

Extending the Enterprise: Linking Supply with Demand

Lt. Gen. Robert T. Dail, USA

Wherever we look in the Department of Defense today, we see opportunities to improve our logistics performance and processes. Whether it's streamlining inventories, reducing storage costs, maintaining production lines, improving fill rates for troops' clothing bags at Recruit Training Centers or military service stocks around the globe, the opportunity for enterprise-level initiatives to improve logistics support for the warfighter has never been better.

The Defense Logistics Agency's ability to deliver American warfighters the right item, in the right place, at the right time, for the right price, every time requires far more than the successful management of the Defense Department's wholesale supplies and suppliers—a role DLA has honed to excellence during its 45-year history.

Our military's ability to generate and sustain combat readiness indefinitely, anywhere on the globe, requires repair parts, troop support material, and energy products to flow seamlessly from the nation's industrial base to where they are consumed in the Services' maintenance activities, posts, bases, flight lines, and in warfighting battlespace. It requires a joint logistics capability that optimizes warfighter support above all else. As the Department's only logistics combat support agency, DLA has a pivotal leadership role in building and transforming the DoD logistics enterprise and ultimately delivering world-class supply chain excellence to America's warfighters.



Gloria Moore, a distribution processor worker at Defense Distribution Depot Anniston, Ala., demonstrates the DLA systems used at the depot for Lt. Gen. Robert Dail (center); Maj. Gen. Bennie Williams, DLA director of logistics operations (right); and Lt. Col. Robert Harney, DDAA commander (left).

Photograph courtesy Anniston Army Depot Public Affairs Office

DLA is on an evolutionary path that has led us from managing supplies, putting them in warehouses, and issuing them to customers, to a point where we have been managing suppliers, using tools such as long-term contracts and vendor-direct delivery. However, the future is about building a DoD enterprise between U.S. Transportation Command, DLA, and the Services' materiel commands that will link supply with demand. Building the enterprise isn't as simple as just linking the technical systems. It's the relationships we establish, the processes, and the ways

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You're the Judge

Many times, government employees honestly believe that they are not being unduly influenced by their personal stake in a situation. They may feel, to the contrary, that their experience from a job gives them special insight into the skills and abilities required to perform a role or function. Bill, who up until 15 months ago, was deputy program manager of a helicopter program executing a \$50 million contract for rotor blades from the Hover Devine Helicopter Company, is one of those employees.

Today Bill has a different job within DoD, teaching acquisition policy; he is no longer involved with any matters that impact Hover Devine.

While attending an industry symposium, Bill bumped into the president of the Hover Devine, whom he knew from working on the helicopter rotor blade contract. The president, seizing a good recruiting opportunity, mentioned that Hover Devine had an open position for a new employee in its governmental affairs office, and that Bill would be an ideal candidate for the job. Bill, very interested in the job, is aware that the United States Code has a general rule: "You may not perform government duties that affect the financial interests of an entity outside the federal government if you are seeking employment with that entity."

What is Bill's best response to the president of Hover Devine?

(a) "I'm definitely interested in the job. Please tell me more."

(b) "I would love to, but I was the deputy program manager for a program that involved a large contract with your company. The Procurement Integrity Act bars me for life from working there."

(c) "Thanks, but as long as I'm working in any job in the government, the ethics rules don't allow me to seek employment with anyone doing business with our agency."

The verdict is on page 46.

that we do business. There's a lot of fertile ground in this area. The challenge for me, as DLA's director, is to partner with TRANSCOM and the Services to build the enterprise (which includes people, processes, and systems), then extend it forward to the warfighting customers. Moreover, we need to push DLA's capabilities down in the supply chain, from wholesale to where the point of sale occurs. It's my belief that there are opportunities for some groundbreaking advancement in these areas over the next two to three years. And the good news is that many of the necessary tools are already in place.

Laying the Foundation

As DoD's logistics combat support agency, DLA provides and disposes of every supply item required by America's military, whether it's the food they eat; the uniforms they wear; the fuel for their weapons systems; the medical supplies for military health care facilities or combat medics; the repair parts for land, air, and sea conveyances; or the construction and barrier materials for their protection.

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At the turn of this century, DLA was using multiple instances of government-developed software systems that allowed us to buy supplies and put them in warehouses. The focus and objective were order fulfillment. Even though it was a phenomenally dependable system at the time, the need for change was already becoming apparent.

When I arrived at DLA in the latter half of 2006, I found an agency that was very well run. My predecessor, Vice Adm. Keith Lippert, USN, had taken the agency through an extremely ambitious four- to five-year transformation period that ended with the deployment of a large-scale Enterprise Resource Planning solution. It was the first large-scale deployment of an ERP in DoD. [Defense AT&L interviewed Lippert in the January-February 2006 issue.]

From fiscal years 2001 to 2005, our revenues doubled from \$17 billion to \$35 billion, primarily as a result of the

global war on terror. At the same time, we began deploying our ERP—the Business Systems Modernization initiative. However, we didn't just place new software on top of existing legacy systems; we rebuilt our systems completely, modernizing not only our technology solutions, but our business processes as well. In December 2006, we completed the fielding of BSM.

Extend the Enterprise: Link Customer Demands with Suppliers

Although incredibly successful, the byproduct of our transformation efforts was an internal focus by the agency. We had focused on the processes that were critical to the agency's operational architecture that our ERP reflected, at the inventory control point level—the Defense Supply Centers Philadelphia, Pa.; Columbus, Ohio; and Rich-

Today, because of the leadership of my predecessors, we're in a position to take the agency from wholesale excellence to supply chain excellence. The groundwork has been laid and we're now in a position to execute. I'm proud to say that DLA has tremendous capabilities and a lot of influence within the DoD enterprise. As a result, we're ready to leverage our ERP solution to form alliances, relationships, and ultimately, a single national logistics enterprise. We'll partner with U.S. Transportation Command, Army Materiel Command, Air Force Materiel Command, Naval Supply Systems Command, and Marine Corps Logistics Command. Together, we'll extend this DoD logistics enterprise around the globe and link the warfighters' demands with our DLA supplier network.

When I say "extend the enterprise," I mean that we'll take DLA's unique capabilities—our people, process, and systems—and move them out to Air Force logistics centers, to Marine Corps and Army depots, to Navy shipyards, or to any location where U.S. forces are stationed and operating. At the same time, we're going to redefine our agency metrics in order to make them more meaningful and useful to our Service customers. We're going to transition from commodity metrics to output metrics. And I've been telling all of our Service customers that after we agree on these output metrics, I expect them to ultimately hold DLA—and more specifically, our supply centers—accountable for our performance.

We have already started this process at DLA and are driving it home throughout the agency. Just recently, I met with Gen. Bruce Carlson, USAF, the AFMC commander, and we agreed to focus on Warner Robbins Air Logistics Center as the first location to implement tenets of the BRAC [*base realignment and closure*] 2005 (Supply, Storage and Distribution) law. We plan to implement at Warner Robbins in October of this year. There's a lot of work to be done between now and then, but we've agreed that we'll work it together and set the metrics together, all with transparency and openness. We'll use BRAC and the National Inventory Management System as the templates for extending the enterprise, and plan for the Navy to come online with its depots and shipyards in 2008 and the Army the following year. This will, no doubt, be a huge effort, but I believe that the Department of Defense can achieve significant efficiencies in the various supply chains.

Distribution Process Owner Initiatives

Gen. Norton Schwartz, USAF, is the commander of the U.S. Transportation Command. In this capacity, he is also the Distribution Process Owner (DPO) for DoD. [Defense AT&L interviewed Schwartz in the July-August 2006 issue.] He and I meet, together with our senior staffs, on a regular basis; and our organizations are partnering on several initiatives that will build and extend the DoD distribution enterprise. We recently agreed to build a systems architecture that will link TRANSCOM and DLA to better



A member of the DLA Contingency Support Team in Afghanistan checks an incoming subsistence shipment. DLA photograph

mond, Va. Consequently, our metrics had an internal, commodity-oriented focus. They were focused on such things as backorders, purchase request backlogs, and materiel availability. Meanwhile, our warfighting customers had transformed operationally and were telling us that our metrics didn't really mean anything to them. They desired "output metrics" at the retail level.

execute distribution. DLA's Integrated Data Environment provides asset visibility throughout the supply chain. IDE, which allows DLA to view stocks and items on a shelf or in production, is being converged with TRANSCOM's Global Transportation Network, which provides in-transit visibility of items. That convergence will allow DLA and TRANSCOM managers to better execute the total distribution system and to be more responsive and more reliable, building customer confidence in delivery of critical supplies. IDE-GTN convergence will also allow our warfighting customers to use a Web site to view and track their requisitions. As another example, TRANSCOM is the executive agent for automatic identification technologies. DLA will be its enterprise partner, implementing and executing those technologies. Finally, TRANSCOM's Defense Transportation Coordination Initiative will serve as the "artery" of our DoD distribution system that will move DLA supplies in the United States. The TRANSCOM-DLA partnership is strong.

During recent global war on terror operations, DLA also extended its most precious asset—its people—by deploying them overseas in the areas of operations in Southwest Asia. Using the DPO's Deployment and Distribution Operation Centers, DLA contingency support teams and forward-deployed Defense Reutilization and Marketing offices, we have an extensive network of DLA employees, both civilian and military, in places like Kuwait, Afghanistan, Iraq, Qatar, Kosovo—wherever our military forces need our support the most.

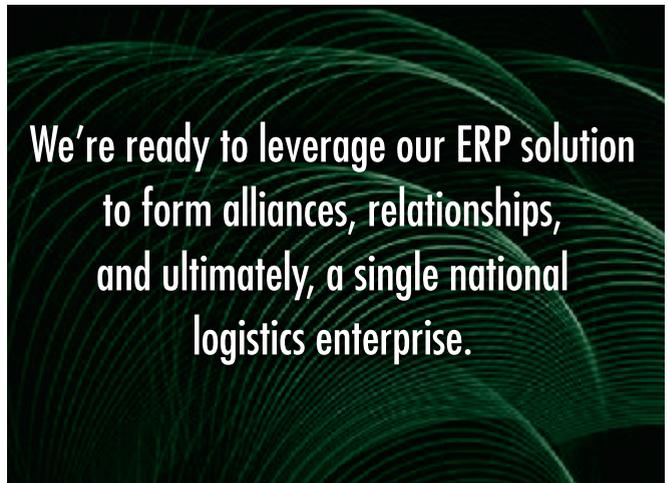
There is one final example of where DLA is extending the enterprise. Months ago, I sent my senior enlisted advisor out to all the Services' recruit training centers to find out how well we were doing filling our troops' clothing bags as they enter basic training—how good we were at linking DLA supply with Services' demand. The truth is, we weren't doing so well in this area. The reports were that we were hitting about 65 percent success. Some troops were getting duplicate items, and some weren't getting a full bag. As a result, we've put in place performance-based logistics providers at the training centers and, because we want to ensure the success and viability of the nation's textile industry, DLA will serve as their source of supply. In turn, we'll hold them to an extremely high output standard for inventory management. Essentially, it will make DLA a part of the Services' training process. We already have seen immediate and tremendous improvement.

The Path Forward

I've highlighted just a few out of many examples of transformational alliances and initiatives upon which DLA is working. They provide a good sense of where we've been and where we're headed. I believe the time is right to form strong, long-standing, open, and transparent partnerships between TRANSCOM, DLA, and the Services. I

also believe that DLA is positioned to leverage our recent ERP success and extend DLA capabilities forward as we execute BRAC 2005. We will integrate the complementary capabilities of our workforce with suppliers, measuring supply performance and output.

There are no doubt challenges associated with achieving this vision. For one, DLA is a tremendous organization with a proud history of wholesale excellence. There will be cultural challenges within our own agency as we change



the paradigm to move from viewing DLA as a wholesale operation to seeing it as a supply chain operation. The Services have already invited us into their transformation operations. We cannot miss this opportunity.

These are exciting times for the Defense Logistics Agency. We are involved not only in providing our warfighters the level of support they richly deserve, but also in transforming the agency to meet tomorrow's demands as we all face a changing strategic and operational environment. We're moving the enterprise from its past of managing supplies through the recent past of managing suppliers to today's role—effectively linking suppliers with Services' demand. Our focus will always remain on our warfighting customers.

In short, we are building and expanding the DoD logistics enterprise with our industry suppliers, our government partners, TRANSCOM, and the Services' materiel and supply commands. The achievement of this vision is not a short-term effort, nor can it be accomplished alone. It is a cultural journey and will require a careful, well-coordinated effort by every member of the enterprise. It's the right mission for both DLA and the Department of Defense as a whole.

The author welcomes questions and comments. Contact dlapublicaffairs@dlc.mil.