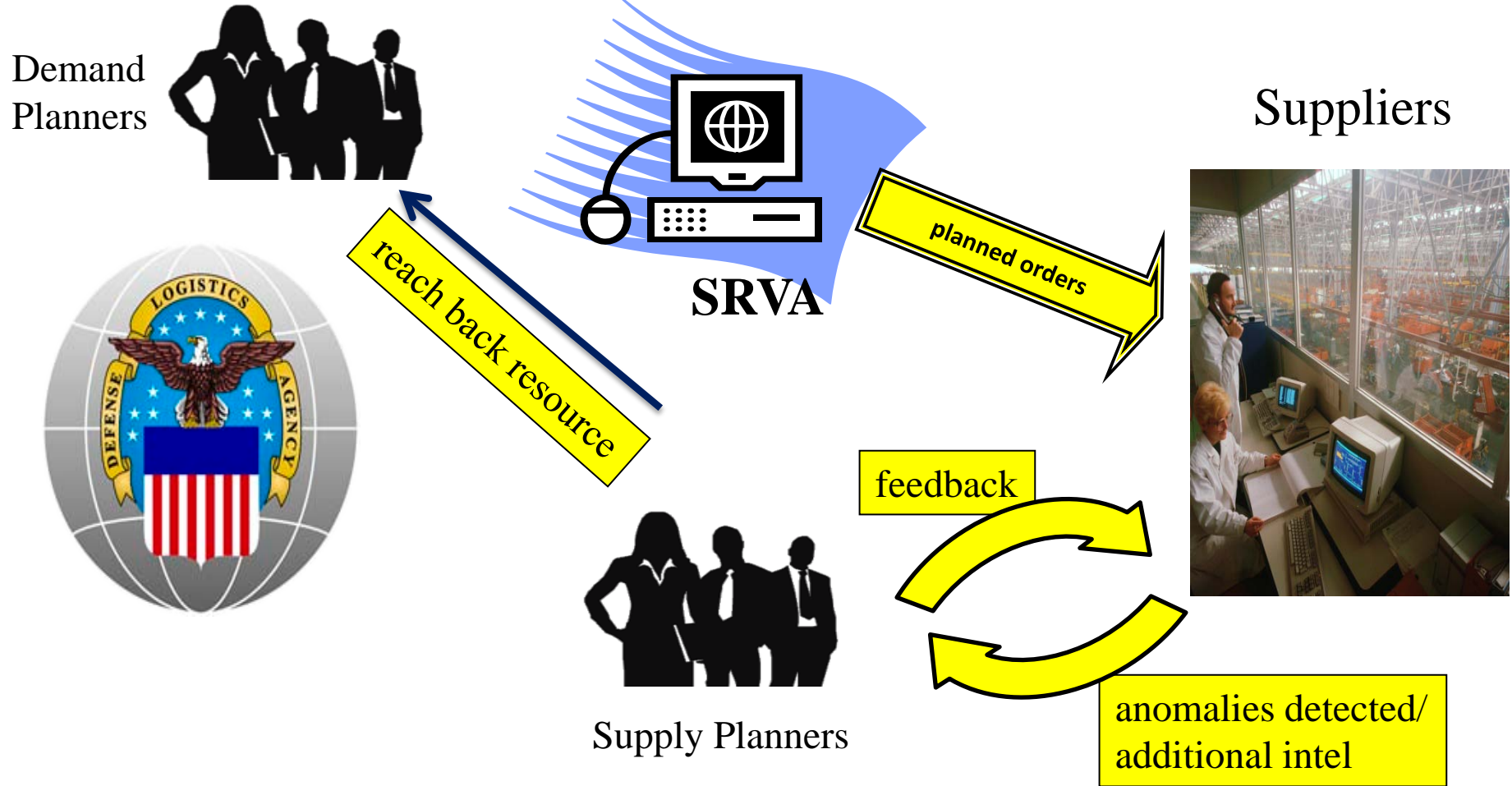


- Increasing input from Suppliers via Industry Days to shape future commodity procurements





Supplier Collaboration Process





What's in SRVA

The SRVA Tool Displays the Queried NIIN(s) in Monthly Buckets for the **Next 24 Months** as Follows:

- DD – R items (*Forecastable DLA direct)- Planned Purchase Orders will be shown by month of need based on forecasted requirements *netted by inventory posture*
- DD – N items (Non-forecastable DLA direct) –Projected Planned Purchase Orders will be shown by month of need based on demand history *when inventory is projected to drop below safety stock* .
- CD items (Customer direct) - Aggregate forecast data from Demand Forecast Units based on DDE/SPR or Customer Order and display recommended shipments by month of need.

* ≥ 4 Dmds for QTY ≥ 10 in 13 months, or DDE or SPR

Access: <https://www.dibbs.bsm.dla.mil/>

- User ID and password required
- Request from web site
- Password turnaround in about 24 hours



Benefits of Collaboration

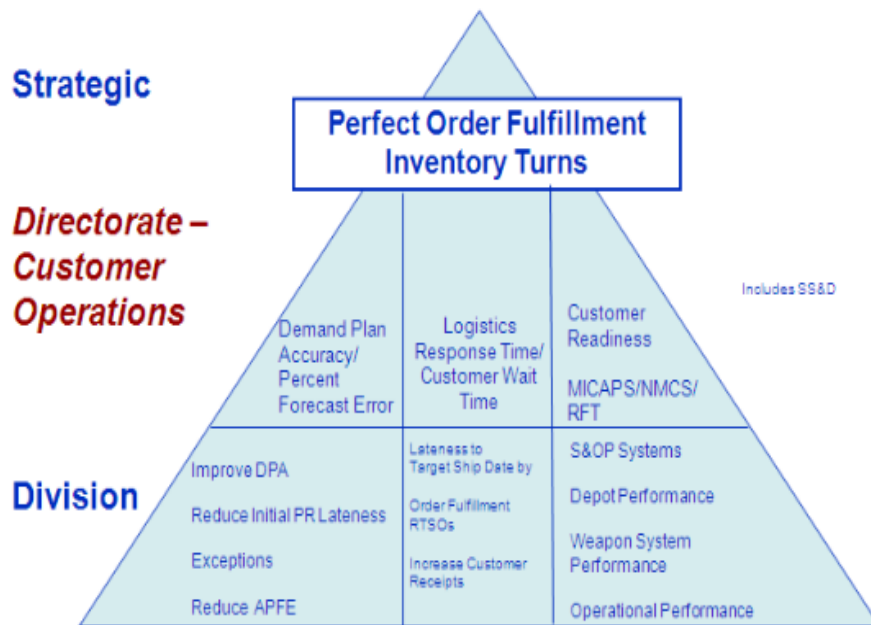
- Proactive information for planning production capabilities
- Reduce uncertainty in the Supplier planning process
- Improve customer support
- Reduce supply chain costs
- Reduce production lead time



DSCR Performance Goals

FY10 ADC & ASC Metrics

ADC Performance Goals FY10 Demand Chain Metrics



ASC Performance Goals FY10 Supply Chain Metrics





Perfect Order Fulfillment (POF) Overview



- End to end metric
- Only includes requisition, purchase order, and delivery
- Judgment

How do Suppliers Contribute??

- Ensuring planned customer direct orders ship in TDD Stds
- Ensuring accurate PLTs for sole source items
 - Collaborating with DLA using SRVA
 - Making sure orders ship on time
- Decreasing proposal turn around time
 - Efficient pricing processes

Timeliness Quantity Accuracy Documentation



Attainment To Plan (ATP) Overview



Plan with
Need
Arrival
Date



Contract

Delivery

How do Suppliers Contribute??

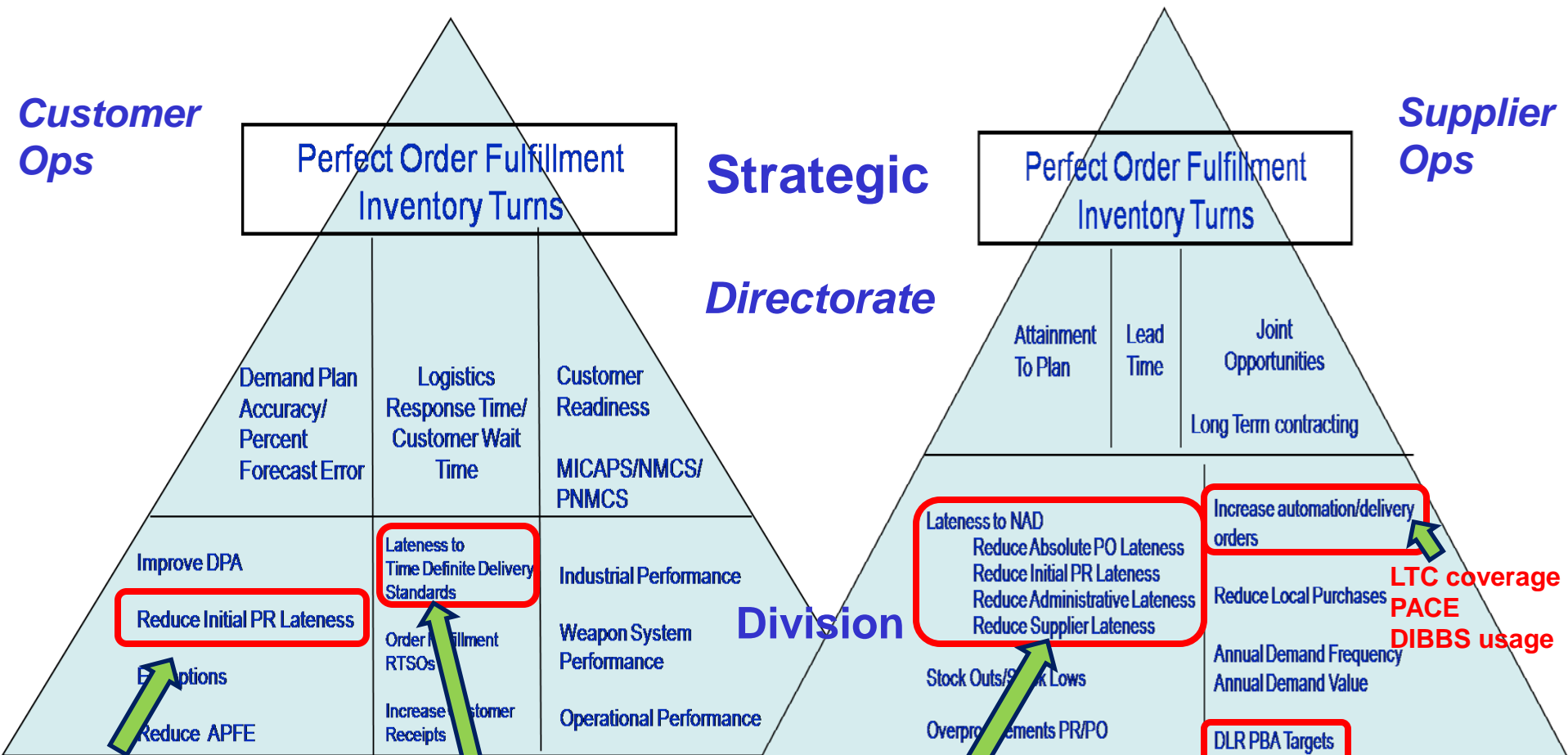
- Using DIBBS and PACE – automated processes
 - Increasing long term contract coverage
 - Ensuring accurate PLTs for sole source items
 - Collaborating with DLA using SRVA
- Making sure orders ship as close to NAD as possible
 - Decreasing proposal turn around time
 - Efficient pricing processes

M

- Quantity: Was any line of the PR qty: _____ date?
- Quality: Was any line of the PR received in other than condition code 'A'?



Bringing Full Circle... How can you contribute to performance?



- Collaborate using SRVA
- Ensure accurate PLTs for sole source

Ensure planned CD orders ship in TDD standards

Reduce proposal turn around time
Deliver to NAD
Reduce delinquencies
Reasonable pricing

Proposal TAT
On Time Delivery
LTC coverage



Summary

Suppliers are a critical link in DLA Aviation's ability to support the warfighter

Key Contributors:

- Collaboration
- Use of Automated Systems
- Proposal Turn Around Time
- Pricing
- On-time Delivery
- Long term contracts