

DEFENSE LOGISTICS AGENCY

JANUARY - FEBRUARY 2011

# LOGGLINES



## **FISCAL RESPONSIBILITY**

*Efficient and Effective*



# from the **DIRECTOR**

## Navy Vice Adm. Alan S. Thompson, SC, USN Director, Defense Logistics Agency

**H**ere at the Defense Logistics Agency, it's a busy, rewarding time to support America's warfighters. DLA's dedicated team members are conducting the agency's daily business, and our leaders are planning for the future of defense logistics.

For the past 10 years, the Defense Department has been heavily focused on providing the most effective support possible to the armed forces. While we strove to provide efficient support, it has become critical that we intensify efforts to get the most out of every taxpayer dollar spent on logistics.

When Defense Secretary Robert Gates called for a departmentwide look at in-

creasing efficiencies and reducing costs for defense programs, we immediately engaged DLA's leadership to review our programs. These reviews showed DLA already working to provide effective, efficient support to warfighters, but we can do more.

We are pushing to decrease prices of selected material purchased from suppliers by as much as 10 percent and working with our industry partners to achieve this goal. Looking at pricing with a strategic focus on an enterprise level will ensure DLA pays reasonable prices for acquisitions.

DLA is adding additional functionality to the Enterprise Business System, the IT backbone that enables our daily operations. The recently launched EProcurement module is expected to standardize contract writing across the agency, and the planned addition of energy convergence will bring a business industry solution online to support DLA Energy's supply chains.

Strategic Network Optimization aims to help DLA ensure its distribution facilities are best located to meet warfighters' needs now and into the future. As a result, the agency will be better able to position material to meet the services' expectations at a reduced cost.

Looking back over our nearly 50-year history, DLA has always served as a logistics consolidator and efficiency creator. A steady flow of common logistics functions have moved from the military services to DLA over the years, and because our capabilities are scalable, we have been able to assume additional missions without a corresponding increase in funding.

We have made significant progress in reducing DLA's overhead costs, bringing those down from 25 percent to 14 percent over the past 10 years. Now is the time for us to stay agile, flexible and ready to do more for warfighters. ★

## **LOGLINES**

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# CONTENTS

January - February 2011

## FISCAL RESPONSIBILITY

*EFFICIENT AND EFFECTIVE*

### Saving Dollars Makes Sense

A look at how Secretary of Defense Robert Gates' efficiency initiatives will impact DLA in coming years and the efforts the agency is making to meet his goals.

2

### Optimizing Support

New program looks to improve DLA distribution, disposition and transportation operations worldwide.

6

### Work Smarter

EProcurement consolidates agency contract writing and brings it into DLA's Enterprise Business System.

10

### The Right Price

Center of Excellence for Pricing provides oversight, fraud detection and pricing assistance to save DLA money.

14

### Energy Convergence

DLA Energy's efforts to join the Enterprise Business System will yield efficiencies in multiple areas in coming years.

18

### Fuel Protection

The BattleJacket system that protects fuel tankers from small-arms fire gets automated as a result of a DLA program.

22

### Adding Operational Data

Online resource to improve with addition of operational data.

24

### Cultural Improvements

Culture survey results will inform the agency's way forward.

26

### Green Light

New Germany-to-Afghanistan route enhances Northern Distribution Network.

36

## DEPARTMENTS

We are DLA	28
Ten Questions with ...	30
DLA NewsWire	33
Money Matters	34
I am DLA	Back Cover



pg 2



pg 10



pg 18



pg 36





# Saving Dollars Makes Sense

Story by Beth Reece

**W**hen Defense Secretary Robert Gates unveiled his efficiency initiatives in August, Defense Logistics Agency employees were already looking for ways to reduce costs. They'd been forewarned of a shrinking defense budget repeatedly by DLA Director Navy Vice Adm. Alan Thompson.

"You are all aware from what you see in the news that the defense budget is going to be increasingly pressured in the next few years. The good news is we've been talking about this in DLA for a while, and we've been talking about the need to make adjustments sooner rather than later," Thompson told employees a week before the secretary's announcement.

One week after he introduced the departmentwide savings campaign, Gates directed Department of Defense components to conduct organizational



Air Force Senior Airman Wesley Farnsworth

self-assessments to give the newly formed Efficiencies Task Force a clear picture of what missions exist throughout the department and what resources are being used to meet them. Templates were provided to ensure each component used common data sources and standard definitions.

“These actions represent an initial step in reversing the dramatic growth in size and expense we have seen in these components since 2001,” Gates wrote in a memorandum outlining how the assessments would be carried out.

The assessment took 10 weeks of “hard-core focus,” said DLA Strategic Plans and Policy Director Jeff Curtis, whose staff worked closely with senior leaders to evaluate the agency and develop recommendations for possible restructuring.

Following the prescribed two-track approach, Curtis’ staff created a snapshot of DLA’s missions and goals and the agency’s use of its personnel, budgetary and management resources. Senior leaders then went through a “clean-sheet exercise” to determine how to better align DLA resources with critical challenges and priorities without regard to legislative requirements, external mandates or history, said Renee’ Roberts, DLA Strategic Plans and Policy.

“We had to figure out how we’d build DLA if we were just standing it up today. Are there functions we do right now that really don’t fall into the scope of DLA? Should we redesign ourselves to take on more? Or is there a gap in DoD that needs to be filled from our perspective?” Roberts said.

**Air Force Airman 1st Class Jamaul Anderson, 375th Civil Engineer Squadron, checks inventory at Scott Air Force Base, Ill. After assuming management of some Navy warehouses, DLA is determining whether efficiencies can be gained by assuming warehouse operations from other services.**



DLA Strategic Plans and Policy submitted the agency’s final report Oct. 29. It included recommendations for organizational restructuring and asset reallocation, all of which are predecisional and won’t be announced until after the Efficiencies Task Force conducts a full review and decides which proposals to implement, Curtis said.

“I think what they’re going to do is look for ideas that have merit and then ask for plans to be flushed out a little more,” he said. “So we may end up writing longer, more detailed recommendations in the weeks and months ahead.”

At least two of the recommendations are already being pursued for implemen-

**Navy Petty Officer 2nd Class Ronald Lauderman, an aviation structural mechanic, patches a panel door on an F/A-18C Hornet. DLA has already helped the Defense Department achieve efficiencies by assuming the supply mission at the services’ industrial sites.**

tation. One involves Strategic Network Optimization, which will optimize the number, location and functions of distribution and disposition facilities to reduce operating costs while also balancing efficiency and effectiveness.

The second is DoD Warehouse Consolidation, under which DLA would assume management of warehouses not used to directly support tactical or deployed forces. Officials are still planning a concept of operations and



“We have constant, never-ending pressure to be as efficient and effective as possible because our customers keep a vigilant eye on our cost-recovery rate.”

— *Jeff Curtis*

determining approximately how much savings could be achieved.

“The thought is that DLA would take over warehouse management and look for efficiencies in how material is stored, something we consider a competency of DLA Distribution,” said Louise Terrell, deputy executive director of strategic programs and initiatives for DLA Logistics Operations.

Curtis said Gates’ efficiency efforts have added extra emphasis to DLA’s goals to cut costs and made leaders follow a structured process to prioritize missions.

And while Gates’ initiatives are partially about cutting fat, DLA leaders were hard-pressed to find unnecessary missions and costs.

“We have constant, never-ending pressure to be as efficient and effective as possible because our customers keep a vigilant eye on our cost-recovery rate,” he said. “So when we took a look to see if there were things that maybe we shouldn’t be doing, there wasn’t much to find.”

Comparisons of the agency’s business volume and personnel strength before and after 9/11 reveal that DLA probably



Marine Sgt. Brian A. Lautenslager

hasn't grown as much as other defense components, Curtis added.

"Aside from the new missions we have absorbed through the 2005 Base Realignment and Closure, the number of people we employ to support the legacy DLA business has gone up only by 1,000 or 2,000 in the past 10 years even though our business volume has doubled. We're now doing \$42 billion in sales, where before 9/11 we peaked at somewhere around \$17 billion," he said.

The organizational assessment also led DLA leaders to question the elasticity of the workforce.

"Somehow we went from doing \$17 billion in business to \$42 billion without many extra people. So if we go all the way back down to \$17 billion, does that mean we then need only half the people?" Curtis said. "In other words, do we need 'x' number of people no matter what the business volume is?"

Gates has said headquarters and support bureaucracies, military and civilian alike, have "swelled to cumbersome and top-heavy proportions." Since September 2001, the number of general and flag officers throughout the department has grown by more than 100, and the number of Senior Executive Service positions has increased by more than 300. He expects those added positions to be cut by at least half in the next two years.

In contrast, DLA has maintained pre-9/11 numbers even among its senior ranks, Curtis said.

"When we looked at how many additional flag officers and SESes we have now compared to 10 years ago, we only found one, even though our business

**A Mine Resistant Ambush Protected vehicle drives through Helmand province, Afghanistan. Providing repair parts for such items as the MRAP has caused DLA's business volume to double, while personnel strength has increased only between 1,000 to 2,000 in the past 10 years.**



doubled and we took on new missions," he said. "We've managed to keep the top pretty lean."

The assessment was an arduous process that DLA leaders took to heart, Curtis continued. "The discussions were lively and at times animated, because every leader got directly involved."

Overall results of DLA's assessment were eye-opening to many of the participants, and Roberts said the process helped her realize just how well DLA is managed.

"I think the average employee should

**Norma Jara builds Unitized Group Rations at DLA Distribution San Joaquin, Calif. DLA officials are studying distribution and disposition facilities to see if they can reduce operating costs while also balancing efficiency and effectiveness through the Strategic Network Optimization initiative.**

get a sense of security in knowing what a good job our senior leaders have done to keep us where we need to be, where hopefully these efficiency initiatives won't have much of an impact on individual employees," she said. "To me, it's a good sign that our senior leaders have been doing the right thing all along." 🌟





# Optimizing Support

Story by Jonathan Stack

**T**he Defense Logistics Agency is partnering with U.S. Transportation Command and the military services on a program to save money within the end-to-end supply chain to help meet Defense Secretary Robert Gates' goal of a more efficient Department of Defense.

The Strategic Network Optimization program seeks to hone the number, location and function of distribution and disposition facilities and



Army Staff Sgt. Daniel Yarnall



A Soldier fastens a railcar door at the Baumholder, Germany, railhead. In order to gain efficiencies in acquiring, transporting and delivering materials, DLA is partnering with U.S. Transportation Command through the Strategic Network Optimization program, which seeks to optimize the number, location and function of distribution and disposition facilities and transportation resources.

transportation resources.

This will reduce operating costs, balance efficiency and effectiveness, and provide agility and performance to support customers during both peacetime and contingency operations.

“The SNO program is moving the Defense Department ... toward the next evolution in the global supply, distribution, disposition and transportation network,” said Lynne Allen, DLA SNO program manager.

As a result, the agency will be better able to position material to meet customer expectations at a reduced cost. The integration of information systems and other functions in and outside DLA will streamline the agency’s interfaces and allow for more flexible customer relationships.

“We’re taking a look at that end-to-end effort – from the acquisition of material to the actual delivery – and seeing where we can gain efficiencies,” said Clyde Hobby, executive director of DLA Strategic Programs and Initiatives for DLA Logistics Operations.

DLA acquires materials from vendors or distributes them from one of its sup-

**An Army supply sergeant inventories chemical protective equipment at Camp Victory, Iraq. DLA provides chemical protective equipment to the services and is working to better position material it provides to meet customer expectations at a reduced cost through the Strategic Network Optimization program.**



ply centers based on customer demand. Material is then delivered to customers through one of the agency’s distribution depots, he said.

“When we do that [material], it goes through several hands: the vendor picks it up and delivers it to a depot, the depot places it in storage and then puts it into the distribution system, where it is then delivered to the customer,” Hobby said. “So you can see the multiple touches there. In that supply chain, there’s room for a lot of efficiencies.”

He said there are multiple ways to

gain cost and time efficiencies based on location and positioning of inventory, for example. Modeling tools will help find those efficiencies.

“Currently, we are using an analytical tool, a modeling tool, and we’re loading in our demand, distribution and disposal data along with USTRANSCOM loading their transportation data, surface and air,” Allen said.

The analytical software uses a common database between USTRANSCOM, DLA and the services. The result is a model that highlights areas in which ef-



The integration of information systems and other functions in and outside DLA will streamline the agency's interfaces and allow for more flexible customer relationships.

iciencies can be gained.

"We load it first with our baseline, where we are today. Then we provide our assumptions and put in some constraints. The model analyzes these and identifies alternatives of how to gain efficiencies," she said.

"From the answer we'll derive our savings, which will make us more efficient," Allen said. "It'll tell us which locations we should be at, realign or consolidate."

USTRANSCOM and DLA have both run models with assumptions of data, but this is the first time they've used a shared, combined database that shows a common picture of the distribution network.

"It's the most realistic model for us to use to benefit warfighters," Allen said.

#### **SNO Program Key Tenets:**

- Optimize global distribution capability using all channels – commercial, organic or hybrid – across the supply chain
- Strategically position and size distribution and disposal network capabilities to meet customer expectations at best value
- Leverage best practices and network optimization software tools
- Ensure ability to flex with change in mission or strategy
- Pass on cost savings to the customer, or reinvest into optimization opportunities





Air Force Staff Sgt. Barry Loo

A U.S. Army Soldier and Afghan National Army soldier load humanitarian relief supplies onto a truck at Forward Operating Base Gardez, in Paktia province, Afghanistan. DLA is seeking to save money within the end-to-end supply chain to help meet Defense Secretary Robert Gates' goal of a more efficient Department of Defense through its Strategic Network Optimization program.

said. "By examining these best practices and aiding their wider implementation, the SNO program will bolster the most successful strategies for cost reduction and streamlining across the organization."

Several such efforts, including the Single Storefront program in Guam and the consolidation of distribution and disposition functions at Pearl Harbor, Hawaii, are already being considered for expansion, she said.

"If we can better identify where the demands are, where to position our stock, what kind of inventory we want to put there and how we want to manage that inventory, we can shorten that distribution challenge by either lessening the cost or shortening the distance," Hobby said.

The material will get to the customer faster, which will allow warfighters to be more effective, he said.

"The cooperation we're getting between DLA and USTRANSCOM is superb, essentially two big strategic partners that work together to help wafighters," Hobby said.

The SNO program began with the goal of finding efficiencies and cost savings within the transportation network, Allen said.

"Then it evolved into a larger effort where DLA was going to look at optimization across the enterprise," she said. "It started as an effort to optimize the whole distribution network, working with USTRANSCOM to position DLA where we will [best] serve the customer." 🇺🇸

"If we can find cheaper ways to provide it to [customers] or more efficient ways, then they have more funds to train or buy more and better equipment," Hobby said.

"The more efficiently DLA delivers material to its customers, the higher the customers' readiness will be," he said.

The program will also benefit the agency.

"DLA operates on a reimbursable basis, so if we can lower some of our infrastructure cost by gaining more efficiencies ... it reduces our cost so our cost-recovery rate goes down and we operate at a better margin," Hobby said.

"It will also give DLA the ability to expand other programs it needs," he said.

"SNO is poised to help DLA reap the benefits of successful efficiency-focused pilot programs across the network," Allen

## STRATEGIC NETWORK OPTIMIZATION

The Strategic Network Optimization program stems from the need to support Defense Department requirements for efficiencies and related savings in business operations and enable investment in force structure and modernization.

### The SNO analysis supports Defense Secretary Robert Gates' DoD efficiency initiatives to:

- Significantly reduce excess costs and apply the savings to force structure and modernization
- Consider consolidation or closure of other facilities
- Conduct a 'clean-sheet review' to determine what DLA should be doing, where it should do it, and at what level of rank it should be done in keeping with the department's most critical priorities

### It also recognizes Navy Vice Adm. Alan Thompson's fiscal year 2011 Defense Logistics Agency Director's Guidance to:

- Develop and help initiate significant departmental logistics efficiencies that better serve customers and support the secretary of defense's cost savings and funding realignment initiatives
- Optimize logistics performance to determine the appropriate number, location and strategic function of distribution nodes and disposition activities
- Partner with DoD and non-DoD customers to provide recommended solutions to achieve the desired end-state of the next generation global distribution network



FISCAL RESPONSIBILITY: EFFICIENT AND EFFECTIVE

# Work Smarter

Story by Sara Moore

The Defense Logistics Agency processes more than 10,000 contract awards and modifications every day, and improving the efficiency of these actions has long been a goal for agency leaders.

That goal recently came to fruition when EProcurement, the agency's long-anticipated automated contract-writing tool, officially launched in November. The first release of the program went to DLA



Navy Petty Officer 2nd Class Eric Powell





Document Services and DLA Strategic Materials.

EProcurement, short for Enterprise Procurement, is a software program within the Enterprise Business System that automates and standardizes contract writing throughout the agency. It was developed to replace DLA's legacy contracting systems, which range from manual-entry paper systems to fully automated systems used at the agency's various field activities.

"This will bring DLA, which has thousands of users [and] multiple buying activities spread throughout the world, onto the same contract writing and contract administration system," said Air Force Col. Mike Claffey, the procurement process owner in DLA Acquisition. "We would be the first in the entire Department of Defense to do that."

DLA has been developing EProcurement for several years, said Sabrina Holloway, the EProcurement project lead in DLA Information Operations. The project started in September 2007, she said. The 2005 Base Realignment and Closure recommendation that gave DLA responsibility for procuring all depot-level reparable added new requirements to the project. Depot-level reparables are parts that can be repaired and reused throughout their usable life, like transmissions and vehicle engines.

The final EProcurement solution includes capabilities not only for simplified acquisitions, long-term contracts, service contracts and performance-based

**Enterprise Procurement, DLA's long-anticipated automated contract-writing system, is designed to streamline procurement efforts throughout the agency and ultimately improve support to warfighters, like this sailor monitoring an air approach radar console aboard the amphibious assault ship USS Essex.**

EProcurement is expected to streamline DLA's procurement process and expedite delivery of supplies to the field, like these medical aid and humanitarian supplies being unloaded by Sailors in Panama.

logistics contracts, but will also include capabilities for DLR procurement, Holloway said.

The incremental release of EProcurement, which began in November and will continue with Release 1.1 in February and Release 1.2 this summer, wasn't the original plan for the project, but was born out of necessity when some technical issues delayed an enterprisewide release, Claffey said. DLA senior leaders decided they wanted to get the program started in

2010 as opposed to waiting for a large-scale release.

Rob Gee, the EProcurement functional lead in DLA Acquisition Management, said getting the functionality needed to release EProcurement all at once was more difficult than originally envisioned.

"Breaking it up into smaller increments has probably been a good move," he said. "It's made things a lot more manageable."

The first release of EProcurement



Army Sgt. 1st Class Bronco Suzuki

EProcurement is expected to improve the agency's efficiency in purchasing supplies for warfighters in the field, like these humanitarian supplies being sorted in Yusufiyah, Iraq.

synced up for each transaction.

"We're looking for both streamlining efficiencies – which I think is extremely important in today's environment – and then the improvement in quality and consistency, because we're using a program to ensure that the contract packages are properly built," Sherman said.

Implementing EProcurement will bring challenges, as any new system does, Sherman said. Besides the expected functional issues, one of the most obvious will be the culture change. Employees will have to learn how to use the new system. To overcome this challenge, DLA Document Services has been conducting EProcurement training and putting a lot of emphasis on change management, he said.

"We're looking forward to it," he said. "We're depending on it to streamline our process and improve quality and consistency, and we're going to make it work."

In addition to training employees, the EProcurement Program Office has

Navy Petty Officer 2nd Class Greg Johnson



In this resource-constrained environment, we're seeing a great effort by all of DLA to step up and to tailor the training and make it the most meaningful.

—Air Force Col. Mike Claffey

went to DLA Strategic Materials and DLA Document Services because they are smaller activities with fairly simple procurement systems, Gee said. In this way, DLA can start the program with a small number of users and gradually grow the system with the future releases, using feedback from the first users to improve the system along the way.

"It's not going to be perfect; there's going to be bumps along the way as we deploy this thing," Gee said. "We're there to work through it."

EProcurement will most definitely bring changes to DLA Document Services, where all contracts were previously written manually in word-processing programs, said Steve Sherman, director of DLA Document Services. Speaking before the launch of EProcurement, he said he expected the system to improve the efficiency and quality of his activity's contracting practices. He noted that DLA Document Services implemented the Enterprise Business System in June 2009, and employees were putting in a lot of extra work to learn the new system and ensure all the contracting documents

EProcurement will bring all of DLA under one contract-writing system and add new capabilities for procurement specialists, ultimately improving the services the agency provides to warfighters, such as purchasing construction supplies and materials used by service members throughout Afghanistan.



been testing the EProcurement system in preparation for the first releases, said Chuck McNelley, chief of contracting for DLA Document Services. He noted that EProcurement Program Office personnel at Hybla Valley took current contracts from DLA Document Services and loaded them into the system to ensure everything worked smoothly.

A key component in preparing to release EProcurement has been workforce training. "In this resource-constrained environment, we're seeing a great team effort by all of DLA to step up and to tailor the training and make it the most meaningful and have the biggest and best impact to the users and posture them for success," Claffey said.

Some of the notable new capabilities are in the contract administration and records management areas, Gee said. EProcurement will also establish automated interfaces with various Defense Department and federal systems, he added.

EProcurement was designed to work within the agency's Enterprise Business System, the technology hub that makes DLA's daily supply-management

Air Force Tech. Sgt. Chad Chisholm



EProcurement will work within the Enterprise Business System and integrate with Defense Department systems to improve the consistency and quality of procurement operations, which will mean better support to warfighters, like these Airmen unloading a C-17 Globemaster III aircraft at Kandahar Airfield, Afghanistan.

operations possible. EBS is the "backbone" that contains all the core financial, technical, procurement and item data, Gee explained. EProcurement will work as a subsystem of EBS and will be used by DLA's buyers and contract administrators to process purchase requests and customer-direct requisitions, he said.

"They will use EProcurement to go out and do their job and solicit bids or quotes from vendors, create those solicitation documents, get the quotes back in, do the evaluations, make the contract award, and all the actions that need to be taken to do a purchase," he said. "The data, of course, as we're going along, is being fed back into EBS."

Having an automated procurement system is something DLA has been working toward for a long time and is directly

tied to stewardship initiatives outlined in the 2010 and 2011 Director's Guidance, which are aimed at bringing EBS-enabled business process enhancements on line. It has taken a lot of work to get to this point, and while implementation may not be perfect, the system will ultimately bring many improvements to the agency's procurement operations, Gee said.

"It's going to be a big change for everybody. People are used to whatever systems they've been using for however many years, so there's going to be a learning curve out there," he said. "They're just going to have to be aware of that and work with us along the way, and eventually we'll end up with a good system. It might not be tomorrow, but a few years down the road I think we'll probably be glad that we did what we did." 📷





# The Right Price

Story by Beth Reece

Contestants on the television game show "The Price is Right" give their best guess when naming an item's actual retail price. At the Defense Logistics Agency, there's no guessing.

"We make sure the prices we're paying for our acquisitions are reasonable and that we're getting good value," said Catherine Benavides, who heads the Center of Excellence for Pricing, which falls under DLA Acquisition's





## Procurement Integrity and Pricing Division.

Benavides and her team are helping create a more strategic focus on pricing throughout the enterprise as DLA's acquisition workforce strives to reduce the costs of products it purchases from industry.

The center's recent efforts include encouraging the use of standardized forms for determining fair and reasonable prices, assisting in the creation of more effective pricing tools, and working with the DLA Training Center to establish a curriculum for a new Pricing Academy.

"We need to make full use of the COEP resources to ensure that we are obtaining the best pricing, expand our focus to include automated purchases and ensure our pursuit of efficiency does not result in a loss of pricing effectiveness," DLA Acquisition Director Nancy Heimbaugh told employees in a recent newsletter for acquisition professionals.

Since its creation as a DLA Headquarters element in 2008, the Center of Excellence for Pricing has focused primarily on ensuring contractors complied with the pricing terms and conditions of their contracts, Benavides said. It's made up of independent pricing professionals who provide oversight, fraud detection and pricing assistance to procurement specialists at all of DLA's supply centers. The team also conducts quarterly pricing audits and annual contractor reviews – all with a small staff that includes three analysts at DLA's Fort Belvoir, Va., headquarters, two at DLA Troop Support, and one each at DLA Land and Maritime and DLA Aviation.

Today, COEP members like cost/price analyst John Dempsey find themselves increasingly involved before contracts are



Raffaello Rippo (left), DLA Troop Support, discusses the quality of fresh fruits and vegetables with a local vendor at the Padova Terminal Market in Italy. Contracting officers throughout the agency are focused on getting the best prices without sacrificing quality.

awarded, acting as consultants during the development of acquisition plans, which Benavides said can easily span 100 pages.

"I think management recognizes the value of our oversight and the fact that we can collaborate with contract specialists up front in the planning stage, sharing ways to do things better rather than telling them after the fact what they should have done differently," said Dempsey, who works at DLA Troop Support.

### Better Pricing Tools

Defense Secretary Robert Gates' efficiency initiatives have made clear the need for better pricing policies throughout the department and DLA – an effort Benavides said the COEP is supporting by helping to improve pricing tools. She stressed, however, that getting better prices will require contracting officers

to ask tough questions and challenge vendors, not just accept their proposals at face value.

"If a vendor tells you the cost is \$100 a unit, for example, make them tell you how they got to that price. Ask who else has bought the item for \$100 a unit, and how that customer compares to DLA," Benavides continued.

Dempsey is working with subsistence officials on the development of a pricing tool that will give contracting officers better visibility of the two elements that make up DLA's costs: product price and distribution price. The product price is the actual price a prime vendor pays another manufacturer or supplier for items; the distribution cost is the price of transporting it to DLA customers.

The current pricing tool lumps both costs together, and the process of



Photo Illustration: Paul Crank / Erik Christensen

DLA Headquarters.

"We want people – regardless of where they're at – to be asking the same types of questions, so if they were to take over each others' acquisitions, they would still arrive at the same decisions," he said.

No matter what program they work in, contracting officers generally look at the same basic levels of information to arrive at reasonable price determinations, Dempsey said. But while contract specialists all review such factors as market conditions, competition and contractors' past performance, they do so with slightly different approaches and levels of documentation.

"One team may have a mature, standardized approach, where they go down a specific form and fill in pieces of information that allow them to do a calculation and compare the price that they're getting to other prime vendor prices and to commercial market prices," he said.

Other teams may take a more casual approach by reviewing the same general information, but in fewer details and without formerly documenting the findings.

The more standard the pricing process is across teams, Dempsey continued, the less risk there will be for overpricing. "And I think that it would certainly make contract specialists a little more efficient if they don't have to continually reinvent the process."

### Pricing Academy

Training also plays a role in the success of DLA's acquisition workforce, Benavides said. Acquisition professionals throughout the Defense Department receive about 100 hours of classroom training on pricing skills from the Defense Acquisition University, but efforts are under way to double that amount, she added.

DLA Training Center officials are

The Center of Excellence for Pricing team is working with officials at all of DLA's supply chains to develop pricing tools that will give contracting officers better visibility of product and distribution prices.

separating the costs is labor intensive, Dempsey said. "It's a lot of work for contracting officers because they can't get the information just by pulling up one screen. Of course, they have a lot of other work to do in administering their contracts, so if there's a way to eliminate the manual research, it would certainly be a time saver."

Eventually, the tool will also allow contracting officers to quickly compare prices from all of DLA's prime vendors and monitor price changes caused by market conditions.

"The tool will take the data that vendors send us every week on pricing and any new items they want to add to the catalog and compare one prime vendor to another. That gives us even greater visibility of prices because if the market is changing, we should be able to expect price increases or decreases from several prime vendors, not just one," Dempsey said.

### A Standard Process

Standardizing the process employees use to determine whether the agency is getting a fair and reasonable price can yield greater efficiencies, said Russell Wells, a COEP procurement analyst at

The Center of Excellence for Pricing focuses primarily on ensuring contractors comply with the pricing terms and conditions on their contracts. The team also conducts quarterly pricing audits and annual contractor reviews.



also working with experts from each supply chain to create a pricing academy. Currently being piloted by DLA Aviation, the academy will offer commodity-specific training.

“So if you’re a contracting officer at [DLA Land and Maritime], your training will include examples that involve land and maritime support instead of the examples that will be used for subsistence or aviation,” Wells said.

Training offered by DAU is helpful to DLA’s acquisition workforce, he and Benavides agreed, but is usually geared toward larger, more complex buys than DLA employees generally deal with.

“Our folks are typically dealing with the \$100 part, not the entire \$5 billion weapon system,” Wells said.

The intent of DLA’s Pricing Academy, Benavides added, is to give employees information they can take back to their desks and use without having to translate how it pertains to their areas of expertise.

COEP team members have already evaluated the DLA Aviation course and will continue to review and provide feedback on additional courses.

As better training and tools gradually equip acquisition professionals to meet the agency’s efficiency goals, the COEP will continue to protect warfighter and taxpayer dollars through contract oversight and reviews, Benavides said.

“We’re here to work with supply programs as they develop their acquisition strategies,” Dempsey added. “Being a part of headquarters, we have a view across the agency of different pricing challenges, and we can provide advice and expert opinion based on that broader agency knowledge.” 🇺🇸

Air Force Tech Sgt. Christopher Dean, a material acquisitions noncommissioned officer, signs for supplies inside a warehouse at Scott Air Force Base, Ill. DLA’s acquisition workforce strives to get the best value for supplies provided to warfighters.





FISCAL RESPONSIBILITY: EFFICIENT AND EFFECTIVE

# Energy Convergence

Story by Jacob Boyer

Sometimes, finding efficiencies can be as simple as moving to a new computer system, one that allows an organization to better manage the movement of goods throughout a given supply chain. But this can be a complex undertaking when it involves making the system work with others that run a parent organization's entire enterprise.

Energy convergence will bring DLA



Marine Lance Cpl Kelly R. Chase





Energy into the Defense Logistics Agency's Enterprise Business System by adding a business industry solution – SAP Oil and Gas – to the agency's technology backbone to support the petroleum supply chain. Other parts of EBS will provide support for DLA Energy's non-petroleum supply chains. Pat Dulin, DLA Energy's deputy director, said the project will reap multiple efficiencies for his activity and the agency as a whole.

"It will fully integrate a coherent, end-to-end business solution that will enable DLA Energy to accomplish much better supply chain management across all commodities," Dulin said. "All aspects of our end-to-end business will be linked and updated on a real-time basis. As changes occur in one process, other people will be made aware of the changes, both for situational awareness and actual updated actions and decisions."

The push for energy convergence came about in 2003 when the Office of the Secretary of Defense directed that DLA merge the two enterprise resource platforms: one that supported the petroleum supply chain and one for the rest of the enterprise, said Mike Broderick, DLA Energy's director of business process support.

DLA Energy manages five supply chains – petroleum, natural gas, coal, electricity and aerospace fuels – which comprise \$15 billion in revenue. Energy convergence will replace the legacy systems that have managed all five to this point and bring full automation to the latter four, which have had limited

A Navy supply ship conducts a refueling operation with the USS Gettysburg in the Gulf of Aden. Energy convergence will add software to DLA's Enterprise Business System that will allow DLA Energy to better manage its petroleum supply chain.

automation in the past, Broderick said. The activity's petroleum business has been managed by Business Systems Modernization-Energy.

"All of our non-petroleum supply chains – aerospace energy, coal, natural gas and electricity – have effectively been unsupported by a business system for decades," he said. "We want to support them and bring them into that EBS solution."

Dulin said that since DLA Energy's supply chains are all managed separately, it is difficult for the organization to get insights on where efficiencies can be wrought. Each chain's information – purchasing prices, selling prices, transportation costs and the like – has to be manually compared to another's to see what is working and what can be done better. Having all of this data in one

An Air Force F-15E Strike Eagle aircraft receives fuel from the aerial refueling boom of a KC-10 Extender aircraft over Afghanistan. Energy convergence will allow for better stewardship of DLA Energy's supply chains.

place will allow DLA Energy to find those crucial points more quickly.

"It gets visibility. [Now] I only get visibility into separate stovepipes when I say, 'The three of you collate the data together for a particular answer for me,' so it's going to start giving us insights into where we can find other efficiencies as we go through here," Dulin said. "Insights that I can only get right now with slow manual processes I'll now get with automated processes. I'll be able to sort the data left, right and sideways."

Energy convergence will allow DLA as a whole to make better decisions for the



Energy convergence will replace the legacy systems that manage all of DLA Energy's five supply chains and fully automate those that have been limited in that respect.

same reason, Dulin said. Instead of having to go to separate systems to get data on separate supply chains, DLA leadership will be able to pull information on all of its supply chains from EBS.

"It gives DLA visibility in what we're doing," he said. "They may be able to look at it and get into just straight financials, because financially, I'm able to see what you're doing a little bit better than I can in stovepipes. Now I see how fast your transactions are going through and I can anticipate what my cash flow is going to be better. Instead of waiting until the end of the month, now I've got more of a minute-by-minute view. If I understand my cash flow a little better, I can make better business decisions as I go through. That helps at the DLA level."

In addition to giving DLA's leaders a better look at the agency's overall operations, energy convergence will enhance the stewardship of DLA resources, Broderick said. With DLA Energy and the agency as a whole able to access stores of data from across their respective areas of concern, both will be able to better ensure processes are being done efficiently and effectively.

"A big part of what's coming and

Sailors inspect a new advanced metering infrastructure program smart meter at Naval Air Station Kingsville, Texas. The meters will help the command track electrical use and manage energy consumption. Energy convergence will allow DLA Energy to better manage all of its supply chains, including electricity.

needs to come is auditability," he said. "Today we tend to call it stewardship, but it's the control of costs. The thing that has to come with EBS is a robust metrics, business reports and business analytics capability. We want to move from chasing data to having things in the system, moving through the system and being analyzed."

Beyond that integration, energy convergence will combine SAP Industry Solution Oil and Gas with SAP Public Sector, the solution running in EBS. Ensuring all of these pieces work together along with other new additions to EBS is one of the biggest hurdles the project faces, said Nelson Gonzalez, Energy Convergence deputy program manager.

"The first challenge we had to go through was ensuring that the SAP IS Oil and Gas Solution was going to work with the SAP Public Sector Solution," he said. "SAP modified their core products to ensure that the SAP IS Oil and Gas Solution would work with the public sector solu-



tion we have in EBS and our enterprise procurement solution so that we have one integrated solution working together.”

The shift in how things are done will lead to changes within DLA Energy. Broderick said that BSM-Energy, the system currently running the petroleum supply chain, has its good and bad points. As that supply chain is moved to EBS, decisions will be made about what works and what does not. The same will hold true for the others.

“Certainly, a goal is to eliminate all legacy systems as much as possible,” he said. “We have our BSM-Energy tool. It’s effectively a family of systems. It’s a large number of different applications that all work together. We know we’re going to terminate some of those applications

when we move to EBS. We know we’re going to retain some pieces of our legacy systems.

“We have an application at the majority of our [defense fuel support points] that’s used to gather all of that sales data,” he continued. “We’re running upwards of a million transactions a month at these DFSPs and making those individual sales. They could range from a gas can that I’m going to use to cut the grass to a 20,000-gallon sale to a C-17. The tool at that location is one we’re going to keep. Hence, we know it has to be integrated with our future solution.”

Energy convergence is planned as a phased rollout, with supply chains being brought into EBS in a phased manner beginning in late 2011, Gonzalez said. The

first release will involve a nonpetroleum supply chain. Gonzalez said officials have yet to decide which of the four it will entail or if doing all four at once makes better sense. As these supply chains transition, DLA Energy personnel will require training on the new system and their roles in it. A variety of opportunities will be made available.

“Users will be expected to take EBS training. New courses will be prepared for the new capabilities that DLA Energy personnel will need,” he said. “Some of the training will be online, and some will be actual courses in classroom settings. Furthermore, we will be training a group of DLA Energy users to train the trainer and deliver the training to their community members.” 🇺🇸

Army Sgt. Mark Matthews



Soldiers work together to refuel an M1-A1 Abrams tank in Baghdad. Energy convergence will allow DLA Energy to better manage supply chains vital to warfighters in Afghanistan and Iraq.



FISCAL RESPONSIBILITY: EFFICIENT AND EFFECTIVE

# Fuel Protection

Story by Jonathan Stack

**A**fter a number of recent combat missions, more than 500 rounds of ammunition were found inside the tank of a fuel truck in Afghanistan.

But the holes caused by those rounds were sealed completely by the BattleJacket coating system, a lightweight protection system developed when the military recognized an urgent need to protect the trucks that deliver fuel to forward

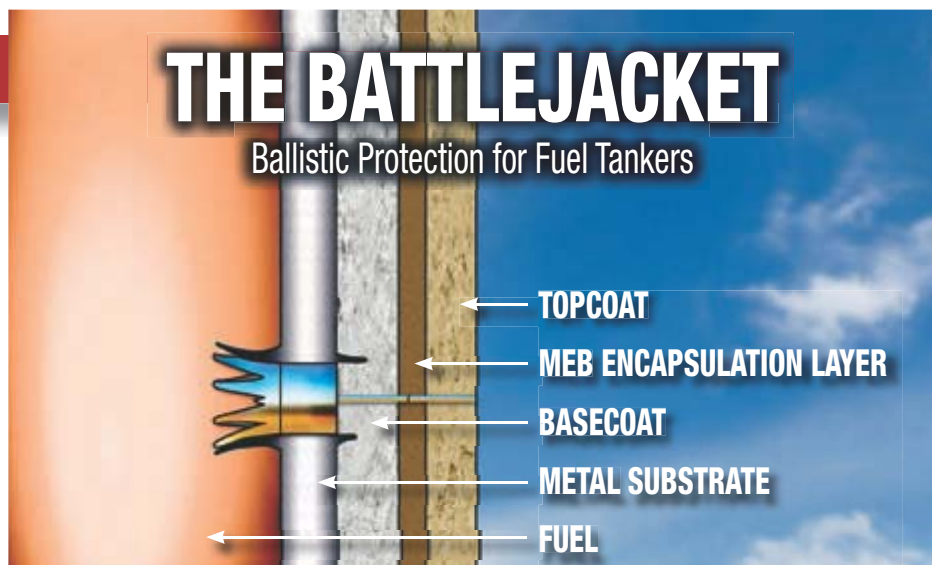


Air Force Senior Airman Brian J. Ellis



# THE BATTLEJACKET

Ballistic Protection for Fuel Tankers



positions in Iraq and Afghanistan.

BattleJacket is a self-sealing, composite coating system that allows a bullet to pass through it and the fuel tank before quickly sealing the puncture within 15 seconds, said Julie Tsao, a DLA industrial engineer.

The lightweight coating is typically applied to the external surface of a fuel tanker. It consists of three different layers: a base coat applied to the fuel tank surface that allows the other layers to stick, an "intermediate micro expansion bead encapsulation" layer that reacts with the escaping fuel to seal holes, and a compressive exterior layer.

The MEB layer is formulated to expand rapidly on contact with hydrocarbon-based fuel, sealing the hole, Tsao said. She called this layer "the key to the system's effectiveness."

"The coating system may be specifically formulated to seal against other liquid chemicals and thus has many potential uses, both military and commercial," she added.

The system came about because trucks in Afghanistan and Iraq were being hit by small-arms fire, causing substantial fuel leakage and safety issues. Additional armor was looked into but was seen as too unwieldy.

"Conventional armor plate would have been too heavy, greatly limiting the delivery capacity of the tanker trucks," she said.

Until now, the BattleJacket system was applied in a manual spray process.

"Hand-spray application is slow, tedious and cannot keep pace with demand, especially for surge requirements which may come about due to increased

An Airman pulls a hose out to refuel an aircraft in Southwest Asia. A self-sealing, composite coating system that allows a bullet to pass through it and the fuel tank before sealing the puncture is now being applied to fuel trucks in Iraq and Afghanistan.

The BattleJacket coating system consists of three different layers: a base coat applied to the fuel tank surface that allows the other layers to stick, an "intermediate micro expansion bead encapsulation" layer that plugs the holes, and a wear-resistant exterior. The MEB layer is formulated to expand rapidly on contact with hydrocarbon-based fuel, sealing the hole.

combat operations tempo," Tsao said.

An automated application method was sought to meet these needs, she said. The Defense Logistics Agency worked with the Office of Naval Research to upgrade that system to an automated process. DLA's Research and Development Office awarded ONR \$299,000 from the Industrial Base Innovation Fund in 2008 in response to a broad area announcement issued by DLA.

"DLA's involvement came about via IBIF funding the development of a robotic cell for automated application of the BattleJacket coating system," Tsao said.

The fund, set up by the Senate Armed Services Committee and run by the DLA Research and Development Office, ensures investments are made to address shortfalls in manufacturing processes and technologies in support of the Defense Department's long- and short-term needs.

After the IBIF project was completed and successfully demonstrated, a transition to production started at a tanker truck facility in Oshkosh, Wisc., Tsao said. The in-progress transition will yield savings in

time and money.

"The benefits of the DLA-managed IBIF project to automate the coating process is an 86 percent reduction in time – from 21 hours to three hours per tanker – and a reduction in cost of more than \$2 million for the reported tankers currently on order," Tsao said.

In addition to its obvious use on trucks carrying fuel, the system has also been applied to various Mine Resistant Ambush Protected vehicle fuel tanks and numerous other potential applications are under consideration, Tsao said.

"The ballistic protection of fuel tanks benefits the Army and Marine Corps ground forces who must deliver fuel to forward combat positions," said Donna Davis, former DLA Research and Development chief.

Ultimately, the fuel tanker ballistic protection benefits warfighters and aligns well with DLA's strategic focus area of Warfighter Support Enhancement by improving aspects of fuel delivery to one of the last and most dangerous links in the supply chain, Davis said. 🇺🇸

In addition to its obvious use on trucks carrying fuel, the system has also been applied to various Mine Resistant Ambush Protected vehicle fuel tanks.



DEFENSE LOGISTICS AGENCY

# FUSION CENTER

# Adding Operational Data

Story by Sara Moore

**T**he Defense Logistics Agency's Fusion Center, an online resource that displays business metrics for the agency and its customers, will soon add operational data that will further fuel-efficient planning and decision making to its capabilities.

In its current form, the Fusion Center displays real-time data on everything from customers' orders and delivery status to stock levels and which orders

remain unfilled. The information is a compilation of daily feeds from the Enterprise Business System and similar databases run by U.S. Transportation Command and other DLA partners. The goal is to add another section to the Fusion Center for operational data, which will give DLA employees and customers a more direct view of logistics needs in areas such as humanitarian assistance or wartime support, said Greg Wilson, deputy division chief of the Fusion Center Integration Team in DLA Logistics Operations.

"It opens up another side both within

the enterprise as well as to our external customers, because right now, it's primarily metrics and business-related focus. [There is] lots of good information, and [it] definitely serves a given need, but also having an operational side, there's an added dimension that we currently do not have," Wilson said.

DLA Logistics Operations is still in the initial requirements-gathering phase of developing the operational side of the Fusion Center, but the vision is to create a new tab on the website's front page that lets users switch from business metrics to operational data, Wilson said. Much of



the operational data will be sensitive, so DLA is planning to develop a high-security framework for the Fusion Center that will be on the Secure Internet Protocol Router, or SIPR, network.

“Our regional commands – DLA Europe and Africa, DLA Pacific and DLA Central – predominantly do a large volume of work on the secure side,” he said. “By having a secure side of fusion, it makes it easier for them to navigate into the Fusion Center and gather information that will be applicable to their areas.”

In this first phase, DLA Logistics Operations is working with the agency’s field activities and military customers to determine what operational data they would like to see in the Fusion Center and whether having that capability would be helpful for them, said Beth DiDonato,

the Fusion Center program manager. Developing this new capability will be an evolutionary process that takes time, she said.

The Fusion Center itself has been through an evolutionary process since its development in 2008, Wilson said, noting that DLA has spent a lot of time using customer feedback to refine the center and the data it includes. For example, the Fusion Center’s service dashboards started off including only data provided by the services but now include data relevant to both the services and to DLA overall, he said.

“All of the services are actively involved in their dashboards, and we continue to refine the information and details within those service dashboards, the intention being to be able to make it so we’re all looking at the same picture of the

information and agree upon what the status really is,” he said. “That’s what you have now and continue to refine on the business side. Inevitably, as we continue to move forward, we’re looking at similar circumstances on the operational side.”

Adding an operational side to the Fusion Center will provide a more complete picture of DLA’s business operations and will give agency leaders and customers more of the data they need to make effective decisions, Wilson said.

“The intention is to have those operational tools that, just like on the business side, are meant to be enablers to help facilitate getting things done faster and much more efficiently,” he said. ☺

# Cultural Improvements

Story by Sara Moore

**T**he Defense Logistics Agency completed its most recent culture survey in November, and the results are expected to help the agency improve its operations and workforce, officials said.

DLA has conducted culture surveys since 1996 to assess the agency's culture and look for areas that can be improved. The survey was internally developed as a diversity survey and developed into a climate survey in 2000, with an emphasis on measuring areas like trust, communication and leadership, said Laura Lippert-Jensen, the culture

survey program manager in DLA Human Resources. In 2003, DLA adopted the Denison Culture Model, which measures four traits of culture and leadership – mission, adaptability, involvement and consistency – to help the agency attain and maintain a culture of high performance.

"The culture of DLA is one of the significant enablers of all our other business-related initiatives," Lippert-Jensen said. "It's the foundation for how we do work here on a daily basis. A strong culture will enable us to achieve all our other initiatives."

DLA now conducts culture surveys every 18 months. The surveys are open to all civilian and military employees and some foreign nationals in locations outside the United States, Lippert-Jensen said. Although the surveys are voluntary, the agency traditionally has a 75 percent response rate, which is virtually unheard of with these types of surveys, she said.

This most recent survey ran from Oct. 18 to Nov. 5 and was available electronically and on paper in six languages.

Just as with past surveys, the results from this survey will be compiled and released in a cascading fashion, from the DLA director down to senior leaders at each directorate or field activity, and then to the workforce, Lippert-Jensen said. Each activity is required to put together an action plan based on their results focusing on areas in which they plan to make improvements. These action plans will be made public and updated regularly to show employees how their feedback is used.

Past survey results have driven many improvements throughout the agency. Most projects happen at the local level, but some enterprise-level initiatives have their roots in the culture surveys. For example, survey results led to the establishment of the Enterprise Leader Development Program.

"Your culture survey feedback

Culture survey feedback from DLA employees, like those pictured here, helps the agency improve its performance and support to war-fighters.



DLA Photo





The DLA culture survey, conducted every 18 months, helps DLA leaders assess the organization's overall health and performance in four key traits of culture and leadership. These assessments can guide the agency's leaders in making improvements.

will drive many of the discussions and decisions we make as we continue to work toward sustaining and advancing DLA in the years to come," DLA Director Navy Vice Adm. Alan Thompson wrote in an e-mail message to employees before the survey launched in October. "Your honest opinions will lead to informed actions and improvements to our collective efforts."

The Denison model gives each directorate and field activity within DLA a culture score based on the results in each of the four traits, with each trait broken down into three indices. These scores help give a picture of where the agency stands, but the surveys' goal is not simply to get high scores and make the agency look good, Lippert-Jensen said.

"The goal is to see where we're doing well, see where we need improvements and to get a reading on where some areas are that we need improvement on," she said.

The culture surveys are important because they foster collaboration between managers and leaders throughout DLA

and give employees an opportunity to air their concerns, Lippert-Jensen said. The leaders who benefit most from the program are those who take good and bad results to heart and accept them and use them to make targeted improvements to their units. She said she's gotten a lot of anecdotal results from the field about units that started out with low scores and over the years made real improvements and now have a positive reputation and satisfied employees.

"The culture of DLA is one of the significant enablers of all our other business-related initiatives. It's the foundation for how we do work here on a daily basis."

— Laura Lippert-Jensen

"I think when management and employees understand the intent of the survey and use the results how they're meant to be used – to help the organization perform better to meet our customers' needs – I think that once they get on board, not only do they use it to improve their organization, but they are champions for it within the organization," she said.

DLA's high rate of participation in the culture surveys has helped the agency improve its workforce and business practices over the years, Thompson said, adding

# Survey Results



The Denison Culture Model graphs above illustrate DLA employees' feelings about the agency in 2009 and 2010, according to each year's culture survey. Preliminary results from this year's iteration indicate improvements in creating change, customer focus, empowerment, team orientation, coordination and integration, vision, and strategic direction and intent.

that the surveys remain an important tool for agency leaders.

"Measuring our culture lets us assess any potential problem areas, pinpoint key challenges to DLA, check the health of our employee relationships and the overall health of the agency," Thompson wrote. "It tells us about the collective larger good of the enterprise; and we want to know that since that larger good eventually comes back around to benefit the individuals working at DLA." ★



# We are DLA

DEFENSE LOGISTICS AGENCY AVIATION

# OKLAHOMA CITY

Story by Jonathan Stack

**T**he We Are DLA campaign means more than just a name change for Defense Logistics Agency activities located at Tinker Air Force Base, in Oklahoma City, Okla.

Air Force Col. Richard Schwing, DLA Aviation Oklahoma City commander, reached out to DLA Distribution, DLA Document Services and DLA Disposition Services officials there to discuss how the different organizations can improve com-

munication and teamwork among their 850 employees.

"We come to the table with different capabilities, but what we've found is a lot of our processes touch each other," Schwing said.

All four activities can either help each other or work together through one of their customers' issues, he said. The main customer at Tinker is the Oklahoma City Air Logistics Center, an industrial depot

where the Air Force overhauls KC-135, B-52, B-1 and E-3 aircraft. It is the only air logistics center in the Air Force that has a propulsion maintenance group, so a good majority of engines powering the service's aircraft are overhauled at Tinker.

"We support all of the maintenance workload for engines and aircraft going through an overhaul," Schwing said.

Since DLA's activities started their teaming efforts under We Are DLA,





leaders at Tinker have found ways to become more efficient.

"Under the old ways of doing business, customers were sending items that were eventually going to be disposed of to our distribution depots first, instead of going straight to DLA Disposition Services," Schwing said. "We can clean up a lot of processes like that."

One way DLA leaders at Tinker are working together is by coming together for a monthly We Are DLA staff meeting to discuss issues at the DLA level.

Schwing said the organizations come to the table with different capabilities, but the more they learn from each other, the better the activities can work together to better serve customers and help each other out.

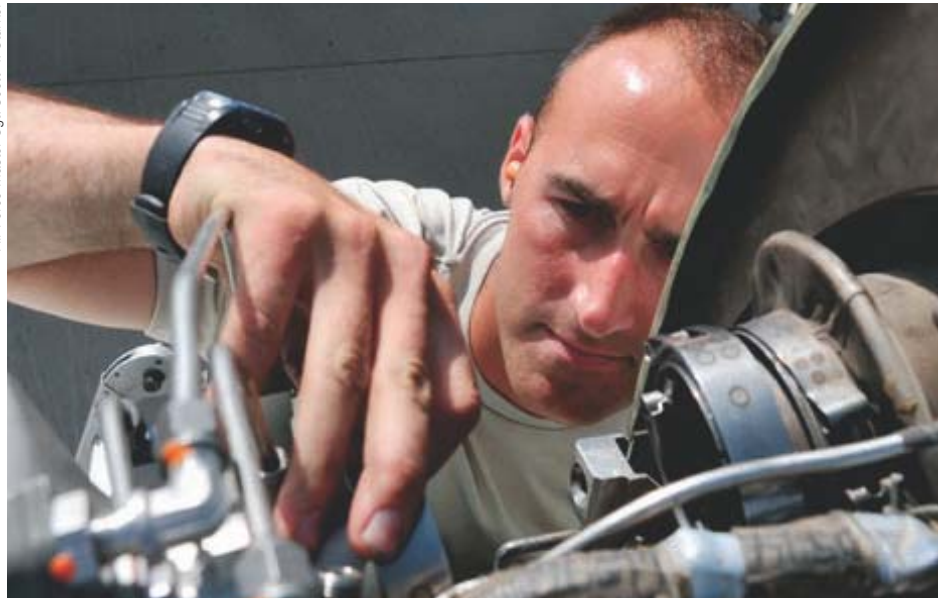
"The most important thing we've found as a benefit is being able to understand each other's jobs and capabilities [and] share information like what is going on in DLA, such as programs for employees or training or other opportunities," Schwing said.

One opportunity that came about was a way for DLA Document Services to help DLA Aviation improve its record keeping.

"DLA Aviation here is working with Document Services to come up with a plan to digitally store a bunch of our records," Schwing said. "We used to generate manual records on paper, and

**Maintainers ease a 30-foot-diameter rotodome onto a Royal Saudi Air Force aircraft at Tinker Air Force Base, Okla. DLA activities at Tinker work together to support their customers.**

Air Force Master Sgt. Scott T. Sturkol



**An Airman from Tinker Air Force Base, Okla., works on an aircraft's engine in Southwest Asia. The main customer for DLA activities at Tinker is the Oklahoma City Air Logistics Center, where the Air Force overhauls KC-135, B-52, B-1 and E-3 aircraft.**

they're going to digitize it and store it in a database for us."

It's a boon for DLA Aviation because thousands of documents are generated each day and are still being kept in file cabinets, he said.

"It's a huge relief of manual workload we do right now," Schwing said. "A lot of the employees do research on parts and need access on information from [the document], which requires a lot manual effort to actually thumb through these papers to find the information we need."

Now, personnel from DLA Document Services will periodically go to DLA Aviation's work locations to pick up documents and scan them into their system.

"Each one of our employees will have a link to the database, and it'll be searchable," Schwing said. "We are looking at having the same thing happen to other documents like pay records and facility equipment work orders."

Another outcome from the We Are DLA meetings was the successful movement of DLA Disposition Services.

"We found out DLA Disposition

Services was undergoing a move because the Navy at Tinker is expanding and needed space," Schwing said. "We've worked with the Air Force to come up with a plan of where we're going to move them."

DLA Disposition Services' offices at Tinker will end up sharing a building with DLA Aviation. Leaders also discovered other things they can do to improve operations in that building including teamwork and equipment use, he said.

"If I hadn't reached out to them or had the ongoing communication, I wouldn't have known they had a move coming up, and we wouldn't have been able to help find the space," Schwing said.

The most important thing DLA leaders at Tinker took away from the We Are DLA campaign was they wanted it to be more than just a name change, Schwing said.

"We wanted to use it as a function to increase our teamwork and change the culture here with respect to all of our DLA employees, increase our awareness of DLA as a whole, and while doing that provide better support to all of our customers," he said. 🌟

# Ten Questions with . . .

# Army Brig. Gen. Lynn

DLA Logistics Operations Director Discusses Agency's Efforts to Efficiently Support Warfighters Worldwide

**1. DLA is involved in operations supporting warfighters deployed all over the world, with an emphasis in U.S. Central Command's area of operations. What are the challenges to supporting the number of warfighters there?**

Warfighter support is what DLA does every day, and we have the people, processes and strategic partnerships in place to meet the challenges. Afghanistan is a land-locked country with little modern infrastructure. Most of the material must be transported by truck or rail via Pakistan or the Northern Distribution Network. U.S. Transportation Command also flies strategic items to Afghanistan, but that is expensive and must only be used for critical supplies.

DLA has provided all the fuel used in Afghanistan and commodities like spare parts, subsistence items, construction and barrier equipment, and medical supplies. We supplied building material to build eight forward operating bases and more than a dozen small combat operating posts – home to nearly 50,000 troops deployed to southern Afghanistan.

One of our particular areas of emphasis is the agency's support



Defense Logistics Agency Photo

Army Brig. Gen. Lynn Collyar

for the latest version of the Mine Resistant Ambush Protected vehicle and its variants. We've taken steps to manage the disposal of unserviceable or excess property with DLA Disposition Services operations at Bagram Airfield, Camp Leatherneck and Kandahar.

With respect to Iraq, one of our primary responsibilities is to continue to put the "responsible" in the responsible drawdown of U.S. forces there. How we leave is important, and we have disposal teams traveling throughout Iraq to assess and help dispose of unneeded equipment and hazardous materials like oil, lubricants and batteries.

**2. Roughly 30,000 additional troops were deployed to Afghanistan in 2010. How did DLA ensure they had the logistics support such a large deployment requires?**

The agency's continued success in Afghanistan is dependent on early and continuous engagement with USCENTCOM and U.S. forces there. For several years, we've worked to identify and prioritize the type, quantity and desired location of needed items. DLA Central is located with USCENTCOM at MacDill Air Force Base, Fla., and our people talk to their planners and logisticians daily. We have about 400 employees in that area of responsibility, including 140 in Afghanistan, to get warfighters what they need.

**3. In the past, DLA supplied forces in Afghanistan through its distribution centers in Kuwait and Europe. Why was a distribution depot deployed to Afghanistan?**

Our efforts to modernize our distribution network are guided by the requirements of the combatant commands and the military services. As we align our distribution network to meet their needs, we're focused on balancing inventories, pre-positioning stocks and

*Warfighter Support Performance-Based Logistics Distribution Expeditionary Dep*



# Collyar

supporting surge requirements.

In 2010, we deployed our Distribution Expeditionary Depot to Kandahar to reduce the need for strategic airlift, improve access to parts and supplies, and increase readiness support. We estimate we'll be able to reduce sustainment airlifts into Afghanistan by more than a third, freeing up this expensive mode of transportation for more critical use. The depot is a modular, scalable unit set up to improve theater distribution. We have a full roster of experts with direct reach back to our depot in Germany and DLA Distribution in New Cumberland, Pa.

**4. The Northern Distribution Network has been touted as a key enabler for warfighters in Afghanistan. Is it meeting your early expectations? How has it enhanced distribution capabilities?**

The NDN is a transformational concept still maturing for DLA and USTRANSCOM that involves moving supplies into Afghanistan. Historically, 70-80 percent of logistics support for U.S. forces in Afghanistan moved through Pakistan, specifically through the commercial port of Karachi, where material was transported into Afghanistan

through one of two shipping points – the Torkham and Chaman gates.

Increasing concern about security, coupled with the deployment of tens of thousands of additional troops into Afghanistan, led to the development of the Northern Distribution Network: five routes across Europe and Asia used to transit non-lethal military cargo. The NDN was forged through the cooperation of NATO countries, Russia, and several South Caucasus and South and Central Asian states. These routes have proven invaluable as we supply the increased force.

**5. Please provide an update on the 2005 Base Realignment and Closure initiatives. What have they meant to DLA and the military services, and what are the plans for 2011?**

BRAC Supply and Storage legislation brings logistics functions from the services to DLA to reduce redundancy and enhance the efficiency of warfighter support. DLA and the services are laying the foundation for future logistics supply chain integration and optimization.

BRAC consolidates the following in DLA, extending the agency's capabilities and bringing us closer to our customers: industrial depot maintenance; supply, storage and distribution support, and associated

inventories; depot-level reparable procurement management; item management for additional consumables; and vendor contract management overseeing supply of tires, packaged petroleum products and some compressed gases.

Our goal is to realize the efficiencies made possible by BRAC consolidations. This requires a cultural shift in DoD's supply chain operations. It also requires close cooperation between DLA and the services to build acceptance and trust in DLA's ability to support its customers on activities traditionally managed by the services.

**6. What are the issues you track most closely, and what do you see as the key projects J3 is working?**

The most important initiatives are DLA's support to expanded operations in Afghanistan and the drawdown and reset of forces in Iraq. Establishing a distribution center in Kandahar and enabling effective fuel, troop support, and disposal and reutilization capabilities are paramount to our success in the region, but it's more than just support to U.S. forces in Afghanistan. We're providing much



DLA Strategic Communications  
 Depot Northern Distribution Network Integration and Optimization Strategic Network

# Ten Questions with . . .

of the construction material to help the Army Corps of Engineers construct 650 buildings for the Afghan National Army and National Police. These buildings are part of NATO's effort to help Afghanistan's government remain stable after international forces depart.

We're also in dialogue with State Department officials to determine what support DLA can provide as they take on an increased role in Iraq.

We recognize the need to provide support at the lowest possible cost to American taxpayers, so J3 is heavily engaged in developing efficiencies to support the defense secretary's savings and realignment initiatives.

## **7. Along those lines, what areas are you focusing on in determining where funding can better be utilized?**

A critical review process centers on enhancing our logistics performance through Strategic Network Optimization. We're also partnering with our service customers and USTRANSCOM to design and develop a global DLA wholesale and retail strategy.

Another area we're improving is DLA's support to customers at industrial sites. We're updating performance-based agreements and working to align our performance metrics to make sure we meet customer requirements.

## **8. There's been discussion concerning the 2011 Director's Guidance, specifically the initiative to develop and execute performance-based**

## **logistics strategies in support of service requirements. What can you tell us about the Director's Guidance and the establishment of the new PBL Office?**

Along with DoD, we're paying greater attention to total life cycle performance and weapon system support costs. As the services have demonstrated, the most effective and economical support strategy is often via a performance-based contract that holds industry responsible for material availability and reliability.

Performance-based strategies have several advantages for warfighters. Instead of paying the commercial or organic repair activity by individual transaction — an arrangement that provides little incentive to improve reliability — firms provide increased levels of availability and reliability under a long-term contract. With this profit motive in mind, firms have incentive to invest in reliability improvements that provide positive returns on investment over the life of contracts. As items fail less often, the cost to industry tends to go down. Warfighters also benefit with potentially higher readiness rates.

## **9. Can you tell us about the Strategic Network Optimization effort at DLA?**

The Strategic Network Optimization initiative is an effort to streamline the number, location and function of DLA's distribution centers. The agency is examining the infrastructure and locations of its 26 depots to determine how to best meet the requirements of the armed forces in the future to generate

savings. This effort will take place in a phased approach over the next several years.

## **10. Are there any other issues you'd like to discuss?**

A. J3 is dedicated to the Joint Chiefs of Staff effort to improve joint supply actions and processes. I have a team that is very engaged in improving supply-related operational planning capabilities linked to the Joint Concept for Logistics.

In keeping with our focus on stewardship excellence, J3 is in a full-court press to ensure a consistent and clear definition of counterfeit parts and practices to prevent, detect, report and dispose of them.

In tandem with DLA's other senior leaders, I'm working to highlight the agency's roles and missions to the services and joint training programs. DLA's leaders are regular speakers at forums ranging from low-level professional development courses to the Industrial College of the Armed Forces and National War College. We want to make future military leaders aware of DLA's capabilities as they take on increasingly important assignments. We want to hear their ideas on how DLA can improve its operations. We also want to interest these bright officers in a tour at DLA.

2011 is clearly going to be another demanding year for DLA and our customers. The agency is up to the task, and I am proud to say that the people who make up J3 are fully engaged as well. 🇺🇸



## Exercise Support Highlights Partnership Between DLA Distribution, USAFRICOM

A recent agreement cemented the partnership between the Defense Logistics Agency and U.S. Africa Command.

DLA Distribution Europe routinely supports U.S. Africa Command's exercises throughout the continent. The regional command is supporting five such exercises within the area of responsibility: Medflag 10, in Congo; Edged Response 10, in Kenya; Gulf of Guinea Phoenix 10 and African Endeavor 10, in Kenya; and Nectar Bend, in Ethiopia.

DLA Distribution Europe has supported several such exercises in 2010 and is expected to support four more. It supports these exercises by providing subsistence and barrier materials for the construction of the exercise sites. USAFRICOM's exercises aim to improve command and control between joint military forces in preparation for peacekeeping or antiterrorism missions, officials said.

Medflag 10's goal is to sharpen the readiness of USAFRICOM medical forces to respond to humanitarian emergencies.

DLA Distribution Europe has shipped four containers of material in support of the exercise.

"It's extremely gratifying to know that our organization is doing everything we can to support the improved interoperability and mutual understanding of our ally nations' tactics, techniques and procedures," said Army Lt. Col. Steven Keller, DLA Distribution Europe commander. "We look forward to continuing support to AFRICOM exercises in the future."

— Emily Blubaugh

## AHEAD OF THE STORM: Humvee Snow Plows on the Way

Warfighters around the world will be ready when winter weather hits after DLA Troop Support Construction and Equipment's manufacturing and construction team awarded a \$2.1 million contract for snow plow attachments to Arrowhead Equipment, Inc.

The team ensured the plows were procured and the contract awarded prior to the beginning of the winter season, said Louis Cooker, contracting officer. The contract ensures the military's requirements for snow and ice removal are satisfied ahead of time.

The snow plow attachment is designed to fit Humvees and Light Medium Tactical Vehicles. They are required to clear parking lots, motor pools, access to training areas, emergency access routes and service lanes on various military installations.

— Janeen T. Poulson,  
Strategic Communications

Air Force Staff Sgt. Brian M. Boisvert



Airmen assigned to 11th Civil Engineering Squadron use a snow plow to clear streets near the Defense Intelligence Agency at Bolling Air Force Base in Washington, D.C. DLA Troop Support Construction and Equipment recently awarded a contract for plow attachments that will work with Humvees and Light Medium Tactical Vehicles.

# Money Matters



Navy Seaman Apprentice Jared M. King

## Tracking Value Engineering

Story by Cathy Hopkins

**W**hen officials in Defense Logistics Agency Aviation's Engineering and Technology Division asked DLA Information Operations to fix a 10-year-old computer system they use to track engineering projects,

Cathy Hopkins works for DLA Aviation Public Affairs

they didn't know they would end up with something completely new.

The Value Engineering Savings Tracking and Reporting Application System, also known as VESTARS, launched Nov. 4. It is used to track and report DLA Aviation savings for the Department of Defense's Value

A Sailor grinds steel used for aircraft support equipment repairs aboard a ship's jet shop while under way in the Atlantic Ocean. DLA launched the Value Engineering Savings Tracking and Reporting Applications System to monitor DLA Aviation savings for the Defense Department's Value Management Program.

Management Program, which was established by the secretary of defense to reduce fraud, waste and inefficiency in the acquisition of repair parts and other supply items.

The Engineering and Technology Division processes roughly 3,000 projects a year, with most targeting over-pricing or lack-of-source issues, according to its chief, Ralph Newlon.

"When we are successful at estimating an accurate price and are able to help negotiate a lower price, that is value engineering savings," he said.

Newlon said his division recorded more than \$118 million in total value engineering savings in fiscal 2010. That



figure represents large increases in savings over previous years in the “should cost,” reverse engineering and expanded competition areas, he said.

“VESTARS will allow us to continue to increase our focus on cost reduction and efficiency,” he said.

The old system, known as VETRACK, was very inefficient, said Ed Lilly, a mechanical engineer in DLA Aviation’s Sourcing and Reliability Programs Branch, who helped create the new system. VESTARS surpasses its predecessor in a number of ways, most significantly by automating tasks that previously involved employees manually accessing large volumes of physical files or multiple online systems, he said.

“VETRACK required monthly semi-automated data pulls to determine which active projects had possible procurement savings,” Lilly said. “It was a fairly intensive paper drill to document savings and then manually input data. It was almost like running around in circles, but it was the best we had.”

Jan Sjostrom, a contractor with DLA Information Operations in Richmond, was the program development manager for VESTARS. Lilly said Sjostrom’s team did an excellent job in matching the system to those who would use it.

“Jan and her team did a very good job of learning our workflow and creating a savings module that works both with us and for us,” he said. “I think we’ll be happy with it for years to come.”

“One of the requests from the engineering division was to have one system,” Sjostrom said. “Now that VESTARS has been developed, all division projects can be managed in one system.”

The VESTARS program was added to the Engineering Project Management

Tool already used by the division. The suite consists of the main EPMT platform, which is a tool for tracking sustainment engineering projects, and the Battlefield, Backorder, Breakout Initiative program for tracking projects with urgent procurement activity.

DLA Information Operations also added a management information tool, the Conveyor, on top of the other applications to provide visibility and control, helping managers ensure the proper resources are dedicated to the most important projects. Through Conveyor, users can now create reports with tailored data queries and access customized interactive reports in VESTARS.

Newlon said the tool serves as a dashboard for managers and employees, giving them a real-time snapshot of ongoing projects. He said it “keeps things moving, like a conveyor, until the project enters the savings tracking phase.”

The new system automatically retrieves DLA Enterprise Business System data at record creation, tracks requests, updates contract award data, calculates associated savings, closes the project record based on defined business rules, and allows electronic files and links to other sources to be attached to projects, minimizing the need to leave the application in search of data.

“VESTARS was designed and developed to both re-engineer the application functionality as well as reassess the program logic used so that the program will be easier to support and run with fewer difficulties,” Sjostrom said.

The new system uses an Oracle database and is made up of five modules mirroring the five main areas of value management: replenishment parts purchase or borrow, organic manufacturing,

price challenge, should cost, and savings and other engineering projects.

“With the new VESTARS savings module, all the work is done on the front end as we complete our projects,” Lilly said. “I recently entered three new projects in less time than it would have taken me to do the paperwork for one using VETRACK. That’s pretty much the end of our involvement.”

He said VESTARS automatically checks for new procurements that generate savings based on project details and managers review and approve associated data digitally.

“It’s a significant step forward for our savings tracking effort,” Lilly said. 🍌

Navy Seaman Apprentice Tyler Caswell



A Sailor repairs a throttle assembly in an SH-60H Sea Hawk helicopter aboard an aircraft carrier. DLA Aviation’s Engineering and Technology Division recorded more than \$118 million in total value engineering savings in fiscal 2010 using the Value Engineering Savings Tracking and Reporting Application System.

Northern Distribution Network route gets the

# GREEN LIGHT

Story by Sara Moore

**T**wo recent trial runs that carried cargo over land from Germany to Afghanistan proved the value of a distribution network that connects Western Europe to Central Asia.

The Northern Distribution Network, a series of rail, road and water supply lines to Afghanistan, has been called the “modern Silk Road” because of the way it connects Central Asia and Western Europe, said Air Force Col. Bill Summers, chief of the European Deployment and Distribution Operations Center.

The two proofs of principle, conducted by U.S. European Command in the fall, consisted of movements by two trucks carrying two 20-foot containers each to Bagram, Afghanistan. These movements were executed by International Import Export, a transport company that used drivers and equipment from several of the transited countries to move the cargo.

The success of the route, which has been dubbed E2A, led U.S. Transportation Command to formally approve it for the transport of goods from Germany to Afghanistan, said Glenn Paxton, a DLA distribution specialist at USEUCOM. In

late October, new goals were established to move 15 20-foot equivalent containers per week over the E2A route. As of early November, 10 movements had taken place. These used a total of 58 trucks and moved 168 containers of construction material. USEUCOM officials have added two more transportation companies for these movements and have other companies available if required.

The initial test movements took 49 days and 39 days, respectively. Those represent significantly lower transport times than current NDN routes into Afghanistan and highlighted some areas for improvement for further reductions in delivery times. The route was largely successful, as the NDN has been since its inception, Summers said.

“We have been very successful on these first attempts,” he said. “I think the big important point from our perspective here is that any commercial transportation option that helps connect Afghanistan to Western Europe is good for all countries along the way and certainly for Afghanistan, so we really

## Northern Distribution Network



The Northern Distribution Network, a series of rail, road and water supply lines to Afghanistan, has been proven as an efficient route for supplies into Central Asia. U.S. European Command successfully tested an NDN route from Germany to Afghanistan recently.



look at this from an infrastructure and transportation industry process.”

Having this connection helps boost trade between the countries, Summers said, noting that a recent study found a \$12 billion annual increase in trade between two countries along the route.

While improving economies and relations between countries in the region is important, one of the biggest benefits of having this particular over-land supply route from Germany to Afghanistan is providing another way to support warfighters in the latter, Summers said.

Prior to the route's development, the only supply transportation options besides over land through Pakistan, which is fraught with difficulties, were

air and sea, Paxton said. Transporting goods by sea takes a long time, and transporting via air is very expensive, he said.

“This is kind of a bridge that gives us more control to kind of breach that middle ground,” Paxton said. “We can actually go by truck. It's cheaper, and it's pretty darn fast.”

The NDN was developed in 2008 as an alternative means to deliver supplies over Afghanistan's rugged terrain to warfighters. Officials from USEUCOM and DLA Distribution Europe worked with USTRANSCOM to develop new business processes and expand the network to include a route originating in Europe, Paxton said.


The cargo moved on these first runs was construction material that was needed in theater, Summers said. “It's

the kind of stuff [that] if you were to try to fly it, the cost of the transportation would greatly outprice the value of the stuff you're flying.”

Due to its recent success, the E2A route has been getting a lot of attention, and officials are discussing possible route changes that would create a more direct route and reduce cost and delivery times, Paxton said.

Used as an alternative route for supplies to warfighters and as a way to connect and bolster the economies of Central Asia and Western Europe, the Northern Distribution Network is an important tool for the United States and its allies as they stay involved in the region now and for the foreseeable future, Summers said.

“I believe everybody's top priority is to make sure we have a flexible, redundant system that allows materials to get to the people who need them forward,” he said. “But I think from a USEUCOM perspective, certainly, we're also interested in helping that infrastructure improvement ... and then infusing and connecting the economies of Western Europe into Central Asia.”



A Soldier sets up a portable satellite system at an observation point in Southern Wardak, Afghanistan. The Northern Distribution Network, a series of rail, road and water supply lines to Afghanistan, gives the Defense Logistics Agency another route to deliver supplies to warfighters.

— Photo by Army Spc. De'Yonte Mosley





I AM

DLA

**My name is:**

Tami "T.J." Hooker

**I am:**

One of a small, professional, loyal and absolutely wonderful group of dedicated special agents (i.e., Criminal Investigators) who work hard for DLA in the Accountability office's Investigations Division in Texarkana, Texas.

**Describe your job in a sentence:**

We conduct investigations worldwide to support stewardship excellence by identifying fraud, crime and vulnerabilities and recommend risk mitigation practices to ensure DLA's continued support to serve and protect our heroes, American warfighters.

**How long have you worked for DLA?**

34 years.

**What is your favorite thing about working for DLA?**

Knowing that the foundation to everything we do is based on the premise of "doing what is right for the armed forces and DoD." There's a trust placed in our agents to successfully address difficult and complex problems throughout the DLA enterprise.

**What is your best memory of working here?**

The matchless character and authenticity of my fellow agents. The camaraderie built by spending long hours together in difficult conditions working hard for a common goal - to find and prove the truth - can bond you like no other experience.

**How do you make a difference to warfighters?**

With the help of our fellow DLA employees, our agents have never conducted a successful investigation without help from the workforce. We depend on them to report incidents of wrongdoing without the eyes, ears and integrity of a unified workforce, our ability to make a difference to our warfighters is degraded.

Tami J. Hooker

