

Defense Logistics Agency Designated Executive Agent for Critical Supply Chains

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The Defense Logistics Agency has recently been designated the executive agent for several critical supply chains within the Department of Defense: bulk petroleum, medical materiel, and subsistence (food or food-related supplies, including bottled water). The EA designation to DLA for clothing and textiles and construction materiel is in the staffing process at press time and should be signed by Deputy Secretary of Defense Paul Wolfowitz in the next several months.

With this designation, DoD recognizes the commercial business practice of establishing supply chain managers as the key element to effective delivery of products and services to its customers. In this case, these customers range across a broad spectrum of activity and geography, from peace-time operations to warfare, in the continental United States and abroad.

DLA has designated specific field activities to fully execute its directed EA responsibilities: bulk petroleum by the Defense Energy Support Center; medical, subsistence, clothing and textiles, and construction by the Defense Supply Center Philadelphia. The commanders of these organizations, acting as supply chain managers, are responsible for identifying customer requirements and managing the industrial base to ensure product availability, as well as inventory management, storage, distribution, de-

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Vice Adm. Keith Lippert, USN
Director, Defense Logistics Agency

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livery, and ultimately, disposal of the items that fall under their responsibility.

Along with these tasks comes the responsibility for funding the activities. As with any effort this large, DLA must partner both horizontally and vertically with commercial and government organizations to fulfill its supply chain responsibilities. Supplier and customer collaborations are cornerstones to achieving high-performance results. Like their industry counterparts, DLA supply chain managers have entered into strategic partnerships with service providers in the industrial base, transportation industry, U.S. Transportation Command, and others. Additionally, partnerships with military customers are essential in determining the time-phased demand plans to meet operational requirements.

Aggressive planning with both customers and suppliers has allowed DLA to invest in inventories that have enabled logistics managers to support mission requirements throughout the world. These partnerships must be punctuated with service-level agreements specifically delineating performance objectives for each critical part of the supply chain. These objectives reflect routine operations as well as surge requirements for support of Operation Enduring Freedom in Afghanistan and Operation Iraqi Freedom.

"DLA must continue to evolve as DoD's premier end-to-end supply chain integrator," says Vice Adm. Keith Lipert, DLA director. "We have become a national strategic asset providing 'factory to foxhole' management of consumable items, stock positioning and distribution services, reutilization and marketing services, and logistics information to a global deployed and deployable force.

"This environment dictates that we adopt a robust business strategy that will allow DLA to build and deliver integrated, tailored logistics solutions crossing the operational spectrum from peace to war," he adds.

Adopting the commercial business model of supply chain management necessitated some transformation within the agency, including reorganizing into customer and supplier teams, implementing a state-of-the-art enterprise resource planning system, concentrating on enterprise process management and process improvements, and establishing supply chain metrics for internal performance and financial accountability. Because of the scope of the transformation, DLA also instituted a change management strategy led by advocates at all levels of management within the organization.

One of the key strategies that DLA has used in ensuring end-to-end support of its supply chains is the "rock drill." Rock drills are paper or tabletop exercises, conducted with all key supply chain stakeholders, that map out the

entire process flow from customer demand to fulfillment to disposal. The process will identify overlaps and/or gaps in the process, allowing the supply chain manager to pinpoint deficiencies in systems, processes, or policy. Gaps could be information gaps as well as distribution and delivery gaps. Information flow is an essential element in managing supply chains effectively and a critical enabler in managing an efficient supply chain with global reach.

At the conclusion of the exercise, gaps are identified and action plans (including funding) for correction are created and monitored. Additionally, overlaps are minimized to those necessary for planned redundancy. This technique is being applied to all of the EA supply chains for which DLA is responsible and will be the mechanism for identifying and communicating supply chain objectives to all stakeholders. It is also the mechanism to be used for identification of continuous improvement opportunities in the assured delivery of products.

"We identified and validated steps for action by the executive agent," says Air Force Lt. Col. Mike O'Connor, program manager for medical commodities. "We addressed several disciplines. In each case, we have people assigned to perform those duties, and they told us what an executive agent could do differently and better in each situation."

The designation of U.S. Transportation Command as the distribution process owner allows DLA and TRANSCOM the opportunity to more effectively collaborate in their respective roles of supply chain manager and distribution service provider. Synchronizing the flow of required supplies from factory to foxhole is clearly the logistics imperative, and these two organizations can ensure that the objective is met for the supply chains for which DLA has been designated EA authority. This includes in-theater support, as well as peacetime in-country operations.

The designation of supply chain managers within DoD marks a milestone in the accomplishment of one of the department's objectives: for the business operations of defense to become more efficient and effective. The challenge is large, but placing accountability for performance of a supply chain squarely in the hands of a single organization is a management principle that has demonstrated results in the commercial world. There is no reason to believe it won't have the same high-pay-off results in DoD.

DLA provides supply support, and technical and logistics services to the U.S. military services and several federal civilian agencies. Headquartered at Fort Belvoir, Va., the agency is the one source for nearly every consumable item, whether for combat readiness, emergency preparedness, or day-to-day operations. More information about DLA is available at <<http://www.dla.mil>>.