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# Sustaining Warfighter Support while Reducing Cost

IDENTIFYING SAVINGS AND IMPROVING  
DLA'S SUPPORT TO THE WARFIGHTER

PRESENTED BY:

PHILIP R. TOMBAUGH

DIRECTOR, GLOBAL PUBLIC SECTOR

# Dramatically Decreasing Budgets Will Require Significant Behavior Change

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## Mandates for dramatic improvements exist

- Under Secretary Ashton B. Carter:
  - “We cannot support our troops...unless we achieve greater efficiency”
  - “DO MORE WITHOUT MORE”

## \$100B U.S. defense spending cut is just the start...\$200B? \$400B?

- Culture change is required
- Industry Best-In-Class supply chain management costs are less than 6% of sales<sup>1</sup>
- Adaptive logistics and flexible supply chains are key

## Customers will look for alternatives if they can't find value within DoD

*Anyone can be low-cost and low-performance – DoD must strive to deliver top performance at best value*

# PRTM Gained Significant Insights from its *2011 Commercial Global Supply Chain Trends Study*

The study identified supply chain flexibility as a key to supply chain optimization

Five themes were identified for how to optimize in a downturn:

*Today's Focus*

1 Engaging in End-to-End Planning / Sales and Operations Planning (S&OP)

2 Improving Supply Assurance

3 Achieving Competitive Advantage through Superior Collaboration

4 Utilizing partner supply chain architectures to extend capabilities

5 Linking Product Development to Supply Chain Planning

Share focus on  
improving collaboration

Although DoD's mission is different from industry's, increased pressures for improved service at lower costs offer a window of opportunity to adopt relevant commercial practices

# Tangible Benefits are Realized from Implementing Collaborative Planning Practices

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## 1 Engaging in End-to-End Planning / Sales and Operations Planning (S&OP)

**89% of industry leaders have implemented mature collaborative planning practices that involve all key organizational functions and partners**

**Several opportunities exist for DLA to improve planning:**

- Increase detailed understanding of future customer demand and criticality
- Focus inventory positioning model on customer-facing considerations
- Measure wait time and reliable on-time delivery from customer's perspective

***Focus on understanding future customer demand and delivering total value to the customer***

# Study Participants Regard Supply Assurance as a Primary Lever to Increase Flexibility

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## Improving Supply Assurance

**Supply assurance is a supplier's ability to deliver goods to respond to a customers' needs**

**78% of aerospace companies view supply assurance as critical to ensuring flexibility due to their high dependence on suppliers/partners**

**Several opportunities exist for DLA to improve supply assurance:**

- Work internally to streamline contracting processes
- Work with suppliers to improve on-time delivery

***Focus on streamlining contracting processes while also holding suppliers accountable***

# Change is Necessary to Sustain Support in an Era of Decreasing Budgets

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**Increasing synchronization with suppliers and connections with customers will yield better performance and lower costs**

- Industry has made these changes and DLA can leverage commercial knowledge

**DLA has made progress but continued evolution is critical to meet budget requirements without sacrificing service levels**

- Decrease supplier variability through better contracting and accountability
- Improve planning and forecasting
- Evolve inventory models to focus on customer value

*Innovation of practices, processes, and methods are at the core of delivering “more without more”*