IMPROVING ACQUISITION & PERFORMANCE THROUGH MANAGEMENT, METHODS & MEASURES

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A TeamStaff, Inc. (TSTF) Company
ZACH PARKER, CRE
Chief Executive Officer

- 25 years DoD / Government services
- Systems Engineering, Logistics and Info Technology
- Weapons Systems, Civil Systems, Healthcare
- Achieved CMMI and ISO 9001 certifications
- Extensive Readiness experience including RM&A

NDIA
National Defense Industrial Association

Affordability Track
Agenda

- Theme / Overview
- DoD Focus
- Systems Engineering (Integration)
- Work-System Model
- Modeling and Methods Engineering
- Underlying Environment
- Summary & Questions
Improve acquisition & performance of programs/systems including sustainment

DoD … Better Buying Power

Obtain Greater Efficiency and Productivity in Defense Spending

- Target Affordability and Control Cost Growth
- Incentivize Productivity & Innovation in Industry
- Promote Real Competition
- Improve Tradecraft in Services Acquisition
- Reduce Non-Productive Processes and Bureaucracy

THE HONORABLE ASHTON B. CARTER
Under Secretary of Defense for Acquisition, Technology & Logistics

2-3% Net Annual Growth without commensurate budget increases…
“Do More Without More”
DoD Focus

Supply Chain Improvement Initiatives

FY10 NDAA Inventory Management Plan

<table>
<thead>
<tr>
<th>FOCUS AREAS</th>
<th>Optimize Inventory Management Decisions</th>
<th>Balance Readiness and Inventory Efficiency</th>
<th>Improve Acquisition and Retention Decisions</th>
<th>Expand and Leverage Visibility Across DoD</th>
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<tbody>
<tr>
<td>Demand Forecasting</td>
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<td>TSU/Multi-Echelon Modeling</td>
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<td>On-Order Excess</td>
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<td>Economic Retention</td>
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<td>Contingency Retention</td>
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<td>Storage &amp; DVD</td>
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<tr>
<td>Items with No Demand/Disposal</td>
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Joint Supply Chain Architecture

Material Readiness

Perfect Order Fulfillment

Reliability

Cross-Cutting

Speed

Total Supply Chain Management Cost

Automated Information Technology (AIT)

- Supply Chain High Risk
- Actionable, measurable, Department-wide implementation of AIT to improve supply chain capability...achieve visibility...generate efficiencies
- Establish AIT metrics to improve performance and results
- 98% of shipments to Afghanistan and Iraq tagged
- Leveraging actionable metrics
  - 16% to 39% productivity improvement
  - 8 days avg. reduction in CWT

DPO Strategic Opportunities

<table>
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<tr>
<th>DPO Goals Grade C-</th>
<th>Velocity (LRT)</th>
<th>Supply Chain Cost Savings</th>
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<tr>
<td>PACOM: 9-25%</td>
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<td>EUCOM: 19-35%</td>
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Current Benefits

- Demonstrate same or better performance for DoD
- SNO Modelling underway

Total Estimated Benefit

- 25%
- $520MMyr
- $245MMyr
Systems Engineering

Integrating Function

- Requirements
- Performance
- Schedule
- Cost

Systems Engineering
Work-Systems Model

Worker

Tasks

Environment

Behavior / Performance
A Methodology to Assess:

- Current State (multi-variable)
- Anticipated Demand
- Desired /Probable State

Implement Data Driven Change:

- Enhanced System Output
- Increased Productivity /Quality
- Maximize Efficiency ($$ / Unit)
Underlying Environment

- Inputs /Outputs
- Criterion variables
- Criterion tolerance
- Environment
- Monitoring condition
- Contingencies
Underlying Environment

- **Incentive Program**
  - Positive / Negative
  - Individual / Team

- **Discipline Program**
  - Performance Factors
  - Progressive / 0 Tolerance

- **Assignment & Rotation**
  - Variance Analysis

- **Corporate Culture**
Case Study

- Scenario: Nationwide production and distribution centers facilitating 100 million transactions annually
- Legacy Pre-SPOT-m: Managed at the macro-level
- Concerns – 2007
  - Costs were upward trending
  - Leveled performance
  - Accuracy met minimum contract requirements but did not exceed expectations
SPOT-m – Theory to Practice

- Modified workstations
- Statistical Process Control
- Secure system
- RFID technology
- Sensors
- Line position rotation

Worker incentive program
  - Team performance
  - Individual performance
SPOT-m Results

- Implemented in 2008 but continuously refined
- Now: Managed at the micro-level – defined and isolatable metrics in real-time
- Results:
  - 10% reduction in costs to the customer
  - Increased performance by greater than 10%
  - Improved accuracy (two-fold benefits)
- For the past three years implementation for government customers has contributed to recognition by J.D. Power and Associates for end-customer satisfaction.
Summary/Questions

- **Features**
  - Applicable to any program/project/process

- **Benefits**
  - Improved performance
  - Accuracy
  - Customer satisfaction

- **ROI**
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