Achieving Logistics Excellence: Through Performance-Based Logistics

10 September 2001

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**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

Oversight via R-TOC Forum

30 Pilot Programs

Operational Demonstrations

Lessons Learned

Adjustments

Oversight via DAB/DAES

New program implementation
- F-18 E/F
- F-22

• Workforce Development
• Industry Outreach

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
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.
Major Milestone Reviews

Program Engagement → Integrated Product Teams → Overarching Integrated Product Teams → Defense Acquisition Board

Strategy/Resource Coordination
(LP&P Staff)

Major Issue Resolution
(PADUSD(L&MR))

(DUSD(L&MR) Advisor)

Overarching Integrated Product Teams

- Inherent reliability/maintainability
- Mobility
- Sustainment strategy

Logistics Assessment of Major Systems

DoD 5000.2-R (7.15.3)

Quarterly Assessments: Defense Acquisition Executive Summary

PEO/PM

OSD/ARA

OSD Staff

PADUSD(AT&L)

DAES Review

- Specific issues
- Guidance to PM
- Corrective actions

Funding
- Schedule
- Performance
- Logistics

DoD 5000.2-R (7.15.3)

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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