

DEFENSE LOGISTICS AGENCY

MAY – JUNE 2010

LOGLINES



SUPPLY CHAIN EXCELLENCE

AIR • LAND • SEA



from the **DIRECTOR**

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

These are exciting and challenging times at the Defense Logistics Agency. The U.S. military build-up is in full swing in Afghanistan, and warfighters depend every day on the work done here at America's only combat logistics support agency.

From a military logistics perspective, Afghanistan is far more challenging an environment than Iraq. We have developed capabilities in Iraq that we are now leveraging in Afghanistan, but the infrastructure is more austere and the local economy is not as advanced. Operational success hinges on continuous, stable logistics solutions, which we are working to provide through the Northern Dis-

bution Network. Using this route, we've been able to get construction materials, food and spare parts into a land-locked country. More than 80 percent of the containers shipped through this passage have been filled with DLA materials.

The agency is working to sustain operating forces in the longer term by establishing a deployable distribution center in Kandahar, which should be fully operational by mid-summer. While it will be somewhat rudimentary, it will have the critical reach-back capability to the larger DLA enterprise and access to the full spectrum of logistics solutions. Later on we plan to build a warehouse to stock high-volume, cumbersome and heavy items to offset the need for airlift into theater.

Afghanistan's punishing landscape has tested the durability of many of our weapon systems, and we are facing historic demand for parts as vehicles and aircraft undergo continuous repair.

DLA is deeply engaged with customers to ensure helicopters and critical Mine Resistant Ambush Protected vehicles remain mission-ready. All-terrain MRAP variants, known as M-ATVs, are rolling off assembly lines and making their way to warfighters on the front lines. Because the DLA team did such a fantastic job planning for and sustaining the original vehicles in Iraq, the Joint Program Office has asked we repeat our performance for the M-ATV.

More is being demanded of DLA than at any point in its history, but we have the talented team necessary to complete our mission. This is an opportunity for us to stretch and demonstrate the flexibility warfighters need in Southwest Asia and around the globe.

As we move forward, I want to thank each team member for their commitment and dedication to keeping warfighters mission-ready. I am truly honored to lead this incredible DLA team. ♦

LOGLINES

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Close Quarters

Story by Dianne Ryder and Cathy Hopkins



An Airman restocks inventory at a service warehouse. Under 2005 Base Realignment and Closure recommendations, the Defense Logistics Agency has assumed responsibility for managing certain inventory stocks and services.

— Air Force Tech. Sgt. William Greer

The Defense Logistics Agency is continuing its work to implement Base Realignment and Closure 2005 recommendations. Approved nearly five years ago, the legislation, which aims to streamline certain Department of Defense operations and save taxpayer money, mandates implementation be complete by September 2011.

Supply, storage and distribution management reconfiguration and depot-level repairable procurement management consolidation are at the forefront of BRAC recommendations DLA is implementing in close coordination with the military services.

The SS&D recommendation consolidated service supply, storage and distribution functions and inventories in support of industrial depot maintenance with DLA's functions to create a single provider of material and services. BRAC SS&D also directed reconfiguration of the defense distribution network into four continental U.S.-based regions to provide optimal support to industrial, on-base, regional and global customers.

SS&D reconfiguration goals include improving speed, accuracy and reliability of response to customers; and reducing supply chain lead times through increased stock effectiveness, in-transit cargo visibility and real-time accountability. Three of the 13 DLA SS&D activities have not yet been activated — those in support of military service customers at Marine Corps Logistics Base Barstow, Calif.; Corpus Christi Army Depot, Texas; and Anniston Army Depot, Ala.

Cathy Hopkins is a public affairs specialist in the Defense Supply Center Richmond Public Affairs Office.



BRAC 2005 also transferred depot-level repairable, or DLR, procurement management functions and additional consumable item management from the services to DLA. DLRs are parts that can be repaired and reused throughout their usable life, like transmissions and vehicle engines.

BRAC 2005 has put DLA in the business of performing procurement management for reparables used by maintainers to keep aircraft, ships and tanks running. The agency is responsible for getting contracts in place so the DLRs will be there when needed by workers on industrial production lines and in deployed units. To date, seven of the nine DLA DLR procurement operations detachments have fully stood up.

Working with supplier relationship managers, Michael Yort, director of procurement management at DLA Oklahoma City, has developed a strategic roadmap for DLR decision-makers.

"Trying to get our arms around all the contracts currently in place and developing a comprehensive approach to future support has been challenging," Yort said.

Transferring procurement of DLRs to the agency significantly increased the scope of DLA's relationship with both suppliers and customers, he explained.

"BRAC implementations have allowed us to better connect with and serve customers in many ways," said Don Schulze, chief of the BRAC office at Defense Supply Center Columbus, Ohio.

DSCC is responsible for the demand and supply chains related to land and maritime weapon systems and manages 2.1 million repair parts for all land and ship support equipment, land vehicles,

Navy Petty Officer Matthew J. Lanese



maritime vessels and military electronic items for DLA.

"By having the new DLR and SS&D operations integrated with DSCL, we really have brought a new definition of 'urgent' to our operations," he said.

Schulze said the concept of delivering parts and answers in "hours and minutes" to meet industrial maintenance production schedules is now part of how DLA does business.

He said seeing the whole picture of requirements for consumable items and DLRs has increased buying leverage with suppliers.

"[It's] allowed us to get better prices for material, expanded our strategic supplier relationships and allowed us to negotiate enhanced levels of support from suppliers, bringing better support to our customers."

Also helping to streamline support is a new inventory management tool DLA is fielding at DLA SS&D sites that support Air Force and Navy customers. Inventory Management and Stock Positioning is functionality in DLA's enterprise business

A Navy Seaman takes inventory of aviation parts aboard the aircraft carrier USS Nimitz in the Pacific Ocean. The Defense Logistics Agency is streamlining its inventory support to customers through Base Realignment and Closure 2005 implementation.

system that helps to manage wholesale and retail inventory while allowing for capitalization of retail stock by DLA.

The single owner-manager concept for stock capitalized by DLA allows DLA to reduce inventories, improve logistics support responsiveness and increase supply chain visibility. Officials said this will help the agency realize greater supply efficiencies.

Where IMSP has been implemented at DLA SS&D sites supporting Air Force industrial customers, capitalization gives DLA visibility of the stock it now owns and manages in the shop service centers responsible for supplying parts directly to mechanics in maintenance hangars.

When the transfer of Air Force-owned, DLA-managed stock into the DLA inventory occurred, so did IMSP roll out. IMSP implementation and stock transfer were completed at DLA Warner Robins, Ga., in August 2009, at DLA Oklahoma

City in November and at DLA Ogden, Utah, in January.

Before IMSP, Air Force mechanics ordered consumable parts through the service center near their maintenance areas. DLA didn't have visibility of requests filled from that shop's inventory unless stock was low or completely out.

"It was like if you went to a grocery store and brought something home," said Mary Traina, DSCR business process analyst in the Order Fulfillment Division, who trains employees transitioning into IMSP. "Once you brought it home, the store lost visibility of it. They don't know what is in your refrigerator."

IMSP rollout for DLA SS&D sites supporting Navy customers is scheduled for completion by September 2011.

Officials said working through the BRAC recommendations and implementing new tools has had a few surprise side effects.

DLA Ogden's progression in



the DLR procurement management mission has been mostly positive, said Mark Strawn, DLA Ogden's director of procurement operations for DLRs. DLA Ogden performs both SS&D and DLR procurement functions. He said an unintended benefit of the BRAC realignment for DSCR is more direct communication with customers through a central point of contact at all service sites in the contracting organizations.

"We at the forward sites already had a close relationship with our service customers, but until BRAC, our local customers didn't really [know] who to talk to at DLA when they had problems or issues," he said.

"Now they know we are there to help them find the right person to talk to," he added. "I think it makes us all feel more of a team instead of having that 'us vs. them' mentality."

One of DLA Ogden's biggest changes, Strawn said, is increased visibility across all services to work with original equipment manufacturers with "one voice."

Prior to the BRAC transfer, he said, there were various organizations in dif-

Nanette West, hydraulics support branch chief in Defense Logistics Agency Ogden's commodities material support division, stands with Lynn Taylor, chief of the division in one of the agency's shop service centers at Hill Air Force Base, Utah.

ferent services that approached the same suppliers in different ways.

BRAC 2005 implementation is allowing DLA to become a single buyer for a significant amount of the material procured from the various vendors.

"I have actually heard feedback from some of our suppliers that this approach is much easier for them as they now have a single face to the government for the majority of their spares business," Strawn said.

Lynn Taylor, chief of DLA Ogden's SS&D commodities materials support, agreed they've received a positive response.

Taylor's job, like many other positions, transferred in place, so he performs the same job for DLA as he did for the Air Force prior to the transfer. He said his customers appreciate the continuity and consistency of service.

Taylor said his team has accomplished a lot that wouldn't have been possible before the transfer.

"Our support hasn't changed. If anything, it's improved because of some of the process changes we were able to implement. We've improved inventory accuracy, we've stocked more material forward, [and] we've improved our issue effectiveness."





Marine Lance Cpl. James F. Cline III

A Marine handles a helium tank in Iraq. The Defense Logistics Agency was tasked with privatizing management of certain commodities, including gases and cylinders, under 2005 Base Realignment and Closure legislation.

In the first BRAC newsletter of 2010, the executive director for DLA Strategic Programs, the office under which DLA's BRAC implementation is managed, commented on DLA's progress. "While we are still in the process of activating sites and completing what was outlined in the BRAC 2005 legislation, we are moving more and more toward a new normal beyond BRAC, laying the foundation for the future," Redding Hobby said.

With less than a year-and-a-half remaining until the September 2011 activation deadline, Hobby said, implementation of the BRAC 2005 recommendations continues to move forward at an ever-increasing pace.

"Through the BRAC changes, the military services and DLA are integrating similar activities across the defense logistics supply chain and closing logistics seams," he said. "This BRAC implementation benefits the Department of Defense as a whole by reducing redundancies, streamlining operations and improving warfighter support," he said. ♦

Managing Stock

In early spring DLA reached a milestone by completing the Base Realignment and Closure 2005 commodity privatization recommendation.

Privatization tasked DLA and the military services with transferring the supply, storage and distribution functions for tires, packaged petroleum oil and lubricant products, and compressed gases and cylinders to private vendors, retaining only the contracting for these commodities.

Officials said this saves the Defense Department money by decreasing storage-facility requirements and shifting the responsibility for maintaining stocks to private vendors.

Commodity-management privatization mandates DLA assume the vendor supply contracting functions for specified commodities from the military services.

Four privatization contracts were awarded early in the BRAC implementation process. Michelin Aircraft Tire Company, LLC, was awarded the privatization contract for aviation tires. Michelin North America received the contract for land tires. Haas TCM was awarded the contract for compressed and liquefied gases and cylinders, and Science Applications International Corporation was awarded the contract for chemicals and POLs.

Patricia McMahon, deputy chief of the Aviation Commodities 1 Division at Defense Supply Center Richmond, Va., said that prior to BRAC 2005, DLA had ownership of all processes when it came to planning, procuring and storing supplies for customers.

Setting up vendor contracts reduced DLA's SS&D functions, she explained.

"We had to essentially get all of the DSCR-managed BRAC commodities out of the depots within a short period of time and set up contracts to support all these items," McMahon said. "The vendors now have responsibility for forecasting, storing and filling orders."

Buy-arounds are still taking place, she said, especially with cylinders. To address this concern, officials said, Haas has a program goal to increase their continental-U.S. customer base and plans to meet with various customers to ascertain their specific gas and cylinder needs.

"SAIC and Haas are confronted with the same challenges DLA had in managing supplier expectations and performance," McMahon said. "Lead times are often longer than quoted and there is a continual decline in the number of suppliers in the packaged chemical and petroleum arena."

She said her team is confident that both SAIC and Haas' contract performance will exceed fill-rate targets.

"We expect that both vendors will continue to enhance their customer support efforts, including marketing their programs and increasing order volume."

A contract for support outside the continental U.S. was awarded to IGS in Belgium for gases and services in Europe, Germany in particular. Another new contract for a cylinder and gas support contract will provide industrial compressed and liquefied gases in support of military forces in Southwest Asia.

"The new jewel in the crown is the [U.S. Central Command] OCONUS contract recently awarded to Inchcape Shipping Services for gases and services," said Ernest Jeniolionis, DSCR's industrial gas integrated support team lead.

Jeniolionis said the contract includes both customer direct and DLA direct support and was "turned on" at the end of March.

McMahon said customers should notice no difference in DLA's support.

"I think at this point, it is transparent," she said. "It wasn't really [transparent] up front, ... there was a huge transition period."

The land supply chain at Defense Supply Center Columbus, Ohio, assumed management of land and aircraft tires from the Army and Air Force when BRAC 2005 mandated privatization of these commodities. Direct-vendor-delivery contracts were awarded to Michelin North America in early 2007.

"The contracts are unique in that they call for the contractor to take over complete supply chain functions for this commodity," said Philip Ludwig, DSCC's integrated supply team chief for tires and tire products.

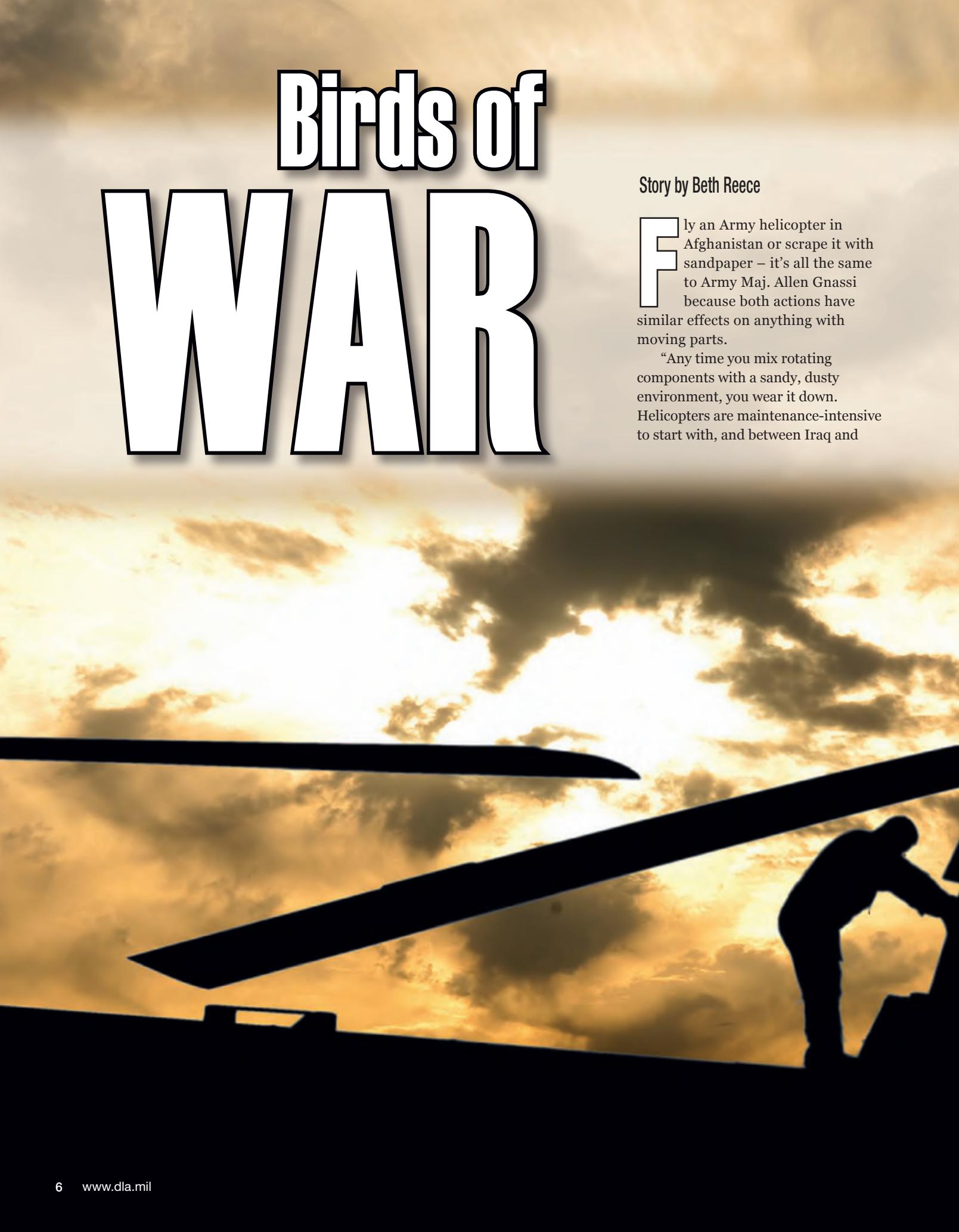
These functions, he explained, include worldwide planning, storage and distribution, scrap and aircraft tire re-tread carcass retrieval, and customer engagement and training.

"Through extensive customer networking, DLA has implemented this privatization initiative with minimal disruption to our customers," Ludwig said.

"Feedback from our Army and Air Force customers has been extremely positive; current average performance on these contracts is 95 percent on-time delivery for land tires and better than 98 percent on-time delivery for aircraft tires," he continued.

— Dianne Ryder

Birds of WAR



Story by Beth Reece

Fly an Army helicopter in Afghanistan or scrape it with sandpaper – it's all the same to Army Maj. Allen Gnassi because both actions have similar effects on anything with moving parts.

"Any time you mix rotating components with a sandy, dusty environment, you wear it down. Helicopters are maintenance-intensive to start with, and between Iraq and

Afghanistan, they're consuming a lot of parts. Requests for them come to us daily," said Gnassi, an Army aviation readiness officer for the Defense Logistics Agency's aviation supply chain at Defense Supply Center Richmond, Va.

Army helicopters have suffered nine years of havoc in the Middle East. High winds and altitudes have cracked airframes, and the abrasive sand has gunked up or corroded everything from filters to engines. Rocket-propelled grenades and small-arms fire have also battered the aircraft.

In February, DSCR received

57,000 requests for parts to repair environmental or battle damage to Army helicopters in Southwest Asia. At that time, the fleet included a mix of AH-64 Apaches, UH-60 Black Hawks, CH-47 Chinooks and OH-58 Kiowas belonging to four combat aviation brigades in Iraq and two in Afghanistan.

Gnassi said DSCR is capable of supporting the helicopters deployed to the region. While the need for repair parts is expected to decrease as units draw down in Iraq, he said, DSCR's work will remain steady as an

additional aviation brigade deploys to Afghanistan in the coming months.

"There will be a three-month overlap where we support an increase in deployed aircraft, but it's not going to hurt us," he said.

The 55-member Army aviation division scours daily acquisition reports to determine what items need to be stocked for immediate demand, but the



The Defense Logistics Agency's aviation supply chain at Defense Supply Center Richmond, Va., receives about 50,000 requests a month for parts needed by mechanics in Iraq and Afghanistan who conduct routine maintenance and major repairs on such helicopters as this CH-47 Chinook.

— Photo by Air Force Staff Sgt. Clay Lancaster



Army Soldiers assemble and test fly their Apache helicopters prior to sending them to their final location in Iraq. The Defense Logistics Agency's aviation supply chain at the Defense Supply Center Richmond, Va., manages more than 36,000 different helicopter parts, some of which are in constant demand.



Air Force Tech. Sgt. Efrén Lopez

helicopter can be overwhelming.

"We manage more than 36,000 different parts, and there's a demand for almost every one of them," said Army Col. Laura Singer, chief of DSCR's Army Aviation Customer Facing Operations Center.

Nuts, bolts, filters, washers, rivets – the demand for these common parts is constant, she added. And while items that are expected to withstand the beatings of harsh weather and sand, such as helicopters' structural frames, are in low demand, they're often the hardest to supply.

"There aren't a lot of spares made for these items because they just weren't designed to need replacing. For those things, we might have to go back to the [original] manufacturers to have them made," said Army Lt. Col. Harold Demby, executive officer of Richmond's Army Aviation Operations Center.

In other cases, DSCR has had to rely on funds from the Warstopper Program to ensure manufacturers had the equipment needed to support the Army's helicopter fleet. The program helps eliminate shortages of go-to-war items by partnering with industry to provide essential resources that manufacturers may not have money to invest in.

In 2005, for example, more than \$1.7

A Soldier conducts a safety inspection on a UH-60 Black Hawk helicopter in Afghanistan. The nature of the country's landscape has caused the military to perform more frequent maintenance on helicopters operating there. Defense Supply Center Richmond, Va., supplies parts used during routine helicopter maintenance and major repairs.

million in Warstopper funds were used to purchase a vacuum chamber that applies a Nesatron coating to windshields. The coating is used to defrost windshields in place of heated wires.

"The manufacturer had no business case on their own to invest the capital funds for this equipment, so the program stepped in to provide the funding," said Luis Villarreal, Warstopper Program manager.

The demand for Nesatron-coated windshields may soon be on the rise, Demby predicted, as Army units move to the more undeveloped areas of Afghanistan.

"When you land a helicopter in an unfixed landing area where there are a lot of small rocks and sand, the rotor wash throws them around and it cracks the windshield," Demby added. "Temperature changes can also cause cracks."

The parts DSCR supplies to customers in the Middle East are used during routine maintenance as much as for major repairs. Like cars, each helicopter has a maintenance schedule that outlines which parts get checked after a certain number of flight hours.

"For every so many hours you fly, you do a close inspection to see if things have been scratched, if oil is leaking, etc. You don't want to find out you have a problem when you're 100 feet in the air and going higher," Demby said.

Many of the helicopters being used in Iraq and Afghanistan are 20 to 25 years old, and some are just six months old. Often, it's the younger models that need more repairs.

"For something that's been flown for 10 years, we've already worked out the

bugs. An aircraft that's just come off the assembly line still needs to go through a discovery period," Gnassi said.

Regardless of age, a helicopter that's gone through the Army's reset program will hold up best, he added. The reset program was established in 2003 to extend the life of Army equipment and reverse the effects of combat stress on everything from tanks to aircraft by restoring them to their original capability.

Reset occurs when a unit returns from deployment. Mechanics strip all components from an aircraft and completely recondition it. While it can take about three months to reset a helicopter, the parts needed are similar to those requested by units while they're in combat, Singer said.

Seven members of Singer's staff are colocated at Corpus Christi Army Depot in Texas, where mechanics reset and test helicopters. Another two are at the U.S. Army Aviation Center at Fort Rucker, Ala., where training recently increased to speed the delivery of much-needed pilots and crewmembers to the battlefield. Seven of their staff members work alongside officials who oversee life-cycle management of the Army's helicopter fleet at the U.S. Army Aviation and Missile Command at Redstone Arsenal, Ala.

Singer, Demby and Gnassi – like most members of DSCR's Army Aviation Division – are pilots who know what it's like to have their aircraft grounded for need of a critical part.

"The Army division here makes a genuine effort to bring in folks who have helicopter experience because it gives us credibility when we talk to customers about what they need," Demby said. "We understand what they're going through." ★

Army Soldiers perform maintenance on the tail rotor of an AH-64D Apache Longbow helicopter in Iraq. Aviation team members at the Defense Logistics Agency are working to ensure a steady stream of spare parts for helicopters in Southwest Asia.





Approximately 140 Mine Resistant Ambush Protected vehicles line up as part of a massive convoy in Afghanistan. Defense Supply Center Columbus, Ohio, manages 35,000 national stock numbered items in support of the vehicle, doing its part to ensure the vehicles remain mission-ready and service members stay safe.

— Photo by Army Sgt. Chris Florence

Protection Detail

Story by Jonathan Stack



This truck saved my life, as well as five others April 2, 2008 at 2300 hours in Basra, Iraq.”

This statement by an unnamed Army chief warrant officer 2 is scrawled across the bottom of a picture hanging outside Daniel Bohn's office at Defense Supply Center Columbus, Ohio.

The picture of a piece of armor from a Mine Resistant Ambush Protected vehicle “says it all,” said Bohn, the former Defense Logistics Agency MRAP project manager.

“This family of vehicles saves lives,” he said. “This is the vehicle that has been able to bring back [service members] alive.”

As the agency's lead center for MRAP support, DSCC manages 35,000 national stock numbered items in support of the vehicle, doing its part to ensure

the vehicles remain mission-ready and service members stay safe.

MRAPs, with their signature V-shaped hulls and armor plating, provide warfighters multi-mission platforms capable of thwarting most improvised explosive devices, under-body mines and small-arms-fire threats.

DLA keeps stock on hand for more than 17,000 actively used NSNs, at a value of more than \$430 million, to sustain MRAPs and their all-terrain variants, known as M-ATVs, becoming heavily used in Afghanistan. The supply center also coordinates required actions across the DLA enterprise ensuring rapid engagement of supply chains in support of MRAPs.

“We have a pretty robust structure of support activities in Afghanistan to do the



maintenance on the vehicles," said John Dreska, the newly named DLA MRAP project manager. "If a vehicle is damaged it'll be repaired."

The agency has more than 9,000 numbered parts stocked at its Defense Distribution Depot Kuwait, Southwest Asia, in support of ongoing operations in Iraq and Afghanistan.

Four categories of the vehicles are currently being procured, fielded and sustained:

- M-ATV is used for combat operations in rural, mountainous and urban areas.

- CAT I is used for combat operations in rural and urban terrain.

- CAT II is used for multi-mission operations like leading convoys, transporting troops, and serving as an ambulance and utility vehicle.

- CAT III is used for mine- and IED-clearing operations and explosive-ordnance disposal.

The newest addition to the MRAP family is the M-ATV, which is lighter and more maneuverable than standard MRAPs so service members can better navigate Afghanistan's rugged terrain and stay off more-established, routinely attacked routes, officials said.

As fleet size has grown over the years, so has demand for parts, which raised DLA's inventory levels, Bohn said.

"In a little over a year, we've quadrupled the amount of parts we stock forward in support of this endeavor," Dreska said.

The Army, Marine Corps, Air Force and Navy all use variants of the MRAP, and fleet readiness is meeting or exceeding requirements as of March 1, he said.

"The operational readiness is in the mid-to-high 90th percentile; all services are 'green,'" Dreska said, referring to the military practice of color-coding aspects of operational readiness. Green means

Mine Resistant Ambush Protected vehicles undergo testing at the Yuma Proving Ground, Ariz. The Defense Logistics Agency keeps stock on hand for more than 17,000 actively used national stock numbers, at a value of more than \$430 million, to sustain MRAPs and their all-terrain variants, known as M-ATVs.



mission-ready.

Bohn said he attributes the high readiness rates to the overall success of the MRAP program and DLA's sustainment support of the system.

Success can also be attributed to having a team on the ground in Afghanistan, Dreska said.

As the United States' primary focus shifted from Iraq to Afghanistan and thousands of MRAPs began their journey into the country, the agency saw the need to expand its level of support for the vehicles. Soon after, a five-person team, consisting of three DSCC representatives and two Defense Logistics Information Service employees, deployed to Afghanistan to assist the military services.

"Their main purpose is to expedite parts and work through glitches on the ground with distribution of MRAP parts," Dreska said.

The team is the focal point to customers for anything dealing with MRAPs and DLA support, he said.

"They also have tremendous reach-back capabilities," Bohn said. "They're at the pointed end of the spear; they know

what's ground-truth regarding the readiness picture for the family of vehicles."

Team members can tell the supply center what service members truly need and direct procurement personnel back in the U.S. to buy the right parts, expedite necessary parts and work with the original equipment manufacturers to make sure parts are correctly prioritized, he said.

Also working to keep readiness and maintenance rates in the mid-to-high 90s are another team at DSCC and a cross-DLA team that includes DLIS, the Defense Distribution Center and defense supply centers in Philadelphia and Richmond, Va.

Thirty different variants of the MRAP are currently being fielded by six original equipment manufacturers.

"We are using a robust corporate contracting strategy within DLA to support the vehicles," Dreska said. "It's important to have a good acquisition plan."

The agency needs strong contract ties with not just the original manufacturers, but also the people that make other major components for the vehicle, he said.

Many MRAP parts are found across

A Soldier secures a Mine Resistant Ambush Protected vehicle destined for Afghanistan into the back of a C-17 Globemaster III aircraft. The MRAP is a \$40 billion program. In the past two years, the Defense Logistics Agency has spent \$800 million supporting the vehicles.

the different variants, for example the Caterpillar C7 370-horsepower engine, Michelin tires, Spectrex/Firetrace fire-suppression systems and Allison transmissions.

"If the Allison transmission is on all of your vehicles, you better have some good contract support [with the company] behind it," Dreska said.

The MRAP is a \$40 billion program. In the past two and a half years, DLA has spent \$800 million supporting the vehicles.

The MRAP was produced as an initiative to replace most up-armored Humvees in Iraq, because they were vulnerable to improvised explosive device attacks, which were contributing to a majority of U.S. deaths in Iraq.

The first MRAPs were fielded in Iraq in April 2007 and in Afghanistan in October of the same year. Military planners expect thousands of MRAPs in Afghanistan by the end of 2010. *

FUTURECAST

Story by Sara Moore

Four months after a magnitude 7.0 earthquake centered near Haiti's capital of Port-au-Prince leveled buildings, killed and injured hundreds of thousands of people, and left many more homeless, teams from around the world are still conducting relief operations in the island nation.

But in the first hours following the January quake, it was immediately clear to U.S. military planners that massive amounts of humanitarian aid, particularly food, water and medical care, would be needed for the injured victims.

Because of its immense capability and global footprint, the Defense Department has become a first responder in many disaster-relief operations.

As part of the U.S. disaster response, the Navy hospital ship USNS Comfort was alerted for a deployment to Haiti. Sitting in port in Baltimore, the Comfort was only partially stocked with medical supplies.

While doctors and nurses streamed aboard and prepared to conduct the life-saving mission, the Defense

Logistics Agency – through its troop-support leader, Defense Supply Center Philadelphia – alerted its prime vendor partners of an emergency requirement for medical supplies. DSCP also sent two supply experts to join the Comfort's ranks and serve as direct links between the supply agency and the service members administering aid to earthquake victims.

DLA notified the Navy that it could fully load the ship with supplies at port in Baltimore or in Jacksonville, Fla., while the Comfort was on its way to Haiti. Because of the urgency of the mission, U.S. government leaders decided to send the Comfort partially loaded with supplies, with replenishment scheduled for after it reached the disaster area.

Officials said DLA was able to fulfill this requirement because of the agency's link to the ship through staff members, its experience and expertise in predictive demand, and its established relationships with prime vendors.

As the doctors and nurses aboard the Comfort worked hour upon hour treating badly injured earthquake victims in Haiti, the staff at DSCP worked 24/7 writing, updating and letting contracts to make sure the ship's critical stocks were replenished. They also continued to send food, water and construction supplies to the people of Haiti via airlift and ship transport.

In mid-March, almost two months to the day from its initial deployment, the Comfort arrived back in the U.S. at Naval Station Norfolk, Va. The ship's crew had treated 1,000 admitted patients and performed 843 surgeries.

DLA's support to the Comfort's deployment is a good example of how the agency uses supply chains to keep its customers ready for any contingency, said Army Col. Martin Binder, DLA's chief of supply chain operations.

At its core, a supply chain is a process approach to getting supplies from their origin all the way to the customer, Binder explained. The Defense Department has designated DLA as the executive agent responsible for the supply chains of



subsistence, fuel and medical supplies. The agency shares responsibility with the military services for clothing and construction equipment. DLA uses supply chains every day as it works with manufacturers, vendors and customers to ensure warfighters get what they need on time, every time, he said.

In normal operations, a supply chain is in place before a product is manufactured, as soon as a requirement for supplies comes in from a customer – in DLA's case, the military services. But even before a requirement comes in, DLA is often already prepared to fulfill that requirement based on demand signals, Binder said. Demand signals are predicted requirements based on stockage methodologies and philosophies, as well as past usage patterns.

This is why DLA was ready to stock the Comfort for its Haiti mission so quickly, officials said. Based on predictive demand signals, DLA already knew what supplies would be needed for a large-scale humanitarian mission and had contracts in place with prime vendor partners who would be able to provide those supplies on short notice.

While the natural disaster in Haiti was an unplanned event that required immediate action, DLA also uses predictive demand signals in ongoing, planned operations, explained Anthony Cosenza, deputy director of operations at DSCP. Cosenza works with the four supply chains DSCP manages – subsistence, medical, clothing and textiles, and construction supplies and equipment – and tries to coordinate the outcomes to create a holistic view of troop support.

A good example of an ongoing operation that used predictive demand signals is the troop buildup in Afghanistan, Cosenza said.

As soon as U.S. commanders on the ground in Afghanistan said they would need more troops to accomplish their mission, DSCP, as DLA's troop-support center, had to begin forecasting what support it would need to provide for the addition of a large number of troops to the force already in country, Cosenza said.

Staff members there used predictive planning techniques that went through a number of possible scenarios, combined with experience from prior troop increases, to determine what supplies they would need to have in place before the troops arrived. Officials said shelter, force-protection and subsistence supplies needed to be pre-positioned to ensure forces entering the operations area could be fed and protected upon arrival.

DSCP spent about \$25 million on building supplies, force-protection barriers, barbed wire, sandbags, and other material that needed to be in place to keep the troops safe and housed, he said.



Sailors man the rails as Military Sealift Command hospital ship USNS Comfort pulls into Norfolk Naval Station, Va. Stocked by Defense Supply Center Philadelphia, the Comfort was an integral part of the U.S. military response to this winter's earthquake in Haiti.

— Navy Petty Officer 2nd Class Lolita M. Lewis

Sailors aboard the hospital ship USNS Comfort store supplies received from the Military Sealift Command supply ship USNS Sacagawea off the coast of Haiti. Supplies procured by Defense Supply Center Philadelphia allowed the Comfort to support Operation Unified Response in the Caribbean nation.



Navy Petty Officer 3rd Class Matthew Jackson



"That's what a supply chain will do, it provides the surge capacity to lean forward, so that we're able to meet customer or military deployment requirements with speed and agility," Cosenza said.

In any operation, a supply chain would never work without the support of manufacturers and prime vendors, who produce the materials DLA needs to keep warfighters mission-ready. So, once demand signals are created or requirements come in, Cosenza said, coordination with vendors is key to keeping the supply chain moving forward.

For many of DLA's products, the agency has established prime vendors, Cosenza said. A prime vendor is a manufacturer that has a long-term, exclusive contract with DLA to provide material in a certain region. For instance, DLA's prime vendor for food products in Afghanistan is a company called Supreme. As a prime vendor, Supreme not only provides all the food that DLA ships into the country, but also stores it and transports it using the company's own warehouses, trucks, drivers and 'air force' to reach remote forward-operating base locations," Cosenza said.

The key to supply-chain integration is matching customer needs with supplier



Marine Cpl. Daniel M. Moman

Marines unload water bottles delivered by a resupply convoy in Afghanistan. The Defense Logistics Agency uses a prime vendor to supply food items and water to warfighters in Afghanistan.

Whether a demand chain is used in the traditional sense or a customer contacts a field activity directly, the important thing is that relationships are developed, Cosenza said. All of DLA's supply chains involve different types of customers, and the knowledge of those customer sets, combined with expertise of different industries, is what keeps the agency functioning at a high level.

"Product knowledge is really key to being able to satisfy customer needs," he said. "Young service members may not really know what they want or need. Our job is to know the product so well and know the customer so well that we know what they need to accomplish their mission."

Binder also stressed that relationships – whether with customers, manufacturers or other government agencies – are what keeps supply chains, and DLA, functioning.

In the case of supplying the Comfort for its Haiti mission, what enabled DLA to be so successful were the relationships the agency already had in place with the departments of State and Defense, the U.S. Agency for International Development, the Federal Emergency

capacity and capability, he explained.

"That brokerage between a contractor and a customer is the key to being able to ensure that contractor knows what the customer's going to need, and then we ensure we have the clauses in the contract that allow him to be able to respond to those needs as they emerge," Cosenza said.

While DLA uses supply chains to manage end-to-end movement of materials, it uses demand chains to interface with customers and ensure their requirements are being met.

Demand chains operate within DLA's primary-level field activities and work directly with customers on demand planning and requirements forecasting, and also solve any problems the customers may have, Cosenza said.

The construct DLA uses assigns customers to a primary demand chain, which is usually at the field activity where they get most of their material. That demand chain handles all dealings with that customer. Although this is how the system is supposed to work, Cosenza acknowledged, many times, if a customer has a problem with a specific product, he will look up where the product came from and go directly to the source, bypassing the demand chain.

Management Agency, and the military services, Binder said.

DLA does a lot of exercises with other agencies to prepare for emergencies and has codified agreements in place establishing where the responsibilities will fall, he said. So when an emergency happens, the framework is already in place for a quick, effective response.

"Automation is important, technology is important, but the relationships are key, and knowing that before you get into a very hard, sticky problem – either Haiti or something that involves a lot of DoD dollars – having those relationships and being able to come to an agreement is absolutely essential," Binder said.

Whereas a corporation like Wal-Mart is looking at the "almighty dollar" and operating in a very competitive business environment, DLA's business is all about collaboration with other government agencies to make sure warfighters get what they need, when they need it, while being good stewards, Binder said.

"There's a lot of collaboration within DoD, and we have to work together, because if we fail, we don't just lose money, we could lose lives," he said. ♦

Soldiers in Afghanistan depend on the Defense Logistics Agency's supply and demand chains to provide what they need to accomplish their missions, like the force-protection materials being used here.



Air Force Tech. Sgt. Francisco V. Govea II

FLEET SERVICE



Story by Sara Moore



Advanced ships modeled after the Littoral Combat Ship Independence will be replacing the Navy's current aging fleet of battleships. The USS Fort Worth is currently under construction with delivery anticipated in late 2012. The Defense Logistics Agency works closely with ship-building contractors and Naval Inventory Control Point personnel to ensure the timely delivery of crucial parts in the ship's outfitting stage.

— Courtesy Photo

The future is near for the U.S. Navy.

Instead of the historical model of Navy service, surface ships are now required to support missions ranging from homeland security to the war on terrorism. In response to this changing operational environment, the Navy is designing and building a new fleet – one that is more versatile and technologically advanced, that can deploy rapidly and respond to unanticipated threats.

But as the Navy works toward this future force, which officials said will include advanced new weapon systems, more efficient power systems and shared technology, it has a challenge. Sustaining current operations means the Navy must maintain its current fleet of aging ships,

some of which have been sailing the seas for more than 40 years.

At the Defense Logistics Agency, team members are working to ensure the Navy has what it needs to build and maintain these new ships while keeping older ships mission-ready.

Defense Supply Center Columbus, Ohio, is home to the agency's land and maritime supply and demand chains. DSCC's Maritime Customer Operations Directorate supports all Navy ships, submarines and associated maritime units, including the projected future force.

Within the Maritime Customer Operations Directorate, Navy Cmdr. Kevin Cheshire, maritime readiness officer, and his staff of weapon-system support managers work closely with the Navy to monitor and maintain the health of weapon-system platforms. One of the newest projects Cheshire's team is working – the littoral combat ship – is an entirely new class of Navy warship that will operate primarily in shallow coastal waters.

The LCS program was initiated in 2002, and contractor designs were submitted to the Navy in 2004. Carol

Monticue, surface combatant weapon-system support manager, has been working on the LCS project since 2006. She saw the first two iterations of the LCS, the USS Freedom and USS Independence, delivered to the Navy in 2006 and 2008 and is working on the third iteration, the USS Fort Worth, which is currently in the build phase.

Since the LCS is a brand-new type of ship, Monticue said, it requires many parts that are also new and often unique, which means they are committed exclusively to that class of ship. The LCS also has many foreign-sourced systems, and these factors create quite a logistical challenge.

"These are items that have had low demands or, obviously, no demands, so that's where the challenge comes in relative to life-cycle management. Initial support can require technical-data review and pricing validations for these first-time-buy items. The goal is always to obtain the parts in time to support the ship's 'sail-away,'" she said.

Navy ships are built by contractors, and DLA doesn't get involved until the ship has reached the initial outfitting phase, when the contractor equips it with many crucial parts, Monticue said. During this phase, she said, the weapon-system support managers work closely with the ship building contractor, planning yard, and Naval Inventory Control Point



Mechanicsburg, Pa., to ensure those parts make it to the ship.

"There's a lot of coordination that happens in the beginning, and you develop excellent points of contact and rapport with various entities within the Navy and the contractor as well," she said. "And as we transition to LCS 3 now, I am engaged with these individuals in trying to ensure that those parts are received on schedule. If there are any

challenges in the system in getting those parts, we try to work through those."

In addition to planning and building its future fleet, which is slated to include the LCS and new models of destroyers and cruisers, the Navy is also trying to expand its fleet from 280 ships to 313 ships. That expansion, coupled with current mission requirements, means that keeping older ships in top condition is a high priority, officials said. DLA is a key

player in this area also.

Fielding new ships comes at a high cost, Monticue explained, so the Navy is relying on many of its older ships to keep it ready for ongoing operations. This means that ships that would normally be decommissioned at 25 years are being extended to 30 or 40 years. Supporting this aging fleet brings a host of challenges, the most prominent being obsolescence, she said.

The issue of obsolete parts is much more complex in the Navy than in other services because of the difference in volume, Cheshire said. Where the Air Force has hundreds of F-15 fighter jets, the Navy only has 20 or 30 frigates and 10 carriers. Thus, a company that manufactures parts for a 30-year-old Navy ship has less incentive to continue producing those parts than a company that produces aircraft engines or air frames.

"That's not a bad reflection on them; that's the reality of business," Cheshire said. "So that is why ... obsolescence in the Navy is a more difficult issue. As time goes by and those obsolete parts manifest themselves, it's inherently more complicated because we have such a small [manufacturing base from which to draw]."

When an obsolete part does manifest itself, Cheshire said, the staff at DSCC has a few options. First they determine whether the original source for the part was the only known or authorized source. If that is not the case, they simply have to find another source for the part. However, if the original source was the only known source, DSCC has to start some "exploratory surgery" to find a solution, he said.

DSCC will go to the military service, in this case the Navy, and request authorization for a new source for the existing part or request a new item to replace it. Ultimately, the decision rests with the Navy, and DSCC responds to the service's guidance, he said.

"A lot of those decisions are engineer-

Navy aircraft carrier USS Carl Vinson performs tactical maneuvers with guided-missile cruiser USS Bunker Hill and an Uruguayan navy frigate during Exercise Southern Seas 2010. Defense Supply Center Columbus, Ohio, is working to sustain the Navy's current fleet of ships.



Navy Petty Officer 2nd Class Ashley Van Dien



ing decisions, and the services act as the engineering support activities,” he said. “They make the decisions, ... and we respond to that.”

DLA has another option when faced with discontinued production of an item or series of items, Monticue said. The DLA Diminishing Manufacturing Sources Office works with manufacturers willing to make one final production run. The DMS office collaborates with the services and pools lifetime requirements to forecast how many of these items will be required to support a given system through its anticipated life cycle. She said DLA then places one final order, knowing it will be the last chance to stock up on those parts.

To combat the issue of obsolescence and keep its aging fleet in service, the Navy is making a big push for modernization, Monticue said. Modernizing older ships brings them in line with current technology and bridges the gap between the older fleet and the future fleet, she said.

Modernization began with Ticonderoga-class cruisers in 2008 and carried over to Arleigh Burke-class destroyers in April.

Cheshire likened the modernization push to someone who owned a 1957 Chevy but knew he would be getting a hovercraft in the immediate future.

“You probably don’t want to design, fund and build a new car in the interim to bridge the gap,” he said. “Figuratively speaking, instead, we’ll overhaul the engine, install satellite radio and replace the tires.”

As DSSC supports the Navy’s modernization of the aging fleet and building of the future fleet, it also continues to support vessels that fall somewhere in the middle. Something keeping Cheshire and his staff very busy is the support of Virginia-class submarines, which are the Navy’s newest attack subs.

Virginia-class subs have been in service for a few years and are coming up on their first major overhaul, what the Navy and DLA refer to as an extended dry-docking selected restricted availability, known as EDSRA.

An EDSRA is a very extended maintenance availability, where the submarines will be in dry dock for about 11 to 12 months, Cheshire said. To support the first two overhauls, DLA

The Virginia-class submarine USS Texas arrives at its new home port, Naval Station Pearl Harbor, Hawaii. The Defense Logistics Agency and the Navy are collaborating on plans for the first major overhaul of Virginia-class subs.

is partnering with Naval Sea Systems Command to procure about 1,000 spare parts. These are parts DLA would normally not procure, but the agency is “leaning forward” to support these important upgrades, he said.

“It is an understatement to say this is a very complicated process,” he said. “There is a lot of planning that goes into this. The level of technology on board one of these submarines is off the chart.”

The first EDSRA, for the USS Virginia, is scheduled to start Oct. 1, and DSSC has been working for the past year to get the material procured and forward-positioned, Cheshire said. This massive effort spans all three DLA inventory control points and requires constant communication across supply chains and with Naval Sea Systems Command representatives.

“We have to get this right because this is the attack submarine of the future,” Cheshire said. “We’re taking it very seriously.” ♦

Good as New

Story by Jonathan Stack

War is expensive, and two wars are twice as expensive.

To help save taxpayers' money, the Defense Logistics Agency's Defense Reutilization and Marketing Service is helping give excess equipment and parts new life.

Excess equipment and parts can be used to fill existing requisitions in two ways: through excess property collected and stored at the agency's defense reutilization and marketing offices and through cannibalization.

Cannibalization is removing parts from an un-repairable major end-item and using those parts to get other end-items back into operational readiness.

"For example, an unserviceable [Humvee] may be parked at a defense reutilization and marketing office for a couple months, and units will come in and take components or parts off [it] to use on another vehicle," said

Marlow Burns, DRMS property disposal specialist.

The reutilization and marketing service saves the Defense Department money by reusing, transferring, donating, selling or disposing of excess and surplus property, officials said. DRMS makes all property in its inventory available for all military service components to see what is ready for re-use.

DRMS is important to military units because it provides an avenue for units to take property and go ahead and finish out their retrogrades, Burns said. Quite often property can be re-used by another unit even though it may be excess to the departing unit.

"[DRMS] has helped in Afghanistan, Iraq and Kuwait by providing more than \$600 million in property through reutilization efforts back to the warfighter from U.S. Central Command DRMOs since 2006," said Richard Brunson,

director of DRMS' Disposal Services Directorate in the USCENTCOM region.

"DRMS provides property back through reutilization to meet the services' requirements for material rather than having to procure new assets," Brunson said. "It is essentially an enabler in that it helps the services by preventing the requirement for procurement of new assets for property that is available at DRMOs within theater or even worldwide," Brunson said.

Reutilization efforts from these DRMOs save the services not only the cost of procuring new items, but also prevent a delay in getting many assets back to full-mission-capable status faster because warfighters avoid waiting the time it takes to ship these parts and items to their location, he said.

In order for a unit to request an item from DRMS, there must be a letter of authorization from an organization allowing personnel to withdraw property from a DRMO. The unit then will identify what it needs by looking at inventory lists available on DRMS' Web site or by contacting disposal service

Courtesy Photo

Personnel prepare to unload excess and scrap tires, and equipment at Camp Lemonnier, Djibouti, with the support of the Defense Reutilization and Marketing Service. Excess parts and equipment can be used to fill existing requisitions for military goods, thereby reducing customer wait times.





A Humvee is power-washed before being inspected and repaired in a retrograde lot at Camp Arifjan, Kuwait. Unusable vehicles stored at defense reutilization and marketing offices provide troops access to spare parts that can be quickly removed and used to get another vehicle back in mission-ready condition.

representatives. If unit officials find what they need available at a DRMO, they can requisition it for official use.

DRMS acquires excess property from military units that deem the property no longer needed. All U.S. government excess property managed by DLA is turned into a DRMO. The services turn property back into their supply systems or equipment representatives, and those staffers direct the turn-ins to the DRMOs.

The services aren't the only ones DRMS benefits; DLA benefits from DRMS because it demonstrates the DLA director's intent of stewardship and support to warfighters by ensuring the agency does what is fiscally sound in helping DoD get the most bang for its buck from an ever-tightening budgetary standpoint, Brunson said.

"DRMS plays an integral role in providing materials that help warfighters sustain equipment and ultimately helps keep our troops safe by enabling them to have the best functioning equipment available for mission requirements," he said. ☈

Courtesy Photo



Dollars and Sen

A-76 PROGRAM

ESM PROGRAM

HIGH PERFORMANCE
ORGANIZATION



Story by Beth Reece

IN-SOURCING INITIATIVES



New plans are in place to ensure the Defense Logistics Agency meets a savings target of \$127 million through streamlined operations over the next seven years in response to recent statutory restrictions that limit the use of competitive sourcing through the A-76 Program.

The 2010 Consolidated Appropriations Act prohibits use of fiscal 2010 funds to conduct new public-private competitions that could move to private industry commercial activity jobs being performed by federal employees. The 2010 National Defense Authorization Act temporarily suspends new public-private competitions while the Office of the Secretary of Defense completes a formal study of the A-76 process.

"The A-76 Program still exists, but the 2010 NDAA restrictions and the 2010 Consolidated Appropriations Act funding moratorium have made our plan to announce 15 new competitions through 2017 unexecutable for the foreseeable future," said A-76 Program Manager Ken McLain, Acquisition Programs and Industrial Capabilities Division, Acquisition Management Directorate.

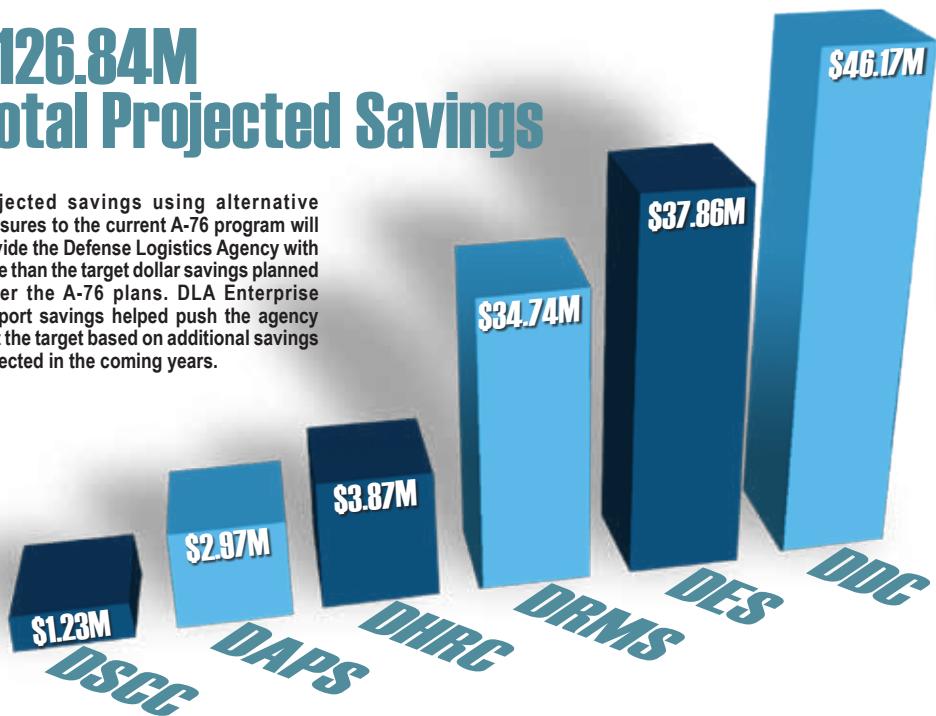
Agency activities with previously scheduled A-76 competitions are: the Document Automation & Production Service, with projected savings of \$2.97 million; Defense Distribution Center, \$46.17 million; DLA Enterprise Support, \$37.86 million; DLA Human Resources Center, \$3.87 million; Defense Reutilization and Marketing Service, \$34.74 million; and Defense Supply Center Columbus, Ohio, \$1.23 million.

McLain's office partnered with officials at all six DLA activities that were part of the previously scheduled competitions to create alternative plans aimed at helping the agency reach its \$127 million savings goal. The plans involve a variety of tools. Some fall under the new Federal Services Management Program run by McLain's office, which involves the strategic management of federal commercial services enterprise-wide to improve productivity and drive down agency costs. The rest involve business-process re-engineering, continuous process improvement, and managed reductions, an approach that typically reduces overhead costs through a combination of employee

Reducing Costs and Maximizing Warfighter Support

\$126.84M Total Projected Savings

Projected savings using alternative measures to the current A-76 program will provide the Defense Logistics Agency with more than the target dollar savings planned under the A-76 plans. DLA Enterprise Support savings helped push the agency past the target based on additional savings projected in the coming years.



buyouts, early retirements and hiring freezes.

Federal Services Management tools reduce costs by utilizing DLA-designated high-performing organizations, in-sourcing and direct conversions, in addition to public-private competitions. FSM tools are rigorous, disciplined and accountable, using best business practices gained from more than a decade of experience with A-76 competitions and OSD-designated HPOs. Under FSM, DLA-designated HPOs are similar to "most efficient organizations" created by and composed of DLA employees to bid in A-76 competitions, McLain said, but unlike MEOs, HPOs are not subjected to competitive bidding by private industry.

"We still create a statement of requirements, a letter of obligation, and a quality-assurance surveillance plan for HPOs," McLain said. HPO plans also undergo independent reviews by auditors in the DLA Accountability Office prior to implementation to validate all requirements, costs, and workload forecasts and to assess that the plan can realistically be carried out

to meet savings goals without negatively impacting performance.

Direct conversions are formal acquisitions that outsource work performed by federal employees without using public-private competitions. Direct conversions are restricted by law to AbilityOne contracts under the Javits-Wagner-O'Day Act to provide work opportunities for Americans who are blind or have other severe disabilities, and to Native Alaskan, Native

American and Native Hawaiian contracts. The alternative plans to the A-76 competitions do not currently include any direct conversions, McLain said.

The third Federal Services Management tool, in-sourcing, involves moving work that is currently contracted out to private industry back in-house. This is usually done when the work a contractor is performing can be done cheaper by federal employees or if the work is found to be inherently

governmental or, while considered commercial in nature, should be exempt for continuity of operations or other reasons, McLain said.

DAPS and DHRC have elected to use the FSM DLA-designated HPO tool. Both have already been designated as Office of the Secretary of Defense HPOs, so they will simply convert to DLA-designated HPOs, a process McLain said will be transparent to employees and customers. The DHRC conversion is slated for April 1, 2012, and the DAPS' conversion is slated for Oct 1, 2014.

Beth Reece
Document Automation & Production Service employees will use the Federal Services Management Program to streamline operations and save \$2.97 million by 2017.



The choice to become a DLA-designated HPO works well for DAPS for two reasons, said Shawn Magill, DAPS' corporate projects director.

"First, the 'HPO' label is very prestigious, and it reflects the hard work and dedication of our DAPS employees," he said. "Second, we can market this performance designation to our current and potential customers to instill confidence in their choice of DAPS [to provide] document production services."

DRMS officials are still determining what tools to use in lieu of two previously planned competitions that involved more than 700 employee positions and a small contingent at the service's headquarters.

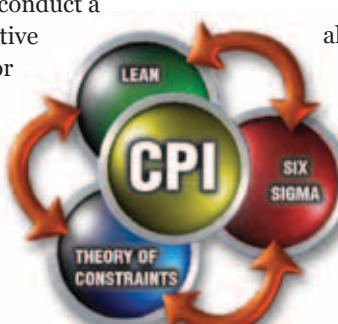
"Over the next 12 months, DRMS will do a business case analysis to look at its existing operation and what its customer requirements are, then develop a 'to be' state and decide which of the FSM or non-FSM tools will help DRMS get to its desired end-state," McLain said.

DDC, DES, and DSCC plan to use non-FSM tools: business process re-engineering, continuous process improvement, and managed reductions.

"All the activities were allowed to choose the tool, or set of tools, they think will work best for them, so those that don't want to use FSM tools have been able to pursue other methods of meeting their savings targets," McLain said.

DDC officials plan to conduct a managed reduction initiative along with a study of labor and infrastructure for their next generation distribution network in lieu of seven previously planned A-76 competitions.

"Although DDC has chosen to use non-FSM tools, they'll still be using all the staffing model best practices they picked up through previous A-76 competitions and applying them across the distribution network to include those depots that have not gone through A-76 competitions," McLain said. "They expect to be able to do a managed reduction over



Continuous Process Improvement is an example of a non-Federal Service Management Program tool being used by primary-level field activities to reduce operational costs while maintaining high-level warfighter support.

Beth Reece Defense Reutilization and Marketing Service officials have 12 months to determine whether they will use tools that fall under the Federal Services Management Program or such non-FSM tools as business-process re-engineering to achieve \$34.74 million in savings by 2017.

a period of time that will enable them to meet their savings targets. And having worked with DDC all these years, I'm very confident that they will succeed."

The Columbus supply center was originally scheduled to do an A-76 competition for its test labs, but will now use a combination of business process re-engineering and continuous process improvements.

The only DLA activity to have already achieved its savings goal is DLA Enterprise Support, which used managed reductions to eliminate 54 vacant full-time equivalent positions – five more than originally programmed under its cancelled A-76 competition – from facility maintenance in October 2009.

"With a managed reduction, you're typically reducing numbers [of employees]; but we were able to do some rebalancing and no one lost their job," said Mark Melnyk, DES headquarters deputy site director. "A large part of what we did was move people to areas where we either had new

requirements or needed more [staff]."

The savings achieved by DES will actually enable DLA to beat the \$117 million savings target originally projected under A-76 plans, McLain said, because the FTE savings are taken a year earlier than programmed and, when combined with the extra FTE cuts and the elimination of programmed investment funds for future A-76 competitions, are projected to save an additional \$10 million in the coming years.

An annual report to DLA's senior leadership will be done by McLain and the FSM Working Integrated Product Team to track savings and performance metrics as each A-76 alternative is executed.

"This will give us a level of transparency and accountability and help ensure that the savings we get is not at the expense of performance," he added.

The Defense Logistics Agency saved more than \$815 million through A-76 competitions and OSD-designated HPOs between 1998 and 2009.

"In today's environment if we don't continue to streamline our operations and provide high performance to our customers, we'll become irrelevant," McLain said.



TEN QUESTIONS WITH. . .

Brig. Gen. Thomas

Columbus Supply Center Commander Tackles Hot Topics in Land, Maritime Support

1. What did you know about the Defense Logistics Agency prior to assuming command of its land and maritime support operations?

As a career Army logistian, I was keenly aware of DLA's role in sustaining operations and spent many hours considering that role – particularly the critical mission of providing fuel to operating forces. I probably underestimated the challenges and complexities DLA confronts to manage its eight supply chains. Thousands of customers operate hundreds of weapon systems. Some are in combat with the enemy and require immediate and undivided attention. We face enormous obsolescence-management challenges to support aging weapon systems and contend with considerable variation in demand patterns, both of which complicate demand-planning processes.

The past six months have been a real eye-opener – I've learned a great deal and developed a deep appreciation and respect for the jobs DLA professionals perform every day.

Defense Logistics Agency Photo



2. Warfighter support is a DLA-wide focus, but it hits closer to home for you – not only are you a warfighter yourself, but your son is also serving in Iraq. How do warfighters drive Defense Supply Center Columbus, Ohio's daily operations?

My son is an Army staff sergeant, but every Soldier, Sailor, Airman and Marine deployed overseas is

dear to someone. Dozens of DSCL staffers have family members, friends and co-workers involved in current operations. The strong personal and family connections between employees and warfighters help the workforce understand and appreciate the direct relationship it has on warfighter support.

3. The secretary of defense has named the Mine Resistant Ambush Protected vehicle and its all-terrain variant priority-one weapon systems for support. As DLA's home for MRAP and M-ATV support, how does your team sustain these critical systems?

Sustainment of MRAP and M-ATV systems is our most important support initiative at DSCL. We've worked with the MRAP program manager, Defense Logistics Information Service, Army, Marine Corps and others to ensure we succeed. Because the program's chief goal was to field these life-saving vehicles quickly, the normal lead-time to provision repair parts

Land and Maritime Support Operations Demand Planning Processes Weapon System

Richardson

typical of other weapon-system introductions was missing, and we had no real history of repair-part demand. MRAP is actually a family of similar vehicles with a number of configurations made by six different manufacturers, so understanding the scope of the repair-part requirement was a challenge.

Once DLIS assigned national stock numbers and cataloged parts, DSCLC got inventory flowing rapidly into DLA depots, particularly readiness drivers like parts for suspensions, fire-suppression systems, wiring harnesses and air conditioning/heater systems. In just over one year, the number of MRAP NSNs in the supply system doubled, depot stock-on-hand tripled, and forward stocks in Kuwait quadrupled. DLA now stocks more than \$400 million in MRAP parts in its various depots.

Operational readiness of the MRAP fleet is the real test of our efforts, and readiness rates are high – more than 90 percent are operationally ready.

4. As the responsible drawdown continues in Iraq and operations increase in Afghanistan, what challenges do you see for DSCLC's continued support of warfighters in Southwest Asia?

We have planned for a decrease in operations tempo of specific vehicles and other weapon systems from Iraq that are not deploying to operations in Afghanistan. We have dialed-back demand forecasts for parts that support those vehicles.

We will also manage the impact of Army- and Marine Corps-owned inventories of repair parts that had been sent forward to support operations returning to the continental U.S. As this material is returned to CONUS service depots, we foresee them living off that inventory for a period of time for industrial repair and overhaul production. We will adjust our buys and are working with the services on this issue.

We're poised to support any increase in OPTEMPO in Afghanistan. We maintain a continuous dialogue with Army and Marine Corps logisticians to discuss weekly readiness rates, potential long

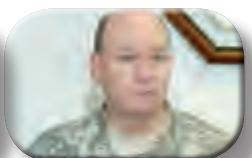
lead times and ways to prevent or correct issues.

5. One of your top priorities is support for the Navy's nuclear propulsion program. What is the most important component of DSCLC's support and how does the center sustain this program?

Our success in supporting the program is based on teamwork between the customers, suppliers and employees who interact with them daily. We ensure sustainment by including nuclear customers in every decision, and we continue to work to improve our relationship. The endgame is the readiness and reliability of the Navy's nuclear fleet. We believe in that mission and are willing to do whatever is necessary to see it through.

6. Under 2005 Base Realignment and Closure legislation, DSCLC gained the tire supply and support mission for almost all of the Defense Department. What are some of the associated challenges?

Overall, the tire privatization initiative has been a monumental success. Customers have been very satisfied with DLA's performance,



Support Readiness and Reliability of the Navy's Nuclear Fleet Storage and Distribution

TEN QUESTIONS WITH . . .

seeing on-time delivery levels consistently higher than 95 percent.

We had a few challenges, and there were some initial challenges for customers. Even though the contract resulted in a net decrease in costs for tires to DoD and taxpayers, it shifted some transportation costs down to the individual ordering units. This required some adjustments in service budgets to get the ordering units properly funded. We also discovered commercial tire practices do not always meet the needs of military customers, so we've adjusted the contract to palletize tires for shipping and handle return of tire carcasses.

7. BRAC 2005 legislation also directed certain military service components integrate into DLA to achieve operational and cost efficiencies. How have the changes impacted DSCC's mission?

Among other things, BRAC directed us to assume responsibility to procure depot-level repairable assemblies from the services. That means leveraging DLA's huge buying power and going to market with consolidated requirements for consumable and repairable items. We now have detachments at Warren, Mich., Mechanicsburg, Pa., and Aberdeen, Md., and we're finding opportunities for joint and combined contracts to drive prices down and efficiencies up.

BRAC also directed us to assume responsibility for managing supply, storage and distribution functions at

the services' large industrial depots, where they perform heavy equipment maintenance and overhaul. We now operate detachments at Norfolk Naval Shipyard, Va.; Puget Sound Naval Shipyard, Wash.; Marine Corps Logistics Base Albany, Ga.; and Tobyhanna Army Depot, Pa.

The future will bring more integration as we incorporate additional SS&D activities at Pearl Harbor Naval Shipyard, Hawaii; Portsmouth Naval Shipyard, N.H.; MCLB Barstow, Calif.; and Anniston Army Depot, Ala.

8. You have created a five-year plan aimed at charting details of the center's manpower and mission. What opportunities does the plan provide DSCC in the near and long terms?

I've directed a selective hiring freeze to slow execution of our labor budget, so we can achieve the DLA director's mandate to maintain our current cost-recovery rate in fiscal 2010. In the Army, we operate under a table of authorized strength, so I've directed DSCC managers do the same. We've developed a detailed baseline of personnel to document current and desired future states.

Beyond this, I've told DSCC directors to model cost reductions of 5 percent per year between fiscal 2011 and 2016, for a total reduction of 20 percent over seven years. Later this spring, directors will brief me on their detailed plans and we'll make decisions on how to proceed.

9. The agency director has said to expect lean years ahead in the defense budget. How does your five-year outlook help DSCC plan for the future and make the most of scarce resources?

We foresee a reduction in military OPTEMPO in the future and a shift in national priorities, so preparing for the future is the basis of this five-year effort. I believe sales will remain fairly strong in the medium term, particularly as land-force equipment returns to CONUS and undergoes repair and refurbishment. After that I believe we should prepare for declines. The key is to make those plans now.

10. What do you see on the horizon for DSCC?

Predicting the future is difficult, but I see DLA as a growth area within DoD. BRAC 2005 extended DLA's responsibilities, and it can extend further to achieve additional savings through centralized and consolidated buying power, storage and distribution, and inventory efficiencies.

DSCC will continue to expand to detachments colocated with major customers. This will eventually scale to 12 detachments, representing almost a third of its workforce. I see a bright future for DLA and DSCC, and it's an honor to help create it.

upon Systems Support Readiness and Reliability of the Navy's Nuclear Fleet Storage

DLA Launches Facebook Page

Joining 350 million people already on the popular social media site, the Defense Logistics Agency has launched its official Facebook page at <http://www.facebook.com/dla.mil>.

The page is available for viewing by anyone in the world, but DLA's primary audiences for the page will be customers and suppliers, Department of Defense leadership, media representatives, other DoD organizations and DLA employees.

"Knowing that thousands of people now turn to social media sites for information was a primary factor in adding a Web 2.0 initiative to my 2010 Director's Guidance," DLA Director Navy Vice Adm. Alan Thompson said.

Content posted on the page will inform fans of DLA news and milestones, highlight extraordinary employees and provide a calendar of DLA events as well as photographs and videos.

Taking advantage of Web 2.0 technology, DLA officials said they hope to receive comments and feedback on postings and create an active dialogue.

The Facebook page joins the agency's public Web site, <http://www.dla.mil>, and the agency's internal communication site, DLA Today, as methods to communicate with employees, customers and other stakeholders.

— Defense Logistics Agency
Strategic Communications



Depot to Receive DoD Award for Installation Excellence

The Defense Logistics Agency's Defense Distribution Depot Susquehanna, in New Cumberland, Pa., has been selected to receive a Commander in Chief's Annual Award for Installation Excellence, Defense Department officials announced April 9.

DDSP is one of five 2010 winners of the prestigious award.

The distribution depot, under the command of Navy Capt. J.G. King, was recognized for its service in providing commodities to all armed forces, federal agencies and other defense depots in the eastern half of the United States, as well as Central and South America, Europe, North Africa

and Southwest Asia.

As the Defense Department's largest distribution center, the depot last year built more than 28,600 air pallets, filled more than 9,990 sea containers and loaded more than 6,300 trucks for delivery to more than 50 military installations, officials said. At the same time, the depot completed "massive re-warehousing" in preparation to receive material repositioned from the Base Realignment and Closure process, giving it stewardship of more than a million different stock items.

"The Commander in Chief's Annual Award for Installation Excellence



recognizes the outstanding and innovative efforts of the people who operate and maintain U.S. military installations," according to a DoD news release. "The five recipients of this highly competitive Presidential award were selected for their exemplary support of Department of Defense missions.

"Installation excellence enables better mission performance and enhances the quality of life for military men and women and their families. Each winning installation succeeded in providing excellent working, housing and recreational conditions."

An awards ceremony honoring the recipients of this year's award is slated for May 5 at the Pentagon.

— Defense Logistics Agency
Strategic Communications



Success Prep

Story by Sara Moore

Strong leadership commitment and a concentrated effort by many agency employees are what enabled the Defense Logistics Agency to successfully transition 5,141 employees out of the National Security Personnel System and back into the General Schedule system about a month ahead of the Defense Department's schedule, DLA human resources officials said.

The transition happened March 28 and included all of DLA's NSPS employees except those who were deployed at the time, said Stacey Salo, staff director for human resources policy. Deployed employees covered under NSPS will be transitioned out of the system upon their return or no later than Jan. 1, 2012, the latest possible date for conversion as mandated by the fiscal 2010 National Defense Authorization Act, she said.

At the time of its transition, DLA was the largest defense agency to have successfully transitioned out of NSPS, said Brad Bunn, director of human resources. It also accomplished the quickest transition, moving forward even before DoD fielded an automated transition process, which was planned for late April.

One of the main reasons DLA moved forward quickly was the nature of the agency's workforce, Bunn said. Unlike other defense agencies, DLA did not have all its employees covered under NSPS, he said, and therefore had NSPS employees and GS employees working side by side. This situation was not ideal and was not the way DoD envisioned NSPS working, Bunn said.

"I call it reunification, if you will," he said, referring to the transition out of NSPS. "It basically reunifies our NSPS and GS workforce so that we're now back to operating under one set of rules for pay, classification and performance management."

Agency leaders understood that making such a quick transition, and doing each personnel transaction manually, would involve a lot of work and might come at a cost to normal human resources business, Bunn said. To offset that cost, DLA human resources leaders made sure the workforce was prepared so the agency's mission was affected as little as possible, he said.

"The mission impact was felt by the [human resources] organization, but I think the way that we planned and executed it ensured that we minimized the impact to DLA overall," he said. "Our support to warfighters and customers, our core mission areas, those were paramount in our planning, in terms of ensuring no impact to them."

Within the first week of the transition, most employees received a notification of personnel action, including their grade, step, pay and position description under GS, Salo said. Key to the success of the transition, she said, was a commitment by agency leadership to do the work necessary to make it smooth and orderly.

"From the time that we were asked to transition to when it actually was effected was a really short window of time to accomplish all the tasks and take care of all the steps that needed to happen to make that successful," she said. "It took a concentrated effort and a commitment on

the part of the leadership to review all the position descriptions of the employees that were affected, make sure that those job descriptions were reflected accurately, and then commit to a communications change-management plan to explain to employees what was going to happen during the transition and how their pay would be affected."

Bunn also cited the commitment by agency leadership as paramount to the transition's success. DLA's senior leadership had been planning and working for months to ensure a smooth transition and had been communicating with the workforce from headquarters down to each primary-level field activity to make sure employees knew what to expect, he said.

"That has been an absolute key to success – from the director and the senior leadership team, throughout the field organizations that have people in NSPS, we had a level of engagement and attention that was essentially the same as when we spiraled into NSPS," he said.

Another key to DLA's successful transition out of NSPS was the agency human resources staff, who did all the planning and coordination, and then executed the transition, Bunn said.

"I'm extremely lucky to have the best human resources operation in the Department of Defense working here in DLA," he said. "They were absolutely committed and dedicated to making this successful."

Now that the transition is complete, DLA is focusing on sustaining the momentum of the cultural change and contributing to the development of the DoD-wide performance-management system, which also was mandated by the fiscal 2010 NDAA, Salo said.

Bunn is participating in a senior advisory group that is forming a way forward for DoD in the performance-management arena. He said that as he works with DoD, he is committed to

making sure the good aspects of NSPS – such as aligning individual objectives and goals with agency objectives and goals and increasing communication between employees and supervisors about performance – are sustained and integrated into the new performance-management system.

"As NSPS gets smaller in the rearview mirror, I don't want to lose touch with what NSPS did for DLA," Bunn said.

"I'm interested in the future in working with senior department leaders as they plan and design the performance-management system that will comprise all of those things, and I want to make sure DLA's voice is heard in that process and that we're able to embed those good practices into the whole enterprise, across DLA."

Bunn said he is also committed to sharing the lessons DLA has learned from its transition process with other defense agencies as they conduct their own transitions. The most important lesson agency leaders learned was to develop a strong communications plan and keep the transition process transparent, he said.

DLA used several avenues, such as the NSPS transition Web site, a dedicated e-mail inbox for employees to submit questions about the transition, and updates at town hall and executive board meetings, to keep its workforce informed and engaged in the transition.

Bunn said he plans to share this and other lessons, such as the importance of planning and coordination before the transition, with other leaders in formal and informal settings.

"I've already committed to my counterparts in the services and defense agencies that once we complete our transition, we're going to do after-action reviews and share our lessons learned across the DoD enterprise with the NSPS transition office," he said.

While the transition so far has been successful, both Bunn and Salo recognized that employees will continue to have questions about the change and how it affects them individually. All of DLA's transition resources are still available to assist employees, Salo said.

The NSPS transition Web site, <http://www.hr.dla.mil/nspstogs/facts.html>, is still up and running and is being updated as issues arise or as DoD provides new guidance, she said. Employees can also still e-mail questions to the NSPS to GS transition mailbox at nspstransitiontogs@dla.mil, and answers to those questions that could apply to the workforce as a whole will be added to the frequently asked questions section of the Web site. For employees new to the GS system, DoD is also still offering a GS 101 online course to familiarize them with the system.

"As long as employees have questions and concerns, we're ready to help address them," Salo said.

Because DLA was one of the first defense agencies to transition out of NSPS, there wasn't a standard to measure its success by, Bunn said. However, he said he believes it was a successful process.

"My definition of success is a smooth conversion process in terms of the transactions processing correctly to payroll ... and that the impact to our primary mission in DLA is minimal if not unnoticeable, and I think we've achieved that so far," he said. ♦

"From the time that we were asked to transition to when it actually was effected was a really short window of time to accomplish all the tasks and take care of all the steps that needed to happen to make that successful."

— Stacy Salo



I AM

DLA

My name is:

Joe Long

I am:

Deputy commander of the Defense Logistics Agency, Norfolk Naval Shipyard, located in Portsmouth, Va.

Describe your job in a sentence:

As the deputy commander for DLA NNST, I ensure the people who repair Navy vessels for NNST receive the right material, at the right place, at the right time.

How long have you worked for DLA:

I have worked for DLA just under a year. I became part of the DLA team as result of the 2005 Base Realignment and Closure legislation, but have more than 30 years of experience with the military.

What's your favorite thing about working for DLA?

The professionalism this organization demonstrates is second to none, which makes my job easier as I support warfighters. When obstacles arise, we work quickly to determine a solution and get results.

What's your best memory of working here?

As I am fairly new to DLA, my most memorable moments to date involve the people. Everyone I have dealt with, from administration to human resources to logistical support, has been stellar and a pleasure to work with.

How do you make a difference to warfighters?

I support the Norfolk Naval Shipyard for the materials required to repair Navy vessels. This ensures our warfighters are ready to defend our country. It makes me proud to know I make a small contribution to this effort.



Joe Long