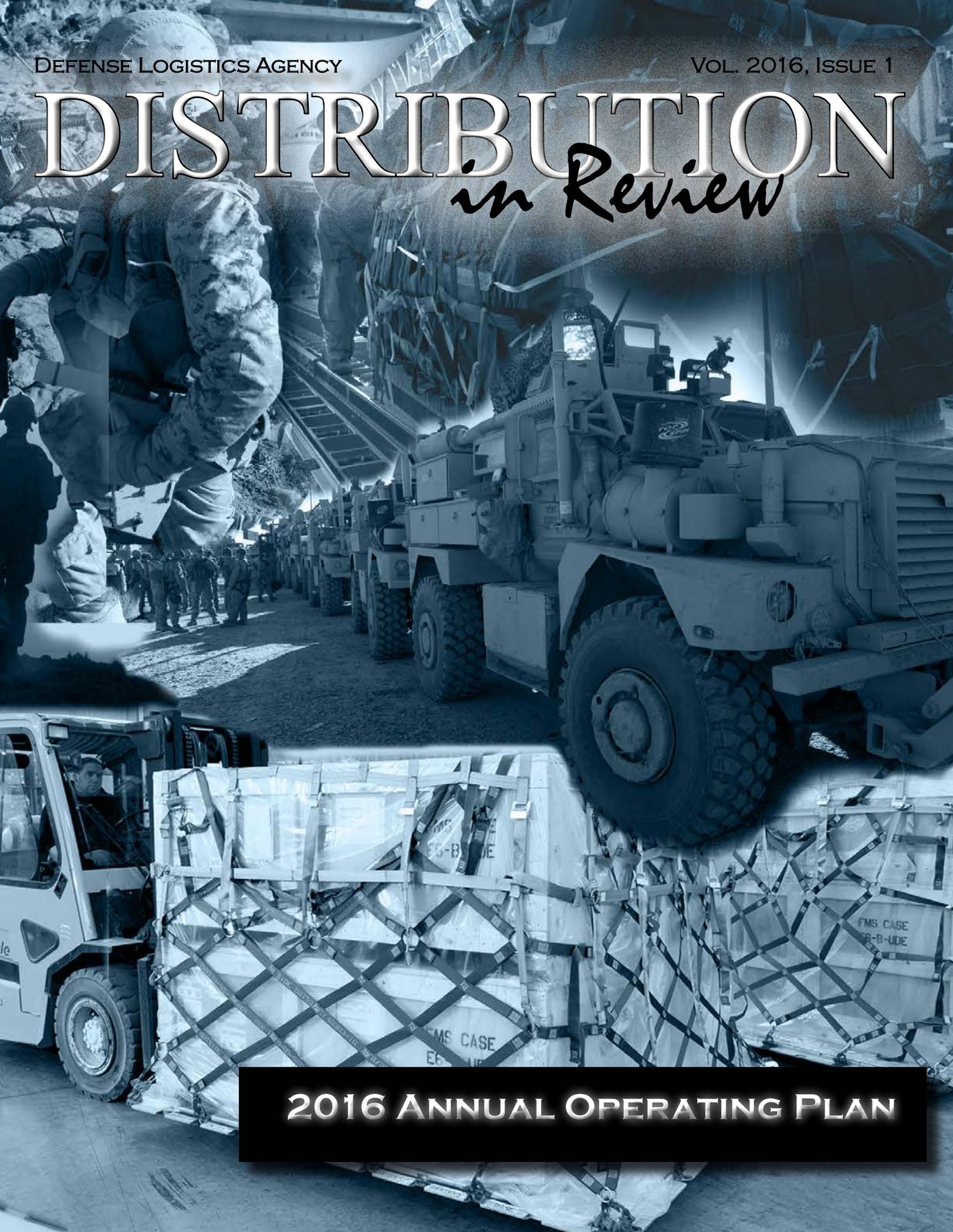


DEFENSE LOGISTICS AGENCY

VOL. 2016, ISSUE 1

DISTRIBUTION *in Review*



2016 ANNUAL OPERATING PLAN



An update from the DLA Distribution commander

Army Brig. Gen. Richard B. Dix
Commander, Defense Logistics Agency Distribution

best value solutions to our customers and the American taxpayers.

We brought in new business that will help sustain our organization moving forward, including General Electric F-Series Engine contract, Pratt & Whitney Engine Integration, and the Marine Light Armored Vehicle Program, just to name a few.

Each of our distribution centers, in conjunction with our outstanding team at headquarters, worked diligently to prepare for audit readiness assertion this year.

We supported many efforts at the tip of the spear, including supplying vaccines for the Afghanistan military, shipping temperature-sensitive pharmaceuticals, and deploying our Expeditionary Team to support Operation United Assistance in West Africa.

As I look back and reflect on all we accomplished in 2015, I am amazed. To my teammates: I am most proud of the effective, efficient and best value global support you've provided every day to the Nation's warfighters.

DLA currently has five Goal Areas which complement our mission. Pursuing and exceeding these goals represents DLA Distribution's commitment to ensuring the Warfighter and our other valued customers are properly resourced to accomplish their objectives with the greatest degree of success and the lowest level of risk to life and limb. Success requires us to explore innovative opportunities and seize the initiative to significantly improve our operations and provide effective, efficient,

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DISTRIBUTION in Review

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DISTRIBUTION'S AIRBORNE RIGGERS: SUPPORT ON THE GROUND AND IN THE AIR

By Jessica Roman, DLA Distribution Public Affairs

Among the boxes, air pallets, and trucks at Defense Logistics Agency Distribution Susquehanna, Pa., there is a unique team tucked in the midst: DLA's only parachute rigger unit. The team's set of responsibilities is unlike any other; not only do they provide mission receiving support like other distribution centers, they also provide parachute pack and maintenance activities for units across all military services.

"We're different than normal rigger units," said Army Staff Sgt. David Lewis, one of the parachute riggers assigned to the group. "We all have a unique set of qualifications, and have to understand warehouse operations in addition to being current and qualified parachute riggers."

In the unit's warehouse operation, parachutes are inducted and stored for units across the Department of Defense. The team utilizes the Distribution Standard System; DLA Distribution's

warehousing system that links all distribution centers together. "We are able to see items first-hand before they arrive with the unit," said Lewis. "We are used to seeing it on the line – it's a unique experience to see and inspect them very closely here."

The warehousing operation holds all types of airborne equipment – everything from personal parachutes to cargo parachutes to lines, elastic cord, and other parachute repair parts. "We have to learn about all the service

branches and their requirements, not just the Army," said Lewis. "It's a great experience to help us become well-rounded as soldiers; we have to get out of the Army mindset, and into the DoD mindset."

When items come into the unit for storage, the group inspects for condition code and quantity, and inducts them. If the items have been used, the team determines if they are reusable or repairable, or if they should be slated for disposal. Department of Defense regulations mandate that parachute items must be inspected by qualified parachute riggers, although the unit works very closely with the four DLA warehousemen assigned to the operation.

In addition to the four employees, the unit is made up of seven Army non-commissioned officers and one chief warrant officer, who all work together to accomplish the team's mission. "We are very lucky to have our civilian counterparts working with us," said Army Staff Sgt. Matthew Davenport, the parachute pack non-commissioned officer in charge. "We pull and learn from them, and many of our teammates have invaluable experience to share with us. They are the constant, and pull this team together when military members rotate out."



DLA DISTRIBUTION SUSQUEHANNA'S AIRBORNE RIGGERS PERFORM A STATIC LINE JUMP FROM A CH47 CHINOOK DURING A MONTHLY AIRBORNE OPERATION. PHOTO BY JESSICA ROMAN.

Because of the life-saving nature of the equipment, if a parachute is available for reuse, it goes through a rigorous inspection process. The riggers inspect the parachute for cuts, tears, burns, frays, or missing parts before certifying it fit to be used again. The G-11 cargo parachute has 120 suspension lines to hold the container through the drop process – and every line must be inspected by qualified riggers to ensure the parachute is in serviceable condition.

Each rigger understands what it takes to inspect a parachute – they must be willing to jump with any of the parachutes they pack and maintain. "We are the one and only DLA parachute riggers," said Davenport. "If you can multitask, you belong here."

where they are able to complete both static and free fall jumps on the same day using multiple passes. In addition to performing the jumps, the riggers also execute jumpmaster duties on the ground at the drop zone.

Static line jumps are the common jump a parachutist would see in a combat situation, where large amounts of warfighters jump together from an aircraft. Each warfighter passes a static line to the jumpmaster before exiting the aircraft. The static line is connected to the apex of the parachute, and after exiting the aircraft, the static line pulls the deployment bag out of the pack tray. As the parachutist falls towards the ground, the static line and the parachute become fully extended, breaking the tie the holds the two together, inflating the parachute automatically. Free fall jumps do not involve the line, and the warfighter simply jumps out of the aircraft and deploys their own parachute.

"I Will Be Sure Always" is the last line of the airborne riggers creed. DLA Distribution Susquehanna's riggers safeguard and care for each and every parachute as the one they would be jumping with, ensuring the safety of every soldier until their feet touch the ground. ●

The riggers work with the local Air National Guard 193rd Wing unit to complete both static line and free fall jumps from C130 aircrafts to maintain their jump currency. The unit also works with Rotary Wing Aviation from Ft. Indiantown Gap to jump from the CH47 Chinook aircraft,



ARMY STAFF SGT. DAVID LEWIS INSPECTS THE CANOPY OF A PARACHUTE BEFORE PACKING IT FOR USE. LEWIS IS AN AIRBORNE RIGGER WITH DLA DISTRIBUTION SUSQUEHANNA, PA. PHOTO BY JESSICA ROMAN.



ARMY STAFF SGT. JAY MEDIA, OPERATIONS NON-COMMISSIONED OFFICER IN CHARGE, PARACHUTES TO THE GROUND DURING A FREE FALL JUMP. PHOTO BY JESSICA ROMAN.



**DLA DISTRIBUTION
FISCAL YEAR 2016
ANNUAL OPERATING
PLAN**

**IN SUPPORT OF
2015 - 2022
DLA STRATEGIC PLAN**

MISSION, VISION AND VALUES

DLA'S MISSION: PROVIDE EFFECTIVE AND EFFICIENT GLOBAL SOLUTIONS TO WARFIGHTERS AND OUR OTHER VALUED CUSTOMERS

DLA DISTRIBUTION MISSION: GLOBAL DISTRIBUTION SERVICE PROVIDER FOR THE DEPARTMENT OF DEFENSE (DoD) AND VALUED CUSTOMERS

As a DLA primary level field activity (PLFA), DLA Distribution is the leading provider of global distribution support to America's military including receiving, storing and issuing supplies as well as providing other tailored services to increase Warfighter readiness.

DLA Distribution offers best value supply chain solutions through a broad range of services including storage, distribution, customized kitting, specialized packaging as well as transportation support and technology development. We are connected directly with our operational and industrial partners and integral to the success of our National Military Strategy.

Highly skilled employees provide timely distribution services to customers around the globe. In FY 15, DLA Distribution processed over 13.8 million receipts and issues supporting customer operations worldwide, including support to combat operations, humanitarian assistance missions, whole of government (WoG) partners and a multitude of military exercises.

DLA'S VISION:

Deliver the right solution on time, every time.

DLA'S VALUES:

- **Integrity:** Honest and trustworthy, we follow through on what we promise.
- **Resiliency and Diversity:** Flexible, responsive, recoverable, and able to quickly adapt to changing business environments while achieving outstanding results. Composed of people from varied backgrounds. We celebrate and leverage our differences to deliver innovative and effective outcomes.
- **Innovation:** We pioneer new ideas, devices, and methods. Working with each other, customers, and stakeholders to provide solutions that are unique and creative.
- **Accountability:** Obligated and willing to accept responsibility. We are accountable to DoD and our customers, just as our workforce is accountable to the DLA mission to provide effective and efficient global solutions to Warfighters and our other valued customers.
- **Excellence:** Extremely high quality. We take pride in providing first-class solutions on time, every time.



DLA DIRECTOR'S STRATEGIC PLAN 2015-2022:

DoD is scaling down operations overseas and drastically reducing costs. As a result, DLA's sales and workload have decreased from past years and DLA Distribution is faced with the challenges of this new environment. DLA Distribution will continue to focus on providing effective and efficient distribution services which will provide best value support to the Warfighter by supporting the Director's five Goal Areas:

- **Warfighter First** – Make promises and keep them.
- **People and Culture** – Valued team members; resilient and ready for the challenge.
- **Strategic Engagement** – Better outcomes through teamwork.
- **Financial Stewardship** – Affordable solutions and continued accountability.
- **Process Excellence** – Always improving; finding smarter ways to do things.

The DLA Director's Strategic Plan 2015-2022 and Detailed Strategic Plan Implementation Guidance detail the steps that the Agency needs to take to operate in a fiscally challenging environment. DLA Distribution's Goal Areas directly support the Director's guidance.

DLA DISTRIBUTION	DLA
Understand the customer	Warfighter First
Build the Foundation	People and Culture
Strategic Engagement	Strategic Engagement
Create the Value	Financial Stewardship and Process Excellence
Deliver the Value	Warfighter First and Process Excellence

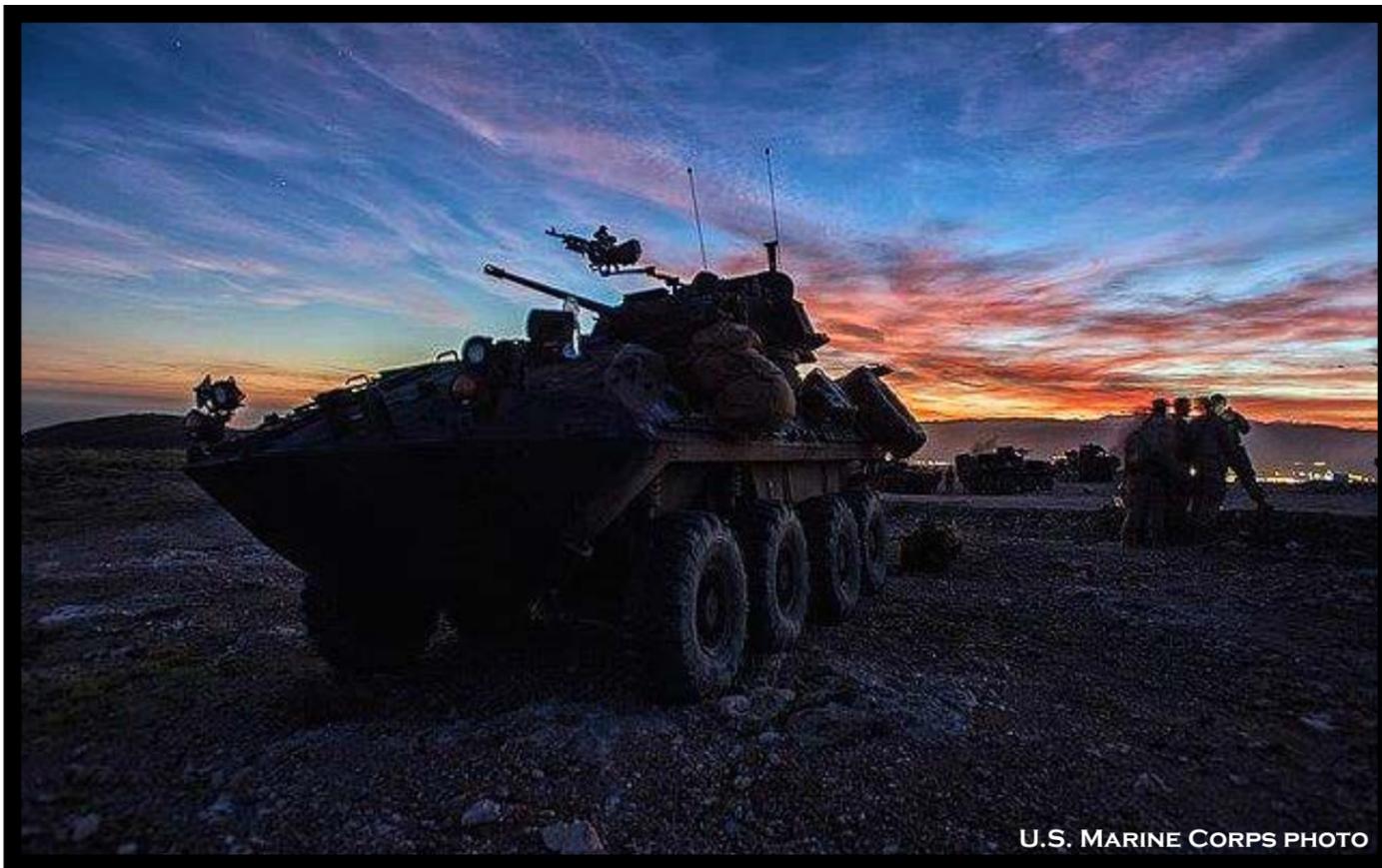
DLA DISTRIBUTION COMMANDER'S INTENT:

DLA Distribution will continue to provide flexible and responsive support to the DoD. We will safely provide effective, efficient services at best value to the Warfighters and our other worldwide partners.

We will:

- Contribute to the reduction of total DoD supply chain costs.
- Identify and fill workforce planning and development gaps.
- Prioritize, develop, document, and implement process excellence.
- Improve Warfighter operational readiness.
- Sustain Auditability.
- Become the storage and distribution (S&D) provider of choice for DoD and WoG.
- Actively pursue new technology and innovative process improvements.





U.S. MARINE CORPS PHOTO

ENVIRONMENTAL ASSESSMENT:

DLA Distribution's workload decreased because of fiscal constraints and the reduction of DoD's wartime mission. Our environment presents significant challenges as well as opportunities to further consolidate DoD's S&D mission into DLA Distribution. Consistent with the Director's Strategic Plan, we will seek new opportunities to strengthen and optimize our operations, expand the scope of our current service offerings and customer base, and continually improve our enduring relationships while achieving and maintaining Audit Readiness (AR).

CULTURE AND THE INTEGRATED PLANNING PROCESS:

As part of DLA Distribution's Culture Action Plan, we instituted an Integrated Planning Process which provides a systemic repeatable process across all planning cycles (both short-term and long-term). The culture action plan is incorporated into the development, content, and execution of the Annual Operating Plan and fully integrates it into the Senior Leadership's decision making and performance management process. To build an organization that is the most effective, efficient and delivers best value distribution solutions, the culture action plan is made up of three integrated elements of Structure, Process, and People (the specific elements are embedded in the AOP goals and objectives). The ultimate goal of our efforts is to continuously improve our culture in order to "deliver more value, at less cost" to our customers and stakeholders. DLA Distribution will support DLA's continuing culture effort including the 2016 Culture Survey and subsequent culture action planning.

APPROACH:

DLA Distribution's approach in FY 16 will ensure core operations perform at the level needed to fulfill future mission requirements and posture the organization to consolidate all non-tactical S&D work within the DoD. The DLA Director's Strategic Plan, DLA Distribution's Long Term Strategy, Audit Readiness (AR) / Sustainment and Continuous Process Improvement (CPI) will serve as the foundation of how we will strengthen ourselves internally to continue to build our enabling S&D foundation of people, processes and technology to create an effective, efficient distribution organization that provides best value to the Warfighter. DLA Distribution will execute the approach through five goal areas:

1. GOAL AREA: UNDERSTAND THE CUSTOMER

Learn customer requirements, then reach agreement to leverage Distribution S&D network to shape, optimize, and consolidate S&D operations across the DoD through customer and stakeholder management.

Expected outcome - Customer and market requirements are defined and captured.

Understand the Customer's objectives align to the Director's Goal Area of Warfighter First.

OBJECTIVE - CUSTOMER ENGAGEMENT AND OPPORTUNITY IDENTIFICATION:

Leverage multiple communication/information sharing mediums to optimize educational opportunities to ensure WoG / DoD customers and stakeholders are aware of DLA Distribution's capabilities and our value proposition.

Desired outcome - Increased Opportunity to be part of the conversation when S&D solutions are required by DoD / WoG customers.

OBJECTIVE - FOREIGN MILITARY SALES (FMS) DISTRIBUTION SERVICES:

DLA Distribution is partnering with U.S. Transportation Command (USTRANSCOM), Defense Security Cooperation Agency (DSCA), and the Military Departments (MILDEPs) to provide FMS storage, consolidation, distribution, and transportation services to FMS customers.

Desired outcome - DLA Distribution and USTRANSCOM aim to be the provider of choice for all FMS S&D requirements.

OBJECTIVE - PERFORMANCE BASED LOGISTICS (PBL) S&D INTEGRATION:

Partner with DLA Headquarters (HQ) and industry on developing a storage and distribution partnership in support of various Major Weapons Systems Programs, to include: Joint Strike Fighter (JSF), Littoral Combat Ship (LCS) and Light Armored Vehicle (LAV).

Desired outcome:

1. Full partnership with Industry as the service provider of choice for various major Program sustainment phase.
2. CONUS S&D capability at industrial bases providing direct production line support.
3. OCONUS S&D capability supporting all fielded units, for U.S. and foreign partners.

OBJECTIVE - DOD WAREHOUSE CONSOLIDATION:

Pursue opportunities to leverage DLA S&D capabilities and capacity in support of MILSVC S&D requirements. Current initiatives include: NAVSEA LLTM / future use material (FUM) Mission; Special Operations Command (SOCOM) Inventory Control Point (ICP).

Desired outcome:

1. Reduction of overall cost to DoD and WoG through reduction of redundant S&D infrastructure.
2. Responsive and accountable S&D support to NAVSEA commercial shipyard maintenance availability program.
3. Provide S&D oversight, contract language, and Distribution Standard System (DSS) to establish inventory accountability and achieve Financial Improvement and Audit Readiness (FIAR) for Special Operations Forces (SOF) ICP.

2. GOAL AREA: BUILD THE FOUNDATION

Align and integrate structure, people, processes, technologies and infrastructure to facilitate effective mission accomplishment and strategy achievement.

Expected outcome - High performing, diverse, trained workforce and leadership team.

Build the Foundation objectives align to the Director's Goal Area of People and Culture.

OBJECTIVE - DISTRIBUTION LEADERSHIP SYSTEM (DLS) STRUCTURE:

Refine the DLA Distribution organizational structure. In accordance with best business practices, realign the DLA Distribution vertical and functional structure to support the long term strategy, enhance organizational culture and enable process management.

Desired outcome:

1. A process centered organization with five to six layers of leadership from commander to first line supervisor.
2. Reduced span of control to enable execution of management responsibilities.
3. Published responsibilities, accountabilities and authorities for all leadership levels.
4. Organization aligned to improve culture and achieve strategy end state.

OBJECTIVE - SUCCESSION MANAGEMENT:

Build a framework for identifying key leadership positions.

Desired outcome – Effective succession management processes to ensure a sufficient and robust talent pipeline for key leadership positions.

OBJECTIVE - PERFORMANCE BASED LOGISTICS (PBL) S&D INTEGRATION:

1. Build succession strategies for identified key leadership positions throughout the DLA Distribution enterprise.
2. Generate workforce metrics that provide agency leaders with relevant workforce demographics by race, national origin, gender and disability and projections that support effective workforce and succession planning.

Desired outcome:

1. Fully developed and comprehensive succession plans for all key leadership positions with detailed strategies for recruitment and/or retention in order to maintain the highest levels of readiness and mission accomplishment.
2. Identify and address issues impacting the advancement of minorities, women and persons with disabilities to executive level positions.

OBJECTIVE - LEADER DEVELOPMENT:

1. Assess Leadership Competencies in recognition of a more diverse, modern workplace through the use of technology, matrix management, and virtual workplace.
2. Strengthen leadership competency in the areas of diversity and inclusion.

Desired outcome:

1. Leaders demonstrating success through mission performance and inspiring greater confidence and productivity in the workforce.

OBJECTIVE - STRENGTHEN WORKFORCE COMPETENCIES:

Conduct a comprehensive review of functional competencies for mission critical occupations (MCOs) relative to the emerging and future mission environment.

Desired outcome:

1. A workforce that demonstrates the competencies needed to meet current and future mission requirements and is engaged in professional development to meet future challenges.

OBJECTIVE - DISTRIBUTION LEADERSHIP SYSTEM - PEOPLE:

Improve leadership competency by implementing best practice Managerial Leadership Responsibilities across the network. In accordance with the Distribution Leadership System, the key Managerial Leadership Responsibilities include:

1. Plan and Communicate
2. Develop and Improve Processes
3. Develop the People
4. Manage Performance

Desired outcome:

1. Leadership responsibilities defined, practiced and included in supervisor / manager performance plans.
2. Improved leadership competency.
3. Improved labor relations and workforce communication.
4. Improved culture – high performing...more value at reduced cost.

OBJECTIVE - STANDARD ORGANIZATION (ORG) AND POSITION DESCRIPTION (PD):

Develop standardized Distribution Center organizations, employee position descriptions, and performance plans.

Desired outcome:

1. Standard large, medium, small, extra small and Continuing Government Activity (CGA) structures.
2. Standard Position Descriptions that accurately reflect the duties DC personnel are expected to perform in accordance with correct execution of standard processes.
3. Standard Performance Plans tailored to distribution functions reflecting safety, quality, and productivity levels.



U.S. AIR FORCE PHOTO BY STAFF SGT. JERILYN QUINTANILLA

3. GOAL AREA: STRATEGIC ENGAGEMENT

Team with the Combatant Commands (CCMD), industry, and other partners in the delivery of effective and affordable S&D solutions.

Expected outcome - Strong relationships with supply, operational and industrial partners.

Strategic Engagement objectives align to the Director's Goal Area of Strategic Engagement.

OBJECTIVE - UNITED STATES (US) PACIFIC COMMAND (PACOM):

DLA Distribution integrates capabilities, initiatives, plans, and innovation to successfully posture the organization to support Phase 0 and potential contingency operations in the USPACOM area of responsibility (AOR). DLA Distribution USPACOM planning specialist embedded with the DLA Pacific staff.

Desired outcome:

1. Participated in USPACOM, and select subordinate command exercises.
2. Exercised the Joint Planning Group (JPG) in at least one USPACOM exercise.
3. Met all DLA HQ requirements for all USPACOM AOR contingency, operational, or theater plans.
4. Plan developed to mitigate any risk or gaps identified by Research and Development (RAND) in their analysis of DLA Distribution's ability to support a major contingency in the USPACOM AOR.
5. Plan developed to support changing USMC footprint and Darwin rotation.
6. DLA Distribution USPACOM planner on site and fully functional.

OBJECTIVE - SUPPORT TO NAVY / U.S. MARINE CORPS (USMC) UNITS POST DEFENSE POLICY REVIEW INITIATIVE (DPRI) (USPACOM):

Determine the best course of action to support Marine Corps and Navy units relocating from Okinawa and Atsugi Naval Air Facility respectively to Iwakuni Marine Corps Air Station as a result of DPRI.

Desired outcome:

1. Improved support to relocated units.
2. Cost feasible solution.

OBJECTIVE - U.S. EUROPE COMMAND (EUCOM) / U.S. AFRICA COMMAND (AFRICOM):

DLA Distribution integrates capabilities, initiatives, plans, and innovation to successfully posture the organization to support Phase 0 and potential contingency operations in the USEUCOM / USAFRICOM AOR. DLA Distribution USEUCOM / USAFRICOM planning specialist embedded with the DLA Europe & Africa staff.

Desired outcome:

1. Participated in USEUCOM / USAFRICOM, and select subordinate command exercises.
2. Exercised the JPG in at least one USEUCOM / USAFRICOM exercise.
3. Met all DLA HQ requirements for all USEUCOM / USAFRICOM AOR contingency, operational, or theater plans.
4. Plan developed to mitigate any risk or gaps identified by RAND corporation in their analysis of DLA Distribution's ability to support a major contingency in the USEUCOM, USAFRICOM, OR USCENTCOM AOR.
5. DLA Distribution USEUCOM / USAFRICOM planner on site and fully functional.

OBJECTIVE - U.S. NORTH COMMAND (NORTHCOM):

DLA Distribution integrates capabilities, initiatives, plans, and innovation to successfully posture the organization to support Phase 0 and potential contingency operations in the USNORTHCOM AOR.

Desired outcome:

1. Participated in USNORTHCOM, and select subordinate command exercises.
2. Exercised the JPG in at least one USNORTHCOM exercise.
3. Met all DLA HQ requirements for all USNORTHCOM AOR contingency, operational, or theater plans.
4. Plan developed to mitigate any risk or gaps identified by RAND in their analysis of DLA Distribution's ability to support a major OCONUS contingency.

OBJECTIVE - U.S. CENTRAL COMMAND (CENTCOM):

DLA Distribution integrates capabilities, initiatives, plans, and innovation to successfully posture the organization to support Phase 0 and potential contingency operations in the USCENTCOM AOR. DLA Distribution USCENTCOM planning specialist embedded with the DLA Central staff.

Desired outcome:

1. Participated in USCENTCOM, and select subordinate command exercises.
2. Exercised the JPG in at least one USCENTCOM exercise.
3. Met all DLA HQ requirements for all USCENTCOM AOR contingency, operational, or theater plans.
4. Plan developed to mitigate any risk or gaps identified by RAND in their analysis of DLA Distribution's ability to support a major contingency in the USCENTCOM AOR.
5. DLA Distribution USCENTCOM planner on site and fully functional.

OBJECTIVE - USTRANSCOM, U.S. STRATEGIC COMMAND (STRATCOM), U.S. SOUTH COMMAND (SOUTHCOM):

DLA Distribution integrates capabilities, initiatives, plans, and innovation to successfully posture the organization to support Phase 0 and potential contingency operations in support of these three commands.

Desired outcome:

1. Participated in USTRANSCOM selected exercise.
2. Exercised the JPG in at least one USTRANSCOM exercise.
3. Met all DLA HQ requirements for all three commands contingency, operational, or theater plans.

OBJECTIVE - CAMPAIGN PLAN GLOBAL DISTRIBUTION (USTRANSCOM):

DLA Distribution integrates capabilities, initiatives, and innovation into the USTRANSCOM Campaign Plan for Global Distribution.

Desired outcome:

1. Support Distribution Process Owner (DPO) Governance Forums.
2. Identify, analyze and solve Distribution-specific gaps in the Joint Deployment Distribution Enterprise.
3. Partner with TRANSCOM to leverage Campaign Plan for Global Distribution (CP-GD) 9033 to optimize supply chain performance.

OBJECTIVE - CONTINUITY OF OPERATIONS (COOP):

Evolve and exercise all COOP plans (Continuity of Operations, Pandemic Response, Devolution, and Multi-Year Strategy and Program Management Plan (MYSPMP)).

Desired outcome - Complete and fully integrated suite of plans that give the DLA Distribution commander the broadest range of options in a continuity event.

4. CREATE THE VALUE

Develop optimized solutions and associated standard processes along with the strategy to employ and manage them across the distribution network.

Expected outcome - Shaped, optimized, and improved S&D Network.

Create the Value's objectives align to the Director's Goal Areas of Financial Stewardship and Process Excellence.

OBJECTIVE - CORE PROCESS IMPROVEMENT:

Systematic, in-depth assessment of process segments through CPI events.

Desired outcome:

1. Reduce DSS complexity.
2. Meet customer expectations / requirements.
3. More efficient and effective operations.
4. Reduce operational costs.
5. Modernize equipment (closely linked to New Technology).

OBJECTIVE - CPI PROGRAM:

Build a program that supports Enterprise and local improvement activities, develop black and green belts to support CPI events that enable local efficiencies within standard processes, increase leadership and employee involvement in process improvement.

Desired outcome:

1. Focused site CPIs to gain internal efficiencies and meet customer requirements.
2. Consistent site use of trained/certified Green Belts; larger certified Black Belt pool.
3. Increase leader and employee involvement.

OBJECTIVE - NEW TECHNOLOGY:

Explore, assess, and implement the use of new technologies in S&D operations.

Desired outcome:

1. Production efficiency through the use of technology (hardware and software).
2. Reduction of operating costs.
3. Simplified processes.
4. Streamlined warehouse operations.
5. New Technology Symposium held.

OBJECTIVE - SAFETY PROGRAM MANAGEMENT:

Desired outcome:

1. Accurate reporting and improved safety program management through ESAMS data accuracy.
2. Heightened employee awareness on key injury, illness, and mishap drivers.
3. Standardized Safety Management System executed across all 24 Distribution Centers.
4. Comprehensive, active Radiation Safety Program.
5. Achievement of VPP Star and Star Milestones at selected sites; enrollment of remaining sites.
6. Reduction in total case injury rate and days away restricted/transferred rate from baseline.
7. Successful completion of a PLFA-conduct annual full-scale exercise in support of safety and security.

OBJECTIVE - SECURITY PROGRAM:

Desired outcome:

1. Highly trained workforce in the areas of antiterrorism and combatting trafficking in persons.
2. Standardized an active Security Program executed across the Distribution network.
3. Comprehensive Loss and Crime Prevention Program implemented by the 2nd quarter of FY16.

OBJECTIVE - INFRASTRUCTURE MANAGEMENT - EQUIPMENT:

Desired outcome:

1. Prioritized, enterprise-wide procurement strategy for MHE requirements.
2. Rightsized fleet per workload / storage requirements.
3. No excess vehicles or MHE in the network.
4. Adherence to licensing requirements per MHE SOP.
5. DPAS fully implemented for both vehicles and MHE.

OBJECTIVE - INFRASTRUCTURE MANAGEMENT - FACILITIES:

Desired outcome:

1. Storage capacity requirements identified.
2. Reworking policy established.
3. FY16 Storage Plan executed.
4. Management of storage space via automated means, to the enterprise, site and warehouse levels.
5. Location Identification Program implementation underway for bin, rack and bulk.
6. Storage space functional oversight at each DC.

OBJECTIVE - DISTRIBUTION PROCESS MANAGEMENT:

Implement Distribution Process Management (DPM) to include governance, roles, ownership and accountabilities that deliver efficient best value support to customers. DPM, in support of Process Excellence and aligned with Enterprise Process Management, focuses on improving distribution performance by managing and optimizing end to end (E2E) business processes. DPM is the purposeful cross-functional management of distribution functions to deliver optimal value to the customer.

Desired outcome:

1. Defined Distribution E2E processes and metrics.
2. DPM concept of operations (CONOPS) developed with governance structure defined.
3. E2E process measurement system in place.
4. Process Managers identified and in training (PM and CPI).

OBJECTIVE - DISTRIBUTION AND DISPOSITION (D2) CPI PROJECT:

In conjunction with DLA HQ and DLA Disposition Services, conduct CPI events to increase the effectiveness and efficiency of D2 mission at all designated co-located sites by eliminating double handling, decreasing transportation requirements, and reducing infrastructure at designated sites. Includes locations where the DLA Distribution and DLA Disposition Services organizations are merged: Robins Air Force Base, GA; Hill Air Force Base, UT; Susquehanna, PA; Barstow, CA; San Joaquin, CA; Anniston, AL; Jacksonville, FL; Richmond, VA; Norfolk Navy Depot, VA (South Annex and St. Julien's Creek); Red River, TX; Pearl Harbor, HI; Okinawa, Japan; Guam; Sigonella, Italy; Gernersheim, Germany; and Cherry Point, NC.

Desired outcome:

1. Increase the effectiveness and efficiency of our Distribution and Disposition mission at all designated co-located sites by eliminating double handling, decreasing transportation requirements, and reducing infrastructure at the designated 17 sites.
2. Proper alignment will increase both velocity, flow through designated co-located sites and improved work conditions for material and employees.

5. DELIVER THE VALUE

Execute, monitor, and manage to standard while improving processes and fulfilling customer requirements.

Expected outcome - High quality performance to standard.

Deliver the Value's objectives align to the Director's Goal Areas of Warfighter First and Process Excellence.

OBJECTIVE - COMPLIANCE AND AUDIT SUSTAINMENT:

Desired outcome:

1. Obtain an unmodified opinion from Independent Public Auditor (IPA) firms for controls and substantive / rights testing across all Distribution business areas impacting financial records.
2. Identify areas of risk and weakness and develop controls to mitigate risk to the Distribution network; Financial and Operational.
3. Quality program that proactively identifies errors / deficiencies in processing of materiel / transactions, documents corrective action plans, and retesting.

OBJECTIVE - RESOURCE MANAGEMENT:

Desired outcome:

1. Distribution Centers are properly staffed to complete projected workload and to meet Audit Readiness / Sustainment requirements.
2. Work is completed within plan and within budget.
3. Labor Model based on engineered standards to be used to calculate authorized staffing for all sites in FY 17.
4. FY 16 execution will be in line with the Net Operating Result plan.

OBJECTIVE - MANAGE PERFORMANCE AT WHOLESALE, RETAIL, AND DISPOSAL SITES:

Desired outcome:

1. Tactical level: Analyze and assess daily performance, make resourcing adjustments at beginning and mid-month, positively shape end of month (EOM) performance.
2. Operational level: Analyze and assess monthly performance, perform root cause analysis of the issues, implement solutions targeting root causes to positively shape quarterly performance.
3. Strategic level: Measure beginning, mid, and end of year (EOY) performance to workload projections, make adjustments, positively shape next FY performance.

OBJECTIVE - MANAGE ACQUISITION PERFORMANCE:

Use Better Buying Power to obtain the DLA Distribution J7 Acquisition Operations and contractor performance goals by monitoring metrics for execution to standard.

Desired outcome:

1. No supply outages at the DCs.
2. No break in service requirements.
3. Services provided IAW the requirements.

END STATE

At the conclusion of FY 16 we will have implemented the outlined programs aimed at improving customer operational readiness and decreasing DoD total supply chain costs. We will have shaped DLA Distribution in a resource constrained environment to meet future challenges, provided flexible and responsive support, optimized the S&D network and achieved and sustained an unqualified clean audit opinion. DLA Distribution will use the FY 16 AOP to create more efficient and effective operations to provide the Warfighter the best value.



Twila C. Gonzales
Senior Executive Service
Deputy Commander
DLA Distribution



Richard B. Dix
Brigadier General, USA
Commander
DLA Distribution





DISTRIBUTION TOWN HALL HIGHLIGHTS 2015 SUCCESSES

By Emily Tsambiras, DLA Distribution Public Affairs

The focus of the DLA Distribution commander's recent town hall address to the workforce was centered on recognizing the hard work completed in 2015 and sustainment of those efforts heading into 2016.

Army Brig. Gen. Richard Dix opened the town hall recognizing several individuals for their accomplishments from the previous year. "Once again, DLA Distribution has exceeded everyone's expectations. We work hard. We play hard. And now we recognize hard."

Those awarded for their efforts included members of the Operation United Assistance Expeditionary Team, previously deployed to West Africa in support of the Army mission to establish Ebola Treatment Units.

Dix also recognized many leaders for their length of service and highlighted individuals facing upcoming retirements. "We have

many years of service preparing to depart our organization. These folks set the example of what it means to be dedicated. If you're looking at what makes DLA Distribution run, it's people like this."

Following the awards portion of the meeting, Dix highlighted some of the organization's most significant accomplishments from 2015. "These awards lead into what I would like to update you on today. These recognitions honoring your hard work prove that we're synched and we're in alignment with DLA's goals."

Dix broke down the year's successes according to the DLA Director's five goals: Warfighter First; People and Culture; Strategic Engagement; Financial Stewardship; and Process Excellence.

"All of our accomplishments are mapped to the DLA Director's priorities. Focusing on these goals allowed us to fast track our own Annual Operating Plan. I'm happy to report that it's just been approved and

it's going to pave our way forward through 2016. We will be looking forward to moving ahead with the work we've already secured, along with

the new work coming to us, and we're going to continue looking to return savings back to the enterprise. As I've always said, if we are efficient, effective and best value, we will remain relevant."

Citing examples such as DLA Distribution's support to the drawdown of the Army's Brigade Combat Team, Dix discussed how the organization is answering the call to meet customer's needs. When the Army announced they were shrinking two combat teams to meet required force reductions resulting from budget cuts, it created an immediate need to retrograde and then dispose of or reissue major equipment items before soldiers could be relieved of active duty status or transition to new units. DLA Distribution expedited assistance in receiving these items and bringing them to record so that the Army could proceed with its plan.

Providing joint partner solutions, DLA Distribution worked with General Services Administration to forward stock material at DLA's facility in Bahrain, improving readiness, reducing customer wait time and leveraging strategic airlift.

While Dix cited Warfighter First as a critical goal, he maintained that the Agency's second goal, People and Culture, was the most important to him personally. "If I don't take care of the employees, I can't accomplish anything across the network."

He listed the organization's recently implemented Foundations of High Performing Leadership class as one of the accomplishments of which he's

most proud. Focusing on supervisory training, the class builds leadership skills by working on setting the direction, job relations, job instruction and quality control, and has already been implemented at four distribution sites. "By setting the direction, we give employees the 'why' behind the organization's goals so they are more apt to stick to their goals when they face obstacles. This training helps supervisors engage employees by providing feedback, helps them adapt by telling them in advance of changes, lets them know they are valued by giving credit when credit is due and empowers them by making the best use of each person's abilities. This is the legacy that we will leave long after we are gone," said Dix.

With regard to the third goal, Strategic Engagement, Dix gave kudos to the organization's Future Plans and Business Development teams, asserting that they've "done a great job engaging strategic leaders." Working with the Combatant Commands and the U.S. Transportation Command, the offices are working to solve customer issues on the Arabian Peninsula, determining how and where to supply a future Transarabian Peninsula Network, similar to the previously established Northern Distribution Network, which funneled items into Afghanistan and Iraq via ground route through the Baltic States.

"This could be the lifeline to Central Command if and when the next contingency stands up. We need to be there because that's the kind of



DLA DISTRIBUTION COMMANDER ARMY BRIG. GEN. RICHARD DIX UPDATES THE WORKFORCE ON THE ORGANIZATION'S SUCCESSES IN 2015 DURING A RECENT TOWN HALL. (PHOTO BY BRIANNE BENDER, DLA DISTRIBUTION PUBLIC AFFAIRS)

forward-thinking we need to have to ensure these operations are successful," said Dix.

Financial Stewardship, goal four, is a critical focus, said Dix. "Returning savings back to the enterprise is crucial to the environment we're in currently. DLA Distribution is doing its fair share of saving dollars for the DLA enterprise. We exceeded FY 14 and FY 15 actual savings. We've reduced our travel. Through our Continuous Process Improvement efforts, we've saved money with our supply ordering initiatives. Our dedicated truck efforts saved our customers money this year. Through our optimization, we are able to close buildings and return to the service hosts. We need to keep this momentum and remain solvent."

When discussing the final goal, Process Excellence, Dix placed a large emphasis on the success of Audit Readiness. "AR is the single biggest threat to DLA Distribution. We've got to get it right; there is no second chance. If we're not auditable, the services won't turn to us for the critical services they need."

Citing that the organization "has a lot of people working very hard to ensure Audit Readiness compliance," Dix discussed progress that has been made

toward the Agency's AR goal.

With teams at each distribution center assisting commanders and directors to implement standardized processes, Job Breakdown Sheets and internal controls, each distribution center has the tools to be fully auditable, he said. "We still have work to do. There will be some headaches, as we've

seen, but we will prevail. We have to or we won't exist. The customers will go somewhere else."

He also relayed the successes of DLA Distribution's involvement in performance-based logistics contracts. In 2015, DLA Distribution entered into an agreement with DLA Aviation and General Electric to provide storage and distribution functions for the Air Force's F-series engines at Tinker Air Force Base in Oklahoma City, Okla.

As a result of the new contract, critical weapons systems parts were provided to the Air Force's maintenance activity on Tinker AFB from DLA Distribution's on-base warehouses, rather being conveyed from an off-base, GE-contracted, third-party logistics provider, saving the customer time and critical dollars.

Closing his update, Dix discussed future changes for the organization. Major changes are on the horizon, he said, with an organizational realignment poised for next spring and a move to a new headquarters building in summer 2016. "Do not fear change. We've gone after it before and made huge strides. It's all about the people inside this organization and the future of DLA Distribution."



DLA DISTRIBUTION COMMANDER ARMY BRIG. GEN. RICHARD DIX POSES WITH MEMBERS OF THE OPERATION UNITED ASSISTANCE EXPEDITIONARY TEAM. (PHOTO BY BRIANNE BENDER, DLA DISTRIBUTION PUBLIC AFFAIRS)



STATE OF DISTRIBUTION

Teammates,

It has been my absolute pleasure and a blessing to command DLA Distribution for the past year and a half. Since I have taken command we have been working in a time of extraordinary change – change that is reshaping the way the Department of Defense thinks and the way we resource our warfighters. At the beginning of my command, DoD was looking forward to a time of peace, but instability in the Middle East, Korea, and the Baltic Region have not allowed that peace to grow to fruition. The world may be more unstable now than it was pre-9/11, but in this great time of instability, DoD is facing another battle, a war-weary public and a Legislative Branch that is dead-set on reducing budgets across the Federal Government on a scale that has not occurred in decades. Although we may not like the pace of change and the shrinking budgets, your actions in the time I have been in Command have been extraordinary. As a team, we have accomplished great things across DLA Distribution and I thought I would take a few moments to share some of these achievements with you and discuss the current state of our great organization.

DLA currently has five Goal Areas which complement our mission. Pursuing and exceeding these goals represents DLA Distribution's commitment to ensuring the Warfighter and our other valued customers are properly resourced to accomplish their objectives with the greatest degree of success and the lowest level of risk to life and limb. Success requires us to explore innovative opportunities and seize the initiative to significantly improve our operations and provide effective, efficient, best value solutions to our customers and the American taxpayers.

Warfighter First - Deliver innovative and responsive solutions to Warfighters first, Whole of Government, and other valued customers

During my tenure as DLA Distribution Commander, I have visited our entire global Distribution Network and had the opportunity to talk to you face to face. While I was in your areas of operation I actively engaged our major stakeholders and discussed their requirements, and your ability to support their organizations. I actively communicated and championed your capabilities and encouraged our strategic customers to challenge us to meet their needs. I also encouraged our leadership teams to engage the customers in the same manner, and am quite pleased as I watch you rise to the challenge and engage your Supported Organizations around the world. Overall, we have been very successful, and have engaged our customers at every level: from the repair technician working on the line to the Flag Officers leading the Commands. Some highlights include:

In May of 2015, we had the opportunity to brief our capabilities to the Commander of United States Transportation Command (USTRANSCOM), Gen Selva USAF. We were able to provide him with an overview of DLA Distribution and how we closely interact with USTRANSCOM. Gen Selva believes the relationship between DLA and USTRANSCOM is extremely important to the Warfighter and he will provide support to our organizations for our continued success. As part of that cooperation, we have increased the number of orders as well as the countries with whom we conduct Foreign Military Sales (FMS). Essentially, FMS is when the US Government provides friendly foreign countries support for older systems that we sold to them to support their

military. The old way of doing business is that a country orders parts from the US and the parts get individually shipped, creating high shipping costs and potential customs problems and delays. What the USTRANSCOM-DLA FMS partnership provides is freight consolidation as requested by the country, shipped via USTRANSCOM shippers and reduced customs issues. In addition to our other FMS customers we recently started to support Greece, Romania, and Iraq and have provided 1.72M pounds of freight which equates to 55,372 lines in 758 containers, 100 small parcel, and 923 air pallets in FY 15.

As the wars in Iraq and Afghanistan drew to a close, we have seen a significant decline in workload. To mitigate the decline, I felt we needed to take a hard look at areas we had not explored in order to find new work. One of the most promising areas is in Performance Based Logistics (PBL). Whenever the Services need a new system, they partner with a company that designs, builds, and supplies the system during the initial phase in period. In the past the commercial PBL contractors have created their own storage and distribution network outside of the fence line and have not considered that DLA Distribution can provide an audit ready solution on base at a reduced cost. We have done a tremendous amount of work trying to bring this storage and distribution mission inside our operation and in June began the initial pilot program. DLA Distribution is partnering with General Electric (GE) and DLA Aviation to bring in thousands of consumable NIINs that we will manage for GE. This is work originally planned for the commercial sector, but will now be performed by DLA Distribution over the next 20 years. The partnership with DLA Aviation and General Electric is the first in what we

believe will be many partnerships with other PBLs which will keep work flowing through the Distribution network, increase strategic readiness, effectiveness of weapons system support, and improve the efficiency of the overall DoD distribution network saving the taxpayer millions of dollars.

People and Culture - Hire, develop, and retain a high-performing, valued, resilient, and accountable workforce that delivers sustained mission excellence

Creating and maintaining a positive, resilient culture is one of my highest priorities, but one that is not achieved overnight. One of the best advantages that DLA Distribution has is our strong working relationship with the Unions. During our May 2015 summit, we discussed the upcoming challenges, the need to maintain transparent communication, and that continued collaboration within the planning process is imperative to our success. I tasked everyone on the DLA Distribution team to become better at what we do so that day in and day out we provide effective and efficient service to the Warfighter at the best possible value. I believe the first step toward a great workplace is to have a safe working environment along with highly competent leaders and a workforce who takes pride in everything they do for our customers and the American taxpayer. To that end, we have been able to achieve the following initiatives:

Since my arrival, we have changed the way we do business on the warehouse floor through effective and transparent communication with the Unions. Supervisors and employees have become more directly responsible for the safety, quality, and success of the product that we provide to our customers. During my time in Command, we expanded our leadership's toolkits and provided them over 200 standardized Job Break-Down Sheets (JBS) which detail network-wide standardized processes and properly translated the documents for our foreign national workers which they will use

to train their workforce. We initiated a pilot for our new leadership program, Foundations for High Performing Leadership, which will come online for all of our supervisors and managers in the near future and focuses on interpersonal skills. Additionally, we realigned our leader to subordinate ratios to more closely match the top organizations in the commercial sector.

One of the main tenets of a resilient workforce is the ability to perform their job at a consistently high level. While collaborating with our Union partners, we created well defined, standard processes and provided the processes and their associated JBSs to the leaders on the floor. In order to maintain the proficiency necessary to provide a high quality product to the warfighter, supervisors trained their workforce who were then tested on the new processes. We also created and implemented quality checks designed to ensure the processes were correct and that they were being consistently followed. While there were some initial growing pains, the end result is a finely tuned workforce that has the necessary skills to consistently deliver the right solution on time, every time.

Part of a great culture is working in a safe and comfortable environment. In FY15 we provided \$4.5M to our Commanders and Directors primarily for Quality of Life projects for their Distribution Centers. Some of the projects have included overhauling breakrooms, repairing bathrooms, and installing overhead fans to circulate air in the warehouse spaces. You should have seen improvements in the areas in the most need and should continue to see progress because the same funding is being dedicated to those same efforts in FY 16.

All of the dedication and hard work you provide to DLA Distribution deserves recognition. I have stressed to your leadership that rewarding excellent performance is one of my top priorities and we have seen a significant increase in nominations and awards. I am very

pleased that in the past year, many DLA Distribution employees have been recognized for their achievements at all levels. Some highlights include:

- 4 DLA Exceptional Civilian Service Awards
- 24 DLA Meritorious Civilian Service Awards
- 68 DLA Superior Civilian Service Awards
- 372 Humanitarian Awards
- 189 Global Distribution Excellence Awards
- 3 DLA Employee of the Quarter
- 1 DLA Director's Strategic Goals Award Winners
- 3 Top 10 DLA Employees of the year
- 1 DLA Leader of the year (Level 4)
- 1 DLA Team Performance (Medium Team)
- 1 Achievement in EEO by an Organization (Service Activity)
- 1 DoD AND DLA Outstanding Employee with Disabilities
- 1 Active Duty Service Members (Company Grade Officer of the Year)
- 1 Joint Personnel (DLA Joint Reserve Force Senior Enlisted Member of the Year)
- 1 2014 Department of Defense Packaging Achievement Award
- 2 2015 Blacks in Government (BIG) Military Meritorious Service Award

Strategic Engagement - Engage industry and other partners in the delivery of effective efficient and affordable solutions

DLA Distribution prides itself on how well we partner with organizations outside of DLA. Earlier, I discussed how we partner with Foreign Militaries and the advantages that brings to our allies. We also partner very well with agencies both inside and outside the Department of Defense.

Delivering efficient and effective solutions means that we work closely with our customers to provide them with what they need, when they need it at an affordable cost. United States Central Command (USCENTCOM) looking



to expand their logistics support bases. USCENTCOM asked DLA Distribution and DLA Energy to establish a Military Processing Center and refueling area and asked that DLA Distribution explore expanded ground lines of communication that will enable efficient and effective support to Navy assets throughout the region from our facility in Bahrain. As I write this DLA and USCENTCOM, in conjunction with the Department of State, are in the final stages of standing up the Military Processing Center and refueling station and coordinating with the local authorities.

In response to the growing humanitarian refugee crisis, the U.S. State Department and USAID asked for DoD's help. DoD reached out to all its logistics providers and asked them to develop possible solutions for immediate requirements, and the DLA Supply Chains and DLA Distribution were chosen to spearhead the logistics response. Within weeks of receiving the tasking you again rose to the occasion and developed contracted solutions to meet the distribution needs of the Supply Chains and the State Department and USAID in supporting the humanitarian relief. Once the plan was approved, active duty military members of the command, along with our civilian workforce stepped into the breach and put boots on the ground to ensure what DoD promised DLA delivered - on time and on target.

As our efforts combatting terrorism expand, and U.S. Forces become more involved with deterrence and stability operations on the Continent of Africa, the Commander of United States Africa Command (USAFRICOM) looked to DLA, and DLA Distribution for critical support. As operations develop in Eastern Africa, the Combatant Commander asked DLA Distribution to establish a joint distribution operation to support all

forces in the region. Again, you took on this request and DLA Distribution is in the final planning stages that will allow for the establishment of a DLA Distribution facility in the region. On the other side of Africa, we immediately seized the opportunity to lead the way in DoD's response to the Ebola crisis that was threatening a humanitarian disaster of epic proportions. People were dying and immediate assistance was needed. Within seven days of notice, DLA Distribution again had military and civilian boots on the ground, spearheading the DoD response. Within three months you developed an efficient and effective distribution operation and transitioned that network to the Army's 101st Airborne Division, who came in after us to ensure the continued commitment of the U.S. response. I believe your rapid response saved thousands of lives in the region and here in the US.

Financial Stewardship - Deliver effective and affordable solutions

In these times of tightening budgets and fiscal constraints our customers are looking to us to develop cost effective, best value solutions to their real world problems. Our goal is to consistently deliver timely solutions that provide our customers the ability to accomplish their mission. To that end we have created 11 Cost Control Principles:

- Green performance at standard
- Keep maintenance at current spending levels (FY15)
- Maintain minimal requirements for audit readiness (Process)
- Fund mandatory training in support of mission requirements
- Establish a corporate reserve of \$30M
- Reduce annual operating costs by 3%
- All new starts/business must be priced at the established rate with no immediate infrastructure costs
- Comply with the Director's and

- Distribution Commander's Intent and Annual Guidance
- Improve productivity by 3% over the FY15 baseline
- Structure storage to meet requirements at the least cost (Optimization)
- Save 50 FTEs by deferring Distribution HQ hires

One of the biggest complaints I heard from our customers as I traveled throughout the world was the cost and pricing strategies of DLA. In essence, our pricing strategy was a one-size fits all solution that did not sit well with the customers and bill payers of our services. Hearing their concerns I asked our J8 partners and the Business Development Office to develop a viable solution. The result of their hard work will be a new billing model known as market basket pricing which creates a more flexible pricing structure. We are creating multiple pricing "baskets" where the items are grouped by their characteristics; for example, items that are easy to process cost less than items that are more difficult to process. Additionally, market basket pricing allows us to bill the customer extra if they have special requirements for their item. Ultimately, our goal is to add more elements of customer choice and make customer billing more accurately match what the customer requests and what it costs us to meet that request.

As our missions realign with the realities our customers face and the constraints reduced budgets cause, you have pursued properly aligning equipment with mission, and ensuring improved optimization. Facilitated by the J3, each Distribution Center across the network has actively right-sized their equipment fleets and improved their utilization rates. Through a detailed analysis of requirements and benchmarking against the leading companies in the commercial

sector, we identified 461 pieces of equipment for disposal in FY 15 alone. These efforts resulted in our ability to turn in our older assets, which reduced our fleet from an average age of 10 years to 8 years creating a more modern and standard fleet, and saved the American taxpayer \$2.9M.

DoD came to the realization that excessive speed for all items did not significantly improve combat readiness but cost the American Taxpayer billions of dollars in wasted transportation assets. As a result, DoD asked us to look at our transportation program and develop a best value solution that met warfighter and customer needs while reducing taxpayer burden. Never shying from a challenging task you took on this mission and looked for ways to optimize transportation asset utilization while still meeting warfighter needs. These efforts have enabled DLA Distribution to increase ocean container utilization to over 85%, saving the American taxpayer \$16.4M over the last 3 years. In addition to looking at ocean containers, you have also analyzed the cost of our scheduled truck network and found ways to improve that process. By determining the cost break-even points for each route you have been able to optimize delivery to each customer, expanding old routes and creating new routes. By providing regular deliveries to warfighter concentrations to places like Ft Riley, KS, Baumholder, Germany, Travis AFB, CA, NAS Oceana, VA, or Camp Pendleton, CA allows us to drive transportation costs down. Over the past 3 years, DLA Distribution has provided \$27.4M in savings directly to our customers by utilizing our scheduled truck routes.

Process Excellence - Achieve Enterprise process excellence

We strive for efficiency and effectiveness in everything that we do. Part of that pursuit is the rigorous examination of end-to-end, core, and enabling processes coupled with the use of continuous process improvement tools. The

tools within process excellence allow everyone within DLA Distribution to actively engage in making what we do a little better every day. The warfighter consistently increases their requirements of DLA Distribution and we strive to meet their requirements with the best value every time.

At the very core of Process Excellence is process management and continuous process improvement (CPI). As part of the Distribution Leadership System, we are leveraging a holistic approach to process excellence and will incorporate process management and CPI responsibilities at every level to develop a culture that thrives on "seeing problems, solving problems and sharing knowledge". Our CPI program relies on several of the topics I addressed earlier, to include well defined, standardized processes, a workforce that is trained to standard, a strong partnership with our Unions, and a positive, resilient workforce that embraces a culture of change. As our operational environment becomes more fiscally constrained and customer requirements increase, our strict adherence to our processes and continuous improvement of those processes will provide DLA Distribution success for many years to come.

One of the largest undertakings DoD has assumed in recent history is its effort to become auditable. From the taxpayer's perspective, it is imperative that we be as transparent as possible and are able to clearly trace every transaction from beginning to end so we can prove we are good stewards of their hard earned money. I cannot begin to express how proud I am about how far we have come in the area of audit readiness during my tenure as DLA Distribution Commander. Over the course of the last few years, we have created well defined, standardized processes, trained our workforce to standard on the Job Breakdown Sheets from those processes, and implemented Quality Assurance and Quality Control checks. Everyone in the chain-of-command fully understands the amount

of effort and energy you have put forth to get to this point. Each individual step is an important part of the process to become auditable and should be considered a building block to the way we operate. Over the next few months, we will continue to train and refine our skills so that when we have auditors in our Distribution Centers, you will be able to proudly show them what you do every day; that you understand your processes, how what you do supports the Warfighter, responds to the taxpayers need for transparency and that you "Do It Right Every Time."

"Good business leaders create a vision, articulate the vision, passionately own the vision, and relentlessly drive it to completion."

-Jack Welch

DLA Distribution's vision is "Deliver the right solution on time, every time". I could not be prouder of how you have made that vision your own. You live that vision every day and provide the warfighter the items they need in order to make sure they come home to their loved ones at the end of each day. Whenever I meet with someone outside of DLA Distribution, I let them know what our vision is and how we accomplish it every day. I tell them that I have the best storage and distribution team in the Federal Government, bar none. I am sad to say, that I only have a two year tour as Commander and that I will leave in June and turn over Command. Even though I don't want to, I will be able to leave knowing that I provided your new commander with the most skilled, dedicated, auditable workforce within the DoD. I would like to thank the Unions, our strategic partners, and the men and women that make up DLA Distribution for our success in 2015. I look forward to our continued success as we move forward to 2016 and beyond. I am honored to be your Commander.

Hooah!!!!
BG Dix

