“Welcome Suppliers”
Land & Maritime Supply Chains
Managing Land & Maritime Supply Chains Within DLA

James McClougherty, SES
Deputy Commander, DSCC
New DSCC Commander

12 Sep 07
Assumption of Command
What Has Changed Within The DLA Enterprise

- Re-engineered Processes
- New Organization Structure
- New Touch points:
  - Crossing The DLA Sites/Supply Chains
- New IT Tools
- New Mission (BRAC)
BSM Program
Primary Components

- Order Fulfillment
- Procurement
- Financial Management
- Tech Quality
- CRM

- Demand Planning
- Supply Planning
- Collaborate

- Solicit
- Award
- Report

BW and Crystal Reports
DSCC ICP... Organization

ICP Commander
Deputy Commander
Chief-of-Staff
Deputy Chief of Staff

Maritime Cust Ops
Maritime Supp Ops
Land Cust Ops
Land Supp Ops
Aviation Det
Process Mgt
Procurement
Ops Support
Legal
Product Test Labs

Human Resources CSO-C
IT J6C
Financial J8C
Base Support DES-C

Aligned to BSM Business Model
Land & Maritime Supply Chains

ICP Commander

Deputy Commander

Chief-of-Staff
Deputy Chief of Staff

Land & Maritime Detachment Richmond

Process Mgt

Procurement

Legal

Land Cust Ops

Land Supp Ops

Land & Maritime Detachment Philadelphia

Maritime Cust Ops

Maritime Supp Ops
Organizing by Demand and Supply Chains

**Demand Chains** - grouping of customers that are managed by Customer Operations

“Each Customer is aligned to one and only one demand chain”

**Supply Chains** – grouping of items/suppliers that are managed by Supplier Operations

“Each item is aligned with one and only one supply chain”

Aviation

Land

Maritime

Construction and Equipment (C&E)

Clothing and Textiles (C&T)

Medical

Subsistence
Customer Operations: 
CRM Cell Demand Chains

Land
Maritime

Defined by DoDAAC

Columbus
Columbus

Supplier Operations:
BSM Supply Chains

Aviation
Land
Maritime

Defined by NSNs

Richmond
*CSC
*SCP

Columbus
*CSCR
*DSCP

Columbus
*CSCR
*DSCP
Demand/Supply Chain Organization Units

Demand

Customer Operations

- CRM Cells/Support Teams
- Item Planning Teams
- Customer Support

Demand/Supply Chain

Supplier Operations

- Integrated Supply Teams
- SMSG
- Supplier Support

Supply

Detachment(s) at other location(s)

Item Planning Teams
The Mission…
Supply/Demand Chains

Land
- 360K NSNs, 3 sites, $1.4B in sales
- Army/Marines…85% of demand

Maritime
- 1.6M NSNs, 3 sites, $1.7B in sales
- Army/Marines…51% of demand

Aviation Detachment
- 330K NSNs, $.6B in sales
- Army/Marines…53% of demand
The Mission…Land Demand/Supply Chain

Industrial and Operating Forces Support…

Industrial Support Efforts

- IFSGs
- Collaboration
- Customer Pay
- Tailored Production Kitting

Operational Support Efforts

- Air Cond. Parts Support
- Land Readiness Room
- Armor/Suspension Kits
- Reset/Reconstitution
- Forward Deployed CAS’s

...and a Weapons Systems Focus…
The Mission...Maritime Demand/Supply Chain

Industrial and Operating Forces Support...

"...without a Respectable Navy, Alas America!"

John Paul Jones

Industrial Support Efforts

• NAVSEA Shipyard CMP
• Shipyard Value Stream Analysis
• Collaboration
• EMALL
• Account Management

...and a Weapons Systems Focus...

Norfolk Naval Shipyard

TRF Kings Bay

Operational Support Efforts

• Nuclear Reactors Program
• LCAC Parts Support
• Fleet CASREP Support
• ALRE
The ICP…
Business Profile

Sales Trend
- FY02 $2.3B
- FY05 $3.1B
- FY06 $3.1B
- FY07(Proj) $3.2B

Scope of Business
- 8.2M requisitions/yr
- 525K contracts/yr
- 2M NSNs
- 1.3K+ weapon systems
- 25K+ customers
- 6K+ suppliers

Sales by Supply Chain
- Land $1.4B
- Maritime $1.7B
- Aviation $0.5B*

Our People
- 2500+ civilians
- 43 active duty
- 32 reserve

Foreign Military Sales
- Sales: $240M
- Supporting 90 nations
Supply Chain
NSN Distribution

Land Supply Chain (NSNs)

Total = 361,325
- Columbus = 168,108
- Richmond = 15,113
- Philadelphia = 178,104

Note: Land Items Dominated by Col and Philly

Maritime Supply Chain (NSNs)

Total = 1,652,751
- Columbus = 1,177,151
- Richmond = 252,136
- Philadelphia = 223,464

Note: Columbus Items Heavily Influenced by Electronics

Aviation Supply Chain (NSNs)

Total = 1,220,458
- Columbus = 331,072
- Richmond = 594,116
- Philadelphia = 295,270

Note: Heavy Aviation Presence at All Three Locations

Legend:
- Yellow: Columbus
- Blue: Richmond
- Green: Philadelphia
Supply Chain Annual Demand Value Distribution

<table>
<thead>
<tr>
<th>Land Supply Chain (ADV)</th>
<th>Maritime Supply Chain (ADV)</th>
<th>Aviation Supply Chain (ADV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total = $1,017M</td>
<td>Total = $1,323M</td>
<td>Total = $2,648M</td>
</tr>
<tr>
<td>Columbus = $715M</td>
<td>Columbus = $883M</td>
<td>Columbus = $453M</td>
</tr>
<tr>
<td>Richmond = $188M</td>
<td>Richmond = $331M</td>
<td>Richmond = $1,957M</td>
</tr>
<tr>
<td>Philadelphia = $114M</td>
<td>Philadelphia = $107M</td>
<td>Philadelphia = $239M</td>
</tr>
</tbody>
</table>
Maritime Forward Presence - Navy
1. Priority Material Office (PMO) – Bremerton, WA Mar 07
2. Norfolk NSY – Norfolk, VA Mar 07
3. Puget Sound NSY – Seattle, WA Sep 07

Land Forward Presence - Marine
1. MCLB Barstow, Barstow, CA May 07
2. MCLB Albany, Albany, GA May 07

Land Forward Presence - Army
1. Anniston Army Depot – Anniston, AL May 07
2. Red River Army Depot – Texarkana, TX May 07
3. Letterkenny Army, Depot – Chambersburg, PA May 07
4. Tobyhanna Army Depot, Tobyhanna, PA May 07
New Mission
<table>
<thead>
<tr>
<th>Initiative</th>
<th>Law Says</th>
<th>End State: <strong>FY2011</strong></th>
<th>Execution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Privatize Management, storage, distribution, and realign contracting functions for tires, packaged petroleum products, and compressed gases from services to DSCC and DSCR.</td>
<td>• Privatize Management</td>
<td></td>
<td>• Contracts by '07</td>
</tr>
<tr>
<td>Prime Vendor arrangements for supply, storage, distribution and disposal requirements.</td>
<td>• Prime Vendor</td>
<td></td>
<td>• Storage by '08</td>
</tr>
<tr>
<td>Realign DLR Procurement management and related support to DLA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidate supply, storage and distribution functions and inventories of local DD with local base support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realign DLR Procurement management and related support to DLA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Most Consumable Items managed by the services will transition to DLA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive Group identifying items</td>
<td></td>
<td></td>
<td>Population considerably less than expected 350K</td>
</tr>
</tbody>
</table>
Future DoD Enterprise Responsibilities
(DLRs/NIMS/Supply, Storage, Distribution)
Challenges
Maritime & Land Performance
Backorders & Materiel Availability

Land

Percent

Thousands

Maritime

Percent

Thousands

Backorder Total

MA

Backorder Total

MA
## MRAP Vehicle Categories

### Category I (6 PAX):
Small unit combat operations in urban or confined areas.

### Category II (10 PAX):
Ground logistics support operations/Multi-Mission.

### Category III (12 PAX):
Explosive Ordnance Disposal & Route Clearance.

#### CAT 1 – Competing Vendors:
- Armor Holdings - Variant of the LMTV
- BAE - Model [RG 33]
- Force Protection Ind [Cougar 4 X 4]
- GDLS Canada [RG 31]
- International Truck Co [Model ?]
- Oshkosk Truck Co [Alpha Veh + kit]
- Protected Veh Inc [GOLAN + ERA]

#### CAT 2 – Competing Vendors:
- Armor Holdings - Variant of the LMTV
- BAE - Model [RG 33L]
- Force Protection Ind [Cougar 6 X 6]
- Force Protection Ind [JERRV 6 X 6 EOD]
- GDLS Canada [RG 31 Extended]
- International Truck Co [Model ?]
- Oshkosk Truck Co [Bushmaster + kit]
- Protected Veh Inc [GOLAN + ERA]

#### CAT 3 – Vendor:
- Force Protection Ind [Buffalo (MPCV)]

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**Potential DoD Procurement as High as ~22K Vehicles & ~$25B**

- Ref: Inside Pentagon, 17 May 2007
– Establish Long-term Corporate Contracts
– Buy capability vice inventory
– Minimize procurement cost drivers
– Minimize logistics costs
– Ensure Surge & Sustainment
– Establish strategic alliances with sole source vendors of significance
– Establish supply chain alliances with competitive or other sole source vendors

**SPEND ANALYSIS**

- **By Item**
  - Items representing largest business drivers
- **By Supplier**
  - Support Based Logistics
  - Vendors representing largest business base

304k Items:
- 8% of Hardware Items
- 88% of All Procurement Actions
- 87% of Hardware Sales

–28 Strategic Supplier Alliances
–21 Supply Chain Alliances

**Assured Availability at Reduced Costs**
Strategic Material Sourcing

Commodity Improvements:
- Strategic support plan for high demand/low dollar items (15K items)
- Strategic support plan for Joint Regional Material Management items (JRIMM) (8,648 items)
- Strategic support plan for fasteners (415K items of which 68K are SMS)

Process Improvements:
- Monthly review of NSNs on expiring LTCs
- Quarterly review of NSNs on LTCs in process with closed solicitations

FY07 Goals:
- Aviation: 58%  C&E: 65%
- Land: 61%  Maritime: 41.5%

Land % of Obs on LTC: 61.9%
Maritime % of Obs on LTC: 36.9%
<table>
<thead>
<tr>
<th></th>
<th>FY06 GOALS</th>
<th>FY06 ACTUALS</th>
<th>FY07 GOALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMALL BUSINESS</td>
<td>60.0%</td>
<td>64.9%</td>
<td>60.2%</td>
</tr>
<tr>
<td>HUBZone</td>
<td>2.5%</td>
<td>3.4%</td>
<td>2.2%</td>
</tr>
<tr>
<td>SDB</td>
<td>4.1%</td>
<td>5.2%</td>
<td>3.3%</td>
</tr>
<tr>
<td>WOMAN OWNED</td>
<td>6.9%</td>
<td>9.3%</td>
<td>7.0%</td>
</tr>
<tr>
<td>SERVICE DISABLED</td>
<td>.80%</td>
<td>.80%</td>
<td>.80%</td>
</tr>
<tr>
<td>8(a) (SDB Subset)</td>
<td>.72%</td>
<td>1.7%</td>
<td>.30%</td>
</tr>
</tbody>
</table>
Plan of Action

Next 120 Days
Land & Maritime
Target Our Business Drivers

- Ensure Parts are Shipped in most timely manner
- Aggressively Work Delinquent Contracts
- Expedite Shipments Whenever Possible
- Give Top Priority to Awarding Contracts in Support of these items
- Develop Long Term Contracts In Support of these Items
Execution
Key Item Driver (KID 1-4)

- **Land NSNs**
  - 17K – High Freq.
  - 358K – Low Freq.

- **Maritime NSNs**
  - 38K – High Freq.
  - 1.656M – Low Freq.

- **Land B/Os**
  - 25% – Low Freq.
  - 75% – High Freq.

- **Maritime B/Os**
  - 41% – Low Freq.
  - 59% – High Freq.

- **Land PRs**
  - 21% – High Freq.
  - 79% – Low Freq.

- **Maritime PRs**
  - 21% – High Freq.
  - 79% – Low Freq.
Targeted Mass Fax

- One Time
- KID 1-4 Open Contracts/POs
- Request for Expedited Delivery
- Command Signature
- Announcement & Launch – DSCC Vendor Conference
Scope of Mass Fax (KID 1-4)

- Vendors Affected
  2,702 out of 6,512
- Contracts Affected
  44,989
- NSNs Affected
  20,791 Out of 54,199
- CLINS Expedited / CLINS Delinquent
  60,200 / 16,490
VendorLink Email

- Monthly to Suppliers
- Includes:
  - Awards for Previous Month
  - CLINS Due in Next 90 Days
  - KID Indicator
  - Request to Expedite High Priority CLINS at No Cost to Government
Closing Comments
Supplier Engagement
“Critical to Our Success”

Defense Supply Center Columbus
Land & Maritime Supply Chains
Business Conference and Exhibition
“The SOURCE Behind the FORCE
Extending the Enterprise”
Guest Speakers

- Navy Rear Admiral Henry B. “Hank” Tomlin, III, USN, Commander, DSCP
- Major General James. H. Pillsbury, USA, Deputy Chief of Staff for Logistics and Operations, US Army Materiel Command
- Major General Willie J. Williams, USMC, Commander, LOGCOM
- Mr. John D. Harris, II, VP Raytheon Company
Breakout Sessions

1. Land Supply Chain
2. Maritime Supply Chain
3. Procurement Systems & Supplier Interfaces
4. DLR - Depot Level Reparables (BRAC)
5. DSCC Small Business Program/Sourcing Initiatives
6. DFAS Your Financial Partner @ Work
7. Electronic Capability Assessment Plan (eCAP)
8. Kitting
9. Value Management
10. Distribution Planning & Management System (DPMS)
11. DoDEMALL Demonstration/Overview
Thank You

Hyatt Regency Columbus

Agility

LOCKHEED MARTIN