



DEFENSE LOGISTICS AGENCY

THE NATION'S COMBAT LOGISTICS SUPPORT AGENCY



Supplier Industry Day

Day 1

May 29, 2019



WARFIGHTER FIRST



Administrative Remarks



Pamela Frederick
DLA Aviation



Welcome/Opening Remarks



Brig Gen Linda S. Hurry
Commander
DLA Aviation



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Supplier Industry Day

May 29, 2019

Brig Gen Hurry

Commander, DLA Aviation



DON'T MOVE
THE ROCKS!
Moving the rocks will
destroy the homes of
many important fish,
insects and
salamanders.



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Performance



April 18

April 19

MA% - **86.70**

88.70



BO's - **149,081**

147,858



March 18

March 19

OTD% - **88.80**

86.75



Achieving Readiness Outcomes for the Warfighter

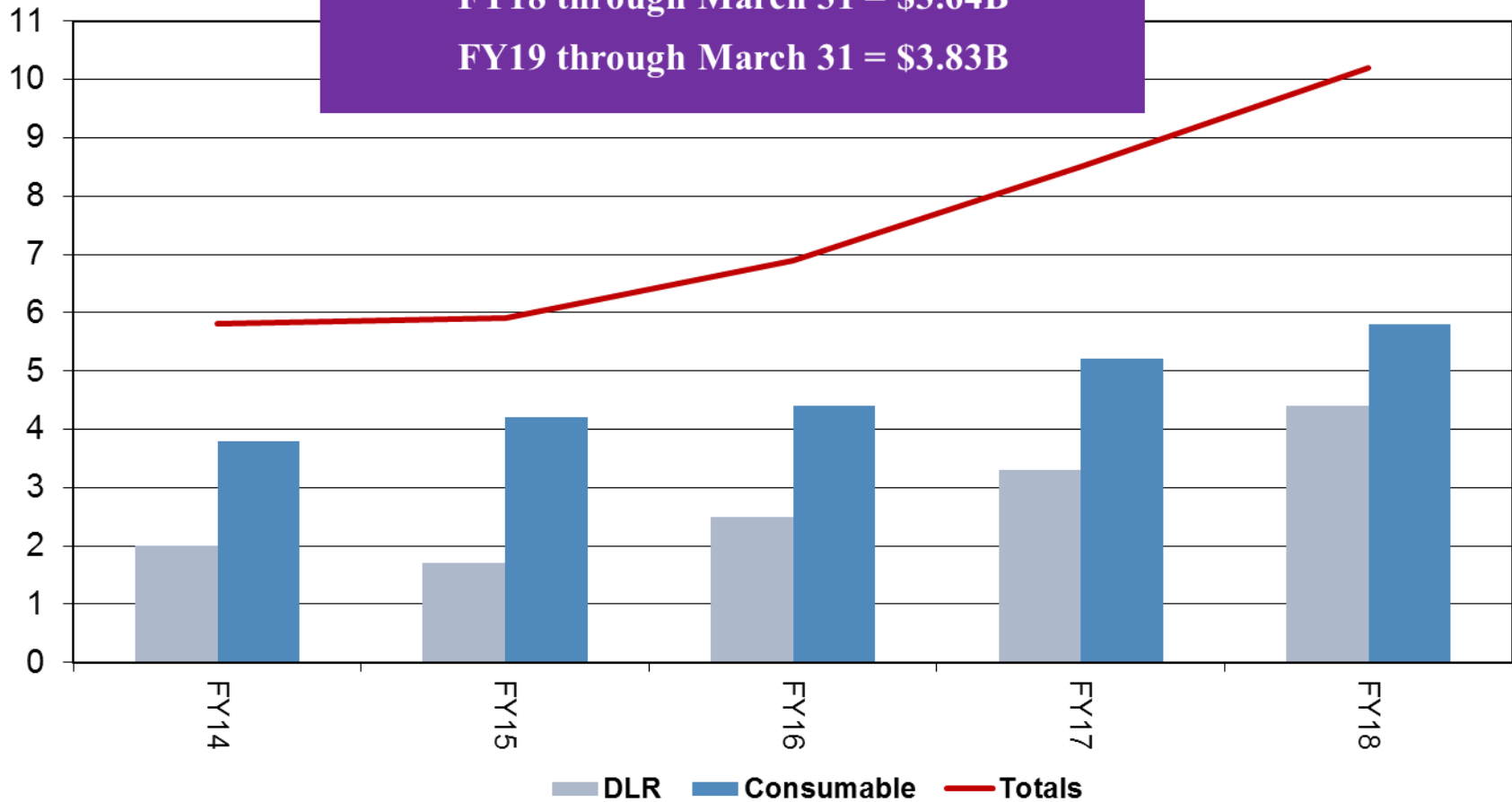


DLA Aviation Portfolio



Increase of 5.2% for FY19 to date

\$ Billions





Performance



Road to Mission Capable 80%



Feb 19

May 19

F-16 **61.9%**

64.9%



F/A -18 A-D **72.5%**

85.8 %



F/A -18 E/F **65.5%**

68.1%



E/A -18 G **61.3%**

68.0%



F-22 **60.3%**

62.9%



* A/O 1 May 19



Achieving Mission Readiness Requires A New Level of Leadership and Teamwork



Our “Asks”



Where we could use your help...

Innovation

Transparency & open communication

Increasing material availability

Reducing unfilled backorders

Timeliness of goods/services

Overcoming unexpected demand spikes

Engineering support

Parts & distributor accountability

Identify & eliminate vulnerabilities / risks





Think Differently



“Here's to the crazy ones. The misfits. The rebels. The troublemakers. The round pegs in the square holes. The ones who see things differently. They're not fond of rules. And they have no respect for the status quo. You can quote them, disagree with them, glorify or vilify them. About the only thing you can't do is ignore them. Because they change things. They push the human race forward. And while some may see them as the crazy ones, we see genius. Because the people who are crazy enough to think they can change the world, are the ones who do.”

–Apple Computers, 1997



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Customer Operations Initiatives & Challenges

Col John Waggoner

Director, DLA Aviation Customer Operations

May 29, 2019



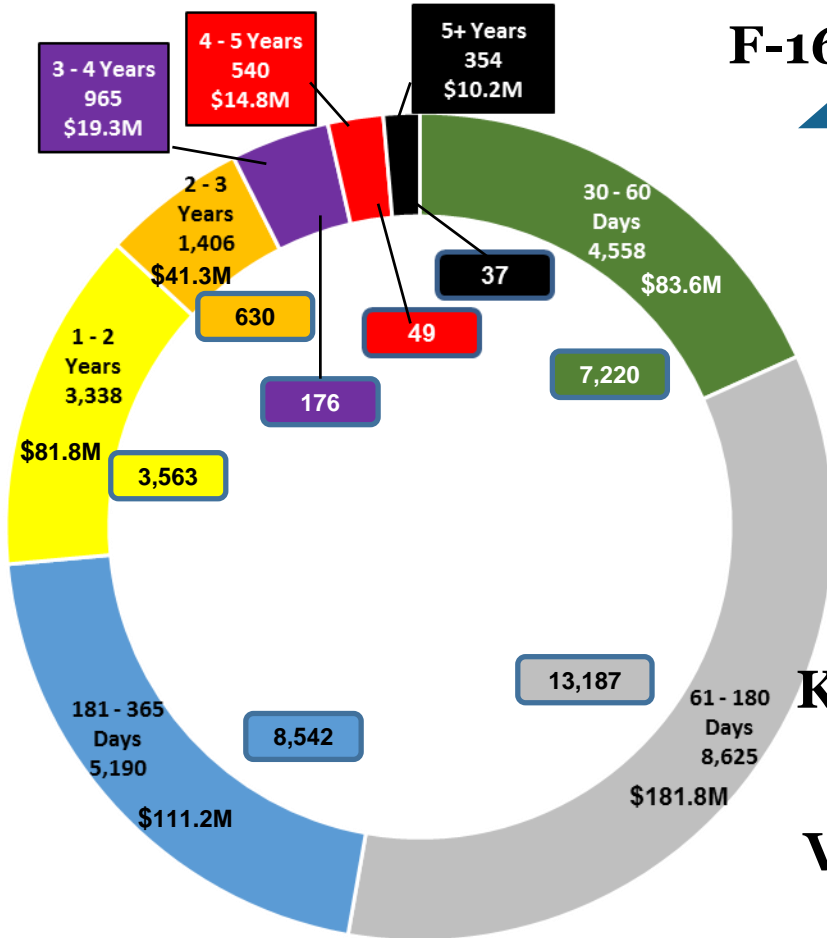
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DLA Supplier Readiness

10,257 Delinquent POs w/24,976 lines worth \$544M

MC% a/o May, 2019



F-16

2,269/\$4.6M
IPG1 - 865/\$2.2M

MC: 72%
MA: 89.9%



F-15

1,390/\$3.1M
IPG1 - 732/\$2.0M

MC: 62.2%
MA: 92.2%



F-18

1,615/\$4.6M
IPG1 - 772/\$2.1M

MC: 76%
MA: 91.6%



H-60

1,588/\$2.9M
IPG1 - 588/\$1.4M

MC: 74%
MA: 92.8%



KC-135

1,224/\$2.0M
IPG1 - 796/\$1.3M

MC: 67.8%
MA: 94.1%



V-22

1,236/\$1.9M
IPG1 - 239/\$400K

MC: 57%
MA: 89.4%



Outer Ring: Delinquent POs & Net Line Value
Inner Ring: IPG 1 BO Lines

Blue Arrow: First Line BB BO Lines & DLA Acquisition Cost
Second Line BB IPG 1 BO Lines & DLA Acquisition Cost

Industry Partners: Key Role in Readiness!

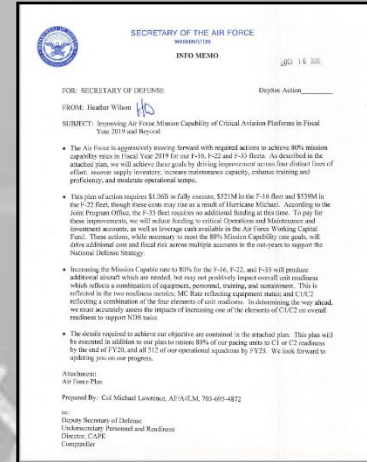
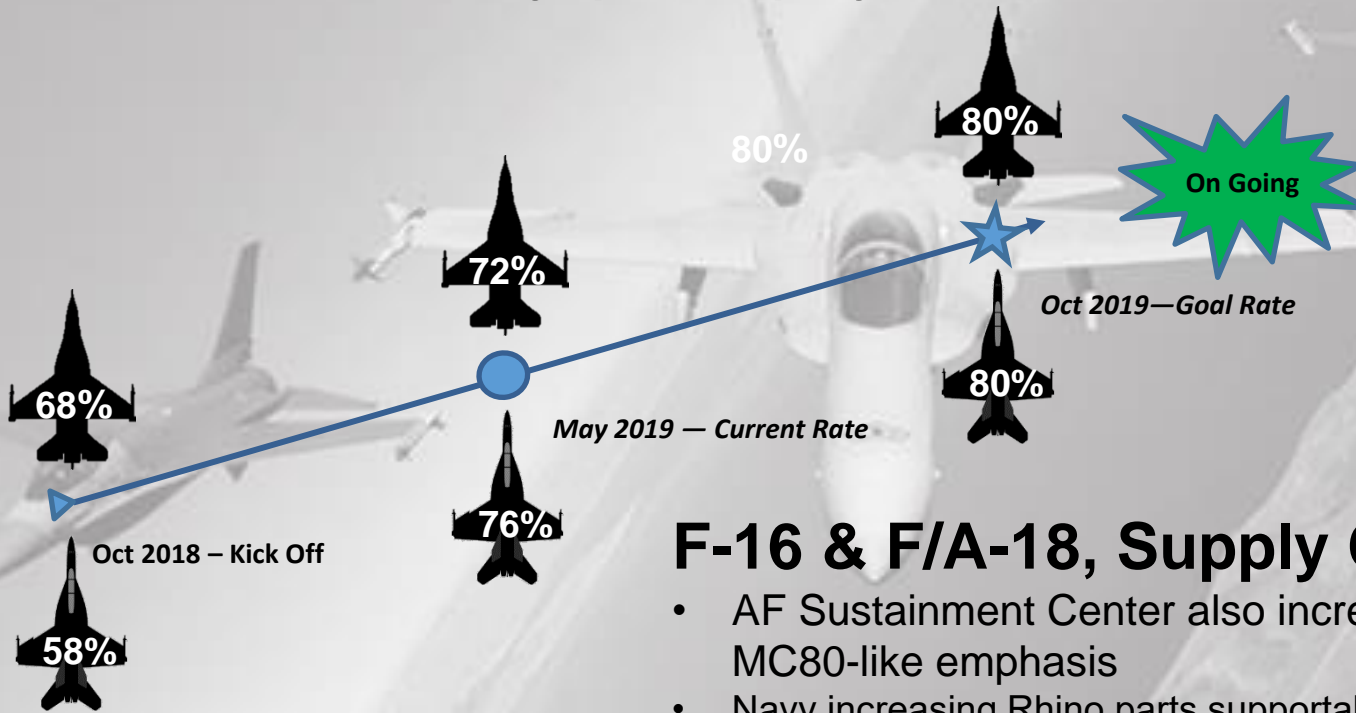
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SECDEF Mission Capability 80%



SECDEF challenged Services to achieve 80% Mission Capability (MC80) by FY19



F-16 & F/A-18, Supply Chain Drivers

- AF Sustainment Center also increasing platforms with MC80-like emphasis
- Navy increasing Rhino parts supportability via “Planned Maintenance Interval”

“We can learn from industry’s benchmarks for measuring speed, cost, and mission capability, as well as its best practices for implementing a sustainable, Department-wide system.” - Sec Mattis



Supplier & Service Teaming Efforts



Army

- Demand for 52 readiness drivers should increase to maintain 90 – 180 days stock
- TELSS Contract – Lessons learned

Marine Corps

- Adopting AF COLT/PDL stockage process

Age Buckets	IPG01 BB	Acq Value
180 Days – 2 Yrs	12,105	\$193M
2 Yrs – 5+ Yrs	892	\$85.6M
Total	12,997	\$278.6M

“Asks” for Industry

- Communication – Seek out proactive and alternative solutions
- Supply Chain Agility & Material Availability
- Reduction in IPG01 delinquencies
- Accelerate organic/accessible Adaptive Manufacturing-3D printing capability

“Money decisions should not drive readiness...our focus should be on readiness which determines where we spend our money.” - GEN Perna





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Small Business Overview

John Henley

Associate Director

Aviation Small Business Programs

May 28, 2019



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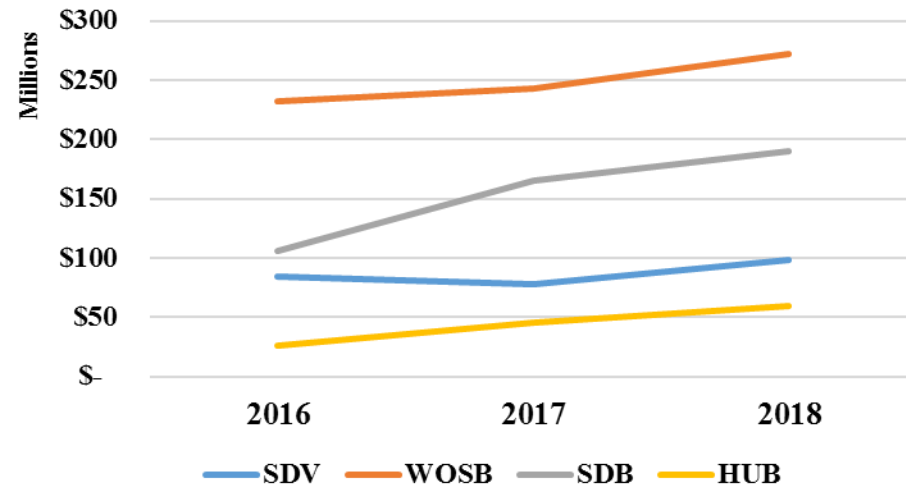
Small Business Performance



FY18 Highlights:

- Exceeded goal (19.5% versus 18%)
- SB dollars highest ever at Aviation (\$1.7B)
- SB dollars up at four sites:
 - Richmond (23%), OKC (32%), WR (35%) and Philadelphia (16%)
- All Subcategory Dollars Up

FY18 Subcategory Spend



FY19	GOALS	MAR	APR	MAY
SB	18.0%	25.37%	25.40%	25.89%
SDB	2.85%	2.66%	2.63%	2.74%
WOSB	4.57%	4.31%	4.17%	4.16%
SDVOSB	1.20%	1.65%	1.65%	1.56%
HUBZone	0.70%	1.05%	1.03%	1.03%

FY19 Performance

- 25.8% against goal of 18%
- Total Obs: \$4.9B; SB Obs: \$1.3B
- Consumable and DLR SB dollars up
 - Consumables up 24%
 - DLRs up 25%
- All Subcategory Dollars Up



Solicitation Opportunities



Site	Opportunities
Richmond/FRCs	DIBBS (www.dibbs.dla.mil)
DLRs	FEDBIZOPPS (www.fbo.gov)

You can search using the DODAACs below in FEDBIZOPPS

Site	DODAACs			
Richmond	SPE4***			
Huntsville	SPRRA1	SPRRA2		
Ogden	SPRHA1	SPRHA2	SPRHA3	SPRHA4
OKC	SPRTA1			
Philadelphia	SPM5A3	SPM5AG	SPRPA1	
Warner Robins	SPRWA1	SPRWA8		
San Diego FRC	SPEFA1			
Jacksonville FRC	SPEFA3	SPEFA4		
Cherry Point FRC	SPEFA5	SPEFA6		



Small Business Assistance



Program Management POCs

8(a)/SDB	804-279-4091
HUBZone	804-279-4719
SDVOSB	804-279-1888
WOSB	804-279-1342

- **Source Approval Program**
 - **804-279-5114**
- **Supplier Outreach/Counseling**
 - **800-227-3603**
- **Supplier Assistance Mailbox**
 - **dlaavnsmallbus@dla.mil**
- **DIBBS/Systems Help**
 - **804-279-4302**

DLA Small Business

<https://www.dla.mil/SmallBusiness/>

DLA Small Business Home

Doing Business With DLA

DLA Small Business Resources

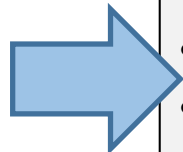
Procurement Technical Assistance

Small Business Innovation Programs

DLA Small Business Outreach Calendar

About DLA Small Business

Contact DLA Small Business



- What Can DLA Small Business Do For You?
- Notices
- Procurement Technical Assistance Centers
- Vendor Opportunities & Forecasts
- DLA Aviation Vendor Opportunities
- DLA L&M Vendor Opportunities
- Quick Resources





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DLA Aviation Supplier Survey Results

Ms. Cathy Contreras
Acquisition Executive
DLA Aviation



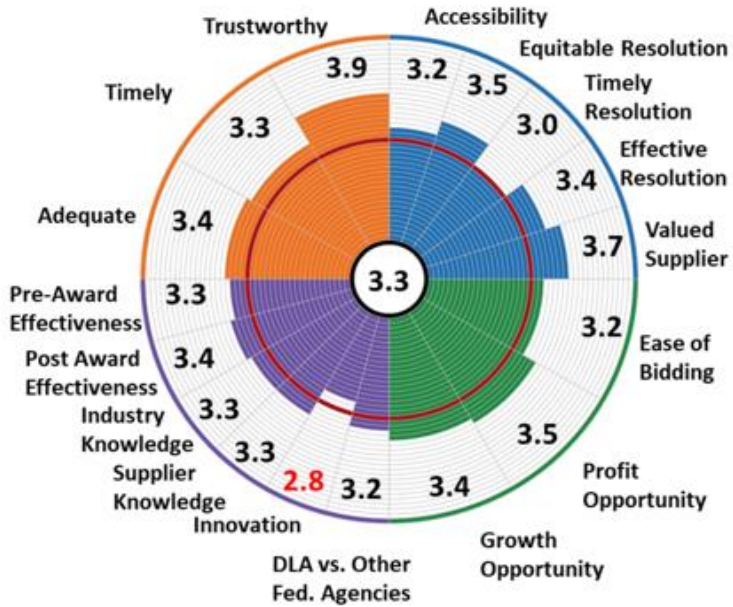
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DLA Baseline Supplier Feedback Metric

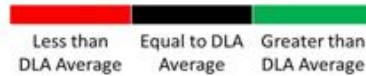
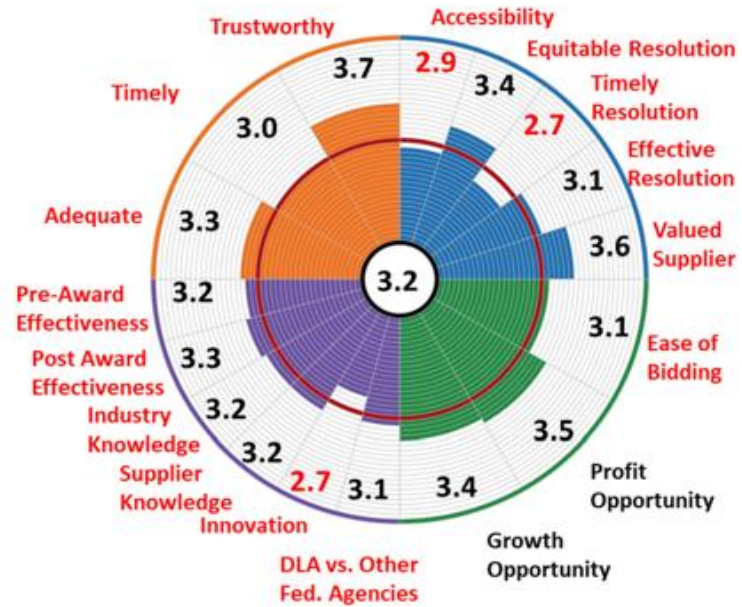


DLA



Aviation

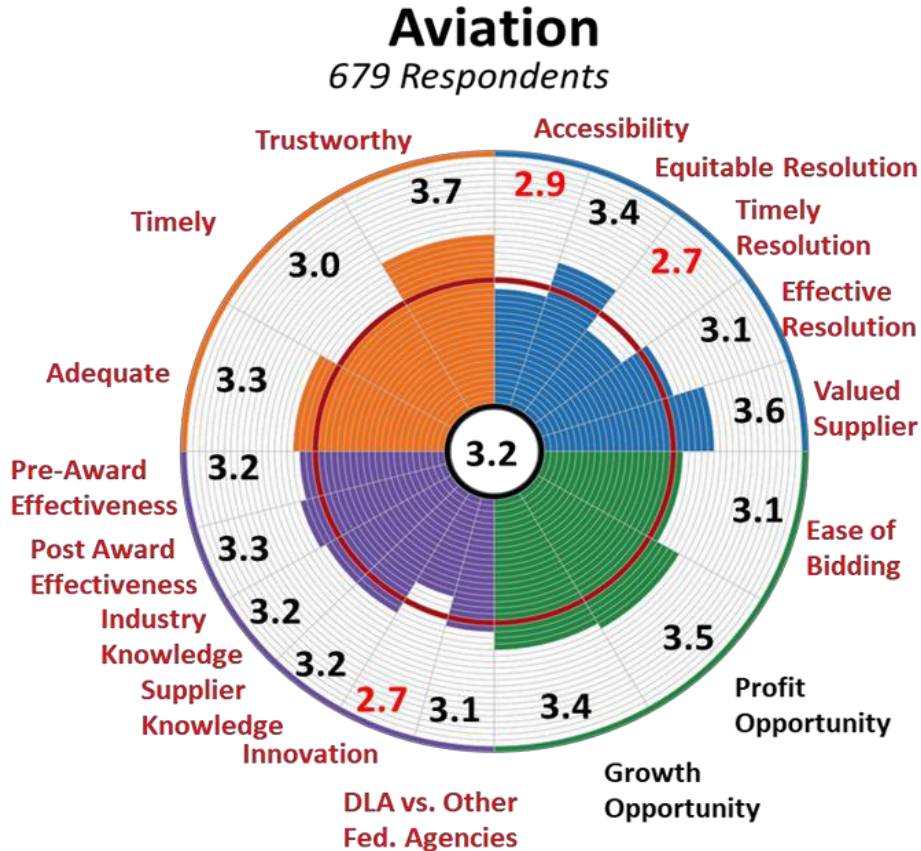
679 Respondents





Aviation Supplier Survey

Survey Categories:



Top 3 Focus Areas Derived from Supplier Feedback:

- Communications
- Technical Information
- Innovation

Ways Ahead:

- Improved Customer Service
- Expedited Tech Resolution When Possible
- DIBBs Modernization (Long Term)







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**DLA Aviation
Acquisition Overview**
Mr. Alok Upadhyaya
Deputy Director Supplier
Operations



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Acquisition Overview & Contract Administration



Robert Baker
Division Chief

Jason Sagadraca
Branch Chief



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**On Time Delivery
(DLA Aviation)**

Jason Sagadraca, OTD POC
May 2019





OTD Topics



- BLUF: Why OTD
- What is On Time Delivery
- Measurement Criteria: FOB /Inspection and Acceptance
- How Measured Using Incoterms
- What's Understood about OTD
- What DLA is Doing: Clear Picture
- OTD Goal
- No-fail Mission

Warfighter Readiness = Commitment to “On Time Delivery” increases Material Availability while reducing backorders



BLUF: Why OTD

- Two of three main goals for DLA Aviation:
 - Increased Material Availability
 - Reduce and to eliminate backorders

On Time Delivery is the vehicle in which, we achieve these two goals; through commitment to providing timely delivery of supplies to the Warfighter to sustain their readiness.

Warfighter Readiness = Commitment to “On Time Delivery” increases Material Availability while reducing backorders



What is On Time Delivery?



- What is On Time Delivery?
 - Percentile measurement of the supplier's ability to deliver prior to or on the contractual delivery date (CDD)
 - The point at which government takes title of material
- How is it measured?
 - Timely = Actual quantity shipped (variance applicable) less contractual quantity due
 - Untimely equals “fails to meet above”

Warfighter Readiness = Commitment to “On Time Delivery” increases Material Availability while reducing backorders



Measurement Criteria (FOB / Inspection and Acceptance)



- Based on Incoterms
 - International Commercial Terms (Incoterms): are used in both the preparation of solicitation and award.
 - Two pivot points for incoterms are a combination of FOB and Inspection/ Acceptance Points
 - FOB (Free on Board): Responsibility and basis for payment of freight charges. Point at which title for goods passes to the buyer or consignee
 - » FOB Destination- government takes delivery of goods once arrive to a destination receiving dock (Supplier pays and bears freight charges and owns goods while in transit).
 - » FOB Origin- Government assumes title of the goods at the point freight carrier picks up and signs the bill of lading at supplier's pick up location



Measurement Criteria (FOB / Inspection and Acceptance)



- **Inspection and Acceptance (I/A)**
 - **Inspection:** The act of examining and testing supplies/ services to determine contractual conformity
 - **Acceptance:** Acknowledgement that the supplies/ services conform with quality and quantity requirements in the contract (May take place before, during, or after)
 - **I/A Destination** – Government quality assurance is performed at final destination (depot), and acceptance is at destination
 - **I/A Origin** – Government quality assurance is performed at manufacturer or packaging location, and acceptance is at source
 - **Inspection at Source/Acceptance at Destination-** Government quality assurance is at source but acceptance is at destination: FAT



What's Understood about OTD



- Recurring Root Causes

- Tech Data Deficiencies
- Tooling
- Unrealistic CDDs (but bids without exception)
- Material Availability (Vendor to Prime)
- Poor Production Planning
- FAT and FAT Data Reports

- What is Understood

The recurring root causes are not all contractor or government-caused; however, they are a combination of issues that together, we can work collaboratively to create a positive impact resulting in increased MA, reduced backorders, and improved OTD

Warfighter Readiness = Commitment to “On Time Delivery” increases Material Availability while reducing backorders



What DLA is Doing (Clear Picture)



What is DLA Aviation committed to doing?

1. Provide the suppliers their OTD scores
2. Provide a monthly Open PO Report (delinquent/ 30-60 day projected due-ins)
3. Provide timely modification resolution to applicable and necessary inquiries
4. Engage DCMA for any hurdles

These commitments by the Aviation team will a clearer picture to supplier, open up lines of communication, enable material to be on the shelf eliminating backorder requirements

Warfighter Readiness = Commitment to “On Time Delivery” increases Material Availability while reducing backorders



OTD Goal



100% - OTD Goal

$\geq 90\%$ - Acceptable

$\leq 89\%$ - “At Risk”

- Initiate examination of root causes/ trends
- Seek improvement actions



No-fail Mission



“We have to have a full pipeline of material to be ready on day one ... the cost of anything less will be measured by the number of soldiers lost on the battle field.”

*-General Gustave F. Perna
Commander, Army Materiel Command*





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DCMA On Time Delivery: Procedures & Business Rules

Bart D. Stewart

DCMA Operations Research Analyst

May 2019



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On-Time Delivery (OTD) Indicator



- **What is On-Time?**
 - Measure (%) of the supplier's ability to deliver products prior to or on the **contractual date for delivery (KDD)**
 - Key components are **timeliness, quantity and quality**
 - Metric is at the **schedule level** for DCMA Administered Contracts only (in MOCAS)
- **How is it measured?**
 - **On-Time = Completed Schedule**, where the Delivery Schedule Quantity Shipped (DSQS), less allowable Delivery Schedule Quantity Variance Under, is greater than or equals the total Delivery Schedule Quantity Due (DSQD)



Contractual Date for Delivery (KDD)



- DCMA OTD reporting methodology changed a few years ago, moving away from Contractor Responsibility Date (KRR); the metric now aligns to the DLA methodology
- **Contractual Date for Delivery (KDD), unlike its predecessor, adjusts to all effective modifications**



OTD “Population”



- Contractual Date for Delivery (KDD) determines total population for the number of schedules due in the “Month of Performance”
- In the past, the DLA Performance Based Agreement (PBA) filtered DCMA administered contracts, excluding the following:
 - Surveillance Criticality Designator (SCD) A/B
 - Production Surveillance Codes (PSC) 1, 2 & 4
 - Contract Kind 0, 6, & 7 (Facilities, Service, or Other)
 - Contract Types Y or Z (Time & Material and Hours)
- Per DLA AV Leadership request, all filtering ceased to maximize DCMA administered contract schedule volume/delivery activity; increased activity by 40%-45%.



OTD Monthly Calculation



- Data is pulled the 6th calendar day of the month following the Period of Performance (POP) measurement month – Why? – allows for end of month delivery acceptance data to enter into WAWF/MOCAS processing cycle.

- Computation: Monthly performance =

$$\frac{[\text{total On Time schedules for the month}]}{[\text{total Schedules Due for the month}]}$$

- Notes:
 - “Quantity Delivered” for DCMA is Quantity “Accepted” by QAR at I/A
 - Schedule delivered early is On-Time, but held in MOCAS data base until KDD month of performance – that is the month the schedule shows up in the population of Schedules Due and Schedules On-Time.



OTD Performance Standard



- 80% of schedules will be delivered on time – per the previous DCMA & DLA Performance Based Agreement (PBA)
 - Green = 100% - 80%
 - Yellow = 79% - 69%
 - Red = 68% or less
- Tracking at DLA AV is slightly different:
 - 80% + = Green
 - 75% to 79% = Yellow
 - Below 75% = “AT RISK” – requires closer examination of root causes – also ties into “DCMA 500+” supplier effort – focus on habitual/trending “at risk” suppliers – Rolling 12 Month OTD below 70% for a CAGE = Target for Root Cause & Corrective Action processes



Other OTD Issues (1 of 2)



- “Paper” Delinquencies: Items that have been “accepted” by DCMA and shipped out by supplier, however, MOCAS/WAWF “mismatches” have not been remedied - results in MOCAS showing shipment as NOT COMPLETE.
 - Typically generated by errors in receiving report that do not match the order data that is input by QAR during receipt and input to WAWF. Mismatched ‘Ship To’ information is biggest issue.
 - Can be a result of administrative corrections and changes that have not been corrected by a proper MOD or the MOD has not been submitted/input in a timely manner to correct by the OTD cycle run.

DCMA MOCAS “SEVEN CRITICAL FIELDS”
DEFENSE CONTRACT MANAGEMENT AGENCY

CT3510 SUPPLY SCHEDULE DATA RECORD
CBUD:

PIIN: FA8206 07 C0001 SPIIN: 0033 CAO-ORG-CD: RGS-CD:
CLIN-ELIN: AB6H SHIP-TO: DTK002
MK-FOR: DTK00 DLSCHDT-IND:
DLVY-SCH-DT: 12 09 16 HMO-AMD-SEK: DTKC5491175115
SCH-QTY-IND: DLV-SCH-QTY:
CLISUB-XRIB: TRNS-PR1-CD:
ACRN:

- To be accepted in MOCAS, a DD-250 must match these seven control fields in the MOCAS. If not, it will result in a DD-250 error.
 - PIIN (contract number)
 - SPIIN (delivery order)
 - CLIN-ELIN
 - SHIP TO
 - MARK FOR
 - MILSTRIP
 - CLIN coded as “supply” or “service” in MOCAS – indicated by either Delivery Schedule Date or Service Completion Date

ACQUISITION INSIGHT GLOBAL ENGAGEMENT



Other OTD Issues (2 of 2)



- First Article Test (FAT): FAT or FAT related items are a scheduled delivery and are included in OTD data. For DLA AV, the OTD rate runs around 35% for these items – typically causes a “ripple” effect on future schedules if not closely managed, monitored, or corrected:
- OTD Drivers:
 - Subsequent dates on order for Production lots and future schedules not being changed by MOD as PCO awaits expected completion data of FAT from ESA.
 - “Stacked” orders with FAT requirements when first FAT has not been reconciled – failure to MOD (cancel) subsequent FAT requirements



Primary Recurring Root Causes



- Supply Chain Management (Prime to Sub)
- Contract Modifications
- First Article Testing & FAT Data/Reports; they are schedules!
- Unrealistic Contract Delivery Dates, but bids without exception
- Technical Data Deficiencies
- Tooling
- Material Availability (Vendor to Prime)
- Poor Production Planning
- Overextended Contractors (Bid despite capacity)
- Parts for ageing fleets past expected life-cycle – rare or difficult to manufacture



Steps That Can Improve OTD



- Contract accuracy – reduce need for MODs
- Bids within supplier capacity
- Management of sub-contractors & suppliers – their performance is reflected in “prime” OTD CAGE performance
- Improved production management – efficient use of resources
- Bottom Line: IAW the specifics of the contract YOU signed, get the right thing (NSN), in the right quantity, of the required quality into the government’s hands (QAR for DCMA administered) by the date the contract/order says.....then all is well !!!



Contact Info



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Breakout Sessions in Progress

