

Achieving Logistics Excellence: Through Performance-Based Logistics

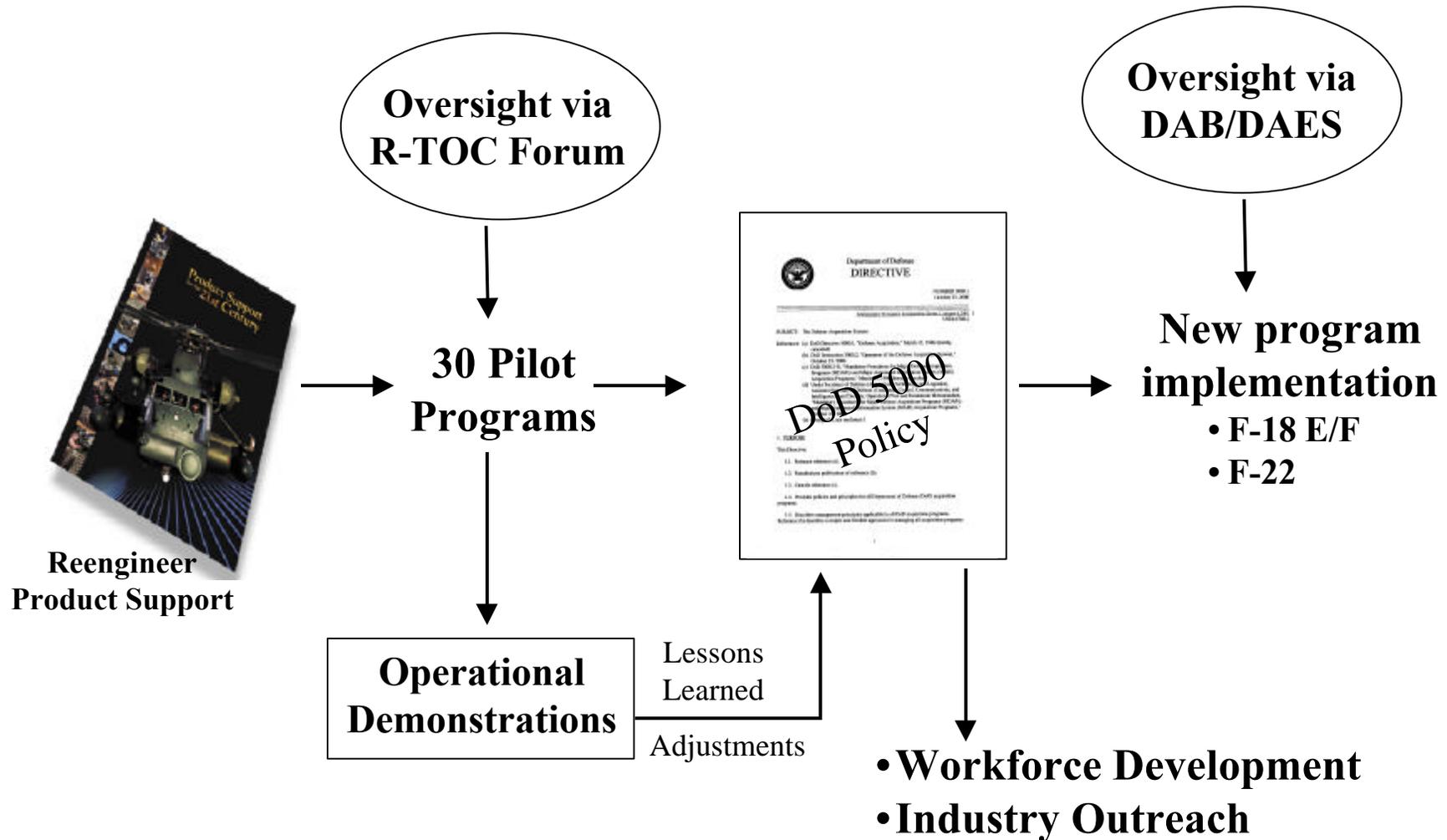
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Plans & Programs)**

USD(AT&L) Priorities

- Restore the credibility and effectiveness of the acquisition and logistics support process
- Bolster the strength of the industrial base
- Leverage technologies for the long term through greater Science and Technology (S&T) funding
- Rationalize weapons programs with the national security strategy
- Improve the quality and morale of DoD's acquisition workforce

Implementing Performance-Based Logistics

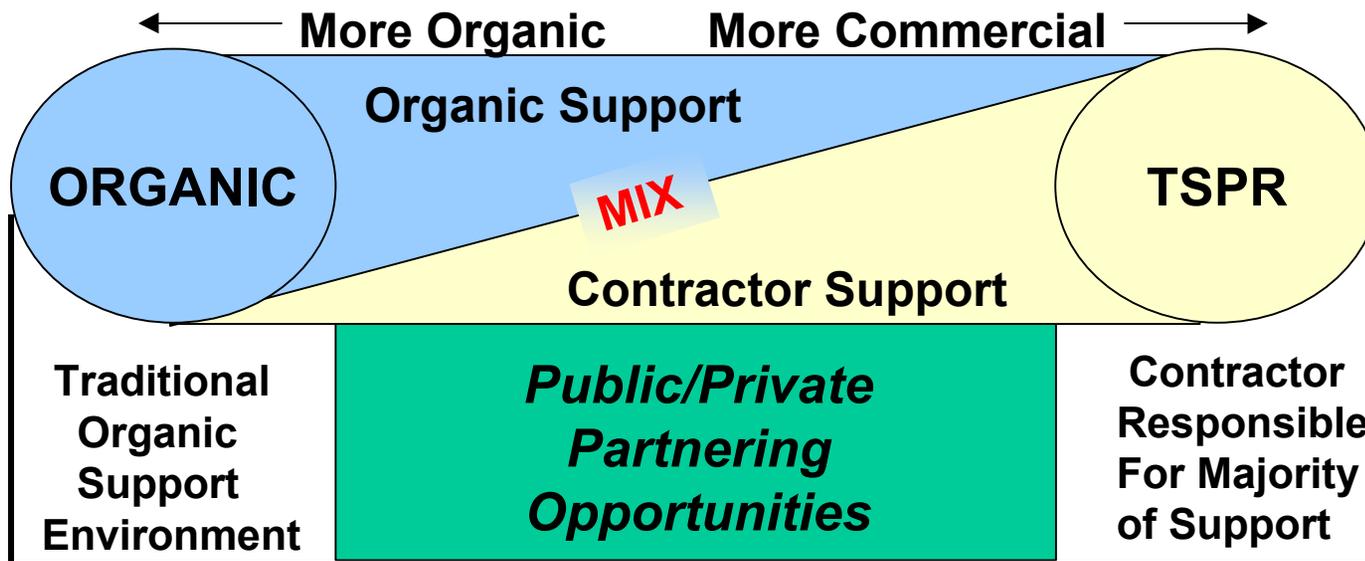


An integrated, disciplined program to achieve near-term implementation.

Performance-Based Logistics

- **Program manager is responsible for life cycle sustainment**
 - PM manages integrated logistics chain
 - DoD logistics commands foster transparency and interoperability
- **Performance agreements negotiated with operational customers**
- **PM builds performance agreements with commercial and organic providers**
- **Outcome performance measured throughout the process**
- **Logistics and financial transactions transparent at the operational level**

Spectrum of PBL Strategies



• ***PBL strategies will vary along this spectrum depending on:***

- ***Age of System (Phase in Life Cycle)***
- ***Existing Support Infrastructure***
- ***Organic & Commercial Capabilities***
- ***Legislative and Regulatory Constraints***

Examples:

- **Total System Performance Responsibility (TSPR)**
- **Industry Partnering**
- **Service Level Agreements**
- **Performance-based Agile Logistics Support (PALS)**
- **Prime Vendor Support (PVS)**
- **Contractor Delivery System (CDS)**
- **Performance Plans**
- **MOU with Warfighter**

Recent Examples

Exploiting integrated logistics chains
to optimize equipment readiness

F/A-18 E/F Integrated Readiness Support Teaming (FIRST)

- Savings / Cost Avoidances estimated at \$52.4M over five year contract period
- Carrier stock effectiveness - 90%
- Integrates 125 suppliers, 15,000 items

F-117 Total System Performance Responsibility (TSPR)

- Support to 49th Fighter Wing rated Excellent
- All performance metrics met or exceeded
- Savings/cost avoidance in FY 99 - \$27.5M
- F-117 withstood test of transition and overseas deployment to 2 combat locations
 - In Kosovo, F-117 flew 1023 sorties with a mission capable rate of 86%

M-1 Abrams R-TOC and Product Support Pilot

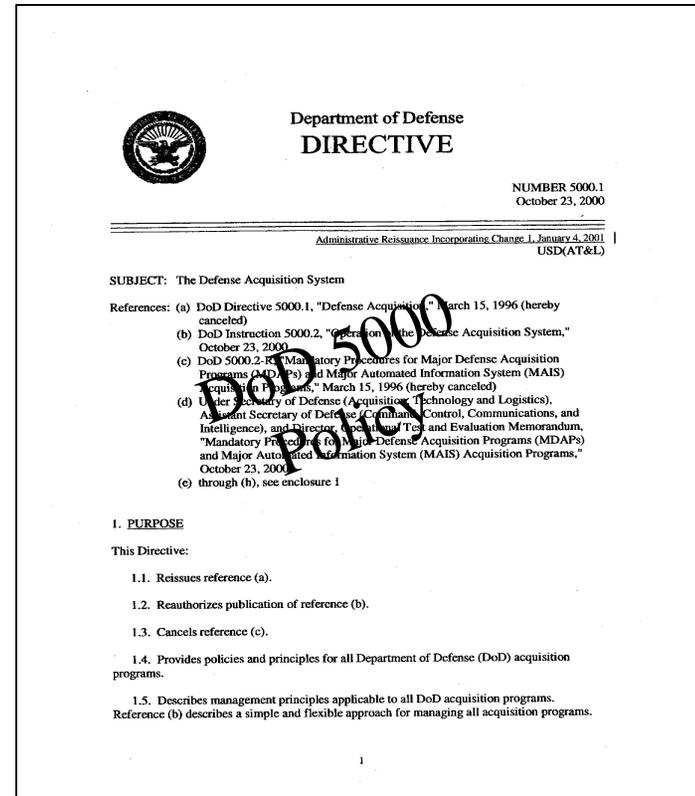
- Reduction of total ownership costs of 20% by FY 05
- Potential of \$17B O&S cost reduction over the 30-year remaining life
- Partnership among PM, industry, and Army Materiel Command

Advanced Amphibious Assault Vehicle (AAAV) Life Cycle Support

- Estimated \$240M Cost Avoidance over life cycle
- Embedded Training
- PM Life Cycle Oversight
- Competitive sourcing

Preparation/Update of DODD 5000 Series

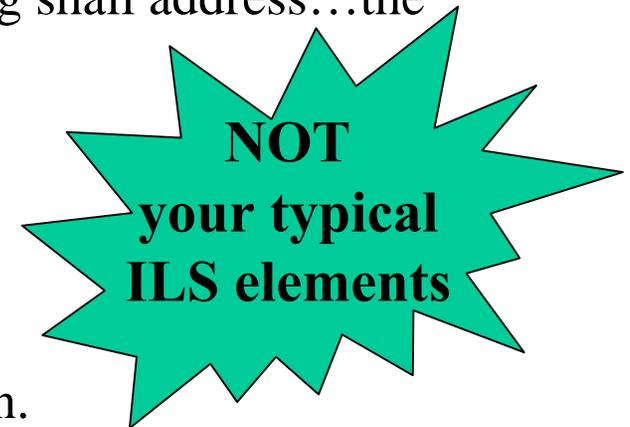
- Recent revision of 5000 Series
 - Emphasized integrated acquisition/logistics processes
 - Capitalized on performance-based strategies
 - Directed product support strategy as integral part of acquisition strategy
 - Recommends PM select a product support integrator from DoD or private sector
- Preparing Program Manager's Guide



Sustainment Strategy

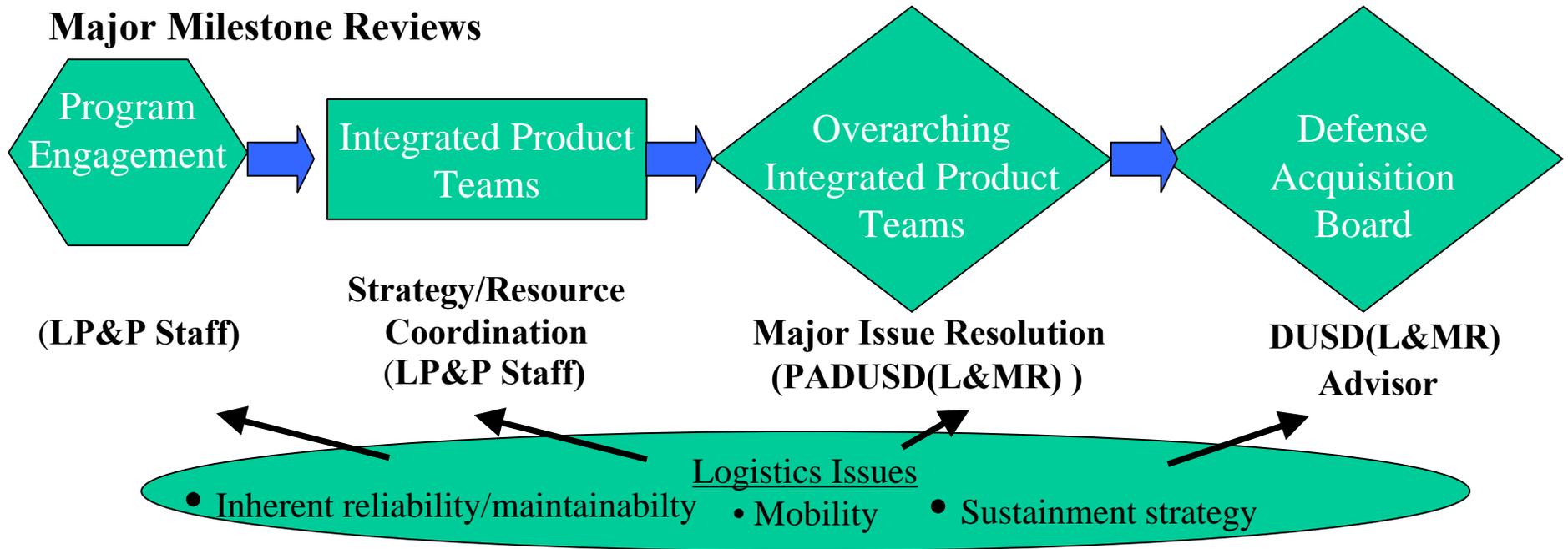
DoD 5000.2-R (Interim Reg)

- 2.8.1.1. The PM, in coordination Military Service logistics commands, shall include **planning for full life-cycle product support management** as part of the support strategy documented in the acquisition strategy....As a minimum, product support management planning shall address...the following objectives:
 - Integrated supply chains...
 - Segmented support by system or subsystems
 - Maintain relationship with the warfighter based on system readiness.
 - Select best-value, long-term product support providers and integrators based on competition.
 - Measure support performance based on high-level metrics such as MC rates..
 - Improve product affordability, system reliability ...dedicated investment in technology refreshment.
- 2.8.1.2. The PM may select a **product support integrator** from the DoD or private sector. Activities coordinated by support integrators can include functions provided by organic organizations, private sector providers, or partnerships.

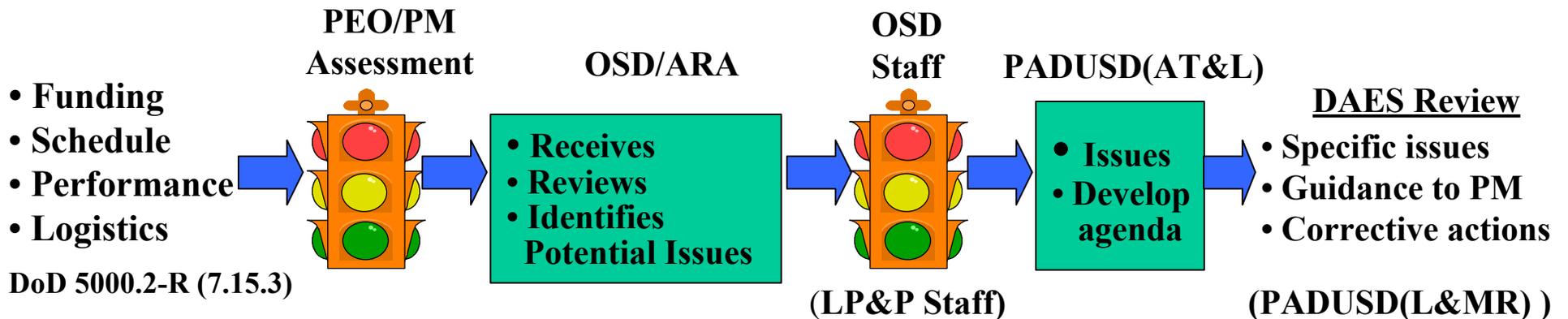


Logistics Assessment of Major Systems

Major Milestone Reviews



Quarterly Assessments: Defense Acquisition Executive Summary



Assessing New Strategies via Operational Demonstrations



- Focused Logistics Wargame
 - Contractor Logistics Support
 - DVD incorporation into Defense Transportation System
- Support Product Center integration efforts
 - Navy one touch/anchor desk
 - Army customer service
 - Data conversion
- Millennium Challenge
 - Assessing sustainment/deployment integration

Logistics Workforce for 21st Century

Acquisition Logistics Workforce Roles

- **Lead the DAU Acquisition Logistics FIPT**
- **Serve as OSD proponent for acquisition logistics career field**
- **Recommend changes to and oversee implementation of DAU curriculum**
- **Identify and implement continuous learning modules**
- **Develop Logistics Knowledge Management architecture to enable workforce performance support**
- **Goal: Life cycle logistics thinkers capable of interplay with other fields**

USD(AT&L) Priority:
Improve the quality and morale of DoD's acquisition workforce

Approximately
16,000 DAWIA
acquisition logisticians



People Are Our Greatest Asset