

# ***Realizing Efficiencies Through PBL: An Industry Perspective***

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# Ensuring Operational Logistics Effectiveness and Affordability



- **That's the real task and budget constraints don't help**
  - PBL is simply a tool that needs to be used properly to be effective
  - By itself, it won't solve your problems, and it doesn't work on autopilot
  - Like Democracy, PBL is not perfect, but is better than the known alternatives, certainly better than the status quo
- **Plain Talk: How does Industry Really View PBLs?**
  - Not as a means to gouge the customer
  - Fact: PBLs tend to reduce the revenue stream
  - Fact: Under a FP PBL, Industry trades revenue for profit
  - Fact: In many cases PBLs are a hard sell to senior management
  - Fact: Consideration of PBL mandated by DoDI 5000.02
  - Fact: PBL solutions are required by most RFPs

# Realizing Efficiencies Through PBL



- **You get what you pay for**
  - But, if that's all you get, something's wrong with your PBL
  - Value received should exceed contract price
  - However, Industry must be incentivized to provide the extra value
- **Contract disincentives are the biggest detriment to maximizing Efficiencies from the PBL value stream**
  - Delays in starting the PBL contracting process
  - Length of contracting process or Time to Contract
  - POP
  - Quarterly fund disbursement
  - Demand bands
  - Cost reporting
  - Poorly understood and misaligned metrics
  - Competition for the sake of competition

# Benefits of Broader PBL Implementation



- **First generation PBL reinvented repair supply chain**
  - Broke down Industry silos: OEMs–Subcontractors–Suppliers
  - Incentivized behaviors to reduce life cycle costs to Govt
- **Next Gen PBL will move beyond silos to networks**
  - Sustainment grids will replace silos as synergy replaces friction
  - Must breakdown Govt (Service) Silos as well
  - Best value OEMs, subcontractors, suppliers, and 3PLs incentivized to perform thru favorable contracting practices
  - You won't get best value anything by focusing on short term cost
- **If not PBL, then where will the efficiencies come from?**