



# DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY



## Defense Supply Center Columbus

*“Supporting the Warfighter In An  
Austere Budget Environment”*

**Partnering With Industry**

**BG(P) Darrell K. Williams  
Commander**

**June 11-13, 2012**



# Agenda



- 1 DLA Land and Maritime Spectrum of Support
- 2 DLA Director's FY12 Guidance
- 3 DLA Land and Maritime Annual Operating Plan
- 4 Class IX Supply Chain Performance Goals
- 5 Operation Full Press: Actions; Results
- 6 Current Outlook
- 7 Partnering Opportunities



# DLA Land and Maritime Spectrum of Support



## Operational



### Land

- OEF
  - MRAP Excess
  - SSA Retrograde
- SWA Readiness

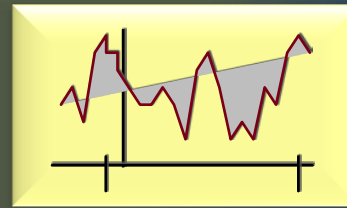
## Industrial



### Land

- Integrated Logistics Partnership (ILP)
- Integrated Prime Vendor (IPV)

## Item/Tech Management



### Land & Maritime

- Demand Planning
  - Formal Collab
  - Industrial Forecast Support Group
- Forecasting Summit
- AMC WPU
- “Right Item”
  - ESA Support
  - Tech Data Management
  - PQDRs

## Acquisition



### Land & Maritime

- Consumables
  - LTCs
  - Automated DOs
  - PACE
  - Manual Awards
  - Emergency Buys
- DLRs
  - LTCs
  - Spot Buys
  - Joint Contracts



### Maritime

- BMD
- MCM/PC
- Deployer/Pre-deployers
- CASREP reduction

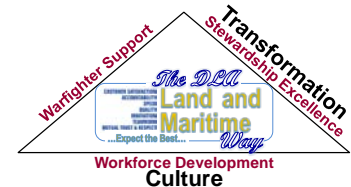


### Maritime

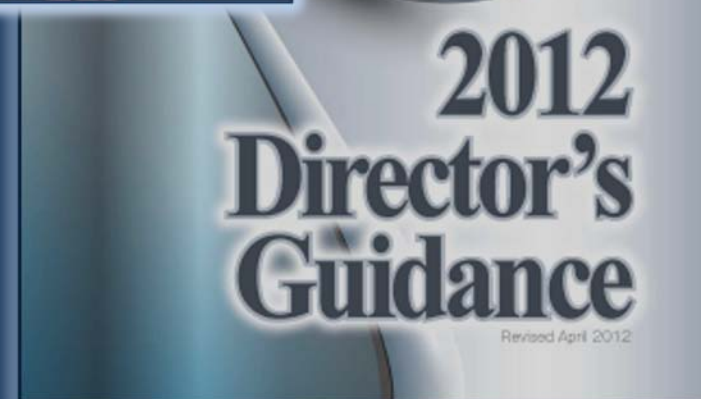
- Shipyard Summits
- Availability Tracker
- CCIRs



# DLA Director's FY12 Guidance



- Warfighter Support**
  - Global Support for Warfighter Ops
  - Global Support for Industrial Ops
  - Procurement Program Execution
  - Engineering Support Activity Execution Improvement
- Stewardship Excellence**
  - Efficiency Improvement
  - Material Cost Reduction
  - Complete BRAC Actions
  - Procurement Process Improvement
  - Protect the Supply Chain
- Workforce Development**



Sixteen Specific Supporting Efforts



# DLA Land and Maritime Annual Operating Plan Initiatives



	Issue	Remarks
1	<b>Global Support for Warfighter Operations</b>	<b>Support Operational Requirements</b> <ul style="list-style-type: none"> <li>• 90% Material Availability</li> <li>• 25% Backorder Reduction</li> <li>• 95% Support to Navy Nuclear Reactor Program</li> </ul>
2	<b>Global Support for Industrial Activities</b>	<b>Improve Support to Industrial Operations</b> <ul style="list-style-type: none"> <li>• 90% Stock On Hand at Start of Shipyard Availability</li> <li>• Tobyhanna Industrial Prime Vendor</li> <li>• &lt;10% Inventory Error Rate</li> </ul>
3	<b>Procurement Program Execution</b>	<b>Improve Procurement Program Execution</b> <ul style="list-style-type: none"> <li>• Tires Successor Initiative</li> <li>• Zero Purchase requests Over Administrative Lead Time</li> <li>• Small Business Utilization Performance</li> </ul>
4	<b>Engineering Support Activity Execution Improvement</b>	<b>Improve Engineering Support with Services</b> <ul style="list-style-type: none"> <li>• Reduce Tech Data Acquisition Cycle Time</li> <li>• Improve Source Approval Requests/Reverse Engineering Rates</li> </ul>
5	<b>Efficiency Improvement</b>	<b>Increase Efficiency of Operations</b> <ul style="list-style-type: none"> <li>• Increase Demand Plan Accuracy</li> <li>• Baseline Retail Inventory Turns</li> <li>• Reduce Non-labor Expenditures</li> <li>• Continuous Process Improvement</li> </ul>



# DLA Land and Maritime Annual Operating Plan Initiatives



Issue		Remarks
6	<b>Material Cost Reduction</b>	<b>Achieve Cost Savings in Selected Material Categories</b> <ul style="list-style-type: none"> <li>• 10% Net Material Cost Savings</li> <li>• Pilot First Destination Transportation and Packaging Initiative</li> </ul>
7	<b>Complete BRAC/Wynne Actions</b>	<b>Complete BRAC/Wynne Actions</b> <ul style="list-style-type: none"> <li>• Consolidate Inventory within Shipyards</li> <li>• Implement DSS at Shipyards</li> </ul>
8	<b>Procurement Process Improvement</b>	<b>Maintain Procurement Integrity/Improve Procurement Processes</b> <ul style="list-style-type: none"> <li>• Implement PMR recommendations</li> </ul>
9	<b>Protecting the Supply Chain</b>	<b>Mitigate Risks of Non-Conforming Items</b> <ul style="list-style-type: none"> <li>• Expand Qualified Supplier List of Distributors Program</li> <li>• Improve Product Quality Deficiency Report Processing</li> </ul>
10	<b>Workforce Development</b>	<b>Continue to Foster Culture of Professionalism and Diversity</b> <ul style="list-style-type: none"> <li>• Enhance Commander's Health of Command Program</li> <li>• Expand Training on Negotiation Skills and Market Basket Development</li> </ul>



# FY 12 Goals for Class IX Supply Chains



*“...target areas I’d like you to start working now.”*

 90% Material Availability (MA)

 Reduce Backorders (BOs) 25%

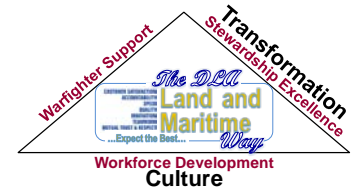
 85% of BOs <180 Days Old

 Zero Purchase Requests > Admin Lead Time

 100% On Time Delivery of Depot Level Repairables



# Operation Full Press Actions

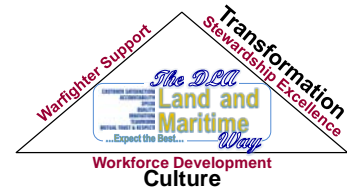


- **Reduce Workplace Distractions**
- **Revise Workload Prioritization**
- **Discontinue Constrained Supply Planning (CSP)**
- **Data Cleansing**
- **Quarterly PR Clean Up**
- **Improve Forecast Accuracy**
- **Dedicated Resources on Aged Goals**
- **Executive and Command Level Reviews**

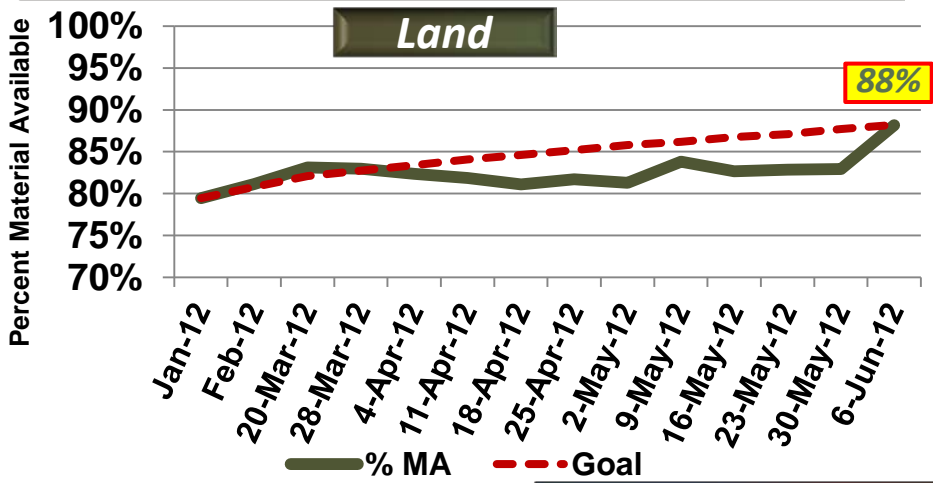




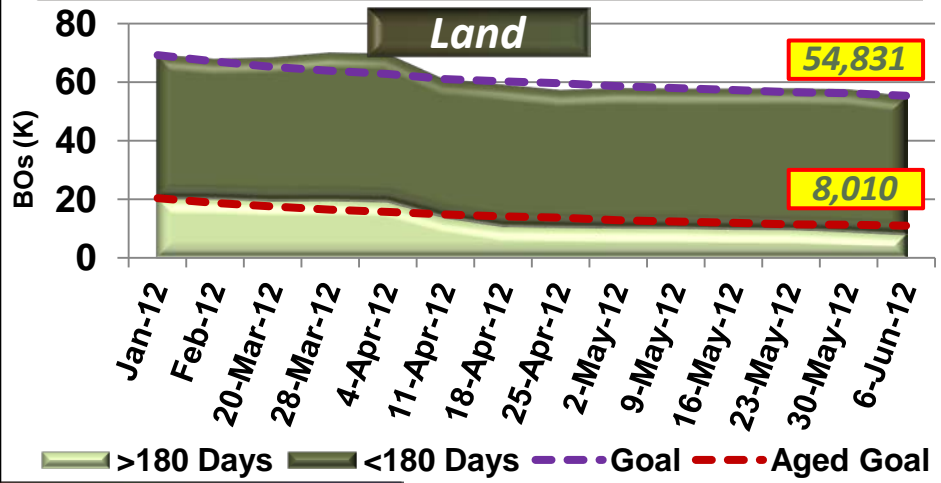
# Operation Full Press Results



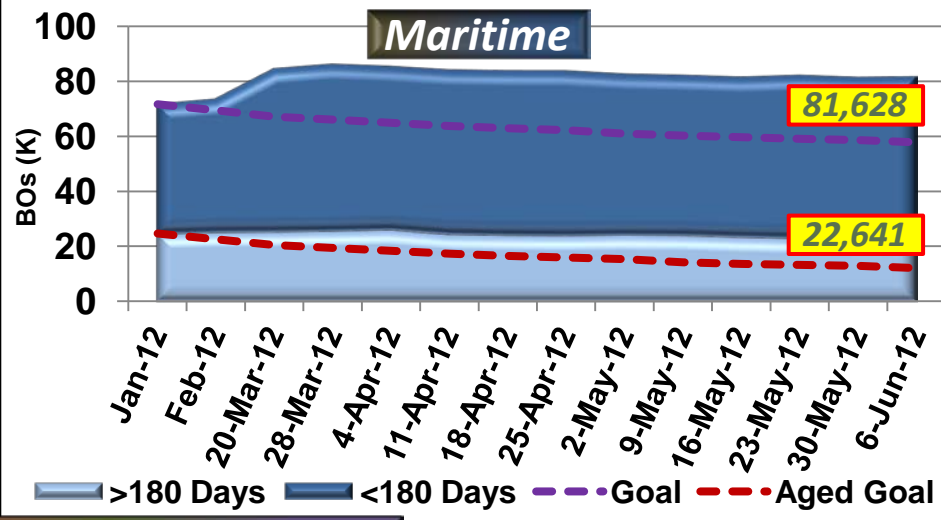
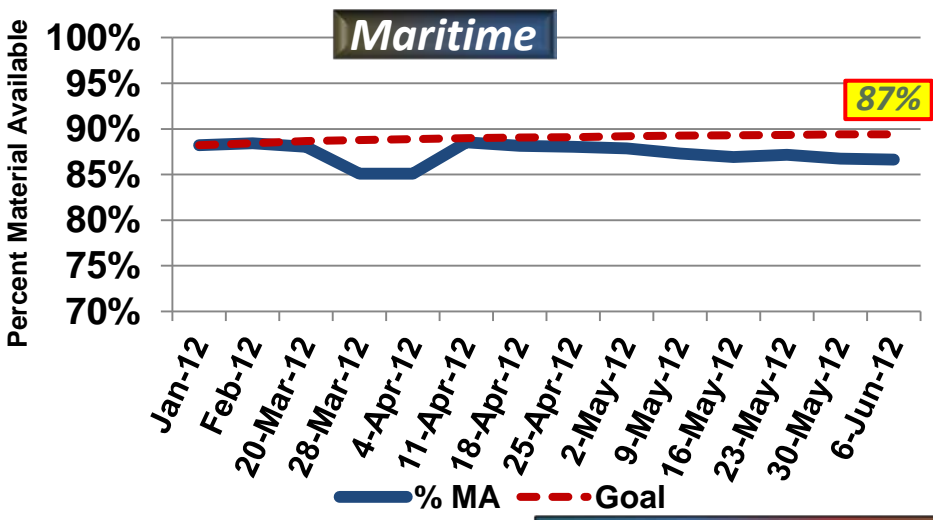
## Material Availability



## Backorders



**Improving Trends**



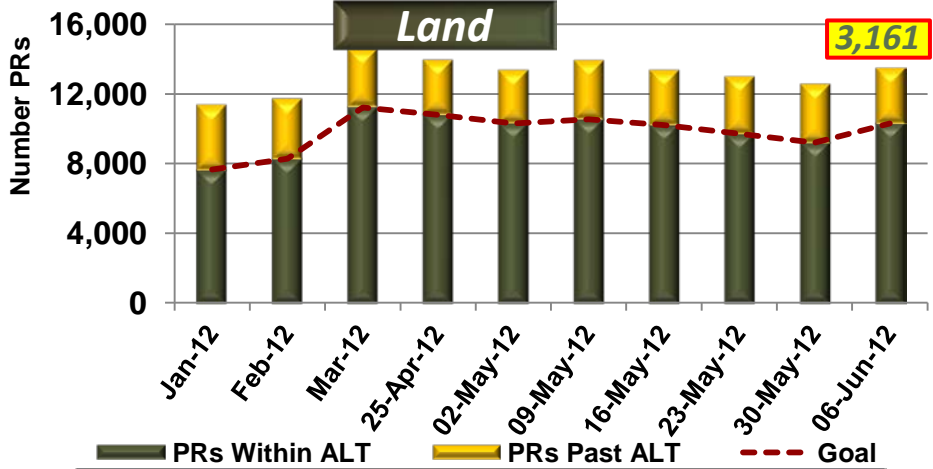
**More Work To Be Done**



# Operation Full Press Results

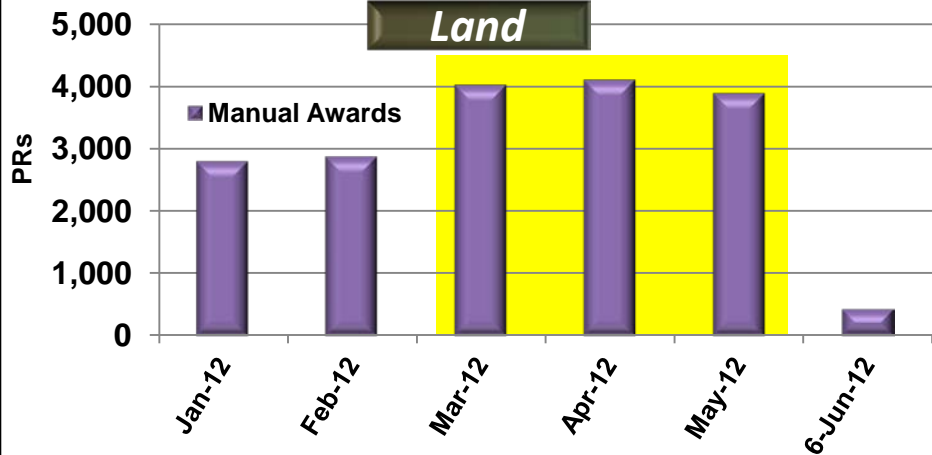


## PRs On Hand

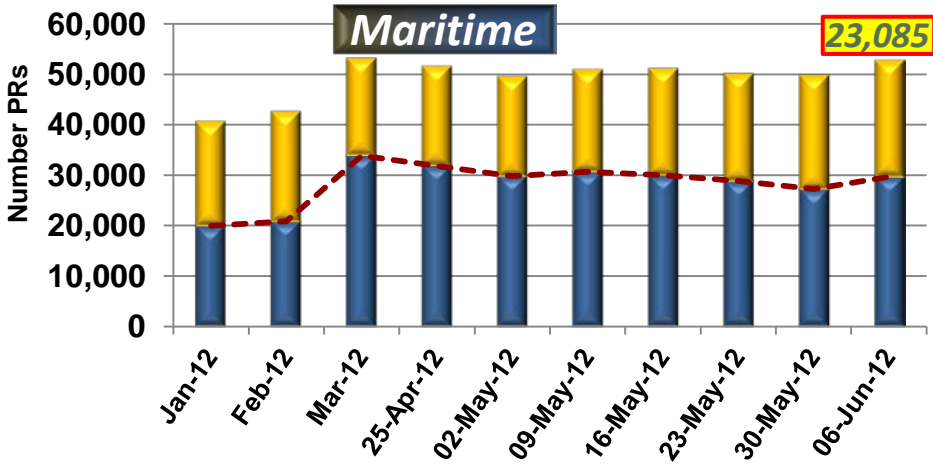


**23% > ALT**

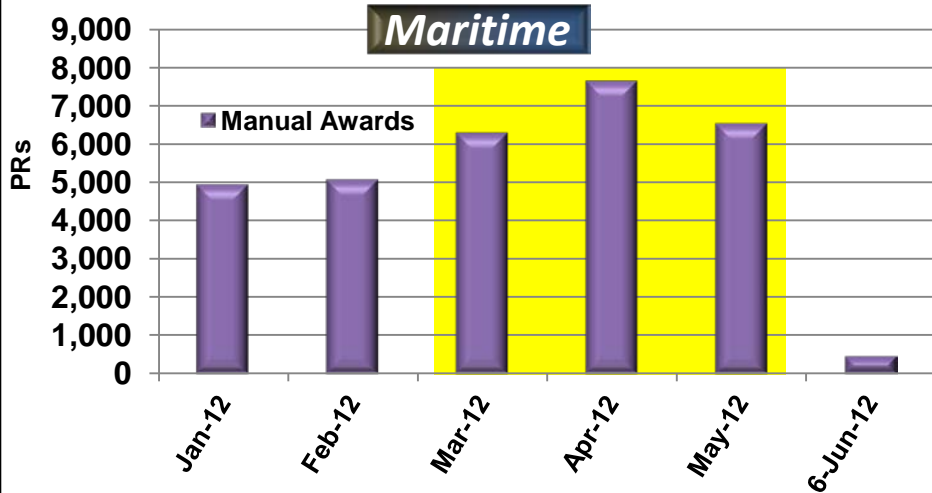
## Manual Award Productivity



**Record Productivity**



**43% > ALT**



**Record Productivity**



# Current Outlook Land



## Theater Support

- Operation Enduring Freedom

## Industrial Support

- Recap of Army/USMC Equipment

## Retrograde Management

## Declining Sales





# Current Outlook Maritime



Support of Worldwide Contingencies

Navy Nuclear Reactor Program

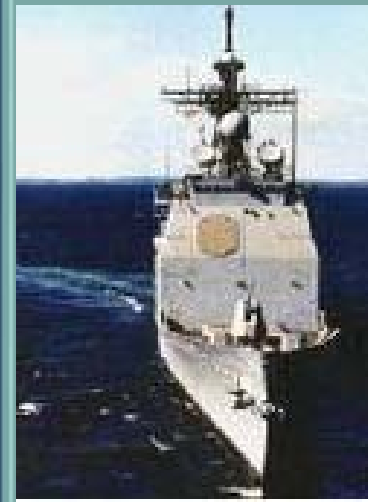
Mine Counter Measures

Ballistic Missile Defense

Patrol Coastal

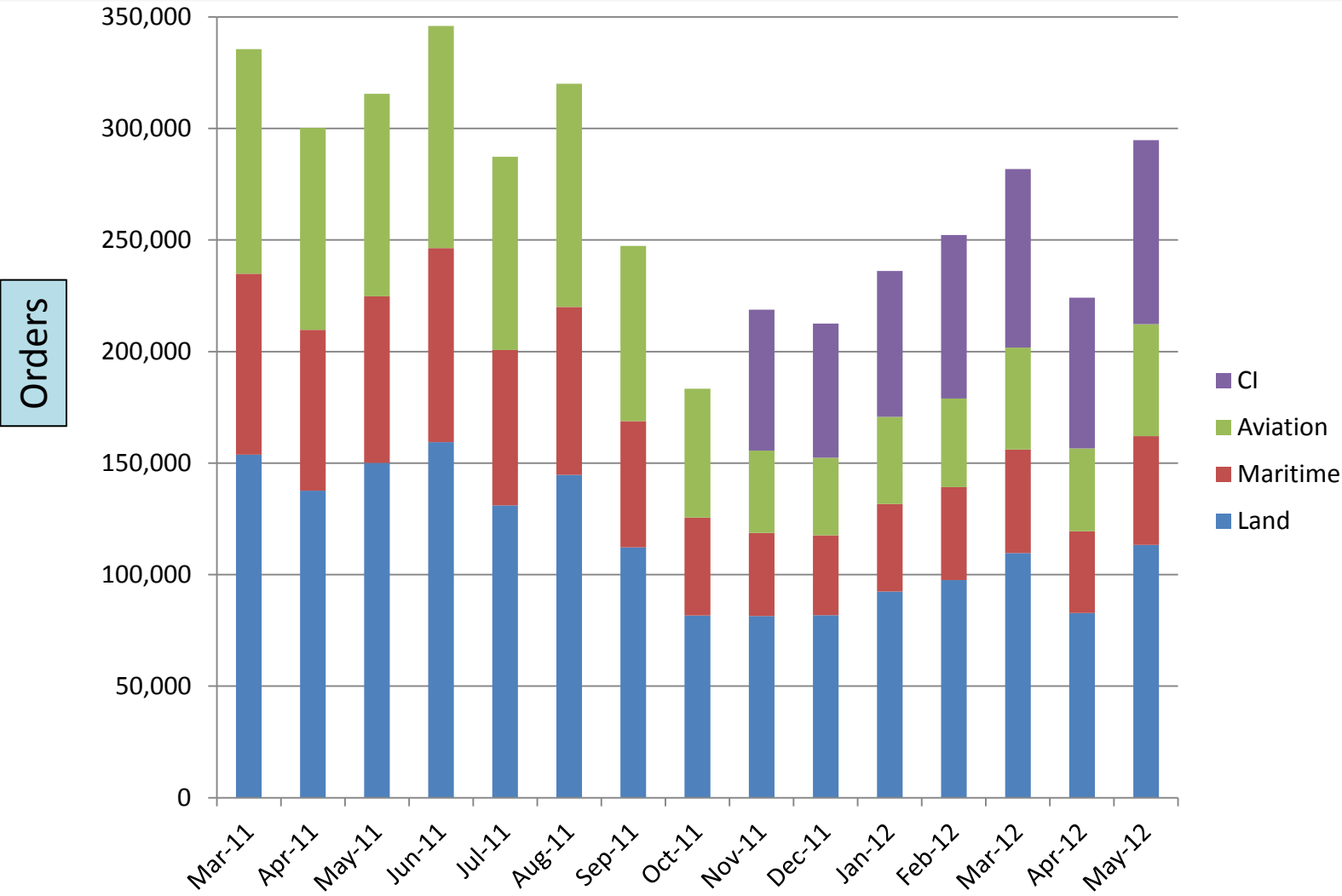
Industrial Support

- Consolidate Shipyard Inventories
- Shipyard Prime Vendor





# Current Outlook Land Class IX Orders



May year over year, CL IX orders down from 316K to 295K;  
**Land 150K to 113K, Maritime from 75K to 49K**



# Current Outlook

## “Big Ideas” On the Horizon



Strategic Focus Area		Description	Expected Benefit
1.	Improve Customer Service	<b>“Delight Our Customers”</b>	95% Customer Service Level (MA%)
		Improve total service delivery by 10% points and measure ourselves by customer standards	
2.	Decrease Direct Material Costs	<b>“Be Smart Buyers of the Right Stuff”</b>	\$1.14B/yr (average)
		Reduce the direct cost of fuel by 1-3% across all fuel products. Reduce total direct material costs by 5% through the use of agile acquisition techniques leveraging commercial supply chains, without creating redundancy	
3.	Decrease Operating Costs (CRR)	<b>“Improve Process and Productivity”</b>	\$0.28B/yr (average)
		Reduce distribution and transportation costs by 25% and achieve 3% efficiency gains from personnel, ADP, facility maintenance and IT	
4.	Reduce Inventory	<b>“Clean Out the Attic”</b>	\$7.6B (total by FY17)
		Attack both War Reserves and Operational Inventory through better leverage of commercial infrastructure and agreements; review and adjust strategic requirements	
5.	Achieve Audit Readiness	<b>“Prove It”</b>	Reduced Risks
		Demonstrate our commitment to transparency and accountability. Use audit readiness as a lever to identify and drive future improvement opportunities	



# Supporting the Warfighter in an Auster Budget Environment



## Partnering Opportunities...

- Shared Demand Intelligence
- Foreign Military Sales Market
  - Expanding Opportunities
- Material Buy-Back
  - Serviceable Excess
- Material Cost Reduction
  - Economic Quantities
  - Reverse Auction
- Prime Vendor Opportunities
  - Maritime Industrial
- Performance Based Logistics (PBL) Arrangements
- First Destination Transportation & Packaging
- **Others**
  - **Your Feedback and Ideas Essential**



# Conference Breakout Sessions



DLA Land Supplier Operations

DLA Maritime Supplier Operations

Foreign Military Sales

Demand Intelligence Sharing with Industry

Small Business

Material Cost Reduction

Reverse Auctioning

Source Approval Requests

DFAS: Your Financial Partner at Work

*Have a Great Conference!*



# DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY



WARFIGHTER SUPPORT

STEWARDSHIP EXCELLENCE

WORKFORCE DEVELOPMENT