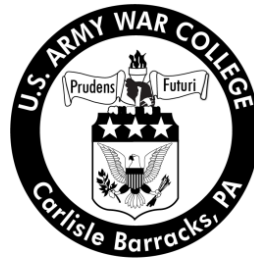


# Strategy Research Project

## Container Management: A Necessary Strategy for Improved Efficiencies

by

Lieutenant Colonel David J. Preston  
United States Army



United States Army War College  
Class of 2013

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## **Abstract**

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The DoD mismanaged the containers used in support of Iraq and Afghanistan over the last 11 years, costing the taxpayer over \$750 million in detention charges and container buyouts. The entire DoD container management system requires an extensive and holistic evaluation. This paper proposes 26 recommended initiatives divided into three categories - near-term (between now and the end of FY13), mid-term (FY14-FY15), and long-term (beyond FY15), with an end state of avoiding these unnecessary costs in future operations. The basic strategy is to first keep the management aspect of containers in logistics units exclusively, and to treat this as a simple logistics problem – determine requirements, capabilities, and shortfalls, then develop a plan. The requirements are determined by the Army container strategy, and the capabilities are unknown until DoD gets an accurate container inventory. The recent bi-annual inventory located only 82% of the government-owned containers worldwide. Only 25% of the containers in theater are drawing detention, and the monthly DoD goal for detention costs is \$750,000 – we can do better than that, and this paper proposes several solutions for consideration





## **Container Management: A Necessary Strategy for Improved Efficiencies**

Discovery consists of seeing what everybody has seen and thinking what nobody else has thought.

—Jonathan Swift<sup>1</sup>

Eleven years of combat, shipping military supplies into one mountainous, land-locked country with poorly developed infrastructure, and a highly kinetic country with only an adequate transportation network, cost the Department of Defense (DoD), and ultimately the taxpayer, over \$750 million. This figure may not seem unreasonable, since supporting wars is expensive. However, this cost does not include the supplies shipped to support our troops, nor the planes, ships, and trucks used to move them. This bill only covers the amount spent on container detention charges and container buyouts for Operations Enduring Freedom and Iraqi Freedom, but there are some solutions.

Container management requires an extensive and holistic review to make the process more efficient and effective starting at the Brigade Combat Team (BCT) level, especially in this current and future fiscally constrained environment. Container management is a DoD-level, strategic issue with excessive fiscal consequences in part because of the current policies between DoD and the commercial carriers. This paper will provide background information to set the stage, examine the entire process, and identify potential near-term, mid-term, and long-term initiatives for consideration, with an end state of avoiding the unnecessary costs in future operations. The current monthly goal for detention costs in DoD recently reduced from \$1 million to \$750,000. Since only about 25% of the containers used in theater are carrier-owned and subject to detention charges, this goal is very manageable and should be much lower.<sup>2</sup> By focusing on the

highest detention areas and locating the additional containers drawing detention, the \$750,000 per month figure can be greatly reduced.

The overall focus of this paper is on the management of containers, as well as a symptom of the problem - container detention. Container detention is a charge for holding a carrier-owned shipping container beyond the allowable free time specified in contracts. In Afghanistan, the government is currently allowed 15 days of free time for a dry-cargo shipping container commencing upon delivery at destination.<sup>3</sup> When free time is exhausted, detention is charged each day until the carrier is notified that the container is empty and available for pickup, at which time detention charges stop. Detention applies only to carrier-owned containers. Accrued detention occurs due to DoDs recurring challenges in managing containers in contingency operations. This paper provides several recommendations to get after this.

## Background

The DoD relies on containers to move unit equipment and sustainment stocks into and out of theater, with a majority moving sustainment stocks. During the surge in Afghanistan, DoD shipped over 8,000 containers into theater on a monthly basis. That number is currently down to around 4,500 per month, but still presents a massive requirement on the joint distribution system and a challenge for in-transit visibility (ITV).<sup>4</sup> DoD uses eight distinct categories of containers. The types relevant to this paper are “government-owned,” “carrier-owned,” “leased to US Government,” and “carrier-leased to US Government.” “Government-owned” containers are used for missions, do not accrue detention charges, but can incur storage charges. “Carrier-owned” containers start accruing detention costs after the designated free time expires - free time varies by container type and country. “Leased to US Government” containers are under a lease

agreement for a pre-determined time period, and do not draw detention charges. The current US Government lease contract is with Textainer. “Carrier-leased to US Government” containers are under a lease agreement from a commercial carrier for a pre-determined time period. The other types of containers are “non-military,” “pending buyout,” “contractor-acquired government-owned property,” and “unknown (ownership not identified).”<sup>5</sup>

With containers continuing to draw detention charges on a daily basis, the issue of container management and high detention fees caught the attention of military and civilian leaders at the highest levels, and rightfully so. The cost of using the current container management system is excessive. Immediate feedback from the container managers in the field indicated that adequate doctrine and regulations exist, but that the main issue was the lack of enforcement down to the lowest levels.

On December 12, 2011, United States Transportation Command (USTRANSCOM) provided talking points for an inquiry sponsored by Senator Thomas Carper (D-DE) entitled “Container Detention Cost Mitigation.” The Senator requested the information to determine the progress made on container detention and to justify the advantages and current utilization of government-owned containers in theater. The talking points stated that 1,000 government-owned containers used in place of carrier containers would provide an average cost avoidance of \$3,464,000. In addition, currently 96% of all containers on the ground supporting US Central Command (USCENTCOM) are government-owned. Government-owned container utilization precedes 2001, and the growth in the use of government-owned containers increased in 2010 as a result of detention avoidance efforts. In May 2011, 13% of all containers in

USCENTCOM were carrier-owned. In November 2012, this figure decreased to just 4.4%. The utilization of government-owned containers in Iraq was possible because of the close proximity of Kuwait where carrier container contents were transloaded into government-owned containers under US supervision and transported into country. Lower costs were possible due to shorter distances between the port and final destination. This is just one example that demonstrates the visibility of container detention charges and the importance to lawmakers and their constituents that the DoD acts as a good steward of resources.<sup>6</sup>

In reaction to mounting detention charges, the Congressional Government Accountability Office (GAO) and the media questioned DoDs ability to execute container management based on the over \$750 million spent on detention charges since fiscal year 2002 (FY02). Based on this issue, at a February 2012 meeting of a DoD Joint Logistics Board (JLB), the JLB directed the establishment of a USTRANSCOM-led Container Management Tiger Team (CMTT) to determine courses of action to reduce container detention costs and improve global container management. The CMTT consisted of members from the Office of the Secretary of Defense (OSD) - Transportation Policy, Joint Staff J4, USCENTCOM, USTRANSCOM, Army Deputy Chief of Staff for Logistics (HQDA G4), U.S. Army Central (ARCENT), and the Military Surface Deployment and Distribution Command (MSDDC) Global Container Management office.<sup>7</sup>

This CMTT had the following seven tasks: identify gaps and seams and recommend improvements in Doctrine, Organization, Training, Materiel, Leadership, Personnel, Facilities, and Policy (DOTMLPF-P); assess existing procedures for

compliance and adequacy; make recommendations regarding the establishment of a Joint Container Management Training Program; identify ways to improve senior leadership understanding and enforcement of container management policies; review Universal Service Contract 7 (USC-07) to determine the potential impact to the contract as a result of doctrinal, policy, and/or process changes recommended; review funding sources for near and long-term detention charges; and determine if the single container management system capability implementation can be accelerated.<sup>8</sup> A few of the CMTT recommendations to improve container management and reduce detention are listed below.

The study stated that container management compliance and the resulting detention cost reductions will not occur in Afghanistan without command emphasis and enforcement at all levels. The study identified four major initiatives: distribution of an 8-star memo that articulates the commanders' expectations for policy compliance; reportable monthly senior leader metrics; revision of the USCENTCOM Container Management Letter of Instruction (LOI); and the targeting of the top four detention locations that account for 80% of the total detention bill.<sup>9</sup> The 8-star memo and Container Management LOI were completed and widely distributed – these documents need to remain current. The briefing of metrics to senior leaders does occur, but not outside of the USCENTCOM area of responsibility (AOR). The targeting of the top four detention locations never occurred because it was not enforced and it had the potential to produce the greatest results.<sup>10</sup>

The Deputy Commander, USTRANSCOM directed the establishment of a USC Requirements Working Group under Joint Intermodal Working Group (JIWG) leadership

to study issues that exist between OSD and service policy and plans and USC contract terms and conditions. The USC Requirements Working Group provided recommended changes to USC terms and conditions, and the working group must stand prepared to reconvene in preparation for a modification to USC-07 or a USC-08.<sup>11</sup>

The study recommended that DoD incorporate appropriate automated asset visibility (AV) technologies to improve in-gating and out-gating, inventorying, and the tracking of carrier and government-owned and leased containers. No capability exists that provides global visibility of carrier-owned containers and containers for all services. This shortfall in visibility causes excessive detention charges for carrier-owned containers, storage, and other costs averaging over \$50 million a year for commercial containers. It also contributes to the lost visibility of the government-owned containers which incurs a cost of greater than \$2 billion. A common practice of manual spreadsheets and manual inputs is still used regularly to track containers. With existing technology, we need to get better and more efficient.<sup>12</sup>

The study stated that units must ensure the completion of timely property management actions for purchased containers, such as: getting purchased containers on property accountability records; obtaining DoD International Organization for Standards (ISO) serial numbers; and removing old carrier markings and applying DOD identifying markings. Until these actions are accomplished, a commercial container will continue to look like and be inappropriately managed as a carrier-owned asset.<sup>13</sup>

The study recommended the endorsement of the JIWG-approved, Distribution Steering Group-endorsed container management initiatives. These initiatives include: maintaining the funding and milestones for a single container management system

capability; developing a joint container management training course and embedding training at all levels; developing joint tactics, techniques, and procedures (TTP) for container management; and embedding container management guidance in operational plans.<sup>14</sup>

An underlying issue identified by the CMTT is determining a valid container requirement. This process is addressed in the Army Campaign Plan (ACP). The ACP coordinates and synchronizes Army transformation efforts, and is divided into objectives and tasks. ACP 2012 campaign objective 6-0 is entitled “Sustain the Force for Full Spectrum Operations. Major objective 6-1 is to “Enhance Army Readiness,” and ACP task 6.1.16 directs the Army G-4 in coordination with Army Materiel Command, MSDDC, Forces Command (FORSCOM), Combined Arms Support Command, and Training and Doctrine Command to update policy to establish guidance that ensures intermodal requirements are provided in the correct locations to support intermodal platform/asset management and utilization planning in the available, reset, and train/ready phases of the Army force generation (ARFORGEN) cycle. The outcome of this task is an Army container strategy that ensures unit rotational deployments and unit contingency deployments are fully supported with government-owned containers; and that containers excess to those requirements are employed to minimize container detention fees. The strategy lists three specific tasks, which are to publish revised versions of applicable publications (AR 56-4, ATTP 4-12, CTA), develop and publish the Army’s container strategy by end of the 3<sup>rd</sup> quarter, FY13, and integrate container strategy into the Rapid Expeditionary Deployment Initiative.<sup>15</sup>

The Army container strategy goal is to ensure deployment and sustainment distribution platform capability supports ACP end state by setting the conditions to improve, standardize, implement, and maintain deployment and distribution readiness and execution. The Army container strategy contains three lines of effort: distribution platform management policy (doctrine and policy), distribution platform (container) management and operations readiness (training, exercise, reporting), and distribution platform infrastructure.<sup>16</sup> The Army container strategy produced an Army ARFORGEN container cycle that determined the number of containers required by location. The strategy describes the process to preposition, maintain, deliver, acquire, repair, and dispose of containers, and identifies current and future ARFORGEN stock sites, power projection platforms, Joint Munitions Command depots, and enduring locations for containers in the continental United States (CONUS). In addition, the strategy identifies container stock level capacities, and describes the current and future state of the container strategy, and the transition phase.<sup>17</sup>

The outcome of the Army container strategy process is the development of a comprehensive DoD container requirement, which drove the development of recommended initiatives in this paper. Thinking strategically, that requirement is the “ends,” and the recommended initiatives describe the “ways” and the “means.”

### Recommended Initiatives

After reviewing the historical data and the entire container management process, this paper proposes several recommended changes and initiatives. These initiatives are divided into three categories defined as near-term (between now and the end of FY13), mid-term (FY14-FY15), and long-term (beyond FY15).



### Near-Term (between Now and End of FY13)

The following are recommendations for implementation in the next six months.

The immediacy is based on both the feasibility and necessity to enact the recommendations.

Container management should be treated as a basic logistics issue that is resolved with a straightforward approach – requirements, capabilities, and shortfalls. This same approach is applied to the container management issue. The starting point is requirements - how many containers are required for DoD based on the Army container strategy study? While this is not an exact science, it is a valid and necessary starting point. This number can always be adjusted, but you need to start somewhere. Next, determine the capabilities - how many government-owned containers do we have worldwide? This is based on a comprehensive inventory that also accounts for condition and availability of these containers. Finally, determine the shortfalls that exist, if any. Based on the Army container strategy requirements and the 100% inventory, develop a strategy to retrograde, consolidate, repair, reallocate, and project new purchases in the future years. The biggest challenge will be the government-owned containers in Iraq and Afghanistan - how many can we get out of the theater, when will we get them, and what condition will they will be in? While this seems like a simplistic strategy, it must be the starting point to solving the container management issues in DoD.

In addition to determining requirements, an accurate inventory of all government-owned containers worldwide is essential. We must know how many government-owned containers exist, where they are, and what condition they are in. Every two years, MSDDC does a 100% inventory of containers. The last inventory was in 2012, however this was not a complete physical inventory. There are currently approximately 319,000

government-owned containers worldwide tracked in the Army Container Asset Management System (ACAMS). Of those, 260,000 were verified by location in the 2012 inventory. That equates to 82% accounted for - we need to do better than that.<sup>18</sup> This paper recommends that MSDDC get the mission to inventory all government-owned containers worldwide. To do this, MSDDC can develop and train worldwide deployable Tiger Teams. The teams should be trained on ACAMS (for locations outside USCENTCOM), and the Integrated Booking System – Container Management Module (IBS-CMM) for the USCENTCOM AOR, as well as the latest container management TTPs. This would allow the teams to not only inventory containers, but to also train the personnel at the different locations on container management. There should be a captain and sergeant first class at a minimum on each team with experience and expertise in container management. This is a difficult task with over 600 “ship to” locations for containers under USC-07. In addition, the 4,500 containers shipped into theater every month makes this inventory a moving target. The focus needs to begin in three areas. Start with the containers currently drawing detention. Only approximately 25% of the containers in theater are drawing detention, yet they account for \$750,000 per year in detention charges.<sup>19</sup> The next area is the unknown containers – the list of government-owned containers that do not have a designated geographical location (GEO LOC). The teams can check for these containers at every location they cover to get them accounted for and properly annotated in IBS-CMM or ACAMS. Lastly, focus on locations where the majority of the containers reside, at the largest logistics hubs in theater. After that, divide the teams into regions to inventory the smaller forward operating bases/combat outposts (FOB/COP), starting with the locations drawing the

most detention. The teams should also conduct an inspection for serviceability and Convention for Safe Containers (CSC) certification. This will populate ACAMS with accurate, detailed information.

Until determining the DoD requirement for containers and all government-owned containers are accounted for, put a freeze on the purchase of any additional carrier-owned containers. There may be enough government-owned containers already to satisfy the DoD requirements. Continuing to buy containers may only exasperate the problem, but there are some exceptions. There are containers in Afghanistan and Iraq that are unrecoverable because of their location or condition. This should be immediately determined, validated, and those containers purchased to stop detention charges. Once a complete scrub is conducted and all remaining carrier-owned containers are identified, plan to transload the cargo into government-owned containers if required and return the containers to an empty container collection point (ECCP). To assist in this process, the major logistics hubs should consolidate empty government-owned containers and build robust ECCPs to provide the flexibility to distribute containers and to transload the contents when required.

There must be a champion for the problem of container management, and it should reside in logistics units. The idea that all units will prioritize container management is unrealistic. Logistics units focus on sustainment and are able to prioritize container management, and are the most effective container control officers (CCO) on an area basis. Every province in Afghanistan has a support unit, a brigade support battalion (BSB), combat sustainment support battalion (CSSB), or similar unit - make each one of them the CCOs and give them the mission. Make these units

responsible for reporting on container management to the Sustainment Brigade, who in turn reports to the Division G4 or equivalent in the respective Regional Commands (RC).

Department of the Army (DA) pays all detention costs for containers consigned by the Army and Air Force Exchange Service (AAFES) as the designated Executive Agent.<sup>20</sup> AAFES is mandated to use the Defense Transportation System and thus can use carrier-owned containers. Until AAFES and other consignees are forced to pay, they do not have incentive to keep detention costs down. There are a couple possible solutions. First, make the Defense Logistics Agency split out billing distribution for DoD so the Army does not pick up the entire cost. This includes AAFES and other DoD contractors and agencies. Secondly, continue to pay a portion of AAFES' detention charges, perhaps the first seven days after free time expires since their services do support Soldiers. Thirdly, make AAFES contract their own containers directly, making them completely responsible for their container management. Force AAFES to provide a container requirement (dry and reefer), and have them purchase or contract these containers. If DoD has an excess number of government-owned containers in theater, explore the option of letting AAFES use them on a limited basis (minus reefer vans).

Use carrier-owned containers only for exercises, training events, and permanent change of station moves. They are much easier to control when used for these types of moves than when they get into a theater of operations. During contingency operations, DoD components must use containers in the below listed order of precedence, subject to the operational requirements of the combatant command: DoD-owned common-user containers already in the inventory; leased containers available from the central lease

contract; and carrier-owned containers under the USTRANSCOM USC or other applicable contract.<sup>21</sup>

Re-organize mobile container assessment teams (MCAT) with warrant officer or field grade officers in charge. The MCATs are a great concept, but when a team shows up with a young Captain or Lieutenant and a couple of junior non-commissioned officers (NCO), they receive the priority commensurate with their grades. By placing a major or lieutenant colonel and a master sergeant or sergeant major on the MCAT, they will be more effective and better supported. Plenty of quality field grade Logistics Corps officers and senior NCOs exist in the Army to deploy to theater on a limited basis to perform this mission. Plan MCAT visits in advance, and time them to coincide with relief in place/transfer of authority (RIP/TOA) operations to help with the transition and instruct the incoming unit to get them off to a good start. The MCATs are now aligned with Expeditionary Sustainment Commands (ESC) in theater and have a new focus, a step in the right direction. 1<sup>st</sup> Theater Sustainment Command (TSC) had a container management element effectively operating in theater, and ARCENT stopped sourcing the function. This may be worth bringing back, especially for the drawdown and projected extensive retrograde.

Geographical Locations (GEO LOC) are areas specifically designated to store containers and are each assigned a 4-digit code in IBS-CMM to assist in the inventory process. Review and update all GEO LOCs and review procedures to update GEO LOC names as conditions in theater change (FOB/COP closures, openings, and expansions). The current GEO LOC system is inaccurate and difficult to manage and

update. Give the CCO (BSB/CSSB) the authority to manage and change the GEO LOCs in his/her region.

Infuse the Global Container Management (GCM) Program of Instruction (POI): and basic container management into all logistics school curriculums. This POI currently exists in the curriculums of the Transportation School, but must also extend to the Ordnance and Quartermaster schools since this is a logistics issue. Currently, GCM instruction is conducted at the Theater Logistics Course, the Transportation Corps Warrant Officer Basic Course, and the Transportation Basic Officer Leader Course. The curriculums at the 88N10/20 (Transportation Management Coordinator) courses and the Senior NCO courses at Fort Lee, VA are already updated.<sup>22</sup>

Army ATP 4-12 is close to completion, and is the first step in standardizing tactics, techniques, and procedures (TTP) for container management. The content of ATP 4-12 will help drive the Joint TTPs. In theater, this was an initiative started by the 3<sup>rd</sup> ESC and continued by the 311<sup>th</sup> ESC in Kandahar. The processes are being standardized to include procedures for in-gating, receipt, processing, out-gating, and all other container management procedures. Include in these TTPs the process of palletizing cargo to make transloading and ITV more efficient. An area that requires serious focus and effort are the procedures for in-gating and out-gating, the source of many problems in theater. The current system is not efficient or effective, and unreliable for ITV and asset visibility (AV).<sup>23</sup>

Container management documents throughout DoD must be consolidated and/or rescinded. There are too many regulations, instructions, directives, and publications that pertain to container management, and they lack consistency and are extremely

repetitive. This issue was echoed DoD-wide when the Chairman of the Joint Chiefs of Staff directed that the number of publications needed to be reduced.

Conduct a comprehensive review of all Department of Defense Directives (DoDD) and Department of Defense Instructions (DoDI) that pertain to container management and joint distribution. Eliminate the ones that are redundant or obsolete, and combine the rest of them into one Distribution DoDD and one Distribution DoDI, which will include all types of containers and pallets. The focus of these directives and instructions should be roles and responsibilities, and separate sections for peacetime and contingency operations. Clearly separating the two operations will ensure that the guidance is properly interpreted and implemented. Joint Pub 4-09 (Distribution Operations) dated February 5, 2010 is the most updated and comprehensive publication covering container management in the joint distribution process, and is well-nested with the rest of the Joint Publication 4 series. Use the information in the joint publications to update all directives, instructions, and regulations. Army Regulation (AR) 56-4 (Distribution of Materiel and Distribution Platform Management) is in its final review stages. Recommend one more round of staffing before going to the final version, based on a conversation with the MSDDC Global Container Manager. Incorporate the lessons learned from Iraq and Afghanistan, focusing on the differences between peacetime and contingency operations. Ensure that this regulation is consistent with the JP 4-series and the DoDD/DoDIs. For the USC, conduct a comprehensive review of the current USC-07 with all applicable parties from theater to OSD, and either publish a modification to USC-07 or draft a new USC-08. As a basis, use the process and parties involved in the Deputy USTRANSCOM Commander's directed USC Requirements

Working Group under JIWG leadership conducted in June 2012. With the impending drawdown in Afghanistan and no currently planned major movements in the near future, the situation can be leveraged with the commercial carriers to make the USC more favorable to DoD and greatly reduce costs.

Department of Defense Instruction 4500.57 (Transportation and Traffic Management) dated March 18, 2008, is currently in staffing and legal review, before going out for worldwide staffing. Estimated publication date is summer 2013. This is the overall policy for container management, and from a policy standpoint, this instruction is very thorough. The section that requires review for outdated information is Enclosure 5 (Surface Transportation). The DoD Instructions establish or implement policy, thus, this instruction must be the base document for container management policy in DoD.<sup>24</sup>

Universal Service Contracts (USC) are “contracts between USTRANSCOM and commercial ocean liner carriers for international cargo transportation and distribution services using common or contract carriers offering regularly scheduled commercial liner service.”<sup>25</sup> The MSDDC recently conducted an extensive review of the current USC-07, in place since July 3, 2012. Recommended changes to either USC-08 or a modification to USC-07 focus on commercial carrier responsibilities. First, institute reverse detention charges (storage fee) for containers not removed by the carrier in a timely manner. Second, impose a billing timeline for carriers to submit invoices for detention bills (there currently is no time limit) - it is unacceptable when carriers wait several months before submitting an invoice for what is supposed to be a monthly billing cycle. Third, attempt to lower the detention rate - start with a 50% reduction as an initial point. Also, develop a provision to pay a lower detention cost if we need the container



for a mission or in an area where we know we will exceed the free period. Fourth, improve or refine the language for re-sale provision and lower the purchase price for containers. Fifth, reduce the minimum number of days from 180 to 90 to pay for detention when purchasing a container – even try to get it below 90 days for exigency areas. The MSDDC Commanding General can designate any geographic area where contingency operations are conducted as exigency areas, and leniency on detention fees and costs is provided by the commercial carriers.<sup>26</sup> Sixth, provide a stipulation to sell the containers back to the carriers that were inadvertently bought. The current USC does not contain a container depreciation table. Start with two categories - “less than five years old” and five years old or greater.” Seventh, increase the number of containers the carriers’ ships have to take (currently only 200), and reduce the 45 days notice they currently require. Lastly, develop a cap for detention charges on containers outside exigency areas – no cap currently exists.<sup>27</sup>

The various regulatory documents outline the roles and responsibilities for container management in DoD. A review of the roles at USTRANSCOM and above must be conducted to eliminate redundancies and ensure accuracy. Once completed, update all documents to clearly reflect these responsibilities. The USTRANSCOM is the distribution process owner for DoD and worldwide authority for DoD distribution policies, and the lead DoD proponent for ITV. MSDDC is designated as the Global Container Manager. ARCENT, as the lead service and designated container manager for CENTCOM, tasked 1<sup>st</sup> TSC to be the executor of the container management execution agent mission in USCENTCOM. The Sustainment Center of Excellence must continue to incorporate container management into school POIs. Division G4s should track

container management and container detention in theater for their region. Sustainment brigades tasked as area container managers should directly track all container management and container detention for the support battalions in their region, and be the first line of approval for container purchases and deconfliction of requirements. The sustainment brigades must also enforce the assignment of CCOs in their region. For area distribution managers and area/regional container managers, every region in theater has a support battalion. This unit should become the distribution manager, and the CCO for the entire region, reporting directly to the supporting sustainment brigade.

#### Mid-Term (FY14 to FY15)

The next list of recommendations should occur within the next 30 months. This is based on both the ability to enact the recommendations in the near future and their subsequent immediacy.

Develop a Reserve Container Fleet that is similar to the Civil Reserve Air Fleet (CRAF), and would be an agreement between a commercial carrier(s) and DoD to provide a ready fleet of containers for a regular fee. In return, when they are used there would be no detention fees. If we do not have any large military deployments over the next several years, the carriers are compensated and satisfied. If we do, the containers are readily available and the issue of large detention fees will not occur. We have “assured access” in our DoD Master Lease Program which currently provides enough containers for deployment. The DoD plan is that only government-owned containers are used for the first 180 days of any conflict. After that is the sustainment phase where supplies are flowing, using the most carrier-owned containers.<sup>28</sup>

Reporting must be streamlined and standardized worldwide. Every agency involved in container management has their own reporting chain, and many of them are not consistent. All agencies should operate off identical data to make the system as a whole more efficient and decisions more effective. There should be one standard automated container report that all decision makers use, and it should be included in ACAMS.

A December 2010 Army Audit Agency audit said that sufficient methods were not in place to track or validate container condition status.<sup>29</sup> DoD established civilian teams to review the processes for container condition, tagging, and disposition in theater. The goal was to begin at the Afghanistan hubs and move to the forward operating bases to properly account for all containers and ensure continuity of container management in all locations.<sup>30</sup> This issue is addressed along several avenues. First, use mobile training teams to conduct CSC inspection training in garrison and forward in theater. This training is also offered online (Ammo 43). The units conducting this training must be proactive in seeking training opportunities. Secondly, provide logistics units the capability to repair and inspect containers - ideal location is the BSB/CSSB. This requires training and specific equipment to be effective, as well as an effective quality assurance/quality control (QA/QC) process. No current repair facility exists in Afghanistan, but the Marines did this in RC South and were very successful.

Once containers are purchased by DoD, the re-stenciling process is not effectively tracked. This capability must exist in theater. A theater repair facility would act as a one-stop shop for newly purchased containers. This would allow containers just purchased by DoD to be fully inspected, get the "G" sticker applied, get CSC certified (if

required), and properly re-stenciled. This mission can be done at the BCT-level by the maintenance companies in the BSB, and at echelons above brigade (EAB) level by CSSB or higher-level maintenance companies. The only current operation is provided by the repair and re-stenciling contract in Kuwait (5 years, \$10 million), which is capable of repairing up to 45 containers per day.<sup>31</sup> A similar contract in Afghanistan would be very effective, especially during the drawdown and subsequent retrograde.

Once the container requirements are determined from the Army container strategy, consolidate and distribute government-owned containers. Preposition serviceable government-owned containers at each installation. Have support units maintain them and installation staff manage them under Division Transportation Officer / Installation Transportation Officer control. Distribute a percentage of them to the units and put them on the property books, and issue containers to units from the installation as part of the ARFORGEN cycle. Enforce units to store all contingency stocks on pallets, not loose in containers. This allows for more efficient loading and transloading cargo to and from containers, and makes storage easier. Maximize palletized loads for deployments. Upon deployment, each pallet will contain Radio Frequency Identification (RFID) to maintain ITV if the pallet is downloaded or transloaded.

The Army Container Asset Management System (ACAMS) is a web-based software application used to track container location and status, and is the primary container management system for tracking the Army's containers. From ACAMS, personnel can conduct studies on Army container status, location, and disposition from data entered into the system manually by its users.<sup>32</sup> If ACAMS is the system of the future, maximize input from the field, especially from deployed Soldiers that use it on a

daily basis. One observation is that there are too many errors when data is input. Make this easier by creating drop down menus for the 4-letter prefix on each container number, and load all of the container numbers into the system to allow selection from a dropdown menu.<sup>33</sup>

The ACAMS and IBS-CMM systems must merge into a single system. The USCENTCOM theater uses IBS-CMM as its container management system. It provides a snapshot of both government-owned and carrier-owned containers in theater. The system also estimates detention costs for containers that are not returned to their owners prior to the end of the lease period. Department of the Army developed IBS-CMM to track carrier-owned containers and assist with reducing detention and costs. The IBS-CMM is the primary database for maintaining physical accountability of containers throughout the USCENTCOM AOR, and provides near real-time tracking of dwell and location.<sup>34</sup> According to the Defense Travel Regulation regarding container management, DoD components must ensure commonality and interoperability of intermodal equipment and infrastructure – to include information systems – between the components and commercial industry. DoD guidance assigns USTRANSCOM responsibility for ensuring that all intermodal container systems are interoperable across DoD and with commercial industry, including associated information systems. The guidance also assigns USTRANSCOM responsibility for developing, publishing, and implementing transportation procedures for intermodal, common-use container systems, including the tracking systems, for other than service-unique or theater-assigned assets. Contract carriers and military units in theater both enter their container data into the system. The DoD is working on incorporating the two systems to produce a single,

overall visibility of container status, location, and availability. In 2008, a link between the two systems was created to integrate the data from each system and to indicate data inaccuracies in the systems. The link did not work, which led to challenges with container management information dissemination among stakeholders, such as data gaps in container information.<sup>35</sup> The container system of record is theater specific. The Army needs to follow the doctrine of, "train as you fight," and standardize the system worldwide (ACAMS) in order to eliminate the theater specific training and additional duty shortfalls. There have been some efforts from FORSCOM to include IBS-CMM (USCENTCOM specific) training in deployment preparation, and at least two agencies in theater provide training (MSDDC and CENTCOM material recovery element). But that's trying to fix a larger, systemic problem that wouldn't exist if there was a single standard logistics information system for container accountability.

Develop a plan to replace overseas contingency operation (OCO) to fund detention charges and container maintenance. OCO funding will not be available in the near future, and these charges will still exist and require payment.

#### Long-Term (FY15 and beyond)

The final list of recommendations is long-term based on a realistic assessment of DoDs ability to enact them. These changes are just as important as the short-term and mid-term changes, but may take longer.

Explore the use of existing commercial technology, especially on carrier-owned containers. Our current ITV and AV systems are not effective in theater. In October 2010, a DoD inspection of RFID tags at the Hairaton border crossing in Afghanistan revealed that 80 percent of RFID tags had batteries stolen out of them, and some had batteries installed incorrectly. They also found that connectivity to the RFID server might

be limited at some bases in Afghanistan. This lack of ITV of equipment and supplies in transit to, within, and out of Afghanistan creates inefficient management of the flow of incoming trucks to logistics hubs and forward operating bases and hinders the secure and effective distribution of materiel within theater.<sup>36</sup> DoD officials in Afghanistan also stated that approximately 40 percent of the RFID tags on cargo bound for a particular base in theater had incorrect or incomplete data “burned” onto them.<sup>37</sup>

In May 2012, the USTRANSCOM Commander approved the Improved Joint Container Management Capability for FY13 funding. This is an integrated solution that leverages data feeds from other systems as well as sharing information with them while still providing users a single focal point for consolidated information. Development to include contract award will commence once FY13 capital dollars are available. The capability is scheduled for two years of development and will provide a joint, standardized, single-user interface supporting life-cycle and operational container management across DOD. The new capability will improve current container management systems, develop new capabilities to cover system gaps, and provide container managers with a single source to access container data thus leading to better container management practices as well as a decrease in detention.<sup>38</sup>

The GAO Report made several recommendations for executive action. First, to enable DoD to better manage its processes for managing and using cargo containers, that the Secretary of Defense direct the USD (AT&L) to identify a single container management system for all DoD parties and contract carriers to track container status, and to implement and enforce reporting requirements and procedures for container tracking in theater.<sup>39</sup> DoD concurred with the recommendation, and stated that its JIWG

is taking steps to develop and implement a single container management system to better track and report on containers. DoD also stated that it published container management policy and that USTRANSCOM, as manager of the intermodal container program, is coordinating with the military services and combatant commanders through the JIWG to improve container management procedures.<sup>40</sup>

The Office of the Secretary of Defense agreed to provide funding to USTRANSCOM for testing Container Optical Code Recognition (OCR) Technology for AV. This project has a tentative contract award for a research and development (R&D) type effort by the end of FY13. This technology basically takes a picture of the container numbers as they enter or exit a node, the computer then recognizes and stores the data – there is no operator input. This technology is effectively used at commercial ports worldwide, is helpful to find containers, and could solve the issues we have with in-gating, out-gating, and container accountability. The theater needs to test this at several locations while there is still a robust logistics mission in Afghanistan that can adequately test its capability.<sup>41</sup>

Develop a plan for phased, projected new container purchasing (including reefer vans). First, identify the condition of all government-owned containers to determine how we will replace the initial large number of containers to be washed out. The average lifespan of DoD containers is 12 years, but the best planning factor for washout is 10 years because of the high usage and conditions in Afghanistan. Use the current planning factor of a 10% washout rate each year, and work into the Program Objective Memorandum (POM) a certain number of new container purchases each year to maintain our capability.<sup>42</sup> This will help avoid lifecycle issues where a large number are



washed out at one time. If we buy a large amount in one year, they are projected to all wash out the same year – phased purchasing will prevent or minimize this. We may not need to start buying containers for 5-10 years based on uncertainty regarding how many we will get back from Afghanistan and the changing requirement numbers.

Develop an Army prepositioned stocks plan for containers to allow a theater to have an immediate ECCP, preposition a certain number of empty 20-foot government-owned containers. As the theater is developed, the capability will exist to provide the logistics commanders flexibility with this capability.

Strongly recommend testing container management in another theater, outside of USCENTCOM. This would provide a fresh perspective and help validate TTPs and technology. The best location is the Pacific Command (PACOM) based on the current rebalance to the PACOM AOR.

Finally, the Joint Container Management Capability is a plan with designated milestones that range from October 2013 to the fielding in FY15. The process is currently in strategy development, with a goal to award the business support and container management contract in October 2013. This valuable USTRANSCOM program will make container management more effective and efficient in the future.<sup>43</sup>

### Conclusion

Container management is a strategic issue that requires a comprehensive and holistic review based on the \$750 million bill incurred by DoD over the last 11 years. We have been practicing container management for so long, and still have a lot of room for improvement. The American people are supportive of the military and its efforts during this period of war against a determined enemy. The taxpayers deserve a DoD that is a good steward of resources and maximizes effectiveness and efficiency. Eliminating

ineffectiveness will help maintain that popular support that is essential. These recommendations are a first step toward container management efficiency.

These initiatives contain several barriers and risks. Implementing a plan that requires additional resources in a fiscally constrained environment may have long term positive effects, but the short term cost is untenable. However, the results they attain will save the government continued detention costs. Availability of the Tiger Team personnel, the ability to move around in theater, and the moving target of containers with 4,500 sent into theater every month is an issue. There are parochial and interoperability barriers, since container management is a DoD issue being approached by DA. The Marine Corps already demonstrated the ability to repair containers in theater, something the Army has not done. Senior leader support and logistics unit control of container management can help overcome these barriers and risks, as well as targeting areas of high detention first to greatly reduce overall detention costs.

This approach seems simplistic, but the best approach to this problem is to treat it like most logistics issues – determine the requirements, capabilities, and shortfalls, then develop a plan. This issue is DoD-wide and extensive, and requires a culture change in the DoD. A phased plan and business-like approach with priority from senior leaders will help to avoid another \$750 million bill in the future – we can do much better than that.

## Endnotes

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<sup>3</sup> U.S. Department of Defense, U.S. Central Command, *Container Management Policy Letter of Instruction* (Washington DC: U.S. Department of Defense, U.S. Central Command, November 21, 2012), 36.

<sup>4</sup> COL Michael J. Cashner, U.S. Army, Chief, Transportation Policy, Office of the Secretary of Defense for Acquisition, Technology, and Logistics, telephone interview by author, February 14, 2013.

<sup>5</sup> Thomas Catchings, "Global Container Manager's Container Management Training Brief," briefing slides with scripted commentary, Scott Air Force Base, IL, Military Surface Deployment and Distribution Command, June 12, 2011.

<sup>6</sup> U.S. Department of Defense, Military Surface Deployment and Distribution Command, "Container Detention Cost Mitigation," position paper for Senator Thomas Carper, Scott Air Force Base, IL, December 12, 2011.

<sup>7</sup> U.S. Department of Defense, U.S. Transportation Command, *Container Management Tiger Team Findings and Recommendations* (Scott Air Force Base, IL: U.S. Department of Defense, U.S. Transportation Command, June 2012), 2.

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<sup>9</sup> Gen William M. Fraser, III, and Gen James N. Mattis, "Container Detention," memorandum for U.S. Transportation Command and U.S. Central Command, Scott Air Force Base, IL, August 28, 2012.

<sup>10</sup> U.S. Department of Defense, *Container Management Tiger Team*, 8.

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<sup>12</sup> *Ibid.*, 10.

<sup>13</sup> *Ibid.*

<sup>14</sup> *Ibid.*

<sup>15</sup> CW4 Steve Matthews, "Army Container Strategy 2015," briefing slides with scripted commentary, Washington D.C., Headquarters, Department of the Army G4, February 22, 2013.

<sup>16</sup> *Ibid.*

<sup>17</sup> *Ibid.*

<sup>18</sup> Meghan McCoy, "2012 DoD Biennial Container Inventory Brief," briefing slides with scripted commentary, Scott Air Force Base, IL, Military Surface Deployment and Distribution Command, July 1, 2012.

<sup>19</sup> COL Michael J. Cashner, telephone interview by author.

<sup>20</sup> U.S. Deputy Secretary of Defense William J. Lynn, III, "Global Container Management Policy," memorandum for U.S. Department of Defense, Washington DC, December 18, 2009.

<sup>21</sup> Ibid.

<sup>22</sup> Mark A. LaRue, telephone interview by author, February 6, 2013.

<sup>23</sup> Ibid.

<sup>24</sup> Ibid.

<sup>25</sup> U.S. Department of Defense, *Transportation and Traffic Management*, DoD Instruction 4500.57 Coordinating Draft (Washington DC: U.S. Department of Defense), 44.

<sup>26</sup> Thomas Catchings, Container Management Training Brief.

<sup>27</sup> Mark A. LaRue, telephone interview by author, February 6, 2013.

<sup>28</sup> Ibid.

<sup>29</sup> U.S. Government Accounting Office, *Warfighter Support: DoD Has Made Progress, but Supply and Distribution Challenges Remain in Afghanistan* (Washington DC: U.S. Government Accounting Office, October 2011), 39.

<sup>30</sup> Ibid., 41.

<sup>31</sup> Mark A. LaRue, telephone interview by author, February 6, 2013.

<sup>32</sup> U.S. Government Accounting Office, *Warfighter Support*, 41.

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<sup>34</sup> Mark A. LaRue, telephone interview by author, February 14, 2013.

<sup>35</sup> U.S. Government Accounting Office, *Warfighter Support*, 42.

<sup>36</sup> Ibid., 25.

<sup>37</sup> Ibid., 55.

<sup>38</sup> Mark A. LaRue, telephone interview by author, February 6, 2013.

<sup>39</sup> U.S. Government Accounting Office, *Warfighter Support*, 45.

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<sup>41</sup> COL Michael J. Cashner, telephone interview by author.

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