

Defense Logistics Agency

SEPRT 14



Depot Level Repairable (DLR) Update

Colonel Christopher Burke, USAF

**Warfighter
Support**

**Stewardship
Improvements**

**Business Process
Refinements**

**Workforce
Development**



Agenda

- BRAC Decision Review
- Background on BRAC Savings
- Depot Level Reparable Procurement Management and Governance
- Strategic Supplier Alliance Structure

Decision 35
(Recommendation 176):
Depot Level Reparable (DLR)
Procurement
Management Consolidation

Transfer procurement management and related support functions for the procurement of DLRs from the Military Services to the Defense Logistics Agency (DLA).



Aviation Supply & Demand Chain Depot Level Reparable Family





Savings Assumptions

- Consolidated contracting creates one agency contract vice five
 - One contract with a company instead of five discrete contracts
 - Eliminates duplication of effort and creates economies of scale...enables faster growth
- DLA buying power will more than double
- Incorporates best practices (and people) from all of the Services and suppliers
- Allows for larger scope contracts (e.g. consumables and reparable)



Savings Projections

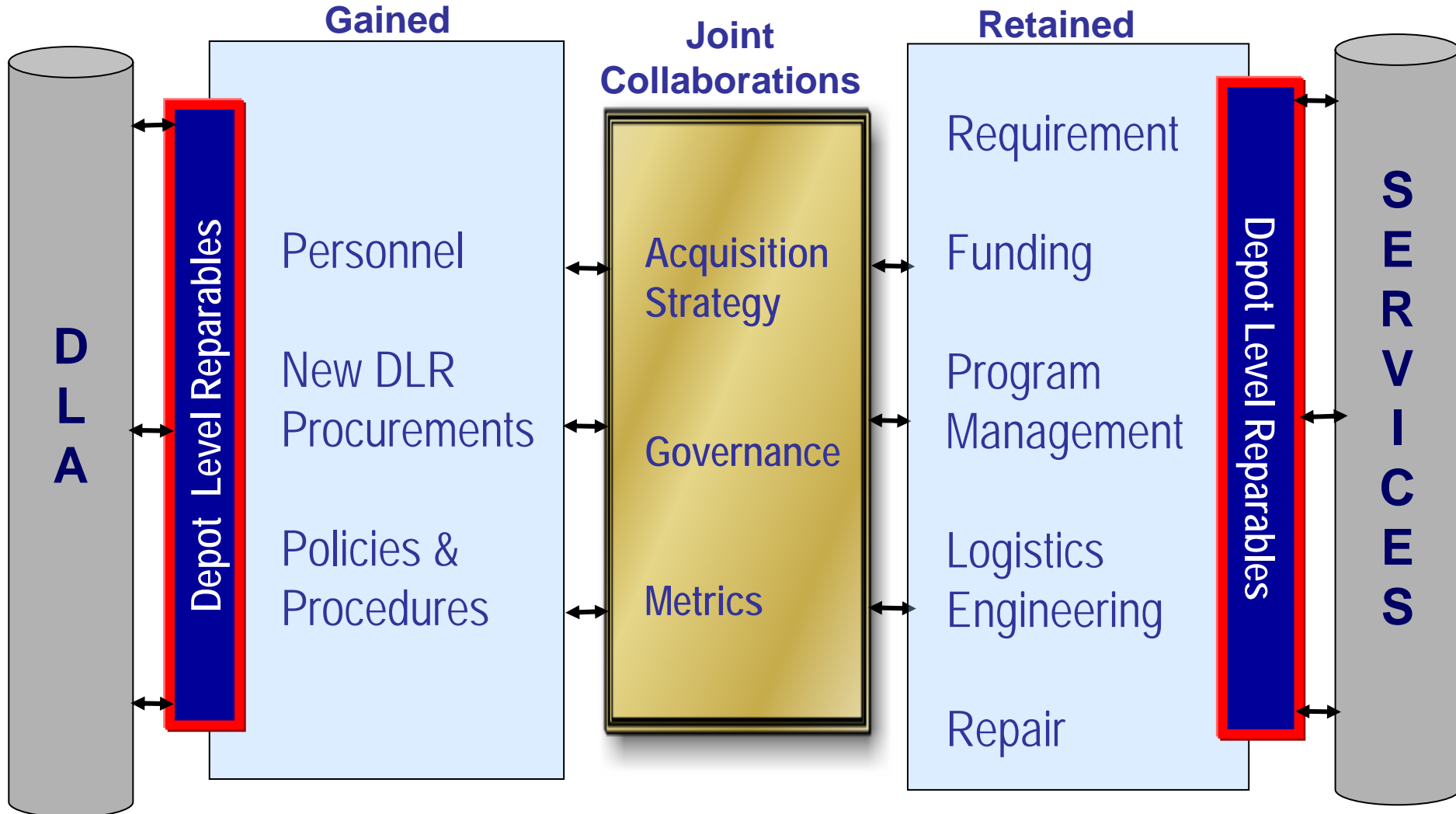
- BRAC related cost and savings information is tracked via the Business Plan process
 - Business Plan is updated twice a year
 - COBRA data was primarily used as a baseline

Recurring Savings From

- Reduced holding costs due to reduced inventories
- Reduced Administrative Lead Time (ALT)
- Reduced Production Lead Time (PLT)
- Reduced Contracting costs
- Reduced delivery times
- Reduced prices



DLR Procurement Management





Joint Acquisition Strategies Board Governance Model

Level I

- Champion joint acquisition strategies
- Resolve conflicts that inhibit joint acquisition strategies
- Approve overall sourcing and supply chain goals
- Oversee and monitor performance metrics
- Establish Level II Board

Level II

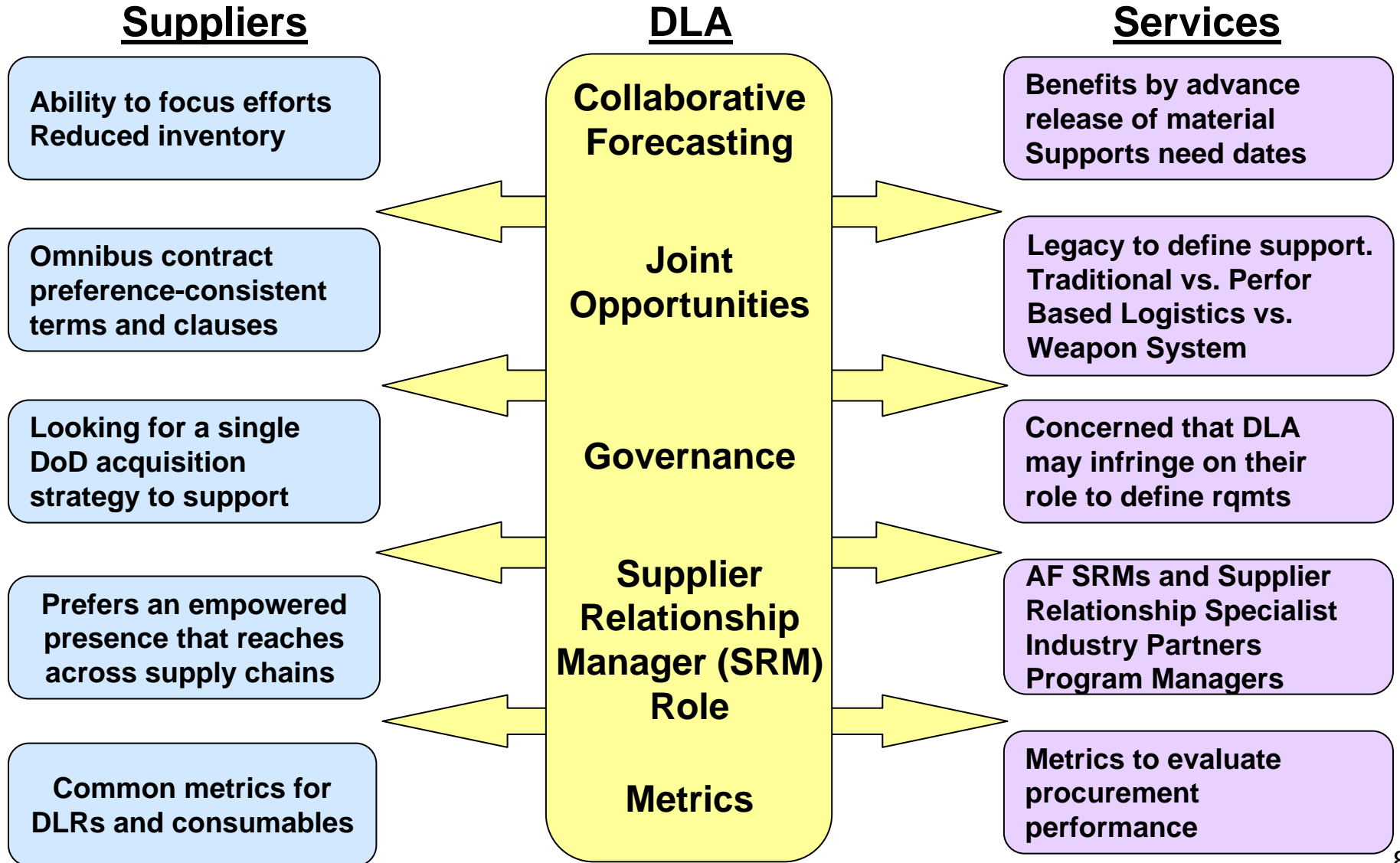
- Own DLR sourcing process
- Set overall sourcing and supply chain objectives and goals
- Approve DLR acquisition strategies, plans, and measures
- Evaluate ongoing strategic procurement performance
- Charter DLR procurement Integrated Process Teams (IPTs)

Level III

- Establish/execute Joint Component DLR procurement strategies under the direction of the Level I & II Governance
- Execute supplier business agreements (includes sole source & competitive)
 - Determine contract terms and conditions
 - Performance requirements
 - Determine price reasonableness
 - Select source
- Capture, monitor, and distribute supplier performance
- Manage operational relationships with suppliers
- Conduct and maintain DLR market intelligence

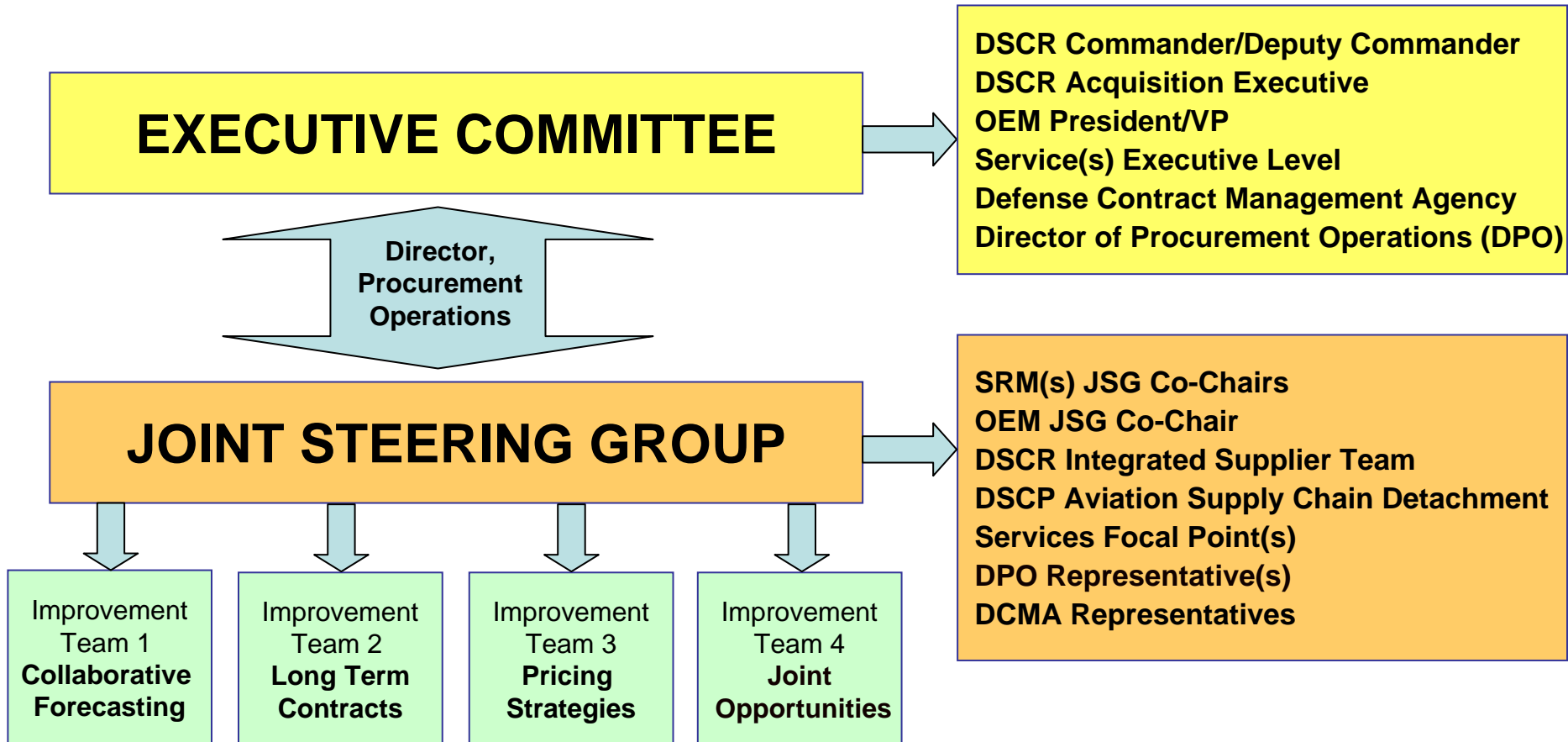


DLR Procurement Engagement Strategies





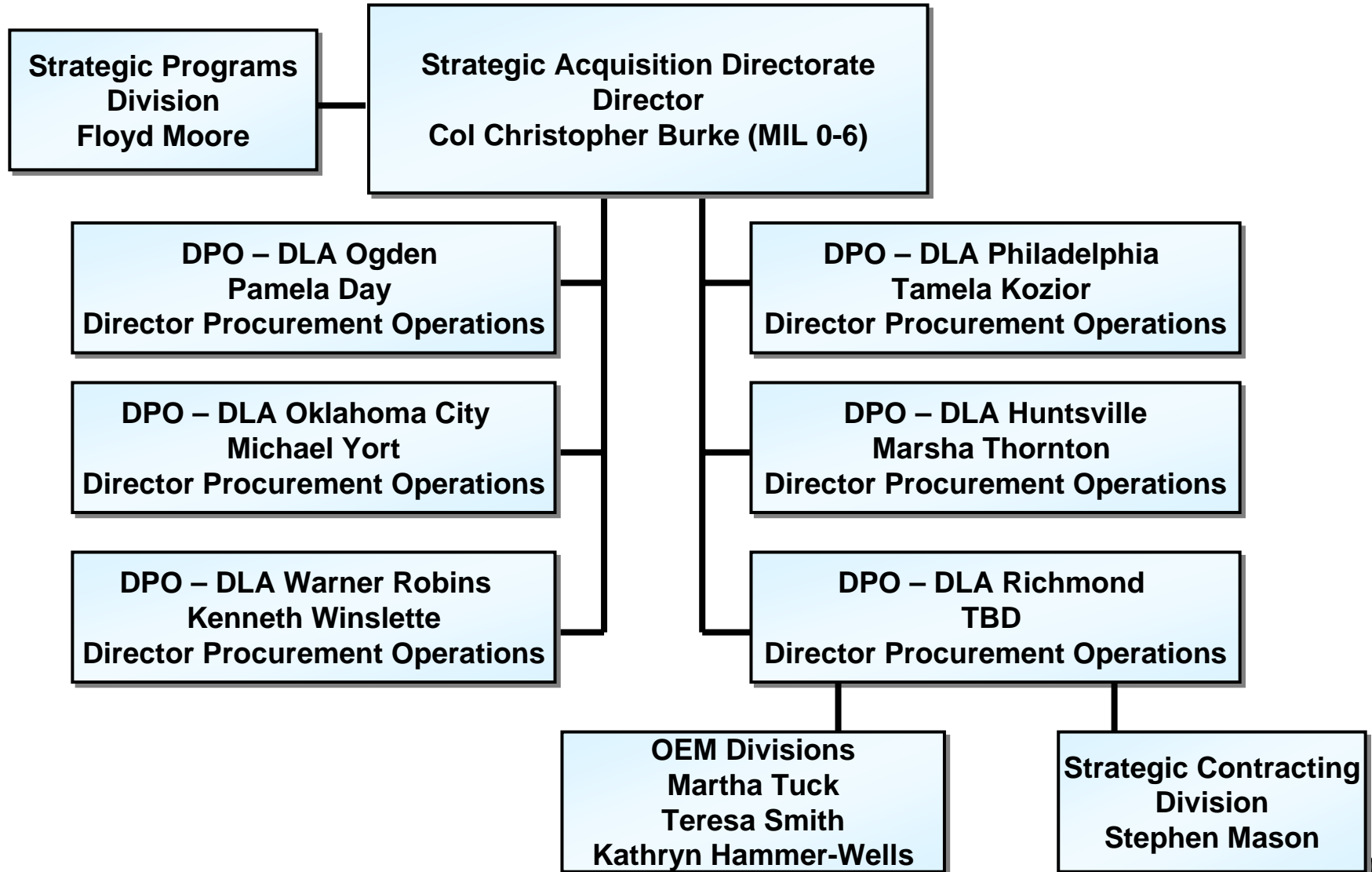
Strategic Supplier Alliance Structure



(Typical Examples)



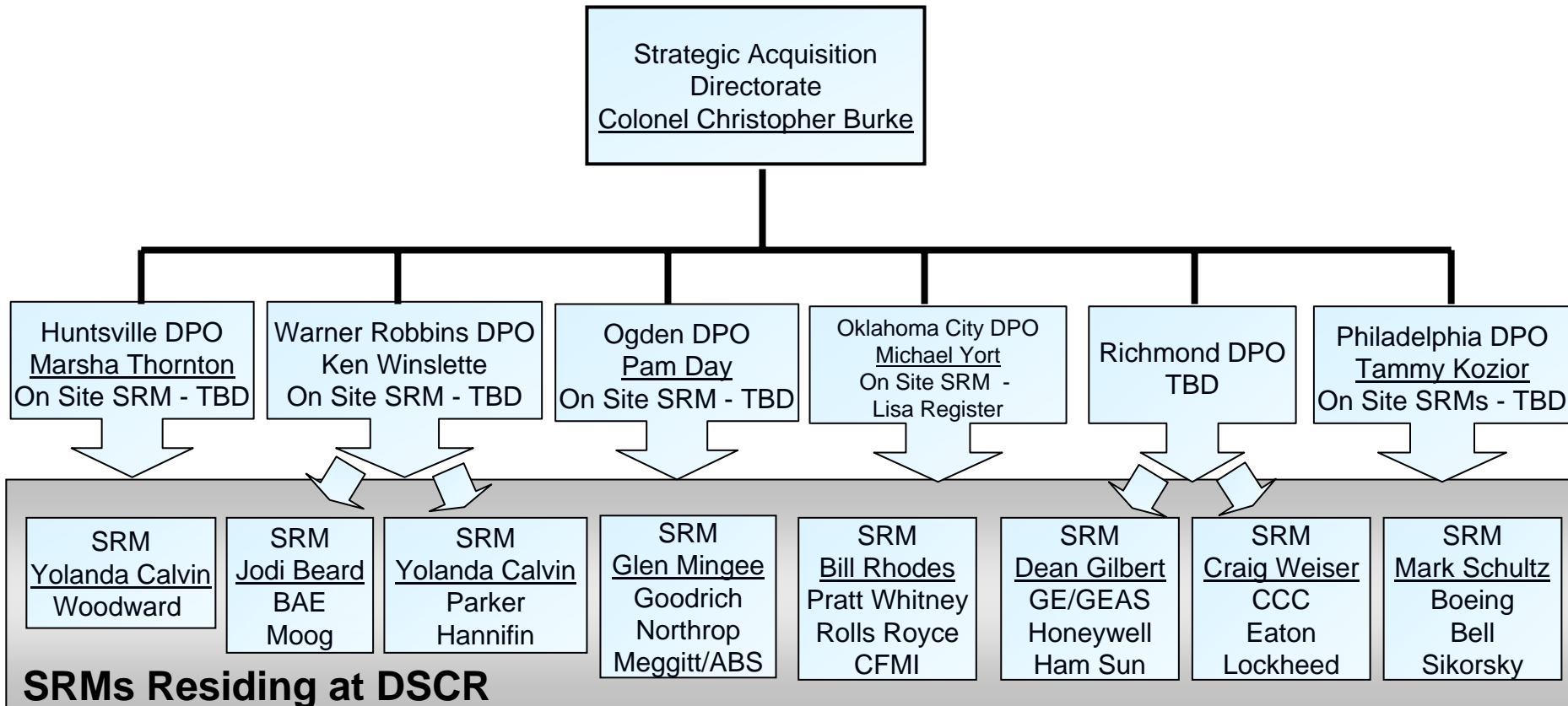
Strategic Acquisition Directorate





Supplier Relationship Management Structure

Continuing a Single POC Approach



Director of Procurement Operations (DPOs) Bridge the Gap Between DLR Governance and Strategic Supplier Alliances



DLR Way Ahead

Sustainment

- **Financial (Budget, Memorandums of Agreements, Inter Service Support Agreements, Support Contracts)**
- **Training/Learning Management System (Information Technology, Defense Acquisition Workforce Improvement Act Certifications/Licenses)**
- **Policies, Processes, and Procedures (DLA/Service Integration)**
- **Daily Operational Support, Roles, Responsibilities, Communication, Business Reviews/Plans/Rules**

Integration

- **Joint Opportunities/Acquisition Strategies/Supplier Relationship Management**
- **Strategic Sourcing Analysis Tool (SSAT)**
- **Information Technology (E-Procurement and Service Interfaces)**
- **Roadmaps and Action Plans for Achieving BRAC Objectives (Collaborative Effort with Customers and Suppliers)**
- **Governance, Customer Engagement, and Culture**

DLA, Services, and Suppliers Achieve Efficiencies & Savings