An overview of The Defense Logistics Agency

DoD’s ONLY Logistics Combat Support Agency . . . Supporting the Military Services & Combatant Commanders for Over 40 Years
The DLA Enterprise

**Scope of Business**
- 45,000 Requisitions/Day
- 8,200 Contracts/Day
- #54 Fortune 500 - Above Northrop Grumman
- #2 in Top 50 Distribution Warehouses
- 23 Distribution Depots
- 5.2 Million Items
- 24.7M Annual Receipts and Issues
- 1411 Weapon Systems Supported
- 147.7M Barrels Fuel Sold (FY 03)
- $12.5B Annual Reutilizations/Disposals
- Located in 48 States/28 Countries

**Foreign Military Sales**
- **Sales:** $719M
- **Shipments:** 580K
- Supporting 124 Nations

**FY 02 Sales/Services:**
- $21.5B

**FY 03 Sales/Services:**
- $25B

**FY 04 Projection:**
- $28.9B

**FY 04 Projection Breakdown:**
- **Energy:** $5.2B
- **Distribution:** $2.2B
- **Other:** $1.4B

**People**
- 21,462 Civilians
- 525 Active Duty Military
- 637 Reserve Military
- Located in 48 States/28 Countries
Focus on Customer: DLA Europe, Pacific, and Central Commands

• DLA Overseas Commands Supporting EUCOM, PACOM, and CENTCOM
  • DLA-C to stand up Aug 04
• Single Focal Point for all Combatant Commander's Support Issues
• Customer Support and Lead Center Representation
• Lead for Theater Contingency and Exercise Planning
• Commands DLA Contingency Support Teams
• Provides Director with a Single Touch Point for all DLA
Warfighter Support... Focused on Customer

- **Combatant Command Liaison Officers:**
  - Inside Joint Staff J4, EUCOM, PACOM, CENTCOM, TRANSCOM, SOUTHCOM, STRATCOM, JFCOM, SOCOM & NORTHCOM
  - Provides J-4 with Planning, Contingency, and Single Point of Contact for DLA Logistics Support

- **DLA Contingency Support Teams**
  - Deploys with Force as Requested by Combatant Commanders
  - Bosnia, Kosovo, Croatia, Kuwait, Iraq, and Uzbekistan
  - Provides On Site DLA Logistics, Asset Visibility Support

- **Customer Engagement Strategy**
  - National Account Managers/Customer Account Managers
  - Customer Service Representatives
  - Inside 71 Major Service Locations Globally
  - Provides the Single Point of Contact to All DLA Logistics

- **Deployment and Distribution Operations Center (DDOC)**
• Collaboration
  • Customers and lift-providers share information and explore solutions to theater logistics problems
• Visibility & Synchronization of Cargo and Passengers
  • Experimented with ITV/TAV to improve visibility
• Forecasting
  • Enabling CFLCC and Multi National Force - Iraq MNF-I to synchronize war-fighter support
• Internet/Portal Technology
  • Central repository for theater distribution information
• Process Improvements
  • Theater Retrograde, Task Force Express
• Metrics to be refined
• Process changes to be incorporated into Joint and Service Doctrine
• DDOC being considered for support in other theaters
Business Units: DSCR

Defense Supply Center Richmond
Aviation Lead Center

**AVIATION**
- Engine Components
- Bearings
- Air Frames

**MAPS**
- Maps
- Charts
- Graphs
*For all DoD Activities*

**ENVIRONMENTAL**
- Re-refined Oil
- Battery Program
- Ozone Depleting Substances

**INDUSTRIAL**
- Lathes
- Milling Machines
- Heavy Industrial Machinery

- Customers
- Major Commands
- Maintenance Activities
- International Customers
- Suppliers
- OEM
- Competitive Sources
Business Units: DSCP

Defense Supply Center Philadelphia
Troop Support Lead Center

CLOTHING & TEXTILES
- Outerwear
- Hats, Accessories
- Individual Equipment
- Sleeping Bags to Body Armor

MEDICAL
- X-Ray Machines
- MRI Equipment
- Surgical Supplies
- Dental Supplies
- Optical Products

SUBSISTENCE
- Meals Ready to Eat
- Field Mess Equipment
- Dining Hall Items
- Fruits & Vegetables

GENERAL/INDUSTRIAL
- Wood
- Heavy Equipment
- Photo Supplies
- Fire Fighting
- Diving Equipment

Customers
- Major Commands
- Maintenance Activities
- International Customers

Suppliers
- OEM
- Competitive Sources
Business Units: DSCE

Defense Energy Support Center
Energy Lead Center

**BULK FUELS**
- Jet Fuel
- Ship Propulsion
- Diesel
- Gasoline
- Additives

**INSTALLATIONS**
- Utility Privatization
- Natural Gas
- Coal
- Electricity

**FACILITIES**
- Bulk Fuel Storage
- Environmental
- Fuel Quality
- Maintenance, Repair

**DIRECT DELIVERY**
- Vehicle Fuel
- Heating Oil
- Commercial Airport Fuel

Customers
- Major Commands
- Base, Camps, Stations

Suppliers
- Major Oil Companies
- Sub-Contracts
Business Units: DDC

Defense Distribution Center
Distribution Lead Center

WAREHOUSING
- 55M Sq Ft Covered
- 17M Sq Ft Open
- Unique Storage
  Capabilities
  - Hazardous
  - Freeze and Chill
  - Ozone Depletion
- Stock Positioning Mgt
  - Forward Stock Programs
  - Targeted Mission Support

DISTRIBUTION
- 23 Depots (3
  OCONUS)
- 4.0M NSNs
- $83.2B Inventory
- 11 Map Support
  Offices
- Container
  Consolidation
- 23.3 M
  Receipts/Issues

TAILORED LOGISTICS SUPPORT
- Total Package Fielding
- Kitting
- Deployable Medical
  Systems
- Rigging
- Combat Configured
  Loads
- In-Transit Visibility
- Time Definite Delivery

TRANSPORTATION MANAGEMENT
- 8.7M Shipments
  Annually
- 1B Pounds Shipped
  Annually
- Local Delivery
- Vendor Delivery
  Integration

Service Providers
- SDDC
- AMC
- MSC
- A-76
- Commercial
  Providers
- Commercial
  Transportation
  Providers

Customers
- Military
  Services
- DLA
- Inventory
  Control
  Points
Forward Stocking Tenets:
• Reduce Strain on Strategic Air Transportation Assets
• Bulk Items and Fast Movers
• Reduce Transportation Costs
• Reduce Logistics Response Time
• Reduce Retail Inventories

Forward Stocking Locations:
CURRENT:       FUTURE:
Germersheim, GE Okinawa
Yokosuka, JA Guam
Pearl Harbor, HI Korea
Sigonella, Sicily SWA
Service Activities

Defense National Stockpile Center
10 Sites
173 Personnel
$4.6 B Sales Since FY 93
$20.6 B Inventory

Manages 60 Internationally Traded Commodities

Defense Logistics Information Service
One Site
1,022 Personnel
$135 M Budget

Services:
NATO Data Exchange, Federal Logistics Information Svc, Cataloging

Defense Automation and Production Service
180 Locations in 14 Countries
985 Employees
$390M Annual Sales

Services:
Digitization
Data Warehousing
Supply Availability
Hardware Total

Percent

92
90
88
86
84
82
80

Net Demands (M)

3.0
2.5
2.0
1.5
1.0
0.5
0.0

Highest Aviation Supply Availability Ever

Operation Iraqi Freedom

DOD Supply Availability Goal: 85%

Oct-01
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct-02
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct-03
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Backorders - Hardware Total

Thousands

Operation Iraqi Freedom

Lowest In DLA History

Thousands

Oct-01
Dec
Jan
Feb
Mar
Apr
May
Jun
Aug
Sep
Oct-02
Dec
Jan
Feb
Mar
Apr
May
Jun
Aug
Sep
Oct-03
15
Backorders > 180 Days
Hardware

Thousands

Operation
Iraqi
Freedom
Link to Navy Readiness

Total DLA Navy Backorders Relationship to Critical Parts Missing in Naval Aircraft

Data Source for Holes in Aircraft: Center for Naval Analysis (CNA) – POC Mr. Craig Goodwyn

*A critical part is defined as a part causing a NMC or PMC aircraft...*
DLA Air Force Weapons System Backorders Relationship to Air Force MICAP Hours

MICAP Hours (M)

AF DLA Backorders (K)

-10  10  30  50  70  90  110  130  150

0.0  0.5  1.0  1.5  2.0  2.5  3.0  3.5  4.0  4.5  5.0

Jan-00  Mar-00  May-00  Jul-00  Sep-00  Nov-00  Jan-01  Mar-01  May-01  Jul-01  Sep-01  Nov-01  Jan-02  Mar-02  May-02  Jul-02  Sep-02  Nov-02  Jan-03  Mar-03  May-03  Jul-03  Sep-03  Nov-03  Jan-04  Mar-04

MICAP HR
BO

Link to Air Force Readiness
Cost Recovery Rates Over Time

(Operating Costs as a Percentage of Total Sales)

Savings For The Warfighter

Lowest Cost Recovery Rate in DLA History
DLA Transition...  
...Leaner...More Productive

From ‘01-’04, Sales and Services grew by 70%...

...while personnel levels fell to their lowest since 1963 ...  12% below DPG
How We Did It

• More stable financing (no hold tables)
  • Reduced volatility in workload
• Better collaboration with customers and suppliers
  • Improved forecasting and delivery
• More long-term contracts with suppliers
• Increased reliance on more highly automated strategic distribution centers
• Shorter administrative lead times through process improvements
  • Shifting from manual to automated buying procedures
• A-76 process for non-inherently governmental positions
  • MEO or contractor levels of support
What We Are Today... Moving Towards Transformation

- Refined Goals and Metrics
- Instituted Robust Performance Reviews
- Focused on Backorder and Cost Reductions
- Streamlined Procurement Processes
- Fully Supported by DoD Leadership
  - Requirements Fully Funded
DLA Tomorrow...
What We Are Going To Be

FY 03-09

Characteristics:
Light and Agile
Smaller Footprint
Information Intensive
Knowledge Based
Integrated Processes
Collaboration with Customers
Service Oriented
Proactive

Transformation Plan:
Business Systems Modernization
Competitive Sourcing
Shift to Commercial Practices
Customer Relationship Management
Transformation
Key Initiatives

• **Customer Relationship Management - CRM**
  • Processes, tools and people to move from transaction-based to partner relationships

• **Supplier Relationship Management - SRM**
  • Strategic Material Sourcing for 500,000 business drivers
  • Strategic Supplier Alliances with 32 critical suppliers

• **Business Systems Modernization - BSM**
  • End-to-end ERP
  • Order fulfillment, Planning, Procurement, Financial

• **Distribution Planning Management System - DPMS**
  • Robust material positioning & warehouse optimization
  • Global decision making & management for 23 depots
Transformation
Key Initiatives

- **Strategic Distribution**
  - Pre-positioning to optimize readiness at least cost
  - OSD, Joint Staff, Service, TRANSCOM and DLA

- **National Inventory Management Strategy**
  - Collaborative inventory investment reduction effort
  - Rationalize levels and inventory management

- **Fuels Automated System**
  - Commercial software - best practices
  - Deploying now - integration w/BSM to follow

- **Executive Agent**
  - DLA-Services partnership synchronize logistics for common materiel: fuel, medical, subsistence and construction

- **Work Force Transformation**
  - Transformation alters every facet of environment
  - Structure, rigor and disciplined program in place
Transformation Continuum

Enterprise Transformation

Process Reengineering

Investment

$ 0

+ +

 eSynchronized supply chain
 Internal synchronization

Improved sales, market rationalization
Efficient, effective positioning
Improved customer service
Reduced Inventories

Management tools
Personnel Costs
Data integrity & transparency
IT integration, speed, maintenance

Expected Return

Systems Replacements
Summary

- Critical Combat Enabler ... Light and Agile
- Focused on Improved warfighter support and reduced costs
  - 32.8% reduction in backorders and improved readiness (since Oct 01)
  - 51% decrease in cost recovery rates
  - $1.8B back to services FY 04-09
- Record Setting Support with Demand at Historic Highs
- DOD Leader In Enterprise System Transformation

Tomorrow’s vision ... smaller, more efficient, leveraged with best business practices