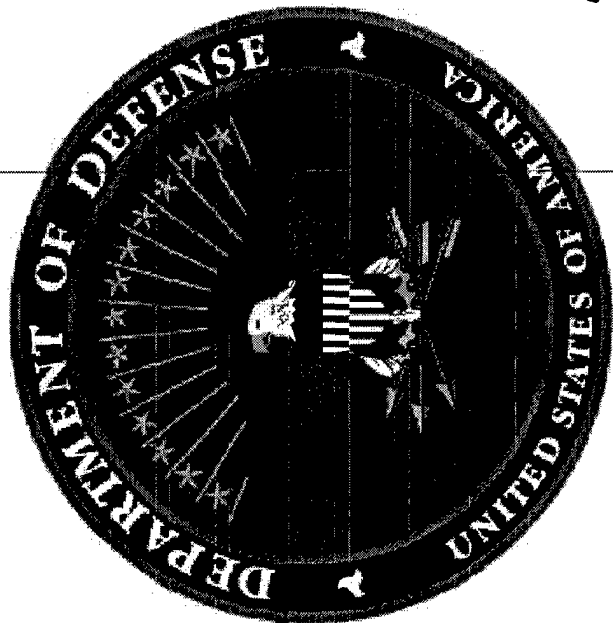


1998 DoD Logistics Strategic Plan Roadmap to the 21st Century



1998 1125 025

Walter D. Atchley
Acting Assistant Deputy Under Secretary
of Defense for Materiel & Distribution Management

199-02-0228

Evolution of the Warfighter

Roadmap

21st Century

TODAY

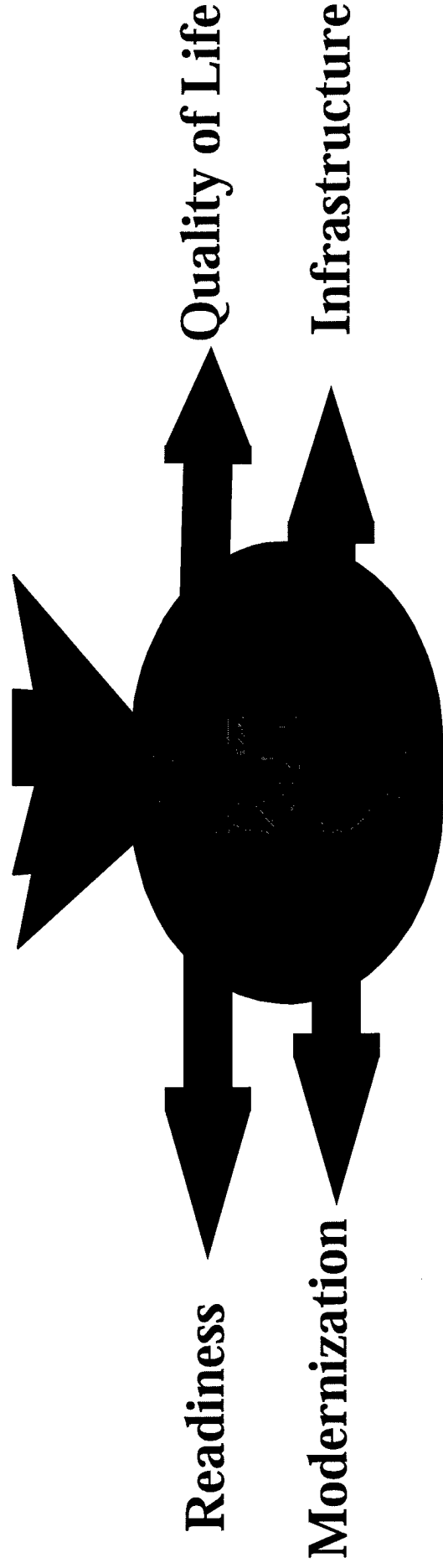
CONUS-based
Power Projection
Capabilities
Broad Range of Missions
Severely Constrained
Resources
Shorter Planning
Horizon

Cold War

Forward Deployed Strategy
Very Focused Mission
Threat-Based
Constrained Resources
50s, 60s, & 70s Technology
Long Planning Horizons

Flexible, Rapid, Engage-
ment Strategy
21st Century Technology
Knowledge & Capabilities
Based
Disbursed Operations
Improved Lethality
Survivability & Tempo
Shared Situational
Awareness
Real-time Information

Funding Dilemma



Today's: +Readiness Requirements
Modernization Requirements
Quality of Life Requirements
Infrastructure Requirements
> **\$257 Billion**

Major Influences

- **Joint Vision 2010 - Focused Logistics**
- **Quadrennial Defense Review**
- **National Performance Review 2000 goals**
- **Defense Reform Initiatives**
- **GPRA guidance for strategic plans**

What's New about the 1998 Plan?

1996/1997 Plan

- Mission
- Three Goals
- Eight Objectives
- 92 Strategies
- Metrics (8)

1998 Plan

- Mission (same)
- Two Goals
- 23 Objectives
- No Strategies
- Metrics (38)
- Greater Reliance on & Linkage to DoD Component Plans for Implementation

DoD Logistics Strategic Plan

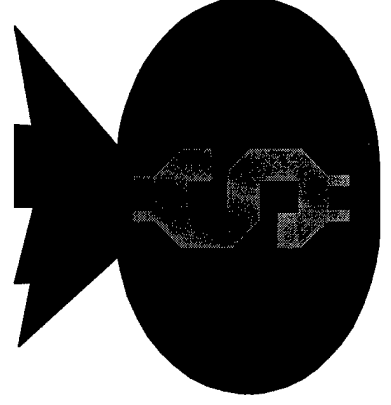
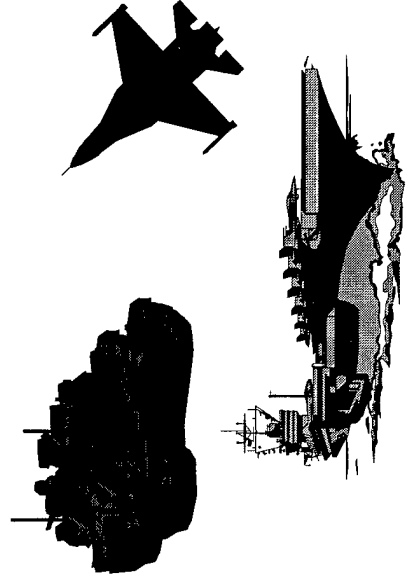
Mission Responsive Support for Readiness & Sustainability in Peace & War

Goals
↑
Provide timely and responsive
Support to Warfighters
& Other Customers

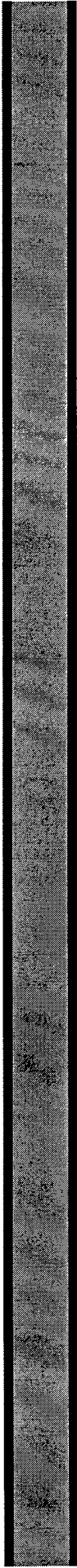
Achieve maximum
Logistics Productivity

Nine Objectives

Fourteen Objectives

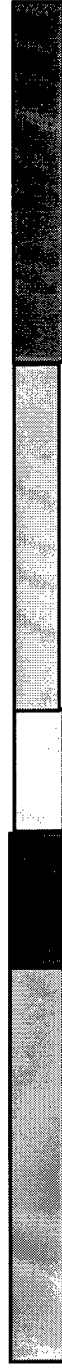







Reduce Logistics Response Time



Order to Receipt Time

Today: 36 days



-  Requisition Time
-  ICP Time
-  Depot Time
-  Transport Time
-  Receipt Take Up Time

2000 Goal: 18 days



Made possible through:

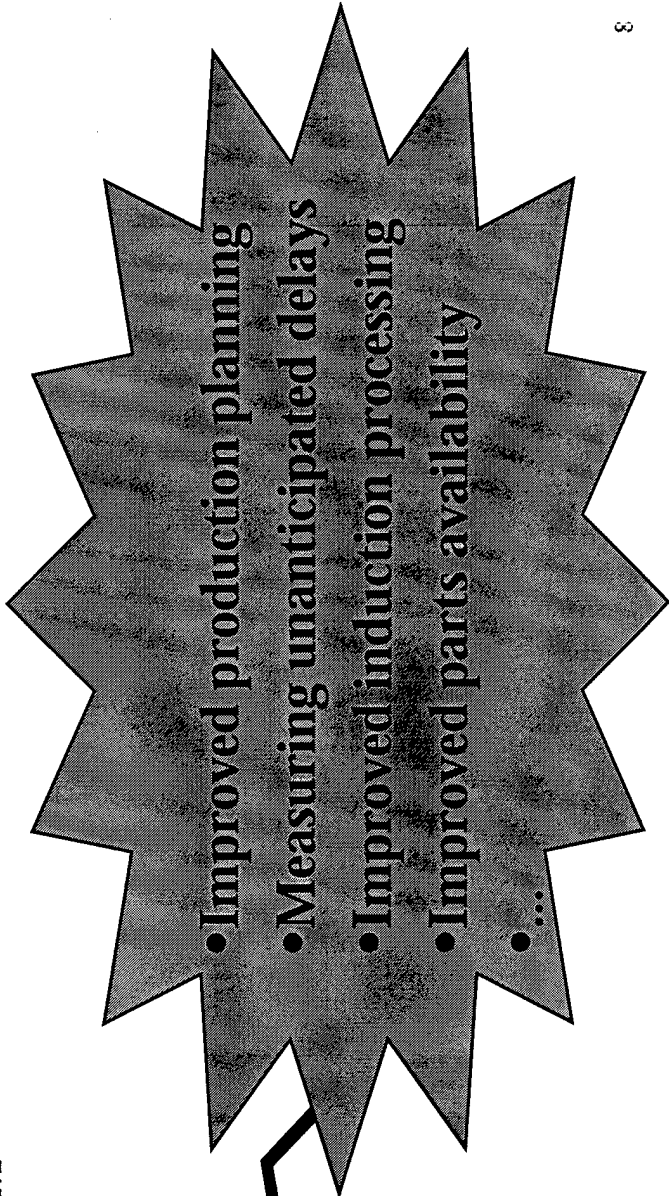
- LMARS (measmt/rept)
- Process Streamlining
- Distribution Trade-offs
- Direct Vendor Delivery
- TAV

Reduce Depot Repair Cycle Time

1996 Baseline (Notional) 2000 Goal: Reduce \$ by 10%

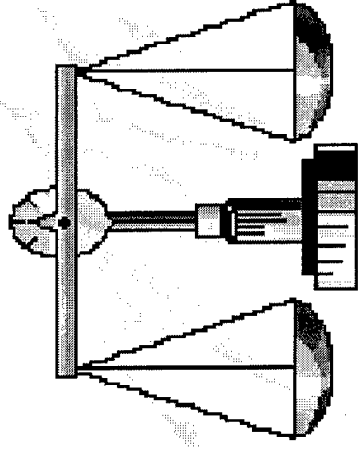
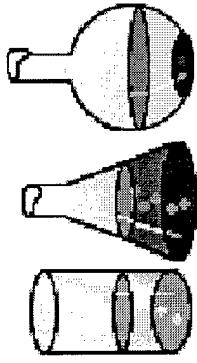
	Days	Budget \$
■ Army	188	\$724.7 M
■ Navy	166	\$781.1 M
■ Air Force	70	\$2,840.9 M

2004 Goal: Reduce \$ by 20%

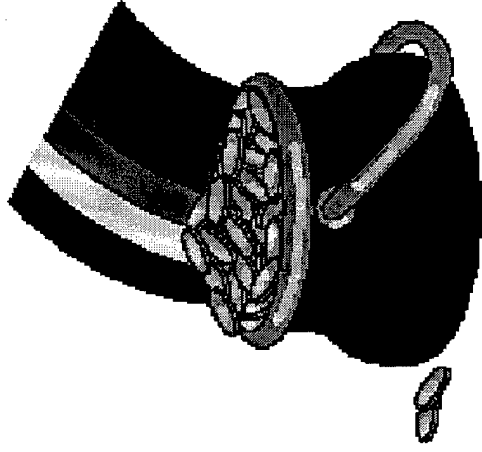


Measure & Improve Customer Satisfaction

- Develop Satisfaction Measures

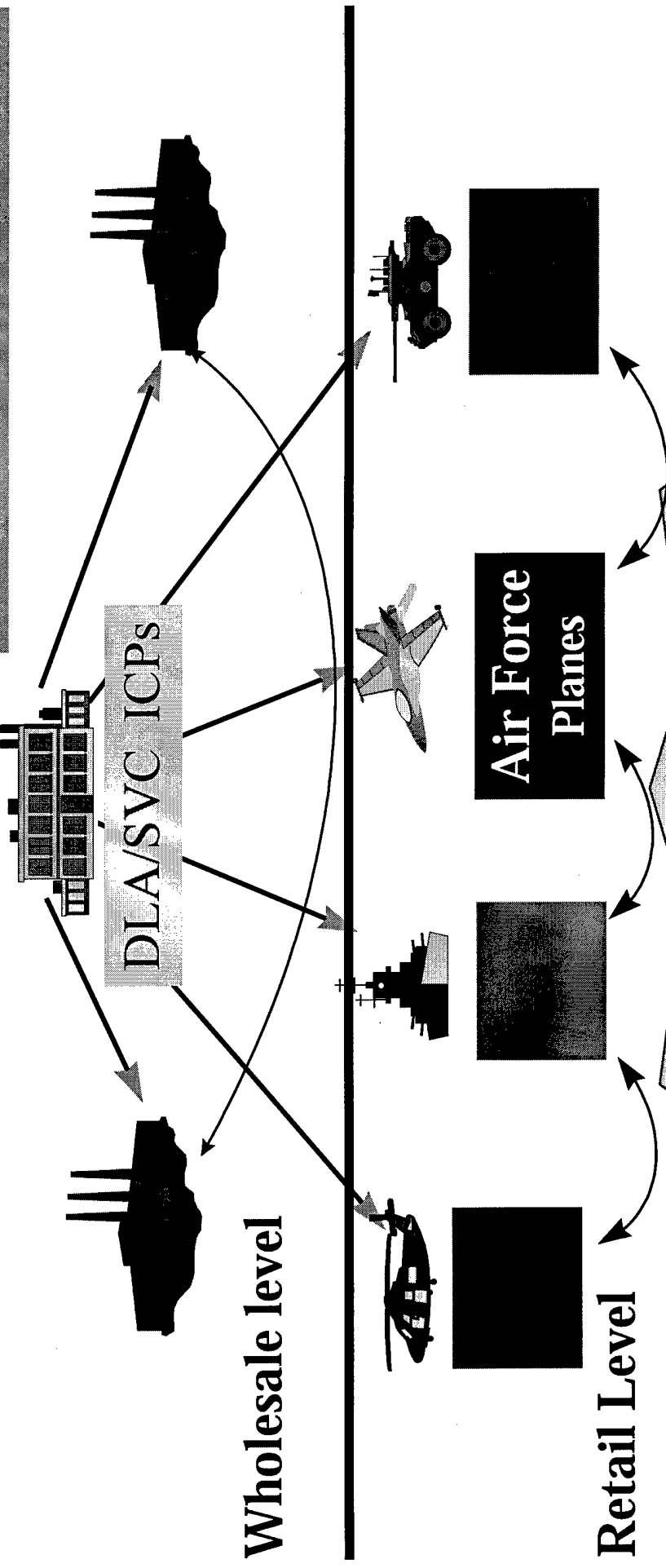


- Improve Customer Satisfaction



Fully Implement Total Asset Visibility

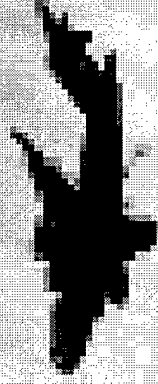
Targets: Full fielding of identified capabilities:
By Feb 2000 - 90%
By Feb 2004 - 100%



ICP visibility of assets allows for instantaneous, informed and correct redistribution decisions across all components down to the user level.

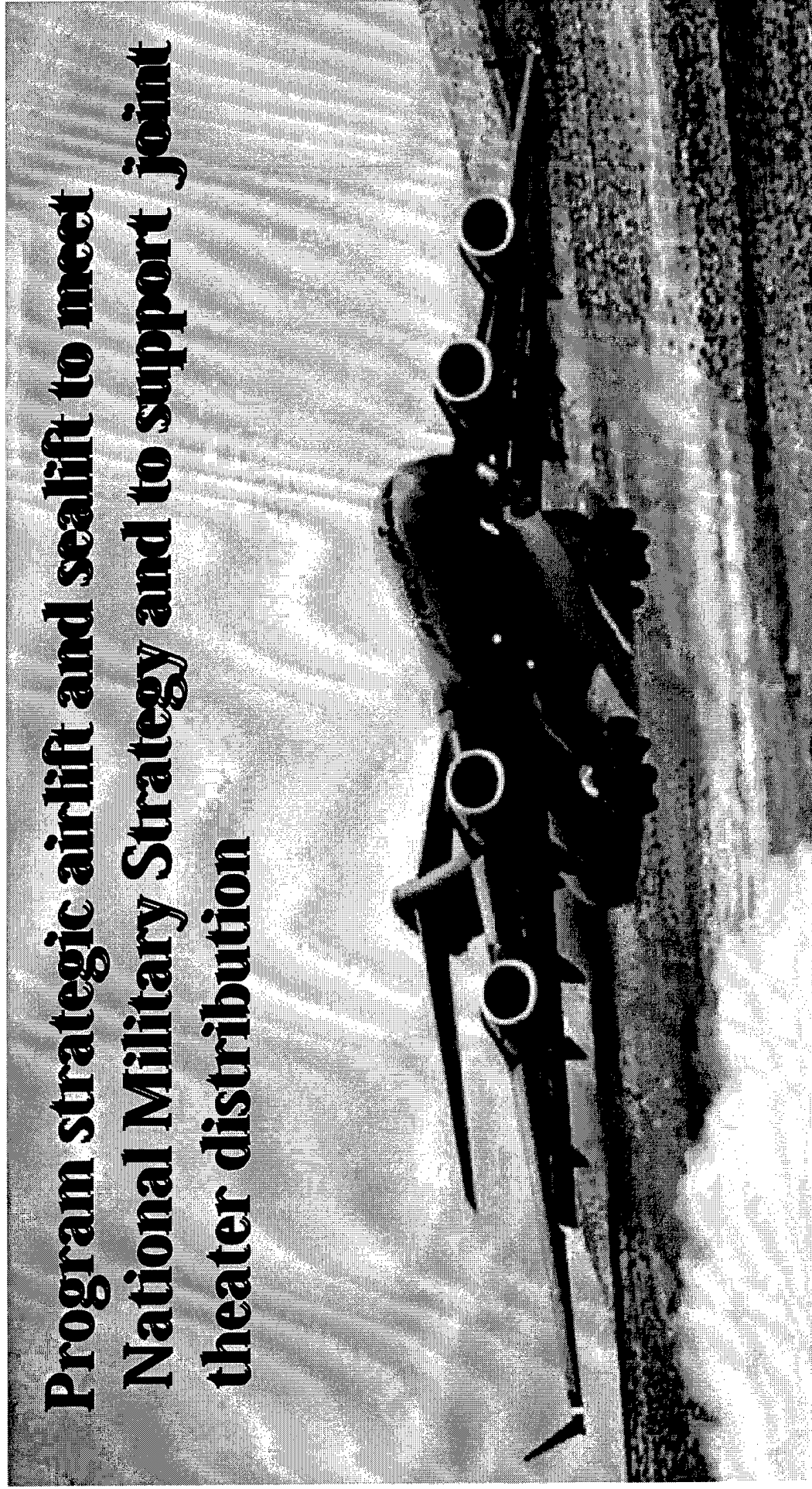
Develop & Apply Tailored Logistics Support Packages

- Track development of capability to determine requirements.
- Develop capability to deliver packages to joint & combined operations.



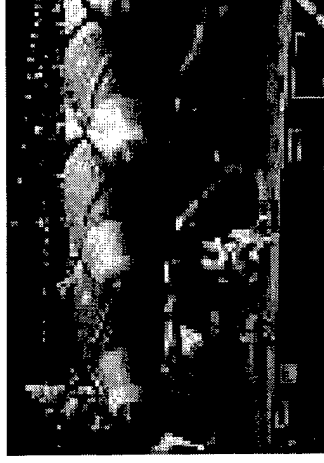
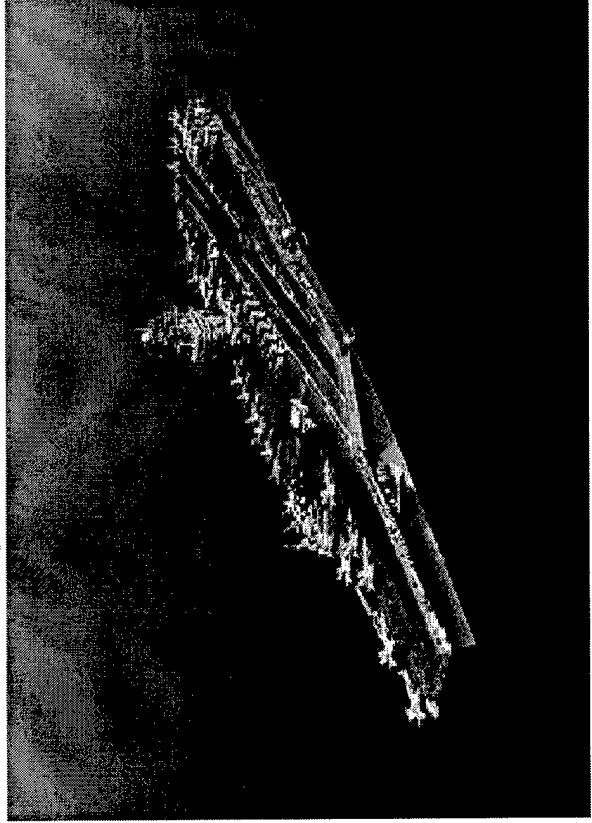
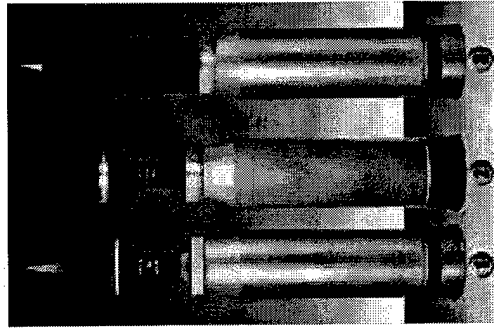
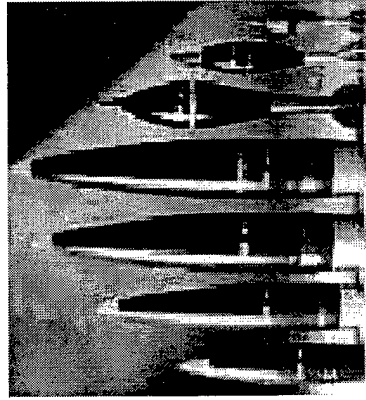
Strategic Lift

**Program strategic airlift and sealift to meet
National Military Strategy and to support joint
theater distribution**

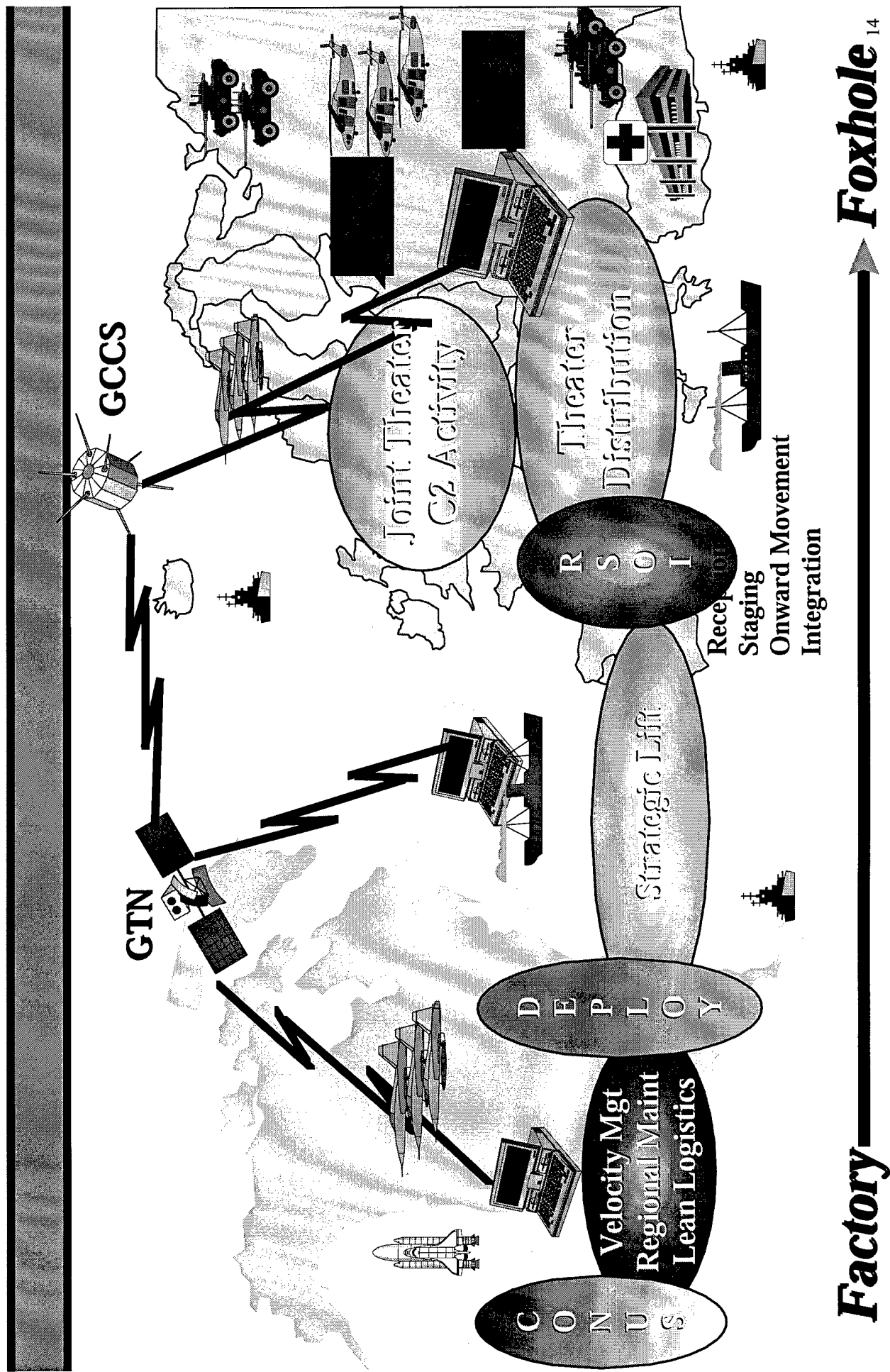


Develop War Reserve Requirements Model

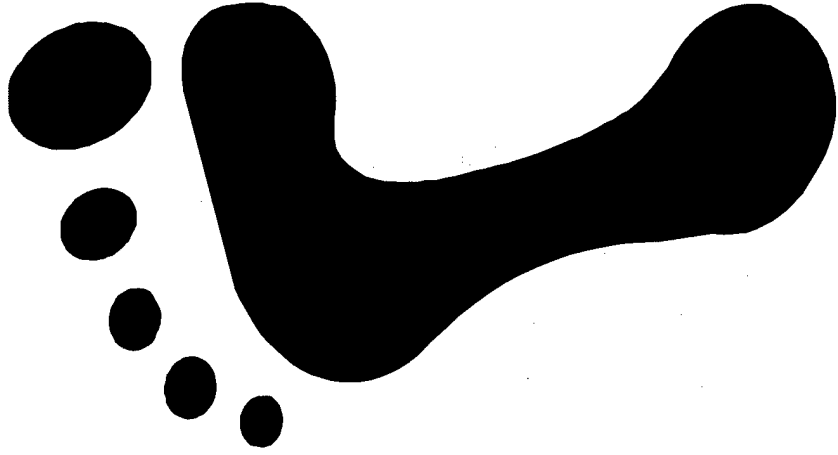
Develop a flexible & verifiable model that will determine war reserve inventory requirements to ensure war reserves are properly selected, sized, positioned, pre-packaged, maintained, and transportable based on approved plans.



Develop Joint Theater Logistics C2



Reduce Theater Logistics Footprint



- **Assist Warfighting CINCs significantly reduce logistics footprint**
- **Flexible/mobile logistics capability**
- **Support joint/combined operations**

NATO Coalition Logistics

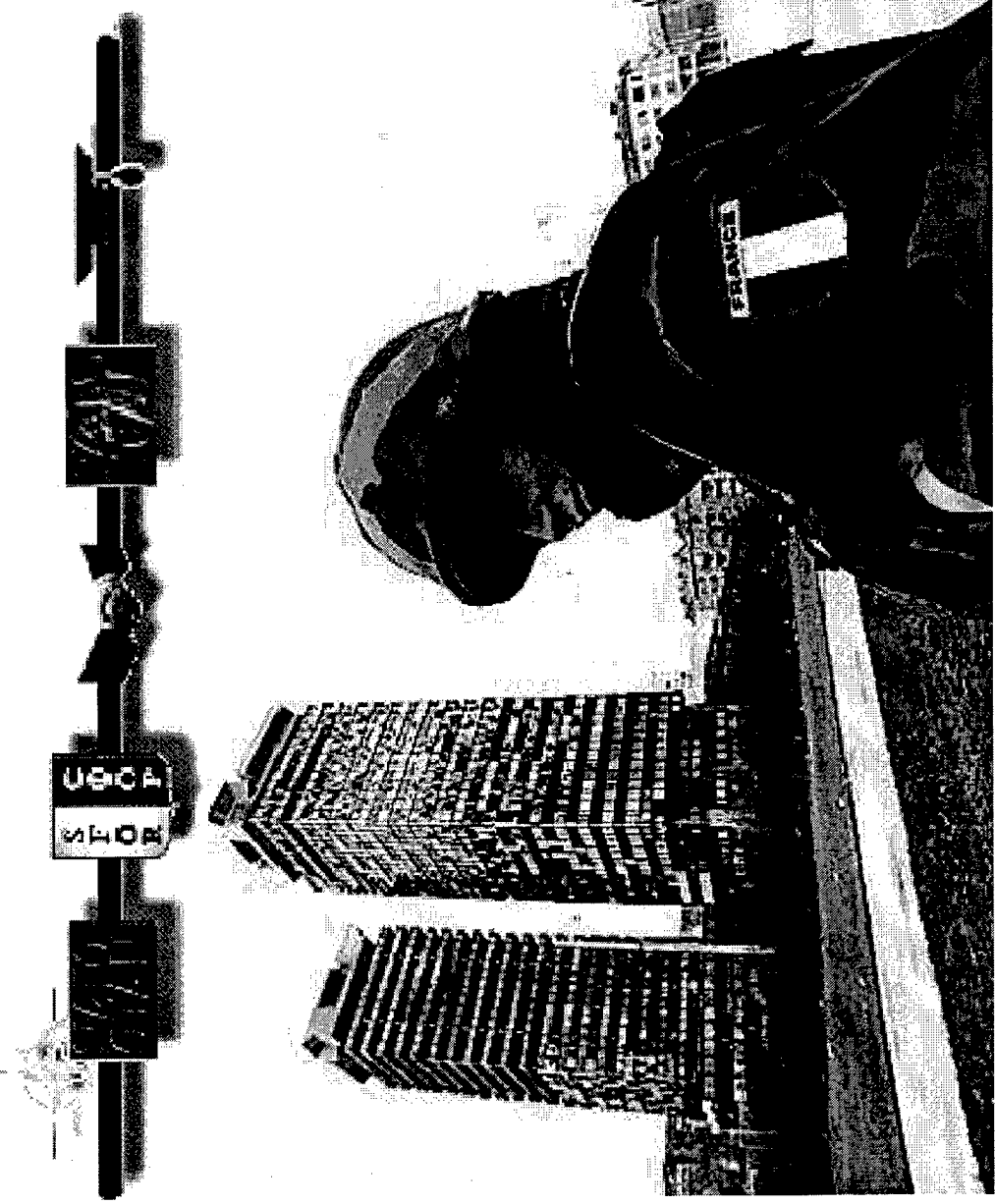


IFOR



Operation Joint Endeavour (JFOE)

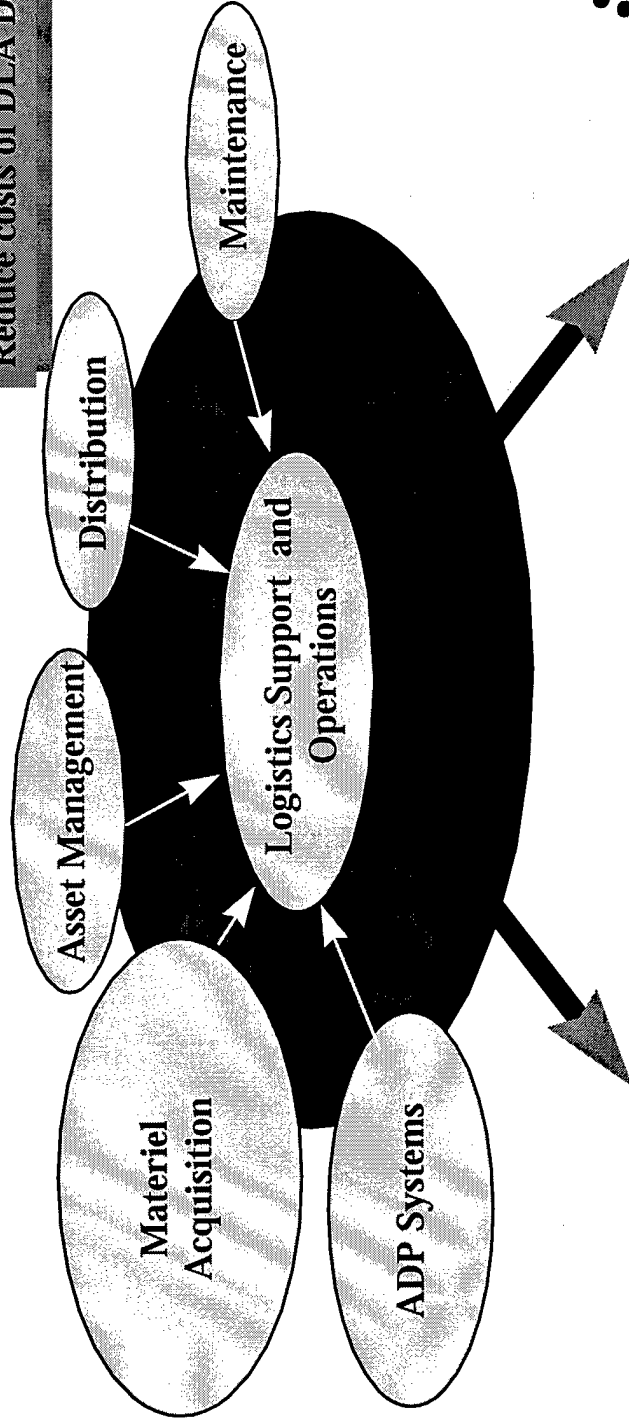
Develop bilateral & multinational logistics agreements for coalition operations.



Business Process Reengineering

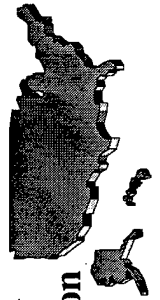
Reengineer logistics processes and related ADP systems

Reduce costs of DLA Distribution Operations



Peacetime

- Smaller CONUS infrastructure
- Smaller inventory
- O&S cost reduction

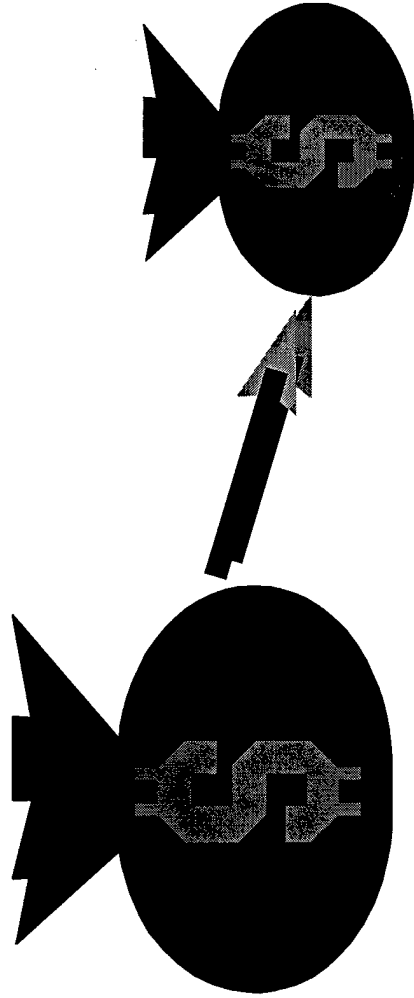


Contingencies

- Rapid Deployment
- Reduced logistics footprint
- Assured weapons and personnel sustainment

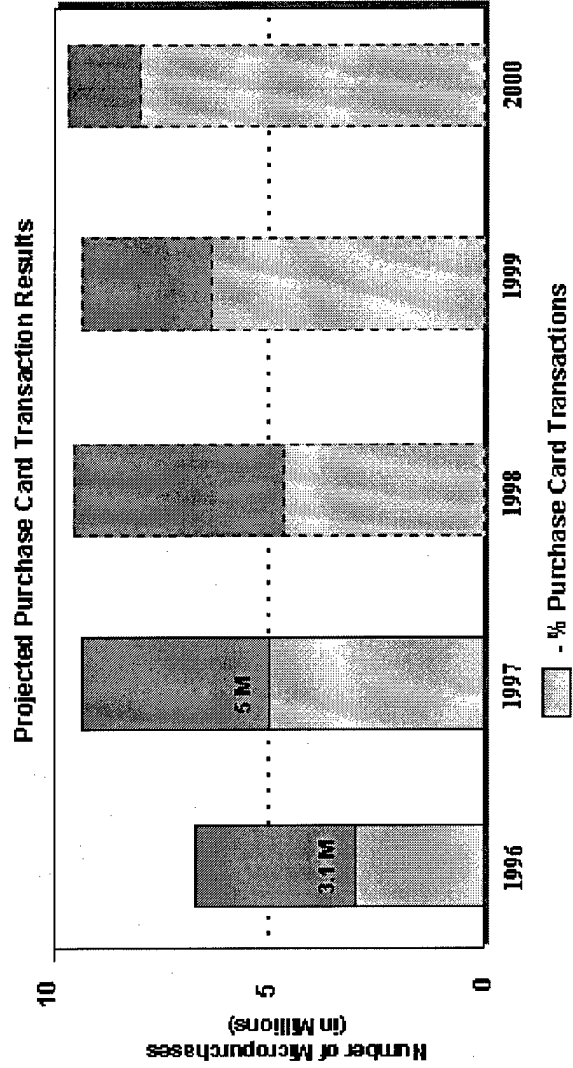


Financial Management



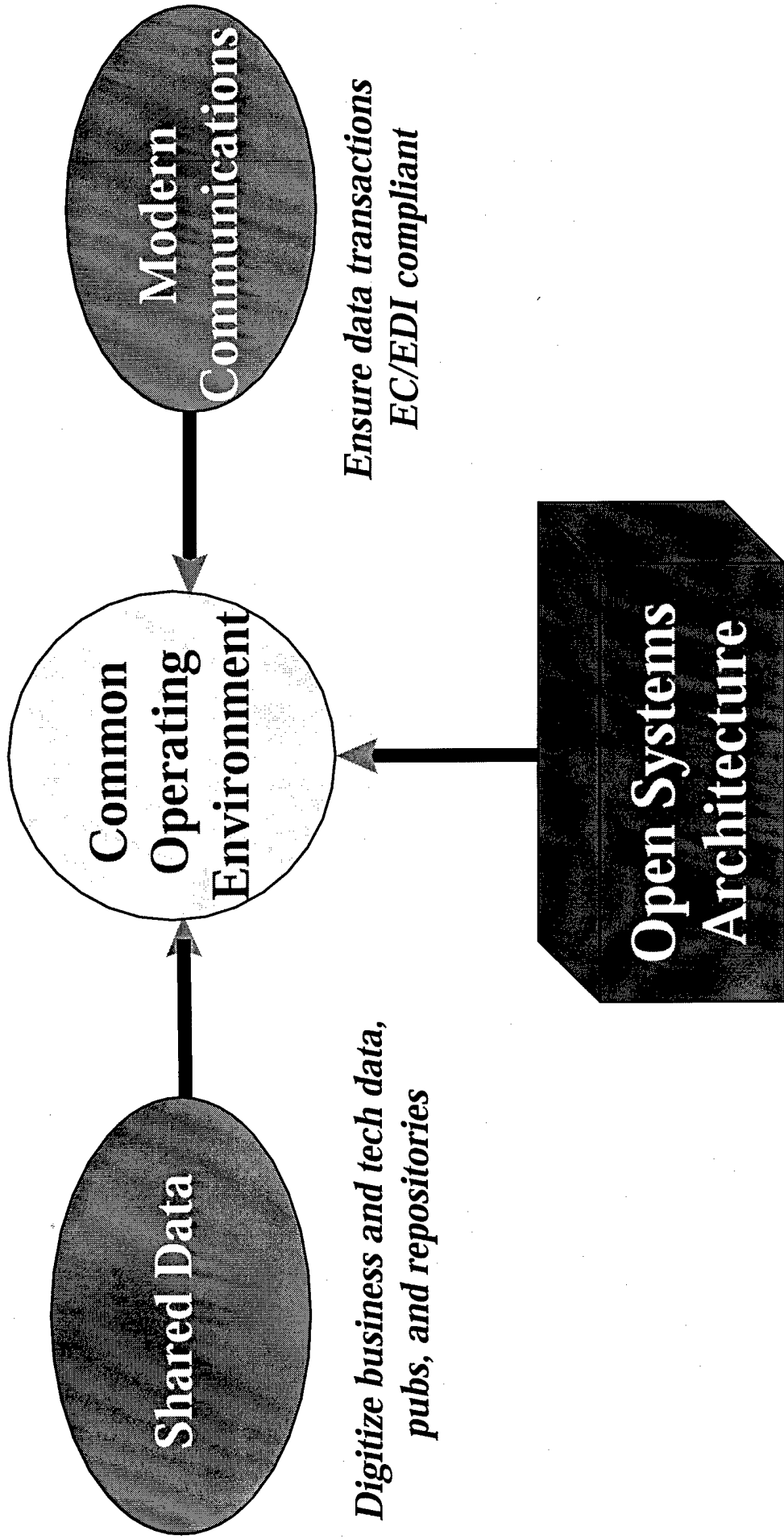
- Identify logistics WCF cost recovery factors and establish reduction goals (ABC).

- Achieve 90% of purchase & payment transactions under \$2500 using government purchase card (IMPAC).



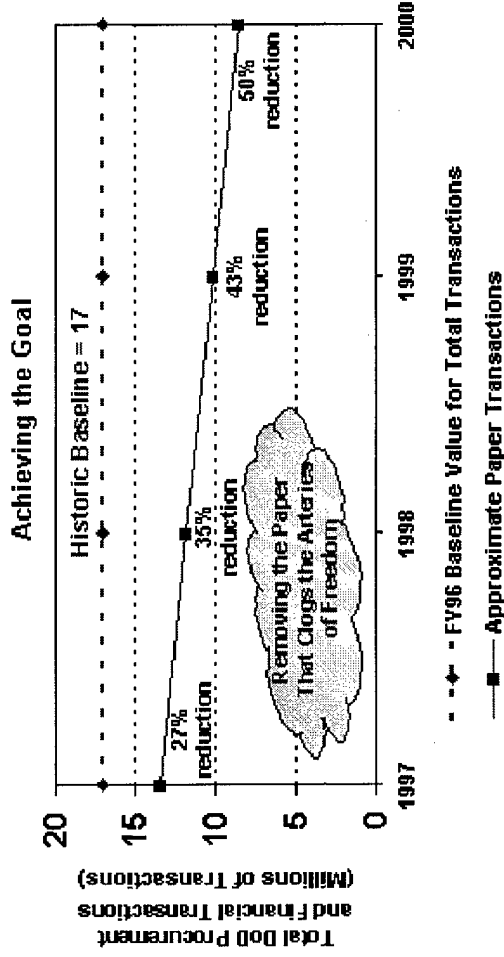
Implement Logistics Business Systems Strategy

Global Combat Support System

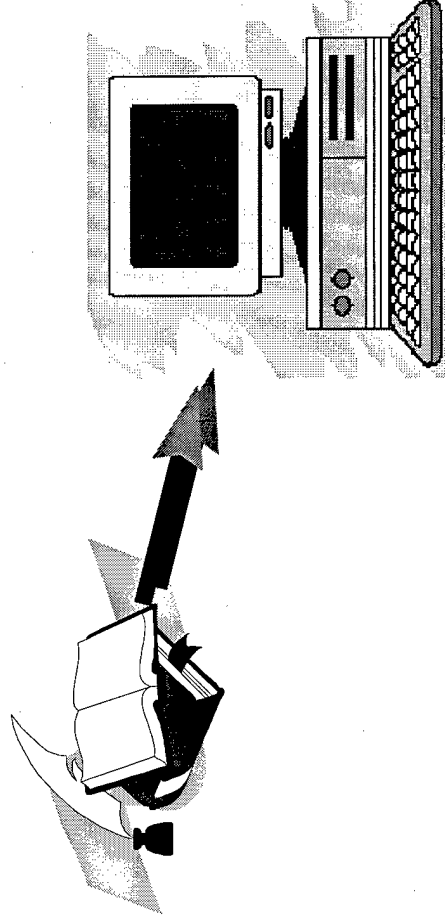


Logistics Digitized Data

- Decrease paper transactions by 50% through electronic commerce and electronic data interchange (EC/EDI).



- Achieve 100% conversion to digitized data documents by FY 2002.



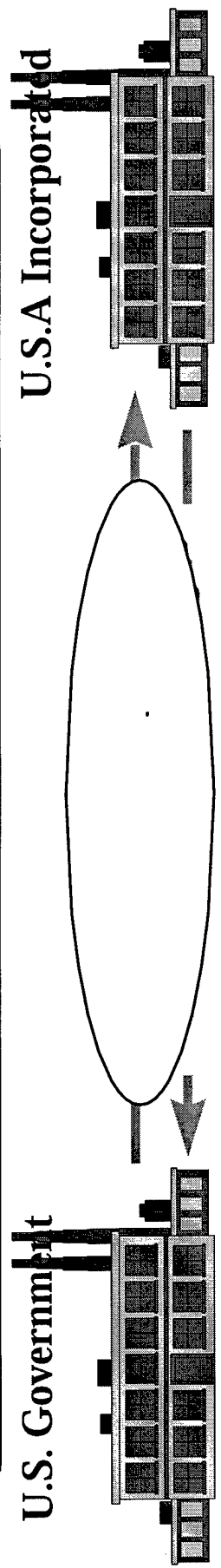
Implement Outsourcing/Privatization/Elimination

Outsourcing - transfer of functions previously performed in-house, to outside providers



- Conduct Business Case & Risk Analysis at all organizational Levels. Identify specific opportunities;
- Track percentage of DLA sales supported through prime vendor contracts, e.g., MRO;
- Reduce DRMS HQ by 25% by 2001; reduce DMROs by 50% by 2001.

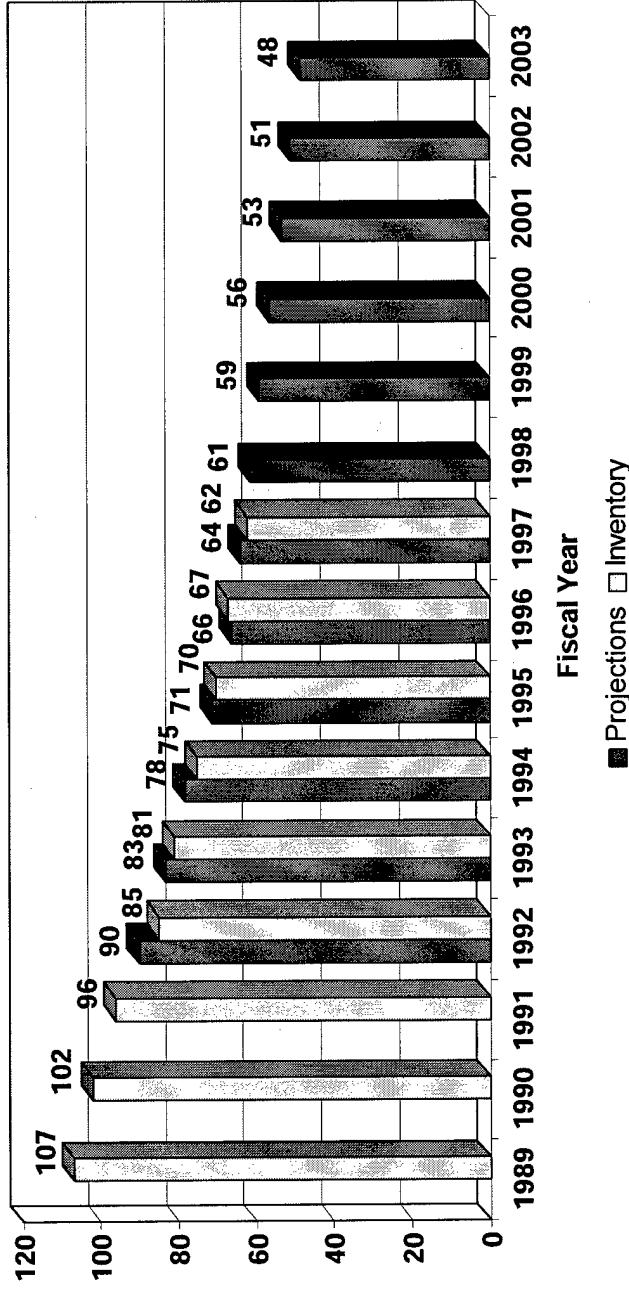
Privatization - subset of outsourcing which involves the transfer or sale of government assets to the private sector



Inventory Reduction

Achieve DoD and NPR Goals

Constant FY 1995 Dollars in Billions at DoD's Latest Acquisition Cost



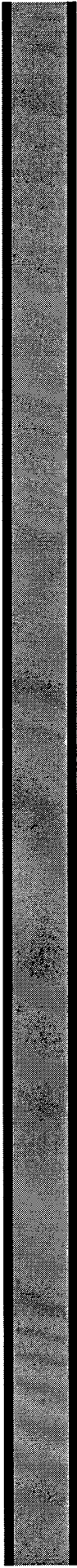
Reduce Supply Inventories from \$67B to \$56B by Sep. 2000

Reduce Retail Inventories from \$14B to \$10B by Sep. 2001

Track Inventory Turnover Rate over time

Source: Supply System Inventory Report as of September 30, 1996, and DoD Logistics Strategic Plan, Edition 1996/1997 (LSP), revised to reflect updated goals based upon more recent actual data, new force structure data, consumable item transfer data, and use of 1998 deflator tables.

Reduce Operation and Support Costs



Other
O&S
MILPERS (\$69B) ▼

O&M (\$92B)

Weapon System
Direct
(Depot Maint, Depot Level Repairables, Consumables, Fuel, CLS, ICS...)

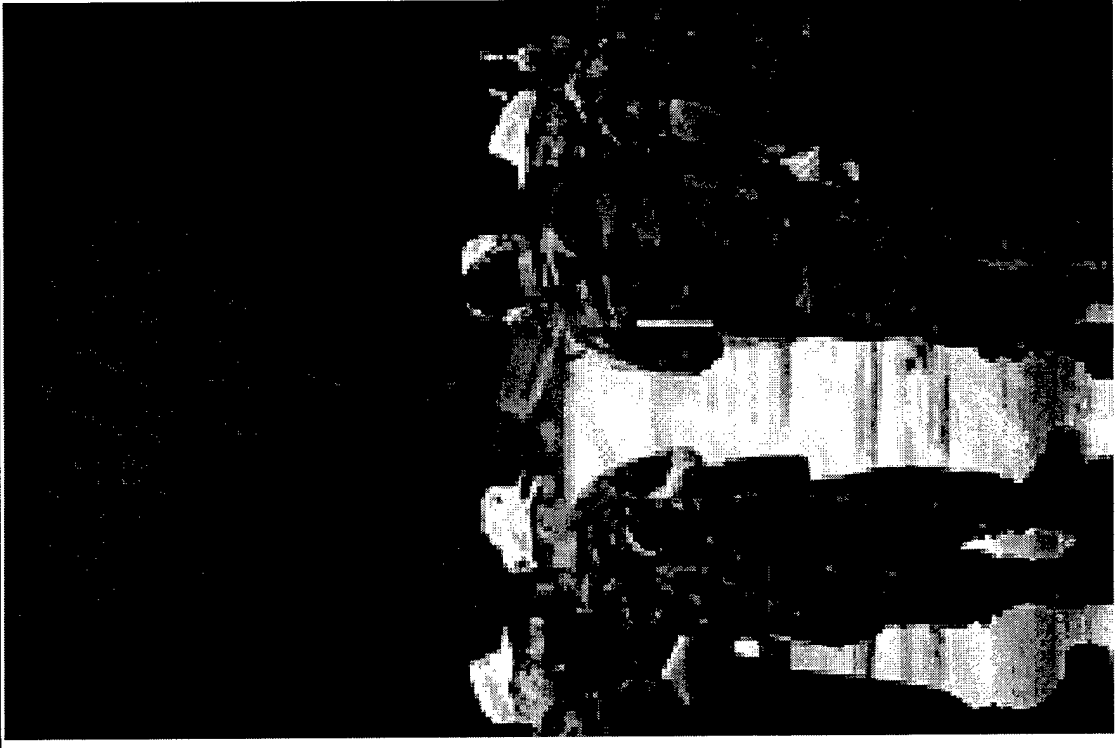
Indirect
(Base Operations Support, Medical & Health, Environmental, Communications, Administration, ...)

Make O&S Cost Reduction a principal factor in design/ acquisition decisions.

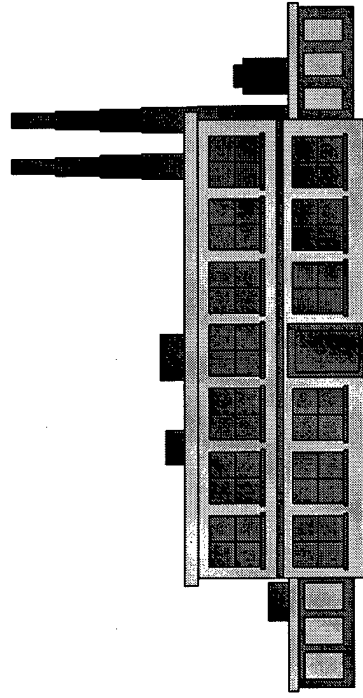
Source: OUSD(C) National Defense Budget Estimates for FY 1996

Maintenance Infrastructure

- Reduce public sector maintenance infrastructure through:
- Increased competitive sourcing
 - Greater consolidation
 - Aggressive reengineering, and
 - Expanded regionalization of activities

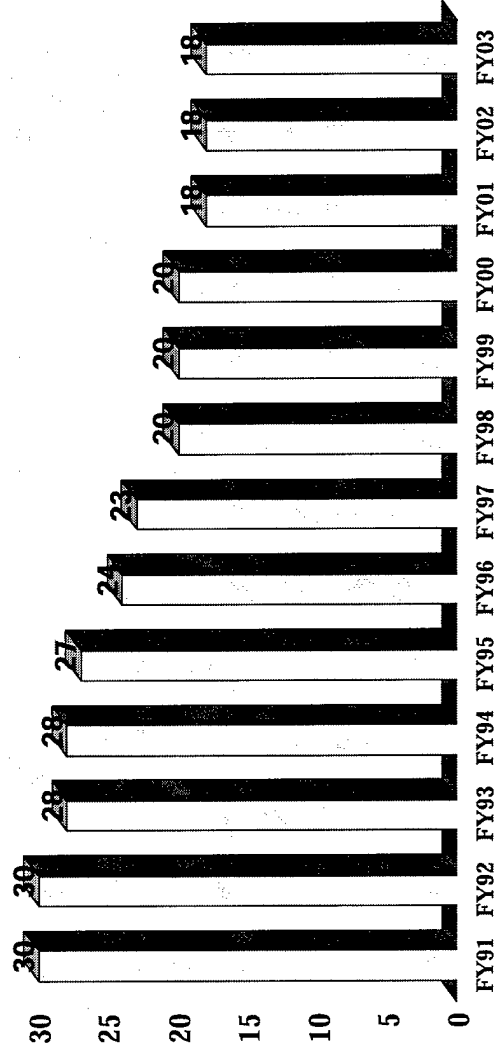


Capacity Utilization



Establish maintenance capacity & utilization percentage trends over time; execute to targets.

Utilize Materiel Distribution Facilities at optimum capacity; reduce to 239 occupied covered space (MCF) by Dec. 2003.



Public-Private Competition for Maintenance

Compete depot-level maintenance workload performed by federal employees so that 50% is done by private sector employees (10 U.S.C. 2466).

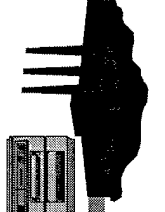
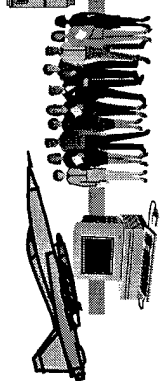
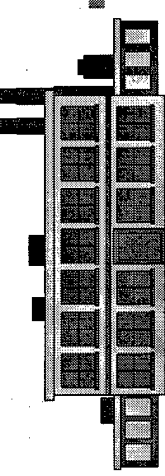
Decrease percentage of non-competed dollars of workload.

Increase savings through competition.

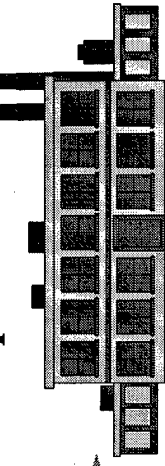
Competitive Source Selection for Maintenance

Compete maintenance workloads that are currently sole sourced.

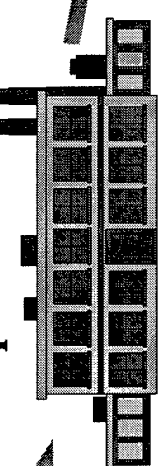
U.S.A Incorporated
Sole-Source Contract



U.S.A Incorporated
Competitive Award

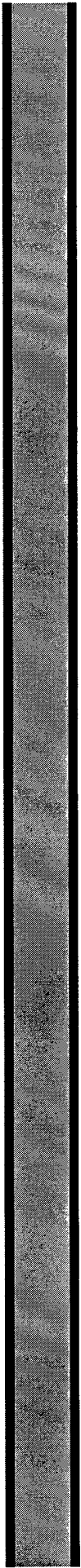


U.S.A Incorporated
Competitive Award

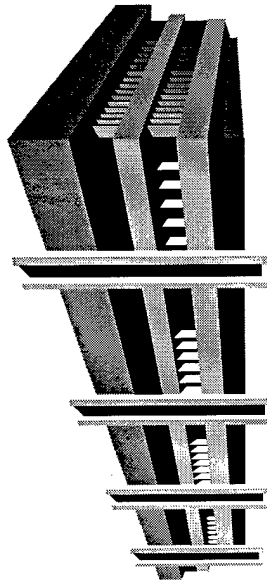


Result: Lower
Costs

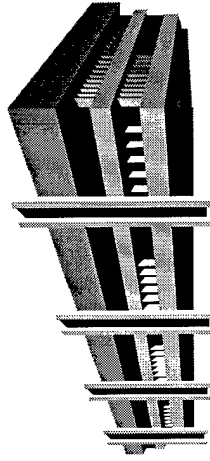
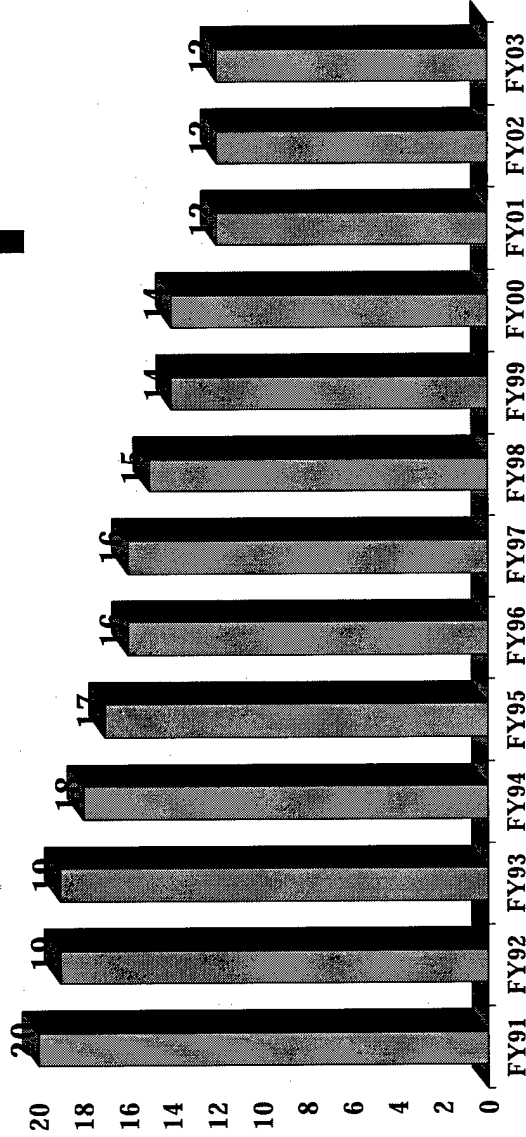
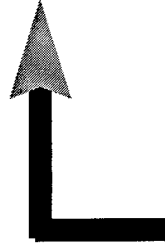
Streamline Inventory Control Points



Implement Virtual ICP Structure
within each Component, i.e.,



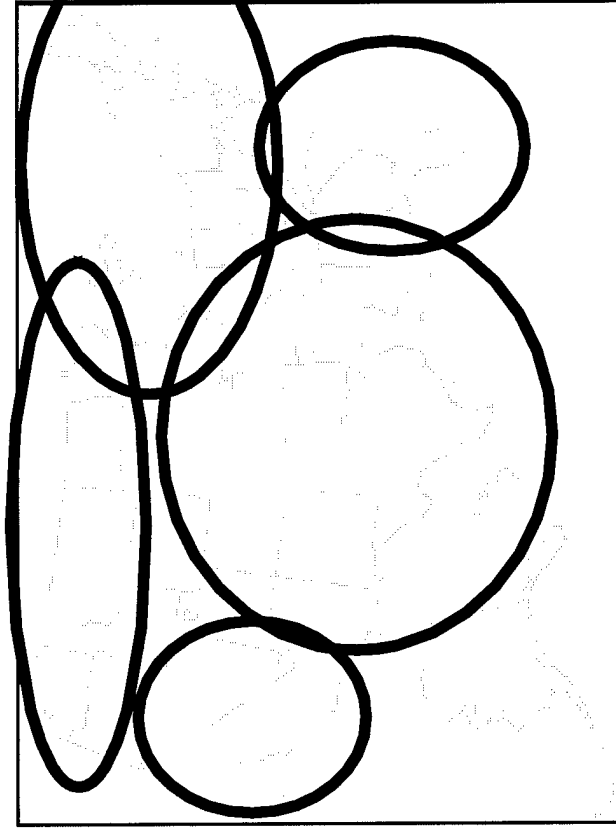
Virtual ICP: 5 ICPs



Pre-QDR ICPs

Regionalization of Logistics Activities

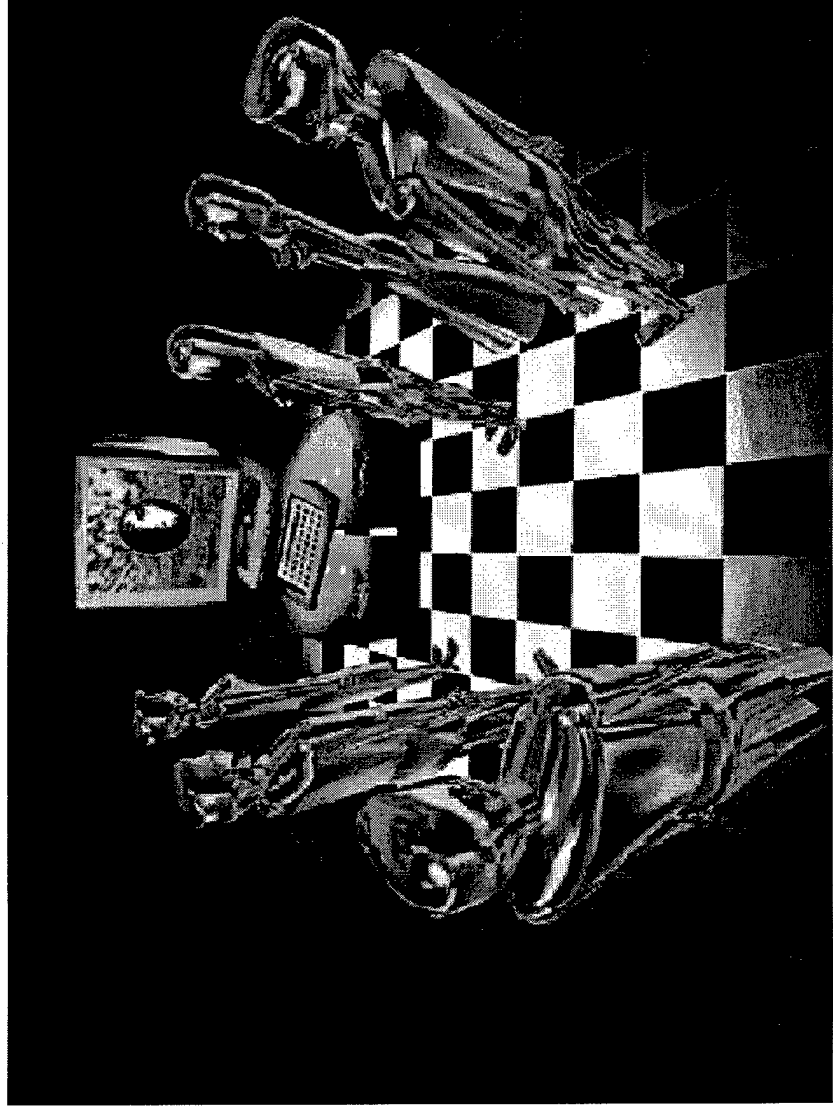
Accomplish cost-effective regionalization of Component logistics activities.



Regionalization. Integrating organizations & functions now being performed at multiple locations in a common geographic area (page 55 of *Report of QDR, May 1997*).

Logistics Workforce

Develop logistics workforce into a multi-skilled & highly flexible resource



Plan Implementation

- DoD LSP, 1998 Edition, signed by USD (A&T), Jan. 7, 1998.
- Implementation memo to Components/OSD/Joint Staff, signed by DUSD(L), Jan. 30, 1998.

- ① Components implement objectives & metrics in their own strategic plans.
 - ② Resourcing in PPBS.
 - ③ Copy to Service Acquisition Executives.
 - ④ OSD/JCS POCs identified for each objective/metric from 01.1 to 23.1 (38 target metrics altogether).
 - ⑤ Components requested to identify their own POCs for each objective/metric.
 - ⑥ Performance plan meetings with Working Group.
 - ⑦ June 1998 progress meeting with Executive Steering Group, with report to USD (A&T).
- Components develop plans, execute, and report through OSD/J-4 POCs to Working Group.

1998 Logistics Strategic Plan

Available in several formats, including a linked HTML format, through the internet at:

<http://www.acq.osd.mil/log/mdm/lsp98.htm>

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