Adapting the Institution . . .
The “Burning Platform” is Beneath Us

5 April 2011
★★★★★

GEN Ann E. Dunwoody

Sustaining the Strength of the Nation!
What I Want to Leave You With

✓ Thank you for what you do everyday
✓ At a Strategic Crossroad
✓ Tactical Partnerships & Strategic Relationships
✓ Challenges = Opportunities
✓ Want your thoughts and ideas

“We can’t solve problems by using the same thinking we used when we created them.” – Albert Einstein
Complexity: Supporting Two Wars . . .

Operation Enduring Freedom
- Support/Sustain the Surge
- Building Partner Capacity
- Leveraging Lessons Learned
- 50% Surge Equipment from Iraq

Operation New Dawn and Beyond
- Complete Drawdown
- Build Iraqi Capabilities and Self-Sufficiency
- Set Conditions for DoS/Others

“My Logisticians are a humorless lot...they know if my campaign fails, they are the first ones I will slay.” - Alexander the Great
... in a Complex Asymmetrical Environment ...

- Border Delays
- Political Unrest
- Expanding Militancy
- Host Government Rule
- Uncertainty
- Economic Issues
- Visibility Issues
- Theft & Pilferage
- Weather
- Attacks
- Labor Issues
- Road Conditions

PhD Level Logistics
... While Supporting Contingency Operations ...

RAPID PORT OPENING

EMERGENCY RATIONS

LOGISTIC SUPPORT

HAITI - HURRICANE

HAITI - EARTHQUAKE

CHILE - EARTHQUAKE

PAKISTAN - FLOODS

... AND NOW JAPAN

Whenever We Are Called . . .
... During Complex Organizational State

- 1 of 6 employees impacted
- Approx. 11,000 personnel across 25 States
- Center of gravity shifts
- > 50% of all moves complete - must be complete by Sep 2011
Lifecycle Management Challenges

But we need to focus more here ... up front

The Team does a great job here ..., up front

No longer readiness at all cost ..., now readiness at best value

- Maintain
- Distribute
- Sustain
- Dispose

Cost ... Schedule ... Performance
Can't Afford to Repeat History

Civil War

WW1

WWII

Korea

Vietnam

Desert Storm

Insanity: doing the same thing over and over again and expecting different results - Albert Einstein
Over 12,000 Combat Vehicles and related equipment including 1,795 Tanks, 5,977 APCs, 80 MRAPs, 123 Bradley’s, 130 Bridge Tanks, 1,003 Towed Howitzers, 1,987 Flatracks, and 1,290 Other Vehicles (mainly heavy construction vehicles and MHE).
We Must Stop the Madness!

Doing the Same = Failure
Fundamentally Different Way of Doing Business

“If you don’t like change, you will like irrelevance even less.”
- GEN Eric Shinseki
Expand Opportunities to Work Together

- Munitions Support
- Arsenal/Depot Operations
- Chem Demil
- Foreign Military Sales
- Forward Presence CONUS Reach Back
- Global Contracting
- Army's Division Support Command
- Research, Dev and Engineering
- Global Distribution and Deployment
- Army Pre-Positioned Stocks (APS)
- LOGCAP

Interface with Industry & ASA(ALT)

Factory to Foxhole . . . From Concept to Combat
Lower Cost . . . Higher Quality . . . Faster Delivery!

Our Credentials

**Anniston Army Depot**
- **Gunners Primary Site Man-Hours per Unit**
  - FY08: 85 Hrs
  - FY09: 85 Hrs
  - FY10: 65 Hrs

**Red River Army Depot**
- **M1114 Man-Hours per Vehicle**
  - FY05: 440 Hrs
  - FY10: 407 Hrs

**McAlester Army Ammunition Plant**
- **BLU-109 2000 lb Penetrator Labor Cost per Unit**
  - FY08: $560
  - FY09: $563
  - FY10: $494

**Letterkenny Army Depot**
- **Patriot Launcher Labor Cost per Unit**
  - FY08: $150K
  - FY09: $144K
  - FY10: $92K

**Total Benefits** = $5.163B!

**42 ISO Certifications across AMC**
- 4 LSS Excellence Awards in 2010
- 6 LSS Excellence Awards in 2009
- 7 Value Engineering (VE) Awards in 2009
- 6 VE Awards in 2010
- 1 Malcolm Baldrige Quality Award (2007)
- 26 Shingo Medallions since 2005
- Self-Sufficiency: AMC has 17 certified MBBs, representing 33% of all Army MBBs

**VE Benefits**
- FY11 $53M (YTD)
- FY10 $2.1B
- FY09 $860M
- FY08 $749M

**LSS Benefits**
- FY11 $439M (YTD)
- FY10 $402M
- FY09 $250M
- FY08 $310M
# Tactical Partnerships

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**Still More Opportunities**
Global Demand = Shared Opportunities

FMS Portfolio by Region

Security Assistance Training
- Countries: 15
- Personnel: 199

2007 $9.0B
3897 Cases

2010 $14.6B
4657 Cases

Building Partner Capacity and Goodwill

Total Active FMS
- Countries: 155
- Cases: 4657
- Value: $118.6B

COUNTRIES: 30
CASES: 214
VALUE: $564.4M

COUNTRIES: 31
CASES: 471
VALUE: $2.5B

COUNTRIES: 54
CASES: 1423
VALUE: $13B

COUNTRIES: 20
CASES: 867
VALUE: $17.2B

COUNTRIES: 20
CASES: 1682
VALUE: $85.3B
UNCLASSIFIED

FMS a Growing Business

All Commodities In Demand!
Managing Materiel for the Army

Lead Materiel Integrator develops materiel sourcing solutions IAW Army priorities to support integrated demand signals.

AMC-Lead Materiel Integrator

Readiness Enterprise

Demand Signal Integrator

Sources of Repair

Multiple Managers

Infinite Piles

Fundamentally a Different Way of Doing Business!

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Fundamentally a Different Way of Doing Business!
Not Business As Usual

- Institutionalize ARFORGEN Based Rotational Model
- Eliminate Redundancies
- Incentivize Efficiencies
- Enterprise as a Mindset

- Invest in the Most Value
- Balanced Force
- Maintain the Combat Edge
- Cost informed Requirements Process

Setting Conditions for the Army's Future
Five Key Initiatives

Target Affordability and Control Cost Growth

Incentivize Productivity & Innovation in Industry

Promote Real Competition

Improve Tradecraft in Acquisition of Services

Reduce Non-Productive Processes and Bureaucracy

OSD's Implementation Directive for Better Buying Power (3 Nov 10)
Mission: Conduct a review to create a more agile and cost effective research, development and acquisition system by analyzing work flow and optimizing organizations, processes, and procedures to support the work.

Key Tasks

• 150 day review

• Save $3B annually by the end of 2015

• Deliberative approach to process and cultural transformation

• Optimize PEO and AMC responsibilities

More efficient, effective, and agile and free-up resources to build the Army of the future
The Journey Continues
Moving Confidently Into the Future

Providing America's Warfighters with the Decisive Edge

CSA/SA IMPERATIVE
Continual Adaptation

Our People
Innovation
Collaboration

Integrate
Equipment Reset & Materiel Integration
Sustain Units

Equip
Provide Capability-Based Solutions

Sustain
Cultivate a Trained & Ready Workforce
Allocate & Apply Resources
Enable

Uncertainty
Persistent Conflict
Complexity
Declining Resources

July 2011
SA Optimization Initiative

Enable Security Assistance
Acquisition, R&D & Contracting Reform
Lead Materiel Integrator (LMI)
Conditions Based Maintenance (CBM)
Build the Enterprise Network
Champion Civilians
Modernize the Industrial Base

Fundamentally Different Way of Doing Business

Version 01 (As of 16 March 2011) UNCLASSIFIED
Provide education, training, and employment support to the Soldier who, through no fault of their own, can no longer serve our country in uniform but wants to continue serving our country as an AMC civilian.
Turning Challenges into Opportunities

You... Us... Working Together...
Responding to New Challenges

Collaboration, Cooperation and Relationships