Realizing Efficiencies Through PBL: An Industry Perspective

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- That’s the real task and budget constraints don’t help
  - PBL is simply a tool that needs to be used properly to be effective
  - By itself, it won’t solve your problems, and it doesn’t work on autopilot
  - Like Democracy, PBL is not perfect, but is better than the known alternatives, certainly better than the status quo

- Plain Talk: How does Industry Really View PBLs?
  - Not as a means to gouge the customer
  - Fact: PBLs tend to reduce the revenue stream
  - Fact: Under a FP PBL, Industry trades revenue for profit
  - Fact: In many cases PBLs are a hard sell to senior management
  - Fact: Consideration of PBL mandated by DoDI 5000.02
  - Fact: PBL solutions are required by most RFPs
Realizing Efficiencies Through PBL

• You get what you pay for
  – But, if that’s all you get, something’s wrong with your PBL
  – Value received should exceed contract price
  – However, Industry must be incentivized to provide the extra value

• Contract disincentives are the biggest detriment to maximizing Efficiencies from the PBL value stream
  – Delays in starting the PBL contracting process
  – Length of contracting process or Time to Contract
  – POP
  – Quarterly fund disbursement
  – Demand bands
  – Cost reporting
  – Poorly understood and misaligned metrics
  – Competition for the sake of competition
Benefits of Broader PBL Implementation

- First generation PBL reinvented repair supply chain
  - Broke down Industry silos: OEMs–Subcontractors–Suppliers
  - Incentivized behaviors to reduce life cycle costs to Govt
- Next Gen PBL will move beyond silos to networks
  - Sustainment grids will replace silos as synergy replaces friction
  - Must breakdown Govt (Service) Silos as well
  - Best value OEMs, subcontractors, suppliers, and 3PLs incentivized to perform thru favorable contracting practices
  - You won’t get best value anything by focusing on short term cost
- If not PBL, then where will the efficiencies come from?