

FACT SHEET

SUBJECT: DLA Aviation Retail Operations Study

BACKGROUND: As a result of the 2005 BRAC (Base Re-alignment And Closure) decision, retail supply, storage and distribution functions and associated infrastructure supporting Service Industrial/Maintenance sites was transferred to DLA (Defense Logistics Agency). The intent of the directive was to significantly improve combat effectiveness while reducing costs by developing a world-class, cost effective supply chain focus on readiness; taking every opportunity to eliminate waste, reduce touches, reduce costs, and improve readiness.

Air Force (AF) sites were the first retail sites to undergo this retail inventory transfer. A service level agreement was made between DLA and AF, where DLA would provide retail materiel based on meeting a 90% material availability rate with a 2 day turn-around time. This performance requirement was later called Order Response Time (ORT) and a matrix was created to track DLA's ability to meet this objective. Around Oct 2012, DLA started seeing an unexpected decrease in the ORT metrics showing DLA's ability to maintain the required performance level of materiel availability at the AF retail locations.

DISCUSSION:

- At the direction of DLA-D at the Sep, 2013 IMC, DLA Aviation was selected as the Retail Operations Commander and was tasked with coming up with an actionable plan to "fix" retail operation challenges.
- After the IMC and in Sep, 2013, a two day meeting was hosted by DLA Aviation with the Air Logistics Centers (ALCs) Commanders, Fleet Readiness Centers (FRCs) Commanders, and HQ DLA PM representatives to start developing a plan to increase support to the retail customer. Many of DLA's business processes were discussed with the idea that we needed to realign them to better support the retail mission. Amongst these processes are IMSP, Dynamic Deployment, IPO, and Peak and NextGen.
- In Oct, 2013, DLA Aviation Commander solicited discussions with DORRA for assistance. On Oct 28, DORRA met with DLA Aviation Commander and staff to discuss additional assistance DORRA could provide in addressing this retail mission. DORRA has committed to partnering with DLA Aviation to conduct analysis on how to utilize the AF Bill of Material (BOM) and other data sources to improve aircraft supportability, with special emphasis to be placed on insurance and non-forecastable items that were excluded from Peak/NexGen.
- In Nov, 2013 DLA Troop Support requested DORRA conduct IPO runs based on setting the Performance Target toward Requisition Customer Wait Time (RCWT) and decrease available dollars utilized by Industrial Hardware (IH) in \$10M increments not to go below \$50M. Additional, request performance curves, potential Purchase Request (PR) and Purchase Order (PO) reduction analysis and how this will effect overall Obligation Authority (OA) reduction.
- In Dec, 2014, DLA Aviation conducted their second two day meeting to continue the discussion on how to increase support to the retail sites. DORRA was requested to attend the second day and was asked to (1) Determine what value to place on

Peak/NextGen items that will be migrating into IPO, (2) Determine if IPO understand certain amount of stock is fenced for retail items, (3) Determine the impact on Material Availability when shifting Wholesale funds to Retail, specifically for (a) IPO items and (b) non-IPO items Also, if we increase levels on OCONUS material to better support OCONUS Wholesale operations, what will be the Material Availability impact on CONUS and OCONUS items, (4) Determine if there is a Lead Time Variance “knob” within IPO, and lastly (5) Based on how IPO is setup today, what can we do to achieve the 85% net Effectiveness for OCONUS locations and determine if we currently unable to meet this 85% Net Effectiveness due to a stocking issue or a depth issue.

RECOMMENDATION: DORRA partner with DLA Aviation Command to proceed with developing and executing study requirements that will result in satisfactory solutions.