Defense Supply Center Columbus

“Supporting the Warfighter In An Austere Budget Environment”

Partnering With Industry

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Commander
June 11-13, 2012
DLA Land and Maritime Spectrum of Support

**Operational**
- Land
  - OEF
    - MRAP Excess
    - SSA Retrograde
  - SWA Readiness
- Maritime
  - BMD
  - MCM/PC
  - Deployer/Pre-deployers
  - CASREP reduction

**Industrial**
- Land
  - Integrated Logistics Partnership (ILP)
  - Integrated Prime Vendor (IPV)
- Maritime
  - Shipyard Summits
  - Availability Tracker
  - CCIRs

**Item/Tech Management**
- Land
  - Demand Planning
    - Formal Collab
    - Industrial Forecast Support Group
  - Forecasting Summit
  - AMC WPU
  - “Right Item”
    - ESA Support
    - Tech Data Management
    - PQDRs
- Maritime
  - Consumables
    - LTCs
    - Automated DOs
    - PACE
    - Manual Awards
    - Emergency Buys
    - DLRs
    - LTCs
    - Spot Buys
    - Joint Contracts
DLA Director’s FY12 Guidance

- **Warfighter Support**
  - Global Support for Warfighter Ops
  - Global Support for Industrial Ops
  - Procurement Program Execution
  - Engineering Support Activity Execution Improvement

- **Stewardship Excellence**
  - Efficiency Improvement
  - Material Cost Reduction
  - Complete BRAC Actions
  - Procurement Process Improvement
  - Protect the Supply Chain

- **Workforce Development**

**Sixteen Specific Supporting Efforts**
<table>
<thead>
<tr>
<th>Issue</th>
<th>Remarks</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Global Support for Warfighter Operations</strong>&lt;br&gt;Support Operational Requirements&lt;br&gt;• 90% Material Availability&lt;br&gt;• 25% Backorder Reduction&lt;br&gt;• 95% Support to Navy Nuclear Reactor Program</td>
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<tr>
<td>2</td>
<td><strong>Global Support for Industrial Activities</strong>&lt;br&gt;Improve Support to Industrial Operations&lt;br&gt;• 90% Stock On Hand at Start of Shipyard Availability&lt;br&gt;• Tobyhanna Industrial Prime Vendor&lt;br&gt;• &lt;10% Inventory Error Rate</td>
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<td>3</td>
<td><strong>Procurement Program Execution</strong>&lt;br&gt;Improve Procurement Program Execution&lt;br&gt;• Tires Successor Initiative&lt;br&gt;• Zero Purchase requests Over Administrative Lead Time&lt;br&gt;• Small Business Utilization Performance</td>
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<td>4</td>
<td><strong>Engineering Support Activity Execution Improvement</strong>&lt;br&gt;Improve Engineering Support with Services&lt;br&gt;• Reduce Tech Data Acquisition Cycle Time&lt;br&gt;• Improve Source Approval Requests/Reverse Engineering Rates</td>
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<td>5</td>
<td><strong>Efficiency Improvement</strong>&lt;br&gt;Increase Efficiency of Operations&lt;br&gt;• Increase Demand Plan Accuracy&lt;br&gt;• Baseline Retail Inventory Turns&lt;br&gt;• Reduce Non-labor Expenditures&lt;br&gt;• Continuous Process Improvement</td>
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<tr>
<td>Issue</td>
<td>Remarks</td>
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<td>6</td>
<td><strong>Material Cost Reduction</strong>&lt;br&gt;<strong>Achieve Cost Savings in Selected Material Categories</strong>&lt;br&gt;• 10% Net Material Cost Savings&lt;br&gt;• Pilot First Destination Transportation and Packaging Initiative</td>
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<td>7</td>
<td><strong>Complete BRAC/Wynne Actions</strong>&lt;br&gt;• Consolidate Inventory within Shipyards&lt;br&gt;• Implement DSS at Shipyards</td>
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<td>8</td>
<td><strong>Procurement Process Improvement</strong>&lt;br&gt;<strong>Maintain Procurement Integrity/Improve Procurement Processes</strong>&lt;br&gt;• Implement PMR recommendations</td>
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<td>9</td>
<td><strong>Protecting the Supply Chain</strong>&lt;br&gt;<strong>Mitigate Risks of Non-Conforming Items</strong>&lt;br&gt;• Expand Qualified Supplier List of Distributors Program&lt;br&gt;• Improve Product Quality Deficiency Report Processing</td>
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<td>10</td>
<td><strong>Workforce Development</strong>&lt;br&gt;<strong>Continue to Foster Culture of Professionalism and Diversity</strong>&lt;br&gt;• Enhance Commander’s Health of Command Program&lt;br&gt;• Expand Training on Negotiation Skills and Market Basket Development</td>
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</table>
FY 12 Goals for Class IX Supply Chains

"...target areas I’d like you to start working now."

- 90% Material Availability (MA)
- Reduce Backorders (BOs) 25%
- 85% of BOs <180 Days Old
- Zero Purchase Requests > Admin Lead Time
- 100% On Time Delivery of Depot Level Reparables
Operation Full Press Actions

- Reduce Workplace Distractions
- Revise Workload Prioritization
- Discontinue Constrained Supply Planning (CSP)
- Data Cleansing
- Quarterly PR Clean Up
- Improve Forecast Accuracy
- Dedicated Resources on Aged Goals
- Executive and Command Level Reviews
Operation Full Press Results

Material Availability

- Land: 88%

- Maritime: 87%

Backorders

- Land: 54,831
- Maritime: 81,628

Improving Trends

- Land: 88%
- Maritime: 87%

More Work To Be Done

- Land: 8,010
- Maritime: 22,641
Operation Full Press Results

**PRs On Hand**

- **Land**
  - PRs On Hand: 3,161
  - PRs Within ALT: 23% > ALT

- **Maritime**
  - PRs On Hand: 23,085
  - PRs Within ALT: 43% > ALT

**Manual Award Productivity**

- **Land**
  - Manual Award Productivity:
    - Jan-12: 0
    - Feb-12: 1,000
    - Mar-12: 2,000
    - Apr-12: 3,000
    - May-12: 4,000
    - 6-Jun-12: 5,000

- **Maritime**
  - Manual Award Productivity:
    - Jan-12: 0
    - Feb-12: 1,000
    - Mar-12: 2,000
    - Apr-12: 3,000
    - May-12: 4,000
    - 6-Jun-12: 5,000

**Record Productivity**

- **Land**
  - Manual Awards:
    - Jan-12: 0
    - Feb-12: 1,000
    - Mar-12: 2,000
    - Apr-12: 3,000
    - May-12: 4,000
    - 6-Jun-12: 5,000

- **Maritime**
  - Manual Awards:
    - Jan-12: 0
    - Feb-12: 1,000
    - Mar-12: 2,000
    - Apr-12: 3,000
    - May-12: 4,000
    - 6-Jun-12: 5,000

**PRs Within ALT**

- **Land**
  - PRs: 0
  - Past ALT: 10,000

- **Maritime**
  - PRs: 0
  - Past ALT: 10,000

**Goal**

- **Land**
  - Goal: 10,000

- **Maritime**
  - Goal: 10,000
Current Outlook
Land

Theater Support
- Operation Enduring Freedom

Industrial Support
- Recap of Army/USMC Equipment

Retrograde Management

Declining Sales
Current Outlook
Maritime

Support of Worldwide Contingencies

Navy Nuclear Reactor Program

Mine Counter Measures

Ballistic Missile Defense

Patrol Coastal

Industrial Support
- Consolidate Shipyard Inventories
- Shipyard Prime Vendor
May year over year, CL IX orders down from 316K to 295K; Land 150K to 113K, Maritime from 75K to 49K.
## Current Outlook

“Big Ideas” On the Horizon

<table>
<thead>
<tr>
<th>Strategic Focus Area</th>
<th>Description</th>
<th>Expected Benefit</th>
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<tbody>
<tr>
<td><strong>1.</strong> Improve Customer Service</td>
<td>“Delight Our Customers”</td>
<td>95% Customer Service Level (MA%)</td>
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<td>Improve total service delivery by 10% points and measure ourselves by customer standards</td>
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<tr>
<td><strong>2.</strong> Decrease Direct Material Costs</td>
<td>“Be Smart Buyers of the Right Stuff”</td>
<td>$1.14B/yr (average)</td>
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<tr>
<td>Reduce the direct cost of fuel by 1-3% across all fuel products. Reduce total direct material costs by 5% through the use of agile acquisition techniques leveraging commercial supply chains, without creating redundancy</td>
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<td><strong>3.</strong> Decrease Operating Costs (CRR)</td>
<td>“Improve Process and Productivity”</td>
<td>$0.28B/yr (average)</td>
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<td>Reduce distribution and transportation costs by 25% and achieve 3% efficiency gains from personnel, ADP, facility maintenance and IT</td>
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<td><strong>4.</strong> Reduce Inventory</td>
<td>“Clean Out the Attic”</td>
<td>$7.6B (total by FY17)</td>
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<td>Attack both War Reserves and Operational Inventory through better leverage of commercial infrastructure and agreements; review and adjust strategic requirements</td>
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<td><strong>5.</strong> Achieve Audit Readiness</td>
<td>“Prove It”</td>
<td>Reduced Risks</td>
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<td>Demonstrate our commitment to transparency and accountability. Use audit readiness as a lever to identify and drive future improvement opportunities</td>
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Supporting the Warfighter in an Austere Budget Environment

Partnering Opportunities…

• Shared Demand Intelligence
• Foreign Military Sales Market
  – Expanding Opportunities
• Material Buy-Back
  – Serviceable Excess
• Material Cost Reduction
  – Economic Quantities
  – Reverse Auction
• Prime Vendor Opportunities
  – Maritime Industrial
• Performance Based Logistics (PBL) Arrangements
• First Destination Transportation & Packaging
• Others
  – Your Feedback and Ideas Essential
Conference Breakout Sessions

- DLA Land Supplier Operations
- DLA Maritime Supplier Operations
- Foreign Military Sales
- Demand Intelligence Sharing with Industry
- Small Business
- Material Cost Reduction
- Reverse Auctioning
- Source Approval Requests
- DFAS: Your Financial Partner at Work

Have a Great Conference!