United States Marine Corps
Performance Based Agreement Implementation

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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
Marine Corps Logistics Command
(Major Subordinate Commands)

- Marine Corps Logistics Command
- Maintenance Center Albany
- Maintenance Center Barstow
- Marine Corps Logistics Base Albany
- Marine Corps Logistics Base Barstow
- Blount Island Command
Marine Corps Logistics Command (Detailed)

**Commands**
- Blount Island Command
- Maintenance Center Albany
- Maintenance Center Barstow
- MCLB Albany
- MCLB Barstow
- Supply Chain Management Center

**General**
- Maintenance Directorate
- Plans, Policy and Operations Department
- Manpower Office
- Command, Control, Communications and Computers Department
- Business Performance Assessment and Integration Office

**Staff**
- Marketing Office
- Installations and Environment Office
- Contracts Department
- Programs and Resources Department
- Studies & Analysis Department

**Special Staff**
- Adjutant
- Inspector
- Counsel
- Business Opportunity Center
- Safety
- Radiological Control
- Protocol
- Quality Assurance
- Civilian Human Resources Office-Southeast
- Special Studies (BRAC)
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 SECREP\text{s}

• 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!
- 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 assets
- Customer Service
- Technical Publications
- Clothing Spec and Design Management

### PM/WSM Functions
- Materiel Management
- Inventory Accounting
- Readiness Management
- Maintenance Management
- Configuration Management
- Cataloging
- Printing Management
- Initial Issue Provisioning
- Budgeting
- Data Repository Management
- Acquisition Management
- Technical Publications, Management and Support
- Engineering Drawings Support
- Technical Assistance
- Reprocurement Support
- Clothing Spec 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

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**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

SCMC
Code 55
- Military Coordinator
- War Reserve Department
  Code 560
- Materiel Management Dept.
  Code 570
- Centralized SSCREP
  Maintenance Management Dept.
  Code 590
- Business Management
  Department
  Code 580
- Storage & Distribution Dept.
  Code 500

New Organizational Structure

Director, SCMC

Deputy Director, SCMC

Supply Chain Integration Department

Supply Chain Planning Department

Supply Chain Sourcing Department

Supply Chain Material and Distribution Department

Data Management Department
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)

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)
“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.
"Collaborative planning between customers and sources of supply resulting in realistic performance expectations established through PBAs...will drive long-term improvements in end-to-end customer support"
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 reparables (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
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!
Post-Centralized SECREP Management

Enterprise Level SoS
(LOGCOM – SCMC

Supplier 1

OM

I MEF

II MEF

III MEF

RES

DIV

WING

FSSG

DIV

Bn

Bn

SQUADRON

SQUADRON

Bn

Bn

Bn

Bn

Other Source of Supply
Supplier n
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 Reparables
• 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:
  – MCLCAT: LOGCOM strategic partnership with respective MCLCAT to form the nucleus
    Integrated Customer Support Team (OSD Recommendation; fits within our enterprise)
  – AERA Corp. (RIP Contractors)
  – Operating Forces
  – Defense Distribution Center (Albany and Barstow Depots)

• Involve Secondary External Partners/Fulfillment Agents:
  – US Transportation Command
  – Naval Inventory Control Point Philadelphia (ATAC program)
  – Navy Operational Logistics Support Center (Distribution)

• Synchronize PBA Planning and Execution with current and future Strategic 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

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!

• Most importantly: Institutionalize it!
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.
Using the SCOR-Model and SCORwizard
Developing a PBA Enabling and Training Tool
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!
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 reparables), 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."
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