



DEFENSE LOGISTICS AGENCY  
HEADQUARTERS  
8725 JOHN J. KINGMAN ROAD, SUITE 2533  
FORT BELVOIR, VIRGINIA 22060-6221

IN REPLY  
REFER TO

J-33  
PROCLTR 04- 03

MAR 01 2004

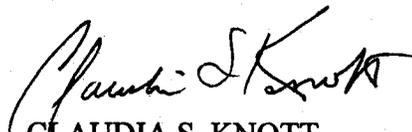
MEMORANDUM FOR PROCLTR DISTRIBUTION LIST

SUBJECT: Update to Agency Business Rules: Strategic Supplier Alliances (SSA)

The purpose of this PROCLTR is to revise and update agency business rules for creating and coordinating strategic supplier alliances. Agency business rules for SSAs were established under PROCLTR 03-13 on July 7, 2003. This PROCLTR supersedes PROCLTR 03-13 in its entirety. Revisions incorporated by this PROCLTR include modification of "lead centers" processes to supply chain oriented processes and formal inclusion of mandatory SSA charter "cooperative approach" language. Because supplier relationship managers (SRM) positions have not been established at this point, status quo processes related to SRM duties will continue until the positions are formally assigned.

The attached business rules are intended to be "living" documents as additional process improvements are incorporated. Subsequent updates to the attached business rules will be posted at [http://www.dla.mil/j-3/j-336/logisticspolicy/procltrspage\\_2.htm](http://www.dla.mil/j-3/j-336/logisticspolicy/procltrspage_2.htm) under this cover.

This PROCLTR is effective immediately. Our point of contact is Major Gary Binder, J-3312, (703) 767-1364, DSN 427-1364 or via email [gary.binder@dlamail.mil](mailto:gary.binder@dlamail.mil).

  
CLAUDIA S. KNOTT  
Senior Procurement Executive

Attachment



PART 90

SUPPLEMENTAL PROCEDURES

\* \* \*

SUBPART 90.16 - STRATEGIC SUPPLIER ALLIANCE (SSA)

- 90.1600 Strategic Supplier Alliance Policy
- 90.1601 Strategic Supplier Alliance Process
- 90.1602 SSA Definitions

SUBPART 90.16 - STRATEGIC SUPPLIER ALLIANCE (SSA)

90.1600 - Strategic Supplier Alliance Policy

(a) Each DLA supply chain will continually review the supplier base for potential strategic supplier alliance candidates. At a minimum, each supply chain will review the supplier business base and nominate new SSA candidates annually. A mandatory review will be conducted in conjunction with the end of the fiscal year and the strategic materiel sourcing program review. Supply chain leadership may conduct additional reviews and propose SSA candidates at any time.

(b) Each SSA supplier will be assigned a supplier relationship manager (SRM). The SRM resides physically at the DLA location most appropriate to the supplier and is a permanent member of the Joint Steering Group (JSG). The SRM will manage DLA's overall relationship with the SSA supplier. A single SRM may be assigned more than one SSA to manage.

(c) Each SSA will identify associated CAGE codes. Once an SSA is established, DLA contracting officers, regardless of supply chain, shall obtain coordination on all non-competitive contracting actions associated with SSA CAGE codes with the responsible SRM before award.

(d) DLA supply chains may use agreements, contracts, and alliances created and managed by non-DLA activities in SSA efforts.

(e) DLA supply chains may pursue participation in non-DLA sponsored SSAs.

(f) See HQ DLA J-3312 management website (<https://today.dla.mil/j-3/j-336/logisticspolicy/J-3312/SSA.htm>) for additional program information.

(g) All SSA charters will include the following paragraph:

"The Defense Logistics Agency (DLA), \_\_\_\_\_, and \_\_\_\_\_ have initiated efforts to identify opportunities across the spectrum of the Supplier and Government organizations to improve customer support, procurement, quality, program management, engineering, and program integration in order to further improve support to the warfighter. In all matters that arise under the Alliance, the parties commit to a broad-based, cooperative approach."

90.1601 - Strategic Supplier Alliance Process

The strategic supplier alliance process consists of four phases: Need Determination, Infrastructure Development, Implementation, and Monitoring & Measurement. Diagram 1 illustrates the flow of events as DLA supply chains design and implement strategic supplier alliances with key suppliers.

## SSA Process

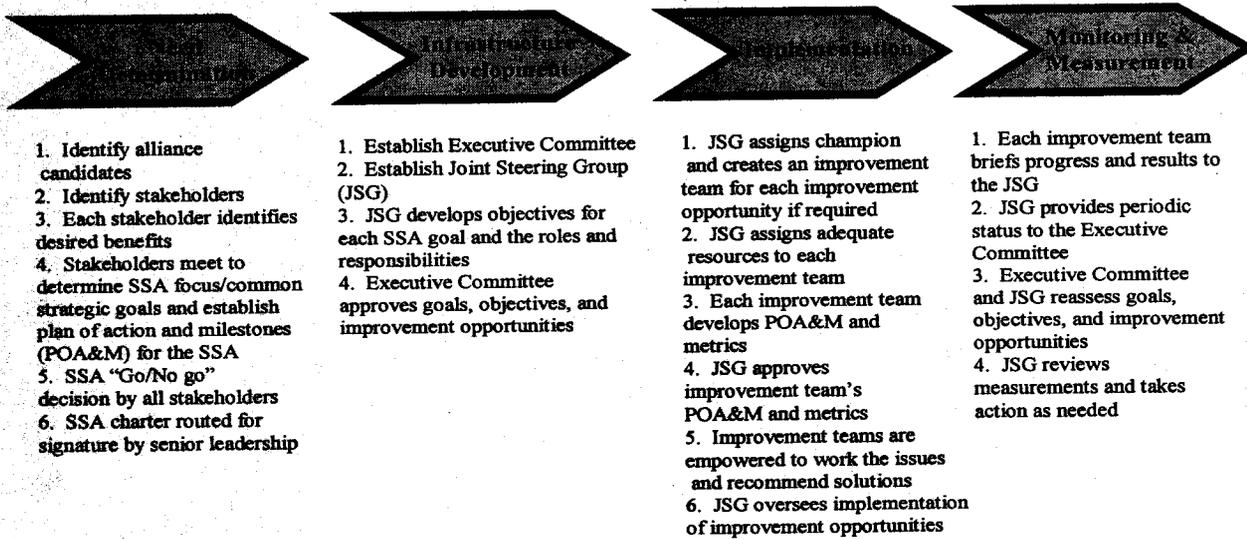


Diagram 1

### (a) NEED DETERMINATION

#### 1. Identify alliance candidates

a) All SSA candidates must be suppliers that conduct single-source business with DLA over an extended and defined period. DLA suppliers with competitive and single-source business may be examined for SSA improvements in accordance with this policy. However, competitively procured items may only become part of the SSA under a separate contract with the supplier after a competitive award.

b) DLA supply chains nominate SSA candidates to HQ DLA. The nominating supply chain creates the SSA nomination package. This information will be used to determine if an SSA presents a value-added opportunity to DLA and as a source document to assign the responsible supply chain. (Projected end state - supply chain assignments will not experience significance change until business systems modernization reaches full operational capability.)

SSA nominating packages include the following information:

- (i) Identification of all potential DoD stakeholders in the SSA.
- (ii) Nomination of the supplier candidate identified by corporate name and potential CAGE code (include all associated CAGE codes).
- (iii) Identification of the industry segmentation of the CAGE(s) and the federal supply class(es) of the single -source NSNs.
- (iv) Obligations and annual demand values of single-source business with candidate supplier. The package will use a 3-year business base.
- (v) A list of the single-source NSNs and contract count of the single-source business. The package will use a 3-year business base. X

- (vi) A brief description of the business rationale for a SSA with the candidate supplier.
- (vii) Additional information as needed.

c) The nominating supply chain shall disseminate the SSA nominating package to all DLA center SSA POCs for review and comment:

The DLA center SSA POCs are: (DSCP - P) (DSCC - P) (DSCR - KI)

d) The nominating supply chain submits the SSA nomination package to HQ DLA J-3312. HQ DLA J-3312 reviews all SSA nomination packages. A determination of approval-to-proceed or disapproval will be made within 5 business days. HQ DLA J-3312 will provide rationale for any disapproval. Disagreements between supply chains and their detachments shall be adjudicated by the HQ DLA J-3312.

Supply Chain Assignments by Location (detachments may be located at multiple locations)	Supply Chain
DSCR	Aviation
DSCC	Land, Maritime
DSCP	Medical, Subsistence, Clothing & Textiles, Construction & Equipment

e) Once HQ DLA grants approval-to-proceed to the SSA effort, all supply chains will be notified by HQ DLA J-3312. The responsible supply chain officially initiates contact with the supplier candidate for interest in establishing an SSA. The responsible supply chain determines the best strategy to approach a supplier candidate. Format of the approach is at the discretion of the responsible supply chain. HQ DLA level contact or support with efforts to communicate with the supplier candidate will be made available to the responsible supply chain, if requested. Contact with nominated SSA suppliers may be delayed to accommodate stakeholders. SSA initiatives will be added to the DLA SSA Strategic Execution plan when the nominated supplier accepts the invitation to begin establishment of an SSA.

f) Once a supplier candidate agrees to begin SSA discussions, the responsible supply chain arranges the initial meeting with the supplier to introduce the SSA concept, if necessary. Initial meetings with the supplier candidate should include SSA education, fact-finding, discovery, and benefit discussions. The initial meeting may include DoD stakeholder representatives and others as determined by the responsible supply chain.

## 2. Identify stakeholders

For purposes of this instruction, the term "stakeholder" refers to DoD government activities only. The SSA candidate is known as the "supplier."

a) The responsible supply chain will identify and make contact with all stakeholders to determine potential interest in participation. All DLA supply chains will be contacted to review inter-agency stakeholder status. DLA customer relationship managers (CRMs) are potential stakeholders. Non-DLA stakeholders may include, but are not limited to, the Military Services, multiple activities within a Military Service, DCMA, and other Federal Agencies. Non-DLA stakeholder point(s) of contact (POCs) are pursued on a case-by-case (individual SSA) basis by the responsible supply chain.

b) When planning any meeting with the Military Services to discuss strategic issues regarding a specific supplier or DLA's general SSA program, the responsible supply chain must coordinate with HQ DLA J-3312 by providing the purpose of meeting, proposed date/time/location/duration, and attendee listing. E-mail is acceptable.

c) Additional stakeholders may be added to the SSA effort at any point.

### 3. Each stakeholder identifies desired benefits

When notified that an SSA effort has been approved-to-proceed and stakeholders have been identified, the responsible supply chain will request and coordinate benefit analysis from all stakeholders. Each stakeholder must articulate desired benefits and planning assumptions. The responsible supply chain will consolidate stakeholder input.

### 4. Stakeholders meet to determine SSA focus/common strategic goals and establish plan of action and milestones (POA&M) for the SSA

Once benefit analysis has begun among the stakeholders, the responsible supply chain conducts an SSA focus meeting. Ideally, the focus meeting should occur prior to contact with the candidate supplier. Stakeholder participation in SSAs is a GO/NO-GO decision. A GO decision indicates a stakeholder will join DLA in the SSA process. A NO-GO decision indicates the stakeholder will not take part in DLA SSA efforts.

a) The focus meeting must discuss and document the basic goals and objectives of the SSA.

b) The focus meeting must document an overall Plan of Action and Milestones (POA&M).

c) The focus meeting must negotiate and document a GO/NO-GO decision schedule. An affirmative decision (GO) to participate is required by an established decision date.

d) The responsible supply chain shall invite the HQ DLA J-3312 to attend SSA focus meetings. If the HQ DLA J-3312 is unable to attend, the responsible supply chain shall provide minutes.

### 5. SSA "GO/NO GO" decision by all stakeholders

a) After the focus meeting, all DoD stakeholders will conduct internal coordination concerning the proposed SSA. If no focus meeting is held, stakeholders need only respond to the responsible supply chain to register their intentions (GO/NO-GO). DoD stakeholders must respond affirmatively (GO) to the responsible supply chain in accordance with the established schedule to participate in the SSA. If a DoD stakeholder expresses a NO-GO decision, its status as a stakeholder is removed from the SSA effort. A "NO-GO" activity may continue unilaterally with the candidate supplier or rejoin the effort at a later time.

b) Once all stakeholders have made a GO/NO-GO decision, the responsible supply chain shall develop the overall SSA strategy based upon the benefit analysis and focus meetings. In coordination with stakeholders, the responsible supply chain drafts the SSA charter to formalize the relationship. Each individual SSA charter is tailored to the supplier as negotiated.

### 6. SSA charter routed for signature by senior leadership

a) The responsible supply chain shall submit the SSA charter to HQ DLA J-3312 when the final version has been negotiated with the supplier and DoD stakeholders. HQ DLA J-3312 will coordinate the charter for signature by DLA-D. The responsible supply chain will determine what other stakeholder signature(s) are to be included on the charter. The responsible supply chain will obtain these DoD stakeholder signature(s), and the supplier signature in the order cited in paragraph b below. The responsible supply chain will sponsor any signature ceremonies. SSA supplier signatory level must be at a level equal to or greater than the Director of DLA. The responsible supply chain will ensure enough SSA charter copies are available for each signatory to have a charter with original signatures.

b) Sequence of charter signatures:

- (Signatories: only DLA-D and supplier) - DLA-D, then the supplier
- (Signatories: Multiple DoD Stakeholders, DLA-D, and supplier) - Various DoD stakeholders, then DLA-D, then the supplier

c) There may be cases when DLA joins a SSA alliance initiated by a military service. The DLA Director's signature on a Military Service-initiated charter signifies DLA's SSA participation with the supplier.

d) Once signed by all parties, the responsible supply chain will distribute charter originals and copies as needed. An SSA charter will remain on file at HQ DLA J-3312. When additional DoD stakeholders join the SSA after the charter has been signed, use an addendum to the SSA charter if no significant changes to the charter are anticipated. Minimum DLA signatory level on SSA charter addendums is a DLA center commander. Create a new charter for significant changes advanced by a new DoD stakeholder and approved at the executive committee level. The responsible supply chain is responsible for the creation, coordination, and execution of any modifications or addendums to the existing charter. HQ DLA J-3312 must be notified prior to changes in any SSA charter.

## **(b) INFRASTRUCTURE DEVELOPEMENT**

The responsible supply chain will formally establish the following SSA team structures with the supplier and stakeholders: executive committee, joint steering group, and improvement teams.

### **1. Establish Executive Committee**

The Executive Committee should be established at the SES/Flag or GS-15/O-6 level. Industry partner (supplier) committee members must be at a commensurate level. For DLA, the executive committee includes Center Commanders and/or Deputies and responsible supply chain Directorate Level. HQ DLA, J-33 and J-3312 are standing members of the executive committee. The HQ DLA J-3312 will be notified of all executive committee meetings and may be the only representative for J-33. Under routine participation, the executive committee meets as deemed appropriate by the Commander/Deputy Commander of the Supply Chain.

### **2. Establish Joint Steering Group (JSG)**

The Joint Steering Group (JSG) will be established initially with stakeholders at the GS-14 level or above. Industry partner (supplier) committee members will be at a commensurate level. For DLA, the JSG includes the cognizant Supplier Relationship Manager (SRM), Supplier Team Leads, and Business Unit Leader. Agency customer relationship managers (CRMs) identified as stakeholders will be invited to become core members of the JSG. Face-to-face meetings are expected quarterly. Video teleconferences may be utilized as needed throughout the year.

### 3. JSG develops objectives for each SSA goal and the roles and responsibilities

a) Once the JSG is established, the JSG meets to evaluate and refine the pre-charter focus goals, objectives, and plan of action and milestones (POA&Ms). The JSG will identify initial SSA improvement opportunities and outcomes.

As part of the JSG, the responsible supply chain details the SSA execution strategy:

(i) The JSG will develop the SSA execution strategy to a specific plan of action.

(ii) The JSG will determine targets of opportunity (For example: high priority NSNs, pricing methodologies, etc.).

b) The JSG will establish improvement teams for each improvement opportunity as required, and prioritize improvement opportunities.

c) The JSG will establish POA&Ms for each improvement opportunity.

d) The JSG will create and attach metrics to assess performance of the SSA.

e) Based upon the aforementioned JSG items, the responsible supply chain will document and update the SSA execution strategy.

### 4. Executive committee approves goals, objectives, and improvement opportunities

Once the SSA execution strategy has been developed, the JSG will return to the executive committee for approval. The JSG obtains Executive Committee "buy-in" for each improvement opportunity. Each improvement opportunity with executive committee approval is immediately available for implementation.

#### (c) IMPLEMENTATION

The responsible supply chain will monitor all contract actions related to the SSA. Two criteria must be met to brief the DLA Director that a SSA has been formally implemented:

- A signed and completed SSA charter.
- A new contract or a modification to an existing contract has been awarded to the SSA supplier. The new contract or modification must include performance criteria and improved business practices identified by the alliance members. The award shall include DLA items. Use of a non-DLA contractual instrument is acceptable. In cases where improvements do not result in an immediate contractual action, a decision will be made by HQ DLA, J-3312, that significant result(s) from SSA process improvement(s) have been accomplished.

For SSAs that have already been implemented, a "refocusing" meeting may be necessary when new stakeholders join the effort. The responsible supply chain will arrange and host any "refocusing" meetings with existing stakeholders to examine new targets of opportunity brought by the new stakeholder. "Refocusing" meetings will be completed within 30 days of a new stakeholder's declaration of intent to join the SSA. The responsible supply chain will determine if a "refocusing" meeting is required and whether the addition of a stakeholder will necessitate change(s) to the SSA charter.

**1. JSG assigns champion and creates an improvement team for each improvement opportunity if required**

Improvement teams are established (by the JSG) as necessary at the appropriate expertise level. Skill sets of members must be sufficient to work through identified improvement opportunities. Improvement teams may also include CRMs. Improvement team meetings are held as required. Improvement opportunities shall be prioritized by the JSG.

**2. JSG assigns adequate resources to each improvement team**

If resources are insufficient for all improvement opportunities, the Executive Committee/JSG will dedicate available resources according to the established priority.

**3. Each improvement team develops POA&M and metrics**

**4. JSG approves improvement team's POA&M and metrics**

**5. Improvement teams are empowered to work the issues and recommend solutions**

**6. JSG oversees implementation of improvement opportunities**

**(d) MONITORING AND MEASUREMENT**

The responsible supply chain will continually ensure the SSA is reviewed and reassessed to determine if changes need to be made to the alliance focus or if additional stakeholders need to be included.

The JSG shall manage (monitor and measure) the performance of the SSA through Supplier Readiness Review metrics. Each DLA SSA corporate contract shall be measured using the following Supplier Readiness Review Metrics:

- Growth: adding items to the contracts within the SSAs
- Delivery based on the requirements of the individual contracts. Metrics should cover stock and DVD as appropriate.
- Quality
- Cost reductions and/or price controls through the partnership
- Back order performance
- PLT reduction
- ALT reduction
- Percent of annual demand for a given supplier covered by the items placed on contract

As business systems modernization and Agency practices mature, measurements are expected to refine and align with the Key Performance Indicators.

**1. Each improvement team briefs progress and results to the JSG**

The Executive Committee will manage all Milestones/POA&Ms set by the JSG and the improvement teams.

If at any time, the supplier disengages from SSA efforts, the SRM will immediately inform HQ DLA and all stakeholders of the supplier's position. A stakeholder's focus meeting may be reconvened, as necessary, to terminate the effort or adjust strategy.

2. JSG provides periodic status to the Executive Committee

Executive Committee meetings are held at the request of the JSG or as requested by the Executive Committee.

3. Executive committee and JSG reassess goals, objectives and improvement opportunities

4. JSG reviews measurements and takes action as needed

## 90.1602 - SSA Definitions

**Executive Committee.** Senior management committee comprised of a member from each stakeholder organization and the supplier. Responsibilities include SSA oversight and review and approval of all SSA activities. This committee exists for the life of the Alliance.

**Charter.** Document stating the commitment of each organization to partner in a Strategic Supplier Alliance and signed by the senior government and corporate executive of each alliance organization.

**Improvement Opportunities.** Targeted problem issues or identified Best Practices that need to be investigated, analyzed and resolved by the Improvement Teams.

**Improvement Team.** A team established by the SSA Joint Steering Group to address a specifically identified improvement opportunity. Membership is from all stakeholder organizations and the supplier and is cross-functional to represent areas which the specific improvement can affect. This team exists for a specific period of time, which is dependent on the scope and resolution of the identified improvement opportunity.

**Goals.** An agreed upon set of outcomes which the SSA works toward achieving.

**Joint Steering Group (JSG).** Day-to-day SSA management committee comprised of members from all stakeholder organizations and the supplier. Responsibilities include focusing the SSA on goals, objectives and improvement opportunities; establishing and managing improvement teams and monitoring overall SSA progress. This committee exists for the life of the Alliance.

**Responsible Supply Chain.** The DLA supply chain managing the SSA.

**Objectives.** Tasks to be accomplished in order to achieve goals.

**Plan of Action & Milestones (POA&M).** The roadmap developed to chart the course from SSA determination, via development and implementation, through monitoring and measurement.

**Stakeholder.** Those government activities with a declared interest in the SSA business relationship with the supplier; includes all DLA centers, HQ, DLA, DoD activities (Military Services, DCMA, etc.). For purposes of these instructions, those activities that decline participation in the SSA are not stakeholders. The SSA supplier is identified as the "supplier" to differentiate government-internal activities from all-participant activities.

**Strategic Supplier Alliance (SSA).** A DLA/customer/supplier partnership that transcends purchasing transactions to develop strategies and improvement opportunities that facilitate the sharing of information and which combines the purchasing power and knowledge of the customer and fully engages the supplier's capabilities to deliver superior value.

**Supplier.** For the purposes of SSAs, suppliers are industry partners identified as critical to meeting customer expectations and mission readiness subsequent to a DLA business profile analysis.

**Supplier Relationship Manager (SRM).** A position designated by DLA that manages partnerships with key suppliers and seeks to deliver significant return on investment to the enterprise. This individual serves as the single point of contact and subject matter expert for assigned supplier(s). Additionally, the SRM collaborates across the DLA enterprise to meet customer and supplier expectations.