

United States Marine Corps Performance Based Agreement Implementation

LOGCOM



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MCLB Albany, GA

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Icebreaker: “the ultimate PBA enabler”



Agenda

- Marine Corps Logistics Command (LOGCOM) and Supply Chain Management Center (SCMC)
- SCMC Organizational Change
- Naval Logistics Integration and OIF-II
- Logistics Modernization
- Implementing Performance Based Agreements: a difference approach

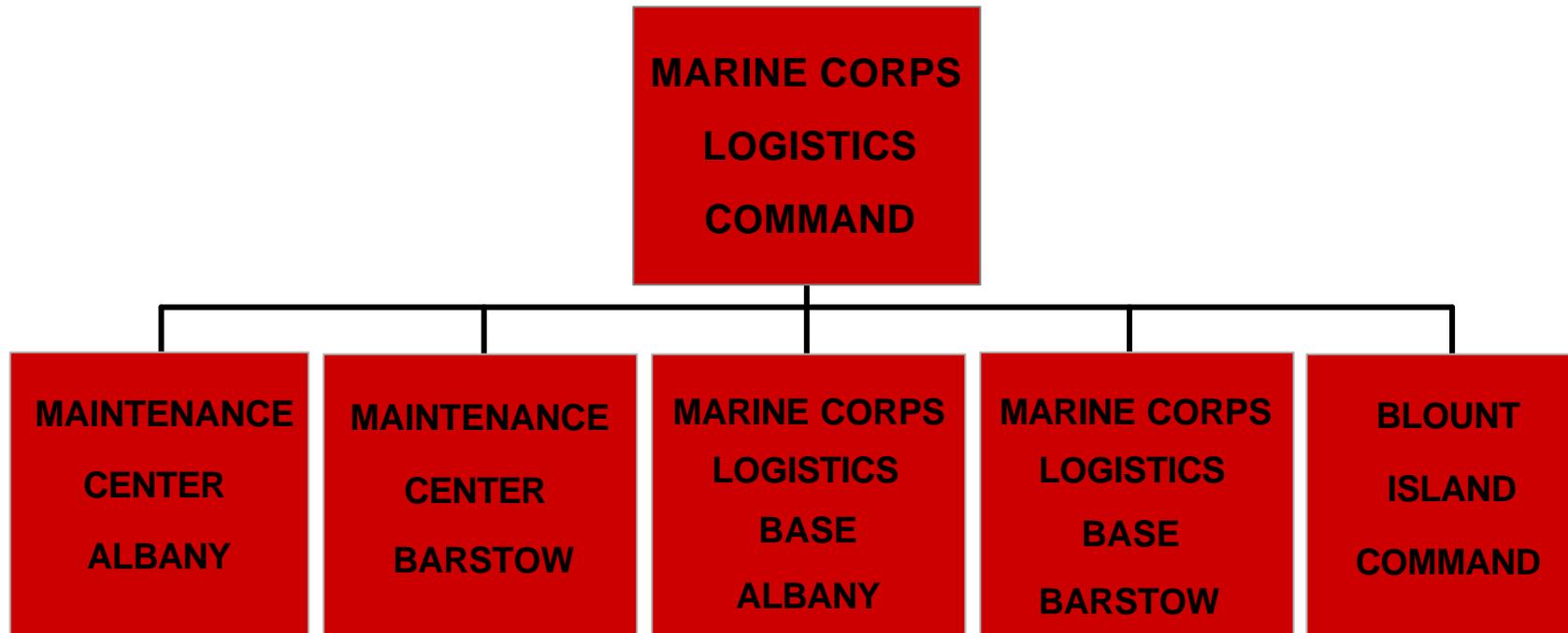
Marine Corps Logistics Command Supply Chain Management Center

- **LOGCOM Mission**: To provide worldwide, integrated logistics/supply chain and distribution management; depot level maintenance management; and strategic prepositioning capability in support of the operating forces and other supported units to maximize their readiness and sustainability and to support enterprise and program level total life cycle management (TLCM).
- **SCMC Mission**: Plan, organize, and manage Marine Corps worldwide wholesale & selected retail supply chain and distribution management activities for ground weapon systems and SECREPs.
- **SCMC Vision**: To be the preferred provider of supply chain management services and institute a supply and distribution chain team focused on enterprise-wide material readiness

LOGCOM

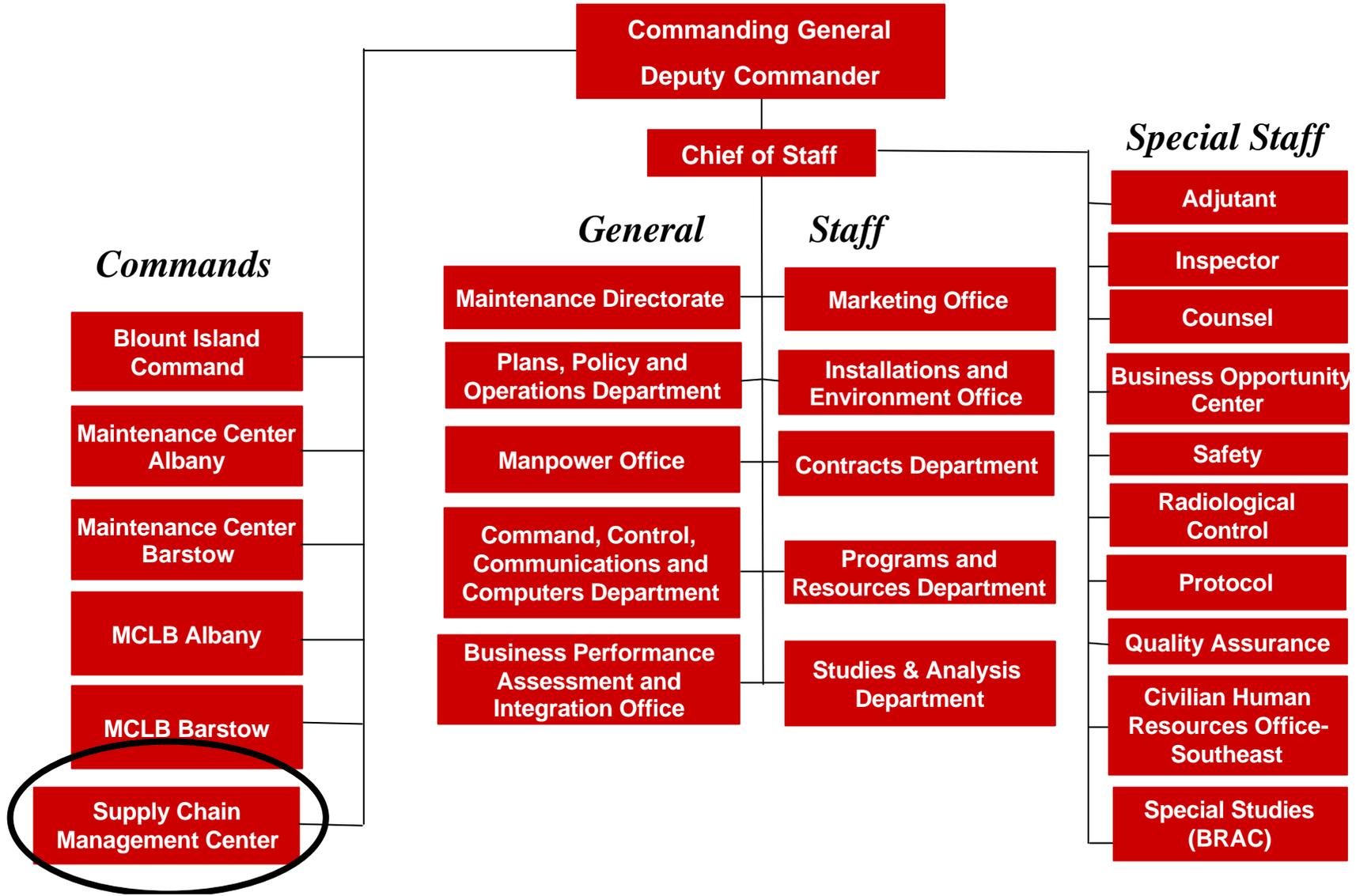


Marine Corps Logistics Command (Major Subordinate Commands)





Marine Corps Logistics Command (Detailed)



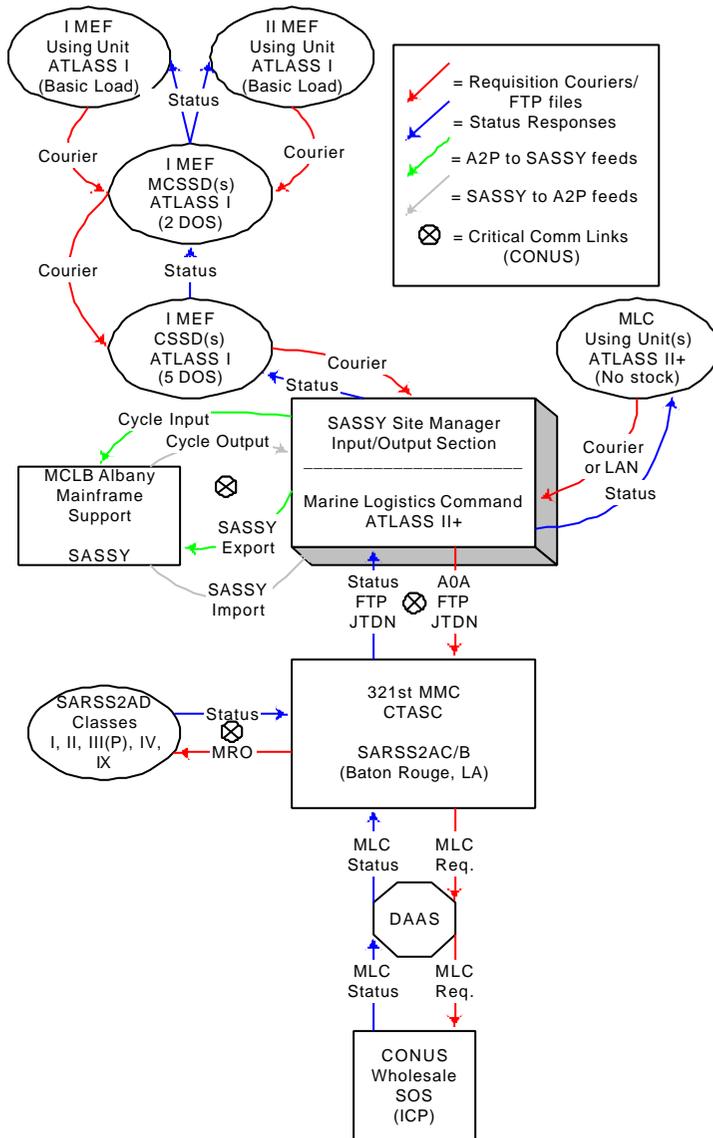
Supply Chain Management Center

- **Global Materiel Management Across the Supply Chain**
- **Inventory Strategies and Policies**
- **Demand Planning**
- **Maintenance Planning**
- **Distribution Planning**
- **Supplier Relationship Management**
- **Customer Relationship Management**
- **Logistics Information Management**
- **Provide Sustainment Logistics Support in support of Total Life Cycle Systems Management**

Supply Chain Management Center (SCMC) Performance Supporting OIF

- **Centrally managed, globally sourced SECREPs**
- **Global sourcing of critical items through industry and other USMC/DoD activities**
- **Global sourcing of weapon systems to “reset the force”**
- **Containerization and Consolidation**
- **Increased use of commercial carriers**
- **Provided direct support for Logistics Information Systems**

OIF Logistics Information System Updates



•SCMC-Integration Department

•8,500 electronic transactions processed daily

• 1.7 million lines of electronic data processed daily

• 460,000 electronic logistics transactions processed during the war

• 7,000 miles between Albany, GA and COMUSMARCENT (In-Theater)

SCMC Change Management Approach

“From Inventory Control Point to Supply Chain Manager for the Marine Corps”

✍ **Document Processes (As-Is) . . . hadn’t been done since 1983**

✍ **USMC Logistics Operational Architecture (OA)**

✍ **Use SCOR Model to:**

✍ **Build on OA**

✍ **Reengineer SCMC “As-Is” to New Processes**

✍ **Align SCMC organization to enable new processes**

✍ **SCMC is now organized around PROCESSES!**

✍ **Linking new SCMC processes to Marine Corps Systems Command (Post Production Systems Management/Operations and Support Management) to enable improved Total Life Cycle Management**

✍ **Working with HQMC (LPC-D) to transfer Distribution Management to LOGCOM (Supply Chain Management Center)**

Organizational Change:

ICP vs WSM vs SCM

ICP Functions

- Materiel Management
- Inventory Accounting
- Requirements Determination
- Configuration Management
- Cataloging
- Printing Management
- Provisioning
- Budgeting/Funding
- Contracting
- Requisition Processing
- Item Management
- Fulfillment of customer demand for wholesale
- Customer Service
- Technical Publications
- Clothing Specification and Design Management

PM/WSM Functions

- Materiel Management
- Inventory Accounting
- Readiness Management
- Maintenance Management
- Configuration Status Accounting
- Cataloging
- Printing Management
- Initial Issue Provisioning
- Budgeting
- Data Repository Management
- Acquisition Management
- Technical Publications, Management and Support
- Engineering Drawings Support
- Technical Assistance
- Replenishment support
- Clothing Specification and Design Management

SCM Functions

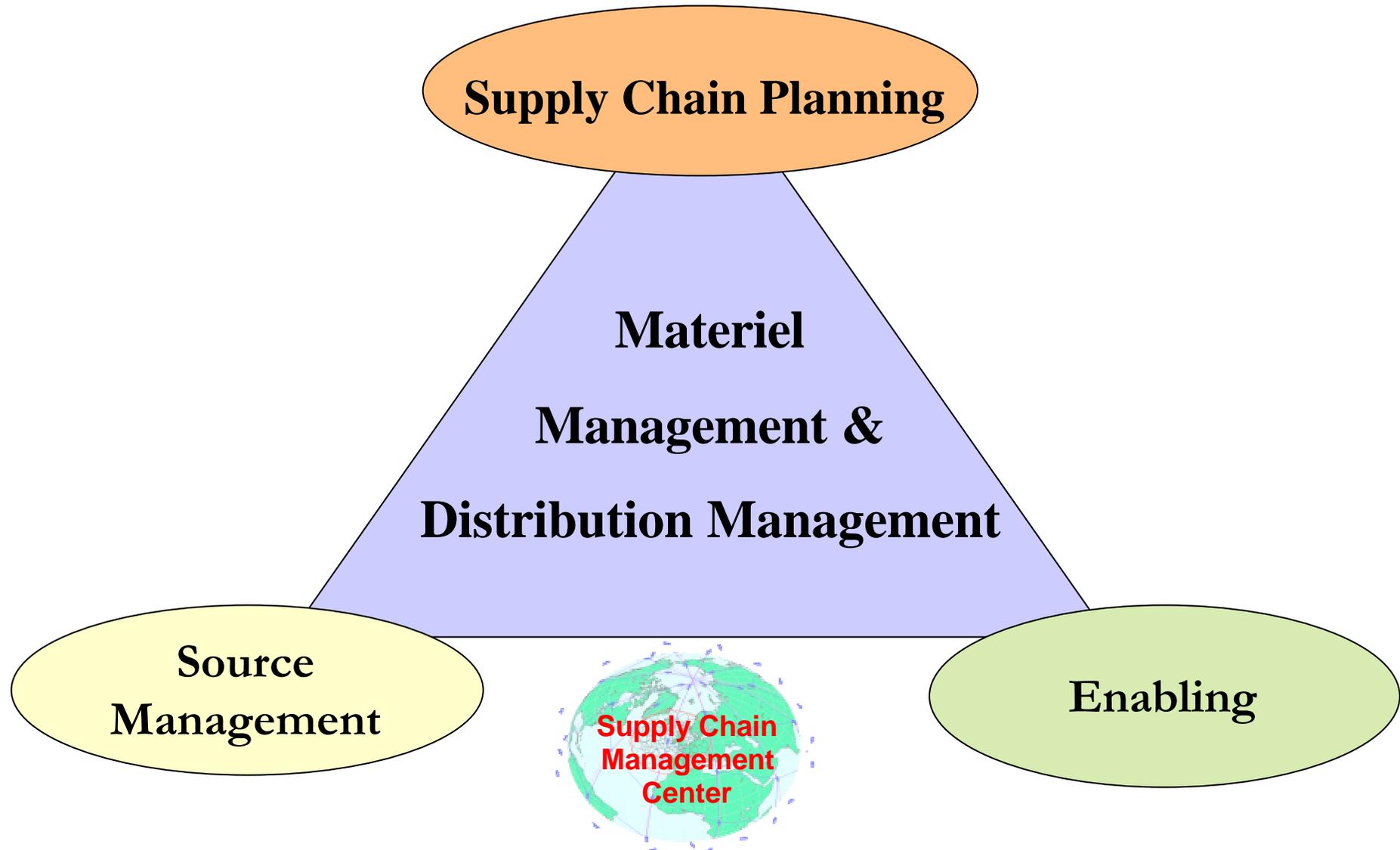
- **Materiel Management across the supply chain**
- Inventory Strategies and Policies
- Maintenance Planning
- **Distribution Planning**
- **Supplier Relationship Management**
- **Customer Relationship Management**
- Logistics Information Management
- Initial Issue Provisioning Support

Balance Peacetime Efficiencies with Wartime Effectiveness

NEED TOOLS TO COMPLETE THE TRANSFORMATION!!!

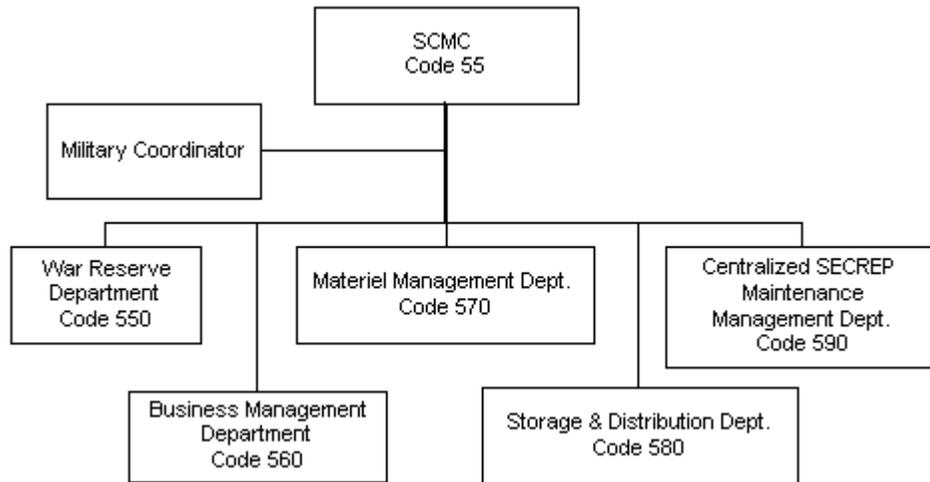
Reengineered SCMC organization....

A new way of approaching logistics support

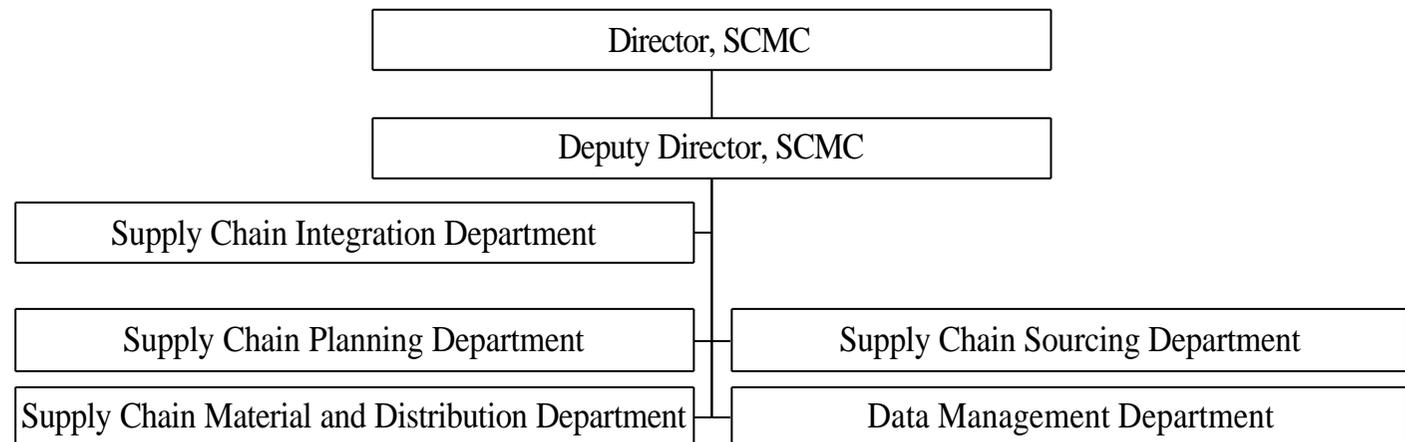


SCMC's Physical Transition

Old Organizational Structure



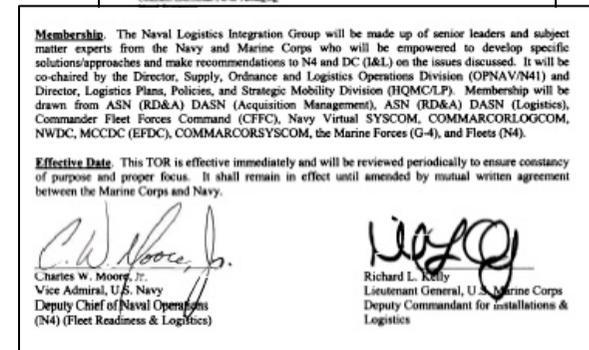
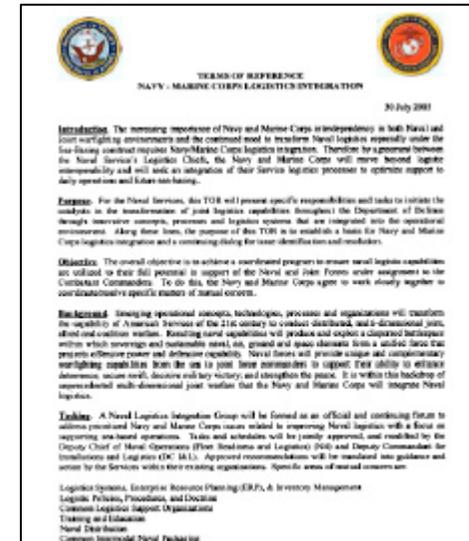
New Organizational Structure



Naval Logistics Integration and OIF-II



- Greatest collaboration ever between Navy and Marine Corps logistics!
- Several NLI initiatives geared toward improving USMC depot-level reparable and spare parts logistics chain *performance* leveraging the Navy's world-wide distribution network
- OIF-II Marines using NLI initiative for depot-level reparable reverse logistics



Terms of Reference Document
LTGEN Kelly and VADM Moore
dated 30 Jul 03

PBA Implementation & Logistics Modernization

- SCOR-model and OA development was the foundation for USMC's most important Logistics Modernization effort:
 - *Global Combat Support System-Marine Corps is an ACAT-1A Program of Record (Mar 2004)!*
- Supply Chain Management Center organizational transformation and business process reengineering
- OIF-I and OIF-II: *Distribution*
- *All prepared us for recognizing the value in PBAs!*

OSD Leadership for PBA Policy

- Office of the Assistant Deputy Undersecretary of Defense (ADUSD) for Logistics and Material Readiness (L&MR)
 - Supply Chain Integration (SCI)
- DoD Policy = DoD 4140.1-R "DoD Supply Chain Materiel Management Regulation", dated 5/23/2003

Performance Based Agreement: Defined

- “Performance-Based Agreement:
 - A written agreement between the support provider and the customer, with the fulfillment agent, that describes measurable service and performance-level parameters based on customer requirements and expectations.”
(DoD 4140.1-R)

DoD 4140.1-R

Material Management Regulation

Guiding Principles and Goals

"That support should be dictated by performance agreements with customers to the furthest extent."

"For organically supported items of supply, those requirements should be in performance-based agreements between organic suppliers and their customers."

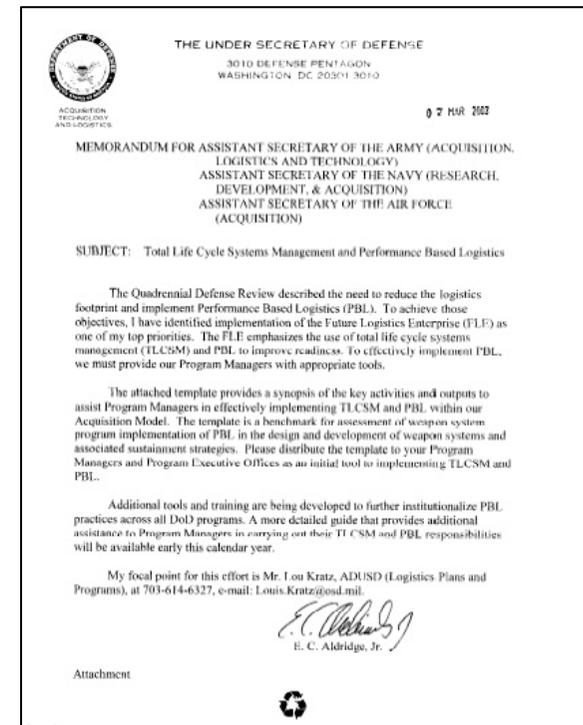
Operating Forces:
"Customer"

Marine Corps Logistics Command:
"Marine Corps' Organic Supplier"

OSD

Future Logistics Enterprise

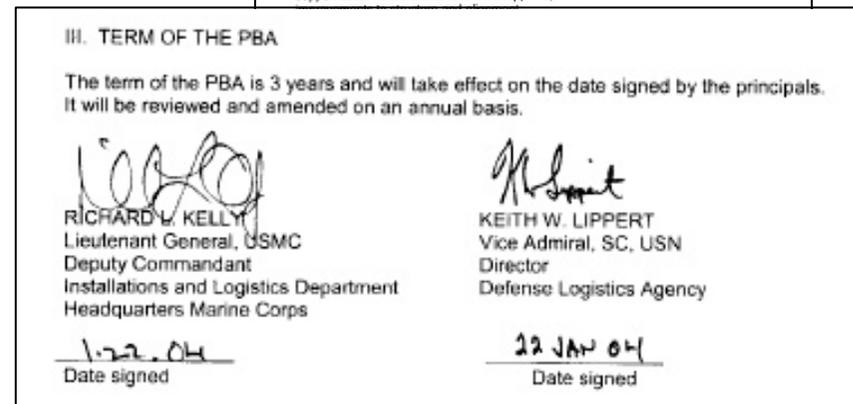
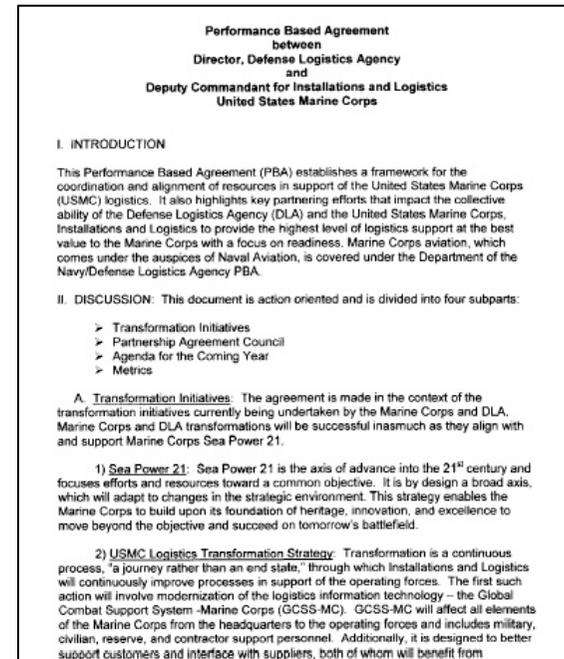
- The FLE is DoD's comprehensive program to integrate logistics with operational planning and to meet warfighter requirements for more agile and rapid support. FLE provides for integrated weapon systems support and *end-to-end customer support to the warfighter* to ensure maximum operational flexibility



OSD Future Logistics Enterprise
Memo dated 07 Mar 03

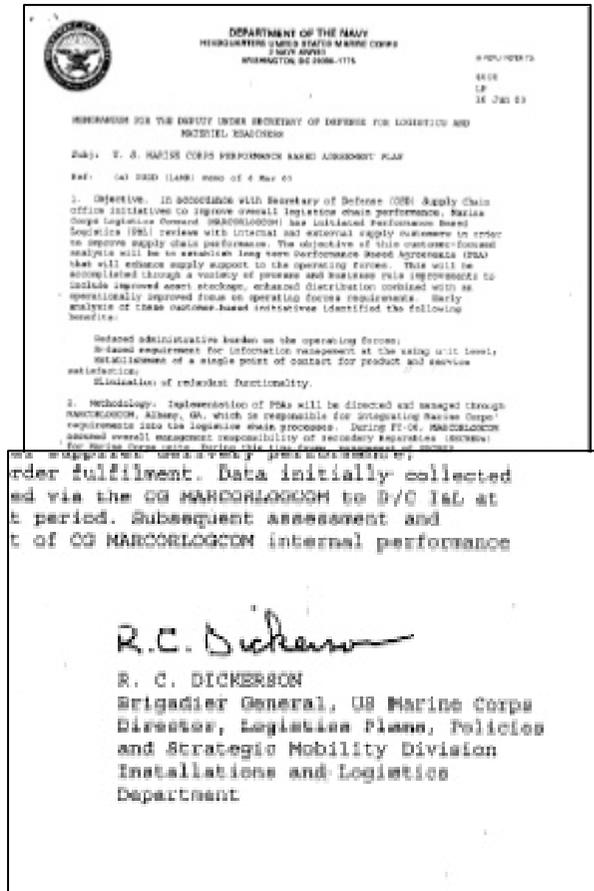
USMC/DLA PBA

- Service-level PBA with DLA signed in Jan 2004
- Leverage collective capabilities of DLA and HQMC
 - *Focus on improving readiness*
 - Ensuring reliability through order fulfillment
 - Increased asset availability
 - Minimize cost through best business practices
- Develop cascaded PBA with LOGCOM



LOGCOM PBA Plan

- “Improve logistics chain support for secondary reparableables (SECREPs)” through:
 - Improved supply chain planning (sparing)
 - enhanced distribution,
 - and responsive to customer requirements
- LOGCOM will develop and execute the USMC PBA Implementation Plan
- We were doing this already...to a certain degree...
- Centralized SECREP Management program:
 - Reduced administrative burden on the operating forces;
 - Reduced requirement for information management at the using unit level;
 - Establishment of a single point of contact for product and service satisfaction (LOGCOM);
 - Elimination of redundant functionality

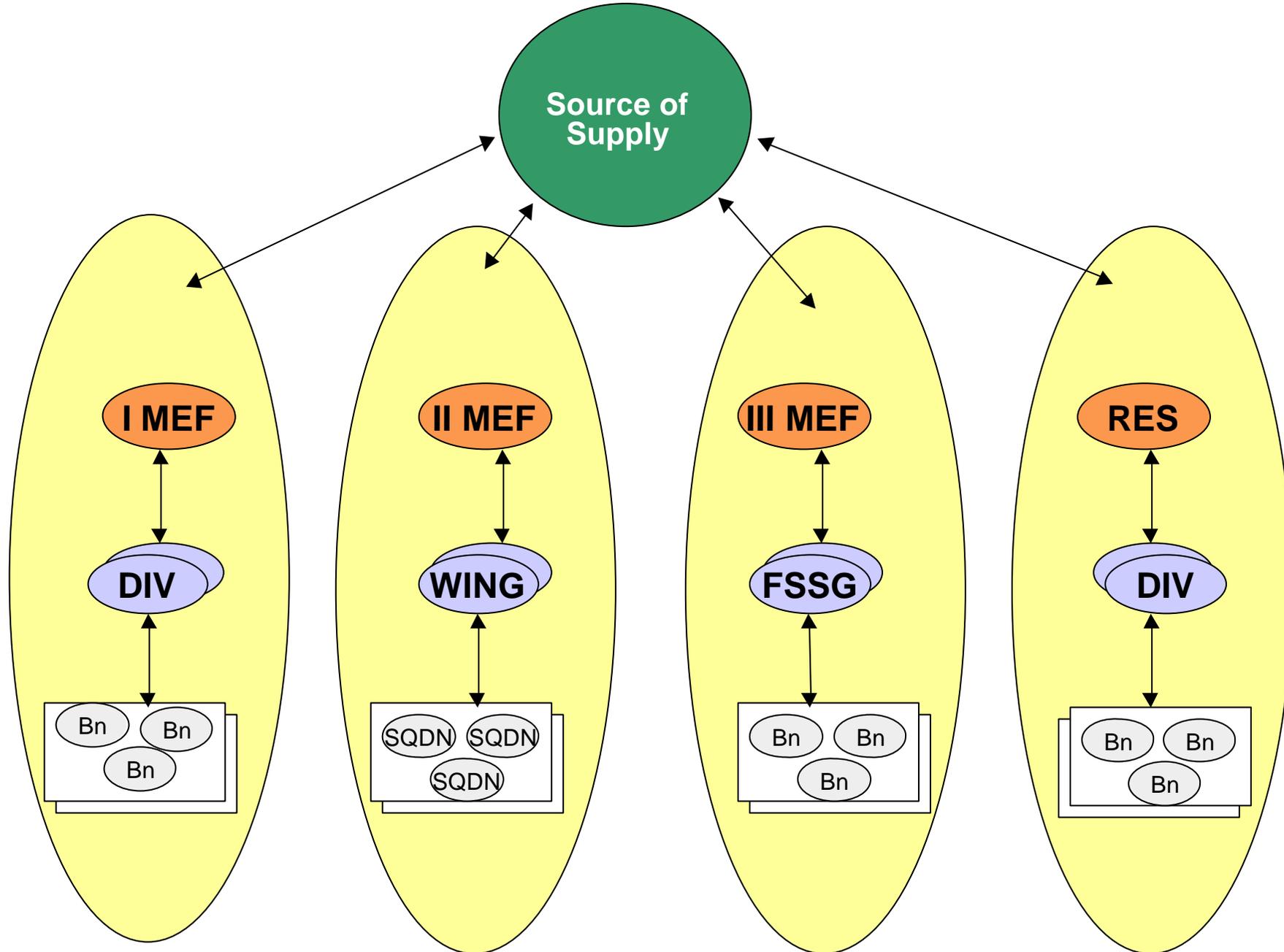


HQMC PBA Plan memo
dated 16 Jun 03

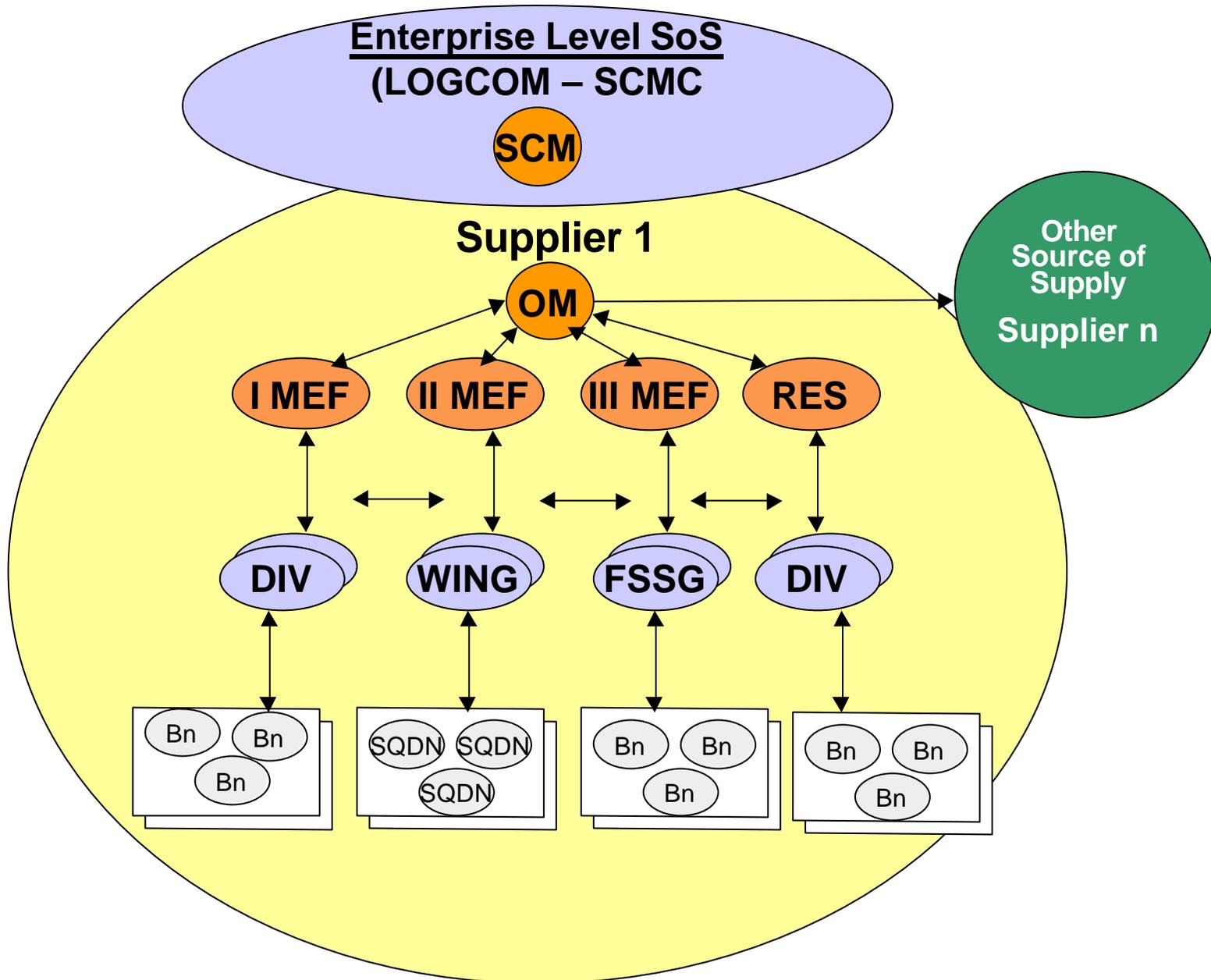
Centralized Management of Secondary Reparables

- ✍ **Total SECREP asset visibility**
- ✍ **Integrated management capability**
- ✍ **Precision stock positioning and inventory levels – COLLABORATION!**
- ✍ **Global sourcing of requirements**
- ✍ **Responsive & reliable distribution channels**
- ✍ **Real-time / near real-time distributed information management**
- ✍ **Developing improved Decision Support Tools & Enablers**
- ✍ **Control & Integration of SECREP Processes!**

Pre-Centralized SECREP Management



Post-Centralized SECREP Management

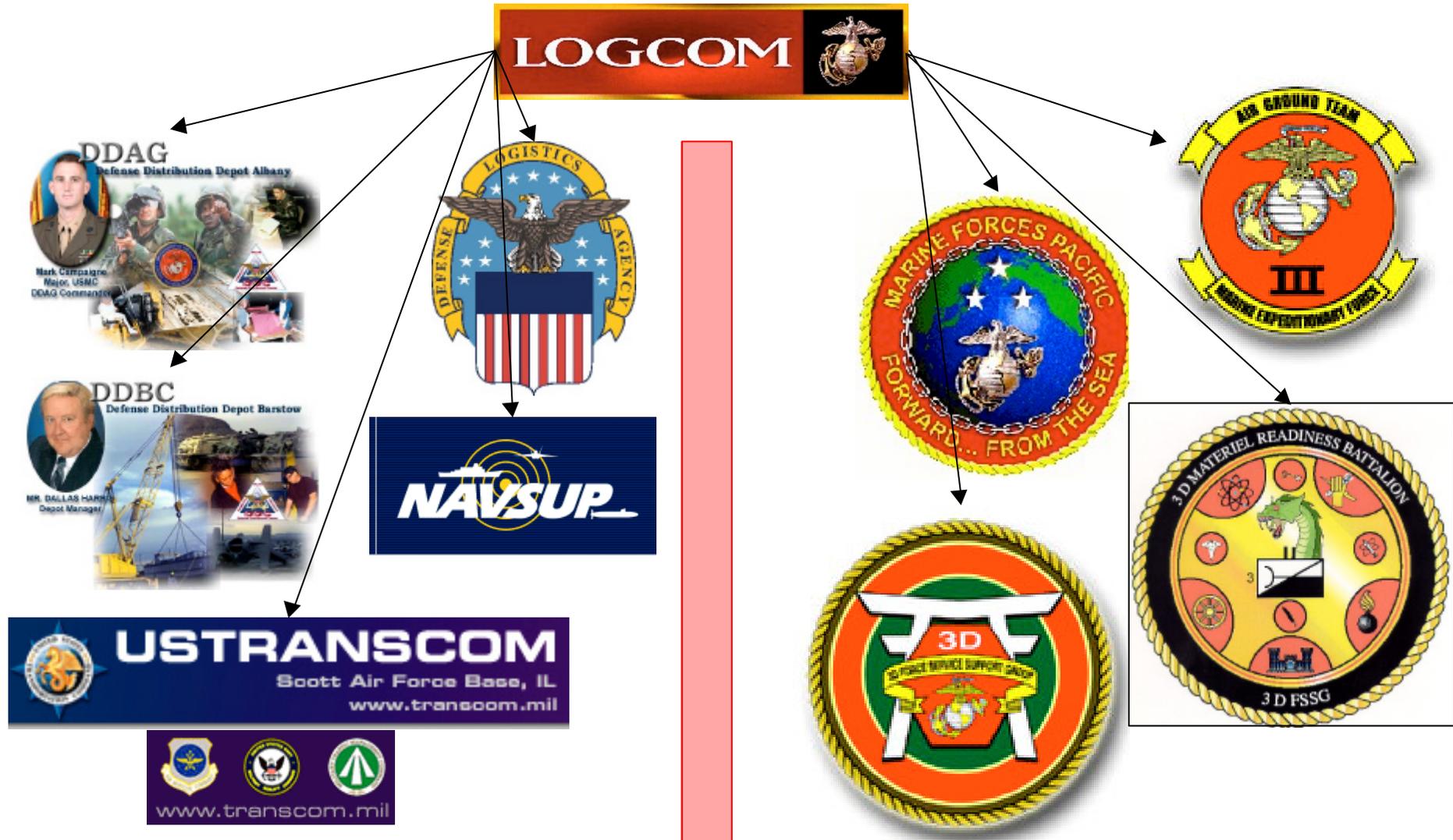


LOGCOM PBA Plan

- Proposed Performance Measures/Metrics
 - *Readiness*, Responsiveness, Flexibility, Reliability, Expense, Assets (ILC Balanced Scorecard and SCOR-model centric)
 - Overall Customer Wait Time (CWT), commercial supplier delivery performance, distribution timeframes (Time Definite Delivery), and backorder fulfillment
- Validate “As-is” processes (Centralized SECREP Mgmt)
- Focus only on LOGCOM-managed Depot-level Repairables
- Main effort is MarForPac
 - Japan, Hawaii, Pendleton
- Then MarForLant and MarForRes

LOGCOM PBA with Marine Forces Pacific

*LOGCOM's *Initial* Stakeholder Map*



LOGCOM Strategy

- Build Core Project Team: core competency subject matter experts from within LOGCOM

- Primary External Partners:

PBA Success Requires Resources:

–Executive-level commitment across the logistics chain

–Dedicated personnel focus (military, civilian, contractor)

–Effective training

–Continuous process improvement

–Enablers!

–Oh yeah...appropriate funding.

–Most importantly: Institutionalize it!

- Integrate

- Systemic

programs:

– Logistics Modernization

– Naval Logistics Integration

– LOGCOM Balanced Scorecard

– Supply Chain Management Center Process and Performance Management efforts

- Plan for deployed support first: III MEF AOR, OIF-II, etc.

- Communications Plan needed; synchronize efforts with USMC Logistics Modernization Com-Plan

to form the
ts within

strategic

OSD's Integrated Customer Support Team Concept

Execution of Agreement

A DoD Integrated Customer Support Team (ICST) comprised of various supply chain Subject Matter Experts (SMEs) may be established to assist with establishment of parameters for the PBA and subsequent review of the execution of the PBA. The responsible individual designated by the Military Service Command/Organization will identify which SMEs best comprise the ICST to arrive at the recommendations to attain the specific PBA requirements. The ICST members will assist in the identification of processes and detail the level of effort required by each segment of the supply chain.

OSD E2E Customer Support Memo
dated 06 Mar 03



Using the SCOR-Model and SCORwiz

Developing a PBA Enabling and Training Tool

The screenshot displays the SCORwiz software interface, which is used for developing a PBA (Process-Based Architecture) Enabling and Training Tool. The interface is divided into several main sections:

- Thread Diagrams:** This section shows a process flow diagram with nodes labeled P1, P2, P3, P4, P5, S1, R1, R2, R3, and EP. The nodes are connected by arrows, indicating the flow of materials and information. The diagram is organized into three columns representing different stages of the supply chain.
- Geographic Diagram:** This section shows a world map with markers indicating the locations of various supply chain entities. The entities are categorized into three main groups: SOURCE OF SUPPLY, Major Command, and Customer. The locations are:
 - SOURCE OF SUPPLY:** Marine Corps Logistics Command, Albany, Georgia.
 - Major Command:** Commander, Marine Forces Pacific.
 - Customer:** CG, III MEF (RIP).
- SCOR Card:** This section displays key performance indicators (KPIs) for the supply chain, including:
 - Supply Chain Delivery Reliability:** Quality of Service (QoS), Actual (0.00), Fully (0.00), Advantage (0.00), Superior (0.00), Target (0.00), Link (Y).
 - Supply Chain Responsiveness:** Readiness Operational Availability (ROA) (EAT), Actual (0.00), Fully (0.00), Advantage (0.00), Superior (0.00), Target (0.00), Link (Y).
 - Supply Chain Costs:** Readiness Standard Unit Price, Readiness Exchange Unit Price.
 - Supply Chain Asset Management Efficiency:** Actual (0.00), Fully (0.00), Advantage (0.00), Superior (0.00), Target (0.00), Link (Y).

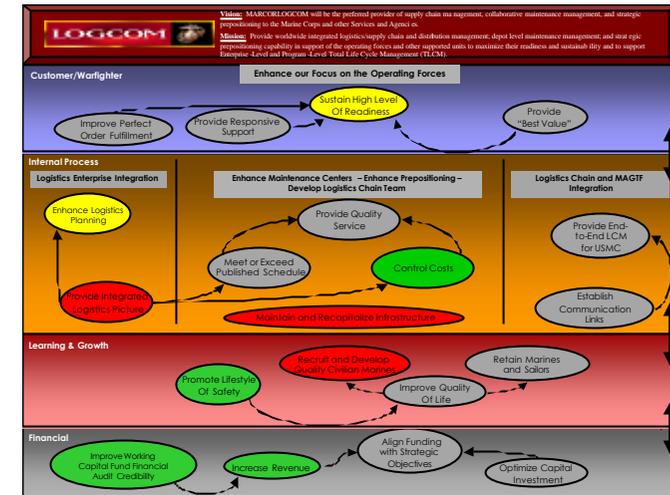
The interface also includes a menu bar (File, Edit, View, Tools, Help) and a toolbar with various icons for navigating through the software. The bottom of the screen shows the Windows taskbar with several open applications, including "USMC PBA...", "PBA - Micro...", and "MPW: USMC P...".



LOGCOM

Balanced Scorecard & PBA effort

- Balanced Scorecard = Strategic Plan
- Primary Strategic Objectives
 - Customer-focused
 - *Sustain a high level of readiness (top objective: “the goal”)*
 - Provide responsive support
 - Improve perfect order fulfillment
 - Internal Process-focused
 - Enhance logistics planning
 - Meet or exceed the published schedule
 - Establish communications links
- *PBA implementation strategy was deliberately designed to integrate with the command’s Balanced Scorecard!*

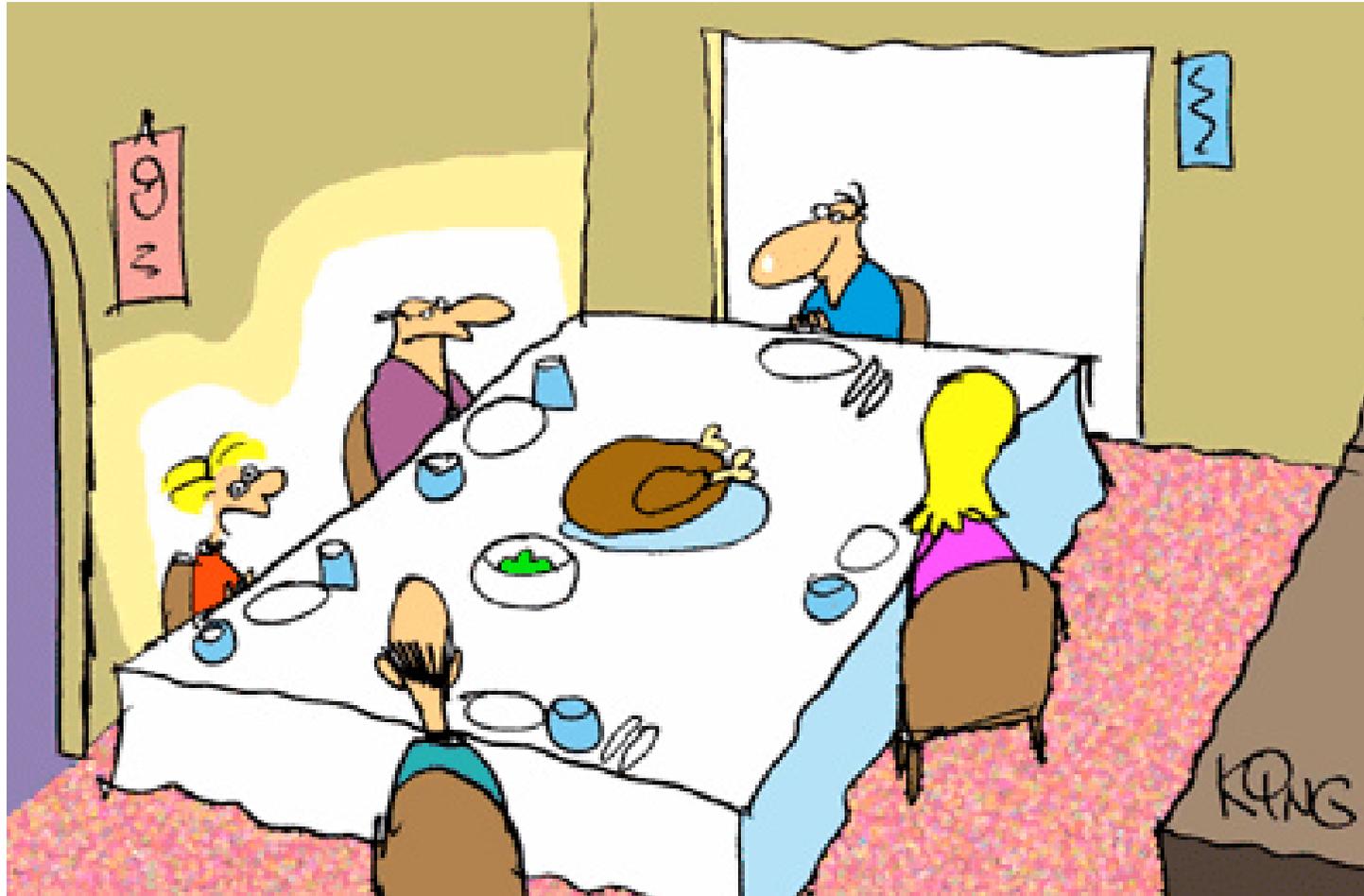


LOGCOM Balanced Scorecard
Strategic Map

Summary

- Don't reinvent the wheel; make it better
- Seek effectiveness before efficiency
- It's not just a "buzzword," it's a strategy
- Our strategy focuses on a "*specific*" supply chain in the Marine Corps (all LOGCOM-managed depot-level reparable), not an "*acute*" supply chain (single component or weapon system)
- This approach will help us develop a broader reaching and more effective strategy with other DoD service-level suppliers (ICPs)...DLA, Army, Navy, Air Force, etc.

Questions?



"I'm thankful for my family, our house, and the highly optimized Plan, Source, Make and Deliver processes that brought this feast to our table."

Marine Corps Logistics Command Points of Contact

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