

*Total Life Cycle
Systems Management*

13 June 2002

Current Life Cycle Challenges

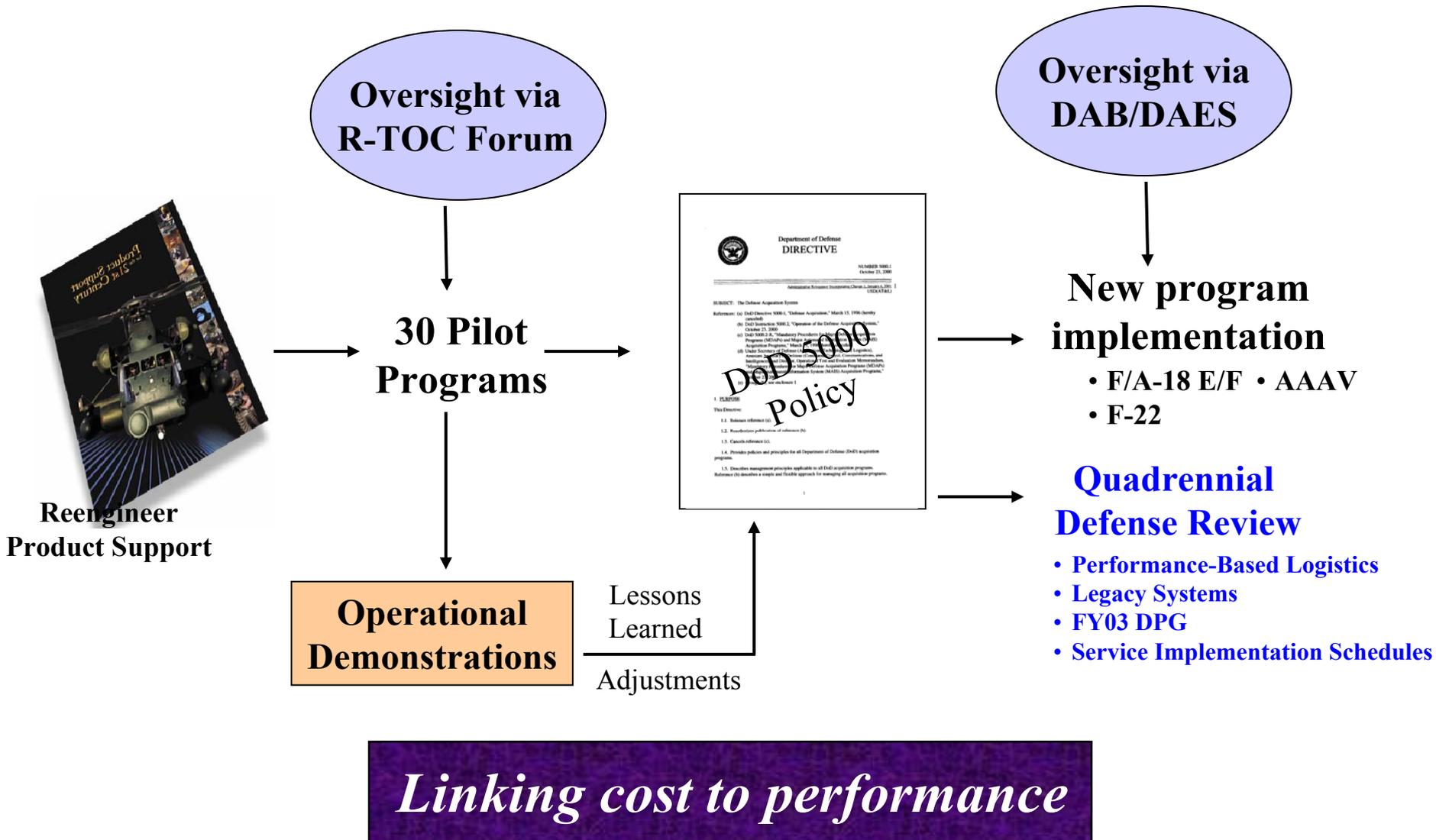
- **Requirements process that emphasizes weapon system performance**
 - Limited attention to life cycle sustainment
- **Estimated weapon system sustainment cost of \$62B**
 - Unable to link cost to performance
- **Average wait time of 18 days for repairable parts**
 - Disconnects across logistics functions
- **Services implementing variety of performance-based strategies**
 - We need to accelerate implementation
- **PMs responsible for life cycle management**
 - Limited sustainment expertise/guidance
 - No formal oversight mechanisms

Total Life Cycle Systems Management Desired End State

Program Managers responsible for the overall management of the weapon system life cycle to include:

- **Timely acquisition of weapon systems meeting warfighter performance requirements**
- **Integration of sustainability and maintainability during acquisition process**
- **Weapon system sustainment to meet or exceed warfighter performance requirements at best value to DoD (and appropriate visibility)**

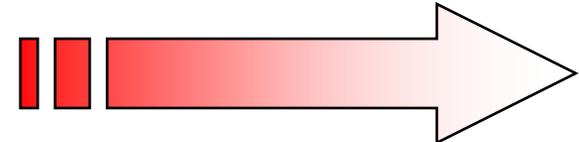
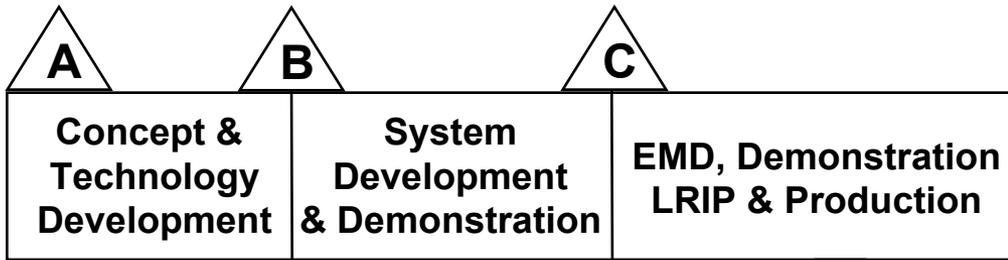
Performance-Based Logistics



Program Management Focus

BEFORE

PM ROLE DIMINISHES

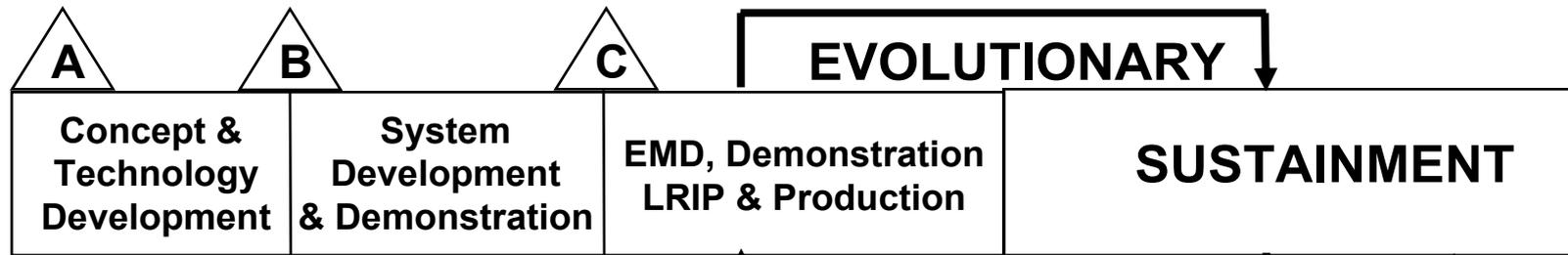


LOG
INFRASTRUCTURE

SUSTAINMENT

TODAY and into the FUTURE

PM ROLE CONTINUES



TLCISM

UPGRADES

LOGISTICS
INPUT/SERVICES

Performance-Based Logistics

INDUSTRY/ORGANIC



**Support
Provider**

Ensure System is Sustained at optimum Level per PA

Acquisition



**Buys
Performance
As a Package
(Including Surge/Flexibility)**

**Weapon System
Management**



**Warfighter/Force
Provider**

Provide continuous, Reliable, affordable Support per PA

Sustainment

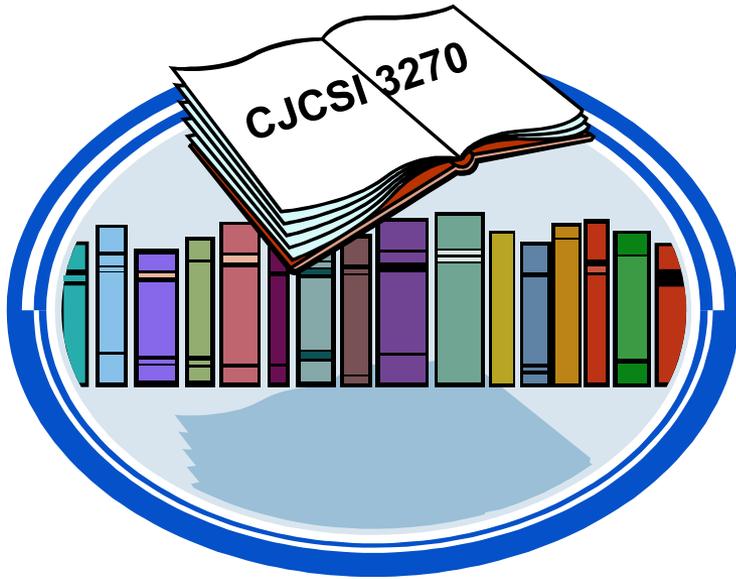
Disposal

Visibility into cost/risk decisions across life cycle

JLB Approved Actions (1/31/02)

- **Support development and delivery of comprehensive PBL implementation schedules**
- **Support USD(AT&L) request to improve JROC process**
- **Advocate greater consideration of sustainment requirements in SROC**
- **Engage with USD(C) to develop enabling financial mechanisms**
- **Support revision of 5000.1/5000.2 to:**
 - Include guidance on performance agreements
 - Focus on Total Life Cycle Systems Management
 - Define sustainment phase
 - Provide PM sustainment guidance
 - Incorporate Service and OSD oversight mechanisms
- **Improve DAU curriculum to include total life cycle management through the Functional IPT process**

Emphasizing Support Requirements



• Updated CJCSI 3170 and JROC Administrative Guide to include increased emphasis on supportability/sustainment parameters in Operational Requirements Documents (ORDs)

• Prompting increased emphasis at Service Requirements Oversight Councils on insuring support and sustainment parameters are included in Requirements

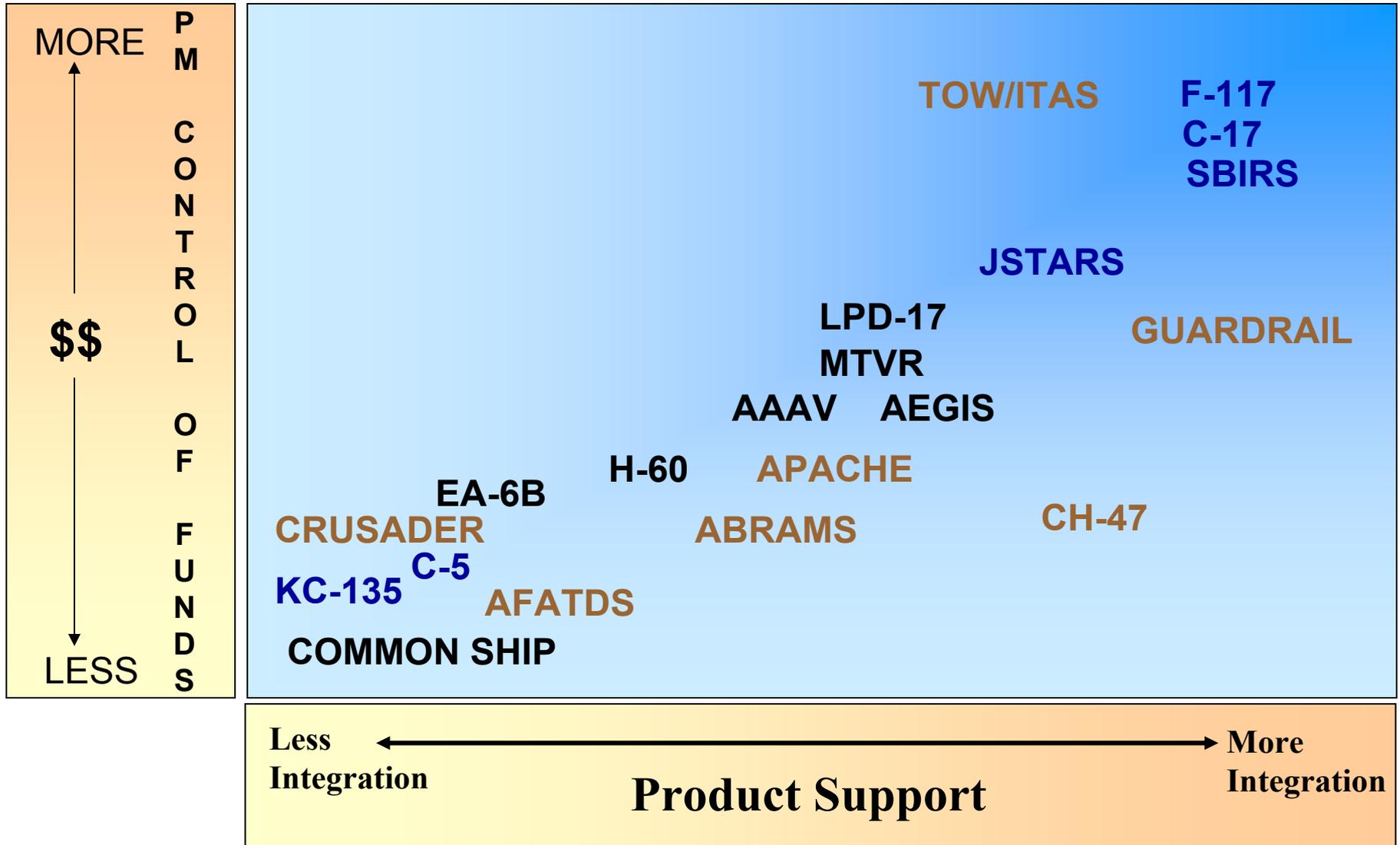


Life Cycle Policy

Governing Policy	Current Published Content	TLCSM Approved Content
5000.1	<ul style="list-style-type: none"> • Logistics Transformation 	<ul style="list-style-type: none"> • TLCSM/PBL
5000.2	<ul style="list-style-type: none"> • PM responsible for life cycle/no details • PBL stated as “preferred sustainment strategy” 	<ul style="list-style-type: none"> • PM responsible for life cycle/comprehensive details • PBL clearly defined with extensive policy guidance
5000.2-R	<ul style="list-style-type: none"> • PM “responsible” for developing sustainment strategy • Reviewed as part of acquisition strategy • No PM guidance; Limited definition of sustainment • No sustainment oversight mechanism 	<ul style="list-style-type: none"> • PM responsibility <u>and required actions</u> to develop sustainment strategy • Reviewed with performance agreements • Clear PM sustainment guidance and detailed definition of sustainment • Appropriate oversight mechanisms (Service/OSD)

PBL Programs

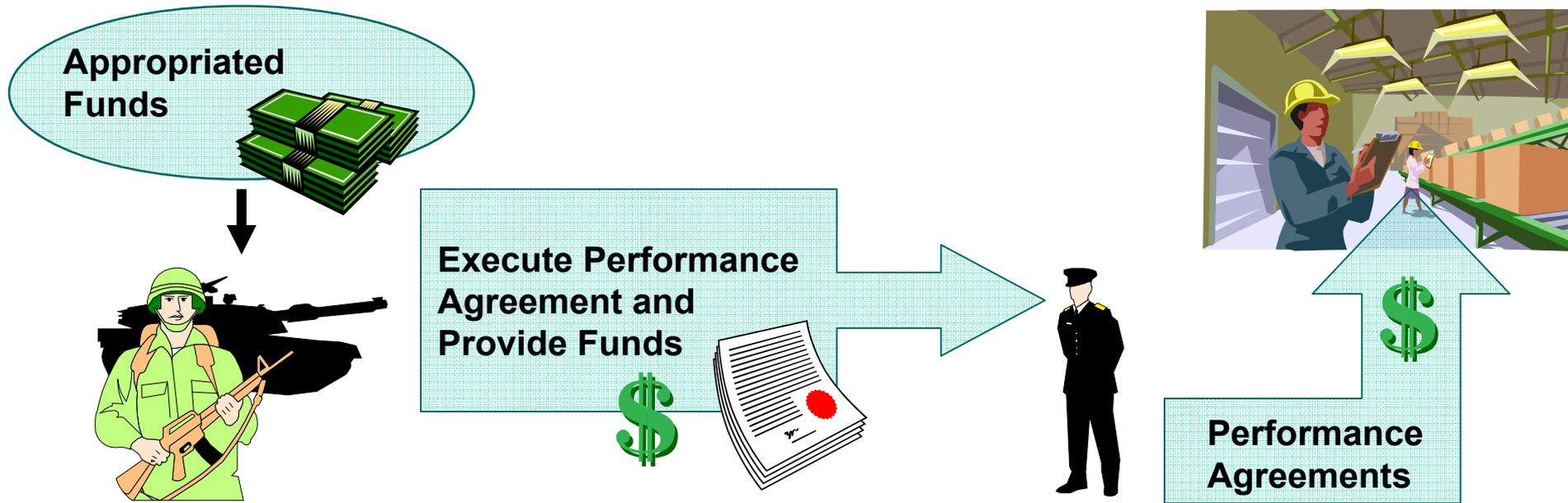
Financial Management



Current Financial Challenges

- **Cannot fully account for readiness funds**
- **Sustainment funding dispersed among multiple entities: customer, product center, program managers**
- **Transaction-based process to control consumption results in**
 - **Accounting/reconciliation burden for customer**
 - **Increased transaction costs**
- **Currently employing a variety of financial models across multiple programs**

Proposed Financial Process Under PBL



Force Provider

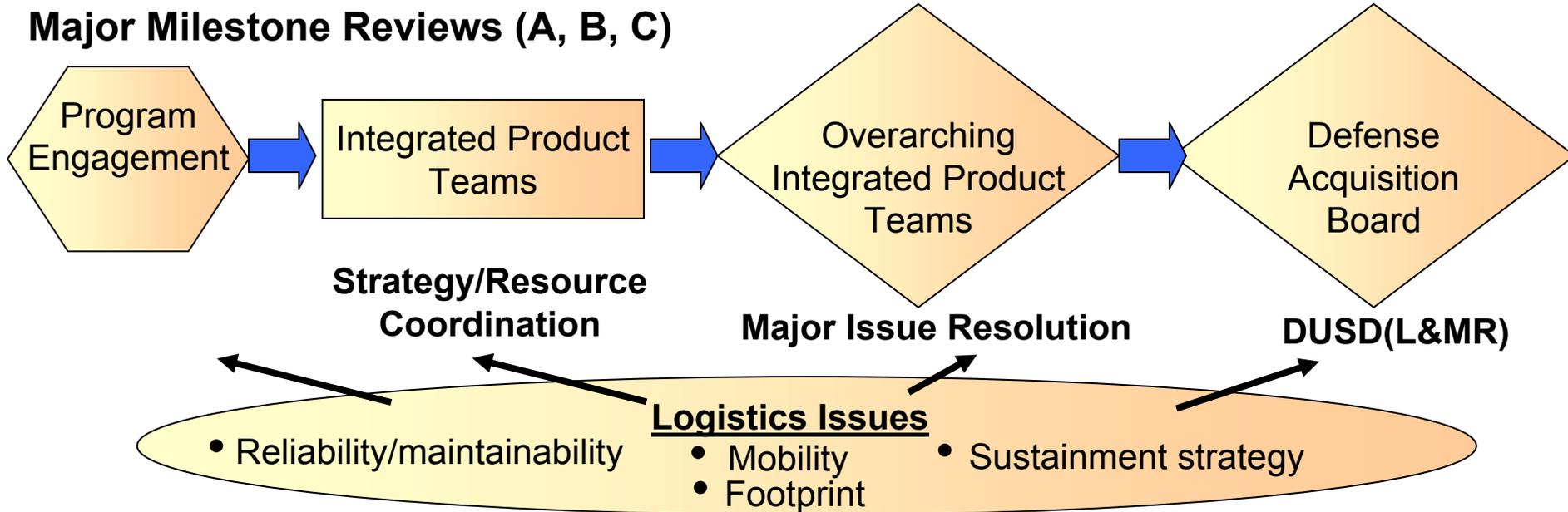
- Operational commands define requirements
- Defines acceptable range of performance
- Advocates for required funds
 - through Service PPBS process
 - by platform
- Buys performance as a package
- Retain direct management of
 - Fuel
 - I and O maintenance
 - Base operations
 - Reparables

Program Manager

- Provides performance as a “package” IAW Force Provider’s requirements
- Develops Performance Agreements with Logistics support providers
- Estimates annual cost based on operational requirements
- Receives funds from Force Provider to execute PA within fiscal constraints

Current Sustainment Oversight

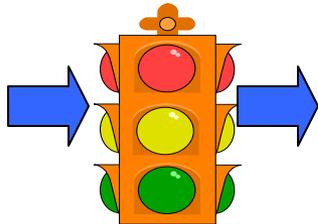
Major Milestone Reviews (A, B, C)



Defense Acquisition Executive Summary

PM/PEO/OSD Assessments

- Funding
- Schedule
- Performance
- Logistics



DAES Review

- Specific issues
- Guidance to PM
- Corrective actions

- Services exercising sustainment oversight through existing processes
- DoD requirement to revisit sustainment strategy every 5 years - no review process
- Weak reporting in DAES

DoD 5000.2-R (7.15.3)

Appropriate Sustainment Oversight

- **Revise 5000-series to require Service-level reviews**
 - Focus on performance vs. customer requirements
 - Tied to PM tenure/turnover
- **Revise Defense Acquisition Executive Summary (DAES) to strengthen performance variance reporting based on Performance Agreements**
 - Performance
 - Cost
 - Trade-offs
- **OSD review on an exception basis**



Education and Training

DAU PMT 352 Logistics Emphasis

- Old course (PMT 302)
 - 14 weeks resident
 - 21 hours of logistics curriculum
- Proposed New Course (PMT 352)
 - 50 hours Distance Learning
 - ✓ Two modules dedicated to logistics (10 hours)
 - ✓ Other modules reflect supportability attention
 - 12 Exercises
 - ✓ 10 have logistics role
 - ✓ Over 100 hours of potential logistics/sustainment
- Refine course content in 2nd quarter, FY02

Logistics
Content
5%



Logistics
Content
15%

Refine Professional Development

- **Program Managers**

- **Revise Advanced PM Course**
- **Expand PM Executive Refresher Course**
- **Influence new PM Capstone Course**
- **Add Executive Acquisition Logistics Course, as mandatory – 1Q, FY 03**

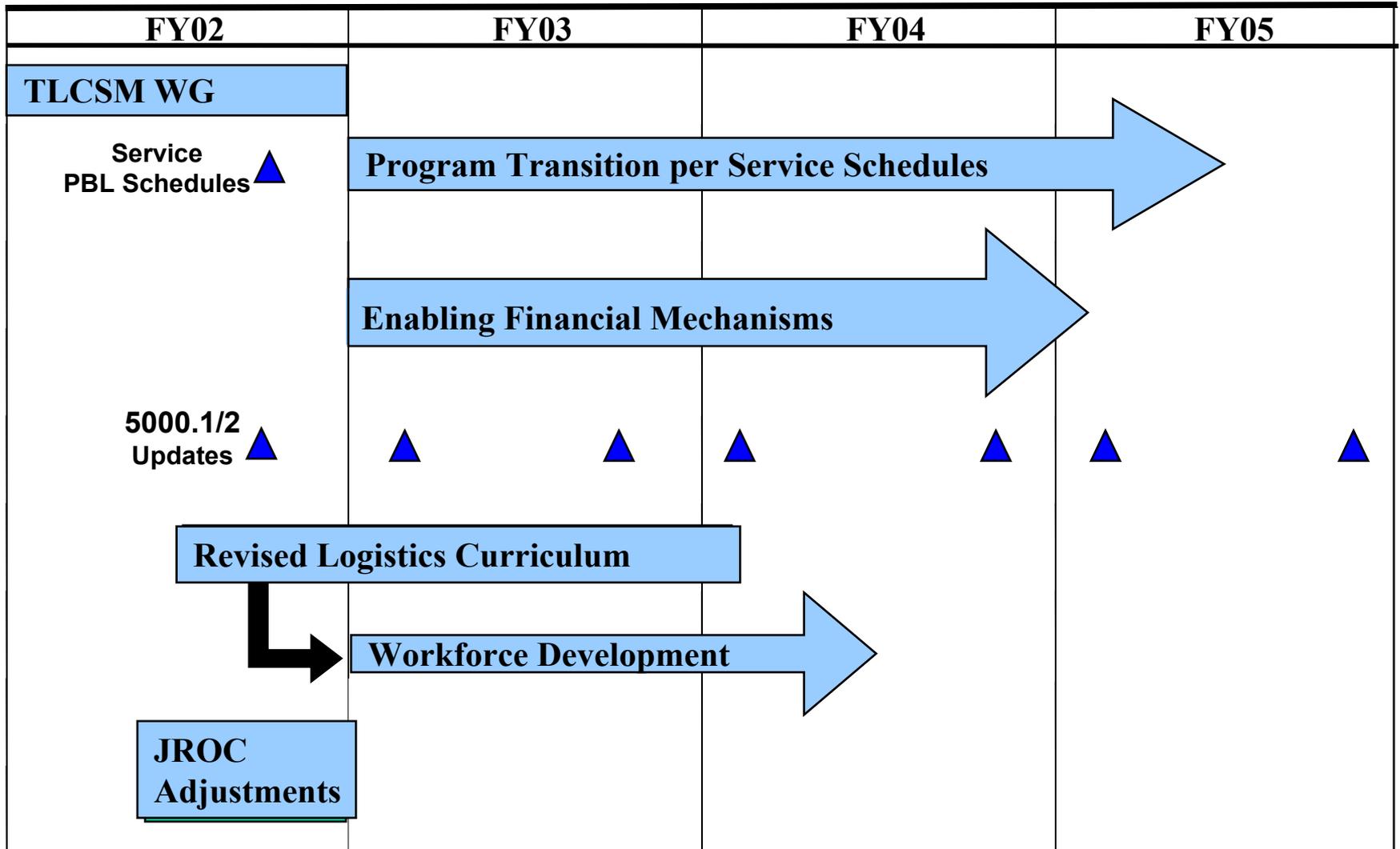


- **Program Managers' staffs (FY 03)**

- **Incorporate FLE/TLCSM in new Log Course (Performance-Based Logistics)**
- **Develop DAU-sponsored sustainment curricula**



TLSCM Road Ahead



Logistics Excellence



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Don't our sons and daughters deserve it?