Realizing Efficiencies Through PBL: An Industry Perspective

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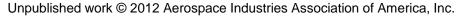
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Ensuring Operational Logistics Effectiveness and Affordability

- 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 7

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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



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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?

