1998 DoD Logistics Strategic Plan
Roadmap to the 21st Century

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Evolution of the Warfighter

Roadmap

21st Century

Flexible, Rapid, Engage
ment Strategy

21st Century Technology

Knowledge & Capabilities

Based

Dispersed Operations

Improved Lethality

Survivability, & Tempo

Shared Situational

Awareness

Real Time Information

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
Funding Dilemma

Readiness  
Modernization  
Quality of Life  
Infrastructure

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

Source: Annual Report to the President and the Congress, 1998: Appendix B, 1999 Budget Authority
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

Responsive Support for Readiness & Sustainability in Peace & War

Mission

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
- DirectVendor Delivery
- TAV
Reduce Depot Repair Cycle Time

1996 Baseline (Notional)

<table>
<thead>
<tr>
<th></th>
<th>Days</th>
<th>Budget $</th>
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<tbody>
<tr>
<td>Army</td>
<td>188</td>
<td>$724.7 M</td>
</tr>
<tr>
<td>Navy</td>
<td>166</td>
<td>$781.1 M</td>
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<td>Air Force</td>
<td>70</td>
<td>$2,840.9 M</td>
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2000 Goal: Reduce $ by 10%

2004 Goal: Reduce $ by 20%

Made possible through:

- Improved production planning
- Measuring unanticipated delays
- Improved induction processing
- Improved parts availability
- ...
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

CONUS
Velocity Mgt Regional Maint Lean Logistics

DEPLOY

RSOI
Reception Staging Onward Movement Integration

Strategic Lift

Joint Theater C2 Activity

GCCS

Factory ----> Foxhole
Reduce Theater Logistics Footprint

- Assist Warfighting CINC's significantly reduce logistics footprint
  - Flexible/mobile logistics capability
  - Support joint/combined operations
Develop bilateral & multinational logistics agreements for coalition operations.
Business Process Reengineering

Reengineer logistics processes and related ADP systems

- Materiel Acquisition
- Asset Management
- Distribution
- Maintenance
- Logistics Support and Operations

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

Shared Data

Common Operating Environment

Modern Communications

Digitize business and tech data, pubs, and repositories

Ensure data transactions EC/EDI compliant

Open Systems Architecture
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

Fiscal Year

■ Projections □ Inventory


0 20 40 60 80 100 120

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

Reduce Operation and Support Costs

O&M ($92B) MILPERS ($69B)

Weapon System
Direct
(Depot Maint, Depot Level Reparables,
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
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.
Compete maintenance workloads that are currently sole sourced.

U.S.A Incorporated Sole-Source Contract

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

- 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.
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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