

# In Tune with Process Management

By Chris Erbe, DLA Public Affairs

The audience quiets as the concert is about to begin. The conductor makes his entrance, turns to the musicians of the orchestra and, with a gesture, starts the music.

The string section sweeps in with a stirring melody. The musicians then hand off the melody from one section to another, relying on their training and skill to make seamless transitions. The performers constantly and deliberately listen across the orchestra in order to perform their parts with finely tuned precision and expression.

The conductor, who oversees the entire process, is deeply respectful of the specialized knowledge and experience each musician brings to the performance. He also knows that, while everyone performs their specialty, they all focus with intensity on the same goal: to deliver to the customer – the audience – an exceptional performance.

The process of music making holds certain similarities to the Defense Logistics Agency's end-to-end business processes. DLA wants its employees to "read from the same sheet of music," listen and collaborate with one another and continuously fine tune their procedures so they can deliver exceptional service to DLA's main customer – the warfighter.

There are obvious differences, too – the most challenging being that DLA's processes take place in 48 states and 28 countries around the world and generate more than \$38 billion in sales and revenue.

With the signing of the agency's audit readiness assertion letter Sept. 30, 2015, DLA Director Air Force Lt. Gen. Andy Busch indicated DLA is ready for an audit in 2016. This was a huge step that involved years of hard work by DLA employees to establish standard operating procedures and tighten internal controls. While the audit readiness effort is by no means complete, planners are looking forward to the next phase in the agency's progression: fine tuning its end-to-end processes.

"Through audit readiness, we're to the point where we understand our processes, that they are well controlled, that we're being good stewards of taxpayer resources," said Simone Reba, deputy director of DLA Finance. "And by having our processes documented, now we can make them better."

DLA engages in many business processes, but at the core are procure-to-pay, order-to-cash, plan-to-stock and acquire-to-retain. Each process touches specific functional areas, such as finance, procurement, planning, product technical and quality testing, order fulfillment and real property. Procure-to-pay, for example, starts with a purchase requirement and ends with the vendor paid and the

The Atlanta Symphony  
Photo by Jeff Roffman

contract closed out. Along the way, the process touches the planning, procurement, order fulfillment, technical/quality and finance functional areas.

In a traditional business model, employees in functional areas do their work without knowing much about what comes before or after their involvement in the process. The result is a stovepipe, or silo effect, where employees aren't aware of how their actions affect other functional areas. End-to-end process management seeks to break down stovepipes by requiring communication and collaboration between functional areas.

"In an integrated, holistic end-to-end agency, we look at how processes relate to each other," said Kristin Kremer, Enterprise Process Management Branch chief in DLA Strategic Plans and Policy. "Are they talking to each other? How do they influence each other? Instead of stovepipes, we look at functions horizontally across an entire process instead of as individual elements."

Reba uses the procurement process as an example. "If procurement buys more of an item, they get a better price. But then we have to consider the cost of storing it and whether we have the space to store it – so that's how end-to-end comes into play. What's good for procurement may not be so good for distribution. What's good for one functional area has to be good all the way down the line," she said.

The handoffs, when one functional area passes work to the next area, are a source of concern in a traditional business process, said Stephen McClanahan, an analyst in DLA Strategic Plans and Policy. Traditionally, those in-between places outside the functional silos hold the potential for inefficiencies and errors.

"In traditional stovepipe processes, no one addresses the handoff issue," McClanahan said. "It's easy for employees to say, 'We did what we're supposed to do – it's not my problem!' Enterprise process management gets people in these functions thinking about how they can improve the handoffs. We call this 'thinking end-to-end.'"

Angela Evans, chief of the Enterprise Process Integration Division in DLA Strategic Plans and Policy adds that handoffs are about ensuring documentation is accurate and that each step is clear to everyone.

"When I get a transaction, product or email that I can't take action on, it creates a rework loop, which is a waste of time and money," she said. "In general, one day saved from process delays amounts to an increase in purchase power that could be used to support the warfighter."

Planners know that successful implementation of end-to-end process management will depend on continuous

process improvement. Those improvements will depend on the input of employees at every level, not just that of senior managers. Focusing on end-to-end processes will increase workers' understanding of how their activity contributes to the success of the overall goals, which will, hopefully, fuel their desire to improve the process.

To that end, DLA developed the Process Excellence Pipeline, a web-based process management tool that allows DLA employees to submit and track process-related improvement ideas. The purpose of the site is to assist those closest to the actual work activity to drive innovation within the agency.

"DLA is looking for the forklift driver to say, 'I think this process can be done better,' and then to make a proposal for a process change," Evans said. "DLA is carving paths for them through the Process Excellence Pipeline and through their chain of command to make improvements. We have these avenues today, but they are not as well-known as they will be."

DLA has established governance over the end-to-end processes in the form of the Supply Chain Integration Council, which will execute enterprise process management strategies and serve as the nerve center for process transformation. The council will be concerned with relationships and interconnectedness between functional areas. It is important to note that the Supply Chain Integration Council will not take the place of traditional managers of functional areas.

"Traditional managers will always be essential because of their deep knowledge of their functional areas," Kremer said. "It's not possible for end-to-end process managers to be experts in all of those functions."

Traditional managers will not have responsibilities taken away; instead, they will be asked to be more collaborative, Evans said.

DLA will also use metrics to help free itself from the stovepipe effect. While still valuing the traditional measurements for individual functional areas, DLA will establish overall metrics to measure the success and efficiency of an entire end-to-end process.

Like musicians in an orchestra, DLA employees can expect more communication, collaboration and coordination in their future daily work lives. DLA employees at all levels will be exposed to process education and training through social media messaging, town halls, internal website pages and online courses, Kremer said.

"Process excellence is about the entire agency working together toward perfecting the customer experience," she said. "It's about making sure the warfighter gets the right thing at the right place at the right time at the right cost." 

## PURSUIT OF THE PERFECT ORDER

Kevin Scheetz and Chris Erbe

Even as DLA readies for an audit in 2016, its business of supporting the warfighter continues. DLA processes 100,000 requisitions and awards over 10,000 contract lines every day and, with every order, DLA employees strive for perfection—the right product to the right location at the right time and at the right cost.

To demonstrate just one of DLA's processes, we followed an actual order from end-to-end through an entire order-to-cash business cycle.

### Who:

Forward deployed Navy Helicopter Mine Countermeasures Squadron 15, known as the HELMINERON 15 Detachment, whose mission includes patrolling waters to locate and destroy sea-based mines and mapping safe sea lanes of travel. This unit is home-based at Oceana Naval Air Station, Norfolk, Virginia.

### What:

Filter element (fluid) needed for scheduled maintenance of a MH-53E Sea Dragon helicopter.

### Where:

Forward deployed to Muharraq, Bahrain.

### When:

Priority 02 (mission essential – required immediately).

### Type of order:

DLA Direct, which means the customer ordered an item that DLA stocks in its inventory.

### Manage Customer Profile:

Before the order was submitted, the customer established a customer master record through DLA Transaction Services using the DoD Activity Address Database, including addresses, points of contact, payment information and optimal delivery points. DLA imported the information into its Enterprise Business System, which supports DLA's supply chain and financial activities. For this order, DLA had the correct billing address (home base Norfolk); delivery location (forward base Bahrain); and the optimal distribution center (DLA Distribution Bahrain).

### Capture Customer Order:

The customer submitted the order through the Navy Enterprise Resource Planning System, which routed the request to DLA Transaction Services, DLA's entry point, Dec. 9 at 6:41 a.m. (all times are Eastern Standard Time). Within seven minutes, DLA Transaction Services had entered the order into EBS for processing. EBS then took the order through 233 validations and edits without a hitch and created a sales order by 7:37 a.m.

### Manage Customer Order:

This phase encompassed the steps between capturing the customer order and fulfilling the order, including checking asset availability, reserving and releasing items, resolving open orders, managing any changes to the order (not required here), and updating the customer on the status of the order. Because there were no modifications or errors found with this order, DLA moved it to the Fulfill Order process.

### Fulfill Order:

Because it was DLA Direct, the order was entered into the Available to Promise software logic, which matched the order with assets from the best location. The ATP process is a comprehensive and flexible solution designed to provide optimal support based on Time Definite Delivery standards, transportation costs, distribution center capabilities and customer requirements. It also executes other steps to adhere to Military Standard Requisitioning and Issue Procedures practices. Once sourced to a depot, the system generated a Material Release Order to have the order filled. In this case, the ATP logic identified the product available at the customer's optimal delivering plant, DLA Distribution Bahrain. EBS generated the Material Release Order by 8:29 a.m., 1 hour and 48 minutes after the order was submitted.

### Perform Distribution:

The Distribution Center received the Material Release Order and processed it for shipment. Once the item was shipped, a final shipment confirmation was provided back to DLA at 12:13 a.m. and a shipping status was sent to the customer. The customer received the shipment at 6:07 p.m. Dec. 10 and responded with a Material Receipt Acknowledgement to close out the sales order. Total time from when the customer submitted the order to when they received the shipment: 35 hours and 26 minutes.

### Manage Accounts Receivable:

DLA generated the invoice upon receipt of the shipment confirmation and transmitted the final billing transaction Dec. 12.

### Functional Area Touchpoints:

The Order Fulfillment and Finance functional areas were directly involved in completing this order. Although they are outside the Order-to-Cash process, the Planning, Technical and Quality and Procurement functional areas were responsible for procurement, quality testing and positioning of the correct item where it was needed at the time it was required.