DoD Distribution Challenges & Initiatives

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<td>Earl Boyanton</td>
<td>Overview</td>
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<td>Ms. Scottie Knott</td>
<td>DLA Warfighter Support</td>
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<td>BG(P) Charles Fletcher</td>
<td>Surface Deployment &amp; Distribution</td>
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<td>Ken Gaulden</td>
<td>Commercial Partner</td>
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Transformation is a requirement, not a goal

“To win the global war on terror, the armed forces simply have to be more flexible, more agile, so that our forces can respond more quickly.”

United States Secretary of Defense Donald Rumsfeld, March 6, 2003

The static approaches of the Cold War are obsolete.
### Comparison Matrix

<table>
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<th>Chain Segment</th>
<th>Commercial Equivalent?</th>
<th>Inventory Features</th>
<th>Flow Features</th>
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<td>Commercial Commodities</td>
<td>Sears, Wal-Mart, True-Value</td>
<td>$12 B, Fast moving, Vendor</td>
<td>High, Continuous, One way</td>
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<tr>
<td>Major System</td>
<td>GE turbine, Caterpillar dealer, IBM mainframe</td>
<td>$66 B, Slower moving, Higher value, Readiness critical</td>
<td>Lower, System dependent, Two way</td>
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<tr>
<td>Deployed Forces</td>
<td>NONE</td>
<td>Varies situation &amp; commodity, Thin safety stocks</td>
<td>Enormous, Intermittent, Multi-Directional</td>
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Comparisons with commercial shippers understate the complexity of DOD logistics.
Defense Transportation Coordination Initiative

- **“As Is”**
  - Thousands of autonomous DoD CONUS shippers and destinations
  - Multiple information systems
  - No centralized planning, coordination, or control

- **“To Be” – Nationwide Coordinator**
  - Leverage proven processes and supporting IT, commercial capabilities, and best practices
  - Develop a new business model for the movement of domestic freight shipments

- **Improve service with corollary dollar savings**

Today’s freight distribution systems & processes will not be adequate to meet the needs of tomorrow’s Warfighter
The Way Ahead

✓ **Active Process Management (APM)**
  - Supply Chain tool – sense and respond to anomalies
  - Pilot project succeeded – keeper!

✓ **Continuous Improvement (CI) initiatives**
  - LEAN, Six Sigma, “The Toyota Way”
  - Depots, shops, distribution system

Operational Improvement through Best Practices – with Savings
Private Sector Contribution

> 90% of our traffic is moved via commercial partners