

Diane Morales

Deputy Under Secretary of Defense (Logistics and Materiel Readiness)

From the Customer's Customer to the Supplier's Supplier, Logistics Today is about Processes, Enabling Technologies, and Well Trained People

Professor Randy Fowler, Director of Logistics and Sustainment, DAU Curricula Development Support Center, interviewed Diane Morales on behalf of Program Manager on June 10. Morales spoke with Fowler from her Pentagon office, offering a personal perspective on logistics support to the combatant commanders and describing how DUSD(L&MR), under her vision and direction, is transforming to meet the logistics needs of the nation's warfighters in the most efficient manner possible. Preceding the interview is a "State-of-the-Union"-type message from Morales on Department of Defense Logistics today.

Today, our nation faces a stern test from a new kind of enemy. The War Against Terrorism has challenged us to re-energize our planning—and to step up our pace of transformation. We must therefore accelerate our initiatives to change the way our military forces do business. And logistics has an even more critical role to play. Our resolve to defend democracy has never been stronger, and transforming the way we approach our work in logistics and preparedness has never been so urgent.

The Quadrennial Defense Review (QDR) is the Department of Defense (DoD) blueprint for transforming our forces to defeat 21st century threats. It defines strategic imperatives for all military operations across a 20-year horizon with specific requirements for DoD logistics, including:

- Project and sustain the force with minimal footprint.



“I came back to the Pentagon, to my current position, to improve the way we provide logistics support to our forces in the field. My highest priority is to do everything in my power to provide the best support to our operational commanders, so they can achieve their vital missions armed with the most advanced technologies we can create.”

- Implement performance-based logistics to: 1) compress supply chains, 2) improve readiness for major weapon systems, and 3) improve availability of commodities.
- Reduce cycle times to industry standards.

The Future Logistics Enterprise (FLE) is DoD's near-term logistics transformation strategy. FLE aims to transform the logistics operation of the military into the most advanced synergistic collaborative supply chain in the world. This integrated logistics capability will provide advanced, operationally effective weapons and logistics support to the warfighter in the most efficient manner possible.

The Quadrennial Defense Review tasked us to provide our combatant commanders with logistics support to enable forces to deploy anywhere in the world within 96 hours. This meant that we had to bring our supply chain readiness to a state that would allow the combatant commander to follow up with a major joint force deployment, in theater and ready to engage in less than two weeks. This transformation enables logistics to become a “competitive advantage” to our warfighters, much like Wal-Mart and other commercial firms have consciously focused on enhanced logistics as a weapon against their competitors.

We still are working these issues—our deployment to Afghanistan took about 23 days. We need to cut that in about half. Our advances in planning and increased ability for coordination enabled us to enter Baghdad on Day 20. By accurately forecasting the demands on the logistics support mechanisms during the pre-deployment, deployment, and sustainment phases, we were better positioned to provide time-definite support to our warfighters rather than relying on the traditional “just-in-case” materiel build-up.

In order to succeed in deploying within 96 hours, we had to first create the high-level view of what the warfighter needs for support. In commercial terms this



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is called the end-to-end supply chain. This supply chain extends from the customer's customer to the supplier's supplier and includes processes, enabling technologies, and well-trained people.

The acquisition community is critical to our success in logistics. Implementing Total Life Cycle Systems Management

processes builds into the acquisition process the accountability and responsibility we need to provide end-to-end customer service to our warfighters.

Q *Logistics has certainly been prominently featured in Operation Iraqi Freedom [OIF]. How has/did the coalition logistics system perform?*

A During our deployments to Afghanistan and Iraq, the world has again seen the *resounding success* of our planning for joint operations—and it has begun to see the improvements that our drive for logistics transformation are making possible.

The quick victory by our forces in these two crucial battles within the larger War Against Terrorism has been truly impressive. It has proven that both our battlefield tactics and our strategic vision are succeeding. Our program to transform America's armed forces—creating the most *mobile*, most *agile*, most *effective* fighting force in history—is helping us meet America's new global responsibilities.

In preparing our armed forces for the challenges they will face, transformation is in the forefront of our agenda—and transforming logistics is a central part of that process.

Q *The Department has been preparing for this type of battle since Desert Storm. What logistics changes resulting from the last decade's logistics transformation have had the most notable impact on military operations in Iraq?*

A It was gratifying for the logisticians to see the success of the programs we have been developing and implementing since the first Gulf War. In Operation Iraqi Freedom, we used a streamlined approach to logistics, analyzing how long it takes us to get supplies from the port to the frontlines, and from there determining how many days' supplies we needed to maintain.

In Iraqi Freedom, U.S. forces kept five to seven days of supplies on hand. This can be contrasted with the 60 days of supplies we had on hand during the first Gulf War.

Another difference was the use of technology. U.S. forces maintained a “digital awareness” over logistics support during OIF. We had greater visibility of where supplies were going and we could redirect them if necessary. We were much more certain in terms of logistics capabilities and connectivity in theatre than during Desert Storm. The implementation of computerized ordering and tracking offered significant advantage for us.



What are the lessons learned in Operation Iraqi Freedom with regard to logistics?



We are all eager to have the specifics regarding lessons learned from OIF, but it's too early to be able to provide that detail. In fact, we currently have plans to begin the study of lessons learned and are anxious to begin this discovery, as we believe we will be able to attribute many of the recent successes to programs we have implemented, such as Performance Based Logistics, Total Life Cycle Management, and others.

One thing we did learn was the speed with which our troops were able to adjust tactics and capabilities. Much of the support that we have begun to build into the system for maintenance and ensuring mission capability for weapon systems was demonstrated in OIF.

Additionally, we had logistics professionals working alongside the warfighters so that we would have first-hand, real-time visibility into the logistics requirements—as they occurred. This effort put our logistics organization closer to the end customer during battle—the warfighter.



For future operational scenarios, what are the primary challenges confronting our logistics system? As you know, since you have



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been in the job before, DoD has been about the business of logistics reengineering/transformation for many years. Are some areas especially problematic?



The primary challenge for us is the transformation to a more agile, flexible, and adaptable logistics system. Today's threats require our military to act within hours, rather than days or weeks. I think that we have made significant progress; however, the size and scope of our operations is what make these challenges

more significant for DoD than other organizations. Integrating changes into a complex network such as the one used by the military services requires time as well as precision.

I came back to the Pentagon, to my current position, to improve the way we provide logistics support to our forces in the field. My highest priority is to do everything in my power to provide the best support to our operational commanders, so they can achieve their vital missions armed with the most advanced technologies we can create.



Your strategic focus and USD (AT&L) leadership priorities have placed major emphasis on accelerating logistics transformation via an integrated set of initiatives called the “Future Logistics Enterprise,” or FLE. What is different about this set of strategic logistics initiatives from efforts in the past?



FLE is the transformation of the way America fields its weapons systems, supplies our troops, and projects our power so that we can win wars. The initiatives within FLE are being implemented across the Services and agencies in a standardized fashion. The DoD has never undertaken such a significant transformation. The initiatives of FLE—aligning the logistics systems to support weapons systems vs. segments of the supply chain, and building Total Life Cycle Systems Management and Enterprise Integration—have been implemented in some areas of DoD but never before have we undertaken the task of implementing such significant changes throughout the organization.



Are there any initiatives within the FLE that provide the force for integrating the overall framework of future logistics processes?



Yes; in fact, the FLE comprises six separate initiatives we can discuss, but typically we categorize the initiatives into three main categories. Those categories are: 1) Weapon Systems Support, 2)

Total Life Cycle Systems Management, and 3) Enterprise Integration.

Weapon Systems Support

Weapon systems support is important to the logistics organizations because this area consumes about 80 percent of our resources. We've been spending about \$64 billion each year on weapon systems sustainment through a structure that, for years, has been disjointed. It has broken up integrated logistics support as if it were just an afterthought of the acquisition process. The result has been functional stovepipes. In that disjointed structure, no one has been in charge of, or accountable for, a particular system.

Furthermore, the "hard break" between acquisition and sustainment has set up a system in which Program Managers have been taking narrow views of their responsibilities: the system has prodded them to concentrate on cost, schedule, and performance, and there has been little longer-term focus on reliability, maintainability, and footprint.

Our current efforts are to align support for these systems before the acquisition process begins to maintain that support throughout the life cycle of the system.

Total Life Cycle Systems Management

We are implementing a life-cycle framework, in which our Program Managers are responsible and accountable for:

- the appropriate consideration of sustainment requirements during the design stage of weapons systems; and
- the integration of the sustainment chain to meet warfighter operational requirements.

This new process is a "closed loop" system. Logistics engineers are directly engaged in the development process to ensure superior levels of reliability, maintainability, and mobility. Feedback from the field and actual reliability/maintainability results are used to design evolutionary upgrades in a disciplined, systematic way.



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To ensure accountability during sustainment, life-cycle systems managers are negotiating performance agreements with customers. They are responsible for customer and supplier relationships as well as the management of the sustainment dollars for the customers. Weapon-systems support is provided by integrated government/industry partnerships, built upon industry's inherent strengths in engineering, information management, and supply-chain management, and the government's strengths in maintenance and tactical operations.

Enterprise Integration

To make our business work, we need processes and contemporary information systems that embody best practices. Within the Department of Defense, we have more than 600 logistics information systems that involve more than 400 million lines of computer code. Making the situation even more difficult, many of the systems are batch-processed, with little or no network capability. Thus, they cannot provide the real-time, on-the-ground data that our combatant commanders need.

To strengthen our preparedness in this area, we're moving rapidly to implement commercial logistics business systems, built to international standards, which will help cut through functional stovepipes and help deliver business solutions. These systems will allow us to manage our logistics enterprise based on business roles and responsibilities instead of positions and systems.

Specifically, in just over a year we have:

- defined an integrated enterprise architecture built upon operational requirements and best practices;
- launched six specific Enterprise Integration projects; and
- gone "live" with two enterprise solutions based on COTS [Commercial Off-the-Shelf] software to enable end-to-end service delivery.

Taking these efforts together, you can see we're moving forward quickly to ad-

DIANE K. MORALES DEPUTY UNDER SECRETARY OF DEFENSE

Logistics and Materiel Readiness

Diane K. Morales was sworn in July 17, 2001, as Deputy Under Secretary of Defense for Logistics and Materiel Readiness (DUSD [L&MR]). The U.S. Senate confirmed her nomination on July 13.

As the DUSD(L&MR), Morales serves as the principal advisor to the Under Secretary of Defense for Acquisition, Technology and Logistics for policy and oversight of the Defense Logistics Agency and Military Departments' logistics activities. She specifically oversees Department of Defense policy in the functional areas of materiel management, maintenance, supply chain integration, transportation/mobility, installations, and environment.

Morales has more than 20 years of experience in business and defense matters. Most recently, she was President of DMS, a management services firm that focuses on defense and commercial logistics. Her previous government positions included serving as Deputy Assistant Secretary of Defense for Logistics, 1990-93; Board



Member, Civil Aeronautics Board, 1983; and Deputy Assistant Secretary for Policy at the Department of Interior, 1981-83.

In the private sector, Morales was President of Morales Consulting Services; Vice President for Government Affairs at the Earth Technology Corp.; Marketing Services Manager of 3D/International Inc.; and Account Executive at the advertising and public relations firm of Goodwin, Danenbaum, Littman & Wingfield Inc.

Morales, a graduate of the University of Texas, is a native of Houston, Texas.

dress our logistics challenges through our implementation of FLE.

These changes under FLE will *save time*, by providing more visibility in the supply chain and increasing the productivity of maintainers on the front lines. They will *save money*, by eliminating duplication and achieving economies of scale. And—most important of all—they will *save lives*, by giving our warfighters what they need, when they need it, to accomplish their mission.



As you've stated in this interview, the customer orientation is very important within

the FLE. A recurring theme is the need to provide end-to-end customer support. In your view, how can the DoD Components improve their customer support to the warfighter?



As you mentioned, we are establishing end-to-end accountability for key combat supplies and services such as food, fuel, water, and parts distribution.

Designated service providers that support deployed forces based on operational requirements will accomplish this end-to-end accountability.

Our intent is to stop the “pick-up game” that goes on now in sorting out combat services during an emergency. We must establish a framework for consistent, reliable service and planning—both in advance of, and during, a time of crisis.

Our critical need to address this area is clearly demonstrated by our end-to-end distribution process. Today, many supply chains support varying customer requirements. You don't have visibility about when to expect the parts you order. The average order and ship time for a part from a CONUS depot to a deployed base is 17 days. That's unacceptable to me, to our logistics leadership, and—most of all—to our frontline maintainers who are working so hard to keep our equipment working.

In 2001, the Services, DLA [Defense Logistics Agency], and TRANSCOM [Transportation Command] were pursuing more than 50 independent initiatives to improve pieces of this problem—but no one took a comprehensive view. Today, we are synchronizing those initiatives and developing enhanced business rules and procedures. Our aim is to streamline the process and to minimize hand-offs whenever possible. We intend to implement a reliable defense distribution process and orchestrate seamless, time-definite delivery of materiel, to reduce the burden on our warfighters. The Services' and Defense Agencies' support of these efforts to create a synchronized system will help us achieve success more quickly.



In the Defense Acquisition University classroom, one of the major issues brought up by the Program Managers and acquisition logisticians are the depot maintenance laws, the so-called Core and 50/50 laws. What is your strategy for complying with these laws while at the same time pursuing transformative logistics actions?



First and foremost, we will comply with the applicable laws governing depot maintenance and repair. In the last several years, Congress has provided the Department incremental flexibility in

the management of maintenance depots with provisions that encourage public-private partnerships. I believe that partnering is a win-win for both public depots and their commercial partners. Partnering provides increased efficiencies and allows each sector to take advantage of its core competencies.

As we see the benefits of public-private partnerships grow, I believe it will be easier to agree on other incremental changes that will allow us to improve support to the warfighter. Given that Core and 50/50 are facts of life, depot maintenance partnerships are an effective means of enabling performance-based logistics support for weapon systems while still meeting these statutory requirements.



Mr. Aldridge retired from government service as the USD (AT&L) on May 23, 2003. His initiatives will leave a lasting mark on defense acquisition, technology, and logistics. One of his major initiatives from the beginning was to improve the morale and welfare of the DoD workforce. You have undertaken some logistics workforce development emphases, too. How are those coming?



The quality of the Department's logistics workforce development program differs considerably depending on whether or not one is part of the acquisition workforce. Generally, I think that we have done a good job of addressing the needs of those logisticians who are part of the Acquisition Workforce Improvement Act [DAWIA] mandates and ensures funding for certain training, education, and experience requirements that must be met for certification purposes. It is the remainder of the logistics workforce, which includes the vast majority of logisticians, who I believe have been neglected in the past.

The Future Logistics Enterprise relies heavily on commercial best practices and systems rather than DoD-unique ones, and will entail a major cultural



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change that cannot be achieved without the proper indoctrination of the workforce. FLE is increasing the number of logisticians in the acquisition workforce by expanding the scope of the group to include not only acquisition logistics but also other life cycle systems managers who support Program Managers. However, for both acquisition and non-acquisition logisticians, we are examining other needs to ensure that all DoD logisticians receive the requisite training and education to operate proficiently in our Future Logistics Enterprise.



Your Future Logistics Enterprise initiative has ambitious objectives, going to the very core of how we conduct our logistics functions and processes. Aside from these structural changes, what is being done to train and prepare the logistics workforce for their role in implementing these changes?



We are very aware that change does not occur without the requisite awareness, guidance, and training of the overall workforce, and we have been very careful to develop comprehensive guidance and training objectives consistent with our FLE implementation plan. First, our definition of FLE objectives and corresponding dissemination of information has consistently joined the “what” and “why” of the initiative with the practical application guidance necessary to get it done. We're not just painting grand abstract goals and putting them out there—we're being very specific in what we want to achieve, why it is important, and who constitutes the change agents in getting it implemented.

Second, we are working very closely with our DoD educational and training resources within the DoD, the private sector, and the corporate level. The Defense Acquisition University has had a lead role in a joint effort to ensure that DoD courseware addresses the Future Logistics Enterprise.

Editor's Note: To learn more about the DUSD(L&MR)'s activities and programs, visit the DUSD(L&MR) Web site at <http://www.acq.osd.mil/log>.