Defense Supply Center Columbus

Land & Maritime
Demand and Supply Chains

2009 Land & Maritime Supply Chain Business Conference

James M. McClaugherty, SES
Deputy Commander
Agenda

- Organization
- Warfighter Support
- Stewardship Excellence
- Workforce Development
The DLA Enterprise

• **Our People:**
  – 23,853 Civilians, 470 Active Duty Military, 733 Reserve Military
  – Located in 48 States/28 Countries

• **Support Warfighters the world over by:**
  – Making 111,000 Requisitions a day
  – Producing 11,200 Contract Actions a day
  – Resulting in 22.8M Receipts and Issues a year
  – Staffing 25 Distribution Depots Worldwide
  – Managing 3.8 Million NSNs via eight supply chains
  – Supporting nearly 1600 Weapon Systems
  – Providing ~95% of Services’ repair parts
  – Providing 100% of Services’ subsistence, fuels, medical, clothing & textile, construction & barrier material
FY04 sales/services of $28B to FY09 projected sales/services of $36.8B make DLA:

- #56 in the Fortune 100 (Above Lockheed Martin, Pepsico & Intel)
- Third largest storage capacity of the top 50 Distribution Warehouses (Only FedEx and UPS have more)
- 94.4M Barrels of Fuel sold already for FY09 and 132.53M in FY08
- $20.3B Disposals & 1.4B Reutilizations for FY09

Our reach extends far beyond DoD

- Foreign Military Sales program supports 115 Nations
- FY08 Foreign Military Sales of $2.07B
- FY09 Projected Sales of $1.53 Billion
- 570K shipments in FY09
DSCC Leadership Team

Deputy Commander
Mr. James McClaugherty, SES

Commander
Thomas J. Richardson, BG

Chief of Staff
Col. Daniel K. Hicks, USAF
Mr. Griff Warren, Deputy

Currently deployed as the DLA Support Team Commander at Camp Victory, Iraq

Executive Director, Contracting & Acquisition Management
Mr. Milton K Lewis, SES
DSCC Leadership Team

MRAP & A76
Mr. Dan Bohn

Office of Counsel
Mr. Edward C. Hintz

Bus. Process Support
Mr. Todd Lewis

Procurement Support
Mr. Stephen Rodocker
Ms. Julie Van Schaik, Deputy

Operations Support
Mr. Sam Merritt
Mr. Michael Jones, Deputy

BRAC Office
Mr. Don Schulze

Product Test Labs
Mr. Keith Robinette

Small Business
Mr. Dwight DeWeaver

EEO
Mr. Charles Palmer

Internal Audit
Mr. Jim Kreimer

Public Affairs
Ms. Debra Perry

Information Operations (J6C)
Ms. Susan L. Van Meter
Mr. Robert Dunlap, Deputy

Financial Operations (J8C)
Mr. Oscar Mitchell, Director

Site Director
Mr. Kenny K. Youn
Mr. Robert Genton, Deputy

Human Resources
Mr. Derek Saunders

AFGE
Ms. Patti Viers

IFPTE
Mr. Philip Henry
Agenda

- Organization
- Warfighter Support
- Stewardship Excellence
- Workforce Development
### DLA Overview...

**Demand/Supply Chains**

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<th>Land</th>
<th>Maritime</th>
<th>C&amp;T</th>
<th>Medical</th>
<th>Subsistence</th>
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<td>• Aviation Original Equipment Manufacturer (OEM) Items</td>
<td>• Wheeled Vehicles</td>
<td>• Valves/Hardware</td>
<td>• Recruit Clothing</td>
<td>• Pharmaceutical Equipment</td>
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<td>• Engines &amp; Airframes</td>
<td>• Tracked Vehicles</td>
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<td>• Organizational Clothing Equipment</td>
<td>• Medical/Surgical Equipment</td>
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<td>• Aviation Supply Chain Commodities</td>
<td>• Batteries</td>
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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”

**Customer Focus**

from demand signal to order fulfillment

the magic happens in the middle

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

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

**Supplier Focus**
The Mission...Land Demand/Supply Chain

Industrial and Operating Forces Support...

Industrial Support Efforts

• IFSGs
• Collaboration
• Customer Pay
• Tailored Production Kitting

Operational Support Efforts

• MRAP
• 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

Norfolk Naval Shipyard

Industrial Support Efforts
- Corporate Material Process Team
- Shipyard Value Stream Analysis
- Demand Collaboration
- Insulation Prime Vendor
- Forward Positioned Resources

Trident Refit Facility Kings Bay

Operational Support Efforts
- Nuclear Reactors Program
- New Ship Class/System Support
- Fleet Equipment Casualty Support
- Forward Positioned Resources

...and a Weapons Systems Focus...
Stakeholder On-Site Alignment

LEGEND
- Fwd Exec/Maritime
- Fwd Exec/Land
- MRAP OEM locations
- Product Specialist
- CLSS
- Buyer
- Customer Service Rep

3000+ strong in Columbus, Mechanicsburg, Warren, Philadelphia, Norfolk, Puget Sound plus 51 forward locations... and growing...
Other Distributed Ops

Int’l Zone

Bagram

Speicher

Tallil

Anaconda

With DLA Support Teams (DSTs)

Arifjan
# Warfighter Support Successes

## Warfighter Support Programs and Initiatives

<table>
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<td><strong>Tires Privatization Initial Contract - end to end supply chain</strong></td>
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<td>Transfer of Batteries Management to DSCC - seamless</td>
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<td><strong>Integrated Logistics Partnerships at organic repair facilities</strong></td>
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<td><strong>Organic Manufacturing</strong></td>
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<td><strong>M2 Machine Gun Production Support</strong></td>
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DLA Support to MRAP

We broke the mold in provisioning and sustainment

Parts Support Strategy: Original Plan vs Actual

Incremental CLS transition to organic, based on NSN assignment and theater requisitions

- Obtain TECH Data
- Incremental CLS transition to organic, based on NSN assignment and theater requisitions
- Type II NSNs (CAGE & PN) assigned for ASL/PLL
- Long Term Contracts (Sole Source & Competitive)
- Type I NSNs (Fully Described) Assignment/Identification
- Organic Supply System (MILSTRIP) NSN Requisitions

Army G4 direction: Enable units to order via NSN using tactical STAMIS

Provisioning

Phase I: Forecasted & Demand Driven Parts
- Type II NSNs (CAGE & PN) assigned for ASL/PLL
- Obtain TECH Data

Phase II: Complete Weapon System
- Long Term Contracts (Sole Source & Competitive)
- Type I NSNs (Fully Described) Assignment/Identification

Organic Supply System (MILSTRIP) NSN Requisitions

2008

MAR APR MAY JUNE JULY AUG SEP OCT NOV DEC JAN FEB

PHASE 1

Air Conditioning Parts (258 NSNs)
Planning began in Spring 08
Undefinitized Contract Actions (UCA)
Issued May08 - deliveries through FY08

PHASE 2

Over 5000 NSNs (OEM)
Planning in June 08
UCA's issued in July 08
Deliveries continue in 2009

PHASE 3

Long term contracts (up to 19K NSNs)
Market Survey began Oct 2008
1D new LTCs and adds to current
Award by Sep 09

FY08 FY09 FY10
QTR 1QTR 2QTR 3QTR 4QTR 1QTR 2QTR 3QTR 4QTR 1QTR 2QTR
M-ATV Vehicle Support

- Initial production delivery order to Oshkosh Defense to build MRAP-All Terrain Vehicles (M-ATV) for Afghanistan ops.
- 3 year contract with orders up to $3.3B for production, delivery, and associated support.
- First M-ATVs will be fielded by October.
- Produce 1,000 vehicles/month by Dec 2009.
- MRAP JPO is planning to procure limited initial spares and wants DLA to provide sustainment during fielding, as we are doing for rest of MRAP.
- DSCC/DLIS/ DLA are supporting early sustainment efforts.

"From an equipment standpoint, there's no higher priority than to get these vehicles in theater as rapidly as we can."  
- ADM Mike Mullen, Chairman Joint Chiefs of Staff
Fleet Engagement

**Seawolf & Virginia Class Support**

**Stock Redistribution**
- CVN 73
- 5th-6th FLT SSNs
- PC/MCM SSGNs

**San Antonio Class**

**LHD 8 Interim Spares**

**CVN 71 Support**

**CG & DDG Modernization**
Readiness Rapid Response

• USS PORT ROYAL GROUNDING

PHNSY
HQ
MSO
PM
DSCP-P

WSSM

CIC
NAVSEA
NAVICP
NAVSESS
DLIS
HQ
DDC

CSR

PHNSY
NAVSEA
CENTCOM
PM

NAVICP
ISEA
MSO
DDC
PTC
DCMA
PS

• USS GEORGE WASHINGTON GLOBE VALVE

• USS GEORGE WASHINGTON (CVN 73) FIRE

Support by Fleet & Infrastructure Relationships
Four Major BRAC Initiatives Affecting DSCC and Our Partners

Law says:
• Realign **DLR Procurement** management and related support to DLA

End state: **FY2011**
• Single face of all DLR/consumable procurement
• Single procurement management strategic partnership with vendors
• Leveraged DoD buying power

End state: **FY2011**
• Cross Service Group identifying items
• Population considerably less than expected 350K

Law says:
• **Consolidate supply, storage and distribution** functions and inventories of local DD with local base support

End state: **FY2011**
• Single manager of inventory and infrastructure
• Single tailored investment strategy

Law says:
• **Privatize Management**, storage, distribution, and realign contracting functions for tires, packaged petroleum products, and compressed gases from services to DSCC and DSCR.

Execution
• Contracts by ’07
• Storage by ’08

Law says:
• Most **Consumable Items** managed by the services will transition to DLA

End state: **FY2011**
• Most Consumable Items led by the services will transition to DLA
Agenda

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DSCC Business Profile

Scope of Business

- 2.1M NSNs
- 1,400+ weapon systems
- 145,000+ customers
- 6.7M requisitions
- 7,000+ suppliers
- 1,900 contracts at $7.8M/day
- 707K contracts/year

FY09 Depot Level Reparables

- DLA-Mechanicsburg:
  - 7,400 contracts
  - Valued at $240M
  - Supporting NAVICP
- DLA-Warren:
  - 800 contracts
  - Valued at $195M
  - Supporting TACOM

Sales Trend

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (Billion)</th>
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<tr>
<td>FY06</td>
<td>$2.9B</td>
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<tr>
<td>FY07</td>
<td>$3.2B</td>
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<tr>
<td>FY08</td>
<td>$3.5B</td>
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<tr>
<td>FY09 To Date</td>
<td>$2.9B</td>
</tr>
<tr>
<td>FY09 Projection</td>
<td>$3.7B</td>
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Sales by Supply Chain

- LAND: $1.8B
- MARITIME: $1.7B
- FOREIGN MILITARY: $280M
DLA’s Business Strategy
Within Supply Chains

End to End Supply Chain Integration

Common Processes/Services Define Our Enterprise Supply Chains
Supporting Rapid Acquisition

Four Procurement Avenues of Approach

1. Acquire whole supply chains
   - Privatization: Tires
   - Microelectronics
   - Batteries

2. Where an end-to-end supply chain does not exist, acquire and integrate supplies and services

3. Where integration services are not required, acquire strategic material with flexible response
   - Long-term contracts with performance requirements, strategic supplier alliances

4. For non-strategic material: transactional buys
Contracts Breakout

Land Suppliers

- LTC: $1,188,605,344 (66%)
- Manual: $492,596,874 (27%)
- PACE: $131,902,831 (7%)

Maritime Suppliers

- Manual: $684,802,189 (47%)
- PACE: $289,959,628 (20%)
- LTC: $484,067,676 (33%)

Award Actions

- LTC: 401,477 (84%)
- Manual: 52,880 (11%)
- PACE: 26,372 (5%)

- LTC: 151,243 (49%)
- PACE: 70,687 (23%)
- Manual: 86,306 (28%)

LTC = Long Term Contracts  PACE = Procurement Automated Contracting Evaluation
Eprocurement Overview

EProcurement is a continuation of DLA’s EBS Transformation

The Plan

- **What:** Replacement of all current EBS procurement functionality plus inclusion of DPACS, ECF, PACE with DIBBS as a bolt on

- **When:** Initial Operational Capability (IOC) (pilot) in April 2010; Full Operational Capability (FOC) in Sept 2012.

- **Where:** Stand-up of EProcurement functionality for current DLA Supply Chains, BRAC DLR sites, and 6 DLA sites with no previous EBS implementation (DDC, DRMS, DCSO, DAPS, DESC, DNSC)
DoD Budget Facing Downward Pressures

Land & Maritime Business Driven by DoD Budget
- Surge since FY01
- Overall business volume peaked...but many pockets of strong demands...
  MRAP/M-ATV/Reset

Outlook
- FY09 on target with slight belt tightening
- FY10 on plan
- FY11 anticipated decreases
Continuous Process Improvement

CPI projects aligned to identified risk areas (ERM) and NSPS goals

- 4 certified Black Belts; 16 Certified Green Belts
- 61 trained Green Belts
- 3 GB classes at DSCC (Dec, Jan, Apr): 130 trained GB
- 1 BB class at DSCC (Feb-Jun 2009): 12 trained BB
- LSS Champion/Project Sponsor Tng: 40 trained
- DAU On-Line training available

- DSCC: 11 RIEs, 4 LSS project; 1 TOC DBR project
- DLA: 4 Enterprise projects (ESA and Dmd Plng)
- Customers: Participating in 5 projects, many RIEs

Our Journey Continues...

Institutionalizing CPI

CPI Profile

Personnel
- 4 certified Black Belts; 16 Certified Green Belts
- 61 trained Green Belts

Training
- 3 GB classes at DSCC (Dec, Jan, Apr): 130 trained GB
- 1 BB class at DSCC (Feb-Jun 2009): 12 trained BB
- LSS Champion/Project Sponsor Tng: 40 trained
- DAU On-Line training available

Active Projects
- DSCC: 11 RIEs, 4 LSS project; 1 TOC DBR project
- DLA: 4 Enterprise projects (ESA and Dmd Plng)
- Customers: Participating in 5 projects, many RIEs

<https://centerwide.dscc.dla.mil/progr ams/LeanSixSigma/index.html>
Supply Chain Operations Reference (SCOR) Model

DLA Enterprise
- Perfect Order Fulfillment
- Demand Plan Accuracy
- Attainment to Plan
- Cost Performance

Service Needs
- USN/USMC: CASREPs
- USA: AOG, Reset, CCIR
- USAF: AAIP, MICAPs
- Material Avail, Unfilled Orders

Being Bilingual -- Goal Congruence in a Global Materiel Enterprise
DLA Fusion Center Portal

- Customer Targeted Outcome (CTO) metrics programmed into the Fusion Center Portal
  - Access to detailed status information and analysis by Service and weapon system
  - Links outcomes to each Supply Chain partner’s contribution to those results
Agenda

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- Workforce Development
• **Beliefs** about what is really important

• Widely shared and strongly held **social expectations** about appropriate **attitudes** and **behaviors**

• When organizations stand for something of **universal value**, employee commitment is deeper and more enduring
Culture Survey

DSCC Response Rate 71.3% -- we’d like it higher

Adaptability... up 73 points
Mission... up 30 points
Involvement... up 77 points
Consistency... up 51 points
DSCC Diversity

Director’s “Equity” Initiative

Targeted Disabilities Goal 3%; DLA Columbus 2.17%
Master Plan / Capital Improvements

- Reactivate Bldg 30 for DRMS (FY09) $900K
- Partial Demo. Bldg 27 (FY09) $2.5M
- Fitness Center (FY14) $10M
- Antiterrorism Enhancements (FY12) - $5.6M
- Demo. Bldgs 41/42 (FY09/10) $5M
- Armed Forces Reserve Center (Non-DLA BRAC MILCON) $29M (FY08)
- Ohio Army National Guard Projects (FY09) $65M
- Renovate Bldgs 11-12 for DFAS (FY09) $1.5M
- Expand Child Development Center (FY09) $5M

Green = Projects Under Construction / Blue = Future Projects
Commander's Intent

Strength and Balance

Continuous Process Improvement underpins all efforts

Leadership and People

Enhance Associates’ Capabilities (Skill, Knowledge, Attributes)

Improved Operational Unit and Industrial Support

Focus on Warfighters

Performance

Transformation

Linking Suppliers to Warfighter Demand

Mutual Trust & Respect

Speed

Accountability

Quality

Innovation

Teamwork

Customer Satisfaction

The

SCC

... Expect the Best...