Performance Based Logistics (PBL) Panel

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USD(ATL)
Memorandum for Secretaries of Military Services
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• Reinforce Life Cycle Sustainment Metrics
  1. Materiel Availability
  2. Materiel Reliability
  3. Ownership Cost

• Align Resources to Readiness
• Track Performance throughout the Life Cycle
• Implement Performance-Based Life Cycle Product Support Strategies
Life Cycle Management and Product Support

- Requirement: A weapon system shall be supported by a product support manager (PSM) in accordance with the requirements specified in this subsection.

- Responsibilities: The PSM shall:
  - Develop and implement a comprehensive PS strategy
  - Conduct appropriate cost analyses
  - Assure achievement of desired PS outcomes and implementation of appropriate PS arrangements
  - Adjust performance requirements and resource allocations across PSIs and PSPs to optimize implementation of the PS strategy
  - Periodically review PS arrangement between the PSIs and PSPs
  - Revalidate the BCA prior to change in PS strategy or every 5 years, whichever occurs first

- OUSD(AT&L) Action Required: Not later than 180 days after enactment of FY 2010 NDAA, the Secretary of Defense shall issue comprehensive guidance on LCM and the development of PS strategies.

Growth Opportunity for DLA
Product Support Business Model

Inherently Governmental

Performance Based Agreement

Program Manager (PM) - Responsibility/Authority

Product Support Manager (PSM) - Accountability

PBA/Partnering Agreement

Product Support Integrators

Product Support Providers

Typical DLA role.

Integrated Industrial Base: Commercial and Government

Defined Performance Outcomes

Parts Providers

Warfighter

Depots
DLA
ICPs
OEMs
DPO
Tier X

PSI
PSI Partnership
Product Support Business Model

- **Warfighter**
- **Product Support Integrators**
  - PSI
  - PSI Partnership
- **Product Support Providers**
  - Depots
  - DLA
  - ICPs
  - OEMs
  - DPO
  - Tier X
- **Parts Providers**

**Inherently Governmental**

**Performance Based Agreement**

- **Program Manager (PM)**
- **Product Support Manager (PSM)**

**Responsibility/Authority**

**Accountability**

**Future DLA role.**

**Integrated Industrial Base: Commercial and Government**
PBL Definition - DLA

A strategy that provides an integrated, measurable package of logistics support, procured and/or provided by DLA; designed to meet our customer’s performance outcomes at best value.
Performance Based Logistics

Leveraging the DLA Enterprise

Developing engagement strategy to provide tailored support to customers ...

World Wide Logistics Network
Extensive Strategic Supplier Alliances
Responsive Theater Support
Global Logistics Info Services
Total Life Cycle Focus
Global Storage and Distribution Network

... From partnering with industry to serving as the product support integrator
... From single item management to life cycle weapons system support

DoD Mandate -- use PBL as the preferred product support strategy to improve weapon system readiness and reduce total ownership cost
Performance Based Logistics

INDUSTRY/ORGANIC

Integrated Support Providers
- DLA Logistics Info. Service
- DLA Supply Centers
- DLA Distribution
- DLA Disposition Services

Buys Performance As a Package (Including Surge/Flexibility)

Weapon System Program Manager

Ensure System is Sustained at Optimum Level per PBA

Acquisition
Distribution
Sustainment
Disposal

Provide Continuous, Reliable, Affordable Support per PBA

CWT
MC Rate

Visibility into cost/risk decisions across life cycle
Scope of PBL Strategy

- **Supply Chain Services**
- **Supply Sub-Process**
- **Maintenance Process**
- **Commodity**
- **Subsystem**
- **Full System**

- **Scope can range from process to platform level**
- **Most existing PBLs are at sub-system level**
- **The PBL scope can “grow” over time**
- **Look for opportunities to transition to PBL**

**Objective:** Shift More Accountability & Responsibility to Commercial Support Providers
Performance Based Logistics

• Goal of PBL Strategy
  – To improve weapons system readiness through the procurement of integrated, affordable, performance support packages
  – Shift from buying spares/repairs/tools to buying a level of availability

• HQ DLA Standing up dedicated PBL Program office
  • Focused on taking a strategic approach to PBLs
  • DLA Director approved creation of PBL Program Office in Apr 2010
  • Office stood up in Aug 2010…Led by CAPT John Spicer

DLA brings world-class support in providing:
  • Unique and common consumables and reparables
  • World-class contracting support
  • Cataloging, disposal, distribution, and management services
Partnering w/DLA

Invite DLA as a member of planning IPT prior to MILESTONE B for new or major reset programs

Include data clauses in your contracts for access to and/or requirement for contractor to provide type I technical data, at no additional cost to government

Include basic FAR clause 52.251-1 to enable DLA to partner with commercial contractors as a product support provider

Programs that transition from full CLS to Organic support without coordination can gravely impact user mission support
HMMWV Integrated Logistics Partnership

DLA as an Integrator

Army, AMG, DLA
Combined Inventory Levels
Reduced 76%

Army Inventory Levels
Reduced 93%

Letterkenny Army Depot
“Customer Pay has shown me the way to the promised land.”
- Dr. Gray, Deputy CDR, LEAD

Red River Army Depot
HMMWV arrival at Depot

Maine Military Authority

Cost per Vehicle Savings

LEAD 6.6%
RRAD 8.7%

= 691 more HMMVWS at No Additional Cost

Stock Availability Increased to 99.99%

RECAP PM
Inventory Investment Reduced 95%
DLA’s Future Role in PBLs

DLA…connect product support strategies to the supply chain enterprise to produce the best value across DoD Components

- Reduce Total Ownership Cost
- Reinforce Life Cycle Sustainment
  1. Materiel Availability
  2. Materiel Reliability
  3. Ownership Cost
- Align Resources to Readiness
Questions for the Panel